



SPECIAL BOARD MEETING AGENDA

Monday, December 4, 2017

Special Meeting - 7:00 P.M.

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

Directors

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
General Manager/
District Engineer

Karen W. Murphy
Attorney

- | | | | |
|-------------|-----|---|--|
| | 1. | Call to Order. | |
| | 2. | Pledge of Allegiance. | |
| | 3. | Roll Call. | |
| Motion | 4. | Approve Minutes of the Meeting of November 13, 2017. | |
| Information | 5. | October 2017 Monthly Operations Report <i>(to be reviewed by the Budget & Finance and Legal/Community Affairs Committee).</i> | |
| | 6. | Written Communications. | |
| | 7. | Oral Communications. <small><i>The public may provide oral comments at regular and special Board meetings; however, whenever possible, written statements are preferred (to be received at the Union Sanitary District office at least one working day prior to the meeting). This portion of the agenda is where a member of the public may address and ask questions of the Board relating to any matter within the Board's jurisdiction that is not on the agenda. If the subject relates to an agenda item, the speaker should address the Board at the time the item is considered. Oral comments are limited to three minutes per individuals, with a maximum of 30 minutes per subject. Speaker's cards will be available in the Boardroom and are to be completed prior to discussion.</i></small> | |
| Motion | 8. | Certified Annual Financial Report (CAFR) for the Fiscal Year (FY) Ending June 30, 2017 <i>(to be reviewed by the Audit Committee).</i> | |
| Motion | 9. | Authorize the General Manager to Execute Task Order No. 2 with Carollo Engineers for the Primary Digester No. 3 Rehabilitation Project <i>(to be reviewed by the Engineering and Information Technology Committee).</i> | |
| Motion | 10. | Consider a Resolution to Accept the Construction of the Force Main Corrosion Repairs Project Phase 1 from Cratus, Inc. and Authorize Recordation of a Notice of Completion <i>(to be reviewed by the Engineering and Information Technology Committee).</i> | |
| Information | 11. | Status of Priority 1 Capital Improvement Program Projects <i>(to be reviewed by the Engineering and Information Technology Committee).</i> | |
| Information | 12. | First Quarterly Report on the Capital Improvement Program for FY 18 <i>(to be reviewed by the Engineering and Information Technology Committee).</i> | |
| Information | 13. | Check Register. | |

Information

-
14. Report on the East Bay Dischargers Authority (EBDA) Meeting of November 16, 2017.
-

Information

15. Committee Meeting Reports. (*No Board action is taken at Committee meetings*):
- a. Engineering and Information Technology Committee – Thursday, November 30, 2017, at 9:15 a.m.
 - Director Fernandez and Director Kite
 - b. Legal/Community Affairs Committee – Thursday, November 30, 2017, at 1:30 p.m.
 - Director Handley and Director Lathi
 - c. Budget & Finance Committee – Friday, December 1, 2017, at 11:00 a.m.
 - Director Handley and Director Toy
 - d. Audit Committee – Friday, December 1, 2017, at 2:00 p.m.
 - Director Fernandez and Director Lathi
 - e. Legislative Committee – will not meet.
 - f. Personnel Committee – will not meet.
-

Information

16. General Manager's Report. (*Information on recent issues of interest to the Board*).
-
17. Other Business:
- a. Comments and questions. *Directors can share information relating to District business and are welcome to request information from staff.*
 - b. Scheduling matters for future consideration.
-
18. Adjournment – The Board will adjourn to the next Special Meeting in the Boardroom on Monday, December 18, 2017, at 7:00 p.m.
-

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|--|
| <p>The Public may provide oral comments at regular and special Board meetings; however, whenever possible, written statements are preferred (to be received at the Union Sanitary District at least one working day prior to the meeting).</p> <p>If the subject relates to an agenda item, the speaker should address the Board at the time the item is considered. If the subject is within the Board's jurisdiction but not on the agenda, the speaker will be heard at the time "Oral Communications" is calendared. Oral comments are limited to three minutes per individual, with a maximum of 30 minutes per subject. Speaker's cards will be available in the Boardroom and are to be completed prior to discussion of the agenda item.</p> |
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The facilities at the District Offices are wheelchair accessible. Any attendee requiring special accommodations at the meeting should contact the General Manager's office at (510) 477-7503 at least 24 hours in advance of the meeting. THE PUBLIC IS INVITED TO ATTEND

**Directors**

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

**ENGINEERING & INFORMATION TECHNOLOGY
COMMITTEE MEETING**

Committee Members: Director Fernandez and Director Kite

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

AGENDA

**Thursday, November 30, 2017
9:15 A.M.**

Karen W. Murphy
Attorney

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

**THIS MEETING WILL BE TELECONFERENCED WITH DIRECTOR KITE FROM THE EXTERIOR OF
35040 NEWARK BOULEVARD, NEWARK, CALIFORNIA.**

1. Call to Order

2. Roll Call

3. Public Comment

4. Items to be reviewed for the Special Board meeting of December 4, 2017:
 - Authorize the General Manager to Execute Task Order No. 2 with Carollo Engineers for the Primary Digester No. 3 Rehabilitation Project
 - Consider a Resolution to Accept the Construction of the Force Main Corrosion Repairs Project Phase 1 from Cratus, Inc. and Authorize Recordation of a Notice of Completion
 - Status of Priority 1 Capital Improvement Program Projects
 - First Quarterly Report on the Capital Improvement Program for FY 18

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 Public may provide oral comments at regular and special Board meetings; however, whenever possible, written statements are preferred (to be received at the Union Sanitary District at least one working day prior to the meeting). If the subject relates to an agenda item, the speaker should address the Board at the time the item is considered. If the subject is within the Board's jurisdiction but not on the agenda, the speaker will be heard at the time "Public Comment" is calendared. Oral comments are limited to three minutes per individual, with a maximum of 30 minutes per subject. Speaker's cards will be available and are to be completed prior to discussion of the agenda item.

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THE PUBLIC IS INVITED TO ATTEND



LEGAL/COMMUNITY AFFAIRS COMMITTEE MEETING
Committee Members: Director Handley and Director Lathi

Directors

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

AGENDA

Thursday, November 30, 2017
1:30 p.m.

Mission Conference Room
5072 Benson Road
Union City, CA 94587

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

1. Call to Order

2. Roll Call

3. Public Comment

4. Items to be reviewed for the Special Board meeting of December 4, 2017:
 - October 2017 Monthly Operations Report – Odor Report and Work Group Reports

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

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THE PUBLIC IS INVITED TO ATTEND



BUDGET & FINANCE COMMITTEE MEETING
Committee Members: Director Handley and Director Toy

Directors
Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

AGENDA
Friday, December 1, 2017
11:00 a.m.

Alvarado Conference Room
5072 Benson Road
Union City, CA 94587

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

Karen W. Murphy
Attorney

1. Call to Order

2. Roll Call

3. Public Comment

4. Items to be reviewed for the Special Board meeting of December 4, 2017:

- October 2017 Monthly Operations Report – Financial Reports

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

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THE PUBLIC IS INVITED TO ATTEND



AUDIT COMMITTEE MEETING

Committee Members: Director Fernandez and Director Lathi

Directors

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

AGENDA

Friday, December 1, 2017
2:00 P.M.

Alvarado Conference Room
5072 Benson Road
Union City, CA 94587

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

1. Call to Order
2. Roll Call
3. Public Comment
4. Items to be reviewed for the Special Board meeting of December 4, 2017:
 - Certified Annual Financial Report (CAFR) for the Fiscal Year (FY) Ending June 30, 2017
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 Public may provide oral comments at regular and special Board meetings; however, whenever possible, written statements are preferred (to be received at the Union Sanitary District at least one working day prior to the meeting).

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THE PUBLIC IS INVITED TO ATTEND

**MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF
UNION SANITARY DISTRICT
November 13, 2017**

CALL TO ORDER

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

PLEDGE OF ALLEGIANCE

ROLL CALL

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

STAFF: Paul Eldredge, General Manager
Karen Murphy, District Counsel
James Schofield, Collection Services Manager
Robert Simonich, Fabrication, Maintenance, and Construction Manager
Armando Lopez, Treatment and Disposal Services Manager
Sami Ghossain, Technical Services Manager
Laurie Brenner, Business Services Team Coach
Michael Dunning, Environmental Compliance Team Coach
Regina McEvoy, Executive Assistant to the General Manager/Board Clerk

VISITORS: Alice Johnson, League of Women Voters
Roelle Balan, Tri-City Voice Newspaper

APPROVAL OF THE MINUTES OF THE MEETING OF OCTOBER 23, 2017

It was moved by Director Toy, seconded by Director Handley, to approve the Minutes of the Meeting of October 23, 2017. Motion carried unanimously.

WRITTEN COMMUNICATIONS

There were no written communications.

ORAL COMMUNICATIONS

There were no oral communications.

AUTHORIZE THE GENERAL MANAGER TO EXECUTE TASK ORDER NO. 2 WITH BROWN AND CALDWELL FOR THE EMERGENCY OUTFALL IMPROVEMENTS PROJECT

This item was reviewed by the Engineering and Information Technology Committee. Technical Services Manager Ghossain stated the District's NPDES (National Pollution Discharge & Elimination System) permit allows discharges through an Emergency Outfall pipeline to Old Alameda Creek, when certain conditions are met during wet weather events. The Emergency Outfall flap gate becomes submerged during high tide, and sediment routinely buries the gate. The purpose of this Project is to make improvements to the Emergency Outfall to reduce maintenance activities and increase reliability during wet weather events. Task Order No. 2 will include raising the outfall discharge elevation and restoration of the levee. Staff recommended the Board authorize the General Manager to execute Task Order No. 2 with Brown and Caldwell in the amount of \$225,812 for the design of the Emergency Outfall Improvements Project.

In response to a Board request for additional detail regarding the timeline for the Project, staff stated temporary and permanent easements would need to be granted by Alameda County Flood Control.

It was moved by Secretary Fernandez, seconded by Director Handley, to Authorize the General Manager to Execute Task Order No. 2 with Brown and Caldwell in the Amount of \$225,812 for the Design of the Emergency Outfall Improvements Project. Motion carried unanimously.

AUTHORIZE THE GENERAL MANAGER TO EXECUTE AN AGREEMENT AND TASK ORDER NO. 1 WITH TANNER PACIFIC, INC FOR THE TWIN FORCE MAIN RELOCATION – PHASE 1 PROJECT

This item was reviewed by the Engineering and Information Technology Committee. Technical Services Manager Ghossain stated the Dumbarton Transit-Oriented Development Specific Plan in the City of Newark will include construction of 553 residential units by William Lyon Homes (WLH), known as the Torian property. Part of the Torian property development involves creation of a wetland preserve, and a portion of the District's force main runs beneath the proposed Wetland Reserve. As part of William Lyon Homes' permitting for the Torian Project, the Regional Water Quality Control Board's 401 permit condition requires the developer to obtain authorization from the District Board. District staff required WLH to submit a feasibility report to investigate the impacts of the development on the existing force mains. On October 16, 2017, the Board approved Resolution No. 2819 authorizing execution of a pipeline relocation agreement with WLH. District staff issued a Request for Qualifications, and Tanner Pacific, Inc. was selected due to their project approach and past design experience with similar facilities. Staff recommended the Board authorize the General Manager to execute an Agreement and Task Order No. 1 with Tanner Pacific, Inc. in the amount of \$290,000 to provide construction management and inspection services for the Twin Force Main Relocation – Phase 1 Project.

It was moved by Director Handley, seconded by Secretary Fernandez, to Authorize the General Manager to Execute an Agreement and Task Order No. 1 with Tanner Pacific, Inc. in the Amount of \$290,000 to Provide Construction Management and Inspection Services for the Twin Force Main Relocation – Phase 1 Project. Motion carried unanimously.

AWARD THE CONSTRUCTION CONTRACT FOR THE PRIMARY DIGESTER NO. 3 REHABILITATION PROJECT TO MONTEREY MECHANICAL COMPANY

This item was reviewed by the Engineering and Information Technology Committee. Technical Services Manager Ghossain stated Primary Digester No. 3 was constructed in 1962, and was last taken out of service for cleaning in 2010. Staff removed Primary Digester No. 3 from service in Spring 2017 for cleaning and assessment of its condition, and the Digester will be rehabilitated it is returned to service. After the Digester was cleaned, V&A Consulting Engineers completed a condition assessment of the structure in July 2017. The assessment revealed that the interior concrete walls and floors were in good shape, and the exterior walls were in fair condition with minor cracks and several small spalls with exposed and corroded steel reinforcement. Carollo Engineers completed the design in August 2017, and the Project's major elements include repair of foam insulation, recoating of the interior and exterior appurtenances of Primary Digester No. 3, repair of minor cracks, spalled cracks, and dome coating identified from the condition assessment. Staff first advertised the Project for bids on August 15, 2017, and the single bid received was 15% higher than the Engineer's estimate. The sole bid, submitted by D.W. Nicholson Corporation, was rejected by the Board October 9, 2017. The Project was again advertised for bids on October 10, 2017, with modifications to the Project's bid documents. Monterey Mechanical Company (MMC) was the apparent low bidder with a bid of \$1,956,000. Staff recommended the Board award the construction contract for the Primary Digester No. 3 Rehabilitation Project, including Bid Alternates A through H, to Monterey Mechanical Company in the amount of \$1,956,000.

It was moved by Director Toy, seconded by Director Handley, to Award the Construction Contract for the Primary Digester No. 3 Rehabilitation Project, Including Bid Alternates A Through F, to Monterey Mechanical Company in the Amount of \$1,956,000. Motion carried unanimously.

CONSIDER A RESOLUTION TO ACCEPT THE CONSTRUCTION OF THE HEADWORKS KNIFE GATE VALVES 1-3 REPLACEMENT PROJECT FROM D.W. NICHOLSON CORPORATION AND AUTHORIZE RECORDATION OF A NOTICE OF COMPLETION

This item was reviewed by the Engineering and Information Technology Committee. Technical Services Manager Ghossain stated the Headworks Building, constructed in 1993, combines all influent wastewater to the Treatment Plant. The influent wastewater enters the Headworks Building through three 42-inch diameter pipelines; each pipeline has a knife gate valve to stop the influent wastewater during a Plant shutdown or to isolate

individual pipelines for maintenance. Staff have determined that the valves are at the end of their useful life and should be replaced. District staff designed the Project, and D.W. Nicholson Corporation was awarded the construction contract. D.W. Nicholson substantially completed the Project on September 5, 2017. Staff recommended the Board consider a resolution to accept the construction of the Headworks Knife Gate Valves 1-3 Replacement Project from D.W. Nicholson Corporation and authorize recordation of a Notice of Completion.

It was moved by Vice President Lathi, seconded by Secretary Fernandez, to Adopt Resolution No. 2820 Accepting Construction of the Headworks Knife Gate Valves 1-3 Replacement Project Located in the City of Union City, California from D.W. Nicholson Corporation and Authorize the Recordation of a Notice of Completion. Motion carried unanimously.

REVIEW AND PROVIDE DIRECTION ON USD VIDEO AND VIRTUAL PLANT TOUR

Environmental Compliance Coach Dunning stated, pursuant to Board direction, staff developed a video showcasing the District and the treatment plant that is also intended to be used as a virtual tour of the plant. The video was presented at the Board meetings held August 14 and September 26, 2017. The Board directed staff to obtain quotes for adding a FOG (Fats, Oils, and Grease) call to action, additional animation showing the stages of treatment throughout the video, and lowering the volume of the background music throughout the video. Staff recommended the Board review quotes for edits to the Virtual Plant Tour video, and provide direction regarding next steps.

The Board directed staff to proceed with adding animation to show stages of treatment throughout the video (quote 2) and reduce the background music level (quote 3). The Board further directed staff to present the edited video at a future Board meeting.

INFORMATION ITEMS:

Board Expenses for the 1st Quarter of Fiscal Year 2018

General Manager Eldredge presented the July through September 23, 2017 Activity Report. All questions were answered to the Board's satisfaction.

Submission of Annual Report to Union City for Fiscal Year 2017

Treatment and Disposal Services Manager Lopez stated the annual chart included in the report to UC has been updated, and noted the District did not violate its effluent discharge limits.

Report on the East Bay Dischargers Authority (EBDA) Meeting of October 19, 2017

Director Toy provided an overview of the EBDA meeting minutes included in the Board meeting packet.

Check Register

All questions were answered to the Board's satisfaction.

COMMITTEE MEETING REPORTS:

The Legislative, Engineering and Information Technology, and Budget & Finance Committees met.

GENERAL MANAGER'S REPORT:

General Manager Eldredge reported the following:

- The District's Annual Employee Holiday Potluck will be held December 7, 2017.
- The Veasy Street Temple Project was scheduled to be reviewed by the Union City Planning Commission on November 16, 2017.
- District offices will be closed January 1 and 2, 2018. The Board packet for the January 8, 2018, meeting will be published on January 3 and there will be no committee meetings scheduled that same day.

OTHER BUSINESS:

There was no other business.

ADJOURNMENT:

The meeting was adjourned at 7:40 p.m. to the next Special Board Meeting in the Boardroom on Monday, December 4, 2017, at 7:00 p.m.

SUBMITTED:

ATTEST:

REGINA McEVOY
BOARD CLERK

MANNY FERNANDEZ
SECRETARY

APPROVED:

PAT KITE
PRESIDENT

Adopted this 4th day of December 2017

**Directors**

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

DATE: November 27, 2017

MEMO TO: Board of Directors - Union Sanitary District

FROM: Paul R. Eldredge, General Manager/District Engineer

SUBJECT: Agenda Item No. 5 - Special Meeting of December 4, 2017
Information Item: **Monthly Operations Report for October 2017**

Background

Attached are Monthly Operations Reports for October 2017. Staff is available to answer questions regarding information contained in the report.

Work Group Managers

| | | |
|--|-----------------|-----|
| General Manager/Administration | Paul Eldredge | GM |
| Collection Services | James Schofield | CS |
| Technical Support | Sami Ghossain | TS |
| Treatment and Disposal Services | Armando Lopez | T&D |
| Fabrication, Maintenance, and Construction | Robert Simonich | FMC |

ODOR COMPLAINTS:

During the month of October 2017, there were two odor complaints received by Collection Services and two odor complaints received by the Treatment Plant. Details regarding the odor complaints are included in the October 2017 Odor Report.

SAFETY:

- No injuries were reported during October. There were complaints about the air quality caused by the Napa & Sonoma fires.
- We had a vehicle accident where a car hit the side of the collections call truck. The truck had all of its caution lights on. There was only minor damage to both vehicles.
- We celebrated the USDiesta 2017 Employee Recognition Lunch. The Safety Recognition provided the Ice Cream.
- USD participated in the Great Shake-Out with an earthquake and evacuation drill.

STAFFING & PERSONNEL:

Other Completed Recruitments:

- Accounting and Financial Analyst II – Liliana Moreno, date of hire October 16, 2017
- Technical Writer Intern – Arancha Ducaud, date of hire October 23, 2017
- Lab Director – Recruitment completed; Dan Jackson to start November 13, 2017

Recruitments Opened:

- PO III Trainee / PO III

Continuing Recruitments:

- Organization Performance Program Manager
- Business Services Manager/CFO
- Administrative Specialist 1 – Fabrication, Maintenance, and Construction Work Group
- Administrative Specialist 1 – Capital Improvements Projects Team
- Collection Service Worker 1
- Engineering Technician II/III
- Casual Receptionist

Other Accomplishments:

- Contract negotiations on-going
- Leadership School session on Recruitment and Staffing was held

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

- Participated in the General Manager's Performance Evaluation Closed Session
- Attended the District's Annual Employee Appreciation event
- Attended the Manager's Roundtable meeting hosted by USD
- Participated in Business Services Manager interviews
- Attended the Force Main Special Board Meeting and adjacent Closed Session
- Attended the East Bay Dischargers Authority Managers Advisory Committee meeting
- Attended the East Bay Dischargers Authority meeting
- Attended the Audit Committee meeting

Attachments: Odor Report and Map
Hours Worked and Leave Time by Work Group
Business Services
Technical Services
Collection Services
Fabrication, Maintenance, and Construction
Treatment and Disposal Services



ODOR REPORT October 2017

During the recording period from October 01, 2017 through October 31, 2017, there were a total of four odor related service requests received by the District.

City: Newark

1. Complaint Details:

Date: 10/3/2017

Location: ARDEN ST

Wind (from): N/A

Temperature: 70 Degrees F

Time: 12:00 pm

Reported By: Simon Tanios

Wind Speed: 9 mph

Weather: Sunny

Response and Follow-up:

We inspected the sewer mains and storm drain inlets adjacent to the address. We detected no odors. We relayed our findings to the reporting party and asked they call us back should the odor return.

City: Union City

2. Complaint Details:

Date: 10/10/2017

Location: WHIPPLE RD

Wind (from): N/A

Temperature: 66 Degrees F

Time: 11:50 am

Reported By: Bob Horne

Wind Speed: None

Weather: Clear

Response and Follow-up:

We inspected our sewer main and their private lines. We detected no odors. We relayed our findings to Bob Horne, Operations Manager, and the representative from Pro-Rooter. We asked they call us back if the odor returns.

Treatment Plant (Union City)

During the recording period from October 01, 2017 through October 31, 2017, there were two odor related service requests received by the Treatment Plant.

1. Complaint Details:

Date: 10/23/2017

Location: REMORA DR

Wind (from): North

Temperature: 72 Degrees F

Tide Information:

High Tide Reading: 5.7 FT/Time

High Tide Time: 2:58 PM

Time: 6:50 pm

Reported By: Rana Anvit

Wind Speed: 2 mph

Weather: Clear

Low Tide Reading: 0.1 FT/Time

Low Tide Time: 11:05 PM

Response and Follow-up:

- *USD Staff dispatched to complaint location?* No
- *Was any odor detected at the complaint location?* N/A
 - *If yes, was odor attributed to USD?* N/A
- *Were any odors detected at the Plant?* No
 - *If yes, what odors were found?* N/A
- *Additional Information:* Resident stated odor was dissipating and requested an investigation be held the following evening. Investigation was conducted. A sulfide odor was detected emanating from the salt ponds and/or creek.

2. Complaint Details:

Date: 10/30/2017

Location: MACKINAW ST

Wind (from): West

Temperature: 58 Degrees F

Tide Information:

High Tide Reading: 5.4 FT/Time

High Tide Time: 10:06 AM

Time: 8:10 pm

Reported By: Sam Dua

Wind Speed: 4.4 mph

Weather: Cloudy

Low Tide Reading: 0.2 FT/Time

Low Tide Time: 4:29 AM

Response and Follow-up:

- *USD Staff dispatched to complaint location?* Yes
- *Was any odor detected at the complaint location?* Yes
 - *If yes, was odor attributed to USD?* Yes
- *Were any odors detected at the Plant?* Yes
 - *If yes, what odors were found?* Onsite: Odor neutralizer smell detected in a 50 foot radius at headworks. Polymer smell detected in a 300 foot radius around secondary clarifier. None of these odors were detected offsite. Offsite: Near the complainant's home, a faint secondary clarifier odor was detected.
- *Additional Information:* No steps were taken or necessary as all odor control systems were functioning properly. District is in the process of an Odor Control Study, we will ensure this feedback is provided to the consultant.



Legend

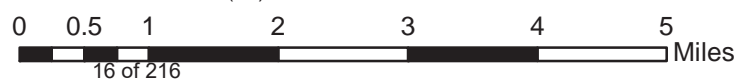
Odor Complaints: October 2017

- ^ Odor found, USD resolved (1)
- ! Odor found, not related to USD (1)
- # No odor found (2)

Odor Complaints: November 2016 to September 2017

- ^ Odor found, USD resolved (4)
- ! Odor found, not related to USD (8)
- # No odor found (15)

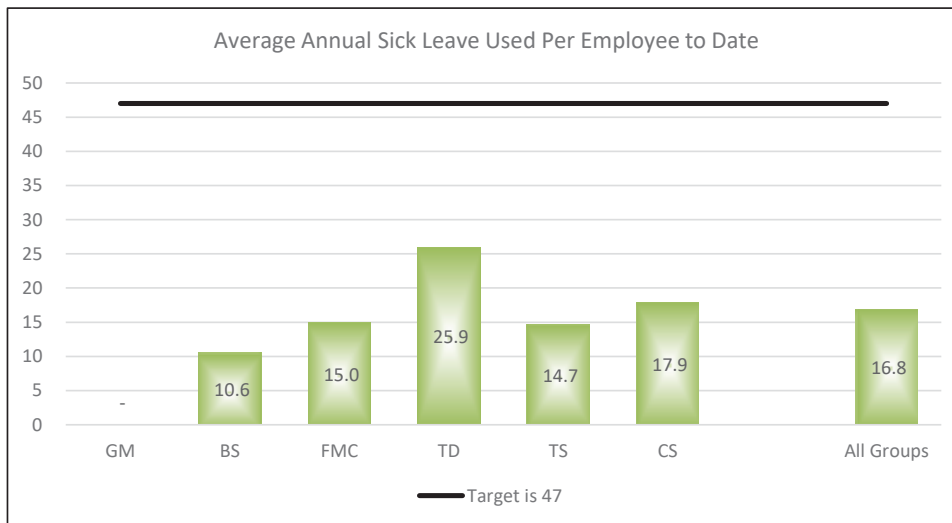
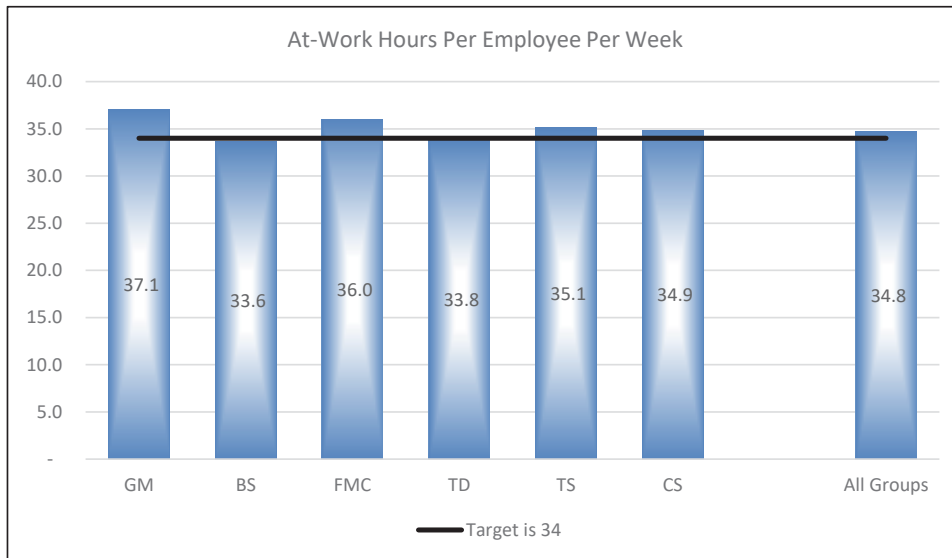
Location of Odor Reports November 2016 to October 2017



HOURS WORKED AND LEAVE TIME BY WORK GROUP

June 29, 2017 through October 18, 2017

Weeks to Date: 16 out of 52 (30.77%)



NOTES

- (1) Regular hours does not include hours worked by part-time or temporary employees.
- (2) Overtime hours includes call outs.
- (3) Discretionary Leave includes Vacation, HEC, Holiday, MAL, FLEX, Funeral, Jury Duty, Military, OT Banked Use, Paid Admin., SLIP, VRIP, Holiday Banked Use leaves.
- (4) Sick Leave includes sick and catastrophic sick leaves as well as protected time off, of which the District has no discretion.

An employee using 15 vacation, 11 holiday, 2 HEC, and 5 sick days will work an average of 34.9 hours per week over the course of a year; with 20 vacation days, 34.2 hours per week.

HOURS WORKED AND LEAVE TIME BY WORK GROUP

June 29, 2017 through October 18, 2017

Weeks to Date: 16 out of 52 (30.77%)

| Group | Average Number of Employees | AT-WORK HOURS | | At-Work Hours Per Employee Per Week | LEAVE HOURS | | | | Average Annual Sick Leave Used Per Employee To Date | FY17 | | |
|-------------------|-----------------------------|------------------|-----------------|-------------------------------------|-------------------|-----------------------|--------------|-----------------|---|-----------------------------|-------------------------------------|------------------------|
| | | Regular (1) | Overtime (2) | | Discretionary (3) | Short Term Disability | Workers Comp | Sick (4) | | Average Number of Employees | At-Work Hours Per Week Per Employee | Annual Sick Leave Used |
| GM | 2 | 1,155.00 | 31.50 | 37.1 | 125.00 | - | - | - | 0.0 | 2 | 35.7 | 34.6 |
| BS | 21 | 11,277.75 | 23.66 | 33.6 | 1,466.63 | - | - | 222.00 | 10.6 | 21 | 34.2 | 33.5 |
| FMC | 22 | 12,363.75 | 320.67 | 36.0 | 1,545.08 | - | - | 330.00 | 15.0 | 23 | 34.2 | 48.4 |
| TD | 26 | 13,525.83 | 537.34 | 33.8 | 2,003.90 | 579.43 | - | 672.84 | 25.9 | 27 | 34.7 | 39.1 |
| TS | 31 | 17,314.86 | 116.74 | 35.1 | 2,223.64 | 126.25 | - | 455.25 | 14.7 | 32 | 34.9 | 47.3 |
| CS | 30 | 15,865.91 | 868.16 | 34.9 | 2,586.92 | 5.93 | - | 537.57 | 17.9 | 31 | 34.1 | 77.6 |
| | | | | | | | | | | | | |
| All Groups | 132 | 71,503.10 | 1,898.07 | 34.8 | 9,951.17 | 711.61 | - | 2,217.66 | 16.8 | 136 | 35.1 | 44.5 |

SICK LEAVE INCENTIVE PROGRAM TARGETS

≥34

≤47

The Sick Leave Incentive Program target goals are 47 or less hours of sick leave per employee annually, and 34 or more hours of at-work time per week per employee.

NOTES

(1) Regular hours does not include hours worked by part-time or temporary employees.

(2) Overtime hours includes call outs.

(3) Discretionary Leave includes Vacation, HEC, Holiday, MAL, FLEX, Funeral, Jury Duty, Military, OT Banked Use, Paid Admin., SLIP, VRIP, Holiday Banked Use leaves.

(4) Sick Leave includes sick and catastrophic sick leaves, as well as protected time off, of which the District has no discretion.

An employee using 15 vacation, 11 holiday, 2 HEC, and 5 sick days will work an average of **34.9** hours per week over the course of a year;

with 20 vacation days, **34.2** hours per week.

BUDGET AND FINANCE REPORT

FY 2017

Year-to-date as of 10/31/17

33% of year elapsed

Revenues

| | Budget | Actual | % of Budget Rec'd | Audited Last Year Actuals 6/30/16 |
|--|---------------------|--------------------|----------------------|---|
| Capacity Fees | \$8,935,000 | \$2,330,093 | 26% | \$7,233,337 |
| Sewer Service Charges | 50,404,690 | 732,023 | 1% | 50,112,564 |
| Operating (Work Groups) | 1,355,000 | 415,954 | 31% | 1,233,675 |
| Interest | 475,500 | 162,147 | 34% | 496,439 |
| Misc. (LAVWMA pymnt, solar, Cogen rebates) | 505,000 | 229,549 | 45% | 408,913 |
| Subtotal Revenues | <u>\$61,675,190</u> | <u>\$3,869,766</u> | <u>6%</u> | <u>\$59,484,928</u> |
| SRF Loan Proceeds (Thickener Proj.) | 2,800,000 | 979,464 | 35% | 3,385,590 |
| Total Revenues + SRF Proceeds | \$64,475,190 | \$4,849,230 | 8% | \$62,870,518 |

Expenses

| | Budget | Actual | % of Budget Used | Last Year Actuals |
|---|----------------------------|----------------------------|---------------------|----------------------------|
| Capital Improvement Program: | | | | |
| Capacity Proj. | \$4,342,500 | \$1,823,703 | 42% | \$3,009,426 |
| Renewal & Repl. Proj. | 10,327,500 | 4,539,083 | 44% | 8,494,486 |
| Operating | 34,714,533 | 10,105,729 | 29% | 31,895,499 |
| Special Projects | 2,132,098 | 156,662 | 7% | 707,526 |
| Retiree Medical (ARC) | 583,771 | 145,943 | 25% | 561,205 |
| Vehicle & Equipment | 662,220 | 2,889 | 0% | 341,967 |
| Information Systems | 1,232,100 | 175,133 | 14% | 854,511 |
| Plant & Pump Stat. R&R | 250,000 | 31,346 | 13% | 272,479 |
| Emerg. Fund (Sinkhole) | 0 | 285 | 0% | 2,208,595 |
| Pretreatment Fund | 7,000 | 2,960 | 42% | 29,249 |
| Cty Fee for SSC Admin. | 106,000 | 0 | 0% | 105,866 |
| Debt Servicing: | | | | |
| SRF Loans | 3,127,110 | 1,319,228 | 42% | 3,127,110 |
| Total Expenses | <u>\$57,484,832</u> | <u>\$18,302,960</u> | <u>32%</u> | <u>\$51,607,919</u> |
| Total Revenue & Proceeds less Expenses | \$6,990,358 | (\$13,453,730) | | \$11,262,599 |

Operating (Work Group) Expenses

| | Budget | Actual | % of Budget Used | Last Year Actuals |
|------------------------------------|----------------------------|----------------------------|---------------------|----------------------------|
| Board of Directors | \$178,500 | \$41,855 | 23% | \$133,294 |
| General Manager/Admin. | 957,678 | 200,485 | 21% | 884,051 |
| Business Services | 5,275,645 | 1,406,799 | 27% | 4,772,324 |
| Collection Services | 6,296,287 | 1,848,980 | 29% | 5,873,909 |
| Technical Services | 5,511,940 | 1,639,555 | 30% | 5,156,725 |
| Treatment & Disposal Services | 10,631,833 | 3,282,994 | 31% | 9,506,339 |
| Fabrication, Maint. & Construction | 5,862,650 | 1,685,061 | 29% | 5,568,856 |
| Total | <u>\$34,714,533</u> | <u>\$10,105,729</u> | <u>29%</u> | <u>\$31,895,499</u> |

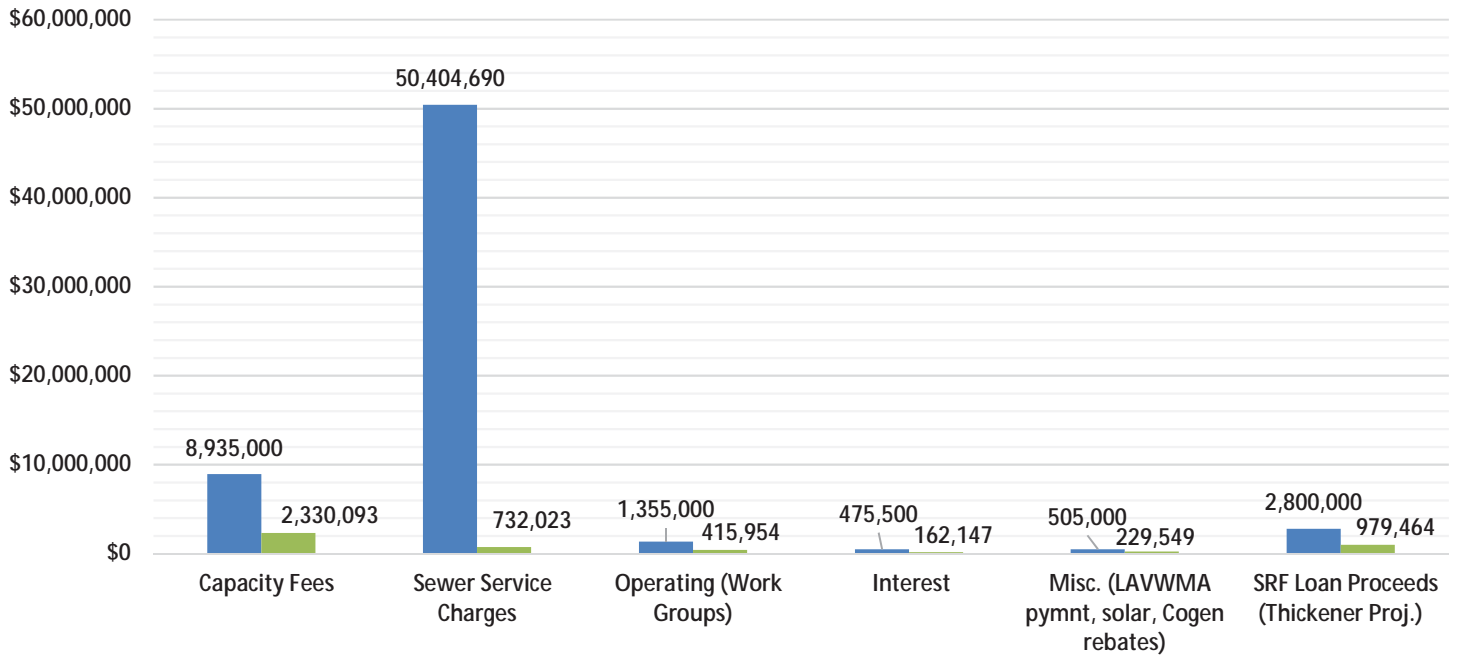
Operating (Work Group) Expenses by Type

| | Budget | Actual | % of Budget Used | Last Year Actuals |
|--|----------------------------|----------------------------|---------------------|----------------------------|
| Personnel (incl D&E) | \$23,912,246 | \$6,961,875 | 29% | \$22,107,543 |
| Repairs & Maintenance | 2,022,630 | 695,724 | 34% | 1,965,202 |
| Supplies & Matls (chemicals, small tools) | 2,424,140 | 613,283 | 25% | 2,273,252 |
| Outside Services (utilities, biosolids, legal) | 6,029,045 | 1,806,836 | 30% | 5,342,319 |
| Fixed Assets | 326,472 | 28,011 | 9% | 207,183 |
| Total | <u>\$34,714,533</u> | <u>\$10,105,729</u> | <u>29%</u> | <u>\$31,895,499</u> |

BUDGET AND FINANCE REPORT
as of 10/31/17

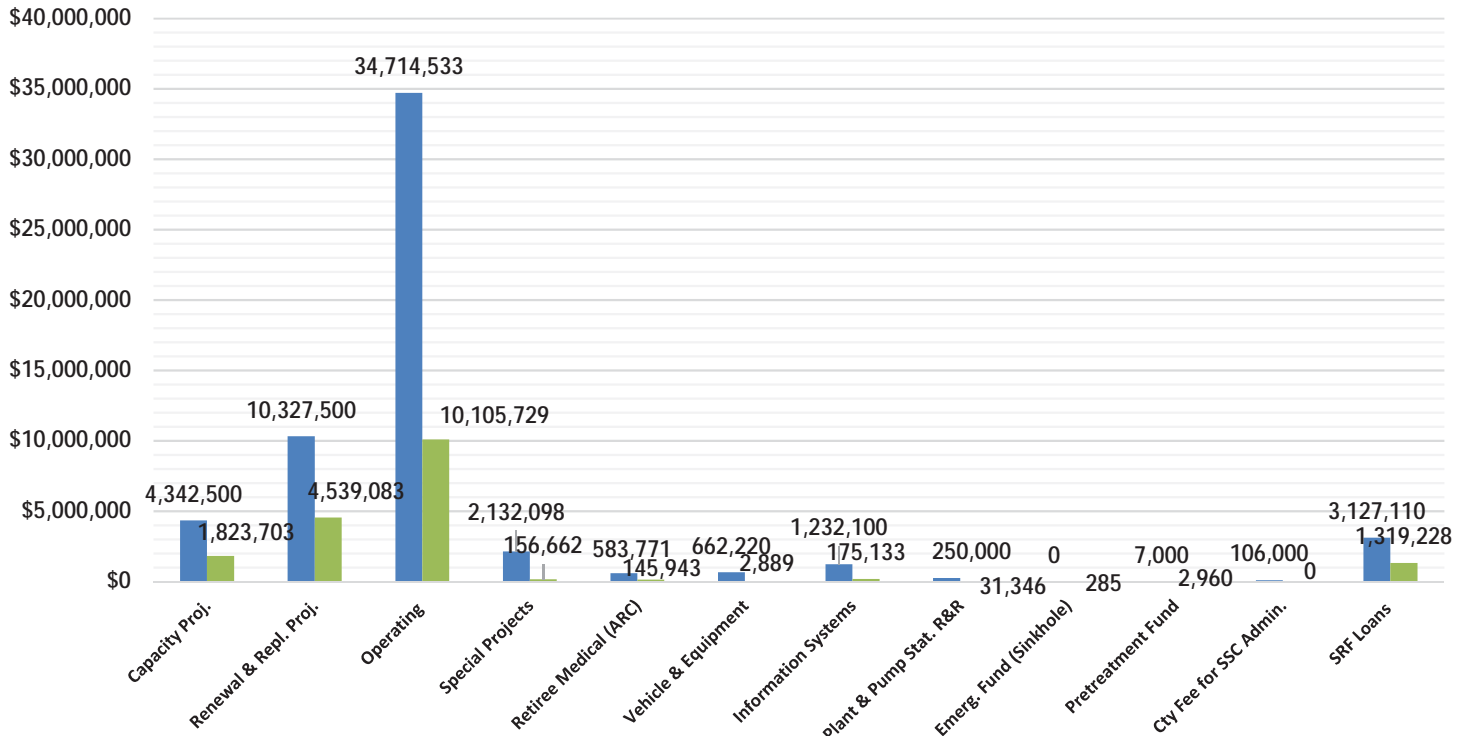
Total Revenues

■ Budget ■ Actual



Total Expenses

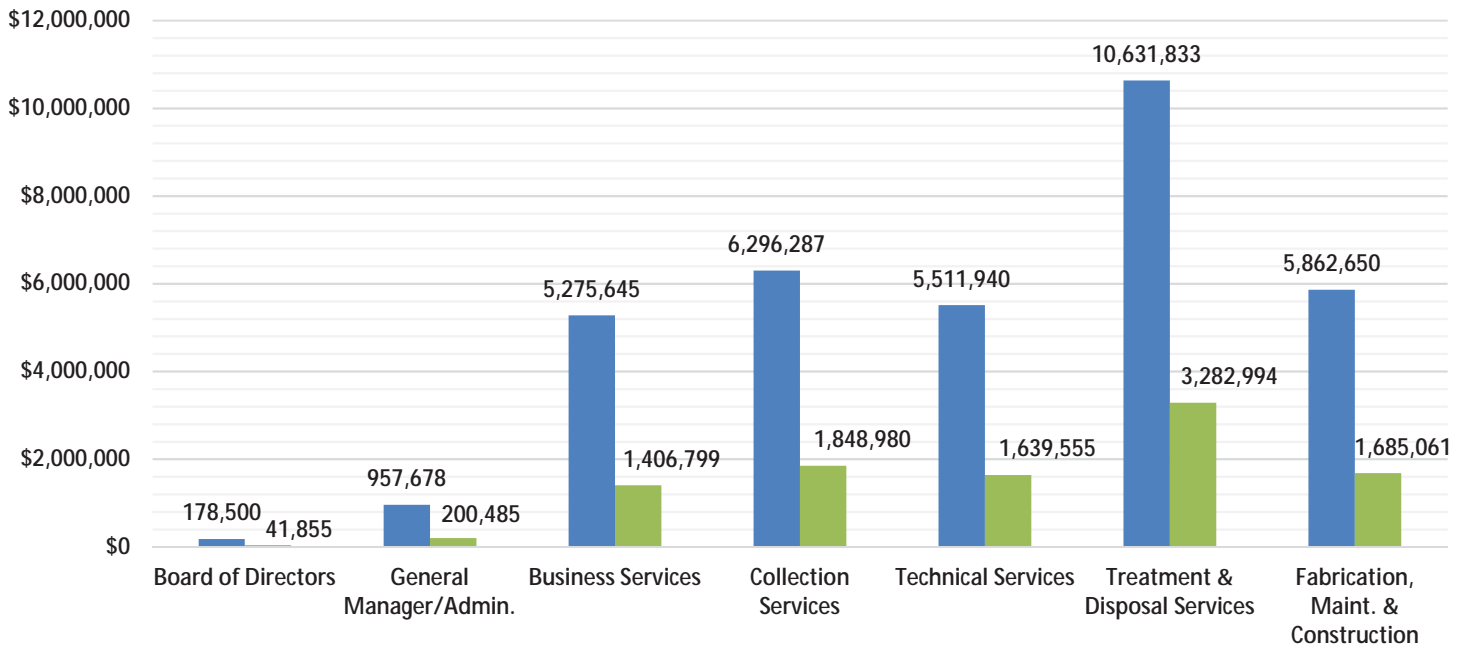
■ Budget ■ Actual



BUDGET AND FINANCE REPORT
as of 10/31/17

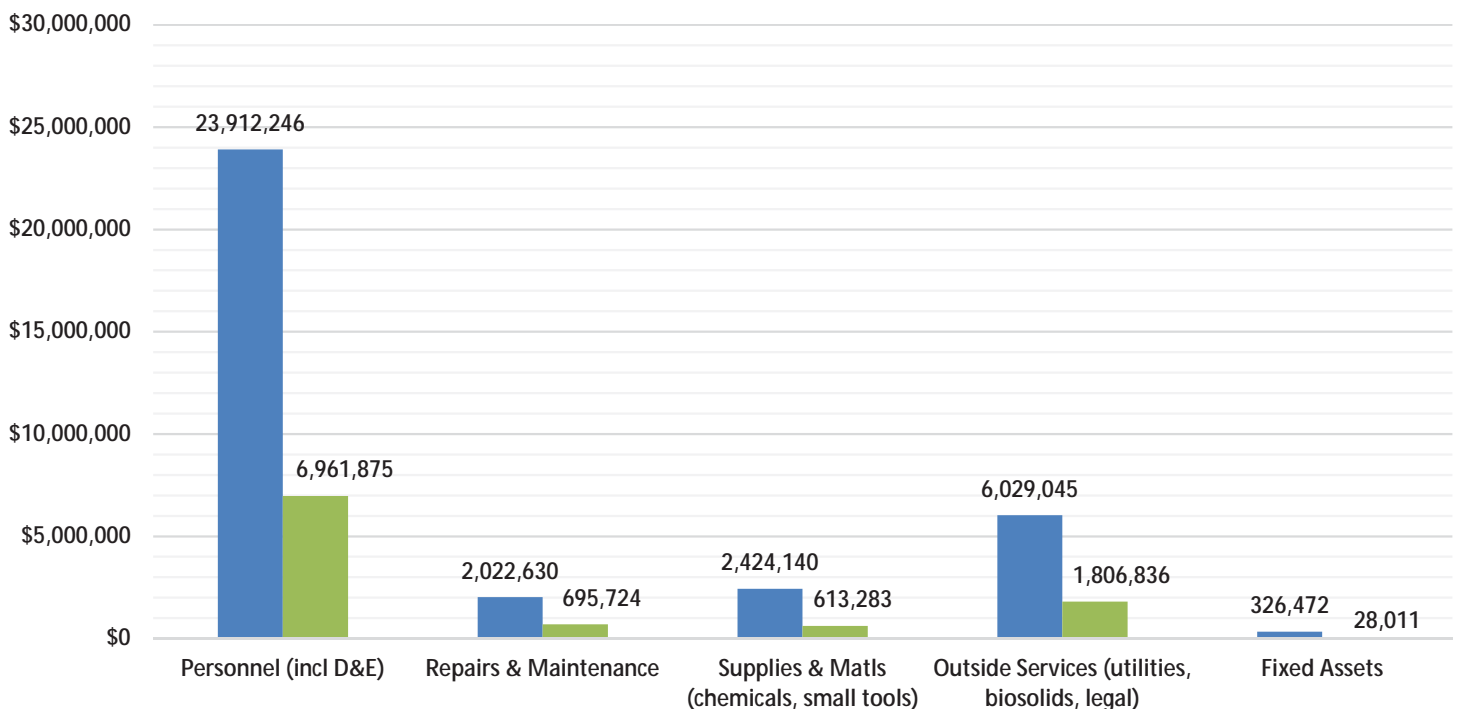
Operating Expenses by Work Group

■ Budget ■ Actual



Operating Expenses by Type

■ Budget ■ Actual

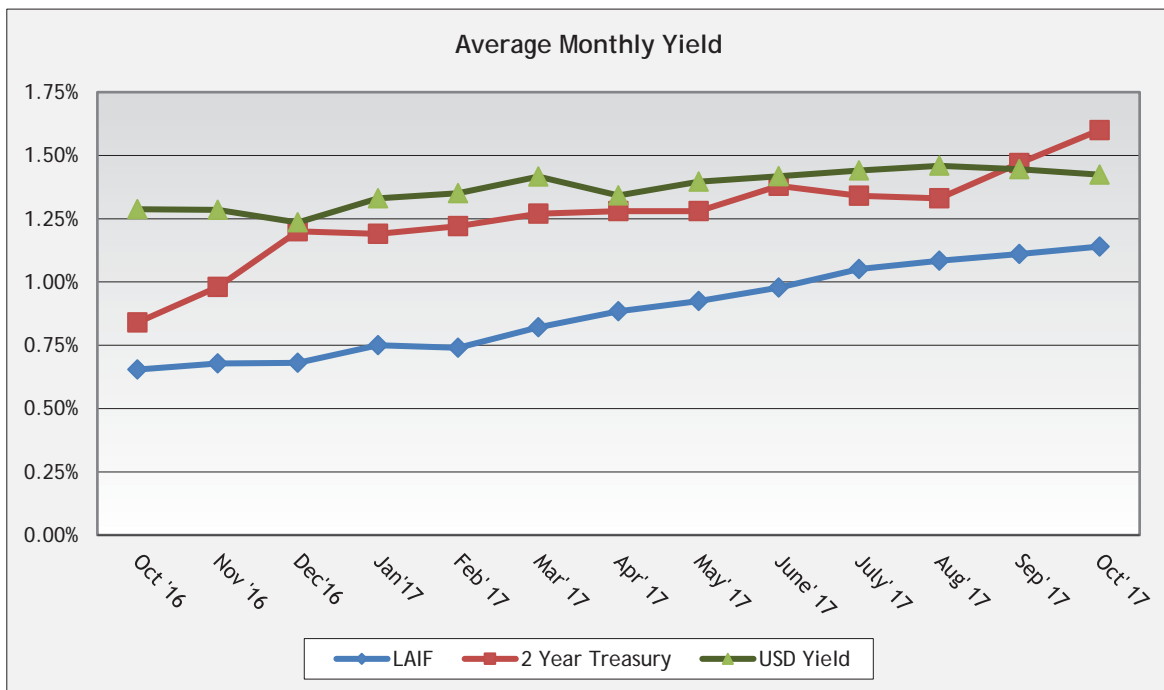


Business Services Group October 2017

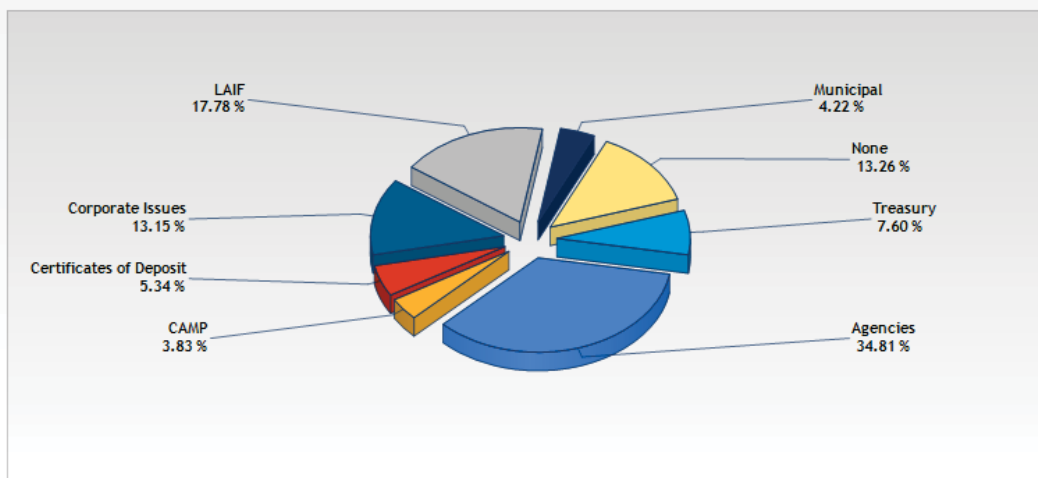
Accomplishments:

- The recruitment for Accounting & Financial Analyst II was completed; Lily Moreno was hired on 10/16/2017.
- The recruitment for Technical Writer Intern was completed; Arancha Ducaud was hired on 10/23/2017.
- Facilitation of the Budget Star Point Orientation
- Promotion of Virginia Holslag to Accounting & Financial Analyst II
- Completion of Financial Audit with No Findings
- Leadership School Session on Staffing, Recruitment and Selection was presented.
- Multiple new hire orientations (teams and organizational sessions) were completed.

