

1902 - Serving Our Community for over 115 Years - 2019

WEST BAY SANITARY DISTRICT

AGENDA OF BUSINESS

REGULAR MEETING OF THE DISTRICT BOARD

WEDNESDAY, DECEMBER 11, 2019 AT 7:00 P.M.

**RONALD W. SHEPHERD ADMINISTRATION BUILDING,
500 LAUREL STREET, MENLO PARK, CALIFORNIA 94025**

Board Members

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

District Manager

Phil Scott

District Legal Counsel

Anthony Condotti, Esq.

AGENDA OF BUSINESS

NOTE: The Board may take action on any agenda item unless specifically designated a "discussion" item or a "report."

1. Call to Order and Roll Call
2. Communications from the Public
3. Public Hearing: Consideration of Proposed Solid Waste/Recycling Collection Rates for the Year 2020 Pg. 3-1
4. Consideration of Resolution to Approve Solid Waste/Recycling Collection Rates Effective January 1, 2020, and adoption of the rates for "Rates for Other Services", and accept the Solid Waste/Recycling Rate Study 2020 Pg. 4-1
5. 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 November 13, 2019 Pg. 5A-1
 - B. Approval of the Withdrawal Order Authorizing Payment of Certain Bills and Salaries and Consideration of Other Financial Matters for December 11, 2019 Pg. 5B-1
 - C. WBSD Operations and Maintenance Report – November 2019 Pg. 5C-1
 - D. Town of Los Altos Hills Operations and Maintenance Report for Work Performed by WBSD – November 2019 Pg. 5D-1
 - E. Consider to Ratify and Approve Report on District's Investment Portfolio Including the Transactions of Assets Described Therein as of 11/30/19 Pg. 5E-1
 - F. Consideration of a Resolution of Intention to Annex Certain Territory (20 Navajo PI) to the West Bay Sanitary District On-Site Wastewater Disposal Zone and to Establish the Date and Time of Public Hearing Pg. 5F-1
 - G. Consideration of Authorizing the District Manager to Issue Class 3 Sewer Permit No. 1130 for the Construction of Wastewater Facilities for 180 Bear Gulch Drive, Portola Valley, California P5G-1
6. Presentation and Discussion on Silicon Valley Clean Water 2019/20 Budget Status and Financial Plan Pg. 6-1
7. Presentation on S.T.E.P and Grinder Pump Systems Pg. 7-1

8. Consideration to Approve Purchase of Portable Generator Pg. 8-1
9. Consideration of Adopting the District's Audited Financial Statements for the Year Ended June 30, 2019 Pg.
10. Consideration of Authorizing District Manager to Execute the Agreement for Engineering Design Services from Freyer & Laureta, Inc. for the North Bay Road and North Palo Alto Project Areas (2019 – 20) and Authorize the District Manager to Approve up to Ten Percent Contingency for Additional Work on an As-Needed Basis Pg. 10-1
11. Consideration of Authorizing District Manager to Execute the Agreement for Feasibility Services from Barker Wagoner Architects for the Feasibility Study for the Replacement of the District's Corporation Yard Service Building and Authorize the District Manager to Approve up to Ten Percent Contingency for Additional Work on an As-Needed Basis Pg. 11-1
12. District Manager's Report Pg. 12-1
13. Consideration to Approve Purchase of a CUES Steerable MUDMASTER Wheeled Transporter for the Existing Video Pipeline Inspection Unit and Accept Report on Large Diameter Pipeline Cleaning and CCTV Pg. 13-1
14. Revised Report on Commuter Benefits Program Pg. 14-1
15. Consider Resolution to Elect to the District Board, President, and Secretary, and Appoint a Treasurer and Consider Appointment of Committee Appointees and Alternates Pg. 15-1
16. Discussion and Direction on Recycled Water Projects - Sharon Heights & Bayfront, Including Project Status Pg. 16-1
17. Report & Discussion on South Bayside Waste Management Authority (SBWMA) Pg. 17-1
18. Report & Discussion on Silicon Valley Clean Water (SVCW), Discussion on SVCW CIP Program and Financing Pg. 18-1
19. Closed Session:
 - A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Cal. Govt. Code §54956.9(d))
Name of Case: *1740 Oak Avenue, LP v. West Bay Sanitary District, et al.* – SMCSC Case No. 18CIV02183
 - B. PUBLIC EMPLOYEE PERFORMANCE EVALUATION/CONF. WITH LABOR NEGOTIATORS
Agency designated representatives: Board President/Legal Counsel
Unrepresented employee: District Manager
 - C. CONFERENCE WITH LABOR NEGOTIATORS
(Pursuant to Cal. Govt. Code §54957.6) Agency designated representatives: District Manager & Legal Counsel
Unrepresented & Exempt Employees
20. Comments or Reports from Members of the District Board and Consider Items to be Placed on Future Agenda
21. Adjournment

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WEST BAY SANITARY DISTRICT AGENDA ITEM 3

To: *Board of Directors*

From: *Sergio Ramirez, Operations Superintendent*

Subject: *Public Hearing: Consideration of Proposed Solid Waste/Recycling Collection Rates for the Year 2020*

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 ninth 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 Board has expressed the need to actively move rates toward a "cost for 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:

- The 20 gallon container rate nor the 32 gallon container rate are paying for the true cost for collection and processing;
- Based on revenue requirements Commercial customers are not required to contribute more towards the refuse collection program at this time; and
- 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 9 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, by 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 for service.

The District has participated in talks with the County of San Mateo (County) to potentially have the County manage the District's solid waste collection program. The District's solid waste program is in the unincorporated areas of the County. It appears it would be beneficial to the public to have the County manage the solid waste 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 are on-going at this time.

Analysis

HF&H Consultants, LLC were contracted this year to perform a rate analysis for the 2020 rates (Attachment 1). The rate study analyzed rates that are more in line with "Cost for Service" and reviewed rates for residential and commercial services. On October 9, 2019 the Board was asked to establish a date for a public hearing on the new Solid Waste rates for December 11, 2019.

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. Only 21.0% of residents (those customers receiving 64- or 96-gallon service) cover the fixed costs to provide such service (see Table 4 of the HF&H Rate Study). 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. Because of these factors the District will consider increasing the 20-gallon and 32-gallon rates a greater percentage than the 64 and 96 gallon rates in order to have the smaller containers pay a larger percentage of their fixed costs but still remain 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 rates by a flat percentage over time, achieves the District's objective of a cost of service rate structure.

At its October 9, 2019 meeting, the District's Board was presented with a rates study suggesting adjustments to the rates to achieve cost of service levels for solid waste and recycling collection. Over the past 3 years the District has chosen to implement, as part of a 3 to 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.

**District Board Proposed Rate Adjustments
Solid Waste/Recycling Collection Rates for 2020**

Customer Service Level	MONTHLY RATES		
	Current Monthly Rate	Proposed Monthly Rate	Monthly Increase (Decrease)
<i>Residential:</i>			
20 gallon can	\$39.00	\$43.00	\$4.00
32 gallon can	\$49.00	\$51.00	\$2.00
64 gallon can	\$72.00	\$72.00	\$0.00
96 gallon can	\$105.00	\$105.00	\$0.00
<i>*Commercial:(Per Pick Up)</i>			
	Current	Proposed	Increase(Decrease) per pickup
1 yard bin	\$195.32	\$185.55	(\$9.77)
2 yard bin	\$370.68	\$352.15	(\$18.53)
3 yard bin	\$412.78	\$392.14	(\$20.64)
4 yard bin	\$550.36	\$522.84	(\$27.52)
6 yard bin	\$682.28	\$648.17	(\$34.11)
32-Gallon Cart	\$49.00	\$51.00	\$2.00
64-Gallon Cart	\$72.00	\$72.00	\$0.00
96-Gallon Cart	\$105.00	\$105.00	\$0.00

Proposition 218

For a rate increase to be considered for adoption, public noticing and majority protest procedures as outlined by Proposition 218 need to be followed (Attachment 2). Notifications were distributed on October 22, 2019.

Fiscal Impact

Staff reviewed several rate options to fund the solid waste service program for 2020. Staff received confirmation from the Board as to the desired rate structure below, which meets the needs expressed by the Board members.

Recommendation

The District Manager recommends the adoption of a \$4.00 rate increase applied to the residential 20 gallon container, a \$2.00 rate increase applied to the 32 gallon container, zero increases to the 64 and 96 gallon container, as well as a 4.39% (-) reduction to the Commercial Bin rates for 2020. In addition the District Manager recommends the adoption of the rates for “Rate for Other Services” as described in attachment 3 of this report. With the adoption of these adjustments, West Bay’s rates for residential and commercial customers would become closer to a “cost of service” level.

Therefore; after allowing public comment and closing the Public Hearing, and provided that less than fifty percent of the District’s ratepayers appeared at the Public Hearing to protest the proposed rate increase, the District Manager recommends:

1. The Board adopt the rate adjustments presented at the Public Hearing dated for December 11, 2019, for the proposed refuse collection rates for year 2020 effective January 1, 2020, including the “Rates for Other Services” (Attachment 3); and
2. Accept the Solid Waste Rate Study by HF&H dated October 29, 2019.

Attachments: Attachment 1—Solid Waste/Recycling Rate Study for 2020

Attachment 2—218 notice

Attachment 3 – “Rates for Other Services” Attachment Q

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October 29, 2019

Mr. Phil Scott
 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

Dear Mr. Scott:

HF&H Consultants, LLC (HF&H), at your request, has reviewed the West Bay Sanitary District's (District) projected 2020 residential and commercial costs and revenues as presented in the final 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 2020 projected results.

Based upon the findings described in this report, and presented to the District's Board at its October 09, 2019 meeting, the District's Board proposed the following rate adjustments for 2020.

Container Size Serviced 1 X/Week	Residential	Commercial	Proposed 2020 Rate
20 Gallon	10.25% Increase	N/A	\$43.00
32 Gallon	4.09% Increase	4.09% Increase	\$51.00
64 Gallon	0.0% Increase	0.0% Increase	\$72.00
96 Gallon	0.0% Increase	0.0% Increase	\$105.00
All Bins	N/A	5% Decrease	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 2020. As part of a multi-year plan, similar adjustments for commercial and for residential are projected for 2021.



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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.

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. The current 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 2020 rate-setting process, updated the "cost of service" model previously developed and enhanced the cost allocation methodology between residential container sizes.

We performed the following procedures as part of our review:

- Obtained cost, rate and current customer account data from the District and the final 9-26-19 SBWMA report;
- Prepared a summary schedule projecting the District's revenues for 2020 and revenue for the next five years (through 2025). We assumed an annual 3.5% inflation to costs over the 5-year period with the exception of a 6.0% increase to disposal and processing costs in 2021 and a 7.7% increase to Recology's operating costs in 2021 per the extended contract terms;
- Prepared a schedule projecting residential and commercial revenue requirement through 2025 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 26th "SBWMA Final Report Reviewing the 2020 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 12% disposal and 3.5% general increase as shown below:

Revenue Requirement (RSMC & SBR)	2019	2020	Variance Year over Year
Collection Cost	\$1,019,218	\$1,028,165	\$8,947
Disposal/Processing	537,474	542,709	5,235
Agency Fees (on net revenue)	93,402	94,252	851
Total Costs	\$1,650,094	\$1,665,126	\$15,032

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 2020 revenue requirement by customer class. At current rates (2019 rates), the solid waste collection system as a whole is projected to generate slightly more than the requirement, \$61,264 excess of revenue compared to costs. However, as shown below, the residential customer class' revenue is approximately 1.16% below its costs.

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**Table 1:
 2020 Projected Revenue and Costs by Customer Class**

Analysis of Residential and Commercial Revenues and Costs			
	Residential	Commercial	Total
Projected Revenue at <u>Current Rates</u>¹	\$1,431,844	\$294,546	\$1,726,390 A
Projected 2020 Costs			
Collection	\$889,485	\$138,680	\$1,028,165
Disposal/Processing	476,972	65,737	542,709
Agency Fees	81,987	12,265	94,252
Total Costs	\$1,448,445	\$216,682	\$1,665,126 B
Excess (Deficiency) of Revenues vs Costs	(\$16,601)	\$77,865	\$61,264 A-B=C
Projected Rate Adjustment	1.16%	-26.44%	-3.55%

NOTE: The amounts shown above are for 2020 activity only. Prior year surplus/shortfalls are NOT included.

¹ Projected Revenue is based upon the first 5 months of 2019 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% with the exception of an assumed 7.7% increase to Recology's operating costs per the extended contract terms and the assumed 6.0% increase in disposal and processing costs in 2021.

**Table 2:
 Proposed Average Rate Adjustments**

		Residential	Commercial
1	2020	2.09%	-4.39%
2	2021	6.68%	-4.17%
3	2022	3.65%	-4.28%
4	2023	3.30%	-2.47%

The following table shows the projected revenues after the above rate adjustments. By 2023, 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		
	2020		Total	2021		Total	2022		Total	2023		Total
Proposed Average Rate Adjustment	2.09%	-4.39%		6.68%	-4.17%		3.65%	-4.28%		3.30%	-2.47%	
Total Revenue	\$1,461,769	\$281,614	\$1,743,384	\$1,559,416	\$269,878	\$1,829,294	\$1,616,384	\$258,321	\$1,874,704	\$1,669,738	\$251,944	\$1,921,682
Assumptions:												
1) Cost Increase "Projected" "Projected"				7.70%	7.70%		3.50%	3.50%		3.50%	3.50%	
2) Disposal/Processing Increase "Projected" "Projected"				6.00%	6.00%		3.50%	3.50%		3.50%	3.50%	
Collection	\$889,485	\$138,680	\$1,028,165	\$957,976	\$149,358	\$1,107,334	\$991,505	\$154,585	\$1,146,090	\$1,026,208	\$159,996	\$1,186,204
Disposal/Processing	476,972	65,737	542,709	505,590	69,681	575,272	523,286	72,120	595,406	541,601	74,644	616,245
Agency Fees	81,987	12,265	94,252	87,814	13,142	100,956	90,887	13,602	104,490	94,069	14,078	108,147
Total Costs	1,448,445	216,682	1,665,126	1,551,380	232,181	1,783,562	1,605,678	240,308	1,845,986	1,661,877	248,719	1,910,596
Excess (Deficiency) Amount	\$13,325	\$64,933	\$78,257	\$8,036	\$37,696	\$45,732	\$10,705	\$18,013	\$28,718	\$7,861	\$3,226	\$11,087
Excess (Deficiency) Percentage	0.91%	23.06%	4.49%	0.52%	13.97%	2.50%	0.66%	6.97%	1.53%	0.47%	1.28%	0.58%

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 2020, the fixed cost is \$24.00 per home per month (a 1.05% increase from 2019's cost of \$23.75);
- **Recycling collection costs** are also fixed per household for the same reason as above, (64 gallon cart - serviced 1 time per week). For 2020, the fixed cost is \$11.83 per home per month (a 11.60% increase from 2019's cost of \$10.60);
- **Disposal cost** is variable based upon the capacity/gallon size of the solid waste cart serviced. For 2020 the projected variable cost is \$0.146 per gallon (a 2.1% increase from 2019's cost of \$0.143);
- **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). For 2020, the fixed cost is \$2.60 per home per month; and,
- **All other SW route/collection costs** are attributed to each can 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 2020, the projected monthly cost per ECU is \$5.3096 multiplied by a factor of:
 - 1.000 for a 20 gallon cart service;

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- 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 (2019), the SBWMA and the HF&H projected 2020 costs by cart size.

Table 4a:
HF&H Projected 2020 Costs by Residential Container Size

<i>Analysis of Costs by Size of Container</i>				
	20	32	64	96
Organics Collection Cost	\$24.00	\$24.00	\$24.00	\$24.00
Recycling Collection Cost	11.83	11.83	11.83	11.83
Disposal Cost (\$0.15 per gallon)	2.91	4.66	9.33	13.99
Fixed Solid Waste Cost	2.60	2.60	2.60	2.60
All Other Solid Waste Cost				
	<i>\$5.3096 X a factor of</i>	<i>1.000</i>	<i>1.600</i>	<i>3.627</i>
		<i>6.080</i>		
	<u>\$5.31</u>	<u>\$8.50</u>	<u>\$19.26</u>	<u>\$32.28</u>
* Monthly Cost per Cart per HF&H	<u>\$46.65</u>	<u>\$51.59</u>	<u>\$67.01</u>	<u>\$84.70</u>

* rounded to the nearest cent

Table 4b:
Comparison of 2019 Residential Rates and Projected 2020 Costs by Container Size

<i>Analysis of Costs by Size of Container</i>							
Subscription	Container Size	Current Mo. Rate	* Mo. Cost per Cart per HF&H	Excess or (Deficiency) of Revenues vs Costs	Projected Rate Adjustment	* Mo. Cost per Cart per SBWMA	
21% 466	20	\$39.00	\$46.65	(\$7.65)	19.6%	\$51.85	
57% 1258	32	\$49.00	\$51.59	(\$2.59)	5.3%	\$53.69	
19% 416	64	\$72.00	\$67.01	\$4.99	-6.9%	\$58.59	
3% 73	96	\$105.00	\$84.70	\$20.30	-19.3%	\$63.48	
100% 2213							

* rounded to the nearest cent

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.

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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

	Container Size							
		20 gallon		32 gallon		64 gallon		96 gallon
Current Rate →		\$39.00		\$49.00		\$72.00		\$105.00
Proposed 2020	10.25%	\$43.00	4.09%	\$51.00	0.00%	\$72.00	0.00%	\$105.00
Projected 2021	15.00%	\$49.45	8.00%	\$55.08	0.00%	\$72.00	0.00%	\$105.00
2022	4.65%	\$51.75	3.90%	\$57.23	3.25%	\$74.34	0.00%	\$105.00
2023	3.50%	\$53.56	3.50%	\$59.23	3.50%	\$76.94	0.00%	\$105.00
2024	3.50%	\$55.43	3.50%	\$61.30	3.50%	\$79.63	0.00%	\$105.00
2025	3.50%	\$57.37	3.50%	\$63.45	3.50%	\$82.42	0.00%	\$105.00
2025 Projected Cost of Service		\$57.38		\$63.46		\$82.42		\$104.18

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 \$61,264 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. Residential rates overall are increased by 2.09% and commercial rates are decreased by 4.39% in 2020 (see Table 2 and Table 3).

Residential Cost of Service by Container Size

If the District elects to address the commercial customers as a class, but decides to revise and align individual residential rates to "cost-of-service" rates, then 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; therefore, we have modeled a

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scenario that will allow the implementation of this type of rate structure over time. The scenario, as modeled above, results in a 10.25% increase to 20-gallon rates and a 4.09% increase to 32-gallon rates in 2020 and subsequent 15.0% to 3.5% increases over the next 5 years. The 64-gallon rates would remain flat in 2020 and 2021 with a 3.25% increase in 2022 and 3.5% increases annually thereafter. The 96-gallon rates would remain flat in 2020 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 22% 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 October 09, 2019 meeting, the District's Board proposed to implement, as part of its multi-year plan established four 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 2020.

Mr. Phil Scott
 October 29, 2019
 Page 9 of 9

**Table 6:
 District's Board Proposed Rate Adjustments**

Rates by Size of Container						
	<u>Residential</u>				<u>Commercial</u>	
	20 Gallon	32 Gallon	64 Gallon	96 Gallon	1YD Bin 1x/week	3YD Bin 1x/week
Current Rates	\$39.00	\$49.00	\$72.00	\$105.00	\$195.32	\$412.78
Proposed Rate Adjustment	10.25%	4.09%	0.00%	0.00%	-5.00%	-5.00%
2020 Proposed Rate / Mo.	\$43.00	\$51.00	\$72.00	\$105.00	\$185.55	\$392.14
Increase (Decrease) / Mo.	\$4.00	\$2.00	\$0.00	\$0.00	(\$9.77)	(\$20.64)
2020 Projected Revenue at Proposed Rates						
	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>			
Projected Revenue at <u>Current Rates</u> ¹	\$1,431,844	\$294,546	\$1,726,390			
2020 <u>Proposed Rate</u> Revenue	\$1,461,769	\$281,614	\$1,743,384 A			
2020 Proposed Costs	1,448,445	216,682	1,665,126 B			
Excess Amount	\$13,325	\$64,933	\$78,257 A - B = C			
Excess Percentage	0.9%	23.1%	4.5%			

¹ Projected revenue at current rates is based upon the actual revenue for the first 5 months of 2019, 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: \$21.03 (0-50 ft) \$24.53 (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)	\$17.53	Per collection event.
On-Call Bulky Item Collection	\$95.28	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
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 or Purchase	A -- \$ 3.50 B -- \$73.60 C -- \$80.61	A – Monthly rental fee (any size cart) B – Customer purchase of a 64 gallon cart C – Customer purchase of a 96 gallon cart
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 Plus: \$17.53	Per collection event
Key Service	A -- \$9.93 per month B -- \$11.10 per month	A – Residential Customers B – Commercial Customers
Lock Purchase	\$19.85 –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 \$9.34 minimum	Rate per bag
Container Cleaning	A -- \$58.42 B -- \$99.30	A – per Cart B – per Bin or Drop-Box
Dirty Cart Replacement	A -- \$75.93 B -- \$87.62 C -- \$99.30	A – per 32 gallon Cart B – per 64 gallon Cart C – per 96 gallon Cart
Additional Compost Material Delivery	A -- \$146.03 B -- \$292.07	A – One way delivery B – Round trip delivery

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Important Information - Notice of Public Hearing
"Solid Waste & Recyclable Material Rate Increase"
Wednesday, December 11, 2019 at 7:00 p.m.

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 11, 2019 or it must be presented at the District Board meeting on December 11, 2019 prior to the close of the public hearing on this matter.

Any person interested, including all solid waste/recycling collection customers of the West Bay Sanitary District, may appear 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 2020. The District Board plans to consider this rate increase at a public hearing on December 11, 2019 at 7:00 p.m. in the Board Conference Room located at 500 Laurel Street, Menlo Park.

The need for this increase was discussed by the District Board at the October 9, 2019 Regular Board meeting. The staff report for this matter is available at the District Office located at 500 Laurel Street, Menlo Park or online at www.westbaysanitary.org

Approximately fifty-seven percent (57%) of residential service containers are a 32 gallon size. The new rate for 2020 for a 32 gallon container would increase from \$49.00 per month to \$51.00 per month, a \$2.00 per month increase. The new rate for the 20 gallon container would increase from \$39.00 per month to \$43.00 per month, a \$4.00 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.

The District's proposed rates would remain within the range of all the SBWMA agencies. 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 \$23.64 (Foster City) to a high of \$50.00 (Atherton), based upon 2019 rates.

The following table shows the current rates and the proposed monthly rates for West Bay Sanitary District Franchised Customers to be effective beginning January 1, 2020.

Proposed Maximum Solid Waste Rates for 2020

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	\$39.00	\$43.00	\$4.00	\$117.00	\$129.00	\$12.00
32 gallon can	\$49.00	\$51.00	\$2.00	\$147.00	\$153.00	\$6.00
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	\$195.32	\$185.55	(\$9.77)	n/a	n/a	n/a
2 yard bin	\$370.68	\$352.15	(\$18.53)	n/a	n/a	n/a
3 yard bin	\$412.78	\$392.14	(\$20.64)	n/a	n/a	n/a
4 yard bin	\$550.36	\$522.84	(\$27.52)	n/a	n/a	n/a
6 yard bin	\$682.28	\$648.17	(\$34.11)	n/a	n/a	n/a
32-Gallon Cart	\$49.00	\$51.00	\$2.00	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 = \$556.65 (\$185.55 x 3 collections/wk)



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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 11, 2019, at 7:00 p.m. in the District's "Ronald W. Shepherd" Administration Building located at 500 Laurel Street, Menlo Park, CA. 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.

EXHIBIT A RATES FOR OTHER SERVICES

Following are rates that would be charged for unscheduled services as necessary:

For Rate Years Two (2012) through Ten (2020), the fixed costs specified in this Attachment shall be adjusted to reflect 100% of the one (1) year change in the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index – All Urban Consumers, U.S. city average (not seasonally adjusted, all items, base period: 1982-84=100, series no. cuur0000sa0). The one (1) year change shall be calculated as the average index change between this index for May of prior year and April of current year (i.e., twelve (12) months).

Unscheduled Service Category	Reference	Cost	Description of Cost
Single-Family Dwelling Backyard Collection Service	Section 5.02.A	See table below	See table below
Distance Charge for MFD and Commercial Accounts	Sections 5.02.B and 5.02.C	A – 10% of base monthly Rate B – 25% of base monthly Rate	A – 50 to 100 feet or less from Curbside B – 101 feet or more from Curbside
Extra Pick-up Cost for MFD and Commercial Customers	Section 5.02.B and 5.02.C	25% of the base monthly Rate for the size of Container Collected once per week	Per Collection event
Single-Family Return Trip Cost (i.e., request to provide Collection service after the regularly scheduled Collection day)	Section 5.02.A	\$17.53	Per Collection event
Additional Targeted Recyclable Materials or Organic Materials Cart Rental or Purchase	Sections 5.03.A and 5.04.A	A – \$3.50 B – \$73.60 C – \$80.61	A – monthly rental fee (any size Cart) B – Customer purchase of a 64 gallon Cart C – Customer purchase of a 96 gallon Cart

EXHIBIT A
RATES FOR OTHER SERVICES

Unscheduled Service Category	Reference	Cost	Description of Cost
Universal Roll-Out for MFD and Commercial Customers	Sections 5.03.B and 5.03.C	A - \$259,176.79 B - \$5,574.95 C - \$7,214.02	Cost based on providing service to one (1) Collection route of approximately 512 Accounts: A – Annual Vehicle Cost (all inclusive) B – Annual Cost of Containers C – One-time start-up charge
Additional Confidential Document Destruction Service Event	Section 5.07	\$1,401.92	Per event
Additional Compost Material Delivery	Section 5.11	A – \$146.03 B – \$292.07	A – one-way only delivery (compost only left on-site) B – Round-trip delivery (Drop-Box left on-site)
Fee for Service On-Call Bulky Item Collection Service	Section 5.12	\$95.28	Per event
Community Drop-Off Events	Section 5.13	\$19,860.47	Per event targeting 5,000 households. Does not include disposal or public education expenses.
Collection for Agency-Sponsored and Non-Agency sponsored Large Events	Section 5.13	A – \$3,504.79 B – \$5,841.31 C – \$8,761.97	A – one-day events with a projected 2,500 or fewer attendees B – one (1) or two (2) day events with a projected 2,501 to 7,500 attendees per day C – one (1) or two (2) day events with a projected 7,501 to 10,000 attendees per day

EXHIBIT A
RATES FOR OTHER SERVICES

Unscheduled Service Category	Reference	Cost	Description of Cost
Fee to Collect Contaminated Targeted Recyclable Materials or Organic Materials Container	Section 6.03.A and 8.02.F	25% of the base monthly Rate for the size of Container Collected once per week <u>plus</u> \$17.53	Per Collection event
Key Service	Section 8.02.B	A – \$9.93 B – \$11.10	Monthly cost: A – Residential Customers B – Commercial Customers
Lock purchase fee (replacement at no additional cost)	Section 8.02.B	\$19.85	One-time per Account cost.
Overage Fee	Section 8.02.G	100% of the base monthly Rate	Per Collection event
Overage Bags Cost	Section 8.02.G	50% of the base monthly Rate or \$9.34 minimum	Per bag
Container Cleaning Fee	Section 8.05.D	A – \$58.42 B – \$99.30	A – per Cart B – per Bin or Drop-Box
Dirty Cart Replacement Cost	Section 8.05.D	A – \$75.93 B – \$87.62 C – \$99.30	A – per 32 gallon Cart B – per 64 gallon Cart C – per 96 gallon Cart

**EXHIBIT A
RATES FOR OTHER SERVICES**

Backyard Collection Service Distance Costs for Single-Family Dwellings (Section 5.02.A)				
	One (1) Solid Waste Cart	Two (2) Solid Waste Carts	Three (3) Solid Waste Carts	Four (4) Solid Waste Carts
Distance from Curbside	Base monthly Solid Waste Rate plus	Base monthly Solid Waste Rate plus	Base monthly Solid Waste Rate plus	Base monthly Solid Waste Rate plus
0 – 50 feet	\$21.03	\$33.55	\$67.11	\$100.66
51-100 feet	\$24.53	\$37.06	\$70.61	\$104.16
101-150 feet	\$28.04	\$40.57	\$74.12	\$107.67
151 – 200 feet	\$31.54	\$44.07	\$77.63	\$111.17
201 – 250 feet	\$35.05	\$47.57	\$81.12	\$114.68
251 – 300 feet	\$38.55	\$51.08	\$84.63	\$118.18
301 feet or more	\$42.06	\$54.58	\$88.13	\$121.69

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 4**

To: *Board of Directors*

From: *Phil Scott, District Manager*

Subject: **Consideration of Resolution to Approve Solid Waste/Recycling Collection Rates Effective January 1, 2020, and adoption of the rates for “Rates for Other Services”, and accept the Solid Waste/Recycling Rate Study 2020**

Following Public Hearing and close of public comment and there being less than 50% ratepayer protest to the proposed rate increase, per Proposition 218, the District Manager recommends the Board approve the attached resolution adopting the proposed Solid Waste/Recycling Collection rate increase for 2020 applied to all rate categories effective January 1, 2020, and adoption of the rates for “Rates for Other Services” as attached to the resolution, and accept the 2020 Solid Waste/Recycling Rate Study.

RESOLUTION NO. _____(2019)

**RESOLUTION APPROVING SOLID WASTE/RECYCLING COLLECTION RATES FOR
2020**

WHEREAS, on February 24, 2010 the District Board approved the Franchise Agreement with Recology San Mateo County for Recyclable Materials, Organic Materials, and Solid Waste Collection Services; and

WHEREAS, on October 9, 2019, a regular meeting of the West Bay Sanitary District Board was held to discuss the with the Board and the public the need for an increase in the Solid Waste/Recycling Collection Rates for 2020; and

WHEREAS, the District Board directed staff to proceed with the public notification procedures as outlined by Proposition 218 for the consideration of new Solid Waste/Recycling Collection rates; and

WHEREAS, on October 22, 2019, notifications were sent to approximately 2,240 residential and commercial customers in the West Bay Sanitary District; and

WHEREAS, on December 11, 2019 a Public Hearing was held to present to the West Bay Sanitary District Board and the public a review of the Solid Waste/Recycling Collection Rates for 2020; and

WHEREAS, the District received a minimal number of responses and protests; and

WHEREAS, per Proposition 218, based on the low protest rate, the District may proceed with the proposed rate increase.

NOW, THEREFORE, BE IT RESOLVED by the District Board that the Solid Waste/Recycling Collection rates for 2020 shall be as follows effective January 1, 2020:

Solid Waste/Recycling Collection Rates for 2020

Customer Service Level	MONTHLY RATES		
	Current Monthly Rate	Proposed Monthly Rate	Monthly Increase (Decrease)
<i>Residential:</i>			
20 gallon can	\$39.00	\$43.00	\$4.00
32 gallon can	\$49.00	\$51.00	\$2.00
64 gallon can	\$72.00	\$72.00	\$0.00
96 gallon can	\$105.00	\$105.00	\$0.00
<i>*Commercial:(Per Pick Up)</i>			
	Current	Proposed	Increase(Decrease) per pickup
1 yard bin	\$195.32	\$185.55	(\$9.77)
2 yard bin	\$370.68	\$352.15	(\$18.53)
3 yard bin	\$412.78	\$392.14	(\$20.64)
4 yard bin	\$550.36	\$522.84	(\$27.52)
6 yard bin	\$682.28	\$648.17	(\$34.11)
32-Gallon Cart	\$49.00	\$51.00	\$2.00
64-Gallon Cart	\$72.00	\$72.00	\$0.00
96-Gallon Cart	\$105.00	\$105.00	\$0.00

BE IT FURTHER RESOLVED that the collection rates for “Other Services” shall be as shown in the attached Exhibit A “Rates for Other Services” for 2020 effective January 1, 2020.

PASSED AND ADOPTED by the District Board of the West Bay Sanitary District at a regular meeting thereof held on 11th day of December, 2019, by the following votes:

Ayes:

Noes:

Absent:

Abstain:

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

Attest:

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

EXHIBIT A RATES FOR OTHER SERVICES

Following are rates that would be charged for unscheduled services as necessary:

For Rate Years Two (2012) through Ten (2020), the fixed costs specified in this Attachment shall be adjusted to reflect 100% of the one (1) year change in the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index – All Urban Consumers, U.S. city average (not seasonally adjusted, all items, base period: 1982-84=100, series no. cuur0000sa0). The one (1) year change shall be calculated as the average index change between this index for May of prior year and April of current year (i.e., twelve (12) months).

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Distance Charge for MFD and Commercial Accounts	Sections 5.02.B and 5.02.C	A – 10% of base monthly Rate B – 25% of base monthly Rate	A – 50 to 100 feet or less from Curbside B – 101 feet or more from Curbside
Extra Pick-up Cost for MFD and Commercial Customers	Section 5.02.B and 5.02.C	25% of the base monthly Rate for the size of Container Collected once per week	Per Collection event
Single-Family Return Trip Cost (i.e., request to provide Collection service after the regularly scheduled Collection day)	Section 5.02.A	\$17.53	Per Collection event
Additional Targeted Recyclable Materials or Organic Materials Cart Rental or Purchase	Sections 5.03.A and 5.04.A	A – \$3.50 B – \$73.60 C – \$80.61	A – monthly rental fee (any size Cart) B – Customer purchase of a 64 gallon Cart C – Customer purchase of a 96 gallon Cart

**EXHIBIT A
RATES FOR OTHER SERVICES**

Unscheduled Service Category	Reference	Cost	Description of Cost
Universal Roll-Out for MFD and Commercial Customers	Sections 5.03.B and 5.03.C	A - \$259,176.79 B - \$5,574.95 C - \$7,214.02	Cost based on providing service to one (1) Collection route of approximately 512 Accounts: A – Annual Vehicle Cost (all inclusive) B – Annual Cost of Containers C – One-time start-up charge
Additional Confidential Document Destruction Service Event	Section 5.07	\$1,401.92	Per event
Additional Compost Material Delivery	Section 5.11	A – \$146.03 B – \$292.07	A – one-way only delivery (compost only left on-site) B – Round-trip delivery (Drop-Box left on-site)
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Collection for Agency-Sponsored and Non-Agency sponsored Large Events	Section 5.13	A – \$3,504.79 B – \$5,841.31 C – \$8,761.97	A – one-day events with a projected 2,500 or fewer attendees B – one (1) or two (2) day events with a projected 2,501 to 7,500 attendees per day C – one (1) or two (2) day events with a projected 7,501 to 10,000 attendees per day

EXHIBIT A
RATES FOR OTHER SERVICES

Unscheduled Service Category	Reference	Cost	Description of Cost
Fee to Collect Contaminated Targeted Recyclable Materials or Organic Materials Container	Section 6.03.A and 8.02.F	25% of the base monthly Rate for the size of Container Collected once per week plus \$17.53	Per Collection event
Key Service	Section 8.02.B	A – \$9.93 B – \$11.10	Monthly cost: A – Residential Customers B – Commercial Customers
Lock purchase fee (replacement at no additional cost)	Section 8.02.B	\$19.85	One-time per Account cost.
Overage Fee	Section 8.02.G	100% of the base monthly Rate	Per Collection event
Overage Bags Cost	Section 8.02.G	50% of the base monthly Rate or \$9.34 minimum	Per bag
Container Cleaning Fee	Section 8.05.D	A – \$58.42 B – \$99.30	A – per Cart B – per Bin or Drop-Box
Dirty Cart Replacement Cost	Section 8.05.D	A – \$75.93 B – \$87.62 C – \$99.30	A – per 32 gallon Cart B – per 64 gallon Cart C – per 96 gallon Cart

**EXHIBIT A
RATES FOR OTHER SERVICES**

Backyard Collection Service Distance Costs for Single-Family Dwellings (Section 5.02.A)				
	One (1) Solid Waste Cart	Two (2) Solid Waste Carts	Three (3) Solid Waste Carts	Four (4) Solid Waste Carts
Distance from Curbside	Base monthly Solid Waste Rate plus	Base monthly Solid Waste Rate plus	Base monthly Solid Waste Rate plus	Base monthly Solid Waste Rate plus
0 – 50 feet	\$21.03	\$33.55	\$67.11	\$100.66
51-100 feet	\$24.53	\$37.06	\$70.61	\$104.16
101-150 feet	\$28.04	\$40.57	\$74.12	\$107.67
151 – 200 feet	\$31.54	\$44.07	\$77.63	\$111.17
201 – 250 feet	\$35.05	\$47.57	\$81.12	\$114.68
251 – 300 feet	\$38.55	\$51.08	\$84.63	\$118.18
301 feet or more	\$42.06	\$54.58	\$88.13	\$121.69

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Robert D. Hilton, Emeritus
 John W. Farnkopf, PE
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 Richard J. Simonson, CMC
 Marva M. Sheehan, CPA
 Robert C. Hilton, CMC

October 29, 2019

Mr. Phil Scott
 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

Dear Mr. Scott:

HF&H Consultants, LLC (HF&H), at your request, has reviewed the West Bay Sanitary District's (District) projected 2020 residential and commercial costs and revenues as presented in the final 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 2020 projected results.

Based upon the findings described in this report, and presented to the District's Board at its October 09, 2019 meeting, the District's Board proposed the following rate adjustments for 2020.

Container Size			Proposed
Serviced 1 X/Week	Residential	Commercial	2020 Rate
20 Gallon	10.25% Increase	N/A	\$43.00
32 Gallon	4.09% Increase	4.09% Increase	\$51.00
64 Gallon	0.0% Increase	0.0% Increase	\$72.00
96 Gallon	0.0% Increase	0.0% Increase	\$105.00
All Bins	N/A	5% Decrease	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 2020. As part of a multi-year plan, similar adjustments for commercial and for residential are projected for 2021.

Mr. Phil Scott
October 29, 2019
Page 2 of 9

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.

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. The current 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 2020 rate-setting process, updated the "cost of service" model previously developed and enhanced the cost allocation methodology between residential container sizes.

