

*1902 - Serving Our Community for over 115 Years - 2020*

**WEST BAY SANITARY DISTRICT  
AGENDA OF BUSINESS**

**REGULAR MEETING OF THE DISTRICT BOARD  
WEDNESDAY, SEPTEMBER 23, 2020 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

**District Legal Counsel**

Anthony Condotti, Esq.

**AGENDA OF BUSINESS**

**NOTICE OF PUBLIC PARTICIPATION BY TELECONFERENCE ONLY**

Pursuant to Governor Newsom's Executive Order N-29-20, 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](mailto:treese@westbaysanitary.org) by 4:00 p.m. on Wednesday, September 23<sup>rd</sup>.

To participate by telephone or Zoom meeting, public comments can be made by joining Zoom meeting at: <https://zoom.us/j/99850297677?pwd=ckJwemU0TVpGclN6dzU5Q0d0WFdndz09>  
Meeting ID: 998 5029 7677 Passcode: 042330

Or by phone, call: 1-669-900-6833 Meeting ID: 998 5029 7677 Passcode: 042330

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. Consideration to Accept the HF&H Solid Waste Rate Study, Set a Public Hearing for December 9, 2020 to Review Proposed Solid Waste and Recycling Rates for the Year 2021 and Providing Staff Direction by Minute Order Regarding the Rate Adjustment for 2021 and Mailing of the Proposition 218 Notice for a Public Hearing Pg. 3-1
4. Consideration to Approve Performance Merit Pay Program for FY2020-21 Pg. 4-1
5. Consideration to Approve the Preliminary Financial Statements FY 2019-20 for Fiscal Year ending 6/30/2020 Pg. 5-1
6. Consideration to Approve the Report of GASB 75 Actuarial Valuation as of 6/30/19 for Fiscal Year ending 6/30/2020 Pg. 6-1

7. District Manager's Report Pg. 7-1
8. 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 Regular meeting September 9, 2020 Pg. 8A-1
  - B. Approval of the Financial Activity Report/Withdrawal Order Authorizing Payment of Certain Bills and Salaries and Consideration of Other Financial Matters for September 23, 2020 Pg. 8B-1
  - C. Bank of the West Monthly Investment Portfolio Statements Pg. 8C-1
  - D. Consideration to Accept the Work by Air & Lube Systems, Inc. for the Diesel Tanks Replacement Project and Authorizing the District Manager to File the Notice of Completion Pg. 8D-1
9. Consideration to Approve Resolution Revising the Record Retention Policy and Record Retention Schedule Pg. 9-1
10. September 23<sup>rd</sup> Update Report on District Response to Corona Virus Pg. 10-1
11. Consideration to Authorize the District Manager to Remit Final Retention Payment to Anderson Pacific Engineering Construction Inc. in the Amount of \$258,753.88 for the Recycled Water Project – Sharon Heights Pg. 11-1
12. Discussion and Direction on Recycled Water Projects - Sharon Heights & Bayfront, Including Project Status Pg. 12-1
13. Report & Discussion on South Bayside Waste Management Authority (SBWMA) Pg. 13-1
14. Report & Discussion on Silicon Valley Clean Water (SVCW), Discussion on SVCW CIP Program and Financing Pg. 14-1
15. Closed Session:
  - A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION  
Significant exposure to litigation pursuant to Cal. Govt. Code § 54956.9(d)(2):  
(1 potential case)
  - B. 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.* – SM CSC Case No. 18CIV02183
16. Comments or Reports from Members of the District Board and Consider Items to be Placed on Future Agenda
17. 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.



## WEST BAY SANITARY DISTRICT AGENDA ITEM 3

**To:** *Board of Directors*

**From:** *Sergio Ramirez, District Manager*

**Subject:** *Consideration to Accept the HF&H Solid Waste Rate Study, Set a Public Hearing for December 9, 2020 to Review Proposed Solid Waste and Recycling Rates for the Year 2021 and Providing Staff Direction by Minute Order Regarding the Rate Adjustment for 2021 and Mailing of the Proposition 218 Notice for a Public Hearing*

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### Background

As a member of the South Bayside Waste Management Authority (SBWMA), West Bay Sanitary District, as well as the other Member Agencies is closing the tenth year of the new Collection Services provided by Recology San Mateo County. The transition to these services commencing on January 1, 2011 has been significant in not just the expanded scope of services but also on diversion of materials from landfill. We've seen significant increases in residential recycling and organic materials collection. Solid waste generation has significantly decreased. The collection services now include more convenient weekly collection of single stream recycling, organic materials (yard trimmings and food scraps) and solid waste. The Shoreway Environmental Center which is operated by South Bay Recycling has undergone substantial capital improvements to facilitate single stream recycling service provided by Recology, enhance onsite public recycling activities and greatly improve traffic circulation.

The District and SBWMA have entered into a Restated Agreement with Recology of San Mateo County, to continue to serve the District's Solid Waste and Recycling customers for an additional ten years. The new term is set to begin in January of 2021.

The Board has expressed the need to actively move rates toward a "cost of service" level. This requires rates to be adjusted so customers are paying their fair share for the service they receive. In order to accomplish this, rate adjustments will be necessary in both increases and reductions to the rates. Considerations taken for such adjustments are as follow:

- Neither the 20-gallon container rate nor the 32-gallon container are paying for the true cost for collection and processing.
- The Board has given direction to Staff to reduce the Commercial customer's rate in order to be closer to their true cost for collection and processing.
- Continuing the implementation of the proposed rate adjustments will assist in balancing the cost of service in the program.

In the past, residential rates were set to incentivize the use of smaller containers and promote more recycling. This was done by making small residential container rates much lower than the larger residential containers. With the outreach efforts over the past 10 years and educating residents on the importance of recycling, Staff feels the incentive aspect of the rate is no longer warranted. In some cases, it's been reported that the 20-gallon container users may be contributing to cross contamination of recyclables because the can is too small for their need and excess waste ends up in the recycling container. Therefore, if a customer really needs a 32-gallon container versus a 20-gallon container the price difference should not be set artificially low so as to dissuade someone from acquiring the size can that best fits their needs. This should help avoid the unintended consequence of cross contamination, from having the 20-gallon can rate artificially low. The Board's goal is to have customers pay rates that are more in line with cost of service. This approach is also more compliant with Proposition 218 (Cal. Const. Art. XIII § 6), which requires that rates for property-related services, like solid waste and refuse collection, to be proportionate to the actual cost of service attributable to each property receiving such service.

The District has continued to participate in talks with the County of San Mateo (County) to potentially have the County manage the District's solid waste and recycling program. The District's service area is in the unincorporated areas of the County. It appears it would be beneficial to the public to have the County manage the program in these areas, as they do other parts of the County. The process will need to include San Mateo Local Agency Formation Commission (LAFCo) approval and a vote by the SBWMA Joint Powers Authority. Talks with the County and LAFCo are on-going at this time.

### Analysis

HF&H Consultants, LLC were contracted this year to perform a rate analysis for the 2021 rates. The rate study analyzed rates that are more in line with "Cost of Service" and reviewed rates for residential and commercial services. On September 23rd, 2020, HF&H Consultants will present a report to the Board of Directors on the rate study. During the presentation the Board may discuss potential options for adjusting rates for residential and commercial customers. At that time the Board may decide to continue to adjust the commercial customer rates down by 4 to 5% in order to move towards their cost of service. If the Board agrees with the rates proposed, the Board will be asked to establish a date for a public hearing on the new Solid Waste and Recycling rates.

As we have seen in other jurisdictions over the past few years the District's rate structure has encouraged customers to "downsize" their solid waste container by placing more materials in their recyclable material and organics carts, rather than in their solid waste containers; ultimately, reducing the amount of trash sent to the landfill. As customers reduce their container size, less revenue is generated; however, there is not an equal reduction of the cost to drive by, collect, and process the materials. The District has been able to keep the residential rates lower than necessary because, as was industry practice, commercial revenues have contributed more than the cost of their services. Because of these factors, in the future, the District may continue to consider increasing the 20-gallon and 32-gallon rates at a greater percentage than the 64 and 96 gallon rates in order to have the smaller containers pay a larger percentage of their actual collection and processing costs. The cost still remains significantly lower than the 64 gallon rate to incentivize customers to reduce the amount of materials disposed of in the landfill. The aligning of residential rates to the cost of service at each



container size and the overall reduction of the commercial customer class bin rates, over time, achieves the District’s objective of a “cost of service” rate structure. Due to increased Revenue Requirements for disposal and processing the District will have to raise rates in order not to have an overall deficit in the Solid Waste/Recycling Program.

Over the past 4 years the District has chosen to implement, as part of a 5 year plan, rate adjustments for residential and commercial which will close the gap between the rates and the cost for the 20-gallon and 32-gallon services while generating sufficient revenue to cover the projected collection and processing costs. The following are the proposed cart rate adjustments for 2021.

**Table 5 of the HF&H Rate Study**  
Proposed Cart Rate Adjustments to Achieve Cost of Service by Cart Size

<b>Container Size</b>								
	20 gallon		32 gallon		64 gallon		96 gallon	
<b>Current Rate→</b>		<b>\$43.00</b>		<b>\$51.00</b>		<b>\$72.00</b>		<b>\$105.00</b>
<b>Proposed 2021</b>	<b>11.62%</b>	<b>\$48.00</b>	<b>4.90%</b>	<b>\$53.50</b>	<b>0.00%</b>	<b>\$72.00</b>	<b>0.00%</b>	<b>\$105.00</b>
<b>Projected 2022</b>	4.18%	\$50.01	3.27%	\$55.25	0.00%	\$72.00	0.00%	\$105.00
<b>2023</b>	3.50%	\$51.76	3.62%	\$57.25	3.47%	\$74.50	0.00%	\$105.00
<b>2024</b>	3.38%	\$53.51	3.50%	\$59.25	3.36%	\$77.00	0.00%	\$105.00
<b>2025</b>	3.73%	\$55.50	3.80%	\$61.50	3.25%	\$79.50	0.00%	\$105.00
<b>2026</b>	3.61%	\$57.51	3.24%	\$63.49	3.14%	\$82.00	0.00%	\$105.00
<b>2026 Projected Cost of Service</b>		<b>\$57.54</b>		<b>\$63.47</b>		<b>\$81.91</b>		<b>\$103.00</b>

**Table 6 of the HF&H Study:**  
Proposed Rate Adjustments by Container versus Current Rates

<b>Rates by Size of Container</b>						
	<b>Residential</b>				<b>Commercial</b>	
	20 Gallon	32 Gallon	64 Gallon	96 Gallon	1YD Bin 1x/week	3YD Bin 1x/week
<b>Current Rates</b>	<b>\$43.00</b>	<b>\$51.00</b>	<b>\$72.00</b>	<b>\$105.00</b>	<b>\$185.55</b>	<b>\$392.14</b>
<b>Proposed Rate Adjustment</b>	11.62%	4.90%	0.00%	0.00%	-5.00%	-5.00%
<b>2021 Proposed Rate / Mo.</b>	<b>\$48.00</b>	<b>\$53.50</b>	<b>\$72.00</b>	<b>\$105.00</b>	<b>\$176.27</b>	<b>\$372.53</b>
<b>Increase (Decrease) / Mo.</b>	\$5.00	\$2.50	\$0.00	\$0.00	(\$9.28)	(\$19.61)
<b>2021 Projected Revenue at Proposed Rates</b>						
	Residential	Commercial	Total			
Projected Revenue at Current Rates <sup>1</sup>	\$1,490,960	\$280,473	\$1,771,433			
2021 <u>Proposed Rate</u> Revenue	\$1,527,935	\$268,291	\$1,796,227 <b>A</b>			
2021 Proposed Costs	1,496,265	254,797	1,751,062 <b>B</b>			
Excess Amount	\$31,670	\$13,495	\$45,165 <b>A - B = C</b>			
Excess Percentage	2.1%	5.0%	2.5%			

<sup>1</sup> Projected revenue at current rates is based upon the actual revenue for the first 5 months of 2020, annualized.

For a rate increase to be considered for adoption, public noticing and majority protest procedures as outlined by Proposition 218 need to be followed. Notifications would be distributed by the end of October.

The costs of notification is approximately \$5,000 and would be paid by the District and recovered through the Franchise Fee. Following the required minimum 45 day noticing period, the District Board would then consider adoption of the proposed rates at its December 9, 2020 meeting, for an effective date of January 1, 2021. If adopted, the new rates would be included in Recology's first full billing cycle which would be for January, February, and March 2021.

### Fiscal Impact

Staff has reviewed the rate options to fund the solid waste and recycling collection program for 2021. Under the current 2020 rate structure, rate revenue (assuming current rates and no use of prior year surplus or shortfall) is projected to produce an excess of approximately \$18,058 in revenue for the forthcoming year, slightly more than the required revenue.

The proposed 2021 rates will produce a projected excess of approximately \$45,165 a 2.5% excess in revenue over the protected cost for service. The additional 2.5% is to cover any variables, which may not have been projected, without going into reserves.

### Recommendation

The District Manager recommends the adoption of a \$5.00 rate increase applied to the residential 20-gallon container, a \$2.50 rate increase applied to the 32-gallon container, no increase to the 64-gallon container, and no increase to the 96 gallon container in 2021 and a 4.34% (-) average rate reduction in the commercial rates. In addition, the District Manager recommends the adoption of the rates for Unscheduled Services as described in attachment 3 of this report. With the adoption of these adjustments, West Bay's rates for most residential and commercial customers would become closer to their actual cost of service levels.

Therefore, the District Manager recommends:

1. The Board accept the HF&H Solid Waste Rate Study, dated September 16, 2020.
2. The Board set a Public Hearing for December 9, 2020, to review proposed Solid Waste and Recycling collection rates for year 2021; and
3. Provide staff direction by minute order regarding the rate adjustments for 2021 and mailing of the Proposition 218 notice for a public hearing to be held on December 9, 2020 prior to the adoption of the collection rates for 2021.

Attachments: Attachment 1—HF&H Draft Solid Waste Rate Study for 2021

Attachment 2—Draft 218 notice for 2021

Attachment 3— Attachment Q: Unscheduled Services

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September 16, 2020

Mr. Sergio Ramirez  
 District Manager  
 West Bay Sanitary District  
 500 Laurel Street  
 Menlo Park, CA 94025

*Sent via e-mail*

**Subject: Update the District's Solid Waste/Recycling Rate Model – Draft Report**

Dear Mr. Ramirez:

HF&H Consultants, LLC (HF&H), at your request, has reviewed the West Bay Sanitary District's (District) projected calendar year 2021 residential and commercial costs and revenues as presented in the draft report submitted by the South Bayside Waste Management Authority (SBWMA) to determine the estimated surplus/shortfall for each customer class (residential and commercial). Additionally, we have updated the District's solid waste/recycling "cost of service" rate model to reflect 2021 projected results.

Based upon the findings described in this report and presented to the District's Board at its September 09, 2020 meeting, the District's Board proposed the following rate adjustments for 2021.

Container Size Serviced 1X/Week	Residential	Commercial	Proposed \$ Increase	Proposed 2021 Rate
20 Gallon	11.62% Increase	N/A	\$5.00	\$48.00
32 Gallon	4.90% Increase	4.90% Increase	\$2.50	\$53.50
64 Gallon	0.0% Increase	0.0% Increase	\$0.00	\$72.00
96 Gallon	0.0% Increase	0.0% Increase	\$0.00	\$105.00
All Bins	N/A	5% Decrease	Varies	Varies

The adjustments for both residential and commercial rates will better reflect the cost of service, while generating sufficient revenue to cover the projected collection and processing costs for 2021. As part of a multi-year plan, similar adjustments were implemented in previous years. Increases projected for 2022 are anticipated to be slightly higher than basic cost of living increases for the smaller gallon containers and flat for larger gallon containers and bins.

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## BACKGROUND

As a member of the SBWMA, the District transitioned collection services and operation of the Shoreway Recycling and Disposal Center in San Carlos from Allied Waste/Republic to Recology San Mateo County (RSMC) and South Bay Recycling (SBR). RSMC and SBR took over collection services and operation of the Shoreway Environmental Center (Shoreway), respectively, beginning January 1, 2011. The District entered into a new 15-year agreement with RSMC with operations to start January 1, 2021.

Annually, the SBWMA provides the District with its allocation of the projected costs to provide collection service and operation of Shoreway. This information is utilized in the rate-setting process. A rate model was developed by HF&H and adopted by the District's Board of Directors (Board) on December 14, 2011.

Based on results provided by the SBWMA for setting rates in 2017, there was no rate adjustment increase required, as combined revenue in general was sufficient to cover total costs. However, the District requested HF&H to prepare an analysis of the then-current solid waste rates and propose a revised rate structure for residential and overall adjustment to commercial carts, commercial bins, and commercial compactor rates. The purpose of the analysis was to better reflect the cost of service, while generating sufficient revenue to cover the projected collection and processing costs for 2017 through 2025.

## SCOPE OF WORK

Based on the results, provided by the SBWMA for the 2021 rate-setting process, HF&H updated the "cost of service" model previously developed and enhanced the cost allocation methodology between residential container sizes. The cost projections reflect the first year under the new agreement with RSMC.

We performed the following procedures as part of our review:

- Obtained cost, rate and current customer account data from the District and the final September 24, 2020 SBWMA report;
- Prepared a summary schedule projecting the District's revenues for 2021 and revenue for the next five years (through 2026). We assumed an annual 3.5% inflation to costs over the 5-year period;
- Prepared a schedule projecting residential and commercial revenue requirement through 2026 with the objective of the residential revenue to equal the costs to provide the service; and,
- Prepared a schedule proposing adjustments to the rates for the various residential carts with the objective of specific cart size revenue to equal its respective cost to provide the service.

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## LIMITATIONS

Our conclusions are based, in part, on Recology's projections of its financial results of operations included in the September 24<sup>th</sup> "SBWMA Final Report Reviewing the 2021 Recology Compensation Application". Actual results of operations will usually differ from projections because events and circumstances frequently do not occur as expected and the difference may be significant.

## FINDINGS

### General

HF&H has updated the prior year's rate structure analysis following its two-step process. The first step divides the solid waste collection system into two customer classes: residential and commercial. For purposes of this study, we are including multi-family customers with the commercial customer class and we have not factored any surplus or deficit from the prior year revenue reconciliations. We then reviewed the revenues and the revenue requirements for each customer class independently. During this initial step it was noted that the year over year increases in revenue requirement was less than the previously assumed 6% disposal costs but similar to the assumed 7.7% increase in collection costs as shown below:

Revenue Requirement (RSMC & SBR)	2020	2021	Variance Year over Year \$	Variance Year over Year %
Collection Cost	\$1,028,165	\$1,106,508	\$78,343	7.6%
Disposal/Processing	542,709	545,437	2,728	0.5%
Agency Fees (on net revenue)	94,252	101,430	7,178	7.6%
<b>Total Costs</b>	<b>\$1,665,126</b>	<b>\$1,753,375</b>	<b>\$88,249</b>	<b>5.3%</b>

The second step is to further review the residential customer class by examining the rate and cost to provide service for each size of container (20 gallon, 32 gallon, 64 gallon and 96 gallon).

### Step 1 – Residential and Commercial Customer Classes

The following table shows the Rate Year 2021 revenue requirement by customer class. At current rates (2020 rates), the solid waste collection system as a whole is projected to generate slightly more than the requirement, \$18,058 excess of revenue compared to costs. However, as shown below, the residential customer class' revenue is approximately 0.36% below its costs.

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**Table 1:  
 2021 Projected Revenue and Costs by Customer Class**

<b>Analysis of Residential and Commercial Revenues and Costs</b>			
	<b>Residential</b>	<b>Commercial</b>	<b>Total</b>
<b>Projected Revenue at <u>Current Rates</u><sup>1</sup></b>	<b>\$1,490,960</b>	<b>\$280,473</b>	<b>\$1,771,433 <b>A</b></b>
<b>Projected 2021 Costs</b>			
Collection	\$924,701	\$181,807	\$1,106,508
Disposal/Processing	\$486,870	\$58,567	545,437
Agency Fees	\$84,694	\$16,736	101,430
<b>Total Costs</b>	<b>\$1,496,265</b>	<b>\$257,110</b>	<b>\$1,753,375 <b>B</b></b>
<b>Excess (Deficiency) of Revenues vs Costs</b>	<b>(\$5,305)</b>	<b>\$23,363</b>	<b>\$18,058 <b>A-B=C</b></b>
<b>Projected Rate Adjustment</b>	<b>0.36%</b>	<b>-8.33%</b>	<b>-1.02%</b>

NOTE: The amounts shown above are for 2021 activity only. Prior year surplus/shortfalls are NOT included.

<sup>1</sup> Projected Revenue is based upon the first 5 months of 2020 actual revenue annualized.

If the District elects to have the residential customer class rates generate sufficient revenue to cover its costs, rates could be adjusted all at once or over a period of time. The table below shows possible rate adjustments to both customer classes over a four-year period, assuming costs will usually increase annually by 3.5%.

**Table 2:  
 Proposed Average Rate Adjustments**

		<b>Residential</b>	<b>Commercial</b>
<b>1</b>	2021	2.48%	-4.34%
<b>2</b>	2022	2.41%	0.20%
<b>3</b>	2023	3.33%	3.34%
<b>4</b>	2024	3.23%	3.34%

The following table shows the projected revenues after the above rate adjustments. By 2022, the revenues are just slightly above the cost for residential and slightly above the cost for commercial.

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**Table 3:  
 4-year Projected Revenue and Costs**

Projections - Balance Revenue & Costs over 4 Years												
	1			2			3			4		
	2021			2022			2023			2024		
	Residential	Commercial	Total	Residential	Commercial	Total	Residential	Commercial	Total	Residential	Commercial	Total
Proposed Average Rate Adjustment	2.48%	-4.34%		2.41%	0.20%		3.33%	3.34%		3.23%	3.34%	
Total Revenue	\$1,527,935	\$268,291	\$1,796,227	\$1,564,749	\$268,836	\$1,833,585	\$1,616,836	\$277,821	\$1,894,657	\$1,668,999	\$287,102	\$1,956,101
<b>Assumptions:</b>												
1) Cost Increase	"Projected"	"Projected"		3.50%	3.50%		3.50%	3.50%		3.50%	3.50%	
2) Disposal/Processing Increase	"Projected"	"Projected"		3.50%	3.50%		3.50%	3.50%		3.50%	3.50%	
Collection	\$924,701	\$181,807	\$1,106,508	\$957,065	\$188,170	\$1,145,236	\$990,563	\$194,756	\$1,185,319	\$1,025,232	\$201,573	\$1,226,805
Disposal/Processing	486,870	58,567	545,437	503,910	60,617	564,527	521,547	62,738	584,286	539,801	64,934	604,736
Agency Fees	84,694	14,422	99,117	87,659	14,927	102,586	90,727	15,450	106,176	93,902	15,990	109,892
Total Costs	1,496,265	254,797	1,751,062	1,548,634	263,714	1,812,349	1,602,837	272,944	1,875,781	1,658,936	282,498	1,941,433
Excess (Deficiency) Amount	\$31,670	\$13,495	\$45,165	\$16,114	\$5,122	\$21,236	\$13,999	\$4,876	\$18,876	\$10,063	\$4,605	\$14,668
Excess (Deficiency) Percentage	2.07%	5.03%	2.51%	1.03%	1.91%	1.16%	0.87%	1.76%	1.00%	0.60%	1.60%	0.75%

## Step 2 – Residential Container Rates

We reviewed the residential rates by container size and compared the rates to the cost of service by container size projected by the SBWMA, which assumed the variable cost between container sizes is primarily the disposal cost. Additionally HF&H updated the cost of service by container size using the same approach used in the rate model from the previous year, which assumed the following:

- **Organics collection costs** are fixed per household as every customer receives the same size container and is serviced at the same frequency (64 gallon cart, serviced 1 time per week). For 2021, the fixed cost is \$24.56 per home per month (a 2.33% increase from 2020's cost of \$24.00);
- **Recycling collection costs** are also fixed per household for the same reason as above, (64 gallon cart - serviced 1 time per week). For 2021, the fixed cost is \$12.39 per home per month (a 4.73% increase from 2020's cost of \$11.83);
- **Disposal cost** is variable based upon the capacity/gallon size of the solid waste cart serviced. For 2021 the projected variable cost is \$0.155 per gallon (a 6.16% increase from 2020's cost of \$0.146);
- **Fixed solid waste (SW) route/collection costs** are costs that do not vary based on the level of service received (e.g., customer service costs, IT costs, etc.). For 2021, the fixed cost is \$3.20 per home per month (a 23.07% increase from 2020's cost of \$2.60); and,
- **All other SW route/collection costs** are attributed to each cart size using equivalent cart units (ECU) calculated by applying routing metrics. (The ECU basic principle establishes the numeric relationship between cart size and route capacities.) For 2021, the projected monthly cost per ECU is \$5.218 multiplied by a factor of:

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- 1.000 for a 20 gallon cart service;
- 1.600 for a 32 gallon cart;
- 3.627 for a 64 gallon cart; and,
- 6.080 for a 96 gallon cart.

The following tables shows the current rates (2020), the SBWMA and the HF&H projected 2021 costs by cart size.

**Table 4a:**  
**HF&H Projected 2021 Costs by Residential Container Size**

<b><i>Analysis of Costs by Size of Container</i></b>				
	<b>20</b>	<b>32</b>	<b>64</b>	<b>96</b>
<b>Organics Collection Cost</b>	\$24.56	\$24.56	\$24.56	\$24.56
<b>Recycling Collection Cost</b>	12.39	12.39	12.39	12.39
<b>Disposal Cost (\$0.15 per gallon)</b>	3.10	4.95	9.90	14.86
<b>Fixed Solid Waste Cost</b>	3.20	3.20	3.20	3.20
<b>All Other Solid Waste Cost</b>				
	<i>\$5.2180 X a factor of</i>	<i>1.000</i>	<i>1.600</i>	<i>3.627</i>
	<u>\$5.22</u>	<u>\$8.35</u>	<u>\$18.92</u>	<u>\$31.73</u>
<b>* Monthly Cost per Cart per HF&amp;H</b>	<b>\$48.45</b>	<b>\$53.44</b>	<b>\$68.97</b>	<b>\$86.72</b>

\* Rounded to the nearest cent

**Table 4b:**  
**Comparison of 2020 Residential Rates and Projected 2021 Costs by Container Size**

<b><i>Analysis of Costs by Size of Container</i></b>							
<u>Subscription</u>	<u>Container Size</u>	<u>Current Mo. Rate</u>	<u>* 2021 Mo Cost per Cart</u>	<u>Excess (Deficiency) of Revenues vs Costs</u>	<u>Projected Rate Adjustment</u>	<u>Prior Years Variance before Adjustment</u>	
19%	427	20	\$43.00	\$48.45	(\$5.45)	12.7%	19.6%
57%	1262	32	\$51.00	\$53.44	(\$2.44)	4.8%	5.3%
19%	428	64	\$72.00	\$68.97	\$3.03	-4.2%	-6.9%
4%	81	96	\$105.00	\$86.72	\$18.28	-17.4%	-19.3%
100%	2198						

\* Rounded to the nearest cent



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The following table shows possible adjustments to achieve the desired residential customer class results from Step 1 and align the rates to the cost of service at each residential container size from Step 2. These are projections based upon annual assumed increases in costs and would need to be revised as the actual costs are known and projections revised.