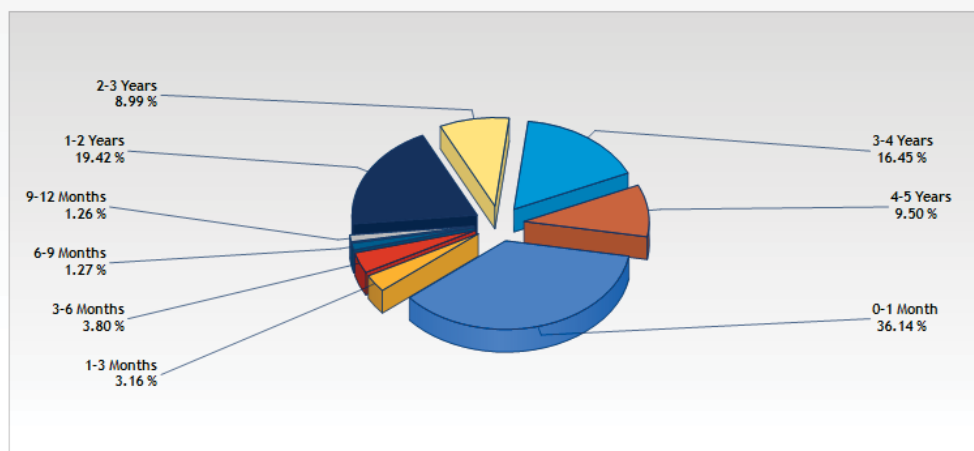
Performance Measures for the USD Investment Portfolio



Portfolio Holdings Distribution by Asset Class



Portfolio Holdings Distribution by Maturity Range



| Maturity Range | Face Amount/Shares | YTM @ Cost | Cost Value | Days To Maturity | % of Portfolio | Market Value | Book Value | Duration To Maturity |
|------------------------|----------------------|--------------|----------------------|------------------|----------------|----------------------|----------------------|----------------------|
| 0-1 Month | 28,542,109.59 | 0.954 | 28,543,169.59 | 1 | 36.14 | 28,542,039.59 | 28,542,127.76 | 0.00 |
| 1-3 Months | 2,496,000.00 | 0.861 | 2,497,560.00 | 69 | 3.16 | 2,494,537.61 | 2,496,123.63 | 0.19 |
| 3-6 Months | 3,000,000.00 | 1.140 | 2,998,690.00 | 135 | 3.80 | 2,996,570.00 | 2,999,437.65 | 0.37 |
| 6-9 Months | 1,000,000.00 | 1.440 | 1,002,490.00 | 255 | 1.27 | 1,000,010.00 | 1,000,747.88 | 0.70 |
| 9-12 Months | 1,000,000.00 | 1.087 | 998,700.00 | 288 | 1.26 | 996,280.00 | 999,332.62 | 0.79 |
| 1-2 Years | 15,324,000.00 | 1.326 | 15,336,230.00 | 557 | 19.42 | 15,251,600.85 | 15,331,933.04 | 1.53 |
| 2-3 Years | 6,906,000.00 | 1.898 | 7,102,901.85 | 884 | 8.99 | 7,029,509.74 | 7,035,032.40 | 2.34 |
| 3-4 Years | 12,997,000.00 | 2.000 | 12,991,792.28 | 1,277 | 16.45 | 12,891,084.48 | 12,995,177.93 | 3.39 |
| 4-5 Years | 7,483,000.00 | 2.303 | 7,506,279.67 | 1,567 | 9.50 | 7,486,435.75 | 7,503,960.54 | 4.09 |
| TOTAL / AVERAGE | 78,748,109.59 | 1.424 | 78,977,813.39 | 561 | 100 | 78,688,068.02 | 78,903,873.45 | 1.49 |

Union Sanitary District
 Board Report - Holdings
 Report Format: By Transaction
 Group By: Asset Class
 Average By: Cost Value
 Portfolio / Report Group: All Portfolios
 As of 10/31/2017

| Description | CUSIP/Ticker | Credit Rating 1 | Settlement Date | Face Amount/Shares | Cost Value | Coupon Rate | Market Value | YTM @ Cost | Next Call Date | Maturity Date | % of Portfolio |
|--------------------------|--------------|-----------------|-----------------|--------------------|--------------|-------------|--------------|------------|----------------|---------------|----------------|
| Agencies | | | | | | | | | | | |
| FFCB 0.9 1/16/2018-16 | 3133ECCZ5 | Moody's-Aaa | 12/23/2016 | 1,000,000.00 | 1,000,000.00 | 0.900 | 999,390.00 | 0.900 | | 1/16/2018 | 1.27 |
| FFCB 1.17 5/16/2019-17 | 3133EF7L5 | Moody's-Aaa | 5/16/2016 | 1,000,000.00 | 1,000,000.00 | 1.170 | 992,710.00 | 1.170 | | 5/16/2019 | 1.27 |
| FFCB 1.3 11/25/2019-16 | 3133EGBK0 | Moody's-Aaa | 5/25/2016 | 1,000,000.00 | 997,950.00 | 1.300 | 989,720.00 | 1.360 | | 11/25/2019 | 1.26 |
| FFCB 1.35 6/24/2019 | 3133EEZ60 | Moody's-Aaa | 5/24/2017 | 1,000,000.00 | 1,003,480.00 | 1.350 | 998,150.00 | 1.180 | | 6/24/2019 | 1.27 |
| FFCB 1.37 12/27/2018-17 | 3133EGZ24 | None | 12/27/2016 | 1,000,000.00 | 1,000,000.00 | 1.370 | 996,200.00 | 1.370 | 12/27/2017 | 12/27/2018 | 1.27 |
| FFCB 1.59 3/23/2020-17 | 3133EFR25 | Moody's-Aaa | 3/23/2016 | 1,000,000.00 | 1,000,000.00 | 1.590 | 993,530.00 | 1.590 | | 3/23/2020 | 1.27 |
| FFCB 1.7 5/3/2021-17 | 3133EF5T0 | Moody's-Aaa | 5/3/2016 | 1,000,000.00 | 1,000,000.00 | 1.700 | 988,250.00 | 1.700 | | 5/3/2021 | 1.27 |
| FHLB 1.24 1/23/2019-18 | 3130AAN20 | Moody's-Aaa | 2/2/2017 | 1,000,000.00 | 999,100.00 | 1.240 | 995,310.00 | 1.286 | 1/23/2018 | 1/23/2019 | 1.27 |
| FHLB 1.375 2/28/2019-17 | 3130ABEH5 | Moody's-Aaa | 5/30/2017 | 1,000,000.00 | 1,000,000.00 | 1.375 | 996,770.00 | 1.375 | 11/28/2017 | 2/28/2019 | 1.27 |
| FHLB 1.93 12/21/2020-17 | 3130AADQ8 | None | 12/21/2016 | 1,000,000.00 | 1,000,000.00 | 1.930 | 997,240.00 | 1.930 | | 12/21/2020 | 1.27 |
| FHLB 2 10/26/2021-19 | 3130AB3D6 | None | 4/26/2017 | 1,000,000.00 | 1,000,000.00 | 2.000 | 994,750.00 | 2.000 | 4/26/2019 | 10/26/2021 | 1.27 |
| FHLB 2.05 12/29/2021-17 | 3130AAET1 | Moody's-Aaa | 12/29/2016 | 1,000,000.00 | 1,000,000.00 | 2.050 | 990,770.00 | 2.050 | 12/29/2017 | 12/29/2021 | 1.27 |
| FHLB 2.4 12/22/2021-17 | 3130AAHC5 | None | 12/22/2016 | 1,000,000.00 | 1,000,000.00 | 2.400 | 1,000,010.00 | 2.400 | | 12/22/2021 | 1.27 |
| FHLB Step 4/28/2021-16 | 3130A7PR0 | Moody's-Aaa | 4/28/2016 | 1,000,000.00 | 1,000,000.00 | 1.250 | 994,050.00 | 2.114 | 1/28/2018 | 4/28/2021 | 1.27 |
| FHLB Step 4/28/2021-16 | 3130A7QX6 | Moody's-Aaa | 4/28/2016 | 1,000,000.00 | 1,000,000.00 | 1.250 | 991,880.00 | 2.021 | | 4/28/2021 | 1.27 |
| FHLMC 1 8/15/2018-17 | 3134GABQ6 | Moody's-Aaa | 1/31/2017 | 1,000,000.00 | 998,700.00 | 1.000 | 996,280.00 | 1.087 | | 8/15/2018 | 1.26 |
| FHLMC 1.2 12/14/2018-17 | 3134GAZU1 | None | 12/14/2016 | 1,000,000.00 | 1,000,000.00 | 1.200 | 992,800.00 | 1.200 | 12/14/2017 | 12/14/2018 | 1.27 |
| FHLMC 1.25 10/28/2019-17 | 3134G8XQ7 | Moody's-Aaa | 4/28/2016 | 1,000,000.00 | 1,000,000.00 | 1.250 | 990,900.00 | 1.250 | | 10/28/2019 | 1.27 |
| FHLMC 1.4 6/14/2019-17 | 3134GBRH7 | | 6/14/2017 | 1,000,000.00 | 1,000,000.00 | 1.400 | 995,510.00 | 1.400 | 12/14/2017 | 6/14/2019 | 1.27 |

| Description | CUSIP/Ticker | Credit Rating 1 | Settlement Date | Face Amount/Shares | Cost Value | Coupon Rate | Market Value | YTM @ Cost | Next Call Date | Maturity Date | % of Portfolio |
|---------------------------------------|--------------|---------------------|--------------------|-----------------------|----------------------|----------------|----------------------|---------------|-------------------|------------------|-------------------|
| FHLMC 1.41 4/26/2019-18 | 3134GBEG3 | Moody's-Aaa None | 4/26/2017 | 1,000,000.00 | 1,000,000.00 | 1.410 | 996,690.00 | 1.410 | 4/26/2018 | 4/26/2019 | 1.27 |
| FHLMC 1.5 12/30/2019-17 | 3134GAYY4 | S&P-AA+ | 12/30/2016 | 1,000,000.00 | 1,000,000.00 | 1.500 | 994,300.00 | 1.500 | 12/30/2017 | 12/30/2019 | 1.27 |
| FHLMC 1.5 9/9/2019-18 | 3134GA7A6 | Moody's-Aaa | 5/10/2017 | 1,000,000.00 | 1,000,000.00 | 1.500 | 995,470.00 | 1.500 | 3/19/2018 | 9/9/2019 | 1.27 |
| FHLMC 2 12/30/2021-17 | 3134GAYV0 | None | 12/30/2016 | 1,000,000.00 | 1,000,000.00 | 2.000 | 991,230.00 | 2.000 | 12/30/2017 | 12/30/2021 | 1.27 |
| FHLMC Step 4/28/2021-16 | 3134G8VZ9 | Moody's-Aaa | 4/28/2016 | 2,500,000.00 | 2,500,000.00 | 1.375 | 2,466,850.00 | 2.116 | | 4/28/2021 | 3.17 |
| FHLMC Step 4/28/2021-16 | 3134G8Z28 | Moody's-Aaa | 5/10/2016 | 1,000,000.00 | 999,500.00 | 1.125 | 989,550.00 | 2.044 | 1/28/2018 | 4/28/2021 | 1.27 |
| FNMA 1.5 6/16/2021-16 | 3136G3QX6 | Moody's-Aaa | 6/16/2016 | 1,000,000.00 | 995,000.00 | 1.500 | 977,460.00 | 1.604 | 12/16/2017 | 6/16/2021 | 1.26 |
| Sub Total / Average | | | | 27,500,000.00 | 27,493,730.00 | 1.462 | 27,305,770.00 | 1.627 | | | 34.81 |
| CAMP | | | | | | | | | | | |
| CAMP LGIP | LGIP4000 | None | 5/31/2011 | 3,027,473.81 | 3,027,473.81 | 1.170 | 3,027,473.81 | 1.170 | N/A | N/A | 3.83 |
| Sub Total / Average | | | | 3,027,473.81 | 3,027,473.81 | 1.170 | 3,027,473.81 | 1.170 | | | 3.83 |
| Certificates of Deposit | | | | | | | | | | | |
| Ally Bank 1.35 10/28/2019 | 02006LQ48 | None | 10/27/2016 | 248,000.00 | 248,000.00 | 1.350 | 245,759.32 | 1.350 | | 10/28/2019 | 0.31 |
| American Expr Centurion 2.45 4/5/2022 | 02587DN38 | None | 4/5/2017 | 247,000.00 | 247,000.00 | 2.450 | 251,388.33 | 2.450 | | 4/5/2022 | 0.31 |
| Belmont Savings Bank 2.15 3/22/2022 | 080515BV0 | None | 3/20/2017 | 248,000.00 | 248,000.00 | 2.150 | 249,277.45 | 2.150 | | 3/22/2022 | 0.31 |
| BMW Bank 2.15 3/10/2022 | 05580AGR9 | None | 3/10/2017 | 247,000.00 | 247,000.00 | 2.150 | 248,263.11 | 2.150 | | 3/10/2022 | 0.31 |
| Capital One Bank 1.5 10/26/2020 | 140420L99 | None | 10/26/2016 | 248,000.00 | 248,000.00 | 1.500 | 245,002.50 | 1.500 | | 10/26/2020 | 0.31 |
| Comenity Capital 1.25 4/11/2019 | 20033ASR8 | None | 10/25/2016 | 248,000.00 | 248,000.00 | 1.250 | 245,934.16 | 1.250 | | 4/11/2019 | 0.31 |
| Discover Bank 2.25 12/29/2021 | 254672Y36 | None | 12/29/2016 | 247,000.00 | 247,000.00 | 2.250 | 249,383.50 | 2.250 | | 12/29/2021 | 0.31 |
| Franklin Synergy Bank 0.85 12/11/2017 | 35471TCH3 | None | 6/10/2016 | 248,000.00 | 248,000.00 | 0.850 | 247,884.36 | 0.850 | | 12/11/2017 | 0.31 |
| JP Morgan Chase Bank 1.1 7/15/2019 | 48125Y5L4 | None | 7/15/2016 | 249,000.00 | 249,000.00 | 1.100 | 245,964.74 | 1.100 | | 7/15/2019 | 0.32 |
| Lakeside Bank 1.75 5/29/2020 | 51210SMU8 | None | 5/30/2017 | 249,000.00 | 249,000.00 | 1.750 | 248,281.93 | 1.750 | | 5/29/2020 | 0.32 |
| Landmark Bank 2.1 3/29/2021-17 | 51506VCA9 | None | 3/29/2017 | 248,000.00 | 248,000.00 | 2.100 | 249,248.98 | 2.100 | 12/27/2017 | 3/29/2021 | 0.31 |

| Description | CUSIP/Ticker | Credit Rating 1 | Settlement Date | Face Amount/Shares | Cost Value | Coupon Rate | Market Value | YTM @ Cost | Next Call Date | Maturity Date | % of Portfolio |
|---|--------------|-----------------|-----------------|---------------------|---------------------|--------------|---------------------|--------------|----------------|---------------|----------------|
| Pacific Premier Bank 0.9 12/5/2017 | 69478QDG2 | None | 6/3/2016 | 248,000.00 | 248,000.00 | 0.900 | 247,913.25 | 0.900 | | 12/5/2017 | 0.31 |
| Ponce De Leon Federal Bank 1.85 5/28/2021 | 732333AJ8 | None | 5/31/2017 | 249,000.00 | 249,000.00 | 1.850 | 248,015.50 | 1.850 | | 5/28/2021 | 0.32 |
| State Bank of India 2.25 1/26/2022 | 8562846A7 | None | 1/26/2017 | 247,000.00 | 247,000.00 | 2.250 | 249,363.59 | 2.250 | | 1/26/2022 | 0.31 |
| Summit Community Bank 1.65 5/29/2020 | 86604XLT1 | None | 5/31/2017 | 249,000.00 | 249,000.00 | 1.650 | 247,646.51 | 1.650 | | 5/29/2020 | 0.32 |
| Synchrony Bank 2.3 2/24/2022 | 87165ELT2 | None | 2/28/2017 | 247,000.00 | 247,000.00 | 2.300 | 249,859.77 | 2.300 | | 2/24/2022 | 0.31 |
| Wells Fargo Bank 1.15 7/22/2019 | 9497486R3 | None | 7/20/2016 | 249,000.00 | 249,000.00 | 1.150 | 246,141.33 | 1.150 | | 7/22/2019 | 0.32 |
| Sub Total / Average | | | | 4,216,000.00 | 4,216,000.00 | 1.705 | 4,215,328.33 | 1.705 | | | 5.34 |

Corporate Issues

| | | | | | | | | | | | |
|--|-----------|-------------|-----------|----------------------|----------------------|--------------|----------------------|--------------|-----------|------------|--------------|
| American Express Credit 2.7 3/3/2022 | 0258M0EG0 | Moody's-A2 | 5/15/2017 | 1,000,000.00 | 1,013,279.67 | 2.700 | 1,010,450.00 | 2.406 | | 3/3/2022 | 1.28 |
| Barclays Bank PLC Step 4/26/2022-17 | 06741VR95 | Moody's-A1 | 4/26/2017 | 1,000,000.00 | 1,000,000.00 | 2.250 | 988,440.00 | 3.093 | 4/26/2018 | 4/26/2022 | 1.27 |
| Chevron Corp 2.1 5/16/2021 | 166764BG4 | Moody's-Aa2 | 5/10/2017 | 1,000,000.00 | 999,500.00 | 2.100 | 999,560.00 | 2.113 | | 5/16/2021 | 1.27 |
| Chevron Corp 2.193 11/15/2019 | 166764AN0 | Moody's-Aa2 | 2/26/2016 | 1,160,000.00 | 1,167,806.57 | 2.193 | 1,168,908.80 | 2.004 | | 11/15/2019 | 1.48 |
| GE Capital International 2.04 11/15/2020 | 36164QMS4 | S&P-AA | 3/10/2017 | 1,000,000.00 | 1,010,642.28 | 2.040 | 1,004,950.00 | 1.738 | | 11/15/2020 | 1.28 |
| HSBC 4.875 8/24/2020 | 4042Q1AE7 | Moody's-A1 | 5/17/2016 | 2,000,000.00 | 2,191,145.28 | 4.875 | 2,142,120.00 | 2.500 | | 8/24/2020 | 2.77 |
| Toyota Motor Credit 1.55 7/13/2018 | 89236TCP8 | Moody's-Aa3 | 3/16/2016 | 1,000,000.00 | 1,002,490.00 | 1.550 | 1,000,010.00 | 1.440 | | 7/13/2018 | 1.27 |
| Toyota Motor Credit Corp 1.2 4/6/2018 | 89236TCX1 | Moody's-Aa3 | 4/6/2017 | 1,000,000.00 | 998,710.00 | 1.200 | 998,690.00 | 1.330 | | 4/6/2018 | 1.26 |
| Toyota Motor Credit Corp 1.2 4/6/2018 | 89236TCX1 | Moody's-Aa3 | 5/24/2016 | 1,000,000.00 | 1,000,360.00 | 1.200 | 998,690.00 | 1.180 | | 4/6/2018 | 1.27 |
| Sub Total / Average | | | | 10,160,000.00 | 10,383,933.80 | 2.537 | 10,311,818.80 | 2.039 | | | 13.15 |

LAIF

| | | | | | | | | | | | |
|----------------------------|----------|------|-----------|----------------------|----------------------|--------------|----------------------|--------------|-----|-----|--------------|
| LAIF LGIP | LGIP1002 | None | 4/30/2011 | 14,040,820.85 | 14,040,820.85 | 1.143 | 14,040,820.85 | 1.143 | N/A | N/A | 17.78 |
| Sub Total / Average | | | | 14,040,820.85 | 14,040,820.85 | 1.143 | 14,040,820.85 | 1.143 | | | 17.78 |

Municipal

| | | | | | | | | | | | |
|-------------------------------------|-----------|---------|----------|------------|------------|-------|------------|-------|--|----------|------|
| City of Riverside CA 2.125 6/1/2021 | 769036BA1 | S&P-AA- | 6/1/2017 | 500,000.00 | 500,000.00 | 2.125 | 494,365.00 | 2.125 | | 6/1/2021 | 0.63 |
|-------------------------------------|-----------|---------|----------|------------|------------|-------|------------|-------|--|----------|------|

| Description | CUSIP/Ticker | Credit Rating 1 | Settlement Date | Face Amount/Shares | Cost Value | Coupon Rate | Market Value | YTM @ Cost | Next Call Date | Maturity Date | % of Portfolio |
|--|---------------|-----------------|-----------------|----------------------|----------------------|--------------|----------------------|--------------|----------------|---------------|----------------|
| La Qunita Redev Agency 2.034 9/1/2019 | 50420BCH3 | S&P-AA- | 12/22/2016 | 1,330,000.00 | 1,336,650.00 | 2.034 | 1,328,151.30 | 1.843 | | 9/1/2019 | 1.69 |
| State of California 2.152 4/1/2022 | 13063DAD0 | Moody's-Aa3 | 4/27/2017 | 1,000,000.00 | 1,010,000.00 | 2.152 | 1,008,000.00 | 1.938 | | 4/1/2022 | 1.28 |
| Victor Valley College General Obligation Bond 2.35 | 92603PER9 | Moody's-Aa2 | 12/28/2016 | 500,000.00 | 490,150.00 | 2.350 | 494,915.00 | 2.811 | | 8/1/2021 | 0.62 |
| Sub Total / Average | | | | 3,330,000.00 | 3,336,800.00 | 2.130 | 3,325,431.30 | 2.056 | | | 4.22 |
| None | | | | | | | | | | | |
| Union Bank Cash | LGIPUNIONBANK | None | 12/31/2016 | 10,473,814.93 | 10,473,814.93 | 0.650 | 10,473,814.93 | 0.650 | N/A | N/A | 13.26 |
| Sub Total / Average | | | | 10,473,814.93 | 10,473,814.93 | 0.650 | 10,473,814.93 | 0.650 | | | 13.26 |
| Treasury | | | | | | | | | | | |
| T-Note 0.875 1/15/2018 | 912828H37 | Moody's-Aaa | 6/1/2015 | 1,000,000.00 | 1,001,560.00 | 0.875 | 999,350.00 | 0.815 | | 1/15/2018 | 1.27 |
| T-Note 0.875 1/31/2018 | 912828UJ7 | None | 1/9/2017 | 1,000,000.00 | 999,620.00 | 0.875 | 999,190.00 | 0.911 | | 1/31/2018 | 1.27 |
| T-Note 0.875 11/15/2017 | 912828G20 | Moody's-Aaa | 6/24/2015 | 1,000,000.00 | 1,001,060.00 | 0.875 | 999,930.00 | 0.830 | | 11/15/2017 | 1.27 |
| T-Note 0.875 5/15/2019 | 912828R44 | None | 4/26/2017 | 1,000,000.00 | 993,080.00 | 0.875 | 989,840.00 | 1.217 | | 5/15/2019 | 1.26 |
| T-Note 1.283 3/31/2019 | 912828SN1 | None | 2/22/2017 | 1,000,000.00 | 1,004,480.00 | 1.283 | 999,570.00 | 1.067 | | 3/31/2019 | 1.27 |
| T-Note 1.5 2/28/2019 | 912828C24 | None | 1/9/2017 | 1,000,000.00 | 1,005,440.00 | 1.500 | 999,730.00 | 1.241 | | 2/28/2019 | 1.27 |
| Sub Total / Average | | | | 6,000,000.00 | 6,005,240.00 | 1.048 | 5,987,610.00 | 1.013 | | | 7.60 |
| Total / Average | | | | 78,748,109.59 | 78,977,813.39 | 1.437 | 78,688,068.02 | 1.424 | | | 100 |

All investment actions executed since the last report have been made in full compliance with the District's Investment Policy. The District will meet its expenditure obligations for the next six months. Market value sources are the LAIF, CAMP, and BNY Mellon monthly statements. Broker/Dealers: BOSCO, Inc.; Cantella & Co.; First Empire Securities; Ladenburg, Thalmann & Co, Inc.; UBS Financial Services; Wells Fargo Securities.

Reviewer:

Approver:

Union Sanitary District
Transactions Summary
Monthly Activity - by Action
Group By: Action
Portfolio / Report Group: All Portfolios
Begin Date: 09/30/2017, End Date: 10/31/2017

| Description | CUSIP/Ticker | Coupon Rate | YTM @ Cost | Settlement Date | Face Amount/Shares | Principal | Interest/Dividends | Total | Custodian | Portfolio Name |
|---|---------------|-------------|------------|-----------------|----------------------|----------------------|--------------------|----------------------|-----------------------|----------------|
| Deposit | | | | | | | | | | |
| CAMP LGIP | LGIP4000 | N/A | 0.000 | 10/31/2017 | 3,000.59 | 3,000.59 | 0.00 | 3,000.59 | None | Liquid Fund |
| LAIF LGIP | LGIP1002 | N/A | 0.000 | 10/13/2017 | 39,364.01 | 39,364.01 | 0.00 | 39,364.01 | None | Liquid Fund |
| Union Bank Cash | LGIPUNIONBANK | N/A | 0.000 | 10/31/2017 | 10,473,814.93 | 10,473,814.93 | 0.00 | 10,473,814.93 | None | Liquid Fund |
| Sub Total / Average | | | | | 10,516,179.53 | 10,516,179.53 | 0.00 | 10,516,179.53 | | |
| Interest | | | | | | | | | | |
| Ally Bank 1.35 10/28/2019 | 02006LQ48 | 1.350 | 0.000 | 10/27/2017 | 0.00 | 0.00 | 1,678.59 | 1,678.59 | None | Operating Fund |
| American Expr Centurion 2.45 4/5/2022 | 02587DN38 | 2.450 | 0.000 | 10/05/2017 | 0.00 | 0.00 | 3,034.04 | 3,034.04 | None | Operating Fund |
| Barclays Bank PLC Step 4/26/2022-17 | 06741VR95 | 2.000 | 0.000 | 10/26/2017 | 0.00 | 0.00 | 10,000.00 | 10,000.00 | None | Operating Fund |
| CAMP LGIP | LGIP4000 | N/A | 0.000 | 10/31/2017 | 0.00 | 0.00 | 3,000.59 | 3,000.59 | None | Liquid Fund |
| Capital One Bank 1.5 10/26/2020 | 140420L99 | 1.500 | 0.000 | 10/26/2017 | 0.00 | 0.00 | 1,865.10 | 1,865.10 | None | Operating Fund |
| Comenity Capital 1.25 4/11/2019 | 20033ASR8 | 1.250 | 0.000 | 10/11/2017 | 0.00 | 0.00 | 254.79 | 254.79 | None | Operating Fund |
| FHLB 2 10/26/2021-19 | 3130AB3D6 | 2.000 | 0.000 | 10/26/2017 | 0.00 | 0.00 | 10,000.00 | 10,000.00 | None | Operating Fund |
| FHLB Step 4/28/2021-16 | 3130A7QX6 | 1.250 | 0.000 | 10/30/2017 | 0.00 | 0.00 | 6,250.00 | 6,250.00 | None | Operating Fund |
| FHLB Step 4/28/2021-16 | 3130A7PR0 | 1.000 | 0.000 | 10/30/2017 | 0.00 | 0.00 | 6,250.00 | 6,250.00 | None | Operating Fund |
| FHLMC 1.25 10/28/2019-17 | 3134G8XQ7 | 1.250 | 0.000 | 10/30/2017 | 0.00 | 0.00 | 6,250.00 | 6,250.00 | None | Operating Fund |
| FHLMC 1.41 4/26/2019-18 | 3134GBEG3 | 1.410 | 0.000 | 10/26/2017 | 0.00 | 0.00 | 7,050.00 | 7,050.00 | None | Operating Fund |
| FHLMC Step 4/28/2021-16 | 3134G8VZ9 | 1.250 | 0.000 | 10/30/2017 | 0.00 | 0.00 | 15,625.00 | 15,625.00 | None | Operating Fund |
| FHLMC Step 4/28/2021-16 | 3134G8Z28 | 1.125 | 0.000 | 10/30/2017 | 0.00 | 0.00 | 5,625.00 | 5,625.00 | None | Operating Fund |
| First Niagara Bank 1.1 10/30/2017 | 33583CSV2 | 1.100 | 0.000 | 10/30/2017 | 0.00 | 0.00 | 1,351.19 | 1,351.19 | Bank of New York 7537 | Operating Fund |
| Franklin Synergy Bank 0.85 12/11/2017 | 35471TCH3 | 0.850 | 0.000 | 10/10/2017 | 0.00 | 0.00 | 173.26 | 173.26 | None | Operating Fund |
| Goldman Sachs Bank 1 10/16/2017 | 38148JQX2 | 1.000 | 0.000 | 10/16/2017 | 0.00 | 0.00 | 1,209.86 | 1,209.86 | Bank of New York 7537 | Operating Fund |
| JP Morgan Chase Bank 1.1 7/15/2019 | 48125Y5L4 | 1.100 | 0.000 | 10/16/2017 | 0.00 | 0.00 | 690.38 | 690.38 | None | Operating Fund |
| LAIF LGIP | LGIP1002 | N/A | 0.000 | 10/13/2017 | 0.00 | 0.00 | 39,364.01 | 39,364.01 | None | Liquid Fund |
| Lakeside Bank 1.75 5/29/2020 | 51210SMU8 | 1.750 | 0.000 | 10/31/2017 | 0.00 | 0.00 | 358.15 | 358.15 | None | Operating Fund |
| Lakeside Bank 1.75 5/29/2020 | 51210SMU8 | 1.750 | 0.000 | 10/02/2017 | 0.00 | 0.00 | 370.09 | 370.09 | None | Operating Fund |
| Medallion Bank 1.15 10/30/2017 | 58403B2L9 | 1.150 | 0.000 | 10/30/2017 | 0.00 | 0.00 | 247.01 | 247.01 | Bank of New York 7537 | Operating Fund |
| Pacific Premier Bank 0.9 12/5/2017 | 69478QDG2 | 0.900 | 0.000 | 10/03/2017 | 0.00 | 0.00 | 183.45 | 183.45 | None | Operating Fund |
| Ponce De Leon Federal Bank 1.85 5/28/2021 | 732333AJ8 | 1.850 | 0.000 | 10/31/2017 | 0.00 | 0.00 | 391.24 | 391.24 | None | Operating Fund |
| Ponce De Leon Federal Bank 1.85 5/28/2021 | 732333AJ8 | 1.850 | 0.000 | 10/02/2017 | 0.00 | 0.00 | 378.62 | 378.62 | None | Operating Fund |
| State of California 2.152 4/1/2022 | 13063DAD0 | 2.152 | 0.000 | 10/02/2017 | 0.00 | 0.00 | 10,125.50 | 10,125.50 | None | Operating Fund |
| Summit Community Bank 1.65 5/29/2020 | 86604XLT1 | 1.650 | 0.000 | 10/31/2017 | 0.00 | 0.00 | 348.94 | 348.94 | None | Operating Fund |
| Summit Community Bank 1.65 5/29/2020 | 86604XLT1 | 1.650 | 0.000 | 10/02/2017 | 0.00 | 0.00 | 337.68 | 337.68 | None | Operating Fund |
| T-Note 1.283 3/31/2019 | 912828SN1 | 1.283 | 0.000 | 10/02/2017 | 0.00 | 0.00 | 7,500.00 | 7,500.00 | None | Operating Fund |
| Toyota Motor Credit Corp 1.2 4/6/2018 | 89236TCX1 | 1.200 | 0.000 | 10/06/2017 | 0.00 | 0.00 | 12,000.00 | 12,000.00 | None | Operating Fund |
| Wells Fargo Bank 1.15 7/22/2019 | 9497486R3 | 1.150 | 0.000 | 10/20/2017 | 0.00 | 0.00 | 235.36 | 235.36 | None | Operating Fund |
| Sub Total / Average | | | | | 0.00 | 0.00 | 152,147.85 | 152,147.85 | | |
| Matured | | | | | | | | | | |
| First Niagara Bank 1.1 10/30/2017 | 33583CSV2 | 1.100 | 0.000 | 10/30/2017 | 245,000.00 | 245,000.00 | 0.00 | 245,000.00 | Bank of New York 7537 | Operating Fund |
| Goldman Sachs Bank 1 10/16/2017 | 38148JQX2 | 1.000 | 0.000 | 10/16/2017 | 240,000.00 | 240,000.00 | 0.00 | 240,000.00 | Bank of New York 7537 | Operating Fund |
| Medallion Bank 1.15 10/30/2017 | 58403B2L9 | 1.150 | 0.000 | 10/30/2017 | 245,000.00 | 245,000.00 | 0.00 | 245,000.00 | Bank of New York 7537 | Operating Fund |
| Sub Total / Average | | | | | 730,000.00 | 730,000.00 | 0.00 | 730,000.00 | | |
| Withdraw | | | | | | | | | | |
| Union Bank Cash | LGIPUNIONBANK | N/A | 0.000 | 10/30/2017 | 7,019,434.16 | 7,019,434.16 | 0.00 | 7,019,434.16 | None | Liquid Fund |
| Sub Total / Average | | | | | 7,019,434.16 | 7,019,434.16 | 0.00 | 7,019,434.16 | | |

**Union Sanitary District's Internal Retiree Medical Fund
Quarterly Report**

For Period Ended 9/30/17

| | |
|------------------------------|----------------------|
| Fund Balance 6/30/17: | (\$20,973.32) |
|------------------------------|----------------------|

Revenues:

Expenses:

| | |
|--------------------------------------|--------|
| Quarterly Net Medical Reimbursements | 172.73 |
|--------------------------------------|--------|

Transfers Out:

| | | |
|---------|--|--------------|
| 9/22/17 | CalPERS OPEB Trust Annual Required Contrib. (ARC) (payment #1 of 4) | (150,502.25) |
|---------|--|--------------|

| | |
|-------------------------------------|-----------------------|
| Ending Fund Balance 9/30/17: | (\$171,302.84) |
|-------------------------------------|-----------------------|



Market Value Summary:

| | QTD Current Period | Fiscal Year to Date |
|------------------------------------|-----------------------|------------------------|
| Beginning Balance | \$5,185,309.46 | \$5,185,309.46 |
| Contribution | 150,502.25 | 150,502.25 |
| Disbursement | (105,237.31) | (105,237.31) |
| Transfer In | 0.00 | 0.00 |
| Transfer Out | 0.00 | 0.00 |
| Investment Earnings | 160,517.38 | 160,517.38 |
| Administrative Expenses | (657.83) | (657.83) |
| Investment Expense | (480.98) | (480.98) |
| Other | 0.00 | 0.00 |
| Ending Balance | \$5,389,952.97 | \$5,389,952.97 |
| FY End Contrib per GASB 74 Para 22 | 0.00 | 0.00 |
| FY End Disbursement Accrual | 105,237.31 | 105,237.31 |
| Grand Total | \$5,495,190.28 | \$5,495,190.28 |

Unit Value Summary:

| | QTD Current Period | Fiscal Year to Date |
|-----------------------------------|-----------------------|------------------------|
| Beginning Units | 349,358.032 | 349,358.032 |
| Unit Purchases from Contributions | 9,653.990 | 9,653.990 |
| Unit Sales for Withdrawals | (6,815.424) | (6,815.424) |
| Unit Transfer In | 0.000 | 0.000 |
| Unit Transfer Out | 0.000 | 0.000 |
| Ending Units | 352,196.598 | 352,196.598 |
| Period Beginning Unit Value | 15.143624 | 15.143624 |
| Period Ending Unit Value | 15.602622 | 15.602622 |

Please note the Grand Total is your actual fund account balance at the end of the period, including all contributions per GASB 74 paragraph 22 and accrued disbursements. Please review your statement promptly. All information contained in your statement will be considered true and accurate unless you contact us within 30 days of receipt of this statement. If you have questions about the validity of this information, please contact CERBT4U@calpers.ca.gov.

Statement of Transaction Detail for the Quarter Ending 09/30/2017

Union Sanitary District

Entity #: SKB7-6011550262



| Date | Description | Amount | Unit Value | Units | Check/Wire | Notes |
|------------|---|----------------|-------------|-------------|------------------------------|-------|
| 07/03/2017 | FY 16-17 Disbursement Accrual Reversal | \$105,237.31 | | | | |
| 08/03/2017 | Distribution | (\$105,237.31) | \$15.441051 | (6,815.424) | | |
| 09/26/2017 | Contribution | \$150,502.25 | \$15.589642 | 9,653.990 | WIRE 2017092200105 995 | |

Client Contact:
CERBT4U@CalPERS.ca.gov

| |
|--|
| <p>MONTHLY OPERATIONS REPORT FOR THE MONTH OF OCTOBER 2017</p> <p>TECHNICAL SUPPORT WORK GROUP SUMMARY</p> |
|--|

Capital Improvement Program

Thickener Control Building Improvements Project – Project closeout and punchlist work are in progress.

Fremont and Paseo Padre Lift Stations Improvements Project – The replacement pump for FLS Lift Pump No. 1 arrived onsite on October 30 and the contractor is in the process of replacing the pump.

Chemical Tanks and Piping Replacement Project – The contractor completed the installation of new PLC-48 and the first of two chemical metering pumps located at the Maintenance Shop Building.

Sludge Degritter System Project – Startup and functional testing of the new degritter equipment was completed. Operational testing commenced and is in progress.

Headworks Knife Gate Valves 1-3 Replacement Project – Punchlist items completed. Project closeout is in progress.

Force Main Corrosion Repairs Project, Phase 1 – Field work and force main startup are complete. Project closeout is now in progress.

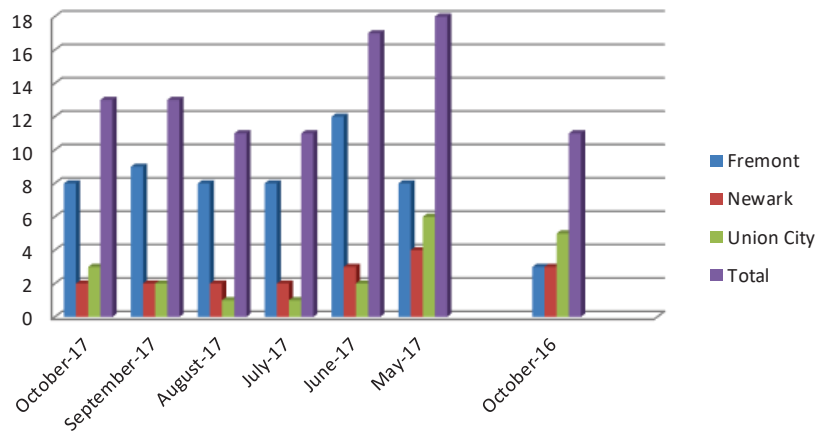
Newark Pump Station Wet Well Improvements – The contractor installed a new underground electrical ductbank between the Newark Pump Station building and the force main influent valve box.

Cast Iron/Piping Lining Phase VI – Cured-in-Place Pipe (CIPP) liner installations completed for 8 of the 10 sites. CIPP liner installation for remaining 2 sites and lateral sealing system for select locations will be completed in November.

Customer Service

Trouble Calls dispatched from the Front Desk during business hours:

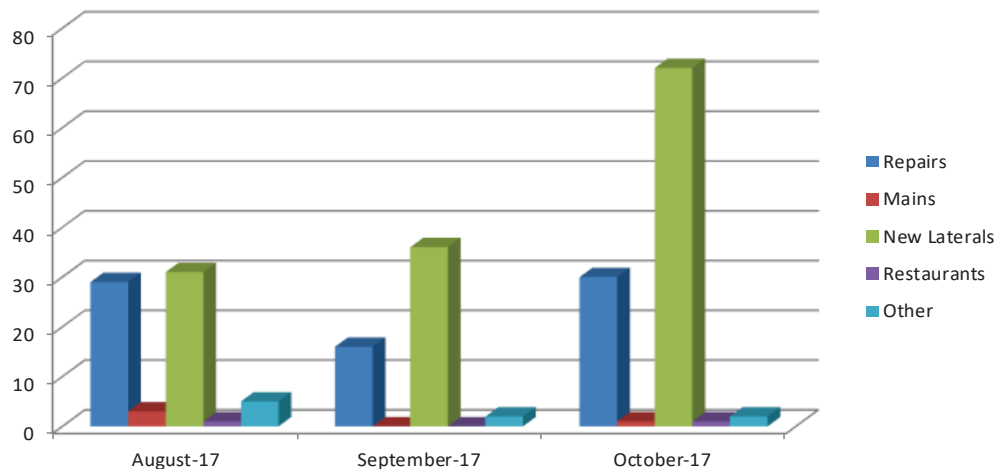
| Month | Fremont | Newark | Union City | Total |
|---------------|---------|--------|------------|-------|
| October-17 | 8 | 2 | 3 | 13 |
| September-17 | 9 | 2 | 2 | 13 |
| August-17 | 8 | 2 | 1 | 11 |
| July-17 | 8 | 2 | 1 | 11 |
| June-17 | 12 | 3 | 2 | 17 |
| May-17 | 8 | 4 | 6 | 18 |
| October-16 | 3 | 3 | 5 | 11 |
| 6-Month Total | | | | 83 |



Sewer Permits Issued

| Month | Repairs | Mains | New Laterals | Restaurants | Other |
|--------------|---------|-------|--------------|-------------|-------|
| October-17 | 30 | 1 | 72 | 1 | 2 |
| September-17 | 16 | 0 | 36 | 0 | 2 |
| August-17 | 29 | 3 | 31 | 1 | 5 |

New Laterals - New residential lateral connections
Other - Non-residential construction (except restaurants)



Communication

- RFP for District Branding initiative released; responded to questions from potential bidders
- Participated in CASA Communications Workgroup January 2018 conference planning
- Attended City of Union City State of the City Luncheon
- Participated in Chamber of Commerce Board activities as Director and Past-President
- Attended ACWD Water-efficient landscape garden event
- Social Media Posts: HR recruitments, Water Professionals Appreciation Week
- Website updates: updated contact information on Sewer Repairs page

Environmental Compliance

Pollution Prevention/Stormwater Programs

USD's Environmental Compliance team conducts pollution prevention inspections at restaurants, car wash businesses, and other commercial facilities. EC also conducts inspections and enforcement for the City of Fremont's Environmental Services group. We conduct over 600 Stormwater compliance inspections every year to ensure that commercial facilities, including restaurants and auto shops, comply with City Ordinance requirements, and do not discharge pollutants to the creeks and bay.

During the past month, the EC team conducted 107 Stormwater (Urban Runoff), and 67 FOG (restaurant) inspections. During this reporting period, Inspectors identified 32 Stormwater and 12 FOG enforcement actions. Fifteen (15) of the Stormwater enforcements resulted in administrative fines ranging from \$100 to \$500. Two (2) administrative fines was for illicit discharges and 13 were for repeated violations.

Urban Runoff Inspections and Enforcements

| October 2017 | No. of UR Inspections | VW | WL | NOV | AF | LA | Total Enforcements | No. of Illicit Discharge/s | |
|--------------|-----------------------|----|----|-----|----|----|--------------------|----------------------------|-----|
| | 107 | 5 | 0 | 12 | 15 | 0 | 32 | % enforcement | 30% |

FOG Inspections and Enforcements

| October 2017 | No. of FOG Inspections | VW | WL | NOV | AF | LA | Total Enforcements | % enforcement | 18% |
|--------------|------------------------|----|----|-----|----|----|--------------------|---------------|-----|
| | 67 | 10 | 2 | 0 | 0 | 0 | 12 | | |

Enforcements:

VW – Verbal Warning

WL – Warning Letter

NOV – Notices of Violation

AF – Administrative Fine

LA – Legal Action

NOD – Notice of Deficiency

AO – Administrative Order

C&D – Cease & Desist Order

SNC – Significant Non-Compliance

Dental Inspections, School Outreach, and Plant Tours

| # of Dental Inspections | # of School Outreach Events including Sewer Science | # of Plant Tours |
|-------------------------|---|------------------|
| 1 | 16 | 1 |

Industrial Pretreatment

The Industrial Pretreatment program has a number of pending permits as shown in the table below. USD inspectors are working with each of these companies to establish permitted industrial discharges.