We performed the following procedures as part of our review:

- Obtained cost, rate and current customer account data from the District and the final 9-26-19 SBWMA report;
- Prepared a summary schedule projecting the District's revenues for 2020 and revenue for the next five years (through 2025). We assumed an annual 3.5% inflation to costs over the 5-year period with the exception of a 6.0% increase to disposal and processing costs in 2021 and a 7.7% increase to Recology's operating costs in 2021 per the extended contract terms;
- Prepared a schedule projecting residential and commercial revenue requirement through 2025 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 26th "SBWMA Final Report Reviewing the 2020 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 12% disposal and 3.5% general increase as shown below:

Revenue Requirement (RSMC & SBR)	2019	2020	Variance Year over Year
Collection Cost	\$1,019,218	\$1,028,165	\$8,947
Disposal/Processing	537,474	542,709	5,235
Agency Fees (on net revenue)	93,402	94,252	851
Total Costs	\$1,650,094	\$1,665,126	\$15,032

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 2020 revenue requirement by customer class. At current rates (2019 rates), the solid waste collection system as a whole is projected to generate slightly more than the requirement, \$61,264 excess of revenue compared to costs. However, as shown below, the residential customer class' revenue is approximately 1.16% below its costs.

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**Table 1:
 2020 Projected Revenue and Costs by Customer Class**

Analysis of Residential and Commercial Revenues and Costs			
	Residential	Commercial	Total
Projected Revenue at <u>Current Rates</u>¹	\$1,431,844	\$294,546	\$1,726,390 A
Projected 2020 Costs			
Collection	\$889,485	\$138,680	\$1,028,165
Disposal/Processing	476,972	65,737	542,709
Agency Fees	81,987	12,265	94,252
Total Costs	\$1,448,445	\$216,682	\$1,665,126 B
Excess (Deficiency) of Revenues vs Costs	(\$16,601)	\$77,865	\$61,264 A-B=C
Projected Rate Adjustment	1.16%	-26.44%	-3.55%

NOTE: The amounts shown above are for 2020 activity only. Prior year surplus/shortfalls are NOT included.

¹ Projected Revenue is based upon the first 5 months of 2019 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% with the exception of an assumed 7.7% increase to Recology's operating costs per the extended contract terms and the assumed 6.0% increase in disposal and processing costs in 2021.

**Table 2:
 Proposed Average Rate Adjustments**

		Residential	Commercial
1	2020	2.09%	-4.39%
2	2021	6.68%	-4.17%
3	2022	3.65%	-4.28%
4	2023	3.30%	-2.47%

The following table shows the projected revenues after the above rate adjustments. By 2023, 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		
	2020			2021			2022			2023		
	Residential	Commercial	Total	Residential	Commercial	Total	Residential	Commercial	Total	Residential	Commercial	Total
Proposed Average Rate Adjustment	2.09%	-4.39%		6.68%	-4.17%		3.65%	-4.28%		3.30%	-2.47%	
Total Revenue	\$1,461,769	\$281,614	\$1,743,384	\$1,559,416	\$269,878	\$1,829,294	\$1,616,384	\$258,321	\$1,874,704	\$1,669,738	\$251,944	\$1,921,682
Assumptions:												
1) Cost Increase "Projected" "Projected"				7.70%	7.70%		3.50%	3.50%		3.50%	3.50%	
2) Disposal/Processing Increase "Projected" "Projected"				6.00%	6.00%		3.50%	3.50%		3.50%	3.50%	
Collection	\$889,485	\$138,680	\$1,028,165	\$957,976	\$149,358	\$1,107,334	\$991,505	\$154,585	\$1,146,090	\$1,026,208	\$159,996	\$1,186,204
Disposal/Processing	476,972	65,737	542,709	505,590	69,681	575,272	523,286	72,120	595,406	541,601	74,644	616,245
Agency Fees	81,987	12,265	94,252	87,814	13,142	100,956	90,887	13,602	104,490	94,069	14,078	108,147
Total Costs	1,448,445	216,682	1,665,126	1,551,380	232,181	1,783,562	1,605,678	240,308	1,845,986	1,661,877	248,719	1,910,596
Excess (Deficiency) Amount	\$13,325	\$64,933	\$78,257	\$8,036	\$37,696	\$45,732	\$10,705	\$18,013	\$28,718	\$7,861	\$3,226	\$11,087
Excess (Deficiency) Percentage	0.91%	23.06%	4.49%	0.52%	13.97%	2.50%	0.66%	6.97%	1.53%	0.47%	1.28%	0.58%

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 2020, the fixed cost is \$24.00 per home per month (a 1.05% increase from 2019's cost of \$23.75);
- **Recycling collection costs** are also fixed per household for the same reason as above, (64 gallon cart - serviced 1 time per week). For 2020, the fixed cost is \$11.83 per home per month (a 11.60% increase from 2019's cost of \$10.60);
- **Disposal cost** is variable based upon the capacity/gallon size of the solid waste cart serviced. For 2020 the projected variable cost is \$0.146 per gallon (a 2.1% increase from 2019's cost of \$0.143);
- **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). For 2020, the fixed cost is \$2.60 per home per month; and,
- **All other SW route/collection costs** are attributed to each can 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 2020, the projected monthly cost per ECU is \$5.3096 multiplied by a factor of:
 - 1.000 for a 20 gallon cart service;

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- 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 (2019), the SBWMA and the HF&H projected 2020 costs by cart size.

Table 4a:
HF&H Projected 2020 Costs by Residential Container Size

<i>Analysis of Costs by Size of Container</i>				
	20	32	64	96
Organics Collection Cost	\$24.00	\$24.00	\$24.00	\$24.00
Recycling Collection Cost	11.83	11.83	11.83	11.83
Disposal Cost (\$0.15 per gallon)	2.91	4.66	9.33	13.99
Fixed Solid Waste Cost	2.60	2.60	2.60	2.60
All Other Solid Waste Cost				
	<i>\$5.3096 X a factor of</i>	<i>1.000</i>	<i>1.600</i>	<i>3.627</i>
		<i>6.080</i>		
	<u>\$5.31</u>	<u>\$8.50</u>	<u>\$19.26</u>	<u>\$32.28</u>
* Monthly Cost per Cart per HF&H	<u>\$46.65</u>	<u>\$51.59</u>	<u>\$67.01</u>	<u>\$84.70</u>

* rounded to the nearest cent

Table 4b:
Comparison of 2019 Residential Rates and Projected 2020 Costs by Container Size

<i>Analysis of Costs by Size of Container</i>							
Subscription	Container Size	Current Mo. Rate	* Mo. Cost per Cart per HF&H	Excess or (Deficiency) of Revenues vs Costs	Projected Rate Adjustment	* Mo. Cost per Cart per SBWMA	
21% 466	20	\$39.00	\$46.65	(\$7.65)	19.6%	\$51.85	
57% 1258	32	\$49.00	\$51.59	(\$2.59)	5.3%	\$53.69	
19% 416	64	\$72.00	\$67.01	\$4.99	-6.9%	\$58.59	
3% 73	96	\$105.00	\$84.70	\$20.30	-19.3%	\$63.48	
100% 2213							

* rounded to the nearest cent

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.

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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

	Container Size							
		20 gallon		32 gallon		64 gallon		96 gallon
Current Rate →		\$39.00		\$49.00		\$72.00		\$105.00
Proposed 2020	10.25%	\$43.00	4.09%	\$51.00	0.00%	\$72.00	0.00%	\$105.00
Projected 2021	15.00%	\$49.45	8.00%	\$55.08	0.00%	\$72.00	0.00%	\$105.00
2022	4.65%	\$51.75	3.90%	\$57.23	3.25%	\$74.34	0.00%	\$105.00
2023	3.50%	\$53.56	3.50%	\$59.23	3.50%	\$76.94	0.00%	\$105.00
2024	3.50%	\$55.43	3.50%	\$61.30	3.50%	\$79.63	0.00%	\$105.00
2025	3.50%	\$57.37	3.50%	\$63.45	3.50%	\$82.42	0.00%	\$105.00
2025 Projected Cost of Service		\$57.38		\$63.46		\$82.42		\$104.18

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 \$61,264 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. Residential rates overall are increased by 2.09% and commercial rates are decreased by 4.39% in 2020 (see Table 2 and Table 3).

Residential Cost of Service by Container Size

If the District elects to address the commercial customers as a class, but decides to revise and align individual residential rates to "cost-of-service" rates, then 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; therefore, we have modeled a

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scenario that will allow the implementation of this type of rate structure over time. The scenario, as modeled above, results in a 10.25% increase to 20-gallon rates and a 4.09% increase to 32-gallon rates in 2020 and subsequent 15.0% to 3.5% increases over the next 5 years. The 64-gallon rates would remain flat in 2020 and 2021 with a 3.25% increase in 2022 and 3.5% increases annually thereafter. The 96-gallon rates would remain flat in 2020 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 22% 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 October 09, 2019 meeting, the District's Board proposed to implement, as part of its multi-year plan established four 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 2020.

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**Table 6:
 District's Board Proposed Rate Adjustments**

Rates by Size of Container						
	<u>Residential</u>				<u>Commercial</u>	
	20 Gallon	32 Gallon	64 Gallon	96 Gallon	1YD Bin 1x/week	3YD Bin 1x/week
Current Rates	\$39.00	\$49.00	\$72.00	\$105.00	\$195.32	\$412.78
Proposed Rate Adjustment	10.25%	4.09%	0.00%	0.00%	-5.00%	-5.00%
2020 Proposed Rate / Mo.	\$43.00	\$51.00	\$72.00	\$105.00	\$185.55	\$392.14
Increase (Decrease) / Mo.	\$4.00	\$2.00	\$0.00	\$0.00	(\$9.77)	(\$20.64)
2020 Projected Revenue at Proposed Rates						
	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>			
Projected Revenue at <u>Current Rates</u> ¹	\$1,431,844	\$294,546	\$1,726,390			
2020 <u>Proposed Rate</u> Revenue	\$1,461,769	\$281,614	\$1,743,384 A			
2020 Proposed Costs	1,448,445	216,682	1,665,126 B			
Excess Amount	\$13,325	\$64,933	\$78,257 A - B = C			
Excess Percentage	0.9%	23.1%	4.5%			

¹ Projected revenue at current rates is based upon the actual revenue for the first 5 months of 2019, 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: \$21.03 (0-50 ft) \$24.53 (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)	\$17.53	Per collection event.
On-Call Bulky Item Collection	\$95.28	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
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 or Purchase	A -- \$ 3.50 B -- \$73.60 C -- \$80.61	A – Monthly rental fee (any size cart) B – Customer purchase of a 64 gallon cart C – Customer purchase of a 96 gallon cart
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 Plus: \$17.53	Per collection event
Key Service	A -- \$9.93 per month B -- \$11.10 per month	A – Residential Customers B – Commercial Customers
Lock Purchase	\$19.85 –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 \$9.34 minimum	Rate per bag
Container Cleaning	A -- \$58.42 B -- \$99.30	A – per Cart B – per Bin or Drop-Box
Dirty Cart Replacement	A -- \$75.93 B -- \$87.62 C -- \$99.30	A – per 32 gallon Cart B – per 64 gallon Cart C – per 96 gallon Cart
Additional Compost Material Delivery	A -- \$146.03 B -- \$292.07	A – One way delivery B – Round trip delivery

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Important Information - Notice of Public Hearing
"Solid Waste & Recyclable Material Rate Increase"
Wednesday, December 11, 2019 at 7:00 p.m.

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 11, 2019 or it must be presented at the District Board meeting on December 11, 2019 prior to the close of the public hearing on this matter.

Any person interested, including all solid waste/recycling collection customers of the West Bay Sanitary District, may appear 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 2020. The District Board plans to consider this rate increase at a public hearing on December 11, 2019 at 7:00 p.m. in the Board Conference Room located at 500 Laurel Street, Menlo Park.

The need for this increase was discussed by the District Board at the October 9, 2019 Regular Board meeting. The staff report for this matter is available at the District Office located at 500 Laurel Street, Menlo Park or online at www.westbaysanitary.org

Approximately fifty-seven percent (57%) of residential service containers are a 32 gallon size. The new rate for 2020 for a 32 gallon container would increase from \$49.00 per month to \$51.00 per month, a \$2.00 per month increase. The new rate for the 20 gallon container would increase from \$39.00 per month to \$43.00 per month, a \$4.00 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.

The District's proposed rates would remain within the range of all the SBWMA agencies. 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 \$23.64 (Foster City) to a high of \$50.00 (Atherton), based upon 2019 rates.

The following table shows the current rates and the proposed monthly rates for West Bay Sanitary District Franchised Customers to be effective beginning January 1, 2020.

Proposed Maximum Solid Waste Rates for 2020

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	\$39.00	\$43.00	\$4.00	\$117.00	\$129.00	\$12.00
32 gallon can	\$49.00	\$51.00	\$2.00	\$147.00	\$153.00	\$6.00
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	\$195.32	\$185.55	(\$9.77)	n/a	n/a	n/a
2 yard bin	\$370.68	\$352.15	(\$18.53)	n/a	n/a	n/a
3 yard bin	\$412.78	\$392.14	(\$20.64)	n/a	n/a	n/a
4 yard bin	\$550.36	\$522.84	(\$27.52)	n/a	n/a	n/a
6 yard bin	\$682.28	\$648.17	(\$34.11)	n/a	n/a	n/a
32-Gallon Cart	\$49.00	\$51.00	\$2.00	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 = \$556.65 (\$185.55 x 3 collections/wk)



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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 11, 2019, at 7:00 p.m. in the District's "Ronald W. Shepherd" Administration Building located at 500 Laurel Street, Menlo Park, CA. 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
MINUTES OF THE REGULAR MEETING OF THE DISTRICT BOARD
WEDNESDAY, NOVEMBER 13, 2019 AT 7:00 P.M.**

1. Call to Order

President Dehn called the meeting to order at 7:00 PM

Roll Call

BOARD MEMBERS PRESENT: Dehn, Otte, Thiele-Sardiña, Walker, Moritz (by phone)

BOARD MEMBERS ABSENT: None

STAFF MEMBERS PRESENT: Scott, Condotti, Ramirez, Kitajima, Cortez, Sturman,

Others Present: Roanne Ross-West Yost Associates

Director Edward Moritz participated by phone from:

Cadillac Hotel & Beach Club, Autograph Collection

3925 Collins Avenue

Miami Beach, Florida 33140

2. Communications from the Public: None

3. Presentation on Onsite Reuse Treatment Plant Discharge Permit for Facebook

Comments: Roanne Ross of West Yost Assoc. presented an update on the project that included background, process overview, permit considerations, local limits, requirements for Facebook and the status of permitting.

4. Presentation on #10 Coyote Hill Erosion Project

Comments: Operations Supervisor Heath Cortez reported on the completed project which included drilling for 8-24" stich piers 15 feet deep, installing fabricated rebar cages, installation of 60 feet of 18" storm drain, digging to install 20 feet of 15" drain line and seed area using native grass seed all to stop the slope erosion near the District's sewer main.

5. Report on Commuter Benefits Program

Comments: DM Scott presented the program update to the Board which included total employees participating, number of District vehicles used, net vehicles removed from the road and costs that include FastTrack costs and cost reimbursed to employees year-to-date.

6. Consent Calendar

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

CONSIDERATION OF ITEM(S) REMOVED FROM THE CONSENT CALENDAR

Comments: None.

- A. Approval of Minutes for Regular meeting October 9, 2019
- B. Approval of the Withdrawal Order Authorizing Payment of Certain Bills and Salaries and Consideration of Other Financial Matters for November 13, 2019
- C. WBSD Operations and Maintenance Report – October 2019
- D. Town of Los Altos Hills Operations and Maintenance Report for Work Performed by WBSD – October 2019
- E. Consider to Ratify and Approve Report on District’s Investment Portfolio Including the Transactions of Assets Described Therein as of 10/31/19
- F. Consider Resolution Authorizing the President and Secretary to Enter into Agreement Creating Covenants Running With the Land for 506 Santa Cruz Avenue, Menlo Park
- G. Consider Resolution Authorizing the President and Secretary to Enter into Agreement Creating Covenants Running With the Land for 949 El Camino Real, Menlo Park
- H. Consider Resolution Authorizing the President and Secretary to Enter into Agreement Creating Covenants Running With the Land for 1125 Merrill Street, Menlo Park
- I. Consideration of Resolution Accepting Deed of Easement for sewer facilities located at 500 El Camino Real, Menlo Park, CA
- J. Consideration of Approving Contract Change Order No. 1 to Ranger Pipelines, Inc. for the Alpine Road Sanitary Sewer Replacement Project in Portola Valley, CA
- K. Consideration of Authorizing District Manager to Enter into an Agreement for Adjustment of Sanitary Sewer Manholes with the City of Menlo Park for the Santa Cruz Avenue and Middle Avenue Street Rehabilitation Project

7. District Manager’s Report

1) Comments: **CIP Project:**

- a. **Belle Haven III:** CIP construction began July 23. 98% complete.
- b. **Bid for Cleaning/TVing Large Diameter lines:** Cleaning costs have skyrocketed and District Manager is working with a contractor to break project into phases and investigating in-house capabilities.
- c. **Coyote Hill Erosion Control Project:** District staff has completed the installation of stitch piers, extended the drainage line through the easement, installed drain inlets, and laid coconut mats for the winter to allow grass seed to take root.

2) **Affiliate Agency/Association News:**

- a. **WaterReuse:** Waterworks Engineering, Woodard & Curran and District Manager have teamed up to present the Recycled Water Project in a session at the WaterReuse Conference in March 2020.
- b. **P3S Conference:** DM and W&C will present on time delay discharge at P3S conference January 28, 2020 in Long Beach.
- c. **CWEA – Advanced Water Treatment Certification Committee:** DM was asked by CWEA to present Dec 9 on the Recycled Water Project – Sharon Heights at a lunch meeting of the AWT certification committee in Pacifica. DM helped organize this committee (Joint committee of CWEA and American Water Works Association (AWWA)) while President of CWEA. Committee has now developed certification requirements for operators running Advanced Water Treatment plants, typically Membrane Bio-Reactors such as the Sharon Heights facility.

3) **Upcoming Events:**

- a. **Board meetings:** Cancel November 27 meeting. Next meeting December 11, 2019.
- b. **Sewer Service Charges Rate Study:** Beginning work on rate study for Board workshop in January

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

- a. **SSOs:** Zero SSO for October. 2019 Total = 4.

8. **Consideration to Approve First Quarter Internal Financial Statements & Analysis of Financial Position as of Quarter End September 30, 2019**

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

Comments: DM Scott presented the report to the Board which included information on: PARS contribution for PERS UAL that was budgeted for \$1M, annual UAL payment that should have been budgeted within the Public Employment Retirement (lump sum) and the need to reduce PARS contribution by approximately \$335K to make annual UAL payment.

9. **Consider to Authorize the District Manager to Negotiate and Execute a Developer’s Agreement for the Project at 1540 ECR, Subject to Legal Counsel’s Review**

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

Comments: DM Scott discussed the project location and the need for a developer’s agreement which will include in the design to have the developer construct an intertie between the northerly and southerly flowing sewer lines on San Antonio. The intertie is beneficial to the District in that it provides a measure of protection from overflow should either of the San Antonio mainlines experience a blockage in the future.

10. **Consideration of Resolution Approving the District’s Revised Purchasing Policy and Authorizing the District Manager to Execute a Commercial Card Agreement with Bank of the West for Corporate Credit Cards**

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

Comments: DM Scott reported on the need for a revised purchasing policy and requested approval from the Board to execute a commercial card agreement with Bank of the West for corporate credit cards. The corporate credit cards would assist staff with making payments that were once made by check, saving staff man-hours and reduce the amount of checks to be written, tracked, and reconciled as well as reducing the amount of purchase orders to be written and tracked. Incidents of check fraud should also be reduced thereby saving expenses related to stopping and rewriting checks and coordinating with Bank staff etc.

11. Consideration of Establishing January 8, 2020 as the Date of Public Hearing to Consider a General Regulation Amending the Code of General Regulations for Board Member Compensation

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

Comments: None.

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

Comments: DM Scott gave an update on the Sharon Heights project and presented construction video and aerial drone footage.

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

Comments: President Dehn reported on the combined Board TAC meeting which discussed the long range plan. Operations Superintendent Sergio Ramirez reported on meeting with County of San Mateo and LAFCo in which the County expressed interest in moving forward with taking over the District's solid waste franchise and preparing an MOU. The County is requiring a joint audit of customers with County contractor. There will an upcoming meeting on December 12 to discuss divestiture timeline for assignment and process.

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

Comments: Secretary Otte reported that an emergency has been declared due to a leak in a 66 inch pipe at the treatment plant and will need repair. The Commission will consider the reserve account policy.

15. Closed Session

. 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

B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

(Government Code §54956.9(d)(1)).

Name of Case: *Daniel Child. v. Silicon Valley Clean Water*
(Santa Clara County Superior Court Case No. 19CV355718)

C. PUBLIC EMPLOYMENT
Title: District Manager

Entered closed session at 9:41 p.m. Left closed session at 10:02 p.m.

Reportable action: None

16. Consider to Approve and Authorize the District Manager to Issue a Request for Proposals for Professional Services for Recruitment of the District Manager Position

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

Comments: None.

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

Comments: Next meeting: SVCW presentation and update on Budget.

18. Adjournment Time: The meeting was adjourned at 10:04 PM

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WEST BAY SANITARY DISTRICT
WITHDRAWAL ORDER
As of December 3, 2019

CHECK	TO WHOM PAYABLE	PURPOSE	AMOUNT
65864	AMERICAN MESSAGING	Utilities - A&G	64.48
65865	BAY ALARM	Contract Services - Coll	115.00
65866	BAYSIDE EQUIPMENT COMPANY	Repairs & Maintenance - Coll	24,017.47
65867	CALPERS LONG-TERM CARE PROGRAM	Employee Benefits - A&G	26.61
65868	ESRI	Professional Services - A&G	1,216.00
65869	JANI-KING OF CA, INC - SFR/OAK	Contract Services - Coll	726.60
65870	LOG ME IN	Repairs & Maintenance - Coll	66.88
65871	CITY OF MENLO PARK - PERMITS	Other Operating Expense - Coll	950.00
65872	PACIFIC GAS & ELECTRIC	Utilities - Coll	151.04
65873	SEEKZEN SYSTEMS	Professional Services - Coll	475.00
65874	SHARP BUSINESS SYSTEMS	Rents & Leases - Coll	1,036.78
65875	TPX COMMUNICATIONS	Utilities - Coll	2,282.74
65876	TELETRAC NAVMAN US LTD.	Contract Services - Coll	492.43
65877	U.S. JETTING, LLC.	Operating Supplies - Coll	2,025.66
65878	VISION COMMUNICATIONS CO.	Rents & Leases - A&G	667.00
65879	CWEA MEMBERSHIP	Memberships - Coll	100.00
65880	PHIL SCOTT	Travel Expense - A&G	1,105.88
65881	BOB HULSMANN	Meeting Expense - Coll	357.90
65882	BANKCARD CENTER	BoW Credit Card - Phil	558.20
65883	BANKCARD CENTER	BoW Credit Card - Todd	2,691.91
65884	BANKCARD CENTER	BoW Credit Card - Sergio	1,211.32
65885	ERGOWORKS	Office Expense - A&G	1,398.48
65886	DESIREE S SLATER	Other Operating Expense - A&G	28.00
65887	NAVIA BENEFIT SOLUTIONS	Employee Benefits - A&G	1,285.19
65888	TEAMSTERS LOCAL NO. 350	December - Union Dues	960.00
65889	SDU	Wage Garnishment	508.62
65890	FRANCHISE TAX BOARD	Wage Garnishment	250.00
65891	AMERICAN TEXTILE & SUPPLY	Operating Supplies - Coll	171.48
65892	ANDERSON PACIFIC	CIP & Prof. Services - A&G	371,777.73
65893	ATCHISON, BARISONE & CONDOTTI	Professional Services - A&G	2,435.09
65894	CASA	Memberships - A&G	13,370.00
65895	CALIFORNIA WATER SERVICE	Utilities - Coll	631.41
65896	DOLPHIN GRAPHICS	Operating Supplies - Coll	776.19
65897	EMERGENCY ESSENTIALS	Operating Supplies - Coll	2279.1
65898	FINISHMASTER INC	Operating Supplies - Coll	265.94
65899	FREMONT URGENT CARE	Professional Services - A&G	126.00
65900	GRAINGER	Operating Supplies - Coll	1,987.12
65901	HACH COMPANY	Operating Supplies - Coll	2,647.95
65902	HOME DEPOT CREDIT SERVICES	Operating Supplies - Coll	1,141.38
65903	KONE INC.	Contract Services - A&G	259.34
65904	CITY OF MENLO PARK - Repair	Repairs & Maintenance - Coll	4,872.15
65905	CITY OF MENLO PARK-Fuel	Gasoline, Oil & Fuel - Coll	7,301.83
65906	PREFERRED ALLIANCE	Professional Services - A&G	215.39
65907	ROBERTS & BRUNE CO	Operating Supplies - Coll	316.01
65908	SWRCB	Other Operating Expense - A&G	14,073.00
65909	SPARTAN TOOL LLC	Operating Supplies - Coll	1,820.48
65910	WECO INDUSTRIES, INC.	Repairs & Maintenance - Coll	5,890.76
65911	BOB HULSMANN	Meeting Expense - A&G	255.48
65912	WOODARD & CURRAN	Professional Services - A&G	25,915.30
65913	JED M. BEYER	Travel Expense - A&G	380.10
65914	SAN MATEO COUNTY CLERK	1125 Merrill Street, MP	38.00
65915	SAN MATEO COUNTY CLERK	949 El Camino Real, MP	41.00
65916	SAN MATEO COUNTY CLERK	506 Santa Cruz Ave, MP	38.00
65917	SAN MATEO COUNTY CLERK	1345 Bay Laurel Dr, MP	20.00
65918	SAN MATEO COUNTY CLERK	103 Felton Dr, MP	20.00
65919	SAN MATEO COUNTY CLERK	514 Concord Dr, MP	20.00

65920	CWEA	Memberships - Coll	465.00
65921	CWEA MEMBERSHIP	Memberships - Coll	384.00
65922	A-A LOCK & ALARM	Operating Supplies - Coll	184.67
65923	AT&T	Utilities - A&G	987.31
65924	AIRGAS USA, LLC	Operating Supplies - Coll	345.62
65925	READYREFRESH BY NESTLE	Utilities - Coll	244.29
65926	BAYSIDE EQUIPMENT COMPANY	Repairs & Maintenance - Coll	3,293.68
65927	BONNY DOON ENVIRONMENTAL	CIP - Pump & Panel Replacement	4,540.22
65928	CINTAS CORP	Contract Services - Coll	1,647.81
65929	DU-ALL SAFETY, LLC	Professional Services - Coll	5,366.25
65930	ENVIROZYME	Operating Supplies - Coll	3,000.50
65931	FEDERAL EXPRESS	Office Expense - A&G	559.49
65932	FINISHMASTER INC	Operating Supplies - Coll	69.61
65933	GRAINGER	Operating Supplies - Coll	502.94
65934	MALLORY CO.	Repairs & Maintenance - Coll	688.28
65935	MEDCO SUPPLY COMPANY	Operating Supplies - Coll	247.44
65936	CITY OF MENLO PARK - Water	Utilities - Coll	92.61
65937	CITY OF MENLO PARK	Contract Services - Coll	50.00
65938	MORSE HYDRAULICS	Operating Supplies - Coll	438.75
65939	OMEGA INDUSTRIAL SUPPLY, INC.	Operating Supplies - Coll	1,867.52
65940	PACIFIC GAS & ELECTRIC	Utilities - Coll	169.94
65941	PRINCIPAL LIFE INSURANCE CO.	Employee Benefits - A&G	5,056.48
65942	ROBERTS & BRUNE CO	Operating Supplies - Coll	3,571.72
65943	STAPLES CREDIT PLAN	Office Expense - A&G	1,154.37
65944	TARGET SPECIALTY PRODUCTS	Operating Supplies - Coll	444.52
65945	US BANK	Rents & Leases - Coll	136.56
65946	PACIFIC GAS & ELECTRIC	Utilities - Coll	737.93
65947	READYREFRESH BY NESTLE	Utilities - A&G	106.26
65948	CALIFORNIA WATER SERVICE	Utilities - Coll	36.76
65949	CALPERS LONG-TERM CARE PROGRAM	Employee Benefits - A&G	35.36
65950	COMCAST	Utilities - A&G	275.24
65951	ESRI	Professional Services - Coll	2,370.50
65952	THE ALMANAC	Printing & Publications - A&G	528.00
65953	HF&H CONSULTANTS, LLC	Professional Services - A&G	2,503.75
65954	HARBEN CALIFORNIA	Operating Supplies - Coll	150.00
65955	OGASAWARA LANDSCAPE MAINT.	Contract Services - A&G	400.00
65956	PACIFIC GAS & ELECTRIC	Utilities - Coll	1,965.65
65957	PONTON INDUSTRIES, INC.	Operating Supplies - Coll	1,040.00
65958	SPARTAN TOOL LLC	Operating Supplies - Coll	25.92
65959	VERIZON WIRELESS	Utilities - A&G	1,698.53
65960	WECO INDUSTRIES, INC.	Operating Supplies, Repairs & Maintenance - Coll	1,879.29
65961	NAVIA BENEFIT SOLUTIONS	Employee Benefits - A&G	1,285.19
65962	SDU	Wage Garnishment	508.62
65963	FRANCHISE TAX BOARD	Wage Garnishment	250.00

TOTAL CHECKS

555,162.00

WIRES

<u>TRANSFER DATE</u>	<u>PURPOSE</u>	
11/8/2019	CalPERS Health	\$44,492.32
11/8/2019	Employee Payroll - Pay Period 10/25/19-11/08/19	\$99,917.61
11/8/2019	ICMA	\$7,713.16
11/12/2019	Performance Merit Payout	\$124,143.65
11/22/2019	Employee Payroll - Pay Period 11/08/19-11/22/19	\$99,125.42
11/22/2049	ICMA	\$8,064.98
11/26/2019	CalPERS Retirement	\$44,405.26
11/27/2019	Board Payroll	\$2,223.20
11/27/2019	Federal Payroll Taxes	\$55,951.68
11/27/2019	State Payroll Taxes	\$17,010.27
11/29/2019	SVCW Cash Contribution on 2018 Bond	\$1,069,333.67
11/29/2019	SVCW - Monthly Operating Payment	\$633,247.00
	WIRE TRANSFERS FROM BofW CHECKING	<u>2,205,628.22</u>
11/11/2019	Recology Franchise Fee	\$8,301.33
11/21/2019	Transfer from Rerserves	\$2,022,000.00
11/21/2019	SRF Reimbursement Payment # 15	\$704,778.00
	WIRE TRANSFERS TO BofW CHECKING	<u>2,735,079.33</u>

President

Secretary

WITHDRAWAL ORDER
SUPPLEMENTAL PURCHASE REGISTER
12/3/2019

OPERATING SUPPLIES & OFFICE EXPENSE

<u>CHECK</u>	<u>AMOUNT</u>	<u>VENDOR</u>	<u>DESCRIPTION</u>
65866	24,017.47	BAYSIDE EQUIPMENT COMPANY	Generator-Repairs, Battery, & Fuel Tank at University
65875	2,282.74	TPX COMMUNICATIONS	Phone Bill
65882	558.20	BANKCARD CENTER	Phil: Office Expense, DM Expense, & Repairs & Maintenance
65883	2,691.91	BANKCARD CENTER	Todd: Repairs & Maintenance, Meetings, Travel, & Office Expense
65884	1,211.32	BANKCARD CENTER	Sergio: Operating Supplies & Meeting Expenses - CWEA
65885	1,398.48	ERGOWORKS	Office Chairs
65900	1,987.12	GRAINGER	Water, Gloves, Ear Plugs, Bins, Utility Knives, Wet/Dry Vacuum
65909	1,820.48	SPARTAN TOOL LLC	Operating Supplies
65910	5,890.76	WECO INDUSTRIES, INC.	Camera Repairs
65926	3,293.68	BAYSIDE EQUIPMENT COMPANY	Rental of Generators during PG&E Outages
65927	4,540.22	BOONY DOON ENVIRONMENTAL	Effluent Pump for STEP Systems
65930	3,000.50	ENVIROZYME	FOG Digester for STEP Systems
65939	1,867.52	OMEGA INDUSTRIAL SUPPLY, INC.	Cleaning Supplies
65960	1,879.29	WECO INDUSTRIES, INC.	Operating Supplies, Cable Assembly, Camera Repair

MISCELLANEOUS

<u>CHECK</u>	<u>AMOUNT</u>	<u>VENDOR</u>	<u>DESCRIPTION</u>
65868	1,216.00	ESRI	GIS Consulting
65877	2,025.66	U.S. JETTING, LLC.	Vehicle Repairs on Unit #218
65880	1,105.88	PHIL SCOTT	Reimbursement for Travel Expense - Tri-State Seminar
65881	357.90	BOB HULSMANN	Reimbursement for Hot Dog Bar & Towne Ford
65886	28.00	DESIREE S SLATER	Reimbursement for Bank Charge
65892	371,777.73	ANDERSON PACIFIC	Recycled Water Facility
65894	13,370.00	CASA	District Membership Renewal
65897	2,279.10	EMERGENCY ESSENTIALS	Emergency Food Supply
65901	2,647.95	HACH COMPANY	Flo-Dar Modem Upgrades
65908	14,073.00	SWRCB	Annual Permit Fees
65911	255.48	BOB HULSMANN	Reimbursement for PMP Luncheon
65912	25,915.30	WOODARD & CURRAN	Recycled Water Project Management Services - Phase B
65913	380.10	JED M. BEYER	Reimbursement for Travel Expense - CWEA
65951	2,370.50	ESRI	GIS Consulting
65953	2,503.75	HF&H CONSULTANTS, LLC	2020 Update SW Rate Model

WEST BAY SANITARY DISTRICT

SUMMARY OF FY2019-20 PAYMENTS
(Through Withdrawal Order
11/06/2019 to 12/03/2019)

	TOTAL BY VENDOR - YTD 7/1/2019- 12/03/2019	WITHDRAWAL PERIOD 12/3/2019
REGULAR PAYABLES		
3T Equipment Company	16,391.24	
A-A Lock & Alarm	1,444.70	184.67
AAA Rentals	11,819.27	
A & B Trailer Hitch Inc.	13.06	
Action Towing	487.50	
Advanced Laser	2,843.89	
Airgas USA, LLC	345.62	345.62
Alliant Insurance Services	15,228.00	
The Almanac	7,260.00	528.00
Alpha Analytical Laboratories	1,900.00	
American Messaging	322.20	64.48
American Textile & Supply	171.48	171.48
American Water Services	154.23	
Anderson Pacific	4,222,680.87	371,777.73
Aqua Natural Solutions	1,384.65	
Aquality Water Management Inc.	3,135.00	
AT&T	5,795.58	987.31
Atchison, Barisone & Condotti	24,549.73	2,435.09
Aztec Consultants	11,827.50	
Baggengineers	1,660.00	
Bankcard Center	25,288.85	4,461.43
Bay Alarm	4,264.42	115.00
Bay Area Air Quality	20,993.00	
Bay Area Paving Co. Inc.	13,329.00	
Bayside Equipment Company	28,690.14	27,311.15
Jed M. Beyer	380.10	380.10
Beyond Components, Inc.	179.20	
David D. Bohannon Org.	211,673.53	
Bonny Doon Environmental	4,540.22	4,540.22
Buckles-Smith	251.60	
CASA	13,370.00	13,370.00
CSDA	7,615.00	
CWEA-SCVS	1,180.00	
CWEA	1,695.00	465.00
CWEA Membership	2,618.00	484.00
CSRMA C/O Alliant Insurance	158,692.00	
Calif. Labor Law Poster Servic	152.00	
California Concrete Pumping	774.00	
California Water Service	6,634.20	668.17
CALPERS 1959 Survivor Billing	1,645.00	
CALPERS - Unfunded Accrued Liability	334,727.00	
CALPERS - Retirement	130,222.99	44,405.26
CALPERS - Health Premiums	223,706.22	44,492.32
Calpers Long-Term Care Program	274.85	61.97
Carrie Nevoli - Petty Cash	586.31	
Cardiac Science Corp.	719.89	
Center For Hearing Health Inc.	661.25	
Chavan & Associates LLP	10,125.00	
Cintas Corp	17,004.49	1,647.81
Citibank	7.00	
Comcast	1,671.20	275.24
Costco Membership	60.00	
CPS HR Consulting	18,484.86	
Cropper Accountancy Corp.	2,700.00	
Cues, Inc.	3,980.00	
Dale Scott & Co., Inc.	4,000.00	
Peggy Daniels	2,935.76	
Das Manufacturing, Inc.	1,895.44	
Davey Tree Expert Company	7,913.00	
Dept. of Industrial Relations	675.00	
Detection Instruments	327.79	
Dewey Pest Control	164.00	
Dolphin Graphics	776.19	776.19
Duke's Root Control, Inc	223,089.71	
Du-All Safety, Lic	14,715.00	5,366.25
ENR	66.00	
ESRI	4,650.50	3,586.50
East Bay Muni Utility District	2,425.00	
Elite Parts LLC	1,233.65	
Emergency Essentials	2,279.10	2,279.10

WEST BAY SANITARY DISTRICT

SUMMARY OF FY2019-20 PAYMENTS
(Through Withdrawal Order
11/06/2019 to 12/03/2019)