**Table 5:  
 Possible Residential Rate Adjustments to Achieve Cost of Service by Cart Size**

	<i>Container Size</i>							
	20 gallon		32 gallon		64 gallon		96 gallon	
<b>Current Rate</b> →		<b>\$43.00</b>		<b>\$51.00</b>		<b>\$72.00</b>		<b>\$105.00</b>
<b>Proposed 2021</b>	<b>11.62%</b>	<b>\$48.00</b>	<b>4.90%</b>	<b>\$53.50</b>	<b>0.00%</b>	<b>\$72.00</b>	<b>0.00%</b>	<b>\$105.00</b>
<b>Projected 2022</b>	4.18%	\$50.01	3.27%	\$55.25	0.00%	\$72.00	0.00%	\$105.00
<b>2023</b>	3.50%	\$51.76	3.62%	\$57.25	3.47%	\$74.50	0.00%	\$105.00
<b>2024</b>	3.38%	\$53.51	3.50%	\$59.25	3.36%	\$77.00	0.00%	\$105.00
<b>2025</b>	3.73%	\$55.50	3.80%	\$61.50	3.25%	\$79.50	0.00%	\$105.00
<b>2026</b>	3.61%	\$57.51	3.24%	\$63.49	3.14%	\$82.00	0.00%	\$105.00
<b>2026 Projected Cost of Service</b>		<b>\$57.54</b>		<b>\$63.47</b>		<b>\$81.91</b>		<b>\$103.00</b>

## Rate Structure Summary

### Current Rate Structure

Under the current rate structure, rate revenue (assuming current rates and no use of prior year surplus or shortfall) is projected to produce an excess of approximately \$18,058 in revenue for the forthcoming year (see Table 1).

### Rate Adjustments

#### Residential and Commercial Customer Class

In the first step described above, HF&H divided the solid waste collection system into two customer classes: residential and commercial and modeled a rate structure which achieved a cost of service balance between the customer classes in four to five years. Overall revenue from residential rates are increased by 2.48% and revenue from commercial rates are decreased by 4.34% in 2021 (see Table 2 and Table 3).

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### **Residential Cost of Service by Container Size**

The District continues to elect to address the commercial customers as a class, but revise and align individual residential rates to “cost-of-service” rates, where the residential rates would have a fixed component regardless of solid waste container size (organics, recycling and some solid waste collection costs are fixed), plus variable costs and a per-gallon disposal rate. This type of rate structure may be more equitable, but may not be reasonable to implement all at once; resulting in rate increases being phased in following a multi-year plan. After the first phase of larger increases to the residential 20 and 32 gallon in prior years, our updated scenario, as modeled above, results in an 11.62% increase to 20-gallon rates and a 4.9% increase to 32-gallon rates in 2021 and subsequent 4.18% to 3.38% increases over the next 5 years. The 64-gallon rates would remain flat in 2021 and 2022 with a 3.47% increase in 2023 and 3.47% to 3.14% increases thereafter. The 96-gallon rates would remain flat in 2021 and over the next 5 years. (See Table 5).

### **Recommendation**

As we have seen in other jurisdictions over the past few years, the District’s rate structure encourages customers to “downsize” their solid waste container by placing more materials in their recyclable material and organics carts, rather than in their solid waste containers, which ultimately reduces the amount of trash sent to the landfill. However, as customers reduce their container size, less revenue is generated but there is not an equal reduction of the cost to drive by, collect, and process the materials. Only 23% of residents (those customers receiving 64- or 96-gallon service) cover the fixed costs to provide such service (see Table 4b). The District has been able to keep the residential rates lower than necessary because, as was the industry practice, commercial revenues have contributed more than the cost of their services. In the future, the District should continue increasing the 20-gallon and 32-gallon rates a greater percentage than the 64-, and 96-gallon rates to have them pay a larger percentage of their fixed costs but still be lower than the 64-gallon rate to incentivize customers to reduce the amount of materials disposed of in the landfill. The aligning of residential rates to the cost of service at each container size and the overall reduction of the commercial customer class bin rates by a flat percentage over time, achieves the District’s objective of a cost-of-service rate structure (see Table 6).

At its September 09, 2020 meeting, the District’s Board proposed to implement, as part of its multi-year plan established five years ago, the following rate adjustments for residential and commercial rates that will close the gap between the rates and the cost for the 20-gallon and 32-gallon services, while generating sufficient revenue to cover the projected collection and processing costs for 2021.

Mr. Sergio Ramirez  
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**Table 6:  
 District's Board Proposed Rate Adjustments**

<b>Rates by Size of Container</b>						
	<b>Residential</b>				<b>Commercial</b>	
	20 Gallon	32 Gallon	64 Gallon	96 Gallon	1YD Bin 1x/week	3YD Bin 1x/week
<b>Current Rates</b>	<b>\$43.00</b>	<b>\$51.00</b>	<b>\$72.00</b>	<b>\$105.00</b>	<b>\$185.55</b>	<b>\$392.14</b>
<b>Proposed Rate Adjustment</b>	11.62%	4.90%	0.00%	0.00%	-5.00%	-5.00%
<b>2021 Proposed Rate / Mo.</b>	<b>\$48.00</b>	<b>\$53.50</b>	<b>\$72.00</b>	<b>\$105.00</b>	<b>\$176.27</b>	<b>\$372.53</b>
<b>Increase (Decrease) / Mo.</b>	\$5.00	\$2.50	\$0.00	\$0.00	(\$9.28)	(\$19.61)
<b>2021 Projected Revenue at Proposed Rates</b>						
	<b>Residential</b>	<b>Commercial</b>	<b>Total</b>			
Projected Revenue at <u>Current Rates</u> <sup>1</sup>	\$1,490,960	\$280,473	\$1,771,433			
2021 <u>Proposed Rate</u> Revenue	\$1,527,935	\$268,291	\$1,796,227 <b>A</b>			
2021 Proposed Costs	1,496,265	254,797	1,751,062 <b>B</b>			
Excess Amount	\$31,670	\$13,495	\$45,165 <b>A - B = C</b>			
Excess Percentage	2.1%	5.0%	2.5%			

<sup>1</sup> Projected revenue at current rates is based upon the actual revenue for the first 5 months of 2020, annualized.

\* \* \* \*

We appreciate the opportunity to be of continued service to the District. We value our relationship with you and the District and are committed to providing you the highest level of service in the performance of this matter for you. Should you have any questions, please feel free to call me at (925) 977-6961.

Sincerely,

HF&H CONSULTANTS, LLC

Marva M. Sheehan, CPA  
 Vice President

### Rates for Other Services

The following are rates that would be charged for unscheduled services as necessary

Service Category	Rate	Description of Rate
Backyard Collection Service—Single Family Dwelling	For one Solid Waste Cart: \$21.57 (0-50 ft) \$25.16 (51-100 ft)	Rates vary based on distance & number of carts. Contact the District for rates for distances beyond 100 feet and for more than one solid waste cart.
Return Trip Cost—Single Family Dwelling (Request to provide collection service after the regularly scheduled collection day)	\$17.98	Per collection event.
On-Call Bulky Item Collection	\$97.73	Per each collection event beyond first 2 per year. (Each customer receives 2 free bulky collections per year)
Distance charge—MFD and Commercial Accounts	A – 10% of base monthly rate B – 25% of base monthly rate	A – 51 to 100 feet from access by contractor's collection vehicle B – 101 feet or more from access by contractor's collection vehicle
Container Relocation Service	A – 12% of base monthly rate each container B – 27% of base monthly rate each container	A – 51 to 100 feet from access by contractor's collection vehicle B – 101 feet or more from access by contractor's collection vehicle
Extra Pick-Up Cost—MFD and Commercial Accounts	25% of the base monthly rate for the size of container collected once per week	Per collection event
Additional Targeted Recyclable Materials or Organic Materials Cart Rental	A -- \$ 3.59	A – Monthly rental fee (any size cart, minimum 6 months)
Collection of Contaminated Targeted Recyclable Materials or Organic Materials Container	25% of the base monthly rate for the size of container collected once per week <b>Plus:</b> \$17.98	Per collection event
Key Service	A -- \$10.19 per month B -- \$11.38 per month	A – Residential Customers B – Commercial Customers
Lock Purchase	\$20.37 –one time charge	One-time charge per account. No fee for replacement locks.
Overage Fee	100% of base monthly rate	Per collection event
Overage Bags	50% of the base monthly rate or \$9.58 minimum	Rate per bag
Container Cleaning	A – \$59.92 B – \$101.85	A – per Cart B – per Bin or Drop-Box
Dirty Cart Replacement	A – \$77.88 B – \$89.87 C – \$101.85	A – per 32 gallon Cart B – per 64 gallon Cart C – per 96 gallon Cart
Additional Compost Material Delivery	A – \$149.79 B – \$299.58	A – One way delivery B – Round trip delivery

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**DRAFT**

Important Information - Notice of Public Hearing  
"Solid Waste & Recyclable Material Rate Increase"  
Wednesday, December 9, 2020 at 7:00 p.m.

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



If you wish to file a written protest, please send a letter in a sealed envelope addressed to:

**West Bay Sanitary District**  
**Attn: District Manager (Solid Waste Rates)**  
**500 Laurel Street, Menlo Park, CA 94025**

Your letter must identify the real property you own or rent by street address and assessor's parcel number (APN). Your letter must be legibly signed by any one of the current property owners or ratepayers of record.

The District must receive your letter in a sealed envelope by 4:00 p.m. on December 9, 2020 or it must be presented at the District Board meeting on December 9, 2020 prior to the close of the public hearing on this matter or by Zoom Join Zoom Meeting <https://zoom.us/j/98868858396>pwd=R1BSGw4OTdhNE0vbTBWapLS05Rdz09 Meeting ID: 988 6885 8396 Passcode: 170890 or by phone (669) 900-6833 Meeting ID: 988 6885 8396 Passcode: 170890

Any person interested, including all solid waste/recycling collection customers of the West Bay Sanitary District, may appear by Zoom or phone at the public hearing and be heard on any matter related to the proposed increase in rates.

If you would like additional information on the proposed rates, please call the District at 650-321-0384.

**NOTICE OF INTENT TO INCREASE COLLECTION RATES FOR SOLID WASTE/RECYCLABLE**

**MATERIALS IN THE WEST BAY SANITARY DISTRICT**

The District Board of the West Bay Sanitary District hereby gives public notice of its intent to increase some of the existing residential rates for the collection of recyclable materials, compost, and refuse for 2021. The District Board plans to consider this rate increase at a **public hearing on December 9, 2020 at 7:00 p.m.** in the Board Conference Room located at 500 Laurel Street, Menlo Park or by Zoom or telephone to encourage social distancing <https://zoom.us/j/98868858396pwd=R1IBSGw4OTdhNE0vbTBWpLS05Rdz09> Meeting ID: 988 6885 8396 Passcode: 170890 or by telephone (669) 900-6833 Meeting ID: 988 6885 8396 Passcode: 170890

**The need for this increase was discussed by the District Board at the September 23, 2020 Regular Board meeting, and is further detailed in the staff report for this matter and the Draft Report dated September 16, 2020 by HF&H Consultants (Rate Study), both of which are available at the District Office located at 500 Laurel Street, Menlo Park or online at [www.westbaysanitary.org](http://www.westbaysanitary.org)**

Approximately fifty-seven percent (57%) of residential service containers are a 32 gallon size. The new rate for 2021 for a 32 gallon container would increase from \$51.00 per month to \$53.50 per month, a \$2.50 per month increase. The new rate for the 20 gallon container would increase from \$43.00 per month to \$48.00 per month, a \$5.00 per month increase. 20 gallon containers will be grandfathered to current users but are no longer available to new customers or to customers wishing to migrate down to a 20 gallon container. As further detailed in the Rate Study, the purpose of these increases is to align the Solid Waste Rates with the actual proportionate cost of providing the service to customers in each Customer Service Level.

For comparison purposes, the maximum typical residential rates for 32 gallon containers for SBWMA Cities including Atherton, Burlingame, Belmont, Hillsborough, Menlo Park, Redwood City, San Carlos, and San Mateo, range from a low of \$24.59 (Foster City) to a high of \$50.00 (Atherton), based upon 2020 rates.

**Proposed Maximum Solid Waste Rates for 2021**

Customer Service Level	MONTHLY RATES			QUARTERLY RATES		
	Current Monthly Rate	Proposed Monthly Rate	Monthly Increase (Decrease)	Current Quarterly Rate	Proposed Quarterly Rate	Quarterly Increase
<i>Residential:</i>						
20 gallon can	\$43.00	\$48.00	\$5.00	\$129.00	\$144.00	\$15.00
32 gallon can	\$51.00	\$53.50	\$2.50	\$153.00	\$160.50	\$7.50
64 gallon can	\$72.00	\$72.00	\$0.00	\$216.00	\$216.00	\$0.00
96 gallon can	\$105.00	\$105.00	\$0.00	\$315.00	\$315.00	\$0.00
<i>*Commercial:(Per Pick Up)</i>						
1 yard bin	\$185.55	\$176.27	(\$9.28)	n/a	n/a	n/a
2 yard bin	\$352.15	\$334.54	(\$17.61)	n/a	n/a	n/a
3 yard bin	\$392.14	\$372.53	(\$19.61)	n/a	n/a	n/a
4 yard bin	\$522.84	\$496.70	(\$26.14)	n/a	n/a	n/a
6 yard bin	\$648.17	\$615.76	(\$32.41)	n/a	n/a	n/a
32-Gallon Cart	\$51.00	\$53.50	\$2.50	n/a	n/a	n/a
64-Gallon Cart	\$72.00	\$72.00	\$0.00	n/a	n/a	n/a
96-Gallon Cart	\$105.00	\$105.00	\$0.00	n/a	n/a	n/a

(Continued) Rates for Other Services

\*Commercial bin rates reflect collection charge for one pick up per week; To calculate charge for more than one collection per week, multiply rate by number of collections per week. For example, 1-Cubic Yard Bin (at proposed rate) collected 3 times per week = \$528.81 (\$176.27 x 3 collections/wk)



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**DRAFT**

**NECESSITY FOR THE NEW RATES**

The West Bay Sanitary District is a member of the South Bayside Waste Management Authority, and contracts with Recology San Mateo County (RSMC) and South Bay Recycling (SBR) for collection services and operation of the Shoreway Center, respectively, as of January 1, 2011. The proposed rates result from the weekly recycling, organic materials and solid waste collection services and Shoreway operations provided by RSMC and SBR, contractual compensation adjustments, and migration to smaller containers.

The collection services include the more convenient weekly collection, rather than bi-weekly collection, of single stream recycling, organic materials (yard trimmings and food scraps) and solid waste. The Shoreway facility has also undergone substantial capital improvements to construct a new Materials Recovery Facility (MRF) and an expanded Transfer Station. These improvements facilitate single stream (mixed) recycling, enhance onsite public recycling activities, and improve traffic circulation at the Shoreway Facility.

The District is in the fourth year of a multi-year pricing restructuring plan, so that a transition is made where-by the smaller cans will support their own cost of collection and disposal.

The West Bay Sanitary District hereby gives notice of a public hearing to be held at its Board meeting on December 9, 2020, at 7:00 p.m. in the District's "Ronald W. Shepherd" Administration Building located at 500 Laurel Street, Menlo Park, CA or by Zoom or telephone to encourage social distancing <https://zoom.us/j/98868858396?pwd=R1IBSGw4OTdhNE0vbTBWpLS05Rdz09> Meeting ID: 988 6885 8396 Passcode: 170890 or by telephone (669) 900-6833 Meeting ID: 988 6885 8396 Passcode: 170890 At this hearing, the Board of Directors will consider public comment as well as written protests by ratepayers regarding the proposed increase in monthly collection rates. If written protests are presented by a majority of the affected ratepayers prior to the close of the public hearing, the Board of Directors will not increase the rates as a matter of State law, however levels of service may be impacted.

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## WEST BAY SANITARY DISTRICT AGENDA ITEM 4

**To:** *Board of Directors*

**From:** *Bob Hulsmann, Operations Superintendent*

**Subject:** *Consideration to Approve Performance Merit Pay Program for FY2020-2021*

---

### Background

In October 2010, the Board requested the District Manager to draft a program to recognize employees for their outstanding achievements in meeting productivity goals and exceeding standard performance measures. In September of 2012 the Board approved the Performance Merit Pay Program (Program). Additionally, the Program was introduced by the Board to Staff and approved during negotiations. Staff immediately began working on the Program's aggressive goals in October of 2012.

The Board discussed and approved a maximum program budget which was included in past seven fiscal budgets for the Performance Merit Pay Program and approved the criteria with the established goals based on recommendations from the District Manager.

### Analysis

The Board adopted Director Moritz' template for using performance measures identified in our monthly Operations & Maintenance reports. Using this template, the District Manager and staff inserted figures for the expected base productivity level for each performance measure and the optimum target goal productivity level. The program also includes a scenario of productivity falling somewhere between the base and target goal productivity levels to show an example of achieving a portion of the goal and how it's weight factor affects the overall total performance (see Exhibit A.)

The purpose of such a program is to award staff for meeting or exceeding performance goals. The goals are not for normal performance (base) but to recognize extraordinary performance. The Performance Merit Pay Program is not guaranteed; payouts may vary from one year to the next. The intent of this program is to continue productivity at a high level, sustain high productivity levels, and reward the efforts of District staff for their performance in continuing the efficiency and quality of work and reducing Sanitary Sewer Overflows (SSOs). Management recalculates and reassesses the base for each performance measure and the goal that is expected to be achieved from one year to the next.

There are ten performance elements with the greatest weight given to the reduction of Sanitary Sewer Overflows. Staff seeks to maintain the current goals.

Staff is requesting the Board approve the goals for the next PMP year (Oct 2020 through Sept 2021) to be paid out in FY 2021/22 (November 2021) and provide for the consideration of exception to an SSO when it clearly derives from a Contractor's negligence.

#### Fiscal Impact

The total budgeted amount for FY2020/2021 is \$150,000 maximum pay out. This will provide for a maximum merit payout of up to \$5000 for each Full-time employee. Since the start of the program, the maximum merit payout per employee has not yet been reached.

#### Recommendation

The Operations Superintendent and the District Manager recommend the Board approve the revised Performance Merit Pay Program for 2020-2021 per Exhibit "A".

Attachment: Performance Merit Pay Program 2020-2021





## WEST BAY SANITARY DISTRICT

### PERFORMANCE MERIT PAY PROGRAM 2020-2021

#### **Purpose**

Performance Merit Pay program (PMP) is meant as an award for meeting or exceeding performance goals. The goals are not for "normal" performance. They are to recognize extraordinary performance. The annual goals are not static from one year to another. The goals can be expected to increase each year. The annual budget for payouts, if any and goals are established at the sole discretion of the WBSD Board of Directors and after the year's end, taking into consideration the recommendations of the District Manager.

#### **Caveats**

PMP is not a guaranteed payout. Participants should be aware that a payout in one year may not be the same as the following year, or that it's possible no payout will be made.

If ANY evidence is found that any report required by a government agency is not filed timely and without accurate data, this program will be cancelled for the entire year for all participants.

#### **Participants**

This program would apply to all bargaining unit members and unrepresented employees except:

- Any employee terminated for cause or during probationary period
- Any employee who has been disciplined for cause by suspension without pay or temporary pay reduction in lieu of suspension
- Any employee who voluntarily separates employment with the District, except for retirement.

All other employees who are on the WBSD payroll during the 12-month period designated for the PMP, and have worked in excess of 90 days in the PMP year, are eligible to participate in the achieved payout. This includes full time, temporary employees, and employees on leave of absence without pay. Payouts will be pro-rated based on percent of time worked based on the full year being 100%. Pro-rated payments will be determined by dividing the actual number of work days an individual worked in the year by the maximum workdays in the annual PMP period.

#### **EXAMPLE:**

- A long time employee retires on March 31.
- There were 126 workdays between October 1 and March 31(See definition of annual period below).
- There are 247 workdays in a full year.
- Thus, the retiree would receive 126/247nds, or 51% of an annual payout.

#### **Payments**

PMP payments will be made after all data has been collected to calculate performance. Each PMP period will begin October 1 and run through September 30. Assuming no problem is encountered with the data collection and completion of all calculations, payout checks can be expected to be issued in mid-November.

Payments are treated as normal income to the individual participant and are subject to all applicable taxes. Those taxes will be withheld by WBSD and sent to the applicable tax authority, same as in the case of a normal paycheck.

Individual payouts to eligible participants will be determined by dividing the full and pro-rated amounts into the Total Available PMP Payout that has been designated by the WBSD Board of Directors for the budget period in which the payout is to be made.

**Total Available Payout**

Each budget period, or mid-year budget, the WBSD Board of Directors may designate a Total Available PMP Amount that will be available to cover the cost of participant payments. This amount will also be known as the Maximum Merit Payout. The final Total Payout Amount will be calculated by multiplying the sum of all Performance Merit Factors by the Total Available PMP Amount. (Not to exceed \$5,000 per FTE)

**EXAMPLE:** For the period October 1, 2020 through September 30, 2021 Total PMP Amount is set at \$150,000.00.

The MAXIMUM Merit Payout (100%) would be calculated as follows:

There were 30 full time employees who worked the entire period (October through September).

30 x 247 workdays = 7410 workdays

However, of the 29 FTE's:

One individual retired on July 15, 2021,

The period October 1 through July 15 had only 196 workdays

There were also two part-time employees who each were employed for a period of 100 workdays.

2 workers x 100 workdays = 200 workdays

Total workdays in the year for FTE's and PTE's = 7,410 + 200 = 7,610 workdays

The maximum factor payout per work day would be:

\$150,000.00 / 7,610 workdays = \$19.71 per work day

The full time workers could receive up to:

247 workdays x \$19.71 = \$4,868.47

The retiree could receive:

196 workdays x \$19.71 = \$3,863.16

Each of the part time employees could receive:

100 workdays x \$19.71 = \$1,971.00

Total Possible Payout:

=\$148,990.79

NOTE: Each of the MAXIMUM Merit Payout amounts would be subject to the final Total Performance Factor that is described and calculated in the next section.

**Performance Factors**

A set of ten Performance Elements will be tracked and included in the calculation of a final Total Performance Factor. A Base Level and Target Goal Level will be set for performance in each Performance Element for the PMP period. The difference between the Base Level and the Target Goal Level will be measured as a percent of attainment. Each Performance element is "weighted" in its portion of the Total PMP Performance Factor. The sum of all the Performance Elements may not exceed 100%. Total PMP Performance Factor is used to calculate the final payouts.

**EXAMPLE: (Numbers are fictitious)**

Final Annual Payouts:

- Full Time Employees - \$4,868.47x 90.0 % = \$ 4,381.62 x 29
  - Retiree - \$3,863.16 x 90.0 % = \$ 3,476.84 x 1
  - Part Time employee - \$1,971.00x 90.0 % = \$ 1,773.90 x 2
- Total = \$134,091.62

<u>Performance Element</u>	<u>Target</u>			<u>Actual</u>	<u>% of Goal</u>	<u>Weight</u>	<u>Value</u>
	<u>Base</u>	<u>Goal</u>	<u>Spread</u>				
1. Customer Satisfaction (surveys) (Good or better responses) Formula: Actual minus base, difference divided by spread (Goal minus base)	90%	98%	8	96.5%	81.3 %	0.08	0.065
	(96.5-90=6.5; 6.5 / 8=81.3%)						
2. Safety (Incidents of Work Lost/Yr) (3=0%, 2=33%, 1=66%, 0=100%)	3	0	3	0	100.0 %	0.08	0.080
3. Miles Pipe CCTV'd / Manhour (Base is 40 miles@4,860 man-hours (3 ee x 1620 hrs) (Goal is 50 miles@3,240 man-hours (2 ee x 1620 hrs) (Scenario Actual 50 miles, 3,704 hours(2.28 ee x 1620 hrs/ee))	.0082	.0154	.0072	.0135	88 %	0.09	0.079
4. Miles Pipe Cleaned / Manhour (Base = 160 miles @ 4,617 man-hours (2men @1443 hrs + 2men 3days/wk@865hrs) (Goal = 170 miles @ 4,617 man-hours (3,240 hrs + 1,944 hrs = 4,617) (Scenario Actual = 189 miles @ 4,617 man-hours)	.0347	.0366	.0019	.0365	95%	0.15	0.143
5. Unscheduled Pump Station Repairs (New) 18 (18= 0%, 17 = 16.6%, 16 = 33.3%, 15 = 50.1%, 14 = 66.8%, 13 = 83.5%, 12 = 100%)	18	12	6	15	50%	0.03	0.015
6. Pipe Repair Dig-ups / Manhour (Base = 75 (810 x 3 = 2,430 hrs) (Goal = 90 (810 x 3 = 2,430 hrs) (Scenario Actual = 90@2,430 man-hours (3men@1640/2 hrs))	.0309	.0370	.0061	.0370	100 %	0.04	0.040
7. Pipe Repair Patches / Manhour (Base = 50 (810 x 3 = 2,430 hrs) (Goal = 65 (810 x 3 = 2,430 hrs) (Scenario Actual = 65 @ 2,430 man-hours (3men@1640/2 hrs))	.0206	.0267	.0061	.0267	100 %	0.04	0.040
8. SSO's (Category-1) (Base of 3, Goal of 0) (Scenario Actual (3=0%, 2/33%, 1/67%, 0/100%))	3	0	3	1	67 %	0.20	0.134
9. SSO's (Category-2 & 3) (Base=10, Goal =6) (Scenario Actual=7) (10=0%, 9= 25%, 8= 50%, 7=75%, 6=100%)	10	6	4	7	75%	0.22	0.165
10. Quality Control – line cleaning (test 60) (Base=8, Goal=0, Scenario Actual= 3 to be re-cleaned) 8=0%, 7=12.5%, 6= 25%, 5=37.5%, 4=50%, 3=62.5%, 2=75%, 1=87.5%, 0=100%	8	0	8	7	12.5%	0.07	0.0087
						1.0	0.7697

## DEFINITIONS

**Base** – The Base figure will be the level of performance below which no PMP will be paid.

**Target Goal** – This level of productivity will be set to reflect extraordinary performance. Achieving or exceeding the goal for each Performance Factor will result in the calculation of 100% payout for the given Performance Factor. 100% is the maximum performance for any single element.

**Weight** – Each factor is assigned a portion of the total weight of 100%. The amount of weight indicates the importance of the factor relative to the other factors.

**Value** – The difference between the Base and the Goal level will determine the Percent Factor shown as the Value in the table above that will be paid for each Performance Factor. The sum of all Performance Factors will be the Payout during each annual period.

**Spread** – The difference between the **Target Goal** and the **Base**. The **Actual** minus the **Base** is then divided by the **Spread** to find the **% of Goal** achieved.

**Customer Satisfaction** – An ongoing survey of all WBSD customers that call in for service will be made to measure the level of customer satisfaction with the service provided by the District. The results of that survey will determine the level of satisfaction used in the annual PMP. The base performance measure is 90% of all surveys collected result in an Excellent or Above Average rating in each of the overall survey category. The survey will be conducted monthly and tabulated from October through September with the results calculated for November payout, if approved.

**Safety (Incidents of Work Lost / yr)** – The number of incidents that result in work lost due to a work related accident. This lost time accident would not be a first aid incident but an accident/injury that resulted in the employee being required to recover at home prior to returning to work.

**Miles of Pipe CCTV'd per Man-Hour** – The average miles of pipe CCTV'd each month will be calculated over the twelve month PMP period. Calculation will be made to the nearest tenth of a mile. The average monthly number of Man-Hours spent on the task of CCTV will be calculated. The average miles will be divided by the average Man-Hours to determine the monthly average number of mile of pipe CCTV'd per Man-Hour.

**Miles of Pipe Cleaned per Man-Hour** – The average miles of pipe cleaned in the Basin and High Frequency cleaning each month will be calculated over the twelve month period of the PMP period. Calculation will be made to the nearest tenth of a mile. The average monthly number of man-hours spent on the task of cleaning pipe will be calculated. The Average Miles will be divided by the Average Man-Hours to determine the monthly average number of miles of Pipe Cleaned per Man-Hour.