Pending Permits

| New Industrial/Groundwater Permits | Groundwater/Temporary |
|---|------------------------------|
| TE Connectivity | None |

Permits Issued

| Company Name | Date Permit Issued |
|--------------------------------------|---------------------------|
| Union Pacific Railroad- Shinn St- GW | 10/25/17 |

Industrial Closures

| Company Name | Date of Closure |
|---------------------|------------------------|
| None | |

Reports (Annual & Semi-Annual Pretreatment Report, Union City Report, etc.)

| Report Name | Date Report Completed and Submitted |
|----------------------------------|--|
| City of Fremont FY 18 Q1 Billing | 10/16/17 |

Enforcement Action

| IU Name & Nature of Business | Comments | City | Parameters Violated | Discharge concentration (mg/L) | USD/Fed Limit Violated (mg/L) | Enforcement (1) |
|--|--|-------------|----------------------------|--|--|------------------------|
| MSI, Inc. Designs & manufactures sensors/ sensor based systems | Self-reported discharge of wastewater with pH out of specification | Fremont | pH | 11.0 – 12.0 pH units, and 1.5 – 7.0 pH units Total discharge of about 800 gallons for 28.5 hours | Local Limit: 7.0 – 11.0 pH units CA Title 22 Hazardous waste criteria: pH ≤2.0 | NOV #N17-010 |

(1) WL – Warning Letter

C&D – Cease and Desist Order

NOV – Notices of Violation

SNC – Significant Non-Compliance

AO – Administrative Order

EM – Enforcement Meeting

Other - Training, Special Meetings, Conferences, IAC (topics)

| Activity | Date of Event | Attendees |
|--|----------------------|---|
| BAPPG Steering Committee and General Meeting | 10/4/17 | Doug Dattawalker |
| MEDS Coalition | 10/16/17 | Doug Dattawalker |
| BACWA Pretreatment Committee Meeting | 10/17/17 | Michael Dunning, Alex Paredes |
| USD/COF Quarterly Meeting | 10/25/17 | Michael Dunning, Audrey Villanueva, Jose Soto, Aaron Robles |

Engineering/Construction

No. of projects under construction: **8**

| | Construction Projects | Capital (\$1000) | Scheduled Completion | Completed Scope | Completed Time | Comments for Oct. 2017 Activities |
|----|--|-------------------------|-----------------------------|------------------------|-----------------------|---|
| 1. | Thickener Control Building Improvements Project – Curtis | \$9,990 | 03/17 | 100% | 100% | Project closeout and punchlist work are in progress. |
| 2. | Fremont and Paseo Padre LS Improvement - Derek | \$2,801 | 10/16 | 99% | 100% | New FLS Lift Pump No. 1 delivered on October 30. |
| 3. | Chemical Tanks and Piping Replacement Project – Thomas | \$2,102 | 10/17 | 99% | 100% | Completed installation of new PLC-48 and the first of two chemical metering pumps located at the Maintenance Shop Building. |
| 4. | Sludge Degritter System Project – Kevin | \$1,436 | 11/17 | 85% | 90% | Startup and functional testing is complete. |
| 5. | Headworks Knife Gate Valves 1-3 Replacement – Kevin | \$478 | 9/17 | 100% | 100% | Project closeout is in progress. |
| 6. | Force Main Corrosion Repairs Phase 1 – Chris | \$835 | 10/17 | 100% | 100% | Field work and force main start up complete. Project closeout in progress. |
| 7. | Newark Pump Station Wet Well Improvements - Thomas | \$674 | 3/18 | 15% | 42% | Installed new underground electrical ductbank at the Newark Pump Station site. |
| 8. | Cast Iron/Piping Lining Phase VI – Andrew | \$243 | 11/17 | 81% | 82% | CIPP liner installation for 8 of 10 sites is complete. |

Design/Study

No. of projects in design/study phase: **14**

| | Design/Study Projects | Capital (\$1000) | Scheduled Completion | Completed Scope | Completed Time | Comments for Oct. 2017 Activities |
|----|--|-------------------------|-----------------------------|------------------------|-----------------------|--|
| 1. | Plant Solids System / Capacity Assessment Phase 2 – Curtis | \$329 | 02/18 | 72% | 65% | Study is in progress. Recommended projects technical memorandum to be submitted in November. |
| 2. | Local Limits Study – Chris | \$77 | 2/18 | 65% | 65% | Final report submitted to State Water Board. |

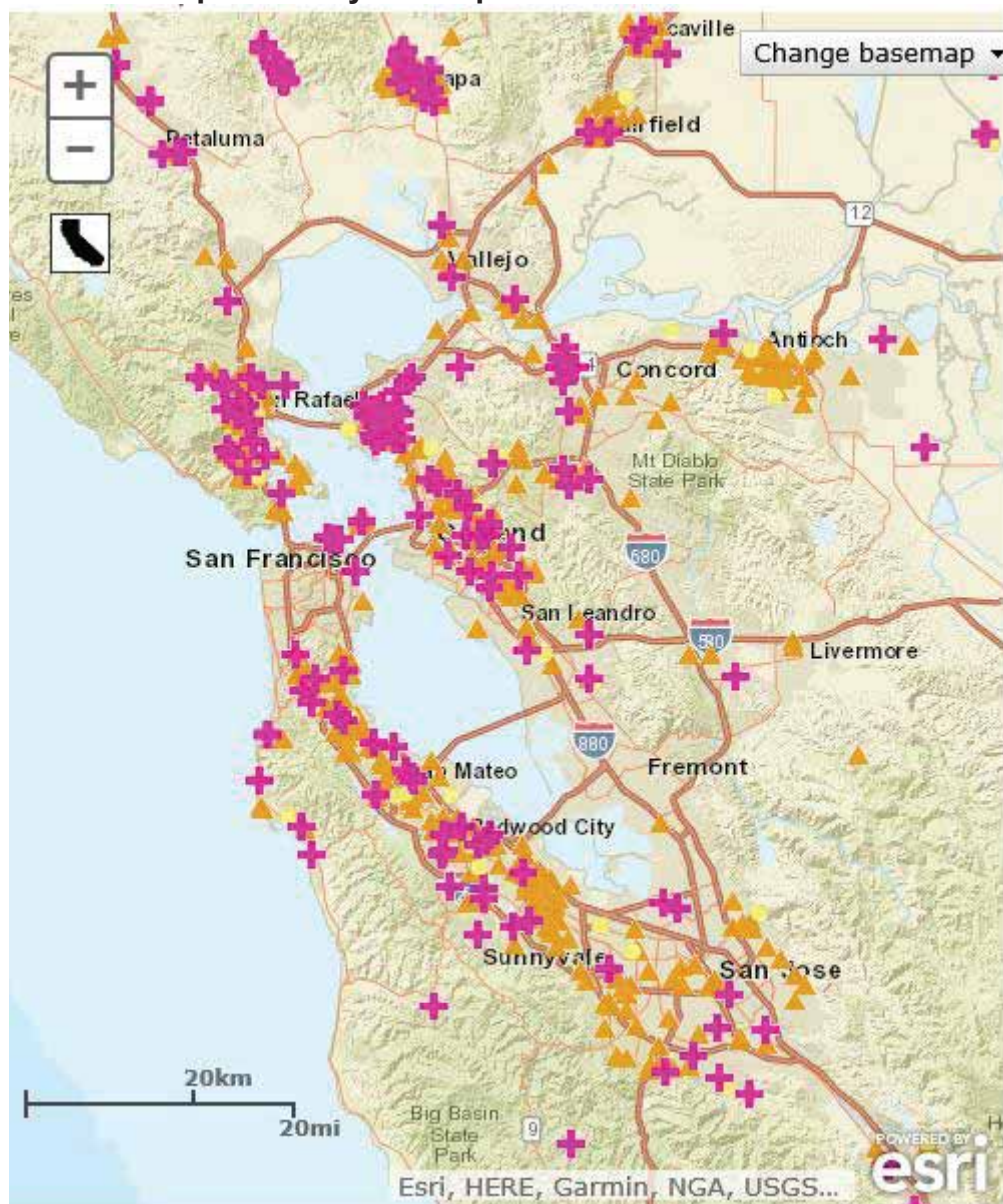
| | Design/Study Projects | Capital (\$1000) | Scheduled Completion | Completed Scope | Completed Time | Comments for Oct. 2017 Activities |
|-----|---|------------------|----------------------|-----------------|----------------|---|
| 3. | Force Main Corrosion Repairs Phase 2 – Chris | \$62 | 2/18 | 19% | 19% | Design begun. Phase 1 lessons learned were reviewed. |
| 4. | Seismic Vulnerability Assessment, Phase 3 - Thomas | \$14 | 09/17 | 90% | 100% | Final report submitted. |
| 5. | Standby Power Generation System Upgrade Project – Raymond/Kevin | \$175 | 05/17 | 95% | 100% | Review of 9 alternative site locations and cost in progress. |
| 6. | Force Main Condition Assessment – Andrew | \$121 | 10/20 | 25% | 25% | Updated letter of CCTV inspection for two of the sites received. |
| 7. | Emergency Outfall Improvements Project – Andrew | \$92 | 8/17 | 95% | 100% | Final Preliminary Design Technical Memo in progress. |
| 8. | Primary Digester No. 7 Project – Curtis | \$127 | 7/17 | 95% | 100% | Draft preliminary design report was submitted on October 9. Finalized report to be submitted in November. |
| 9. | Plant Master Plan – Raymond | \$304 | 11/17 | 55% | 69% | Draft Real Estate Acquisition Management Plan received and reviewed. |
| 10. | Effluent Management Study – Curtis | \$70 | 6/17 | 75% | 100% | Effluent management options analysis is in progress. |
| 11. | Odor Control Alternatives Study - Kevin | \$140 | 11/17 | 70% | 70% | Negotiations for additional scope to evaluate collections and Force main odor technologies in progress. |
| 12. | Primary Digester No. 3 Rehabilitation - Derek | \$159 | 7/17 | 100% | 100% | Project re-advertised on October 10. Three bids were received and opened on October 31. |
| 13. | Headwork Screen No. 3 Project - Thomas | \$50 | 1/18 | 0% | 0% | Agreement and Task Order No. 1 for predesign services were executed. |
| 14. | Alvarado Influent Pump Station Improvements Project - Thomas | \$54 | 1/18 | 0% | 0% | Agreement and Task Order No. 1 for predesign services were executed. |

**COLLECTION SERVICES
ACTIVITIES REPORT
October 2017**

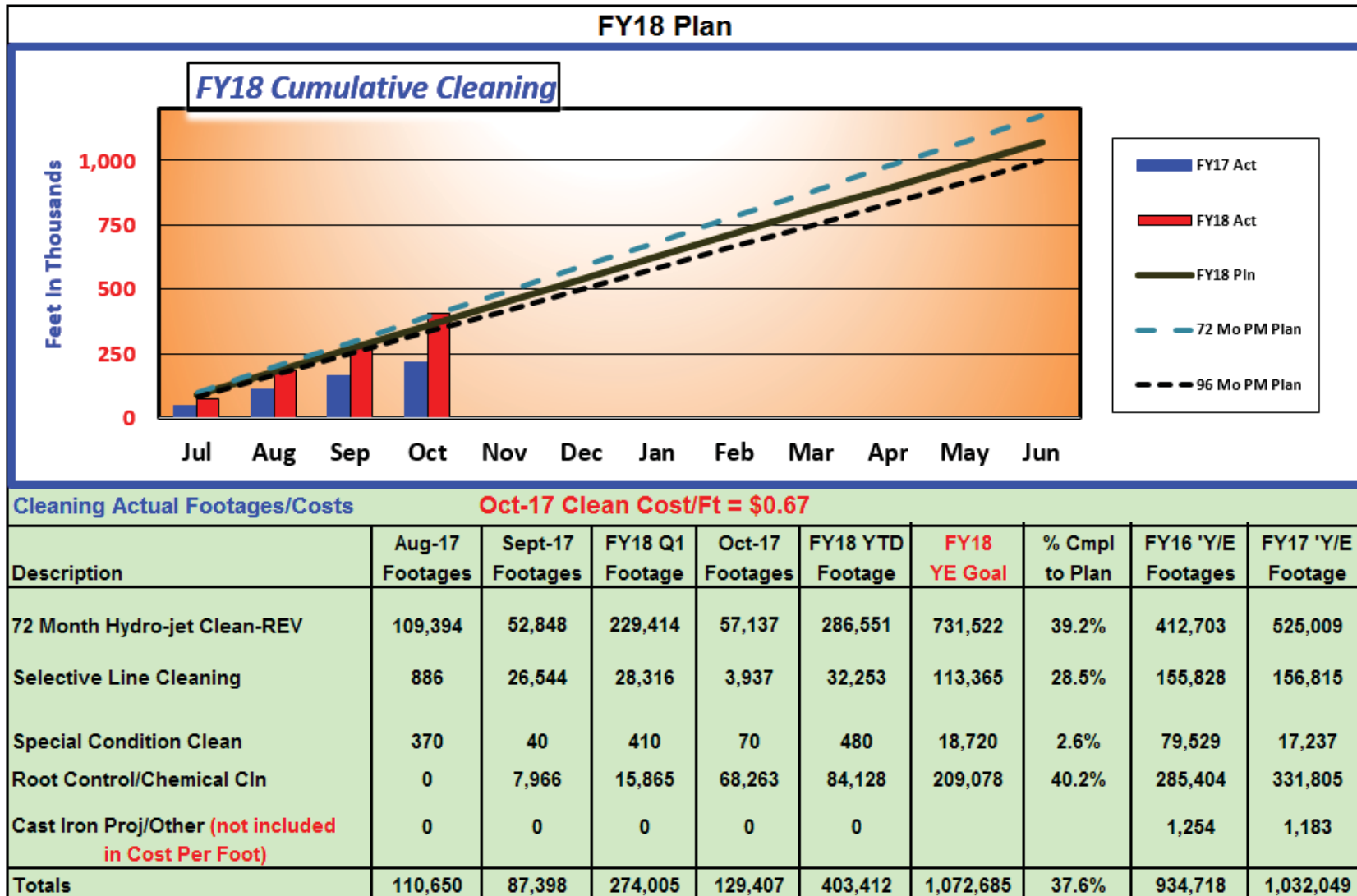
Progress/Accomplishments

- Category 3 spill, 501 gallon volume, 100% recovery, mechanical failure (ARV) on force main.
- Completed 24.5 miles of sewer main cleaning.
- Completed 11.5 miles of sewer main inspection.
- Responded to 17 service request calls.
- Completed a total of 10 sewer main repairs.
- Trainings
 - Fall Protection

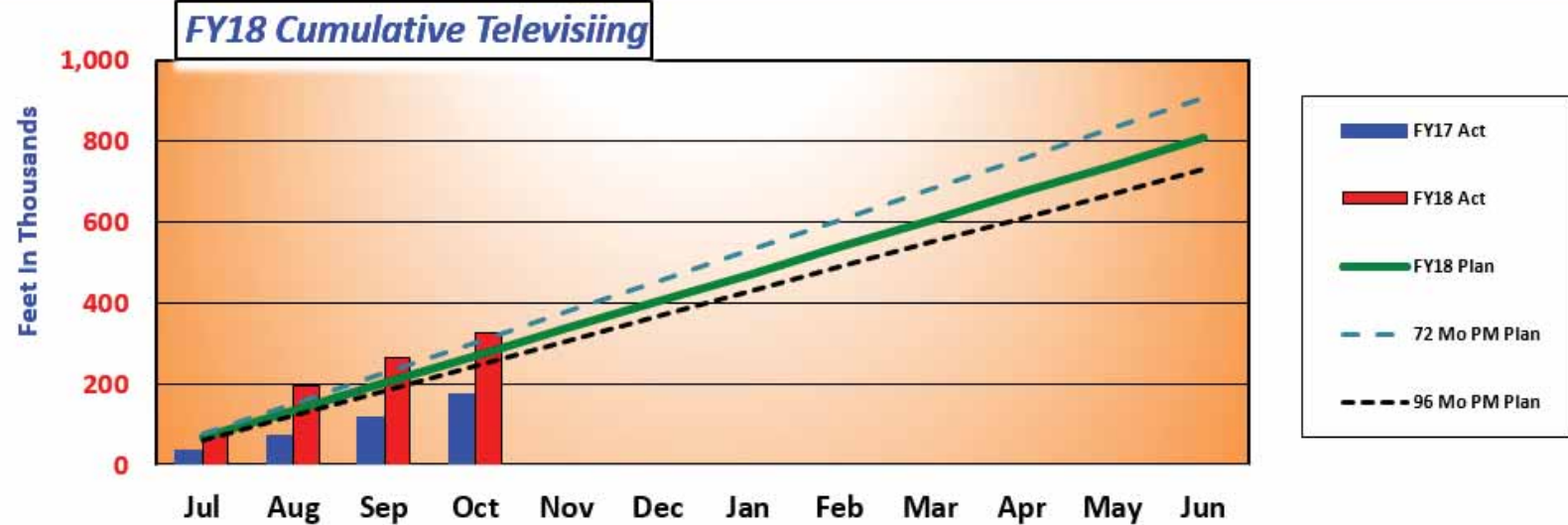
Reported Bay Area Spills 1/01/2017 thru 10/31/17



Performance Measures



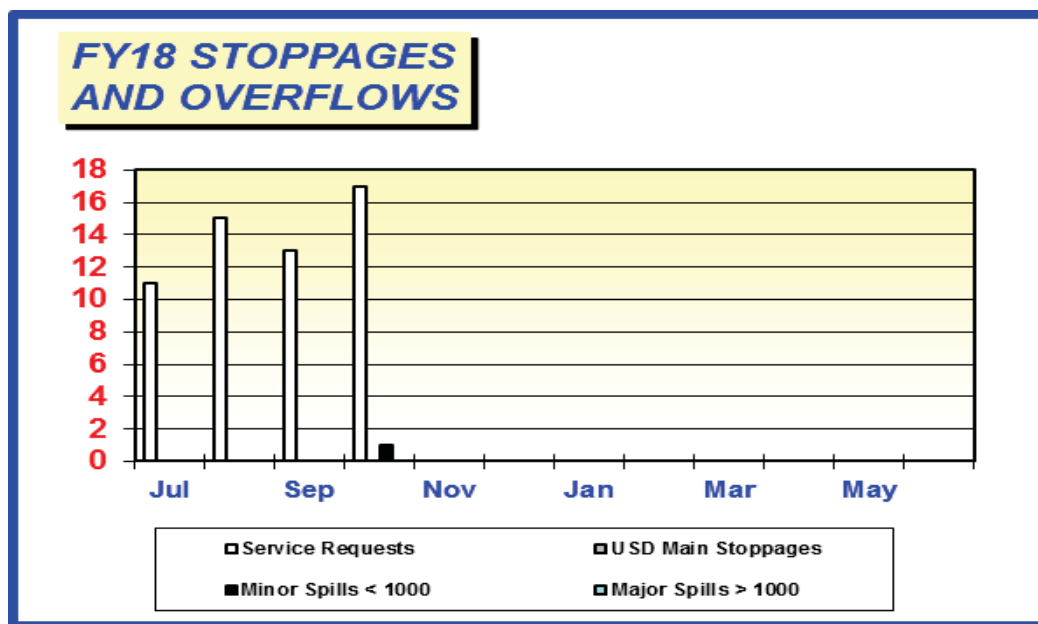
FY18 PLAN



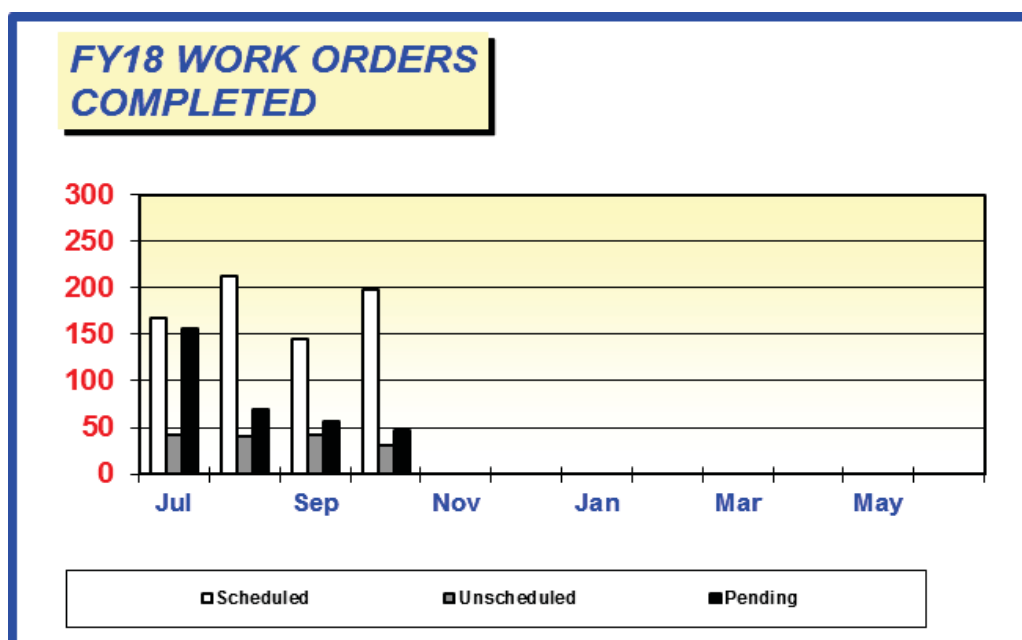
| Televising Actual Footages/Costs | | Oct-17 TV Cost/Ft = \$1.20 | | | | | | | |
|-----------------------------------|--------------------|----------------------------|--------------------|--------------------|---------------------|-----------------|-------------------|-----------------------|----------------------|
| Description | Aug-17 Footages | Sept-17 Footages | FY18 Q1 Footage | Oct-17 Footages | FY18 YTD Footage | FY18 YE Goal | % Cmpl to Plan | FY16 'Y/E Footages | FY17 'Y/E Footage |
| 72 Month TV Inspection | 102,003 | 62,711 | 244,859 | 59,286 | 304,145 | 710,910 | 42.8% | 463,024 | 541,780 |
| Visual/Condition,Pre/Post Cnst TV | 315 | 0 | 315 | 0 | 315 | 18,540 | 1.7% | 33,805 | 21,742 |
| New Development, CIP, Misc. | 13,250 | 6,032 | 20,669 | 1,242 | 21,911 | 45,900 | 47.7% | 28,471 | 43,099 |
| Condition Assessments | | 0 | 0 | | 0 | 32,245 | 0.0% | 17,789 | 12,409 |
| Totals | 115,568 | 68,743 | 265,843 | 60,528 | 326,371 | 807,595 | 40.4% | 543,089 | 619,030 |

Other Collection Services Status Data:

Support Team Work Order Status:



C/S Maintenance Status:



**Fabrication, Maintenance and Construction
Activities Report
October 2017**

Progress/Accomplishments

- Completed 91% of preventive maintenance activities for the month of October
- Completed 99 corrective maintenance work orders for the month of October
- Secondary Clarifier No. 2 RAS line inspection
- Start piping for 4th GBT poly skid
- Centrifuge No. 2 air ducting for ammonia removal
- Put the East Force Main back into service from Newark Pump Station to the Plant
- Fremont Lift Station hydraulic unit piping reconfiguration

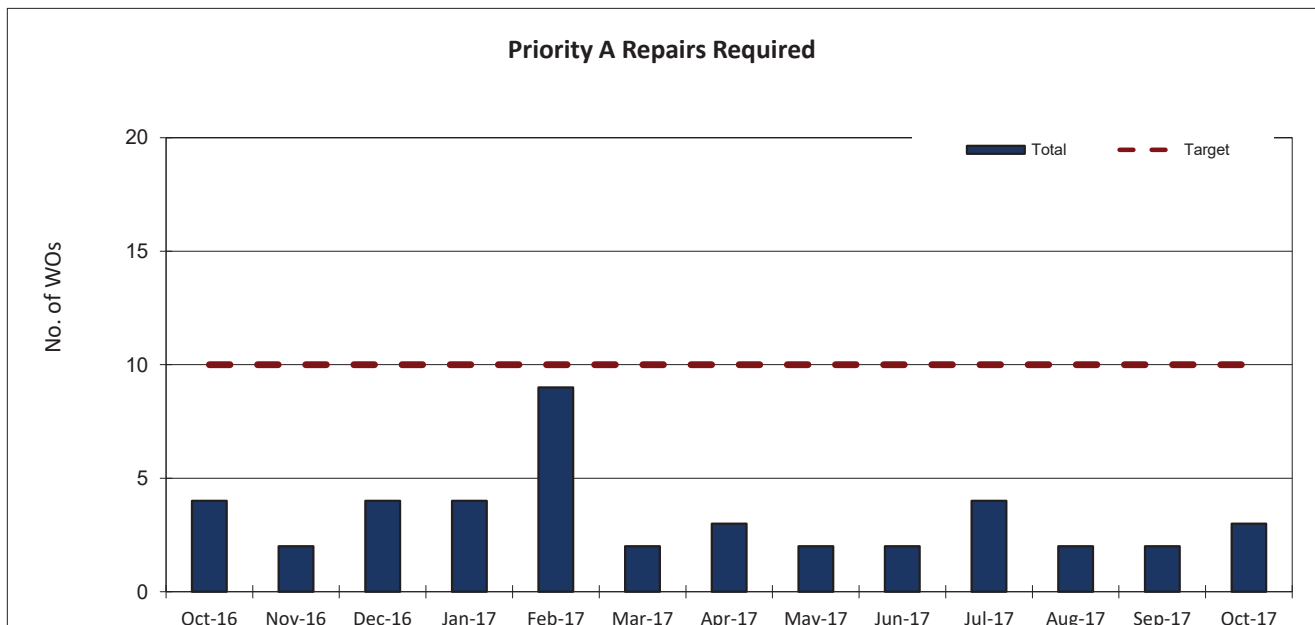
Future Planning

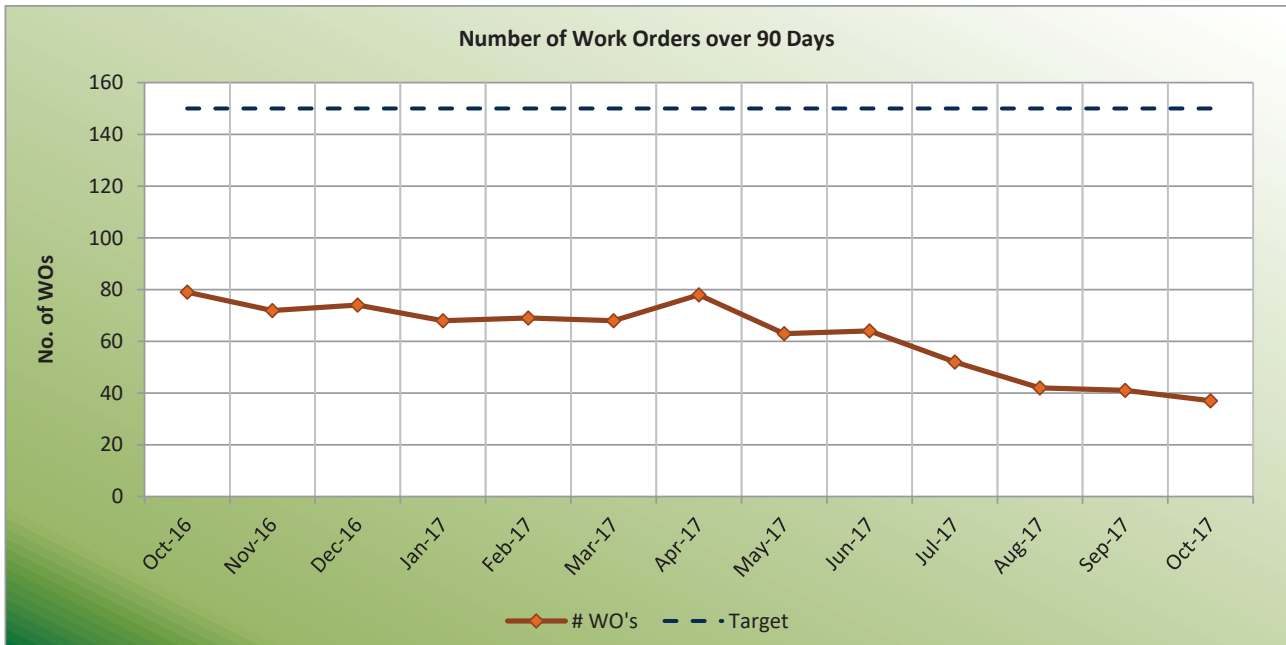
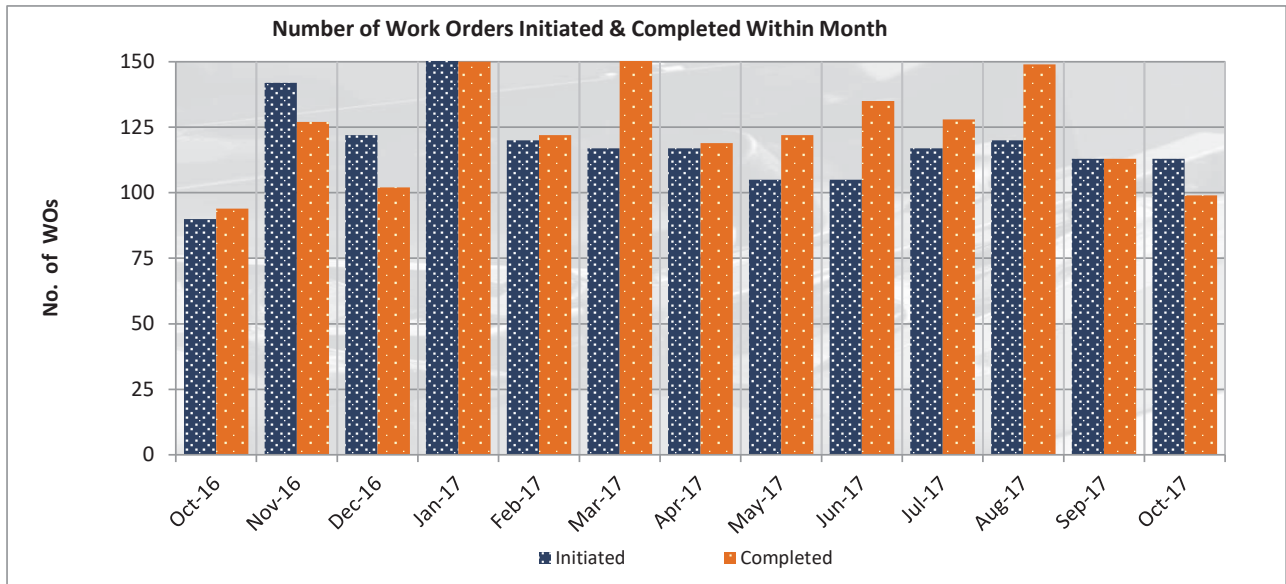
- Cogen #2 4K service
- Installation of Site Wast Pumps No. 1, 2, and 4
- Primary Clarifier No. 2 annual service
- APS Pump No.5 overhaul
- IPS Pump No. 4 overhaul

Other

- Three employees and the WGM attended the SMRP conference to learn about Thermal Imaging for our next step in our Predictive Maintenance Program

Performance Measurements





Treatment & Disposal
Activities Report
October 2017

Progress/Accomplishments

- Maintained 100% compliance with NPDES permits.
- Completed 100% preventive maintenance activities for the month of October.
- Conduct multiple full treatment plant flow shutdowns and diversions to facilitate RAS control box gate repairs and to support EBDA's efforts in inspecting the EBDA discharge line.
- Prepared recruitment materials to conduct QAIs for Plant Operator IIIs and Plant Operator III trainees.
- Conducted operational testing of new final effluent sodium hypochlorite dosing pumps.
- Conducted recruitment for Technical Writer Intern.
- Completed phase 2 acid cleaning for the membrane cleaning demonstration project.
- Prepared a response to a request for information for the digester 7 design project.
- Completed the Laboratory Director hiring interviews and made an offer to a prospective candidate.
- Two staff members attended NELAC implementation training to learn about impending new lab regulatory requirements.
- Completed Phase 2 acid cleaning for the membrane cleaning demonstration project.
- Met with CH2M Hill to discuss scoping for Odor Alternative study.

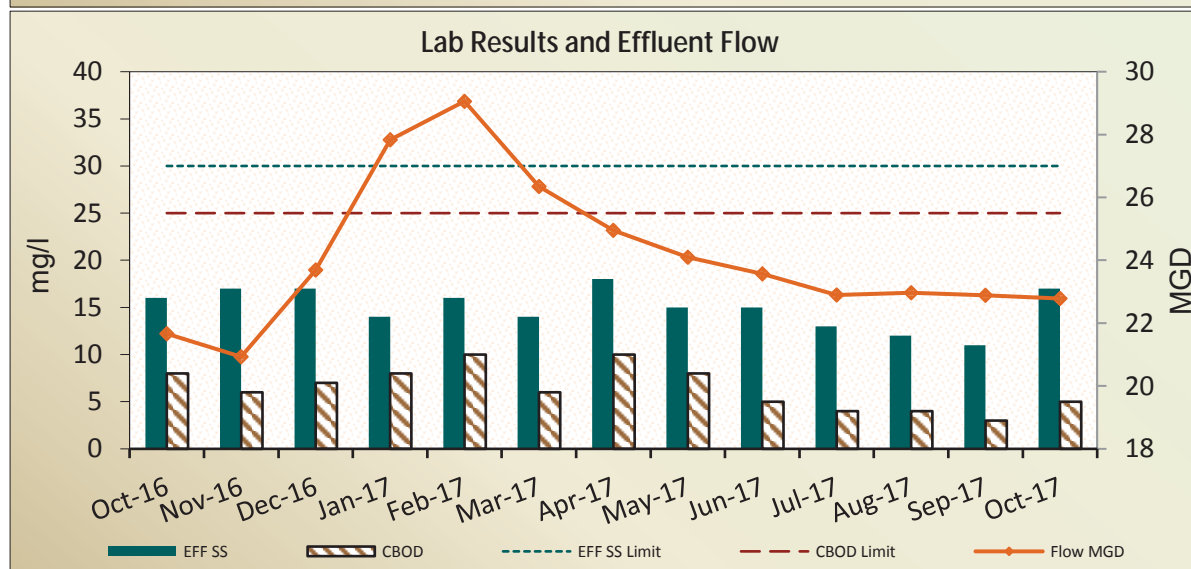
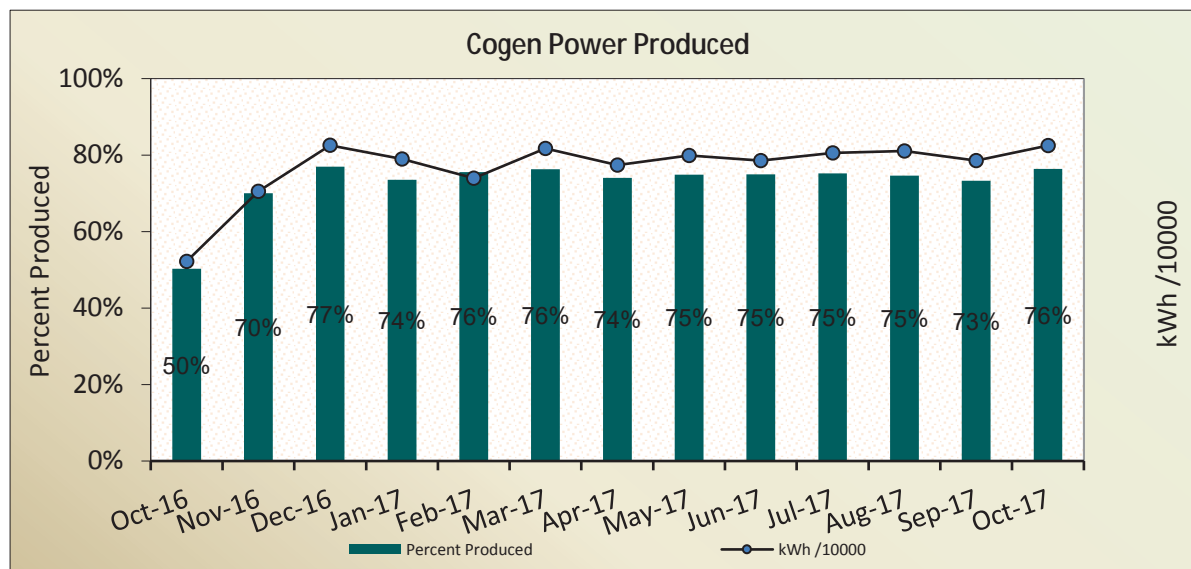
Future Planning

- Provide staff wet weather training in advance of the wet weather season.
- Conduct operational testing of Degritter No. 3 and associated equipment for the 3rd Degritter Project.
- Continue interviews for Plant Operator 3 and Plant Operator 3 Trainee recruitment.
- Conduct operational testing of the RAS flow paced control system installed as part of the RAS Interim Improvements Project.
- Analyze results and prepare a project report on the membrane cleaning demonstration project.
- Conduct a study of procurement alternatives for natural gas for the treatment plant.
- Attend Yorke engineers Bay Area air regulatory workshop.

Other

- Cogen system produced 76% of power consumed for the month of October.

Performance Measurements



| USD's Final Effluent Monthly Monitoring Results | | | | |
|--|------------|-------------|-------------|-------------|
| Parameter | EBDA Limit | Aug-17 | Sep-17 | Oct-17 |
| Copper, µg/l | 78 | 4.5 | 3.2 | 5.2 |
| Mercury, µg/l | 0.066 | 0.00233 | 0.00178 | 0.00290 |
| Cyanide, µg/l | 42 | < 3.9 | < 3.9 | < 3.9 |
| Ammonia- N, mg/L (Range) | 130 | 33.4 - 43.2 | 38.2 - 44.2 | 39.8 - 41.6 |
| Fecal Coliform, MPN/100ml (Range) | | | | |
| • 5-Sample Geometric Mean | 500 | 46 - 125 | 17 - 301 | 19 - 64 |
| • 11-Sample 90th Percentile | 1100 | 197 - 345 | 230 - 866 | 131 - 866 |
| Enterococci | | | | |
| • 5-Sample Geometric Mean | 242 | < 11 - 13 | 18 - 20 | 10 - 18 |
| E = Estimated value, concentration outside calibration range. For SIP, E = DNQ, estimated concentration. | | | | |

**Directors**

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

DATE: December 04, 2017

MEMO TO: Board of Directors - Union Sanitary District

FROM: Paul R. Eldredge, General Manager/District Engineer
Laurie Brenner, Business Services Coach

SUBJECT: Agenda Item No. 8- Meeting of December 04, 2017
Certified Annual Financial Report (CAFR) for the Fiscal Year (FY) Ending June 30, 2017

Recommendation

Receive and file the Certified Annual Financial Report (CAFR) for the FY ending June 30, 2017.

Background

The District engages an independent accounting firm to audit the financial statements and records for each fiscal year. The Audit Committee has reviewed this document. Attached is the FY 2017 CAFR with comparative information for FY 2016.

Highlights for FY 2017 include the increase in Net Position to \$351.7 million, a \$17.3 million increase from FY 2016. Contributing factors include an increase of \$5.4 million in connection fees, \$2.1 million in contributed capital, marginal rate increases, inspection fees and other area development-related revenue.

Net Position consists of \$294.9 million invested in capital assets; \$34.4 million restricted for specifically stipulated spending agreements originated by law, contract or other agreements with external parties; and \$22.5 million unrestricted and subject to designation by the District Board of Directors for use in meeting the District's ongoing obligations.

The District placed \$12 million in capital assets in FY 2017 compared to \$6.6 million in FY 2016. Long-term liabilities increased \$6.5 million from FY 2016, largely due to changes in financial reporting mandated by the GASB 68 pronouncement.

There were no significant audit findings for FY 2017 as stated in the attached Government Auditing Standards (GAS) letter from auditors, Lance, Soll, & Lunghard, LLP, Certified Public Accountants.

Attachments

FY 2017 CAFR

GAS letter

Independent Auditors' Report on Internal Control



Union Sanitary District

Union City, California

Comprehensive Annual Financial Report



Fiscal Year Ended June 30, 2017 with Comparative
Information for Fiscal Year Ended June 30, 2016

Union Sanitary District

Union City, California

Comprehensive Annual Financial Report



Fiscal Year Ended June 30, 2017 with
Comparative Information for Fiscal Year Ended
June 30, 2016

Prepared by Business Services Department

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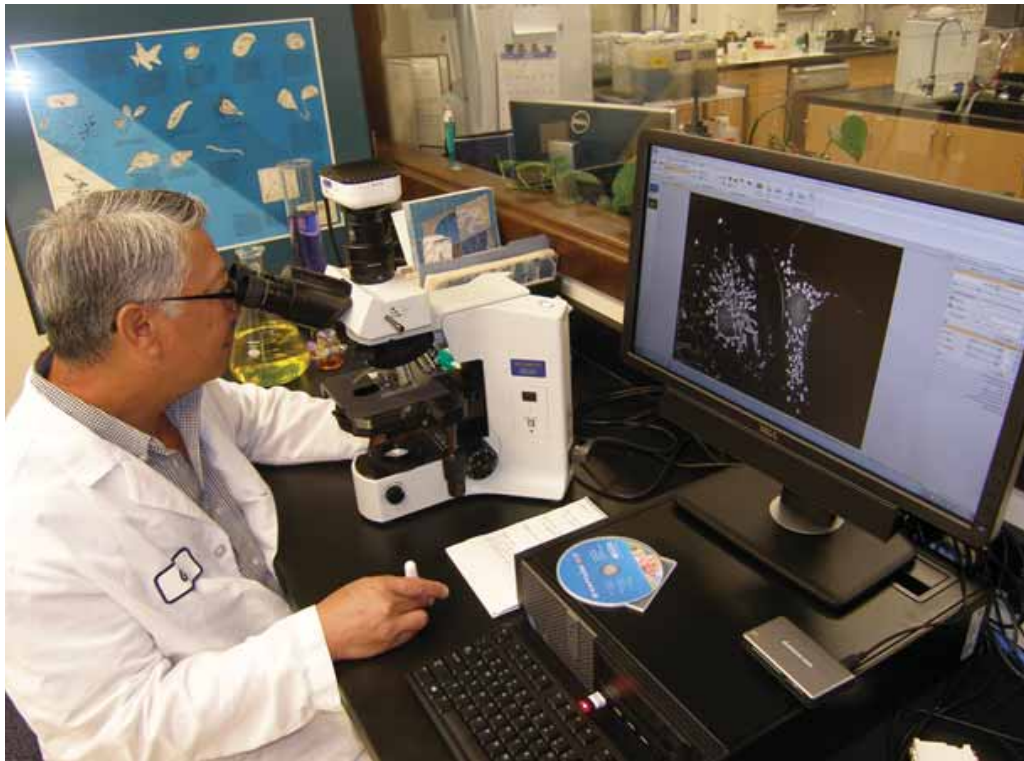
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Introductory Section



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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 27, 2017

Board of Directors

Union Sanitary District
Union City, California

Subject: Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

We are pleased to present the Union Sanitary District's Comprehensive Annual Financial Report (CAFR) for the fiscal year (FY) ended June 30, 2017. Responsibility for both the accuracy of presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activities have been included.

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

District Profile

The Reporting Entity

The Union Sanitary District (District) is an independent Special District, and is accounted for as an enterprise fund type (proprietary fund category). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges. As an enterprise fund, the District uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as they are incurred, regardless of when cash is paid or received. The District has no component units.

The District applies all applicable GASB pronouncements in accounting and reporting for proprietary operations. District policy requires that its financial statements be audited on an annual basis by an independent certified public accounting firm approved by the Board of Directors. The independent auditor's report for the fiscal years ended June 30, 2017 and 2016 are presented in the Financial Section of this report. Please refer to the Management's Discussion and Analysis immediately following the

independent auditor's report in the Financial Section for additional information about the financial statements.

District Formation and Organization

The Union Sanitary District was formed in 1918 and subsequently reorganized in 1923 to serve Newark and the Centerville area of what is now Fremont. Between 1949 and 1962, Niles, Decoto, Irvington, and Alvarado Sanitary Districts joined the Union Sanitary District. The District is empowered to own and operate wastewater facilities and the Board of Directors may prescribe, revise and collect fees or charges for services and facilities. The District provides wastewater collection, treatment and disposal services to the residents and businesses of the cities of Fremont, Newark, and Union City, commonly referred to as the Tri-City Area, with a combined population of 350,538. 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 election is non-partisan and at-large within ward #3. The Board appoints the General Manager to manage and oversee the day-to-day operations. The District, which employs 131.45 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 bio-tech, research and development, education, manufacturing and retail. Summary notes of the prevailing economic conditions in the Tri-City area and the District as a whole are below, delineated by City.

The City of Fremont*

Located on the southeast side of the San Francisco Bay, Fremont is a city of over 231,000 people with an area of 92-square miles, making it the fourth most populous city in the Bay Area and California's 15th largest city. With its moderate climate and its proximity to major universities, shopping areas, recreation and cultural activities, employment centers, major airports, and the Bay Area Rapid Transit system, Fremont captures metropolitan living at its best. Fremont is home to a broad variety of innovative firms including over 1,200 high tech, life science, and clean technology firms. 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).

The City of Newark*

Newark has an area of 13 square miles, and has maintained their balanced budget through appropriate budgeting practices including conservative estimates for revenue growth. The local economy is growing stronger. Consumers are spending, home sales and construction are up, and the business community is doing well. Newark continues to see increases in major revenue sources including sales tax, property tax, and transient occupancy tax or hotel tax. These three revenue sources make up approximately 60 percent of the operating budget revenue. Newark is also experiencing increases in revenues from development and building permit fees because of the significant construction activity that is occurring throughout the City.

The City of Union City*

Union City is 18 square miles in area. 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 has many wonderful parks, sports fields, community centers, and a variety of recreation programs and social services for residents of all ages. Union City has grown into an ethnically diverse community of about 70,000 residents, and is home to the highly regarded New Haven Unified School District.

Region-wide, the Tri-City area is experiencing significant-residential and commercial development due to the healthy economy. Annual average unemployment rates for the cities of Fremont, Newark and Union City were 3.1%, 3.4%, and 3.6% respectively, compared with 3.8%, 4.1%, and 4.4% one year earlier.

*Source: Fremont and Newark State of the City addresses and websites 2017; www.fremont.gov, www.newark.org, www.ci.union-city.ca.us, www.labormarketinfo.edd.ca.gov, www.247wallst.com.

Major Projects or Initiatives

During fiscal year 2017, the District completed or initiated a number of significant projects:

Plant Master Plan – The Master Plan will review and assess the District’s critical projects and recommend the sequence of design and construction implementation based on priorities and schedules; existing and future space needs; process adjacencies; economic feasibility; and other planned capital improvement projects. This major initiative started in FY 2017 and is expected to be completed in FY 2018.

Mobile Data Technologies – The utilization of Mobile Data Technology (tablets) was implemented that allows field staff to access real-time data from the District’s Computerized Maintenance Management System. Tiered roll out to all operating teams was completed in FY 2017.

Standard Specification Update – The District’s standard specifications govern the design and construction requirements of sanitary sewer main and lateral installations by private contractors (non-Capital Improvement Projects (CIP)). The specification was last updated in 2006. A number of revisions to building and plumbing codes, as well as other standards, have occurred since the last revision. To keep current, the District’s Standard Specifications and Information Bulletin were updated. This project was completed in FY 2017.

Aeration Membrane Cleaning – A cleaning method was selected and a trial will be performed this fiscal year. The trial results will be evaluated for both process and economic benefit. This project was ongoing throughout FY 2017 and will be continued in FY 2018.

Phase 5 LED Lighting Conversion – District facilities were upgraded with LED lighting. One primary area in the plant is updated each year, utilizing staff. Phase 5 was completed in FY 2017.

Plant Solids Capacity Assessment, Phase 2 – The solids capacity evaluation does not affect the solids stream only, it is also a central element in the hydraulic capacity of the plant. This second phase will evaluate the plant liquid stream capacity. This project started in FY 2017 and is expected to be completed in FY 2018.

Permit Renewal for the East Bay Dischargers Authority (EBDA) Discharge – The State Water Resource Control Board (SWRCB) renewed our permit in FY 2017.

Digester 7 – The District identified the need for additional digester capacity to ensure appropriate solids handling. An additional anaerobic digester will be built and placed into service in this project. The pre-design phase was completed in FY 2017 and the design is scheduled to be completed in FY 2018 and installation is scheduled to begin in FY 2018.

Emergency Power - The District’s current emergency power facilities are very old and outdated and have questionable reliability if the District were to lose power unexpectedly. The pre-design of this project was completed in FY 2017 and the design will conclude in FY 2018, with construction starting shortly thereafter.

Future Projects or Initiatives

East Bay Discharge Authority (EBDA) Joint Powers Agreement (JPA) contract negotiations – This project involves the ongoing data analysis, negotiation, and formal documentation of a new contractual relationship between the members of the existing JPA, which includes Union Sanitary District.

Collection Services Preventive Maintenance Schedule Evaluation – This project is intended to review the detailed study and data provided by West Yost on the age and condition of the District's existing collections system infrastructure throughout our service area and to determine the viability of modifying our existing cleaning processes for improved efficiencies moving forward.

Dumbarton Transit Oriented Development Project – This development requires the relocation of the District force mains. Management will ensure District's interests are met and concerns are mitigated.

Increased In-house Cured-in-Place Pipe Capabilities – Currently the District is limited to six-foot-long cured-in-place pipe repairs. Implementing this new process will increase our capabilities up to one hundred feet. The District purchased equipment for this project in FY 2017, but will not implement until FY 2018.

Emergency Response – Over the next several years FMC will develop specific emergency response procedures for each remote pump station. This will include writing SOPs, procuring equipment, creating inventory sheets, identifying staging areas, and communicating new information with staff.

TNI Implementation Evaluation – New and more rigorous standards for certifying laboratories to testing mandated in the industry is pending and will have significant impact on how the District handles the required sampling and testing of wastewater related to our National Pollutant Discharge Elimination System (NPDES) permits. This project will provide the data and information necessary to make informed decisions about future actions associated with our laboratory.

Financial Information

Accounting System

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

Internal Controls

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

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

Budgetary Controls

Budgetary controls are maintained by the District to ensure compliance with the annual budget adopted by the Board of Directors. All financial activities for the fiscal year are included in the annual budget, along with a ten-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 we perform 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 does experience substantial variability in the type of effluent produced by industrial users, and the SS and COD can vary significantly. 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 2017 was \$380.05 for a single-family dwelling and \$329.50 for a multi-family dwelling.

Connection Fees

In 2017 the District charged a sewer connection fee of \$6,421.17 for an equivalent dwelling unit (EDU). The charges for commercial, industrial, and office use are based on factors such as square footage, flow, COD, and suspended solids. Revenues from capacity fees are used to fund capital projects and upgrades that preserve or increase the system's capacity. Thus, the collected revenues may be used to fund certain renewal and replacement CIP projects, but not 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 – In fiscal year 2017, the District reviewed and/or updated the following: Accounting Standards, Internal Controls, Fraud in the Workplace, and Computer Purchase and Student Loan policies.

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

District Financing Authority – The District is a member of the Alameda County Water District Financing Authority. The Authority was organized to provide assistance to the water district in anticipation of financing capital projects over the next several years. The District has one Board member on the governing body of the Authority.