	TOTAL BY VENDOR - YTD 7/1/2019- 12/03/2019	WITHDRAWAL PERIOD 12/3/2019
REGULAR PAYABLES		
EnviroZyme	3,000.50	3,000.50
ErgoWorks	1,398.48	1,398.48
Express Safety, Inc.	773.32	
Federal Express	1,822.92	559.49
Fremont Urgent Care	1,484.00	126.00
Finishmaster Inc	618.26	335.55
Forestry Suppliers, Inc.	1,315.65	
Formatop	1,387.48	
Franchise Tax Board	3,000.00	500.00
Freyer & Laureta	157,424.00	
Gary Pollack Construction	4,000.00	
Goldstreet Design Agency, Inc.	2,751.50	
Govconnection, Inc.	780.00	
Governmentjobs.com dba NeoGov	6,633.00	
Grainger	12,462.83	2,490.06
Granite Rock, Inc.	1,033.13	
Hach Company	17,459.93	2,647.95
Hadronex, Inc.	34,919.44	
Hansen Supply Company	4,710.58	
Harben California	150.00	150.00
Harbor Ready-Mix	2,992.16	
Harrington Industrial Plastics	192.59	
HF&H Consultants, LLC	14,078.91	2,503.75
Hillyard/San Francisco	1,439.48	
Home Depot Credit Services	4,673.10	1,141.38
Bob Hulsmann	1,274.26	613.38
IEDA	3,040.00	
ISAC INC	6,581.50	
J & B Corrosion Engineering	1,415.00	
Jani-King of CA, Inc - SFR/OAK	3,633.00	726.60
Jensen Precast	2,454.32	
Kimball Midwest	4,165.59	
Kone Inc.	1,296.70	259.34
L & M Transmission	1,199.93	
Lasky Trade Printing	141.38	
Log Me In	1,933.82	66.88
Lucity, Inc.	9,741.42	
Lyngso Garden Materials, Inc	356.78	
Mail Finance	536.50	
Mallory Co.	4,982.29	688.28
Matheson Tri-Gas, Inc.	240.03	
Maxx Metals	138.00	
City of Menlo Park - Repair	15,663.20	4,872.15
City of Menlo Park-Fuel	26,747.28	7,301.83
City of Menlo Park - Water	5,971.80	92.61
City of Menlo Park - Permits	4,500.00	1,000.00
SDU	6,103.44	1,017.24
Medco Supply Company	396.05	247.44
Menlo Park Fire Protection	8,290.00	
Menlo Park Hardware Co. #14016	302.30	
Mid Peninsula Abstracts	810.00	
Mission Clay Products LLC	2,239.12	
Morse Hydraulics	673.62	438.75
Municipal Maintenance Equip.	1,667.98	
Navia Benefit Solutions	13,965.58	2,570.38
North Bay Pensions	1,500.00	
Office of Water Programs	815.10	
Office Team	8,072.00	
Ogasawara Landscape Maint.	5,530.00	400.00
Omega Industrial Supply, Inc.	4,035.08	1,867.52
Pacific Gas & Electric	33,454.82	3,024.56
Palo Alto Staffing	1,309.60	
Peninsula Building Materials	1,280.05	
Peninsula Property Group	1,602.75	
Perotti and Carrade	750.00	
Phil Scott	2,537.76	1,105.88
Pier 2 Marketing	1,000.00	
PJ's Rebar Inc.	2,752.87	
Ponton Industries, Inc.	2,319.36	1,040.00
Precise Printing and Mailing	1,979.14	
Precision Engineering	312,189.19	
Preferred Alliance	1,657.32	215.39

WEST BAY SANITARY DISTRICT

SUMMARY OF FY2019-20 PAYMENTS
(Through Withdrawal Order
11/06/2019 to 12/03/2019)

	TOTAL BY VENDOR - YTD 7/1/2019- 12/03/2019	WITHDRAWAL PERIOD 12/3/2019
REGULAR PAYABLES		
Principal Life Insurance Co.	29,703.95	5,056.48
Sergio Ramirez	1,313.08	
R.A. Nosek Investigations	1,490.00	
Readyrefresh By Nestle	2,064.87	350.55
Recology Peninsula Services	12,530.00	
Red Wing Shoe Store	2,582.91	
Redwood General Tire Co., Inc.	65.87	
Rich Voss Trucking	1,820.00	
Roberts & Brune Co	16,298.67	3,887.73
SVCW Bond - 2009 Bond	656,144.00	
SVCW Bond - 2014 Bond	401,251.72	
SVCW Bond - 2015 Bond	502,295.82	
SVCW Bond - 2018 Bond	1,186,418.75	
SVCW Cash Contribution on 2018 Bond	5,346,668.35	1,069,333.67
SVCW SRF Loan - WWTP Phase 1	506,765.20	
SVCW - Monthly Operating Payment	3,166,235.00	633,247.00
SWRCB	14,073.00	14,073.00
Safety Center	2,604.00	
San Mateo County Assessor	305.00	
San Mateo County Clerk	524.00	177.00
San Mateo CO Health Dept	1,737.00	
San Mateo County Tax Collector	924.30	
Rupert Sandoval	996.91	
Robert J. Scheidt	263.86	
Seekzen Systems	12,875.00	475.00
Sharp Business Systems	4,161.24	1,036.78
Sharp Electronics Corporation	878.13	
Sitech Norcal	460.95	
Desiree S Slater	28.00	28.00
Solarwinds	57.00	
Spartan Tool LLC	2,138.07	1,846.40
Staples Credit Plan	5,527.09	1,154.37
Summit Aerial Services Inc	2,750.00	
Sutter EAP	418.00	
Target Specialty Products	444.52	444.52
Tap Plastics Inc.	419.65	
Teamsters Local No. 350	5,610.00	960.00
Teletrac Navman US LTD.	984.86	492.43
The Concept Genie	1,879.70	
TFS-Zoom Imaging Solutions Inc	802.99	
Toshiba Financial Services	801.78	
Towne Ford Sales	4,024.18	
TPX Communications	11,446.58	2,282.74
Underground Service Alert	10,828.20	
United Rentals Northwest, Inc.	1,082.58	
US Bank	818.74	136.56
U.S. Jetting, LLC.	2,491.11	2,025.66
V & A Consulting Engineers	18,998.75	
Valley Heating & Cooling	1,589.00	
Verizon Wireless	10,424.23	1,698.53
Vision Communications Co.	9,305.67	667.00
V.W. Housen & Associates	15,677.50	
Weco Industries, Inc.	67,287.02	7,770.05
West Yost & Associates	31,415.28	
Woodard & Curran	95,978.32	25,915.30
Zanker Recycling	3,451.58	
Zip's AW Direct	118.31	
Zoom Imaging Solutions, Inc.	1,215.54	
TOTAL REGULAR PAYABLES	18,804,278.76	2,346,640.25

WEST BAY SANITARY DISTRICT

SUMMARY OF FY2019-20 PAYMENTS
(Through Withdrawal Order
11/06/2019 to 12/03/2019)

	TOTAL BY VENDOR - YTD 7/1/2019- 12/03/2019	WITHDRAWAL PERIOD 12/3/2019
REGULAR PAYABLES		
SALARIES/WAGES & W/H		
Salaries/Wages - Net Pay	1,124,188.99	199,043.03
Directors Fees - Net Pay	8,959.05	2,223.20
PrimePay Fees	2,915.96	
IRS - Federal Payroll Taxes	217,213.43	55,951.68
EDD - State Payroll Taxes	79,668.65	17,010.27
ICMA	119,259.51	15,778.14
Performance Merit Program - Net Pay	124,143.65	124,143.65
TOTAL SALARIES RELATED	<u>1,676,349.24</u>	<u>\$414,149.97</u>
TOTAL PAYABLES	20,480,628.00	2,760,790.22
SUMMARY		
TOTAL CHECKS		555,162.00
TOTAL WIRES		<u>2,205,628.22</u>
TOTAL PAYABLES		<u><u>2,760,790.22</u></u>

WEST BAY SANITARY DISTRICT
Schedule of Cash Receipt Deposits
11/06/19 - 12/02/19

DEPOSIT DATE	RECEIPT NUMBER	DESCRIPTION	AMOUNT
11/18/2019	460921	Permit: 1351 University Dr, MP	\$270.00
11/18/2019	460922	Invoice 2019/20-044	\$588.50
11/18/2019	460923	Invoice 2019/20-041	\$1,177.00
11/18/2019	460924	Invoice 2019/20-055	\$631.40
11/18/2019	460925	Invoice 2019/20-054	\$631.40
11/18/2019	460926	Invoice 2019/20-057	\$670.18
11/18/2019	460927	Invoice: 2018/19-058	\$731.50
11/18/2019	460928	Invoice 2019/20-014	\$748.50
11/18/2019	460929	Permit: 131 Castanya Way,PV	\$270.00
11/18/2019	460930	Permit: 2040 Mills Ave, MP	\$270.00
11/18/2019	460931	Permit: 824 Harvard Ave, MP	\$90.00
11/18/2019	460932	Permit: 2190 Mills Ave, MP	\$270.00
11/18/2019	460933	Invoice 2019/20-034	\$748.50
11/18/2019	460934	Permit: 286 Willow Rd, MP	\$270.00
11/18/2019	460935	Permit: 510 Olive St, MP	\$270.00
11/18/2019	460936	Permit: 860 Cambridge Ave, MP	\$270.00
11/18/2019	460937	Invoice 2019/20-043	\$588.50
11/18/2019	460938	Permit: 1394 San Mateo Dr, MP	\$270.00
11/18/2019	460939	Permit: 514 Concord Dr, MP	\$330.00
11/18/2019	460940	Permit: 17 Shasta Ln, MP	\$270.00
11/18/2019	460941	Permit: 510 Olive St, MP	\$160.00
11/18/2019	460942	Invoice 2019/20-029	\$1,177.00
11/18/2019	460943	Invoice 2019/20-059	\$495.00
11/18/2019	460944	Discharge Permit: 189 Greenoaks Dr, ATH	\$620.05
11/18/2019	460946	Permit: 2140 Mills Ave, MP	\$160.00
11/18/2019	460947	Permit: 1756 Croner Ave, MP	\$270.00
11/18/2019	460948	Permit: 1775 Stanford Ave, MP	\$270.00
11/22/2019	460949	Permit: 859 Santa Cruz Ave, MP	\$270.00
11/22/2019	460950	Permit: 41 Ridge View Dr, ATH	\$270.00
11/22/2019	460951	Permit: 54 Magnolia Dr, ATH	\$270.00
11/22/2019	460952	Permit: 312 Oakwood Pl, MP	\$270.00
11/22/2019	460953	SRF Payment # 15	\$704,778.00
11/22/2019	460954	Permit: 1930 Oakdell DR, MP	\$430.00
11/22/2019	460955	Permit: 308 Arbor Rd, MP	\$160.00
11/26/2019	460956	Permit: 1420 Almanor Ave	\$270.00
11/26/2019	460957	Permit: 103 Stanford Ave	\$270.00
11/26/2019	460958	Postage	\$1.00
11/26/2019	460959	Invoice 2019/20-026	\$748.50
11/26/2019	460960	Invoice 2019/20-009B - Maintenance Services Agreement for July 2019	\$52,898.20

Total Deposit

\$773,153.23

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 5C**

To: Board of Directors

From: Sergio Ramirez, Operations Superintendent

Subject: WBSD Operations and Maintenance Report – November 2019

Month	Basin PM Pipe Cleaning Miles	High Freq. PM Pipe Cleaning Miles	Un-Sche. Pipe Cleaning Miles	WBSD CCTV Insp. Miles	Pipe Patch Repairs Qty.	Open Trench Repairs Qty.	Pump Sta. PM Qty.	Pump Sta. Unsch. Repairs Qty.	SSO Cat. 1	SSO Cat. 2&3s	Service Calls- Unit 208			
											Call Outs	Sch PM	Unsch. PM	USA's
January	11.7	4.3	0.1	1.1	7	6	104	0	0	1	109	29	0	155
February	4.8	6.6	0.6	3.7	5	6	71	1	0	1	65	23	0	209
March	10.6	0.2	0.9	3.3	6	8	70	1	0	0	87	10	3	201
April	9.9	4.2	0.9	3.1	3	8	60	0	0	1	88	8	0	290
May	7.1	8.9	0.8	4.0	0	11	90	1	0	1	71	0	4	289
June	11.8	0.7	0.4	4.8	9	8	74	0	0	0	98	0	12	229
July	9.5	3.8	0.9	3.4	5	10	74	1	0	0	83	1	0	263
August	10.5	7.0	1.6	3.1	10	5	91	0	0	0	79	3	0	257
Sept.	17.7	0.2	0.3	4.0	0	0	79	0	0	0	96	1	0	219
* Oct.	3.9	4.1	0.3	4.3	5	8	95	1	0	0	94	0	1	309
Nov.	0.8	8.2	0.1	3.2	4	8	83	0	0	0	105	0	3	269
Dec														
Yr to date	98.3	48.2	6.9	38.1	54	78	891	5	0	4	975	75	23	2690

2019 Goals	120.0	51.0	n/a	45-50	65	90	n/a	<10	0-2	4 to 6	n/a	n/a	n/a	n/a
2018 Results	134.2	48.5	7.4	42.1	66	63	1256	6	0	4	1139	134	89	2525
2017 Results	126.4	51.5	5.7	24.8	66	97	1265	8	2	3	700	178	61	3218
2016 Results	126.4	49	6	33	65	94	1188	5	0	8	798	167	155	3222

2015Results	126.4	55	21	46	65	90	1349	6	0	5	798	174	185	2125
2014Results	126.4	63	20	48	65	78	1328	10	2	12	771	183	72	1834

* = Beginning of PMPP year.



**WEST BAY SANITARY DISTRICT
AGENDA ITEM 5D**

To: Board of Directors

From: Sergio Ramirez, Operations Superintendent

Subject: Town of Los Altos Hills Operations and Maintenance Report for Work Performed by WBSD – November 2019

Month Temp Help	Basin PM Pipe Clean- ing	High Freq. PM Pipe Clean- ing	Un- Sche. Pipe Clean- ing	WBSD CCTV Insp.	Pump Sta. PM	Pump Sta. Unsch. Repairs	SSO	SSO	Service Calls
	Miles	Miles	Miles	Miles	Qty.	Qty.	Cat. 1	Cat. 2&3s	Call Outs
January	3.6	1.5	0.0	1.1	4	1	0	1	0
February	2.2	0.5	0.0	1.5	4	0	0	0	0
March	1.2	0.8	0.0	1.9	4	0	0	0	0
April	1.5	2.9	0.0	1.9	4	0	0	0	0
May	1.6	1.5	0.0	1.0	4	0	0	0	0
June	1.5	0.6	0.0	0.4	4	0	0	0	0
July	0.8	0.7	0.0	1.2	4	0	0	0	0
*August	0.0	1.2	0.0	0.5	4	0	0	0	0
Sept.	0.0	1.5	0.0	1.1	4	0	0	0	0
Oct.	0.5	1.7	0.2	1.2	4	1	0	0	0
Nov.	1.0	1.0	0.0	0.0	4	2	0	0	0
Dec									
** Yr to date	13.9	13.9	0.2	11.8	44	4	0	1	0

FY18/19Goals	17.4	16.9	n/a	9.3	52	n/a	n/a	n/a	n/a
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* = August- Start of Contract

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 5E**

To: Board of Directors

**From: Phil Scott, District Manager
Donald Sturman, Finance Manager**

Subject: Consider to Ratify and Approve Report on District's Investment Portfolio Including the Transactions of Assets Described Therein as of 11/30/19

Background

On October 27, 2010 the District named Bank of the West as the District's Investment advisor and approved to invest \$5 million in available funds according to the model portfolio.

At the October 15, 2014 Board meeting the Directors discussed the District's reserve funds and directed the DM to use recent unbudgeted revenues to fund District reserves as close to the predetermined target levels as the revenues would allow. As a result, the DM transferred \$3M from the Money Market account on October 29, 2014 to the Investment Management Fund.

At the November 19, 2014 Board meeting the Directors discussed the District's reserves and further directed the DM to apply another set of unbudgeted revenues to the reserves in an attempt to move even closer to the reserve target levels. In addition, since BOW had recently notified the District that the Money Market interest rate would be failing to match the LAIF (Local Agency Investment Fund) rate, the Board directed the DM to move the Operating Reserves to the Investment Management Fund. The District's Operating Fund – equivalent to 5 months operating expense – is designed to bridge the cash flow gap between tax roll receipts from the County from July to December of each year. The Board consensus was to fully fund the reserves at target levels. The Operating Reserves change each year as the budget changes and the target level was set as budgeted for the end of FY18-19. In March 2018 an additional reserve was established to set aside funds received from Sharon Heights Golf and Country Club for the required Recycled Water SRF Reserve.

The District's reserve funds were set as follows:

District Reserves	Target Balance	Beginning Mkt Value Balance	End Mkt Value Balance
Emergency Capital Reserve	= \$5.0M	\$3.25M	\$2.64M
Capital Project Reserve	= \$3.5M	\$2.21M	\$2.04M
Operating Reserves (5 mo's Op Exp)	= \$9.4M	\$6.66M	\$5.86M
Rate Stabilization Reserve	= \$6.5M	\$5.00M	\$4.57M
Reserve maturities transferred to LAIF as of 11/30/19		\$5.43M	\$5.43M
Recycled Water Cash Flow:	= \$8.0M	<u>\$8.13M</u>	<u>\$8.13M</u>
BoW RW CF Reserve		\$ 224K	\$225K
RW CF Reserve funds transferred to LAIF		\$7.91M	\$7.91M
Recycled Water SRF Reserve (SHGCC) = \$806.2K		\$ 845K	\$845K
Total Reserves market value at 11/30/2019 ≈\$31.52M			\$29.51M

Analysis

In November, there were \$2M in transfers of cash from maturities of the Emergency Capital (\$616K), Capital Project (\$167K), Operating (\$809K), and Rate Stabilization Reserves (\$430K) which holds the total transfer to date at \$13,632,000. These maturities and cash were used to pay the \$13M bond debt per month to SVCW and provide recycled water cash flow. Beginning in late December 2019, District Staff will begin implementing a reserve replenishment plan to restore the reserves to target levels over the next few years. The replenishment plan will use a combination of cash and maturities from the rate stabilization reserve as funds become available.

Fiscal Impact

The investment portfolios have been set up with the goal to yield a rate of return of approximately 2%. Based on the performance as measured by the month end market values, the yields have been trending above this goal. The average yield in the District's LAIF account is 2.38%.

Recommendation

The District Manager recommends the District Board ratify and approve the report on the District's Investment Portfolio including the transactions of assets described therein as of 11/30/19.



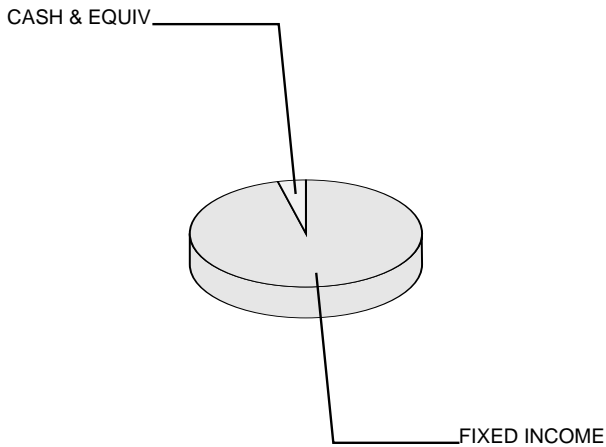
WBSD - EMERGENCY CAPITAL RESERVE

Account Number: 61-J004-01-2
Statement Period: 11/01/19 - 11/30/19

WEST BAY SANITARY DISTRICT
 ATTN: PHILLIP L. SCOTT
 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	109,665.97	4.2%
Fixed Income	2,515,541.04	95.8%
Total Portfolio	\$ 2,625,207.01	100.0%
Accrued Income	19,281.72	
Total Valuation	\$ 2,644,488.73	

Market Reconciliation

	Current Period	Year To Date
Beginning Market Value	\$ 3,258,964.34	\$ 4,308,686.39
Income		
Interest.....	4,932.59	42,650.80
Disbursements.....	-616,554.16	-1,699,109.09
Realized Gains/(Losses).....	-5,188.34	-14,357.30
Change In Accrued Income.....	960.27	-5,527.64
Change In Market Appreciation/(Depreciation).....	1,147.31	13,225.57
Non-Cash Asset Changes.....	226.72	-1,080.00
Ending Market Value	\$ 2,644,488.73	\$ 2,644,488.73



WBSD - EMERGENCY CAPITAL RESERVE

Account Number:
Statement Period:

61-J004-01-2
11/01/19 - 11/30/19

Asset Position As of 11/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Cash Equivalents				
Bank of The West Advantage Acct	109,665.970	109,665.97 109,665.97	1,754.00 551.94	1.60%
Total Cash Equivalents		\$ 109,665.97 \$ 109,665.97	1,754.00 551.94	1.60%
Fixed Income				
Blackrock Inc Nt 5.00% Dtd 12/10/2009 Due 12/10/2019 Callable	250,000.000	250,147.50 253,602.50	12,500.00 5,937.49	5.00%
Federal Home Ln Mtg Corp Partn Gold Group #G13107 5.500% Dtd 03/01/2008 Due 07/01/2020 IPD14	196.590	196.82 434.22	10.00 0.90	5.49%
Federal Home Ln Mtg Corp Partn Gold Group #G11940 5.500% Dtd 03/01/2006 Due 05/01/2020 IPD14	267.180	267.61 518.13	14.00 1.22	5.49%
Federal Home Loan Bks Cons Bds Step Cpn Dtd 04/27/2017 Due 04/27/2022 Callable	120,000.000	121,850.40 119,730.00	2,760.00 260.66	2.27%
Federal Home Loan Bks Cons Bds 2.00% Dtd 01/27/2016 Due 01/27/2021 Callable	75,000.000	74,969.25 73,902.82	1,500.00 516.66	2.00%
Federal Home Loan Bks Cons Bds 1.70% Dtd 07/27/2016 Due 07/27/2022 Callable	140,000.000	139,738.20 135,506.10	2,380.00 819.77	1.70%
Federal Farm Cr Bks Cons Systemwide Bds 1.90% Dtd 08/03/2017 Due 08/03/2022 Non-Callable	80,000.000	80,531.20 80,127.20	1,520.00 498.22	1.89%
Federal Home Loan Bks Cons Bds 4.125% Dtd 11/13/2009 Due 12/13/2019 Non-Callable	50,000.000	50,037.50 50,657.50	2,062.00 962.50	4.12%
Federal Home Loan Bks Cons Bds 2.875% Dtd 08/27/2010 Due 09/11/2020 Non-Callable	80,000.000	80,751.20 81,129.60	2,300.00 511.11	2.85%
Federal Home Ln Mtg Corp 1.75% Dtd 12/30/2016 Due 12/30/2020 Callable	160,000.000	159,435.20 160,000.00	2,800.00 1,174.44	1.76%



WBSD - EMERGENCY CAPITAL RESERVE

Account Number:
Statement Period:

61-J004-01-2
11/01/19 - 11/30/19

Asset Position As of 11/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Federal Home Ln Mtg Corp Medium Term Nts 1.625% Dtd 04/27/2017 Due 07/27/2020 Callable	40,000.000	40,010.40 40,000.00	650.00 61.38	1.62%
Federal Home Ln Mtg Corp 1.65% Dtd 04/27/2017 Due 04/27/2020 Callable	150,000.000	149,979.00 149,413.21	2,475.00 233.75	1.65%
Federal Home Ln Mtg Corp 2.00% Dtd 04/26/2017 Due 10/26/2021 Callable	120,000.000	120,033.60 120,000.00	2,400.00 233.33	2.00%
Federal Home Ln Mtg Corp 2.00% Dtd 10/12/2017 Due 10/12/2021 Callable	100,000.000	100,018.00 100,000.00	2,000.00 272.22	2.00%
Federal Natl Mtg Assn 1.50% Dtd 04/27/2015 Due 06/22/2020 Non-Callable	25,000.000	24,977.50 25,106.00	375.00 165.62	1.50%
Federal Natl Mtg Assn 1.50% Dtd 10/19/2015 Due 11/30/2020 Non-Callable	25,000.000	24,957.75 25,075.25	375.00 188.54	1.50%
Federal Natl Mtg Assn 1.875% Dtd 11/16/2015 Due 12/28/2020 Non-Callable	40,000.000	40,096.80 40,380.80	750.00 318.74	1.87%
Federal Natl Mtg Assn 1.375% Dtd 02/05/2016 Due 02/26/2021 Non-Callable	60,000.000	59,793.60 59,787.95	825.00 217.70	1.38%
Federal Natl Mtg Assn 1.375% Dtd 10/07/2016 Due 10/07/2021 Non-Callable	60,000.000	59,727.00 59,628.07	825.00 123.75	1.38%
Federal Natl Mtg Assn 2.00% Dtd 01/09/2017 Due 01/05/2022 Non-Callable	60,000.000	60,446.40 60,177.60	1,200.00 486.66	1.99%
Federal Natl Mtg Assn 1.50% Dtd 11/27/2012 Due 11/27/2020 Callable	80,000.000	79,794.40 78,916.96	1,200.00 13.33	1.50%
Federal Natl Mtg Assn 1.75% Dtd 09/28/2017 Due 09/28/2020 Callable	130,000.000	130,074.10 130,000.00	2,275.00 398.12	1.75%
Federal Home Ln Mtg Corp 2.375% Dtd 01/13/2012 Due 01/13/2022 Non-Callable	60,000.000	60,890.40 60,846.60	1,425.00 546.24	2.34%



WBSD - EMERGENCY CAPITAL RESERVE

Account Number:
Statement Period:

61-J004-01-2
11/01/19 - 11/30/19

Asset Position As of 11/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Federal Natl Mtg Assn Gtd Passthru CTF Pool #797828 5.000% Dtd 04/01/2005 Due 04/01/2020 IPD24	2,059.960	2,131.13 2,864.06	102.00 8.58	4.83%
Federal Natl Mtg Assn Gtd Passthru CTF Pool #819257 5.000% Dtd 05/01/2005 Due 04/01/2020 IPD24	1,482.430	1,481.90 2,200.09	74.00 6.17	5.00%
Home Depot Inc Sr Glbl Nt 2.00% Dtd 02/12/2016 Due 04/01/2021 Callable	60,000.000	60,113.40 59,878.80	1,200.00 199.99	2.00%
Morgan Stanley D W Disc Srmtns Sr Nt Flt Var Rate Dtd 11/30/2010 Due 11/30/2019 Non-Callable	50,000.000	49,625.00 49,062.50	1,706.00 453.55	3.44%
Pfizer Inc Sr Nt 5.20% Dtd 08/12/2015 Due 08/12/2020 Non-Callable	100,000.000	102,318.00 103,196.00	5,200.00 1,574.44	5.08%
Small Business Admin Gtd Ln Pool Cfs 7.19% Dtd 12/15/1999 Due 12/01/2019	1,050.920	1,051.04 6,907.01	75.00 40.92	7.19%
Small Business Admin Gtd Ln Pool Cfs 7.59% Dtd 01/12/2000 Due 01/01/2020	1,593.830	1,596.03 4,317.56	120.00 50.80	7.58%
Small Business Admin Gtd Ln Pool Cfs 4.34% Dtd 03/17/2004 Due 03/01/2024	9,943.620	10,251.67 15,675.64	431.00 138.94	4.21%
Small Business Admin Gtd Ln Pool Cfs 5.71% Dtd 06/13/2007 Due 06/01/2027		0.00 0.00	0.00 0.38	0.00%
Small Business Admin Gtd Ln Pool Cfs 4.084% Dtd 03/29/2011 Due 03/10/2021	5,645.420	5,768.94 6,741.83	230.00 83.20	4.00%
Starbucks Corp Sr Glbl 2.10% Dtd 02/04/2016 Due 02/04/2021 Callable	60,000.000	60,142.80 59,984.40	1,260.00 409.50	2.10%
3M Co Fr 2.00% Dtd 06/26/2012 Due 06/26/2022 Non-Callable	100,000.000	100,430.00 99,312.35	2,000.00 861.11	1.99%
US Treasury Note 1.625% Dtd 03/15/2017 Due 03/15/2020	110,000.000	109,981.30 109,834.11	1,787.00 378.12	1.63%



WBSD - EMERGENCY CAPITAL RESERVE

Account Number:
 Statement Period:

61-J004-01-2
 11/01/19 - 11/30/19

Asset Position As of 11/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
US Treasury Note 2.75% Dtd 09/15/2018 Due 09/15/2021	100,000.000	101,926.00 99,695.31	2,750.00 581.73	2.70%
Total Fixed Income		\$ 2,515,541.04 \$ 2,524,610.17	61,556.00 18,729.78	2.45%
Cash				
Principal Cash		0.00 0.00	0.00	0.00%
Income Cash		0.00 0.00	0.00	0.00%
Total Cash		\$ 0.00 \$ 0.00	0.00 0.00	0.00%
Total Market Value		\$ 2,625,207.01 \$ 2,634,276.14	63,310.00 19,281.72	2.41%
Total Market Value Plus Accruals		\$ 2,644,488.73		

Income Activity

	Date	Income Cash	Principal Cash
Interest Income			
Bank of The West Advantage Acct Int To 10/31/19	11/01/19		445.98
Federal Home Ln Mtg Corp Partn Gold Group #G13107 5.500% Dtd 03/01/2008 Due 07/01/2020 IPD14 Int For October 2019 on 274.79	11/15/19		1.26
Federal Home Ln Mtg Corp Partn Gold Group #G11940 5.500% Dtd 03/01/2006 Due 05/01/2020 IPD14 Int For October 2019 on 363.24	11/15/19		1.66
Federal Natl Mtg Assn 1.50% Dtd 11/27/2012 Due 11/27/2020 Callable Int To 11/27/19 on 80,000	11/27/19		600.00



WBSD - EMERGENCY CAPITAL RESERVE

Account Number:
 Statement Period:

61-J004-01-2
 11/01/19 - 11/30/19

Income Activity			
	Date	Income Cash	Principal Cash
Federal Natl Mtg Assn 1.80% Dtd 11/30/2016 Due 05/26/2021 Callable Int To 11/26/19 on 100,000	11/26/19		900.00
Federal Natl Mtg Assn Gtd Passthru CTF Pool #797828 5.000% Dtd 04/01/2005 Due 04/01/2020 IPD24 Int For October 2019 on 3131.22	11/25/19		13.05
Federal Natl Mtg Assn Gtd Passthru CTF Pool #819257 5.000% Dtd 05/01/2005 Due 04/01/2020 IPD24 Int For October 2019 on 1848.95	11/25/19		7.70
Small Business Admin Gtd Ln Pool Cfs 5.71% Dtd 06/13/2007 Due 06/01/2027 Accrued Int To 11/29/19 Recd on Sale of 5,328.520	11/29/19		150.44
Toronto Dominion Bank Fr 2.25% Dtd 11/05/2014 Due 11/05/2019 Non-Callable Int To 11/05/19 on 250,000	11/05/19		2,812.50
Total Interest Income		\$ 0.00	\$ 4,932.59
Total Income		\$ 0.00	\$ 4,932.59

Disbursement Activity			
	Date	Income Cash	Principal Cash
To/For Beneficiary			
West Bay Sanitary District ACH Transfer To Bank of The West Ckg#XXXXX6049 Per Verbal Instructions Dtd 11/21/19 ACH Form Dtd 12/20/17	11/21/19		-616,000.00
Total To/For Beneficiary		\$ 0.00	\$ -616,000.00
Fees/Expenses			
Monthly Fee To 10/31/19	11/15/19		-554.16
Total Fees/Expenses		\$ 0.00	\$ -554.16
Total Disbursements		\$ 0.00	\$ -616,554.16



WBSD - EMERGENCY CAPITAL RESERVE

Account Number:
 Statement Period:

61-J004-01-2
 11/01/19 - 11/30/19

Purchase Activity			
	Date	Income Cash	Principal Cash
Bank of The West Advantage Acct Purchases (7) 11/01/19 To 11/30/19	11/30/19		-362,241.51
Total Purchases		\$ 0.00	\$ -362,241.51

Sale Activity			
	Date	Proceeds	Realized Gain/Loss
Bank of The West Advantage Acct Sales (2) 11/01/19 To 11/30/19	11/30/19	616,554.16	
Federal Home Ln Mtg Corp Partn Gold Group #G13107 5.500% Dtd 03/01/2008 Due 07/01/2020 IPD14 Prin Pmt For October 2019	11/15/19	78.20	-94.53
Federal Home Ln Mtg Corp Partn Gold Group #G11940 5.500% Dtd 03/01/2006 Due 05/01/2020 IPD14 Prin Pmt For October 2019	11/15/19	96.06	-90.23
Federal Natl Mtg Assn 1.80% Dtd 11/30/2016 Due 05/26/2021 Callable Recd Proceeds on Full Call of 100,000 Par Value	11/26/19	100,000.00	
Federal Natl Mtg Assn Gtd Passthru CTF Pool #797828 5.000% Dtd 04/01/2005 Due 04/01/2020 IPD24 Prin Pmt For October 2019	11/25/19	1,071.26	-418.16
Federal Natl Mtg Assn Gtd Passthru CTF Pool #819257 5.000% Dtd 05/01/2005 Due 04/01/2020 IPD24 Prin Pmt For October 2019	11/25/19	366.52	-177.43
Small Business Admin Gtd Ln Pool Cfs 5.71% Dtd 06/13/2007 Due 06/01/2027 Sold 5328.520 11/27/19 To D A Davidson & Co @ 106.913	11/29/19	5,696.88	-3,467.99



WBSD - EMERGENCY CAPITAL RESERVE

Account Number:
 Statement Period:

61-J004-01-2
 11/01/19 - 11/30/19

Sale Activity			
	Date	Proceeds	Realized Gain/Loss
Toronto Dominion Bank Fr 2.25% Dtd 11/05/2014 Due 11/05/2019 Non-Callable Recd Proceeds on Maturity of 250,000 Par Value	11/05/19	250,000.00	-940.00
Total Sales		\$ 973,863.08	\$ -5,188.34

Non-Cash Activity		
	Date	Cost
Federal Home Ln Mtg Corp 1.65% Dtd 04/27/2017 Due 04/27/2020 Callable Accretion of Discount	11/29/19	119.74
Federal Natl Mtg Assn 1.50% Dtd 10/19/2015 Due 11/30/2020 Non-Callable Amortization of Premium	11/29/19	-37.25
Federal Natl Mtg Assn 1.375% Dtd 02/05/2016 Due 02/26/2021 Non-Callable Accretion of Discount	11/29/19	14.25
Federal Natl Mtg Assn 1.375% Dtd 10/07/2016 Due 10/07/2021 Non-Callable Accretion of Discount	11/29/19	16.71
Federal Natl Mtg Assn 1.50% Dtd 11/27/2012 Due 11/27/2020 Callable Accretion of Discount	11/29/19	91.00
3M Co Fr 2.00% Dtd 06/26/2012 Due 06/26/2022 Non-Callable Accretion of Discount	11/29/19	22.27
Total Non-Cash Transactions		\$ 226.72

SECURITY PRICES CONTAINED IN THIS STATEMENT ARE OBTAINED FROM THE MOST RELIABLE SOURCES AVAILABLE BUT ARE NOT GUARANTEED BY BANK OF THE WEST. QUOTED PRICES MAY NOT EQUAL ACTUAL PRICES BECAUSE OF SECURITY SIZE, MARKET PRICE, TERM AND DEMAND.



BANK OF THE WEST
BNP PARIBAS
WEALTH MANAGEMENT

Electronic Funds Transfers

Preauthorized Transfers:

You may request an electronic fund transfer (EFT), such as an ACH transfer from or deposit to your account, by contacting your account Administrator. You may also preauthorize periodic EFTs by contacting your account Administrator. If you would like to know whether a preauthorized EFT has occurred, please contact your account Administrator at the phone number listed on the first page of your statement, or call 1-877-232-7321 (TTY 866-827-6167) between the hours of 8:00 A.M. to 5:00 P.M. Pacific Standard Time.

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1. Tell us your name and account number (if any).
2. Tell us the dollar amount of the suspected error.
3. Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.

If you contact us verbally, we may require that you send us your complaint or question in writing within 10 business days. We will investigate your complaint and will correct any error promptly. If we take more than 10 business days to do this, we will credit your account for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation.