**Unscheduled Pump Station Repairs** – The number of unscheduled pump station repairs each month will be calculated over the twelve month period of the PMP period. Calculation will be made to the nearest whole number. The more efficient the scheduled maintenance the less unscheduled maintenance there should be. The number of unscheduled pump station repairs will be tallied to determine the total for the year with a target of 12/year or less.

**Pipe Repairs / Dig-Ups per Man-Hour** - The average number of pipe repairs and dig-ups each month will be calculated over the twelve month period of the PMP period. Calculation will be made to the nearest whole number. The average monthly number of man-hours spent on the task of making pipe repairs and dig-ups will be calculated. The Average Repairs and Dig-Ups will be divided by the Average Man-Hours to determine the monthly average number of Pipe Repairs / Dig-Ups per Man-Hour.

**Pipe Repairs / Patches per Man-Hour** - The average number of pipe repairs and patches each month will be calculated over the twelve month period of the PMP period. Calculation will be made to the nearest whole number. The average monthly number of man-hours spent on the task of making pipe repairs and patches will be calculated. The Average Repairs and Patches will be divided by the Average Man-Hours to determine the monthly average number of Pipe Repairs / Patches per Man-Hour.

**SSO's Category-1, Annual Total** – A sanitary sewer overflow as defined by the State Water Resources Control Board. The base and target goal should decrease each year until the optimum spill ratio is reached.

**SSO's Category-2 & 3, Annual Total** - A sanitary sewer overflow as defined by the State Water Resources Control Board.

**Quality Control** – Sewer main lines are picked at random for CCTV inspection from the list of lines cleaned the previous month to assess the quality of cleaning performed. Any lines inspected which are found to need further cleaning count against the goal but more importantly are reviewed to determine if a change in cleaning methods appropriate, if a repair is necessary or if operator error is a factor.



## WEST BAY SANITARY DISTRICT AGENDA ITEM 5

**To:** *Board of Directors*

**From:** *Debra Fisher, Finance Manager*

**Subject:** *Consideration to Approve the Preliminary Financial Statements FY 2019-20 for Fiscal Year ending 6/30/2020*

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**Background:**

Attached for the Board's review are the District's Preliminary Financial Statements for the year ending June 30, 2020. The Pension (PERS) adjustment will need to be updated for the Audited Financial Statements, as required by Governmental Accounting Standards Board (GASB) Statement numbers 68. There may be other small corrections identified during the audit process.

The Deferred Outflows and Inflows of Resources for the Pension will be updated during the District's Financial Audit in October 2020.

**Revenues:**

For fiscal year ending June 30, 2020, total revenues were \$41,488,131, including the General Fund, Capital Fund, and Investment in SVCW; 29% over the annual budget, notwithstanding the underdeveloped Sewer Service Charges.

**General Fund:**

- **Sewer Service Charges.** A total of \$30,003,748 were recognized, 98% of the annual budget, with \$1,195,804 received on July 1, 2020. The Tax Roll was \$536,083 lower than the budget, because several private residential and commercial projects were not completed, as expected.
- **Permit Fees.** Permit & Inspection Fees of \$148,144, exceeding the budget by 48%.
- **Flow Equal.** The total budgeted amount of \$351,138 was received.
- **Other Operating Income.** A total of \$408,763, exceeding the budget by 17%, was recognized, primarily for Los Altos Hills and the Town of Woodside on-going maintenance agreements.

- 
- Revenue from Los Altos Hills was \$334,304,
  - Revenue from Town of Woodside was \$65,899
  - An additional \$8,560 was received on miscellaneous receipts
  
  - **Other Non-Operating Revenues:** The District recognized total non-operating revenue of \$9,883,155. The majority from the District's 23.91% Investment in Silicon Valley Clean Water (SVCW), detailed under Other Non-Operating Revenues.
    - **Interest Income.** Total Interest income was \$967,924, including a prior period adjustment, predominantly from Investments in Reserve accounts and Local Agency Investment Fund (LAIF).
      - Bank of the West Investment accounts earned \$405,028
      - Bank of the West Money Market earned \$1,281
      - LAIF earned \$564,834, with an annual yield of 1.934%
      - A prior period adjustment reduced interest by \$3,219
  
    - **Gain / (Loss) on Marketable Securities & Other Gains.** The District realized \$135,897 in gains.
      - Gains on securities was \$40,584
      - Gains on the PARS Trust was \$90,406
      - Gains of \$4,907 were recognized on the sales of two retired vehicles, over their book value, for \$34,356
  
    - **Other Non-Operating Revenues:** The District recognized \$8,779,333 in other revenues.
      - \$75,000 from the State of California for Proposition 13 Recycled Water Funds
      - \$27,614 from CSRMA for a self-insurance dividend
      - \$15,916 in miscellaneous receipts
      - \$8,660,804 was recognized as revenue from SVCW
        - \$154,518 for IRS refundable credit from SVCW
        - \$67,723 increase in the Investment in SVCW for FY 2018-19, based on the difference between the estimate used for the District's June 30, 2019 audit and SVCW's Audited Financial Statements.
        - \$8,438,562 was recognized based on the SVCW Unaudited Analysis of Net Position for FY 2019-20.

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**Expenses:**

For fiscal year ending June 30, 2020, total Expenses were \$33,394,056, exceeding the budget by 5%, including depreciation and a \$3,978,839 prior period adjustments. Without the prior period adjustment, expenses were 7% under budget.

- **WBSD Operating Expenses.** General Fund Expenses were \$7,807,001, excluding \$2,043,269 in Capital Depreciation, 89% of the annual budget. Including depreciation expense, internal Operating Expenses were 87% of the annual budget.
  - The largest variances from the budget were Salaries & Wages, which is at 110% of the annual budget, due to the full value of the final contract with IBT Local 350. The final approved budget included a 3% COLA in its assumptions, not the 4% increase in salaries and decreases in employee pension contributions required by the MOU.
  - Insurance was 116% of the annual budget. These costs were under budgeted in the prior year and had large increases in FY 2019-20.
  - The only other items over budget were Memberships and Office Expense, which were 1% and 6%, over budget, respectively.
  - The other seventeen budget items were under the annual budget by 16%.
- **External Operating Expenses.** These include \$19,551,977 paid to SVCW, which was 4% under budget, and \$20,152 paid to San Mateo Local Agency Formation Commission (LAFCo), 6% over budget. The District holds a 23.91% share of SVCW's Net Position as of June 30, 2020 Unaudited Analysis of Net Position.
- **Non-Operating Expenses.** There were no Non-Operating Expenses. Previously, SVCW and LAFCo were shown as non-operating expenses. To align statements with audited financial statements; current expenses are recognized as Sewage Treatment Plant under Operating Expenses.
- **Prior Period Adjustment.** The \$3,978,839 adjustment is related to a reconciliation of the District's fixed asset schedule and recorded as an adjustment to the Beginning Fund Balance for FY 2019-20.
  - \$3,864,551 is additional Depreciation Expense and adjustment of Accumulated Depreciation. In 2004, the District recognized almost \$24 million in assets, due to implementation of GASB 34 for infrastructure accounting. These assets have not been depreciated, as required. The depreciation in the current year, is recorded as such, while the depreciation for the prior periods is a prior period adjustment.
  - \$114,288 is for other write-offs of assets related to prior periods.

- \$101,305 in discontinued Construction in Progress Projects from 2002 through 2005
- \$12,983 in miscellaneous variances in the fixed asset schedule.

**Capital & Reserves:**

For fiscal year ending June 30, 2020, total Capital Expenditures and Reserve Transfers were \$5,800,924, 65% of the annual budget, excluding the Recycled Water Facility expenditures.

***Capital Fund***

- **Capital Fund Revenue.** Connection Fees were \$572,970, 15% over budget.
- **Capital Fund Expenses.** Capital spending was \$2,672,383, 37% of the budget, including \$443,123 in write-offs for obsolete items past their useful lives, purchased before 2009 and discontinued projected from 2002 to 2005.
  - **Administration.** A total of \$87,374 was expended on Administration, 32% of the \$275,000 budget; District Office, Levee Surveys, Flow Monitoring Study, and the Server Replacement Program.

	Actual FY 2019-20	Budget FY 2019-20	YTD % Annual Budget
<b>Administration</b>			
District Office Exterior	-	10,000	0%
District Office Interior	11,400	10,000	114%
Levee Survey & GPS Update	44,488	60,000	74%
Flow Monitoring Study	29,986	30,000	100%
Server Replacement Program	1,500	15,000	10%
Corporate Yard Renovation Feasibility Study	-	150,000	0%
<b>Total Administration</b>	<b>87,374</b>	<b>275,000</b>	<b>32%</b>

**Collection Facilities.** \$396,666 was expended on Collection Facilities, 15% of the \$2,662,050 budget.

	Actual FY 2019-20	Budget FY 2019-20	YTD % Annual Budget
<b>Collection Facilities</b>			
Metal Storage Building - Phase 1	2,708	420,000	1%
Metal Storage Building - Phase 2	-	432,550	0%
FERRF Improvements & Demolition Treatment Plant	20,679	500,000	4%
Sheet Piling Project	363,297	1,000,000	36%
Bayfront Resource Recovery (Environmental Impact Report)	-	300,000	0%
Smart Covers (2)	9,983	9,500	105%
<b>Subtotal Collection Facilities (Excludes Vehicle &amp; Equipment)</b>	<b>396,666</b>	<b>2,662,050</b>	<b>15%</b>



- **Vehicle & Equipment.** \$346,175 was expended on new vehicles and equipment, 88% of the \$395,000 budget.
  - Two vehicles were retired and sold for \$34,356, resulting in a \$4,907 gain over the book value
  - An additional \$270,000 was contributed to the Vehicle & Equip Replacement Reserve

	Actual FY 2019-20	Budget FY 2019-20	YTD % Annual Budget
<b>Vehicle &amp; Equipment</b>			
Pipehunter Replace (Carryover)	220,071	220,000	100%
Mainline CCTV Camera	23,726	25,000	95%
Service Truck - Unit 208	53,568	60,000	89%
Operations Superintendent SUV - Unit 206	48,183	50,000	96%
Flo Dar Equipment (Flow Meters)	33,979	35,000	97%
Ads Flow Meter	-	5,000	0%
Other Vehicles Improvements	1,005	-	
Sales of Vehicles	(34,356)	-	
<b>Total Vehicle &amp; Equipment</b>	<b>346,175</b>	<b>395,000</b>	<b>88%</b>

- **Subsurface Lines and Other.** \$2,041,065 was expended on scheduled Pump Stations, Pipeline Replacement and Rehabilitation; 55% of budget.
  - **Pump Stations.** A total of \$80,567 was expended on scheduled pump, valve, and fence replacements at District and private Pump Stations, 5% over the \$77,000 budget. Another \$95,376 was expended on unanticipated expenditures.
  - **Pipeline Replacement & Rehab Engineering.** \$213,804 was expended on Phase 1 of Isabella, Gilbert, Bay North, and Coyote Hill Projects, 61% of the \$350,000 budget.
  - **Pipeline Replacement & Rehab Construction.** \$1,746,694 was expended on Belle Haven III, Alpine, and the Town of Atherton, 53% of the \$3,300,000 budget.
    - A private project at 1540 El Camino was performed by a developer. The District recognized the \$25,500 discount to Connection Fees as the value of the improvement to the District's Subsurface Lines.

	Actual FY 2019-20	Budget FY 2019-20	YTD % Annual Budget
<b>Subsurface Lines and Other</b>			
<b><u>Pump Stations</u></b>			
Pump & Valve Replacement Program	48,496	40,000	121%
Private Pump & Panel Replacements	17,691	20,000	88%
Pump Station Fence Replacement & Repair	14,380	17,000	85%
<b><u>Pipeline Replacement &amp; Rehab Engineering</u></b>			
Isabella, Gilbert, Bay North, Coyote Hill - Phase 1	213,804	350,000	61%
<b><u>Pipeline Replacement &amp; Rehab Construction</u></b>			
Belle Haven III & Alpine	1,203,914	-	
Town Of Atherton Civic Center - Dinklespeil	517,280	800,000	65%
Isabella, Gilbert, & Bay North - Phase 1	-	2,500,000	0%
Private ECR Project Improvements (Credited to Connection Fees)	25,500	-	
<b>Total Subsurface Lines And Other</b>	<b>2,041,065</b>	<b>3,727,000</b>	<b>55%</b>

- **Other Capital Projects.** The District budgeted \$210,000 for environmental reviews, manhole raising, and unanticipated capital expenditures.
  - \$22,464 was expended on manhole raising and lining
  - \$221,792 was expended on unanticipated capital expenditures
    - \$42,617 was for diesel tank failures at University Pump Station and Willow Pump Station
    - \$79,609 was for a Standby Generator, in anticipation of PG&E shutdowns; Board approved 12/11/19
    - \$46,357 was for a Mudmaster, camera transport unit for large pipe CCTV; Board approved 12/11/19
    - \$52,759 was for the Diesel Tank Replacement Project; Board approved 4/22/20
    - \$450 was for a miscellaneous adjustment to reconcile prior period fixed assets
  - \$301,144 was a write off of obsolete items, purchased before 2009, which the District no longer employs and have been fully depreciated
  - \$141,979 was written off; \$101,305 for discontinued Construction in Progress Projects from 2002 through 2005 and \$12,983 for prior period adjustments and \$27,690 reversing prior year accruals.

	Actual FY 2019-20	Budget FY 2019-20	YTD % Annual Budget
Construction Projects Environmental Review	-	10,000	0%
Manhole Raising (Paving Projects)	22,434	100,000	22%
Allowance For Unanticipated Capital Expenditures	221,792	100,000	222%
Write-off Obsolete Items, older than 2009	(301,144)	-	
Write Off Discontinued CIP Projects 2002-2005	(141,979)	-	
<b>Subtotal Other Capital Projects</b>	<b>(198,897)</b>	<b>210,000</b>	<b>-95%</b>

**Reserves**

The District transferred \$3,128,541 to reserve accounts to protect cash flow between sewer service fee payments from the county, maintain fiscal stability, and reserve for future projects.

- **Reserves.** \$2,453,000 was transferred to unrestricted reserve accounts.
  - The \$1.3 million to Operating Reserves achieved the \$9 million target set by the Board of Directors
  - Other transfers were aligned with the forecast to achieve the targets; \$200,000 to Emergency Capital, \$683,000 to Capital Project, and \$270,000 to the Vehicle & Equipment Replacement Reserves.
- **Restricted Reserves.** Sharon Heights Golf & Country Club (SHGCC) paid \$675,541, which was transferred to the Recycled Water SRF Reserve account.

	Actual FY 2019-20	Budget FY 2019-20	YTD % Annual Budget
<b><u>Contributions To Reserves</u></b>			
Operating Reserves Transfers (Target Goal \$9M)	1,300,000	-	
Rate Stabilization/Bond Reserve (Target Goal \$8M)	-	1,000,000	0%
<b><u>Capital Reserves</u></b>			
Emergency Capital Reserves Transfer (Target Goal \$5M)	200,000	-	
Capital Project Reserves Transfers (Target Goal \$6M)	683,000	350,000	195%
Vehicle & Equip Replacement Reserve	270,000	350,000	
Recycled Water Facility Cash Flow Reserve	-	-	
Recycled Water SRF Reserve - Restricted	675,541	-	
<b>Total Contributions To Reserves</b>	<b>3,128,541</b>	<b>1,700,000</b>	<b>184%</b>

**Recycled Water:**

***Recycled Water Facility - SHGCC***

Expenditures on the Sharon Heights Golf & Country Club (SHGCC) Recycled Water Facility totaled \$7,267,058, for a project total of \$22,518,760. \$21,746,955 has been received from the State Revolving Fund, with \$640,886 pending, as of June 30, 2020.

	Actual FY 2019-20	Budget FY 2019-20	YTD % Annual Budget	Total Project
<b>Assets:</b>				
<b>Construction in Progress</b>				
Recycled Water Facility - SHGCC	7,267,058	7,918,649	92%	22,518,760
Accounts Receivable - SHGCC	67,554			67,554
Accounts Receivable - State Water Resources	640,886			640,886
<b>Liabilities:</b>				
Notes Payable SRF Loan	(11,454,844)			(21,746,956)
SHGCC SRF Loan Pmt Advance	(878,207)			(878,207)

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**Solid Waste:**

The Solid Waste Fund had a net increase of \$49,713, 149% higher than the annual budget.

- **Solid Waste Fund Revenue.** Franchise fees were \$120,214, exceeding the annual budget by 41%.
- **Solid Waste Fund Expense.** Allocated expenses for the Solid Waste program were \$70,501, 8% over the annual budget.

	Actual FY 2019-20	Budget FY 2019-20	YTD % Annual Budget
<b>Income</b>	120,214	85,000	141%
<b>Expenditures</b>	(70,501)	(65,000)	108%
<b>Net Increase</b>	49,713	20,000	249%

**Fiscal Impact**

The District had a \$12,065,731 increase in Net Position, far exceeding the approved budget. Operating Income was \$1,609,607, exceeding the budgeted net loss. Non-Operating Revenues and Expenses had a \$9,883,155 net increase.

The prior period adjustment reduced the Net Position by another \$3,978,839 resulting in an Ending Net Position of \$131,550,599.

The following is a summary of the Statement of Changes in Revenue, Expenses, and Net Position, based on the years ending June 30, 2019 and June 30, 2020.

<b>Financial Statement</b>	<b>Prior Year FY 2018-19</b>	<b>Actual FY 2019-20</b>	<b>Budget FY 2019-20</b>	<b>Percentage Budget v Actual</b>
Operating Revenues	30,610,150	31,032,006	31,448,053	99%
Operating Expenses	(9,669,818)	(9,850,270)	(11,277,544)	87%
External Operating Expenses	(17,390,469)	(19,572,129)	(20,428,360)	96%
Operating Income (Loss)	3,549,864	1,609,607	(257,851)	-624%
Non-Operating Revenues (Expenses)	9,284,443	9,883,155	310,000	3188%
Capital Contributions	2,324,721	572,970	500,000	115%
<b>Change in Net Position</b>	<b>15,159,028</b>	<b>12,065,731</b>	<b>552,149</b>	<b>2185%</b>

**Recommendation**

The Finance Manager recommends the Board approve the Preliminary Financial Statement for Fiscal Year 2019-20, for the year ending June 30, 2020.

Attachment: Preliminary Financial Statements FY 2019-20

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# **WEST BAY SANITARY DISTRICT**

**INTERNAL FINANCIAL STATEMENTS & ANALYSIS OF FINANCIAL POSITION**

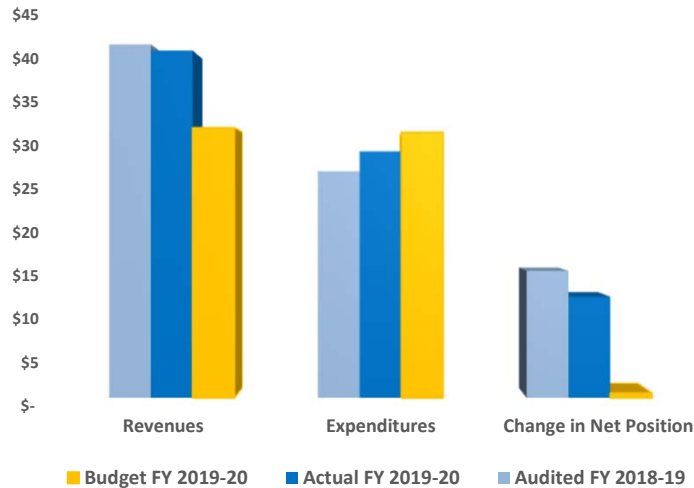


## **Preliminary Financial Statements**

**Fiscal Year 2019-2020**

**Year Ending June 30, 2020**

**WEST BAY SANITARY DISTRICT**  
**Statement of Revenue, Expenses and Changes in Net Position**  
**Fiscal Year 2019-20**  
**June 30, 2020**



	Prior Year FY 2018-19	Actual FY 2019-20	Budget	Variance Budget v Actual	YTD % Annual Budget
<b>Operating Revenues</b>	<b>30,610,150</b>	<b>31,032,006</b>	<b>31,448,053</b>	<b>(416,046.78)</b>	<b>99%</b>
<b>Operating Expenses</b>					
General Fund Expense	7,567,814	7,807,001.34	8,777,544	(970,542)	89%
Capital (Depreciation)	2,102,004	2,043,269	2,500,000	(456,731)	82%
<b>Total WBSD Operating Expenses</b>	<b>9,669,818</b>	<b>9,850,270</b>	<b>11,277,544</b>	<b>(1,427,273)</b>	<b>87%</b>
Sewage Treatment Plant (SVCW)	17,372,083	19,551,977	20,409,360	(857,383)	96%
LAFCO	18,386	20,152	19,000	1,152	106%
<b>Total Operating Expenses</b>	<b>27,060,287</b>	<b>29,422,399</b>	<b>31,705,904</b>	<b>(2,283,505)</b>	<b>93%</b>
<b>Operating Income (Loss)</b>	<b>3,549,864</b>	<b>1,609,607</b>	<b>(257,851)</b>	<b>1,867,458</b>	<b>-624%</b>
<b>Non-Operating Revenues (Expenses)</b>					
Non-Operating Revenues	9,284,443	9,883,155	304,000	9,579,155	3251%
Non-Operating Expenses	-	-	6,000	(6,000)	
<b>Total Non-Operating Revenues (Expenses)</b>	<b>9,284,443</b>	<b>9,883,155</b>	<b>310,000</b>	<b>9,573,155</b>	<b>3188%</b>
<b>Capital Contributions - Connection Fees</b>	<b>2,324,721</b>	<b>572,970</b>	<b>500,000</b>	<b>72,970</b>	<b>115%</b>
<b>Change in Net Position</b>	<b>15,159,028</b>	<b>12,065,731</b>	<b>552,149</b>	<b>11,513,582</b>	<b>2185%</b>
<b>Beginning Net Position</b>	<b>108,304,679</b>	<b>123,463,706</b>	<b>123,463,706</b>	<b>-</b>	
<b>Prior Period Adjustment</b>	<b>-</b>	<b>(3,978,839)</b>			
<b>Ending Net Position</b>	<b>123,463,706</b>	<b>131,550,599</b>	<b>124,015,856</b>	<b>7,534,743</b>	

**WEST BAY SANITARY DISTRICT**  
**Revenue Analysis**  
**Fiscal Year 2019-20**

**GENERAL FUND**

<b>General Fund</b>	<b>Prior Year</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>YTD %</b>
	<b>FY 2018-19</b>	<b>FY 2019-20</b>		<b>Budget v Actual</b>	<b>Annual Budget</b>
<b>Sewer Service Charges</b>					
Residential	21,985,912	23,030,740	22,890,920	139,820	101%
Non-Residential	7,513,961	6,995,092	7,670,995	(675,903)	91%
<b>Total Sewer Service Charges</b>	<b>29,499,873</b>	<b>30,003,748</b>	<b>30,561,915</b>	<b>(536,083)</b>	<b>98%</b>
Permit & Inspection Fees	230,494	148,144	100,000	48,144	148%
Flow Equalization	337,633	351,138	351,138	(0)	100%
Franchises	99,391	120,214	85,000	35,214	141%
Other Operating Income (LAH & TOW)	442,761	408,763	350,000	58,763	117%
<b>Total Operating Revenues</b>	<b>30,610,150</b>	<b>31,032,006</b>	<b>31,448,053</b>	<b>(393,962)</b>	<b>99%</b>
<b>Non-Operating Revenues</b>					
Interest Income	714,836	967,924	50,000	917,924	1936%
Gain/Loss on Securities	882,595	40,584	75,000	(34,416)	54%
Gain/Loss on PARS Trust		90,406	-	90,406	#DIV/0!
Gain/Loss on Sale of Assets	3,061	4,907	-	4,907	
Other Non-Op. Inc.	7,683,951	8,779,333	179,000	8,600,333	4905%
<b>Total Non-Operating Revenues</b>	<b>9,284,443</b>	<b>9,883,155</b>	<b>304,000</b>	<b>9,579,155</b>	<b>3251%</b>
<b>Total General Fund Revenue</b>	<b>39,894,593</b>	<b>40,915,161</b>	<b>31,752,053</b>	<b>9,185,193</b>	<b>129%</b>

**CAPITAL ASSET FUND**

<b>Capital Asset Fund</b>	<b>Prior Year</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>YTD %</b>
	<b>FY 2018-19</b>	<b>FY 2019-20</b>		<b>Budget v Actual</b>	<b>Annual Budget</b>
Connection Fees	2,324,721	572,970	500,000	72,970	115%
<b>Total Capital Asset Fund Revenue</b>	<b>2,324,721</b>	<b>572,970</b>	<b>500,000</b>	<b>72,970</b>	<b>115%</b>
<b>TOTAL REVENUE</b>	<b>42,219,315</b>	<b>41,488,131</b>	<b>32,252,053</b>	<b>9,258,162</b>	<b>129%</b>

**WEST BAY SANITARY DISTRICT**  
**Expense Analysis**  
**Fiscal Year 2019-20**

	Prior Year FY 2018-19	Actual FY 2019-20	Budget	Variance Budget v Actual	YTD % Annual Budget
Salaries & Wages	3,397,802	3,978,629	3,631,382	(347,246)	110%
Employee Benefits	1,531,027	1,784,686	2,609,186	824,501	68%
<i>Pension Expense - GASB 68</i>	484,686		-	-	
<i>OPEB Expense - GASB 75</i>	(9,398)		-	-	
Directors- Fees	25,960	30,740	40,260	9,520	76%
Election Expense	18		-		
OPEB Expense (GASB 75)		7,182	-		
Depreciation	2,102,004	2,043,269	2,500,000	456,731	82%
Gasoline, Oil & Fuel	63,772	52,364	70,000	17,636	75%
Insurance	94,071	131,737	114,000	(17,737)	116%
Memberships	49,019	51,936	51,450	(486)	101%
Office Expense	24,391	37,674	35,500	(2,174)	106%
Operating Supplies	321,009	356,797	363,095	6,298	98%
Contract Services	386,451	388,061	463,500	75,439	84%
Professional Services	531,394	355,027	545,220	190,193	65%
Printing & Publications	46,103	54,952	62,500	7,548	88%
Rents & Leases	26,657	24,824	40,000	15,176	62%
Repairs & Maintenance	252,275	271,062	287,000	15,938	94%
Research & Monitoring	5,320	10,285	33,000	22,715	31%
Training, Meetings & Travel	51,505	39,949	69,200	29,251	58%
Utilities	176,767	145,849	183,250	37,401	80%
Other Operating Expenses	108,983	85,249	179,000	93,751	48%
<b>Total WBSD Operating Expenses</b>	<b>9,669,818</b>	<b>9,850,270</b>	<b>11,277,544</b>	<b>1,434,455</b>	<b>87%</b>
SVCW - 2009 Bond (\$55 Mil)	424,229	810,663	1,300,000	489,338	62%
SVCW - 2014 Bond (\$65 Mil)	805,489	1,144,887	1,145,000	113	100%
SVCW - 2015 Bond (\$60 Mil)	368,071	1,019,906	1,070,000	50,094	95%
SVCW - 2017 2018 Bond	857,596	1,834,713	1,848,774	14,062	99%
SVCW - Cash in Lieu of 2018 Bond	6,600,000	6,416,002	6,416,000	(2)	100%
SVCW - SRF Debt Service (2011 Debt)	220,077	220,077	225,000	4,923	98%
SVCW - SRF Debt Service (2012 Debt)	506,765	506,765	740,000	233,235	68%
SVCW - SRF Reserve Contribution	268,404	268,404	282,513	14,109	95%
SVCW - Operating Fund	6,927,024	6,864,372	6,930,000	65,628	99%
SVCW - Operating Reserve	(4,284)	14,112	-	(14,112)	
SVCW - Capital Contributions	398,712	452,076	452,073	(3)	100%
LAFCo - Contribution	18,386	20,152	19,000	(1,152)	106%
<b>Total External Operating Expenses</b>	<b>17,390,469</b>	<b>19,572,129</b>	<b>20,428,360</b>	<b>856,231</b>	<b>96%</b>
Other Non Operating Expense			6,000	6,000	
Prior Period Adjustment		3,978,839	-	(3,978,839)	
<b>TOTAL EXPENSES</b>	<b>27,060,287</b>	<b>33,401,238</b>	<b>31,711,904</b>	<b>(1,682,152)</b>	<b>105%</b>
<b>Solid Waste Fund</b>					
<b>Transfer Overhead from General Fund</b>	<b>48,750</b>	<b>70,501</b>	<b>65,000</b>	<b>(5,501)</b>	<b>-108%</b>



