

1902 - Serving Our Community for 120 Years - 2022
WEST BAY SANITARY DISTRICT
AGENDA OF BUSINESS
REGULAR MEETING OF THE DISTRICT BOARD
WEDNESDAY, MAY 25, 2022 AT 7:00 P.M.
RONALD W. SHEPHERD ADMINISTRATION BUILDING,
500 LAUREL STREET, MENLO PARK, CALIFORNIA 94025

Board Members

Fran Dehn, President
David Walker, Secretary
Roy Thiele-Sardiña, Treasurer
Edward P. Moritz, Member
George Otte, Member

District Manager

Sergio Ramirez

General Counsel

Anthony Condotti, Esq.

AGENDA OF BUSINESS

NOTICE OF PUBLIC PARTICIPATION BY TELECONFERENCE or ZOOM ONLY

Pursuant to California Assembly Bill 361, members of the West Bay Sanitary District Board of Directors and Staff may participate in this meeting via a teleconference. In the interest of reducing the spread of COVID- 19, members of the public are allowed to participate telephonically only, and may submit comments in advance by email addressed to treese@westbaysanitary.org by 4:00 p.m. on Wednesday, May 25th.

To participate by telephone or Zoom meeting, public comments can be made by joining Zoom meeting at:

<https://us06web.zoom.us/j/85917308046?pwd=Q2FOR0I1bWQ5bytBTzI0YUZRU01Odz09>

Meeting ID: 859 1730 8046 Passcode: 781590

Or by phone, call: 1-669-900-6833 Meeting ID: 859 1730 8046 Passcode: 781590

Following receipt of public comment and open session items, the Board will adjourn to closed session. Reportable action, if any, will be available upon inquiry within twenty-four (24) hours.

NOTE: The Board may take action on any agendized item unless specifically designated a “discussion” item or a “report.”

1. Call to Order and Roll Call
2. Communications from the Public
3. Consent Calendar

Matters listed under this item are considered routine and will be enacted by one motion. The motion, seconds, and vote are applicable to any included resolutions and recorded accordingly. There will be no separate discussion of these items unless specifically requested by a member of the Board.

- A. Approval of Minutes for Special Meeting May 9, 2022 Pg. 3A-1
- B. Approval of Minutes for Regular Meeting May 11, 2022 Pg. 3A-1
- C. Consider Approving Resolution to Call for Elections – County of Santa Clara Pg. 3C-1
- D. Consider Approving Resolution to Call for Elections – County of San Mateo Pg. 3D-1

- E. Consider Approving Resolution Accepting Deed of Easement Pursuant to Class 3 Sewer Permit No. 1603 for the Construction of Wastewater Facilities for 25 Arapahoe Court, Portola Valley, California Pg. 3E-1
 - F. Consider Accepting Sewer Facilities Constructed Pursuant to Class 3 Sewer Permit No. 1603 for the Construction of Wastewater Facilities for 25 Arapahoe Court, Portola Valley, California Pg. 3F-1
4. District Manager's Report Pg. 4-1
 5. Consider Authorizing District Manager to Extend the Agreement for On-Call Engineering Staff Augmentation Services with Freyer & Laureta, Inc. Pg. 5-1
 6. Consider Establishing Date and Time of Public Hearing to Consider Annual Tax Roll Sewer Service Charge Report for Fiscal Year 2022/2023 Pg. 6-1
 7. Report by Finance Advisory Committee Pg. 7-1
 8. Consider Approving the Financial Audit Proposal by Chavan and Associates for Fiscal Year 2021-22 to 2023-24 and Authorize the District Manager to Enter Into an Agreement for Audit Services Pg. 8-1
 9. Discussion and Direction on Sharon Heights Recycled Water Plant Pg. 8-1
 10. Discussion and Direction on Bayfront Recycled Water Project and Status Update Pg. 10-1
 11. Report and Discussion on South Bayside Waste Management Authority (SBWMA) Pg. 11-1
 12. Report and Discussion on Silicon Valley Clean Water (SVCW) Plant Pg. 12-1
 13. Closed Session
 - A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Cal. Govt. Code §54956.9(d))
Name of Case: *1740 Oak Avenue, LP v. West Bay Sanitary District, et al.* – SMSCS
Case No. 18CIV02183
 - B. PUBLIC EMPLOYEE PERFORMANCE EVALUATION/CONF. WITH LABOR NEGOTIATORS
Agency designated representatives: Board President/Legal Counsel
Unrepresented employee: District Manager
 14. Comments or Reports from Members of the District Board and Consider Items to be Placed on Future Agenda
 15. Adjournment

The West Bay Sanitary District does not discriminate against persons with disabilities. Upon request, the agenda and agenda packet can be provided in a format to accommodate special needs. If you require a copy of the agenda or related materials in an alternative format to accommodate a disability, or if you wish to attend this public meeting and will require special assistance or other special equipment, please call the District at (650) 321-0384 at least five days in advance and we will make every reasonable attempt to provide such an accommodation.



1902 - Serving Our Community for 120 Years - 2022

**WEST BAY SANITARY DISTRICT
MINUTES OF THE SPECIAL MEETING OF THE DISTRICT BOARD
WEDNESDAY, MAY 9, 2022 AT 12:00 P.M.**

1. Call to Order

President Pro-Tem Moritz called the meeting to order at 12:00 PM.

2. Roll Call

BOARD MEMBERS PRESENT: Thiele-Sardiña by Zoom, Moritz (President Pro-Tem), Otte (Secretary Pro-Tem)

BOARD MEMBERS ABSENT: Dehn, Walker

STAFF MEMBERS PRESENT: Ramirez, Reese, Kitajima, Fisher, Beyer, Hulsmann, Scheidt

Others Present: None

3. Communications from the Public: None

4. Fiscal Year 2022/23 Budget Workshop – Discussion of General Fund, Capital Fund, Reserves, Recycled Water Fund, and Solid Waste Fund

Comments: District Manager Ramirez and staff presented the FY 2022-23 draft budget to the Board and discussed each item. Highlights included a 1% decrease in total revenue, due to lower commercial flows and a 3.5% overall increase in operating expenditures. Staff detailed the \$30,514,529 revenue projection, showing a 2% decrease in sewer service charges and increases from 2 to 5% in other revenue. Operating expenditures of \$22,260,036 were provided with year-to-date through March 31, 2022 and a comparison with the current budget. Salaries and Benefits and all expenditures with increases greater than 10% were explained in detail. Salary is increasing 4.4% and benefits 8.5%, for a gross increase of 5.6%. CalPERS rates and employee cost sharing of employer contributions was also discussed in detail, explaining a 0.3% decrease in average employer cost for retirement benefits. The Capitalization Policy increase to \$20,000 increased expenses by approximately 1%. Items now expensed, rather than capitalized, were highlighted.

Silicon Valley Clean Water expense for operations, capital, and debt service were also shown to decrease 2% to \$12,177,351 for the year.

The Capital Projects of \$18,442,500 were listed and explained, including \$4,250,000 for Recycled Water Projects. Reserve funding of \$3,943,049, a 4% decrease was discussed.

Staff provided separate budgets for the Solid Waste and Recycled Water Funds.

After some discussion and consideration the consensus of the Board was to present the proposed budget in June.

5. Adjournment Time: The meeting was adjourned at 1:10 p.m.

Secretary

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1902 - Serving Our Community for 120 Years - 2022

**WEST BAY SANITARY DISTRICT
MINUTES OF THE REGULAR MEETING OF THE DISTRICT BOARD
WEDNESDAY, MAY 11, 2022 AT 7:00 P.M.**

1. Call to Order

President Dehn called the meeting to order at 7:06 PM

Roll Call

BOARD MEMBERS PRESENT: President Dehn, Secretary Walker, Treasurer Thiele-Sardiña, Director Moritz, Director Otte

BOARD MEMBERS ABSENT: None.

STAFF MEMBERS PRESENT: Ramirez, Fisher, and General Council Condotti by Zoom

Others Present: Resident Wilson "Win" Farrar

- 2. Communications from the Public:** Resident, Wilson "Win" Farrar, stated that she would like to connect to the public sewer system in Portola Valley, but does not feel it's fair to have to pay a large supplemental connection fee on top of the District's standard connection fee. She asked the Board of Directors to consider an alternative method to connect, so that the supplemental connection fees are not so burdensome to those who want to connect to the public sewer system. Ms. Farrar asked to be contacted when the Board of Directors take up the matter at a future public meeting.

3. Consent Calendar

CONSIDERATION OF ITEM(S) REMOVED FROM THE CONSENT CALENDAR

Discussion/Comments: None.

- A. Approval of Minutes for Regular Meeting April 27, 2022
- B. Approval of the Financial Activity Report Authorizing Payment of Certain Bills and Salaries and Consideration of Other Financial Matters thru April 30, 2022
- C. WBSD Operations and Maintenance Report – April 2022
- D. Town of Los Altos Hills Operations and Maintenance Report for Work Performed by WBSD – April 2022
- E. Town of Woodside Operations and Maintenance Report for Work Performed by WBSD – April 2022
- F. Consider Approval of Resolution Authorizing District to Implement Teleconferenced Public Meetings Pursuant to Assembly Bill 361
- G. Bank of the West Monthly Investment Portfolio Statements

Motion to Approve by: Moritz 2nd by: Thiele-Sardiña Vote: AYE: 5 NAY: 0 Abstain: 0

4. District Manager's Report

Discussion/Comments: District Manager Ramirez reported the Bayfront Entrance Improvement Project bids have been received, but unfortunately only one bid was received. The bid was double the engineer's estimate. He also reported on the California Sanitation Risk Management Authority meeting held on May 2nd where the Pooled Liability Committee voted to increase the minimum deductibles for all members to \$25,000 per occurrence. He continued to report the District hosted a CWEA Hands-on-Bypass training. He also reminded the Board that the next Board meetings are scheduled for May 25th and June 8th. The complete District Manager's written report is in the May 11, 2022 agenda packet.

5. Consider Approving an Agreement with Woodard & Curran to Prepare a Recycled Water Feasibility Study and Facilities Plan for the Woodside Recycled Water Facility, in collaboration with Menlo Country Club

Motion to Approve by: Walker 2nd by: Otte Vote: AYE: 5 NAY: 0 Abstain: 0

Discussion/Comments: None.

6. Consider to Approve the Financial Statements FY 2021-22, Third Quarter Ending 3/31/2022

Motion to Approve by: Thiele-Sardiña 2nd by: Walker Vote: AYE: 5 NAY: 0 Abstain: 0

Discussion/Comments: Finance Manager Fisher reported on the overall Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position for the third quarter ending 3/31/22. She also reported on the budget verses actual spending, compared with prior year totals in the General and other Funds.

7. Report and Discussion on Sharon Heights Recycled Water Plant

Discussion/Comments: District Manager Ramirez reported 7.6 million gallons a day (MGD) were treated in April and 3.8 MGD delivered. He also reported that repairs have been made to the diffusers in Aerobic Basin No. 1. He continued to report the final solar layout and agreement are being developed.

8. Discussion and Direction on Bayfront Recycled Water Project and Status Update

Discussion/Comments: District Manager Ramirez reported the District presented an update to the City of Menlo Park Council on May 10th on the reclaimed water efforts in Menlo Park. He also reported the District is finalizing an interim permit for Meta's on-site recycled water facility. He continued to report the permitting process with the Army Corp of Engineering is underway for the levee portion of the project.

9. Report & Discussion on South Bayside Waste Management Authority (SBWMA)

Discussion/Comments: None.

10. Report, Discussion & Direction on Silicon Valley Clean Water (SVCW) and Discussion on SVCW CIP Program and Financing

Discussion/Comments: None.

11. Closed Session

Entered closed session at 7:52 p.m. Left closed session at 8:13 p.m.

- A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to Cal. Govt. Code §54956.9(d)(2):
(1 potential case)

- B. PUBLIC EMPLOYEE PERFORMANCE EVALUATION/CONF. WITH LABOR NEGOTIATORS
Agency designated representatives: Board President/Legal Counsel
Unrepresented employee: District Manager

Reportable action: None.

12. Comments or Reports from Members of the District Board and Consider Items to be Placed on Future Agenda

Discussion/Comments: None.

13. Adjournment Time: The meeting was adjourned at 8:15 PM

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WEST BAY SANITARY DISTRICT AGENDA ITEM 3C

To: Board of Directors

From: Sergio Ramirez, District Manager

Subject: Consider Approving Resolution to Call for Elections – County of Santa Clara

Background

In 2022 there are two Board seats up for 4-year terms: Edward P. Moritz and Roy Thiele-Sardina. Both candidates must file forms with the County of Santa Clara. The candidate-filling period opens on Monday, July 11 and closes on Friday, August 5.

County of Santa Clara Registrar of Voters (ROV) requires a resolution calling for elections by each governing body and a District information sheet to be completed and returned to the by July 1, 2022.

Analysis

The Board approved at its June 26, 2020 meeting that candidate statements will be limited to 200 words, the District cost of the candidate statements shall be borne by the District and in the event of a tie vote the winner will be selected by lot as stated in the attached resolution.

Fiscal Impact

The District may be responsible for up \$5,409 plus \$1,655 per candidate. The District has a line item in the General Fund Budget for Election Expenses.

Recommendation

The District Manager recommends Board accept the resolution to call for elections in Santa Clara County including selecting the District's preferred options put forth in the resolution.

RESOLUTION NO. ____ (2022)

West Bay Sanitary District Call for Election in Santa Clara County

WHEREAS, a Biennial District General Election has been ordered to be held on Tuesday, November 8, 2022, in the West Bay Sanitary District for the purpose of electing:

<u>Number of Seat(s)</u>	<u>Length of Term</u>	<u>Exact Title of Each Office to be Held</u>
1	4 Year	Director
1	4 Year	Director

and,

WHEREAS, pursuant to Part 3 (commencing with Section 10400) of the Elections Code of the State of California, such election may be either completely or partially consolidated; and,

NOW, THEREFORE, BE IT RESOLVED:

Section 1. That pursuant to Section 10403 of the Elections Code, the Board of Directors of the West Bay Sanitary District calls for an election to be held on November 8, 2022 and requests the Board of Supervisors of Santa Clara County to completely consolidate the election with the statewide election.

Section 2. That the Board of Directors of the West Bay Sanitary District requests the Board of Supervisors of Santa Clara County to hold and conduct the election in the manner prescribed in Section 10418 of the Elections Code of the State of California and to further provide that the Registrar of Voters canvass the returns of the election.

Section 3. That pursuant to Section 10508 of the Elections Code of the State of California, said officers are to be elected and that the divisions, if any, from which said directors are to be elected, and the number of offices to be filled from each, are:

<u>At Large</u>	<u>By Division</u>	<u>Number of Offices/Divisions</u>
At Large		

Section 4. That pursuant to Sections 10002 and 10520 of the Elections Code of the State of California, each district involved in a district general election in an affected county shall reimburse the county for the actual costs incurred by the county elections official in conducting the district general election for that district.

Section 5. That the candidates' statements of qualifications shall be limited to:

- **200** words and,
- That the cost of printing, translating and distributing said statements shall be borne by the **District** who file such statements; and,
- That each candidate who files such a statement **shall not** be required to pay in advance his or her pro rata share of the estimated costs of printing, handling, and mailing said candidate statement, such estimated costs to be determined by the Registrar of Voters.

Section 6. That pursuant to Section 10522 of the Elections Code of the State of California, a current map showing the boundaries of the district and the boundaries of the divisions of the district is herewith submitted.

Section 7. That pursuant to Sections 10551 and 15651 of the Elections Code of the State of California, the method of determining the winner or winners in the event of a tie vote shall be by: **lot**.

Section 8. That the following is listed below:

- 1) Names of all current Board Members; and,
- 2) Term: full or short; and,
- 3) Seats elected by: District or At Large:

<u>Member Names</u>	<u>Term: Full or Short</u>	<u>Seats Elected by Division / At Large</u>
Edward P. Moritz	Full Term	At Large
Roy Thiele-Sardiña	Full Term	At Large

PASSED AND ADOPTED by the Board of Director of the West Bay Sanitary District,
State of California, on May 25, 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Fran Dehn, President
of the West Bay Sanitary District

ATTEST:

David Walker, Secretary
of the West Bay Sanitary District

APPROVED AS TO FORM AND LEGALITY:

Anthony Condotti
General Counsel



WEST BAY SANITARY DISTRICT AGENDA ITEM 3D

To: Board of Directors

From: Sergio Ramirez, District Manager

Subject: Consider Approving Resolution to Call for Elections – County of San Mateo

Background

In 2022 there are two Board seats up for 4-year terms: Edward P. Moritz and Roy Thiele-Sardiña. Both candidates must file forms with the San Mateo County Registration & Elections Division office. The candidate-filling period opens on Monday, July 18 and closes on Friday, August 12.

County of San Mateo Registrar of Voters (ROV) requires a resolution calling for elections by each governing body and a District information sheet to be completed and returned to the County Elections Office by July 1, 2022.

Analysis

The Board approved at its June 24, 2020 meeting that candidate statements will be limited to 200 words, the District cost of the candidate statements shall be borne by the District and in the event of a tie vote the winner will be selected by lot as stated in the attached resolution.

Fiscal Impact

The County Elections office is preparing the cost of the candidate statements (which are covered by the District) and are yet to be determined for the November election.

Recommendation

The District Manager recommends the Board accept the resolution to call for elections in San Mateo County including selecting the District's preferred options put forth in the resolution.

RESOLUTION NO. _____ (2022)

A RESOLUTION OF THE WEST BAY SANITARY DISTRICT CALLING FOR AN ELECTION TO BE HELD ON NOVEMBER 8, 2022 FOR THE ELECTION OF TWO (2) MEMBERS OF THE GOVERNING BOARD

The Governing Board of the WEST BAY SANITARY DISTRICT hereby resolves as follows:

WHEREAS, an election is hereby called to be held in and for the WEST BAY SANITARY DISTRICT on November 8, 2022 to elect two (2) members of the Governing Board for a full term of four (4) years each.

WHEREAS, pursuant to Elections Code 10002, the Governing Board of the WEST BAY SANITARY DISTRICT hereby requests the Board of Supervisors of the County of San Mateo to make available the services of the San Mateo County Chief Elections Officer & Assessor – County Clerk – Recorder (the “Chief Elections Officer”) as the County Elections Official for the purpose of rendering services in the conduct of the election to be held on November 8, 2022.

WHEREAS, the election to be held on November 8, 2022 will be conducted at-large.

Each governing board member shall reside in the jurisdiction and shall be elected by the registered voters of the entire jurisdiction.

WHEREAS, pursuant to Elections Code 10509, not less than 125 days prior to the date of the election, the jurisdiction secretary shall deliver a notice to the Chief Elections Officer. The notice shall bear the secretary's signature and the district seal and shall also contain both of the following:

(a) The elective offices of the jurisdiction to be filled at the next general district election, specifying which offices, if any, are for the balance of an unexpired term.

(b) Whether the jurisdiction or the candidate is to pay for the publication of a candidate statement.

WHEREAS, pursuant to Elections Code 10522, not less than 125 days prior to the date of the election, the WEST BAY SANITARY DISTRICT shall deliver to the Chief Elections Officer a map showing the boundaries of the jurisdiction and the boundaries of the divisions of the jurisdiction, if any, within the County and a statement indicating in which divisions a member of the Governing Board is to be elected and whether any elective officer is to be elected at large at the next general district election.

WHEREAS, the District Manager of the WEST BAY SANITARY DISTRICT hereby is authorized and directed to enter an Elections Service Agreement with the Chief Elections Officer regarding the election to be held on November 8, 2022 to outline the detailed services to be provided by both the WEST BAY SANITARY DISTRICT and the Chief Elections Officer.

WHEREAS, the Chief Elections Officer shall send an itemized invoice to the WEST BAY SANITARY DISTRICT for all services provided pursuant to the Elections Service Agreement after the election is conducted and all related costs are determined. The WEST BAY SANITARY DISTRICT agrees to submit payment on the full amount of the invoice to the County of San Mateo within forty-five (45) days of the date of the invoice.

BE IT FURTHER RESOLVED that pursuant to Elections Code 13307, each candidate for the Governing Board to be voted in the election to be held on November 8, 2022 may prepare a candidate statement on the appropriate form provided by the Chief Elections Officer. Such statement shall be limited to 200 words. The prorated costs of printing, mailing and translating the statements shall be paid by WEST BAY SANITARY DISTRICT.

I hereby certify the foregoing Resolution was duly and regularly passed and adopted by the Governing Board of the WEST BAY SANITARY DISTRICT at a regular meeting thereof held on this 25th day of May, 2022, by the following votes:

Ayes:

Noes:

Abstain:

Absent:

President of the District Board of the West
Bay Sanitary District of San Mateo County,
State of California

Attest:

Secretary of the District Board of the
West Bay Sanitary District of San Mateo
County, State of California



**WEST BAY SANITARY DISTRICT
AGENDA ITEM 3E**

To: Board of Directors

From: Bill Kitajima, Projects & IT Manager

Subject: Consider Approving Resolution Accepting Deed of Easement Pursuant to Class 3 Sewer Permit No. 1603 for the Construction of Wastewater Facilities for 25 Arapahoe Court, Portola Valley, California

Background

The District requires an easement to maintain the flow from the Grinder Pump System that serves 25 Arapahoe Court. The easement includes ingress and egress to the location of the Grinder Pump System and is conforming to District specifications.

Recommendation

The Projects and IT Manager recommends that the Board adopt the attached Resolution accepting the Deed of Easement.

Attachments: Resolution ____ (2022), Grant Deed of Easement

RESOLUTION NO. _____ (2022)

IN THE DISTRICT BOARD OF THE WEST BAY SANITARY DISTRICT

COUNTY OF SAN MATEO, STATE OF CALIFORNIA

BE IT RESOLVED that the President and Secretary of the West Bay Sanitary District be and are hereby authorized to accept the attached Grant Deed of Easement by and between the following parties:

The Kavanaugh Family Trust dated October 9, 1996

BE IT FURTHER RESOLVED that the District Manager is hereby directed to place the same on record.

Passed and adopted by the District Board of the West Bay Sanitary District at a regular meeting thereof held on the 25th day of May, 2022, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

President of the District Board of the West
Bay Sanitary District of San Mateo County,
State of California

Attest:

Secretary of the District Board of the
West Bay Sanitary District of San Mateo
County, State of California

CALIFORNIA CERTIFICATE OF ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)

County of San Mateo)

On May 4, 2022 before me, Jose Maciel, Notary Public,
(here insert name and title of the officer)

personally appeared Virginia Mary Kavanaugh and
John S Kavanaugh

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature *Jose Maciel*

(Seal)

Optional Information

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

Description of Attached Document

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

 containing _____ pages, and dated _____.

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

- Individual(s)
- Attorney-in-Fact
- Corporate Officer(s) _____ Title(s)
- Guardian/Conservator
- Partner - Limited/General
- Trustee(s)
- Other: _____

representing: _____
Name(s) of Person(s) or Entity(ies) Signer is Representing

Additional Information
Method of Signer Identification Proved to me on the basis of satisfactory evidence: <input type="radio"/> form(s) of identification <input type="radio"/> credible witness(es)
Notarial event is detailed in notary journal on: Page # _____ Entry # _____
Notary contact: _____
Other <input type="checkbox"/> Additional Signer(s) <input type="checkbox"/> Signer(s) Thumbprint(s)
<input type="checkbox"/> _____



County of San Mateo
TRANSFER TAX AFFIDAVIT

DTT AFFIDAVIT

Per San Mateo County Ordinance Code 2.93.050

NOTICE: Any material misrepresentation of fact in this affidavit is a misdemeanor under section 2.93.120 of the San Mateo County real property tax code. Any person who makes such a representation is subject to prosecution for such offense.

The Assessor-Clerk-Recorder reserves the right to report potentially fraudulent recordings to the District Attorney's Real Estate Fraud Unit.

This form must accompany any document that requires a Documentary Transfer Tax declaration, including but not limited to; Agreement for Sale; Assignment of Lease; Deed in Lieu of Foreclosure; Easement; Grant Deed; Land Contract; Lease; Memorandum of Lease;

1. LOCATION OF PROPERTY: Assessor's Parcel Number: 077 - 300 - 080 City: Portola Valley

Street Address: 25 Arapahoe Court, Portola Valley, CA 94028 Document To Be Recorded: EASEMENT

2. IS THIS A FORECLOSURE OR TRUSTEE SALE? Yes No (If yes, complete this section.)

a. Is the transferee the Beneficiary or Mortgagee? Yes No

b. Please provide. Name of Trustee: _____

Date of original Deed of Trust: _____

3. IS THIS A LEASE? Yes No (If yes or no, complete this section.)

a. Is remaining term of lease, including renewal options, greater than 35 years? Yes No

b. If NO, submit a copy of the lease, or summary, or terms.

c. If YES, enter the value of the lease interest on line 9a. (For tax calculations.)

4. IS THIS A GIFT IN WHOLE OR IN PART? Yes No (If yes, give a complete explanation.)

Name of the Donor: _____

Name of the Donee: _____

Please be aware that certain gifts in excess of \$13,000 per calendar year may trigger a Federal Gift Tax. In such cases, the Transferor/Donor may be required to fill out a Form 709 (Federal Gift Tax Return) with the Internal Revenue Service. Please also be aware that the information stated on this document may be given to and used by governmental agencies, including the Internal Revenue Service.

I, as the Transferor/Donor declare under penalty of perjury that I have read the above paragraph and acknowledge that a Federal Gift Tax may be triggered.

Signature of Donor: _____ Print Donor Name: _____ Donor Phone: _____
SIGNATURE ON REVERSE STILL REQUIRED.