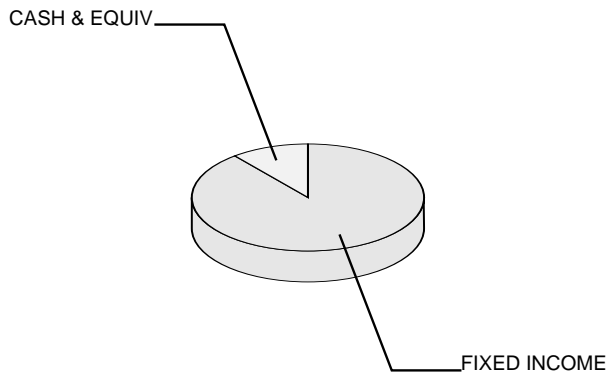
WBSD - CAPITAL PROJECT RESERVE

Account Number: 61-J235-01-2
Statement Period: 11/01/19 - 11/30/19

WEST BAY SANITARY DISTRICT
 ATTN: PHILLIP L. SCOTT
 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	232,660.86	11.4%
Fixed Income	1,804,172.47	88.6%
Total Portfolio	\$ 2,036,833.33	100.0%
Accrued Income	13,154.61	
Total Valuation	\$ 2,049,987.94	

Market Reconciliation

	Current Period	Year To Date
Beginning Market Value	\$ 2,216,097.04	\$ 2,666,749.24
Income		
Interest.....	1,538.75	25,084.89
Disbursements.....	-167,377.13	-640,010.07
Realized Gains/(Losses).....	-29.79	137.18
Change In Accrued Income.....	2,424.71	-2,579.73
Change In Market Appreciation/(Depreciation).....	-2,716.82	4,531.81
Non-Cash Asset Changes.....	51.18	-3,925.38
Ending Market Value	\$ 2,049,987.94	\$ 2,049,987.94



WBSD - CAPITAL PROJECT RESERVE

Account Number:
 Statement Period:

61-J235-01-2
 11/01/19 - 11/30/19

Asset Position As of 11/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Cash Equivalents				
Bank of The West Advantage Acct	232,660.860	232,660.86 232,660.86	3,722.00 232.95	1.60%
Total Cash Equivalents		\$ 232,660.86 \$ 232,660.86	3,722.00 232.95	1.60%
Fixed Income				
Federal Home Loan Bks Cons Bds Step Cpn Dtd 04/27/2017 Due 04/27/2022 Callable	50,000.000	50,771.00 49,887.50	1,150.00 108.61	2.27%
Federal Home Loan Bks Cons Bds 2.375% Dtd 12/30/2013 Due 12/13/2019 Non-Callable	50,000.000	50,011.00 50,310.50	1,187.00 554.16	2.37%
Federal Home Loan Bks Cons Bds 1.625% Dtd 09/30/2016 Due 09/30/2021 Callable	100,000.000	99,831.00 97,677.03	1,625.00 275.34	1.63%
Federal Farm Cr Bks Cons Systemwide Bds 2.03% Dtd 04/19/2017 Due 07/19/2021 Callable	60,000.000	60,003.60 60,000.00	1,218.00 446.59	2.03%
Federal Farm Cr Bks Cons Systemwide Bds 1.90% Dtd 07/19/2017 Due 07/19/2022 Non-Callable	60,000.000	60,401.40 60,174.00	1,140.00 418.00	1.89%
Federal Farm Cr Bks Cons Systemwide Bds 1.90% Dtd 08/03/2017 Due 08/03/2022 Non-Callable	60,000.000	60,398.40 60,095.40	1,140.00 373.66	1.89%
Federal Home Loan Bks Cons Bds 4.625% Dtd 05/25/2005 Due 06/12/2020 Non-Callable	50,000.000	50,769.00 51,517.50	2,312.00 1,085.59	4.55%
Federal Home Loan Bks Cons Bds 4.125% Dtd 11/13/2009 Due 12/13/2019 Non-Callable	100,000.000	100,075.00 101,315.00	4,125.00 1,924.99	4.12%
Federal Farm Cr Bks Cons Systemwide Bds 4.75% Dtd 09/21/2005 Due 09/21/2020 Non-Callable	125,000.000	128,102.50 129,157.50	5,937.00 1,154.51	4.63%
Federal Home Loan Bks Cons Bds 2.875% Dtd 08/27/2010 Due 09/11/2020 Non-Callable	100,000.000	100,939.00 101,412.00	2,875.00 638.88	2.85%



WBSD - CAPITAL PROJECT RESERVE

Account Number:
Statement Period:

61-J235-01-2
11/01/19 - 11/30/19

Asset Position As of 11/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Federal Home Ln Mtg Corp 1.50% Dtd 09/30/2016 Due 03/30/2021 Callable	50,000.000	49,785.00 50,000.00	750.00 127.08	1.51%
Federal Home Ln Mtg Corp 1.75% Dtd 12/30/2016 Due 12/30/2020 Callable	180,000.000	179,364.60 180,000.00	3,150.00 1,321.25	1.76%
Federal Home Ln Mtg Corp 2.10% Dtd 09/29/2017 Due 09/29/2022 Callable	50,000.000	50,014.00 49,875.00	1,050.00 180.83	2.10%
Federal Home Ln Mtg Corp 1.65% Dtd 04/27/2017 Due 04/27/2020 Callable	100,000.000	99,986.00 99,608.70	1,650.00 155.83	1.65%
Federal Natl Mtg Assn 1.50% Dtd 04/27/2015 Due 06/22/2020 Non-Callable	40,000.000	39,964.00 40,169.60	600.00 265.00	1.50%
Federal Natl Mtg Assn 1.50% Dtd 10/19/2015 Due 11/30/2020 Non-Callable	40,000.000	39,932.40 40,120.40	600.00 301.66	1.50%
Federal Natl Mtg Assn 1.875% Dtd 11/16/2015 Due 12/28/2020 Non-Callable	100,000.000	100,242.00 100,952.00	1,875.00 796.87	1.87%
Federal Natl Mtg Assn 1.375% Dtd 02/05/2016 Due 02/26/2021 Non-Callable	60,000.000	59,793.60 59,787.95	825.00 217.70	1.38%
Federal Natl Mtg Assn 1.375% Dtd 10/07/2016 Due 10/07/2021 Non-Callable	60,000.000	59,727.00 59,628.07	825.00 123.75	1.38%
Federal Natl Mtg Assn 2.00% Dtd 01/09/2017 Due 01/05/2022 Non-Callable	120,000.000	120,892.80 120,355.20	2,400.00 973.33	1.99%
Federal Natl Mtg Assn 1.875% Dtd 04/10/2017 Due 04/05/2022 Non-Callable	60,000.000	60,333.00 60,126.60	1,125.00 175.00	1.86%
Federal Home Ln Mtg Corp 2.375% Dtd 01/13/2012 Due 01/13/2022 Non-Callable	120,000.000	121,780.80 121,693.20	2,850.00 1,092.50	2.34%
Federal Natl Mtg Assn Gtd Passthru CTF Pool #797828 5.000% Dtd 04/01/2005 Due 04/01/2020 IPD24	1,029.980	1,065.57 1,087.27	51.00 4.29	4.83%



WBSD - CAPITAL PROJECT RESERVE

Account Number:
 Statement Period:

61-J235-01-2
 11/01/19 - 11/30/19

Asset Position As of 11/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
US Treasury Note 1.625% Dtd 03/15/2017 Due 03/15/2020	60,000.000	59,989.80 59,925.30	975.00 206.24	1.63%
Total Fixed Income		\$ 1,804,172.47 \$ 1,804,875.72	41,435.00 12,921.66	2.30%
Cash				
Principal Cash		0.00 0.00	0.00	0.00%
Income Cash		0.00 0.00	0.00	0.00%
Total Cash		\$ 0.00 \$ 0.00	0.00 0.00	0.00%
Total Market Value		\$ 2,036,833.33 \$ 2,037,536.58	45,157.00 13,154.61	2.22%
Total Market Value Plus Accruals		\$ 2,049,987.94		

Income Activity

	Date	Income Cash	Principal Cash
Interest Income			
Bank of The West Advantage Acct Int To 10/31/19	11/01/19		150.65
Federal Farm Cr Bks Cons Systemwide Bds 2.10% Dtd 10/04/2017 Due 04/04/2022 Callable Int To 11/21/19 on 110,000	11/21/19		301.58
Federal Natl Mtg Assn 1.80% Dtd 11/30/2016 Due 05/26/2021 Callable Int To 11/26/19 on 120,000	11/26/19		1,080.00



WBSD - CAPITAL PROJECT RESERVE

Account Number:
 Statement Period:

61-J235-01-2
 11/01/19 - 11/30/19

Income Activity			
	Date	Income Cash	Principal Cash
Federal Natl Mtg Assn Gtd Passthru CTF Pool #797828 5.000% Dtd 04/01/2005 Due 04/01/2020 IPD24 Int For October 2019 on 1565.60	11/25/19		6.52
Total Interest Income		\$ 0.00	\$ 1,538.75
Total Income		\$ 0.00	\$ 1,538.75

Disbursement Activity			
	Date	Income Cash	Principal Cash
To/For Beneficiary			
West Bay Sanitary District ACH Transfer To Bank of The West Ckg#XXXXX6049 Per Verbal Instructions Dtd 11/21/19 ACH Form Dtd 12/20/17	11/21/19		-167,000.00
Total To/For Beneficiary		\$ 0.00	\$ -167,000.00
Fees/Expenses			
Monthly Fee To 10/31/19	11/15/19		-377.13
Total Fees/Expenses		\$ 0.00	\$ -377.13
Total Disbursements		\$ 0.00	\$ -167,377.13

Purchase Activity			
	Date	Income Cash	Principal Cash
Bank of The West Advantage Acct Purchases (3) 11/01/19 To 11/30/19	11/30/19		-121,772.79
Total Purchases		\$ 0.00	\$ -121,772.79



WBSD - CAPITAL PROJECT RESERVE

Account Number:
 Statement Period:

61-J235-01-2
 11/01/19 - 11/30/19

Sale Activity			
	Date	Proceeds	Realized Gain/Loss
Bank of The West Advantage Acct Sales (2) 11/01/19 To 11/30/19	11/30/19	57,075.55	
Federal Farm Cr Bks Cons Systemwide Bds 2.10% Dtd 10/04/2017 Due 04/04/2022 Callable Recd Proceeds on Full Call of 110,000 Par Value	11/21/19	110,000.00	
Federal Natl Mtg Assn 1.80% Dtd 11/30/2016 Due 05/26/2021 Callable Recd Proceeds on Full Call of 120,000 Par Value	11/26/19	120,000.00	
Federal Natl Mtg Assn Gtd Passthru CTF Pool #797828 5.000% Dtd 04/01/2005 Due 04/01/2020 IPD24 Prin Pmt For October 2019	11/25/19	535.62	-29.79
Total Sales		\$ 287,611.17	\$ -29.79

Non-Cash Activity		
	Date	Cost
Federal Home Ln Mtg Corp 1.65% Dtd 04/27/2017 Due 04/27/2020 Callable Accretion of Discount	11/29/19	79.82
Federal Natl Mtg Assn 1.50% Dtd 10/19/2015 Due 11/30/2020 Non-Callable Amortization of Premium	11/29/19	-59.60
Federal Natl Mtg Assn 1.375% Dtd 02/05/2016 Due 02/26/2021 Non-Callable Accretion of Discount	11/29/19	14.25
Federal Natl Mtg Assn 1.375% Dtd 10/07/2016 Due 10/07/2021 Non-Callable Accretion of Discount	11/29/19	16.71
Total Non-Cash Transactions		\$ 51.18



BANK OF THE WEST
BNP PARIBAS
WEALTH MANAGEMENT

WBSD - CAPITAL PROJECT RESERVE

Account Number:
Statement Period:

61-J235-01-2
11/01/19 - 11/30/19

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BANK OF THE WEST
BNP PARIBAS
WEALTH MANAGEMENT

Electronic Funds Transfers

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1. Tell us your name and account number (if any).
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3. Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.

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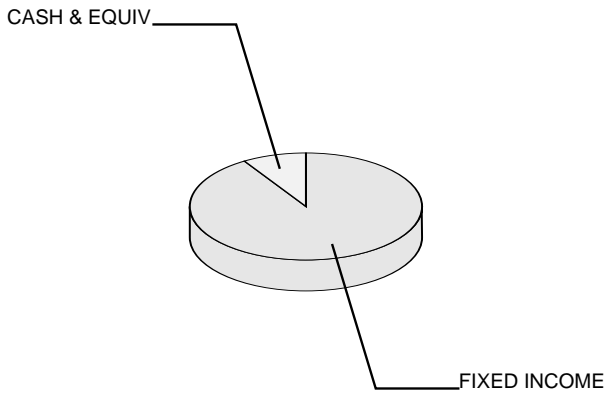
WBSD - OPERATING RESERVE

Account Number: 61-J236-01-0
Statement Period: 11/01/19 - 11/30/19

WEST BAY SANITARY DISTRICT
 ATTN: PHILLIP L. SCOTT
 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	528,220.01	9.1%
Fixed Income	5,299,303.12	90.9%
Total Portfolio	\$ 5,827,523.13	100.0%
Accrued Income	34,136.05	
Total Valuation	\$ 5,861,659.18	

Market Reconciliation

	Current Period	Year To Date
Beginning Market Value	\$ 6,665,280.07	\$ 7,191,676.47
Income		
Interest.....	15,875.96	67,837.42
Disbursements.....	-809,133.25	-1,400,747.29
Realized Gains/(Losses).....	2,552.86	4,195.61
Change In Accrued Income.....	-4,103.19	-3,886.80
Change In Market Appreciation/(Depreciation).....	-10,376.77	8,967.11
Non-Cash Asset Changes.....	1,563.50	-6,383.34
Ending Market Value	\$ 5,861,659.18	\$ 5,861,659.18



WBSD - OPERATING RESERVE

Account Number:
Statement Period:

61-J236-01-0
11/01/19 - 11/30/19

Asset Position As of 11/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Cash Equivalents				
Bank of The West Advantage Acct	528,220.010	528,220.01 528,220.01	8,451.00 902.15	1.60%
Total Cash Equivalents		\$ 528,220.01 \$ 528,220.01	8,451.00 902.15	1.60%
Fixed Income				
Atlantic Richfield Co Deb 8.25% Dtd 02/01/1992 Due 02/01/2022 Non-Callable	15,000.000	17,025.60 17,030.70	1,237.00 412.50	7.27%
Capital One Bk USA Natl Assn CTF Dep 1.40% Dtd 09/28/2016 Due 09/28/2020 Non-Callable	100,000.000	99,734.00 100,000.00	1,400.00 245.47	1.40%
Constellation Brands Inc Sr Glbl Nt 2.25% Dtd 11/07/2017 Due 11/06/2020 Callable	75,000.000	75,130.50 74,824.50	1,687.00 117.18	2.25%
Federal Home Ln Mtg Corp Partn Gold Group #G13107 5.500% Dtd 03/01/2008 Due 07/01/2020 IPD14	195.710	195.94 205.62	10.00 0.89	5.49%
Federal Home Ln Mtg Corp Partn Gold Group #G11940 5.500% Dtd 03/01/2006 Due 05/01/2020 IPD14	273.230	273.67 288.26	15.00 1.25	5.49%
Federal Home Loan Bks Cons Bds 1.875% Dtd 11/30/2016 Due 11/29/2021 Non-Callable	200,000.000	201,040.00 198,439.73	3,750.00 20.83	1.87%
Federal Farm Cr Bks Cons Systemwide Bds 2.03% Dtd 04/19/2017 Due 07/19/2021 Callable	40,000.000	40,002.40 40,000.00	812.00 297.73	2.03%
Federal Farm Cr Bks Cons Systemwide Bds 1.62% Dtd 09/11/2017 Due 09/11/2020 Callable	180,000.000	179,980.20 178,953.05	2,916.00 648.00	1.62%
Federal Home Loan Bks Cons Bds 4.625% Dtd 05/25/2005 Due 06/12/2020 Non-Callable	200,000.000	203,076.00 206,070.00	9,250.00 4,342.36	4.55%
Federal Home Loan Bks Cons Bds 4.125% Dtd 11/13/2009 Due 12/13/2019 Non-Callable	200,000.000	200,150.00 202,630.00	8,250.00 3,850.00	4.12%



WBSD - OPERATING RESERVE

Account Number:
 Statement Period:

61-J236-01-0
 11/01/19 - 11/30/19

Asset Position As of 11/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Federal Home Loan Bks Cons Bds 2.875% Dtd 08/27/2010 Due 09/11/2020 Non-Callable	60,000.000	60,563.40 60,847.20	1,725.00 383.33	2.85%
Federal Home Loan Bks Cons Bds 1.75% Dtd 06/03/2013 Due 06/12/2020 Non-Callable	60,000.000	60,046.80 60,139.80	1,050.00 492.91	1.75%
Federal Home Ln Mtg Corp Step Cpn Dtd 09/30/2016 Due 09/30/2021 Callable	200,000.000	199,710.00 199,800.00	3,000.00 506.94	1.50%
Federal Home Ln Mtg Corp 1.50% Dtd 12/30/2016 Due 12/30/2019 Callable	120,000.000	119,982.00 120,000.00	1,800.00 755.00	1.50%
Federal Home Ln Mtg Corp 1.75% Dtd 12/30/2016 Due 12/30/2020 Callable	120,000.000	119,576.40 120,000.00	2,100.00 880.83	1.76%
Federal Home Ln Mtg Corp Medium Term Nts 1.625% Dtd 04/27/2017 Due 07/27/2020 Callable	40,000.000	40,010.40 40,000.00	650.00 61.38	1.62%
Federal Home Ln Mtg Corp 1.60% Dtd 05/15/2017 Due 05/15/2020 Callable	240,000.000	240,036.00 240,000.00	3,840.00 170.66	1.60%
Federal Home Ln Mtg Corp 2.00% Dtd 04/26/2017 Due 10/26/2021 Callable	240,000.000	240,067.20 240,000.00	4,800.00 466.66	2.00%
Federal Home Ln Mtg Corp 2.00% Dtd 10/12/2017 Due 10/12/2021 Callable	120,000.000	120,021.60 120,000.00	2,400.00 326.66	2.00%
Federal Natl Mtg Assn 1.50% Dtd 10/19/2015 Due 11/30/2020 Non-Callable	50,000.000	49,915.50 49,693.50	750.00 377.08	1.50%
Federal Natl Mtg Assn 1.875% Dtd 11/16/2015 Due 12/28/2020 Non-Callable	60,000.000	60,145.20 60,571.20	1,125.00 478.12	1.87%
Federal Natl Mtg Assn 1.375% Dtd 02/05/2016 Due 02/26/2021 Non-Callable	90,000.000	89,690.40 89,682.07	1,237.00 326.56	1.38%
Federal Natl Mtg Assn 1.25% Dtd 05/16/2016 Due 05/06/2021 Non-Callable	160,000.000	159,145.60 159,254.32	2,000.00 138.88	1.26%



WBSD - OPERATING RESERVE

Account Number:
 Statement Period:

61-J236-01-0
 11/01/19 - 11/30/19

Asset Position As of 11/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Federal Natl Mtg Assn 1.375% Dtd 10/07/2016 Due 10/07/2021 Non-Callable	90,000.000	89,590.50 89,442.24	1,237.00 185.62	1.38%
Federal Natl Mtg Assn 2.00% Dtd 01/09/2017 Due 01/05/2022 Non-Callable	270,000.000	272,008.80 269,131.94	5,400.00 2,190.00	1.99%
Federal Natl Mtg Assn 1.875% Dtd 04/10/2017 Due 04/05/2022 Non-Callable	160,000.000	160,888.00 160,892.80	3,000.00 466.66	1.86%
Federal Home Ln Mtg Corp 2.375% Dtd 01/13/2012 Due 01/13/2022 Non-Callable	90,000.000	91,335.60 91,269.90	2,137.00 819.37	2.34%
Federal Home Ln Mtg Corp 1.375% Dtd 04/04/2013 Due 05/01/2020 Non-Callable	50,000.000	49,941.00 49,950.74	687.00 57.29	1.38%
Federal Natl Mtg Assn Gtd Passthru CTF Pool #797828 5.000% Dtd 04/01/2005 Due 04/01/2020 IPD24	2,200.680	2,276.71 2,323.09	110.00 9.16	4.83%
GE Capital Internotes Fr 5.50% Dtd 11/05/2009 Due 11/15/2021 Non-Callable	50,000.000	52,440.50 53,032.00	2,750.00 122.22	5.24%
Home Depot Inc Sr Gbl Nt 2.00% Dtd 02/12/2016 Due 04/01/2021 Callable	50,000.000	50,094.50 49,899.00	1,000.00 166.66	2.00%
Keybank National Association Regs Bd 2.50% Dtd 11/24/2014 Due 12/15/2019 Non-Callable	250,000.000	250,042.50 250,245.00	6,250.00 2,881.94	2.50%
Oakland Calif Pension Oblig Taxable Pension Oblig Bd Taxable Zero Cpn Dtd 10/17/2001 Due 12/15/2019 Non-Callable	60,000.000	59,959.80 59,926.39	0.00	0.00%
Philip Morris Intl Inc Sr Nt 4.50% Dtd 03/26/2010 Due 03/26/2020 Non-Callable	80,000.000	80,623.20 80,988.80	3,600.00 650.00	4.47%
Port Morrow Ore Transmission F Rev Bds Taxable 2.737% Dtd 08/26/2015 Due 09/01/2021 Callable	200,000.000	202,718.00 204,378.00	5,474.00 1,368.50	2.70%



WBSD - OPERATING RESERVE

Account Number:
Statement Period:

61-J236-01-0
11/01/19 - 11/30/19

Asset Position As of 11/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Starbucks Corp Sr Gbl 2.10% Dtd 02/04/2016 Due 02/04/2021 Callable	50,000.000	50,119.00 49,987.00	1,050.00 341.25	2.10%
3M Co Fr 2.00% Dtd 06/26/2012 Due 06/26/2022 Non-Callable	100,000.000	100,430.00 99,312.35	2,000.00 861.11	1.99%
US Treasury Note 1.625% Dtd 11/30/2015 Due 11/30/2020	175,000.000	174,888.00 172,974.87	2,843.00 1,429.64	1.63%
US Treasury Note 2.00% Dtd 07/31/2013 Due 07/31/2020	40,000.000	40,090.00 39,796.50	800.00 267.39	2.00%
US Treasury Note 1.625% Dtd 03/15/2017 Due 03/15/2020	120,000.000	119,979.60 119,850.61	1,950.00 412.49	1.63%
US Treasury Note 2.75% Dtd 09/15/2018 Due 09/15/2021	100,000.000	101,926.00 99,695.31	2,750.00 581.73	2.70%
United Technologies Corp Sr Gbl 2.30% Dtd 05/04/2017 Due 05/04/2022 Callable	250,000.000	251,780.00 242,902.88	5,750.00 431.24	2.28%
Waco Tex Indpt Sch Dist Ref Bds Taxable 4.00% Dtd 12/01/2012 Due 02/15/2020 Non-Callable	270,000.000	271,115.10 273,588.30	10,800.00 3,180.00	3.98%
Wells Fargo & Co New Sr Gbl 2.50% Dtd 03/04/2016 Due 03/04/2021 Non-Callable	250,000.000	251,537.50 248,550.00	6,250.00 1,510.41	2.48%
Total Fixed Income		\$ 5,299,303.12 \$ 5,286,567.67	121,642.00 33,233.90	2.30%
Cash				
Principal Cash		0.00 0.00	0.00	0.00%
Income Cash		0.00 0.00	0.00	0.00%
Total Cash		\$ 0.00 \$ 0.00	0.00 0.00	0.00%
Total Market Value		\$ 5,827,523.13 \$ 5,814,787.68	130,093.00 34,136.05	2.23%
Total Market Value Plus Accruals		\$ 5,861,659.18		



WBSD - OPERATING RESERVE

Account Number:
Statement Period:

61-J236-01-0
11/01/19 - 11/30/19

Income Activity			
	Date	Income Cash	Principal Cash
Interest Income			
Bank of The West Advantage Acct Int To 10/31/19	11/01/19		994.47
Alibaba Group Hldg LTD Sr 144a 2.50% Dtd 11/28/2014 Due 11/28/2019 Callable Int To 11/28/19 on 200,000	11/29/19		2,500.00
Constellation Brands Inc Sr Glbl Nt 2.25% Dtd 11/07/2017 Due 11/06/2020 Callable Int To 11/06/19 on 75,000	11/06/19		843.75
Federal Home Ln Mtg Corp Partn Gold Group #G13107 5.500% Dtd 03/01/2008 Due 07/01/2020 IPD14 Int For October 2019 on 273.56	11/15/19		1.25
Federal Home Ln Mtg Corp Partn Gold Group #G11940 5.500% Dtd 03/01/2006 Due 05/01/2020 IPD14 Int For October 2019 on 371.47	11/15/19		1.70
Federal Home Loan Bks Cons Bds 1.875% Dtd 11/30/2016 Due 11/29/2021 Non-Callable Int To 11/29/19 on 200,000	11/29/19		1,875.00
Federal Farm Cr Bks Cons Systemwide Bds 2.10% Dtd 10/04/2017 Due 04/04/2022 Callable Int To 11/21/19 on 140,000	11/21/19		383.83
Federal Farm Cr Bks Cons Systemwide Bds 1.97% Dtd 05/17/2017 Due 05/17/2021 Callable Int To 11/17/19 on 120,000 Int To 11/21/19 on 120,000	11/18/19 11/21/19		1,182.00 26.27
Federal Home Ln Mtg Corp 1.60% Dtd 05/15/2017 Due 05/15/2020 Callable Int To 11/15/19 on 240,000	11/15/19		1,920.00
Federal Natl Mtg Assn 1.25% Dtd 05/16/2016 Due 05/06/2021 Non-Callable Int To 11/06/19 on 160,000	11/06/19		1,000.00



WBSD - OPERATING RESERVE

Account Number:
 Statement Period:

61-J236-01-0
 11/01/19 - 11/30/19

Income Activity			
	Date	Income Cash	Principal Cash
Federal Natl Mtg Assn 1.80% Dtd 11/30/2016 Due 05/26/2021 Callable Int To 11/26/19 on 60,000	11/26/19		540.00
Federal Home Ln Mtg Corp 1.375% Dtd 04/04/2013 Due 05/01/2020 Non-Callable Int To 11/01/19 on 50,000	11/01/19		343.75
Federal Natl Mtg Assn Gtd Passthru CTF Pool #797828 5.000% Dtd 04/01/2005 Due 04/01/2020 IPD24 Int For October 2019 on 3345.11	11/25/19		13.94
GE Capital Internotes Fr 5.50% Dtd 11/05/2009 Due 11/15/2021 Non-Callable Int To 11/15/19 on 50,000	11/15/19		1,375.00
United Technologies Corp Sr Gbl 2.30% Dtd 05/04/2017 Due 05/04/2022 Callable Int To 11/04/19 on 250,000	11/04/19		2,875.00
Total Interest Income		\$ 0.00	\$ 15,875.96
Total Income		\$ 0.00	\$ 15,875.96

Disbursement Activity			
	Date	Income Cash	Principal Cash
To/For Beneficiary			
West Bay Sanitary District ACH Transfer To Bank of The West Ckg#XXXXXX6049 Per Verbal Instructions Dtd 11/21/19 ACH Form Dtd 9/13/18	11/21/19		-808,000.00
Total To/For Beneficiary		\$ 0.00	\$ -808,000.00
Fees/Expenses			
Monthly Fee To 10/31/19	11/15/19		-1,133.25
Total Fees/Expenses		\$ 0.00	\$ -1,133.25
Total Disbursements		\$ 0.00	\$ -809,133.25



WBSD - OPERATING RESERVE

Account Number:
 Statement Period:

61-J236-01-0
 11/01/19 - 11/30/19

Purchase Activity			
	Date	Income Cash	Principal Cash
Bank of The West Advantage Acct Purchases (8) 11/01/19 To 11/30/19	11/30/19		-276,786.38
Total Purchases		\$ 0.00	\$ -276,786.38

Sale Activity			
	Date	Proceeds	Realized Gain/Loss
Bank of The West Advantage Acct Sales (2) 11/01/19 To 11/30/19	11/30/19	548,723.15	
Alibaba Group Hldg LTD Sr 144a 2.50% Dtd 11/28/2014 Due 11/28/2019 Callable Recd Proceeds on Maturity of 200,000 Par Value	11/29/19	200,000.00	1,636.00
Federal Home Ln Mtg Corp Partn Gold Group #G13107 5.500% Dtd 03/01/2008 Due 07/01/2020 IPD14 Prin Pmt For October 2019	11/15/19	77.85	-3.94
Federal Home Ln Mtg Corp Partn Gold Group #G11940 5.500% Dtd 03/01/2006 Due 05/01/2020 IPD14 Prin Pmt For October 2019	11/15/19	98.24	-5.41
Federal Farm Cr Bks Cons Systemwide Bds 2.10% Dtd 10/04/2017 Due 04/04/2022 Callable Recd Proceeds on Full Call of 140,000 Par Value	11/21/19	140,000.00	
Federal Farm Cr Bks Cons Systemwide Bds 1.97% Dtd 05/17/2017 Due 05/17/2021 Callable Recd Proceeds on Full Call of 120,000 Par Value	11/21/19	120,000.00	989.87
Federal Natl Mtg Assn 1.80% Dtd 11/30/2016 Due 05/26/2021 Callable Recd Proceeds on Full Call of 60,000 Par Value	11/26/19	60,000.00	



WBSD - OPERATING RESERVE

Account Number:
 Statement Period:

61-J236-01-0
 11/01/19 - 11/30/19

Sale Activity			
	Date	Proceeds	Realized Gain/Loss
Federal Natl Mtg Assn Gtd Passthru CTF Pool #797828 5.000% Dtd 04/01/2005 Due 04/01/2020 IPD24 Prin Pmt For October 2019	11/25/19	1,144.43	-63.66
Total Sales		\$ 1,070,043.67	\$ 2,552.86

Non-Cash Activity		
	Date	Cost
Federal Home Loan Bks Cons Bds 1.875% Dtd 11/30/2016 Due 11/29/2021 Non-Callable Accretion of Discount	11/29/19	390.06
Federal Farm Cr Bks Cons Systemwide Bds 1.97% Dtd 05/17/2017 Due 05/17/2021 Callable Accretion of Discount	11/15/19	332.37
	11/21/19	7.30
Federal Natl Mtg Assn 1.375% Dtd 02/05/2016 Due 02/26/2021 Non-Callable Accretion of Discount	11/29/19	21.38
Federal Natl Mtg Assn 1.25% Dtd 05/16/2016 Due 05/06/2021 Non-Callable Accretion of Discount	11/29/19	43.35
Federal Natl Mtg Assn 1.375% Dtd 10/07/2016 Due 10/07/2021 Non-Callable Accretion of Discount	11/29/19	25.07
Federal Natl Mtg Assn 2.00% Dtd 01/09/2017 Due 01/05/2022 Non-Callable Accretion of Discount	11/29/19	45.06
Federal Home Ln Mtg Corp 1.375% Dtd 04/04/2013 Due 05/01/2020 Non-Callable Accretion of Discount	11/29/19	9.74
GE Capital Internotes Fr 5.50% Dtd 11/05/2009 Due 11/15/2021 Non-Callable Amortization of Premium	11/15/19	-736.00



WBSD - OPERATING RESERVE

Account Number:
Statement Period:

61-J236-01-0
11/01/19 - 11/30/19

Non-Cash Activity

	Date	Cost
Oakland Calif Pension Oblig Taxable Pension Oblig Bd Taxable Zero Cpn Dtd 10/17/2001 Due 12/15/2019 Non-Callable Original Issue Discount	11/29/19	146.75
3M Co Fr 2.00% Dtd 06/26/2012 Due 06/26/2022 Non-Callable Accretion of Discount	11/29/19	22.27
US Treasury Note 1.625% Dtd 11/30/2015 Due 11/30/2020 Accretion of Discount	11/29/19	1,012.55
United Technologies Corp Sr Gbl 2.30% Dtd 05/04/2017 Due 05/04/2022 Callable Accretion of Discount	11/29/19	243.60
Total Non-Cash Transactions		\$ 1,563.50

SECURITY PRICES CONTAINED IN THIS STATEMENT ARE OBTAINED FROM THE MOST RELIABLE SOURCES AVAILABLE BUT ARE NOT GUARANTEED BY BANK OF THE WEST. QUOTED PRICES MAY NOT EQUAL ACTUAL PRICES BECAUSE OF SECURITY SIZE, MARKET PRICE, TERM AND DEMAND.



Electronic Funds Transfers

Preauthorized Transfers:

You may request an electronic fund transfer (EFT), such as an ACH transfer from or deposit to your account, by contacting your account Administrator. You may also preauthorize periodic EFTs by contacting your account Administrator. If you would like to know whether a preauthorized EFT has occurred, please contact your account Administrator at the phone number listed on the first page of your statement, or call 1-877-232-7321 (TTY 866-827-6167) between the hours of 8:00 A.M. to 5:00 P.M. Pacific Standard Time.

Error Resolution Notice:

If you think a statement or receipt is wrong or if you need more information about an EFT listed on a statement or receipt, telephone us at 1-877-232-7321 (TTY 866-827-6167) between the hours of 8:00 A.M. to 5:00 P.M. Pacific Standard Time, write to us at Bank of the West, 13300 Crossroads Parkway North, City of Industry, CA 91746, or e-mail us at WMGGIFSOperations@bankofthewest.com as soon as possible. We must hear from you no later than 60 days after we sent the FIRST statement on which the problem or error appeared.

1. Tell us your name and account number (if any).
2. Tell us the dollar amount of the suspected error.
3. Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.

If you contact us verbally, we may require that you send us your complaint or question in writing within 10 business days. We will investigate your complaint and will correct any error promptly. If we take more than 10 business days to do this, we will credit your account for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation.



WBSD - RATE STABILIZATION RESERVE

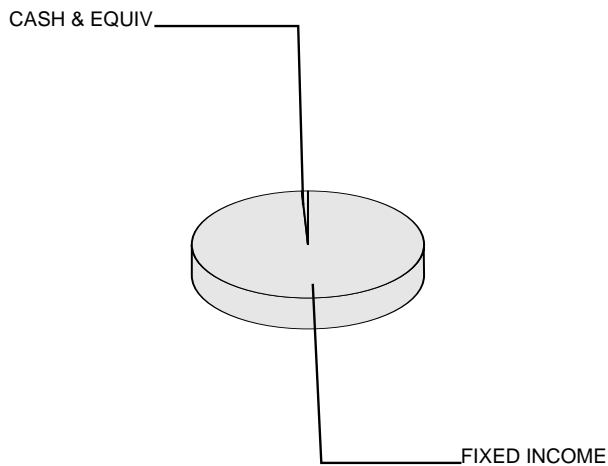
Account Number:
 Statement Period:

61-J252-01-7
 11/01/19 - 11/30/19

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	63,179.75	1.4%
Fixed Income	4,475,958.60	98.6%
Total Portfolio	\$ 4,539,138.35	100.0%
Accrued Income	33,536.25	
Total Valuation	\$ 4,572,674.60	

Market Reconciliation

	Current Period	Year To Date
Beginning Market Value	\$ 5,003,791.96	\$ 6,081,980.07
Income		
Interest.....	4,013.73	62,178.21
Disbursements.....	-431,850.73	-1,558,576.26
Realized Gains/(Losses).....	0.00	-5,003.35
Change In Accrued Income.....	4,693.44	-10,434.00
Change In Market Appreciation/(Depreciation).....	-9,980.98	20,527.62
Non-Cash Asset Changes.....	2,007.18	-17,997.69
Ending Market Value	\$ 4,572,674.60	\$ 4,572,674.60



WBSD - RATE STABILIZATION RESERVE

Account Number:
Statement Period:

61-J252-01-7
11/01/19 - 11/30/19

Asset Position As of 11/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Cash Equivalents				
Bank of The West Advantage Acct	63,179.750	63,179.75 63,179.75	1,010.00 422.85	1.60%
Total Cash Equivalents		\$ 63,179.75 \$ 63,179.75	1,010.00 422.85	1.60%
Fixed Income				
Federal Home Loan Bks Cons Bds 1.85% Dtd 08/15/2017 Due 08/15/2022 Non-Callable	235,000.000	236,024.60 236,142.10	4,347.00 1,280.09	1.84%
Federal Farm Cr Bks Cons Systemwide Bds 2.40% Dtd 06/17/2015 Due 06/17/2022 Non-Callable	235,000.000	239,415.65 239,237.05	5,640.00 2,569.33	2.36%
Federal Farm Cr Bks Cons Systemwide Bds 1.90% Dtd 07/19/2017 Due 07/19/2022 Non-Callable	80,000.000	80,535.20 80,232.00	1,520.00 557.33	1.89%
Federal Farm Cr Bks Cons Systemwide Bds 1.72% Dtd 07/26/2017 Due 07/26/2021 Non-Callable	235,000.000	235,277.30 235,361.90	4,042.00 1,403.47	1.72%
Federal Farm Cr Bks Cons Systemwide Bds 1.90% Dtd 08/03/2017 Due 08/03/2022 Non-Callable	85,000.000	85,564.40 85,135.15	1,615.00 529.36	1.89%
Federal Home Loan Bks Cons Bds 1.625% Dtd 11/07/2012 Due 12/10/2021 Non-Callable	235,000.000	234,790.85 234,353.75	3,818.00 1,813.90	1.63%
Federal Home Ln Mtg Corp 1.50% Dtd 09/30/2016 Due 03/30/2021 Callable	90,000.000	89,613.00 90,000.00	1,350.00 228.75	1.51%
Federal Home Ln Mtg Corp 1.75% Dtd 12/30/2016 Due 12/30/2020 Callable	40,000.000	39,858.80 40,000.00	700.00 293.61	1.76%
Federal Home Ln Mtg Corp 1.60% Dtd 05/15/2017 Due 05/15/2020 Callable	40,000.000	40,006.00 40,000.00	640.00 28.44	1.60%
Federal Natl Mtg Assn 1.50% Dtd 10/19/2015 Due 11/30/2020 Non-Callable	250,000.000	249,577.50 249,517.50	3,750.00 1,885.41	1.50%



WBSD - RATE STABILIZATION RESERVE

Account Number:
Statement Period:

61-J252-01-7
11/01/19 - 11/30/19

Asset Position As of 11/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Federal Natl Mtg Assn 1.375% Dtd 02/05/2016 Due 02/26/2021 Non-Callable	235,000.000	234,191.60 233,363.23	3,231.00 852.69	1.38%
Federal Natl Mtg Assn 1.25% Dtd 05/16/2016 Due 05/06/2021 Non-Callable	130,000.000	129,305.80 129,340.11	1,625.00 112.84	1.26%
Federal Natl Mtg Assn 1.25% Dtd 08/19/2016 Due 08/17/2021 Non-Callable	130,000.000	129,217.40 129,088.85	1,625.00 469.44	1.26%
Federal Natl Mtg Assn 1.375% Dtd 10/07/2016 Due 10/07/2021 Non-Callable	235,000.000	233,930.75 233,839.00	3,231.00 484.68	1.38%
Federal Natl Mtg Assn 2.00% Dtd 01/09/2017 Due 01/05/2022 Non-Callable	235,000.000	236,748.40 237,035.10	4,700.00 1,906.11	1.99%
Federal Natl Mtg Assn 1.875% Dtd 04/10/2017 Due 04/05/2022 Non-Callable	95,000.000	95,527.25 95,200.45	1,781.00 277.08	1.86%
Federal Natl Mtg Assn 1.50% Dtd 11/27/2012 Due 11/27/2020 Callable	120,000.000	119,691.60 118,375.45	1,800.00 20.00	1.50%
Federal Home Ln Mtg Corp 2.375% Dtd 01/13/2012 Due 01/13/2022 Non-Callable	235,000.000	238,487.40 239,206.50	5,581.00 2,139.47	2.34%
Federal Home Ln Mtg Corp 1.375% Dtd 04/04/2013 Due 05/01/2020 Non-Callable	200,000.000	199,764.00 199,472.00	2,750.00 229.16	1.38%
Federal Home Ln Mtg Corp 1.50% Dtd 01/17/2017 Due 01/17/2020 Non-Callable	250,000.000	249,950.00 250,052.50	3,750.00 1,395.83	1.50%
Silicon Vy Clean Wtr Calif Was Rev Bds 5.00% Dtd 11/24/2015 Due 08/01/2020 Non-Callable --- 650,000 Restricted ---	650,000.000	667,517.50 675,010.00	32,500.00 10,833.33	4.87%
Skagit Cnty Wash Sch Dist No 1 GO Bds 2011b Taxable 4.013% Dtd 06/01/2011 Due 12/01/2019 Non-Callable	50,000.000	50,000.00 50,673.50	2,006.00 1,003.24	4.01%



WBSD - RATE STABILIZATION RESERVE

Account Number:
 Statement Period:

61-J252-01-7
 11/01/19 - 11/30/19

Asset Position As of 11/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
US Treasury Note 1.625% Dtd 11/30/2015 Due 11/30/2020	300,000.000	299,808.00 296,528.37	4,875.00 2,450.81	1.63%
US Treasury Note 2.75% Dtd 09/15/2018 Due 09/15/2021	60,000.000	61,155.60 59,817.19	1,650.00 349.03	2.70%
Total Fixed Income		\$ 4,475,958.60 \$ 4,476,981.70	98,527.00 33,113.40	2.20%
Cash				
Principal Cash		0.00 0.00	0.00	0.00%
Income Cash		0.00 0.00	0.00	0.00%
Total Cash		\$ 0.00 \$ 0.00	0.00 0.00	0.00%
Total Market Value		\$ 4,539,138.35 \$ 4,540,161.45	99,537.00 33,536.25	2.19%
Total Market Value Plus Accruals		\$ 4,572,674.60		