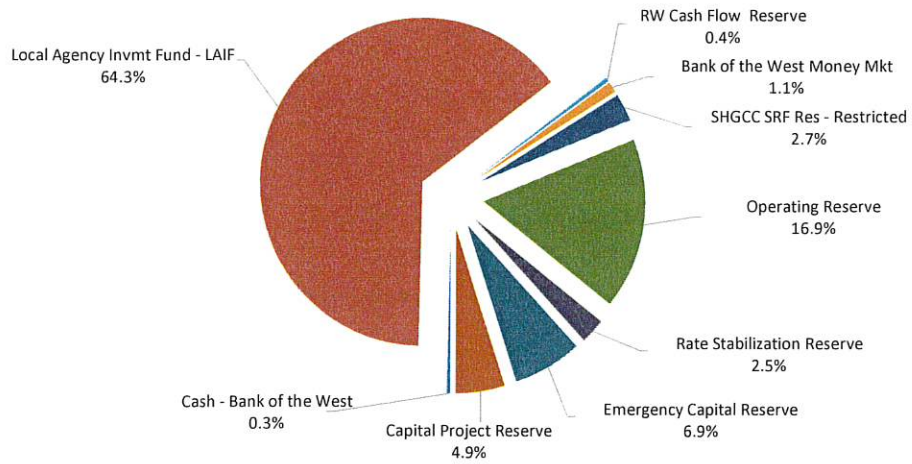
**WEST BAY SANITARY DISTRICT**  
**Statement of Net Position**  
**Fiscal Year 2019-20**  
**June 30, 2020**

	<u>Prior Year</u> <u>FY 2018-19</u>	<u>Current Year</u> <u>FY 2019-20</u>
<b>Assets</b>		
Current Assets		
Cash & Investments	31,817,190	36,868,772
Restricted Cash & Investments	1,871,526	3,284,421
Accounts Receivable	345,126	3,079,383
Interest Receivable	338,272	249,607
Prepaid Expenses	32,182	69,981
<b>Total Current Assets</b>	<b>34,404,296</b>	<b>43,552,163</b>
Non-Current Assets		
Investments	20,349,549	17,723,929
Investment in SVCW	20,715,554	29,221,839
Capital Assets:		
Property, Plant & Equipment	97,962,042	107,901,483
Accumulated Depreciation	(29,744,749)	(35,317,072)
<b>Total Capital Assets</b>	<b>68,217,293</b>	<b>72,584,411</b>
<b>Total Non-Current Assets</b>	<b>109,282,396</b>	<b>119,530,179</b>
<b>Total Assets</b>	<b>143,686,691</b>	<b>163,082,342</b>
<b>Deferred Outflows of Resources</b>	<b>1,151,282</b>	<b>1,202,062</b>
<b>Liabilities</b>		
Current Liabilities		
Accounts Payable	3,870,445	2,599,104
Accrued Payroll & Taxes	308,169	345,310
Connection Fees Payable	1,369,682	1,563,699
Construction Deposits	8,672	17,381
SRF Advance - SHGCC		135,112
<b>Total Current Liabilities</b>	<b>5,556,968</b>	<b>4,660,605</b>
Non-Current Liabilities		
OPEB Liability	55,871	111,239
Net Pension Liability	5,054,719	5,054,719
SRF Deposit - SHGCC		743,095
SRF Note Payable	10,292,112	21,746,956
<b>Total Liabilities</b>	<b>20,959,670</b>	<b>32,316,614</b>
<b>Deferred Inflows of Resources</b>	<b>414,597</b>	<b>417,191</b>
<b>Net Position</b>		
Net Investment in Capital Assets	57,925,181	50,837,455
Investment In SVCW	20,715,554	29,221,839
Capital Fund Budget	16,950,883	22,208,380
Operation Reserve	9,365,601	9,498,293
Unrestricted Fund Balance	18,506,487	23,763,471
<b>Total Net Position</b>	<b>123,463,706</b>	<b>135,529,438</b>

**WEST BAY SANITARY DISTRICT**  
**Capital Expenditure Analysis**  
**Fiscal Year 2019-20**

	Actual FY 2018-19	Actual FY 2019-20	Budget FY 2019-20	Variance Budget Balance	YTD % Annual Budget
<b>Administration</b>					
District Office Exterior		-	10,000	10,000	0%
District Office Interior	14,033	11,400	10,000	(1,400)	114%
Levee Survey & GPS Update	41,227	44,488	60,000	15,512	74%
Flow Monitoring Study	31,284	29,986	30,000	14	100%
Server Replacement Program	5,112	1,500	15,000	13,500	10%
Corporate Yard Renovation Feasibility Study		-	150,000	150,000	0%
<b>Total Administration</b>	<b>91,656</b>	<b>87,374</b>	<b>275,000</b>	<b>187,626</b>	<b>32%</b>
<b>Collection Facilities</b>					
Metal Storage Building - Phase 1	3,546	2,708	420,000	417,293	1%
Metal Storage Building - Phase 2		-	432,550	432,550	0%
FERRF Improvements & Demolition Of Old Treatment Plant	56,596	20,679	500,000	479,321	4%
Sheet Piling Project		363,297	1,000,000	636,703	36%
Bayfront Resource Recovery (Environmental Impact Report)		-	300,000	300,000	0%
Smart Covers (2)	6,776	9,983	9,500	(483)	105%
<b>Subtotal Collection Facilities (Excludes Vehicle &amp; Equipmer)</b>	<b>66,918</b>	<b>396,666</b>	<b>2,662,050</b>	<b>2,265,384</b>	<b>15%</b>
<b>Vehicle &amp; Equipment</b>					
Pipehunter Replace (Carryover)		220,071	220,000	(71)	100%
Mainline CCTV Camera		23,726	25,000	1,274	95%
Service Truck - Unit 208		53,568	60,000	6,432	89%
Operations Superintendent SUV - Unit 206		48,183	50,000	1,817	96%
Flo Dar Equipment (Flow Meters)		33,979	35,000	1,021	97%
Ads Flow Meter			5,000	5,000	0%
Other Vehicles Improvements, less prior period adj.	63,410	1,005			
Sales of Vehicles	(57,475)	(34,356)			
<b>Total Vehicle &amp; Equipment</b>	<b>5,935</b>	<b>346,175</b>	<b>395,000</b>	<b>15,473</b>	<b>88%</b>
<b>Funding From Vehicles &amp; Replacement Program</b>					
<b>Total Collection Facilities</b>	<b>72,853</b>	<b>742,841</b>	<b>3,057,050</b>	<b>2,280,857</b>	<b>24%</b>
<b>Subsurface Lines and Other</b>					
<b>Pump Stations</b>					
Pump & Valve Replacement Program	27,792	48,496	40,000		121%
Private Pump & Panel Replacements	11,350	17,691	20,000	2,309	88%
Pump Station Fence Replacement & Repair	12,940	14,380	17,000		85%
<b>Pipeline Replacement &amp; Rehab Engineering</b>					
Isabella, Gilbert, Bay North, Coyote Hill - Phase 1	-	213,804	350,000	136,196	61%
<b>Pipeline Replacement &amp; Rehab Construction</b>					
Belle Haven III & Alpine	5,662,990	1,203,914			
Town Of Atherton Civic Center - Dinklespeil		517,280	800,000	282,720	65%
Isabella, Gilbert, & Bay North - Phase 1			2,500,000	2,500,000	0%
Private ECR Project Improvements (Credited to Connection Fees)		25,500			
<b>Total Subsurface Lines And Other</b>	<b>5,715,071</b>	<b>2,041,065</b>	<b>3,727,000</b>	<b>2,921,225</b>	<b>55%</b>
<b>Other Capital Projects</b>					
Construction Projects Environmental Review		-	10,000	10,000	0%
Manhole Raising (Paving Projects)	1,630.00	22,434	100,000	77,566	22%
Allowance For Unanticipated Capital Expenditures	115,145	221,792	100,000	(121,792)	222%
O'Brien/University & Willow Pump Stations					
Standby Generator					
Mudmaster (Camera Transport Unit)					
Diesel Tanks Replacement Project					
Write-off Obsolete Items, older than 2009		(301,144)	-	301,144	
Write Off Discontinued CIP Projects 2002-2005 & misc	(230,193)	(141,979)			
<b>Subtotal Other Capital Projects</b>	<b>(113,418)</b>	<b>(198,897)</b>	<b>210,000</b>	<b>266,919</b>	<b>-95%</b>
<b>Total Capital Expenditures</b>	<b>5,766,162</b>	<b>2,672,383</b>	<b>7,269,050</b>	<b>4,596,667</b>	<b>37%</b>
<b>Contributions To Reserves</b>					
Operating Reserves Transfers (Target Goal \$9M)		1,300,000	-		
Rate Stabilization/Bond Reserve (Target Goal \$8M)	1,000,000	-	1,000,000	1,000,000	0%
<b>Capital Reserves</b>					
Emergency Capital Reserves Transfer (Target Goal \$5M)	1,188,478	200,000	-		
Capital Project Reserves Transfers (Target Goal \$6M)	1,096,688	683,000	350,000	(333,000)	195%
Vehicle & Equip Replacement Reserve	240,000	270,000	350,000		
Recycled Water Facility Cash Flow Reserve	3,706,208	-	-	-	
Recycled Water SRF Reserve - Restricted	1,488	675,541	-	(675,541)	
<b>Total Contributions To Reserves</b>	<b>7,232,862</b>	<b>3,128,541</b>	<b>1,700,000</b>	<b>(1,428,541)</b>	<b>184%</b>
<b>Total Capital Expenditures &amp; Reserve Transfer</b>	<b>12,999,024</b>	<b>5,800,924</b>	<b>8,969,050</b>	<b>3,168,126</b>	<b>65%</b>
<b>Resource Recovery</b>					
Recycled Water Facility - SHGCC	12,335,049	7,267,058	7,918,649	651,591	92%
Bayfront	65,297	-			
<b>Total Resource Recovery</b>	<b>12,400,347</b>	<b>7,267,058</b>	<b>7,918,649</b>	<b>651,591</b>	<b>92%</b>

**WEST BAY SANITARY DISTRICT**  
**Schedule of Cash and Investments**  
**Fiscal Year 2019-20**  
**June 30, 2020**



Description	Target	Principal Amount	Accrued Interest	Yield
Cash - Bank of the West, Commercial Account		193,186.28		0.16%
NAVIA Commuter Checking Account		2,434.14		0.00%
Petty Cash		600.00		
Bank of the West Money Market Account		607,250.91		0.23%
Local Agency Investment Fund (LAIF)		36,065,300.38	110,266.77	1.93%
<u>Bank of the West Reserves Accounts</u>				
Bank Of The West -Operating Reserve - Securities	\$9 million	9,095,785.00	60,896.75	3.27%
Bank Of The West -Operating Reserve - Cash		374,221.60		0.12%
Bank Of The West - Rate Stabilization Reserve - Securities	\$8 million	1,353,305.70	17,452.93	1.96%
Bank Of The West - Rate Stabilization Reserve - Cash		37,648.63		0.12%
Bank Of The West -Emergency Capital Reserve - Securities	\$5 million	3,732,807.79	25,356.22	2.57%
Bank Of The West -Emergency Capital Reserve - Cash		146,538.48		0.12%
Bank Of The West -Capital Project Reserve - Securities	\$6 million	2,532,593.81	25,533.79	3.05%
Bank Of The West -Capital Project Reserve - Cash		223,747.22		0.12%
Bank Of The West - Recycled Water Cash Flow Reserve - Securities		182,023.41	1,182.99	2.21%
Bank Of The West - Recycled Water Cash Flow Reserve - Cash		45,257.27		0.12%
Bank Of The West - Recycled Water SRF Reserve - Securities (Restricted)		1,346,744.87	8,917.42	1.82%
Bank Of The West - Recycled Water Cash SRF Reserve - Cash		174,687.26		0.12%
<b>Subtotal of Bank of the West Reserve Accounts</b>		<b>19,245,361</b>	<b>139,340</b>	
<b>Total Cash and Investments</b>		<b>56,114,133</b>	<b>249,607</b>	
PARS Irrevocable Trust - To fund OPEB Unfunded Liability		273,733		
PARS Irrevocable Trust - To fund the Unfunded Accrued Liability		1,762,989.01		
<b>Total PARS Irrevocable Trust (offset liabilities)</b>		<b>2,036,722</b>		

**Certification:**

The District Manager/Chief Fiscal Officer and Finance Manager of West Bay Sanitary District represents that the above investments are in accordance with the West Bay Sanitary District Statement of Investment Policy.

Investment Policy adopted by the District Board on October 14, 1996, revised annually, last approved October 10, 2018.


9/16/2020
Date

9/16/20
Date

District Manager/CFO  Finance Manager

**WEST BAY SANITARY DISTRICT**  
**Solid Waste Fund**  
**Fiscal Year 2019-20**

	Prior Balances	Actual FY 2019-20	Budget FY 2019-20	Variance Budget Balance	YTD % Annual Budget
<b>Income</b>					
Operating Income					
Franchises	816,352	120,214	85,000	(35,214)	141%
<b>Total Income</b>	<b>816,352</b>	<b>120,214</b>	<b>85,000</b>	<b>(35,214)</b>	<b>141%</b>
<b>Estimate</b>					
<b>10 Years</b>					
<b>Expenditures</b>					
Allocated Operating Expense					
Rate Studies	105,000	16,501	11,000	(5,501)	150%
Mailings	48,000	5,000	5,000	0	100%
Public Relations	10,000	1,000	1,000	0	100%
Overhead Expense Allocation From General Fund	459,660	48,000	48,000	0	100%
<b>Total Allocated Operating Expense</b>	<b>622,660</b>	<b>70,501</b>	<b>65,000</b>	<b>(5,501)</b>	<b>108%</b>
<b>Solid Waste Fund Beginning Balance</b>	<b>-</b>	<b>193,692</b>	<b>193,692</b>	<b>-</b>	<b>100%</b>
<b>Contribution To Solid Waste Fund</b>	<b>193,692</b>	<b>49,713</b>	<b>20,000</b>	<b>(29,713)</b>	<b>249%</b>
<b>Solid Waste Fund Balance</b>	<b>193,692</b>	<b>193,692</b>	<b>193,692</b>	<b>-</b>	<b>100%</b>

\* Estimated prior years to match beginning balance.



## WEST BAY SANITARY DISTRICT AGENDA ITEM 6

**To:** *Board of Directors*

**From:** *Debra Fisher, Finance Manager*

**Subject:** *Consideration to Approve the Report of GASB 75 Actuarial Valuation as of 6/30/19 for Fiscal Year ending 6/30/2020*

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### **Background**

Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75) was issued in June 2015, effective June 30, 2018 for the District. GASB 75 replaced GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions and establishes new standards for recognizing and measuring liabilities, expense/expenditures, deferred outflows of resources, and deferred inflows of resources regarding OPEB.

GASB 75 requires biennial valuations for all OBEP plans.

Nick Franceschine, North Bay Pensions has completed the GASB 75 actuarial valuation of the OPEB unfunded liability as of June 30, 2019, which is recognized in the subsequent year ending June 30, 2020.

### **Analysis**

The actuarial reports estimates the OPEB liability to increase higher than previously reported due to recent retirements that were unanticipated, which required changes in the assumptions (See Attached).

### **Fiscal Impact**

The current valuation increases the OPEB liability \$55,368, a 99% increase, to \$111,239, recognized as of June 30, 2020. Deferred Inflows of Resources increased \$50,780 and Deferred Outflows of Resources increased \$2,594.

Annual OPEB expense valuation was \$15,097. With an adjustment for the prior period to adjust Deferred Inflows and Outflows as indicated in the report, a net expense of \$7,182 was recognized for Fiscal Year 2019-20.

### **Recommendation**

The Finance Manager recommends the Board accept the Report of GASB 75 Actuarial Valuation as of June 30, 2019 for Fiscal Year ending June 30, 2020.

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**DRAFT**

**WEST BAY SANITARY DISTRICT**

**VALUATION OF RETIREE HEALTH BENEFITS**

**REPORT OF GASB 75 ACTUARIAL VALUATION AS OF  
JUNE 30, 2019**

**Prepared by: North Bay Pensions LLC  
September 17, 2020**

# DRAFT

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## **Actuarial Certification**

This report presents the determination of benefit obligations under **Statement No. 75 of the Governmental Accounting Standards Board (GASB 75)** as of June 30, 2019 for the retiree health and welfare benefits provided by the West Bay Sanitary District. I was retained by the District to perform these calculations.

GASB Statement 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”, was issued to provide standards for governmental employers to record expense for **Other Postemployment Benefits (OPEB)**.

The information contained in this report was based on a participant census as of June 30, 2019 provided to me by the District. The actuarial assumptions and methods used in this valuation were selected by the District after consultation with me. I believe the assumptions and methods are reasonable and appropriate for purposes of actuarial computations under GASB 75.

Actuarial computations under GASB 75 are for purposes of fulfilling employer accounting requirements. The calculations reported herein have been made on a basis consistent with my understanding of GASB 75. Determinations for purposes other than meeting employer financial accounting requirements may be significantly different from the results reported herein. Due to the limited scope of my assignment, I did not perform an analysis of the potential range of future measurements.

To the best of my knowledge, this report is complete and accurate. This valuation has been conducted in accordance with generally accepted actuarial principles and practices. The undersigned is a Fellow of the Society of Actuaries, a Fellow of the Conference of Consulting Actuaries, and a Member of the American Academy of Actuaries, and meets their continuing education requirements and qualification standards for public statements of actuarial opinion relating to retirement plans. In my opinion, I am qualified to perform this valuation.

---

Nick Franceschine, F.S.A.

### **North Bay Pensions LLC**

550 Du Franc Avenue

Sebastopol, CA 95472

1-707-824-9600

FAX 707-823-6189

[nick@northbaypensions.com](mailto:nick@northbaypensions.com)



## Summary of Results

### Background

The District maintains a program which pays part or all of monthly medical insurance premiums on behalf of retired former employees, provided that the employee has satisfied certain requirements. As of June 30, 2019, the District has accumulated \$263,040 in PARS (Public Agency Retirement Services) toward the cost of future benefits.

In June 2015, the Governmental Accounting Standards Board (GASB) released Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement, often referred to as **GASB 75**, requires governmental entities to (1) record annual expense for their OPEB and (2) disclose certain information in their year-end financial statements.

The District has requested this actuarial valuation to determine what its OPEB obligations under the program are, and what the impact of GASB 75 will be for the 2019-2020 year. This report also includes GASB 75 results that were accrued and disclosed by the District during the 2018-2019 year.

### Actuarial Present Value of Projected Benefit Payments

The Actuarial Present Value of Projected Benefit Payments (APVPBP) for all current and former employees, as of June 30, 2019, is **\$431,451**. This is the amount the District would theoretically need to set aside at this time to fully fund all those future benefits.

The total value of \$431,451 is the sum of these amounts:

Future benefits of current employees	\$ 177,017
Future benefits of current retirees	<u>254,434</u>
APVPBP	\$ 431,451

This figure may be compared to the APVPBP of \$345,275 that was shown in the 2017 valuation report. We would have expected the APVPBP to increase to approximately \$354,000 by 2019 as employees continue working. The difference between the 2017 figure of \$345,275 and this year's figure of \$431,451 is due to:

• Expected increase in the APVPBP since 2017	\$ 9,186
• Changes in assumptions	4,066
• Lower medical premiums than expected	(6,127)
• Miscellaneous experience gains and losses	<u>79,051</u>
Total of changes	<b>\$ 86,176</b>

The assumption changes are explained below under “Actuarial Assumptions”. The experience loss of \$79,051 is mostly due to the retirements of 3 employees sooner than was anticipated back in 2017.

These figures are computed by (1) estimating the OPEB benefits that will be paid to each current and former employee and their beneficiaries (if applicable), upon the employee’s retirement from the District, (2) estimating the likelihood that each payment will be made, taking into consideration the likelihood of remaining employed until retirement age and the likelihood of survival after retirement, and (3) discounting each expected future payment back to the present date at an assumed rate of investment return.

**Net OPEB Liability**

The **Total OPEB Liability** (TOL) is the portion of the APVPBP which has been “earned” by employees based on past years of service (i.e. benefits allocated to past years of service).

The **Plan Fiduciary Net Position** (FNP) is equal to the value of assets that have been accumulated in an irrevocable trust for these benefits.

The **Net OPEB Liability or Asset** (NOL) is the excess of the Total OPEB Liability over the Plan Fiduciary Net Position. At the end of each fiscal year, the District must show a liability equal to the NOL.

At June 30, 2018 and June 30, 2019, these amounts are:

	<u>June 30, 2018</u>	<u>June 30, 2019</u>
Present value of benefits for employees	\$ 154,278	\$ 119,845
Present value of benefits for retirees	<u>148,916</u>	<u>254,434</u>
Total OPEB Liability	\$ 303,194	\$ 374,279
Accumulated assets in the CERBT trust	<u>\$ 247,323</u>	<u>\$ 263,040</u>
Plan Fiduciary Net Position	\$ 247,323	\$ 263,040
Total OPEB Liability	\$ 303,194	\$ 374,279
Plan Fiduciary Net Position	<u>(247,323)</u>	<u>(263,040)</u>
Net OPEB Liability	\$ 55,871	\$ 111,239

**OPEB Expense under GASB 75**

GASB 75 requires that the annual change in the NOL be recognized as OPEB expense, except for certain specific changes which are to be recognized over different periods of time. Changes in actuarial assumptions, and experience gains and losses, are to be recognized over the average of the expected remaining service lives of all employees.

This average for the District employees is 8.9 years. Differences between actual and expected investment earnings are to be recognized over 5 years. The unrecognized remaining amounts of assumption changes, experience gains/losses and investment earnings differences are called “deferred outflows and inflows of resources relating to OPEB” (see Exhibit 5).

The OPEB Expense for the fiscal year ending June 30, 2020 is **\$15,097**. For the year ending June 30, 2019, the OPEB Expense was **\$8,140**. Derivations of these amounts are shown in Exhibit 4.

### **Disclosure Information as of June 30, 2019 and June 30, 2020**

Amounts to be disclosed in the footnotes to the District audited financial statements as of June 30, 2019 and as of June 30, 2020 are shown in Exhibits 2 through 6 of this report. Numbers labelled as “June 30, 2018” are to be disclosed at June 30, 2019. Numbers labelled as “June 30, 2019” are to be disclosed at June 30, 2020.

Exhibit 7 shows estimated retiree benefits and OPEB expense for the next nine years after that.

### **Actuarial Assumptions**

All actuarial assumptions are unchanged from the June 30, 2017 valuation, except as described below. The assumptions are described in detail in Exhibit 9.

The probabilities of retirement, termination and mortality have been changed from the 2014 CalPERS assumptions to the 2017 CalPERS assumptions. This change had the effect of increasing the APVPBP by \$4,066.

## Exhibit 1 - Actuarial Values as of June 30, 2019

The Actuarial Present Value of Projected Benefit Payments (APVPBP) as of June 30, 2019 of all future employer-paid benefits from the program, for all current and former employees, is as follows:

	<u>Actuarial Present Values</u>	<u>Number of Persons</u>
Current Employees	\$ 177,017	26
Retired Employees	<u>254,434</u>	<u>6</u>
	\$ 431,451	32

As of June 30, 2019, the District has accumulated \$263,040 in an irrevocable trust toward this liability.

The Total OPEB Liability (TOL) as of June 30, 2019 is the portion of the APVPBP which has been “earned” to date by current and former employees, based on the years of service already completed:

Current employees	\$ 119,845
Retired former employees	<u>254,434</u>
Totals	\$ 374,279

### Summary of Participating Employees as of June 30, 2019

#### Active Employees

Number	26 employees
Average Age	42.8 years
Average Service	8.6 years

#### Retired Former Employees and Surviving Spouses

Number	6 persons
Average Age	68.8 years

## Exhibit 2 - Net OPEB Liability

The Net OPEB Liability (NOL) is the excess of the Total OPEB Liability (TOL) over the Plan Fiduciary Net Position (FNP). As of June 30, 2017, June 30, 2018 and June 30, 2019 these are:

	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>
Total OPEB Liability			
Value of benefits for employees	\$ 139,217	\$ 154,278	\$ 119,845
Value of benefits for retirees	<u>154,416</u>	<u>148,916</u>	<u>254,434</u>
Total OPEB Liability	\$ 293,633	\$ 303,194	\$ 374,279
Plan Fiduciary Net Position			
Fair value of assets in CERBT	<u>\$ 235,234</u>	<u>\$ 247,323</u>	<u>\$ 263,040</u>
Plan Fiduciary Net Position	\$ 235,234	\$ 247,323	\$ 263,040
Net OPEB Liability	\$ 58,399	\$ 55,871	\$ 111,239

The Net OPEB Liability has changed from June 30, 2017 to June 30, 2018 in this way:

	<u>TOL</u>	<u>FNP</u>	<u>NOL</u>
Values at June 30, 2017	\$ 293,633	\$ 235,234	\$ 58,399
Service cost	6,708		6,708
Interest	17,188		17,188
Differences between actual and expected experience	0		0
Benefit changes	0		0
Employer contributions		14,335	(14,335)
Net investment income		12,089	(12,089)
Benefits paid to retirees	(14,335)	(14,335)	0
Administrative expense		0	0
Net changes	\$ 9,561	\$ 12,089	\$ (2,528)
Values at June 30, 2018	\$ 303,194	\$ 247,323	\$ 55,871

The Net OPEB Liability has changed from June 30, 2018 to June 30, 2019 in this way:

	<u>TOL</u>	<u>FNP</u>	<u>NOL</u>
Values at June 30, 2018	\$ 303,194	\$ 247,323	\$ 55,871
Service cost	6,909		6,909
Interest	17,672		17,672
Differences between actual and expected experience	66,449		66,449
Assumption changes	(2,612)		(2,612)
Employer contributions		17,333	(17,333)
Net investment income		15,717	(15,717)
Benefits paid to retirees	(17,333)	(17,333)	0
Administrative expense		0	0
Net changes	\$ 71,085	\$ 15,717	\$ 55,368
Values at June 30, 2019	\$ 374,279	\$ 263,040	\$ 111,239

### **Exhibit 3 - Sensitivity of the Net OPEB Liability**

The following presents the Net OPEB Liability (NOL) as well as what the NOL would be if it were calculated using a discount rate that is 1-percentage-point higher or lower than the current discount rate, as of June 30, 2018 and June 30, 2019:

	<u>1% Decrease</u> 5.0%	<u>Discount Rate</u> 6.0%	<u>1% Increase</u> 7.0%
Net OPEB Liability 6-30-2018	\$ 99,193	\$ 55,871	\$ 20,823
Net OPEB Liability 6-30-2019	\$ 164,633	\$ 111,239	\$ 67,919

The following presents the Net OPEB Liability (NOL) as well as what the NOL would be if it were calculated using healthcare cost trend rates that are 1-percentage-point higher or lower than the current healthcare cost trend rates, as of June 30, 2018 and June 30, 2019:

	<u>1% Decrease</u> 3.0%	<u>Trend Rate</u> 4.0%	<u>1% Increase</u> 5.0%
Net OPEB Liability 6-30-2018	\$ 17,215	\$ 55,871	\$ 103,851
Net OPEB Liability 6-30-2019	\$ 69,273	\$ 111,239	\$ 163,059

## Exhibit 4 - OPEB Expense for the Fiscal Year Ending June 30, 2020

For the year ending June 30, 2019, the District recognized OPEB expense of **\$8,140**, computed as follows:

Service cost	\$ 6,708
Interest	17,188
Expected investment return	(14,114)
Administrative expense	0
Change in NOL due to changes in benefits	0
Recognition of difference between actual and expected experience	0
Recognition of changes in assumptions	0
Recognition of difference between projected and actual earnings on investments	<u>(1,642)</u>
<b>Total</b>	<b>\$ 8,140</b>

For the year ending June 30, 2020, the District recognized OPEB expense of **\$15,097**, computed as follows:

Service cost	\$ 6,909
Interest	17,672
Expected investment return	(14,839)
Administrative expense	0
Change in NOL due to changes in benefits	0
Recognition of difference between actual and expected experience	7,466
Recognition of changes in assumptions	(293)
Recognition of difference between projected and actual earnings on investments	<u>(1,818)</u>
<b>Total</b>	<b>\$ 15,097</b>

## Exhibit 5 - Deferred Outflows and Inflows of Resources

The values of deferred outflows and inflows of resources related to OPEB as of June 30, 2018, **to be reported as of June 30, 2019**, are:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 0	\$ 0
Changes of assumptions	0	0
Net difference between projected and actual earnings on OPEB plan investments	1,620	6,140
District contributions subsequent to the measurement date	<u>17,333</u>	<u>0</u>
Total	<b>\$ <u>18,953</u></b>	<b>\$ 6,140</b>

Amounts reported as deferred outflows and inflows of resources related to OPEB as of June 30 2018, **to be reported as of June 30, 2019**, will be recognized in OPEB expense as follows:

Year Ended June 30	
2020	\$ (1,642)
2021	(1,642)
2022	(1,641)
2023	405
2024	0
Thereafter	0



The values of deferred outflows and inflows of resources related to OPEB as of June 30, 2019, **to be reported as of June 30, 2020**, are:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 58,983	\$ 0
Changes of assumptions	0	2,319
Net difference between projected and actual earnings on OPEB plan investments	1,215	4,795
District contributions subsequent to the measurement date	<u>UNKNOWN</u>	<u>0</u>
Total	\$	\$ 7,114

“UNKNOWN” is the total of amounts contributed by the District to retirees’ benefits and to the PARS trust during the 12 months ending June 30, 2020. This is the sum of (1) the total contributions to PARS, (2) the actual benefits paid to retirees during the 12 months ending June 30, 2020, and (3) the total of subsidized premiums for the 12 months ending June 30, 2020 (which is \$12,047).