5. ARE YOU ADDING OR REMOVING A CO-OWNER FOR REFINANCING PURPOSES? Yes No Initial here: _____
If yes, initial to the right to indicate your agreement with the statement below and sign on reverse.

The proportional ownership interest will revert back to its original holding within one (1) month from the date of recording; otherwise I will pay the applicable transfer tax.

6. ARE YOU MOVING TITLE INTO OR OUT OF A TRUST? Yes No / Into Out of / Revocable Irrevocable

a. Name of Trust: _____ b. Date of Trust: _____

c. Name of Trustor(s): _____

d. Name(s) of Currently Active Trustee(s): _____

e. If this transaction changes who is on title or the proportional interest of how title is held, further explanation is required and may require additional time to review.

Attach additional page(s) if necessary.

7. DO YOU CONTEND THAT NO TRANSFER TAX IS DUE FOR A REASON NOT EXPLAINED IN #1-6? Yes No
(If yes, give a complete explanation.)


a. The nature of the transaction is: DEED OF EASEMENT

b. The reason (exemption) you claim no tax is due: DEED TO PUBLIC ENTITY


8. IS THIS A TRANSFER BETWEEN LEGAL ENTITIES? Yes No

IF YES, TRANSFERS INVOLVING LEGAL ENTITIES MUST PROVIDE, PREFERRABLY ONE (1) WEEK IN ADVANCE, APPLICABLE DOCUMENTATION. SOME EXAMPLES ARE LISTED BELOW. THIS TYPE OF TRANSACTION WILL REQUIRE 1-3 BUSINESS DAYS TO REVIEW.

Entity ownership documentation is required if you are a:

 **Corporation**—A copy of the Articles of Incorporation amendments and any other documents showing the shares issued and share ownership; or

 **LLC**—A copy of the Operating Agreement, amendments, and any other documentation showing the partners and ownership percentage; or

 **Partnership**— A copy of the Partner Agreement, amendments and any other documents showing the partners and ownership percentage.

For all legal entities, provide the names of individuals and specific percentages held by each individual prior to and following the transfer.

9. TAXABLE TRANSACTIONS: Complete the following and calculate the tax below. Tax is calculated as \$0.55 per \$500 of line 9D. Example, \$100,000 value/\$500 increments = 200. 200 increments x \$0.55 = \$110 in tax due. You may also use \$1.10

A) Consideration paid or value. \$ _____

B) Full cash value. Less liens.

C) If less liens, loan amount assumed. \$ _____

D) Total consideration or value less liens. (Line A minus line C.) \$ _____

E) Tax due. \$ N/A

I DECLARE OR AFFIRM UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT.

Are you the Transferee, Transferor, Both, or Representative with full knowledge of foregoing. Signature still required.

Signature of Transferee: _____

Print Name: _____

Address of Transferee: _____

Phone Number of Transferee: _____ () _____

Signature of Transferor: VIRGINIA KAVANAUGH

Print Name: VIRGINIA KAVANAUGH

Address of Transferor: 25 ARAPAHOE CT

Phone Number of Transferor: 650,400-8076

Place of Execution: PORTON VALLEY SAN MATEO COUNTY CA
(City, County, State where executed.)

Date of Execution: 5-8-22


EXHIBIT "A"
LEGAL DESCRIPTION
INGRESS / EGRESS MAINTENANCE EASEMENT
FOR WEST BAY SANITARY DISTRICT
25 ARAPAHOE COURT,
PORTOLA VALLEY, CALIFORNIA

An ingress / egress maintenance easement over that certain real property, situate in the Town of Portola Valley, County of San Mateo, State of California, being a portion of Lot 24, Block 1, as shown on that certain map entitled "Tract No. 774, Arrowhead Meadows, Unit No. 4" filed in the office of the County Recorder of San Mateo County on March 17, 1959 in Volume 50 of Maps at Pages 45, 46, 47, 48, as shown on Exhibit "B" attached hereto and made a part hereof, more particularly described as follows:

Commencing at the Southeast corner of said lot, said point being on the Northerly right of way of Arapahoe Court (radius 40 feet) and a non-tangent curve to the left from which the center bears South 30°12'07" West; thence Westerly along the South line of said lot, said right of way and said non-tangent curve, with a radius of 40.00 feet, through a central angle of 02°18'59", an arc length of 1.62 feet to the **Point of Beginning**; thence continuing last said line, right of way and curve through a central angle of 29°24'33", an arc length of 20.53 feet; thence leaving last said line North 23°09'13" East, 21.91 feet; North 09°21'54" West, 31.11 feet; North 88°06'54" West, 21.40 feet; North 01°53'06" East, 20.00 feet; South 88°06'54" East, 37.82 feet; South 09°21'54" East, 53.36 feet; South 23°09'13" West, 24.23 feet to the **Point of Beginning**

Containing 1,881 square feet, more or less.

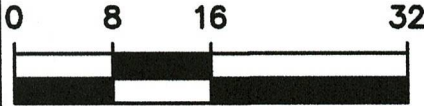
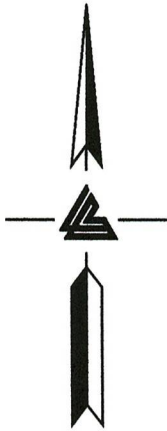
END OF DESCRIPTION



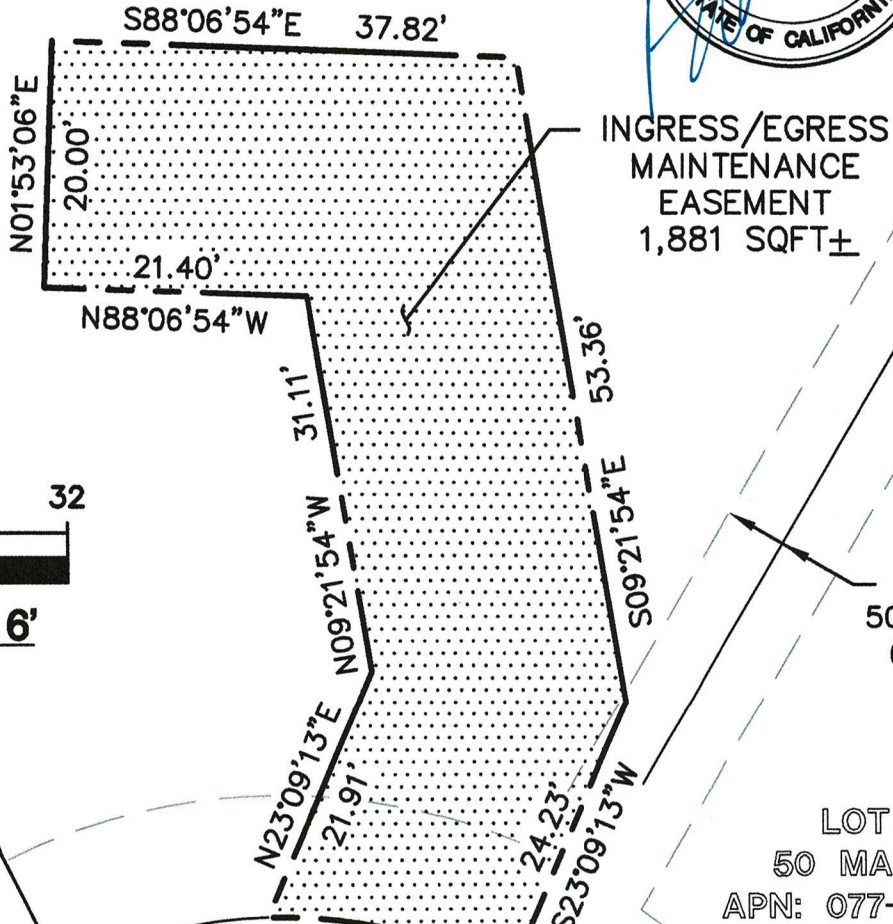
PATRICK C. WEBER, LS 8162



LOT 24
 BLOCK 1
 50 MAPS 45
 APN: 077-300-080



SCALE: 1" = 16'



INGRESS/EGRESS
 MAINTENANCE
 EASEMENT
 1,881 SQFT±

5' P.U.E.
 50 MAPS 45
 (TYPICAL)

LOT 23
 50 MAPS 45
 APN: 077-310-190

10' P.U.E.
 50 MAPS 45
 (TYPICAL)

R=40.00'
 L=20.53'
 D=29°24'33"

R=40.00'
 L=1.62'
 D=2°18'59"

S30°12'07"W
 (RADIAL)

ARAPAHOE COURT
 (RADIUS 40')

POINT OF
 COMMENCEMENT



LEA & BRAZE ENGINEERING, INC.

CIVIL ENGINEERS • LAND SURVEYORS

BAY AREA REGION
 2495 INDUSTRIAL PKWY WEST
 HAYWARD, CALIFORNIA 94545
 (P) (510) 887-4086
 (F) (510) 887-3019

SACRAMENTO REGION
 3017 DOUGLAS BLVD, # 300
 ROSEVILLE, CA 95661
 (P) (916)966-1338
 (F) (916)797-7363

WWW.LEABRAZE.COM

EXHIBIT "B"
PLAT TO ACCOMPANY LEGAL DESCRIPTION
INGRESS/EGRESS MANTENANCE EASEMENT
FOR WEST BAY SANITARY DISTRICT
25 ARAPAHOE COURT
PORTOLA VALLEY, CALIFORNIA
SAN MATEO COUNTY
RANCH EL CORTE MADERA

Closure Calculation

I/E Maint Easement
25 Arapahoe Court
Portola Valley, California

End North: 5686.9779' East: 5525.7490'

Segment #1 : Curve

Length: 20.53' Radius: 40.00'

Delta: 29°24'33" Tangent: 10.50'

Chord: 20.31' Course: N76° 49' 09"W

Course In: S27° 53' 08"W Course Out: N01° 31' 25"W

RP North: 5651.6225' East: 5507.0407'

End North: 5691.6091' East: 5505.9741'

Segment #2 : Line

Course: N23° 09' 13"E Length: 21.91'

North: 5711.7543' East: 5514.5890'

Segment #3 : Line

Course: N09° 21' 54"W Length: 31.11'

North: 5742.4496' East: 5509.5267'

Segment #4 : Line

Course: N88° 06' 54"W Length: 21.40'

North: 5743.1536' East: 5488.1383'

Segment #5 : Line

Course: N01° 53' 06"E Length: 20.00'

North: 5763.1427' East: 5488.7962'

Segment #6 : Line

Course: S88° 06' 54"E Length: 37.82'

North: 5761.8987' East: 5526.5957'

Segment #7 : Line

Course: S09° 21' 54"E Length: 53.36'

North: 5709.2499' East: 5535.2786'

Segment #8 : Line

Course: S23° 09' 13"W Length: 24.23'

North: 5686.9715' East: 5525.7514'

Perimeter: 230.37' Area: 1880.58 Sq. Ft.

Error Closure: 0.0068 Course: S20° 57' 18"E

Error North: -0.00632 East: 0.00242

Precision 1: 33844.12

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 3F**

To: *Board of Directors*

From: *Bill Kitajima, Projects & IT Manager*

Subject: **Consider Accepting Sewer Facilities Constructed Pursuant to Class 3 Sewer Permit No. 1603 for the Construction of Wastewater Facilities for 25 Arapahoe Court, Portola Valley, California**

Background

This permit request was for the construction of a Grinder Pump System and force main extension to connect into the existing force main on Cervantes Road to serve 25 Arapahoe Court.

Analysis

The Board issued this Permit at the Regular Meeting of March 10, 2021.

The work has been completed and has been inspected, tested, and approved by staff as being in conformance with District Standards. The property owner has submitted a one-year guarantee for the work in the form of a maintenance bond.

Recommendation

The Projects Manager recommends that the Board accepts these facilities and directs the District Manager to approve the Class 3 Permit No. 1603.

Attachments: Class 3 Permit No. 1603
 Exhibit A: Site map

WEST BAY SANITARY DISTRICT

500 Laurel Street
Menlo Park, California 94025
(650) 321-0384

Permit Number
1603

Type _____

APPLICATION FOR CLASS 3 SEWER PERMIT

To the WEST BAY SANITARY DISTRICT:

The undersigned, being the Owner Owner's Agent of the property located at

25 ARAPAHOE CT, P.V.

does hereby request permission to construct sanitary sewers and related facilities to serve a

Residential Non-residential Development at said location.

ENGINEER'S

LEA + BRAZE
Name

2495 INDUSTRIAL PARKWAY WES
Address
HAYWARD CA 94545

CONTRACTOR'S

CSI CONSTRUCTION
Name

1255 E BAYSHORE #27A
Address
REDWOOD CITY CA 94063

Receipt of \$ 565.00 Application Fee is hereby acknowledged 7. Reese Date

Receipt of \$ 2,000.00 Cash Deposit or Performance Bond

Comments Grinder pump + mainline
extension.

Approved by the District Board on _____

Application approved and permit issued:

WEST BAY SANITARY DISTRICT
Sergio Ramirez, District Manager

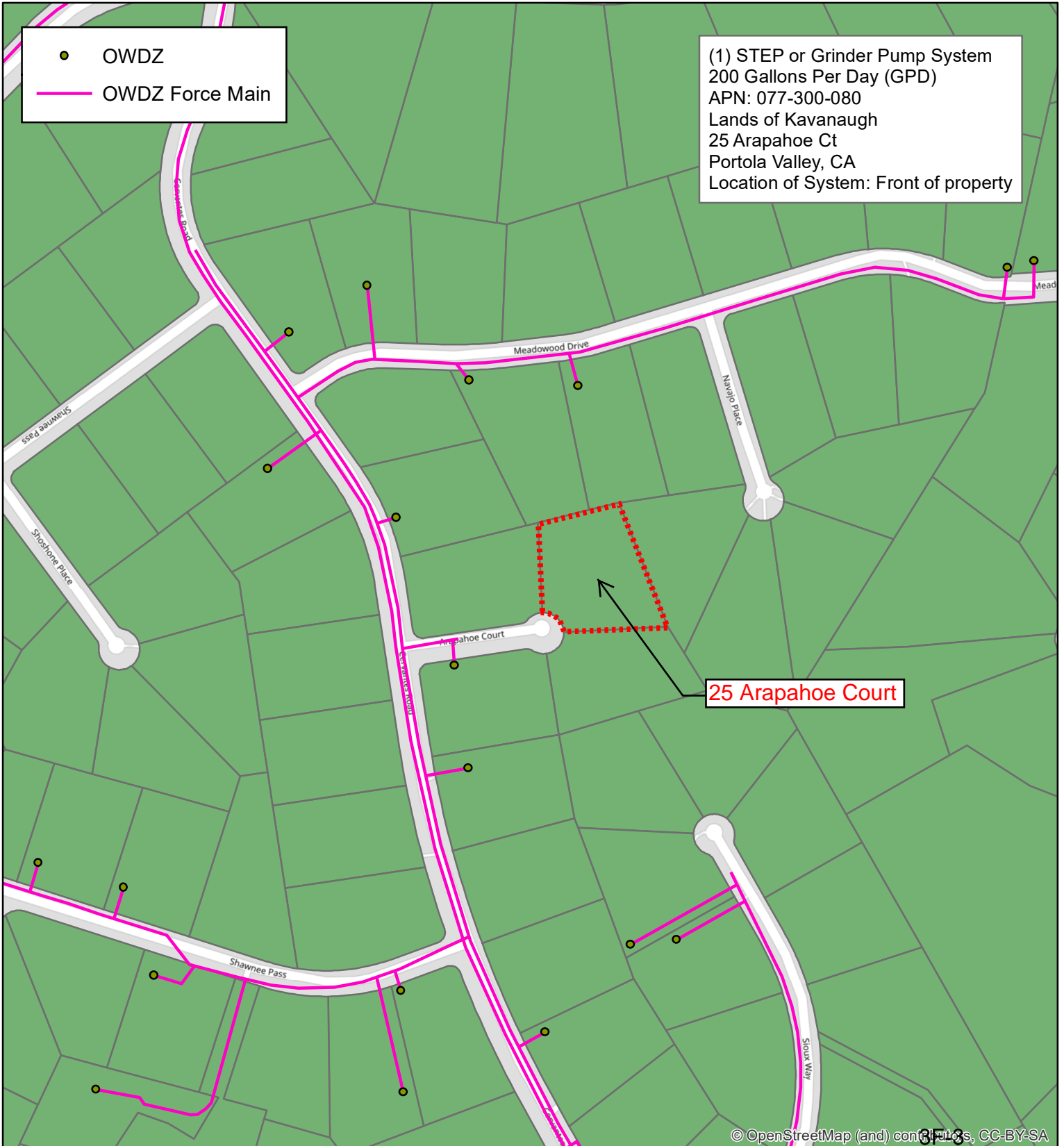
Date 3/10/2021

By Sergio Ramirez

Final Acceptance by the District Board on _____



WEST BAY SANITARY DISTRICT
EXHIBIT "B"
SITE LOCATION
25 ARAPAHOE COURT
PORTOLA VALLEY, CA
STEP OR GRINDER SYSTEM



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To: *Board of Directors*

From: *Sergio Ramirez, District Manager*

Subject: *District Manager's Report*

1) Administrative:

- a. The District received the Sustainability Project of the Year through the American Public Works Association award for project between \$5 million and \$25 million. The award was given during Public Works Week on May 18th.
- b. The San Mateo County LAFCo will hold a Public Hearing on June 15, 2022 to review the Draft Municipal Services Review for East Palo Alto, East Palo Alto Sanitary District, and West Bay Sanitary District.
- c. Staff continues to work with Meta on their MPK 21 & MPK 22's On-Site Reclaimed Water Facility interim permit. The interim permit will allow the District to monitor their operations and discharge for a one year period prior to issuing a use permit. An appropriate permit fee will be calculated to capture the District's costs.

2) Finance:

- a. Staff developed the Fiscal Year 22/23 Budget. The proposed budget was presented to the Board at the Budget Workshop on Monday, May 9, 2022 and will return to the Board for approval at the June 8, 2022 Regular Board Meeting.
- b. Staff has been working with the California Sanitation Risk Management Authority (CSRMA) on obtaining insurance quotes that better reflect the value of our vehicles and equipment. Staff has also requested property damage quotes with deductibles of \$10,000. The current deductible for such coverage is \$2,000. In the past 8 years the District has only filed one claim against property insurance. The new deductible and reevaluation of the vehicles and equipment could lower annual premiums by over \$9,000.

3) CIP & IT Projects:

a. Levee Improvement Project:

- i. F&L is working on the permitting of the levee project in anticipation of construction later in 2022. Coordination with SVCW and the City of Menlo Park is taking place regularly.

b. Construction Capital Improvement Program (CIP)

- i. The bid for the Bayfront Entrance Improvements came in at twice the Engineer's Estimate. The project will include the replacement and upsizing of the final effluent pipeline to the Menlo Park Pump Station. Staff is reevaluating the bid.
- ii. A portion of the Bayfront Entrance Improvements will include installing reclaimed water pipelines in anticipation of the recycled water facility.

Report to the District Board for the Regular Meeting of May 25, 2022

Additional information or topics may be introduced by the DM verbally during the Board meeting.

- 4) **Operations and Maintenance:**
 - a. **Collection System:**
 - i. Crews are working overtime to catch up on pipeline maintenance after COVID-19.
 - b. **Training:**
 - i. On May 10th the District hosted a Hands-On training in Bypass Pumping and Emergency Response training through the California Water Environment Association. Agencies from around the Bay attended the training.
- 5) **Water Quality:**
 - a. **Sharon Heights Golf and Country Club (SHGCC):**
 - i. Staff and Sharon Heights Golf and Country Club (SHGCC) continue to finalize the Solar Plan for the facility layout. The operations of the facility are being carefully considered.
 - ii. Punch list items are being addressed by SHGCC staff after District staff conducted the annual Recycled Water User inspection. The primary issues were signage and purple valve box covers that were switched out for green ones since the last inspection.
 - b. **Bayfront Recycled Water Facility (BRWF):**
 - i. Staff will be engaging Woodard and Curran on providing Project Management service for the proposed facility. The matter will be brought to the Board for consideration and approval at a future meeting.
- 6) **Fleet and Facilities:**
 - a. **Vehicle Maintenance:**
 - i. The national supply chain issues continue to impact the delivery of recent District vehicle purchases.
 - ii. An electric vehicle (EV) charging station will be installed at the administration building in preparation of the District's first EV.
- 7) **Personnel:**
 - i. Recruitments for the Utility Worker and the Engineering Technician positions continue.
- 8) **Upcoming Events:**
 - a. **Next Regular Board Meetings:** Wednesday, May 25, 2022 and June 8, 2022.
- 9) **Misc. Items:**
 - a. **LAFCo:** District Staff has submitted comments for the draft Municipal Services Review.
 - b. **West Bay:** The District has experienced 1 sanitary sewer overflow (SSO) in 2022.
 - c. **Town of Los Altos Hills:** The Town experienced 1 SSO in 2022.
 - d. **Town of Woodside:** The Town has not experienced any SSO's in 2022.

Report to the District Board for the Regular Meeting of May 25, 2022

Additional information or topics may be introduced by the DM verbally during the Board meeting.



WEST BAY SANITARY DISTRICT AGENDA ITEM 5

To: Board of Directors

From: Bill Kitajima, Projects & IT Manager

Subject: Consider Authorizing District Manager to Extend the Agreement for On-Call Engineering Staff Augmentation Services with Freyer & Laureta, Inc.

Background

As you may recall, the District's Engineering Technician has requested and was granted a three month leave of absence without pay from the District. The leave started January 10, 2022 and was to end on April 11, 2022. However, the District's Engineering Technician has elected to vacate his position and not return. The on-call engineering services are to help the Projects and IT Manager during the Engineering Technician's absence.

Analysis

The original proposal was based on a time and material basis with a proposed augmentation of 24 hours per week for 14 weeks. The Engineering Technician's leave was without pay and did not accrue benefits during his leave. The extension would be for an additional 12 weeks until the District hires a replacement.

Fiscal Impact

The full burden cost for the Engineering Technician during this time would have been approximately \$108,000 (January to July). The proposed on-call engineering services for part time augmentation is \$115,200 (\$63,400 for the original agreement + \$51,800 for the extension).

Recommendation

The Projects & IT Manager recommends the District Board Authorize the District Manager to enter into the agreement for On-Call Engineering Staff Augmentation Services from Freyer & Laureta, Inc.

May 17, 2022

Mr. Bill Kitajima
Projects Manager
West Bay Sanitary District
500 Laurel Street
Menlo Park, CA. 94025

**Re: PART-TIME STAFF AUGMENTATION PROPOSAL
WEST BAY SANITARY DISTRICT**

Dear Mr. Kitajima,

Thank you for your proposal request to provide additional weeks of staff augmentation services for the District. We are pleased to present the following Scope of Professional Services and Fee Schedule.

Task I: Part-Time Staff Augmentation

- Freyer & Laureta (F&L) will provide engineering staff augmentation and consultation for an average of 24 hours a week for 12 weeks, with Principal oversight and consultation.

Proposed Fee Schedule

All work will be on a time and materials basis, not to exceed the following limits without District authorization. Please see attached Estimated Budget Table for fee breakdown.

Task I – Part-Time Staff Augmentation **\$51,800**

Thanks again for this opportunity. Please let me know if you have any questions.

Sincerely,
FREYER & LAURETA, INC.



Richard J. Laureta, P.E.
President

ESTIMATED BUDGET FOR ENGINEERING SERVICES - PART-TIME STAFF AUGMENTATION
West Bay Sanitary District

TASKS	ESTIMATED LABOR (Hours)		TOTAL LABOR COST (\$)	EXPENSES AND ADMINISTRATION			ESTIMATED COST		
	Personnel & Rates (\$/hr)			UNIT	QNTY	UNIT COST (\$)	5% MARKUP (\$)	TOTAL COST PER ITEM (\$)	SUB TOTALS (\$)
	F&L Staff Engineer IV	F&L Principal							
	160	240							
Task I: Part-Time Staff Augmentation									
Staff Augmentation/Consultation (approx. 24 hrs/week, 12 weeks)	288	24	\$51,840				\$51,840		
Subtotal Labor Hours - Task I	288	24	\$51,840	Estimated Cost - Task I				\$51,800	
Total Labor Hours	288	24	\$51,840	Total Estimated Cost				\$51,800	

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 6**

To: Board of Directors

From: Sergio Ramirez, District Manager

Subject: Consideration of Establishing Date and Time of Public Hearing to Consider Annual Tax Roll Sewer Service Charge Report for Fiscal Year 2022/2023

Background

District Regulations Article IX Section 900 (10B) require the District Manager file with the Secretary of the District Board on or before July 15th a written report containing a description of each parcel receiving sewer service and the charges to be imposed upon said parcels.

The Secretary of the Board is required to provide notice that the report has been filed and to establish a time and date of Public Hearing to consider any objections or protest to the sewer service charges to be collected on the tax roll for the Fiscal Year 2022/2023.

Recommendation

District Manager recommends the Board of Directors establishing a date and time for a Public Hearing to consider the Annual Tax Roll Sewer Service Charge Report for Fiscal Year 2022/2023 on Wednesday, July 13, 2022 at 7:00pm.

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 7**

To:*Board of Directors*

From:*Sergio Ramirez, District Manager*

Subject:*Report by the Finance Advisory Committee*

Members of the Finance Advisory Committee will give a report on their recent meeting with Bank of the West, the District Manager, and the Finance Manager.