Awards Received

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

- ❖ National Association of Clean Water Agencies (NACWA) – Peak Performance Awards 1993 – 2016; USD's Alvarado Treatment Plant in Union City has been recognized for 24 consecutive years by NACWA (and its predecessor, AMSA) for outstanding performance.
- ❖ National Institute for Government Purchasing (NIGP) – Achievement of Excellence in Procurement
- ❖ California Association of Public Information Officials (CAPIO) – Award of Excellence in Communication 2016 for Special Events; USD Open House
- ❖ Government Finance Officers Association (GFOA) – Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Union Sanitary District for its comprehensive financial report for the fiscal year ended June 30, 2016. To be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Respectfully submitted,

Business Services Department



VISION/MISSION STATEMENT

April 10, 2017 revision

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, cont'd. April 10, 2017 revision

We benefit our stakeholders by:



Board of Directors



Pat Kite



Anjali Lathi



Manny Fernandez



Jennifer Toy



Tom Handley

Principal Officials

As of June 30, 2017

| | | City Represented | Year Elected | Term Expires |
|-----------------|----------------|------------------------|---------------------|-----------------|
| Pat Kite | President | Newark (Ward 2) | 1991 | 2020 |
| Anjali Lathi | Vice President | Fremont (Ward 3) | 2002 | 2020 |
| Manny Fernandez | Secretary | Union City (Ward 1) | 2011 (Appointed) | 2020 |
| Tom Handley | Board Member | Fremont (Ward 3) | 2007 | 2018 |
| Jennifer Toy | Board Member | Fremont (Ward 3) | 1998 | 2018 |

Karen W. Murphy

General Counsel

Staff

Paul Eldredge

General Manager/District Engineer

Armando Lopez

Treatment & Disposal Services Manager

Robert Simonich

Fabrication Maintenance & Construction
Manager

Vacant/TBD
(recruitment underway 12/4/17)

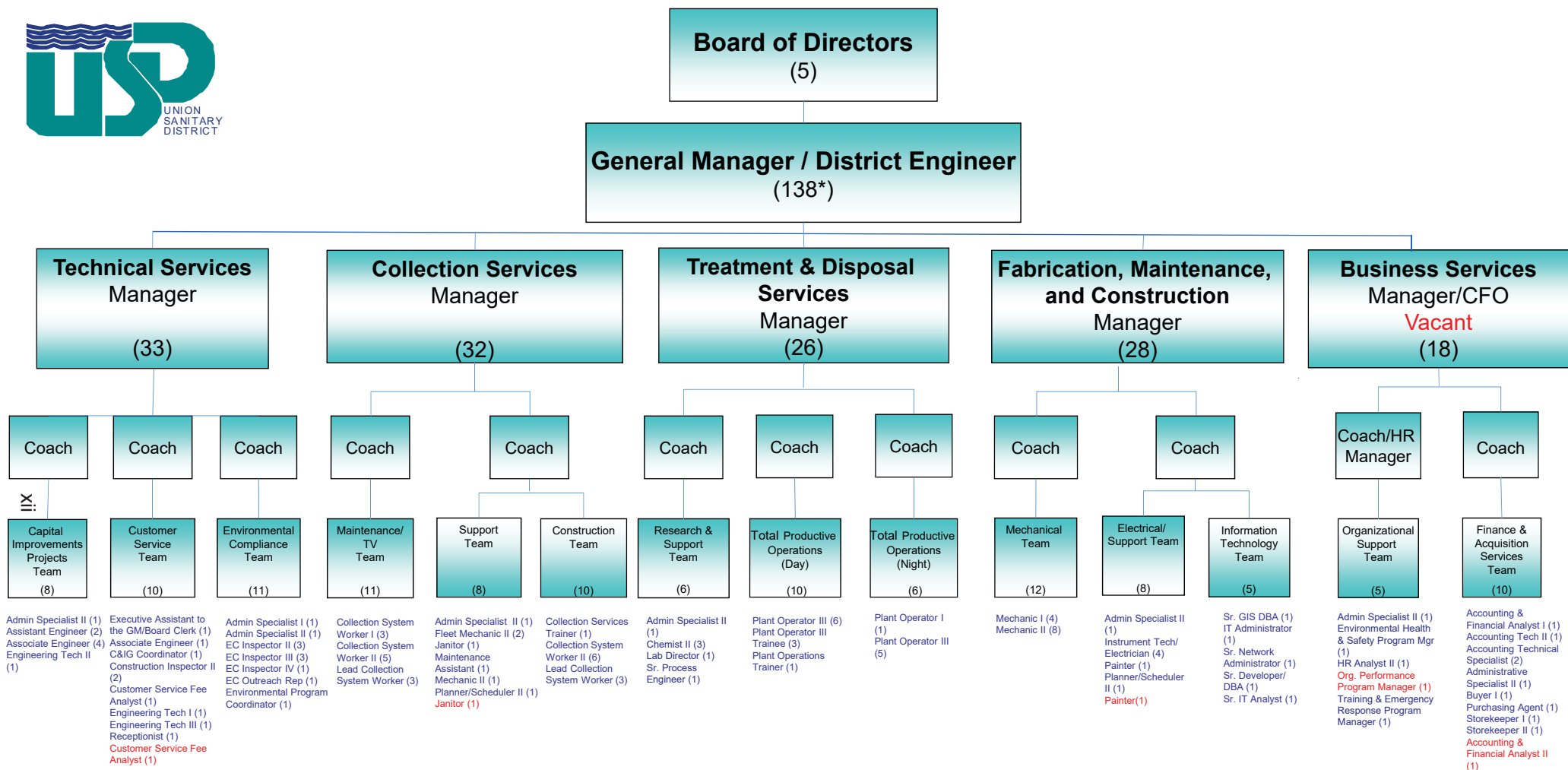
Business Services Manager/Chief Financial
Officer

Sami Ghossain

Technical Services Manager

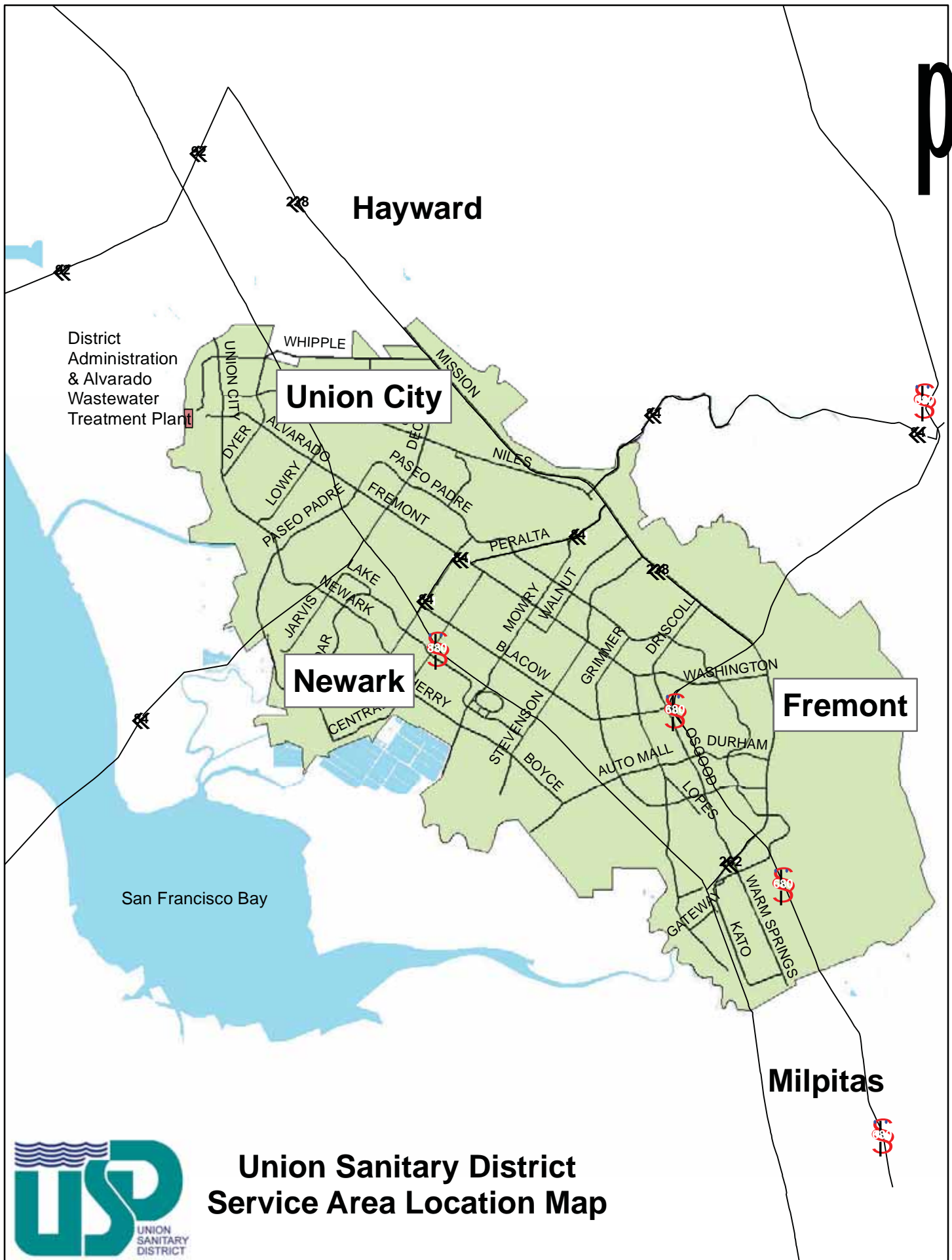
James Schofield

Collection Services Manager



Vacancy

*138 positions allocated in FY2017
Full Time Equivalent positions in FY 2017 is 131.45.



Union Sanitary District Service Area Location Map



Government Finance Officers Association

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

Presented to

**Union Sanitary District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Christopher P. Morrell

Executive Director/CEO

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Financial Section



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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Union Sanitary District, (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of June 30, 2017, 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.



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

Other Matters

Required Supplementary Information

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

Prior Year Audited Financial Statements

The financial statements for the year ended June 30, 2016, were audited by other auditors whose report dated October 20, 2016 expressed an unmodified opinion on those financial statements.

As part of our audit of the 2017 financial statements, we reclassified the deferred inflows/outflows related to the net difference between projected and actual earnings on plan investments related to pensions. There was no impact to net position. We were not engaged to audit, review, or apply any procedures to the 2016 financial statements other than with respect to the reclassification, and accordingly, we do not express an opinion or any other form of assurance on the 2016 financial statements as a whole.

Other Information

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

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

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



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely 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

Brea, California
November 27, 2017

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UNION SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017 AND 2016

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, 2017. 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, 2017, by \$351.7 million (net position). Net position consists of \$294.9 million invested in capital assets, \$34.4 million restricted net position, and \$22.5 million in unrestricted net position.
- The District's total net position increased by \$17.3 million during the fiscal year ended June 30, 2017. Contributing factors include an increase of \$5.4 million in connection fees, \$2.1 million in contributed capital, marginal rate increases, inspections and other area development.
- Long-term liabilities increased on the Statement of Net Position by \$8.4 million during the current fiscal year, largely due to changes in reporting mandated by the GASB 68 pronouncement.
- The District placed \$14.1 million in capital assets into service compared to \$6.6 million last year.

USING THIS ANNUAL REPORT

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

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

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

UNION SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017 AND 2016

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 (84%) 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 2017 | Fiscal Year 2016 | Fiscal Year 2015 | Dollar Change FY17 to FY16 | Percent Change FY17 to FY16 |
|----------------------------------|---------------------|---------------------|---------------------|----------------------------------|--------------------------------------|
| Current and other assets | \$94,382,924 | \$77,881,176 | \$64,249,309 | \$16,501,748 | 21.2% |
| Capital Assets | 339,178,722 | 338,426,172 | 339,323,878 | 752,550 | 0.2% |
| Total Assets | 433,561,646 | 416,307,348 | 403,573,187 | 17,254,298 | 4.1% |
| Deferred outflows of resources | 8,937,492 | 3,813,521 | 2,973,280 | 5,123,971 | 134.4% |
| Current liabilities | 8,622,149 | 10,533,131 | 8,137,982 | (1,910,982) | -18.1% |
| Long-term liabilities | 81,337,732 | 72,916,067 | 67,311,036 | 8,421,665 | 11.5% |
| Total liabilities | 89,959,881 | 83,449,198 | 75,449,018 | 6,510,683 | 7.8% |
| Deferred inflows of resources | 804,328 | 2,225,940 | 6,052,085 | (1,421,612) | -63.9% |
| Net Position: | | | | | |
| Net investment in capital assets | 294,906,308 | 295,355,262 | 297,462,404 | (448,954) | -0.2% |
| Restricted | 34,360,257 | 25,075,327 | 19,808,500 | 9,284,930 | 37.0% |
| Unrestricted | 22,468,364 | 14,015,142 | 7,774,460 | 8,453,222 | 60.3% |
| Total net position | \$351,734,929 | \$334,445,731 | \$325,045,364 | \$17,289,198 | 5.2% |

Net position of the District's business type activities increased 5.2% to \$351.7 million, of which \$294.9 million is invested in capital assets such as equipment, buildings and infrastructure. Of the remaining total, \$34.4 million is restricted to specifically stipulated spending agreements originated by law, contract or other agreements with external parties. The remaining \$22.5 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, 2017 AND 2016

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

| | Fiscal Year 2017 | Fiscal Year 2016 | Fiscal Year 2015 | Dollar Change FY17 to FY16 | Percent Change FY17 to FY16 |
|---|---------------------|---------------------|---------------------|-------------------------------------|--------------------------------------|
| Operating Revenues: | | | | | |
| Sewer service charges (SSC) | \$52,384,709 | \$50,112,564 | \$48,379,254 | \$2,272,145 | 4.5% |
| Other revenues | 2,154,364 | 1,791,782 | 1,581,031 | 362,582 | 20.2% |
| Total operating revenues | 54,539,073 | 51,904,346 | 49,960,285 | 2,634,727 | 5.1% |
| Operating Expenses: | | | | | |
| Depreciation | 17,036,880 | 17,379,112 | 17,899,765 | (342,232) | -2.0% |
| Sewage treatment | 16,252,881 | 15,464,775 | 14,956,369 | 788,106 | 5.1% |
| Sewage collection and engineering | 12,462,391 | 11,296,680 | 10,763,530 | 1,165,711 | 10.3% |
| General and administration | 7,195,269 | 6,848,244 | 6,910,857 | 347,025 | 5.1% |
| Total operating expenses | 52,947,421 | 50,988,811 | 50,530,521 | 1,958,610 | 3.8% |
| Non-operating Revenues (Expenses): | | | | | |
| Investment income and net gains | 482,342 | 496,439 | 160,790 | (14,097) | -2.8% |
| Loss on retirement of capital assets | (432,674) | (30,472) | (1,165,160) | (402,202) | 1319.9% |
| East Bay Dischargers Authority loss | (52,458) | (160,540) | (86,652) | 108,082 | -67.3% |
| Interest | (860,316) | (916,968) | (971,695) | 56,652 | -6.2% |
| Total Net non-operating revenues (expenses) | (863,106) | (611,541) | (2,062,717) | (251,565) | 41.1% |
| Income Before Contributed Capital | 728,546 | 303,994 | (2,632,953) | 424,552 | 139.7% |
| Capital Contributions | | | | | |
| Connection fees | 12,595,637 | 7,233,338 | 4,820,637 | 5,362,299 | 74.1% |
| Contributed capital | 3,965,015 | 1,863,035 | 4,774,582 | 2,101,980 | 112.8% |
| Total Net Capital Contributions | 16,560,652 | 9,096,373 | 9,595,219 | 7,464,279 | 82.1% |
| Change in Net Position | 17,289,198 | 9,400,367 | 6,962,266 | 7,888,831 | 83.9% |
| Beginning Net Position | 334,445,731 | 325,045,364 | 349,745,533 | 9,400,367 | 2.9% |
| Prior period adjustment | - | - | (31,662,435) | - | 0.0% |
| Restated Net Position, Beginning of Year (2016) | 334,445,731 | 325,045,364 | 318,083,098 | 9,400,367 | 2.9% |
| Ending Net Position | \$351,734,929 | \$334,445,731 | \$325,045,364 | \$17,289,198 | 5.2% |

UNION SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017 AND 2016

The District's increase in net position of \$17.3 million is primarily due to the following:

- A marginal rate increase in sewer service charges and the increase in other revenues such as permit fees.
- Revenues exceeded expenses by \$0.7 million.
- The District received \$12.6 million in connection fees and \$4.0 million in contributed capital due to the ongoing increase in residential development within the service area.

Overall the District's revenues increased 5.1% or \$2.6 million from fiscal year FY 2016. The District's sewer service charge rate increased 1.0%. Sewer service revenues for the year increased by 4.5% or \$2.3 million overall. Other operating revenues increased 20.2% or \$0.4 million from prior year as the result of significant development in the service area. Due to both commercial and residential development, connection fee revenues increased 74%, or \$5.4 million from prior year. Contributed Capital increased 113% or \$2.1 million.

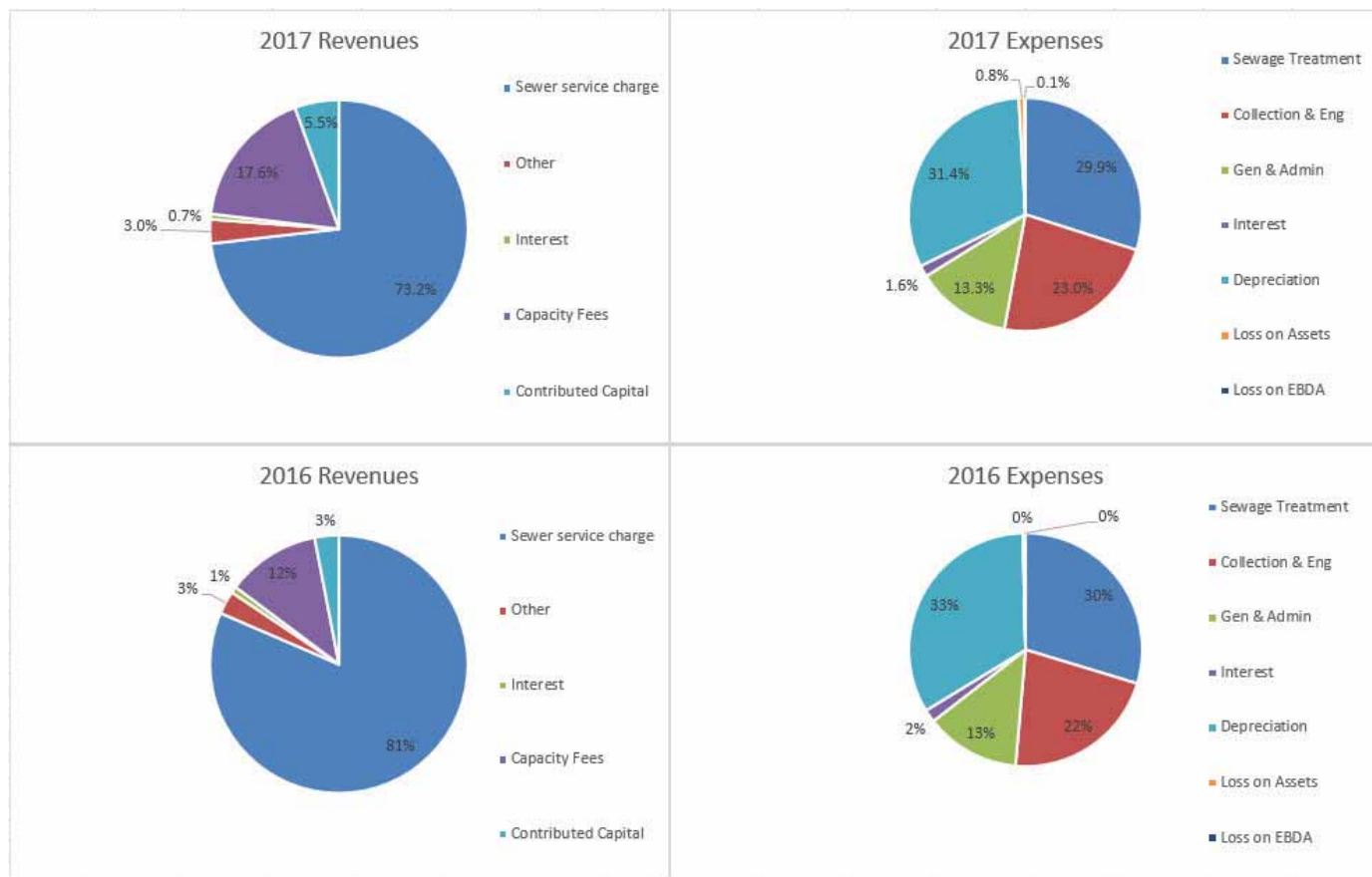
Investment income of \$0.483 million was offset by a net loss on retirement of assets of \$0.433 million, and the loss on equity investment of \$0.053 million (EBDA), resulting in a net decrease of \$0.303 million from prior year. A diversified portfolio in a variety of eligible investment instruments with longer terms further impacted the slight decrease in net investment income from FY 2016. These factors resulted in a higher weighted investment yield at June 30, 2017, of 1.418%, with a weighted average portfolio life of 649 days compared to a weighted investment yield at June 30, 2016, of 1.159%, with a weighted average portfolio life of 712 days.

The District's operating expenses increased from prior year \$2 million or 3.8%. The increase is primarily due to increases in the contribution percentage for employee retirement plans; cost of living salary adjustments; and an increase in expenses for temporary help in various departments throughout the year.

In the prior year, the District's total revenues such as capacity fees and sewer service charges increased by \$1.9 million, or 3.9% (for the year ended June 30, 2016). This is due mainly to a 5.6% increase in the sewer service charge rate; an increase in capacity fee revenue due to strong residential, industrial and commercial development; and an increase in other fees and permits from development and building. Contributed capital decreased in prior year by \$2.9 million due to normalizing effect after the increase of \$3.9 million in FY15 due development that required major construction of infrastructure. The total cost of all programs and services, including depreciation, was 0.9% higher than FY 2015. Most major cost categories increased from FY 2015, except for non-capital project costs, insurance, and temporary help.

UNION SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017 AND 2016



As previously stated, in FY 2017, the District took actions to compensate for increases in certain costs, and to avoid the loss of revenue due to changes in the economy by increasing sewer service charges by 1.0% and connection fees by 14.8%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of FY 2017, the District had approximately \$339.2 million invested in a broad range of capital assets, including facilities and equipment for the plant, collections, and administrative facilities. This amount represents a net increase of \$0.752 million, or 0.22%, compared to last year. The main reason for this is a combination of increased Construction in Progress (CIP), and additional assets being placed into service. Total CIP placed into service was \$9.8 million in FY 2017 versus \$4.05 million in FY 2016 and \$12.5 million in FY 2015. Additions to CIP were \$13.9 million in FY 2017 versus \$14.0 million in FY 2016 and \$13.8 million in FY 2015.

UNION SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017 AND 2016

The District has outstanding construction contract commitments on capital projects approximating \$50 million at June 30, 2017. Major projects included:

Table 3 – Additions to CIP

| | | |
|--|----|------------|
| Thickener Control Building Improvements, Phase 2 | \$ | 3,023,329 |
| Alvarado-Niles Road Sanitary Sewer Rehabilitation | | 2,484,537 |
| Fremont & Paseo Padre Lift Station Improvements | | 2,387,878 |
| Newark Backyard Sanitary Sewer Relocation, Phase 3 | | 1,749,379 |
| Hypo Tanks and Piping Replacement | | 1,387,823 |
| 3rd Sludge Degritter System | | 661,250 |
| Plant Facilities Improvements | | 597,298 |
| MCC and PLC Replacement - Phase 3 | | 289,857 |
| Headworks Knife Gate Valves Replacement | | 267,991 |
| Pine Street Easement | | 191,381 |
| Force Main Corrosion Repairs - West | | 144,169 |
| Standby Power System Upgrade | | 132,931 |
| Digester No. 3 Inspection and Rehabilitation | | 119,995 |
| Digester 1-3 Gas Isolation Valves | | 114,721 |
| Others | | 367,621 |
| Total | \$ | 13,920,160 |

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

Table 4 – Total CIP Placed into Service

| | | |
|---|----|-----------|
| Alvarado-Niles Road Sanitary Sewer Rehabilitation | \$ | 3,741,425 |
| Alvarado Boulevard Sewer Main Repairs | | 2,208,880 |
| Plant Facilities Improvements | | 1,530,980 |
| MCC and PLC Replacement - Phase 3 | | 985,306 |
| Misc Spot Repairs Phase VI | | 341,643 |
| Pine Street Easement | | 329,036 |
| Diffuser Replacement - Aeration Basin Tank 5 | | 310,758 |
| Phone System Replacement | | 268,703 |
| Digester 1-3 Gas Isolation Valves | | 114,721 |
| Total | \$ | 9,831,453 |

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 \$44.3 million in loans outstanding versus \$43.1 million last year. This debt consists of nine State Revolving Fund loans.

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

New Significant Accounting Standards Implemented

In FY 2017, no new Governmental Accounting Standards Board (GASB) pronouncements impacted the District.

UNION SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017 AND 2016

NEXT YEAR'S BUDGET AND RATES

The Board of Directors adopted the FY 2018 Budget with total appropriations of \$55.4 million. Of that amount, \$10.1 million is appropriated for capital projects (both for design and construction) such as the Digester No. 7, Stand-by Power Generation System Upgrade, Wet Weather Flow Management, Force Main Corrosion Repairs (phase 1). The budget also includes \$1.9 million in special projects such as the Forcemain Condition Assessment, Financial Master Plan; Treatment Plant Master Plan; and the Solids System/Capacity Master Plan. This budget includes the second year of a five-year sewer service charge rate increase that became effective on July 1, 2016. The FY 2017 rate increase for residential sewer service charges was 1%. Total estimated revenues for FY 2018 are \$65.1 million which includes \$54.9 million in sewer service charges. Connection fee revenues are estimated at \$7.9 million. To stay competitive with the market, the appropriations include a cost of living increase of 3.5% for union employees and an overall cost of living increase for exempt employees of 4.2%. All other appropriations are consistent with FY 2016.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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UNION SANITARY DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2017 AND 2016

| | 2017 | 2016 |
|--|-----------------------|-----------------------|
| Assets: | | |
| Current Assets: | | |
| Cash, cash equivalents | \$ 4,148,823 | \$ 3,256,503 |
| Investments | 77,649,277 | 62,438,845 |
| Receivables: | | |
| Accounts, net | 3,401,287 | 3,179,897 |
| Accrued interest | 245,298 | 216,019 |
| Inventories | 747,467 | 761,415 |
| Other | 25,439 | 27,901 |
| Total Current Assets | 86,217,591 | 69,880,580 |
| Noncurrent Assets: | | |
| Capital assets | | |
| Non depreciable capital assets | | |
| Land and improvements | 5,395,903 | 5,395,903 |
| Construction in progress | 37,063,104 | 32,974,397 |
| Capacity permits and easements | 6,415,898 | 6,415,898 |
| Depreciable capital assets | | |
| Utility plant in service | 669,151,317 | 657,171,954 |
| Less: Accumulated depreciation | (378,847,500) | (363,531,980) |
| Net capital assets | 339,178,722 | 338,426,172 |
| Other Assets | | |
| Restricted cash and cash equivalents | 624,224 | 404,968 |
| Restricted investments | 10,000 | 10,000 |
| Net OPEB Asset | 1,450,492 | 1,452,553 |
| Investment in East Bay Dischargers Authority | 6,080,617 | 6,133,075 |
| Total other assets | 8,165,333 | 8,000,596 |
| Total Noncurrent Assets | 347,344,055 | 346,426,768 |
| Total Assets | \$ 433,561,646 | \$ 416,307,348 |
| Deferred Outflows of Resources: | | |
| Deferred outflows related to pensions | \$ 8,937,492 | \$ 3,813,521 |
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 2,527,036 | \$ 5,460,347 |
| Accrued payroll and related expenses | 583,589 | 506,116 |
| Interest payable | 477,217 | 512,068 |
| Customer deposits | 1,341,256 | 842,855 |
| Accrued compensated absences | 901,905 | 979,801 |
| Bonds, notes, and capital leases | 2,791,146 | 2,231,944 |
| Total Current Liabilities | 8,622,149 | 10,533,131 |
| Long-term liabilities: | | |
| Bonds, notes, and capital leases | 41,481,268 | 40,838,966 |
| Net pension liability | 39,856,464 | 32,077,101 |
| Total Long-Term Liabilities | 81,337,732 | 72,916,067 |
| Total Liabilities | \$ 89,959,881 | \$ 83,449,198 |
| Deferred Inflows of Resources: | | |
| Deferred inflows related to pensions | \$ 804,328 | \$ 2,225,940 |
| Net Position: | | |
| Net investment in capital assets | \$ 294,906,308 | \$ 295,355,262 |
| Restricted for: | | |
| Capacity purposes | 30,902,877 | 21,617,947 |
| SRF loan contingency reserve | 3,457,380 | 3,457,380 |
| Unrestricted | 22,468,364 | 14,015,142 |
| Total Net Position | \$ 351,734,929 | \$ 334,445,731 |

UNION SANITARY DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

| | 2017 | 2016 |
|---|-----------------------|-----------------------|
| Operating Revenues: | | |
| Sewer service charges (SSC) | \$ 52,384,709 | \$ 50,112,564 |
| Other operating revenues | 2,154,364 | 1,791,782 |
| Total Operating Revenues | 54,539,073 | 51,904,346 |
| Operating Expenses: | | |
| Sewage treatment | 16,252,881 | 15,464,775 |
| Sewage collection and engineering | 12,462,391 | 11,296,680 |
| General and administration | 7,195,269 | 6,848,244 |
| Total Operating Expenses Before Depreciation | 35,910,541 | 33,609,699 |
| Depreciation | 17,036,880 | 17,379,112 |
| Total Operating Expenses | 52,947,421 | 50,988,811 |
| Operating Income | 1,591,652 | 915,535 |
| Nonoperating Revenues (Expenses): | | |
| Net investment income and net realized gains and losses | 482,342 | 496,439 |
| Interest expense | (860,316) | (916,968) |
| Loss on equity investment in East Bay Dischargers Authority | (52,458) | (160,540) |
| Loss on retirement of capital assets | (432,674) | (30,472) |
| Net Nonoperating Revenues (Expenses) | (863,106) | (611,541) |
| Income Before Contributed Capital | 728,546 | 303,994 |
| Connection fees and other contributed capital | 16,560,652 | 9,096,373 |
| Changes in Net Position | 17,289,198 | 9,400,367 |
| Net Position: | | |
| Beginning of Fiscal Year | 334,445,731 | 325,045,364 |
| End of Fiscal Year | \$ 351,734,929 | \$ 334,445,731 |

UNION SANITARY DISTRICT

**STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

| | 2017 | 2016 |
|---|----------------------|----------------------|
| Cash Flows from Operating Activities: | | |
| Receipts from customers and users | \$ 54,317,683 | \$ 52,129,182 |
| Payments to suppliers for goods and services | (18,857,954) | (9,214,018) |
| Payments to employees for services | (18,734,070) | (22,618,055) |
| Receipts from (payments to) customer deposits | 498,401 | 322,227 |
| Net Cash Provided by Operating Activities | 17,224,060 | 20,619,336 |
| Cash Flows from Capital and Related Financing Activities: | | |
| Proceeds from capital debt | 3,433,448 | 3,385,590 |
| Capital contributions | 12,595,637 | 7,233,338 |
| Acquisition and construction of capital assets | (14,257,089) | (14,648,844) |
| Principal paid on capital debt | (2,231,944) | (2,176,154) |
| Interest paid on capital debt | (895,167) | (950,952) |
| Net Cash(Used) in Capital and Related Financing Activities | (1,355,115) | (7,157,022) |
| Cash Flows from Investing Activities: | | |
| Proceeds from the purchase and sales of investments | (15,210,432) | (12,509,431) |
| Interest received | 453,063 | 386,441 |
| Net Cash (Used) in Investing Activities | (14,757,369) | (12,122,990) |
| Net Increase in Cash and Cash Equivalents | 1,111,576 | 1,339,324 |
| Cash and Cash Equivalents at Beginning of Year | 3,661,471 | 2,322,147 |
| Cash and Cash Equivalents at End of Year | \$ 4,773,047 | \$ 3,661,471 |
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities: | | |
| Operating income | \$ 1,591,652 | \$ 915,535 |
| Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities: | | |
| Depreciation | 17,036,880 | 17,379,112 |
| (Increase) decrease in accounts receivable | (221,390) | 224,836 |
| (Increase) decrease in inventories and other | 16,410 | (437,175) |
| Increase (decrease) in accounts payable and accrued expenses | (2,933,311) | 2,429,803 |
| Increase (decrease) in payroll related amounts | 1,313,314 | (215,002) |
| Increase (decrease) in customer deposits | 498,401 | 322,227 |
| Increase (decrease) in compensated absences | (77,896) | - |
| Total Adjustments | 15,632,408 | 19,703,801 |
| Net Cash Provided (Used) by Operating Activities | \$ 17,224,060 | \$ 20,619,336 |
| Non-Cash Investing, Capital, and Financing Activities: | | |
| Contributions of capital assets | \$ 3,965,015 | \$ 1,863,035 |
| Gain/(Loss) on disposition of capital assets | (432,674) | - |
| Increase/(Decrease) in equity in East Bay Dischargers Authority | (52,458) | 160,541 |

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Note 1: Organization and Summary of Significant Accounting Policies

The Organization

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

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

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

The Financial Reporting Entity

For financial reporting purposes component units are defined as legally separate organizations for which the elected officials of the primary government are financially accountable, and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District considered all potential component units in determining what organizations should be included in the financial statements. The District has determined that there are no component units that meet these criteria as of, and for the year ended June 30, 2017. The District includes all funds that are controlled by, or dependent upon the Board of Directors of the District.

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

a. Basis of Accounting and Measurement Focus

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017 AND 2016

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

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

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

b. Cash and Cash Equivalents

The District considers all highly liquid investments, which are readily convertible into known amounts of cash and have a maturity of three months or less when acquired, to be cash equivalents. As of June 30, 2017 and 2016, 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, 2017 and 2016, 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.

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

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, 2017 AND 2016

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

f. Comparative Data

Comparative data for the prior year have been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

g. 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 3.17 percent and 3.07 percent of average depreciable plant during the years ended June 30, 2017 and 2016, respectively.

h. 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.

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

i. Net Position

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

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

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

j. Classification of Revenues and Expenses

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

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

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

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

k. Use of Estimates

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

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

I. Deferred Outflows/Inflows of Resources

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

m. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2017 AND 2016

Note 2: Capital Assets

Capital asset activity for the year ended June 30, 2017 is summarized as follows:

| | Balance June 30, 2016 | Additions | Deletions | Transfers | Balance June 30, 2017 |
|---|--------------------------|--------------|--------------|-------------|--------------------------|
| Capital assets, not being depreciated: | | | | | |
| Land and improvements | \$ 5,395,903 | \$ - | \$ - | \$ - | \$ 5,395,903 |
| Construction in progress | 32,974,397 | 13,920,160 | - | (9,831,453) | 37,063,104 |
| Capacity permits and easements | 6,415,898 | - | - | - | 6,415,898 |
| Total capital assets, not being depreciated | 44,786,198 | 13,920,160 | - | (9,831,453) | 48,874,905 |
| Capital assets, being depreciated: | | | | | |
| Sewage collection facilities | 414,663,353 | 3,965,015 | (525,823) | 7,090,983 | 425,193,528 |
| Sewage treatment facilities | 154,632,011 | - | (524,222) | 2,279,020 | 156,386,809 |
| District facilities | 73,341,879 | - | - | 192,747 | 73,534,626 |
| General equipment | 7,752,546 | 246,488 | (945,716) | 268,703 | 7,322,021 |
| Fleet | 6,782,165 | 90,441 | (158,273) | - | 6,714,333 |
| Total capital assets, being depreciated | 657,171,954 | 4,301,944 | (2,154,034) | 9,831,453 | 669,151,317 |
| Less accumulated depreciation for: | | | | | |
| Sewage collection facilities | (233,688,317) | (8,977,861) | 274,495 | - | (242,391,683) |
| Sewage treatment facilities | (84,524,163) | (4,933,818) | 374,343 | - | (89,083,638) |
| District facilities | (35,817,428) | (2,087,818) | - | - | (37,905,246) |
| General equipment | (5,758,517) | (578,855) | 921,297 | - | (5,416,075) |
| Fleet | (3,743,555) | (458,528) | 151,225 | - | (4,050,858) |
| Total accumulated depreciation | (363,531,980) | (17,036,880) | 1,721,360 | - | (378,847,500) |
| Total capital assets being depreciated, net | 293,639,974 | (12,734,936) | (432,674) | 9,831,453 | 290,303,817 |
| Total Capital Assets, net | \$ 338,426,172 | \$ 1,185,224 | \$ (432,674) | \$ - | \$ 339,178,722 |

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 \$68.2 million at June 30, 2017.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2017 AND 2016

Note 2: Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2016 is summarized as follows:

| | Balance June 30, 2015 | Additions | Deletions | Transfers | Balance June 30, 2016 |
|---|--------------------------|--------------|-------------|-------------|--------------------------|
| Capital assets, not being depreciated: | | | | | |
| Land and improvements | \$ 5,395,903 | \$ - | \$ - | \$ - | \$ 5,395,903 |
| Construction in progress | 23,033,750 | 13,991,607 | - | (4,050,960) | 32,974,397 |
| Capacity permits and easements | 6,415,898 | - | - | - | 6,415,898 |
| Total capital assets, not being depreciated | 34,845,551 | 13,991,607 | - | (4,050,960) | 44,786,198 |
| Capital assets, being depreciated: | | | | | |
| Sewage collection facilities | 409,763,916 | 1,863,035 | (79,081) | 3,115,483 | 414,663,353 |
| Sewage treatment facilities | 154,580,723 | 51,288 | - | - | 154,632,011 |
| District facilities | 73,307,922 | - | - | 33,957 | 73,341,879 |
| General equipment | 6,679,143 | 220,293 | (48,410) | 901,520 | 7,752,546 |
| Fleet | 6,594,428 | 385,655 | (197,918) | - | 6,782,165 |
| Total capital assets, being depreciated | 650,926,132 | 2,520,271 | (325,409) | 4,050,960 | 657,171,954 |
| Less accumulated depreciation for: | | | | | |
| Sewage collection facilities | (224,303,176) | (9,445,531) | 60,390 | - | (233,688,317) |
| Sewage treatment facilities | (79,662,752) | (4,861,411) | - | - | (84,524,163) |
| District facilities | (33,727,935) | (2,089,493) | - | - | (35,817,428) |
| General equipment | (5,276,281) | (527,188) | 44,952 | - | (5,758,517) |
| Fleet | (3,477,661) | (455,488) | 189,594 | - | (3,743,555) |
| Total accumulated depreciation | (346,447,805) | (17,379,111) | 294,936 | - | (363,531,980) |
| Total capital assets being depreciated, net | 304,478,327 | (14,858,840) | (30,473) | 4,050,960 | 293,639,974 |
| Total Capital Assets, net | \$ 339,323,878 | \$ (867,233) | \$ (30,473) | \$ - | \$ 338,426,172 |

Note 3: Cash and Investments

a. Summary of Cash and Cash Equivalents and Investments

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

| | 2017 | 2016 |
|---|---------------|---------------|
| Cash and cash equivalents | \$ 4,148,823 | \$ 3,256,503 |
| Restricted cash and cash equivalents | 624,224 | 404,968 |
| Investments | 77,649,277 | 62,438,845 |
| Restricted investments | 10,000 | 10,000 |
| Total cash and cash equivalents and investments | \$ 82,432,324 | \$ 66,110,316 |

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2017 AND 2016

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 | 180 days | N/A | 30% | 10% |
| Negotiable Certificates of Deposit | 5 years | A1 (ST) A (LT) | 30% | 10% |
| Repurchase Agreements (c) | 90 days | N/A | 10% | 10% |
| Commercial Paper | 270 days | "Prime" quality | 25% | 10% |
| Local Agency Investment Fund (LAIF) | N/A | N/A | 70% | None |
| Corporate Notes (d) | 5 years | A | 30% | 10% |
| Mortgage Pass-through and Asset Backed Securities | N/A | AAA or Aaa | 20% | 10% |
| Money Market Funds | N/A | AAA or Aaa | 20% | 10% |

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

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017 AND 2016

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:

2017

| | Maturities of | | | Total |
|---|----------------------|--------------------|--------------------|---------------|
| | 12 Months Or Less | 12 to 24 Months | 25 to 60 Months | |
| U.S. Treasury Obligations | \$ 3,005,790 | \$ 2,995,190 | \$ - | \$ 6,000,980 |
| U.S. Agency Obligations: | | | | |
| FFCB | 998,470 | 2,994,550 | 2,973,610 | 6,966,630 |
| FHLB | 999,500 | 1,994,760 | 6,980,790 | 9,975,050 |
| FHLMC | 1,999,400 | 3,986,130 | 7,937,720 | 13,923,250 |
| FNMA | - | - | 979,830 | 979,830 |
| Corporate Notes | 2,996,810 | 1,001,740 | 10,658,255 | 14,656,805 |
| Certificates of Deposit | 2,461,047 | 246,280 | 3,489,537 | 6,196,864 |
| LAIF | 15,944,019 | - | - | 15,944,019 |
| Local Government Investment Pool (CAMP) | 3,015,849 | - | - | 3,015,849 |
| Total Investments | 31,420,885 | 13,218,650 | 33,019,742 | 77,659,277 |
| Cash in bank | 4,773,047 | - | - | 4,773,047 |
| Total Cash and Investments | \$ 36,193,932 | \$ 13,218,650 | \$ 33,019,742 | \$ 82,432,324 |

2016

| | Maturities of | | | Total |
|---|----------------------|--------------------|--------------------|---------------|
| | 12 Months Or Less | 12 to 24 Months | 25 to 60 Months | |
| U.S. Treasury Obligations | \$ 1,000,090 | \$ 2,008,630 | \$ - | \$ 3,008,720 |
| U.S. Agency Obligations: | | | | |
| FHLB | 2,002,970 | 1,004,090 | 4,007,230 | 7,014,290 |
| FHLMC | - | 2,004,460 | 7,509,700 | 9,514,160 |
| FNMA | 2,004,750 | - | 2,002,130 | 4,006,880 |
| Corporate Notes | 6,534,966 | 2,013,240 | 11,406,871 | 19,955,077 |
| Certificates of Deposit | 4,390,925 | 2,465,332 | - | 6,856,257 |
| LAIF | 12,083,636 | - | - | 12,083,636 |
| Local Government Investment Pool (CAMP) | 9,825 | - | - | 9,825 |
| Total Investments | 28,027,162 | 9,495,752 | 24,925,931 | 62,448,845 |
| Cash in bank | 3,661,471 | - | - | 3,661,471 |
| Total Cash and Investments | \$ 31,688,633 | \$ 9,495,752 | \$ 24,925,931 | \$ 66,110,316 |

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2017 AND 2016

Note 3: Cash and Investments (Continued)

d. LAIF Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF). LAIF is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based in the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills and corporations. The carrying value of LAIF approximates fair value. At June 30, 2017, these investments mature in an average of 194 days.

e. Credit Risk

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

Presented below is the actual rating as of June 30, 2017 for each investment type:

| Investment Type | Aaa | Aa3 | Aa2 | A1 | A2 | A3 | Total |
|--|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| U.S. Agency Obligations | | | | | | | |
| FFCB | \$ 6,966,630 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6,966,630 |
| FHLB | 9,975,050 | - | - | - | - | - | 9,975,050 |
| FHLMC | 13,923,250 | - | - | - | - | - | 13,923,250 |
| FNMA | 979,830 | - | - | - | - | - | 979,830 |
| Corporate Notes | 1,825,757 | 4,002,400 | 2,664,268 | 4,154,460 | 1,009,210 | 1,000,710 | 14,656,805 |
| Totals | <u>\$ 33,670,517</u> | <u>\$ 4,002,400</u> | <u>\$ 2,664,268</u> | <u>\$ 4,154,460</u> | <u>\$ 1,009,210</u> | <u>\$ 1,000,710</u> | <u>46,501,565</u> |
| Exempt from credit rate disclosure | | | | | | | |
| U.S. Treasury Obligations | | | | | | | 6,000,980 |
| Not rated | | | | | | | |
| Certificates of deposit | | | | | | | 6,196,864 |
| California Local Agency Investment Fund | | | | | | | 15,944,019 |
| Local Government Investment Pool (CAMP) | | | | | | | 3,015,849 |
| Cash and cash equivalents | | | | | | | 4,773,047 |
| Total Cash, Cash Equivalents and Investments | | | | | | | <u>\$ 82,432,324</u> |

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2017 AND 2016

Note 3: Cash and Investments (Continued)

Presented below is the actual rating as of June 30, 2016 for each investment type:

| Investment Type | Aaa | Aa3 | Aa2 | A1 | A2 | A3 | Total |
|--|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| U.S. Agency Obligations | | | | | | | |
| FHLB | \$ 7,014,290 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 7,014,290 |
| FNMA | 4,006,880 | - | - | - | - | - | 4,006,880 |
| FHLM | 9,514,160 | - | - | - | - | - | 9,514,160 |
| Corporate Notes | 6,014,351 | 5,223,358 | 1,192,561 | 4,190,984 | 2,324,503 | 1,009,320 | 19,955,077 |
| Totals | <u>\$ 26,549,681</u> | <u>\$ 5,223,358</u> | <u>\$ 1,192,561</u> | <u>\$ 4,190,984</u> | <u>\$ 2,324,503</u> | <u>\$ 1,009,320</u> | <u>40,490,407</u> |
| Exempt from credit rate disclosure | | | | | | | |
| U.S. Treasury Obligations | | | | | | | 3,008,720 |
| Not rated | | | | | | | |
| Certificates of deposit | | | | | | | 6,856,257 |
| California Local Agency Investment Fund | | | | | | | 12,083,636 |
| Local Government Investment Pool (CAMP) | | | | | | | 9,825 |
| Cash and cash equivalents | | | | | | | 3,661,471 |
| Total Cash, Cash Equivalents and Investments | | | | | | | <u>\$ 66,110,316</u> |

f. Concentration of Credit Risk

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

As of fiscal year ended June 30, 2017, more than 5 percent of the District's investments were in FFCB, FHLB, and FHLMC. These investments were 9.0 percent, 12.8 percent, and 17.9 percent, respectively, of the District's total investments.

g. Custodial Credit Risk

Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy, as well as the California Government Code, requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2017, the District's total bank balance of \$4,674,036 was either collateralized or insured by the Federal Deposit Insurance Corporation (FDIC). Certificates of Deposit were also collateralized.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017 AND 2016

Note 3: Cash and Investments (Continued)

Investments

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

Note 4: Fair Value Measurements

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

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

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

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

Uncategorized - Investments in the Local Agency Investment Funds/State Investment Pools 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.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2017 AND 2016

Note 4: Fair Value Measurements (Continued)

The District's fair value measurements are as follows at June 30, 2017:

| Investment Type | Fair Value | Level 1 Inputs | Level 2 Inputs | Level 3 Inputs | Uncategorized |
|--|----------------------|-------------------|----------------------|-------------------|----------------------|
| U.S. Agency Obligations | | | | | |
| FFCB | \$ 6,966,630 | \$ - | \$ 6,966,630 | \$ - | \$ - |
| FHLB | 9,975,050 | - | 9,975,050 | - | - |
| FHLMC | 13,923,250 | - | 13,923,250 | - | - |
| FNMA | 979,830 | - | 979,830 | - | - |
| Corporate Notes | 14,656,805 | - | 14,656,805 | - | - |
| Local Government Investment Pool (CAMP) | 3,015,849 | - | - | - | 3,015,849 |
| U.S. Treasury Obligations | 6,000,980 | - | 6,000,980 | - | - |
| Certificates of Deposits | 6,196,864 | - | 6,196,864 | - | - |
| California Local Agency Investment Fund (LAIF) | 15,944,019 | - | - | - | 15,944,019 |
| Totals | <u>\$ 77,659,277</u> | <u>\$ -</u> | <u>\$ 58,699,409</u> | <u>\$ -</u> | <u>\$ 18,959,868</u> |

The District's fair value measurements are as follows at June 30, 2016:

| Investment Type | Fair Value | Level 1 Inputs | Level 2 Inputs | Level 3 Inputs | Uncategorized |
|--|----------------------|----------------------|----------------------|-------------------|----------------------|
| U.S. Agency Obligations | | | | | |
| FHLB | \$ 7,014,290 | \$ - | \$ 7,014,290 | \$ - | \$ - |
| FHLM | 9,514,160 | - | 9,514,160 | - | - |
| FNMA | 4,006,880 | - | 4,006,880 | - | - |
| Corporate Notes | 19,955,077 | 12,749,989 | 7,205,088 | - | - |
| Local Government Investment Pool (CAMP) | 9,825 | - | - | - | 9,825 |
| U.S. Treasury Obligations | 3,008,720 | - | 3,008,720 | - | - |
| Certificates of Deposits | 6,856,257 | - | 6,856,257 | - | - |
| California Local Agency Investment Fund (LAIF) | 12,083,636 | - | - | - | 12,083,636 |
| Totals | <u>\$ 62,448,845</u> | <u>\$ 12,749,989</u> | <u>\$ 37,605,395</u> | <u>\$ -</u> | <u>\$ 12,093,461</u> |

Note 5: Joint Ventures

Alameda County Water District Financing Authority

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

Investment in East Bay Dischargers Authority

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

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

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2017 AND 2016

Note 5: Joint Ventures (Continued)

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

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

Summary financial information for EBDA, as of June 30, 2016 and 2015 and for the years then ended, the most recent audited information available, is as follows:

| | 2016 | 2015 |
|--|---------------|---------------|
| Total assets and deferred outflows | \$ 33,978,738 | \$ 34,130,512 |
| Total liabilities and deferred inflows | 1,462,068 | 1,333,317 |
| Net position value of EBDA | \$ 32,516,670 | \$ 32,797,195 |
| District's share at 18.7% | \$ 6,080,617 | \$ 6,133,075 |
| Net loss on equity investment in EBDA | \$ 160,540 | \$ 125,387 |

EBDA has no outstanding debt.

During fiscal year ended June 30, 2017 and 2016, the District was charged \$1,263,944 and \$1,213,490, respectively, by EBDA primarily for operating costs. Such costs are included in the wastewater treatment expenses by the District for financial reporting purposes.

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

Note 6: Long-Term Obligations

Long-term obligations at June 30, 2017 are summarized as below:

| | Maturity Date | Interest Rate | Balance July 1, 2016 | Additions | Retirements | Balance June 30, 2017 | Current Portion |
|---|---------------|---------------|-------------------------|--------------|--------------|--------------------------|-----------------|
| 2003 State Revolving Fund Loan - Irvington | 08/30/23 | 2.4% | \$ 6,539,515 | \$ - | \$ 751,216 | \$ 5,788,299 | \$ 769,245 |
| 2008 State Revolving Fund Loan - Willow | 11/16/27 | 2.4% | 1,118,547 | - | 81,540 | 1,037,007 | 83,497 |
| 2008 State Revolving Fund Loan - Newark | 01/26/30 | 2.7% | 7,903,118 | - | 472,020 | 7,431,098 | 484,765 |
| 2008 State Revolving Fund Loan - Hetch Hetchy | 11/17/28 | 2.7% | 1,513,896 | - | 98,759 | 1,415,137 | 101,425 |
| 2009 State Revolving Fund Loan - Cedar Blvd. | 02/26/30 | 2.5% | 1,488,827 | - | 90,128 | 1,398,699 | 92,382 |
| 2011 State Revolving Fund Loan - Primary Cl. | 01/15/33 | 2.7% | 7,956,092 | - | 374,968 | 7,581,124 | 385,092 |
| 2011 State Revolving Fund Loan - Substation 1 | 02/28/32 | 2.6% | 2,038,014 | - | 104,339 | 1,933,675 | 107,052 |
| 2011 State Revolving Fund Loan - Boyce Rd. Lift Station | 03/31/33 | 2.6% | 5,849,590 | - | 258,974 | 5,590,616 | 265,707 |
| 2014 State Revolving Fund Loan - Thickner Improvement | 03/31/36 | 2.1% | 8,663,311 | 3,433,448 | - | 12,096,759 | 501,981 |
| Compensated Absences | N/A | N/A | 979,801 | 1,049,356 | 1,127,252 | 901,905 | 901,905 |
| | | | \$ 44,050,711 | \$ 4,482,804 | \$ 3,359,196 | \$ 45,174,319 | \$ 3,693,051 |

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017 AND 2016

Note 6: Long-Term Obligations (Continued)

2003 State Revolving Fund Loan – Irvington

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

2008 State Revolving Fund Loan – Willow

During 2008, the District entered into a loan agreement with the California State Water Resources Control Board in accordance with the State Revolving Fund Loan Program. The interest rate on the loan is 2.4 percent and is payable in twenty annual installments, beginning one year after initial loan disbursement. The purpose of this loan was to finance the Willow/Central Avenue sanitary sewer rehabilitation project. The maximum amount of this agreement is \$1,749,329 based upon projected costs to be incurred. As of June 30, 2017, \$1,710,471 has been advanced under this agreement.

2008 State Revolving Fund Loan – Newark Pump Station

During 2008, the District entered into a loan agreement with the California State Water Resources Control Board in accordance with the State Revolving Fund Loan Program. The interest rate on the loan is 2.7 percent and is payable in twenty annual installments, beginning in 2011. The purpose of this loan was to finance the Newark Pump Station project. The maximum amount of this agreement is \$10,283,322 based upon projected costs to be incurred. As of June 30, 2017, \$10,283,322, the maximum loan amount, has been advanced under this agreement.

2008 State Revolving Fund Loan – Hetch Hetchy

During 2008, the District entered into a loan agreement with the California State Water Resources Control Board in accordance with the State Revolving Fund Loan Program. The interest rate on the loan is 2.7 percent and will be payable in twenty annual installments beginning one year after initial loan disbursements. The purpose of this loan is to finance the lower Hetch Hetchy sewer rehabilitation project. The maximum amount of this agreement is \$2,212,432 based upon projected costs to be incurred. As of June 30, 2017, \$2,113,379 has been advanced under this agreement.