Amounts reported as deferred outflows and inflows of resources related to OPEB as of June 30 2019, **to be reported as of June 30, 2020**, will be recognized in OPEB expense as follows:

Year Ended June 30	
2021	\$ 5,355
2022	5,356
2023	7,402
2024	6,999
2025	7,173
Thereafter	20,799

## Exhibit 6 - Schedule of Changes in the Net OPEB Liability

Reporting date	<u>6/30/2019</u>	<u>6/30/2020</u>
<b>Total OPEB liability</b>		
Service cost	\$ 6,708	\$ 6,909
Interest	17,188	17,672
Changes of benefit terms	0	0
Differences between actual and expected experience	0	66,449
Changes of assumptions	0	(2,612)
Benefits paid to retirees	<u>(14,335)</u>	<u>(17,333)</u>
<b>Net change in Total OPEB liability</b>	9,561	71,085
<b>Total OPEB liability – beginning</b>	<u>293,633</u>	<u>303,194</u>
<b>Total OPEB liability – ending</b>	\$ 303,194	\$ 374,279
<b>Plan fiduciary net position</b>		
Contributions – employer	14,335	17,333
Net investment income	12,089	15,717
Benefits paid to retirees	(14,335)	(17,333)
Administrative expense	<u>0</u>	<u>0</u>
<b>Net change in plan fiduciary net position</b>	12,089	15,717
<b>Plan fiduciary net position - beginning</b>	<u>235,234</u>	<u>247,323</u>
<b>Plan fiduciary net position - ending</b>	\$ 247,323	\$ 263,040
Net OPEB Liability – ending	\$ 55,871	\$ 111,239
Plan fiduciary net position as a percentage of the Total OPEB liability	81.57 %	70.28 %
Covered-employee payroll	\$ 2,806,611	\$ 3,697,419
Net OPEB liability as a percentage of covered-employee payroll	1.99 %	3.01 %

## Exhibit 7 - Ten-Year Projection of Costs

Shown below are estimates of (a) the benefits expected to be paid to retirees, and (b) the amounts the District is expected to accrue as GASB 75 OPEB expense, for the next ten years. For these estimates it is assumed that all actuarial assumptions and the size of the workforce will remain unchanged, that the promised benefits will remain the same, that the District will pay all benefits to retirees each year, and that there are no significant experience gains or losses.

Fiscal Year Ending:	Employer-Paid Retiree <u>Payments</u>	Projected Implicit Rate <u>Subsidy Payments</u>	<u>GASB 75 OPEB Expense</u>
2020	\$ 10,000	\$ 12,047	\$ 15,097
2021	10,000	13,261	18,000
2022	11,000	15,000	18,000
2023	11,000	12,000	20,000
2024	11,000	14,000	19,000
2025	12,000	6,000	18,000
2026	12,000	5,000	18,000
2027	12,000	7,000	18,000
2028	13,000	9,000	17,000
2029	13,000	9,000	10,000

## Exhibit 8 - Summary of Benefit Provisions

The District contributes toward post-retirement benefits for employees who retire under PERS after age 50 and choose coverage under CalPERS medical plans.

The District pays the amount of the PEMHCA minimum contribution, which is \$139 per month in 2020, and is expected to increase in future years. Payments are made for the lifetime of the retired employee and covered dependent spouse (or domestic partner), provided that they remain covered under CalPERS medical plans.

Retirees are required to pay the balance of the monthly medical premiums.

The District does not provide any other post-retirement health and welfare benefits.

## Exhibit 9 - Summary of Actuarial Assumptions

**Actuarial Assumptions:** The following assumptions as of June 30, 2019 were selected by the District in accordance with the requirements of GASB 75. These assumptions, in my opinion, are reasonable and appropriate for purposes of determining OPEB costs under GASB 75.

**Long-Term Expected Rate of Return on Investments:** The long-term expected rate of return on investments was determined to be 6.00%. This was computed as PARS's expected long-term mean rate of return of 6.25%, minus an adjustment for conservatism.

**Discount rate:** 6.0% per year. The cash flows of the OPEB plan were projected to future years, assuming that the District will contribute an amount each year at least equal to retirees' benefits. Under that assumption, the plan assets are projected to be adequate to pay all benefits to retirees in all future years, so the discount rate has been set equal to the long-term expected rate of return on investments, 6.0%.

**Medical Cost Increases (Trend):** Medical premiums for plans offered by CalPERS are assumed to increase 5% per year. The CalPERS minimum (PEMHCA) contribution is assumed to increase 4.0% per year.

**Payroll Growth:** Total payroll is assumed to increase 3.0% per year in the future.

**Coverage Elections:** 12% of eligible employees are assumed to elect coverage upon retirement, and to remain covered under District plans for life. Employees who have waived medical coverage are assumed to elect Kaiser employee-only coverage upon retirement.

**Mortality:** Mortality rates are taken from the 2017 CalPERS valuation. In the 2017 valuation, mortality was taken from the 2014 CalPERS OPEB Assumptions Model.

**Funding Method:** The Entry Age actuarial cost method has been used, with normal costs calculated as a level percentage of payroll, as required by GASB 75.

**Retirement:** Retirement rates are taken from the 2017 CalPERS pension valuation for “public agency miscellaneous 2.5% at 55”. Sample rates are:

	<u>10 Years Service</u>	<u>20 Years Service</u>	<u>30 Years Service</u>
Age 55	3.8 %	7.3 %	19.2 %
Age 58	5.4 %	9.3 %	15.3 %
Age 61	7.8 %	13.3 %	22.3 %
Age 64	11.2 %	17.5 %	26.8 %

In the 2017 valuation, rates were taken from the 2014 CalPERS OPEB Assumptions Model for “public agency miscellaneous 2.5% at 55”.

**Disability:** Incidence of disability is considered to be included in the termination and retirement rates here, so no explicit recognition of disablement has been included.

**Turnover (withdrawal):** Likelihood of termination within the next year is taken from the 2017 CalPERS valuation. Sample rates are:

	<u>5 Years Service</u>	<u>10 Years Service</u>	<u>15 Years Service</u>
Age 20	6.54 %		
Age 30	6.15 %	4.16 %	2.62 %
Age 40	5.19 %	3.75 %	2.43 %
Age 50	4.41 %	2.86 %	1.88 %

In the 2017 valuation, turnover rates were taken from the 2014 CalPERS OPEB Assumptions Model.

**Inflation:** Long-term inflation is assumed to be 2.75% per year.

**Age-Specific Medical Claims:** The estimated per person medical claims (true costs of coverage) during the 2019-2020 fiscal year are as follows (rates are shown for certain ages only):

<u>Age</u>	<u>Annual Claims</u>
40	\$ 7,418
45	9,295
50	11,512
55	13,729
60	16,799
64	16,799

These age-specific rates were developed so as to reproduce in the aggregate the same total premiums that would be paid to the carriers for all current employees and all current retirees.

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## WEST BAY SANITARY DISTRICT AGENDA ITEM 7

**To:** *Board of Directors*

**From:** *Sergio Ramirez, District Manager*

**Subject:** *District Manager's Report*

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**1) Administrative:**

- a. HF&H submitted proposal for FY21/22 Sewer Rate Study in the amount of \$36,000 to address next year's revenue requirements, SVCW Bonds Refund plan, and the plant's Regional Environmental Sewer Conveyance Upgrade (RESCU) Program. The amount has been budgeted. District Manager will enter into an agreement to retain their services.
- b. Staff is reviewing scanners for the Pilot Scanning Project. A local Intern will be used once staff has created a planned approach to the project.

**2) Finance:**

- a. Prepared the End of the Year Preliminary Financial Statement for the September 23<sup>rd</sup> Board meeting.
- b. Received two SRF reimbursements for \$415,966.00 and \$224,931.00 from the State.
- c. Finance Manager is working extensively to address SVCW's credit rating consultant inquiries regarding the District's finances in preparation for the Plant's Debt Refinancing.

**3) CIP & IT Projects:**

**a. Levee Improvement Project:**

- i. F&L is continuing to work on the Environmental Impact Report and preparing Draft review for late September or early October with a scheduled submittal for Mid-October.
- ii. Recycled Water Committee and Staff met with potential funding partners for the proposed Bayfront Recycled Water Facility on September 16th.

**b. Construction Capital Improvement Projects (CIP)**

- i. Design work for Bay North and Ringwood pipeline replacement continues. Final design should be completed this fall.
- ii. Contractor is working with Menlo Park on the Metal Storage Building permit.

**4) Operations and Maintenance:**

**a. Performance Merit Pay Program:**

- i. Responded to clean out service call in the Town of Woodside on September 11, 2020.
- ii. Staff is wrapping up the goals for the PMPP. Operations Superintendent to present results at the October 28<sup>th</sup> Board meeting.
- iii. Maintenance Worker a submitted a 15 day resignation notice.
- iv. Recruiting for Pump Facility Supervisor and a Maintenance Worker.

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### Report to the District Board for the Regular Meeting of September 23, 2020

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

- b. **Training:**
  - i. Overflow Emergency Response Plan Staff Training went well
  - ii. COVID 19 Updated Plan Staff Training scheduled for Late-September.
- 5) **Water Quality:**
  - a. **Sharon Heights Golf and Country Club:**
    - i. Operations going well. To date over 11 million gallons of recycled water has been delivered.
    - ii. SHGCC Final Retention Payment is due to Anderson Pacific on September 27, 2020.
  - b. **Bayfront Recycled Water Plant (BRWP):**
    - i. Working on Environmental Impact Report (EIR)
    - ii. Board should consider a discussions whether to cover a portion of the Bayfront Recycled Water Plant.
- 6) **Fleet and Facilities:**
  - a. **Vehicle Maintenance:**
    - i. The District is now entered into an agreement with the City of Redwood City for vehicle maintenance services.
    - ii. New Service Truck Unit 208 is being deployed to the field in the next 45 days. The new service unit is a tall Ford Transit Van.
- 7) **Upcoming Events:**
  - a. **Board meetings:** Next regular meeting will be held on October 14, 2020.
  - b. **November Board Meeting falls on Veteran's Day:** Discuss holding Special Board Meeting on November 18<sup>th</sup>.
- 8) **Misc./Action Items from Previous Meeting:**
  - a. **West Bay SSOs:** Zero SSO for August. 2020 Total = 0. 15 months in a row w/o SSO.
  - b. **LAH Contract:** Zero SSO for August. 2 SSO in 2020. Continuing to maintain the collection system and both Publicly Owned Pump Stations.
  - c. **Town of Woodside Contract:** Continuing to maintain High Frequency cleaning downtown and both Publicly Owned Pump Stations.
  - d. **Revenue:** Received approximately \$758,000 from August 27 to September 15, 2020 for permits issued, SRF reimbursements, and services rendered to others.

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## Report to the District Board for the Regular Meeting of September 23, 2020

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





*1902 - Serving Our Community for over 110 Years - 2020*

**WEST BAY SANITARY DISTRICT  
MINUTES OF THE REGULAR MEETING OF THE DISTRICT BOARD  
WEDNESDAY, SEPTEMBER 9, 2020 AT 7:00 P.M.**

**1. Call to Order**

President Dehn called the meeting to order at 6:59 PM.

**Roll Call**

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

BOARD MEMBERS ABSENT:

STAFF MEMBERS PRESENT: Ramirez, Condotti by Zoom

Others Present: Marva Sheehan and Dave Hilton with HF&H Consultants

**2. Communications from the Public:**

**3. 2021 Solid Waste and Recycling Collection Rate Study Draft Workshop and Direction**

Comments: HF&H presented the draft Solid Waste Rate Study demonstrating three rate increase scenarios. Board discussed a concern about commercial customers paying too much for their service, particularly at this time. The Board gave direction to complete the report with scenario number two which is less than projected in the prior study and allows for an overall 4.34% reduction to the commercial accounts which better aligns those accounts to their actual cost of service. The final report will be brought back to the Board at the September 23<sup>rd</sup> meeting.

**4. District Manager's Report**

**1) Administrative:**

- a. The City of East Palo Alto has approached the District about annexing a portion of East Palo Alto into the West Bay Sanitary District's Sphere of Influence. The territory would include the area North of Bay Road adjacent to the Illinois Pump Station. District Counsel Condotti suggested bringing this item back as an agenda item and discuss a differential rate structure.
- b. HF&H to submit proposal for the FY21/22 Sewer Rate Study and to address SVCW Bond Refunds and the plant's Regional Environmental Sewer Conveyance Upgrade (RESCU) Program.
- c. Staff is reviewing scanners for the Pilot Scanning Project. A local Intern will be used once staff has created a planned approach to the project.
- d. The District assisted the City of Menlo Park with drainage issues at the duck pond in the Burgess Complex.
- e. The current and former District Managers presented on the WBSD/SHGCC Recycled Water Plant project to the Sustainable San Mateo County Water Reuse group.

**2) Finance:**

- a. Preparing the End of the Year Preliminary Financial Statement for the September 23<sup>rd</sup> Board meeting.
- b. Abila P.O. module is going well. Noticed a reduction of paper and gained efficiencies. More to follow.

3) **CIP & IT Projects:**

a. **Levee Improvement Project:**

- i. F&L is continuing to work on the Environmental Impact Report and preparing Draft.

b. **Construction Capital Improvement Projects (CIP)**

- i. Design work for Bay North and Ringwood are underway. COVID-19 Precaution Language is being considered when contractor is interacting with the public.
- ii. District Contractor is working with Menlo Park on the Metal Storage Building permit.

4) **Operations and Maintenance:**

a. **Performance Merit Pay Program:**

- i. Staff is monitoring the goals for CCTV and Construction Dig-Ups. So far it appears staff will be close to accomplishing most goals in spite of the shutdown.
- ii. Bringing next PMPP 20/21 program for consideration on September 23rd.

b. **Training:**

- i. Mutual Aid Trench Rescue training with Menlo Park Fire District went well.
- ii. Overflow Emergency Response Plan Staff Training planned for September 9<sup>th</sup>.
- iii. COVID 19 Updated Plan Staff Training will occur in Mid-September.

5) **Water Quality:**

a. **Sharon Heights Golf and Country Club:**

- i. Operations going well. To date over 9 million gallons of recycled water has been delivered.
- ii. SHGCC Reimbursement Agreement invoice has been sent for August.

b. **Bayfront Recycled Water Plant (BRWP):**

- i. Working on Environmental Impact Report (EIR)
- ii. Next meeting with potential partners is tentatively planned for September 16<sup>th</sup>. Discussions will include the District committing to owning a part of the capacity.

6) **Fleet and Facilities:**

a. **Vehicle Maintenance:**

- i. The District is now entered into an agreement with the City of Redwood City for vehicle maintenance services.
- ii. The Water Quality Supervisor - Ford Ranger pickup was purchase through Towne Ford.

7) **Upcoming Events:**

- a. **Board meetings:** Next meeting will be held on September 23, 2020.

8) **Misc./Action Items from Previous Meeting:**

- a. **West Bay SSOs:** Zero SSO for July. 2020 Total = 0. 15 months in a row w/o SSO.
- b. **LAH Contract:** Zero SSO for July. 2 SSO in 2020. Continuing to maintain the collection system and both Publicly Owned Pump Stations.
- c. **Town of Woodside Contract:** Continuing to maintain High Frequency cleaning downtown and both Publicly Owned Pump Stations.
- d. **Revenue:** Better than expected for services rendered to others in FY19/20. Report on revenue in the End of the Year Financial Report on September 23rd.
- e. **COVID-19 Update:** Plan Updated by DuAll Safety.

- f. **HomeServe Insurance Data:** Report and chart will be available at Board meeting.

**5. Consent Calendar**

Motion to Approve by: Moritz 2<sup>nd</sup> by: Otte Vote: AYE: 5 NAY: 0 Abstain: 0

**CONSIDERATION OF ITEM(S) REMOVED FROM THE CONSENT CALENDAR**

Comments: District Manager Ramirez highlighted the Board's request to consider reviewing prior Withdrawal Orders where credit card purchase had been described. District Manager Ramirez reported the vendor names and amounts had been reported properly, however, minor descriptive error had been made when describing a cell phone bill description versus administrative phone bill description. The Board decided the errors were not sufficient enough to warrant recalling prior withdrawal orders.

- A. Approval of Minutes for Regular meeting August 12, 2020
- B. Approval of the Withdrawal Order Authorizing Payment of Certain Bills and Salaries and Consideration of Other Financial Matters for September 9, 2020
- C. WBSD Operations and Maintenance Report – August 2020
- D. Town of Los Altos Hills Operations and Maintenance Report for Work Performed by WBSD – August 2020
- E. Town of Woodside Operations and Maintenance Report for Work Performed by WBSD – August 2020
- F. Consideration to Approve Resolution of Intention to Annex Certain Territory (17 Redberry Ridge) to the West Bay Sanitary District On-Site Wastewater Disposal Zone and to Establish the Date and Time of Public Hearing

**6. September 9<sup>th</sup> Update Report on District Response to Corona Virus**

Comments: District Manager Ramirez reported DuAll Safety has updated the District's Corona Virus Response Plan using San Mateo County Health Department guidelines.

**7. Discussion and Direction on Recycled Water Projects - Sharon Heights & Bayfront, Including Project Status**

Comments: District Manager Ramirez reported eleven million gallons of recycled water have been delivered as of September 9<sup>th</sup> to the Sharon Heights Gold and Country Club since July 27, 2020.

**8. Discussion on Town of Atherton Ceasing SBWMA Joint Powers Authority**

Comments: President Dehn reported to the Board the Town of Atherton's desire to exit the SBWMA Joint Power Authority. The issue will have to go before the Town Council and then back to the SBWMA Board.

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

Comments: None. Discussed as previous item.

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

Comments: Director Otte stated the next Commission meeting will be held on September 21, 2020.

**11. Closed Session**

Entered closed session at 8:31 PM Left closed session at 8:38 PM

Reportable action: No reportable action.

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

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

Comments: None.

**13. Adjournment Time:** The meeting was adjourned at 8:39 PM

**WEST BAY SANITARY DISTRICT**  
**Financial Activity Report**  
**Withdrawal Order**  
**September 1, 2020 through September 15, 2020**

CHECK	DATE	TO WHOM PAYABLE	PURPOSE	AMOUNT
66945	9/8/2020	PACIFIC GAS & ELECTRIC	Gas & Electric Service - RWF SHGCC 8/2020	19,097.35
66946	9/8/2020	MATHESON TRI-GAS, INC.	Gas Supplies 8/2020	53.81
66947	9/8/2020	AMERICAN MESSAGING	Pager Service 8/2020	74.52
66948	9/8/2020	BAYSIDE EQUIPMENT COMPANY	Generator Service	1,561.93
66949	9/8/2020	CALIFORNIA WATER SERVICE	Water Service - 8/2020	37.68
66950	9/8/2020	NAVIA BENEFIT SOLUTIONS	Commuter Benefits & FSA Contributions	550.39
66951	9/8/2020	FRANCHISE TAX BOARD	Wage Garnishment	250.00
66952	9/8/2020	GRAINGER	Operating Supplies	2,648.91
66953	9/8/2020	KIMBALL MIDWEST	Operating Supplies	1,570.25
66954	9/8/2020	JANI-KING OF CA, INC - SFR/OAK	Building Maintenance 9/2020	743.31
66955	9/8/2020	CITY OF MENLO PARK - Water	Water Service 8/2020	54.65
66956	9/8/2020	MISSION CLAY PRODUCTS, LLC	Clay Pipe, Wye, & Tees	2,805.65
66957	9/8/2020	OMEGA INDUSTRIAL SUPPLY, INC.	Sewer Aide, Vehicle Tire Shine, Penetrator	1,778.35
66958	9/8/2020	GOVCONNECTION, INC.	Annual Renewal of Autocad Software for Mapping	780.00
66959	9/8/2020	PACIFIC GAS & ELECTRIC	Gas & Electric Service 8/2020	5,055.59
66960	9/8/2020	SAN MATEO COUNTY	Inspection & Permit - 9/2020	888.00
66961	9/8/2020	SHARP BUSINESS SYSTEMS	Copier Machine 9/2020	1,085.18
66962	9/8/2020	TOWNE FORD SALES	Vehicle Repairs	7,152.09
66963	9/8/2020	VISION COMMUNICATIONS CO.	Radio Service 9/2020	690.49
66964	9/8/2020	WECO INDUSTRIES, LLC	Maintenance & Hoses	1,507.15
66965	9/8/2020	YOUNG'S AUTO SUPPLY CENTER	Oil For Stock	150.66
66966	9/15/2020	AAA RENTALS	Tractor Rental	1,408.00
66967	9/15/2020	AIR & LUBE SYSTEMS, INC.	Diesel Tanks Replacement Project	50,121.25
66968	9/15/2020	AQUA NATURAL SOLUTIONS	Microbe Lift FOG Control	1,909.14
66969	9/15/2020	READYREFRESH BY NESTLE	Water 8/2020	106.26
66970	9/15/2020	ATCHISON, BARISONO & CONDOTTI	Attorney Fees 8/2020	2,699.90
66971	9/15/2020	CSMA c/o ALLIANT INSURANCE	Workers Comp & Property Insurance - FY 2020-21	151,472.00
66972	9/15/2020	CALIFORNIA WATER SERVICE	Water Service - 8/2020	1,401.70
66973	9/15/2020	CUES, INC.	GraniteNet Annual Support Plan	3,950.00
66974	9/15/2020	DOLPHIN GRAPHICS	Face Masks	757.61
66975	9/15/2020	DU-ALL SAFETY, LLC	Safety Training 8/2020	1,620.00
66976	9/15/2020	HACH COMPANY	HACH Flo-dar 3G Upgrade (2-3 yrs)	1,150.72
66977	9/15/2020	HOME DEPOT CREDIT SERVICES	Tools, Wood, & Misc Supplies 8/2020	782.47
66978	9/15/2020	KONE INC.	Elevator Service 9/2020	267.12
66979	9/15/2020	LOG ME IN	GoToMeeting Pro and Open Voice Audio Service	67.33
66980	9/15/2020	MALLORY CO.	Gas & Sensor	5,410.63
66981	9/15/2020	MEINEKE	Recycled Water Truck Exhaust and Brake Work	1,580.76
66982	9/15/2020	CITY OF MENLO PARK - Water	Water Service - 8/2020	235.15
66983	9/15/2020	MUNICIPAL MAINTENANCE EQUIP.	Unit 221: Jet Eye Retermination 3/2020	6,432.13
66984	9/15/2020	SEEKZEN SYSTEMS	Cisco Meraki MX67W with 3-yr Enterprise License	1,913.80
66985	9/15/2020	TOWNE FORD SALES	Vehicle Claim 2019 Ford Ranger Claim #80155111	2,000.00
66986	9/15/2020	WOODARD & CURRAN	Recycled Water Facility Design & Construction 8/2020	2,783.55

**TOTAL CHECKS** **286,605.48**

**CORPORATE CARDS:**

GL	DATE	Account Number & Name	Description	Amount
<b>TOTAL CORPORATE CARDS:</b>				<u><b>0.00</b></u>

**WIRE TRANSFERS**

DATE	TO WHOM PAYABLE	PURPOSE	AMOUNT
9/1/2020	SVCW	Operating Payment 9/2020	636,710.00
9/2/2020	Central Payment	Credit Card Processing Fees 8/2020	398.56
9/8/2020	PrimePay	PrimePay Fees	411.04
9/11/2020	SVCW	Operating Payment 8/2020 (wire not transferred/received)	636,710.00
9/11/2020	PrimePay	Employee Payroll - Pay Period 8/14-9/11	109,230.71
9/11/2020	PrimePay	Federal Payroll Taxes	26,171.34
9/11/2020	PrimePay	State Payroll Taxes	8,454.29
9/11/2020	ICMA	Deferred Compensation	4,324.51
9/14/2020	CalPERS	Health Premium 9/2020	48,245.54
9/15/2020	PrimePay	Employee Payroll - Pay Period 9/11-15	1,660.32
9/15/2020	PrimePay	Federal Payroll Taxes	227.62
9/15/2020	PrimePay	State Payroll Taxes	68.68

**WIRE TRANSFERS FROM BoFw CHECKING** **1,472,612.61**

**Summary**

TOTAL CHECKS	286,605.48
TOTAL CORP CARD	-
TOTAL WIRES	1,472,612.61
<b>TOTAL WITHDRAWALS</b>	<u><b>1,759,218.09</b></u>

**Fund Summary by Budget Category**

100	Operations	1,687,215.94
200	Capital	50,121.25
500	SHGCC	21,880.90
		<u><b>1,759,218.09</b></u>

President \_\_\_\_\_

Secretary \_\_\_\_\_

**WEST BAY SANITARY DISTRICT**  
**Financial Activity Report**  
**Supplemental Purchase Register**  
**August 31, 2020 through September 15, 2020**