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WEST BAY SANITARY DISTRICT AGENDA ITEM 8

To: *Board of Directors*

From: *Debra Fisher, Finance Manager*

Subject: *Consider Approving the Financial Audit Proposal by Chavan and Associates for Fiscal Year 2021-22 to 2023-24 and Authorize the District Manager to Enter Into an Agreement for Audit Services*

Background:

Chavan & Associates has provided financial audit services since the fiscal year ending June 30, 2011. Fiscal year ending June 30, 2021 was the final year of the current contract, under optional years.

The District performed a Request for Proposal for audit services for the current fiscal year ending June 30, 2022, for three years 2022, 2023, and 2024, with two optional years, 2025 and 2026. Three responses were received from respected and comparable firms.

Analysis:

On May 19, 2022, the Finance Committee and staff reviewed the potential auditors. As each firm is similar in approach and experience, and all were recommended by similar agencies, the proposals were rated by cost. Chavan & Associates' proposal was the lowest bid at \$43,500 over three years.

Auditors	2021-22	2022-23	2023-24
1 Chavan & Associates, LLP	14,000.00	14,500.00	15,000.00
2 Cropper Accountancy Corporation	17,525.00	18,025.00	18,525.00
3 Maze & Associates	25,490.00	26,255.00	27,043.00

California requires rotation of Engagement partners every 6 years. Paul Pham was been the District's engagement partner with Chavan for the last two years. He may continue for another four years, within California guidelines.

The Finance Committee supported bringing the recommendation of going with Chavan and Associates, as the lowest bid, to the full Board for approval.

Fiscal Impact

Prior contract fees for financial audit services have been \$14,000 from 2018 through 2021. A three year contract with Chavan would be \$43,500 for three years, with no change in cost for the current fiscal year 2021-22, and a \$500 increase in each subsequent year. Over three years, this is \$10,575 less than the next lowest bid and \$24,713 lower than the next bid.


The cost of a Single Audit will likely be required for several years when funds are received from the National Fish and Wildlife Foundation \$4,884,112 grant for the construction of a living shoreline at the Bayfront property. This cost was bid at \$3,000 for the first and third auditors and \$3,750 from the second auditor, for three years, then increasing to \$4,000 for the optional two years. If Single Audits are required in 2023 and 2024, there would be additional savings over the second auditor.

Recommendation

The Finance Manager recommends the Board approve the financial audit proposal by Chavan and Associates for Fiscal Year 2021-22, 2022-23, and 2023-24, with two optional years and authorize the District Manager to enter into an agreement for audit services with Chavan and Associates.

**PROPOSAL FOR CONDUCTING
THE ANNUAL INDEPENDENT AUDIT
OF THE
WEST BAY SANITARY DISTRICT**

Submitted April 20, 2022



Chavan & Associates, LLP
Certified Public Accountants
15105 Concord Circle, Suite 130
Morgan Hill, CA 95037
Phone: (650) 346-1329
Fax: (408) 872-4159
E-mail: sheldon@cnallp.com
Contact: Sheldon Chavan, Partner

Title	Page
Cover Letter.....	i - ii
A. Background & Experience	1
Independence.....	1
License to Practice in California.....	1
Contractor Identification and Introduction	1
Firm Size, Staff Size, Location and Staffing	2
Range of Services.....	2
Contract Terminations and Affirmation Concerning Substandard Audit Work	2
Equal Opportunity Employer	3
Subcontractor.....	3
Business Licenses.....	3
Quality Control Review.....	3
Insurance Requirements	3
B. Audit Methodology and Approach	4
Phase I - Planning and Risk Assessment	4
Phase II - Substantive Audit Procedures and Compliance	5
Phase III - Financial Statement Preparation and Review	5
Compliance and Program Specific Auditing.....	6
Recommendations for Improved Operations.....	6
Irregularities and Illegal Acts	6
Control Risk Assessment	6
Analytical Procedures.....	6
Identification of Potential Audit Problems	7
Resources Available for Standards Interpretations	7
Summary of Staff Hours by Phase	7
Summary Timeline.....	7
C. Scope of Services.....	8
D. Partner, Supervisory and Staff Resumes	9
Sheldon Chavan, CPA, Managing Partner	9
Jeff Ira, CPA, Reviewing Partner	11
Paul Pham, CPA, Engagement Partner	13
Niru Machiraju, Audit Supervisor	14
Andrew Quintero, Senior Auditor	14
Matthew Ojeda, Senior Auditor	14
Professional Education and Training	14
E. Similar Engagements	15
F. Additional Information	16
Current Client List.....	16
Technology in the Audit	18
Proposal Exceptions	18
C&A's Responsibility for Detecting Fraud.....	18

ATTACHMENTS:
Peer Review Report



Chavan and Associates, llp
Certified Public Accountants

April 20, 2022

West Bay Sanitary District
500 Laurel Street
Menlo Park, CA 94025

We are pleased to have this opportunity to submit our proposal to provide auditing services for the West Bay Sanitary District (the “District”). Our understanding of the work outlined in the request for proposal is that we will audit the financial statements of the District for fiscal years ending June 30, 2022, 2023 and 2024, with two option years.

Our audits will be performed in accordance with auditing standards generally accepted in the United States of America and the standards set forth for financial audits in the United States General Accounting Office’s (GAO) *Government Auditing Standards*. We will also apply the necessary procedures to prepare the reports as requested in the RFP and noted in our cost proposal. As a result of our audit, we will express an opinion on the fair presentation of the basic financial statements, as listed in the RFP, in accordance with GAAP. We will also issue a report on internal controls over financial reporting and on compliance with applicable laws and regulations in accordance with *Government Auditing Standards*.

Throughout the contract period, we will provide consultation on accounting and compliance issues and attend meetings to discuss the audit and management comments. It is our commitment to the District that we will complete the work within the agreed time frame and that we have the resources, time and personnel to dedicate to this engagement for the entirety of the contact. We are confident Chavan & Associates LLP ("C&A") is the best-qualified firm to serve as your independent auditors. A brief list of reasons includes:

- We specialize in the audits of local governments and not for profit entities.
- Our partners have 87 years of combined experience auditing local governments.
- Our firm and key professionals are properly licensed to practice in the state of California.
- Our service will be dependable, reliable and timely.
- We will be sensitive to your workload. We understand you and your staff must keep up with your current work as well as deal with the audit.
- Our staff and partners are available twelve months of the year to serve our audit clients. You are important to our firm and we promise a high level of involvement and enthusiasm at all levels.
- The engagement partner will be the lead for your audit. He will attend all conferences and meetings and will supervise the audit directly during each year and phase of the engagement.



Chavan and Associates, llp
Certified Public Accountants

- We offer flexible staffing and scheduling, especially during COVID-19. We can send a full team onsite, work 100% remotely, or send a small team on site to minimize exposure. All of our team members are vaccinated and will follow your policies in regard to COVID-19.
- To improve the efficiency of the audit process, we use an online software, Engagement Organizer (EO), to provide a list of information and monitor the workflow during the audit. The link to EO is provided early during the planning process and includes items for both interim and year-end work, such that we can edit the list as needed moving forward. All documents can be uploaded here and notes, status updates and comments are done through EO. We also have a secure portal as an additional way to share information.

We are secure in our belief that our firm is the best qualified to meet your needs and we commit to perform the services required in the time period specified. Once you have examined our proposal and contacted our references, we feel you will agree.

Staffing for the audit will include one Engagement Partner, one Associate Partner, one Supervisor, one Senior Auditor, one Professional Staff and one Administrative Staff. The Engagement Partner, one Senior and one Staff will be assigned to visit your offices, as feasible with regard to COVID-19 circumstances. The Engagement Partner, Associate Partner, Supervisor and Senior Auditor will be available throughout the entire contract period. The firm and all assigned key personnel are licensed to practice in California.

Sheldon Chavan (15105 Concord Circle, Suite 130, Morgan Hill, CA, 95037, 650-346-1329, Sheldon@cnallp.com) is the partner authorized to sign and obligate the firm contractually and represent the firm. He is empowered to submit the bid and authorized to sign a contract. This proposal is a firm and irrevocable offer for 90 days.

We look forward to being of service to you.

Very truly yours,

Sheldon Chavan, C.P.A., Partner
Chavan & Associates, LLP

Section A

Background & Experience

Section A Background & Experience

West Bay Sanitary District Proposal for Auditing Services

Independence

C&A is independent of the District and all of its component units as defined by generally accepted auditing standards and the **U.S. General Accountability Office's Government Auditing Standards**. *In all matters relating to the audit work, the audit organization and individual auditors, whether government or public, should be free from personal and external impairments to independence, should be fiscally independent, and should maintain an independent attitude and appearance.*

C&A did not have any professional relationships involving the West Bay Sanitary District, or any of its agencies and component units, for the past five (5) years that would cause a conflict of interest relative to the scope of services identified in the request for proposal. C&A did provide the District's auditing services through June 30, 2021. To meet government code, Paul Pham will be the engagement partner for this engagement with Jeff Ira as the reviewing partner.

License to Practice in the State of California

C&A and all key professionals are properly licensed to practice as certified public accountants in the State of California and do not have any record of substandard work or unsatisfactory performance pending with the State Board of Accountancy. C&A is registered with the California State Board of Accountancy and our state number is PAR 7294.

Contractor Identification and Introduction

Company Name: Chavan & Associates, LLP (C&A)
Address: 15105 Concord Circle, Suite 130, Morgan Hill, CA 95037
Office: 408-217-8749
Fax: 408-872-4159
E-mail: Sheldon@cnallp.com
CA File Number: 202009218003
FEIN: 27-0630496
Authorized to Sign: Sheldon Chavan, Partner; Paul Pham, Partner

Our partners have performed audits under Governmental Auditing Standards, the Single Audit Act and the State Controller's Office Minimum Audit Requirements for a combined 87 years; Sheldon for 23 years, Jeff for 40 years and Paul Pham for 14 years. In August of 2009, we established C&A as a limited liability partnership. C&A is a local audit firm in San Jose, CA specializing in local government auditing and consulting. We have audited and prepared Annual Comprehensive Financial Reports (**ACFRs**) and basic financial statements as required by the Government Finance Officers Association (**GFOA**) and the Governmental Accounting Standards Board (**GASB**) for cities, fire districts, water districts, sanitation districts, JPAs and other types of special districts. Our partners have been reviewers of ACFRs for the **GFOA and CSMFO**. Most recently, C&A **prepared ACFRs** of City of Saratoga, the City of Oroville, City of Suisun, City of Pacific Grove, and City of Carmel-by-the-Sea for the year ending June 30, 2021. Our goal at C&A is to provide premium audit services at a reasonable fee. We believe that continuous partner involvement helps us achieve our goal, which is

*Single Audit
Experience*

Section A Background & Experience

West Bay Sanitary District Proposal for Auditing Services

why our partners are constantly involved in every audit. Ultimately, minimizing on-the-job training allows us to focus exclusively on servicing our clients.

Firm Size, Staff Size, Location and Staffing

We also have **twelve** professional, full-time staff in addition to our three partners and one administrative person that will be available to assist as needed throughout the engagement. Our engagement partners are directly involved with the audits. Our central office is located in Morgan Hill, CA. Staffing for the District’s audit will include the following professionals (audit experience):

Sheldon Chavan, CPA, Managing Partner (23 years)
 Paul Pham, CPA, Engagement Partner (14 years)
 Niru Machiraju, Supervisor (6 years)
 Andrew Quintero, Senior Auditor (4 years)
 Matthew Ojeda, Senior Auditor (6 years)

One of the professional staff could change from year to year. The District will be notified of any staff changes prior to field work. The Engagement Partner, manager, and supervisor will be the same during each year of the engagement.

Range of Services

The following summarizes the range of services we provide:

Entity Type	Number of Clients	Percent by Entity	Auditing	Management, Accounting & Other	Contractor Prequalification Services	Nonprofit Tax
Local Education Agencies	37	37%	89%	0%	14%	0%
Charter Schools	11	11%	100%	0%	0%	100%
Non-profit Organizations	17	17%	94%	0%	0%	82%
Cities and Towns	10	10%	90%	0%	0%	0%
Special Districts	17	17%	88%	12%	0%	0%
Privately Held	7	7%	71%	29%	0%	0%

	GAS Audit	GAGAS Audit	Single Audit	Bond Audit	EAAP Audit	Other
Percent by Service Type	91%	73%	40%	22%	41%	39%

Contract Terminations and Affirmation Concerning Substandard Audit Work

C&A and all assigned personnel do not have any record of substandard work, contract failures, outstanding claims, litigation, investigations, or other unsatisfactory performance issues against us or pending with the State Board of Accountancy or any other entity. In addition, we have not had any federal or state desk review or field reviews of our audits. C&A has no record of lost clients or contract failures.

Section A **Background & Experience**

West Bay Sanitary District Proposal for Auditing Services

Equal Opportunity Employer

C&A is an equal opportunity employer and is in compliance with the Civil Rights Act of 1964, the State Fair Employment Practice Act, and all applicable federal and state laws and regulations relating to equality.

Subcontractor

C&A will not be engaged with any subcontractors during this engagement.

Business Licenses

C&A will obtain and maintain a valid business license with throughout the duration of the contract, as applicable.

Quality Control Review

We are enrolled in the AICPA quality control peer review program. Our peer review was performed in compliance with AICPA and GAO requirements and included a selection of government audit engagements. Our audits complied with auditing standards generally accepted in the United States of America and Generally Accepted Governmental Auditing Standards.

Insurance

C&A maintains the following insurance:

- Commercial General Liability Insurance (bodily injury and property damage) is \$4,000,000 per occurrence. The carrier is Hartford Insurance Company.
- Automobile Bodily Injury and Property damage liability insurance is \$2,000,000 per occurrence. The carrier is Hartford Insurance Company.
- Professional Liability Insurance carrier is Philadelphia Insurance Company. The per claim/aggregate limit of the liability is \$3,000,000.
- Workers Compensation Insurance carrier is Twin City Insurance Company. The per claim/aggregate limit of the liability is \$1,000,000.

Section B

Audit Methodology and Approach

Section B - Audit Methodology and Approach

West Bay Sanitary District Proposal for Auditing Services

The C&A audit approach begins with an entrance conference between Sheldon Chavan and management to gather information for risk assessment and audit planning. Upon the conclusion of the entrance conference, Sheldon will plan and schedule C&A's **three phase audit** approach and prepare a list of items to be provided for Phase I of the audit. Significant aspects of each phase are outlined below as augmented based on our review of the District's financial reports, RFP, Budget documents, and Council and Finance Commission agendas and minutes:

Three Phase Audit Approach

Phase I - Planning and Risk Assessment

This phase is designed to evaluate your operating and accounting procedures and will provide the basis for a significant portion of our letter to management. The results of our work during this phase will determine our audit approach for significant accounts and compliance. We plan to begin this phase by meeting with management and relevant committees to plan the audit and discuss any significant issues with the proposed audit plan and timeline.

At least four weeks prior to the beginning of this phase, we intend to provide the District with a link to Engagement Organize ("EO")r detailing the information and timing that will be needed in order to facilitate the completion of the audit in a timely manner. Having all items in EO uploaded prior to the beginning of the audit field work will allow us to complete the audit within the allotted time frame or earlier. We will also begin the testing of federal compliance for major programs during this phase, if applicable. The EO will include Phase I, II, and III items once uploaded and will updated during the year. The District will be able to leave notes on each item, upload attachments and message our team through EO.

We plan the audit and obtain our **understanding of the internal control structure**, control environment, and accounting system through:

Internal Controls Documentation

- Inquiries of appropriate management and staff personnel.
- Inspection of the District's documents, records, budget and related materials, organizational charts, manuals and programs.
- Observation of the District's activities and operations to corroborate the results of inquiries.
- Testing of the controls to determine they are operating as planned.
- Performance of preliminary analytical review on interim financials. The analytical review entails comparing similar information for the same time frame from the prior year and also comparing current year-to-date information to the budget to determine areas that may need additional attention during Phase II.
- Review and evaluation of the District's financial and other management **information system controls** and procedures. Our staff has gained invaluable experience with systems such as HTE, Multiple Operation Management (MOM), Springbrook, Pentamation, QuickBooks, Digital Schools, SunGuard, Escape, FUNDS\$, CECC, SACS, Financial 2000, SASi and many others. It is our goal to maximize the usage of your computer system during the audit.

This phase constitutes approximately 40% of all non-clerical hours of the engagement and may be combined with Phase II if desired. At the completion of Phase I, an exit conference will be held to discuss findings and recommendations and prepare for Phase II.

Section B - Audit Methodology and Approach

West Bay Sanitary District Proposal for Auditing Services

Phase II - Substantive Audit Procedures and Compliance

This phase is designed to complete our substantive and compliance audit procedures on the accounts of the District. The approach for Phase II will be based on the results of Phase I. Audit programs will be tailored for your District's needs. This work will begin after the closing of your books.

Sample size and selection is based on our assessment of risk and planned or actual deviations. A typical **sample size will be 25 to 60** items and be randomly selected. Our sampling methods vary depending

Sampling Methods

on the type of tests we perform. Sample selection for compliance work will be based on the respective compliance and audit guides, KC, our experience and judgment, and other various sources. We use Knowledge Coach (KC) audit programs by Commerce Clearing House (CCH) to assist in our risk determination and sampling selection. We also use **ProSystems fx Engagement** paperless audit, Microsoft Excel, and Microsoft Word on laptops to perform the audit. Generally, we prefer

information provided in electronic format, however we use production scanners in the office and portable scanners in the field for information that is unavailable in electronic format.

Analytical procedures during Phase II involve comparing current data to prior year and budget data, calculating dollar and percentage variances and investigating differences. We also analyze trends and relationships of the various financial statement components and ratios.

Analytical Procedures & Laws and Regulations

Laws and regulations subject to audit will be determined based on inquiry and familiarity we gain with the District and with state and federal compliance requirements. We also attend seminars and webinars related to state and federal regulations to keep abreast of new requirements.

Phase II will take approximately 40% of the engagement hours. At this time, an exit conference will be held to discuss findings and recommendations, the status of new accounting principles and reporting requirements, and prepare for Phase III.

Phase III - Financial Statement Preparation and Review

This phase consists of preparing or assisting with the preparation of your financial statements, **as required in the RFP**, in conformity with accounting principles generally accepted in the United States of America. We will also prepare all other financial and compliance reports required of us as listed on the RFP. The required reports and management letter will be submitted to management as noted in the timeline in the RFP, unless otherwise agreed. We will also ensure that new GASB pronouncements identified in phase I and II have been appropriately accounted for and disclosed in the financial statements and that the impact of these statements is sufficiently presented in our audit reports. The most efficient way to ensure we meet the reporting deadlines is to have the audited trial balance and final adjustment completed by the last day of field work. This, in combination of the automation provided by **Prosystems Engagement** will reduce the lag time from the completion of field work and report issuance.

Our reporting process is automated through our audit software. Once we obtain the District's trial balance in electronic format, we can import that into our system, which will automatically code and update all financial statements and most note disclosures in the financial statements and notes. We can

Section B - Audit Methodology and Approach

West Bay Sanitary District Proposal for Auditing Services

also auto link tables, charts and other documents the District would like to generate. **All of this information can be shared through our online secure lockbox/filesshare website at www.cnallp.com** and through our **online engagement portal** which is linked to our list of items. All agreed upon adjustments will be linked in our audit software. This greatly reduces the report preparation time and involvement of District staff and creates more opportunity for review of information systems, internal controls and management recommendations. At the end of this phase we will provide a summary of audit adjustments and uncorrected misstatements (passed adjustments).

We anticipate that Phase III will comprise approximately 20% of the engagement hours, including the majority of the clerical hours. The timing of each phase of the audit is estimated based on the assumption that the District will meet their close schedule and responsibilities as noted in the request for proposal.

Please note that we generally hold entrance conferences at the beginning of Phase I and II and exit conferences at the end of Phase I, II and III. However, we are available to meet with the District at any time.

Compliance and Program Specific Auditing

Included in all phases are specific procedures required to complete individual compliance items. Analytic and sampling procedures generally follow those described in the preceding phase, but are modified, when needed, to meet specific guidelines of the programs audited.

Recommendations for Improved Operations

We feel we have accumulated valuable knowledge in accounting and auditing which has allowed us to offer a wide range of specific recommendations to increase the efficiency and effectiveness of our audit clients. With our background, we can provide services that may be very beneficial to you presently and in the future. As our client, you can look to us for informed support **year-round in all areas of interest or concern**. In the course of our engagement with the District, we will provide prompt, knowledgeable answers to your questions regarding all aspects of accounting, finance, management, and operations. It is our policy to discuss discrepancies and recommendations with District staff directly involved and then with management, as necessary. If an item warrants inclusion in the report as a finding, we will obtain management's responses to each finding. All responses will be reviewed with management and relevant committees before they are presented to the District Board

Irregularities and Illegal Acts

We will make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which we become aware to the Audit Committee (or similar) and Attorney.

Control Risk Assessment

As part of our audit approach, we use KC forms, narratives, questionnaires and summary schedules to gain an understanding of the control environment and assess its overall effectiveness. This helps us identify the types of potential misstatements and factors that affect the risk of material misstatement and their impact on the audit plan.

Analytical Procedures

Analytical procedures are used at three points of time during our audit; planning, substantive testing, and final review of the completed financial statements. Analytical procedures are used to obtain

Section B - Audit Methodology and Approach

West Bay Sanitary District Proposal for Auditing Services

knowledge of conditions and events, to indicate the presence of possible misstatements, to provide substantive evidence of balances and to assess the financial condition of the District.

As we obtain knowledge about the District, we will be able to direct our attention to areas requiring greater audit emphasis as well as provide substantive evidence in support of recorded account balances.

Identification of Potential Audit Problems

Each year we approach the audit objectively and use a risk-based approach to anticipate any potential audit problems. If anything were to come to our attention during the course of the audit, it would be reported to the proper management level depending on the nature of the problem and as noted in the RFP.

Resources Available for Standards Interpretations

In addition to the items published by GFOA, AICPA, FASB, and GASB, we use RIA checkpoint and Thompsons as our main online reference material. As our client, the District will have access to all our resources.

Summary of Staff Hours by Phase

Level of Staff	Phases		Total Hours
	I & II	III	
Engagement Partner	4	4	8
Associate Partner	4	4	8
Supervisor	16	8	24
Senior Staff	32	16	48
Professional Staff	32	8	40
Administrative Staff	4	4	8
Totals	92	44	136

Summary Timeline

Segment	Estimated	Phase
Audit Planning C&A's Office	May 9, 2022	I
List of Items Required by Client and Audit Plan	May 9, 2022	I
Prelim Conference	July 4, 2022	I
Preparation and Mailing of Confirmation Letters to 3rd Parties	July 4, 2022	I/II
Progress Conference	July 18, 2022	I/II
Entrance Conference	September 14, 2022	I/II
Year-end Field Work	September 14, 2022	I/II
Exit Conference	September 16, 2022	I/II
Progress List of Management Point and Recommendations	September 16, 2022	I/II
Final List of Management Point and Recommendations	October 14, 2022	I/II
Audit Adjustments	October 14, 2022	I/II
Draft Reports, Financials, Management Letters	October 14, 2022	III
Final Reports, Financials, Management Letters	November 15, 2022	III
Report to Finance Committee	November 30, 2022	III
Board & Public Presentations	December 14, 2022	III

Section C

Scope of Services

Section C - Scope of Services

West Bay Sanitary District Proposal for Auditing Services

Audit Scope

We understand, accept and have included in our work plan the following scope of services:

- A. C&A will conduct a financial audit of the District's financial statements in compliance with generally accepted accounting principles for fiscal years ending June 30, 2022 through June 30, 2024 and express an opinion on the fairness of the overall presentation of financial statements. The audit is to be performed in accordance with generally accepted auditing standards and government auditing standards. The audit includes examining transactions and accounts that support the amounts in the financial statements and includes an overall view of the District's financial position. In addition, such audit procedures will be adequate to determine whether the District operations were conducted in compliance with legal and regulatory requirements, and the District's policies and procedures.
- B. C&A will obtain an understanding of the District operations and internal controls, assess control and fraud risk to plan the audit, and identify potential areas of misstatements.
- C. C&A shall provide professional advice and guidance on implementation of applicable GASB regulations in effect at the time of issuing the statements and implications of future regulations.
- D. If necessary, C&A shall also perform a single audit in accordance with the new Uniform Guidance for federal grants.
- E. C&A will also provide the District advice and guidance to convert to a Comprehensive Annual Financial Report (CAFR) in the future.
- F. C&A will maintain audit documentation, work papers and reports, at C&A's expense, for a minimum of seven (7) years following completion of the audit or the timeframe established by the professional auditing standards. Accordingly, the work papers shall be made available upon request. In addition, C&A shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review work papers.

Section D

Partner, Supervisory and Staff Resumes

Section D - Partner, Supervisory and Staff Resumes

West Bay Sanitary District Proposal for Auditing Services

We are aware of the need for continuity of personnel on the engagement and promise that the Engagement Partner will be directly involved in the audit **during each year** of the contract. We believe that extensive partner involvement provides continuity that could not be achieved in any other way. All staff committed in this proposal will be available for the entire June 30, 2022 audit and are available 12 months a year for questions, comments and implementation support. We understand that the Engagement Partners, managers and other supervisory staff and specialists may be changed only with the express prior written permission of the District. Other audit personnel may be changed at our discretion as long as the replacements have substantially the same or better qualifications or experience. The District retains the right to approve or reject replacements.