2009 State Revolving Fund Loan – Cedar Boulevard

During 2009, the District entered into a loan agreement with the California State Water Resources Control Board in accordance with the State Revolving Fund Loan Program. The interest rate on the loan is 2.5 percent and will be payable in twenty annual installments beginning one year after the initial loan disbursements. The purpose of this loan is to finance the Cedar Boulevard Sanitary Sewer Rehabilitation Project. The maximum amount of this agreement is \$2,052,841 based upon projected costs to be incurred. As of June 30, 2017, \$1,998,384 has been advanced under this agreement.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017 AND 2016

Note 6: Long-Term Obligations (Continued)

2011 State Revolving Fund Loan – Primary Clarifier

During 2011, the District entered into a loan agreement with the California State Water Resources Control Board in accordance with the State Revolving Fund Loan Program. The interest rate on the loan is 2.7 percent and will be payable in twenty annual installments beginning one year after the initial loan disbursements. The purpose of this loan is to finance the rehabilitation of primary clarifiers (Nos. 1 through 4) at the Alvarado Wastewater Treatment Plant. The maximum amount of this agreement is \$8,821,860 based upon projected costs to be incurred. As of June 30, 2017, \$8,821,860 has been advanced under this agreement.

2011 State Revolving Fund Loan – Substation 1

During 2011, the District entered into a loan agreement with the California State Water Resources Control Board in accordance with the State Revolving Fund Loan Program. The interest rate on the loan is 2.6 percent and will be payable in twenty annual installments beginning one year after the initial loan disbursements. The purpose of this loan is to finance the replacement of Substation 1 to ensure its continual operation. The maximum amount of this agreement is \$2,676,485 based upon projected costs to be incurred. As of June 30, 2017, \$2,412,908 has been advanced under this agreement.

2011 State Revolving Fund Loan – Boyce Rd. Lift Station

During 2011, the District entered into a loan agreement with the California State Water Resources Control Board in accordance with the State Revolving Fund Loan Program. The interest rate on the loan is 2.6 percent and will be payable in twenty annual installments beginning one year after the initial loan disbursements. The purpose of this loan is to finance the replacement of Boyce Road Lift Station to ensure its continual operation. The maximum amount of this agreement is \$6,196,671 based upon projected costs to be incurred. As of June 30, 2017, \$6,196,671 has been advanced under this agreement.

2014 State Revolving Fund Loan –Thickener Control Building

During December 2013, the District entered into a loan agreement with the California State Water Resources Control Board in accordance with the State Revolving Fund Loan Program. The interest rate on the loan is 2.1 percent and will be payable in nineteen annual installments beginning September 2017. The purpose of this loan is to finance the Thickener Control Building Improvements Project to ensure its continual operation. The maximum amount of this agreement is \$12.2 million based upon projected costs to be incurred. As of June 30, 2017, \$12,096,759 has been advanced under this agreement.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017 AND 2016

Note 6: Long-Term Obligations (Continued)

Debt Service Requirements

Future annual repayment requirements as of June 30, 2017 are as follows:

| Year Ended June 30, | Principal | Interest | Total |
|------------------------|---------------|--------------|---------------|
| 2018 | \$ 2,791,146 | \$ 1,091,957 | \$ 3,883,103 |
| 2019 | 2,857,222 | 1,025,882 | 3,883,104 |
| 2020 | 2,928,119 | 954,985 | 3,883,104 |
| 2021 | 3,000,789 | 882,315 | 3,883,104 |
| 2022 | 3,075,276 | 807,828 | 3,883,104 |
| 2023-2027 | 13,770,148 | 2,920,879 | 16,691,027 |
| 2028-2032 | 11,080,701 | 1,316,070 | 12,396,771 |
| 2033-2037 | 4,769,013 | 273,453 | 5,042,466 |
| Totals | \$ 44,272,414 | \$ 9,273,369 | \$ 53,545,783 |

Note 7: Pension Plan

General Information about the Pension Plans

Plan Descriptions

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

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.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2017 AND 2016

Note 7: Pension Plan

The Plan's provisions and benefits in effect at June 30, 2017, 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 contribution rates | 20.362% | 11.621% |

Employees Covered

At June 30, 2017 and 2016, the following employees were covered by the benefit terms of the Plan:

| | Miscellaneous | |
|--|---------------|------|
| | 2017 | 2016 |
| Inactive employees or beneficiaries currently receiving benefits | 155 | 143 |
| Inactive employees entitled to but not yet receiving benefits | 67 | 69 |
| Active employees | 129 | 132 |
| Totals | 351 | 344 |

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.

For the year ended June 30, 2017 the average employee contribution rate was 8.0 percent of annual payroll, and the District's average rate was 20.362 percent of annual payroll. The total contributions to the plan were \$ 3,333,889 for the year ended June 30, 2017 and \$3,034,082 for the year ended June 30, 2016.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2017 AND 2016

Note 7: Pension Plan (Continued)

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, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016.

A summary of principal assumptions used to determine the net pension liability is shown as follows:

Actuarial Assumptions

The total pension liabilities in the June 30, 2015 and 2014 actuarial valuations were determined using the following actuarial assumptions.

| | Miscellaneous | |
|----------------------------------|---|---|
| | 2015 | 2014 |
| Valuation date | June 30, 2015 | June 30, 2014 |
| Measurement date | June 30, 2016 | June 30, 2015 |
| Actuarial cost method | Entry age normal cost method | Entry age normal cost method |
| Actuarial assumptions: | | |
| Discount rate | 7.65% | 7.65% |
| Inflation | 2.75% | 2.75% |
| Projected Salary increases | Varies by Entry Age and Service | Varies by Entry Age and Service |
| Mortality rate table* | Derived using CalPERS' membership data for all funds | Derived using CalPERS' membership data for all funds |
| Post retirement benefit increase | Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter | Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter |

The mortality table used for Miscellaneous Plan was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 Experience Study Report available on CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of a January 2014 actuarial experience study for the period of 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website at: <http://www.calpers.ca.gov/index.jsp?bc=/about/forms-pubs/calpers-reports/actuarial-reports.xml>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017 AND 2016

Note 7: Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 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 PERF fund. The expected rate of return was set by calculating the 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 rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2015.

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017 AND 2016

Note 7: Pension Plan (Continued)

| Asset Class | Target Allocation | | | Real Return |
|-------------------------------|-------------------|-------|-------------|--------------|
| | 2015 | 2014 | Years 1-10* | Years 11+ ** |
| Global Equity | 51.0% | 51.0% | 5.25% | 5.71% |
| Global Fixed Income | 20.0% | 19.0% | 0.99% | 2.43% |
| Inflation Sensitive | 6.0% | 6.0% | 0.45% | 3.36% |
| Private Equity | 10.0% | 10.0% | 6.83% | 6.95% |
| Real Estate | 10.0% | 10.0% | 4.50% | 5.13% |
| Infrastructure and Forestland | 2.0% | 2.0% | 4.50% | 5.09% |
| Liquidity | 1.0% | 2.0% | -0.55% | -1.05% |

* An expected inflation of 2.5% used for this period

**An expected inflation of 3.0% 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 (Asset) |
| Balance at June 30, 2015 | \$ 116,341,189 | \$ 88,715,470 | \$ 27,625,719 |
| Change in the year: | | | |
| Service Cost | 2,285,511 | - | 2,285,511 |
| Interest on total pension liability | 8,707,550 | - | 8,707,550 |
| Differences between expected and actual experience | 1,118,325 | - | 1,118,325 |
| Changes in assumptions | (2,041,756) | - | (2,041,756) |
| Plan to plan resource movement | - | (8,501) | 8,501 |
| Contribution-employer | - | 2,536,676 | (2,536,676) |
| Contribution-employee | - | 1,187,621 | (1,187,621) |
| Net investment income | - | 2,002,533 | (2,002,533) |
| Administrative Expenses | - | (100,081) | 100,081 |
| Benefit payments, including refunds of employee contributions | (5,472,643) | (5,472,643) | - |
| Net changes | 4,596,987 | 145,605 | 4,451,382 |
| Balance at June 30, 2016 | \$ 120,938,176 | \$ 88,861,075 | \$ 32,077,101 |

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017 AND 2016

Note 7: Pension Plan (Continued)

| | Increase (Decrease) | | |
|---|-------------------------|-----------------------------|-------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability (Asset) |
| Balance at June 30, 2016 | \$ 120,938,176 | \$ 88,861,075 | \$ 32,077,101 |
| Change in the year: | | | |
| Service Cost | 2,413,856 | - | 2,413,856 |
| Interest on total pension liability | 9,157,444 | - | 9,157,444 |
| Differences between expected and actual experience | 621,331 | - | 621,331 |
| Changes in assumptions | - | - | - |
| Plan to plan resource movement | - | - | - |
| Contribution-employer | - | 2,770,226 | (2,770,226) |
| Contribution-employee | - | 1,206,505 | (1,206,505) |
| Net investment income | - | 490,693 | (490,693) |
| Administrative Expenses | - | (54,156) | 54,156 |
| Benefit payments, including refunds of employee contributions | (6,122,564) | (6,122,564) | - |
| Net changes | 6,070,067 | (1,709,296) | 7,779,363 |
| Balance at June 30, 2017 | \$ 127,008,243 | \$ 87,151,779 | \$ 39,856,464 |

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

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

| | Miscellaneous | |
|-----------------------|---------------|---------------|
| | 2017 | 2016 |
| 1% Decrease | 6.65% | 6.65% |
| Net Pension Liability | \$ 55,844,411 | \$ 47,517,126 |
| Current Discount Rate | 7.65% | 7.65% |
| Net Pension Liability | 39,856,464 | 32,077,101 |
| 1% Increase | 8.65% | 8.65% |
| Net Pension Liability | 26,506,041 | 19,190,933 |

Pension Plan Fiduciary Net Position

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

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017 AND 2016

Note 7: Pension Plan (Continued)

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

For the year ended June 30, 2017 and 2016, the District recognized pension expense of \$4,303,813 and \$2,819,078, respectively. At June 30, 2017 and 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| June 30, 2016: | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Pension contributions subsequent to measurement date | \$ 3,034,082 | \$ - |
| Differences between actual and expected experience | 779,439 | - |
| Changes in assumptions | - | (1,423,042) |
| Net differences between projected and actual earnings on plan investments | - | (802,898) |
| Totals | \$ 3,813,521 | \$ (2,225,940) |
| June 30, 2017: | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Pension contributions subsequent to measurement date | \$ 3,333,889 | \$ - |
| Differences between actual and expected experience | 879,140 | - |
| Changes in assumptions | - | (804,328) |
| Net differences between projected and actual earnings on plan investments | 4,724,463 | - |
| Totals | \$ 8,937,492 | \$ (804,328) |

The amount of \$3,333,889 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Year ended June 30, | |
|------------------------|------------|
| 2017 | \$ 561,032 |
| 2018 | 756,912 |
| 2019 | 2,244,234 |
| 2020 | 1,237,097 |

Payable to the Pension Plan

At June 30, 2017 and 2016, the District reported a payable of \$168,340 and \$160,866, respectively, for the outstanding amount of contributions to the pension plan.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017 AND 2016

Note 8: Other Retirement Benefits**a. Post-employment Healthcare Benefit (OPEB)***Plan Description:*

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

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

Funding Policy:

The District's annual required contribution of the employer (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal annual costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years on a closed basis. The current ARC rate is 4% of the annual covered payroll, based on the most recent actuarial report dated July 1, 2015. The plan members receiving benefits currently do not make contributions. For the year end June 30, 2017 the District contributed \$583,771 to the plan.

Annual OPEB Cost and Net OPEB Obligation:

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

| | |
|---|------------------------------|
| Annual required contribution (ARC) | \$ 583,771 |
| Interest on net OPEB obligation (asset) | (97,757) |
| Adjustment to ARC | 99,818 |
| Annual OPEB cost | <u>585,832</u> |
| Contributions made | <u>583,771</u> |
| Change in net OPEB obligation (asset) | 2,061 |
| OPEB obligation (asset) - beginning of year | <u>(1,452,553)</u> |
| OPEB obligation (asset) - end of year | <u><u>\$ (1,450,492)</u></u> |

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017 AND 2016

Note 8: Other Retirement Benefits (Continued)

Trend Information:

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

| Fiscal Year Ending | Annual OPEB Cost | Actual Employer Contributions | Percentage Contributed | Net OPEB Obligation (Asset) |
|-----------------------|---------------------|----------------------------------|---------------------------|-----------------------------------|
| 6/30/2017 | \$ 585,832 | \$ 583,771 | 100% | \$ (1,450,492) |
| 6/30/2016 | 558,107 | 561,205 | 101% | (1,452,553) |
| 6/30/2015 | 537,844 | 543,540 | 101% | (1,449,455) |

Funded Status:

The schedule of funded status of the plan as of July 1, 2015 was as follows:

| | |
|---|---------------------|
| Actuarial accrued liability (AAL) | \$ 8,646,387 |
| Actuarial value of plan assets | 4,311,934 |
| Unfunded actuarial accrued liability (UAAL) | <u>\$ 4,334,453</u> |
| Funded ratio (actuarial value of plan assets/AAL) | 49.9% |
| Covered payroll (active plan members) | \$ 13,933,168 |
| UAAL as a percentage of covered payroll | 31.1% |

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

Actuarial Methods and Assumptions:

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

UNION SANITARY DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2017 AND 2016

Note 8: Other Retirement Benefits (Continued)

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

| | |
|------------------------------------|-----------------------------|
| Valuation date | July 1, 2015 |
| Actuarial cost method | Entry age, Normal cost |
| Amortization method | Level percentage of payroll |
| Amortization period | 30 years - closed |
| Asset valuation method | Market value of assets |
| Actuarial Assumptions: | |
| Investment rate of return (funded) | 6.73% |
| Salary increase | 3.25% |
| Healthcare cost trend rate | 7.5% initial; 4.5% ultimate |
| Inflation Rate | 2.75% |

b. 401(a) Plans

The District sponsors two internal Revenue Code Section 401(a) money purchase retirement plans for unclassified employees through the ICMA Retirement Corporation. The plans were established and can be amended by Board resolution and, for certain terms, by participant agreement. Eligibility for participation in a particular plan is dependent on job classification. Within each plan, participating employees contribute the same dollar amount of \$3,000 per year for employees under the management plan, and \$1,850 for employees under the professional plan, and the District makes matching contributions on their behalf. The District and the participants each contributed a total of \$17,909 and \$20,630 to the plans for the years ended June 30, 2017, and 2016, respectively.

c. Deferred Compensation Plan

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

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

Note 9: Risk Management

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

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

UNION SANITARY DISTRICT**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
JUNE 30, 2017 AND 2016

Note 10: Commitments and Contingent Liabilities

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

The following material construction commitments existed at June 30, 2017:

| Project Name | Total Committed Amount | Expenses to Date as of June 30, 2017 | Remaning Commitment |
|---|------------------------------|--|------------------------|
| Cogeneration Project | \$ 15,113,389 | \$ 12,841,599 | \$ 2,271,790 |
| Thickener Conrol Building Improvements Phase II | 13,200,472 | 13,145,698 | 54,774 |
| Fremont & Paseo Padre LS Improvements | 3,455,189 | 2,912,040 | 543,149 |
| Newark Backyard SS Relocation - Phase 3 | 2,632,147 | 2,500,497 | 131,650 |
| Hypo Tanks and Piping Replacement | 2,486,872 | 1,611,587 | 875,285 |
| 3rd Sludge Degritter System | 1,741,479 | 843,066 | 898,413 |

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REQUIRED SUPPLEMENTARY INFORMATION

UNION SANITARY DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017**

Schedule of Funding Progress for Retiree Health Benefit Plan

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|-----------------------------|------------------------------|--------------------------------------|------------------------|--------------|-----------------|---|
| July 1, 2015 | \$ 4,311,934 | \$ 8,646,387 | \$ 4,334,453 | 49.9% | \$ 13,933,168 | 31.1% |
| July 1, 2013 | 4,170,486 | 8,461,869 | 4,291,383 | 49.3% | 14,189,868 | 30.2% |
| July 1, 2011 | 3,735,506 | 8,010,025 | 4,274,519 | 46.6% | 13,743,213 | 31.1% |

UNION SANITARY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

| 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 | 2017 June 30, 2016 | 2016 June 30, 2015 | 2015 June 30, 2014 |
| Total Pension Liability | | | |
| Service Cost | \$ 2,413,856 | \$ 2,285,511 | \$ 2,338,837 |
| Interest on total pension liability | 9,157,444 | 8,707,550 | 8,205,194 |
| Changes in benefit terms | - | - | - |
| Differences between expected and actual experience | 621,331 | 1,118,325 | - |
| Changes in assumptions | - | (2,041,756) | - |
| Benefit payments, including refunds of employee contributions | (6,122,564) | (5,472,643) | (4,871,998) |
| Net change in total pension liability | 6,070,067 | 4,596,987 | 5,672,033 |
| Total Pension Liability-beginning | 120,938,176 | 116,341,189 | 110,669,156 |
| Total Pension Liability-ending (a) | \$ 127,008,243 | \$ 120,938,176 | \$ 116,341,189 |
| Plan Fiduciary Net Position | | | |
| Contributions-employer | \$ 2,770,226 | \$ 2,536,676 | \$ 2,428,874 |
| Contributions-employee | 1,206,505 | 1,187,621 | 1,356,767 |
| Net investment income | 490,693 | 2,002,533 | 13,223,974 |
| Benefit payments | (6,122,564) | (5,472,643) | (4,871,998) |
| Plan to plan resource movement | - | (8,501) | - |
| Administrative expense | (54,156) | (100,081) | - |
| Net change in plan fiduciary net position | (1,709,296) | 145,605 | 12,137,617 |
| Plan Fiduciary Net Position-beginning | 88,861,075 | 88,715,470 | 76,577,853 |
| Plan Fiduciary Net Position-ending (b) | \$ 87,151,779 | \$ 88,861,075 | \$ 88,715,470 |
| Net pension liability-ending (a) - (b) | \$ 39,856,464 | \$ 32,077,101 | \$ 27,625,719 |
| Plan fiduciary net position as a percentage of the total pension liability | 68.62% | 73.48% | 76.25% |
| Covered - employee payroll | \$ 14,229,298 | \$ 13,896,353 | \$ 13,453,476 |
| Net pension liability as a percentage of covered employee payroll | 280.10% | 230.83% | 205.34% |

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2015. 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 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 3 years are show.

UNION SANITARY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

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

| | 2017 | 2016 | 2015 |
|---|--------------|---------------|---------------|
| Actuarial Determined Contribution | \$ 3,333,889 | \$ 3,034,082 | \$ 2,973,280 |
| Contribution in relation to the Actuarially Determined Contribution | (3,333,889) | (3,034,082) | (2,973,280) |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - |
| Covered-employee payroll | 15,017,486 | \$ 14,229,298 | \$ 13,896,353 |
| Contributions as a percentage of covered-employee payroll | 22.20% | 21.32% | 21.40% |
| Notes to Schedule | | | |
| Valuation date | 6/30/2014 | 6/30/2013 | 6/30/2012 |

Methods and assumptions used to determine contribution rates:

| | |
|---------------------------|---|
| Actuarial cost method | Entry age normal |
| Amortization method | Direct rte smoothing |
| Asset valuation method | Market Value |
| Inflation | 2.75% |
| Salary increases | Varies by entry age and service |
| Payroll growth | 3.00% |
| Investment rate of return | 7.5%, net of pension plan investment expenses, including inflation |
| Retirement age | The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. |
| Mortality | The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using scale AA published by the Society of Actuaries. |

**Historical information is required only for measurement periods for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only 3 years are show.

SUPPLEMENTARY INFORMATION

UNION SANITARY DISTRICT

SCHEDULE OF OPERATING EXPENSES BEFORE DEPRECIATION
FOR THE YEAR ENDED JUNE 30, 2017 AND 2016

| | 2017 | | | | 2016 | | | |
|--------------------------------|----------------------|---------------------------------------|-----------------------------|----------------------|----------------------|---------------------------------------|-----------------------------|----------------------|
| | Sewage Treatment | Sewage Collection & Engineering | General & Administrative | Total | Sewage Treatment | Sewage Collection & Engineering | General & Administrative | Total |
| Salaries and wages | \$ 5,844,754 | \$ 7,046,627 | \$ 3,055,453 | \$ 15,946,834 | \$ 5,581,380 | \$ 6,692,390 | \$ 3,187,901 | \$ 15,461,671 |
| Employee benefits | 2,743,421 | 3,448,879 | 2,141,465 | 8,333,765 | 2,143,880 | 2,695,466 | 1,720,254 | 6,559,600 |
| Recruitment and development | 114,328 | 67,171 | 213,544 | 395,043 | 92,840 | 72,350 | 216,060 | 381,250 |
| Temporary help | - | 146,702 | 42,373 | 189,075 | - | 41,134 | 8,243 | 49,377 |
| Repairs and maintenance | 1,489,598 | 716,611 | 7,860 | 2,214,069 | 1,389,802 | 750,887 | 11,653 | 2,152,342 |
| Operating supplies | 1,463,620 | 201,394 | - | 1,665,014 | 1,660,979 | 191,922 | - | 1,852,901 |
| Office and safety supplies | 129,967 | 232,059 | 287,662 | 649,688 | 150,382 | 217,787 | 264,228 | 632,397 |
| Insurance | - | - | 263,781 | 263,781 | - | - | 216,594 | 216,594 |
| Contractual services | 829,228 | 59,392 | - | 888,620 | 855,954 | 74,904 | - | 930,858 |
| Professional services | 172,741 | 72,816 | 684,151 | 929,708 | 191,753 | 80,275 | 777,880 | 1,049,908 |
| Utilities | 1,814,268 | 77,929 | 126,147 | 2,018,344 | 1,806,434 | 73,461 | 123,091 | 2,002,986 |
| East Bay Dischargers Authority | 1,263,944 | - | - | 1,263,944 | 1,213,490 | - | - | 1,213,490 |
| Non-capital projects | 325,767 | 325,768 | 337,285 | 988,820 | 336,665 | 336,665 | 287,050 | 960,380 |
| Sewer Service charge | | | | | | | | |
| administrative fee | 35,548 | 35,548 | 35,548 | 106,644 | 35,289 | 35,289 | 35,290 | 105,868 |
| Rents/Leases | 25,697 | 31,495 | - | 57,192 | 5,927 | 34,150 | - | 40,077 |
| Total | <u>\$ 16,252,881</u> | <u>\$ 12,462,391</u> | <u>\$ 7,195,269</u> | <u>\$ 35,910,541</u> | <u>\$ 15,464,775</u> | <u>\$ 11,296,680</u> | <u>\$ 6,848,244</u> | <u>\$ 33,609,699</u> |

UNION SANITARY DISTRICT**SCHEDULE OF INSURANCE COVERAGE
FOR THE YEAR ENDED JUNE 30, 2017**

The District's insurance policies and coverages in effect at June 30, 2017 are as follows:

| | |
|--|----------------|
| General liability (pooled liability program) | |
| Bodily injury, property damage, and personal injury | \$ 25,500,000 |
| Public entity errors and omissions and other related practices | 25,500,000 |
| Employment related practices | 25,500,000 |
| | |
| | Insured Value |
| Auto physical damage (primary insurance program) | \$ 3,839,196 |
| Workers' Compensation | 1,750,000 |
| Group Health and Life | Contract |
| Employee Disability and Salary Continuance | Contract |
| | |
| Property insurance, all property | \$ 251,702,717 |
| Accounts receivable | No sublimit |
| | |
| Employee Dishonesty Bond Coverages: | |
| Public Employee Dishonesty Bond | \$ 2,000,000 |
| Forgery and alteration | 2,000,000 |
| Computer Fraud | 2,000,000 |

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Statistical Section



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Table of Contents

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

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

UNION SANITARY DISTRICT

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

| Changes in Net Position | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Operating Revenues | | | | | | | | | | |
| Sewer Service Charges | \$32,851,938 | \$35,103,885 | \$37,217,073 | \$38,486,824 | \$40,630,578 | \$42,339,311 | \$45,139,420 | \$48,379,254 | \$50,112,564 | \$52,384,709 |
| Other Operating Revenues | 922,013 | 809,171 | 968,475 | 987,948 | 1,027,357 | 1,163,802 | 1,370,017 | 1,581,031 | 1,791,782 | 2,154,364 |
| Total Operating Revenues | <u>33,773,951</u> | <u>35,913,056</u> | <u>38,185,548</u> | <u>39,474,772</u> | <u>41,657,935</u> | <u>43,503,113</u> | <u>46,509,437</u> | <u>49,960,285</u> | <u>51,904,346</u> | <u>54,539,073</u> |
| Operating Expenses | | | | | | | | | | |
| Treatment | 11,881,805 | 12,938,404 | 13,995,781 | 14,342,352 | 14,255,266 | 16,088,929 | 15,410,523 | 14,956,369 | 15,464,775 | 16,252,881 |
| Collection and Engineering | 7,998,961 | 8,658,679 | 9,338,919 | 10,532,692 | 9,712,645 | 11,954,345 | 10,869,755 | 10,763,530 | 11,296,680 | 12,462,391 |
| General and Administration | 4,757,630 | 5,200,792 | 5,322,085 | 5,574,251 | 5,951,818 | 6,111,468 | 6,634,688 | 6,910,857 | 6,848,244 | 7,195,269 |
| Total Operating Expenses Before Depr. | <u>24,638,396</u> | <u>26,797,875</u> | <u>28,656,785</u> | <u>30,449,295</u> | <u>29,919,729</u> | <u>34,154,742</u> | <u>32,914,966</u> | <u>32,630,756</u> | <u>33,609,699</u> | <u>35,910,541</u> |
| Depreciation | 15,829,000 | 16,380,510 | 16,243,535 | 16,323,858 | 16,790,277 | 16,776,307 | 17,219,109 | 17,899,765 | 17,379,112 | 17,036,880 |
| Total Operating Expenseses | <u>40,467,396</u> | <u>43,178,385</u> | <u>44,900,320</u> | <u>46,773,153</u> | <u>46,710,006</u> | <u>50,931,049</u> | <u>50,134,075</u> | <u>50,530,521</u> | <u>50,988,811</u> | <u>52,947,421</u> |
| Operating Loss | <u>(6,693,445)</u> | <u>(7,265,329)</u> | <u>(6,714,772)</u> | <u>(7,298,381)</u> | <u>(5,052,071)</u> | <u>(7,427,936)</u> | <u>(3,624,638)</u> | <u>(570,236)</u> | <u>915,535</u> | <u>1,591,652</u> |
| Non-operating Revenues (Expenses) | | | | | | | | | | |
| Investment Income | 1,746,157 | 1,136,138 | 349,012 | 274,328 | 248,337 | 178,690 | 180,041 | 160,790 | 496,439 | 482,342 |
| Interest Expense | (775,179) | (647,171) | (867,781) | (1,114,313) | (858,162) | (1,138,677) | (1,106,609) | (971,695) | (916,968) | (860,316) |
| Loss on Retirement of Utility in Capital Assets | (384,325) | (134,787) | (95,110) | (751,601) | (127,430) | (1,479,254) | (796,735) | (1,165,160) | (30,472) | (52,458) |
| Gain (loss) on Equity Investment in EBDA | (46,886) | (12,946) | (76,498) | (95,011) | (100,827) | (89,170) | (92,180) | (86,652) | (160,540) | (432,674) |
| Other Non-operating Expenses | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Non-operating Revenues | <u>539,767</u> | <u>341,234</u> | <u>(690,377)</u> | <u>(1,686,597)</u> | <u>(838,082)</u> | <u>(2,528,411)</u> | <u>(1,815,483)</u> | <u>(2,062,717)</u> | <u>(611,541)</u> | <u>(863,106)</u> |
| Loss Before Contributions | <u>(6,153,678)</u> | <u>(6,924,095)</u> | <u>(7,405,149)</u> | <u>(8,984,978)</u> | <u>(5,890,153)</u> | <u>(9,956,347)</u> | <u>(5,440,121)</u> | <u>(2,632,953)</u> | <u>303,994</u> | <u>728,546</u> |
| Connection Fees and Other Contrib. Capital | <u>6,231,701</u> | <u>2,648,784</u> | <u>3,196,347</u> | <u>7,850,769</u> | <u>4,386,772</u> | <u>7,072,821</u> | <u>4,201,932</u> | <u>9,595,219</u> | <u>9,096,373</u> | <u>16,560,652</u> |
| Change in Net Position | 78,023 | (4,275,311) | (4,208,802) | (1,134,209) | (1,503,381) | (2,883,526) | (1,238,189) | 6,962,266 | 9,400,367 | 17,289,198 |
| Net Position, Beginning of Year | 363,022,293 | 364,988,951 | 360,713,640 | 356,504,838 | 355,370,629 | 353,867,248 | 350,983,722 | 349,745,533 | 325,045,364 | 334,445,731 |
| Prior period adjustment | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>(31,662,435) *</u> | <u>0</u> | <u>0</u> |
| Net Position, End of Year | <u>\$363,100,316</u> | <u>\$360,713,640</u> | <u>\$356,504,838</u> | <u>\$355,370,629</u> | <u>\$353,867,248</u> | <u>\$350,983,722</u> | <u>\$349,745,533</u> | <u>\$325,045,364</u> | <u>\$334,445,731</u> | <u>\$351,734,929</u> |
| Statement of Net Position by Component | | | | | | | | | | |
| Net investment in capital assets | \$312,722,057 | \$308,753,429 | \$302,407,235 | \$300,489,831 | \$296,939,157 | \$294,393,392 | \$299,269,526 | \$297,462,404 | \$295,355,262 | \$294,906,308 |
| Restricted | 10,166,261 | 14,290,870 | 14,840,623 | 16,877,836 | 19,346,378 | 20,297,820 | 17,622,778 | 19,808,500 | 25,075,327 | 34,360,257 |
| Unrestricted | 2,927,822 | 37,669,341 | 39,256,980 | 38,002,962 | 37,581,713 | 36,292,510 | 32,853,229 | 7,774,460 | 14,015,142 | 22,468,364 |
| Restricted-Retiree medical benefit plan | 1,457,853 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unrestricted | <u>35,826,323</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total USD net position | <u>\$363,100,316</u> | <u>\$360,713,640</u> | <u>\$356,504,838</u> | <u>\$355,370,629</u> | <u>\$353,867,248</u> | <u>\$350,983,722</u> | <u>\$349,745,533</u> | <u>\$325,045,364</u> | <u>\$334,445,731</u> | <u>\$351,734,929</u> |

* GASB 68 Adjustment

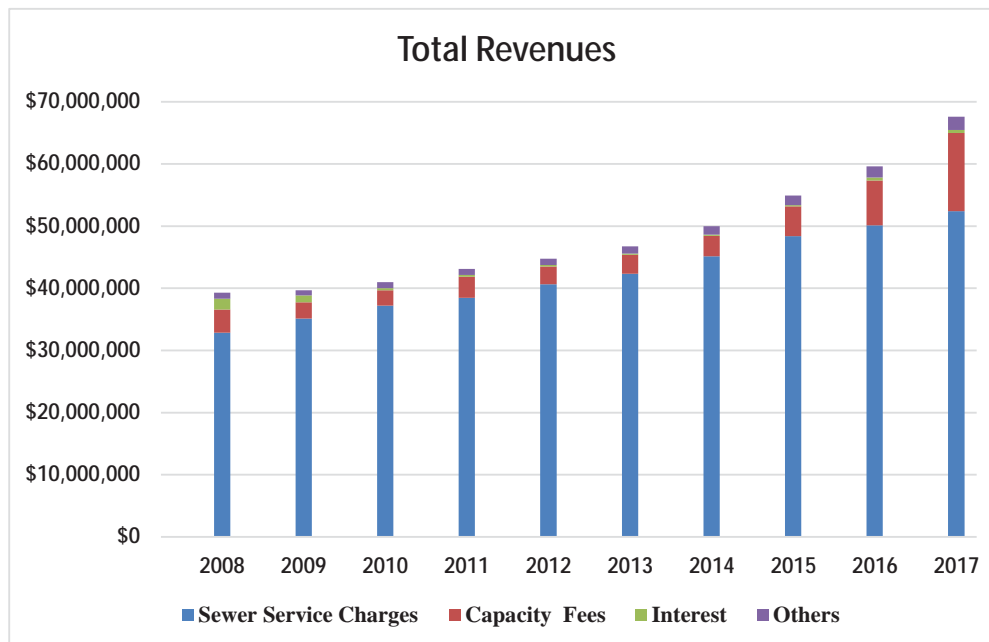
** Capital asset threshold increased from \$5,000 to \$10,000

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> |
|--------------------|----------------------------------|--------------------------|-----------------|----------------|-----------------------|
| 2017 | \$ 52,384,709 | \$ 12,595,637 | \$ 482,342 | \$ 2,154,364 | \$ 67,617,052 |
| 2016 | \$ 50,112,564 | \$ 7,233,338 | \$ 496,439 | \$ 1,791,782 | \$ 59,634,123 |
| 2015 | \$ 48,379,254 | \$ 4,820,637 | \$ 160,790 | \$ 1,581,031 | \$ 54,941,712 |
| 2014 | \$ 45,139,420 | \$ 3,315,007 | \$ 180,071 | \$ 1,370,017 | \$ 50,004,515 |
| 2013 | \$ 42,339,311 | \$ 3,062,836 | \$ 178,690 | \$ 1,163,802 | \$ 46,744,639 |
| 2012 | \$ 40,630,578 | \$ 2,848,488 | \$ 248,337 | \$ 1,027,357 | \$ 44,754,760 |
| 2011 | \$ 38,486,824 | \$ 3,381,963 | \$ 274,328 | \$ 987,948 | \$ 43,131,063 |
| 2010 | \$ 37,217,073 | \$ 2,467,083 | \$ 349,012 | \$ 968,475 | \$ 41,001,643 |
| 2009 | \$ 35,103,885 | \$ 2,621,801 | \$ 1,136,138 | \$ 809,171 | \$ 39,670,995 |
| 2008 | \$ 32,851,938 | \$ 3,746,046 | \$ 1,746,157 | \$ 922,013 | \$ 39,266,154 |

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

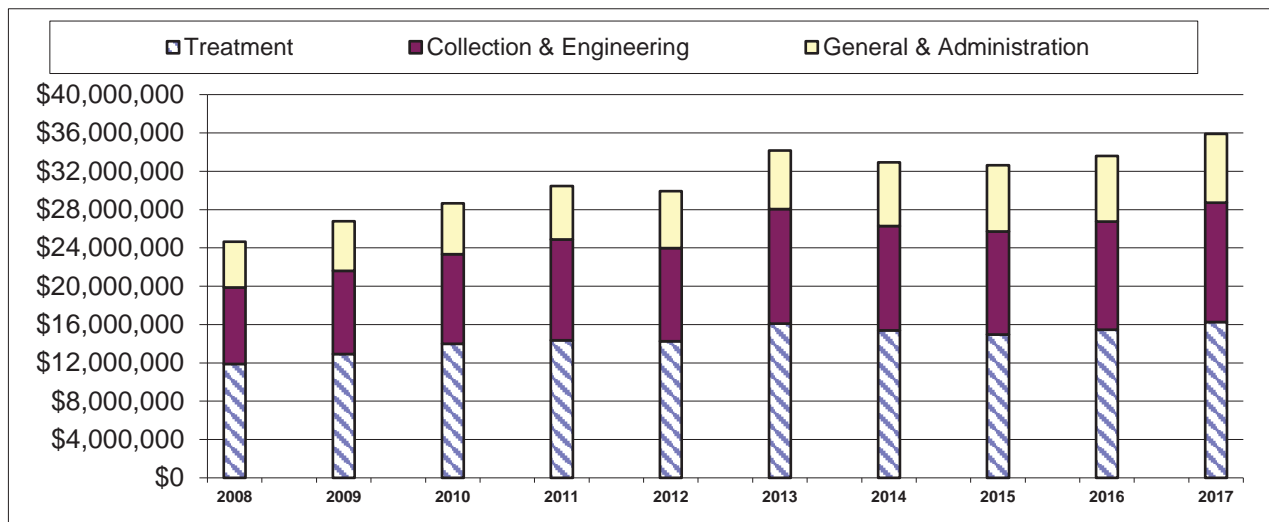


The District's main source of revenue is sewer service charges, which are collected on behalf of the District by Alameda County, on the tax rolls as part of the Teeter Plan.

UNION SANITARY DISTRICT

Operating Expenses By Function

| <u>Fiscal Year</u> | <u>Sewage Treatment</u> | <u>Sewage Collection & Engineering</u> | <u>General & Administration</u> | <u>Total Operating Expenses</u> |
|--------------------|-----------------------------|--|---|-------------------------------------|
| 2017 | \$16,252,881 | \$12,462,391 | \$7,195,269 | \$35,910,541 |
| 2016 | \$15,464,775 | \$11,296,680 | \$6,848,244 | \$33,609,699 |
| 2015 | 14,956,369 | 10,763,530 | 6,910,857 | 32,630,756 |
| 2014 | 15,410,523 | 10,869,755 | 6,634,688 | 32,914,966 |
| 2013 | 16,088,929 | 11,954,345 | 6,111,468 | 34,154,742 |
| 2012 | 14,255,266 | 9,712,645 | 5,951,818 | 29,919,729 |
| 2011 | 14,342,352 | 10,532,692 | 5,574,251 | 30,449,295 |
| 2010 | 13,995,781 | 9,338,919 | 5,322,085 | 28,656,785 |
| 2009 | 12,938,404 | 8,658,679 | 5,200,792 | 26,797,875 |
| 2008 | 11,881,805 | 7,998,961 | 4,757,630 | 24,638,396 |



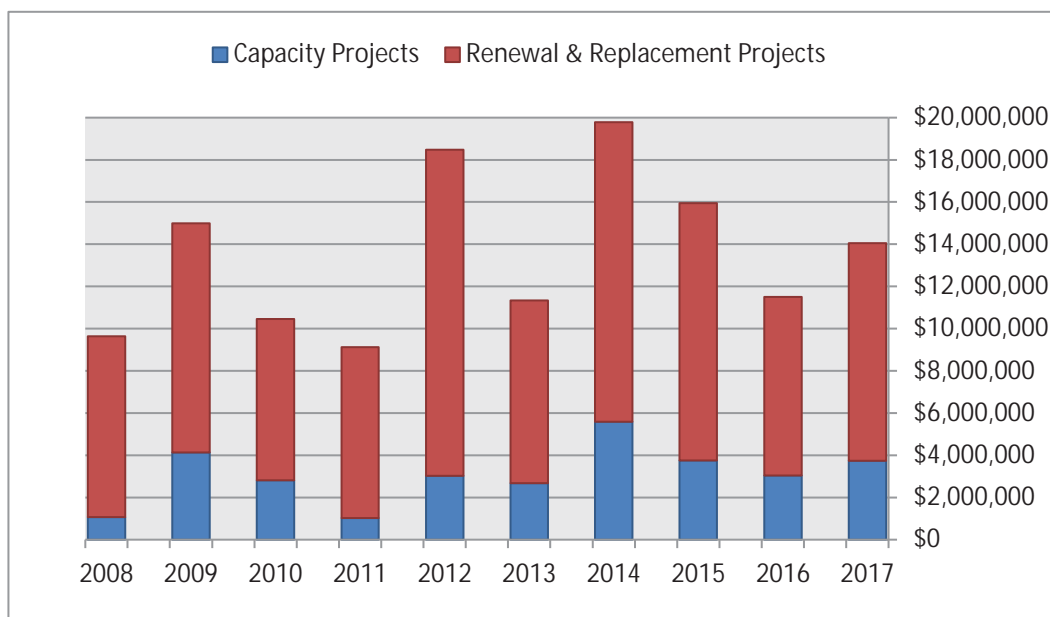
Operating expenses are the day-to-day expenses to run the District, including labor, benefits, chemicals, utilities, parts and materials, and other supplies. Depreciation, a non-cash operating expense, is not included here. Capital expenditures are not included in operating expenses.

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

UNION SANITARY DISTRICT

Capital Expenditures

| <u>Fiscal Year</u> | <u>Capacity Projects</u> | <u>Renewal & Replacement Projects</u> | <u>Total Capital Expenditures</u> |
|--------------------|--------------------------|---|-----------------------------------|
| 2017 | \$3,734,780 | \$10,310,989 | \$14,045,769 * |
| 2016 | \$3,037,012 | \$8,466,899 | \$11,503,911 |
| 2015 | 3,755,472 | 12,194,927 | 15,950,399 |
| 2014 | 5,592,023 | 14,195,068 | 19,787,091 |
| 2013 | 2,673,173 | 8,663,485 | 11,336,658 |
| 2012 | 3,032,556 | 15,453,790 | 18,486,346 |
| 2011 | 1,030,689 | 8,099,110 | 9,129,799 |
| 2010 | 2,809,723 | 7,641,018 | 10,450,741 |
| 2009 | 4,134,515 | 10,861,404 | 14,995,919 |
| 2008 | 1,070,104 | 8,571,513 | 9,641,617 |



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

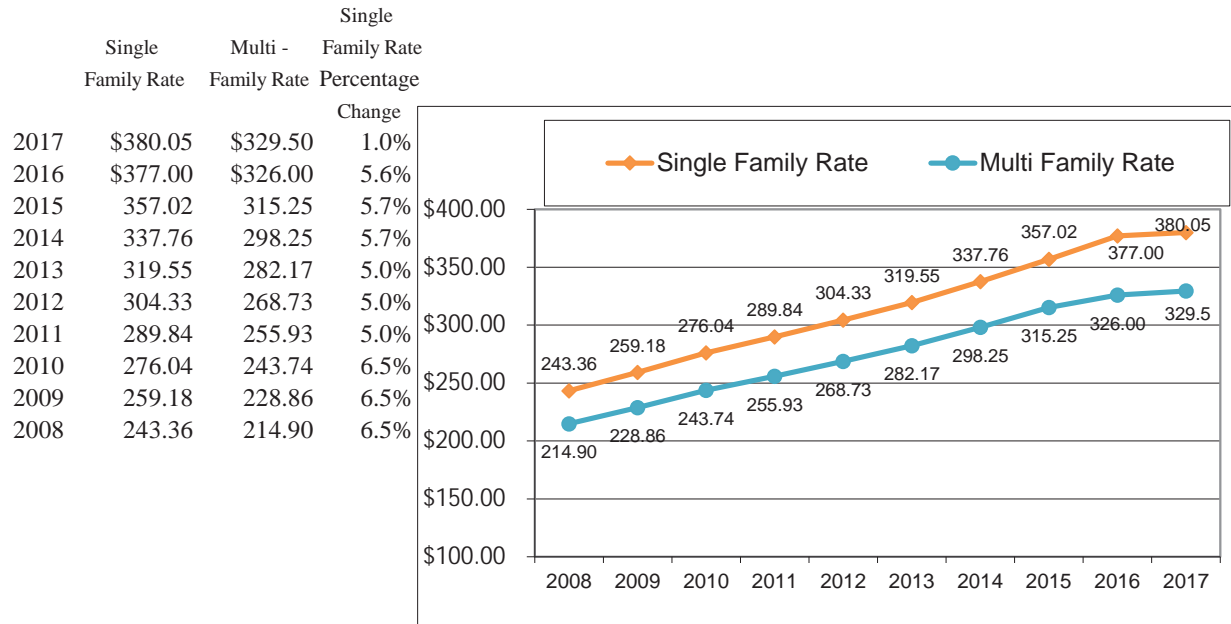
Structural renewal & replacement projects provide rehabilitation, replacement, or upgrade of existing facilities to prolong the useful life of the assets and to maintain the current service level of the facilities.

*Does not include Self Generation Incentive Program (SGIP) credit of \$251,930 for the Co-generation project.

UNION SANITARY DISTRICT

Current and Historical Fees As of June 30, 2017 Last Ten Years

Sewer Service Charge Rates



The fees above are for residential units. A property with multiple housing units such as an apartment complex is charged \$329.50 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



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

UNION SANITARY DISTRICT

Ten Principal Industrial Rate Payers by Levy

June 30, 2017

| 2016-17 | | | | 2015-16 | | | | 2014-15 | | | |
|-----------------------------------|----------------------|------|----------------------------|-----------------------------------|----------------------|------|----------------------------|-----------------------------------|----------------------|------|----------------------------|
| Rate Payer | Total Annual Billing | Rank | % of Total Annual Billings | Rate Payer | Total Annual Billing | Rank | % of Total Annual Billings | Rate Payer | Total Annual Billing | Rank | % of Total Annual Billings |
| Tesla | \$1,141,868 | | 2.18% | Tesla | \$469,466 | 1 | 0.94% | Tesla | \$324,934 | 1 | 0.67% |
| Washington Hospital | 206,132 | | 0.39% | Western Digital | 218,616 | 2 | 0.44% | Western Digital | 235,844 | 2 | 0.49% |
| Western Digital | 176,435 | | 0.34% | Seagate Technology #3 | 152,100 | 3 | 0.30% | Washington Hospital | 153,645 | 3 | 0.32% |
| Ranch 99/Warm Springs Shopping | 161,772 | | 0.31% | Washington Hospital | 147,910 | 4 | 0.30% | Seagate Technology | 116,332 | 4 | 0.24% |
| Marriott Hotel | 142,229 | | 0.27% | U S Pipe | 123,218 | 5 | 0.25% | Lido Faire Shopping Center | 114,536 | 5 | 0.24% |
| Ranch 99/Newark | 133,807 | | 0.26% | Marriott Hotel | 119,716 | 6 | 0.24% | Pacific Commons (Kohls/Old | 113,472 | 6 | 0.23% |
| U S Pipe | 130,685 | | 0.25% | Kaiser Hospital | 118,369 | 7 | 0.24% | Pacific Commons (Area 4-As | 108,292 | 7 | 0.22% |
| Kaiser Hospital | 125,907 | | 0.24% | Ranch 99/Warm Springs Shopping | 115,458 | 8 | 0.23% | Ranch 99/Warm Springs Shc | 108,163 | 8 | 0.22% |
| Gateway Plaza | 124,269 | | 0.24% | Pacific Commons (Area 4-Asian F | 112,498 | 9 | 0.22% | Full Bloom | 105,805 | 9 | 0.22% |
| Pacific Commons (Area 4-Asian P | 119,920 | | 0.23% | Pacific Commons (Kohls/Old Nav | 108,358 | 10 | 0.22% | Kaiser Hospital | 102,771 | 10 | 0.21% |
| Total annual billing largest ten: | <u>\$2,463,022</u> | | <u>4.70%</u> | Total annual billing largest ten: | <u>\$1,685,708</u> | | <u>3.36%</u> | Total annual billing largest ten: | <u>\$1,483,794</u> | | <u>3.07%</u> |
| Total ALL annual billings | <u>\$52,384,709</u> | | | Total ALL annual billings | <u>\$50,112,564</u> | | | Total ALL annual billings | <u>\$48,379,254</u> | | |

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| 2013-14 | | | | 2012-13 | | | | 2011-12 | | | |
|-----------------------------------|----------------------|------|----------------------------|-----------------------------------|----------------------|------|----------------------------|-----------------------------------|----------------------|------|----------------------------|
| Rate Payer | Total Annual Billing | Rank | % of Total Annual Billings | Rate Payer | Total Annual Billing | Rank | % of Total Annual Billings | Rate Payer | Total Annual Billing | Rank | % of Total Annual Billings |
| Western Digital | \$260,023 | 1 | 0.58% | Western Digital | \$216,919 | 1 | 0.51% | Western Digital | \$269,619 | 1 | 0.66% |
| Washington Hospital | 148,743 | 2 | 0.33% | Seagate Technology | 114,131 | 2 | 0.27% | Solyndra | 210,366 | 2 | 0.52% |
| Seagate Technology | 140,016 | 3 | 0.31% | Washington Hospital | 105,407 | 3 | 0.25% | NUMMI/Tesla | 148,978 | 3 | 0.37% |
| Tesla | 137,788 | 4 | 0.31% | Pacific Commons (Kohls/Old Nav | 95,188 | 4 | 0.22% | Evergreen Oil | 133,925 | 4 | 0.33% |
| Ranch 99 Warms Springs Shopping | 112,329 | 5 | 0.25% | Ranch 99 Warms Springs Shoppi | 90,954 | 5 | 0.21% | Washington Hospital | 112,361 | 5 | 0.28% |
| Gateway Plaza | 101,416 | 6 | 0.22% | The Benton in Fremont | 90,859 | 6 | 0.21% | Caravan Trading Co. & Bake | 103,048 | 6 | 0.25% |
| Kaiser Hospital | 99,174 | 7 | 0.22% | U S Pipe | 90,780 | 7 | 0.21% | The Benton in Fremont | 86,531 | 7 | 0.21% |
| Pacific Commons (Area 4) | 99,159 | 8 | 0.22% | Solyndra | 89,164 | 8 | 0.21% | Kaiser Hospital | 84,813 | 8 | 0.21% |
| The Benton in Fremont | 96,037 | 9 | 0.21% | Lam Research | 88,904 | 9 | 0.21% | Gateway Plaza | 81,681 | 9 | 0.20% |
| Pacific Commons (Kohls/Old Navy | 90,880 | 10 | 0.20% | Kaiser Hospital | 83,879 | 10 | 0.20% | U S Pipe | 76,091 | 10 | 0.19% |
| Total annual billing largest ten: | <u>\$1,285,565</u> | | <u>2.85%</u> | Total annual billing largest ten: | <u>\$1,066,186</u> | | <u>2.52%</u> | Total annual billing largest ten: | <u>\$1,307,413</u> | | <u>3.22%</u> |
| Total ALL annual billings | <u>\$45,139,420</u> | | | Total ALL annual billings | <u>\$42,339,311</u> | | | Total ALL annual billings | <u>\$40,630,578</u> | | |

UNION SANITARY DISTRICT
Ten Principal Industrial Rate Payers by Levy (continued)
June 30, 2017

| 2010-11 | | | | 2009-10 | | | | 2008-09 | | | |
|-----------------------------------|----------------------|------|----------------------------|-----------------------------------|----------------------|------|----------------------------|-----------------------------------|----------------------|------|----------------------------|
| Rate Payer | Total Annual Billing | Rank | % of Total Annual Billings | Rate Payer | Total Annual Billing | Rank | % of Total Annual Billings | Rate Payer | Total Annual Billing | Rank | % of Total Annual Billings |
| NUMMI | \$391,105 | 1 | 1.02% | NUMMI | \$549,041 | 1 | 1.48% | NUMMI | \$525,177 | 1 | 1.50% |
| Western Digital | 215,190 | 2 | 0.56% | Western Digital | 227,410 | 2 | 0.61% | Western Digital | 273,113 | 2 | 0.78% |
| Washington Hospital | 136,804 | 3 | 0.36% | Evergreen Oil | 136,078 | 3 | 0.37% | Washington Hospital | 146,515 | 3 | 0.42% |
| Evergreen Oil | 124,684 | 4 | 0.32% | Washington Hospital | 128,056 | 4 | 0.34% | Evergreen Oil | 136,727 | 4 | 0.39% |
| Solyndra | 120,712 | 5 | 0.31% | Full Bloom | 122,577 | 5 | 0.33% | Hilton Hotel | 77,798 | 5 | 0.22% |
| Full Bloom | 109,681 | 6 | 0.28% | The Benton in Fremont | 78,484 | 6 | 0.21% | Full Bloom | 75,086 | 6 | 0.21% |
| The Benton in Fremont | 82,409 | 7 | 0.21% | The Tropics Trailer Park | 77,194 | 7 | 0.21% | The Benton in Fremont | 73,693 | 7 | 0.21% |
| Seagate Technology | 82,333 | 8 | 0.21% | Solyndra | 73,694 | 8 | 0.20% | Union Square | 73,546 | 8 | 0.21% |
| Kaiser Hospital | 78,993 | 9 | 0.21% | Lam Research | 73,316 | 9 | 0.20% | The Tropics Trailer Park | 72,481 | 9 | 0.21% |
| Amgen | 75,741 | 10 | 0.20% | Union Square | 71,960 | 10 | 0.19% | Kaiser Hospital | 67,334 | 10 | 0.19% |
| Total annual billing largest ten: | <u>\$1,417,652</u> | | <u>3.68%</u> | Total annual billing largest ten: | <u>\$1,537,810</u> | | <u>4.13%</u> | Total annual billing largest ten: | <u>\$1,521,470</u> | | <u>4.33%</u> |
| Total ALL annual billings | <u>\$38,486,824</u> | | | Total ALL annual billings | <u>\$37,217,073</u> | | | Total ALL annual billings | <u>\$35,103,885</u> | | |

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| 2007-08 | | | |
|-----------------------------------|----------------------|------|----------------------------|
| Rate Payer | Total Annual Billing | Rank | % of Total Annual Billings |
| NUMMI | \$496,063 | 1 | 1.51% |
| Western Digital | 274,533 | 2 | 0.84% |
| Washington Hospital | 139,089 | 3 | 0.42% |
| Evergreen Oil | 114,815 | 4 | 0.35% |
| U S Pipe | 82,993 | 5 | 0.25% |
| DS Waters/McKesson | 79,118 | 6 | 0.24% |
| Union Square | 74,001 | 7 | 0.23% |
| The Benton in Fremont | 69,198 | 8 | 0.21% |
| The Tropics Trailer Park | 68,061 | 9 | 0.21% |
| MMC Technology/Maxtor | 66,597 | 10 | 0.20% |
| Total annual billing largest ten: | <u>\$1,464,468</u> | | <u>4.46%</u> |
| Total ALL annual billings | <u>\$32,851,938</u> | | |

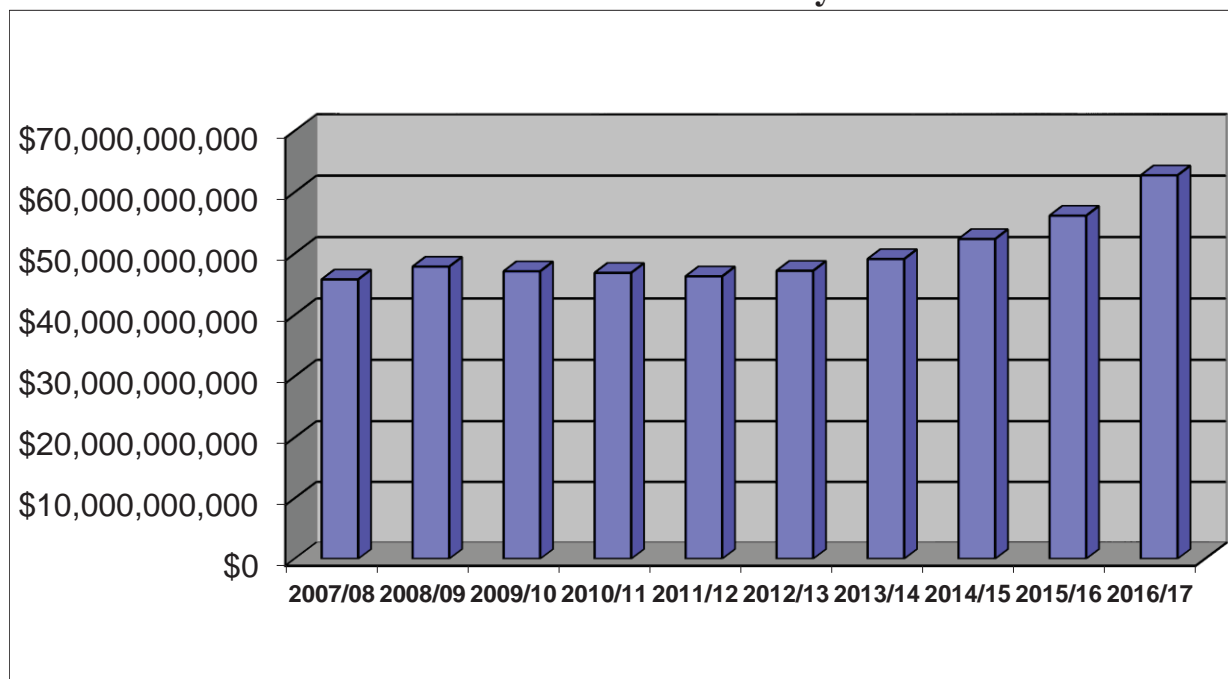
UNION SANITARY DISTRICT

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

Valuation of taxable property within Union Sanitary District

| | | % Change |
|---------|------------------|----------|
| 2016/17 | \$62,748,855,394 | 11.69% |
| 2015/16 | \$56,180,082,061 | 7.25% |
| 2014/15 | \$52,380,183,178 | 6.64% |
| 2013/14 | \$49,120,298,326 | 4.06% |
| 2012/13 | \$47,205,182,529 | 1.95% |
| 2011/12 | \$46,301,581,317 | -1.22% |
| 2010/11 | \$46,871,083,762 | -0.54% |
| 2009/10 | \$47,125,012,456 | -1.57% |
| 2008/09 | \$47,878,943,360 | 4.55% |
| 2007/08 | \$45,796,626,625 | 6.56% |

Assessed Valuation for Tri-City Area



Includes property in Fremont, Newark, and Union City.