Income Activity

	Date	Income Cash	Principal Cash
Interest Income			
Bank of The West Advantage Acct Int To 10/31/19	11/01/19		306.23
Federal Home Ln Mtg Corp Step Cpn Dtd 08/25/2016 Due 08/25/2021 Callable Int To 11/25/19 on 60,000	11/25/19		300.00
Federal Home Ln Mtg Corp 1.60% Dtd 05/15/2017 Due 05/15/2020 Callable Int To 11/15/19 on 40,000	11/15/19		320.00
Federal Natl Mtg Assn 1.25% Dtd 05/16/2016 Due 05/06/2021 Non-Callable Int To 11/06/19 on 130,000	11/06/19		812.50



WBSD - RATE STABILIZATION RESERVE

Account Number:
 Statement Period:

61-J252-01-7
 11/01/19 - 11/30/19

Income Activity			
	Date	Income Cash	Principal Cash
Federal Natl Mtg Assn 1.50% Dtd 11/27/2012 Due 11/27/2020 Callable Int To 11/27/19 on 120,000	11/27/19		900.00
Federal Home Ln Mtg Corp 1.375% Dtd 04/04/2013 Due 05/01/2020 Non-Callable Int To 11/01/19 on 200,000	11/01/19		1,375.00
Total Interest Income		\$ 0.00	\$ 4,013.73
Total Income		\$ 0.00	\$ 4,013.73

Disbursement Activity			
	Date	Income Cash	Principal Cash
To/For Beneficiary			
West Bay Sanitary District ACH Transfer To Bank of The West Ckg#XXXXXX6049 Per Verbal Instructions Dtd 11/21/19 ACH Form Dtd 9/13/18	11/21/19		-431,000.00
Total To/For Beneficiary		\$ 0.00	\$ -431,000.00
Fees/Expenses			
Monthly Fee To 10/31/19	11/15/19		-850.73
Total Fees/Expenses		\$ 0.00	\$ -850.73
Total Disbursements		\$ 0.00	\$ -431,850.73

Purchase Activity			
	Date	Income Cash	Principal Cash
Bank of The West Advantage Acct Purchases (5) 11/01/19 To 11/30/19	11/30/19		-64,013.73
Total Purchases		\$ 0.00	\$ -64,013.73



WBSD - RATE STABILIZATION RESERVE

Account Number:
 Statement Period:

61-J252-01-7
 11/01/19 - 11/30/19

Sale Activity			
	Date	Proceeds	Realized Gain/Loss
Bank of The West Advantage Acct Sales (2) 11/01/19 To 11/30/19	11/30/19	431,850.73	
Federal Home Ln Mtg Corp Step Cpn Dtd 08/25/2016 Due 08/25/2021 Callable Recd Proceeds on Full Call of 60,000 Par Value	11/25/19	60,000.00	
Total Sales		\$ 491,850.73	\$ 0.00

Non-Cash Activity		
	Date	Cost
Federal Natl Mtg Assn 1.25% Dtd 05/16/2016 Due 05/06/2021 Non-Callable Accretion of Discount	11/29/19	38.36
Federal Natl Mtg Assn 1.25% Dtd 08/19/2016 Due 08/17/2021 Non-Callable Accretion of Discount	11/29/19	44.30
Federal Natl Mtg Assn 1.375% Dtd 10/07/2016 Due 10/07/2021 Non-Callable Accretion of Discount	11/29/19	52.21
Federal Natl Mtg Assn 1.50% Dtd 11/27/2012 Due 11/27/2020 Callable Accretion of Discount	11/29/19	136.50
US Treasury Note 1.625% Dtd 11/30/2015 Due 11/30/2020 Accretion of Discount	11/29/19	1,735.81
Total Non-Cash Transactions		\$ 2,007.18

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BANK OF THE WEST
BNP PARIBAS
WEALTH MANAGEMENT

Electronic Funds Transfers

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WBSD - RECYCLED WATER CASH FLOW

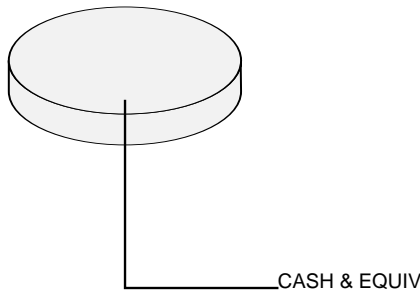
Account Number: 61-J260-01-0
 Statement Period: 11/01/19 - 11/30/19

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	224,892.84	100.0%
Total Portfolio	\$ 224,892.84	100.0%
Accrued Income	309.58	
Total Valuation	\$ 225,202.42	

Market Reconciliation

	Current Period	Year To Date
Beginning Market Value	\$ 224,931.27	\$ 223,524.55
Income		
Interest.....	176.04	1,931.77
Disbursements.....	-38.43	-187.27
Realized Gains/(Losses).....	0.00	0.00
Change In Accrued Income.....	133.54	-221.43
Change In Market Appreciation/(Depreciation).....	0.00	154.80
Ending Market Value	\$ 225,202.42	\$ 225,202.42



WBSD - RECYCLED WATER CASH FLOW

Account Number:
 Statement Period:

61-J260-01-0
 11/01/19 - 11/30/19

Asset Position As of 11/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Cash Equivalents				
Bank of The West Advantage Acct	224,892.840	224,892.84 224,892.84	3,598.00 309.58	1.60%
Total Cash Equivalents		\$ 224,892.84 \$ 224,892.84	3,598.00 309.58	1.60%
Cash				
Principal Cash		0.00 0.00	0.00	0.00%
Income Cash		0.00 0.00	0.00	0.00%
Total Cash		\$ 0.00 \$ 0.00	0.00 0.00	0.00%
Total Market Value		\$ 224,892.84 \$ 224,892.84	3,598.00 309.58	1.60%
Total Market Value Plus Accruals		\$ 225,202.42		

Income Activity

	Date	Income Cash	Principal Cash
Interest Income			
Bank of The West Advantage Acct Int To 10/31/19	11/01/19		176.04
Total Interest Income		\$ 0.00	\$ 176.04
Total Income		\$ 0.00	\$ 176.04



WBSD - RECYCLED WATER CASH FLOW

Account Number:
 Statement Period:

61-J260-01-0
 11/01/19 - 11/30/19

Disbursement Activity			
	Date	Income Cash	Principal Cash
Fees/Expenses			
Monthly Fee To 10/31/19	11/15/19		-38.43
Total Fees/Expenses		\$ 0.00	\$ -38.43
Total Disbursements		\$ 0.00	\$ -38.43

Purchase Activity			
	Date	Income Cash	Principal Cash
Bank of The West Advantage Acct Purchases (1) 11/01/19 To 11/30/19	11/30/19		-176.04
Total Purchases		\$ 0.00	\$ -176.04

Sale Activity			
	Date	Proceeds	Realized Gain/Loss
Bank of The West Advantage Acct Sales (1) 11/01/19 To 11/30/19	11/30/19	38.43	
Total Sales		\$ 38.43	\$ 0.00

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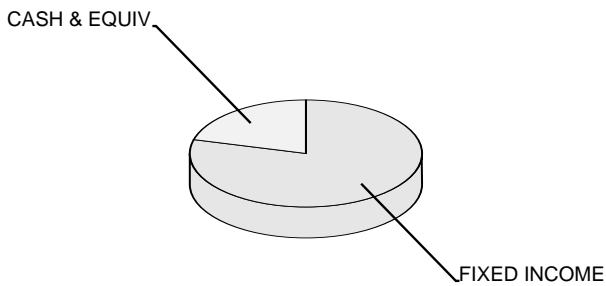
WBSD - RECYCLED WATER SRF RESERVE

Account Number: 61-J264-01-2
 Statement Period: 11/01/19 - 11/30/19

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	175,535.33	20.9%
Fixed Income	665,628.34	79.1%
Total Portfolio	\$ 841,163.67	100.0%
Accrued Income	4,775.36	
Total Valuation	\$ 845,939.03	

Market Reconciliation

	Current Period	Year To Date
Beginning Market Value	\$ 845,044.26	\$ 838,864.78
Income		
Interest.....	125.63	8,928.80
Disbursements.....	-143.96	-701.16
Realized Gains/(Losses).....	0.00	1,658.63
Change In Accrued Income.....	1,568.10	-146.41
Change In Market Appreciation/(Depreciation).....	-726.27	-3,727.20
Non-Cash Asset Changes.....	71.27	1,061.59
Ending Market Value	\$ 845,939.03	\$ 845,939.03



WBSD - RECYCLED WATER SRF RESERVE

Account Number:
Statement Period:

61-J264-01-2
11/01/19 - 11/30/19

Asset Position As of 11/30/19

Asset Description	Units	Market Value Cost	Est. Annual Income Accruals	Current Yield
Cash Equivalents				
Bank of The West Advantage Acct	175,535.330	175,535.33 175,535.33	2,808.00 241.73	1.60%
Total Cash Equivalents		\$ 175,535.33 \$ 175,535.33	2,808.00 241.73	1.60%
Fixed Income				
Federal Farm Cr Bks Cons Systemwide Bds 3.65% Dtd 12/21/2010 Due 12/21/2020 Non-Callable	96,000.000	98,073.60 97,537.92	3,504.00 1,557.33	3.57%
Federal Natl Mtg Assn 1.55% Dtd 10/28/2016 Due 10/28/2021 Callable	80,000.000	79,736.00 78,365.23	1,240.00 113.66	1.56%
US Treasury Note 1.375% Dtd 04/30/2015 Due 04/30/2020	140,000.000	139,847.40 139,289.06	1,925.00 163.94	1.38%
US Treasury Note 3.625% Dtd 02/15/2010 Due 02/15/2020	186,000.000	186,686.34 187,434.12	6,742.00 1,978.77	3.61%
US Treasury Note 2.00% Dtd 09/30/2013 Due 09/30/2020	20,000.000	20,054.40 19,916.13	400.00 67.75	1.99%
US Treasury Note 2.75% Dtd 09/30/2018 Due 09/30/2020	140,000.000	141,230.60 140,536.49	3,850.00 652.18	2.73%
Total Fixed Income		\$ 665,628.34 \$ 663,078.95	17,661.00 4,533.63	2.65%
Cash				
Principal Cash		0.00 0.00	0.00	0.00%
Income Cash		0.00 0.00	0.00	0.00%
Total Cash		\$ 0.00 \$ 0.00	0.00 0.00	0.00%
Total Market Value		\$ 841,163.67 \$ 838,614.28	20,469.00 4,775.36	2.43%
Total Market Value Plus Accruals		\$ 845,939.03		



WBSD - RECYCLED WATER SRF RESERVE

Account Number:
 Statement Period:

61-J264-01-2
 11/01/19 - 11/30/19

Income Activity			
	Date	Income Cash	Principal Cash
Interest Income			
Bank of The West Advantage Acct Int To 10/31/19	11/01/19		125.63
Total Interest Income		\$ 0.00	\$ 125.63
Total Income		\$ 0.00	\$ 125.63

Disbursement Activity			
	Date	Income Cash	Principal Cash
Fees/Expenses			
Monthly Fee To 10/31/19	11/15/19		-143.96
Total Fees/Expenses		\$ 0.00	\$ -143.96
Total Disbursements		\$ 0.00	\$ -143.96

Purchase Activity			
	Date	Income Cash	Principal Cash
Bank of The West Advantage Acct Purchases (1) 11/01/19 To 11/30/19	11/30/19		-125.63
Total Purchases		\$ 0.00	\$ -125.63

Sale Activity			
	Date	Proceeds	Realized Gain/Loss
Bank of The West Advantage Acct Sales (1) 11/01/19 To 11/30/19	11/30/19	143.96	
Total Sales		\$ 143.96	\$ 0.00



WBSD - RECYCLED WATER SRF RESERVE

Account Number:
Statement Period:

61-J264-01-2
11/01/19 - 11/30/19

Non-Cash Activity

	Date	Cost
Federal Natl Mtg Assn 1.55% Dtd 10/28/2016 Due 10/28/2021 Callable Accretion of Discount	11/29/19	71.27
Total Non-Cash Transactions		\$ 71.27

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BANK OF THE WEST
BNP PARIBAS
WEALTH MANAGEMENT

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WEST BAY SANITARY DISTRICT AGENDA ITEM 5F

To: *Board of Directors*

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

Subject: *Consideration of a Resolution of Intention to Annex Certain Territory (20 Navajo Pl) to the West Bay Sanitary District On-Site Wastewater Disposal Zone and to Establish the Date and Time of Public Hearing*

Background

This property will utilize a Grinder pump system; consequently this property must be annexed into the District's On-Site Wastewater Disposal Zone. The proponent shall be required to install a force main extension on Navajo Place that will eventually connect to the existing force main along Meadowood Drive.

Notice of the Public Hearing is required in accordance with the Government Code and during the notice period, staff shall seek written approval for the proposed annexation from all affected agencies.

Analysis

During the notice period staff shall work with the proponent to obtain design, easement and other approvals, which shall be presented to the Board when the Class 3 Permit is issued.

Fiscal Impact

None.

Recommendation

The Projects and IT Manager recommends that the District Board adopt the attached Resolution of Intention to Annex Certain Territory to the West Bay Sanitary District On-Site Wastewater Disposal Zone and request February 12, 2020 as the date of the public hearing.

Attachments: Resolution, Exhibit A, Exhibit B

RESOLUTION NO. _____(2019)

**RESOLUTION OF INTENTION TO ANNEX CERTAIN TERRITORY TO THE WEST BAY
SANITARY DISTRICT ON-SITE WASTEWATER DISPOSAL ZONE**

Lands of Sick

The District Board of West Bay Sanitary District finds and determines as follows:

A. This Resolution of Intention is adopted pursuant to the District's "Zone Master Annexation Resolution" ("ZOMAR"), which was adopted by the District Board August 12, 1996. The provisions of ZOMAR are incorporated by reference into this Resolution of Intention.

B. The District has received an application to annex a parcel of real property (the "Parcel") to the District's On-Site Wastewater Disposal Zone (the "Zone"). The Parcel is described in Exhibit "A" attached to this Resolution of Intention and the description contained in the Exhibits are incorporated by reference. The name and address of the applicants and the number, type, volume and location of on-site wastewater disposal systems which are proposed to operate on the parcels to be annexed are described in Exhibit "B" attached to this Resolution of Intention and the information contained in the Exhibit are incorporated by reference.

C. The applicants have demonstrated to the satisfaction of the District Board that the Parcel constitutes "real property" for the purposes of Section 2(b) of ZOMAR in that:

All of the conditions described in Subsections i., ii., iii., iv. and v. of ZOMAR Section 2(b) are satisfied; or

Other conditions exist which demonstrate that the Parcel will benefit directly or indirectly from the activities of the Zone. If applicable, those conditions are also set forth in Exhibit "B" and are incorporated by reference.

D. All of the conditions and requirements of ZOMAR Sections 2(a), 2(c), 2(d) and 2(e) have been fully satisfied.

In consideration of the foregoing findings and determinations,

IT IS RESOLVED by the District Board as follows:

1. It is the intention of the District Board to annex the Parcel to the Zone pursuant to the provisions of ZOMAR and applicable provisions of law.
2. In conjunction with a meeting of the District Board to be duly and regularly called and conducted, the Board will conduct a Public Hearing for the purpose of considering all matters pertaining to this Resolution of Intention.

The time, date and place of the Public Hearing are:

Date: February 12, 2020
Time: 7:00 PM
Place: West Bay Sanitary District Offices
500 Laurel Street
Menlo Park, CA 94025

At the Public Hearing, all interested persons will be heard.

3. This Resolution of Intention shall be published and copies shall be delivered to the persons and entities as specified in ZOMAR Section 2(e)(i.).
4. A true copy of this Resolution of Intention shall promptly be filed for record in the office of the County Recorder of the County of San Mateo.
5. The District Manager shall cause the matters set forth in Sections 3 and 4 of this Resolution of Intention to be completed as directed.

Passed and adopted by the District Board of the West Bay Sanitary District at a regular meeting thereof held on the 11th day of December, 2019 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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

Attest:

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

ANNEXATION TO WEST BAY SANITARY DISTRICT
GEOGRAPHIC DESCRIPTION

All that certain real property situate in the Town of Portola Valley, County of San Mateo, State of California, being Lot 30 in Block 1 along with Navajo Place, all as shown on that certain map entitled "TRACT NO. 774 ARROWHEAD MEADOWS UNIT NO. 4, BEING A PORTION OF THE RANCHO EL CORTE MADERA" filed on March 17, 1959 in Volume 50 of Maps at Pages 45-48, Records of the County of San Mateo, State of California, and being more particularly described as follows:

Beginning at the centerline intersection of Meadowood Drive and Navajo Place;

Thence (1) South $73^{\circ}45'00''$ E, 25.00 feet to the intersection of the centerline of Navajo Place and the easterly line of Meadowood Drive and the TRUE POINT OF BEGINNING of this description:

Thence (2) along said easterly line of Meadowood Drive, North $16^{\circ}15'00''$ East, 45.00 feet;

Thence leaving said easterly line, (3) southeasterly on the arc of a curve concave northeasterly, the center of which bears South $73^{\circ}45'00''$ East, having a radius of 20.00 feet, a chord length of 28.28 feet, a central angle of $90^{\circ}00'00''$ and length of 31.42 feet;

Thence (4) South $73^{\circ}45'00''$ East, 305.31 feet;

Thence (5) on the arc of a tangent curve concave northerly, having a radius of 20.00 feet, a chord length of 14.14 feet, a central angle of $41^{\circ}24'35''$ and length of 14.45 feet;

Thence (6) on the arc of a reverse curve concave southwesterly, having a radius of 40.00 feet, a chord length of 79.47 feet, a central angle of $193^{\circ}09'35''$ and length of 134.85 feet;

Thence (7) South $31^{\circ}58'11''$ East, 297.09 feet;

Thence (8) North $89^{\circ}00'00''$ West, 60.00 feet;

Thence (9) North $78^{\circ}30'00''$ West, 260.00 feet;

Thence (10) North $24^{\circ}47'01''$ East, 248.24 feet;

Thence (11) North $73^{\circ}45'00''$ West, 305.31 feet;

APPROVED
SAN MATEO LOCAL AGENCY
FORMATION COMMISSION
455 COUNTY CENTER
REDWOOD CITY, CA 94063

EXHIBIT A PAGE 1 OF 3

Thence (12) on the arc of a tangent curve concave southeasterly, having a radius of 20.00 feet, a chord length of 28.28 feet, a central angle of 90°00'00" and length of 31.42 feet;

Thence (13) North 16°15'00" East, 45.00 feet to the TRUE POINT OF BEGINNING.

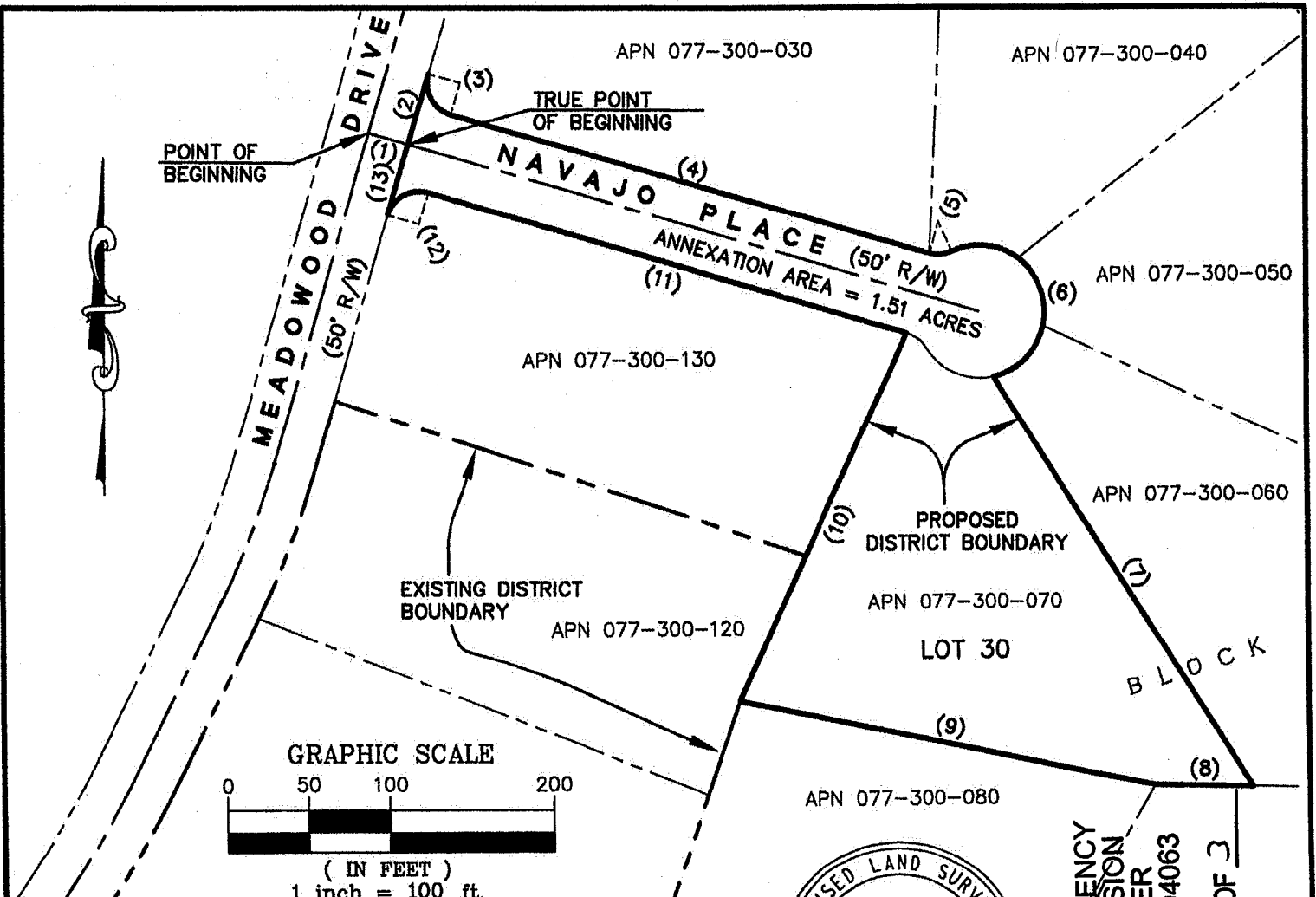
Containing 1.51 acres, more or less.

For assessment purposes only. This description of land is not a legal property description as defined in the Subdivision Map Act and may not be used as the basis for an offer for sale of the land described.



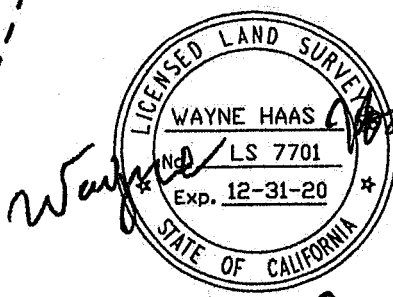
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FORMATION COMMISSION
455 COUNTY CENTER
REDWOOD CITY, CA 94063

EXHIBIT A PAGE 2 OF 3



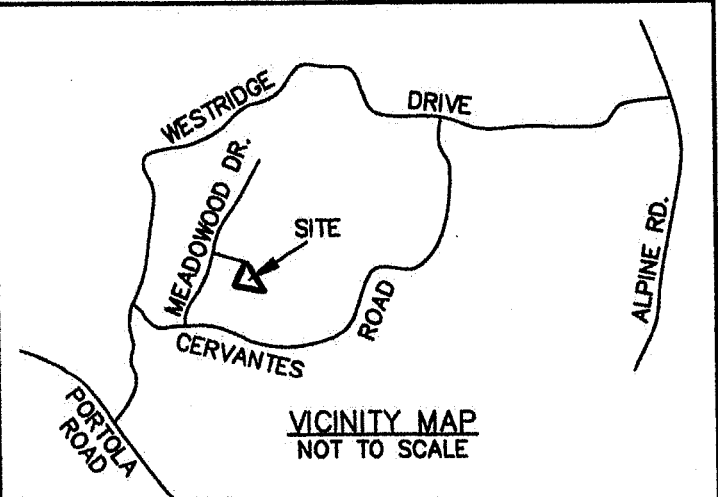
DISCLAIMER:

FOR ASSESSMENT PURPOSES ONLY. THIS DESCRIPTION OF LAND IS NOT A LEGAL PROPERTY DESCRIPTION AS DEFINED IN THE SUBDIVISION MAP ACT AND MAY NOT BE USED AS THE BASIS FOR AN OFFER FOR SALE OF THE LAND DESCRIBED.



APPROVED LOCAL AGENCY
SAN MATEO COUNTY
INFORMATION COMMISSION
455 COUNTY CENTER
REDWOOD CITY, CA 94063

EXHIBIT A PAGE 3 OF 3



COURSE	1	2	3	4	5	6	7	8	9	10	11	12	13
	S 73°45'00"	E 25.00'											
		N 16°15'00"	E 45.00'										
			R = 20.00'	CH = 28.28'	Δ = 90°00'00"								
				S 73°45'00"	E 305.31'								
					R = 20.00'	CH = 14.14'	Δ = 41°24'35"	L = 17.45'					
						R = 40.00'	CH = 79.47'	Δ = 193°09'35"	L = 134.85'				
							S 31°58'11"	E 297.09'					
								N 89°00'00"	W 60.00'				
									N 78°30'00"	W 260.00'			
										N 24°47'01"	E 248.24'		
											N 73°45'00"	W 305.31'	
												R = 20.00'	CH = 28.28'
													Δ = 90°00'00"
													L = 31.42'
													N 16°15'00"
													E 45.00'

B & H SURVEYING, INC. 901 WALTERMIRE ST., BELMONT, CA 94002 (650) 637-1590

TITLE: ANNEXATION OF A PORTION OF THE RANCHO EL CORTE MADERA
TOWN: PORTOLA VALLEY COUNTY: SAN MATEO COUNTY CALIFORNIA

SURV:	SCALE: 1" = 100'	FOR:	JOB NO. 7441-19
PLAT:	DATE: OCTOBER, 2019		DWG NO. 7441-ANNEX

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF THE COUNTY OF SAN MATEO
MAKING DETERMINATIONS, APPROVING LAFCO FILE 19-09 -
ANNEXATION OF 20 NAVAJO PLACE, PORTOLA VALLEY (APN 077-300-070)
TO THE WEST BAY SANITARY DISTRICT,
WAIVING CONDUCTING AUTHORITY PROCEEDINGS
AND ORDERING SAID ANNEXATION
AND SUBSEQUENT ANNEXATION TO THE 'ZONE'**

RESOLVED, by the Local Agency Formation Commission of the County of San Mateo, State of California, that

WHEREAS, a proposal for the annexation of certain territory to the West Bay Sanitary District in the County of San Mateo was heretofore filed with the Executive Officer of this Local Agency Formation Commission pursuant to Title 5, Division 3, commencing with Section 56000 of the Government Code; and

WHEREAS, the Executive Officer has reviewed the proposal and prepared a report, including the recommendations thereon, the proposal and report having been presented to and considered by this Commission; and

WHEREAS, it appears to the satisfaction of this Commission that all owners of the land included in the proposal consent to the proceeding; and

WHEREAS, a public hearing by this Commission was held on the proposal and at the hearing this Commission heard and received all oral and written protests, objections and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to the proposal and the Executive Officer's report; and

WHEREAS, the landowners and District have requested that the Commission waive conducting authority proceedings pursuant to government code Section 56837(c); and

WHEREAS, the proposal is categorically exempt from the environmental review requirements of the



LOCAL AGENCY FORMATION COMMISSION

455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849

CERTIFICATE OF COMPLETION

Pursuant to Government Code Section 57200, this Certificate is issued by the Executive Officer of the Local Agency Formation Commission of San Mateo County, California.

1. The short-form designation, as determined by LAFCo, is Annexation of 20 Navajo Place, Portola Valley (APN 077-300-070) to the West Bay Sanitary District.
2. The name of each district or city involved in this change of organization or reorganization and the kind or type of change of organization ordered for each city or district are as follows:

<u>City or District</u>	<u>Type of Change of Organization</u>
-------------------------	---------------------------------------

West Bay Sanitary District	Annexation
----------------------------	------------

3. The above-listed cities and/or districts are located within the following counties: San Mateo County only.
4. A description of the boundaries of the above-cited change of organization or reorganization is shown on the attached map, marked Exhibit A and by reference incorporated herein.
5. The territory involved in this change of organization or reorganization is uninhabited.
6. This change of organization has been approved subject to the following terms and conditions, if any: None.
7. The resolution confirming this change of organization was adopted on September 18, 2019 by LAFCo, is marked Exhibit B, and by reference incorporated herein.

I hereby certify that I have examined the above-cited resolution, including any terms and conditions, and the map description and have found these documents to be in compliance with Resolution 1243, adopted on September 18, 2019.

Dated: November 18, 2019

Martha Poyatos
Executive Officer

COMMISSIONERS: ANN DRAPER, CHAIR, PUBLIC • JOSHUA COSGROVE, VICE CHAIR, SPECIAL DISTRICT • RICH GARBARINO, City • DON HORSLEY, COUNTY • MIKE O'NEILL, CITY • WARREN SLOCUM, County • VACANT, SPECIAL DISTRICT

ALTERNATES: KATI MARTIN, SPECIAL DISTRICT • HARVEY RARBACK, CITY • JAMES O'NEILL, PUBLIC • DAVE PINE, COUNTY

STAFF: MARTHA POYATOS, EXECUTIVE OFFICER • REBECCA ARCHER, LEGAL COUNSEL • ROB BARTOLI, MANAGEMENT ANALYST

California Environmental Quality Act (CEQA) exempt under State CEQA Guidelines Section 15319(a) & (b) (Annexations of Existing Facilities and Lots for Exempt Facilities); and

NOW, THEREFORE, the Local Agency Formation Commission of the County of San Mateo DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. This proposal is approved, subject to the following conditions: none.

Section 2. The boundaries as set forth in the application are hereby approved as submitted and are as described in Exhibit "A" attached hereto and by this reference incorporated herein.

Section 3. The territory consists of 1.5 acres, is found to be uninhabited, and is assigned the following distinctive short form designation: Annexation of 20 Navajo Place, Portola Valley (APN 077-300-070) to the West Bay Sanitary District.

Section 4. Conducting authority proceedings are hereby waived in accordance with Government Code Section 56663 and this annexation is hereby ordered.

Section 5. Subsequent annexation to the On-Site Wastewater Disposal Zone is hereby approved.

APPROVED
SAN MATEO LOCAL AGENCY
FORMATION COMMISSION
455 COUNTY CENTER
REDWOOD CITY, CA 94063

EXHIBIT D PAGE 2 OF 3

Regularly passed and adopted this 18th day of September 2019.

Ayes and in favor of said resolution:

APPROVED Commissioners:
SAN MATEO LOCAL AGENCY
FORMATION COMMISSION
455 COUNTY CENTER
REDWOOD CITY, CA 94063

EXHIBIT B PAGE 3 OF 3

- Ann Draper, Chair
- Don Horsley
- Ric Lohman
- Kati Martin (Alternate)
- Harvey Rarback (Alternate)
- Warren Slocum

Noes and against said resolution:

None

Commissioners Absent ~~and/or Abstentions~~

Commissioners: Joshua Cosgrove, Rich Garbarino, Mike O'Neill

Ann Draper

Chair
Local Agency Formation Commission
County of San Mateo
State of California

ATTEST:

Man Poyat

Executive Officer
Local Agency Formation Commission

Date: 9/23/19

I certify that this is a true and correct copy of the resolution above set forth.

Date: 9/23/19

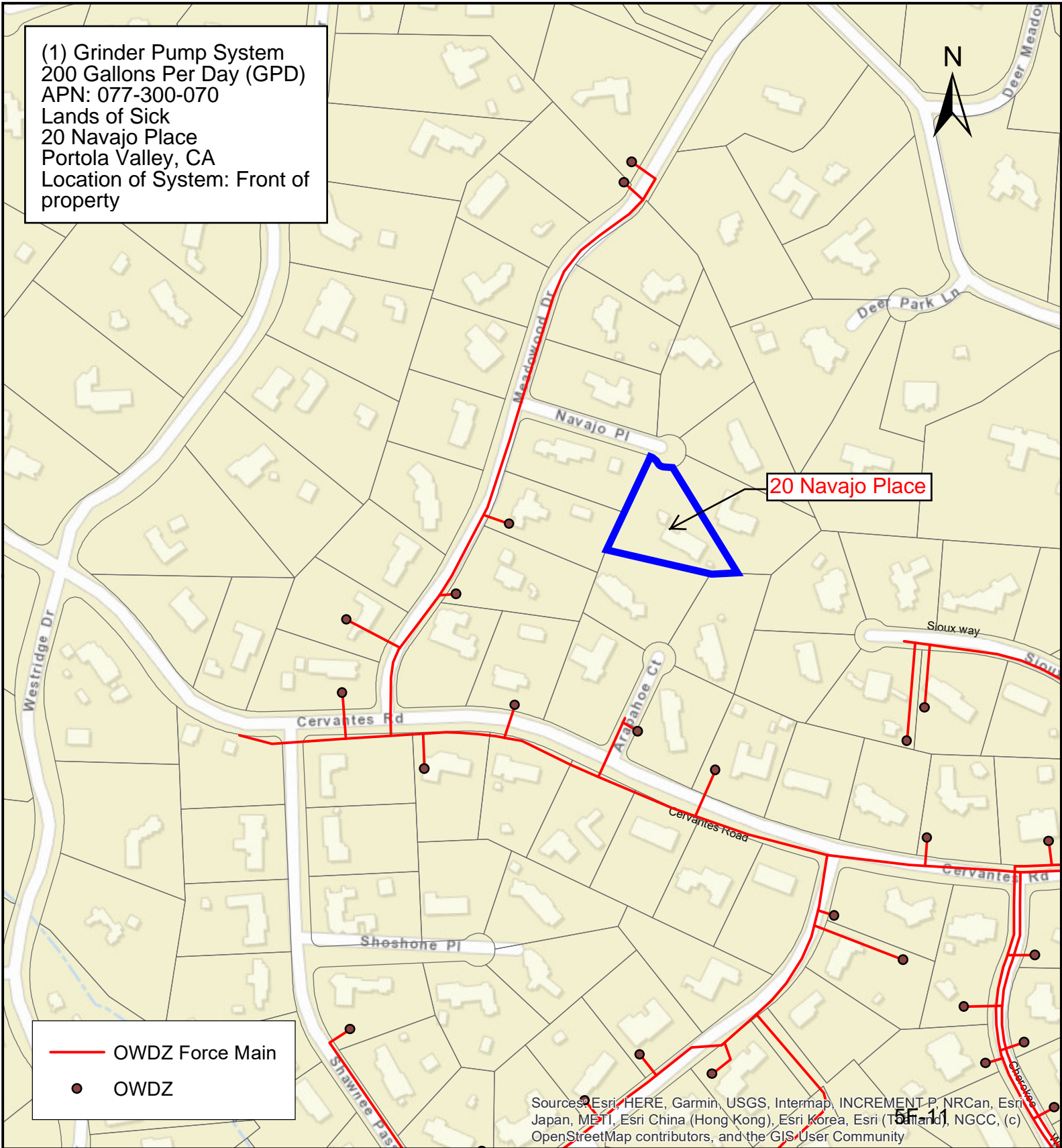
Rich Garbarino

Clerk to the Commission
Local Agency Formation Commission



WEST BAY SANITARY DISTRICT
EXHIBIT "B"
SITE LOCATION
20 NAVAJO PLACE
PORTOLA VALLEY, CA
GRINDER PUMP SYSTEM

(1) Grinder Pump System
200 Gallons Per Day (GPD)
APN: 077-300-070
Lands of Sick
20 Navajo Place
Portola Valley, CA
Location of System: Front of property



Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, (c) OpenStreetMap contributors, and the GIS User Community

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 5G**

To: Board of Directors

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

**Subject: Consideration of Authorizing the District Manager to Issue
Class 3 Sewer Permit No. 1130 for the Construction of
Wastewater Facilities for 180 Bear Gulch Drive, Portola Valley,
California**

Background

This permit request is for the construction of a Septic Tank Effluent Pump (STEP) system and force main along Bear Gulch Drive to eventually connect into the existing gravity main on Golden Oak Drive.

Analysis

The plans, profiles, and engineering calculations for the proposed facilities have been reviewed by staff and corrections have been made to conform to District requirements. Owner has paid all associated fees.

Recommendation

The Projects & IT Manager recommends that the Board direct the District Manager to file the Notice of Exemption and authorize the District Manager to issue Class 3 Sewer Permit No. 1____.

Attachment: Resolution ____ (2019)
Notice of Exemption
Class 3 Permit No. 1130
Site Map

RESOLUTION NO. _____ (2019)

IN THE DISTRICT BOARD OF THE WEST BAY SANITARY DISTRICT
COUNTY OF SAN MATEO, STATE OF CALIFORNIA

BE IT RESOLVED, by the District Board of West Bay Sanitary District, County of San Mateo, State of California, as follows:

ENVIRONMENTAL IMPACT REVIEW

Name of Project: 180 Bear Gulch Drive – Septic Tank Effluent Pump (STEP) system

Location: 180 Bear Gulch Drive, Portola Valley, California

Entity or Person Undertaking Project: Robert Stone

Determination of the District Board:

This District Board of West Bay Sanitary District determines, upon Staff recommendation, that another public agency, specifically the San Mateo County LAFCo, is the lead agency for this project.

The District Board hereby certifies that it has reviewed the Negative Declaration prepared for this project and has considered the contents thereof. The Board finds that this document is adequate for use by the District in its review of the project.

The District Board finds that the following feasible alternatives and/or mitigation measures within its powers, would substantially lessen any significant effects which the project would have on the environment:

N/A

The Board certifies that the Negative Declaration has been prepared and completed in compliance with the California Environmental Quality Act and the State Guidelines.

The Board finds that the project Environmental Impact Report identifies the following significant effects:

N/A

The Board further finds that for each of these significant effects.