Sheldon Chavan, CPA

Managing Partner (Member CalCPA, AICPA, GFOA, CSMFO, GAQC)



Sheldon holds a B.S. in Accounting from San Jose State University. He began his career in public accounting in **1998** and has been auditing local governments and nonprofit organizations ever since. Sheldon is a CPA licensed in California and a member of AICPA, CalCPA, CSMFO, GAQC and GFOA. **He has also been a member of the GFOA Special Review Committee, with responsibility for reviewing ACFR's for award of the Certificate of Excellence in Financial Reporting.** Sheldon has prepared/reviewed ACFR's for the City of Berkeley, City of Sunnyvale, City of Pittsburg and many others over his career. Most recently, Sheldon prepared the ACFR of the City of Oroville, City of Saratoga and the City of Pacific Grove for the fiscal years ended June 30, 2021 (partial listing).

*ACFR
Preparation*

Sheldon has managed governmental audits his entire career, which includes the technical review of all work papers, staffing, scheduling, reporting, state compliance, federal compliance, state controllers reports and much more. He is responsible for running the audit in the field and providing accounting and auditing technical support to other partners and staff, primarily in the areas of compliance with auditing standards generally accepted in the United States of America, the standards set forth for financial audits in the United States General Accounting Office's (GAO) *Government Auditing Standards*, and the provisions of the Federal Single Audit Act and the United States Office of Management and Title 2 CFR Part 200 (Uniform Guidance). Sheldon also ensures that each staff has met the continuing professional education requirements under these standards and teaches several in-house seminars a year. He also administers our firm's quality control system as required by GAAS and Yellow Book standards. Sheldon has been performing audits under the Single Audit Act his entire career. Understanding the complexities of the various federal programs is one of his specialties. Over the years, Sheldon has audited major programs such as National School Lunch, Title II Education Technology, IDEA Special Education Local Assistance, Title I, Education Jobs Fund, Title IV Drug Free Schools, NCLB Title III, Title II Improving Teacher Quality, CDBG, Shelter Plus Care, Home Investment in Affordable Housing, HUD Section 8, Highway Planning and Construction, Medi-Cal, Low-income Low Energy Assistance, and many more.

Sheldon has extensive experience auditing government bond programs and can assist the District with bond covenant calculations, bond compliance, tax filings, bond arbitrage issues and any other general

Section D - Partner, Supervisory and Staff Resumes

West Bay Sanitary District Proposal for Auditing Services

reporting requirements. In addition, we currently have multiple clients for which we complete special bond performance audits each year. We also provide contractor prequalification services for some clients who use restricted bond funds for modernization and infrastructure improvements.

Sheldon's recent continuing professional education:

Description of Program/Training
Yellow Book: Revised Government Auditing Standards
Government Auditing Standards - Yellow Book
Frequent Government and NPO Frauds: Misuse of Assets
Governmental and Nonprofit Annual Update: Federal Government Activities
Single Audit Lighting Round
Governmental Audit Quality Center Annual Update Webcast
Program-Specific Audits' plus 'Audit Tools and Guidance'
Applying Risk Assessment Standards: Understanding the Entity and Its Environment
GASB Updates
Governmental Accounting and Auditing Conference Webcast - 5121266C
Not-for-Profit Organizations Conference Webcast - 5121343C
Cases in NFP Acct. & Auditing: 'Financial Statement Requirements' plus 'Net Asset Classifications'
Governmental Auditing: Course Two Performance Audits
Governmental Auditing: Course Three Financial Audits, Attestation Engagements, and..
Governmental Accounting and Reporting
Ethics: AA&C LLP - Accounting Firm Practice Development Committee
State and Local Govt Planning Considerations
Cases in NFP Acct. & Auditing: Contributions
Field Work Documentation: Preparation, Maintenance, Types of Workpapers
School District Update Including LCFF and LCAP Compliance
School Districts Conference
Understanding the Changes to Yellow Book Independence
California Regulatory Review Course
Fraud Audit Techniques Using Excel
Applying the Uniform Guidance in Your Single Audits
Testing Compliance' plus 'Reporting Requirements
Fid Act Understanding impacts of GASB 84
Its Here! Fid Act Implementation Considerations
Accounting and Auditing Conference
Bernard Madoff Investment Securities' Auditor'
The Detection and Prevention of Fraud in Financial Statements
Governmental Auditing: Course One Fundamental Principles for Government Auditing

Section D - Partner, Supervisory and Staff Resumes

West Bay Sanitary District Proposal for Auditing Services

The following is a **partial list** of Sheldon’s clients over the years:

Cities and Towns	Special Districts/JPA's	School Districts/COE's	Nonprofits and Other
City of Albany	Bay Area Water Services & Cons	Antelope Elementary	2006 Washington St.
City of Berkeley	Central Marin Sanitation Agency	Belmont Redwood Shores	Bay Area Special Education JPA
City of Carmel-by-the-Sea	East Bay Dischargers Authority	Burlingame	Bay Area Water Users Association
City of Del Rey Oaks	Fairfield-Suisan Sanitation	Cabrillo Unified	Black Adoption Placement
City of Marina	Half Moon Bay Fire Protection	Campbell Union	Boys and Girls Clubs of Sonoma
City of Novato	Hayward Area Parks and Rec	Cloverdale Unified	Center for Empowering Refugees
City of Oroville	Highland Recreation District	Cotati Rohnert Park	Children of Grace
City of Pacific Grove	Los Trancos Water District	Hillsborough City	Collective Roots
City of Pittsburg	Mckinney Water District	La Honda Pescadero	Credo High School
City of Point Arena	Menlo Park Fire Protection	Lakeside	Diagnostics for the Real World
City of Salinas	Midpen Regional Open Space	Las Lomas Elementary	Hidaya Foundation
City of San Rafael	Pleasant Hill Parks and Rec	Lassen View Elementary	Livebooks
City of Saratoga	Point Montara Fire District	Los Altos Elementary	Mashery
City of Scotts Valley	Santa Clara Regional Open Space	Luther Burbank	Mission Charter
City of Sonoma	Saratoga Cemetery District	Manton Joint Union	Mission Language and Vocational
City of South San Francisco	South Bayside System Authority	Menlo Park City	Morgan Hill Charter Foundation
City of Suisun City	South San Francisco Conf. Ctr.	Millbrae Elementary	Morgan Hill Charter School
City of Sunnyvale	Sausalito-Marin City Sanitation	Mineral	Nob Hill Home Owners Assoc.
City of Tracy	Tahoe Regional Planning Agency	Mountain View Whisman	O'Conner Water
Town of Los Gatos	The Cities Group	Orchard	One Million Lights
Town of Windsor	Valley of the Moon Fire	Pacifica	Orange County Charter School
	West Bay Sanitary District	Plum Valley	Pathway to Choices
	West County Wastewater District	Portola Valley Elementary	Pyramid Alternatives
	Westborough Water District	Red Bluff	Redwood City Education Foundation
	Woodside Fire Protection District	Salinas Union High	San Jose Conservation Charter
		San Bruno Park	San Jose Conservation Corps
		San Carlos Elementary	Singularity University
		San Mateo County Office	Sociometrics
		San Mateo Union High	South Tahoe Area Transit Authority
		Scotts Valley Unified	Stone Bridge Charter School
		Sequoia Union High	Woodside Atherton Authority
		Sonoma Valley Unified	Work2future Foundation
		Union School District	
		West County Agency (LEA)	
		Windsor Unified	
		Woodside Elementary	

Jeffrey J. Ira, CPA

Reviewing Partner, (Member CalCPA, AICPA, GFOA, CSMFO, GAQC)



Jeffrey is a graduate of Humboldt State University with a B.S. in Business with a concentration in Accounting. He is a CPA licensed in California, a member of the AICPA, the California Society of CPAs, the GFOA and the CSMFO. Jeff joined our firm in 2017 and has been auditing local governments since 1981. Jeff is a member of the GFOA Special Review Committee, with responsibility for reviewing CAFR’s for award of the Certificate of Excellence in Financial Reporting. **Jeff served as a Councilmember and the Mayor for Redwood City.** He has also served on various local governing boards and committees, which makes him acutely aware of both your financial and management needs. Jeff will be responsible for concurrent review of your audit, which is a quality control measure designed to ensure the audit is completed effectively and in compliance with governmental auditing standards, compliance requirements and uniform guidance requirements.

Section D - Partner, Supervisory and Staff Resumes

West Bay Sanitary District Proposal for Auditing Services

Jeff has forty years of professional experience and has participated in a variety of auditing and consulting engagements with cities, school districts, and special districts including the following (partial listing):

Cities and Towns	Special Districts	School Districts/COE's
City of Berkeley	Bay Area Water Supply Conserv. Agency	Antelope Elementary
City of Cloverdale	Central Marin Sanitation Agency	Cabrillo Unified
City of Oroville	East Bay Dischargers Authority	Cotati Rohnert Park
City of Point Arena	Half Moon Bay Fire Protection	La Honda Pescadero
City of Saratoga	Los Trancos Water District	Lassen View Elementary
City of Sonoma	Menlo Park Fire Protection	Las Lomas Elementary
City of Tracy	Pleasant Hill Parks and Rec	Los Altos Elementary
Town of Los Gatos	Point Montara Fire Protection District	Luther Burbank
City of Pittsburg	Santa Clara Regional Open Space Auth	Redwood City Elementary
City of San Rafael	Saratoga Cemetery District	Menlo Park City
City of Concord	South Bayside Systems Authority	Millbrae Elementary
City of Salinas	South San Francisco Conf. Ctr.	Santa Cruz City
City of Sunnyvale	Tahoe Regional Planning Agency	Mountain View Whisman
City of San Carlos	The Cities Group	Orchard School District
City of South San Francisco	West Bay Sanitary District	Burlingame
City of Marina	West County Wastewater District	Jefferson Union High
City of San Bruno	Westborough Water District	Portola Valley Elementary
City of Campbell	Woodside Fire Protection District	Red Bluff
City of Novato	Highland Recreation	San Bruno Park
Town of Atherton	Coast side Water District	San Mateo County Office
City of Cupertino		Sequoia Union High
		Sonoma Valley Unified
		San Mateo Unified
		Ravenswood Elementary
		Windsor Unified
		Woodside Elementary

A summary of Jeff's recent professional education includes:

Description of Program/Training	
GAGAS - Ethical Principles In Government Auditing	Government Auditing
GAGAS - Field Work and Reporting Standards	Major Changes to Auditing Standards
GAGAS - Field Work Standards For Financial Audits	Limiting Auditor Liability
GAGAS - General Field Work And Reporting Standards	Auditor Communications: Critical New Requirements
GAGAS - General Standards	School Districts Conference
GAGAS - Reporting Standards For Financial Audits	Governmental Accounting, Reporting, and Auditing Update
GAGAS - Use and Application of GAGAS	GASB Basic Financial Statements for State and Local Governments

Section D - Partner, Supervisory and Staff Resumes

West Bay Sanitary District Proposal for Auditing Services

Paul Pham, CPA

Engagement Partner (AICPA, CalCPA)



Paul received his Bachelor of Science from Pacific University and hopes to pursue a Master of Accountancy in the near future. Paul has been working in public and private accounting since 2007 and has completed Fourteen governmental audit seasons. He has completed financial and compliance audits for the entities listed below since 2007. Besides the standard control documentation and substantive testing required for GAAS audits, Paul has performed audits and prepared reports under OMB Subpart F and the Single Audit Act for most of the entities listed below. He has audited Federal grants from various agencies, including FEMA, HUD, FTA, the Department of Education (Title I, Special Education, Title II, Adult Ed) and much more.

Paul's recent continuing professional education:

Description of Program/Training	
GAGAS - Ethical Principles In Government Auditing	Government Auditing
GAGAS - Field Work and Reporting Standards	Major Changes to Auditing Standards
GAGAS - Field Work Standards For Financial Audits	Limiting Auditor Liability
GAGAS - General Field Work And Reporting Standards	Auditor Communications: Critical New Requirements
GAGAS - General Standards	School Districts Conference
GAGAS - Reporting Standards For Financial Audits	Governmental Accounting, Reporting, and Auditing Update
GAGAS - Use and Application of GAGAS	GASB Basic Financial Statements for State and Local Governments

The following is a partial list of Paul's clients over the years:

Cities and Towns	Special Districts	School Districts/COE's	Nonprofits and Charter Schools
City of Albany	Bay Area Water Services & Cons	Antelope Elementary	Bay Area Water Users Association
City of Berkeley	Central Marin Sanitation Agency	Burlingame	Black Adoption Placement
City of Carmel-by-the-Sea	Fairfield-Suisan Sanitation District	Cabrillo Unified	Boys and Girls Clubs of Sonoma
City of Del Rey Oaks	Menlo Park Fire Protection	Cotati Rohnert Park	Center for Empowering Refugees
City of Oroville	Midpen Regional Open Space	Hillsborough City	Children of Grace
City of Pacific Grove	Santa Clara Regional Open Space	La Honda Pescadero	Collective Roots
City of Point Arena	Saratoga Cemetery District	Las Lomitas Elementary	Crede High School
City of Rocklin	South Bayside System Authority	Lassen View Elementary	Hidaya Foundation
City of Saratoga	South San Francisco Conf. Ctr.	Los Altos Elementary	Livebooks
City of Sonoma	Suasalito-Marin City Sanitation District	Luther Burbank	Mashery
City of Suisun City	Tahoe Regional Planning Agency	Manton Joint Union	Mission Charter
City of Tracy	The Cities Group	Millbrae Elementary	Mission Language and Vocational School
Town of Los Gatos	Valley of the Moon Fire	Mineral	NASA AMES Exchange
	West Bay Sanitary District	Mountain View Whisman	Orange County Charter School
	Westborough Water District	Orchard	Pathway to Choices
		Pacifica	Pyramid Alternatives
		Plum Valley	Redwood City Education Foundation
		Portola Valley Elementary	San Jose Conservation Charter
		Red Bluff	San Jose Conservation Corps
		San Bruno Park	Sociometrics
		San Carlos Elementary	South Tahoe Area Transit Authority
		San Lorenzo Valley Unified	Stone Bridge Charter School
		San Mateo County Office	Work2future Foundation
		Scotts Valley Unfied	
		Sequoia Union High	
		Sonoma Valley Unified	
		Soquel Elementary	
		Union School District	
		West County Agency (LEA)	
		Windsor Unified	
		Woodside Elementary	

Section D - Partner, Supervisory and Staff Resumes

West Bay Sanitary District Proposal for Auditing Services

Niru Machiraju

Audit Supervisor

Niru received her Bachelor and Master of Science in Accounting from the University of Saint Thomas. Niru has been working in public accounting since 2015 and has completed six audit seasons. During the 2021 audit season, she completed the financial and compliance audits for the entities listed below and has additional experience in the manufacturing, distribution, and non-profit industries. Niru has audited over sixty local governments and nonprofits since 2015. Besides the standard control documentation and substantive testing required for GAAS audits, Niru has performed audits and prepared reports under GAGAS and Uniform Guidance. She has also audited Federal grants from various agencies, including HUD and the Department of Education (Title I, Special Education) and much more.

Andrew Quintero

Senior Auditor

Andrew has successfully completed three seasons of governmental auditing. Andrew has performed tests of controls, substantive tests, state compliance testing and Federal compliance testing for various special districts and cities. He has been the Senior Auditor in-charge of clients such as the Town of Yountville, City of Suisun City, Fairfield-Suisun Sanitary District and many more. Besides the standard control documentation and substantive testing required for GAAS audits, Andrew has performed audits and prepared reports under OMB Subpart F and the Single Audit Act. He has audited Federal grants from various agencies, including Special Education, National School Lunch, Title I, Department of Education grants and others.

Matthew Ojeda

Senior Auditor

Matthew graduated from the San Jose State University, with a B.S. in Accounting. Starting in public accounting in 2014, he has successfully completed six seasons of governmental auditing. Matthew has performed tests of controls, substantive tests, state compliance testing and Federal compliance testing for various special districts and school districts. Besides the standard control documentation and substantive testing required for GAAS audits, Matthew has performed audits and prepared reports under OMB Subpart F and the Single Audit Act. He has audited Federal grants from various agencies, including Special Education, National School Lunch, Title I, Department of Education grants and others.

Professional Education and Training

Our professionals complete 80 hours of continuing professional education every two years in auditing and accounting which includes at least 80 hours of governmental auditing and accounting training specific to local governments. We use a combination of in-house seminars, self-study and outside seminars sponsored by AICPA, GFOA, the California Education Foundation and other recognized groups.

All assigned staff meet the educational requirements for Governmental engagements as specified by the California Board of Accountancy, Federal General Accounting Office, Governmental Accounting Standards Board, and the AICPA as appropriate.

Section E

Similar Engagements

Section E - Similar Engagements

West Bay Sanitary District Proposal for Auditing Services

Client References and Similar Engagements

The following projects were completed by C&A in 2020-21:

Entity Name	Bay Area Water Supply & Cons Agency	Oro Loma Sanitary District	Midpeninsula Regional Opens Space
Contact Person	Deborah Grimes	Arlene Wong	Andrew Taylor
Title	Finance Manager	Finance Director	Finance Director
Address	155 Bovet Rd., Ste 650, San Mateo, CA 94402	2655 Grant Ave., San Lorenzo, CA 94580	330 Distel Circle, Los Altos, CA 94022
Phone	650-349-3000	510-481-6979	650-691-1200
E-mail	DGrimes@bawasca.org	arlene@oroloma.org	ataylor@openspace.org
Audit Period	6/30/2019	6/30/2019	6/30/2019
Hours	150	168	220
Fiscal Years Audited	6	5	6
Partner	Sheldon Chavan	z	Sheldon Chavan
GFOA Award	No	Yes	Yes
Entity Type	Special District	Special District	Special District
Scope of Work	Revenue Bond Audit GAGAS Audit SCO Min Audit Req Review SCO Report SAS 114 Report Management Letter Year Round Consultation	CAFR GAGAS Audit SCO Min Audit Req GASB 34 Reconciliation SAS 114 Report Management Letter Year Round Consultation	CAFR GO Bond Audit GAGAS Audit SCO Min Audit Req GASB 34 Reconciliation SAS 114 Report Management Letter Year Round Consultation

Section F

Additional Information

Section F - Additional Information

West Bay Sanitary District Proposal for Auditing Services

Current Client List

Cities/Towns	CAFR	GAS	GAGAS	Single Audit	EAAP	Other	Bond (P39)
City of Albany	✓	✓	✓			✓	
City of Del Rey Oaks		✓	✓				
City of Lincoln	✓					✓	
City of Marina	✓	✓	✓	✓		✓	
City of Oroville	✓	✓	✓	✓			
City of Pacific Grove	✓	✓	✓	✓			
City of Point Arena		✓	✓				
City of Rocklin	✓	✓	✓	✓			
City of Saratoga	✓	✓	✓	✓			
City of Suisun City	✓	✓	✓	✓		✓	
Town of Yountville	✓	✓	✓			✓	

Local Education Agencies	CAFR	GAS	GAGAS	Single Audit	EAAP	Other	Bond (P39)
Antelope School District		✓	✓		✓		
Berkeley Unified School District						✓	
Burlingame School District		✓	✓	✓	✓		✓
Cabrillo Unified School District		✓	✓	✓	✓		✓
Corning Union High School District		✓	✓	✓			
Cotati-Rohnert Park Unified School District		✓	✓	✓	✓		✓
Cottonwood Union School District		✓	✓		✓		
Golden Valley Unified School District		✓	✓	✓	✓		
Hillsborough City School District		✓	✓	✓	✓		
Jefferson Union High School District		✓	✓	✓	✓		✓
John Swett Unified School District			✓			✓	
Las Lomas School District		✓	✓		✓		✓
Lassen View Union Elementary School District		✓	✓		✓		
Los Altos School District	✓	✓	✓	✓	✓		✓
Luther Burbank School District		✓	✓	✓	✓		
Menlo Park City School District		✓	✓	✓	✓		
Millbrae School District		✓	✓	✓	✓		✓
Mountain View Whisman School District		✓	✓	✓	✓		✓
Napa Valley Unified School District		✓	✓	✓	✓		✓
Orchard School District		✓	✓	✓	✓		✓
Pacifica School District		✓	✓	✓	✓		
Red Bluff Joint Union High School District		✓	✓	✓	✓		✓
Red Bluff Union Elementary School District		✓	✓	✓	✓		
Roseland Elementary School District		✓	✓	✓	✓		✓
San Bruno Park School District		✓	✓	✓	✓		
San Carlos School District		✓	✓	✓	✓		✓
San Lorenzo Valley Unified School District		✓	✓	✓	✓		✓
San Mateo Foster City School District		✓	✓	✓	✓		✓
San Rafael City Schools						✓	
Santa Rosa City Schools		✓	✓	✓	✓		✓
Sequoia Union High School District		✓	✓	✓	✓	✓	✓
Sonoma Valley Unified School District		✓	✓	✓	✓		✓
Soquel Union Elementary School District		✓	✓	✓	✓		✓
South San Francisco Unified School District						✓	✓
Union School District				✓			✓
West County Transportation Agency		✓	✓		✓		
Woodside Elementary School District		✓	✓		✓		✓

Section F - Additional Information

West Bay Sanitary District Proposal for Auditing Services

Charter Schools	CAFR	GAS	GAGAS	Single Audit	EAAP	Other	Bond (P39)
Charter School of Morgan Hill		✓	✓		✓	✓	
Cottonwood Creek Charter School		✓	✓		✓	✓	
Credo High School		✓	✓		✓	✓	
Kid Street Charter School		✓	✓			✓	
The Reach Charter School		✓	✓			✓	
Mission Preparatory School		✓	✓		✓	✓	
Pathways Charter School		✓	✓		✓	✓	
Roseland Charter School		✓	✓	✓	✓	✓	
RSTEM Academy Charter School		✓	✓		✓	✓	
Stone Bridge Charter School		✓	✓		✓	✓	
Woodland Star Charter School		✓	✓		✓	✓	

Special Districts	CAFR	GAS	GAGAS	Single Audit	EAAP	Other	Bond (P39)
Bay Area Water Supply Conservation Agency		✓	✓	✓			
Castro Valley Sanitary District		✓	✓				
El Dorado Hills Community Services District	✓	✓	✓				
Lake Canyon Community Services District		✓	✓				
Midpeninsula Regional Open Space District		✓	✓	✓			
Purissima Hills Water District		✓	✓			✓	
Ross Valley Sanitary District	✓	✓	✓				
Santa Clara County Regional Open Space Auth		✓	✓	✓			
Sausalito-Marín City Sanitation District		✓	✓	✓			
Stege Sanitary District		✓	✓				
Silicon Valley Clean Water		✓	✓				
South San Francisco Conference Center		✓	✓				
The Cities' Group		✓	✓				
Valley of the Moon Fire District		✓	✓				
West Bay Sanitary District		✓	✓				
West Valley Sanitation District		✓	✓				
Westborough Water District						✓	

NonProfit Organizations	CAFR	GAS	GAGAS	Single Audit	EAAP	Other	Bond (P39)
Boys and Girls Clubs of Sonoma Valley		✓				✓	
Center for Empowering Refugees & Immigrants		✓				✓	
Children of Grace		✓				✓	
Far West Wheel Chair Association		✓					
Hidaya Foundation		✓				✓	
Mission Language and Vocational School		✓				✓	
Morgan Hill Charter School Foundation		✓				✓	
NASA AMES Exchange		✓				✓	
O'Connor Tract Co-Operative Water Co.		✓				✓	
Peninsula Conflict Resolution Center		✓				✓	
Redwood City Education Foundation		✓				✓	
San Mateo County Exposition and Fair Association		✓				✓	
Sonoma Valley Hospital Foundation		✓				✓	
The Moca Foundation		✓					
The San Jose Library Foundation		✓				✓	
Tru		✓					
Work2future Foundation		✓	✓	✓		✓	

Privately Held Corporations	CAFR	GAS	GAGAS	Single Audit	EAAP	Other	Bond (P39)
Air Filter/Control						✓	
Dfusion, Inc.		✓	✓	✓			
Diagnostics for the Real World		✓	✓	✓			
FRTek US, LLC		✓					
Pathway to Choices		✓					
Roberts of Woodside						✓	
Sociometrics		✓	✓	✓			

Section F - Additional Information

West Bay Sanitary District Proposal for Auditing Services

Technology in the Audit

C&A is a paperless firm and we use secure cloud servers for file sharing. We have Lenovo laptops and Fujitsu scanners that we use in the field. Our secured laptops are synchronized to our cloud server every day to avoid loss of data. The scanners allow for flexibility during the audit since it is not feasible to expect every document in electronic format.

Our secure online file share and engagement organizer provide for a better option over e-mailing electronic files. Each of our clients has an account login username and password through our website or an emailed link that allows them to upload files. This is especially helpful with sensitive information such as payroll data as it is much more secure than e-mail.

Our audit software is **ProSystems fx Engagement** which we compliment with Knowledge Coach (KC) audit programs and workpapers. These programs allow us to roll-forward audit information without having to replace the audit programs in the binder because they automatically update with changes in auditing and accounting standards every month. Finally, we have purchased data extraction software for each of our laptops that convert Adobe and other file types to Word and Excel.

All of the above-mentioned technological innovations make the audit more efficient and provides us the opportunity to spend time in areas that are more meaningful to the District. It also reduces the time and effort required by District staff to provide information and minimizes redundancy from year to year in the audit.

Proposal Exceptions

C&A did **not** have any exceptions or requested changes to the District's RFP conditions or requirements.