**OPERATING SUPPLIES & OFFICE EXPENSE**

<u>CHECK</u>	<u>DATE</u>	<u>VENDOR</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
66952	9/8/2020	GRAINGER	Jobber Drill, Disposable Gloves, Hydraulic Axle Jack, Knurled Rivet Nut,	2,648.91
66953	9/8/2020	KIMBALL MIDWEST	Tyvek Suits Stock, Safety Glasses, Windshield Wipers, Grease Guns, H	1,570.25
66956	9/8/2020	MISSION CLAY PRODUCTS, LLC	Clay Pipe, Wye, & Tees	2,805.65
66957	9/8/2020	OMEGA INDUSTRIAL SUPPLY, INC.	Sewer Aide, Vehicle Tire Shine, Penetrator	1,778.35
66964	9/8/2020	WECO INDUSTRIES, LLC	Maintenance & Hoses	1,507.15
66966	9/15/2020	AAA Rentals	Tractor Rental	1,408.00
66968	9/15/2020	AQUA NATURAL SOLUTIONS	Microbe Lift FOG Control	1,909.14
66980	9/15/2020	MALLORY CO.	Gas & Sensor	5,410.63

**MISCELLANEOUS**

<u>CHECK</u>	<u>DATE</u>	<u>VENDOR</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
66948	9/8/2020	BAYSIDE EQUIPMENT COMPANY	Generator Service	1,561.93
66962	9/8/2020	TOWNE FORD SALES	Unit 208 Check Engine Light On 8/2020	7,152.09
66967	9/15/2020	AIR & LUBE SYSTEMS, INC.	Diesel Tanks Replacement Project	50,121.25
66971	9/15/2020	CSRMA c/o ALLIANT INSURANCE	Workers Comp & Property Insurance - FY 2020-21	151,472.00
66973	9/15/2020	CUES, INC.	GraniteNet Annual Support Plan	3,950.00
66976	9/15/2020	HACH COMPANY	HACH Flo-dar 3G Upgrade (2-3 yrs)	1,150.72
66981	9/15/2020	MEINEKE	Recycled Water Truck Exhaust and Brake Work	1,580.76
66983	9/15/2020	MUNICIPAL MAINTENANCE EQUIP.	Unit 221: Jet Eye Retermination 3/2020	6,432.13
66984	9/15/2020	SEEKZEN SYSTEMS	Cisco Meraki MX67W with 3-yr Enterprise License	1,913.80
66985	9/15/2020	TOWNE FORD SALES	Vehicle Claim 2019 Ford Ranger Claim #80155111	2,000.00
66986	9/15/2020	WOODARD & CURRAN	Recycled Water Facility Design & Construction 8/2020	2,783.55

**WEST BAY SANITARY DISTRICT**  
**Expenditures Summary FY 2020-21**  
**July 1, 2020 through September 15, 2020**

<b>REGULAR PAYABLES</b>	<b>TOTAL BY VENDOR YTD FY 2020-21</b>	<b>WITHDRAWALS 9/1/2020 - 9/15/2020</b>
A-A Lock & Alarm	215.01	-
AAA Rentals	1,855.13	1,408.00
Abila	4,366.00	-
Access	110.00	-
Action Towing	193.50	-
Air & Lube Systems, Inc.	50,121.25	50,121.25
All Fence Company, Inc.	1,040.00	-
Alliant Insurance Services	18,218.00	-
American Messaging	203.66	74.52
American Textile & Supply	1,959.58	-
Anderson Pacific	264,765.37	-
Aqua Natural Solutions	1,909.14	1,909.14
AT&T	1,986.75	-
Atchison, Barisone & Condotti	21,565.48	2,699.90
Bank of the West - Credit Card	71,663.31	-
Bay Alarm	8,837.40	-
Bay Area Air Quality Mgmt Dist	391.00	-
Bayside Equipment Company	4,078.58	1,561.93
CSRMA c/o Alliant Insurance	160,532.60	151,472.00
CWEA	1,435.00	-
California Water Service	3,825.64	1,439.38
CALPERS 1959 Survivor Billing	60.00	-
CALPERS - Unfunded Accrued Liability	1,982,655.00	-
CALPERS - Retirement	66,587.10	-
CALPERS - Health Premiums	150,393.26	48,245.54
Calpers Long-Term Care Program	141.44	-
Center for Hearing Health Inc.	600.00	-
Central Payment	398.56	398.56
George Choi	9,500.00	-
Cintas Corp.	7,323.10	-
Comcast	832.36	-
Heath Cortez	225.00	-
Cues, Inc.	3,950.00	3,950.00
Dell Marketing L.P.	984.00	-
Dewey Pest Control	164.00	-
Dolphin Graphics	1,521.22	757.61
Du-All Safety, Llc	4,860.00	1,620.00
Embarcadero Media	396.00	-
Emerging Sun Productions	436.00	-
Federal Express	481.62	-
Fremont Urgent Care	1,052.00	-
Finishmaster Inc	645.32	-
City of Foster City	500.00	-
Franchise Tax Board	1,250.00	250.00
Freyer & Laureta	194,070.08	-
Governmentjobs.com dba NeoGov	3,778.32	-
GovConnection, Inc.	780.00	780.00
Grainger	4,353.07	2,648.91
Hach Company	1,150.72	1,150.72
Hadronex, Inc.	34,632.00	-
Home Depot Credit Services	3,396.53	782.47
Bob Hulsmann	1,096.15	-
IEDA	1,572.00	-
Institute for Local Government	350.00	-
Instrument Technology Corp.	7,035.63	-
Jani-King of CA, Inc - SFR/OAK	2,229.93	743.31
Kantor's Furniture	6,610.63	-

**WEST BAY SANITARY DISTRICT**  
**Expenditures Summary FY 2020-21**  
**July 1, 2020 through September 15, 2020**

<b>REGULAR PAYABLES</b>	<b>TOTAL BY VENDOR YTD FY 2020-21</b>	<b>WITHDRAWALS 9/1/2020 - 9/15/2020</b>
Kimball Midwest	3,548.49	1,570.25
Kone Inc.	801.36	267.12
Log Me In	1,801.98	67.33
Mallory Co.	9,822.63	5,410.63
Matheson Tri-Gas, Inc.	159.90	53.81
Meineke	1,580.76	1,580.76
City of Menlo Park - Repair	10,190.30	-
City of Menlo Park-Fuel	7,525.33	-
City of Menlo Park - Water	4,577.93	289.80
Mid State Container Sales, Inc	2,800.00	-
Mission Clay Products, LLC	2,805.65	2,805.65
Morse Hydraulics	338.70	-
Municipal Maintenance Equip.	6,432.13	6,432.13
National Auto Fleet Club	87,289.71	-
Navia Benefit Solutions	2,676.95	550.39
Carrie Nevoli - Petty Cash	598.06	-
R.A. Nosek Investigations	2,065.00	-
Occasions, ETC.	27.75	-
Ogasawara Landscape Maint.	1,500.00	-
Omega Industrial Supply, Inc.	5,378.10	1,778.35
Pacific Gas & Electric	41,748.66	24,152.94
Peninsula Battery Inc.	571.88	-
Peninsula Building Supply	185.87	-
Pier 2 Marketing	800.00	-
Ponton Industries, Inc.	9,754.88	-
Preferred Alliance	611.07	-
Principal Life Insurance Co.	9,806.90	-
Priority 1 Public Safety	7,908.96	-
Quadient Leasing USA, Inc.	268.25	-
Sergio Ramirez	4,001.62	-
Ranger Pipelines	39,646.99	-
Readyrefresh By Nestle	858.30	106.26
Red Wing Shoe Store	2,091.38	-
Todd Reese	500.00	-
Rich Voss Trucking	406.00	-
Roberts & Brune Company	8,092.54	-
SVCW Bond - 2014 Bond	391,929.21	-
SVCW Bond - 2015 Bond	1,107,625.00	-
SVCW Bond - 2018 Bond	1,203,293.75	-
SVCW - Monthly Operating Payment	1,273,420.00	636,710.00
San Mateo County	1,737.00	888.00
San Mateo County Assessor	305.00	-
San Mateo County Clerk	142.00	-
Henry Santos	150.00	-
Robert J. Scheidt	280.47	-
Seekzen Systems	2,863.80	1,913.80
Sharp Business Systems	3,158.74	1,085.18
Snap On Industrial	169.75	-
Sonsray Machinery LLC	2,140.51	-
Staples Credit Plan	3,649.10	-
Sutter EAP	826.50	-
Teamsters Local No. 350	2,040.00	-
Teletrac Navman US Ltd.	553.99	-
Towne Ford Sales	52,208.32	9,152.09
V & A Consulting Engineers	7,060.00	-
Vision Communications Co.	2,511.47	690.49
Weco Industries, LLC	2,520.19	1,507.15
Wex Bank (Chevron)	980.85	-



**WEST BAY SANITARY DISTRICT**  
**Expenditures Summary FY 2020-21**  
**July 1, 2020 through September 15, 2020**

<u>REGULAR PAYABLES</u>	<u>TOTAL BY VENDOR</u> <u>YTD FY 2020-21</u>	<u>WITHDRAWALS</u> <u>9/1/2020 - 9/15/2020</u>
Woodard & Curran	32,861.39	2,783.55

**WEST BAY SANITARY DISTRICT**  
**Expenditures Summary FY 2020-21**  
**July 1, 2020 through September 15, 2020**

<b>REGULAR PAYABLES</b>	<b>TOTAL BY VENDOR</b>	<b>WITHDRAWALS</b>
	<b>YTD FY 2020-21</b>	<b>9/1/2020 - 9/15/2020</b>
Young's Auto Supply Center	150.66	150.66
Zanker Recycling	51.77	-
<b>TOTAL REGULAR PAYABLES</b>	<b>7,486,871.93</b>	<b>971,959.58</b>
 <b>SALARIES, WAGES &amp; WITHHOLDINGS</b>		
Salaries/Wages - Net Pay	639,176.68	110,891.03
Directors Fees - Net Pay	4,398.21	-
PrimePay Fees	1,706.10	411.04
IRS - Federal Payroll Taxes	139,835.51	26,398.96
EDD - State Payroll Taxes	45,497.63	8,522.97
ICMA	55,273.51	4,324.51
Performance Merit Program - Net Pay	-	-
<b>TOTAL SALARIES RELATED</b>	<b>885,887.64</b>	<b>150,548.51</b>
 <b>TOTAL WITHDRAWALS</b>	 <b>8,372,759.57</b>	 <b>1,122,508.09</b>

**WEST BAY SANITARY DISTRICT**  
**Receipts & Incoming Transfers**  
**8/27/2020-9/15/2020**

RECEIPT NUMBER	DEPOSIT DATE	DESCRIPTION	AMOUNT
461366	08/27/20	Permit: 1200 Chestnut, MP	170.00
461367	08/27/20	Permit: 20 Linda Vista Ave, ATH	90.00
461368	09/01/20	Permit: 700 El Camino Real, MP	1,565.00
461369	08/28/20	Permit: 338 Greenoaks, ATH	170.00
461370	08/28/20	Permit: 220 Newbridge St, MP	170.00
461371	08/28/20	Permit: 2108 Camino De Los Robles, MP	290.00
461372	09/01/20	SRF Reimbursement #22	415,955.00
461373	09/01/20	SRF Reimbursement #23	224,931.00
461374	09/01/20	Anderson Pacific - Invoice 2020/21-004 & 007	30,981.83
461375	08/31/20	Permit: 1290 Bay Laurel, MP	170.00
461376	08/31/20	Permit: 69 Yale Rd, MP	460.00
461377	09/01/20	Permit: 870 Menlo Oaks, MP	460.00
461378	09/01/20	Permit: 248 Park Ln, ATH	290.00
461379	09/01/20	Class 1F Additional Charge: 1351 University Dr, MP	65.00
461380	09/02/20	Permit: 222 Camino Al Lago, ATH	290.00
461381	09/02/20	Permit: 140 Baywood, MP	290.00
461382	09/15/20	P. Scott - Monthly Cell Phone Bill	104.73
461383	09/15/20	Permit: 64 Winchester, ATH	290.00
461384	09/15/20	Invoice 2019/20-075 - SSC: 883 Santa Cruz Ave, MP	5,131.88
461385	09/04/20	Permit: 2111 Camino De Los Robles, MP	170.00
461386	09/15/20	SRI: Invoice 2019/20-092 - Mand. Discharge Permit & Sampling / Monitoring Costs	1,262.80
461387	09/15/20	SLAC: Invoice 2019/20-090 - NRD Permit	631.40
461388	09/15/20	LAH: Invoice 2019/20-11 - Sewer Maint Services - June	37,095.85
461389	09/15/20	LAH: Invoice 2019/20-12 - Sewer Maint Services - July	36,809.21
<b>Total Deposits</b>			<b>\$757,843.70</b>
<b>WIRE/ACH TRANSFERS RECEIVED</b>			
461390	09/11/20	SHGCC: Inv. 2020-21-011, SFR Pmt #5	\$67,554.09
461391	09/15/20	Recology: Franchise Fee 8/2020	\$8,536.41
<b>Total Transfer to BofW Checking</b>			<b>\$76,090.50</b>
<b>TOTAL DEPOSITS</b>			<b>\$833,934.20</b>

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**WEST BAY SANITARY DISTRICT  
AGENDA ITEM 8C**

**To: Board of Directors**

**From: Sergio Ramirez, District Manager**

**Subject: Bank of the West Monthly Investment Portfolio Statements**

Attached are the monthly statements indicating the amount of each reserve fund the District holds in the Bank of the West Investment Portfolio and the to-date market values.

Quarterly reports on the Investment Portfolio will include more details on the investments of each reserve.

**Recommendation**

The District Manager recommends the District Board review and accept these Statements by affirming and approving the items listed in the Consent Calendar.



**WBSD - OPERATING RESERVE**

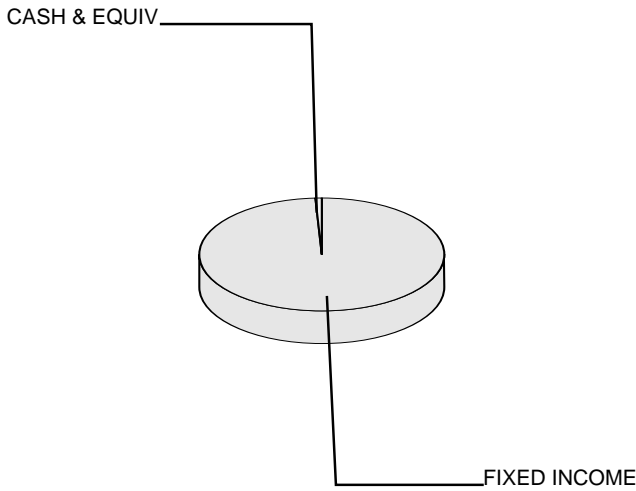
Account Number:  
 Statement Period:

08/01/20 -  
 08/31/20

WEST BAY SANITARY DISTRICT  
 500 LAUREL STREET  
 MENLO PARK CA 94025

**Fiduciary**  
 Chuen Ying Lee  
 (408) 645-3234  
**Portfolio**  
 Michael D. Smith  
 (408) 490-2079

**Asset Allocation**



**Asset Valuation**

Description	Market Value	% of Account
Cash & Equiv	7,459.30	0.1%
Fixed Income	9,483,845.12	99.9%
<b>Total Portfolio</b>	<b>\$ 9,491,304.42</b>	<b>100.0%</b>
Accrued Income	62,331.98	
<b>Total Valuation</b>	<b>\$ 9,553,636.40</b>	

**Market Reconciliation**

	Current Period	Year To Date
<b>Beginning Market Value</b>	<b>\$ 9,548,707.20</b>	<b>\$ 9,530,903.35</b>
Income		
Interest.....	21,536.35	42,088.77
Purchased Income.....	-6,594.77	-6,594.77
Disbursements.....	-1,596.30	-3,190.11
Realized Gains/(Losses).....	-7.10	233.30
Change In Accrued Income.....	3,315.33	1,435.23
Change In Market Appreciation/(Depreciation).....	-6,530.54	-2,714.80
Non-Cash Asset Changes.....	-5,193.77	-8,524.57
<b>Ending Market Value</b>	<b>\$ 9,553,636.40</b>	<b>\$ 9,553,636.40</b>



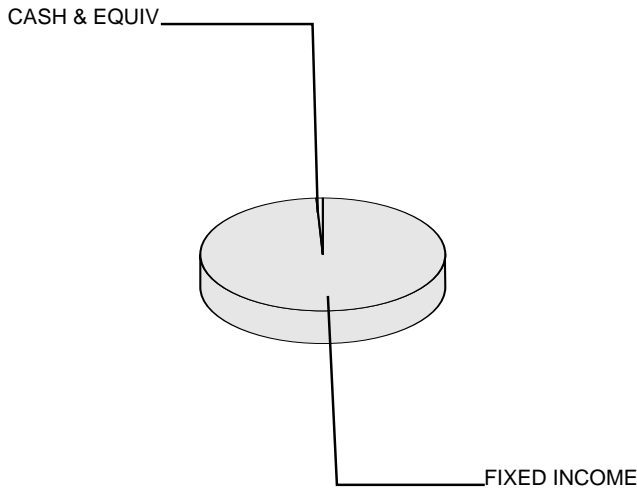
**WBSD - CAPITAL PROJECT RESERVE**

**Account Number:** 08/01/20 -  
**Statement Period:** 08/31/20

WEST BAY SANITARY DISTRICT  
 500 LAUREL STREET  
 MENLO PARK CA 94025

**Fiduciary**  
 Chuen Ying Lee  
 (408) 645-3234  
**Portfolio**  
 Michael D. Smith  
 (408) 490-2079

**Asset Allocation**



**Asset Valuation**

Description	Market Value	% of Account
Cash & Equiv	21,918.75	0.8%
Fixed Income	2,744,488.94	99.2%
<b>Total Portfolio</b>	<b>\$ 2,766,407.69</b>	<b>100.0%</b>
Accrued Income	20,981.95	
<b>Total Valuation</b>	<b>\$ 2,787,389.64</b>	

**Market Reconciliation**

	Current Period	Year To Date
<b>Beginning Market Value</b>	<b>\$ 2,785,965.14</b>	<b>\$ 2,781,874.82</b>
Income		
Interest.....	14,386.85	20,524.98
Purchased Income.....	-3,196.55	-3,196.55
Disbursements.....	-464.31	-928.20
Realized Gains/(Losses).....	0.00	0.00
Change In Accrued Income.....	-4,776.46	-4,551.84
Change In Market Appreciation/(Depreciation).....	-16.74	-767.35
Non-Cash Asset Changes.....	-4,508.29	-5,566.22
<b>Ending Market Value</b>	<b>\$ 2,787,389.64</b>	<b>\$ 2,787,389.64</b>



**WBSD - EMERGENCY CAPITAL RESERVE**

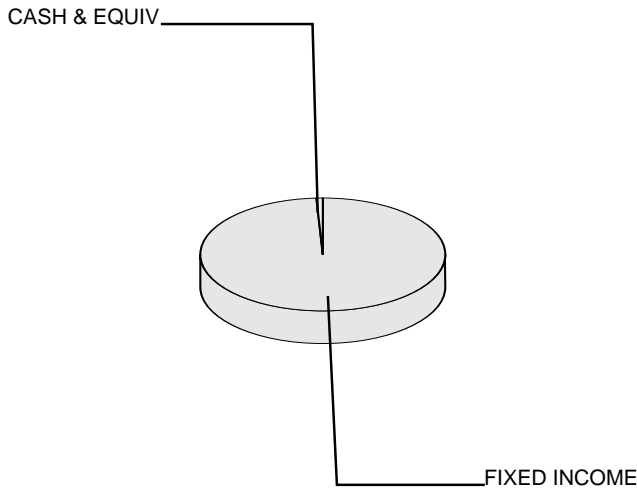
Account Number:  
 Statement Period:

08/01/20 -  
 08/31/20

WEST BAY SANITARY DISTRICT  
 500 LAUREL STREET  
 MENLO PARK CA 94025

**Fiduciary**  
 Chuen Ying Lee  
 (408) 645-3234  
**Portfolio**  
 Michael D. Smith  
 (408) 490-2079

**Asset Allocation**



**Asset Valuation**

Description	Market Value	% of Account
Cash & Equiv	20,017.23	0.5%
Fixed Income	3,868,777.48	99.5%
<b>Total Portfolio</b>	<b>\$ 3,888,794.71</b>	<b>100.0%</b>
Accrued Income	26,837.97	
<b>Total Valuation</b>	<b>\$ 3,915,632.68</b>	

**Market Reconciliation**

	Current Period	Year To Date
<b>Beginning Market Value</b>	<b>\$ 3,912,821.87</b>	<b>\$ 3,904,702.49</b>
Income		
Interest.....	7,674.64	16,486.27
Purchased Income.....	-3,219.00	-3,219.00
Disbursements.....	-654.12	-1,307.02
Realized Gains/(Losses).....	0.00	0.00
Change In Accrued Income.....	2,630.96	1,481.75
Change In Market Appreciation/(Depreciation).....	-1,974.50	953.62
Non-Cash Asset Changes.....	-1,647.17	-3,465.43
<b>Ending Market Value</b>	<b>\$ 3,915,632.68</b>	<b>\$ 3,915,632.68</b>





**WBSD - RATE STABILIZATION RESERVE**

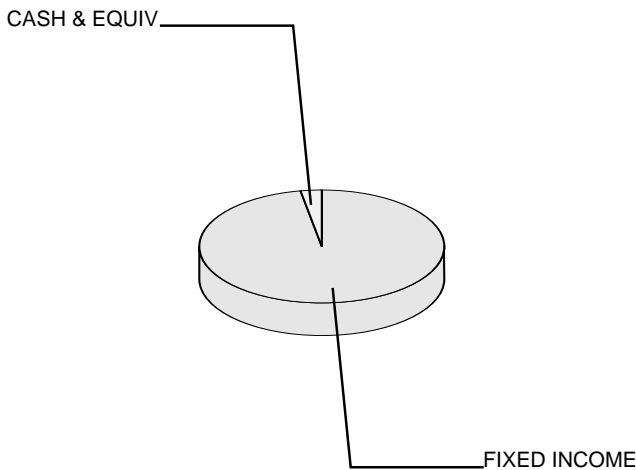
Account Number:  
 Statement Period:

08/01/20 -  
 08/31/20

WEST BAY SANITARY DISTRICT  
 RATE STABILIZATION RESERVE  
 500 LAUREL STREET  
 MENLO PARK CA 94025

**Fiduciary**  
 Chuen Ying Lee  
 (408) 645-3234  
**Portfolio**  
 Michael D. Smith  
 (408) 490-2079

**Asset Allocation**



**Asset Valuation**

Description	Market Value	% of Account
Cash & Equiv	39,206.58	2.8%
Fixed Income	1,358,925.18	97.2%
<b>Total Portfolio</b>	<b>\$ 1,398,131.76</b>	<b>100.0%</b>
Accrued Income	10,358.04	
<b>Total Valuation</b>	<b>\$ 1,408,489.80</b>	

**Market Reconciliation**

	Current Period	Year To Date
<b>Beginning Market Value</b>	<b>\$ 1,409,035.59</b>	<b>\$ 1,408,407.26</b>
Income		
Interest.....	17,916.34	19,303.68
Purchased Income.....	-6,910.26	-6,910.26
Disbursements.....	-233.67	-467.77
Realized Gains/(Losses).....	0.00	0.00
Change In Accrued Income.....	-9,568.36	-7,094.89
Change In Market Appreciation/(Depreciation).....	10,947.46	8,197.23
Non-Cash Asset Changes.....	-12,697.30	-12,945.45
<b>Ending Market Value</b>	<b>\$ 1,408,489.80</b>	<b>\$ 1,408,489.80</b>



**WBSD - RECYCLED WATER CASH FLOW**

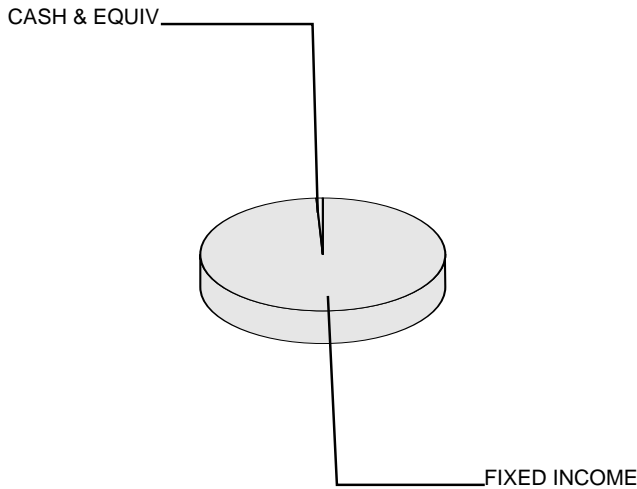
Account Number:  
 Statement Period:

08/01/20 -  
 08/31/20

WEST BAY SANITARY DISTRICT  
 RECYCLED WATER CASH FLOW  
 500 LAUREL STREET  
 MENLO PARK CA 94025

**Fiduciary**  
 Chuen Ying Lee  
 (408) 645-3234  
**Portfolio**  
 Michael D. Smith  
 (408) 490-2079

**Asset Allocation**



**Asset Valuation**

Description	Market Value	% of Account
Cash & Equiv	1,272.29	0.6%
Fixed Income	225,966.11	99.4%
<b>Total Portfolio</b>	<b>\$ 227,238.40</b>	<b>100.0%</b>
Accrued Income	1,845.92	
<b>Total Valuation</b>	<b>\$ 229,084.32</b>	

**Market Reconciliation**

	Current Period	Year To Date
<b>Beginning Market Value</b>	<b>\$ 228,847.45</b>	<b>\$ 228,463.67</b>
Income		
Interest.....	4.59	630.80
Purchased Income.....	-603.78	-603.78
Disbursements.....	-38.35	-76.60
Realized Gains/(Losses).....	0.00	0.00
Change In Accrued Income.....	952.51	662.93
Change In Market Appreciation/(Depreciation).....	-278.65	22.00
Non-Cash Asset Changes.....	200.55	-14.70
<b>Ending Market Value</b>	<b>\$ 229,084.32</b>	<b>\$ 229,084.32</b>



**WBSD - RECYCLED WATER SRF RESERVE**

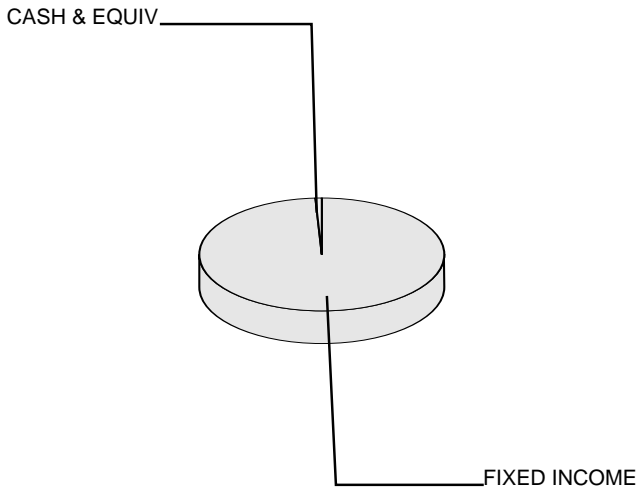
Account Number:  
 Statement Period:

08/01/20 -  
 08/31/20

WEST BAY SANITARY DISTRICT  
 RECYCLED WATER SRF RESERVE  
 500 LAUREL STREET  
 MENLO PARK CA 94025

**Fiduciary**  
 Chuen Ying Lee  
 (408) 645-3234  
**Portfolio**  
 Michael D. Smith  
 (408) 490-2079

**Asset Allocation**



**Asset Valuation**

Description	Market Value	% of Account
Cash & Equiv	422.56	0.0%
Fixed Income	1,524,932.32	100.0%
<b>Total Portfolio</b>	<b>\$ 1,525,354.88</b>	<b>100.0%</b>
Accrued Income	11,725.73	
<b>Total Valuation</b>	<b>\$ 1,537,080.61</b>	

**Market Reconciliation**

	Current Period	Year To Date
<b>Beginning Market Value</b>	<b>\$ 1,536,415.23</b>	<b>\$ 1,530,349.55</b>
Income		
Interest.....	1,615.52	5,280.98
Purchased Income.....	-2,340.56	-2,340.56
Disbursements.....	-257.07	-513.12
Realized Gains/(Losses).....	0.00	0.00
Change In Accrued Income.....	3,633.67	2,808.31
Change In Market Appreciation/(Depreciation).....	-1,827.38	2,378.80
Non-Cash Asset Changes.....	-158.80	-883.35
<b>Ending Market Value</b>	<b>\$ 1,537,080.61</b>	<b>\$ 1,537,080.61</b>



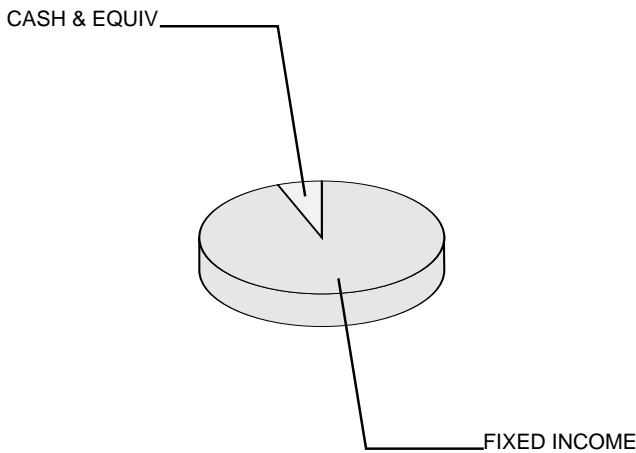
**WBSD - OPERATING RESERVE**

**Account Number:** 07/01/20 -  
**Statement Period:** 07/31/20

WEST BAY SANITARY DISTRICT  
 500 LAUREL STREET  
 MENLO PARK CA 94025

**Fiduciary**  
 Chuen Ying Lee  
 (408) 645-3234  
**Portfolio**  
 Michael D. Smith  
 (408) 490-2079

**Asset Allocation**



**Asset Valuation**

Description	Market Value	% of Account
Cash & Equiv	574,620.36	6.1%
Fixed Income	8,915,070.19	93.9%
<b>Total Portfolio</b>	<b>\$ 9,489,690.55</b>	<b>100.0%</b>
Accrued Income	59,016.65	
<b>Total Valuation</b>	<b>\$ 9,548,707.20</b>	

**Market Reconciliation**

	Current Period	Year To Date
<b>Beginning Market Value</b>	<b>\$ 9,530,903.35</b>	<b>\$ 9,530,903.35</b>
Income		
Interest.....	20,552.42	20,552.42
Disbursements.....	-1,593.81	-1,593.81
Realized Gains/(Losses).....	240.40	240.40
Change In Accrued Income.....	-1,880.10	-1,880.10
Change In Market Appreciation/(Depreciation).....	3,815.74	3,815.74
Non-Cash Asset Changes.....	-3,330.80	-3,330.80
<b>Ending Market Value</b>	<b>\$ 9,548,707.20</b>	<b>\$ 9,548,707.20</b>



**WBSD - CAPITAL PROJECT RESERVE**

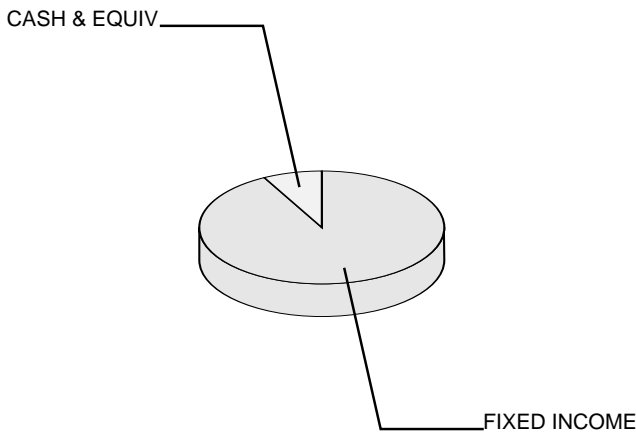
Account Number:  
 Statement Period:

07/01/20 -  
 07/31/20

WEST BAY SANITARY DISTRICT  
 500 LAUREL STREET  
 MENLO PARK CA 94025

**Fiduciary**  
 Chuen Ying Lee  
 (408) 645-3234  
**Portfolio**  
 Michael D. Smith  
 (408) 490-2079

**Asset Allocation**



**Asset Valuation**

Description	Market Value	% of Account
Cash & Equiv	229,421.46	8.3%
Fixed Income	2,530,785.27	91.7%
<b>Total Portfolio</b>	<b>\$ 2,760,206.73</b>	<b>100.0%</b>
Accrued Income	25,758.41	
<b>Total Valuation</b>	<b>\$ 2,785,965.14</b>	

**Market Reconciliation**

	Current Period	Year To Date
<b>Beginning Market Value</b>	<b>\$ 2,781,874.82</b>	<b>\$ 2,781,874.82</b>
Income		
Interest.....	6,138.13	6,138.13
Disbursements.....	-463.89	-463.89
Realized Gains/(Losses).....	0.00	0.00
Change In Accrued Income.....	224.62	224.62
Change In Market Appreciation/(Depreciation).....	-750.61	-750.61
Non-Cash Asset Changes.....	-1,057.93	-1,057.93
<b>Ending Market Value</b>	<b>\$ 2,785,965.14</b>	<b>\$ 2,785,965.14</b>



**WBSD - EMERGENCY CAPITAL RESERVE**

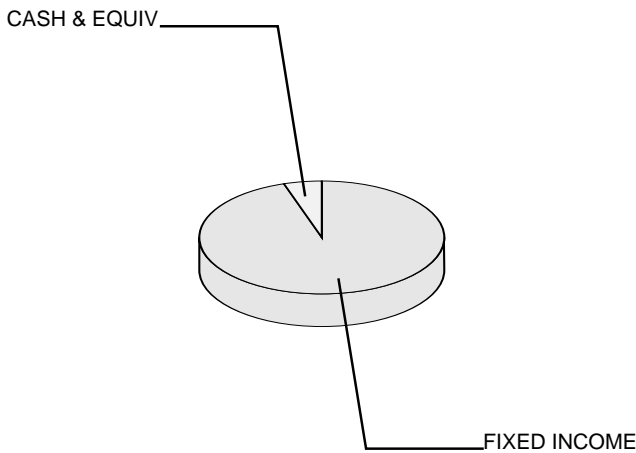
Account Number:  
 Statement Period:

07/01/20 -  
 07/31/20

WEST BAY SANITARY DISTRICT  
 500 LAUREL STREET  
 MENLO PARK CA 94025

**Fiduciary**  
 Chuen Ying Lee  
 (408) 645-3234  
**Portfolio**  
 Michael D. Smith  
 (408) 490-2079

**Asset Allocation**



**Asset Valuation**

Description	Market Value	% of Account
Cash & Equiv	194,697.21	5.0%
Fixed Income	3,693,917.65	95.0%
<b>Total Portfolio</b>	<b>\$ 3,888,614.86</b>	<b>100.0%</b>
Accrued Income	24,207.01	
<b>Total Valuation</b>	<b>\$ 3,912,821.87</b>	

**Market Reconciliation**

	Current Period	Year To Date
<b>Beginning Market Value</b>	<b>\$ 3,904,702.49</b>	<b>\$ 3,904,702.49</b>
Income		
Interest.....	8,811.63	8,811.63
Disbursements.....	-652.90	-652.90
Realized Gains/(Losses).....	0.00	0.00
Change In Accrued Income.....	-1,149.21	-1,149.21
Change In Market Appreciation/(Depreciation).....	2,928.12	2,928.12
Non-Cash Asset Changes.....	-1,818.26	-1,818.26
<b>Ending Market Value</b>	<b>\$ 3,912,821.87</b>	<b>\$ 3,912,821.87</b>



**WBSD - RATE STABILIZATION RESERVE**

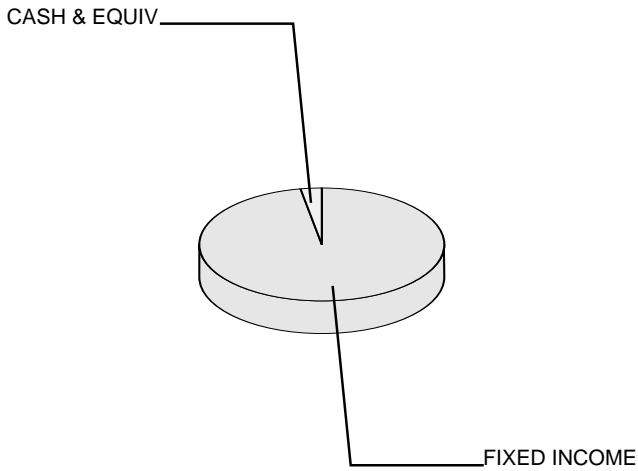
Account Number:  
 Statement Period:

07/01/20 -  
 07/31/20

WEST BAY SANITARY DISTRICT  
 RATE STABILIZATION RESERVE  
 500 LAUREL STREET  
 MENLO PARK CA 94025

**Fiduciary**  
 Chuen Ying Lee  
 (408) 645-3234  
**Portfolio**  
 Michael D. Smith  
 (408) 490-2079

**Asset Allocation**



**Asset Valuation**

Description	Market Value	% of Account
Cash & Equiv	38,801.87	2.8%
Fixed Income	1,350,307.32	97.2%
<b>Total Portfolio</b>	<b>\$ 1,389,109.19</b>	<b>100.0%</b>
Accrued Income	19,926.40	
<b>Total Valuation</b>	<b>\$ 1,409,035.59</b>	

**Market Reconciliation**

	Current Period	Year To Date
<b>Beginning Market Value</b>	<b>\$ 1,408,407.26</b>	<b>\$ 1,408,407.26</b>
Income		
Interest.....	1,387.34	1,387.34
Disbursements.....	-234.10	-234.10
Realized Gains/(Losses).....	0.00	0.00
Change In Accrued Income.....	2,473.47	2,473.47
Change In Market Appreciation/(Depreciation).....	-2,750.23	-2,750.23
Non-Cash Asset Changes.....	-248.15	-248.15
<b>Ending Market Value</b>	<b>\$ 1,409,035.59</b>	<b>\$ 1,409,035.59</b>



**WBSD - RECYCLED WATER CASH FLOW**

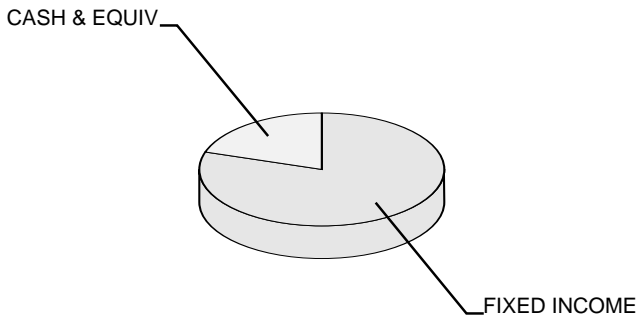
Account Number:  
 Statement Period:

07/01/20 -  
 07/31/20

WEST BAY SANITARY DISTRICT  
 RECYCLED WATER CASH FLOW  
 500 LAUREL STREET  
 MENLO PARK CA 94025

**Fiduciary**  
 Chuen Ying Lee  
 (408) 645-3234  
**Portfolio**  
 Michael D. Smith  
 (408) 490-2079

**Asset Allocation**



**Asset Valuation**

Description	Market Value	% of Account
Cash & Equiv	45,845.23	20.1%
Fixed Income	182,108.81	79.9%
<b>Total Portfolio</b>	<b>\$ 227,954.04</b>	<b>100.0%</b>
Accrued Income	893.41	
<b>Total Valuation</b>	<b>\$ 228,847.45</b>	

**Market Reconciliation**

	Current Period	Year To Date
<b>Beginning Market Value</b>	<b>\$ 228,463.67</b>	<b>\$ 228,463.67</b>
Income		
Interest.....	626.21	626.21
Disbursements.....	-38.25	-38.25
Realized Gains/(Losses).....	0.00	0.00
Change In Accrued Income.....	-289.58	-289.58
Change In Market Appreciation/(Depreciation).....	300.65	300.65
Non-Cash Asset Changes.....	-215.25	-215.25
<b>Ending Market Value</b>	<b>\$ 228,847.45</b>	<b>\$ 228,847.45</b>





**WBSD - RECYCLED WATER SRF RESERVE**

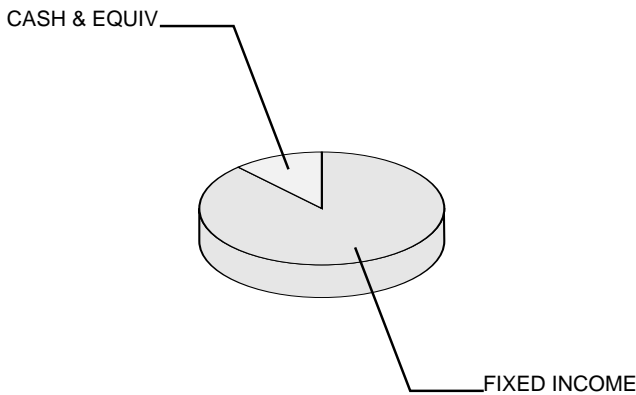
Account Number:  
 Statement Period:

07/01/20 -  
 07/31/20

WEST BAY SANITARY DISTRICT  
 RECYCLED WATER SRF RESERVE  
 500 LAUREL STREET  
 MENLO PARK CA 94025

**Fiduciary**  
 Chuen Ying Lee  
 (408) 645-3234  
**Portfolio**  
 Michael D. Smith  
 (408) 490-2079

**Asset Allocation**



**Asset Valuation**

Description	Market Value	% of Account
Cash & Equiv	178,096.67	11.7%
Fixed Income	1,350,226.50	88.4%
<b>Total Portfolio</b>	<b>\$ 1,528,323.17</b>	<b>100.0%</b>
Accrued Income	8,092.06	
<b>Total Valuation</b>	<b>\$ 1,536,415.23</b>	

**Market Reconciliation**

	Current Period	Year To Date
<b>Beginning Market Value</b>	<b>\$ 1,530,349.55</b>	<b>\$ 1,530,349.55</b>
Income		
Interest.....	3,665.46	3,665.46
Disbursements.....	-256.05	-256.05
Realized Gains/(Losses).....	0.00	0.00
Change In Accrued Income.....	-825.36	-825.36
Change In Market Appreciation/(Depreciation).....	4,206.18	4,206.18
Non-Cash Asset Changes.....	-724.55	-724.55
<b>Ending Market Value</b>	<b>\$ 1,536,415.23</b>	<b>\$ 1,536,415.23</b>

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**WEST BAY SANITARY DISTRICT  
AGENDA ITEM 8D**

**To:** *Board of Directors*

**From:** *Bill Kitajima, Projects and IT Manager  
Jonathan Werness, Engineering Technician*

**Subject:** *Consideration to Accept the Work by Air & Lube Systems, Inc. for the Diesel Tanks Replacement Project and Authorizing the District Manager to File the Notice of Completion*

---

**Background**

On April 22, 2020, the District Board awarded the Diesel Tanks Replacement Project to the low bidder, Air & Lube Systems, Inc. of Sacramento, California in the amount of \$52,759.21 and apportioned an additional \$6,740.46 to be used for additional work and Construction Support Services.

**Analysis**

This project was for the replacement of three diesel tanks at various pump stations along with one spare tank to be stored at the District's FERRF. These tanks are used to store fuel for the pump stations' backup generators.

**Fiscal Impact**

The Capital Assets Fund for Fiscal Year 2019-2020 was budgeted for \$3,727,000. This project was considered emergency work. None of the contingency was used. Therefore the project was under budget by \$6,740.46.

**Recommendation**

The Projects & IT Manager requests that the District Board accepts the work by Air & Lube Systems, Inc. and to authorize the District Manager to File the Notice of Completion for the Diesel Tanks Replacement Project.

Attachments: Notice of Completion

**EXEMPT FROM RECORDING FEES**

Recorded at Request of  
and Return to:

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

**NOTICE OF COMPLETION**

Notice is hereby given that West Bay Sanitary District (a Government Agency) whose address is 500 Laurel Street, Menlo Park, California 94025, caused the Diesel Tanks Replacement Project within San Mateo County & Santa Clara County, California; that the contract for doing said work was made with Air & Lube Systems, Inc. as contractor and entered into agreement on April 22, 2020; that the work on said contract was actually completed on September 23, 2020; that the owner of said "Diesel Tanks Replacement Project" is the West Bay Sanitary District.

WEST BAY SANITARY DISTRICT

\_\_\_\_\_  
Sergio Ramirez

STATE OF CALIFORNIA  
COUNTY OF SAN MATEO

Sergio Ramirez being duly sworn says he is the District Manager of West Bay Sanitary District, the owner of the above referred improvements; that he has read the same, and knows the content thereof, and that the facts stated therein are true.

\_\_\_\_\_  
Sergio Ramirez

STATE OF CALIFORNIA                     )  
   ) ss.  
COUNTY OF SAN MATEO                    )

On \_\_\_\_\_ before me,  
   (Date)

\_\_\_\_\_  
Name and Title of Officer (e.g., Jane Doe, Notary Public)  
personally appeared **Sergio Ramirez** who proved to me  
on the basis of satisfactory evidence to be the person  
whose name is subscribed to the within instrument  
and acknowledged to me that he executed the same  
in his authorized capacity, and that by his signature  
on the instrument the person, or the entity upon behalf  
of which the person 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.

Place Notary Seal Above

\_\_\_\_\_  
Signature of Notary Public



## WEST BAY SANITARY DISTRICT AGENDA ITEM 9

**To:** *Board of Directors*

**From:** *Sergio Ramirez, District Manager*  
*Todd Reese, Office Manager*

**Subject:** *Consideration to Approve Resolution Revising the Record Retention Policy and Record Retention Schedule*

---

### Background

The Finance Manager, Operations Superintendent, Water Quality Manager, Office Manager and Projects & IT Manager have revisited the record retention schedule which was presented to the Board at the January 6, 2010 special meeting and have updated some items based on consultations with the District's legal counsel.

### Analysis

This new schedule addresses the archived records in the District's facilities. The attached Resolution, Records Retention Schedule, and Record Destruction Request Form will establish the requirements necessary to legally maintain and destruct of the District's Records per Staff's and District's legal counsel review.

### Fiscal Impact

There is no direct fiscal impact at this time.

### Recommendation

The attached documents have been developed with assistance of District Counsel and the above mentioned District personnel, and have received final review by District Counsel. Therefore, the Office Manager and District Manager recommends the Board adopt the attached Resolution, Revised Record Retention Policy, and Record Retention Schedule.

**RESOLUTION NO. \_\_\_\_ (2020)**

**A RESOLUTION APPROVING RETENTION PERIODS FOR VARIOUS DISTRICT RECORDS AND AUTHORIZING THE DISTRICT MANAGER TO DESTROY CERTAIN PUBLIC RECORDS IN ACCORDANCE THEREWITH**

WHEREAS, Government Code section 34090 authorizes legislative bodies to adopt records retention schedules to establish retention periods for various types of public records, and;

WHEREAS, the West Bay Sanitary District ("District") Board of Directors has reviewed a proposed schedule for retention and destruction of certain categories of records, and;

WHEREAS, the Board finds that destruction or disposition of the categories of records described in said schedule will not adversely affect any interest of the District or of the public, and;

WHEREAS, the Board finds that the schedule contemplates the maintenance of a list of records destroyed or disposed of, by category, and describes each category in a way that reasonably identifies the information contained in the records in that category, and;

WHEREAS, the Board therefore desires to approve said retention schedule and authorize the destruction of records in accordance with said schedule.

In consideration of the foregoing findings and determinations,

**IT IS RESOLVED** by the District Board as follows:

1. Schedule of records retention document entitled, "West Bay Sanitary District Records Retention Schedule," a copy of which is attached hereto, is hereby adopted, which schedule classifies the District's public records by category, and establishes a standard protocol for their destruction or disposition.
2. The District Manager is hereby authorized to destroy District records in accordance with such schedule and Records Destruction Request Form.
3. Notwithstanding the schedule of records retention adopted hereby, the District Manager may not destroy or dispose of any records the destruction or disposal of which is prohibited by any applicable provision of law enacted after this Resolution becomes effective.
4. This Resolution shall become effective immediately upon its passage and adoption.
5. The District Manager is hereby directed and authorized from time to time to make and implement such changes in the attached, "West Bay Sanitary District Records Retention Schedule" as he or she may determine, as approved by District Counsel, to be required by the law then applicable.

\*\*\*\*\*

Passed and adopted by the District Board of the West Bay Sanitary District at a regular meeting thereof held on the 23<sup>rd</sup> day of September, 2020 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  
Fran Dehn

Attest:

\_\_\_\_\_  
Secretary of the District Board of the  
West Bay Sanitary District of San Mateo  
County, State of California  
David Walker



**ATCHISON, BARISONE & CONDOTTI, APC**

LAW OFFICES  
PO BOX 481  
SANTA CRUZ, CALIFORNIA 95061-0481  
P:831-423-8383; F:831-576-2269  
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JOHN G. BARISONE  
ANTHONY P. CONDOTTI  
BARBARA H. CHOI  
CASSIE M. BRONSON  
STEPHANIE Y. HALL  
VICTORIA K. THOMPSON  
DARCELLE K. PRUITT  
ASHLEY B. WHEELOCK  
STEPHANIE M. DUCK

**M E M O R A N D U M**

September 18, 2020

**TO:** West Bay Sanitary District  
**FROM:** Ashley Wheelock  
**RE:** Proposed Changes to Records Retention Policy

---

*These are the proposed changes to the 2010 Records Retention Policy for consideration and adoption in 2020.*

1.01:

Agenda packets are currently retained for CU+2. This retention policy is dependent on staff or board preference, but it may be useful to have these records be **Permanent**. Revised to P.

1.02:

The reference to GC34090(d) is incorrect. Revised to GC34090(e).

1.03:

Reference to GC34090.7 seems unnecessary here as it refers to destroying duplicates that are less than two years old which are no longer required. Revised to remove reference to GC34090.7 and substitute it for GC34090.

1.04:

The reference to GC34090(d) is incorrect. Revised to GC34090(e).

1.05 and 1.20:

The reference to GC34090(d) should be a general reference to GC34090. Revised to GC34090.

1.39 and 1.41:

Revised to P to match 1.40 and 1.41.

1.42, 1.43, and 1.44:

Revised to include references to CCP337.5 and CCP343.

1.50:

This is currently unclear with 3 different retention scheduled listed on one line.

Revised to break this into more than one line adding 1.51. Revised to make P for successful bids (1.50).

And CU+5 for bids that are not successful but may still become the source of litigation (1.51). Removed reference to 25105-1.



1.83:

CU + 2 may not be long enough for potential litigation about rates. Revised to extend the deadline to P and including a reference to CCP343.

1.95:

Reference to CCR14311 is to a repealed section. CCR15400.2 is sufficient. Revised accordingly.

2.02:

GC34090.7 is not a correct reference. Revised to GC34090. Also, revised to designate these records as P since it applies to annual statements only and not every statement. This would be consistent with keeping the budget and ledger permanently.

2.04:

Revised to add reference to 26CFR16001-1

2.05 and 2.06:

Revised to include a reference to CCP337. As the statute of limitations for contracts actions is 4 years, revised to CL+5, see below, as opposed to basing the retention on the audit schedule.

For 2.05-2.09:

Revised to CL+5, unless there is some reason to base it on the audit schedule. If so, then consider, AU+5.

2.10, 2.11:

26CFR301 is no longer a good citation, but it appears to be referencing how long the to keep records for tax purposes. Revised to remove the outdated reference, add a reference to 29UCS336, and increased retention to AU+5 as records should be held at least five years for tax purposes. Depending on preference and whether there is always an audit, the board could also consider CU+6.

2.12:

Issue: CA Financial code 3368 was repealed in 2009. Revised to remove the reference.

2.20:

Included reference to 29USC211(c). Revised accordingly.

2.22:

Fix typo to read 26CFR16001-1. Revised accordingly.

2.30:

Consider increasing retention to AU+5 as records should be held at least five years. Depending on preference and whether there is always an audit, the board could also consider CU+6.

3.01:

Revised to add reference to CCP343.

3.10:

Litigation concerns means the documents should be held longer. Revised to S+5 and included a reference to CCP343.

3.50:

Revised to correct wrong citation: reference to CCR sec 1174 should be to LAB1174. Also revised to separate reference to 29CF1602.30 and 29CFR1602.32 for clarity, to clarify that reference to 34090 is to GC34090; and for a longer retention period, P. However, the board and staff could consider a shorter retention period for some of the records and just keep as P, certain records, such as the oath of office.

3.51:

Revised to separate reference to 29CF1602.30 and 29CFR1602.32 for clarity, and fixed an incorrect citation as the reference to 1174 should be to LAB1174.

3.52:

Consider a longer retention period because of the potential for litigation, T+10 or even P. Revised to make it P.

3.53:

Revised to separate reference to 29CF1602.30 and 29CFR1602.32 for clarity, to make clear that the references to 1910.20 and 29 CFR go together 29CFR1910.20 (it's where the 30 years comes from), and to add a reference to 8CCR3204(a), which is the California companion to 29CFR1910.20.

3.60:

Revised to add "et seq" to 29CFR1607.

4.01:

GC34090.7 refers to destruction of videos if another form of recording the information has been made, such as minutes or an audio recording. It's not the best reference here unless there is a second method of recording video contents used.

Revised to create new categories: Audio/Radio (4.01); Routine Video Monitoring (4.02); and Video (4.03). For Audio: CU + 4 mos. GC34090.6. For Routine Video Monitoring: CU + 1 GC34090.6. Video: CU + 2 GC34090 and GC34090.7.

5:01:

Legal opinions should be P. Revised accordingly.

5.02:

Revised to correct code section to GC34090(a) and remove reference to 2.08.110 (see comments to 8.02, below).

5:08:

It seems difficult for staff to know what is or is not precedent setting and it would be safer to designate this P. Revised accordingly.

5.09:

Revised to correctly reference code section GC34090(a).

6.03:

Revised to increase to CL+10 just to be cautious.

6.05:

Revised to include a reference to GC34090.

6.06:

2 years seems inadequate when dealing with hazardous waste storage. Revised to make these records P.

7.01:

Current retention is not long enough for potential litigation. Revised to extend to 5 years for potential breaches of contract and including a reference to CCP337.

7.02 and 7.04:

Revised to correct the reference to GC34090(d) to GC34090.

8.01:

Current retention is not long enough for potential litigation. Revised to CL + 10, changed the reference to GC34090 generally, and included references to CCP343 and CCP337.5.

8.02:

Revised to add a reference to CCP337.5., to fix typo for GC34090(a) and remove duplicate reference, to update reference of GC4004 to GC4000 et seq., and to remove the reference to 2083110.