N/A Changes or alterations have been required in, or incorporated, into the project which mitigate or avoid the significant environmental effects thereof as identified in the Environmental Impact Report.

N/A Such changes or alterations are within the responsibility and jurisdiction of a public agency other than the District. Such changes have been adopted by such other agency or can and should be adopted by such other agency.

N/A Specific economic, social, or other considerations make infeasible the mitigation measures or project alternatives identified in the Environmental Impact Report.

Based upon the foregoing, and upon compliance with District regulations and requirements, as applicable, the project is hereby:

_____ Approved

_____ Disapproved

The District Manager of West Bay Sanitary District is directed to prepare a Notice of Determination pursuant to the provisions of the State Guidelines Implementing the California Environmental Quality Act adopted by Resolution No. IIO5 of this District Board. The District Manager is ~~(further)~~ (not) directed to prepare and file a Statement of Overriding Consideration pertaining to the approval of this project pursuant to the provisions of the same Guidelines.

Passed and adopted by the District Board of West Bay Sanitary District at a regular meeting thereof held on the 11th day of December, 2019, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

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

Attest:

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

“PRELIMINARY REVIEW”

180 Bear Gulch Drive - STEP SYSTEM
December 5, 2019

INTRODUCTION. At the December 11, 2019, District Board Meeting, the Board will consider the approval of the Class 3 sewer permit for the construction of a STEP system and force main for the Lands of Stone; and the authorization for the filing of a California Environmental Quality Act (CEQA) “Notice of Exemption” for the project. This project is proposed by the property owner, Robert Stone.

EXEMPTION REVIEW. In compliance with CEQA Guidelines, this “preliminary review” of the STEP System Project at 180 Bear Gulch Drive was conducted to determine whether the project is exempt from CEQA. Based on this review, staff has concluded that the project is exempt from CEQA under several sections of the guidelines. In summary, the project would not have any significant impacts on the environment because it includes little or no expansion of capacity, and will employ mitigation measures to alleviate any impacts.

This preliminary review presents and elaborates upon the rationale for the conclusions reached by staff.

Staff has concluded that all project elements are exempt under CEQA Guidelines section 15061(b)(3) (known as the “General Rule”), since it can be “seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.”

This certainty is based on the District’s past experience with numerous sewer construction projects of this nature, and the mitigation measures included in all such projects to alleviate any impacts.

Past Experience. The District has completed many miles of sewer construction projects and pump station rehabilitation projects in residential areas throughout Menlo Park, Atherton, the County of San Mateo, and the Portola Valley area. While construction-related impacts on land use, traffic, noise, air quality, erosion, drainage, public safety, and cultural resources can occur, no significant environmental impacts have resulted from this work.

The reasons these have been “less-than-significant” include the short-term nature of construction activities, application of the District’s standard construction mitigation measures, good community relations outreach programs to inform project area residents of construction activities, and active coordination with local jurisdictions.

Construction Mitigation Measures. Specific impact mitigation measures will be included in the proposed project to avoid, minimize, reduce, or rectify for construction-related impacts. These measures are used on all sewer construction projects. The measures address dust control; erosion control; noise control; protection of soils; provision for adequate drainage; protection and restoration of structures; precautions for working near sensitive and unique vegetation, protection and restoration of vegetation,

landscaping, and improvements; public health and safety precautions; community notifications; traffic control; and preservation of cultural resources.

Most project elements also are exempt as extension of utilities of a reasonable length to serve such construction.

Staff has concluded that most project elements are “categorically exempt” under CEQA Guidelines Section 15303 (a) (Single-family residences not in conjunction with the building of two or more units) and Section 15303 (d) (Water main, sewage, electrical, gas and other utility extensions of reasonable length to serve such construction).

This project is being implemented to provide sanitary sewer service to this parcel and remove the on-site septic system.

CONCLUSION. Based on the information presented herein, staff has concluded that all of the installation of the STEP system is exempt from CEQA under the CEQA Guidelines Section 15061(b)(3) (the General Rule), and that most project elements are also exempt under CEQA Guideline Section 15303(a) and (d).

WEST BAY SANITARY DISTRICT

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

Permit Number
1130

Type _____

APPLICATION FOR CLASS 3 SEWER PERMIT

To the WEST BAY SANITARY DISTRICT:

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

180 Bear Gulch Drive, PV, CA - 94028

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

Residential Non-residential Development at said location.

ENGINEER'S

BKF Engineers

Name

255 Shoreline Dr, #203, Redwood city

Address

OWNER'S

Robert Stone

Name

180 Bear Gulch Dr. Portola Valley

Address

CONTRACTOR'S

Build Home Construction

Name

479 Kenneth Ave, Campbell, CA

Address




Applicant's Signature

Sam Siassi

Signed by - Please Print Name

479 Kenneth Ave, Campbell, CA

Address

Receipt of \$ 545 Application Fee is hereby acknowledged  12/5/19

Date

Receipt of \$ 2,000 Cash Deposit or Performance Bond

Comments INSTALLATION OF STEP SYSTEM & FORCE MAIN

Approved by the District Board on _____.

Application approved and permit issued:

WEST BAY SANITARY DISTRICT
Phil Scott, District Manager

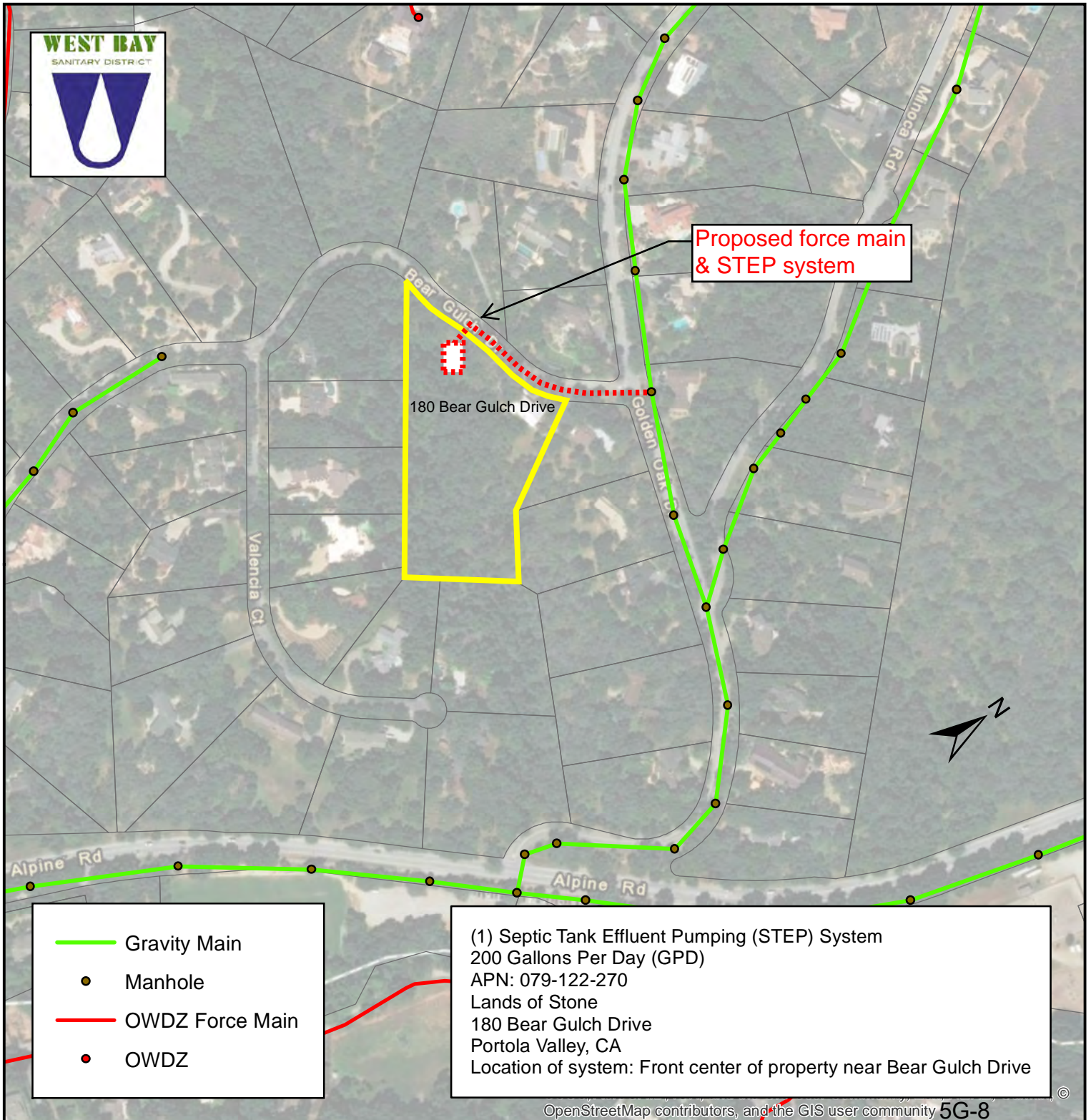
Date _____

By _____

Final Acceptance by the District Board on _____.

5G-7

WEST BAY SANITARY DISTRICT EXHIBIT "B" SITE LOCATION 180 BEAR GULCH DRIVE PORTOLA VALLEY, CA SETPIC TANK EFFLUENT PUMPING (STEP) SYSTEM





**WEST BAY SANITARY DISTRICT
AGENDA ITEM 6**

To:*Board of Directors*

From:*Phil Scott, District Manager*

Subject:*Presentation and Discussion on Silicon Valley Clean Water
2019/20 Budget Status and Financial Plan*

Teresa Herrera and Matt Anderson of Silicon Valley Clean Water (SVCW) will give a presentation the SVCW 2019/20 budget status and financial plan.

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 7**

To: Board of Directors

From: Phil Scott, District Manager

Subject: Presentation on S.T.E.P and Grinder Pump Systems

Pump Facility Supervisor Bob Hulsmann will give a presentation on S.T.E.P. and grinder pump systems.

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WEST BAY SANITARY DISTRICT AGENDA ITEM 8

To: *Board of Directors*

From: *Bob Hulsmann, Pump Facility Supervisor*

Subject: *Consideration to Approve Purchase of Portable generator*

Background

The District has eleven pump stations with standby generators at each station. There is also a generator at the District office at 500 Laurel Street, Menlo Park. If a generator were to fail, we do not have a backup portable generator to use in case of a PG&E power shut down.

Analysis

On, Oct 9, 2019 during a PG&E Public Safety Power Shutoff (PSPS) the generator at Sausal Vista pump station, shut down after running and operating the pump station for ten (10) hours. The generator failed due to circuit board malfunction and could not be repaired by staff. The District does not stock a portable generator which can be used to bypass any of the pump stations stand by generator. Staff contacted Bayside Equipment to troubleshoot the problem. Staff also contacted their colleagues at the City of San Mateo or borrow a portable generator to get the station back on line. Bayside Equipment responded within an hour and found that the circuit board failed. The part needed to be ordered from the factory. Because of the impact of the PSPS, Bayside Equipment did not have a rental generator large enough in stock to be used to run Sausal Vista pump station.

The City of San Mateo's generator was wired into the automatic transfer switch and operated the station until the next morning when PG&E restored power.

The PSPS could be a reality in California for years to come. The District would be better prepared to deal with PSPS or a generator failure in the future if we stocked our own standby portable generator.

Fiscal Impact

Fiscal impact is \$79,254.97 and could be paid for from the Capital Expenditures budget

Recommendation

Due to the critical nature of the pump station operation, The Pump Facility Supervisor recommends the purchase of the new Multiquip 125KVA generator and asks the Board of Directors to authorize the District Manager to purchase.

Attachments: Quote from Bayside Equipment
 Quote from Peterson Power Systems
 Quote from Multiquip Inc.



Date 11/13/19

West Bay Sanitation
 Bob Hulsmann
 Tel 650-321-0384

Reference: Caterpillar XQ125
 Quote # 30685384

Dear Bob:

Thank you for the opportunity to propose new Caterpillar power equipment assures you of durable, reliable and high quality products throughout the purchase, start up and ownership process.

I am pleased to quote as follows:

77,077
 TAX 7,129.62
 TOTAL 84,206.62

Item	Qty	Description	Unit Price	Ext. Price
1	1	<u>Generator Set, Caterpillar Model XQ125, EPA Tier 4 Final, diesel driven, 60Hz, 1800RPM, Standby rated 110kW, 3-Phase (480/277 Volt & 120/208 Volt) and 65kW, Single-Phase, (120/240 Volt) Switchable, permanent magnet excitation, 4-wire, with all std accessories and the following optional material:</u> EPA and BAAQMD Compliant for Stationary Emergency Use Caterpillar Clean Emissions Module (CEM) Diesel Oxidation Catalyst (DOC) Selective Catalytic Reduction (SCR) Diesel Exhaust Fluid (DEF) <u>CAT Outdoor Enclosure - Sound Attenuated, Weather Protected</u> Level-2 Sound rated for 66dBA at 23ft <u>CAT Fuel Tank Base - UL142 type</u> 150 gallons, 18 hours approx run time <u>CAT Diesel Exhaust Fluid (DEF) Tank</u> 8 gallons with on tank fill and integrated pump, level sensor and heating elements Freight: FOB Peterson Power, San Leandro, CA Off loading, crane, rigging and installation by others Fuel provided by others	\$77,077	\$77,077
2	1	Dual Axle Trailer with hydraulic brakes Trailer Hitch, Pintle 177"L x 78"W x 86"H Weight = 6,220# w/o fuel; 7,331# with full 150 gallons fuel	Included	0
3	1	<u>Startup and Testing</u> – At Peterson Power, San Leandro Facility Check fluids Check connections <u>Load Test</u> – At Peterson Power Standard start-up services with 2hr load test at 1.0PF, in stand alone mode	Included	0
4	1	Training One 2 hour on site session w/ owner's representatives during regular business hours	Included	0
BASE BID – Subtotal F.O.B. jobsite less sales tax				\$77,077.00

Optional Adders & Deducts

Item	Qty	Description	Unit Price	Ext Price
1	1	CARB & DMV Permit Fees	\$2,400 ADDER	\$2,400 ADDER

Since 1936

Bayside Equipment Co.

3562 Haven Avenue
Redwood City, CA 94063
Tel: (650) 368-3955 Fax: (650) 368-8014

QUOTE

October 22, 2019

West Bay Sanitation
Tel: 650 321-0384
Fax: 650 321-4265
Attn: Bob Hulsmann
Email: bhulsmann@westbaysanitary.org

Attn: Bob Hulsmann

Subject: Trailer mounted MQ Power 125kva generator

Bayside Equipment Company offer to supply you with a trailer mounted Tier 4 diesel powered sound attenuated generator rated 125kva or 100kw. I have options for a battery charger, cam lok receptacles and the poiwer balance load bank. The load bank is needed to keep the engine running at a hot enough temperature for the exhaust to clean itself. Without the power balance and with light loads the engine will shut down due toi excessive carbon in the exhaust system. The prices would be:

DCA125SSIU4F Isuzu powered generator	\$57,558.00
TRLR125US tandem axle trailer surge brakes	\$7,310.00
Battery charger	\$478.00
Cam -Lok receptacles	\$448.00
Power Balance	\$4,930.00
Sub Total	\$70,724.00

All equipment is subject to sales tax.

Factory Freight \$1,989.00

Current lead time is to ship in late December 2019

Thank you for this opportunity to quote on your requirements.

Sincerely,

Richard W. Slade

70,724
6541.97 TAX
1989.
TOTAL \$ 79 254 97



MULTIQUIP INC.
 6141 KATELLA AVE, STE 200, CYPRESS, CA 90630
 PO BOX 6220, CYPRESS, CA 90630
 PH: 800-421-1244 / 310-537-3700 FAX: 310-537-3927

Quotation

Sold-to (418366)
 West Bay Sanitation
 00 Laurel St.
 Menlo Park CA 94025

Ship-to ()
 West Bay Sanitation
 00 Laurel St.
 Menlo Park CA 94025

Document Information

Quotation # 20687435 QT **Date** 11/14/2019
 P.O. # WebQuote **Date** 11/14/2019
 Estimated Ship 12/20/2019
 Requested Ship 11/14/2019
 Carrier No 26765 Truck - COD Shipment
 Entered by MQAPPS
 Ordered by JBishop
 Order Reason P14 APPL-Rental Fleet-Power Rental Store
 Currency USD
 Delivery PPC Prepay/Charge Frt
 Payment Terms Cash in advance
 Payable immediately without deduction

=====
 Availability is subject to stock on hand at the time purchase order is received.
 Quote is valid for 30 days from issue date.

Item	Material	Plant	B/O	Order Qty	Gross Price EA	Net Price EA	Total Value
0010	DCA125SSIU4F Gen 125kVA 3Ph Isuzu Tier 4F Env	A212	1	1.000		62,562.50	62,562.50
0020	TRLR125USH Trailer DCA125SS, US Hyd	A212	1	1.000		7,840.00	7,840.00
0030	EE36264 Coupler 3" Pintle 25K TRLRMP thru 400	A212	1	1.000		70.00	70.00
0040	MQPPB125I4F Kit PowerBalance DCA125SSIU4F	A212	1	1.000		4,200.00	4,200.00
0050	MQPBCKIT-B Batt Chg 3A DCA20-125 NGA100	A212	1	1.000		472.50	472.50
0060	CAML0K1KIT45F Camlok 1 Set 45° DCA125	A212	1	1.000		560.00	560.00
	Items total						75,705.00
	Taxable amount						75,705.00
	State/GST Tax						4,542.30
	Local/PST Tax						189.27
	Local Tax						2,271.16
	Total amount						82,707.73

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 9**

To: Board of Directors

**From: Phil Scott, District Manager
Donald Sturman, Finance Manager**

**Subject: Consideration of Adopting the District's Audited Financial
Statements for the Year Ended June 30, 2019**

Background

The final draft of the audited Financial Statements prepared by Chavan & Associates, LLP is attached. The Finance Advisory Group met and discussed results and details of the draft audit on December 3, 2019.

Analysis

The result of the audit, as stated in the report, indicated there were no deficiencies identified in internal control over financial reporting that were considered to be material weaknesses.

Fiscal Impact

None

Recommendation

The District Manager and the Finance Manager recommend the District Board adopt the audited financial statements for the year ended June 30, 2019.

WEST BAY SANITARY DISTRICT

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2019**

* * *



Chavan & Associates, LLP
Certified Public Accountants
1475 Saratoga Ave, Suite 180
San Jose, CA 95129

West Bay Sanitary District

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June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
West Bay Sanitary District
Menlo Park, California

Report on the Financial Statements

We have audited the accompanying financial statements of the West Bay Sanitary District (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the West Bay Sanitary District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Prior-Year Comparative Information

We have previously audited the District's June 30, 2018 financial statements, and we expressed unmodified audit opinions on the respective financial statements in our report dated November 7, 2018. In our opinion, the summarized comparative information presented herein as of and for the



year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

C & A LLP

December 5, 2019
San Jose, California

MANAGEMENT'S DISCUSSION AND ANALYSIS

West Bay Sanitary District
Management's Discussion and Analysis
June 30, 2019

The West Bay Sanitary District (the District) has issued its financial statements for the fiscal year ended June 30, 2019, in conformity with the format prescribed by the provisions of Governmental Accounting Standards. The Management's Discussion and Analysis is an overview of the District's financial activities for the fiscal year and is an integral part of the accompanying Basic Financial Statements. Readers are encouraged to consider the information presented herein with those statements.

FINANCIAL HIGHLIGHTS

- The District's net position increased by \$15,159,030 or 14%.
- The District's operating revenue increased by \$3,165,435 or 12%.
- The District's operating expenses increased by \$6,365,465 or 31%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes the Management's discussion and analysis report, the independent auditor's report and the basic financial statements of the District. The financial statements also include notes that explain the information in the financial statements in more detail.

BASIC FINANCIAL STATEMENTS

The Financial Statements of the District report information about the District's accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Net Position includes all of the District's assets, deferred inflows, deferred outflows, and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure of the District.

All of the current year's revenues and expenses are accounted for in the Statement of Activities and Changes in Net Position. These statements reflect the result of the District's operations over the past year.

The final required Financial Statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations and investments. It also provides answers to questions such as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is "Is the District better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities and Changes in Net Position report information about the District's activities in a way that will help answer this question. These two statements report the net position of the District and changes in them. You can think of the District's net position – the difference between assets and liabilities – as one way to measure the financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation.

West Bay Sanitary District
Management's Discussion and Analysis
June 30, 2019

NET POSITION

To begin our analysis, a summary of the District's Statement of Net Position is presented in Table 1.

Table 1 - Summary of Net Position

	2019	2018	Dollar Change	Percent Change
Assets				
Current & Other Assets	\$ 75,469,399	\$ 67,570,964	\$ 7,898,435	11.7%
Capital Assets	68,217,295	51,930,419	16,286,876	31.4%
Total Assets	<u>\$ 143,686,694</u>	<u>\$ 119,501,383</u>	<u>\$ 24,185,311</u>	<u>20.2%</u>
Deferred Outflows of Resources	<u>\$ 1,151,282</u>	<u>\$ 1,503,608</u>	<u>\$ (352,326)</u>	<u>-23.4%</u>
Liabilities				
Current Liabilities	\$ 5,466,441	\$ 6,230,166	\$ (763,725)	-12.3%
Noncurrent Liabilities	15,493,229	6,248,926	9,244,303	147.9%
Total Liabilities	<u>\$ 20,959,670</u>	<u>\$ 12,479,092</u>	<u>\$ 8,480,578</u>	<u>68.0%</u>
Deferred Inflows of Resources	<u>\$ 414,597</u>	<u>\$ 221,220</u>	<u>\$ 193,377</u>	<u>87.4%</u>
Net Position				
Net Investment in Capital Assets	\$ 57,925,181	\$ 50,985,451	\$ 6,939,730	13.6%
Unrestricted:				
Capital fund budget	16,950,883	17,546,817	(595,934)	-3.4%
Invested in SVCW	20,715,554	13,033,198	7,682,356	58.9%
Operations reserve	9,365,601	8,131,426	1,234,175	15.2%
Unreserved	18,506,490	18,607,787	(101,297)	-0.5%
Total Net Position	<u>\$ 123,463,709</u>	<u>\$ 108,304,679</u>	<u>\$ 15,159,030</u>	<u>14.0%</u>

The District's total net position increased by \$15,159,030, or 14%, from fiscal year 2017-18 to 2018-19, mostly from an increase to its investment in the Silicon Valley Clean Water Authority, which increased by \$7,682,356. The District's current and other assets increased by \$7,898,435. Capital assets, net of depreciation, increased by \$16,286,876 from capital spending totaling \$18,388,880. Total liabilities increased by \$9,244,303 primarily due to increases to the District's state revolving fund loan disbursements of \$9,305,098 from the Sharon Heights Recycled Water Project.

West Bay Sanitary District
Management's Discussion and Analysis
June 30, 2019

Table 2 below summarizes the District's changes in net position for the year.

Table 2 - Change in Net Position

	2019	2018	Dollar Change	Percent Change
Revenues				
Operating Revenue	\$ 30,610,154	\$ 27,444,719	\$ 3,165,435	11.5%
Operating Expenses				
Sewage treatment plant (SVCW)	17,390,469	12,177,636	5,212,833	42.8%
Sewage collection and general administration	7,567,815	6,648,196	919,619	13.8%
Depreciation	2,102,004	1,868,991	233,013	12.5%
Total Operating Expenses	27,060,288	20,694,823	6,365,465	30.8%
Operating Income (Loss)	3,549,866	6,749,896	(3,200,030)	-47.4%
Nonoperating Revenue (Expense)	1,602,087	455,289	1,146,798	251.9%
Increase (decrease) of equity in SVCW	7,682,356	(556,576)	8,238,932	-1480.3%
Connection Fees	2,324,721	570,181	1,754,540	307.7%
Change in Net Position Current	15,159,030	7,218,790	7,940,240	110.0%
Prior Period Adjustments to Beginning Net Position	-	(129,844)	129,844	100.0%
Total Change in Net Position	\$ 15,159,030	\$ 7,088,946	\$ 8,070,084	113.8%

The Statement of Activities and Changes in Net Position (Table2) provides answers as to the nature and sources of the changes shown in Table 1. Operating revenues increased by \$3,165,435 (12%) resulting primarily from an increase in service charges. Connection fees increased \$1,754,540 over the prior year as a result of an increase in commercial and residential developments as compared to the prior year. Total operating expenses, which include sewage treatment plant, collection, general administration, and depreciation, increased \$6,365,465 (31%) over the prior year mostly from sewage treatment plant costs and payments made to Silicon Valley Clean Water.

Sewage treatment is provided by Silicon Valley Clean Water, formerly South Bayside System Authority, which was created in 1975 under a Joint exercise of Powers Agreement to construct and operate a sewage treatment facility at Redwood Shores for the District and the cities of Belmont, San Carlos, and Redwood City. As a member of the JPA the District is liable for its share of SVCW operating expenses. For the year ending June 30, 2019, the District's share was approximately 19.82% which increased by 4.04% from the prior year. Sewer treatment plant expense includes all funds paid to or on behalf of SVCW.

West Bay Sanitary District
Management's Discussion and Analysis
June 30, 2019

BUDGETARY HIGHLIGHTS

The District adopts an annual budget which provides for the general operations. Budgets are prepared on the accrual basis of accounting. Project-length financial plans are adopted for capital projects. The Capital Improvement Program provides an annual forecast of capital requirements. Table 3 shows a comparison of actual to budget for general operations for the year ended June 30, 2019.

Table 3 - Budget Summary

	Budget	Actual	Variance	Percent Variance
Revenues				
Operating Revenue	\$ 28,242,053	\$ 30,610,154	\$ 2,368,101	8.4%
Operating Expenses				
Sewage treatment plant (SVCW)	20,664,739	17,390,469	3,274,270	18.8%
Sewage collection and general administration	8,347,703	7,567,815	779,888	10.3%
Depreciation	1,900,000	2,102,004	(202,004)	-9.6%
Total Operating Expenses	30,912,442	27,060,288	3,852,154	14.2%
Operating Income (Loss)	(2,670,389)	3,549,866	6,220,255	-232.9%
Nonoperating Revenue (Expense)	51,000	1,602,087	1,551,087	96.8%
Increase (Decrease) of Equity in SVCW	-	7,682,356	7,682,356	-100.0%
Connection Fees	-	2,324,721	2,324,721	100.0%
Change in Net Position	\$ (2,619,389)	\$ 15,159,030	\$ 17,778,419	-678.7%

The District reported \$2,368,101 more in operating revenue than budgeted primarily resulting from higher sewer service fees collected. Total operating expenses were \$3,852,154 less than budgeted as a result of sewage treatment expenses having been lower than expected.

Table 4 summarizes the capital budget for the fiscal year ended June 30, 2019:

Table 4 - Capital Fund Budget Summary

	Budget	Actual	Variance	Percent Variance
Transfer from Operations	\$ 5,880,611	\$ 5,992,862	\$ 112,251	2%
Capital Expenditures	(8,011,000)	(18,101,210)	(10,090,210)	-56%
State Revolving Fund	-	9,305,098	9,305,098	-100%
Connection Charges	500,000	2,324,721	1,824,721	365%
Interest Income	75,000	882,595	807,595	1077%
Rate Stabilization Reserve	(1,000,000)	(1,000,000)	-	0%
Equipment Replacement Reserve	(240,000)	-	240,000	100%
Change in capital Asset Fund	(2,795,389)	(595,934)	2,199,455	-369%
Beginning Fund Balance	18,229,252	17,546,817	(682,435)	-4%
Ending Fund Balance	\$ 15,433,863	\$ 16,950,883	\$ 1,517,020	10%

Capital Expenditures of \$18,101,210 were used to acquire capital equipment and replace or rehabilitate sewer infrastructure were \$10,000,210 more than budgeted. District expenditures for the recycled water facility projects were \$12,144,476 for the SHGCC Recycled Water Facility. These expenditures related to the Recycled Water project were reimbursed by the State through the Clean Water State Revolving Fund. The District also set-aside \$240,000 for equipment replacements. Due to the favorable variances in total revenue and total expense to budget, the District had an ending Capital Asset Fund balance of \$16,950,883.

West Bay Sanitary District
Management's Discussion and Analysis
June 30, 2019

CAPITAL ASSETS

Table 5 shows a summary of capital assets owned by the District as of June 30, 2019.

Table 5 - Summary of Capital Assets Net of Depreciation

	2019	2018	Dollar Change	Percent Change
Land	\$ 44,467	\$ 44,467	\$ -	0.00%
Construction in Progress	21,889,228	3,690,850	18,198,378	493.07%
Pump stations	5,344,001	5,475,603	(131,602)	-2.40%
Fleet	765,991	882,219	(116,228)	-13.17%
Plant and administration facilities	358,715	400,761	(42,046)	-10.49%
Buildings	1,718,822	1,797,458	(78,636)	-4.37%
Flow equalization facilities	381,858	474,527	(92,669)	-19.53%
Subsurface lines	37,714,213	39,164,534	(1,450,321)	-3.70%
Net Capital Assets	<u>\$ 68,217,295</u>	<u>\$ 51,930,419</u>	<u>\$ 16,286,876</u>	<u>31.36%</u>

ECONOMIC FACTORS

The District is governed in part by provisions of the California Constitution that require the District to set rates that cover only the costs of operation, maintenance and recurring capital replacement (OM&R). The District is not subject to general economic conditions such as increases or declines in property tax values or other types of revenues that vary with economic conditions. Accordingly, the District sets its rates to its users to cover the costs of OM&R plus any increments for known or anticipated changes in program costs. As in previous years, the District has maintained operating costs by carefully managing every expense.

CONTACTING THE DISTRICT

This financial report is designed to provide a general overview of the District's Finances and demonstrate the District's accountability for the money it receives. If you have any questions about this, or any other matter related to the District, please contact the District at 500 Laurel Street, Menlo Park, CA 94025 or call (650) 321-0384.

BASIC FINANCIAL STATEMENTS

West Bay Sanitary District
Statement of Net Position
June 30, 2019
(With Comparative Totals as of June 30, 2018)

Assets	2019	2018
Current Assets:		
Cash and cash equivalents	\$ 31,817,190	\$ 27,032,327
Restricted cash and investments	1,871,526	807,350
Accounts receivable	345,126	197,646
Interest receivable	338,272	278,194
Prepaid expenses and other current assets	32,182	28,738
Total Current Assets	<u>34,404,296</u>	<u>28,344,255</u>
Noncurrent Assets:		
Investments	20,349,549	26,193,511
Investment in Silicon Valley Clean Water	20,715,554	13,033,198
Capital assets:		
Non-depreciable	21,933,695	3,735,317
Depreciable net of accumulated depreciation	46,283,600	48,195,102
Total Capital Assets - Net	<u>68,217,295</u>	<u>51,930,419</u>
Total Noncurrent Assets - Net	<u>109,282,398</u>	<u>91,157,128</u>
Total Assets	<u>\$ 143,686,694</u>	<u>\$ 119,501,383</u>
 Deferred Outflows of Resources		
OPEB adjustments	\$ 9,418	\$ 7,860
Pension adjustments	1,141,864	1,495,748
Total Deferred Outflows of Resources	<u>\$ 1,151,282</u>	<u>\$ 1,503,608</u>
 Liabilities		
Current Liabilities:		
Accounts payable	\$ 5,240,127	\$ 6,011,904
Payroll and related liabilities	3,701	9,673
Construction deposits	8,672	8,672
Compensated absences payable - current	213,941	199,917
Total Current Liabilities	<u>5,466,441</u>	<u>6,230,166</u>
Noncurrent Liabilities:		
Net OPEB liability	55,871	58,399
Net pension liability	5,054,719	5,120,961
State Revolving Fund Loan	10,292,112	987,014
Compensated absences payable - noncurrent	90,527	82,552
Total Noncurrent Liabilities	<u>15,493,229</u>	<u>6,248,926</u>
Total Liabilities	<u>\$ 20,959,670</u>	<u>\$ 12,479,092</u>
 Deferred Inflows of Resources		
OPEB adjustments	\$ 4,520	\$ 8,187
Pension adjustments	410,077	213,033
Total Deferred Inflows of Resources	<u>\$ 414,597</u>	<u>\$ 221,220</u>
 Net Position		
Net Investment in Capital Assets	\$ 57,925,183	\$ 50,943,405
Unrestricted:		
Capital fund budget	16,950,883	17,546,817
Invested in Silicon Valley Clean Water	20,715,554	13,033,198
Operations reserve	9,365,601	8,131,426
Unreserved	18,506,488	18,649,833
Total Net Position	<u>\$ 123,463,709</u>	<u>\$ 108,304,679</u>

The notes to the financial statements are an integral part of this statement.

West Bay Sanitary District
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2019
(With Comparative Totals for the Fiscal Year Ended June 30, 2017)

	2019	2018
Operating Revenues:		
Service charges	\$ 29,499,873	\$ 26,391,698
Flow equalization uses	337,633	327,574
Permit and inspection fees and other services	230,494	293,578
Other operating revenues	542,154	431,869
Total operating revenues	30,610,154	27,444,719
Operating Expenses:		
Sewage treatment plant (SVCW)	17,390,469	12,177,636
Sewage collection and general administration:		
Salaries and benefits	5,430,077	4,773,639
Materials and supplies	409,172	416,494
Insurance	94,071	98,655
Contract services	386,451	357,048
Professional services	531,394	371,582
Repairs and maintenance	252,275	219,895
Utilities	176,767	149,927
Other operating expenses	287,608	260,956
Total sewage collection and general administration	7,567,815	6,648,196
Depreciation	2,102,004	1,868,991
Total operating expenses	27,060,288	20,694,823
Operating Income (Loss)	3,549,866	6,749,896
Nonoperating Revenues (Expenses):		
Investment income	1,597,431	288,205
Increase (decrease) of equity in Silicon Valley Clean Water	7,682,356	(556,576)
Other nonoperating revenues	4,656	167,084
Total nonoperating revenues (expenses)	9,284,443	(101,287)
Income before contributions	12,834,309	6,648,609
Capital contributions - connection fees	2,324,721	570,181
Change in Net Position	15,159,030	7,218,790
Beginning Net Position	108,304,679	101,215,733
Prior Period Adjustment - GASB 75	-	(129,844)
Beginning Net Position - As Adjusted	108,304,679	101,085,889
Ending Net Position	\$ 123,463,709	\$ 108,304,679

The notes to the financial statements are an integral part of this statement.

West Bay Sanitary District
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2019
(With Comparative Totals for the Fiscal Year Ended June 30, 2017)

	2019	2018
Cash Flows from Operating Activities:		
Cash received from customers	\$ 30,462,674	\$ 27,430,745
Cash payments to suppliers for goods and services	(20,300,880)	(11,471,943)
Cash payments to employees for services	(3,429,734)	(3,260,154)
Cash payments of benefits on behalf of employees	(1,509,931)	(1,248,559)
Net Cash Provided (Used) by Operating Activities	<u>5,222,129</u>	<u>11,450,089</u>
Cash Flows from Capital and Related Financing Activities:		
Cash received from connection fees	2,324,721	570,181
Cash received from the State Revolving Fund loan	9,305,098	987,014
Cash received on the sale of capital assets	3,061	-
Purchases and construction of capital assets	(18,388,880)	(5,416,415)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(6,756,000)</u>	<u>(3,859,220)</u>
Cash Flows from Investing Activities:		
Transfers to investment accounts	(3,472,583)	(4,291,258)
Transfers from investment accounts	9,221,460	3,538,849
Investment income	569,857	12,664
Net Cash Provided (Used) by Investing Activities	<u>6,318,734</u>	<u>(739,745)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,784,863	6,851,124
Cash and Cash Equivalents Beginning	<u>27,032,327</u>	<u>20,181,203</u>
Cash and Cash Equivalents Ending	<u>\$ 31,817,190</u>	<u>\$ 27,032,327</u>
Reconciliation of Operating Income to Cash Flows Provided		
by Operating Activities:		
Operating Income (Loss)	\$ 3,549,866	\$ 6,749,896
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	2,102,004	1,868,991
Net change in:		
Accounts receivable	(147,480)	(13,265)
Prepaid expenses and other current assets	(3,444)	7,257
Deposits	-	(709)
Net OPEB asset	-	84,200
Deferred outflows of resources	352,326	(419,731)
Accounts payable	(771,777)	2,572,666
Payroll and related liabilities	(5,972)	5,638
Net OPEB liability	(2,528)	58,399
Net pension liability	(66,242)	691,869
Deferred inflows of resources	193,377	(187,444)
Compensated absences	21,999	32,322
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,222,129</u>	<u>\$ 11,450,089</u>

The notes to the financial statements are an integral part of this statement.

West Bay Sanitary District
Notes to Financial Statements
June 30, 2019

NOTE 1 - NATURE OF ORGANIZATION

West Bay Sanitary District (District) is a political subdivision of the State of California and was formed for the purpose of protecting water quality and the associated public health. The District is responsible for wastewater collections, treatment, reclamation and disposal. The District performs the services of wastewater collection, and together with three other public entities is part of a Joint Powers District for the treatment, disposal and reclamation of wastewater. The District is also responsible for refuse (solid waste) collection, treatment, disposal and reclamation. It franchises with other organizations to perform these refuse services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting

The District's Basic Financial Statements are prepared in accordance with the policies and procedures for California special districts. The accounting policies of the District conform to accounting principles generally accepted in the United States of America, and as prescribed by the Governmental Accounting Standards Board and Audits of State and Local Governmental Units, issued by the American Institute of Certified Public Accountants.

The District is accounted for as an enterprise fund because the intent of the governing body is that the cost (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

An enterprise fund is used to account for activities similar to those in the private sector, where the proper matching of revenues and costs is emphasized and the full accrual basis of accounting is required. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the enterprise are recorded on its statement of net position, and under the full accrual basis of accounting, all revenues are recognized when earned and all expenses, including depreciation, are recognized when incurred.

Enterprise funds are accounted for on a cost of services or economic resources measurement focus, which means that all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with their activity are included on their balance sheets. Enterprise fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Deferred outflows of resources is a consumption of net assets by the District that is applicable to a future reporting period. For example, prepaid items and deferred charges. Deferred inflows of resources is an acquisition of net assets by the District that is applicable to a future reporting period. For example, unearned revenue and advance collections.

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows from unearned revenue.