C&A's Responsibility for Detecting Fraud

While audits are not designed to root out every instance of fraud, we have a responsibility to detect material misstatements in the financial statements caused by either fraud or error. Accordingly, generally accepted auditing principles prescribe specific audit procedures to detect fraud that must be carried out during each audit. C&A must hold a fraud brainstorming session at the beginning of the audit. This session is designed to provide a time for the audit team to consider how the client could commit fraud. The brainstorming meeting is used to set a tone of professional skepticism in the audit. Because committing material financial statement fraud often requires adjustments to financial records, C&A will test journal entries for any signs of manipulation. Another likely place for fraud is in accounting estimates since management may be able to influence accounting estimates to manipulate the financial statements. Generally, we perform procedures to determine if the methodology for completing accounting estimates has changed from the prior year and examine the directionality of estimates as a whole. We also closely examine significant unusual transactions outside of normal operations. This examination requires organizations to explain the purpose and rationale for the transaction and we corroborate management's response with other information received during the audit.

Attachments

REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

June 18, 2021

To the Partners of Chavan & Associates, LLP
and the Peer Review Committee
of the California Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Chavan & Associates, LLP in effect for the year ended December 31, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements are identified as not having been performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards* including compliance audits under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

To the Partners of Chavan & Associates, LLP
and the Peer Review Committee
of the California Society of Certified Public Accountants
Page 2

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Chavan & Associates, LLP in effect for the year ended December 31, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Chavan & Associates, LLP has received a peer review rating of *pass*.

A handwritten signature in black ink that reads "The Peer Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California

March 04, 2022

Sheldon Chavan
Chavan & Associates LLP
11135 Sunrise Ridge Cir
Auburn, CA 95603-6012

Dear Sheldon Chavan:

It is my pleasure to notify you that on February 22, 2022, the California Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is June 30, 2023. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

Peer Review Committee

Peer Review Program
The Peer Review Program Team
peerreview@calcpa.org
650-522-3094

cc: John Georger

Firm Number: 900005340457

Review Number: 577158

Received

APR 15 2022

West Bay Sanitary District

PROPOSAL TO SERVE



Proposal for Financial Audit Services

June 30, 2022 – 2024

CROPPER ACCOUNTANCY CORPORATION

Certified Public Accountants
2700 Ygnacio Valley Road, Suite 270
Walnut Creek, CA 94598

April 12, 2022

PRIMARY CONTACT:

John Cropper, Managing Principal
Phone: (925) 932-3860
eFax: (925) 476-9930
john@cropperaccountancy.com

TABLE OF CONTENTS

	Page No.
Letter of Transmittal	3
<u>Description of Firm</u>	
1. License to Practice	4
2. Independence	4
3. Insurance	4
<u>Firm Qualifications</u>	
4. Firm Qualifications and Experience	4-5
5. Principal, Supervisory, and Staff Qualifications and Experience	5-6
6. Similar Engagements and Client References	7
<u>Specific Audit Approach</u>	
7. Work plan – Estimated Audit Hours and Tentative Schedule	8-11
8. Anticipated Problems	12
10. Technology Implementation	12-13
<u>Exhibits</u>	
Exhibit A – Peer Review 2019	

Debra Fisher
West Bay Sanitary District
500 Laurel Street
Menlo Park, CA 94025

Dear Ms. Fisher:

We are pleased to submit our proposal to audit, examine, and prepare West Bay Sanitary District's financial statements for the fiscal years ending June 30, 2022, and 2023 and 2024 with the option to extend for 2 additional years.

We are excited about the prospect of working with you! We want to be your public accounting firm and are confident in our ability to provide quality service at competitive rates.

In this proposal we describe in detail why we believe Cropper Accountancy Corporation is the selection of choice. Those distinguishing reasons are highlighted as follows:

- **Unique and value-added staffing model.** We do not employ inexperienced staff to perform our audits; a client service partner and senior staff will together perform all audit fieldwork in order to gain a detailed understanding of the district, build strong working relationships with management, and ensure that all audit risks are properly addressed. In subsequent years, the client service partner will *continue* to "roll up their sleeves" performing the work requiring greater expertise and giving personal attention that other firms do not provide. We believe this staffing model is most efficient and value-added.
- **Extensive governmental and special district audit expertise and experience.** We have extensive expertise and experience with governmental audits, which require compliance with Yellow Book standards and, as applicable, Single Audit requirements.
- **Agile technology implementation.** In the past year, COVID-19 has inevitably changed the way that most businesses operate. Fortunately, our firm was prepared. We had previously implemented cloud-based technology that allowed us to make a smooth transition to a remote and digital audit. The key piece to our success during the pandemic has been the use of Suralink – *an automated document exchange and request list management solution that is built specifically for auditors, by auditors.*

We acknowledge that we understand the requirements of your Request for Proposal and commit to performing the work within the stated time period. Our proposal is a firm and revocable offer for ninety days.

I look forward to hearing from you.

Sincerely,



John Cropper, CPA, CGFM, CGMA
President & Managing Director
April 12, 2022

DESCRIPTION OF FIRM

Cropper Accountancy Corporation is a highly respected public accounting and consulting firm in Walnut Creek, California, serving clients and growing with the greater Bay Area since 1980. We are a firm purposefully less leveraged than other firms, in order to provide more personal and *continuous service by highly qualified, experienced personnel*. All seven members of our team have extensive governmental experience. With our high level of partner involvement, you will receive the highest degree of service. You will feel the difference working with Cropper Accountancy Corporation; questions are answered, direction is provided, and response time is quick.

As a member firm of the American Institute of Certified Public Accountants, we adhere to rigorous quality control standards in our accounting and auditing practice. We are required to submit to a review of our practice by our peers, and are proud of our peer review results. *The most recent peer review was performed in 2019, and included a review of at least one government engagement and at least one single audit report. We are happy to share that we received the highest rating of "pass."* During the past three years, we have had no desk or field reviews. There has never been any disciplinary action taken or pending against the firm with state regulatory bodies or professional organizations.

1. LICENSE TO PRACTICE

Cropper Accountancy Corporation and all principals and assigned key audit members who will provide services to the District are licensed to practice as Certified Public Accountants in the State of California.

2. INDEPENDENCE

Cropper Accountancy Corporation and all related personnel are independent of the West Bay Sanitary District as defined by generally accepted auditing standards and the U.S. General Accounting Office's *Government Auditing Standards*. For the past five years, our firm has had no professional relationship with the District which would constitute a conflict of interest relative to performing the proposed services.

3. INSURANCE

Cropper Accountancy Corporation is contracted with The Hartford Financial Services Group, Inc. for Commercial General Liability, Automobile, and Workers' Compensation Insurance, and is contracted with Aon Affinity Insurance for Professional Liability Insurance.

4. FIRM QUALIFICATIONS AND EXPERIENCE

We believe the most important factor to ensure a quality audit and client satisfaction is the knowledge and experience of the audit professionals. Such knowledge and experience coupled with expertise in the required professional standards unique to a particular industry results in the most effective and efficient audit – as well as a higher level of client satisfaction. No audit methodology, no training course, and no computer software can ever replace *solid professional judgment born of years of experience*.

All of our firm's personnel have extensive experience in servicing governmental organizations. We have the resources to properly staff the engagement to ensure effective and efficient service and to help with any needs as they arise throughout the year, not just during the audit.

Continuity of personnel is an important strength of our firm, which contributes to a more efficient audit process and less client disruption. You will be served primarily by the following members of our firm: John Cropper, managing shareholder, Katy Perry Klamp, manager and Alexandra Heinitz, staff accountant. Although unlikely, we retain the right to change these personnel if they leave the firm or are promoted. Changes for any other reason must be approved by the District.

5. PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE

John Cropper, CPA, CGFM, CGMA – Engagement Principal and Primary Contact

John is one of the founders and is president of Cropper Accountancy Corporation. He has been practicing public accounting since 1990. John specializes in audits of governmental entities, including special districts, cities, HUDs, housing authorities, and single audits.

John began his career at Deloitte before moving on to become the partner-in-charge of the Walnut Creek office of Caporicci, Cropper & Larson, LLP. He worked as the partner-in-charge of the governmental practice at Armanino LLP before leaving to form Cropper Accountancy Corporation. In 2002, John founded the firm to provide hands-on expertise for his clients.

John is a member of the American Institute of Certified Public Accountants (AICPA), the California Society of Certified Public Accountants (CalCPA), Association of Government Accountants (AGA) and the California State Board of Accountancy. He is a Certified Government Financial Manager (CGFM), and a Chartered Global Management Accountant (CGMA). He formerly served on a Measure A advisory committee, and as the Treasurer of a Contra Costa County PAC Committee. John is a former member of the CalCPA state GASB committee. John is currently serving on the CalCPA Governmental Planning Committee.

Katy Perry Klamp - Manager

Katy graduated from Brigham Young University with a Bachelors in Science degree in 2005. She began practicing accounting at Cropper Accountancy Corporation in 2007 and has served as a manager on many government audits, including multiple special districts. She has been working as the acting finance director for a sanitary district for the last two years. Katy is a member of the California Society of CPAs, and has completed multiple governmental continuing professional education classes. Our clients appreciate Katy's great customer service and high level of responsiveness.

Alexandra Heinitz - Staff Accountant

Alexandra graduated summa cum laude from CSU East Bay with Bachelor of Science Degree in Accounting and from Saint Mary's College of California with a Master of Science degree in Financial Analysis and Investment Management. She has 10+ years of accounting and finance experience in private and public sectors. Her previous positions include a Controller in a Homeowners Association Management company, an Assistant Controller in Real Estate Investment and Management Company, and a Senior Accountant working for Contra Costa County Employment and Human Services Department.

CONTINUING EDUCATION

Each member of our firm is enrolled in a CPE program with the California Society of CPAs. Our peer review requires a total of 80 hours and a minimum of 24 hours of governmental CPE every two years.

John Cropper

10/28/2021	GAAP Update - Auditing and Accounting Conference	8.0
10/04/2021	2021 FASB and AICPA Update	8.0
07/27/2021	Audit Planning	3.0
07/27/2021	Auditing PCAOB Attestation Standard #2	3.0
07/26/2021	Auditing Net Capital	3.0
07/26/2021	Auditing Revenue	2.0
06/30/2021	GASB 87 on Lease Accounting	2.0
05/03/2021	Capitol Insights: Governmental A&A Virtual Conference	8.0
08/22/2020	Audit Training	4.0
05/18/2020	An Auditor's Responsibilities for Fraud in the Government Environment	11.5
05/05/2020	Governmental Accounting and Auditing Virtual Conference	9.0
04/15/2020	Accountants Liability: Positioning Your Firm For Success	4.0
02/18/2020	Risk Assessment Deep Dive: How to Avoid Common Missteps	3.5
09/25/2019	Small Business and Broker Dealer Auditor Forum	11.4
09/09/2019	Auditing Broker Dealer Revenue	4.0
07/10/2019	Becoming an AICPA Peer Review Team	8.0
07/09/2019	Auditing Standards a Comprehensive Review	16
05/07/2019	Governmental Accounting and Auditing Conference	8.5

Katy Perry

05/03/2021	Governmental A&A Virtual Conference	8.0
10/28/2021	GAAP Update - Auditing and Accounting Conference	8.0
12/09/2020	Multifamily Governmental Housing Conference	16
08/21/2020	Audit Training	4.0
05/05/2020	Governmental and Auditing Virtual Conference	9.0
04/17/2020	Accountant's Liability: Positioning Your Firm For Success	4.0
02/06/2020	Microsoft Excel: Working with Formulas and Functions	4.0
07/22/2019	Revenue: Topic 606 Webcast	8.0
06/18/2019	AHACPA PHA Conference 2019	16
05/07/2019	Governmental Accounting and Auditing	8.5
12/11/2018	Single Audits: A Case Study Approach	8.0
05/08/2018	Governmental Accounting and Auditing	9.0
03/02/2018	Avoiding Problems in Conducting Single Audits	8.0

Alexandra Heinitz

10/13/2021	Risk Assessment During Recover	4.0
10/15/2021	Compilations and Reviews: Risks, Procedures and Fraud	8.0
10/19/2021	Effective Workpaper Techniques	8.0
10/28/2021	Accounting Laws, Ethics, Taxes and Financial Reporting Reviews	4.0
12/14/2021	HUD Multifamily Conference	5.0

6. SIMILAR ENGAGEMENTS AND CLIENT REFERENCES

Engagement	Scope of Work	Hours	Partner
Delta Diablo Sanitary District Finance Manager - Anika Lyons (925)756-1924 anikal@deltadiablo.org	Financial Audit/CAFR Years Served 2021 - Present	250	John Cropper
Oro Loma Sanitary District Finance Director - Arlene Wong (510) 276-4700 arlene@oroloma.org District Manager- Jason Warner jwarner@oroloma.org	Financial Audit/Single Audit/CAFR Years Served 2020 - Present	200	John Cropper
Las Gallinas Valley Sanitary District Finance Manager - Dale McDonald (415) 472-1734 dmcDonald@lgvsd.org	Financial Audit/Single Audit/CAFR Years Served 2015 – Present	200	John Cropper
West County Wastewater District Financial Analyst - Jessie Kim (510)222-6700 JKim@wcvd.org Director of Admin Services (510)662-3647 JLovell@wcvd.org	Financial Audit with CAFR Years Served 2018 - Present	200	John Cropper
Central Marin Sanitation Agency Administrative Services Manager Ken Spray (415) 459-1455 ext 129 kspray@cmsa.us	Financial Audit with CAFR Years Served 2018-20	200	John Cropper

We are proud of our long-standing client relationships, even in the governmental industry that routinely rotates auditors. Frankly, our clients love working with us. We currently serve over 40 clients in the governmental industry.

7. SPECIFIC AUDIT APPROACH

This section describes Cropper Accountancy Corporation's general audit engagement approach and the techniques we employ in servicing organizations such as the District. We will tailor the general approach outlined in this section based on information we gather throughout the audit process - your organization's unique risks, strategies, challenges, policies, and practices - as we audit and analyze the financial position of the District.

Our firm has a strong record of completing audits on time, proceeding through the work plan in an organized and efficient manner, and working with District staff in a reasonable and harmonious relationship. We are a leader in the area of technology adoption to increase the efficiency of our audits. We prepare our work papers using a cloud based audit software package, which seamlessly integrates with standard Microsoft Office products. From planning to the report phase, any adjustments booked into the software will flow seamlessly into your financial statements. We use Suralink (an enhanced client portal organizer) to reduce paper waste and for more efficient tracking of the exchange of documents between client and auditor.

In accordance with professional standards, our audit work relies heavily on risk assessment and analytical procedures to design effective audit procedures. Our wealth of experience with districts allows us to recognize relationships among the financial statement amounts rather than simply test a sample of the large volume of transactions. That is why we staff our engagements with partners and senior personnel. We expect to spend approximately 40% of our time on planning and interim fieldwork, 50% of our time on year-end fieldwork, and the remaining 10% of our time on finalizing the audit, meetings and reporting issues.

Our audit procedures consist of inquiries, observations, recalculation, reperformance, and other analyses of the District's significant systems and internal controls that produce your financial statements. Based on our understanding of the District's internal control and financial processes, we focus our efforts primarily on efficient and cost-effective audit techniques that are tailored to your practices and systems. One of the techniques used may involve random sampling. Sample sizes are based on risk assessment, planning materiality, and population size(both dollar amount and number of items in the population).

All qualified public accounting firms will follow generally accepted auditing standards and *Governmental Auditing Standards* when auditing the District. We believe that the standard audit approach can be improved upon in a number of ways including, but not limited to, the following:

- Investing approximately 40% of total audit time in planning and interim audit procedures
- Changing the audit approach each year to respond to changes in your business
- Communicating clearly and early and often throughout the entire process, appropriate to each level of management and governance
- Proactively exploring with you and our team ways to improve the audit
- Providing insightful recommendations to management that are constructive and reflective of industry best practices

WORK PLAN – ESTIMATED AUDIT HOURS AND TENTATIVE SCHEDULE

<u>Date</u>	<u>Work to be Performed</u>	<u>Time Estimate (Hours)</u>	<u>Staff Level</u>
May 2022	<ul style="list-style-type: none"> ● Prepare client acceptance 	4	John Cropper
July 2022	<ul style="list-style-type: none"> ● Review predecessor audit workpapers ● Planning activities (audit plan, scheduler request, and other planning documents as required by professional standards). ● Preliminary conference with designated District officials to plan timing of audit work 	20	John Cropper Katy Perry, Manager
July 2022	<p><u>Interim Fieldwork</u></p> <ul style="list-style-type: none"> ● Risk assessment and mitigating internal controls including fraud protocols (cash receipts, cash disbursements, payroll fixed assets, financial reporting) ● District board minutes review ● Prepare preliminary drafts of all required reports for discussion with District management ● Progress conferences on results of interim audit procedures and significant observations. ● Coordinate final audit procedures, dates, and client-prepared schedules. 	50	John Cropper Katy Perry, Manager Alexandra Heinitz, Staff
Sept 2022	<p><u>Final Fieldwork Procedures/On-Site If Available</u></p> <ul style="list-style-type: none"> ● Entrance conference with District staff to coordinate fieldwork procedures ● Final audit procedures performed on all District funds and entities including the Retirement Plan and OPEB Trust. ● Report preparation and technical review ● Delivery of drafts of required reports and draft management letter District review ● Exit conference ● Draft financial statements delivered 	90	John Cropper Katy Perry, Manager Alexandra Heinitz, Staff
Oct 2022	<ul style="list-style-type: none"> ● Final financial statements delivered 	5	Katy Perry
Nov 2022	<ul style="list-style-type: none"> ● Presentation of financial statements, management letter to the District/Board 	20	John Cropper

Our engagement approach can ordinarily be summarized into three phases: planning, fieldwork, and reporting/concluding procedures.

I. PLANNING

The planning phase of the engagement will lay the foundation for the direction of our audit and is key to cost-effective completion. We invest in the planning phase knowing that the remaining phases will then flow smoothly and we reduce the likelihood of “surprises” in later phases. Our planning will focus on developing a more detailed understanding of the District's operations, identifying significant issues and pronouncements that may be applicable, and designing efficient audit procedures. Specifically, we will:

1. *Obtain an understanding of the legal and fiscal environment by reviewing:*
 - a. Existing cash flow projections and operating and capital improvement budgets.
 - b. Debt and lease agreements.
 - c. Key statistics and trends.
 - d. Economic environment, especially locally.
 - e. Current operations (internally produced financial statements).
 - f. Prior year audit reports.
 - g. Additional documentation and reports available from the internal audit staff.
 - h. Key risks.
2. *Meet with District management to discuss the following:*
 - a. New significant transactions or anticipated transactions.
 - b. Coordination of procedures and timing.
 - c. Initial observations or areas of emphasis.
 - d. Reporting requirements.
 - e. Implications of new accounting pronouncements, if any.
 - f. Fraud protocols and risk assessments.
 - g. Any other areas of concern to management.
3. *Perform analytical reviews of financial data to identify other areas that might require significant attention.*

Based on our understanding of the District's operating environment, analytical reviews, and the other planning procedures, we will highlight areas to be emphasized during our interim and final audit work. We will then define the engagement objectives, concentrating on the identified areas of concern and areas we know are significant to management and to the financial statements as a whole.

II. FIELDWORK PROCEDURES

The fieldwork phase of the engagement includes completion of all audit procedures to be performed. We will divide our efforts into two distinct segments: interim audit procedures and final audit procedures.

Interim Audit Procedures:

Interim audit procedures lay the foundation for an efficient and effective audit. We will strive to perform a significant portion of our procedures at interim to allow a more efficient completion of the

audit. Specifically, at interim we will document the District's financial reporting and other process risks, related controls, and any compliance requirements. If control reliance appears appropriate, we will typically make a risk-based random sample of selections within each financial process and test the key controls we will rely upon. In certain circumstances compliance supplements, which guide our compliance testing, will dictate a larger sample size. We also test controls over compliance with federal laws, regulations, and grant agreements, if any, during this phase. The identification and testing of risks and internal controls is subjective and critical to a quality audit.

During interim we will also review Board minutes, debt agreements, retirement plan assets and liabilities, significant transactions, and prepare confirmations to be sent on selected balance sheet accounts. We are open to exploring all audit areas that can be effectively and efficiently audited at an interim date.

Final Audit Procedures:

During our final fieldwork procedures we will complete our test work of the District's financial statement balances. Significant asset and liability accounts will be verified and tested through a combination of detailed vouching procedures and analytical techniques. We will perform analyses of various revenue and expenditure accounts through comparisons to budgets, ratios, and prior year amounts. Significant variances noted will be investigated further. We will also complete our evaluation of internal control and compliance objectives.

Commencing during the interim phase and continuing throughout final audit procedures, we will be preparing drafts of the financial statements, our auditors' report and management letter (detailing our observations and recommendations concerning internal accounting control and other matters). Both the financial statements and the management letter will be reviewed in detail with you and your staff as they are being drafted. We encourage you to provide us with feedback with respect to our management letter comments so that we may incorporate your comments into our letter.

Sampling Techniques Employed:

We use a combination of statistical and non-statistical sampling techniques. Most samples will be selected based upon our judgment, utilizing our experience and knowledge of financial trends and patterns. If it is subsequently determined that statistical sampling can enhance the efficiency of our audit procedures, we will revise our preliminary plan to incorporate the use of these techniques. We are very experienced in the use of various statistical sampling techniques (i.e. monetary unit sampling), and will utilize those techniques through specialized software when appropriate.

III. CONCLUDING/REPORTING PROCEDURES

At the conclusion of our audit, we will meet with financial management and other staff, as appropriate, to discuss the results of the audit. We will also provide periodic progress reports to management during the audit. *Our cloud-based document exchange service, Suralink, will show the status of any requests made by the audit team (outstanding, fulfilled, accepted, or returned), and can be set up to send you reminder emails as often as twice a day, at your discretion.* This allows management to immediately track and understand audit progress on a daily basis.

The areas audited will be subject to review of procedures and policies in order to determine the effectiveness of existing accounting and operational systems and controls. We will make recommendations for revision or modifications as necessary. Our recommendations will be based on the concept that the cost of a system of internal accounting controls should not exceed the benefits derived. Any suspected fraudulent or illegal acts will be brought to the attention of management or the Board, as appropriate, immediately. We will also provide a presentation to the Board of Directors on the audit process and findings when the final report is presented to them.

Management Letters:

Letters to management on internal controls and recommendations ("management letters") are one of our principal means of communicating with our clients relative to the results of our annual audits and reviews. The overriding goal of our letters is to assist management in reaching its internal control objectives and to provide suggestions and other guidance on operational matters. Comments will touch on safeguarding of assets, strengthening cash flow, improving operational efficiency, and establishing and maintaining reliable financial records. The management letter will be reviewed in detail with you and your staff to verify its factual accuracy before being issued in final form.

8. POTENTIAL AUDIT PROPOSALS

We do not anticipate any significant audit problems unless the final trial balance is not prepared by the agreed upon date. We use Suralink as our audit portal which allows both client and auditor to easily see the status of outstanding items. As long as the District provides the requested items in a timely fashion we anticipate that the audit will run smoothly.

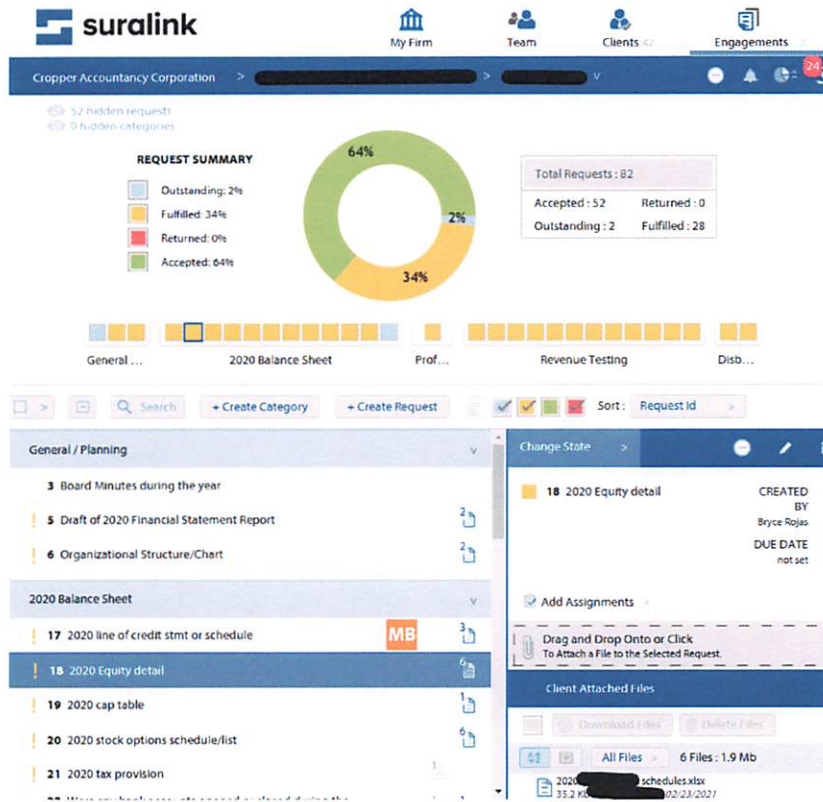
9. TECHNOLOGY IMPLEMENTATION

Suralink

A key piece to our success during the shift in the American workplace over the past year has been the use of **Suralink – an automated document exchange and request list management solution** that is built specifically for auditors, by auditors. For one audit engagement, the client may need to exchange dozens or even hundreds of documents with their auditors. Suralink is an interface that allows both the auditor and the client to easily see the status of each document, when it was submitted, if it is accurate and appropriate, and if it needs to be modified. We (the auditors) create our request list, and then you (the client) can drag and drop each requested document into the Suralink request. Suralink is secure and is cloud-based, so you can upload documents from anywhere, at any time, with just an internet connection. These are some of the key features of Suralink:

- 1) Dynamic request list management: All audit requests are in one place, updated in real time, and accessible by everyone working on the engagement.
- 2) Assignments: Distribute workload to the appropriate staff members.
- 3) Any file size or type: From your average word or excel file, to large back-up files, any file type and size can be uploaded successfully.
- 4) Engagement timelines: A timeline of engagement provides a clear audit trail and accountability of all activity in the system, while instant notifications keep you up to date.