UNION SANITARY DISTRICT

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

| Fiscal Year | Use Permit (1) | State Revolving Fund | | # of Parcels | Total Debt/ Parcel |
|----------------|-------------------|----------------------|--------------------|-----------------|-----------------------|
| | | Loans Payable (2) | Principal Total | | |
| 2017 | \$0 | \$44,272,413 | \$44,272,413 | 95,997 | 461 |
| 2016 | 0 | 43,070,909 | 43,070,909 | 95,254 | 452 |
| 2015 | 0 | 41,861,476 | 41,861,476 | 94,768 | 442 |
| 2014 | 0 | 39,488,115 | 39,488,115 | 94,877 | 416 |
| 2013 | 0 | 40,648,328 | 40,648,328 | 94,640 | 430 |
| 2012 | 0 | 39,630,289 | 39,630,289 | 94,351 | 420 |
| 2011 | 471,698 | 31,985,449 | 32,457,147 | 94,231 | 344 |
| 2010 | 916,696 | 33,594,457 | 34,511,153 | 93,962 | 367 |
| 2009 | 1,336,506 | 29,499,150 | 30,835,656 | 93,666 | 329 |
| 2008 | 1,732,553 | 25,367,381 | 27,099,934 | 92,427 | 293 |

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⁾ |
|----------------|----------------------------------|--------------------------------------|--|------------------------------|--------------------------------------|
| 2017 | \$67,617,052 | \$35,910,541 | \$31,706,511 | 3,127,110 | 1014% |
| 2016 | 59,634,122 | 33,609,699 | 26,024,423 | 3,127,110 | 832% |
| 2015 | 54,941,712 | 32,630,756 | 22,310,956 | 3,127,110 | 713% |
| 2014 | 50,004,485 | 32,914,966 | 17,089,519 | 4,086,647 | 418% |
| 2013 | 46,744,639 | 34,154,742 | 12,589,897 | 4,429,320 | 284% |
| 2012 | 44,754,760 | 29,919,730 | 14,835,030 | 4,429,320 | 335% |
| 2011 | 43,131,063 | 30,449,295 | 12,681,768 | 3,584,000 | 354% |
| 2010 | 41,001,643 | 28,656,785 | 12,344,858 | 3,476,933 | 355% |
| 2009 | 39,670,995 | 26,797,875 | 12,873,120 | 3,368,548 | 382% |
| 2008 | 39,266,154 | 24,638,396 | 14,627,758 | 3,368,548 | 434% |

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

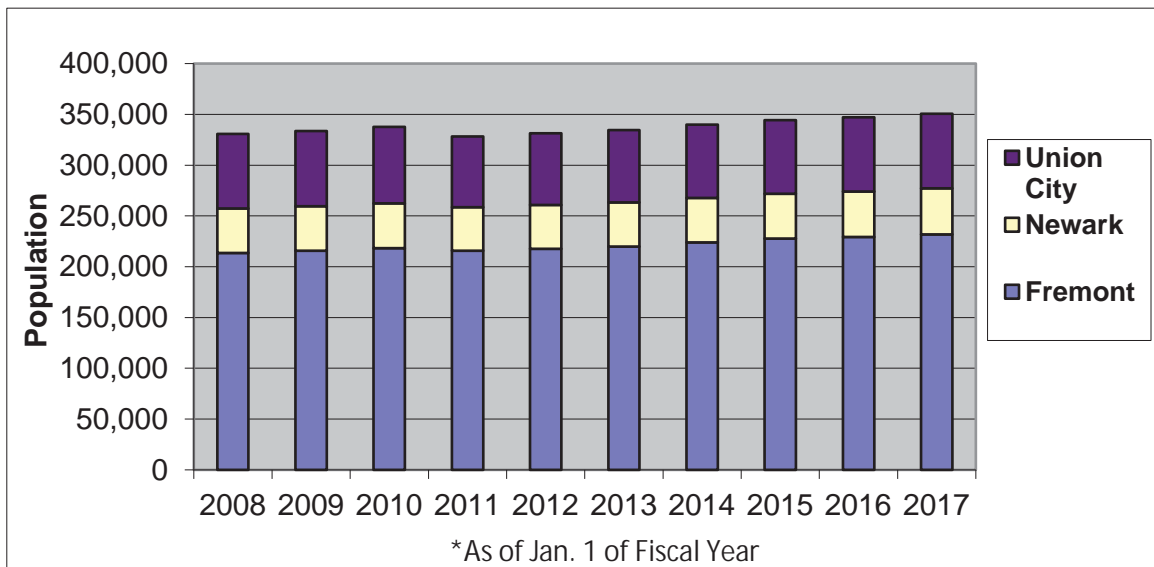
(2) Excludes depreciation; operating expenses do not include capital project expenditures.

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

UNION SANITARY DISTRICT

Demographics Population Served*

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Fremont | 213,512 | 215,636 | 218,128 | 215,711 | 217,700 | 219,926 | 223,972 | 227,582 | 229,324 | 231,664 |
| Newark | 43,872 | 44,035 | 44,380 | 42,764 | 43,041 | 43,342 | 43,856 | 44,284 | 44,733 | 45,422 |
| Union City | 73,402 | 73,977 | 75,054 | 69,850 | 70,646 | 71,329 | 72,155 | 72,412 | 72,952 | 73,452 |
| Total | 330,786 | 333,648 | 337,562 | 328,325 | 331,387 | 334,597 | 339,983 | 344,278 | 347,009 | 350,538 |
| Total % Change | 0.96% | 0.87% | 1.17% | -2.74% | 0.93% | 0.97% | 1.61% | 1.26% | 0.79% | 1.02% |



UNION SANITARY DISTRICT
Demographics of Population Served
(Calendar Year)

| | Per Capita Income | Median Household Income Data | Unemployment Rate |
|--------------|--------------------------|-------------------------------------|--------------------------|
| 2016 Fremont | \$40,563 | N/A | 3.4% |
| Newark | N/A | N/A | 4.1% |
| Union City | \$60,218 | N/A | 4.3% |
| 2015 Fremont | \$40,563 | N/A | 3.7% |
| Newark | \$31,043 | N/A | 4.1% |
| Union City | \$59,111 | N/A | 4.4% |
| 2014 Fremont | \$40,562 | \$103,591 | 4.6% |
| Newark | \$30,572 | \$86,521 | 5.0% |
| Union City | \$57,758 | \$82,564 | 5.7% |
| 2013 Fremont | \$43,504 | N/A | 5.3% |
| Newark | \$29,390 | N/A | 5.3% |
| Union City | \$56,365 | N/A | 7.4% |
| 2012 Fremont | \$38,095 | N/A | 6.4% |
| Newark | \$28,683 | N/A | 6.5% |
| Union City | \$55,224 | N/A | 9.0% |
| 2011 Fremont | \$37,261 | N/A | 7.5% |
| Newark | \$28,466 | N/A | 9.7% |
| Union City | \$51,239 | N/A | 10.3% |
| 2010 Fremont | N/A | N/A | 8.2% |
| Newark | N/A | N/A | 10.5% |
| Union City | N/A | N/A | 11.3% |

| County | Income Category | Number of Persons in Household | | | | | | | |
|-----------------------|----------------------|--------------------------------|-------|--------|--------------|--------|--------|--------|--------|
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Alameda County | Extremely Low | 21950 | 25050 | 28200 | 31300 | 33850 | 36350 | 38850 | 41350 |
| 4-Person | Very Low Income | 36550 | 41750 | 46950 | 52150 | 56350 | 60500 | 64700 | 68850 |
| Area Median Income: | Low Income | 56300 | 64350 | 72400 | 80400 | 86850 | 93300 | 99700 | 106150 |
| \$97,400 | Median Income | 68200 | 77900 | 87650 | 97400 | 105200 | 113000 | 120800 | 128550 |
| | Moderate Income | 81850 | 93500 | 105200 | 116900 | 126250 | 135600 | 144950 | 154300 |

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

UNION SANITARY DISTRICT

Demographics Major Employers in District Service Area

Percent of Total Employees as of fiscal year ended June 30,*

| | Employer Name | Type of Business | 2017 | 2016 | 2015 | 2014 | % of Total City Employment | | | | | |
|------------|-----------------------------------|-----------------------------|------|-------|-------|-------|-------------------------------|-------|-------|-------|-------|-------|
| | | | | | | | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
| Fremont | Tesla | Auto Manufacturer | N/A | 3.12% | 2.68% | 2.75% | 2.81% | 1.45% | N/A | N/A | N/A | N/A |
| | Fremont Unified School District | Education | N/A | 2.47% | 2.38% | 2.75% | 2.81% | 2.90% | 3.27% | 3.02% | 1.52% | 1.51% |
| | Washington Hospital | Healthcare | N/A | 2.68% | 2.68% | 2.75% | 1.70% | 1.76% | 1.98% | 1.81% | 2.18% | 2.16% |
| | Western Digital | Hard Drives and Electronics | N/A | 2.68% | 2.68% | 2.75% | 1.22% | 1.26% | 1.20% | 1.81% | 0.91% | 1.05% |
| | Lam Research | Technology | N/A | 2.68% | 2.68% | 2.75% | 1.41% | 1.45% | 1.00% | 0.96% | 0.84% | 1.14% |
| Newark | Newark Unified School District | Education | N/A | 4.20% | 3.10% | 3.20% | 3.30% | 3.40% | 3.40% | 3.40% | 3.40% | N/A |
| | Logitech | Computer Accessories | N/A | 3.00% | 3.00% | 3.10% | 3.20% | 3.00% | N/A | N/A | N/A | N/A |
| | WorldPac | Auto Part Distribution | N/A | 0.90% | 1.70% | 1.30% | 1.30% | 1.40% | 1.40% | 1.40% | 1.40% | N/A |
| | Risk Management Solutions | Catastrophe Risk Management | N/A | 1.40% | 1.20% | 1.20% | 1.30% | 1.30% | 1.30% | 1.30% | 1.30% | N/A |
| | VM Services Inc | Technology | N/A | 1.00% | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Union City | Southern Wine & Spirits | Beverages | N/A | 3.67% | 3.44% | 3.44% | 3.54% | 3.71% | 1.13% | 1.16% | 2.32% | 2.22% |
| | New Haven Unified School District | Education | N/A | 3.10% | 3.01% | 3.01% | 3.07% | 3.22% | 3.69% | 3.76% | 3.70% | 3.84% |
| | City of Union City | Government | N/A | 1.27% | 0.98% | 0.96% | 0.98% | 1.04% | 1.00% | 1.17% | 1.13% | 1.13% |
| | Wal Mart | Retailer | N/A | 1.20% | 2.34% | 2.34% | 2.40% | 2.52% | 1.62% | 1.65% | 1.86% | 1.77% |
| | Abaxis, Inc. | Biotech | N/A | 1.20% | 1.11% | 1.11% | 1.14% | 1.19% | N/A | N/A | N/A | N/A |

More statistics will be added as the data becomes available.

* Some employers report as of December 31.

UNION SANITARY DISTRICT

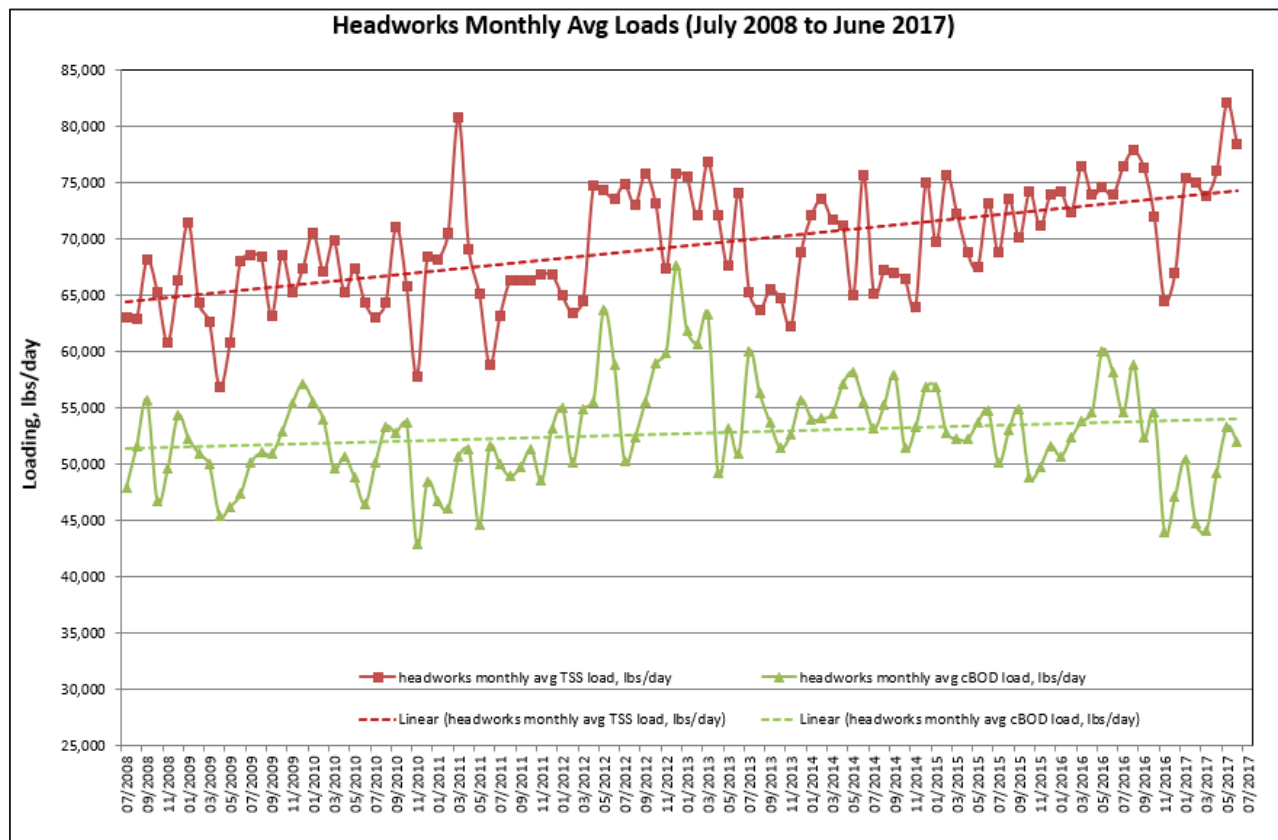
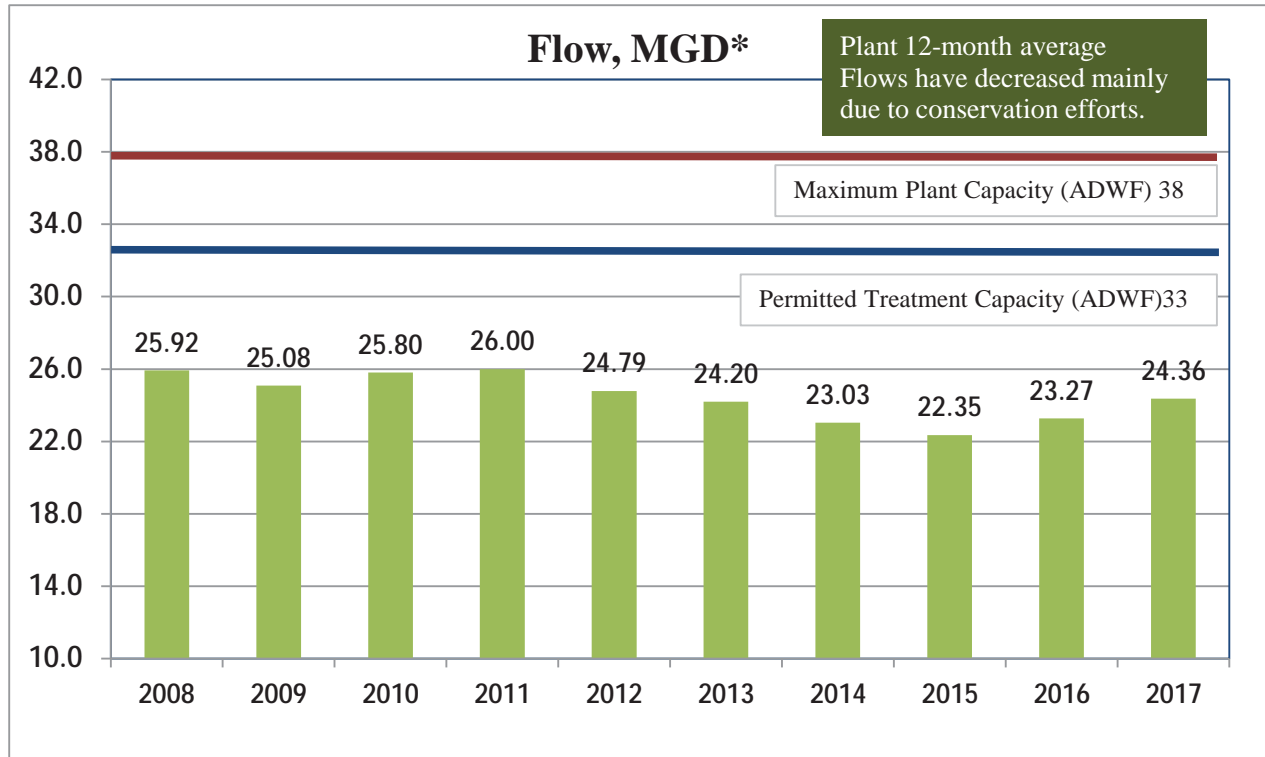
Full-time Equivalent District Employees by Function/Program Last 10 Fiscal Years

| Function/Program | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| System operations and maintenance (CS Support, FMC, T&D, Warehouse) | 52.45 | 53.45 | 53.45 | 50.45 | 51.45 | 38.00 | 39.00 | 43.00 | 45.00 | 51.23 |
| Engineering and construction (CIP) | 9.00 | 10.00 | 8.00 | 8.00 | 7.00 | 8.00 | 8.00 | 6.00 | 6.00 | 6.00 |
| Collections System Maintenance (CS) | 25.00 | 25.00 | 23.00 | 23.00 | 24.00 | 22.00 | 22.00 | 22.00 | 22.00 | 21.00 |
| Office of the General Manager (GM) | 2.00 | 2.00 | 3.00 | 1.00 | 2.00 | 3.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Finance (FIST) | 3.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Information systems (IT) | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 4.00 | 5.00 | 5.00 | 5.00 |
| Administration department (Adm Specialist, MMT, non-HR OST) | 13.00 | 14.00 | 13.00 | 14.00 | 15.00 | 14.00 | 16.00 | 15.00 | 15.50 | 15.50 |
| Customer and community services (Rest of TS) | 20.00 | 20.00 | 18.00 | 19.00 | 19.00 | 19.00 | 19.00 | 19.00 | 21.00 | 21.00 |
| Human resources (HR) | 2.00 | 2.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Total # of Employees | 131.45 | 136.45 | 131.45 | 128.45 | 131.45 | 117.00 | 118.00 | 120.00 | 124.50 | 129.73 |
| Average years of service of employees as of 6/30/17: | 10.60 | 10.54 | 11.25 | 11.97 | 11.70 | 13.66 | 13.04 | 12.27 | 11.23 | 10.06 |

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

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

Plant Flow Data



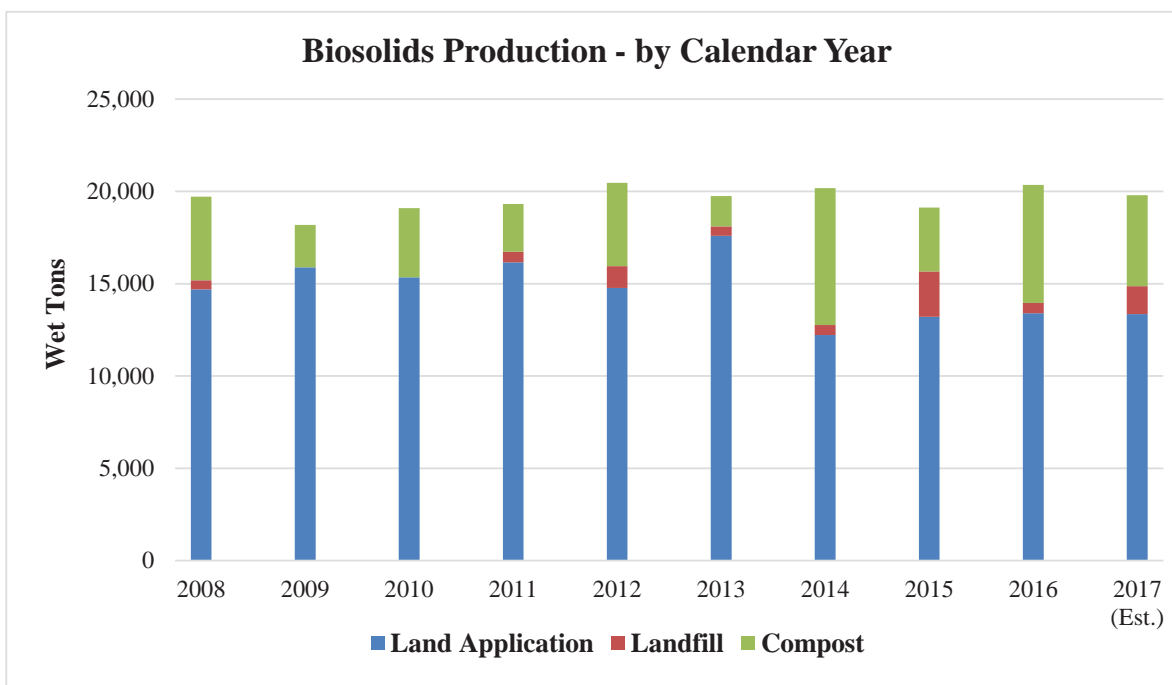
UNION SANITARY DISTRICT

Operating Indicators - Biosolids Last Ten Calendar Years

Function/Program

Biosolids

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 (Est.) |
|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|----------------|
| Land Application | 14,697 | 15,891 | 15,348 | 16,160 | 14,770 | 17,597 | 12,212 | 13,212 | 13,395 | 13,350 |
| Landfill | 491 | 0 | 0 | 571 | 1,187 | 501 | 545 | 2,450 | 563 | 1,510 |
| Compost | 4,523 | 2,291 | 3,751 | 2,585 | 4,501 | 1,642 | 7,414 | 3,470 | 6,399 | 4,930 |
| Total (in Wet Tons) | 19,712 | 18,182 | 19,099 | 19,315 | 20,458 | 19,741 | 20,171 | 19,132 | 20,357 | 19,790 |



UNION SANITARY DISTRICT

Miscellaneous Statistics

6/30/2017

| | |
|---|---|
| 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: | 131.45 full-time equivalent employees |
| CEO: | General Manager |
| CFO: | Business Services Manager (Vacant) |
| Authority: | California Health and Safety Code Section 4700 et. Seq. |
| Services: | Wastewater collection, treatment and disposal |
| Service Area: | 60.2 square miles (Annexed areas - Fremont, Newark and Union City) |
| Total Population Served: | 350,538 |
| Number of Parcels | 95,997 (86,310 Residential; 3,125 Non-Residential; 6,562 Other (vacant land)) |
| Operations: | Total miles of pipeline - 811, 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: | \$380.05 annually per single family residential dwelling unit |

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

November 27, 2017

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, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 30, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in the notes to the financial statements.

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 estimate of its net pension liability is based on actuarial valuation specialist assumptions. We evaluated the key factors and assumptions used to develop the proportionate share of the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of its Other Post-Employment Benefit Annual Required Contribution is based on actuarial valuation specialist assumptions. We evaluated the key factors and assumptions used to develop the Other Post-Employment Benefit Annual Required Contribution in determining that it is 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.



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. No misstatements were found.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 27, 2017.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures the management's discussion and analysis, schedule of funding progress for retiree health benefit plan, schedule of changes in net pension liability and related ratios and schedule of plan contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.



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

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

New Auditing Standard No. 130

This new auditing standard is effective for financial periods ending on or after December 15, 2017; for most California municipalities it is effective for the period July 1, 2016 through June 30, 2017 and future periods thereafter. The standard allows CPA firms to issue an opinion on the financial statements conformity with generally accepted accounting principles, as well as an opinion on the operating effectiveness of internal controls over financial reporting through an integrated audit. This standard does not change the objectives of a financial statement audit, it only enhances the value and scope of a financial statement audit and increases the level of assurance provided by CPA firms on financial controls. Municipalities should look to perform an integrated audit for more assurance on the operating effectiveness of internal controls over financial reporting.

New Accounting Standards

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2016-2017 audit:

GASB Statement No. 82, *Pension Issues an Amendment of GASB Statements No. 67, No. 68, and No. 73.*

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

Fiscal year 2017-2018

GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions.*



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

GASB Statement No. 81, *Irrevocable Split Interest Agreements*.

GASB Statement No. 85, *Omnibus 2017*.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*.

Fiscal year 2018-2019

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

Fiscal year 2019-2020

GASB Statement No. 84, *Fiduciary Activities*.

Restriction on Use

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

Very truly yours,

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

Brea, California

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Union Sanitary District (the "District"), as of and for the year ended June 30, 2017, 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 27, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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



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

Purpose of this Report

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

Lance, Soll & Lingham, LLP

Brea, California
November 27, 2017

DRAFT

**Directors**

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

DATE: November 27, 2017

MEMO TO: Board of Directors - Union Sanitary District

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

SUBJECT: Agenda Item No. 9 - Meeting of December 4, 2017
Authorize the General Manager to Execute Task Order No. 2 with Carollo Engineers for the Primary Digester No. 3 Rehabilitation Project

Recommendation

Staff recommends the Board authorize the General Manager to execute Task Order No. 2 with Carollo Engineers in the amount of \$94,517 for providing engineering services during construction of the Primary Digester No. 3 Rehabilitation Project (Project). Funds for the project have been budgeted in the Renewal and Replacement Fund.

Background

The District has six primary and two secondary digesters at the Alvarado Wastewater Treatment Plant that require periodic cleaning to remove accumulated debris and to maintain treatment capacity. Primary Digester No. 3 was originally constructed in 1962 and was last taken out of service for cleaning and assessment in 2010. Staff removed Primary Digester No. 3 from service in Spring 2017 for the purposes of cleaning it and assessing its condition. The District plans to rehabilitate Primary Digester No. 3 before placing the digester back in service.

On January 23, 2017, the Board authorized the General Manager to execute an Agreement and Task Order No. 1 with Carollo Engineers in the amount of \$158,813 to provide design services for the Project. The Project also includes structural, mechanical, and electrical improvements at the Cogeneration Building and Thickener Control Building.

After Primary Digester No. 3 was cleaned, V&A Consulting Engineers completed a condition assessment of the structure in July 2017. The assessment revealed that the interior concrete walls and floors of the digester were in good condition. The exterior walls of the digester were in fair condition with some minor cracks and several small spalls with exposed, corroded steel reinforcement. The coating on the steel dome appeared to be in good condition with some minor corrosion at the sharp edges and crevices. Staff included these deficiencies in the Project's scope.

Scope of Work

Carollo Engineers completed the design in August 2017. The Project's major elements are as follows:

- Repair of the foam insulation on the cover of Primary Digester No. 3.
- Recoating of the interior and exterior appurtenances of Primary Digester No. 3 (i.e., steel dome cover, center column, mixing nozzles, piping, covers, center water seal, and others).
- Installation of a lining system on the interior of Primary Digester No. 3 to stop seepage through the cracks in the wall.
- Repair of minor cracks, spalled concrete, and dome coating identified from the condition assessment.
- Addition of new circular viewports and the removal of existing rectangular ones.
- Addition of two new side manways to Primary Digester No. 3 to permit at-grade access into the digester.
- Replacement of the mixing piping between Primary Digester No. 3 and Heating and Mixing Building No. 2.
- Temporary removal of the center column of Primary Digester No. 3 and CCTV inspection of the two 14-inch diameter sludge pipelines under the digester.
- Modifications to the digester gas piping on top of Primary Digester No. 3.
- Modifications to the sludge recirculation piping at Heating and Mixing Building No. 2.
- Replacement of the existing digester gas flow meters at Primary Digesters No. 1, 2, and 3.
- Modifications to the electrical panel of the digester gas conditioning system blowers at the Cogeneration Building.
- Installation of new emergency lights at the Cogeneration Building, Thickener Electrical Building, and Heating and Mixing Building No. 1.
- Modifications of the piping, valves, pipe supports, and lighting power supply at the Thickener Control Building.
- Structural modifications to the thickener scum pits at the Thickener Control Building.
- Installation of new maintenance platform and associated piping and valves at the Thickener Control Building.

On November 13, 2017, the Board awarded the construction contract in the amount of \$1,956,000 to Monterey Mechanical Company. Staff anticipates that the Notice to Proceed will

be issued to the contractor by December 2017, and construction is estimated to be completed in August 2018. At this time, staff will provide construction management and inspection services.

Task Order No. 2

The scope of services and cost of Task Order No. 2 are summarized below:

| Task | Task Description | Amount |
|--|-----------------------------------|-----------------|
| 1 | Submittal Review | \$27,789 |
| 2 | Request for information | \$17,735 |
| 3 | Clarification Memoranda | \$5,976 |
| 4 | Informal Requests for Information | \$8,892 |
| 5 | Meetings | \$1,641 |
| 6 | Periodic Site Visits | \$3,679 |
| 7 | Additional Design Tasks | \$18,151 |
| 8 | Re-bidding Assistance | \$7,082 |
| 9 | Project Management | \$3,572 |
| Task Order Not to Exceed Amount | | \$94,517 |

During the design phase, staff requested that additional scope items be added to the Project. Some of these additional scope items included improvements to the drainage within the Heating and Mixing Building No. 2, installation of lifting eyes to the ceiling of Heating and Mixing Building No. 2 to facilitate maintenance of the sludge mixing pump, and the temporary removal of the center column within Primary Digester No. 3 to allow for CCTV inspection of the two 14-inch diameter mixing pipelines under Digester No. 3. The not-to-exceed amount of \$18,151 for the design of these additional project elements is included in Task 7.

Task 8 includes a not-to-exceed amount of \$7,082 for Carollo to assist with the re-bidding of the Project following the opening of a single bid on September 13, 2017 and the Board's rejection of the bid on October 9, 2017. The Project's bidding documents were modified by moving some of the scope of work from the base bid to bid alternates. The modification would allow the District to award only the work included in the base bid should the total bid amount, including the bid alternates, significantly exceed the Engineer's Estimate. The modification would also give staff an opportunity to evaluate whether the bid alternate amounts are reasonable given the complexity and criticality of the bid alternates' scope of work.

Excluding Tasks 7 and 8, the task order's not-to-exceed amount for engineering services during construction is \$69,284 and is about 3.5% of the construction contract amount of \$1,956,000. For a project of this size and scope, staff expects the fee to be in the range of 3% to 5%. As a comparison, the table below summarizes the final fees and percentages of engineering services during construction of past rehabilitation and improvements projects.

| Project | Engineering Services During Construction Cost (A) | Construction Cost (B) | Percentage of A to B |
|---|--|----------------------------------|---------------------------------|
| Thickener Nos. 3 and 4 Rehabilitation | \$71,491 | \$1,453,461 | 4.9% |
| Headwork Improvements | \$71,296 | \$1,739,250 | 4.1% |
| Plant Mechanical Improvements | \$136,119 | \$3,895,000 | 3.5% |
| Digester No. 5 & 6 Mixing Pumps & Heat Loop Improvements | \$85,229 | \$2,616,500 | 3.3% |

The total amounts for the Project's agreement with Carollo are summarized in the table below:

| Description | Amount |
|--|------------------|
| Task Order No. 1 – Design | \$158,813 |
| Amendment No. 1 to Task Order No. 1 – Thickener Control Building Additional Design Work | \$22,707 |
| Task Order No. 2 – Engineering Services During construction | \$94,517 |
| Total for this Agreement | \$276,037 |

Staff recommends the Board authorize the General Manager to execute Task Order No. 2 with Carollo Engineers in the amount of \$94,517 for providing engineering services during construction of the Primary Digester No. 3 rehabilitation Project.

PRE/SEG/RC/DC:ks

Attachment: Task Order No. 2

**PRIMARY DIGESTER NO. 3 REHABILITATION PROJECT
PROJECT NO. 800-493**

TASK ORDER NO. 2

to

AGREEMENT BETWEEN

UNION SANITARY DISTRICT

AND

CAROLLO ENGINEERS, INC.

FOR

PROFESSIONAL SERVICES

Dated January 26, 2017

1. **PURPOSE**

The purpose of this Task Order No. 2 is to provide engineering services during construction for the Primary Digester No. 3 Rehabilitation Project, Project Number 800-493 (Project).

Engineering services to be provided during construction include engineering support, attendance at meetings, submittal reviews, responses to requests for information and design clarifications, and site visits. These services are to be performed by the same engineers who worked on the design and possess detailed knowledge about the Project. District staff will update record drawings based on markups provided by the Contractor and reviewed by the Construction Manager.

2. **SCOPE OF SERVICES**

The task numbers in this Scope of Services are associated with the cost data presented in Exhibit A. Carollo Engineers, Inc. (Engineer) shall provide the following engineering support services during the construction of the project:

TASK 1.0 – SUBMITTAL REVIEW

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

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

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

Quality Control Submittals: The Construction Manager will review and provide response to all quality control submittals as described in the Contract Document Specifications, except Engineer shall review and provide response to mechanical and electrical testing procedures and testing results. Copies of all other quality control submittals to the Engineer are for information purposes only. Construction Manager will also be responsible for all testing indicated in the Contract Documents to be performed by an entity other than the Contractor.

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

Submittals

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

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

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

Engineer's budget allowance is based on reviewing forty (40) submittals at an average review time of three (3) hours per submittal. Two (2) additional hours are included for the Engineer's Principle-in-Charge review. Engineer's Subconsultant, Beecher Engineering, has included twenty four (24) hours of submittal review time in the budget.

TASK 2.0 – REQUEST FOR INFORMATION

Engineer shall respond to formal requests for information (RFIs) on an as requested basis. Engineer will provide a written response on a response sheet and return the response sheet

to the Construction Manager. Engineer shall complete review of RFI, provide response, and return response within seven (7) calendar days after Engineer's receipt of RFI. If for any reason the response cannot be completed within this period, Engineer shall notify Construction Manager and provide reason for delay prior to the end of the specified period.

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

Engineer's budget allowance is based on reviewing eighteen (18) RFIs at an average of four (4) hours review per RFI and two (2) additional hours for the Engineer's Principle-in-Charge review. Beecher Engineering has included eighteen (18) hours of RFI review time in the budget.

TASK 3.0 – CLARIFICATION MEMORANDA

Engineer shall issue Clarification Memoranda where deemed necessary by the Engineer and on an as requested basis. Engineer shall provide a written clarification on a Clarification Memorandum (including specifications, sketches, or other information as necessary) and issue the Clarification Memorandum to the Construction Manager.

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

Engineer's budget allowance is based on preparing two (2) Clarification Memoranda at an average of eight (8) hours per Clarification Memorandum and two (2) additional hours for the Engineer's Principle-in-Charge review. Beecher Engineering has included twelve (12) hours of preparation time in the budget.

TASK 4.0 – INFORMAL REQUESTS FOR INFORMATION

Engineer shall respond to Construction Manager's informal requests for information, including verbal, email, and telephone correspondence with Construction Manager.

Engineer's budget allowance is based on twenty four (24) hours of informal correspondence. Beecher Engineering has included twenty (20) hours of informal correspondence time in the budget.

TASK 5.0 – MEETINGS

Engineer shall have personnel attend two regular construction meetings during the Project. The Construction Manager will facilitate all meetings and provide meeting minutes.

Budget allowance is based on Engineer's Project Engineer attending two (2) construction meeting of four (4) hours. Beecher Engineer has no budget allowance to attend meetings.

TASK 6.0 – PERIODIC SITE VISITS

Engineer shall periodically visit the Project site to monitor the progress and quality of the Contractor's work effort, including specialty site visits (civil, structural, mechanical, electrical, and instrumentation). Engineer shall not, during such site visits or as a result of such observations of Contractor's work in progress, supervise, direct, or have control over Contractor's work. Engineer shall not have authority over or responsibility for the means, methods, techniques, sequences, or procedures of construction selected by Contractor, or safety precautions and programs incident to the Work. Furthermore, Engineer shall not be held responsible for any failure of Contractor to comply with laws, rules, regulations, ordinances, codes, or orders applicable to Contractor furnishing and performing work. Engineer shall provide opinions and observations to the Construction Manager and/or District regarding general compliance with the Contract Documents for improvements that are observed by the Engineer at the time of Engineer's site visits.

Engineer's budget allowance is based on two (2) site visits by the Engineer's Structural Engineer at an average of four (4) hours per site visit. Beecher Engineering has included a budget allowance of eight (8) hours based on two (2) site visits. No witnessing of factory or field testing is included in the budget.

TASK 7.0 – ADDITIONAL DESIGN TASKS

This task includes hours spent by the Engineer to perform out of scope design tasks. The tasks were:

- Design of drainage and curb modifications in Heating and Mixing Building No. 2
- Modifications to the bridge crane and other miscellaneous improvements in Sludge Pump Rooms 1 and 3
- Removal of the Primary Digester No. 3 center column and CCTV inspection of the associated mixing line.
- Addition of lifting eyes in the Heating and Mixing Building No. 2 roof.
- Addition of grating next to the south overflow box on Primary Digester No. 3.
- Addition of the valve and blind flange on the TPS piping on the exterior of the south east corner of Heating and Mixing Building No. 2.

TASK 8.0 – RE-BIDDING ASSISTANCE

This task includes hours spent by the Engineer to repackage the project for re-bidding. The tasks were:

- Rewrite and reissue specifications with additional bid alternatives
- Revise cost estimate to match the bid form
- Conform and reissue the 8 drawings with the original Addendum 1 drawings

TASK 9.0 – PROJECT MANAGEMENT

Engineer shall manage the efforts of the project team members, coordinate with representatives of the District and Construction Manager, delegate responsibilities, and review work progress. Engineer shall prepare and submit monthly invoices and progress summary reports.

Monthly invoices will be broken down by major tasks only. Monthly progress summary reports will be made as part of the report submitted for all on-going projects with District.

Engineer's budget allowance is eight (8) hours. Beecher Engineering has included eight (8) hours for project management and invoicing.

3. DELIVERABLES

All deliverables shall be provided electronically in Word document or PDF format.

Deliverables shall include:

- Responses to submittals
- Responses to RFIs
- Clarification Memoranda
- Upload information to the District's online project management system, Projectmates

4. PROJECT COORDINATION

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

5. PAYMENT TO THE ENGINEER

Payment to the Engineer shall be as called for in Article 2 of the Agreement. The billing rate schedule is equivalent to an overall labor multiplier of 3.21, including profit. Subconsultants and outside services shall be billed at actual cost plus 5%; other direct costs will be billed at actual cost; and mileage will be billed at prevailing IRS standard rate.

Total charges to the DISTRICT not-to-exceed amount shall be \$94,517. A summary of the anticipated distribution of cost and manpower between tasks is shown in Exhibit A.

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

| Task Order / Amendment | Not to Exceed Amount | Board Authorization Required? | District Staff Approval |
|--|-----------------------------|--------------------------------------|--------------------------------|
| Task Order No. 1 – Design Services | \$158,813 | Yes | Paul R. Eldredge |
| Amendment No. 1 to Task Order No. 1 – Thickener Control Building Additional Work | \$22,707 | No | Sami Ghossain |
| Task Order No. 2 – Engineering Services During Construction | \$94,517 | Yes | Paul R. Eldredge |
| Total | \$276,037 | | |

6. TIME OF COMPLETION

All work defined in this Task Order shall be complete in 300 calendar days after the execution of this Task Order and subject to the conditions of Article 3 of this Agreement. A summary of the anticipated construction schedule is as follows:

- Notice of Award (NOA) issued to Contractor: November 2017
- Notice to Proceed (NTP) issued to Contractor: December 2017
- Substantial Completion: July 2018
- Final Completion: August 2018

7. KEY PERSONNEL

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

| <u>Role</u> | <u>Key Person to be Assigned</u> |
|---------------------|----------------------------------|
| Principle-In-Charge | Scott Parker |
| Project Manager | Mike Dadik |
| Project Engineer | Becky Gherini |

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

IN WITNESS WHEREOF, the parties hereto have made and executed this Task Order No. 2 as of December____, 2017 and therewith incorporate it as part of the Agreement.

ENGINEER

DISTRICT

CAROLLO ENGINEERS, INC

UNION SANITARY DISTRICT

By: _____
Scott Parker, P.E.
Senior Vice President

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

Date

Date

By: _____
Vice President

Date

Primary Digester No. 3 Rehabilitation Project
Task Order No. 2
Union Sanitary District and Carollo Engineers
Engineering Services During Construction
Exhibit A

| Task No. | Task Description | PD \$300 | LPP \$230 | P \$180 | AP \$144 | CAD \$130 | Support \$110 | Total Hours | Labor Cost | Other Direct Costs (ODC) | | | | | | Total Cost |
|---------------|---|-------------|--------------|------------|-------------|--------------|------------------|----------------|------------------|--------------------------|------------------|---------------|----------|--------------|-----------------|-----------------|
| | | | | | | | | | | PECE | Beecher Eng. | Subconsultant | Mileage | | ODC | |
| | | | | | | | | | | \$11.70 | (\$195/hr) | Mark up (5%) | Trips | Amount | Cost | |
| 1.0 | Submittal Review | | | | | | | | | | | | | | | |
| | | 2 | 8 | 80 | 32 | 0 | 0 | 122 | \$21,448.00 | \$1,427 | \$4,680 | \$234 | 0 | \$0 | \$6,341 | \$27,789 |
| | Task 1.0 Subtotal = | 2 | 8 | 80 | 32 | 0 | 0 | 122 | \$21,448 | \$1,427 | \$4,680 | \$234 | 0 | \$0 | \$6,341 | \$27,789 |
| 2.0 | Request For Information | | | | | | | | | | | | | | | |
| | | 2 | 4 | 52 | 16 | 0 | 0 | 74 | \$13,184.00 | \$866 | \$3,510 | \$176 | 0 | \$0 | \$4,551 | \$17,735 |
| | Task 2.0 Subtotal = | 2 | 4 | 52 | 16 | 0 | 0 | 74 | \$13,184 | \$866 | \$3,510 | \$176 | 0 | \$0 | \$4,551 | \$17,735 |
| 3.0 | Clarification Memorandums | | | | | | | | | | | | | | | |
| | | 2 | 2 | 8 | 2 | 4 | 0 | 18 | \$3,308.00 | \$211 | \$2,340 | \$117 | 0 | \$0 | \$2,668 | \$5,976 |
| | Task 3.0 Subtotal = | 2 | 2 | 8 | 2 | 4 | 0 | 18 | \$3,308 | \$211 | \$2,340 | \$117 | 0 | \$0 | \$2,668 | \$5,976 |
| 4.0 | Informal Requests for Information | | | | | | | | | | | | | | | |
| | | 2 | 2 | 16 | 4 | 0 | 0 | 24 | \$4,516.00 | \$281 | \$3,900 | \$195 | 0 | \$0 | \$4,376 | \$8,892 |
| | Task 4.0 Subtotal = | 2 | 2 | 16 | 4 | 0 | 0 | 24 | \$4,516 | \$281 | \$3,900 | \$195 | 0 | \$0 | \$4,376 | \$8,892 |
| 5.0 | Meetings | | | | | | | | | | | | | | | |
| | | 0 | 0 | 8 | 0 | 0 | 0 | 8 | \$1,440.00 | \$94 | \$0 | \$0 | 2 | \$107 | \$201 | \$1,641 |
| | Task 5.0 Subtotal = | 0 | 0 | 8 | 0 | 0 | 0 | 8 | \$1,440 | \$94 | \$0 | \$0 | 2 | \$107 | \$201 | \$1,641 |
| 6.0 | Periodic Site Visits | | | | | | | | | | | | | | | |
| | | 0 | 8 | 0 | 0 | 0 | 0 | 8 | \$1,840.00 | \$94 | \$1,560 | \$78 | 2 | \$107 | \$1,839 | \$3,679 |
| | Task 6.0 Subtotal = | 0 | 8 | 0 | 0 | 0 | 0 | 8 | \$1,840 | \$94 | \$1,560 | \$78 | 2 | \$107 | \$1,839 | \$3,679 |
| 7.0 | Additional Design Tasks | | | | | | | | | | | | | | | |
| | HMB2 drainage and curb modifications | 0 | 6 | 16 | 6 | 10 | 0 | 38 | \$6,424 | \$445 | \$0 | \$0 | 0 | \$0 | \$445 | \$6,869 |
| | Sludge Pump Room Modifications | 0 | 1 | 8 | 3 | 3 | 0 | 15 | \$2,492 | \$176 | \$0 | \$0 | 0 | \$0 | \$176 | \$2,667 |
| | Center column removal, cleaning and CCTV inspection | 0 | 1 | 8 | 2 | 4 | 1 | 16 | \$2,588 | \$187 | \$0 | \$0 | 0 | \$0 | \$187 | \$2,775 |
| | Lifting eyes in HMB2 roof | 0 | 2 | 6 | 2 | 4 | 1 | 15 | \$2,458 | \$176 | \$0 | \$0 | 0 | \$0 | \$176 | \$2,634 |
| | Digester 3 south overflow box grating | 0 | 2 | 3 | 2 | 2 | 0 | 9 | \$1,548 | \$105 | \$0 | \$0 | 0 | \$0 | \$105 | \$1,653 |
| | Valve on TPS | 0 | 0 | 5 | 2 | 2 | 0 | 9 | \$1,448 | \$105 | \$0 | \$0 | 0 | \$0 | \$105 | \$1,553 |
| | Task 7.0 Subtotal = | 0 | 12 | 46 | 17 | 25 | 2 | 102 | \$16,958 | \$1,193 | \$0 | \$0 | 0 | \$0 | \$1,193 | \$18,151 |
| 8.0 | Rebidding Assistance | | | | | | | | | | | | | | | |
| | Rewrite and reissue specifications with bid alternates | 1 | 2 | 8 | 0 | 0 | 2 | 13 | \$2,420 | \$152 | \$0 | \$0 | 0 | \$0 | \$152 | \$2,572 |
| | Revise cost estimate | 1 | 3 | 6 | 0 | 0 | 0 | 10 | \$2,070 | \$117 | \$390 | \$20 | 0 | \$0 | \$527 | \$2,596 |
| | Reissue drawings, including original Addendum 1 changes | 1 | 1 | 2 | 0 | 4 | 0 | 8 | \$1,410 | \$94 | \$390 | \$20 | 0 | \$0 | \$504 | \$1,914 |
| | Task 8.0 Subtotal = | 3 | 6 | 16 | 0 | 4 | 2 | 31 | \$5,900 | \$363 | \$780 | \$40 | 0 | \$0 | \$1,182 | \$7,082 |
| 9.0 | Project Management | | | | | | | | | | | | | | | |
| | | 0 | 8 | 0 | 0 | 0 | 0 | 8 | \$1,840 | \$94 | \$1,560 | \$78 | 0 | \$0 | \$1,732 | \$3,572 |
| | Task 9.0 Subtotal = | 0 | 8 | 0 | 0 | 0 | 0 | 8 | \$1,840 | \$94 | \$1,560 | \$78 | 0 | \$0 | \$1,732 | \$3,572 |
| Totals | | 11 | 50 | 226 | 71 | 33 | 4 | 395 | \$ 70,434 | \$ 4,622 | \$ 18,330 | \$ 917 | 4 | \$214 | \$24,083 | \$94,517 |

Legend:

PD Project Director

PM Project Manager

PE Project Engineer

SE Structural Engineer

CAD CAD Technician

Support Support Staff

PECE: Project Equipment and Communication Expense

Notes:

1. Mileage based on 100 miles per trip @ \$0.535/mile

2. Multiplier = 3.21

**Directors**

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

DATE: November 27, 2017

MEMO TO: Board of Directors - Union Sanitary District

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

SUBJECT: Agenda Item No. 10 – Meeting of December 4, 2017
Consider a Resolution to Accept the Construction of the Force Main Corrosion Repairs Project Phase 1 from Cratus, Inc. and Authorize Recordation of a Notice of Completion

Recommendation

Staff recommends the Board consider a resolution to accept the construction of the Force Main Corrosion Repairs Project Phase 1 from Cratus Inc., and authorize recordation of a Notice of Completion.