The District applies all applicable GASB pronouncements for certain accounting and financial reporting guidance. In December of 2010, GASB issued Statement No. 62, *Codification of*

West Bay Sanitary District
Notes to Financial Statements
June 30, 2019

Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. GASB 62 incorporates pronouncements issued on or before November 30, 1989 into GASB authoritative literature. In June of 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB 76 also amends GASB 62 and AICPA Pronouncements paragraphs 64, 74, and 82. The GAAP hierarchy sets forth what constitutes GAAP for all state and local governmental entities. It establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply. The sources of authoritative GAAP are categorized in descending order of authority as follows:

- a. Officially established accounting principles—Governmental Accounting Standards Board (GASB) Statements (Category A)
- b. GASB Technical Bulletins; GASB Implementation Guides; and literature of the AICPA cleared by the GASB (Category B).

If the accounting treatment for a transaction or other event is not specified by a pronouncement in Category A, a governmental entity should consider whether the accounting treatment is specified by a source in Category B.

Statement of Net Position

The statement of net position is designed to display the financial position of the District. The District's net position are classified into three categories as follows:

- Net Investment in Capital Assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position, as applicable.
- Restricted - This component of net position consists of constraints placed on an assets use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or law and regulations of other governments, and reduced by liabilities and deferred inflows of resources related to those assets. It also pertains to constraints imposed by law or constitutional provisions or enabling legislation
- Unrestricted - This component of net position consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

West Bay Sanitary District
Notes to Financial Statements
June 30, 2019

Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position is the operating statement for proprietary funds. This statement distinguishes between operating and non-operating revenues and expenses and presents a separate subtotal for operating revenues, operating expenses, and operating income. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for services. Operating expenses for the District include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Service Charges

Service charges are billed and collected on the District's behalf by the County of San Mateo in conjunction with the County's annual property tax billings. The majority of revenues are collected through the County system with only small amounts billed directly by the District.

Connection Fees

Connection fees are reported as revenue only to the extent the amount equals the costs of the physical connection to the system.

Budgets and Budgetary Accounting

Budgets are prepared on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted by the Board of Directors. Project-length financial plans are adopted for all capital projects funds.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash represents balances that can be readily withdrawn without substantial notice or penalty. Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates and have an original maturity date of three months or less.

Investments

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No.3)*, certain disclosure requirements for Deposits and Investment Risks were made in the areas of interest rate risk and credit risk. The credit risk disclosures include the following components; overall credit risk, custodial credit risk and concentrations of credit risk. In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

The District participates in an investment pool managed by the State of California known as the Local Agency Investment Fund (LAIF), which has invested a portion of the pooled funds in

West Bay Sanitary District
Notes to Financial Statements
June 30, 2019

structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, the structured notes and asset-backed securities are subject to market risk as to change in interest rates.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.
- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.
- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

Receivables

Receivables include amounts due from collection services and other assessments or resources. All receivables are current and reported net of an allowance for uncollectible accounts as applicable. The allowance for uncollectible accounts was zero as of June 30, 2019.

Capital Assets

Property, plant and equipment contributed to the District are stated at estimated fair value at the time of contribution. District policy has set the capitalization threshold for reporting capital assets at \$5,000 if an asset has an estimated useful life in excess of one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The purpose of depreciation is to spread the cost of plant and equipment equitably among all customers over the life of these assets, so that each customer's bill includes a pro rata share of the cost of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of plant and equipment cost.

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

West Bay Sanitary District
Notes to Financial Statements
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The District has assigned the useful lives listed below to plant and equipment:

Pump Stations	5-30 years
Fleet	5-10 years
Plant and administration facilities	3-10 years
Buildings	10-30 years
Flow equalization facilities	10-30 years
Subsurface lines	10-50 years

Compensated Absences

Compensated absences include vacation leave. Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to the employees.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS.

Other Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the District's Retiree Benefits Plan (the OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Accounting Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

Implemented New Accounting Pronouncements

Statement No. 83, Certain Asset Retirement Obligations

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. As of June 30, 2019, this Statement did not have an impact on the District's financial statements.

West Bay Sanitary District
Notes to Financial Statements
June 30, 2019

GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements

This Statement addresses additional information to be disclosed in the notes to the financial statements regarding debt, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. As of June 30, 2019, this Statement did not have a significant impact on the District's financial statements.

Upcoming New Accounting Pronouncements

GASB Statement No. 84, *Fiduciary Activities*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2018. Earlier application is encouraged. The District doesn't believe this statement will have a significant impact on the District's financial statements.

GASB issued Statement No. 87, *Leases*

The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019. Earlier application is encouraged. The District is in the process of determining the impact this Statement will have on the financial statements.

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

This Statement addresses interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019. Earlier application is encouraged. The District doesn't believe this statement will have a significant impact on the District's financial statements.

West Bay Sanitary District
Notes to Financial Statements
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GASB Statement No. 90, Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61

The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement also requires that a component unit in which a government has 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2018. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The District doesn't believe this statement will have a significant impact on the District's financial statements.

GASB Statement No. 91, Conduit Debt Obligations

The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement also clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitment and voluntary commitments extended by issuers and arrangements associated with the debt obligations; and improving required note disclosures. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2020. Earlier application is encouraged. The District doesn't believe this statement will have a significant impact on the District's financial statements.

West Bay Sanitary District
Notes to Financial Statements
June 30, 2019

NOTE 3 - CASH AND INVESTMENTS

The District's cash and investments consisted of the following as of June 30, 2019 and 2018:

Description	Rating	Fair Value June 30, 2019	Maturities				Concen- trations
			12 Months or Less	13 - 24 Months	25 - 60 Months	More Than 60 Months	
Bank of the West Investments:							
Fixed Income	AA+/BBB	\$ 20,242,640	\$ 6,571,244	\$ 5,534,745	\$ 8,085,454	\$ 51,197	37.46%
Cash	N/A	940,852	940,852	-	-	-	1.74%
Total Bank of West Investments	AAA	21,183,492	7,512,096	5,534,745	8,085,454	51,197	39.20%
Cash and Cash Equivalents:							
Cash on hand and in banks	N/A	1,011,883	1,011,883	-	-	-	1.87%
Money Market	N/A	335,970	335,970	-	-	-	0.62%
Cash with fiscal agents	N/A	1,037,583	1,037,583	-	-	-	1.92%
LAIF	N/A	30,468,737	30,468,737	-	-	-	56.38%
Petty Cash	N/A	600	600	-	-	-	0.00%
Total Cash and Cash Equivalents		32,854,773	32,854,773	-	-	-	60.80%
Total Cash and Investments		\$ 54,038,265	\$ 40,366,869	\$ 5,534,745	\$ 8,085,454	\$ 51,197	100.00%

Cash Deposits

As of June 30, 2019, the District's cash deposits exceeded the Federal Deposit Insurance Corporation ("FDIC") insured limits by \$983,771, but had little exposure since they were collateralized as noted in the *Collateral and Categorization Requirements* disclosure below. Bank balances are insured up to \$250,000 per bank by FDIC.

Collateral and Categorization Requirements

The California Government Code requires California banks and savings and loan associations to secure an agency's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of at least 150% of an agency's total deposits.

Investment Policy

The District's investment guidelines as defined by its written investment policy were approved by the Board of Directors. Implementation and direction is established by an internal finance committee. Monthly, the Board ratifies the investments that have been made.

West Bay Sanitary District
Notes to Financial Statements
June 30, 2019

The District's investment policy follows the California Government Code which authorizes the District to invest in the following:

<u>Authorized Investment Type</u>	<u>Maximum Maturity (1)</u>	<u>Maximum Total of Portfolio</u>	<u>Maximum Investment in Anyone Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	20%	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	2 years	20%	None
County Pooled Investment Funds	1 year	20%	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

All of the Districts investments were valued using Level s2 inputs as noted above.

Local Agency Investment Fund

LAIF allows local agencies such as the District to participate in a Pooled Money Investment Account managed by the State Treasurer Office and overseen by the Pooled Money Investment Board and State Treasurer investment committee. A Local District Investment Advisory Board oversees LAIF. The investments with LAIF are not classified for credit risk due to their diverse nature and are stated at cost, which approximates fair value. The total amount invested by all public agencies in LAIF, as of June 30, 2019, was approximately \$106 billion of that amount, 99.26% was invested in non-derivative financial products and .74% was invested in structured notes and asset-backed securities. The average maturity for the investment in LAIF was 173 days.

West Bay Sanitary District
Notes to Financial Statements
June 30, 2019

Risk Disclosures

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

- *Interest Rate Risk* - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. In order to limit loss exposure due to Interest Rate Risk, the investment policy limits the length of maturity of investments
- *Credit Risk* - Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. In order to limit loss exposure due to Credit Risk, the investment policy limits purchases of investments to those rated A-1 by Standard & Poor's or P-1 by Moody's Investors Service.
- *Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. Or, in the case of investments, the risk of loss of the investment due to failure, impairment or malfeasance of the third party whose name in which the investment is held and who has physical possession of the instrument. In order to limit loss exposure due to Custodial Credit Risk, the investment policy requires all securities be received and delivered using the standard delivery versus payment (DVP) procedure, and all securities be held by a third party bank or trust department under the terms of a custody or trustee agreement. None of the District's investments were subject to custodial credit risk.
- *Concentration of Credit Risk* - See the chart above for the District's limitations on the amount that can be invested in any one issuer.

NOTE 4 - INVESTMENT IN SILICON VALLEY CLEAN WATER

Silicon Valley Clean Water (SVCW), formerly the South Bayside System Authority, was created in 1975, under a Joint Exercise of Powers Agreement, to construct and operate a sewage treatment facility at Redwood Shores for the District and the cities of Belmont, San Carlos, and Redwood City. At June 30, 2019 and 2018, the District had approximately 19.82% equity interest in SVCW, which is reported using the equity method of accounting. The District's investment in SVCW at June 30, 2019 and 2018 was \$20,715,554 and \$13,033,198, respectively, as reflected on the statement of net position. The change in the investment for the years ended June 30, 2019 and 2018 was an increase of \$7,682,356 and a decrease of \$556,576, respectively, as reflected in the statement of revenues, expenses and changes in net position. During the year ended June 30, 2019, the District contributed \$14,189,856 toward the cost of operating and maintaining the facility and paid debt principal and interest of \$3,200,613 that included the State revolving fund loan and the financing agreements to finance the construction and rehabilitation of the SVCW's wastewater system. For the fiscal year 2020, the District is obligated to pay operating costs and debt principal and interest payments totaling \$20,434,360.

The 2019 changes in the District's equity share was mostly attributed to the fact that not all members share in the long-term debt, only the net position, or equity, of the participating members decreases upon the issuance of new debt, while the "non-debt" member's net position increases. In addition, the non-debt members contribute more cash into the JPA than other members to cover their share of capital improvements, which increases the equity share of non-debt members and decreases the share

West Bay Sanitary District
Notes to Financial Statements
June 30, 2019

of other participating agencies. SVCW's governing commission consists of four members, one appointed from each of the four participating agencies. SVCW's condensed audited financial information is presented below for the year ended June 30, 2018, (most recent information available):

	June 30, 2018
Total Assets	\$ 447,262,930
Deferred Outflows of Resources	6,236,059
Total Liabilities	372,589,353
Deferred Inflows of Resources	1,243,778
Total Equity	79,665,858
Total Revenues	47,000,094
Total Expenditures	45,326,251

Financial statements may be obtained by mailing a request to Silicon Valley Clean Water, 1400 Radio Road, Redwood City, CA 94065.

The District entered into financing agreements with SVCW for repayment of the District's allocated share of the 2009, 2014, 2015 and 2018 bonds in the amount of \$95,717,502, including principal and interest. The financing agreements are secured by a pledge of the District's sewer Revenue as defined under the financing agreements. For fiscal year 2018, gross Sewer Fund revenues, including operating revenues and non-operating interest earnings, amounted to \$29,499,873. The annual debt service commitment of \$3,087,661 is summarized as follows:

Fiscal year ending:	Principal	Interest
2020	\$ -	\$ -
2021	-	-
2022	-	-
2023	-	-
2024	-	-
2025-2029	2,995,998	3,179,325
2030-2034	8,142,262	7,296,045
2035-2039	9,167,372	6,270,934
2040-2044	10,321,544	5,116,763
2045-2049	11,621,025	3,817,282
2050-2054	13,084,111	2,354,196
2055-2059	11,643,738	706,907
Total debt service	\$ 66,976,050	\$ 28,741,452

West Bay Sanitary District
Notes to Financial Statements
June 30, 2019

NOTE 5 - CAPITAL ASSETS (PROPERTY, PLANT AND EQUIPMENT)

The District's capital assets consisted of the following as of June 30, 2019:

Description	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Non-depreciable Capital Assets:				
Land	\$ 44,467	\$ -	\$ -	\$ 44,467
Construction in progress	3,690,850	18,198,378	-	21,889,228
Total non-depreciable capital assets	3,735,317	18,198,378	-	21,933,695
Depreciable Capital Assets:				
Pump stations	7,623,354	52,081	-	7,675,435
Fleet	2,571,081	51,540	(57,475)	2,565,146
Plant and administration facilities	1,662,044	26,619	(230,193)	1,458,470
Buildings	2,989,993	14,412	-	3,004,405
Flow equalization facilities	2,884,719	-	-	2,884,719
Subsurface lines	58,394,324	45,850	-	58,440,174
Total depreciable capital assets	76,125,515	190,502	(287,668)	76,028,349
Less accumulated depreciation for:				
Pump stations	(2,147,751)	(183,683)	-	(2,331,434)
Fleet	(1,688,862)	(167,768)	57,475	(1,799,155)
Plant and administration facilities	(1,261,283)	(68,665)	230,193	(1,099,755)
Buildings	(1,192,535)	(93,048)	-	(1,285,583)
Flow equalization facilities	(2,410,192)	(92,669)	-	(2,502,861)
Subsurface lines	(19,229,790)	(1,496,171)	-	(20,725,961)
Total accumulated depreciation	(27,930,413)	(2,102,004)	287,668	(29,744,749)
Total depreciable capital assets - net	48,195,102	(1,911,502)	-	46,283,600
Total capital assets - net	\$ 51,930,419	\$ 16,286,876	\$ -	\$ 68,217,295

Depreciation expense for the year ended June 30, 2019 and 2018 was \$2,102,004 and \$1,868,991, respectively.

The following details construction in progress as of June 30, 2019:

Project	Balance
Fair Oaks	\$ 10,598
Oak Grove	12,110
Easement Design Projects	81,607
FEF Metal Storage Building	111,938
Belle Haven III	4,466,182
Levee Design	69,378
Emergency Repairs to Alpine Rd	1,560,075
RMC Water and Environment - SHGCC	15,251,701
Bay Front Resource Recovery	313,308
Other projects	12,332
Total Construction in Progress	\$ 21,889,228

West Bay Sanitary District
Notes to Financial Statements
June 30, 2019

NOTE 6 - NONCURRENT LIABILITIES

The District's noncurrent liabilities consisted of the following as of June 30, 2019:

Description	Balance			Balance June 30, 2019	Due Within One Year
	July 01, 2018	Additions	Deductions		
Net OPEB Liability	\$ 58,399	\$ 17,972	\$ 20,500	\$ 55,871	\$ -
Net Pension Liability	5,120,961	1,290,175	1,356,417	5,054,719	-
State Revolving Fund Loan	987,014	9,305,098	-	10,292,112	-
Compensated Absences	282,469	21,999	-	304,468	213,941
Total Noncurrent Liabilities	\$ 6,448,843	\$ 10,635,244	\$ 1,376,917	\$ 15,707,170	\$ 213,941

State Revolving Fund Loan

The District has entered into a \$22,595,000 agreement with the State Water Resources Control Board (SWRCB or State Revolving Fund Loan) to finance the Sharon Heights Recycled Water project. The funding will be disbursed through a grant of \$5,259,800 and a loan of \$17,335,200. The loan funds together with all accrued interest will be repaid in annual installments commencing one year after the completion of construction which was estimated to be August 14, 2020. The following summarizes the total estimated debt service to be repaid by June 30, 2050:

Fiscal Year Ending	Principal	Interest	Total
2020	\$ -	\$ -	\$ -
2021	384,941	103,898	488,839
2022	523,508	152,033	675,541
2023	511,273	164,268	675,541
2024	516,386	159,155	675,541
2025-29	2,660,429	717,275	3,377,704
2030-34	2,796,138	581,567	3,377,705
2035-39	2,938,769	438,936	3,377,705
2040-44	3,088,675	289,029	3,377,704
2045-49	3,246,229	131,475	3,377,704
2050	668,852	6,689	675,541
Total Debt Service	\$ 17,335,200	\$ 2,744,325	\$20,079,525

West Bay Sanitary District
Notes to Financial Statements
June 30, 2019

NOTE 7 - BOARD COMMITMENTS OF NET POSITION

Commitments are imposed by the District’s Board to reflect future spending plans or concerns about the availability of future resources. Commitments may be modified, amended or removed by Board action. Commitments for future capital assets replacement is the portion of net position to be used for new equipment and for emergency and scheduled replacement of capital facilities paid from connection fees. Commitments for operations have been set-aside to reserve approximately five months of operating expenses. The Board committed the following unrestricted net position as of June 30, 2019:

Description	Balance
Capital fund budget	\$ 16,950,883
Invested in Silicon Valley Clean Water	20,715,554
Operations	9,365,601
Total Committed Net Unrestricted Position	<u>\$ 47,032,038</u>

NOTE 8 - DEFERRED COMPENSATION PLAN

District employees may defer a portion of their compensation under a District-sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this Plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency defined by the Plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefits of plan participants and their beneficiaries. Since the assets held under these plans are not the District's property and are not subject to District control, they are not included in these financial statements.

NOTE 9 - RISK MANAGEMENT

The District joined together with other sanitary districts in the State to form California Sanitation Risk Management Authority (CSRMA), a public entity risk pool currently operating as a common risk management and. insurance program. The District is insured for the costs of claims through CSRMA and commercial insurance carriers for the following:

Type of Coverage	Limits	Deductibles
General Liability	15,500,000	25,000
Employment Practices Liability	15,500,000	25,000
Worker's Compensation	750,000	None
Excess Worker's Compensation Liability	Statutory Limits	None
Mobile Equipment	767,005	2,000
Special Form Property	1,003,385	5,000
Public Official Bond	100,000	None

West Bay Sanitary District
Notes to Financial Statements
June 30, 2019

The District has not incurred a claim that has exceeded its insurance coverage limits in any of the last three years.

Audited condensed financial information for CSRMA is presented below for the year ended June 30, 2018 (most recent information available):

	June 30, 2019
Total Assets	\$ 25,703,119
Total Liabilities	17,997,369
Total Equity	7,705,750
Total Revenues	10,453,268
Total Expenditures	13,926,188

NOTE 10 - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plans

Plan Description - All qualified permanent and probationary employees are eligible to participate in the District’s Miscellaneous Employee Pension Plan (the Plan); cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension Plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service for Tier 1 and 5 years of service for PEPRA. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as specified by the Public Employees’ Retirement Law. The Plan’ provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous	
	Tier 1	PEPRA
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a % of eligible compensation	2.0% to 2.5%	2.00%
Required employee contribution rates	7.948%	6.250%
Required employer contribution rates	10.022%	6.842%

West Bay Sanitary District
Notes to Financial Statements
June 30, 2019

Employees Covered - At June 30, 2019, the following employees were covered by the benefit terms for the Plan:

	Miscellaneous
Active	29
Transferred	6
Separated	9
Retired	25
Total	69

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rates are the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2019, the District's contributions were as follows:

	Miscellaneous
Contributions - employer	\$ 297,313
Contributions - employee	190,086
Total	\$ 487,399

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2019, the District reported net pension liabilities for its proportionate shares of the net pension liability of \$5,054,719. The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan are measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension Plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2018 and 2019 was as follows:

	Miscellaneous
Proportion - June 30, 2018	0.12991%
Proportion - June 30, 2019	0.13412%
Change - Increase/(Decrease)	0.00422%

For the year ended June 30, 2019, the District recognized pension expense of \$782,001.

West Bay Sanitary District
Notes to Financial Statements
June 30, 2019

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 576,253	\$ 141,228
Differences between Expected and Actual Experience	193,941	65,997
Differences between Projected and Actual Investment Earnings	24,989	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	154,462
Change in Employer's Proportion	49,367	48,390
Pension Contributions Made Subsequent to Measurement Date	297,313	-
Total	\$ 1,141,863	\$ 410,077

The District reported \$297,313 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources
2020	\$ 435,325
2021	234,013
2022	(189,401)
2023	(45,464)
2024	-
Thereafter	-
Total	\$ 434,473

West Bay Sanitary District
Notes to Financial Statements
June 30, 2019

Actuarial Assumptions - The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.15% (2)
Mortality	(3)

(1) Varies by age and service

(2) Net of pension plan investment expenses, including inflation

(3) Derived using CalPERS' membership data for all funds

Discount Rate - The discount rate used to measure the total pension liability was 7.15 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

West Bay Sanitary District
Notes to Financial Statements
June 30, 2019

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class (a)</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 - 10 (b)</u>	<u>Real Return Years 11+ (c)</u>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

- (a) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
- (b) An expected inflation of 2.0% used for this period.
- (c) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount

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

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Liability	\$ 7,626,816
Current	7.15%
Net Pension Liability	\$ 5,054,719
1% Increase	8.15%
Net Pension Liability	\$ 2,931,496

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

West Bay Sanitary District
Notes to Financial Statements
June 30, 2019

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS

Plan Description

The District's single employer defined benefit postemployment healthcare plan provides health care benefits to eligible retirees in accordance with a Board resolution.

Benefits Provided

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 \$133 per month 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.

The District contracts with CalPERS to administer its retiree health benefit plan. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees' Retirement Law. The District chooses among the menu of benefit provisions and adopts certain benefit provisions by Board resolution.

Employees Covered by Benefit Terms

At June 30, 2017 (the valuation date), the benefit terms covered the following employees:

Active employees	28
Inactive employees	<u>4</u>
Total employees	<u><u>32</u></u>

Contributions

The District makes contributions based on an actuarially determined rate and are approved by the authority of the District's Board. Total contributions during the year were \$9,418. Total contributions included in the measurement period were \$7,800. The actuarially determined contribution for the measurement period was \$11,579. The District's contributions were .34% of covered employee payroll during the fiscal year ended June 30, 2019. Employees are not required to contribute to the plan.

West Bay Sanitary District
Notes to Financial Statements
June 30, 2019

Actuarial Assumptions

The following summarized the actuarial assumptions for the OPEB plan included in this fiscal year:

Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2018
Actuarial Cost Method:	Entry-Age Normal
Amortization Period:	20 years
Asset Valuation Method:	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	6.00%
Inflation	2.75%
Payroll Increases	3.00%
Investment Rate of Return	6.75%
Mortality	2014 CalPERS OPEB Assumptions Model for "public agency miscellaneous"
Retirement	2014 CalPERS OPEB Assumptions
Service Requirement	2014 CalPERS OPEB Assumptions Model for miscellaneous public employees with 2.5% at 55

Discount Rate

The projection of cash flows used to determine the discount rate assumed that the District contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set to be equal to the long-term expected rate of return which was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return

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

West Bay Sanitary District
Notes to Financial Statements
June 30, 2019

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage of Portfolio	Long-Term Expected Rate of Return
US Large Cap	43.00%	7.795%
US Small Cap	23.00%	7.795%
Long-Term Corporate Bonds	12.00%	5.290%
Long-Term Government Bonds	6.00%	4.500%
Treasury Inflation-Protected Securities (TIPS)	5.00%	7.795%
US Real Estate	8.00%	7.795%
All Commodities	3.00%	7.795%
Total	100.00%	

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2018 (measurement date), and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017 (valuation date) for the fiscal year ended June 30, 2019 (reporting date). The following summarizes the changes in the net OPEB liability during the year ended June 30, 2019:

Fiscal Year Ended June 30, 2019	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2018	\$ 293,633	\$ 235,234	\$ 58,399
Service cost	6,708	-	6,708
Interest in Total OPEB Liability	17,188	-	17,188
Employer contributions	-	14,335	(14,335)
Actual investment income	-	12,089	(12,089)
Benefit payments	(14,335)	(14,335)	-
Other	-	-	-
Net changes	9,561	12,089	(2,528)
Balance at June 30, 2019	\$ 303,194	\$ 247,323	\$ 55,871

Covered Employee Payroll	\$ 2,806,611
Total OPEB Liability as a % of Covered Employee Payroll	10.80%
Plan Fid. Net Position as a % of Total OPEB Liability	81.57%
Service Cost as a % of Covered Employee Payroll	0.24%
Net OPEB Liability as a % of Covered Employee Payroll	1.99%

West Bay Sanitary District
Notes to Financial Statements
June 30, 2019

Deferred Inflows and Outflows of Resources

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ -	\$ -
Difference between actual and expected earnings	-	4,520
Change in assumptions	-	-
OPEB contribution subsequent to measurement date	9,418	-
Totals	\$ 9,418	\$ 4,520

Of the total amount reported as deferred outflows of resources related to OPEB, \$9,418 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,		
2020	\$	(1,642)
2021		(1,642)
2022		(1,641)
2023		405
2024		-
Thereafter		-
Total	\$	(4,520)

OPEB Expense

The following summarizes the OPEB expense by source during the year ended June 30, 2019:

Service cost	\$ 6,708
Interest in TOL	17,188
Expected investment income	(14,114)
Difference between actual and expected earnings	(1,642)
OPEB Expense	\$ 8,140

West Bay Sanitary District
Notes to Financial Statements
June 30, 2019

The following summarizes changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2019:

Net OPEB liability ending	\$	55,871
Net OPEB liability beginning		(58,399)
Change in net OPEB liability		(2,528)
Changes in deferred inflows		(3,667)
Employer contributions and implicit subsidy		14,335
OPEB Expense	\$	8,140

Sensitivity to Changes in the Discount Rate

The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher, is as follows:

		Discount Rate		
		(1% Decrease)	6.00%	(1% Increase)
Net OPEB Liability (Asset)	\$	99,193	\$	55,871
			\$	20,823

Sensitivity to Changes in the Healthcare Cost Trend Rates

The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates, is as follows:

		Trend Rate		
		(1% Decrease)	Current	(1% Increase)
Net OPEB Liability (Asset)	\$	17,215	\$	55,871
			\$	103,851

NOTE 12 - SHARON HEIGHTS GOLF AND COUNTRY CLUB COST SHARING PLAN

The West Bay Sanitary District has an agreement with Sharon Heights Golf and Country Club (Club) to contribute toward the cost of the Facilities plan and the full cost incurred thereafter for the planning, design environmental review, permitting, construction and operation of a recycled water treatment facility on Club property. West Bay will receive a grant easement in perpetuity for the location of the recycled water treatment facility and West Bay will have ownership of the treatment facility and all the recycled water, with the Club's right to receive recycled water.

West Bay has received approval for a California Clean Water State Revolving Fund loan to Design/Build a recycled water treatment facility. The parties have a long-term agreement that establishes the terms and conditions of loan payments, easements, ownership of the facility, design criteria, and terms of operation and maintenance.

West Bay Sanitary District
Notes to Financial Statements
June 30, 2019

Through June 30, 2019, total costs for the designed-build phase were as follows:

Description	Design/Build Phase
Procurement	\$ 19,067
Project Management	1,328,593
Legal	64,645
Water Sampling	63,744
Audit Fees	6,500
Civil Engineers	114,215
Inspection	35,652
General Construction	14,259,130
PG&E	74,681
Total	<u>\$ 15,966,227</u>

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Litigation

The District may be at risk to be a defendant in certain lawsuits which arise in the normal course of business. District management is of the opinion that the ultimate outcome of such matters will not have a significant effect on the financial position of the District.

Construction Related Contracts

The District was obligated to pay three contractors \$1,314,115 from contracts totaling \$7,084,425 as of June 30, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

West Bay Sanitary District
Schedule of Pension Contributions - CalPERS
June 30, 2019

	2015	2016	2017	2018	2019
Contractually Required Contributions	\$ 368,713	\$ 399,280	\$ 387,500	\$ 413,896	\$ 297,313
Contributions in Relation to Contractually Required Contributions	368,713	399,280	387,500	413,896	297,313
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 2,411,343	\$ 2,544,628	\$ 2,799,216	\$ 2,795,654	\$ 2,806,611
Contributions as a Percentage of Covered Payroll	15.29%	15.69%	13.84%	14.80%	10.59%

Notes to Schedule:

Valuation Date: June 30, 2017
Assumptions Used: Entry Age Method used for Actuarial Cost Method
Level Percentage of Payroll and Direct Rate Smoothing
3.8 Years Remaining Amortization Period
Inflation Assumed at 2.5%
Investment Rate of Returns set at 7.15%
CalPERS mortality table based on CalPERS' experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

Fiscal year 2015 was the first year of implementation, therefore only five years are shown.

The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016 and then decreased from 7.65% to 7.15% in fiscal year 2018.

The CalPERS mortality assumptions was adjusted in fiscal year 2019.

West Bay Sanitary District
Schedule of Proportionate Share of Net Pension Liability
June 30, 2019

	2015	2016	2017	2018	2019
Proportion of Net Pension Liability	0.10822%	0.12849%	0.12750%	0.12991%	0.12991%
Proportionate Share of Net Pension Liability	\$ 2,674,755	\$ 3,524,991	\$ 4,429,092	\$ 5,120,961	\$ 5,054,719
Covered Payroll	\$ 2,339,003	\$ 2,411,343	\$ 2,544,628	\$ 2,799,216	\$ 2,795,654
Proportionate Share of NPL as a % of Covered Payroll	114.35%	146.18%	174.06%	182.94%	180.81%
Plan's Fiduciary Net Position as a % of the TPL	81.15%	78.29%	73.58%	72.32%	73.42%

Fiscal year 2015 was the first year of implementation, therefore only five years are shown.

The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016 and then decreased from 7.65% to 7.15% in fiscal year 2018.

The CalPERS mortality assumptions was adjusted in fiscal year 2019.

West Bay Sanitary District
Schedule of OPEB Contributions
June 30, 2019

	2018	2019
Actuarially determined contribution (ADC)	\$ 11,604	\$ 11,579
Less: actual contribution in relation to ADC	(7,860)	(9,418)
Contribution deficiency (excess)	\$ 3,744	\$ 2,161
Covered employee payroll	\$ 2,795,654	\$ 2,806,611
Contributions as a percentage of covered employee payroll	0.28%	0.34%

Notes to Schedule:

Assumptions and Methods

Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2018
Actuarial Cost Method	Entry-Age Normal
Amortization Period	20 years
Asset Valuation Method	Level percentage of payroll, closed
Actuarial Assumptions:	
Discount Rate	6.00%
Inflation	2.50%
Payroll Increases	3.00%
Investment Rate of Return	6.75%, Net of OPEB plan investment expenses, including inflation
Mortality	6.75%, Net of OPEB plan investment expenses, including inflation
Service Requirement	2014 CalPERS OPEB Assumptions Model for "public agency miscellaneous"

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

No change in benefit terms and discount rates.

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Contributions were not based on a measure of pay.

West Bay Sanitary District
Schedule of Net OPEB Liability
June 30, 2019

Total OPEB liability	2018	2019
Service cost	\$ 6,513	\$ 6,708
Interest	16,476	17,188
Benefit payments	(7,909)	(14,335)
Net change in Total OPEB Liability	15,080	9,561
Total OPEB Liability - beginning	278,553	293,633
Total OPEB Liability - ending	<u>\$ 293,633</u>	<u>\$ 303,194</u>
Plan fiduciary net position		
Employer contributions	\$ 232,909	\$ 14,335
Net investment income	10,234	12,089
Benefit payments	(7,909)	(14,335)
Net change in plan fiduciary net position	235,234	12,089
Plan fiduciary net position - beginning	-	235,234
Plan fiduciary net position - ending	<u>\$ 235,234</u>	<u>\$ 247,323</u>
Net OPEB liability	\$ 58,399	\$ 55,871
Plan fiduciary net position as a percentage of the total OPEB liability	80.11%	81.57%
Covered employee payroll	\$ 2,799,216	\$ 2,795,654
Net OPEB Liability as a percentage of covered payroll	2.09%	2.00%
Total OPEB Liability as a percentage of covered payroll	10.49%	10.85%

Other Notes

GASB 75 requires a schedule of contributions for the last ten fiscal years, or for as many years as are available if less than ten years are available. GASB 75 was adopted as of June 30, 2018.

No change in benefit terms and discount rates.

Actuarially determined contribution rates are calculated as of June 30, two years prior to Contributions were not based on a measure of pay.

SUPPLEMENTARY INFORMATION

West Bay Sanitary District
 Budgetary Comparison Schedule
 For the Fiscal Year Ended June 30, 2019

	Budget Amounts	Actual (GAAP Basis)	Variance
Operating Revenues:			
Service charges	\$ 27,452,686	\$ 29,499,873	\$ 2,047,187
Flow equalization uses	339,367	337,633	(1,734)
Permit and inspection fees and other services	100,000	230,494	130,494
Other operating revenues	350,000	542,154	192,154
Total operating revenues	<u>28,242,053</u>	<u>30,610,154</u>	<u>2,368,101</u>
Operating Expenses:			
Sewage treatment plant (SVCW)	20,639,739	17,390,469	3,249,270
Sewage collection and general administration:			
Salaries and benefits	5,935,557	5,430,077	505,480
Materials and supplies	458,695	409,172	49,523
Insurance	112,000	94,071	17,929
Contract services	449,500	386,451	63,049
Professional services	529,950	531,394	(1,444)
Repairs and maintenance	283,000	252,275	30,725
Utilities	165,000	176,767	(11,767)
Other operating expenses	414,000	287,608	126,392
Total sewage collection and general administration	<u>8,347,702</u>	<u>7,567,815</u>	<u>779,887</u>
Depreciation	1,900,000	2,102,004	(202,004)
Total operating expenses	<u>30,887,441</u>	<u>27,060,288</u>	<u>3,827,153</u>
Operating Income (Loss)	<u>(2,645,388)</u>	<u>3,549,866</u>	<u>6,195,254</u>
Nonoperating Revenues (Expenses):			
Investment income	50,000	1,597,431	1,547,431
Increase (decrease) of equity in Silicon Valley Clean Water	-	7,682,356	7,682,356
Other nonoperating expenses	(25,000)	-	25,000
Other nonoperating revenues	1,000	4,656	3,656
Total nonoperating revenues (expenses)	<u>26,000</u>	<u>9,284,443</u>	<u>9,258,443</u>
Income before contributions	<u>(2,619,388)</u>	<u>12,834,309</u>	<u>15,453,697</u>
Capital Contributions	<u>-</u>	<u>2,324,721</u>	<u>2,324,721</u>
Change in Net Position	<u>(2,619,388)</u>	<u>15,159,030</u>	<u>17,778,418</u>
Beginning Net Position	<u>108,304,679</u>	<u>108,304,679</u>	<u>-</u>
Ending Net Position	<u>\$ 105,685,291</u>	<u>\$ 123,463,709</u>	<u>\$ 17,778,418</u>

West Bay Sanitary District
 Connection Fee Schedule
 For the Fiscal Year Ended June 30, 2019

Summary of Connection Fee Revenue and Expenditures:

Connection Fee Revenue	\$ 2,324,721
Allocated Interest on Connection Fee Revenue	13,948
Total Connection Fees and Interest Available for 2017-18	2,338,669
Capacity Project Expenditures	(2,338,669)
Beginning Balance Available, July 1, 2018	-
Ending Balance Available, June 30, 2019	\$ -

Capacity Project Expenditures - Description:

	Total Expenditures		Connection Target Allocation		Connection Fees and Interest		Capital Asset Fund	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
FLOW MONITORING STUDY	\$ 31,284	100%	\$ 31,284	100%	\$ 31,284	100%	-	-
LEEVE SURVEY & GPS UPDATE	43,328	50%	21,664	50%	21,664	50%	21,664	50%
SEWER SYSTEM MODELING	-	100%	-	100%	-	-	-	-
FLOW METERS	-	100%	-	100%	-	-	-	-
SMART COVERS	6,776	50%	3,388	50%	3,388	50%	3,388	50%
PUMP & VALVE REPLACEMENT PROGRAM	40,732	TBD	-	TBD	-	-	40,732	100%
PRIVATE PUMP & PANEL REPLACEMENTS	11,350	0%	-	0%	-	-	11,350	100%
Pipeline Replacement & Rehab Engineering:								
ISABELLA, GILBERT & BAY NORTH	4,694	85%	3,990	85%	3,990	85%	704	15%
Pipeline Replacement & Rehab Construction:								
BELLE HAVEN III, MARSH RD, & STOWE LN PS	4,078,455	85%	3,466,687	85%	2,278,343	56%	1,800,112	44% (1)
EMERGENCY REPAIR ALPINE ROAD	1,543,963	85%	1,312,369	85%	-	-	1,543,963	100% (1)
Total Capacity Project Expenditures	\$ 5,760,582		\$ 4,839,382		\$ 2,338,669	41%	\$ 3,421,913	59%

Ending Balance, June 30, 2019 - Based on Connection Target Allocation

\$ (2,500,713) Surplus/(Deficit)

Notes:

(1) Target connection fee allocation not met due to lack of connection fees available. Deficits are covered by the Capital Asset Fund.

**INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***



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

To the Board of Directors
West Bay Sanitary District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the West Bay Sanitary District (the “District”) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated December 5, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not



express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

C & A LLP

December 5, 2019
San Jose, California



WEST BAY SANITARY DISTRICT AGENDA ITEM 10

To: *Board of Directors*

From: *Phil Scott, District Manager
Bill Kitajima, Projects and IT Manager*

Subject: *Consideration of Authorizing District Manager to Execute the Agreement for Engineering Design Services from Freyer & Laureta, Inc. for the North Bay Road and North Palo Alto Project Areas (2019 – 20) and Authorize the District Manager to Approve up to Ten Percent Contingency for Additional Work on an As-Needed Basis*

Background

The North Bay Road and North Palo Alto project areas consists of the replacement and rehabilitation of approximately 6,200 linear feet (1.2 miles) of 6 inch to 24-inch sanitary sewer mains. The existing sewer mains were identified, in part, in the updated Capital Improvement Master Plan and tentatively scheduled for the upcoming Fiscal Year for construction. The North Bay Road project area is located between the Bayshore Freeway, Bay Road, Willow Road, and Almanor Avenue within the City of Menlo Park. The North Palo Alto area is along Gilbert Avenue between Willow Road and Marmona Drive.