The image below gives a clear portrait of how Suralink can help immensely with audit tracking. It provides an at-a-glance view of the audit status.



Thomson Reuters AdvanceFlow and Checkpoint Engage

We use **Checkpoint Engage**, the only fully integrated preparation and audit solution built by Thomson Reuters' developers, data scientists, innovation labs and robust application ecosystem. Leveraging a truly web native environment ensures staff access and collaboration from anywhere, anytime and completely eliminates version control worries.

Thomson Reuters **AdvanceFlow** is the first cloud-based audit engagement software that combines the convenience of the cloud with enterprise-level processing power. Engagements, workpapers, and colleagues are available in real time, whether we are in our office, at the District, or anywhere else. It's a new level of convenience — backed by the auditing tools and trial balance power to handle the most complex clients and the most data-heavy jobs.

EXHIBIT A

Peer Review 2019



9250 EAST COSTILLA AVENUE, SUITE 450
GREENWOOD VILLAGE, COLORADO 80112
303-792-3020 (O) | 303-792-5153 (F)
WWW.WCRCPA.COM

REPORT ON FIRM'S SYSTEM OF QUALITY CONTROL

August 30, 2019

To the Stockholders of
Cropper Accountancy Corporation
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Cropper Accountancy Corporation (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included an engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act; audits of employee benefit plans, an audit of a broker-dealer, and an examination of a service organization, SOC 2 engagement.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Cropper Accountancy Corporation applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Cropper Accountancy Corporation has received a peer review rating of *pass*.

Watson Coon Ryan, LLC

Watson Coon Ryan, LLC

April 20, 2022

West Bay Sanitary District
Attn: Debra Fisher, Finance Manager
500 Laurel Street
Menlo Park, CA 94025

Dear Ms. Fisher:

We are pleased to enclose one copy of our Technical Proposal to provide Professional Financial Audit Services for the West Bay Sanitary District for the three fiscal years beginning with the fiscal year ending June 30, 2022, with an option of extending for two additional one-year periods.

Yours very truly,



David M. Alvey, CPA
Audit Partner/Shareholder

DMA:saa

Enclosures

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**PROFESSIONAL
FINANCIAL
AUDIT SERVICES
PROPOSAL**
April 20, 2022

PREPARED FOR



West Bay Sanitary District
Attn: Debra Fisher, Finance Manager
500 Laurel Street
Menlo Park, CA 94025

David M. Alvey, CPA
3478 Buskirk Ave, Ste 215
Pleasant Hill, CA 94523
(925) 930-0902
david@mazeassociates.com



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**WEST BAY SANITARY DISTRICT
PROFESSIONAL FINANCIAL AUDIT SERVICES PROPOSAL**

TABLE OF CONTENTS

	<u>Page</u>
TRANSMITTAL LETTER	1
LICENSE TO PRACTICE IN CALIFORNIA	5
INDEPENDENCE	5
INSURANCE	5
FIRM QUALIFICATIONS AND EXPERIENCE	
Firm Profile	6
Reputation.....	6
Capacity and Resources	7
Experience	8
City and Town Clients.....	9
Significant Special District Audit Engagements	12
Assistive Resources.....	14
Client Training and Professional Development.....	14
Professional Activities.....	15
Staff Training.....	15
Qualifications and Continuity	16
External Quality Control Review/Peer Review.....	17
Litigation.....	17
Federal or State Desk Reviews	17
Peer Review Letter	18
PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE	
Audit Team	20
Resumes of Staff Assigned to Your Audit.....	20
Honoring our Commitments.....	25
Personnel Policies.....	25
SIMILAR SCOPE OF WORK WITH OTHER GOVERNMENT ENTITIES	26
SPECIFIC AUDIT APPROACH	
Overview	27
Specific Audit Strategy – Interim	27
Laws, Regulations and Compliance	28
Specific Audit Strategy – Analytical Procedures and Year End.....	28
Audit IT Systems, Security and Going Green.....	29
Local Expertise and Resources	30
System Controls, Transaction Cycle Processing Verification and Sample Sizes.....	30
Profiles, Access and Setup Controls	31

**WEST BAY SANITARY DISTRICT
PROFESSIONAL FINANCIAL AUDIT SERVICES PROPOSAL**

TABLE OF CONTENTS

	<u>Page</u>
Data Extraction.....	31
Assessing Risks – Interim Phase.....	31
Fraud Considerations	32
Client Tailored Risk Assessment	32
Client Participation in the Risk Assessment Process.....	33
Assessing Risks – Final Phase	34
Communication and Coordination.....	34
Timeline	35
Prompt Service and Delivery of Reports	35
Internal Quality Assurance System.....	35
Use of Electronic Resources	36
Confirmations	36
Changes due to COVID-19 and related Shelter-In-Place Orders.....	36
Potential Audit Problems	37

April 20, 2022

West Bay Sanitary District
Attn: Debra Fisher, Finance Manager
500 Laurel Street
Menlo Park, CA 94025

Dear Ms. Fisher:

We appreciate this opportunity to submit our proposal to provide Professional financial audit services for the West Bay Sanitary District (District). We understand we will audit the District's Basic Financial Statements for the three fiscal years ending June 30, 2022 through June 30, 2024, with two optional one-year extensions. We will also perform additional procedures and complete the other assurance services as specified in the District's Request for Proposal, within the time periods established by the District.

We are quite certain we are the most qualified firm to be your independent accountants. As our founder, Scott Maze, first coined over forty years ago, "*We are in Business to Help Our Clients Succeed!*" Since that time, we have rigorously employed this philosophy along with our commitment to continual improvement. Our clients know from experience we employ a variety of techniques, technologies and strategies to maximize effective and efficient audits without shifting our work onto our client's staff. We've summarized these techniques, technologies and strategies below and explained them in more depth in our proposal.

- **We are the best-known regional municipal audit firm in Northern California.** Our firm has been in business over 40 years, and over that time, we have achieved national recognition with the consistently high quality of our work and with our leadership on issues such as GASB Statements 34, 68 and 75, and internal control enhancement. We frequently speak at CSMFO and CSDA events and webinars.
- **Municipal auditing is our main business.** Our clients presently include a total of over one hundred municipal entities, including many special districts the size of Central Basin Municipal Water District.
- **Our Partners are actively involved** in planning, conducting and completing the audit in our client's offices, and our Partners are available when you need them. We resolve issues on the spot while the audit is going on.
- **When our partners communicate with Boards and Committees, their knowledge is based on detailed specifics,** not information which has been filtered through several layers of review.
- We have a long-term track record of client retention beyond our client's original contract terms because of the quality of our service.
- We are properly licensed to practice in California.

- Our fee includes one free day of live training. Starting in 2016, we implemented the annual Maze Live training. This will provide you with knowledge of upcoming GASB pronouncements and changes in the municipal field. Past classes included topics such as year two of GASB Statement 68, GASB Update, Implementation of GASB Statements 74 and 75, Fraud Environment, Cybersecurity and Single Audit under Uniform Guidance. Future classes will focus on similar topics as well as the information to prepare for the implementation of GASB Statement 87.
- With our qualified information systems staff, **we have developed and employ a number of technologies to streamline our audit process, ensure open channels of communication and data transfer while ensuring security and confidentiality of client data.** These technologies include paperless audit workpapers, and a major upgrade of our “electronic transfer of data” technique eliminating manual financial statement inputs and maximizing easy to use financial rollup reports.
- Our **Closing Checklists** help you prepare in advance for both our interim and year-end audits. These Checklists do away with last-minute requests for schedules and analyses at year-end and help identify potential problems early in the process. We will coordinate them with the work papers you are already preparing, so **you don’t have to prepare workpapers only for the auditors.**
- We have one in Pleasant Hill, and employ approximately 60 people. This allows for smooth communication, and reduces delays other firms experience when having to deal with multiple offices for quality assurance and report generation and production.
- We do our best not to change staffing from year to year and from interim to final unless the District requests a change.
- **Our references** – indeed, any of our clients, will confirm we are your best choice.
- We are a Small Business Enterprise (Certification ID 38671) as defined by the California Department of General Services

As with all our audits, we are committed to providing timely, quality audit services to Central Basin Municipal Water District. We have no doubt that we are the firm best qualified to perform the services described in the request for proposal. After you have analyzed our proposal and - most important - talked with our references, we are quite confident you will agree.

David M. Alvey Vice President (davida@mazeassociates.com), and Vikki C. Rodriguez , Vice President (vikr@mazeassociates.com), are authorized to represent, sign for and contractually obligate Maze & Associates, a Professional Corporation, located at 3478 Buskirk Avenue, Suite 215, Pleasant Hill, CA, 94523, (925) 930-0902. The proposal is a firm and irrevocable offer for 90 days.

We look forward to the opportunity to provide quality audit services for West Bay Sanitary District!

Yours very truly,

A handwritten signature in black ink, appearing to read "David Alvey". The signature is fluid and cursive, with a long horizontal stroke at the end.

David M. Alvey, CPA
Audit Partner

DMA:saa

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LICENSE TO PRACTICE IN CALIFORNIA

We are properly licensed California Certified Public Accountants. We are members of the Government Finance Officers Association (GFOA) and the California Society of Municipal Finance Officers (CSMFO) as well as the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

All assigned key professional staff are properly licensed to practice in California. Those staff that are certified public accountants have current California CPA licenses in the attest function, and have **received more than twice the required level of continuing education**. Even though not required, all non-certified audit staff receive the same level of training. We believe the level of training we provide is unmatched by any other accounting firm. **Our audit staff receives an average of 80 hours of continuing education annually, including an average of over 48 hours of municipal audit and accounting training. This is twice the amount required by professional standards.**

Our program places heavy emphasis on governmental accounting and auditing classes conducted by our own staff, supplemented by courses offered by the California Society of Certified Public Accountants, the American Institute of Certified Public Accountants, the Government Finance Officers Association and the California State Municipal Finance Officers Organization.

INDEPENDENCE

As independent auditors, **our most valuable asset is our independence**. Unlike many firms, we have never allowed our independent audit function to be used to promote consulting or other work. In fact, consulting and related work have never amounted to more than a few percent of our total revenues, while our independent audit work has amounted to over eighty percent of our revenues.

Our firm and all our partners and employees are independent of the West Bay Sanitary District as that term is defined by the General Accountability Office's *Government Auditing Standards*, the American Institute of Certified Public Accountants, the California Society of Certified Public Accountants and the California State Board of Accountancy. We have no present or past professional relationships with the District or any of its Board members or employees that would compromise our independence.

We will discuss in advance with the District any professional relationships being contemplated during the period of engagement that may present a potential conflict of interest. If the District and we believe any such relationship presents a conflict of interest, we will not enter into it.

INSURANCE

We are able to meet the insurance requirements as set forth in the RFP if we are selected by the District. Samples of our current Certificates of Insurance can be found at the back of the proposal.

FIRM QUALIFICATIONS AND EXPERIENCE

Firm Profile

We are a professional services corporation located in Pleasant Hill, California. We presently have a total of approximately 60 employees, including seven shareholders, three Directors, three Managers, eleven Supervisors and many more Audit Associates and Tax/Office Staff. Fifteen (15) of our professional staff are California Certified Public Accountants and two additional staff are in the process of completing their applications for licensure. Forty-two (42) of our professional staff comprise our governmental audit staff, as our firm's emphasis is on governmental auditing and accounting. Several of our professional staff have national accounting firm experience, which we have blended with the more personal approach of a smaller firm.

The majority of our clients are cities, special districts, or other municipal entities and we do this work twelve months of the year. We limit our practice in other areas and focus on being the best municipal audit firm in Northern California. Our clients include several special districts similar to the District in size. Our audit strategy is tailored to municipalities and is quite different from the traditional approach adapted from commercial clients by general practice accounting firms.

We have focused on municipalities since our inception in 1986. We are active in GFOA, CSMFO, CSDA, CalCPA and CMTA, and our Partners have been speakers at many GFOA, CSMFO, CSDA and CMTA functions.

We are in business to help our clients succeed. We help you use the ever-growing tangle of accounting rules properly, but to your best advantage, by helping you keep out of trouble and helping you do the right thing. We stay in touch throughout the year to keep you abreast of municipal accounting developments and to help you avoid problems, instead of coming in afterwards to assess the damage. We rotate our audit emphasis based on our planning meetings with you as well as our fraud and audit planning discussions with Board members, so areas that concern you can be addressed as a normal part of the audit at no extra cost.

Reputation

We believe quality and an emphasis on doing our job right is far more important than being cheaper than our competitors. Despite the economic pressures faced by municipalities and the need to save money, there are other, more serious concerns to be weighed. For instance, the perceived or actual audit failures in the municipal audit sector. The City of Bell news, especially the State Controller's Office Report on that City's audit firm, raised serious questions about municipal audit quality. Whether this is justified or not isn't really the issue. What is at issue is the perception of poor quality in municipal audits. We received a number of inquiries and requests for proposal from that firm's clients who desired a change in auditors. A former client of ours, which rotated to them several years ago, called us and asked if we would propose on the City's work. They said that the council simply did not want to expend the energy to defend whether that firm was providing quality work.

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

These trends indicate that it would be unwise to reduce audit effort for any municipal audit. Our commitment to quality and preserving our firm's reputation remains our top priority and serves our clients best.

Capacity and Resources

We have consistently demonstrated the ability of our capacity and resources to meet the demands of our clients. We have never missed a reporting deadline for any of our clients.

Over the years we have made substantial additional investments in our people and our systems.

We have continued our policy of at least doubling the required amount of Continuing Education we provide our people. We routinely provide an average of one hundred hours of Continuing Education each year—the State requirement is forty hours. We routinely ensure that at least eighty of those hours are specific to municipal audit and accounting—the State and government auditing standard requirements are twenty-four hours.

We have more than doubled the number of people on our staff over the past ten years, and most of these new people are professional audit staff members. More people and more continuity combine to mean that our people capacity and resources have more than doubled.

Hand-in-hand with our continuing investment in our people has been our increased investment in systems and hardware support. Eight years ago, our systems work was handled by an outside consultant. **Today, we have a full-time staff of three people who maintain our state-of-the-art systems capabilities and provide increasing levels of such service to our clients.** Every person on our staff is now armed with a late model PC that communicates with all our other PCs, printers, servers, etc., via our own wireless network establish in each client's office at the start of each audit. Most of our work-papers are now prepared on these PCs as we continue to move toward paperless audit and paperless files.

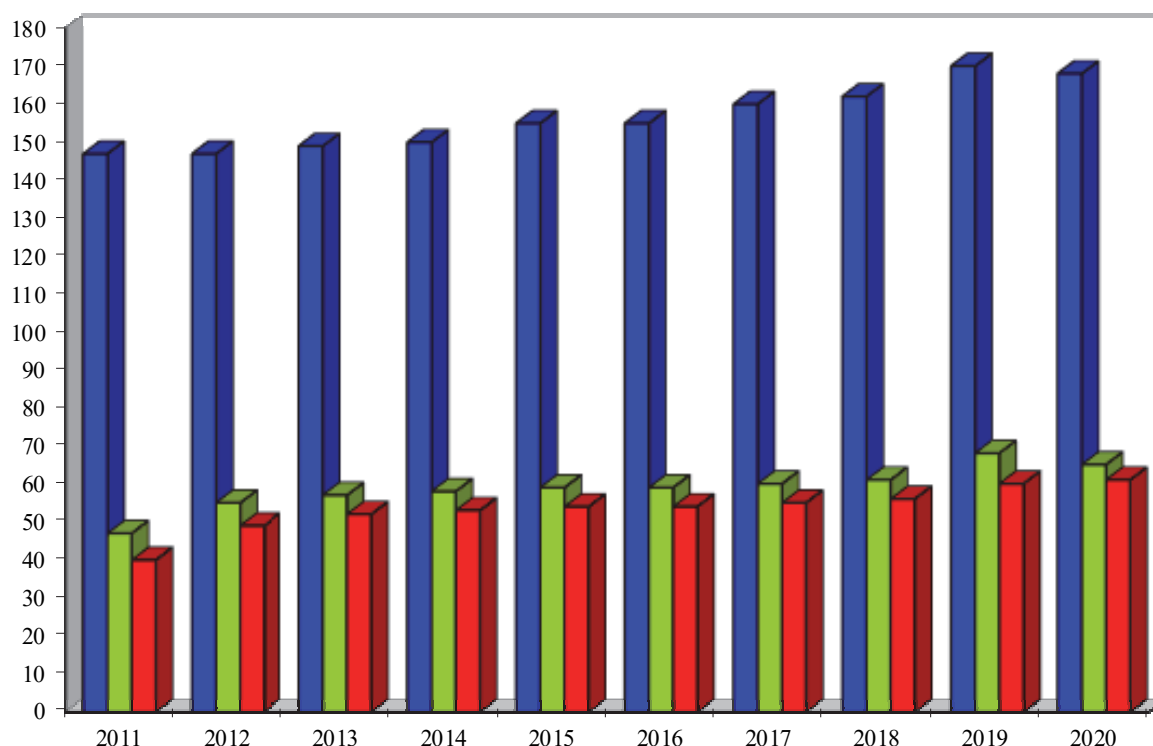
We have moved most of our clients from a manual input of their general ledger data to **a fully mechanized computer dump** of that data direct to our Excel-based financial statement formats. At the same time, we have added significant numbers of internal data controls to financial statement formats. This strategy has virtually eliminated input errors, increased efficiency, and allowed our clients to spend less time reviewing and approving the financial statements. Not only does our new direct dump produce fund-basis financial statements, it produces the Entity-wide financial statements. And these improvements have been made without a hiccup - we **consistently deliver final draft financial statements and reports to our clients the last day of our fieldwork in our client's offices.**

We are not relying on the capabilities or resources of any other firms in our proposal.

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

Experience

Our practice includes over fifty city, town or county clients and more than fifty special districts, including over forty city and special district ACFR award winners—more award winners than any other Northern California accounting firm or international firm branch office. Included in those totals are six award-winning Special District ACFRs. Eighty percent of our practice is municipal auditing, accounting and consulting, continuing throughout the entire year. Our growth can be seen in the graph below, which shows the growth in the number of our total **municipal entity** clients in **blue**, **City** audit clients in **green** and **ACFR** award winners in **red**.



Every one of the above ACFRs won awards from GFOA and/or CSMFO.

As you can see from the client list in the Firm Qualifications and Experience – City, Town, and County Clients Section below we have a winning combination that has resulted in **strong client loyalty and retention**. Several clients who left have returned after seeing the difference between our firm and our competitors. **Others have remained our clients after completing a full-blown proposal** process, most recently Cities of Belmont, Hayward, Milpitas, Moraga, Oakley, Pittsburg, Santa Clara, South San Francisco and Sutter Creek.

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

City and Town Clients

The table below summarizes our most recent experience with audits of cities, towns and counties. We are responsible for all phases of the work on these clients. **All of this work represents recurring annual audit and related work; all this work and that presented in the table was completed on or before the deadline from the first year listed for each client.** Please also see the References Section for names and current phone numbers for contacts on work quality and performance.

CITY AND TOWN EXPERIENCE

Client Name	Scope of Work	Client Start Date	Annual Comprehensive Financial Report Submission	GFOA Award	Single Audit
Population > 100,000					
Concord	Audits of City financial statements, Successor Agency, Healthcare District, Financing Authority, Single Audit	2019 - Present	✓ Yes	✓ Yes	✓ Yes
Daly City	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measure, JPAs audits	1992 - Present	✓ Yes	✓ Yes	✓ Yes
Hayward	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measure, Financing Corporation Audit	2011 - Present	✓ Yes	✓ Yes	✓ Yes
Santa Clara	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Silicon Valley Power Audit	2012 - Present	✓ Yes	✓ Yes	✓ Yes
Population < 100,000					
Alameda	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measures	2018 - Present	✓ Yes	✓ Yes	✓ Yes
Atherton	Audit of Basic Financial Statements, Single Audit	2009 - Present	*	*	✓ Yes
Belmont	Audit of City financial statements, Successor Agency, Single Audit, Transportation Measure	1998 - Present	✓ Yes	✓ Yes	✓ Yes
Belvedere	Audit of City financial statements	2018 - Present	✓ Yes	✓ Yes	*
Benicia	Audit of City financial statements, Single Audit, Transportation Development Act Audit	2011 - Present	✓ Yes	✓ Yes	✓ Yes
Brentwood	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit	2007 - Present	✓ Yes	✓ Yes	✓ Yes

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

City, Town and County Clients (Continued)

Client Name	Scope of Work	Client Start Date	Annual Comprehensive Financial Report		
			Submission	GFOA Award	Single Audit
Brisbane	Audit of City financial statements, Successor Agency	2011 - Present	*	*	*
Burlingame	Audit of City financial statements, Single Audit, Transportation Development Act Audit,	2016 - Present	✓ Yes	✓ Yes	✓ Yes
Davis	Audit of City financial statements, Single Audit	2015 - Present	✓ Yes	✓ Yes	✓ Yes
Elk Grove	Audit of City financial statements and Single Audit	2017 - Present	✓ Yes	✓ Yes	✓ Yes
Fairfax	Audit of Basic Financial Statements	2009 - Present	*	*	*
Half Moon Bay	Audit of City financial statements, Single Audit, Transportation Development Act Audit	2014 - Present	✓ Yes	✓ Yes	✓ Yes
Lathrop	Audit of City financial statements, Single Audit	2011 - 2020	✓ Yes	✓ Yes	✓ Yes
Los Altos	Audit of City financial statements, Single Audit, Transportation Measure	2014 - Present	✓ Yes	✓ Yes	✓ Yes
Los Altos Hills	Audit of City financial statements and North County Library Authority, Single Audit, Transportation Development Audit	2016 - Present	✓ Yes	✓ Yes	✓ Yes
Manteca	Audit of City financial statements, Successor Agency, Single Audit, Financing Authority Audit	1986 - Present	✓ Yes	✓ Yes	✓ Yes
Martinez	Audit of City financial statements, Single Audit, Transportation Development Act Audit	2001 - Present	✓ Yes	✓ Yes	✓ Yes
Milpitas	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Financing Corporation Audit	1995 - Present	✓ Yes	✓ Yes	✓ Yes
Moraga	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit	2012 - Present	✓ Yes	✓ Yes	✓ Yes
Mill Valley	Audits of City Basic Financial Statements and Sewerage Agency of Southern Marin	2020 - Present	*	*	*
Morgan Hill	Audit of City financial statements, Single Audit, Transportation Development Act Audit	2015 - Present	✓ Yes	✓ Yes	✓ Yes
Oakley	Audit of City financial statements, Successor Agency, Single Audit	2000 - Present	✓ Yes	✓ Yes	✓ Yes
Orinda	Audit of City financial statements, Single Audit, Transportation Development Act Audit	2015 - Present	✓ Yes	✓ Yes	✓ Yes
Pacifica	Audit of City financial statements, Single Audit, Transportation Development Act Audit, Transportation Measure	2015 - Present	✓ Yes	✓ Yes	✓ Yes

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

City, Town and County Clients (Continued)

Client Name	Scope of Work	Client Start Date	Annual Comprehensive Financial Report		
			Submission	GFOA Award	Single Audit
Pleasanton	Audit of City financial statements, Single Audit, Transportation Development Act Audit	2016 - 2020	✓ Yes	✓ Yes	✓ Yes
Pittsburg	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Retirement Plan Audit	2011 - Present	✓ Yes	✓ Yes	✓ Yes
Portola Valley	Audit of Basic Financial Statements and Transportation Measure	2005 - Present	*	*	*
Redwood City	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Audit of Port of Redwood City, Audits of Joint Power Authorities	2019 - Present	✓ Yes	✓ Yes	✓ Yes
San Bruno	Audit of City financial statements, Single Audit, Transportation Development Act Audit	2016 - Present	✓ Yes	✓ Yes	✓ Yes
San Carlos	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act	2016 - Present	✓ Yes	✓ Yes	✓ Yes
San Leandro	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measures	2011 - Present	✓ Yes	✓ Yes	✓ Yes
San Pablo	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit	1995 - Present	✓ Yes	✓ Yes	✓ Yes
San Rafael	Audit of City financial statements, Successor Agency, Single Audit	2007 - Present	✓ Yes	✓ Yes	✓ Yes
South San Francisco	Audit of City financial statements, Successor Agency, Single Audit, Transportation Development Act Audit, Transportation Measure	2004 - Present	✓ Yes	✓ Yes	✓ Yes
Sutter Creek	Audit of Basic Financial Statements, Single Audit	2015 - Present	*	*	✓ Yes
Tracy	Audit of City financial statements, Successor Agency, Single Audit	2015 - 2020	✓ Yes	✓ Yes	✓ Yes
Turlock	Audit of Basic Financial Statements, Successor Agency, Single Audit, Transportation Development Act Audit, Financing Authority Audit, Abandoned Vehicle Abatement Program	2013 - Present	*	*	✓ Yes
Visalia	Audit of City financial statements, Successor Agency, Single Audit, Transit Fund Audit, Transportation Measure	2015 - 2020	✓ Yes	✓ Yes	✓ Yes
Watsonville	Audit of the City financial statements, Single Audit	2017 - Present	✓ Yes	✓ Yes	✓ Yes

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

Significant Special District Audit Engagements

The chart below shows our most recent experience with District and Authority audits. We are or were responsible for all phases of work for these entities.