Background

The District operates and maintains the transport system that consists of three pump stations and three lift stations and approximately 12½ miles of twin force main pipelines. The transport system conveys wastewater from the Irvington and Newark drainage basins to the Alvarado Wastewater Treatment Plant.

Force main facilities include 78 manholes along the pipeline alignment; please see attached Figures 1 and 2. Of the 78 manholes, 46 of them provide access into the force main pipelines via a manway inside the manholes, and each manway is sealed with a blind flange. At the other 32 manholes, appurtenances such as air release valves or blow off valves are connected to the blind flanges.

The air release valves are located at the higher elevations of the force main pipelines to allow air from the pipelines to vent in order to maintain the full hydraulic capacity of the pipelines. The blow off valves are located at the lower elevations of the force main pipelines to allow staff to drain the wastewater from the pipelines when there is a need to remove as much wastewater as possible, typically for a long-term outage for maintenance or construction activities. This does not happen very often but if there is a need to do so, staff will need to set up pumps and hoses to connect the blow off valves to the closest sanitary sewer manhole.

These facilities were installed almost 40 years ago, as part of the original force main construction. Over time, the presence of groundwater, moisture, and the buildup of hydrogen sulfide gas in these force main manholes have caused many of the manways, blind flanges, and appurtenances to become corroded. This corrosion is of primary concern, as failure of any single element could precipitate a leak from the force main pipeline.

Force Main Inspections

In 2011, the District conducted a condition assessment of the force main equipment located in the Irvington Valve Box, Newark Influent and Effluent Valve Boxes, and Alvarado Influent Valve Box. These valve boxes are part of the transport system that delivers wastewater to the Plant and primarily house large diameter cement mortar coated steel piping, knife gate valves, and flanged coupling adaptors (FCAs). The assessment found the existing FCAs were experiencing corrosion and recommended them for replacement. The assessment also recommended refurbishment or replacement of the valves. In 2012, the District completed two phases of the Force Main Improvements Project to replace corroded FCAs and rehabilitated and replaced knife gate valves on the force main pipelines located within the Pump Station valves boxes.

In 2004, the District's Force Main Study included a condition assessment of the interior and exterior of the buried force main piping that was constructed of reinforced concrete pipelines. The study found the piping to be in good condition and recommended internal inspection every 10 years and external inspection every 20 years. In 2016, the District hired Woodard & Curran (formerly RMC Water and Environment) to conduct the internal inspection of the force main piping as the force main piping is taken out of service for the District's Force Main Corrosion Repairs Project and the developer's Force Main Relocation Project this year and next.

During the summer of 2015, staff performed visual inspection inside all 78 force main manholes, and conducted non-destructive testing on elements with the worst corrosion conditions. In the fall of 2015 through the spring of 2016, staff hired Carollo Engineers to review the data collected during the inspections and testing; as a result, they recommended that all corroded elements within the 78 manholes be rehabilitated or replaced. Please see Figures 3 through 7.

Phase 1 Design and Construction Contract

Staff hired West Yost Associates to complete preliminary design services in the fall of 2016, and final design services in the winter of 2017. West Yost completed this work while outlining a plan to accomplish the repairs in several phases. The Phase 1 Project addressed corrosion repairs for manholes on the eastern force main between Newark Pump Station and the Alvarado Wastewater Treatment Plant.

On June 12, 2017, the Board awarded the Phase 1 construction contract to Cratus, Inc., in the amount of \$821,000. Staff issued the Notice to Proceed to Cratus, Inc. on June 26, 2017. The 110-day project was scheduled to be completed on October 13, 2017, and Cratus, Inc. substantially completed the project on October 6, 2017. District staff provided construction management and inspection services for the project.

Change Orders

The construction contract included five change orders at a total cost of \$18,167.66, which is approximately 2.2% of the original contract amount. All negotiations have been finalized and the change orders have been executed. A description of these change orders follows.

Change Order Nos. 1, 2, and 3

Contract Change Order Nos. 1, 2, and 3 are in the amounts of \$17,822.85, \$5,235.84, and \$4,094.17, respectively, and are all for issues related to force main dewatering. Additional dewatering efforts at the Alvarado Wastewater Treatment Plant and the Thornton Ave. blowoff manhole were required to empty the force main to a level above which repair work could be performed safely. Mobilization and demobilization of the extra dewatering equipment setups were tracked and paid on a time and materials basis, while actual pumping work was tracked and paid by the gallon at the original force main dewatering bid item unit rate.

Change Order No. 4

Contract Change Order No. 4 is in the credit amount of \$1,485.20 and is for changing the type of repair at one site from a welded repair to a non-welded repair. Corrosion conditions at the site were found to be less significant than originally thought, warranting the change to be made.

Change Order No. 5

Contract Change Order No. 5 is in the credit amount of \$7,500.00 and is for balancing the final pay item quantities. This amount is primarily attributed to not exercising the full quantity of the bid item associated with dewatering groundwater from manholes.

A summary of the change orders is shown in Table 1:

Table 1
Change Order Summary

| No. | Description | Amount |
|---|-----------------------------|--------------------|
| 1 | Dewatering Quantity | \$17,822.85 |
| 2 | Additional Dewatering | \$5,235.84 |
| 3 | Second Headworks Dewatering | \$4,094.17 |
| 4 | Repair Type Change | -\$1,485.20 |
| 5 | Balancing Change Order | -\$7,500.00 |
| Change Order Total (Approx. 2.2% of Contract Amount) | | \$18,167.66 |

All punchlist work is complete and the District has assumed beneficial use of the Project.

Staff recommends the Board consider a resolution to accept the construction of the Force Main Corrosion Repairs Project Phase 1 from Cratus Inc., and authorize recordation of a Notice of Completion.

PRE/SEG/RC/CE:ks

Attachments: Figures 1 and 2 – Location Map
Figures 3-7 – Before Construction Photos
Figures 8-10 – After Construction Photos
Resolution
Notice of Completion



Legend

- ⊕ Access Manhole
- ⊕ Access/Blow Off Combination
- △ ARV
- Blow Off
- Rating 1
- Rating 2
- Rating 3
- Not Inspected
- LS Lift Station
- PS Pump Station
- Twin 33" Force Mains
- Twin 39" Force Mains

Notes:
 1. Rating 1 requires immediate attention.
 2. Rating 2 requires repair in 2-3 years.
 3. Rating 3 requires repair after 3 years or place on PM schedule.

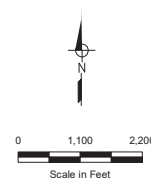


Figure 1
Irvington Pump Station to Newark Pump Station
Manhole Condition Ratings
 Union Sanitary District
 Force Main Manhole Corrosion Repairs



Figure 2

Newark Pump Station to Alvarado Treatment Plant Manhole Condition Ratings

Union Sanitary District
Force Main Manhole Corrosion Repairs

FIGURES 3-7 (PHOTOS)

Figure 3: Manway



Figure 4: Blind Flange



FIGURES 3-7 (PHOTOS)

Figure 5: Valve



Figure 6: ARV Piping



FIGURES 3-7 (PHOTOS)

Figure 7: Blowoff Tube



FIGURES 8-10 (PHOTOS)

Figure 8: Manway Assembly



FIGURES 8-10 (PHOTOS)

Figure 9: Air Release Valve Assembly



FIGURES 8-10 (PHOTOS)

Figure 10: Blow Off Assembly



RESOLUTION NO. ____

**ACCEPT CONSTRUCTION OF THE
FORCE MAIN CORROSION REPAIRS PROJECT PHASE 1
LOCATED IN THE CITIES OF FREMONT, NEWARK, AND UNION CITY,
CALIFORNIA
FROM CRATUS, INC.**

RESOLVED, by the Board of Directors of the UNION SANITARY DISTRICT that it hereby accepts the Force Main Corrosion Repairs Project Phase 1 from Cratus, Inc., effective December 4, 2017.

FURTHER RESOLVED: That the Board of Directors of the UNION SANITARY DISTRICT authorize the General Manager/District Engineer, or his designee, to execute and record a "Notice of Completion" for the Project.

On motion duly made and seconded, this resolution was adopted by the following vote on December 4, 2017:

AYES:

NOES:

ABSENT:

ABSTAIN:

PAT KITE
President, Board of Directors
Union Sanitary District

Attest:

MANNY FERNANDEZ
Secretary, Board of Directors
Union Sanitary District



**RECORDING REQUESTED BY
AND WHEN RECORDED
RETURN TO:**

**Regina McEvoy
Union Sanitary District
5072 Benson Road
Union City, CA 94587**

NO RECORDING FEE – PER GOVERNMENT CODE SECTIONS 6103 & 27283 (R&T Code 11911)

NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN by the **UNION SANITARY DISTRICT**, Alameda County, California, that the work hereinafter described, the contract for the construction of which was entered into on June 12, 2017, by said District and **Cratus, Inc.**, 945 Taraval St. #302, San Francisco, CA, 94116, Contractor for the Project, "Force Main Corrosion Repairs Project Phase 1," was substantially completed on October 6, 2017, and accepted by said District on December 4, 2017.

The name and address of the owner is the **UNION SANITARY DISTRICT**, at 5072 Benson Road, Union City, CA 94587.

The estate or interest of the owner is: FEE SIMPLE ABSOLUTE.

The description of the site where said work was performed and completed is various locations in the cities of Fremont, Newark, and Union City, County of Alameda, State of California.

The undersigned declares under penalty of perjury that the foregoing is true and correct.

Executed on December 4, 2017 at UNION CITY, CALIFORNIA.

**PAUL R. ELDREDGE, P.E.
GENERAL MANAGER/DISTRICT ENGINEER
UNION SANITARY DISTRICT**

**Directors**

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

DATE: November 27, 2017

MEMO TO: Board of Directors - Union Sanitary District

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

SUBJECT: Agenda Item No. 11 – Meeting of December 4, 2017
Information Item: **Status of Priority 1 Capital Improvement Program Projects**

Recommendation

Information only.

Background

In June 2017, the Board approved the Capital Improvement Program (CIP) budget for FY18 in the amount of \$10.08 million for the design and construction of 30 CIP projects.

These 30 projects are ranked as Priority 1, 2, or 3 projects based on a criteria prepared by staff and approved by the Executive Team. A copy of the criteria used to prioritize the projects is attached for your reference.

The status of the Priority 1 CIP projects is reviewed by the Executive Team at the end of each quarter and a copy of the status report is attached for the Board's review. For FY18, 10 projects are ranked as Priority 1 projects and the remaining 20 are ranked as Priority 2 or Priority 3 projects.

Agenda Item No. 11
Meeting of December 4, 2017
Page 2

Also attached is a tabular summary of the number and nature of the ongoing CIP projects at the District during FY18.

PRE/SEG:ks

Attachments: Priority 1 CIP Projects for FY18 - Status Report
Summary of CIP Projects for FY18
Priority 1 CIP Project Criteria
Priority 2 & 3 CIP Project Criteria

Priority 1 CIP Projects for FY18 – Status Report

| | CIP Project | Planned Milestones | Status after 1st Quarter | Status after 2nd Quarter | Status after 3rd Quarter | Status after 4th Quarter |
|----------|---|---|---|--|--|--|
| 1 | Digester No. 3 Insp and Rehab | a) Award construction by November 2017. b) Substantial completion by September 2018. c) Project acceptance by the Board in December 2018. | Opened sole bid on September 13 th . Board will reject the bid in October and will re-advertise. | | | |
| 2 | Digester 7 | a) Complete predesign by November 2017. b) 100% design by September 2018. | Draft preliminary design report is due in October. | | | |
| 3 | Force Main Corrosion Repairs – Phase 1 | Project acceptance by the Board in December 2017. | Contractor completed the repairs. Staff will put the east force main back in service in October. | | | |
| 4 | Force Main Corrosion Repairs – Phase 2 | a) 100% design by February 2018. b) Bid opening and award by May 2018. | Negotiated the scope and fee with consultant for the Phase 2 design. Staff will ask Board for authorization in October. | | | |
| 5 | Fremont & Paseo Padre Lift Stations Internal Lift Pumps | a) Construction Substantial Completion by January 2018. b) Project acceptance by the Board in April 2018 | Confirmed capacity deficiency in Pump No. 1 at Fremont LS. Contractor has ordered new pump to be delivered by November. | | | |

| | | | | | | |
|-----------|---|--|--|--|--|--|
| 6 | Hypochlorite Tanks and PVC Piping Replacement | <p>a) Complete construction at the Odor Control Bldg. by October 2017.</p> <p>b) Complete construction at the Maintenance Shop Building by January 2018.</p> <p>c) Substantial Completion by February 2018.</p> <p>d) Project acceptance by the Board in April 2018.</p> | <p>Completed construction at the Odor Control Bldg. in August.</p> <p>Construction began at the Maintenance Shop Building in September.</p> | | | |
| 7 | Newark Pump Station Mod Valve and Boost Line Mods | <p>a) Award construction contract by July 2017.</p> <p>b) Substantial completion by June 2018.</p> <p>c) Project acceptance by the Board in August 2018.</p> | Awarded construction contract in July. | | | |
| 8 | Standby Power Generation System Upgrade | <p>a) Complete predesign by December 2017.</p> <p>b) 100% design by December 2018.</p> | Consultant worked on a number of alternatives. | | | |
| 9 | Thickener Control Bldg. Modifications Project | Project acceptance by the Board in December 2017. | Contractor continued with construction punch list. Staff continued with contract change order negotiations. | | | |
| 10 | Wet Weather Flow Management | Effluent Management Technical Memorandum in April 2018, pending the completion of the EBDA hydraulics evaluation by others. | Consultant and staff held a meeting with permitting agencies regarding the feasibility of using a neighboring property for equalization storage. | | | |

SUMMARY OF CIP PROJECTS FOR FY18

| Type of Project | Number of Projects | Names of Projects |
|----------------------------------|--------------------|--|
| Administrative Facilities | One | 1. Plant Paving |
| Collection System | One | 2. Cast Iron/Pipe Lining, Phase IV |
| Transport System | Seven | 1. Equalization Storage at Alvarado 2. Force Main Corrosion Repairs – Phase I 3. Force Main Corrosion Repairs – Phase 2 4. Fremont & Paseo Padre Lift Stations Internal Lift Pumps 5. Newark Pump Station Mod Valve & Boost Line Mods 6. Newark Pump Station Wet-well Exhaust Fan Replacement 7. Wet Weather Flow Management |
| Treatment System | Twenty-One | 1. 3rd Degritter System 2. Aeration Tank (East) Baffling and Improvements 3. Alvarado Influent Pump Station Pumps and VFDs 4. Alvarado Influent Pump Station Roof Replacement 5. Alvarado Influent Pump Station Switchboard 5 Replacement 6. Cathodic Protection Improvements - Plant 7. Cogeneration Project, Phase II 8. Cogen Engine Rebuild |

| | | |
|-------------------------------------|--|--|
| Treatment System (continued) | | 9. Digester Inspection and Rehab 10. Digester No. 3 Inspection and Rehab 11. Digester No. 7 12. Emergency Outfall Improvements 13. Gravity Belt Thickener 14. Headworks 3rd Bar Screen 15. Headworks Valve Box Gate Valves 1 – 3 16. Hypochlorite Tanks and PVC piping replacement at OCB and NPS 17. Odor Scrubber System Improvements 18. Plant Grating Replacement 19. RAS Control Interim Improvements 20. Standby Power Generation System Upgrade 21. Thickener Control Bldg. Improvements Project |
|-------------------------------------|--|--|

Total:

30

PRIORITY 1 CIP PROJECT CRITERIA

Priority 1 Projects:

1. Project to repair or prevent an imminent critical infrastructure failure that could result in a threat to the public, or result in permit non-compliance.
2. A project designed to address public health and safety or employee health and safety.
3. Project to provide additional capacity in order to allow connection to the District system or to prevent a potential wet weather overflow from occurring.
4. Projects that have a deadline tied to receiving a loan or grant funding.
5. Projects where we have made a timeline commitment to a customer or other outside stakeholder.
6. A project in which the District may suffer financial losses or claims should the project be delayed.
7. A project which is part of a sequence of projects whose delay could result in delays to other projects at USD or other agencies.
8. A project in which an internal commitment has been made to provide a facility that significantly impacts another group from efficiently and effectively carrying out their core work. (Not a “nice to have” type project)

These criteria can apply to a study, design, or construction project.

PRIORITY 2 & 3 CIP PROJECT CRITERIA

Priority 2 Projects

1. These are planned projects related to the replacement of electrical and mechanical equipment identified by the Plant Master Plan – this equipment is not in imminent danger of failure but needs to be replaced at a future date.
2. These are planned pipeline rehab/replacement projects that are identified either by the Master Plan or by the Maintenance staff and need to be completed to improve the condition of existing sewers to safeguard against potential maintenance problems – these pipelines are not in imminent danger of failure.
3. These projects do not have any immediate negative impacts on either other agencies or other projects.
4. Examples: Blacow Road Sewer Replacement, Cast Iron Pipe Replacement, Thickener Mechanism 3&4 Replacement, Rehab of Clarifiers 5&6.

Priority 3 Projects

1. These are capacity projects identified by the master plans that will address future capacity needs of the District.
2. These projects are place holders and need to be defined at a future date
3. The District will not suffer any financial loss or claim, if these projects are delayed.
4. Examples: Cedar Relief Sewer, Hetch Hetchy Relief Sewer, Digester No. 7, Secondary Clarifiers 7 & 8.

**Directors**

Manny Fernandez
Tom Handley
Pat Kite
Anjali Lathi
Jennifer Toy

Officers

Paul R. Eldredge
*General Manager/
District Engineer*

Karen W. Murphy
Attorney

DATE: November 27, 2017

MEMO TO: Board of Directors - Union Sanitary District

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

SUBJECT: Agenda Item No. 12 - Meeting of December 4, 2017
Information Item: **First Quarterly Report on the Capital Improvement Program for FY18**

Recommendation

Information only.

Background

In June 2017, the Board approved the Capital Improvement Program (CIP) budget for FY18 in the amount of \$10.08 million for the design and construction of 30 CIP projects. The first quarter expenditures for FY18 are shown on the attached budget projection graphs. These graphs depict actual expenditures versus approved budget for the Capacity Fund 900, the Renewal and Replacement Fund 800 as well as for both funds, combined.

The total CIP expenditure up to September 30, 2017, was under the projections for the first quarter by approximately \$40,000. The main projects that had significant variances from the projected expenditures are the Force Main Corrosion Repairs – Phase 1, Thickener Control Bldg., Hypochlorite Tank and PVC Pipe Replacement, and the 3rd Degritter System projects.

These primary variances are tabulated as follows:

| Project | Variance at the end of 1st Quarter (x \$1000) | Comments |
|---|--|---|
| Force Main Corrosion Repairs – Phase 1 | 450 | Contractor completed the majority of the construction work in the first quarter, earlier than expected. |
| Thickener Control Bldg. | -240 | Progress payments expected in in the first quarter of FY18 were made in the fourth quarter of FY17. |
| Hypochlorite Tank and PVC Pipe Replacement | -150 | Progress payments expected in in the first quarter of FY18 were made in the fourth quarter of FY17. |
| 3 rd Degritter System | -100 | Unforeseen field conflicts and other change orders resulted in a two-month delay. |
| Total Variance for the 1st Qtr. | -40 | |

In addition to the four (4) projects listed above, the following high-priority projects will be either in design or in construction during FY18:

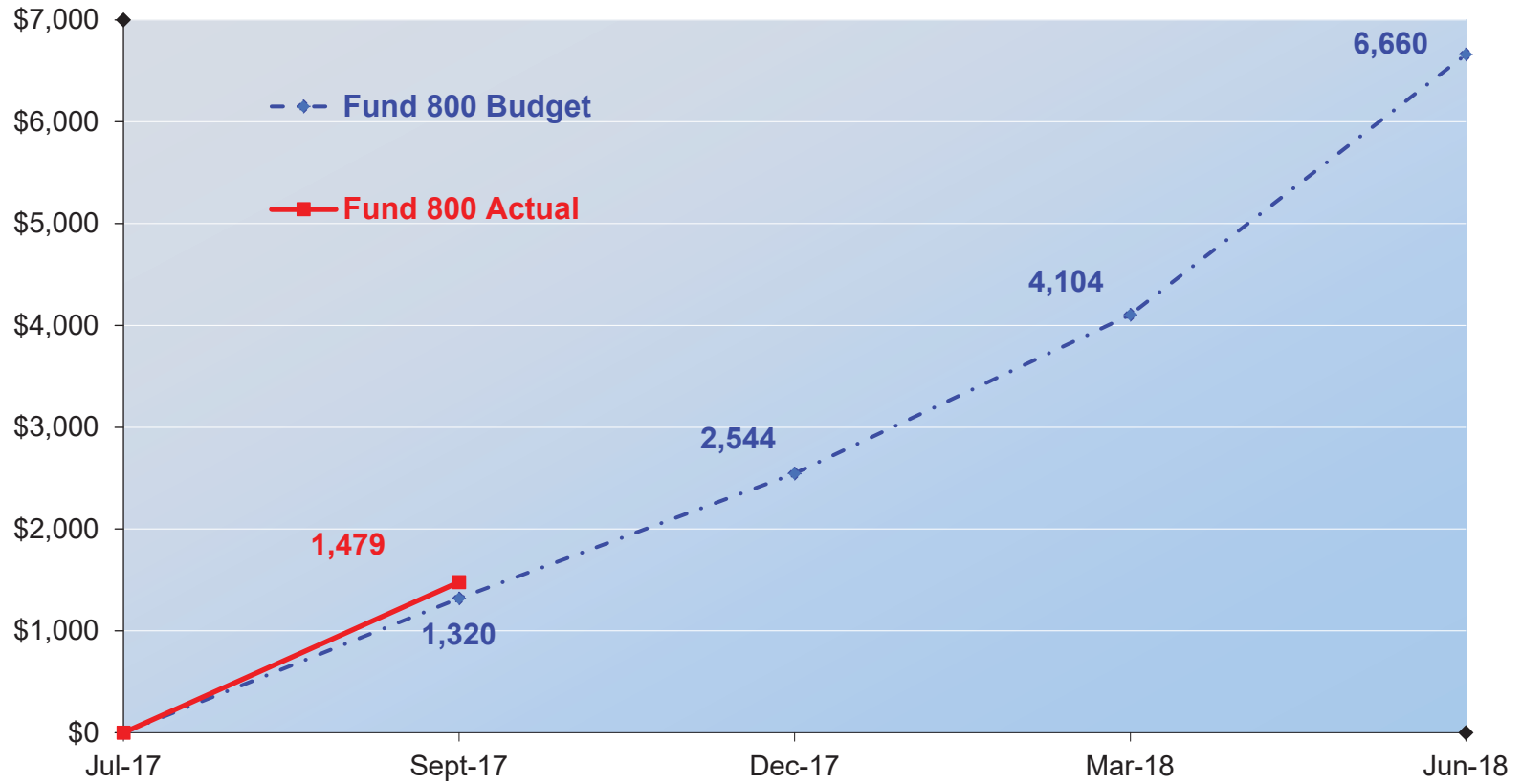
1. Digester No. 3 Inspection and Rehabilitation
2. Digester 7
3. Force Main Corrosion Repairs – Phase 2
4. Fremont & Paseo Padre Lift Stations Internal Lift Pumps
5. Newark Pump Station Modulating Valve and Boost Line Modifications
6. Standby Power Generation System Upgrade
7. Wet Weather Flow Management

Also, there are nine (9) other smaller projects that will be either in design or in construction during FY18.

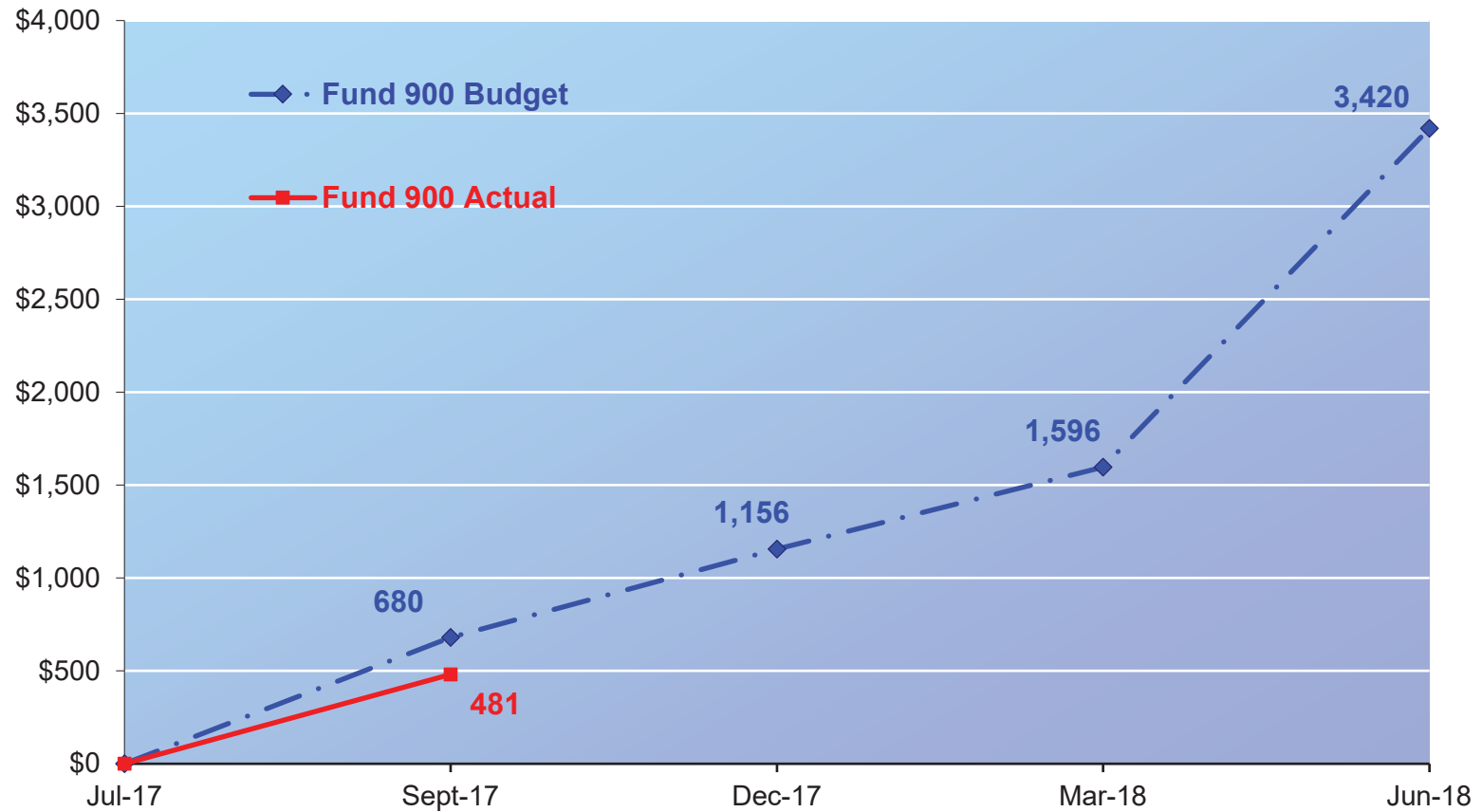
PRE/SEG:ks

Attachment: Budget Graphs

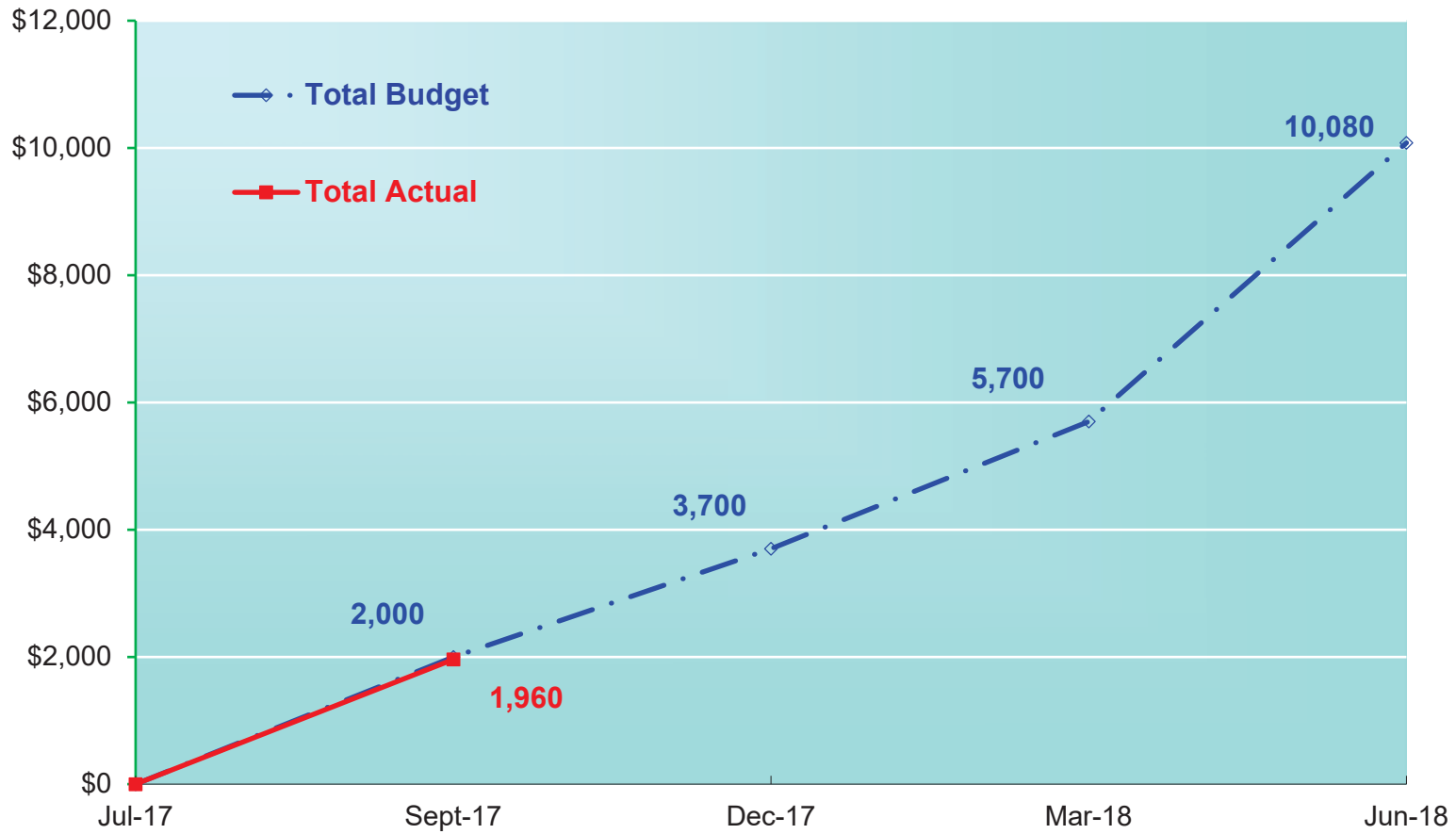
Structural R&R



Capacity



Total Cumulative



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| Check No. | Date | Invoice No. | Vendor | Description | Invoice Amt | Check Amt |
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| 166009 | 11/9/2017 | 3.1 | CRATUS INC | FORCE MAIN CORROSION REPAIRS - WEST | \$208,287.50 | \$208,287.50 |
| 166179 | 11/22/2017 | 102 | CHEVROLET OF WATSONVILLE, NATION1 | EA FORD F-550, CS | \$186,935.01 | \$186,935.01 |
| 166027 | 11/9/2017 | 900468.5 | KIEWIT INFRASTRUCTURE WEST CO | 3RD SLUDGE DEGRITTER SYSTEM | \$186,675.00 | \$186,675.00 |
| 166011 | 11/9/2017 | 8706 | DW NICHOLSON CORP | HYPO TANKS AND PIPING REPLACEMENT | \$119,034.34 | \$119,034.34 |
| 166097 | 11/16/2017 | 892820171031 | PACIFIC GAS AND ELECTRIC | SERV TO 10/30/17 HAYWARD MARSH | \$62.38 | \$82,295.43 |
| | 11/16/2017 | 380420171031 | | SERV TO 10/30/17 CHERRY ST PS | \$268.05 | |
| | 11/16/2017 | 666720171031 | | SERV TO 10/30/17 PASEO PADRE PS | \$309.01 | |
| | 11/16/2017 | 096020171031 | | SERV TO 10/30/17 CATHODIC PROJECT | \$56.50 | |
| | 11/16/2017 | 898220171031 | | SERV TO 10/30/17 FREMONT PS | \$289.11 | |
| | 11/16/2017 | 013720171103 | | SERV TO 11/02/17 BOYCE RD PS | \$2,652.59 | |
| | 11/16/2017 | 170120171106 | | SERV TO 10/23/17 PLANT | \$78,657.79 | |
| 166077 | 11/16/2017 | 903305504 | EVOQUA WATER TECHNOLOGIES | 4311 GALS HYDROGEN PEROXIDE | \$20,675.88 | \$60,761.47 |
| | 11/16/2017 | 903302548 | | 4580 GALS HYDROGEN PEROXIDE | \$21,966.02 | |
| | 11/16/2017 | 903307090 | | 3778 GALS HYDROGEN PEROXIDE | \$18,119.57 | |
| 166104 | 11/16/2017 | 123611 | SHAPE INCORPORATED | 1 SITE WASTE PUMP | \$55,440.21 | \$55,440.21 |

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| Check No. | Date | Invoice No. | Vendor | Description | Invoice Amt | Check Amt |
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| 166074 | 11/16/2017 | 60108425636 | DELL MARKETING LP C/O DELL USA | CREDIT-INV 10174236744 (15) SOUND BARS | \$-431.98 | \$47,533.57 |
| | 11/16/2017 | 60106745349 | | CREDIT-INV 10174236744 (15) OPTIFLEX 7050/(15) ABODE | \$-25,111.87 | |
| | 11/16/2017 | 10178185741 | | FY17 Q4 SYSTEMS | \$18,246.82 | |
| | 11/16/2017 | 60108425610 | | CREDIT-INV 10174236744 (15) SOUND BARS | \$-431.98 | |
| | 11/16/2017 | 10174236744 | | FY17 Q4 SYSTEMS | \$55,262.58 | |
| 166162 | 11/22/2017 | 13001100010049 | GE DIGITAL LLC | SCADA SOFTWARE ANNUAL SUPPORT | \$29,601.44 | \$29,601.44 |
| 166110 | 11/16/2017 | 533620171023 | US BANK CORP PAYMENT SYSTEM | MONTHLY CAL CARD STMT - OCT 2017 | \$29,454.81 | \$29,454.81 |
| 166099 | 11/16/2017 | 1182674 | POLYDYNE INC | 35,860 LBS CLARIFLOC C-6267 | \$25,148.71 | \$29,065.69 |
| | 11/16/2017 | 1183114 | | 41,500 LBS CLARIFLOC WE-539 | \$3,916.98 | |
| 166007 | 11/9/2017 | 381122001 | CH2M HILL INC | ODOR CONTROL ALTERNATIVES STUDY | \$26,083.83 | \$26,083.83 |
| 166174 | 11/22/2017 | 242294 | MACIAS GINI & O'CONNELL LLP | TEMP LABOR-ALGER, L. 7/12/2017-7/28/2017 | \$8,736.00 | \$24,675.00 |
| | 11/22/2017 | 243977 | | TEMP LABOR-ALGER, L. 7/31/2017-8/31/2017 | \$15,939.00 | |
| 166033 | 11/9/2017 | 761520171025 | PACIFIC GAS AND ELECTRIC | SERV TO 10/24/17 NEWARK PS | \$24,516.03 | \$24,516.03 |

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| Check No. | Date | Invoice No. | Vendor | Description | Invoice Amt | Check Amt |
|-----------|------------|-------------|--------------------------------|---|-------------|-------------|
| 166208 | 11/22/2017 | 848115 | UNIVAR USA INC | 4849 GALS SODIUM HYPOCHLORITE | \$2,378.83 | \$23,696.61 |
| | 11/22/2017 | 847080 | | 4799 GALS SODIUM HYPOCHLORITE | \$2,354.30 | |
| | 11/22/2017 | 848123 | | 4999 GALS SODIUM HYPOCHLORITE | \$2,452.41 | |
| | 11/22/2017 | 847212 | | 5000 GALS SODIUM HYPOCHLORITE | \$2,452.92 | |
| | 11/22/2017 | 847079 | | 4600 GALS SODIUM HYPOCHLORITE | \$2,256.68 | |
| | 11/22/2017 | 849095 | | 4808 GALS SODIUM HYPOCHLORITE | \$2,358.72 | |
| | 11/22/2017 | 847799 | | 5000 GALS SODIUM HYPOCHLORITE | \$2,452.92 | |
| | 11/22/2017 | 849229 | | 4800 GALS SODIUM HYPOCHLORITE | \$2,354.80 | |
| | 11/22/2017 | 848866 | | 4647 GALS SODIUM HYPOCHLORITE | \$2,279.74 | |
| | 11/22/2017 | 847592 | | 4801 GALS SODIUM HYPOCHLORITE | \$2,355.29 | |
| 166134 | 11/22/2017 | 162082 | CAROLLO ENGINEERS | PLANT SOLIDS SYSTEM/CAPACITY ASSESSMENT | \$3,745.23 | \$21,345.85 |
| | 11/22/2017 | 162079 | | NEWARK PS MOD VALVE & BOOST LINE MODS | \$10,691.63 | |
| | 11/22/2017 | 162090 | | RAS CONTROL INTERIM IMPROVEMENTS | \$6,908.99 | |
| 166202 | 11/22/2017 | 20214512 | TELEDYNE ISCO INC | 1 COMPACT COMPOSITE SAMPLER | \$17,358.72 | \$17,358.72 |
| 166091 | 11/16/2017 | 527768 | MANSFIELD OIL CO OF GAINSVILLE | 6156 GALS ULSD CARB DYED DIESEL | \$15,090.25 | \$15,090.25 |
| 166103 | 11/16/2017 | 3441564 | SC FUELS | 6,048 GALS UNLEADED REGULAR GASOLINE | \$14,207.87 | \$14,207.87 |
| 166090 | 11/16/2017 | 11243094 | KRONOS INC | WORKFORCE TIMEKEEPER ANNUAL SUPPORT 11/13/17 - 11/12/18 | \$13,800.00 | \$13,800.00 |
| 166010 | 11/9/2017 | 2498819A | DELTA DENTAL SERVICE | OCTOBER 2017 DENTAL | \$1,568.11 | \$13,420.81 |
| | 11/9/2017 | 2498819C | | OCTOBER 2017 DENTAL | \$11,852.70 | |

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| 166047 | 11/9/2017 | 845024 | UNIVAR USA INC | 4697 GALS SODIUM HYPOCHLORITE | \$2,304.26 | \$13,415.73 |
| | 11/9/2017 | 845287 | | 4 DRUMS HYDROCHLORIC ACID | \$1,648.65 | |
| | 11/9/2017 | 844985 | | 4999 GALS SODIUM HYPOCHLORITE | \$2,452.41 | |
| | 11/9/2017 | 844555 | | 4596 GALS SODIUM HYPOCHLORITE | \$2,254.71 | |
| | 11/9/2017 | 844905 | | 4997 GALS SODIUM HYPOCHLORITE | \$2,451.44 | |
| | 11/9/2017 | 845380 | | 4697 GALS SODIUM HYPOCHLORITE | \$2,304.26 | |
| 166144 | 11/22/2017 | 10453 | COLUMBIA WEATHER SYSTEMS INC | WEATHER STATIONS FOR IPS AND NPS | \$11,385.00 | \$11,385.00 |
| 166147 | 11/22/2017 | 201303542 | COVELLO GROUP INC | THICKENER CONROL BUILDING IMPROVEMENTS PHASE II | \$11,076.50 | \$11,076.50 |
| 166037 | 11/9/2017 | 24900 | RMC WATER AND ENVIRONMENT | USD EFFLUENT MANAGEMENT STUDY | \$10,949.21 | \$10,949.21 |
| 166171 | 11/22/2017 | 171031 | JSP AUTOMATION | RAS CONTROL INTERIM IMPROVEMENTS | \$10,800.00 | \$10,800.00 |
| 166067 | 11/16/2017 | 219299 | BURKE, WILLIAMS & SORENSON LLP | LEGAL SERVICES INSURANCE CLAIM - SEPTEMBER 2017 | \$80.52 | \$9,659.44 |
| | 11/16/2017 | 219302 | | GENERAL LEGAL - SEPTEMBER 2017 | \$2,059.20 | |
| | 11/16/2017 | 219371 | | FORCE MAIN RELOCATION - SEPTEMBER 2017 | \$6,224.40 | |
| | 11/16/2017 | 219370 | | COGEN - SEPTEMBER 2017 | \$65.52 | |
| | 11/16/2017 | 219303 | | CIP - SEPTEMBER 2017 | \$1,229.80 | |
| 166101 | 11/16/2017 | 24927 | RMC WATER AND ENVIRONMENT | FORCE MAIN CONDITION ASSESSMENT | \$2,689.25 | \$9,488.25 |
| | 11/16/2017 | 24966 | | USD PLANT MASTER PLAN | \$6,799.00 | |
| 166068 | 11/16/2017 | 31978 | CALIFORNIA WATER TECHNOLOGIES | 44,560 LBS FERROUS CHLORIDE | \$4,699.06 | \$9,369.98 |
| | 11/16/2017 | 31964 | | 44,560 LBS FERROUS CHLORIDE | \$4,670.92 | |

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| 166132 | 11/22/2017 | 32070 | CALIFORNIA WATER TECHNOLOGIES | 42,680 LBS FERROUS CHLORIDE | \$4,460.38 | \$9,034.39 |
| | 11/22/2017 | 31996 | | 43,900 LBS FERROUS CHLORIDE | \$4,574.01 | |
| 166080 | 11/16/2017 | 127719 | GOVERNMENT STAFFING SVCS. INC. | TEMP LABOR-SADEGHIAN, B. WK END 10/6/2017 & 10/13/2017 | \$8,855.00 | \$8,855.00 |
| 166136 | 11/22/2017 | KSH8498 | CDW GOVERNMENT LLC | AIRWATCH MDM ANNUAL SUBSCRIPTION | \$1,861.47 | \$8,431.47 |
| | 11/22/2017 | KSN9218 | | ADMIN & CONTROL BLDG SERVER ROOM UPS SUPPORT | \$6,570.00 | |
| 166043 | 11/9/2017 | 14810 | SYSTEMATES INC | PROJECTMATES SOFTWARE ANNUAL MAINTENANCE | \$8,300.00 | \$8,300.00 |
| 166028 | 11/9/2017 | 37432220171101 | LINCOLN NATIONAL LIFE INS COMP | LIFE & DISABILITY INSURANCE - NOV 2017 | \$7,349.00 | \$7,349.00 |
| 166063 | 11/16/2017 | 11303166 | BROWN & CALDWELL CONSULTANTS | STANDBY POWER SYSTEM UPGRADE | \$5,653.20 | \$7,271.86 |
| | 11/16/2017 | 11303158 | | EMERGENCY OUTFALL OUTLET IMPROVEMENTS | \$1,618.66 | |
| 166041 | 11/9/2017 | 89736 | SILVERSON MACHINES INC | 1 LAB MIXER-HOMOGENIZER | \$6,458.79 | \$6,458.79 |
| 166119 | 11/22/2017 | 171101562 | AIRTECH MECHANICAL INC | SERVICE CALL: BLDG 70 UPGRADE TEMP CONTROL TO VAV | \$2,540.00 | \$6,110.00 |
| | 11/22/2017 | 171001553 | | HVAC QUARTERLY MAINT BLDGS 53,63,67,68,74,76,77,78,79,80,81,90 | \$1,008.75 | |
| | 11/22/2017 | 171001552 | | OCT 2017: FILTER CHANGE BLDGS 54, 63, 81, 90 | \$915.00 | |
| | 11/22/2017 | 171001554 | | HVAC QUARTERLY MAINTENANCE BLDGS 70, 82, 83 | \$1,646.25 | |
| 166008 | 11/9/2017 | 357444 | CPS HR CONSULTING | RECRUITING SERVICES-FEES/EXPENSES BS MGR/CFO | \$5,371.37 | \$5,371.37 |
| 166055 | 11/16/2017 | 4017420220171105 | ALAMEDA COUNTY WATER DISTRICT | SERV TO: 11/05/17 - FREMONT BLVD | \$49.84 | \$4,778.00 |
| | 11/16/2017 | 4017275220171105 | | SERV TO: 11/02/17 - FREMONT BLVD | \$144.38 | |
| | 11/16/2017 | 4017274120171105 | | SERV TO: 11/02/17 - FREMONT BLVD | \$4,583.78 | |

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| 166108 | 11/16/2017 | 846388 | UNIVAR USA INC | 4698 GALS SODIUM HYPOCHLORITE | \$2,304.76 | \$4,584.50 |
| | 11/16/2017 | 846130 | | 4647 GALS SODIUM HYPOCHLORITE | \$2,279.74 | |
| 166204 | 11/22/2017 | 131002 | TOTAL WASTE SYSTEMS INC | OCTOBER 2017 GRIT DISPOSAL | \$4,294.05 | \$4,294.05 |
| 166114 | 11/16/2017 | 2033534 | WEST YOST ASSOCIATES | FORCE MAIN CORROSION REPAIRS - WEST | \$1,828.12 | \$4,232.62 |
| | 11/16/2017 | 2033567 | | HYPO TANKS AND PIPING REPLACEMENT | \$2,404.50 | |
| 166096 | 11/16/2017 | 4944 | OJO TECHNOLOGY INC | CREDIT-INV 4867 SECURITY CAMERA UPGRADE | \$-832.32 | \$4,163.18 |
| | 11/16/2017 | 5037 | | CCTV SYSTEM ANNUAL SUPPORT | \$4,995.50 | |
| 166181 | 11/22/2017 | 22573 | NEOGOV | ANNUAL SUPPORT RENEWAL 12/13/17 - 12/12/18 | \$3,914.00 | \$3,914.00 |
| 166188 | 11/22/2017 | 103892 | PIIAN SYSTEMS LLC | 6 5-GAL ODOR NEUTRALIZERS | \$3,642.34 | \$3,642.34 |
| 166184 | 11/22/2017 | 77051 | OPTIMUM SOLUTIONS INC | OPTIMUM ANNUAL SUPPORT FEE | \$3,523.82 | \$3,523.82 |
| 166013 | 11/9/2017 | 8756 | EXCEL PROPERTY MANAGEMENT | REFUND # 20466 | \$3,300.00 | \$3,300.00 |
| 166045 | 11/9/2017 | 9306 | TEEL CONSTRUCTION, INC | REFUND # 20465 | \$3,300.00 | \$3,300.00 |
| 166072 | 11/16/2017 | 9246 | JUN CHEN | REFUND # 20364 | \$3,300.00 | \$3,300.00 |
| 166087 | 11/16/2017 | 8924 | J.P. JOYFUL RESTAURANT, INC. | REFUND # 20482 | \$3,300.00 | \$3,300.00 |
| 166051 | 11/9/2017 | 20171101 | VISION SERVICE PLAN - CA | NOVEMBER 2017 VISION STMT | \$3,271.68 | \$3,271.68 |
| 166070 | 11/16/2017 | 161800 | CAROLLO ENGINEERS | DIGESTER NO. 3 INSP & REHAB | \$3,130.68 | \$3,130.68 |