2.083110 is an unclear reference. It's cut and pasted into numerous document retention policies found online without the reference to code it comes from. The reference does not seem to be needed here, as nothing changes when it's removed. It could be a typo from 2.08.110 (see the revisions to 5.04), but again, there doesn't appear to be a clear reference anymore to anything. It was possibly it was a muni-code reference at one time. It appeared in the [Secretary of State guidelines in 2006](#) without any explanation as well. These have not been [updated since](#) 2006, but it does appear that numerous Cities and entitles cut and pasted this into their retention policies without a proper citation.

8.03:

Revised to fix a typo for GC34090(a).

9.01:

Revised to properly cite GC34090(e) instead of GC34090(d).

9.02:

Revised to include reference to GC34090.

Section 10.01 through 10.08:

Current retention is not long enough for potential litigation. Revised to S+5.

General: Revised to make all code references uniform.

**WEST BAY SANITARY DISTRICT**  
**Records Retention Schedule**

Adopted January 2010

RETENTION CODES:

AU- Audit

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Ref. No.	Title	Retention Period	Citation	Descriptor
<b>1.00</b>	<b>Administration</b>			
1.01	Agendas Packets	P	GC34090	Original agendas and special meeting notices, including certificates of posting, original summaries, original communications and action agendas for Board; Documentation received, created and/or submitted to Board
1.02	Meeting Minutes	P	GC34090(e); GC36814; GC40801	Official minutes and hearing proceedings of governing body or board, commission or committee
1.03	Notices, Meeting	CU + 2	GC34090; GC54960.1(c)( 1)	Special meetings
1.04	Ordinances & Regulations	P	GC34090(e); GC40806	District Regulations and Ordinances
1.05	Policies & Procedures	S + 5	GC34090	Retain while current
1.10	Public Records Request	CL + 2	GC 34090	
1.20	Correspondence/ Originating Department	CU + 2	GC34090	If not attached to agreement or project file
1.30	Records Retention Schedules	S + 4	CCP343; CCP337.5	
1.31	Records Destruction Request Form	P	GC34090	Documentation of final disposition or records
1.39	Public Official Bonds	P	GC34090; CCP337.5	Supporting documents
1.40	Bond Documentation	P	GC34090; CCP337.5	Supporting documents
1.41	Bonds, Insurance	P	CC337.2; CCP343	Bonds and insurance policies insuring District property and other assets
1.42	Insurance, Certificates	P	GC34090; CCP343; CCP337.5	Insurance certificates filed separately from contracts, includes insurance filed by licensees

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Ref. No.	Title	Retention Period	Citation	Descriptor
1.43	Insurance, CSRMA	P	GC34090; CCP343; CCP337.5	MOU's/agreement/agendas
1.44	Insurance, Liability/Property	P	GC34090; CCP343; CCP337.5	May include liability, property, Certificates of Participation, deferred, use of facilities
1.50	Bids, RFQ's, RFP's Successful	P	GC34090; CCP337;*	Requests for Qualifications; Requests for Proposals regarding goods and services *GC34090
1.51	Bids, RFQ's, RFP's Unsuccessful	CL + 5	GC34090; CCP337;*	Requests for Qualifications; Requests for Proposals regarding goods and services *GC34090
1.60	Brochures, publications, newsletter, bulletins	S + 2	GC34090	
1.70	Classifications and Appointments	P	GC34090; GC12946; 29CFR516.6(2); 29CFR1602.4	Includes supplemental Personnel records. Wage rate tables 2 years.
1.81	Reports & Studies	S + 2	GC34090	Internal and/or external
1.82	Special Projects	CU + 2	GC34090	
1.83	Rates	P	GC34090; CCP343	
1.90	Vehicle Ownership & Title	L	VC9900 et seq.	Title transfers when vehicle sold
1.95	Workers Compensation	P	CCR15400.2; LAB110-139.6	Claim Files, Reports, Incidents (working files) originals filed with Administrator
<b>2.00</b>	<b>Finance/Accounting</b>			
2.01	Audits	P	GC34090	
2.02	Annual Financial Statements	P	GC34090	
2.03	Budget	P	GC34090	Annual operating budget approved by Board
2.04	Ledger, General	P	GC34090; 26CFR1600-1	

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Ref. No.	Title	Retention Period	Citation	Descriptor
2.05	Accounts Payable	CL + 5	GC34090; CCP337	Invoices, check copies, supporting documents
2.06	Customer Invoices	CL + 5	GC34090; CCP337	Copies sent for fees, billing, related documents
2.07	Deposits, Receipts	CL + 5	GC34090; CCP337	Checks, coins, currency
2.08	Journal Vouchers	CL + 5	GC34090; CCP337	Account postings with supporting documents
2.09	Purchase Orders/Requisitions	CL + 5	GC34090; CCP337	Original documents
2.10	Fixed Assets Register	AU + 5	GC34090; 29UCS336	Reflects purchase date, cost, economic life, depreciation
2.11	Checks & Warrants, copies	AU + 5	GC34090; CCP337	Includes payroll, canceled & voided checks
2.12	Bank Statements & Reconciliations	AU + 2	FC30210; GC34090; 26CFR16001-1; GC43900 et seq.	Statements, summaries for receipts, disbursements & reconciliation
2.13	Investment Transactions	P	GC34090; CCP337; GC53607	Summary of transactions & earnings report
2.14	Bond Statements	CL + 10	GC34090; CCP337.5	Monthly statement of transactions.
2.20	Employee Payroll Files	AU + 6	GC34090; 29CFR516.2; 29USC211(c)	Time sheets signed by employee with attached leave requests and overtime documentation
2.21	Salary Records	T + 3	GC34090; 29 CFR 516.2	Salary history, Deduction authorization, beneficiary designations, unemployment claims, garnishments
2.22	Deferred Compensation	T + 5	GC34090; 26CFR16001-1	Records of employee contributions

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Ref. No.	Title	Retention Period	Citation	Descriptor
2.30	Federal and State Payroll Tax	AU + 5	GC34090; 29USC436*	Forms 1096, 1099, W-4's and W-2's *26CFR31.6001.1-4; IRS REG 31.6001-1(e)(2);R&T 19530;29CFR516.5-516.6
<b>3.00</b>	<b>Human Resources</b>			
3.01	Benefit Plan Enrollment	CL + 4	GC34090; CCP343	Includes dental, disability, education, health, life, vision including dependent care and Employee Assistance Plan Enrollment agreements/MOU.
3.10	Employee Handbook	S + 5	GC34090; CCP343	General employee information including benefit plans
3.11	Employee Programs	CL + 2	GC34090; GC12946	Includes EAP and Recognition
3.20	Motor Vehicle Pulls (DMV)	CL + 7	GC12946, *	*CA 91009; 8 USC 1324 (a)
3.30	Negotiation	P	29 USC Sections 211(c), 203(m), 207(g)	Notes, notebooks, correspondence, contracts, and Memorandums of Agreements
3.40	PERS	P	29CFR1627.3(2); GC12946; GC34090	Includes MOU's, and agreements.
3.50	Personnel Records	P	Reference: 29CFR1627.3; LAB1174; 29CFR1602.30; 29CFR1602.32; GC6250 et seq; GC12946, GC34090*	Employees may include: Release Authorizations; Certifications; Reassignments; outside employment; commendations disciplinary actions; terminations; Oaths of Office; evaluations-pre-employee medicals; identification cards (ID=s); Attendance; evaluations; drafts; worksheets; postings; Employee applications, volunteer program training, class training materials, internships; *GC1607.4; 29CFR655.202; 29CFR516.6 et seq; 45CFR1068.6(a) , Form 700s
3.51	Benefit Plan Claims	P	GC6250 et seq; OMB A-129 29CFR1602.30; 29CFR1602.32; LAB 1174*	May include dental, disability, education, health, life and vision including dependent care and Employee Assistance *29CFR1637.3; 29USC1027; 29CFR1627.3; 29USC1113



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Ref. No.	Title	Retention Period	Citation	Descriptor
3.52	Employee Rights	P	GC12946; 29CFR1602; 29USC211(e); 203(m); 207(g)	May include Arbitration, grievances, union requests, sexual harassment and Civil Rights, complaints, disciplinary actions
3.53	Medical Leave	CL + 30	FMLA 1993 US OSHA; 29CFR1910.20*	May include Family leave; certifications; tests; W-4's; *29CFR1602.30; 29CFR102.32; 49CFR193-9; 8CFR3204(a)
3.60	Recruitment	CL + 3	Reference: GC12946; GC6250 et seq; 29CFR1602 et seq; 29CFR1607 et seq; 29CFR1627.3	Applications, resumes, alternate lists/logs, indices; ethnicity disclosures; examination materials; examination answer sheets, job bulletins; eligibility; electronic database
<b>Information Services</b>				
4.01	Audio/Radio/Tapes	CU + 4 mos.	GC34090.6	When used for minute preparation and may have historical value.
4.02	Routine Video Monitoring	CU + 1	GC34090.6	
4.03	Video	CU + 2	GC34090; GC34090.7	
4.04	Program Files and Directories	CU + 2	GC34090	Annual backup; does not include emails or electronic copies of other records specified in this schedule.
<b>Legal</b>				
5.01	Legal Opinions	P	GC34090; GC6254	
5.02	Deeds/Quitclaim Deeds	P	GC34090(a); 24CFR570.502(b) (3); 24CFR8.42 & OMB Circ. SA-110	

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Ref. No.	Title	Retention Period	Citation	Descriptor
5.03	Easements	P	GC34090	
5.04	Construction Contracts	CL + 20	GC37090(a);*	Construction *GC4004; H&S19850; CCP337.5
5.05	Contracts and Agreements Excl. Capital Improvement	T + 5	CCP337.2; CCP343; B&P7042.5; *	Includes leases, equipment, services or supplies *PU7685; 48CFR2; GC53066
5.06	Claims By/Against the District	CL + 5	GC34090; GC25105.5	Paid or Denied/resolved
5.07	Assessment Districts	P	GC34090	Original documentation
5.08	Litigation	P	CCP337.2; CCP343	Entire Litigation file; If case is significant/precedent setting, retain permanently (GC6254)
5.09	Annexation/Detachments	P	GC34090(a)	Reports, agreements, public notices
5.10	Affidavits of Publications - Legal Advertising	CU + 4	CCP343; CCP349 et seq.; GC911.2; GC34090	Includes public notices, legal publications; Proof of publication or posting, certification and listing of notice of posting; copy of newspaper notice and certification of offices to be voted for at forthcoming election/meeting
5.11	Encroachment Permits	P	GC34090	
	<b>Safety</b>			
6.01	Accident Reports - District Assets	CL + 7	29CFR1904.2;*	Reports and related records *29CFR1904.6
6.02	Incident Reports	CL + 7	29CFR1904.2; 29CFR1904.6	Theft, arson, vandalism, property damage or similar occurrence
6.03	Safety Reports	CL + 10	OMB 1220-0029; 29CFR1904.4; GC34090	OSHA Forms; Loss Analysis Report; Safety Reports
6.04	Photographs, Negatives, Film	CL + 2	GC34090	
6.05	Sanitary Sewer Overflow (SSO)	CU + 5	GC34090	
6.06	Permits, Hazardous Materials Storage	CU + 2	GC34090	Departments consistently recommend permanent retention of environmentally sensitive materials.
6.07	Hazardous Waste Disposal	P	CAL OSHA; 40CFR122.21	Documentation re handling and disposal of hazardous waste

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Ref. No.	Title	Retention Period	Citation	Descriptor
<b>Maintenance &amp; Operations</b>				
7.01	Maintenance & Operations	CU + 5	GC34090; CCP337	Service requests, complaints, invoices, supporting documentation; buildings, equipment, District facilities including work orders, inspection, repairs, cleaning, and reports.
7.02	Manuals, Operations & Maintenance	S + 5	GC34090	Retain while current
7.03	Maps	P	GC34090	Location maps
7.04	Pest Control	CU + 2	GC34090	Pesticide applications, inspections & sampling, documents
<b>Engineering</b>				
8.01	Project Files	CL + 10	GC34090; CCP337.5; CCP343;	
8.02	Construction Files (Capital Improvements Projects)	P	GC34090(a); GC400 et seq; H&S19850;	Includes records re: Planning, design, construction, conversion or modification of District owned facilities, submittals, structures & systems
8.03	California Environmental Quality Act (CEQA)	P	GC34090(a); CEQA Guidelines	Exemptions, Environmental Impact Report, Mitigation monitoring, negative declaration, notices of completion and determination, comments, statements of overriding considerations
<b>Legislative</b>				
9.01	Resolutions	P	GC34090(e); GC40801	Legislative actions
9.02	Resolution Work Papers	CU + 6	GC34090	
9.03	Federal Legislation	S + 2	GC34090	
9.04	State Legislation	S + 2	GC34090	
9.05	County Legislation	S + 2	GC34090	
<b>Agencies</b>				

**WEST BAY SANITARY DISTRICT**  
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Ref. No.	Title	Retention Period	Citation	Descriptor
10.01	Federal	S + 5	GC34090	
10.02	State	S + 5	GC34090	
10.03	Regional	S + 5	GC34090	
10.04	Local Agency (Cities/County)	S + 5	GC34090	
10.05	Joint Powers	S + 5	GC34090	
10.06	Water	S + 5	GC34090	
10.07	Sanitation	S + 5	GC34090	
10.08	Membership	S + 5	GC34090	

## WEST BAY SANITARY DISTRICT Records Destruction Request Form

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_

I hereby request authority to destroy the records listed below pursuant to California Government Code section 34090. I certify that the records listed below are more than two years old and/or have been retained for the minimum retention period specified in the Records Retention Schedule adopted by the West Bay Sanitary District. I further certify that the records listed below do not possess any administrative, legal, evidentiary, fiscal, research, or historic value and do not affect the title to real property or liens thereon, and are not court records.

### Files Destruction Request(s)

Retention Schedule Ref. No.	Description/Title on File Label	Record Date		Destr. Date
		From:	To:	
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### DESTRUCTION AUTHORIZATION AND CONFIRMATION

Authorized By: \_\_\_\_\_ Date: \_\_\_\_\_

Actual Destruction Date: \_\_\_\_\_

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## WEST BAY SANITARY DISTRICT AGENDA ITEM 10

**To:** *Board of Directors*

**From:** *Sergio Ramirez, District Manager*

**Subject:** *September 23<sup>rd</sup> Update Report on District Response to Corona Virus*

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### **Background**

In early March of 2020, the outbreak of Corona Virus in the USA caused Federal, State and Local governments to enact several laws, regulations and guidelines to mitigate the impact of the spread and severity of the virus including Shelter in Place. The District has been busy employing measures to meet those regulations and guidelines as well as taking action to ensure the safe working conditions of staff and minimize exposure of and interaction with the public.

### **Analysis**

The District has thus far taken action in regards to: Shelter in Place, Social Distancing, Personal Protective Equipment, and the Injury and Illness Prevention Program (IIPP).

*Shelter in Place:* The District as a wastewater agency has been designated as an “Essential Service” and supplied employees with letters drafted by legal counsel that can be shown to legal authorities, if required, to justify their travel to, during and from work. In addition, the District has developed a Modified Work Schedule that requires individuals to stay at home or telecommute in order to reduce interaction and thus the potential of any spread of the virus among District staff. The District has also implemented the use of Zoom for meetings to reduce the need for consultants, partners, the public and Board member to attend in person. A camera and large screen have been installed to accommodate this mode of virtual meetings.

*Social Distancing:* District staff has employed several measures related to Social Distancing including; limiting meeting size to 10, marking seating spots at tables with 6 foot separation, signage encouraging 6 foot distancing, separation of reporting stations to include the FERRF, Plexi-glass shields at the counter and between workspaces that cannot achieve 6 foot distancing, and closing of the District Office to the public unless by appointment.

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**Report to the District Board for the Regular Meeting of September 23, 2020**

*Personal Protective Equipment (PPE):* The District has been engaged in supplying employees and Board members with several forms of Personal Protective Equipment and emphasizing the frequent and regular use of this equipment. These items include: The distribution of hand sanitizer to employees and Board members, wipes for counters, chairs and tables, installation of hand sanitizer at counter, tables and offices, N95 masks to all employees, increased counts coveralls, face shields, goggles etc.

This has caused the District to reassess its inventory and at what levels of existing stock should trigger new orders so that the District can maintain adequate levels of important supplies to carry us not only through traditionally thought of natural disasters but pandemics such as this. To that end staff has developed an improved inventory check list that includes contact information for ordering, expected lag times in ordering, minimum levels of stock, Trigger-levels for ordering, dates of stock added to inventory and so on. This should help us be better prepared for future events where PPE can be in short supply or difficult to obtain and District operations can continue uninterrupted.

*Injury and Illness Prevention Program:* The District has made a significant effort in the way of training employees in how to deal with the COVID 19 response. We have developed SOP's for both field staff and office staff in dealing with customers while maintaining social distancing, utilizing PPE, and remote permitting etc. We have complied with local health officials requirement to complete and post at all entrances the Social Distancing Protocols and used that and our SOP's as a basis for developing a comprehensive COVID 19 Preparedness and Response program.

The District has taken great efforts to inform the public of changes in business procedures during this time including website postings, posting notices and information on all entrance doors, mailings of letters and flyers to residents, and ads in Facebook and YouTube. The use of Wipes has emerged as a huge problem for the District and our outreach has included addressing this problem in the flyers, ads, and correspondence to persuade our constituents to refrain from flushing wipes.

*May 13 update:* The District has found that it takes at least 3 weeks from the date of order to delivery of consumable PPE items such as; N95 face masks (we have received 2,000 masks since the first March order), 500 face shields, and 150 goggles to protect the field staff from droplets and mist while cleaning the sewer lines.

The District will now be faced with transitioning back to normal operations. The District Office is open on Friday by appointment only. Construction activities are increasing and inspections are being scheduled much more frequently. Social Distancing and PPE will continue to be key elements of District life for the foreseeable future.

*May 27 update:* The District has opened the office to the public on Tuesdays and Thursdays. Stickers on the floors and notices on the doors and shields at the counters have been placed to remain compliant with the Health Dept. Wipes and signs have been placed in the bathrooms. All the departments except Administration have



returned to normal work hours (which are mostly 9/80 schedule but crews are still separated with the Satellite Office/Corp Yard. As a result of these changes have updated the COVID 19 response plan and affixed to entry doors as required.

*June 10 update:* Staff is resuming normal Pre-COVID 19 work schedules beginning June 8, with the exception of some of the Admin staff. Office hours will open up to Monday through Thursday 9am to 3pm.

*June 24 update:* As of Friday, June 12 the Administration Office was open by appointment. Office hours continue to be open Monday through Thursday 9am to 3pm. Staff is continuing to make a concerted effort to be available to the public and contractors for business.

*July 8 update:* The current YouTube advertisement advising customers not to flush wipes or towels has been viewed by 220,653 people and 24% or 50,759 have viewed the video to completion.

*August 12 update:* When an employee has been in contact with a known or possible COVID 19 positive patient or been in contact with someone who has been in contact with a confirmed COVID 19 positive patient they will be asked to stay home for a 14-day self-quarantine period and will be asked to be tested for COVID 19. If the employee is well enough during the self-quarantine period, they will work from home during this time. As soon as the employee is COVID 19 negative, they will be asked to return to work.

*September 9 update:* The District's COVID-19 Preparedness and Response Program has been updated through DuAll Safety to include usage of current San Mateo County Health Department signage, updated social distancing protocol (verbiage and links for continuing SIP order), CDC updates on Coronavirus symptoms, addition of cloth face mask and San Mateo County Health guidelines. Training to be scheduled for September with DuAll Safety (by ZOOM) for all current updates. Staff has purchased two disinfecting fog machines to disinfect surfaces in the Admin and Maintenance Buildings, and Operations Building at FERFF. Disinfection of surface are being done weekly.

*September 23 update:* Two employees are currently out sick and in quarantine due to a possible exposure to COVID-19 per District's protocol memorialized in our August 12, 2020 update (above) "*When an employee has been in contact with a known or possible COVID 19 positive patient or been in contact with someone who has been in contact with a confirmed COVID 19 positive patient they will be asked to stay home for a 14-day self-quarantine period and will be asked to be tested for COVID 19.*" Once the employees test negative for COVID-19, or quarantine for 14 days, they will be allowed back to work.

### **Fiscal Impact**

While there has been considerable expense to implementing some of the COVID 19 mitigation measures such as; converting the FERRF office space (approx. \$2,000), purchasing PPE for stock (\$8,000 to \$10,000), Public Outreach (\$10,500), Zoom Meeting Equipment (approx. \$6,000) these expenses were absorbed in the Operating budget. The FY2020-21 Budget could be substantially impacted by the effects of the national COVID 19 response. To date approximately \$5300.00 has been spent in PPE, \$2000.00 in disinfecting equipment, and \$1927.00 in producing and updating the COVID 19 Response Plan.

### **Recommendation**

The District Manager recommends the Board accept this report and provide comments to the District Manager in regards to the report. Additional information may be available at the Board meeting as conditions and responses are rapidly changing throughout the COVID 19 pandemic.



## WEST BAY SANITARY DISTRICT AGENDA ITEM 11

**To:** *Board of Directors*

**From:** *Sergio Ramirez, District Manager*

**Subject:** *Consideration to Authorize the District Manager to Remit to Anderson Pacific Engineering Construction Inc. the Final Retention Payment in the Amount of \$258,753.88 for the Recycled Water Project – Sharon Heights*

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### Background

Per the Design/Build agreement with Anderson Pacific Engineering Construction Inc., (APEC), the District is holding as final retention pay for the project, approximately \$258,753.88 equal to 1.25% of the Project price plus contingency.

The original retention amount was 5% but the Board previously authorized a reduction to 2.5% and then to 1.25% in light of the exemplary work being done and that most of the work was being performed directly by APEC resulting in relatively few subcontractors.

Retention pay is traditionally held on projects 60 days after completion of the project primarily to protect against claims from subcontractors of non-payment by the General Contractor for goods or services. The 60 day period will expire on September 27, 2020.

### Analysis

APEC has relatively few subcontractors and the Projects & IT Manager is satisfied releases have been obtained from the subcontractors, significantly reducing risk of a claim for non-payment.

### Fiscal Impact

There is no fiscal impact as the money is owed to APEC and will be submitted for reimbursement from the State Revolving Fund loan which is to be paid back by Sharon Heights Golf and Country Club.

### Recommendation

The District Manager recommends the District Board authorize the District Manager to remit the remaining retention held on the project in the amount of \$258,753.88 to APEC (See Attached).

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**ANDERSON PACIFIC**  
Engineering Construction, Inc.

September 1, 2020

West Bay Sanitary District  
WBSD Recycled Water Project  
701 Laurel St.  
Menlo Park, CA 94025

Attn: Sergio Ramirez

Re: **Application for Payment No. 1802- RETENTION RELEASE**

WBSD Recycled Water Project -Sharon Heights

Dear Mr. Ramirez

Attached is Anderson Pacific Engineering Construction, Inc.'s *Final Application for Payment -Retention Release* in the amount of **\$ 258,753.88**. The Payment Application and the project's Schedule of Values are attached for your review.

Sincerely,

**Matthew Mirinda**  
Project Manager



# APPLICATION FOR PAYMENT

West Bay Sanitary District / Sharon Heights GCC

Recycled Water Facility

PROJECT NAME: Recycle Water Facility  
CONTRACTOR: Anderson Pacific Engineering, Construction, Inc.

PARTIAL PAYMENT NO.: **Final Retention**  
WORK COMPLETED AS OF: 9/1/2020  
INVOICE DATE: 9/1/2020  
A.C. NO.: #1760.0

## CONTRACT COST DATA

ORIGINAL CONTRACT TOTAL	\$	19,695,000.00
TOTAL APPROVED CHANGE ORDERS	\$	1,005,310.12
TOTAL CONTRACT AMOUNT	\$	<u>20,700,310.12</u>

## PAYMENT APPLICATION SUMMARY

TOTAL EARNINGS FOR WORK COMPLETED TO DATE	\$	20,700,310.12
RETENTION <b>0.0%</b>		<b>\$0.00</b>
TOTAL EARNINGS	\$	<u>20,700,310.12</u>
LESS PREVIOUS PAYMENTS		<b>(\$20,441,556.24)</b>
<b>CURRENT AMOUNT DUE AND PAYABLE</b>	<b>\$</b>	<b><u>258,753.88</u></b>

## PAYMENT BREAKDOWN

	<b>TOTAL TO DATE</b>
TOTAL CONTRACT COMPLETED TO DATE:	\$ 19,695,000.00
COMPLETED CONTRACT CHANGE ORDERS	1,005,310.12
TOTAL COMPLETED TO DATE:	<u>20,700,310.12</u>
LESS 1.25% RETENTION:	<b>(258,753.88)</b>
TOTAL	<u>20,441,556.24</u>
LESS PREVIOUS BILLED:	<b>(20,441,556.24)</b>
TOTAL DUE THIS INVOICE:	\$ -

## PAYMENT APPROVALS

Reviewed by  
\_\_\_\_\_  
Construction Manager                      Date

Approved by  
\_\_\_\_\_  
West Bay Sanitary District                      Date



## FINAL WAIVER AND RELEASE UPON PAYMENT

Upon receipt by the undersigned of a check from West Bay Sanitary District  
(Maker of check)

In the sum of \$ 258,753.88 Payable to Anderson Pacific Engineering Construction Inc.  
(Payee or payees of check)

and when the check has been properly endorsed and has been paid by the bank upon which it is drawn, this document shall become effective to release any mechanics lien, stop notice, or bond right the undersigned has on the job of West Bay Sanitary District located at  
(Owner)

WBSD Recycled Water Project -Sharon Heights to the following extent.  
(Job Description)

This release covers a progress payment for labor, services, equipment and/or material furnished to

West Bay Sanitary District through 9/1/2020  
(insert owner/company) (insert date)

only and does not cover any retentions retained before or after the release date; extras furnished before the release date for which payment has not been received; extras or items furnished after the release date. Rights based upon work performed or items furnished under a written change order which has been fully executed by the parties prior to the release date are covered by this release unless specifically reserved by the claimant in this release. This release of any mechanic's lien, stop notice, or bond right shall not otherwise affect the contract rights, including rights between the parties to the contract based upon a rescission, abandonment, or breach of the contract, or the right of the undersigned to recover compensation for furnished labor, services, or equipment covered by this release if that furnished labor, services, or equipment was not compensated by the progress payment. Before any recipient of this document relies on it, said party should verify evidence of payment to the undersigned.

Dated: September 1, 2020

Anderson Pacific Engineering Construction, Inc

(Company Name)

By: 

Matthew Miranda

Title: Project Manager



**WEST BAY SANITARY DISTRICT  
AGENDA ITEM 12**

**To: Board of Directors**

**From: Sergio Ramirez, District Manager**

**Subject: Discussion and Direction on Recycled Water Projects – Sharon Heights and Bayfront, Including Project Status**

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A discussion will be held on the Recycled Water Projects – Sharon Heights and Bayfront Facility and other events related to the recycled water project including financing, design/build issues and grant applications. The Board will have opportunity to provide direction to staff and legal counsel.

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.*

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**WEST BAY SANITARY DISTRICT  
AGENDA ITEM 13**

**To: Board of Directors**

**From: Sergio Ramirez, District Manager**

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

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The District's representative to South Bayside Waste Management Authority (SBWMA), President Fran Dehn, will report on any pertinent items regarding SBWMA business. President Dehn will include an update on the Town of Atherton and the JPA.

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**WEST BAY SANITARY DISTRICT  
AGENDA ITEM 14**

**To:            *Board of Directors***

**From:         *Sergio Ramirez, District Manager***

**Subject:      *Report & Discussion on Silicon Valley Clean Water (SVCW),  
Including Discussion on SVCW CIP Program and Financing***

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

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**Report to the District Board for the Regular Meeting of September 23, 2020**

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