Special Districts and Authority Clients	1st Year	Compliance Requirements	Single Audit/ Special Report
FINANCING			
Association of Bay Area Governments FAN	1997	X	
City of Rancho Cordova Financing Authority	2009	X	
Concord Joint Powers Financing Authority	1992	X	
Governments of Livermore Financing Authority	1991	X	
Hayward Public Financing Authority	1996	X	
Manteca Financing Authority	1991	X	
Milpitas Public Financing Authority	1995	X	
Palo Alto Public Financing Corporation	1998	X	
Richmond Joint Powers Financing Authority	2005	X	
HOUSING			
Napa Valley Housing Authority	2000	X	X
Napa Housing Authority	2000	X	X
Richmond Housing Authority	2005	X	X
Suisun Housing Authority	2007	X	X
Vallejo Housing Authority	2004	X	X
PUBLIC SAFETY			
Belmont Fire Protection District	1998		X
East Contra Costa Fire Protection District	2011		
Menlo Park Fire Protection District	2009		X
Net Six Joint Powers Authority (Dispatch services)	1998	X	
Novato Fire Protection District	2013		
Rodeo-Hercules Fire Protection District	2009		X
Ross Valley Fire Department	2013		
Ross Valley Paramedic Authority	1991	X	
San Mateo Pre-Hospital Emergency Svcs. Providers Group	2000	X	X
San Ramon Valley Fire Protection District	2000	X	X
South County Fire Authority	1998	X	X
South San Mateo Police Joint Powers Authority	2000	X	
Twin Cities Police Authority	1991	X	
RECREATION AND OTHER			
Association of Bay Area Governments	1997	X	X
Contra Costa Mosquito and Vector Control District	2008		
East Bay Regional Park District	1987	X	X
Livermore Area Recreation and Park District	1989	X	X
Manteca Recreational Facilities Authority	1986	X	
Marin-Sonoma Mosquito and Vector Control District	2013		
Silicon Valley Animal Control Authority	2001		
West Contra Costa Integrated Waste Management Authority	2019		
RISK MANAGEMENT			
Association of California Water Agencies JPIA	2009		
Association of Bay Area Governments PLAN	1997		
Association of Bay Area Governments SHARP	1997		
California Joint Powers Risk Management Authority	1993		
Redwood Empire Municipal Insurance Fund	2013		
Small Cities Organized Risk Effort	2009		

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

Significant Special District Audit Engagements (Continued)

TRANSPORTATION			
Alameda Contra Costa County Transit Authority	2010	X	X
Alameda County Transportation Improvement Authority	2010	X	X
City/County Association of Governments	2005	X	X
Contra Costa Transportation Authority	2003	X	X
Eastern Contra Costa Transit Authority	2012	X	X
Livermore/Amador Valley Transportation Authority	1994	X	X
Measure J Traffic Congestion Relief Agency (TRAFFIX)	2012		
Peninsula Corridor Joint Powers Board	2010	X	X
Peninsula Traffic Congestion Relief Alliance	2001	X	X
Ralston/Holly /Harbor Grade Separation Projects	1998	X	X
San Francisco Bay Area Water Emergency Transit Auth.	1997	X	X
San Mateo County Transit District	2010	X	X
San Mateo County Transportation Authority	2010	X	
Solano Transportation Authority	2004	X	X
Sonoma-Marin Area Rail Transit District (SMART)	2017	X	X
West Contra Costa Transportation Authority Commission	1995	X	
UTILITY			
Alameda Municipal Power	1990	X	
Bay Area Clean Water Agencies	2005		
Bethel Island Municipal Improvement District	2007		
Calaveras County Water District	2004		X
California Association of Sanitation Agencies (Non-profit)	2005		
Central Contra Costa Sanitary District	2013		
Coastside County Water District	1993	X	X
Contra Costa Water District	2002		X
Contra Costa Solid Waste Authority	1993	X	X
Diablo Water District	2014		
Dublin San Ramon Services District	1999	X	X
DSRSD/EBMUD Recycled Water Authority	2005		
East Bay Dischargers Authority	2015		
East Bay Municipal Utility District	2005	X	X
East Palo Alto Sanitary District	2013	X	
El Dorado Irrigation District	2007	X	X
Fairfield Suisun Sewer District	2000		
Freeport Regional Water Authority	2005		
Livermore-Amador Valley Water Management Agency	1987		X
Mid-Peninsula Water District	2006		
Novato Sanitary District	2013		X
Palo Alto Regional Water Quality Control Plant	1998	X	X
Placer County Water Authority	2005		X
Sacramento Suburban Water District	2020		
Santa Clara Valley Water District	2004		
Sausalito-Marín City Sanitary District	2011		
Silicon Valley Power	2012		
Skyline County Water District	1992		
Solano Irrigation District	2006		
South Bay System Authority	1998	X	
South Bay Transfer Station Authority	1997	X	
South San Joaquin Irrigation District	2004		
South Placer Wastewater Authority	2001	X	
Stanislaus Waste-to-Energy	2005		
Stinson Beach County Water District	2011	X	
Tri-Valley Wastewater Authority	1990		
Union Sanitary District	2000		
Upper Mokelumne River Watershed Authority	2005		
Vallejo Sanitation and Flood Control District	2016		
West Valley Sanitation District	2004		
Zone 7 Water Agency	2010	X	X

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

As you can see from the client lists above, we have a winning combination that has resulted in **strong client loyalty and retention**. **Several clients who left have returned after seeing the difference between our firm and our competitors**, most recently Dublin-San Ramon Services District, Livermore-Amador Valley Water Management Authority, Contra Costa Water District, and Benicia. **Others have gone through a full proposal process and retained us.**

Assistive Resources

Our client support is unmatched by any other firm. As a San Francisco Bay Area municipal audit niche firm with five audit partners, we are positioned perfectly to provide staff and Board with a wide variety of resources. Support ranges from turnkey financial statement drafts with linked footnotes and direct download-based financial statements to professional continuing education sessions. We are active in professional organizations affecting local government and have a strong presence in neighboring local governments which keeps our knowledge current that we readily share with our clients. And we do not charge extra for the five-minute phone calls throughout the year.

Client Training and Professional Development

We can provide you with varying levels of training and professional development resources. We provide our semi-annual continuing education to our staff and have on occasion opened it up to our clients who wish to keep their licensees current. Our audit fee includes providing training and assistance with the implementation of applicable new GASB statements, at no additional charge. Depending upon the complexity of the GASB Statement requiring implementation, the assistance could take the form of free access to web-based training, one-on-one or group training, suggested footnote disclosure templates and/or Excel spreadsheet templates.

We have also developed and conducted training specifically for our clients. Training can be general theory in nature, semi-customized or fully customized training that fits your operations. Theory intensity can be at the beginning, intermediate and advanced levels. On occasion, we have provided our clients with shorter presentations of new pronouncements and other requirements. At the City of Richmond, for example, we developed and taught monthly training sessions on virtually every major finance area to its staff over a twelve-month period. Much of their staff had assumed new functions in the aftermath of serious staffing cuts several years ago and their Finance Director was seeking an economical method of enhancing their knowledge base and skill sets. At the Cities of Richmond, Livermore, El Cerrito and Belmont we provided grants management training to several departments as a means of solving coordination weaknesses.

In 2016, we launched Maze Live – this is a full day of training which is free to our clients and qualifies for continuing education credit. Past classes included topics such as year two of GASB 68, GASB update, Implementation of GASB Statements 74 and 75, Fraud Environment, Cybersecurity and Single Audit under Uniform Guidance. Future classes will focus on similar topics.

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

Professional Activities

We are active members of the Government Finance Officers Association and the California Society of Municipal Finance Officers as well as the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. We are also a member of the Association of California Water Agencies (ACWA). We are frequent speakers at various organizations.

We attend CSMFO Northern California chapter meetings on a regular basis, and we have served as speakers on various occasions. We also attend the CSMFO Annual Conference, at which our Partners and IT Director have been speakers. We have also attended the League of California Cities' annual Financial Management Seminars.

Amy Meyer, Partner, and Katherine Yuen, Partner, serve on the Governmental Accounting and Auditing Committee of the California Society of CPAs. David Alvey, Partner, serves on the Accounting Procedures and Assurance Services Committee of CalCPA and the Professional Standards Committee of CSMFO. Amy Meyer and David Alvey are ACFR reviewers for the ACFR Award Program of the Government Finance Officers Association.

Staff Training

We believe the level of training we provide is unmatched by any other accounting firm. **Our audit staff receives an average of 80 hours of continuing education annually, including an average of over 48 hours of municipal audit and accounting training. These are twice the amount required by professional standards.**

Our program places heavy emphasis on governmental accounting and auditing classes conducted by our own staff, supplemented by courses offered by the California Society of Certified Public Accountants, the American Institute of Certified Public Accountants, the Government Finance Officers Association, the California State Municipal Finance Officers Organization and the Association of California Water Agencies.

We accomplish this task by reserving two weeks each year solely for staff training. Our training is very specific and very participatory; lectures are almost non-existent as people are involved in a continual give-and-take format designed to educate while it helps us improve our services. We deal with specific clients and situations, we solve problems and do case studies, and we train people for real-life situations through role-play exercises. Everyone is equal in these exercises and everyone contributes their own experience in the field and the ideas they have formulated from that experience. **Suggestions coming out of staff training sessions are the source of most of the service improvements and refinements we make each year.**

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

A listing of our continuing education courses provided to all our staff, both certified and non-certified, over the past three years is as follows:

Area/Course	2018		2019		2020	
	Spring 40 Hrs.	Summer 40 Hrs.	Spring 40 Hrs.	Summer 40 Hrs.	Spring 40 Hrs.	Summer 40 Hrs.
Auditing and Accounting Management						
Municipal Audit - Practice Analysis and Review	☐	☐	☐	☐		☐
Managing Municipal Audits - Audit Supervisors	☐	☐	☐	☐		☐
Control Testing	☐		☐	☐	☐	☐
Quality Control	☐	☐	☐			
GAAP Updates						
Cash, Debt, and Capital Asset Auditing Updates	☐	☐	☐	☐	☐	☐
GASB/FASB Update	☐	☐	☐	☐	☐	☐
GASB 74/75	☐	☐	☐		☐	
GASB 68			☐		☐	
Journal Entry Testing			☐		☐	
Compliance Audits						
Transportation Audits - TDA, STIP and Measures A, B, C				☐		☐
RDA Compliance/Successor Agency Audit			☐		☐	
Single Audit Compliance	☐	☐	☐		☐	
Auditing Standards						
Audit Standards Update				☐		
New SASs, Risk Assessment and Impacts on Approach			☐			
Assessing Internal Control Risks/ Sample Sizes	☐	☐	☐		☐	
Updating our Audit Approach	☐			☐		
Yellow Book Update		☐	☐			☐
IT/Paperless/Other						
Team Building: Building and Maintaining Effective and Successful Teams				☐		
CCH Paperless Audit Software/ Trial Balance Function	☐	☐				
IT Information Systems Review Updates	☐		☐		☐	☐
Professional Writing					☐	

Qualifications and Continuity

Our people accumulate over 1,500 hours of purely municipal audit and accounting experience annually, far more than in any general service accounting firm.

We provide our clients continuity while introducing enough new people to keep our perspective fresh and provide you with the benefits of rotation. We intend to retain all the people assigned to your audit throughout this year's entire engagement. In future years we plan to rotate no more than one person on each segment whom we will replace with someone of equal experience. Changes to the engagement partner, manager, or supervisory staff will be made only after written permission from the District.

FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

We do everything we can to ensure continuity because it helps you, it helps our staff and it helps us. We schedule the entire year in advance to avoid conflicts, and we give priority to clients who are able to accurately predict the date their books will be closed, so that the staff on their audit will not be affected if another client's closing or audit is delayed. We attempt to match personalities as well as skills and abilities so that our staff and yours will get along well.

External Quality Control Review/Peer Review

We are members of the Quality Review Program of the AICPA, which means we subject ourselves to a peer review of our workpapers and quality control procedures every three years by independent accountants specializing in such work. **Our most recent completed peer review was completed in 2018; we again received a rating of pass, the highest level of assurance possible.** This peer review included a review of several governmental and non-profit audit engagements, including three Special Districts. A copy of our most recent peer review opinion is located at the end of this section.

We have just undergone the peer review process again in early 2021.

Our municipal audit reports are subject to annual reviews by various branches of the Office of the State Controller. District audit reports and Single Audit Act reports receive scrutiny. During the past five years every one of these reports has been accepted as submitted. Of course, all of our clients' ACFRs are also reviewed by GFOA for award consideration; every report submitted has won an award from GFOA.

Litigation

We have not been sued over poor work quality, nor have we paid any such claims out of court in the past five years, and there are no current and we are not aware of any potential lawsuits. In addition, we have not received any disciplinary action taken or pending action against us during the past three years with state regulatory bodies or professional organizations.

Federal or State Desk Reviews

We have not been subject to any desk reviews or field reviews by any Federal Agencies or State Agencies during the past three years.

Peer Review Letter



www.CoughlanNapaCPACo.com
Company@CoughlanNapaCPACo.com

Report on the Firm's System of Quality Control

February 9, 2021

To Maze & Associates Accountancy Corporation and the Peer Review
Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Maze & Associates Accountancy Corporation (the firm) in effect for the year ended May 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Peer Review Letter (Continued)

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Maze & Associates Accountancy Corporation in effect for the year ended May 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Maze & Associates Accountancy Corporation has received a peer review rating of *pass*.

Coughlan Napa CPA Company, Inc.

Coughlan Napa CPA Company, Inc.

PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE

Audit Team

We are proposing to assign David Alvey, CPA as Engagement Partner, Vikki Rodriguez, CPA as Alternate/Technical Review Partner, and Alexander Campos as the Supervisor. We have selected this team based on their extensive municipal experience.

We understand that engagement partners and other supervisory staff may be changed only with the express written permission.

We will balance out our resources with our Senior Associates and Associates to form fully leveraged teams. All of our audit staff are experienced with audits of Basic Financial Statements, enterprise operations, retirement plans, capital assets and infrastructure, long term debt, including swaps and related compliance and continuing disclosures, and all other aspects of municipal accounting and financial reporting.

No sub-proposers will be utilized.

Resumes of Staff Assigned to Your Audit



DAVID ALVEY, CPA, Engagement Partner – graduated from St Mary’s College, Moraga with a Bachelor of Science Degree in Accounting and a Minor in Business Administration. David has received **500 hours of continuing education in the past five years**. David has experience as an internal auditor at California Savings Bank in Oakland, CA. He is a Certified Public Accountant in the State of California. He is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. David is also a member of the Association of Certified Fraud Examiners. He is also a member of the CalCPA Accounting Procedures and Assurance Services Committee and the CSMFO Professional Standards Committee. He is a

frequent speaker at our annual training and recently taught a class of over 100 attendees on Fraud and GASB updates at the annual MazeLive client training event. He has published articles with California Special District Association’s newspaper. His relevant experience includes:

Alameda County Mosquito Abatement District
Alameda County Transportation Authority
Alameda County Transportation Improvement Authority
Alameda-Contra Costa Transit District
City of American Canyon
American River Authority
Association of Bay Area Governments
Associated Community Action Program

City of Larkspur
City of Livermore
City of Los Altos
Town of Los Altos Hills
City of Manteca
Mid-Peninsula Water District
Middle Fork Project Finance Authority
Monument Crisis Center
City of Napa

PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE (Continued)

David Alvey, (Continued)

Bay Area Clean Water Agencies
City of Benicia
City of American Canyon
Bethel Island Municipal Improvement District
Calaveras County Water District
Castle Rock County Water District
Central Contra Costa Sanitary District
Central Market Community Benefit District
Citrus Heights Water District
Clausen House
Coastside County Water District
Contra Costa Water Financing Authority
Contra Costa Water District
Contra Costa Water District Retirement Plan
City of Cupertino
City of Daly City
City of Davis
Delta Diablo
Diablo Water District
East Contra Costa County Transit Authority
East Contra Costa Habitat Conservancy
DSRSD/EBMUD Recycled Water Authority
Dublin San Ramon Services District
East Bay Municipal Utilities District (EBMUD)
EBMUD Employee Retirement System
East Palo Alto Sanitary District
Education Pioneers
El Dorado County
El Dorado Irrigation District
City of Escalon
Fairfield-Suisun Sewer District
Freeport Regional Water Authority
City of Galt
City of Hayward
ID Business Solutions
Livermore Amador Valley
Transportation Authority
City of Oakley
Partners in School Innovation
City of Petaluma
City of Pittsburg
Placer County Water Authority
City of Pleasant Hill
Regional Parks Foundation
Richmond Housing Authority
City of Rio Vista
City of Roseville
City of San Bruno
City of San Leandro
San Mateo Community College Foundation
San Mateo County Transportation Authority
Peninsula County Joint Powers Authority
San Mateo County Transit District
Santa Clara County Central
Fire Protection District
Santa Clara Valley Water District
Skyline County Water District
Solano Irrigation District
Solano Transportation Authority
Sonoma County Agricultural Preservation &
Open Space District
Sonoma-Marin Area Rail Transit
South San Joaquin Irrigation District
Southern Marin Fire Protection District
Stanislaus Waste to Energy
Stinson Beach County Water District
Stopwaste
City of Sunnyvale
Upper Mokelumne River Watershed Authority
Yolo Habitat Conservancy
Walnut Creek Chamber of Commerce
West Bay Sanitary District

PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE (Continued)



VIKKI C. RODRIGUEZ, CPA, Technical Review/Alternate Partner – Vikki graduated from San Diego State University where she received her Bachelor of Science Degree in Accounting with a Minor in English, and received her Master’s in Taxation at Golden Gate University in 2006. She is a Certified Public Accountant in the State of California. She is a member of the American Institute of Certified Public Accountants. Vikki spent a year and a half working as an accountant at the City of Daly City and her college years working part time for both municipal government and nonprofit organizations prior to joining the firm in 1998. Vikki has accumulated over 360 hours of continuing education in the past three years as an instructor, participant and student. She has attended

many of the annual Nonprofit Organization Conferences held by the California CPA Foundation, as well as CSMFO conferences. Vikki has served as a member on several non-profit Boards and Audit Committees and is currently the Board President of the Center for Human Development. Her audit experience includes the following:

Special Districts

- Alameda-Contra Costa Transit District
- Association of Bay Area Governments
- Alameda Municipal Power
- Amador Regional Sanitation Agency
- Bay Area Clean Water Agencies
- Belvedere-Tiburon Library Agency
- Bethel Island Municipal Improvement District
- Calaveras County Water District
- Coastside County Water District
- Contra Costa County Abandoned Vehicle Abatement Services Authority
- Contra Costa Mosquito & Vector Control District
- Contra Costa Transportation Authority
- Contra Costa Water District
- Copperopolis Fire Protection District
- Delta Diablo Sanitation District
- Diablo Water District
- DSRSD/EBMUD Recycled Water Authority
- Dublin San Ramon Services District
- East Bay Municipal Utility District
- East Bay Dischargers Authority
- East Palo Alto Sanitation District
- Eastern Contra Costa Transit Authority
- El Dorado Irrigation District
- Fairfield Suisun Sewer District
- Freeport Regional Water Authority

- Livermore Amador Valley Transit Authority
- Livermore Area Recreation & Park District
- Livermore Amador Valley Water Management Agency
- Marin-Sonoma Mosquito & Vector Control District
- Menlo Park Fire Protection District
- Mid-Peninsula Water District
- Novato Sanitary District
- Peninsula Corridor Joint Powers Board
- Rodeo-Hercules Fire Protection District
- San Francisco Bay Area Water Emergency Transit Authority
- San Mateo Transportation Authority
- San Mateo County Transit Authority
- Santa Clara Valley Animal Control Authority
- Santa Clara Valley Water District
- Silicon Valley Animal Control Authority
- South San Joaquin Irrigation District
- Skyline County Water District
- Solano Transit Authority
- TRAFFIX
- Upper Mokelumne River Watershed Authority
- West Bay Sanitary District
- West Contra Costa Integrated Management Authority
- West Contra Costa Transportation Advisory Council
- West Valley Sanitation District

PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE (Continued)

Vikki Rodriguez, (Continued)

Cities

- City of Alameda
- City of American Canyon
- City of Belmont
- City of Belvedere
- City of Benicia
- City of Cupertino
- City of Daly City
- City of El Cerrito
- City of Emeryville
- Town of Fairfax
- City of Half Moon Bay
- City of Hayward
- City of Larkspur
- City of Livermore
- City of Los Banos
- Town of Los Altos Hills
- Town of Los Gatos
- City of Manteca
- City of Martinez
- City of Milpitas
- Town of Moraga
- City of Newark
- City of Palo Alto
- City of Petaluma
- City of Pittsburg
- City of Pleasant Hill
- City of Pleasanton
- City of Rio Vista
- City of San Carlos
- City of San Pablo
- City of San Rafael
- City of Suisun City
- City of Sutter Creek
- City of San Mateo
- City of South Lake Tahoe
- City of Tracy
- City of Visalia

PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE (Continued)



ALEXANDER CAMPOS, Supervisor – graduated from San Francisco State, in May 2018, with a Bachelor’s Degree in Accounting. Alex’s audit experience includes the following:

- 1155 Market Street QALICB
- Alameda County Fairgrounds
- Alameda County Mayors Conference
- BALANCE
- Bethel Island Municipal Improvement District
- Boys & Girls Club of the Coastsides
- Breakthrough Collaborative
- CACASA
- Civic Center Community Benefit District
- Charitable Federated Group
(11 Federations)
- Children’s AIDS Fund International
- City of Concord
- Clausen House
- Contra Costa Water District
- Delta Diablo
- Daly City Peninsula Partnership Collaborative
- El Dorado County
- Emeryville Transportation
Management Agency
- Food Bank of Contra Costa & Solano
- Jamestown
- Kids for the Kingdom
- Lighthouse for the Blind and
Visually Impaired
- City of Livermore
- Novato Fire Protection District
- City of Manteca
- Mid Market Community Benefit District
- Mountain View Transportation
Management Agency
- City of Pittsburg
- City of Portola Valley
- Regional Parks Foundation
- The Rose Foundation
- Samoan Community Development District
- San Mateo County Community
Colleges Foundation
- City of San Pablo
- City of Santa Clara
- Silicon Valley Education Foundation
- SMART
- SupplyBank.org
- Sutter Creek
- Town of Moraga
- Tri-Delta
- City of Turlock
- City of Vallejo
- Vallejo Sanitation District
- City of Visalia
- Walnut Creek Chamber of Commerce
- Woodbridge Children’s Center
- Zone 7 Water Agency

Honoring Our Commitments

The concepts that we must meet deadlines and stay within budgets are integrated into everything we do. So much of our work is performed for our municipal clients that we instinctively understand that our clients' deadlines must be met and we must flourish within the constraints of agreed-upon fees. We have a long track record of meeting our deadlines and staying within negotiated fees. Please ask our other clients for their views on the subject and their experience with us.

Engagement partners, supervisory staff and specialists may be changed if those personnel leave the firm, or are promoted. These personnel may also be changed for other reasons only with the express prior written permission of the District. However, in either case, the District retains the right to approve or reject replacements. Other audit personnel may be changed at the discretion of the firm submitting the proposal, provided that replacements have substantially the same or better qualifications or experience.

Personnel Policies

We are an equal opportunity employer. Our staff includes both sexes, which are represented in every staff classification including Principal. Our hiring, management and personnel decisions are based solely on an individual's skills and knowledge. As a result, our staff is very representative of the State's population as a whole.

We are registered with the State as a small or minority, and woman- owned business enterprise.

SIMILAR SCOPE OF WORK WITH OTHER GOVERNMENT ENTITIES

Citrus Heights Water District – A client from 2015 to 2021

Engagement Partner – David Alvey

Principal Contact – Susan Sohal, Administrative Services Manager/Treasurer (916) 735-7716

Work Scope & Reports:

Annual comprehensive Financial Report (**We assisted in their first successful ACFR award!**)
Memorandum on Internal Controls

Dublin San Ramon Services District – A client from 2011 to 2014 and then returning in 2017

Engagement Partner – David Alvey

Audit Manager – Whitney Crockett

Principal Contact – Carol Atwood, CPA, Administrative Services Manager (925) 875-2270

Work Scope & Reports:

Annual comprehensive Financial Report
Memorandum on Internal Control and Required Communications

Central Contra Costa Sanitary District – A client since 2013

Engagement Partner – David Alvey and Vikki Rodriguez

Principal Contact – Philip Leiber, Director of Finance and Administration (925) 229-7305

Work Scope & Reports:

Comprehensive Annual Financial Report
Memorandum on Internal Control and Required Communications
Agreed Upon Procedures (Internal Audit)
Annual Report of Financial Transactions

Contra Costa Water District – A client from 2000 – 2010 and returned in 2013 and again in 2021

Engagement Partners – David Alvey and Vikki Rodriguez

Audit Manager – Whitney Crockett

Principal Contact – Lizz Cook, Director of Finance (925) 688-8045

Work Scope & Reports:

District's Annual Comprehensive Financial Report
Memorandum on Internal Control and Required Communications
Retirement Plan Basic Financial Statements
Other Post Employment Benefit Basic Financial Statements
Contra Costa Water Authority (JPA) Basic Financial Statements

Santa Clara Valley Water District – A client since 2019

Engagement Partner – David Alvey

Principal Contact – Jimmy Salandanan, Accounting Manager (408) 630-2225

Work Scope & Reports:

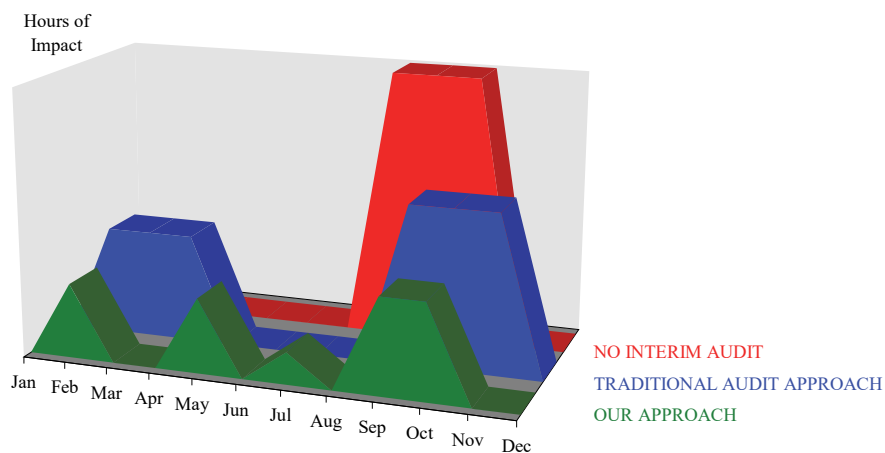
Annual comprehensive Financial Report
Memorandum on Internal Control and Required Communications
Single Audit

SPECIFIC AUDIT APPROACH

Overview

Our audit strategy is designed specifically for municipalities. We perform half our audit well before year-end so we can identify problems early. Our strategy maximizes our efficiency and lessens the load on our clients. When engaged to prepare the financial statements, we prepare proformas of them for your review, well before year-end and we give you detailed interim and final-phase checklists of all the items we will need from you months in advance.