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| 166130 | 11/22/2017 | 782754 | BRENNTAG PACIFIC, INC. | 2564 LBS SODIUM HYDROXIDE | \$695.90 | \$3,122.04 |
| | 11/22/2017 | 782755 | | 5128 LBS SODIUM HYDROXIDE | \$1,385.46 | |
| | 11/22/2017 | 784618 | | 2564 LBS SODIUM HYDROXIDE | \$692.73 | |
| | 11/22/2017 | 784619 | | 1282 LBS SODIUM HYDROXIDE | \$347.95 | |
| 166113 | 11/16/2017 | 39786 | WECO INDUSTRIES LLC | CAMERA REPAIRS | \$1,614.81 | \$3,088.49 |
| | 11/16/2017 | 39788 | | ASTD TRACTOR CAMERA REPAIR PARTS | \$1,473.68 | |
| 166084 | 11/16/2017 | 3592820171114 | HASLER INC. | POSTAGE BY PHONE - TMS 35928 | \$3,000.00 | \$3,000.00 |
| 166215 | 11/22/2017 | 3647653 | WESTERN ENERGY SYSTEMS | COGEN ENGINE PARTS | \$2,614.67 | \$2,614.67 |
| 166036 | 11/9/2017 | 916003251305 | REPUBLIC SERVICES #916 | RECYCLE & ROLL OFF - NOV 2017 | \$2,527.29 | \$2,527.29 |
| 166117 | 11/22/2017 | 9358 | ACCU-BORE DIRECTIONAL DRILLING | REFUND # 20498 | \$2,500.00 | \$2,500.00 |
| 166138 | 11/22/2017 | 8348 | CHAMPION CLEANING SPECIALISTS | REFUND # 20496 | \$2,500.00 | \$2,500.00 |
| 166049 | 11/9/2017 | 9794885622 | VERIZON WIRELESS | WIRELESS SERV 09/21/17-10/20/17 | \$2,393.96 | \$2,393.96 |
| 166160 | 11/22/2017 | 116527871 | FREMONT URGENT CARE CENTER | 2 NEW HIRE PHYSICALS/ 6 DOT PHYSICALS/ 1 FLU SHOT | \$1,151.00 | \$2,326.00 |
| | 11/22/2017 | 171927880 | | 47 FLU SHOTS | \$1,175.00 | |
| 166186 | 11/22/2017 | XCTZ02A | PACHECO BROTHERS GARDENING INC | LANDSCAPE MAINTENANCE SERVICES NOVEMBER 2017 | \$1,365.00 | \$2,280.00 |
| | 11/22/2017 | XCTZ02B | | WEED ABATEMENT WORK NOVEMBER 2017 | \$915.00 | |

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| 166164 | 11/22/2017 | 9593528418 | GRAINGER INC | 20 CONDITIONING DISCS | \$65.62 | \$2,202.33 |
| | 11/22/2017 | 9583796298 | | 2 AIR DIE GRINDERS/1 AIR BELT SANDER | \$1,195.36 | |
| | 11/22/2017 | 9596640020 | | 1 FLOW METER | \$115.42 | |
| | 11/22/2017 | 9595032237 | | ASTD PARTS & MATERIALS | \$769.58 | |
| | 11/22/2017 | 9597144725 | | 2 WIRE MARKER BOOKS | \$56.35 | |
| 166182 | 11/22/2017 | 55288387 | NEOPOST INC | NEOPOST METER RENTAL WJ150 12/1/17 - 11/30/18 | \$1,735.76 | \$2,129.79 |
| | 11/22/2017 | 55288536 | | NEOPOST STAND ALONE SCALE RENTAL 12/1/17 - 11/30/18 | \$394.03 | |
| 166126 | 11/22/2017 | 10486693 | AT&T | SERV: 10/10/17 - 11/09/17 | \$2,051.81 | \$2,051.81 |
| 166066 | 11/16/2017 | 306029200 | BUCKLES SMITH ELECTRIC | ROCKWELL SOFTWARE ANNUAL SUPPORT | \$2,002.77 | \$2,002.77 |
| 166120 | 11/22/2017 | 20171115 | ALAMEDA COUNTY WATER DISTRICT | SEWER SERVICE CHARGE REFUND | \$1,993.04 | \$1,993.04 |
| 166172 | 11/22/2017 | 43028627 | KELLY SERVICES INC | TEMP LABOR-LUU, A. WK END 10/29/2017 | \$828.96 | \$1,865.16 |
| | 11/22/2017 | 44027734 | | TEMP LABOR-LUU, A. WK END 11/05/2017 | \$1,036.20 | |
| 166053 | 11/9/2017 | 39732 | WECO INDUSTRIES LLC | CAMERA REPAIRS | \$1,781.13 | \$1,781.13 |
| 166059 | 11/16/2017 | 5188620170908 | APWA AMERICAN PUBLIC WORKS | APWA MEMBERSHIP RENEWAL FOR THE PERIOD | \$1,700.00 | \$1,700.00 |
| 166073 | 11/16/2017 | 20171025 | DALE HARDWARE INC | 10/17-ASTD PARTS & MATERIALS | \$1,663.47 | \$1,663.47 |
| 166089 | 11/16/2017 | 1455A | KEN GRADY CO INC | 2 PCB BOARDS | \$1,652.03 | \$1,652.03 |

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| 166018 | 11/9/2017 | 9573690709 | GRAINGER INC | ASTD PARTS & MATERIALS | \$1,215.52 | \$1,633.25 |
| | 11/9/2017 | 9573333722 | | 1 BALLISTIC SAFETY GLASSES | \$240.79 | |
| | 11/9/2017 | 9572957638 | | 6 METAL HALIDE LAMPS | \$80.34 | |
| | 11/9/2017 | 9573969657 | | 6 METAL HALIDE LAMPS | \$96.60 | |
| 166212 | 11/22/2017 | 8080386311 | VWR INTERNATIONAL LLC | 5 DRYING TUBE DRIERITES | \$63.00 | \$1,615.59 |
| | 11/22/2017 | 8080473053 | | 3 EA STAINLESS STEEL FORCEPS | \$114.38 | |
| | 11/22/2017 | 8080442123 | | 2 CS EPTIPS | \$169.65 | |
| | 11/22/2017 | 8080417954 | | ASTD LAB SUPPLIES | \$443.65 | |
| | 11/22/2017 | 8080427841 | | LAB SUPPLIES | \$824.91 | |
| 166017 | 11/9/2017 | 20171102.1 | MICHAEL GILL | TRAVEL REIMB: LODGING-ICS CONF | \$1,188.15 | \$1,566.15 |
| | 11/9/2017 | 20171102 | | PER DIEM EXPENSE-ICS CONF | \$378.00 | |
| 166123 | 11/22/2017 | 20171010 | AMAZON.COM LLC | 10/17-ASTD OFFICE SUPPLIES | \$1,537.38 | \$1,537.38 |
| 166124 | 11/22/2017 | 10110 | AMERICAN DISCOUNT SECURITY | 10/02/17 - 10/31/17 GUARD AT DISTRICT GATE | \$1,518.00 | \$1,518.00 |
| 166176 | 11/22/2017 | 50467786 | MCMASTER SUPPLY INC | ASTD PARTS & MATERIALS | \$716.80 | \$1,514.55 |
| | 11/22/2017 | 48740973 | | ASTD PARTS & MATERIALS | \$260.39 | |
| | 11/22/2017 | 50456332 | | ASTD PARTS & MATERIALS | \$477.43 | |
| | 11/22/2017 | 50529056 | | ASTD PARTS & MATERIALS | \$59.93 | |
| 165998 | 11/9/2017 | 9272804 | ABC IMAGING, INC. | DIGESTER NO. 3 INSP & REHAB | \$1,477.24 | \$1,477.24 |
| 165997 | 11/9/2017 | 47536 | ABACUS PRODUCTS INC | 136 USD STAFF CENTENNIAL T-SHIRTS | \$1,407.07 | \$1,407.07 |

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| 166148 | 11/22/2017 | 3059070 | DAILY JOURNAL CORPORATION | AD: BIDS FOR PRIMARY DIGESTER #3 REHAB PROJECT | \$1,380.00 | \$1,380.00 |
| 166170 | 11/22/2017 | PJN9807 | IRON MOUNTAIN | OFF-SITE STORAGE AND SERVICE - OCTOBER 2017 | \$325.94 | \$1,361.90 |
| | 11/22/2017 | 201460035 | | DATA/MEDIA OFF-SITE STORAGE - OCTOBER 2017 | \$268.81 | |
| | 11/22/2017 | PKC1288 | | OFF-SITE STORAGE AND SERVICE - OCTOBER 2017 | \$767.15 | |
| 166118 | 11/22/2017 | 9069335777 | AIRGAS NCN | 1 CYL ARGON | \$101.01 | \$1,351.58 |
| | 11/22/2017 | 9069630268 | | 3 CYL ARGON | \$496.04 | |
| | 11/22/2017 | 9949130477 | | CYLINDER RENTAL | \$622.03 | |
| | 11/22/2017 | 9069580896 | | ASTD PARTS & MATERIALS | \$132.50 | |
| 166081 | 11/16/2017 | 9576853809 | GRAINGER INC | 1 OFFICE DESK | \$408.58 | \$1,325.66 |
| | 11/16/2017 | 9576853817 | | 4 PRECHARGED BATTERIES | \$81.78 | |
| | 11/16/2017 | 9576853791 | | 1 CASTER KIT | \$99.68 | |
| | 11/16/2017 | 9576853783 | | ASTD PARTS & MATERIALS | \$735.62 | |
| 166178 | 11/22/2017 | 24021802 | MOTION INDUSTRIES INC | 2 PREDRYER JACKSHAFT | \$780.58 | \$1,312.18 |
| | 11/22/2017 | 24020342 | | ASTD PARTS & MATERIALS | \$531.60 | |
| 166137 | 11/22/2017 | 1197479 | CH BULL COMPANY | 2017 FALL PROTECTION TRAINING | \$1,300.00 | \$1,300.00 |
| 166161 | 11/22/2017 | 6083168360 | G&K SERVICES CO | UNIFORM LAUNDERING SERVICE | \$265.28 | \$1,265.70 |
| | 11/22/2017 | 6083168361 | | ASTD DUST MOPS, WET MOPS & TERRY TOWEL | \$17.22 | |
| | 11/22/2017 | 6083168359 | | UNIFORM LAUNDERING & RUGS | \$428.13 | |
| | 11/22/2017 | 6083170830 | | UNIFORM LAUNDERING SERVICE | \$555.07 | |

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| 166131 | 11/22/2017 | 11304176 | BROWN & CALDWELL CONSULTANTS | EMERGENCY OUTFALL OUTLET IMPROVEMENTS | \$1,235.31 | \$1,235.31 |
| 166058 | 11/16/2017 | 7011824529 | APPLIED INDUSTRIAL TECHNOLOGIE | 6 THOMSON LINEAR BEARINGS | \$1,213.24 | \$1,213.24 |
| 166115 | 11/16/2017 | 20171113 | SHARON WEST | TRAVEL REIMB: PREPAYLODGING-APA ANNUAL PAYROLL CONGRESS | \$1,198.88 | \$1,198.88 |
| 166198 | 11/22/2017 | 3357949872 | STAPLES CONTRACT & COMMERCIAL | JANITORIAL/BREAKROOM SUPPLIES | \$1,148.85 | \$1,184.51 |
| | 11/22/2017 | 3357949873 | | 1 CT FACIAL TISSUE | \$35.66 | |
| 166211 | 11/22/2017 | 39742 | VALLEY OIL COMPANY | ASTD LUBRICANTS | \$1,169.41 | \$1,169.41 |
| 166196 | 11/22/2017 | 4868173110217 | SIERRA SPRING WATER COMPANY | WATER SERVICE 10/04/2017-10/31/2017 | \$933.22 | \$1,145.85 |
| | 11/22/2017 | 8122768110217 | | BOTTLESS COOLERS RENTAL | \$212.63 | |
| 166039 | 11/9/2017 | 7697594602 | RS HUGHES CO INC | 5 RAIN SUITS XL | \$119.46 | \$1,129.08 |
| | 11/9/2017 | 7697594600 | | ASTD SAFETY SUPPLIES | \$1,009.62 | |
| 166107 | 11/16/2017 | 165560 | UNISOURCE SOLUTIONS INC | CUBICAL MOUNTING BRACKETS - CS BLDG | \$757.29 | \$1,117.29 |
| | 11/16/2017 | 165288 | | CS - CUBICAL SITE ASSESSMENT | \$360.00 | |
| 166064 | 11/16/2017 | 94391 | BRUCE BARTON PUMP SERVICE INC | 1 SUMP PUMP | \$1,114.51 | \$1,114.51 |
| 166020 | 11/9/2017 | 3L4654 | HARRINGTON INDUSTRIAL PLASTICS | 6-2" VALVE BALLS | \$742.13 | \$1,108.20 |
| | 11/9/2017 | 3L4410 | | 2-10" FLANGE | \$366.07 | |
| 166088 | 11/16/2017 | 42025889 | KELLY SERVICES INC | TEMP LABOR-LUU, A. WK END 10/22/2017 | \$1,036.20 | \$1,036.20 |

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| 166094 | 11/16/2017 | 50118085 | MCMaster SUPPLY INC | ASTD PARTS & MATERIALS | \$102.52 | \$1,027.85 |
| | 11/16/2017 | 50118086 | | 2 5-GAL NONSTAINING SAWING COOLANT | \$244.71 | |
| | 11/16/2017 | 49800181 | | 3-1" STEEL SCREW PIN SHACKLE FOR LIFTING | \$403.52 | |
| | 11/16/2017 | 50118087 | | 1 CORROSION RESISTANT SUPPORT GRIP | \$88.49 | |
| | 11/16/2017 | 49497828 | | 1 PRECISION TIP PICK SET | \$26.93 | |
| | 11/16/2017 | 49866696 | | 1 COMPRESSED AIR REGULATING MANIFOLD | \$72.07 | |
| | 11/16/2017 | 50028302 | | ASTD PARTS & MATERIALS | \$72.95 | |
| | 11/16/2017 | 50235252 | | 1 CAN SPRAY FOAM INSULATION | \$16.66 | |
| 166025 | 11/9/2017 | 34001344 | KELLY SERVICES INC | CREDIT - TRAVEL EXP- A. LUU INV 29017849 | \$-25.00 | \$1,011.20 |
| | 11/9/2017 | 41026996 | | TEMP LABOR-LUU, A. WK END 10/15/2017 | \$1,036.20 | |
| 166194 | 11/22/2017 | 1818202001 | SAN LEANDRO ELECTRIC SUPPLY | ASTD ELECTRICAL SUPPLIES | \$1,007.73 | \$1,007.73 |
| 166004 | 11/9/2017 | 609038 | A-PRO PEST CONTROL INC | OCTOBER PEST CONTROL | \$1,005.00 | \$1,005.00 |
| 166095 | 11/16/2017 | 9363 | MONARCH PLUMBING & ROOTER INC | REFUND # 20473 | \$500.00 | \$1,000.00 |
| | 11/16/2017 | 9364 | | REFUND # 20472 | \$500.00 | |
| 166106 | 11/16/2017 | 9330 | STAR ROOTER AND PLUMBING | REFUND # 20476 | \$500.00 | \$1,000.00 |
| | 11/16/2017 | 9300 | | REFUND # 20477 | \$500.00 | |
| 166185 | 11/22/2017 | 9325 | ORTIZ CONSTRUCTION, INC. | REFUND # 20506 | \$500.00 | \$1,000.00 |
| | 11/22/2017 | 9324 | | REFUND # 20507 | \$500.00 | |
| 166145 | 11/22/2017 | 20171028 | COMMUNICATION & CONTROL INC | UTILITY FEE/ANTENNA RENTAL | \$975.20 | \$975.20 |

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| 166173 | 11/22/2017 | 1450194 | LIEBERT CASSIDY WHITMORE | LEGAL SERVICES - CALPERS AUDIT - UNIFORMS | \$975.00 | \$975.00 |
| 166031 | 11/9/2017 | 20171031 | NAPA AUTO PARTS | MONTHLY AUTO PARTS STMT - OCT 2017 | \$931.24 | \$931.24 |
| 166168 | 11/22/2017 | 8 | STEPHANIE HUGHES, CHE P.E. | P2 PROGRAM SUPPORT | \$925.00 | \$925.00 |
| 166102 | 11/16/2017 | 12128 | ROTO-JET OF AMERICA CO INC | ASTD WASHER KIT PARTS | \$882.53 | \$882.53 |
| 166086 | 11/16/2017 | 19961 | ICE SAFETY SOLUTIONS INC | 7 2-SHELF FIRST AID KITS | \$871.04 | \$871.04 |
| 166005 | 11/9/2017 | 613680 | AUTOMATION PRODUCTS GROUP | 1 APG LEVEL TRANSMITTER | \$825.26 | \$825.26 |
| 166157 | 11/22/2017 | 10071 | FREMONT EXPRESS COURIER SVC | COURIER SVCS: OCT 2017 DAILY MAIL/2 BOARDMEMBER DELIVERY | \$795.00 | \$795.00 |
| 166127 | 11/22/2017 | 2522063010 | BANK OF NEW YORK | OCT 2017 SERVICE FEE | \$791.22 | \$791.22 |
| 166048 | 11/9/2017 | 51175 | VALLEY POWER SYSTEMS NORTH INC | ASTD PARTS & MATERIALS | \$3.60 | \$770.14 |
| | 11/9/2017 | 50698 | | ASTD PARTS & MATERIALS | \$170.67 | |
| | 11/9/2017 | 51589 | | ASTD PARTS & MATERIALS | \$595.87 | |
| 166203 | 11/22/2017 | 17110303 | TELOG INSTRUMENTS INC | ANNUAL SUPPORT 11/7/2017 - 11/8/2018 | \$750.00 | \$750.00 |
| 166032 | 11/9/2017 | 20852 | NIXON-EGLI EQUIP OF S. CAL | 6 ROOT SAW BLADES | \$736.52 | \$736.52 |

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| 166129 | 11/22/2017 | 12255030 | BLAISDELL'S | 7 ASTD CALENDARS | \$139.85 | \$731.79 |
| | 11/22/2017 | 12257640 | | 1 OFFICE CHAIR | \$214.64 | |
| | 11/22/2017 | 12263961 | | 1 DZ PERM MARKERS | \$56.95 | |
| | 11/22/2017 | 12266380 | | 2 BX ENVELOPES | \$22.06 | |
| | 11/22/2017 | 12270940 | | 1 DESKPAD CALENDAR/1 PLANNER | \$48.82 | |
| | 11/22/2017 | 12254450 | | ASTD OFFICE SUPPLIES | \$80.16 | |
| | 11/22/2017 | 12270200 | | 1 WALL CALENDAR | \$25.23 | |
| | 11/22/2017 | 12259720 | | 2 BINDERS/1 CLIPBOARD | \$12.94 | |
| | 11/22/2017 | 12263960 | | ASTD OFFICE SUPPLIES | \$131.14 | |
| 166019 | 11/9/2017 | 1265743 | GRANITE CONSTRUCTION COMPANY | 10.11 TONS 1/2" HMA64-10R15 | \$728.98 | \$728.98 |
| 166153 | 11/22/2017 | 281814 | ENTHALPY ANALYTICAL LLC | 8 LAB SAMPLE ANALYSIS | \$115.00 | \$720.00 |
| | 11/22/2017 | 282017 | | 5 LAB SAMPLE ANALYSIS | \$230.00 | |
| | 11/22/2017 | 281903 | | 14 LAB SAMPLE ANALYSIS | \$315.00 | |
| | 11/22/2017 | 281988 | | 1 LAB SAMPLE ANALYSIS | \$60.00 | |
| 166169 | 11/22/2017 | 1053937 | INDUSTRIAL SAFETY SUPPLY | 3 CYL CALIBRATION GASES | \$718.58 | \$718.58 |
| 166079 | 11/16/2017 | 6083165884 | G&K SERVICES CO | UNIFORM LAUNDERING & RUGS | \$279.42 | \$699.43 |
| | 11/16/2017 | 6083165885 | | UNIFORM LAUNDERING SERVICE | \$402.79 | |
| | 11/16/2017 | 6083165886 | | ASTD DUST MOPS, WET MOPS & TERRY TOWEL | \$17.22 | |
| 166217 | 11/22/2017 | 9390AF020171220 | WIN-911 SOFTWARE | WIN911 ANNUAL SUPPORT | \$695.00 | \$695.00 |

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| 166012 | 11/9/2017 | 281281 | ENTHALPY ANALYTICAL LLC | 9 LAB SAMPLE ANALYSIS | \$440.00 | \$690.00 |
| | 11/9/2017 | 281428 | | 4 LAB SAMPLE ANALYSIS | \$140.00 | |
| | 11/9/2017 | 281445 | | 7 LAB SAMPLE ANALYSIS | \$110.00 | |
| 166193 | 11/22/2017 | 12274 | ROCHESTER MIDLAND CORPORATION | HOT WATER LOOP SERVICE | \$687.46 | \$687.46 |
| 166213 | 11/22/2017 | 5264 | ASSOCIATION OF CALIFORNIA WATER | JOB POSTING FOR CFO | \$675.00 | \$675.00 |
| 166024 | 11/9/2017 | 1053381 | INDUSTRIAL SAFETY SUPPLY | 2 CY ASTD CAL GASES | \$654.23 | \$654.23 |
| 166141 | 11/22/2017 | 41129 | CLAREMONT BEHAVIORAL SERVICES | DEC 2017 EAP PREMIUM | \$630.20 | \$630.20 |
| 166098 | 11/16/2017 | 17221 | PACIFIC WATER RESOURCES | 2 PUMP BEARINGS | \$622.58 | \$622.58 |
| 166030 | 11/9/2017 | 48326088 | MCMASTER SUPPLY INC | 2 PADLOCKS | \$29.38 | \$614.60 |
| | 11/9/2017 | 49497829 | | 1 STEEL FLANGE CAP | \$130.76 | |
| | 11/9/2017 | 48152453 | | 6 FIRST AID SIGNS | \$69.31 | |
| | 11/9/2017 | 48402887 | | ASTD PARTS & MATERIALS | \$340.04 | |
| | 11/9/2017 | 48402888 | | 1 PK OIL RESISTANT BUNA-N O-RING | \$8.73 | |
| | 11/9/2017 | 49305368 | | ASTD PARTS & MATERIALS | \$36.38 | |
| 166069 | 11/16/2017 | 4024068938 | CANON SOLUTIONS AMERICA INC | MTHLY MAINTENANCE BASED ON USE | \$612.17 | \$612.17 |
| 166177 | 11/22/2017 | 171149 | METROMOBILE COMMUNICATIONS INC | ANNUAL RADIO SERVICE - NOVEMBER 2017 | \$599.08 | \$599.08 |
| 166152 | 11/22/2017 | 90095906513 | ENTERPRISE GOV 43-1514861 | RENTAL: J. ROJO, ONTARIO, CA | \$209.56 | \$573.61 |
| | 11/22/2017 | 90095721078 | | RENTAL: D. LU, LOS ANGELES, CA | \$181.74 | |
| | 11/22/2017 | 90096105491 | | RENTAL: J. SEO, FT LAUDERDALE, FL | \$182.31 | |

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| 166128 | 11/22/2017 | 1088554 | BAY AREA NEWS GROUP EAST BAY | AD: BID FOR PRIMARY DIGESTER #3 PROJECT | \$572.13 | \$572.13 |
| 166016 | 11/9/2017 | 6083163416 | G&K SERVICES CO | UNIFORM LAUNDERING & RUGS | \$257.63 | \$563.90 |
| | 11/9/2017 | 6083163418 | | ASTD DUST MOPS, WET MOPS & TERRY TOWEL | \$17.22 | |
| | 11/9/2017 | 6083163417 | | UNIFORM LAUNDERING SERVICE | \$289.05 | |

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| 166015 | 11/9/2017 | 38514 | FREMONT TEST ONLY | ANNUAL SMOG TESTING - VEHICLE T1256 | \$35.00 | \$560.00 |
| | 11/9/2017 | 38566 | | ANNUAL SMOG TESTING - VEHICLE T1337 | \$35.00 | |
| | 11/9/2017 | 38718 | | ANNUAL SMOG TESTING - VEHICLE T1328 | \$35.00 | |
| | 11/9/2017 | 38527 | | ANNUAL SMOG TESTING - VEHICLE T1268 | \$35.00 | |
| | 11/9/2017 | 38596 | | ANNUAL SMOG TESTING - VEHICLE T1327 | \$35.00 | |
| | 11/9/2017 | 38696 | | ANNUAL SMOG TESTING - VEHICLE T1303 | \$35.00 | |
| | 11/9/2017 | 38698 | | ANNUAL SMOG TESTING - VEHICLE T1306 | \$35.00 | |
| | 11/9/2017 | 38534 | | ANNUAL SMOG TESTING - VEHICLE T1359 | \$35.00 | |
| | 11/9/2017 | 38754 | | ANNUAL SMOG TESTING - VEHICLE T2051 | \$35.00 | |
| | 11/9/2017 | 38530 | | ANNUAL SMOG TESTING - VEHICLE P8363 | \$35.00 | |
| | 11/9/2017 | 38691 | | ANNUAL SMOG TESTING - VEHICLE T1361 | \$35.00 | |
| | 11/9/2017 | 38404 | | ANNUAL SMOG TESTING - VEHICLE T1339 | \$35.00 | |
| | 11/9/2017 | 38583 | | ANNUAL SMOG TESTING - VEHICLE P8364 | \$35.00 | |
| | 11/9/2017 | 38738 | | ANNUAL SMOG TESTING - VEHICLE T1340 | \$35.00 | |
| | 11/9/2017 | 38729 | | ANNUAL SMOG TESTING - VEHICLE T1282 | \$35.00 | |
| | 11/9/2017 | 38407 | | ANNUAL SMOG TESTING - VEHICLE T2269 | \$35.00 | |
| 166135 | 11/22/2017 | 2089 | CASA | CONF REG: S. GHOSAIN | \$550.00 | \$550.00 |
| 166121 | 11/22/2017 | 5172478 | ALL INDUSTRIAL ELECTRIC SUPPLY | 1 RED LION | \$518.77 | \$518.77 |
| 166205 | 11/22/2017 | 969031330 | TPX COMMUNICATIONS | WIRELESS INTERNET BACKUP - NOVEMBER | \$505.97 | \$505.97 |

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| 166054 | 11/16/2017 | 9322 | AKM CONSTRUCTION | REFUND # 20475 | \$500.00 | \$500.00 |
| 166065 | 11/16/2017 | 8915 | SHERI BRUMM | REFUND # 20489 | \$500.00 | \$500.00 |
| 166143 | 11/22/2017 | 20171004 | COLDSTONE CREAMERY | EMPLOYEE RECOGNITION ICE CREAM EVENT | \$500.00 | \$500.00 |
| 166151 | 11/22/2017 | 8877 | PA NAN ENG | REFUND # 20505 | \$500.00 | \$500.00 |
| 166166 | 11/22/2017 | 9293 | HBDT CONSTRUCTION INC | REFUND # 20509 | \$500.00 | \$500.00 |
| 166190 | 11/22/2017 | 9243 | YIBING QU | REFUND # 20504 | \$500.00 | \$500.00 |
| 166199 | 11/22/2017 | 9384 | STAR ROOTER AND PLUMBING | REFUND # 20508 | \$500.00 | \$500.00 |
| 166201 | 11/22/2017 | 8132 | STREAMLINE PLUMBING & DRAIN | REFUND # 20502 | \$500.00 | \$500.00 |
| 166206 | 11/22/2017 | 117578 | TRI-SIGNAL INTEGRATION INC | FIRE PROTECTION SERVICE - MONTHLY CHARGE MONITORING AGREE | \$133.33 | \$483.33 |
| | 11/22/2017 | 117579 | | FIRE PROTECTION SERVICE - UL CERTIFICATE | \$350.00 | |
| 166026 | 11/9/2017 | 62600000115548 | KELLY-MOORE PAINT COMPANY | ASTD PAINT SUPPLIES | \$474.61 | \$474.61 |
| 166000 | 11/9/2017 | 9068839080 | AIRGAS NCN | 2 CYL WELDING GAS | \$450.80 | \$473.65 |
| | 11/9/2017 | 9068741717 | | CYLINDER RENTAL | \$22.85 | |
| 166155 | 11/22/2017 | 1317972 | FERGUSON ENTERPRISES, INC. | 6 SEWER TEE CONNECTIONS | \$467.54 | \$467.54 |
| 166140 | 11/22/2017 | 63198 | CITYLEAF INC | PLANT MAINTENANCE - NOV 2017 | \$431.86 | \$431.86 |
| 166083 | 11/16/2017 | 267631 | HANIGAN COMPANY INC | 5000 SECURITY PRINT WINDOW ENVELOPES | \$423.08 | \$423.08 |
| 166056 | 11/16/2017 | 22107 | ALLIED FLUID PRODUCTS CORP | ASTD PARTS & MATERIALS | \$411.81 | \$411.81 |
| 166158 | 11/22/2017 | 20191 | FREMONT RECYCLING & TRANSFER | 1.58 TON GREEN WASTE | \$384.00 | \$384.00 |
| 166191 | 11/22/2017 | 4458013 | RICE LAKE WEIGHING SYSTEMS | 250 MERCURY THERMOMETERS | \$382.37 | \$382.37 |

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| 166050 | 11/9/2017 | 20171107 | AUDREY VILLANUEVA | EXP REIMB: SOCIAL CMTE HALLOWEEN EVENT | \$360.78 | \$360.78 |
| 166042 | 11/9/2017 | 20171107 | SWRCB - STATE WATER RESOURCES | GRADE V CERT RENEW-M. FORTNER | \$340.00 | \$340.00 |
| 166189 | 11/22/2017 | 132657 | PREFERRED ALLIANCE INC | OCTOBER 2017 SERVICE FEE | \$339.20 | \$339.20 |
| 166192 | 11/22/2017 | 23844 | RMC WATER AND ENVIRONMENT | FORCE MAIN CONDITION ASSESSMENT | \$330.00 | \$330.00 |
| 166180 | 11/22/2017 | 1530 | NCCIPMA | PREPAY REGIS: KING, K - NCCIPMA ANNUAL CONF MAR 2018 | \$329.00 | \$329.00 |
| 166154 | 11/22/2017 | 846590 | ENVIRONMENTAL RESOURCE ASSOC | 3 METALS QCS | \$320.55 | \$320.55 |
| 166044 | 11/9/2017 | 20171106 | EDWARD TATOLA | PER DIEM ADVANCE-THERMOGRAPHY CERTIFICATION LEVEL 1 | \$315.00 | \$315.00 |
| 166093 | 11/16/2017 | 135196 | MAZZEI INJECTOR | 6 INJECTORS | \$267.00 | \$267.00 |
| 166197 | 11/22/2017 | 89855 | SILVERSON MACHINES INC | FREIGHT CHRG INV 89736-LAB MIXER HOMOGENIZER | \$252.35 | \$252.35 |
| 166105 | 11/16/2017 | 20171031 | SPOK INC | NOVEMBER 2017 PAGER SERVICE | \$250.53 | \$250.53 |
| 166214 | 11/22/2017 | 6012941 | WEST SAFETY SERVICES INC | E911 CLOUD SERVICE | \$250.00 | \$250.00 |
| 166076 | 11/16/2017 | 1000484580 | ENVIRONMENTAL EXPRESS | 2 FILTERMATE 0.7UM GLASS FIBER FILTERS | \$234.96 | \$234.96 |
| 166167 | 11/22/2017 | 5730248 | HOSE & FITTINGS ETC | 1-20 VTX-S | \$32.98 | \$230.64 |
| | 11/22/2017 | 5729333 | | ASTD PARTS & MATERIALS | \$197.66 | |
| 166035 | 11/9/2017 | 117539 | R-2 ENGINEERING INC | MOYNO PUMP REBUILD PARTS | \$228.34 | \$228.34 |
| 166040 | 11/9/2017 | 85340220171023 | SAN FRANCISCO WATER DEPT | SERVICE 09/21/2017 TO 10/20/2017 | \$224.76 | \$224.76 |
| 166209 | 11/22/2017 | 28010122 | UPS - UNITED PARCEL SERVICE | REDELIVERY FREIGHT CHARGE | \$224.14 | \$224.14 |
| 166082 | 11/16/2017 | 10694577 | HACH COMPANY | 1 SPEC COLOR STD DPD CHLORINE | \$222.96 | \$222.96 |
| 166125 | 11/22/2017 | 10172017168238 | AMERICAN PAYROLL ASSOCIATION | MEMBER DUES - J. ROJO | \$219.00 | \$219.00 |

**UNION SANITARY DISTRICT
CHECK REGISTER
11/04/2017-11/25/2017**

| Check No. | Date | Invoice No. | Vendor | Description | Invoice Amt | Check Amt |
|-----------|------------|-------------|--------------------------------|--|-------------|-----------|
| 166146 | 11/22/2017 | 89250 | COPYMAT NEW BAY | 450 SETS COPIES | \$216.64 | \$216.64 |
| 165999 | 11/9/2017 | 67814 | AIR & TOOL ENGINEERING COMPANY | REPAIRED JET A-90N | \$172.06 | \$216.55 |
| | 11/9/2017 | 67815 | | REPLACED THROTTLE O-RING | \$44.49 | |
| 166038 | 11/9/2017 | 49435059 | ROBERT HALF INTERNATIONAL INC | TEMP LABOR-MUSGRAVE, E. WK END 10/13/2017 | \$215.43 | \$215.43 |
| 166112 | 11/16/2017 | 8080350047 | VWR INTERNATIONAL LLC | 10 BUFFERS | \$208.09 | \$208.09 |
| 166061 | 11/16/2017 | 20691600 | BECK'S SHOES | SAFETY SHOES: A DEJESUS | \$208.00 | \$208.00 |
| 166014 | 11/9/2017 | 2779631 | FREMONT FLOWERS | FLOWERS: AGBUYA | \$95.20 | \$207.84 |
| | 11/9/2017 | 2779601 | | FLOWERS: HOVEY | \$112.64 | |
| 166002 | 11/9/2017 | 20171101 | ALAMEDA COUNTY WATER DISTRICT | TRAINING REG: 2017 NEC CODE UPDATE CLASS - LU, Y | \$200.00 | \$200.00 |
| 166078 | 11/16/2017 | 2787261 | FREMONT FLOWERS | FLOWERS: G. OSEGUERA | \$198.78 | \$198.78 |
| 166006 | 11/9/2017 | 12173620 | BLAISDELL'S | 1 OFFICE CHAIR ARM INSTALLATION | \$86.70 | \$186.18 |
| | 11/9/2017 | 12221710 | | ASTD OFFICE SUPPLIES | \$27.31 | |
| | 11/9/2017 | 12231340 | | ASTD OFFICE SUPPLIES | \$72.17 | |
| 166071 | 11/16/2017 | 462346 | CENTERVILLE SAW AND TOOL | 1 BLADE BRUSH | \$35.38 | \$183.70 |
| | 11/16/2017 | 462345 | | ASTD PARTS & MATERIALS | \$148.32 | |
| 166150 | 11/22/2017 | 374604 | DLT SOLUTIONS, LLC | AWS CLOUD STORAGE - SEPTEMBER 2017 | \$175.81 | \$175.81 |
| 166052 | 11/9/2017 | 8080264325 | VWR INTERNATIONAL LLC | LAB SUPPLIES | \$69.52 | \$165.62 |
| | 11/9/2017 | 8080216524 | | LAB SUPPLIES | \$41.86 | |
| | 11/9/2017 | 8080245951 | | LAB SUPPLIES | \$54.24 | |

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|-----------|------------|-------------|--------------------------------|--|-------------|-----------|
| 166156 | 11/22/2017 | 7028435 | FISHER SCIENTIFIC | 1 CS WASH BOTTLES | \$161.56 | \$161.56 |
| 166183 | 11/22/2017 | 20171116 | SHAWN NESGIS | EXP REIMB: OFFICE SAFETY ITEM FOR CUBICLE RECONFIG | \$161.10 | \$161.10 |
| 166075 | 11/16/2017 | 281632 | ENTHALPY ANALYTICAL LLC | 8 LAB SAMPLE ANALYSIS | \$140.00 | \$140.00 |
| 166163 | 11/22/2017 | 2774730402 | GLACIER ICE COMPANY INC | 84 7-LB BAGS OF ICE | \$123.48 | \$123.48 |
| 166060 | 11/16/2017 | 20171113 | ROLLIE ARBOLANTE | EXP REIMB: CA PROF. ENGINEER LICENSE | \$116.00 | \$116.00 |
| 166139 | 11/22/2017 | 20171115 | RAYMOND CHAU | EXP REIMB: PE LICENSE RENEWAL | \$115.00 | \$115.00 |
| 166003 | 11/9/2017 | 3213 | ALL ABOUT BACKFLOW | BACKFLOW PREVENTION TEST AT NPS | \$112.00 | \$112.00 |
| 166062 | 11/16/2017 | 12237220 | BLAISDELL'S | 2 COMPRESSED AIR DUSTERS | \$13.15 | \$105.23 |
| | 11/16/2017 | 12244090 | | 1 DZ PENS | \$15.97 | |
| | 11/16/2017 | 12247790 | | ASTD OFFICE SUPPLIES | \$52.14 | |
| | 11/16/2017 | 12244091 | | 3 BX CREAMER | \$23.97 | |
| 166100 | 11/16/2017 | 91057 | REMOTE SATELLITE SYSTEMS INT'L | IRIDIUM SVC FEE NOVEMBER 2017 | \$97.90 | \$97.90 |
| 166207 | 11/22/2017 | 8848 | TURNER RISK CONSULTING INC | FIRST AID & CPR TRAINING - VONG | \$95.00 | \$95.00 |
| 166116 | 11/16/2017 | 4645 | ZELAYA DESIGNS | PUBLIC OUTREACH | \$91.50 | \$91.50 |
| 166175 | 11/22/2017 | 77872609 | MATHESON TRI-GAS INC | MONTHLY CYLINDER RENTAL - OCTOBER 2017 | \$85.32 | \$85.32 |
| 166046 | 11/9/2017 | 29759 | THOMAS AND ASSOCIATES | 5 OIL SEALS | \$84.86 | \$84.86 |
| 166092 | 11/16/2017 | 77869292 | MATHESON TRI-GAS INC | MONTHLY CYLINDER RENTAL - SEPTEMBER 2017 | \$82.92 | \$82.92 |
| 166109 | 11/16/2017 | 98XW53427 | UPS - UNITED PARCEL SERVICE | SHIPPING CHARGES W/E 10/21/17 | \$73.31 | \$73.31 |
| 166216 | 11/22/2017 | 27956 | WILEY PRICE & RADULOVICH LLP | LABOR & EMPLOYMENT LAW FEES | \$63.00 | \$63.00 |

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| 166001 | 11/9/2017 | 4088644120171025 | ALAMEDA COUNTY WATER DISTRICT | SERV TO: 10/24/17 - BOYCE ROAD | \$61.98 | \$61.98 |
| 166187 | 11/22/2017 | 1588616 | PETERSON TRACTOR CO | 10 KEYS | \$61.13 | \$61.13 |
| 166149 | 11/22/2017 | 615320171120 | DISH NETWORK | DEC 2017 - SERVICE FEE | \$55.90 | \$55.90 |
| 166122 | 11/22/2017 | 7111281 | ALPHA ANALYTICAL LABORATORIES | 1 LAB ANALYSIS | \$55.00 | \$55.00 |
| 166210 | 11/22/2017 | 98XW53437.1 | UPS - UNITED PARCEL SERVICE | SHIPPING CHARGES W/E 10/28/17 | \$42.38 | \$42.38 |
| 166159 | 11/22/2017 | 157057 | FREMONT RUBBER STAMP CO INC | 1 SELF INKER - REVIEWED AND APPROVED | \$41.30 | \$41.30 |
| 166034 | 11/9/2017 | 224720171023 | PACIFIC GAS AND ELECTRIC | SERV TO 10/22/17 CS TRAINING TRAILER | \$38.69 | \$38.69 |
| 166142 | 11/22/2017 | 38581 | CLASSIC GRAPHICS | 4 NUMBER DECALS | \$38.41 | \$38.41 |
| 166165 | 11/22/2017 | 267793 | HANIGAN COMPANY INC | 1 LOT BUSINESS CARDS: MORENO, L | \$38.18 | \$38.18 |
| 166029 | 11/9/2017 | 103272 | MCINERNEY & DILLON, P.C. | LEGAL SERVICES - CIP - BIDDING ISSUE | \$37.50 | \$37.50 |
| 166133 | 11/22/2017 | 267571 | STATE OF CALIFORNIA | 1 NEW HIRE FINGERPRINTS | \$32.00 | \$32.00 |
| 166200 | 11/22/2017 | 246555000 | STEVEN ENGINEERING INC | 1 PHOENIX UPS UNIT | \$1,011.76 | \$26.93 |
| | 11/22/2017 | 245825000 | | CREDIT-INV 2450938 1 PHOENIX UPS UNIT | \$-984.83 | |
| 166111 | 11/16/2017 | 9795399433 | VERIZON WIRELESS | WIRELESS SERV 10/02/17-11/01/17 | \$26.78 | \$26.78 |
| 166057 | 11/16/2017 | 20171114 | SHARON ANDERSON | EXP REIMB: LIVESCAN FEE PRE-EMPLOYMENT | \$25.00 | \$25.00 |
| 166021 | 11/9/2017 | 944720171027 | HOME DEPOT CREDIT SERVICES | MONTHLY HARDWARE STMT - OCT 2017 | \$23.01 | \$23.01 |
| 166195 | 11/22/2017 | 33948 | SCHAA'S LAWNMOWER SALES & SERV | 2 BOLT COVERS | \$21.96 | \$21.96 |
| 166023 | 11/9/2017 | 20078 | ICE SAFETY SOLUTIONS INC | 7 EYE CLEAN SOLUTIONS/1 COLD PACK | \$15.84 | \$15.84 |
| 166022 | 11/9/2017 | 537425 | HULBERT LUMBER SUPPLY | ASTD LUMBER SUPPLIES | \$15.77 | \$15.77 |

**UNION SANITARY DISTRICT
CHECK REGISTER
11/04/2017-11/25/2017**

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|------------------------|------------|--------------|---------------------|------------------------|-------------|--------------|
| 166085 | 11/16/2017 | 5727739 | HOSE & FITTINGS ETC | 1 BRASS ELBOW | \$5.20 | \$5.20 |
| Invoices: | | | | Checks: | | |
| Credit Memos : | 6 | -27,817.98 | | | | |
| \$0 - \$1,000 : | 241 | 66,968.99 | | \$0 - \$1,000 : | 119 | 44,776.87 |
| \$1,000 - \$10,000 : | 101 | 277,374.23 | | \$1,000 - \$10,000 : | 76 | 232,098.91 |
| \$10,000 - \$100,000 : | 23 | 546,324.57 | | \$10,000 - \$100,000 : | 22 | 585,974.03 |
| Over \$100,000 : | 4 | 700,931.85 | | Over \$100,000 : | 4 | 700,931.85 |
| Total: | 375 | 1,563,781.66 | | Total: | 221 | 1,563,781.66 |



Summary of the EBDA Commission Meeting
Thursday, November 16, 2017, at 9:30 a.m.

Prepared by: P. Eldredge

- Commissioners Becker, Cutter, Peixoto, Sadoff, and Toy were present.
- The Consent Calendar was approved unanimously and included the Commission Meeting Minutes, List of Disbursements, and Treasurer's Report.
- The Commission unanimously approved the reports from the Managers Advisory, Financial Management, Regulatory Affairs, Operations & Maintenance, and Personnel committees. The following items were discussed:
- **General Managers Report** - The General Manager introduced David Alvey, Audit Partner, of Maze and Associates. Mr. Alvey presented the Authority's Fiscal Year 2016/2017 audit to the Commission. The auditor discussed their findings and the implementation of GASB 75. The auditor issued an unmodified opinion that the Authority's financial statements are fairly stated and noted that there were no deficiencies of internal controls. The Authority's net position was \$32 million at June 30, 2017.
- **Managers Advisory Committee (MAC)** – The MAC met with the General Manager on November 15, 2017. Erik Zalkin of Brown and Caldwell reviewed the preliminary results of the transport system inspection with the MAC. The hydraulic model calibration study was presented by Tim Loper of Carollo Engineering. The MAC also discussed the General Manager recruitment.
- **Financial Management Committee** met with the General Manager on November 14, 2017, and reviewed the October List of Disbursements and Treasurer's Report. Maze and Associates, the Authority's auditor reviewed the FY 2016/17 Audit with the Finance Committee. The Committee also reviewed the Authority's first quarter expense report. EBDA is currently about 13% under budget on spending, but the Special Projects spending will be quite high in the fall, and the O&M spending depends on rainfall.
- **Regulatory Affairs Committee** met with the General Manager on November 14, 2017 and reviewed permit compliance. The Committee reviewed the draft findings of the BACWA nutrients report and EBDA's bacterial results for October 2017.
- **Operations and Maintenance (O&M) Committee** met with the General Manager on November 13, 2017 and discussed the status of the EBDA facilities. The ongoing facility projects discussed

included AEPS No. 1 and No. 6 effluent pumps; Hayward MCC replacement project and No. 2 effluent pump; OLEPS fuel tank replacement and Pumps 1 and 4 discharge valve actuator replacement project. The Committee was updated on the status of special projects including the Transport Pipe Condition Assessment and System Flow Master Plan Modeling. The O&M Committee recommends Commission adoption of a resolution authorizing a purchase order to Pump Repair Service Company Inc. in the amount of \$14,084 for the HEPS No. 2 pump motor.

- **The Personnel Committee** met on November 13, 2017. The Committee reviewed the Commissioner compensation for 2018 and deferred the item for full Commission discussion. The Committee reviewed two resolutions; 1) post-retirement employment of David A. Stoops and 2) 180-day wait period waiver for the hiring of David. Commission approval of both resolutions is recommended. The Personnel Committee recessed to closed session at 9:35 a.m. to discuss the General Manager recruitment. The Committee returned from Closed Session at 9:57 p.m. Committee Chair Pauline Cutter stated that there was no reportable action from the Closed Session.

The Commission discussed Commissioner's compensation for calendar year 2018 and agreed that it should remain unchanged at \$234 per meeting with a maximum of four meetings per month. The Commission also discussed the critical need for the post-retirement employment of David Stoops to complete crucial asset management projects.

- **Motion to Accept the Audited Financial Statements for Fiscal Year Ending June 30, 2017**

Commissioner Toy moved to accept the audited financial statements for fiscal year ending June 30, 2017. The motion was seconded by Commissioner Sadoff and carried unanimously (Becker, Cutter, Toy, Sadoff, Peixoto; ayes).

- **Resolution Authorizing The General Manager To Issue A Purchase Order To Pump Repair Service Company Inc. In The Amount Of \$14,084 For The No. 2 Effluent Pump New Motor At The Hayward Effluent Pump Station**

Commissioner Cutter introduced the resolution authorizing a purchase order to Pump Repair Service Company Inc. in the amount of \$14,084 for the No. 2 Effluent Pump motor at HEPS. The motion was seconded by Commissioner Becker and carried unanimously, 5-0.

Ayes: Commissioners Becker, Cutter, Toy, Sadoff, and Chair Peixoto
Noes: None
Absent: None
Abstain: None

- **Resolution Authorizing the Post-Retirement Employment of David A. Stoops, A CalPERS Retired Annuitant**

Commissioner Becker introduced the resolution authorizing the post-retirement employment of David A. Stoops to perform the duties of Expert Consultant. The motion was seconded by Commissioner Toy and carried unanimously.

Ayes: Commissioners Becker, Cutter, Toy, Sadoff, and Chair Peixoto
Noes: None
Absent: None
Abstain: None

- **Resolution For 180-Day Wait Period Exception Government Code §§ 7522.56 & 21224**

Commissioner Becker introduced the resolution waiving the 180-day wait period for the post-retirement employment of David A. Stoops. The motion was seconded by Commissioner Cutter and carried unanimously.

Ayes: Commissioners Becker, Cutter, Toy, Sadoff, and Chair Peixoto
Noes: None
Absent: None
Abstain: None

- **Closed Session**

The Commission recessed to closed session at 10:45 a.m. to discuss the General Manager recruitment. The Commission returned from closed session at 11:55 a.m. Commission Chair Peixoto stated that there was no reportable action from the closed session.

EAST BAY TIMES

MORAGA

Work crews finally fix infamous sinkhole

Town still needs to replace bridge to finish project

By Lisa P. White

lwhite@bayarea newsgroup.com

MORAGA » Street repair projects typically end with little fanfare. Workers simply remove the barriers and take down the detour signs.

However, there was nothing typical about the gaping sinkhole at the intersection of Rheem Boulevard and Center Street.

When the ground opened up after heavy rains in March 2016, the 15-foot deep hole swallowed a traffic signal, huge chunks of sidewalk and a PG& E junction box.

Abiding by the process required to receive federal funding combined with the complexity of the project, which included replacing a 130-foot-long segment of the 96-inch storm drain pipe, delayed the repairs, according to Edric Kwan, public works director.

"People don't understand the magnitude of it, that there's a creek under the road," Kwan said. "It's not like we could just shovel some dirt in a hole and it's fixed."

Twenty months after the sinkhole formed, on Thursday the town plans to commemorate the completion of the project with local dignitaries, informational exhibits, activities and the filling in of a faux mini-sinkhole.

The event begins at 11 a.m. at Park Street and Rheem Boulevard, which will remain closed to traffic until after the ceremony.

"In some ways it's a celebration of the end of this sinkhole but, more importantly, it's to thank the community for being so patient," Kwan said.

Moraga used developer fees, general fund reserves and gas and county transportation taxes to pay the \$2.9 million cost of repairing the sinkhole with the expectation that the Federal Highway Administration will reimburse the town.

Kwan, however, said it could be years before Moraga receives the money.

Moraga also is dipping into reserves for half of the \$2 million tab to rent and install a temporary one-lane bridge linking Moraga to Canyon while a replacement bridge is being built.

The temporary span should open by the end of the month. Faced with the multimillion dollar cost for both infrastructure projects, in June the Town Council declared a fiscal emergency, rattling the affluent community.

Though the sinkhole disrupted traffic at a major intersection, some Moraga residents have tried to find humor in the situation. A Facebook page and Twitter account for “Sinky McSinkhole” popped up and pranksters marked its one-year anniversary with streamers and a happy birthday sign.

Although the detour routed traffic through the shopping center, some nearby restaurants and shops experienced a drop in customers, according to Wendy Scheck, president of the Moraga Chamber of Commerce.

“The sad thing is that it’s the small businesses that take the brunt of this type of situation and they’re already struggling because we don’t have really great shopping access,” she said, adding that the town worked with the chamber to try to help store owners through the street closure.

At the celebration, the chamber will hand out free reusable shopping bags declaring that the bearer survived the sinkhole.

Contact Lisa P. White at 925- 943- 8011.



Work crews examine a sinkhole at the intersection of Center Street and Rheem Boulevard in Moraga, on March 14, 2016. A repair completion event and ceremonial filling in of a faux “mini sinkhole” is scheduled from 11a.m. on Thursday.