As you can see from the illustration below, our strategy significantly reduces our impact during the crucial year-end crunch.



We will plan the audit in detail and prepare an Audit Plan which details the information we will need from you to complete our interim and year-end audits, along with the person responsible for preparing it and the date they will have it ready. We tailor it to refer directly to the schedules you already prepare.

We do not require special reports or reconciliations just for our audit. We have found that coordinating our team and our client's staff works very well because it helps minimize the impact on your staff at year end. This way the Audit Plan includes most data we need from you so you and your staff can plan and schedule your work accordingly. **Our clients know from prior experience with our firm, that we excel at minimizing our impact on your staff.**

Specific Audit Strategy – Interim

Unlike older-style firms, **we perform most of our important work at interim**, well before the end of the fiscal year. We use our interim work to identify and solve problems and plan the year-end closing and audit in detail. Well before we begin our interim work, we will send you a list of the items we need, so you will have time to prepare.

SPECIFIC AUDIT APPROACH (Continued)

We forecast many year-end amounts at interim, so that we can limit the amount of work required at year-end and concentrate instead on areas of concern. For example, we normally perform all our cash and investment testing at interim, including sending confirmation letters to depositories and determining financial statement categorizations. Performing these last two steps at interim allows plenty of time to follow up on confirmations or resolve questions about the proper categorization of an investment without delaying the audit. As another example, we test long-term debt at interim and forecast year-end balances and transactions for each debt issue.

We use **remote inquiry** as much as possible at interim, in order to increase our efficiency and reduce our impact on your staff. We can download Board minutes and other documents from your website for review. Combining these abilities with our checklists has allowed us to perform larger portions of the audit in our own offices and reduce our questions to writing so that you have more time to deal with them.

Laws, Regulations and Compliance

Our audits are designed to ensure that we test transactions for compliance with the Single Audit Act and other applicable laws and regulations, including the California Government Code, provisions of applicable grant guidelines, California Constitution Gann Limit requirements, requirements of local measures, Transportation Development Act requirements, etc. We identify applicable laws and regulations as part of our audit planning each year.

To the extent possible, we also begin our tests of compliance with laws and regulations at interim, including use of the Uniform Guidance and the OMB Compliance Supplement and any other applicable compliance guidelines. Even if the work cannot begin until year-end we determine the applicable laws and regulations for our compliance testing so that we may incorporate the necessary information into our year-end closing checklist. Our audit samples for purposes of compliance vary based on the grant or compliance guidelines and are program-specific. The samples are stratified to ensure we test transactions that are representative of the costs charged to grants.

Specific Audit Strategy – Analytical Procedures and Year End

At year-end we do not repeat any of the work we performed at interim. Instead, we focus on the items in your Audit Plan and on the Basic Financial Statements. Our Engagement Partner and Supervisor will meet with you on the first day of the year-end audit to review the status of the year-end closing and to determine if modifications to our year-end approach are needed. This meeting sets the stage for the year-end audit; by this time the format and content of the financial statements is pretty well set and most audit adjustments have been identified. If we find any material adjustments, we will discuss them with you immediately and provide you with the journal entries required; we do not propose adjustments that are not material.

SPECIFIC AUDIT APPROACH (Continued)

At the conclusion of our year-end work, our Engagement Partner and Supervisor, will review the District's financial statement drafts and provide feedbacks. Once the final financial statements draft is ready, a second partner not involved with the audit will perform a "quality assurance review" of the financial statements and workpapers so that we will be ready to sign the financial statement opinions as soon as possible.

You will find our strategy allows you to control the audit process, enables you to spread the work over the year as you wish and greatly reduces the pressure at year end.

Audit IT Systems, Security and Going Green

Hand-in-hand with our continuing investment in our people has been our increased investment in systems and hardware support. **We have a full-time IT staff who maintain our state-of-the-art systems capabilities and provide increasing levels of such service to our clients.**

Every person on our staff is provided with a Windows operating system PC networked with other audit team PCs and a printer via our own wireless LAN establish at the start of each audit in our client's office. Years ago, we completely eliminated hardcopy workpapers by converting to *ProSystems fx Engagement* paperless audit software published by Commerce Clearing House. We use Word as our word processor and Excel for preparation of financial statements and schedules and Outlook for personal information management.

Because of our shift from hardcopy documentation to softcopy and our obligation under professional standards to maintain confidentiality of client data, we instituted state-of-the-art security protections to ensure client data remains confidential and secure. For example, many CPAs use email as a method of communicating financial data to and from clients. But emails are not secure communications! We therefore employ a secure data file transfer system called "LeapFile" under which we exchange data files with our clients using a secure website. This keeps data confidential and has the added benefit of permitting downloads of large excel files or Microsoft Office files that may be erroneously rejected by some email scanning software. In the event one of our staff works out of the District's offices or telecommutes, they access data via our virtual private network. **Our VPN, LANs, and audit software are password protected and encrypted to ensure your data remains confidential and secure.**

We will also use some type of connection to the internet during our audit, but coordinate it with your IT Staff to ensure there are no breaches in security or protocols.

We have working experience with a broad range of accounting software and systems. We have reviewed and tested controls over these systems. We have used and tested reports produced by these systems. The newer systems allow on-line inquiry or query and custom report writing, and we use these functions whenever possible.

Local Expertise and Resources

Our expertise and resources are local which provides our clients with timely on-the-spot responses to issues and questions as they arise. Our Audit Supervisors are on site daily while the audit team is in the field. Our Engagement Partner is frequently checking on progress, discussing and resolving issues with the Audit Team, as well as meeting with our client as needed. In cases of highly complex operations or unusual issues, our Technical Review Partner is brought out to meet with the audit team and provide technical support, consultation and participate in meetings with our clients as needed. With all our resources available locally, our clients are assured of in depth, timely audits and expedient resolutions to questions and issues as they arise.

System Controls, Transaction Cycle Processing Verification and Sample Sizes

With any data processing system upon which we intend to rely as a means of reducing substantive testing, we perform a variety of tests to verify the accuracy of transaction processing, the reliability of system control points and authorization controls, appropriateness of profile structures including Super-user rights access, and automated functionality such as sub-ledger integration and auto-journal entry validity and set up controls.

Gaining an understanding of the design of relevant procedures, controls and authorization levels is integrated with our risk assessment procedures discussed under the ***Client Tailored Risk Assessment*** section below. As part of our risk assessment process we identify those transaction cycles we intend to rely on. Both processing procedures and controls that are to be relied on are tested with our audits.

Transaction cycle processing and control tests typically involve sampling techniques. Most of our transaction samples are selected and tested during the interim portion of our work. Each sample will run from twenty-five to sixty transactions in size. We use interval and judgment sampling techniques with a high degree of stratification. Most municipalities operate more than one major revenue system. Therefore, we typically determine which revenue transactions are processed with common procedures and controls and deem that to be a single population and subject it to a single sample. Other revenue cycles processed with separate controls are tested with their own samples. For example, it is common for separate samples to be selected for governmental receipts and each major enterprise fund. Transaction cycles we sample are dependent on materiality to each client's financial statements but typically include, payroll, disbursements, receipts, loans receivable, investments and budget transactions and in accordance with the requirements of Statement of Auditing Standards #99 we also sample journal entries. Samples from each grant audit or major federal award program are also made. Samples are triple purpose samples and we test for correct recording, compliance with applicable policy or regulation and key control attributes – both manual and automated. This includes verification of sub-ledger integration and auto-journal entry validity, if needed.

Profiles, Access and Setup Controls

Despite advances in information technology automation and system control features, classic segregation of duties concepts remain a mainstay for providing adequate internal controls. What has changed however, is the necessity to determine system profile structures and actual system access. We inquire how our clients establish and maintain system profiles for relevant staff with the objective of determining whether controls are in place to provide for adequate segregation of duties and to determine if system profiles are appropriate based on the individual's duties. We also determine how our clients monitor access and we test access through reviews of access logs, observation and in some extreme cases, with fully observed access attempts.

We will also inquire about procedures and controls used to ensure only those system functions and controls assigned to an employee are in fact setup in system profiles. Considerations include Super User Rights, system profile set up, and system authorization functionality such as transaction initiation, review and approval, automated entry setup and posting. Work typically involves inquiry of staff with Super-User Rights and determining how the organization provides a check and balance against the possibility that one person with Super-User Rights can intentionally or inadvertently assign unauthorized access. We often review access logs and examine approvals of profile changes and review authorization levels.

Data Extraction

We employ rather simple data extraction techniques these days since most modern systems provide easy download capabilities to text or Excel files. We have been utilizing data extraction for over fifteen years. We first began data extraction as a means of downloading data from our client's financial systems for upload directly into the financial statements. Then we expanded this to include transaction details, account information and other data contained in our client's systems that we need for audit. Our Chief Operations Officer, Chris Hunt, oversees our data extraction needs and has successfully worked with all of our clients and their systems to achieve data extractions for our use. We are extremely adept at converting from text, delimited and fixed width files, and with every system used by clients.

Assessing Risks – Interim Phase

Beginning with fiscal year 2007-2008 audits, a new set of Statements of Auditing Standards became effective and required that most auditors change the way they audit. Much of this new guidance came out of the aftermath of highly publicized audit failures such as Enron, Global Crossings and the like. The Statements make it clear that a generalized one-size-fits all audit approach will not be permitted. An audit must be based on a unique audit strategy customized to fit each client and its industry.

The primary objective of these Standards is to require the auditor's application of an audit risk model. The concept is that a set of financial statements should be evaluated for the underlying risks of material misstatement. Then, a customized audit should be tailored to test for misstatements and verify that controls are designed and in place to prevent and detect misstatements.

We have consistently employed a risk-based concept from our firm's inception. Our audit checklists and programs were originated by reference to *Audits of Local Governments* published by the Practitioners' Publishing Company (PPC), a third-party vendor specializing in producing audit guides for unique industries. But we have not simply used their guide as our approach. We have customized it further for the simple reason that California municipalities have many unique risks not faced by municipalities in other states. As you know, California state law and applicable regulations cover a wide variety of areas such as cash and investment management, redevelopment compliance, transportation development act programs, and child development programs. Indeed, even revenues of California municipalities are unusual and complex such as the past Triple Flip and Proposition 1A securitization.

Our primary objective in an audit of each client's financial statements is to opine on whether the financial statements, including disclosures, are free of material misstatement. Our opinion must be based on sufficient, appropriate audit evidence that we obtain, and this evidence must be documented. To achieve this objective, we further refine our approach to be responsive to each individual audit. We may reduce the scope of our substantive audit tests provided we conclude there are effective specific controls in place which would detect and correct misstatements due to errors or fraud.

Fraud Considerations

Beginning with our 2004 audits, we employed additional audit steps required by Statement of Auditing Standards #99, *Consideration of Fraud in a Financial Statement Audit*. SAS #99 requires auditors to consider risk areas that may be susceptible to fraud and to then modify their audit strategy. We have been employing a variation of the SAS #99 concept since the early 1990's. For example, for many of our recurring clients, we visited all of their cash collection sites. We performed cash counts and reviewed cash handling practices and procedures, including security measures employed to limit access to cash. This and our planning meetings with our clients' staff have resulted in the inclusion of a variety of special emphasis areas in our audits. We combine our fraud consideration brainstorming sessions with our overall risk assessment process discussed below.

Client Tailored Risk Assessment

Our strategy to assessing risk begins with a brainstorming session of our audit team where they review your prior year financial statements and operations to identify areas of major audit risk. We also incorporate our consideration of other factors such as the risk of fraud, the economy, regulatory complexities or changes, credit market conditions and others into our initial assessment. We may also compare unusual transactions and estimates to those used by other municipalities or to current trends and issues. Since we are a niche firm specializing in California municipalities this is relatively easy. For example, certain development agreements are unique to municipalities. These agreements usually contain complex financial transactions and legal restrictions. With so much experience in this area we can quickly design an efficient response to these risks.

SPECIFIC AUDIT APPROACH (Continued)

Major audit risks are further evaluated through consideration of relevant assertions to determine inherent risk due to error or fraud. For example, cash on hand has a relative higher inherent risk of loss due to theft than an infrastructure asset. High and medium inherent risk audit areas are further evaluated to determine relevant internal controls needed to prevent, detect and correct errors or fraud.

We start our evaluation of your internal controls by interviewing staff and meeting with Department heads as needed. We review policies and procedure manuals and other documentation to determine the design of procedures and controls. As part of our evaluations we document narrative memoranda outlining the duties of each pertinent person as well as our GRID evaluation of the important nexus control points. The GRID is our own design; it is a two-axis chart we use to identify potential conflicts of duties in your controls. We enhance our evaluation by reviewing system profile reports, paying special attention to super-user rights. This data is then used to determine the presence or absence of compensating controls designed to mitigate conflicts of duties vested in a single individual.

We then test to verify that procedures and controls are operating effectively such that they reduce the risk that errors or fraud could occur and go undetected and uncorrected. We use a variety of techniques to verify controls are effective including: sampling, observation, documentation of reviews, examining system access reports and comparisons with other data.

After this has been completed, we assess the risk of material misstatement which is determined by the relative inherent risk of an area and the associated control risk to plan our substantive tests. That is, the risk that controls are not in place or are not operating effectively. Areas with a low risk of material misstatement assessment may receive limited substantive procedures while those with a high risk of material misstatement will receive significant substantive procedures.

We then design our final phase audit plan to ensure we obtain sufficient appropriate evidence about the financial statements and disclosures. Specific audit procedures are developed and documented in our audit programs and we develop potential internal control points for further evaluation as to significance and communicate those to staff.

Client Participation in the Risk Assessment Process

Of course, any risk assessment process is incomplete without our clients' active participation. We hold meetings with senior finance staff and others within the organization to discuss their views and assessments of risks affecting the financial statements. Our inquiries are backed up by reviews of the annual budget, mid-year budget revisions, internal audit reports, grantor performance and monitoring correspondence and any other pertinent data we deem relevant.

We must also establish two-way communication with the Board and Finance Committee which we typically accomplish by meeting to discuss the audit process and timing, management representations and fraud considerations. For those organizations without an Audit Committee, we typically attend a Board meeting or meet with representatives of the Board.

Assessing Risks – Final Phase

Although the majority of our evaluations and testing of internal controls is completed with our interim testing, it is during the final phase that actual year end balances, transactions and disclosures are known, and our substantive procedures are employed. These procedures and data often reveal unusual or unexpected results that must be considered in the risk assessment process. Risk assessment processes are iterative and cumulative. That is, we must continually re-evaluate our assessments based on information and procedures gathered. It is not uncommon for an initial assessment and the corresponding substantive audit work to be restructured as a result of new data. Indeed, it is the intent of current audit standards that the audit be responsive to risks.

Our substantive procedures are selected to be responsive to the assessed risk and relevant assertion and typically involve analytical procedures, third-party confirmation, estimation techniques, mini-max tests, trend analyses, recomputations, corroboration with other tests, tests in total, sampling and comparisons to data gathered in other municipal audits.

Risk assessment procedures would be incomplete without an evaluation of the adequacy of our evidence obtained including internal control tests, any significant deficiencies or material weaknesses and substantive test results. **These factors are considered prior to the release of our opinion in a final re-assessment process that includes our quality assurance review.**

Communication and Coordination

We will meet with you at the start of each phase of work and conduct an exit conference at the end of each phase of work. This will ensure you know everything we do, with plenty of time to address any issues.

Two key objectives for a well-run audit are to ensure timely communication of the audit results and to provide for seamless coordination of the external auditors with staff. The concept is virtually identical to our Accounting Issues Memorandum and detailed Interim and Closing Checklists that we typically prepare for our clients.

The Accounting Issues Memorandum concept was originated by one of our staff over two decades ago to function as a partner's brief of an engagement's status. It worked so well we expanded it to all our audits and share it with our clients. It has proven to be an indispensable communication and coordination tool ever since. This informal memo condenses and summarizes the audit status and issues as of the end of our interim work. It includes housekeeping matters, major and minor potential findings, scheduled audit fieldwork start and finish dates, etc. We produce this memo right in your office before the conclusion of our interim work, so you have an idea of what we've found so far and whether there are areas that need work.

SPECIFIC AUDIT APPROACH (Continued)

Our Memorandum on Internal Control is drafted at year-end and may include significant issues raised with our interim phase Accounting Issues Memorandum as well as issues arising from our year-end work. We review a draft with you, so that you will have plenty of time to consider the facts and discuss our findings before the audit results are presented to the Board and Finance Committee.

Timeline

Our proposed and audit schedule is as follows for the audit for fiscal year ending June 30, 2022. We understand that once the District gets caught up, we will adjust this timeline to strive to issue the report before December 31st each year.

- | | |
|---|---------------|
| • Interim/Final Checklist and Planning Meeting | July 2022 |
| • Interim/Final audit procedures | July 2022 |
| • Final financial statements to Finance Committee | November 2022 |
| • Present to the Board | December 2022 |

Prompt Service and Delivery of Reports

We have always focused on reducing financial statement turn-around time and we have never missed a deadline.

Our audit strategy emphasizes detail planning and coordination of our staff and client staff to complete the audit as efficiently as possible. We have found that completing all our work and our reports, if possible, as part of our fieldwork dramatically reduces the time required to issue final reports to our clients.

Our strategy allows our clients ample time to review all report drafts before issuance, while ensuring that all reports are issued timely.

Internal Quality Assurance System

Every one of our audit and assurance engagements has an Engagement Partner responsible for the successful completion of the work as well as ensuring we maintain quality levels that satisfy professional standards. Our very high Partner to staff ratio of one to six is double that of traditional firms. We specifically structure our work for on-site Engagement Partner participation while the audit is being conducted. This structure is by design to ensure we have active on the job oversight of staff and timely completion of the work.

We have always subjected our audit and assurance engagements to a second Quality Assurance Review. This is performed by a second partner that is not involved with the audit.

Use of Electronic Resources

As much as possible, we like to use electronic versions of documents. We find that this makes the audit not only efficient, but ecofriendly. We also set up OneDrive accounts in which files can be transferred regardless of their size.

Confirmations

As requested in the RFP, we confirm that we typically use bank confirmations to vouch cash and investments. From time to time, these confirmations can be difficult to obtain and we can use alternative procedures such as review of the monthly bank statements.

Changes due to COVID-19 and related Shelter-In-Place Orders

2020 presented many new challenges with the COVID-19 pandemic, and related Shelter-in-Place Orders and restrictions put in place. Due to our depth of experience in municipal accounting and audits, our practice of having active Partner involvement on the audits, as well as our stellar IT capacity within our firm, we did not miss a beat on having to perform the audit work remotely. Our audit partners, managers and supervisors immediately coordinated directly with our clients, and drew on our IT team to make sure we had all of the technological tools to make the remote process efficient and effective. We found that at the end of 2020, we actually experienced less delays in completing audits and issuing reports than in previous years.

The keys to successfully performing remote audits are active communication between the Auditors and the Client's team, understanding the needs and any potential capacity limitations of our clients, and detailed Checklists to prepare for the audits. For most clients, we were able to obtain VPN access into their accounting systems, in order to perform a significant portion of our audits without the burden of our clients having to spend significant time scanning documents. We also set up online portals through OneDrive for our clients to easily upload documents. We use Zoom and Microsoft Teams to set up face-to-face interviews or meetings, and/or our clients set up the meetings using their preferred formats.

Under certain circumstances where it would be particularly difficult for our clients to provide items virtually, we are able to coordinate sending out a minimal number of auditors to view documents onsite, while of course following the related County restrictions and any other COVID protocols our clients have in place. As we value the safety of our staff and our clients and the general public, we will always follow best practices, while still getting the job done.

SPECIFIC AUDIT APPROACH (Continued)

Based on the review of the draft of the June 30, 2022 basic financial report, we have estimated our time as follows:

Audit Activities	Budgeted Hours					Total
	Engagement Partner	Alternate Partner	Supervisor	Associates	Office	
General Procedures/Planning/Confirm/Checklists	1.00		6.00			7.00
Fraud Assessment	1.00		1.00			2.00
Minutes-resolutions			2.00			2.00
Report	8.00	2.00	16.00		3.00	29.00
Supervision/review	4.00		16.00			20.00
Conferences & meetings	2.00		1.00			3.00
Management letter	1.00		1.00		1.00	3.00
Analytical review	2.00					2.00
Internal Control Environment / Info Systems Review				16.00		16.00
Cash & Investments				24.00		24.00
Revenue/Receivables				12.00		12.00
Investment in JPA				2.00		2.00
Capital Assets				16.00		16.00
Accounts Payable				8.00		8.00
Long Term Debt				16.00		16.00
Payroll/Accrued liabilities				8.00		8.00
Pension (GASB 68)				16.00		16.00
OPEB (GASB 75)				16.00		16.00
Net position				2.00		2.00
Risk Management				2.00		2.00
Commitments and Contingencies				2.00		2.00
GRAND TOTAL	19.00	2.00	43.00	140.00	4.00	208.00

Potential Audit Problems

None noted

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 9**

To: Board of Directors

From: Sergio Ramirez, District Manager

Subject: Discussion and Direction on the West Bay and Sharon Heights Recycled Water Facility

A discussion will be held on the Sharon Heights Recycled Water Facility and other events related to the recycled water plant. The Board will have opportunity to provide direction to staff and legal counsel.

Recycled Water Facility Production Data:

2020	Treated	Delivered
August	8.8MG	8.2MG
September	8.2MG	5.1MG
October	7.4MG	4.5MG
November	5MG	1.4MG
December	4.7MG	.55MG
2021	Treated	Delivered
January	4.8MG	.23MG
February	4.4MG	.13MG
March	5.9MG	1.8MG
April	8.5MG	7.6MG
May	9.3.MG	8.2MG
June	9.8MG	8.7MG
July	9.5MG	9.1MG
August	9.4MG	9.0MG
September	9.1MG	6.9MG*
October	7.6MG	2.6MG**
November	5.2MG	0
December	4.7MG	0
2022	Treated	Delivered
January	4.4MG	97,000 gallons
February	4.4MG	1.5MG
March	6.6MG	3.5MG
April	7.6MG	3.8MG

Report to the District Board for the Regular Meeting of May 25, 2022

* Sharon Heights substantially tapered off their water usage for September which is the reason for the large discrepancy between treated and delivered.

** Treatment was reduced in the second half of the month. Rain in late October and an irrigation equipment malfunctions caused water delivery to decrease.

The following is a disclosure statement required for any document, written report or brochure prepared in whole or in part pursuant to the Finance Agreement with the State Water Resources Control Board for the West Bay Sanitary District Recycled Water Project - Sharon Heights: Funding for this project has been provided in full or in part through an agreement with the State Water Resources Control Board. California's Clean Water State Revolving Fund is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency and state bond proceeds. The contents of this document do not necessarily reflect the views and policies of the foregoing, nor does mention of trade names or commercial products constitute endorsement or recommendation for use.



**WEST BAY SANITARY DISTRICT
AGENDA ITEM 10**

To:*Board of Directors*

From:*Sergio Ramirez, District Manager*

Subject:*Discussion and Direction on the Bayfront Recycled Water Project
and Status Update*

A discussion will be held on the District's Bayfront Recycled Water Projects and other events related to the recycled water projects including financing, environmental review, design/build issues and grant applications.

The Board will have opportunity to provide direction to staff and legal counsel.

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 11**

To: Board of Directors

From: Sergio Ramirez, District Manager

Subject: Report and Discussion on South Bayside Waste Management Authority (SBWMA)

The District's representative to South Bayside Waste Management Authority (SBWMA), President Fran Dehn, will report on any pertinent items regarding SBWMA business.

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 12**

To: *Board of Directors*

From: *Sergio Ramirez, District Manager*

**Subject: *Report and Discussion on Silicon Valley Clean Water (SVCW)
Plant***

The District's representative to Silicon Valley Clean Water (SVCW), Commissioner George Otte, will report on pertinent items regarding SVCW Operations, CIP and Finance.

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