The project will involve the replacement and rehabilitation of the sewer mains with the standard open trench or a trenchless pipe bursting method in areas where the pipeline needs replacement and a trenchless method using a structural cured-in-place-pipe (CIPP) liner in areas where the pipeline can be rehabilitated.

Analysis

Freyer & Laureta, Inc. proposal cost of \$200,000 includes survey and engineering services needed to develop biddable plans and specifications for the project.

The Projects Manager is requesting the appropriation of \$220,000 to allow for approximately 10% contingency for possible unanticipated work or conditions which may arise in the course of the design.

Fiscal Impact

The Capital Asset Fund for Fiscal Year 2019-2020 was budgeted for \$350,000, for engineering design of all anticipated CIP projects for 2019-20. The District has spent approximately \$330,000 with Freyer & Laureta, Inc. over the last 12 months.

Recommendation

The Projects and IT Manager recommends the District Board authorize the District Manager to execute the agreement for Engineering Design Services from Freyer & Laureta, Inc. for the North Bay Road and North Palo Alto project area and authorize the District Manager to approve up to ten percent contingency for additional work on an as-needed basis.

Attachment: Proposal
Agreement

December 4, 2019

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

**Re: ENGINEERING SERVICES PROPOSAL - CAPITAL IMPROVEMENT PROJECT
NORTH BAY ROAD AND NORTH PALO ALTO PROJECT AREAS, MENLO PARK**

Dear Mr. Kitajima:

Thank you for your proposal request to provide engineering services for the design of the rehabilitation and/or replacement of sewer main lines in the North Bay Road and North Palo Alto areas of the District. The project areas and main lines planned to be replaced or rehabilitated can be seen in Exhibits 1 and 2 included in this proposal. The project includes approximately 6,200 linear feet (~1.2 miles) of pipe rehabilitation or replacement.

We are pleased to present the following Scope of Professional Services and Fee Schedule.

Description of Services

We propose the following services. We will coordinate our design as needed to conform to the District's Master Plan.

Topographic Surveys

- Vertical control will be based on NAVD 88 benchmark.
- Inverts and pipe sizes for all entering and exiting pipes within sanitary sewer manholes will be determined.
- Inverts, pipe sizes and direction of flow will be collected for storm drain lines, manholes, and catch basins.
- All visible property line clean outs will be located.
- Visible improvements, driveways and utilities, including existing U.S.A. markings within the easement or street right of ways will be located. The limit of work will be the back of sidewalk. Where no sidewalk exists, limit of work will be 5' from edge of pavement.
- Utility research will be performed, and utility locations interpreted from utility company system drawings will be drawn onto the survey base.
- Easement research will be performed and drawn on the survey base map.

- Survey information will be translated to AutoCad drawings for use in the design effort.

Construction Document Preparation

- Coordinate project and permitting with the City of Menlo Park, Caltrans, and other appropriate jurisdictional agencies.
- Coordinate project with Pacific Gas and Electric. There is a large diameter, high pressure gas line in Van Buren within the North Bay area of the project.
- Prepare contract drawings that incorporate recommended pipe replacement or rehabilitation. Drawings will be in AutoCAD format at a scale appropriate to show the necessary information (most probably 20-scale). Drawings will show plan and profile and appropriate construction details and notes.
- Most main lines to be upgraded in this project are within easements. F&L will study and design pipeline extensions that allow maintenance access from public streets where feasible.
- Design a bypass pipeline in Bay Road between Windemere Avenue and Hollyburne Avenue. In the event the District's large diameter main line in Hollyburne needs relief, wastewater can be bypassed to a pipeline that is in a different drainage basin. This flow bypass pipeline can be seen in Exhibit 1.
- Prepare Engineer's schedule of probable construction costs.
- We will prepare three review submittals: 50%, 90%, and 100%. Three sets of check prints and three copies of the contract specifications will be provided with each review submittal.
- Following approval, one set of reproducible drawings and one set of specifications will be provided to the District for the bidding and construction phases of the project.
- Electronic files of the drawings and specifications will be provided to the District upon request.
- Assist the District with any documents required for outreach to residents within the project area.
- Drawings will include the placement of recycled water pipeline where feasible, as directed by the District.

Exclusions

This proposal has the following exclusions:

- The scope of services does not include payment of any permit fees.
- Geotechnical Investigation is not included in this proposal.
- Potholing is not included in this proposal.
- Traffic control plans are not included but can be prepared for additional fee.
- Construction Administration is not included in this proposal.

Proposed Fee Schedule

All work will be on a time and materials (t&m) basis, not exceed the following limits without District authorization:

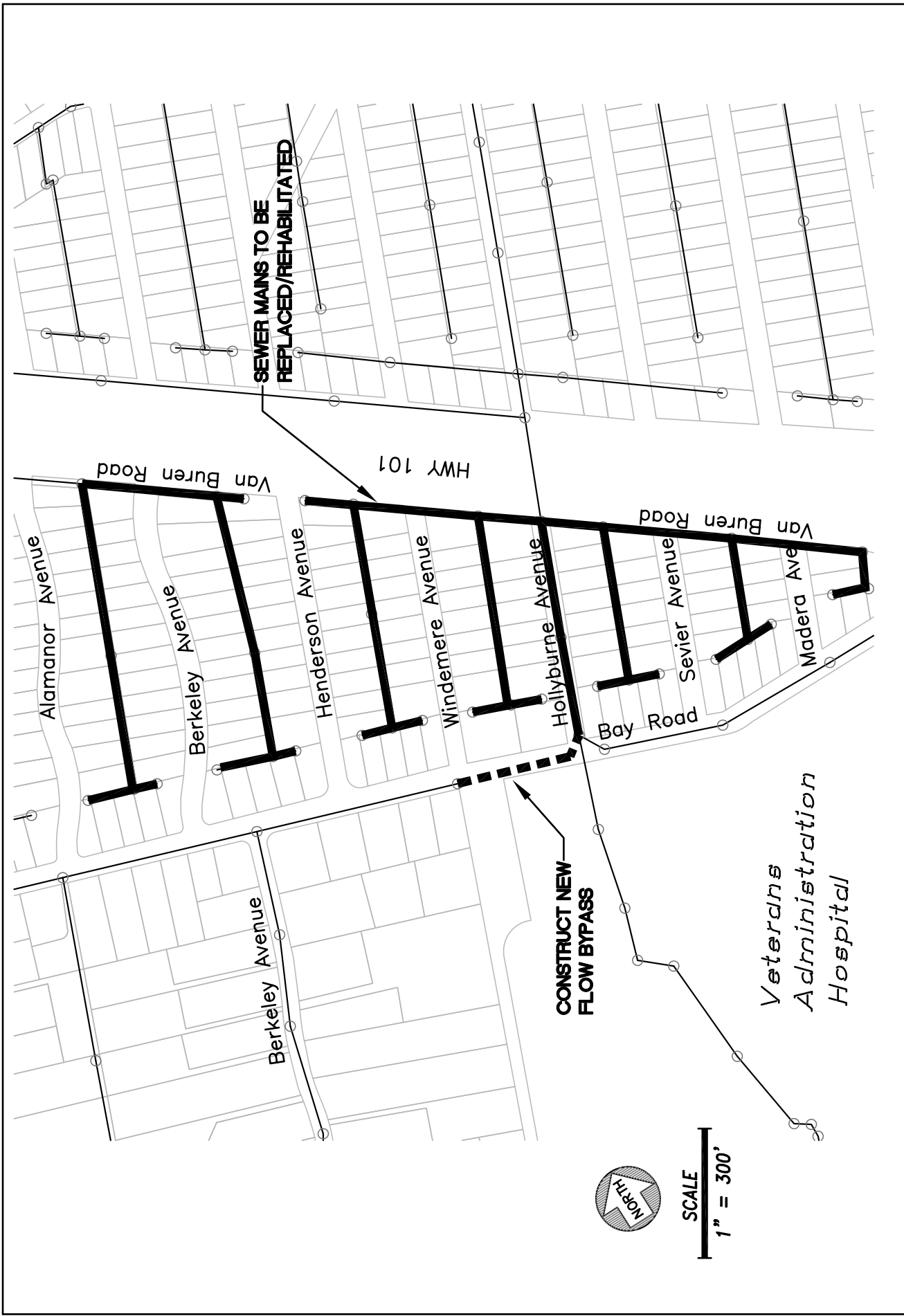
Topographic Survey	\$75,000
Construction Document Preparation	<u>\$125,000</u>
Total:	\$200,000

Bill, thank you for allowing us to submit this proposal to you and for your consideration. If you have any questions, please feel free to call us.

Sincerely,
FREYER & LAURETA, INC.



Richard J. Laureta, P.E.
President



SCALE
1" = 300'

EXHIBIT 1
BAY NORTH PROJECT AREA
WEST BAY SANITARY DISTRICT

FREYER & LAURETA, INC.
CIVIL ENGINEERS • SURVEYORS • CONSTRUCTION MANAGERS

144 North San Mateo Drive • San Mateo, CA 94401
(650)344-9901 • Fax (650)344-9920
www.freyerlaureta.com

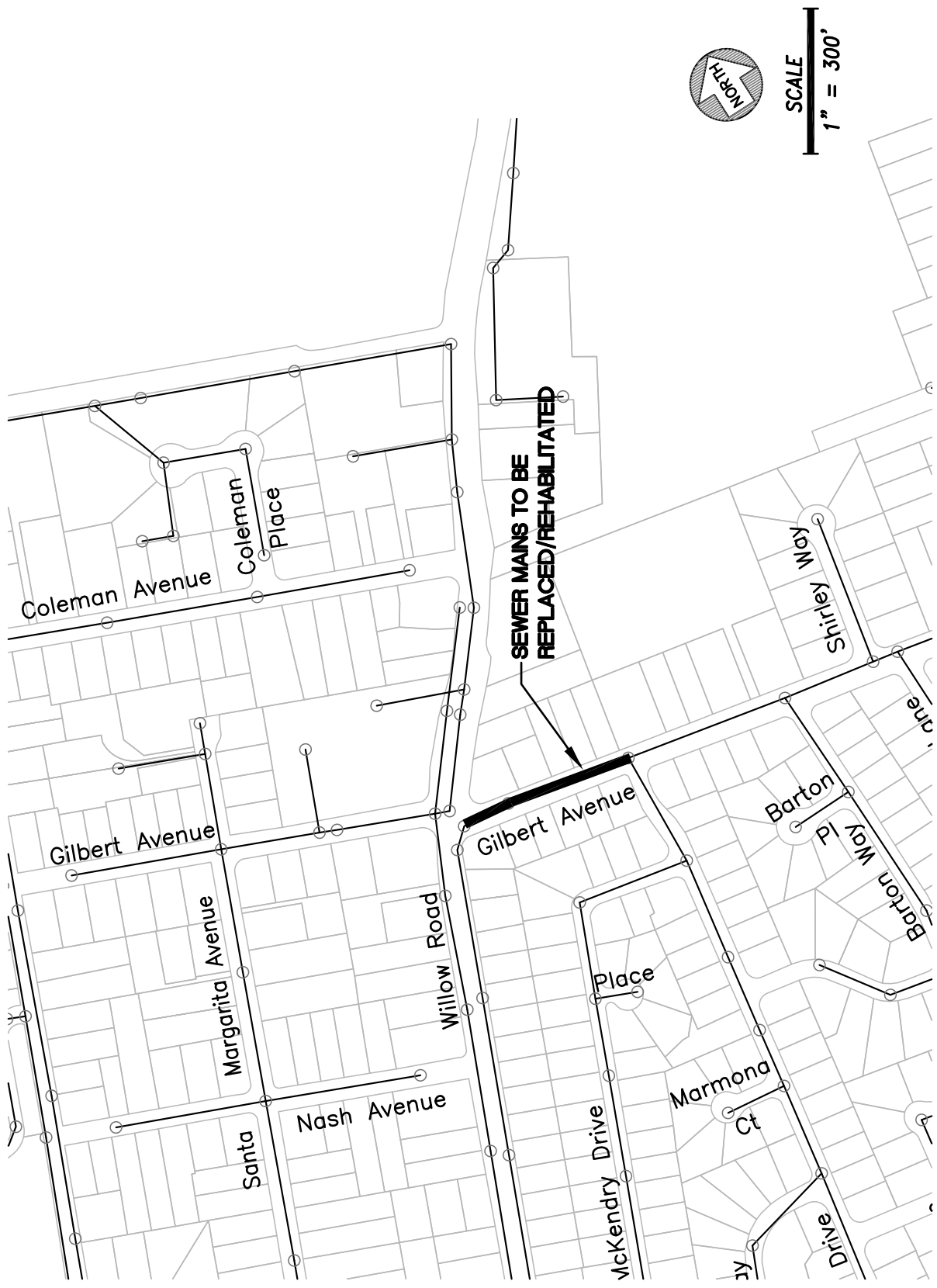


EXHIBIT 2
NORTH PALO ALTO PROJECT AREA
WEST BAY SANITARY DISTRICT

144 North San Mateo Drive • San Mateo, CA 94401
 (650)344-9901 • Fax (650)344-9920
 www.freyerlaureta.com

FREYER & LAURETA, INC.
 CIVIL ENGINEERS • SURVEYORS • CONSTRUCTION MANAGERS

**AGREEMENT FOR PROFESSIONAL SERVICES
BETWEEN WEST BAY SANITARY DISTRICT
AND
FREYER & LAURETA, INC.**

THIS AGREEMENT, hereinafter referred to as “Agreement”, made and entered into on this ____ day of September 2016, by and between West Bay Sanitary District, hereinafter referred to as “District”, and Freyer & Laureta, Inc., hereinafter referred to as “Consultant.”

WITNESSETH:

WHEREAS, the District desires engineering design services for sewer replacement projects in various location for the District’s Capital Improvement Project – North Bay Road and North Palo Alto project areas and this effort requires the services of a consultant; and

WHEREAS, Consultant has available, and offers to provide, personnel and facilities necessary to accomplish such work as may be requested by the District;

NOW, THEREFORE, the District and Consultant agree as follows:

I. DESCRIPTION OF PROJECT

Consultant will provide engineering services for the design of the replacement and rehabilitation of approximately 6,200 linear feet. The North Bay Road project area is located between the Bayshore Freeway, Bay Road, Willow Road, and Almanor Avenue within the City of Menlo Park. The North Palo Alto area is along Gilbert Avenue between Willow Road and Marmona Drive.

II. SCOPE OF SERVICES

Consultant agrees to perform those services described in the attached proposal from Consultant dated December 4, 2019 entitled Engineering Services Proposal - Capital Improvement Project; North Bay Road and North Palo Alto Project Areas, Menlo Park, hereinafter referred to as “Proposal.”

III. TIME FOR COMPLETION

The work is scheduled for completion within five months after receiving the District’s Notice to Proceed.

IV. COMPENSATION

For services to be performed by Consultant, the District agrees to pay, and Consultant agrees to accept, compensation in an amount not to exceed the total amount described in the Proposal. Consultant shall invoice the District on a time and materials cost basis for services provided under this Agreement in accordance with the Proposal.

Consultant shall submit invoices for services completed each month. The District shall pay such invoices within forty-five (45) days after their receipt. If payment is not made within forty-five

(45) days, interest on the unpaid balance will accrue at a rate of one and one-half percent (1.5%) per month compounded monthly.

V. RESPONSIBILITY OF CONSULTANT

Consultant agrees that in undertaking the duties to be performed hereunder, it shall act as an independent consultant for and on behalf of the District. The District shall not direct the work and means for accomplishment of the services and work to be performed hereunder. The District, however, retains the right to require that work performed by Consultant meet specific standards without regard to the manner and means of accomplishment thereof.

VI. INDEMNIFICATION

Consultant shall, with respect to claims, liability, loss, damage, costs, or expenses, including reasonable attorney's and expert witness fees, awards, fines, penalties, or judgments to the extent arising out of or relating to consultant's negligent performance under this Agreement (collectively "Claims"), defend, indemnify, and hold harmless District, its Member Agencies, and all of their directors, officers, employees and agents (the "District Parties"). Consultant shall not be obligated under this Agreement to indemnify any one of the District Parties to the extent that the damage is attributable to that party's negligent acts or omissions or willful misconduct. As respects claim other than professional liability, Consultant shall defend the District Parties as required by California Civil Code Section 2778, and with counsel reasonably acceptable to those parties. Consultant shall have no right to seek reimbursement from the District Parties for the costs of defense.

VII. INSURANCE

Consultant shall procure and maintain insurance during the Term, as may be extended by written amendment, with insurers licensed to do business in the State of California and with a Best's rating of no less than A:VII., for the following minimum insurance coverages.

A. Worker's Compensation insurance and occupational disease insurance, as required by law, and employer's liability insurance, with minimum limits as required by law, covering all workplaces involved in this Agreement.

B. Commercial general liability insurance, with limits of not less than a single limit for Bodily Injury Liability and Property Damage Liability combined of \$1,000,000 each occurrence and \$2,000,000 aggregate.

C. The insurance shall cover all operations of Consultant including but not limited to the following: (1) premises, operations and mobile equipment liability; (2) completed operations and products liability; (3) contractual liability insuring the insurable obligations assumed by Consultant in this Agreement; (4) Independent Contractor's Contingent coverage; (5) broad form property damage liability; (6) personal injury liability; and (7) automobile bodily injury and property damage insurance, including all owned, hired and non-owned autos.

D. All general liability policies shall be endorsed to name the District Parties as additional insureds as to the Services and shall provide that such policy is primary insurance and that any insurance maintained by the District Parties shall not contribute with it.

E. Consultant shall also provide Professional Liability Insurance, written on a "Claims Made Basis," with limits of liability in amounts not less than \$1,000,000 per claim and aggregate, insuring Consultant and its employees against liabilities arising out of or in connection with the negligent acts, errors, or omissions of any of the foregoing in connection with the carrying out of their professional responsibilities for the Project. Consultant shall renew continuous coverage or extend the reporting period, to the extent available, by endorsement or otherwise, for claims two (2) years from the date the Project is substantially complete. Such professional liability policies shall include coverage for liability assumed by the Consultant under this Agreement for losses arising out of Consultant's negligence.

F. Consultant shall provide District with Certificates of Insurance, on forms acceptable to District, or other evidence of insurance acceptable to District, concurrently with execution of this Agreement. The Commercial General Liability, Worker's Compensation and Professional Liability certificates shall provide that there will be no cancellation of coverage without thirty (30) days prior written notice to District, ten (10) days notice for cancellation due to non-payment of premium.

VIII. ASSIGNMENT

This Agreement is binding on the heirs, successors, and assigns of the parties hereto. This Agreement may not be assigned by either the District or Consultant without the prior written consent of the other.

IX. BENEFIT

Except as herein provided, this Agreement shall inure to the benefit of the assigns, heirs, and successors of the parties to this Agreement.

X. TERMINATION

The District may terminate this Agreement for its convenience. Consultant shall be compensated for work performed to the date of termination including a reasonable amount for profit and cost to terminate work.

In the event Consultant shall persistently fail to perform services and work hereunder in a manner satisfactory to the District, this Agreement may, at the District's option, be terminated. Consultant shall be compensated for completed and useful work performed to the date of termination.

XI. JURISDICTION

This Agreement shall be administered and interpreted under the laws of the State of California. Jurisdiction of litigation arising from this Agreement shall be in that state. If any part of this Agreement is found to conflict with applicable laws, such part shall be inoperative, null, and void insofar as it is in conflict with said laws, but the remainder of this Agreement shall be in full force and effect.

XII. ARBITRATION

All claims, disputes, and other matters in question between the parties to this Agreement arising out of or relating to this Agreement or the breach thereof, which are not disposed of by mutual agreement, shall be decided by arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association. No arbitration arising out of or relating to this Agreement shall include any person not a party to this Agreement except by written consent signed by the parties hereto and persons to be joined. This agreement to arbitrate shall be specifically enforceable under prevailing arbitration law.

Notice of demand for arbitration shall be filed in writing with the other parties to this Agreement and with the American Arbitration Association. The demand shall be made within a reasonable time after the claim, dispute, or other matter in question has arisen, but in no event after the date when the institution of legal or equitable proceedings would be barred by the applicable statute of limitations. The award rendered by the arbitrators shall be final, and judgment may be entered in accordance with applicable law in any court having jurisdiction.

XIII. INTEGRATION

This Agreement represents the entire understanding of the District and Consultant as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This Agreement may not be modified or altered except in writing, signed by both parties.

XV. SUBCONTRACTS

Except as provided in the Proposal, and otherwise with prior written approval of the District, Consultant shall not enter into any subcontract with any other party for purposes of providing any work or services covered by this Agreement.

FREYER & LAURETA, INC.

WEST BAY SANITARY DISTRICT

/s/

Signature

Richard Laureta, P.E.

Printed Name

President

Title

Date

Signature

Phil Scott

Printed Name

District Manager

Title

Date



WEST BAY SANITARY DISTRICT AGENDA ITEM 11

To: *Board of Directors*

From: *Phil Scott, District Manager
Bill Kitajima, Projects and IT Manager*

Subject: *Consideration of Authorizing District Manager to Execute the Agreement for Feasibility Services from Barker Wagoner Architects for the Feasibility Study for the Replacement of the District's Corporation Yard Service Building and Authorize the District Manager to Approve up to Ten Percent Contingency for Additional Work on an As-Needed Basis*

Background

The District's Corporation Yard Service Building for the Maintenance Department is currently at its maximum use. Although the current layout is utilized to its limits, it is believed that a new layout and configuration would help improve the site utilization for parking, storage, occupancy, and accessibility. The feasibility study would help determine the needs and exactly what, if anything, can be done to increase parking, storage, occupancy, and accessibility.

Analysis

Barker Wagoner Architects proposal cost of \$15,000 includes site analysis and field condition review to develop a feasibility report for the project.

The Projects Manager is requesting the appropriation of \$16,500 to allow for approximately 10% contingency for possible unanticipated work or conditions which may arise in the course of the study.

Fiscal Impact

The Capital Asset Fund for Fiscal Year 2019-2020 was budgeted for \$150,000, for the corporation yard feasibility study.

Recommendation

The Projects and IT Manager recommends the District Board authorize the District Manager to execute the agreement for Professional Services from Barker Wagoner Architects for the Feasibility Study for the replacement of the District's Corporation Yard Service Building project and authorize the District Manager to approve up to ten percent contingency for additional work on an as-needed basis.

Attachment: Proposal



12/3/19

Phil Scott,
General Manager
West Bay Sanitary District
500 Laurel Street
Menlo Park, CA. 94025

Re: Proposal for Services
Feasibility Study for replacement of Service Building
500 Laurel Street, Menlo Park, CA. 94025

Dear Phil,

Thank you for asking our firm to provide you with a proposal for feasibility services on the proposed replacement of your service building. As discussed, we are providing you with a proposal for professional services for you to determine if it is feasible to replace the existing one-story staff and truck service /storage building with a new 2 story building to improve site utilization for increased parking and access.

The primary scope of the project as we understand it will include;

- Zoning review and analysis.
- Understand existing building uses and needs.
- Develop 2 to 3 concepts for a replacement building on to the site.
- Discuss options with West Bay followed by discussion with Menlo Park planning.

We propose to provide the required design services.

Feasibility – Site Analysis

The first step is to establish the existing conditions, develop the Program, and review applicable zoning requirements to provide concepts design of potential replacement options;

- Review of existing conditions including an updated zoning review for the property based on your current use permit and develop of a zoning analysis datasheet.
- Develop programming of required uses of the service building based for the existing building drawings and discuss with staff, inventory of vehicle sizes and service needs.

- Develop 2 to 3 concepts to accomplish the programming needs on to the site plan showing access, circulation, and vehicle parking.
- Meet with West Bay to review zoning evaluation and discuss which concepts are most desirable to meet your needs prior to a reviewed with Menlo Park planning officials.
- Meet with Menlo Park Planning to confirm zoning evaluation and review concepts design for planning input. Report back the finding to West bay staff.

Supplementary Services

If existing drawings are not available for the Service building, we can provide the following service in order to develop the required programming data for the replacement.

- Field measure and model the existing service building in enough detail to determine sizes and uses of all interior condition spaces and exterior cover service and storage spaces.

Owner provided existing information

West Bay Sanitary district will provide all existing information that they have on the site and existing building including:

- Current use permit and other zoning approval.
- Site Plan with boundary info and parking (DWG preferred)
- Floor Plans of the service building (if not available, BWA can provide as a Supplementary service)

Schedule

We anticipate about 2 to 3 weeks to complete the initial feasibility / Site analysis before review with the West Bay. If we will need to do existing condition drawing under supplementary Services, this will add an additional 2 weeks to the timeline plus the holiday break. After the meeting with West Bay to narrow down the concepts, we will need 1 to 2 weeks to get planning review.

Compensation

Task #1 – Feasibility – Site Analysis	\$10,000-
Task #2 – If required, Existing Conditions field review of Service building	\$5,000-

Insurance

Barker Wagoner Architects maintains the following insurance levels:

Workers Compensation Insurance:	\$1,000,000
General Liability:	\$2,000,000 per claim/\$4,000,000 aggregate
Automobile Liability:	\$1,000,000
Professional Liability:	\$2,000,000 per claim/\$4,000,000 aggregate

Limitation of Liability

Owner agrees to limit the liability of Architect to Owner and to all contractors and subcontractors on the project, due to Architect's negligent acts, errors, or omissions, such that the total aggregate liability of Consultant to all those named shall not exceed \$20,000, or the amount of Architect's fee, whichever is greater. It is intended that this limitation apply to any and all liability or cause of action however alleged or arising, unless otherwise prohibited by law.

Client further agrees to notify all contractors and sub-contractors of this limitation of Consultant's liability and require them to abide by this limitation of damages arising from Consultant's negligence.

Authorization to Proceed

The basis of this proposal is AIA Contract B102-2017, Owner-Architect agreement for no predefined Scope of services. If this proposal is acceptable, please sign below as an authorization to proceed until we have prepared an AIA Contract for your signature. Please contact me directly if you have any questions on this proposal. We look forward to working with you on this project.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first written above.

Sincerely,

Accepted by:



A.W. 'Sandy' Barker, AIA, Principal
Barker Wagoner Architects

Phil Scott, General Manager
West Bay Sanitary District

Attachments:

Barker Wagoner Architects– 2019 Standard Time and Material Rates



Standard Time and Materials Charges 2019

Hourly Billing Rates: Compensation for services rendered by Principals and employees shall be based on the following hourly rates:

1. Principal: A.W. 'Sandy' Barker at rate of two hundred dollars (\$200.00) per hour.
Principal: Daren Wagoner at rate of one hundred seventy dollars (\$170.00) per hour.
Principal: Daniel Barker at rate of one hundred sixty dollars (\$160.00) per hour.
2. Supervisory time at the fixed rate of one hundred forty-five dollars (\$145.00) per hour.
For the purposes of the Agreement, supervisory personnel include: Project Manager, Project Architect.
3. Technical Level I time at the fixed rate of one hundred thirty-five dollars (\$135.00) per hour.
For the purposes of the Agreement, Technical Level I personnel include: Job Captain
4. Technical Level II time at the fixed rate of one hundred twenty dollars (\$120.00) per hour.
For the purposes of the Agreement, Technical Level II personnel include: Interior Designer, Intern Architect I.
5. Technical Level III time at the fixed rate of one-hundred dollars (\$100.00) per hour. For the purposes of the Agreement, Technical Level III personnel include: Intern Architect II,
6. Non-Technical time at the fixed rate of sixty-five dollars (\$65.00) per hour.
For the purposes of the Agreement, Non-Technical personnel include: Administrative Assistant, Bookkeeper.
7. Consultants are billed at cost plus 15%.

Standard Reimbursable Expenses charged will be billed at the following rates:

In-House expenses

In-house B&W printing/copying- 8 1/2" x 11"	\$0.10 each	Large BW format Scans	\$0.50 SF
In-house B&W printing/copying - 11" x 17"	\$0.25 each	Large BW format Plot (first time)	\$0.95 SF
In-house Color printing/copying - 8 1/2" x 11"	\$0.50 each	Large BW format 2 nd Plot or copy	\$0.25 SF
In-house Color printing/copying - 11" x 17"	\$1.00 each	Large Color format Scans	\$1.50 SF
FAX (sent/received per page)	\$0.50 each	Large Color format Plot	\$5.65 SF
Scans B/W .pdf /.tif – 8 1/2" x 11"	\$0.25 each	Digital photographs & storage	\$0.05 each
Scans B/W .pdf /.tif – 11" x 17"	\$0.50 each	Digital document storage	\$0.05 each
Scans Color .pdf /.tif – 8 1/2" x 11"	\$1.00 each	Travel mileage	\$0.55/mile
Scans Color .pdf /.tif –11" x 17"	\$2.00 each		

Outside reimbursable billed out at cost +15%



WEST BAY SANITARY DISTRICT AGENDA ITEM 12

To: *Board of Directors*

From: *Phil Scott, District Manager*

Subject: *District Manager's Report*

1) **CIP Project:**

- a. **Belle Haven III:** CIP construction began July 23. 98% complete.
- b. **Bid for Cleaning/TVing Large Diameter lines:** Cleaning costs have skyrocketed and District Manager is working with a contractor to break project into phases and investigating in-house capabilities.

2) **Affiliate Agency/Association News:**

- a. **P3S Conference:** DM and W&C will present on time delay discharge at P3S conference January 28, 2020 in Long Beach.
- b. **CWEA – Advanced Water Treatment Certification Committee:** DM was asked by CWEA to present Dec 9 on the Recycled Water Project – Sharon Heights at a lunch meeting of the AWT certification committee in Pacifica. DM helped organize this committee (Joint committee of CWEA and American Water Works Association (AWWA)) while President of CWEA. Committee has now developed certification requirements for operators running Advanced Water Treatment plants, typically Membrane Bio-Reactors such as the Sharon Heights facility.
- c. **CSRMA –** The District has been notified that it will be receiving a retro - adjustment invoice for \$23,503 for the Pooled Liability program and will be receiving dividends for the Pooled Liability program of \$27,614.

3) **Upcoming Events:**

- a. **Board meetings:** Next meeting January 8, 2020.
- b. **Sewer Service Charges Rate Study:** Beginning work on rate study for Board workshop in January

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

- a. **SSOs:** Zero SSO for November. 2019 Total = 4.
- b. **871-819 Hamilton Ave:** The District Manager executed a Demand Letter and Substitution of Trustee and Full Reconveyance for the 871-879 Hamilton address since the commitment in the form of Agreement with the District to pay supplemental connection fees in 2003, 2004 and 2005 has been fulfilled.

Report to the District Board for the Regular Meeting of December 11, 2019

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

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WEST BAY SANITARY DISTRICT AGENDA ITEM 13

To: *Board of Directors*

From: *Sergio Ramirez, Operations Superintendent*

Subject: *Consideration to Approve Purchase of a CUES Steerable MUDMASTER Wheeled Transporter for the Existing Video Pipeline Inspection Unit and Accept Report on Large Diameter Pipeline Cleaning and CCTV.*

Background

The District purchased its existing CUES Video Pipeline Inspection Unit (CCTV Unit) in 2014. The existing CCTV Unit is limited to video inspecting pipelines from 6 inch up to 24 inch. In 2010 the District hired a private contractor to provide cleaning and CCTV inspection of its large diameter pipelines, ranging from 24 to 54 inch.

On August 14, 2019 the District Board approved staff to issue a request for bids to repeat the large diameter pipeline cleaning and CCTV inspection as it did in 2010. After the bid process was completed there were zero bidders. District Staff was then permitted to directly contact and negotiate with contractors in order to obtain a fair price and be able to complete the cleaning and CCTV inspections. Two contractors were contacted to obtain estimates. One was non-responsive while the other submitted a bid of \$1,200,000.00, approximately \$900,000 over the District budgeted amount.

Analysis

Staff began to look at alternative ways to accomplish the cleaning and CCTV inspection using its own staff and by adding additional equipment to the existing fleet.

Staff borrowed some equipment and developed a method to clean large diameter pipe using two large diameter cleaning nozzles (originally designed for cleaning large storm lines) with its existing Aquatec Combo Vacuum Hydro Jetting Unit (Aquatec Unit). The District owns one nozzle but will have to purchase an additional larger diameter cleaning nozzle.

Staff also looked at equipment which could be added to the existing CCTV Unit to inspect these larger diameter lines. The CCTV manufacture CUES makes a Steerable MUDMASTER wheeled transporters which can carry the existing camera down the pipeline in order to inspect the large diameter pipe. (See Attached Steerable MUDMASTER specs). The Steerable MUDMASTER is designed to CCTV inspect 24

inch up to 200 inch. The steerable aspect of the equipment allows the camera to traverse the rough terrain of debris and negotiate turns in the sewer main line while remaining upright.

The purchase of a Steerable MUDMASTER would have to be a sole source purchase because no other equipment will adapt to our existing CUES CCTV unit. The quote for the Steerable MUDMASTER is \$40,007.80. The additional large diameter cleaning Nozzle quote is approximately \$5,000.00. A similar nozzle was borrowed from a vendor in order to demonstrate it would work well using our existing Aquatec Unit.

With the purchase of these two pieces of equipment, District staff can both clean and CCTV inspect the District's large diameter lines at a very economical cost. Several factors have contributed to this development and change in strategy over the last several years. First, is that technology in camera transporters has improved that will both adapt to District equipment and is reasonably priced. Second, Large Diameter Cleaning nozzles and methods have evolved recently allowing staff to modify their current equipment to clean these lines at a much more acceptable rate than before.

Lastly, the combined effect of empowerment and experience that the crews have gained recently has promoted an exciting "can do" attitude and has led to an expanded exploration of options for consideration before making a determination that a task cannot be done in-house. This option of having in-house forces clean the sewer mains fits directly with their job descriptions and even avoids the purchase of a new Jet-Vac Cleaning machine (\$450k) as previously thought in order for in-house forces to do the work.

Some of the work will need to be done at night to take advantage of low flows in order to fully inspect the pipelines and this will necessitate the hiring of two temporary workers for a short period of time to augment work that must be done in the daytime. The cost of this labor is expected to be less than \$20,000.

For District forces to clean the entire 60,000 feet of large diameter lines, the cost is conservatively estimated to be approximately \$230,000, at a fully loaded rate. Since salaries and overhead are already budgeted the only additional cost to labor, other than temporary workers, is some additional overtime work may be necessary conservatively estimated at \$20,000.

While the total cost of this project is approximately \$310,000 the net cost to the District will be approximately \$90,000. This is easily covered within the capital project budget and the District will still gain the productivity of 60,000 feet of sewer mains cleaned and televised, while saving the expenditure of nearly \$220,000.

Fiscal Impact

Fiscal impact is \$45,007.80 plus 11% as a contingency not to exceed \$50,000. Funds would be used from the FY19/20 Capital Asset Fund - Large Diameter CCTV and Cleaning which was budgeted at \$300,000. The other labor costs identified previously, would come from the General Fund but could be re-allocated, if needed, from the Capital Asset Fund for this project.

Recommendation

The Operations Superintendent recommends the purchase of a CUES Steerable MUDMASTER Wheeled Transporter for the Existing Video Pipeline Inspection Unit and asks the Board of Directors to authorize the District Manager to make the purchase.

Attachments: WECO Industries MUDMASTER Quote
 Steerable MUDMASTER Specs



Quote No. 111819

4971 Allison PKWY Suite A
Vacaville, CA 95688

(800) 677-6661 Fax: (707) 446-7933

QUOTATION

Customer
Contact BOB SCHEIDT, HEATH CORTEZ
Company WEST BAY SD
Address 500 LAUREL STREET

Date 11/18/2019
Expiration 1/31/2020
Salesman JOE LUCKHURST
Terms NET-30
Delivery PLUS FRT QUOTED
FOB PLUS FRT QUOTED

City MENLO PARK **State** CA **Zip** 94525
Phone

Item	Qty	U/M	Part No.	Description	Unit Price	TOTAL
1	1	EA		MUD-MASTER STEERABLE TRANSPORTER FOR PIPE SIZE 24" - 200" INCLUDES: ELECTRIC LIFT DUAL MOTOR AND TRANSMISSION CHAIN DRIVEN, ALL WHEEL DRIVE DUAL PNEUMATIC WHEEL SET 255 WATT EXTERNAL LIGHTING SYSTEM SET OF 8 KNOBBY WHEELS & TIRES REMOTE OPERATED POWER LIFT	\$36,167.33	
				SUB-TOTAL	\$36,167.33	
				CA STATE SALES TAX @ 9.25 %	\$3,345.47	
				FREIGHT	\$495.00	
				GRAND TOTAL DELIVERED	\$40,007.80	

Weco
 Offering Complete Solutions
 For Our Municipal and Contractor Customers
 Visit our web site- <http://www.wecoind.com>

Subtotal	
Shipping & Handling	
Taxes	
Other	
TOTAL	



STEERABLE MUDMASTER

Multi & Single Conductor Wheeled Transporter



SMM transporter shown with the optional OZII camera.



THE STEERABLE MUDMASTER IS A CAMERA TRANSPORTER SPECIFICALLY DESIGNED WITH THE NECESSARY WEIGHT, POWER, HIGH CLEARANCE, AND ALL-WHEEL DRIVE FOR PIPELINES RANGING FROM 24" TO 200".

The unit is designed to operate with 2000' of single-conductor cable or multi-conductor cable and combines high ground clearance with pneumatic tires to provide the traction and camera stability that's required for operation under the most adverse pipeline conditions, including high flow, deep mud, sand and large amounts of debris. Optional tandem wheels are available.



Go the Distance with the CUES Steerable Mudmaster!

SMM Transporter

Features & Benefits



“
THE CUES STEERABLE
MUDMASTER OPERATES
WITH CUES MULTI OR SINGLE
CONDUCTOR SYSTEMS.

- Inspects 24" through 200" lines.
- Can operate on all truck-mounted and portable systems.
- Operates with all CUES cameras.
- Four or eight (tandem) wheels provide greater traction in all types of pipe, under all conditions.
- Remote-operated adjustable camera lift to position the camera for best available picture; stable center of gravity when the camera lift is extended.
- 255 watt light system, variable, adjustable, 3 lamps (2-lamps for single-conductor III units-170 watts total).
- Fits through a manhole with an inside diameter of 19".
- Utilizes all-wheel drive in conjunction with a low center of gravity to traverse and steer through pipelines.
- Longer wheel base to prevent accidental roll-over.
- Dual motors to ensure adequate power for longer inspections.
- High-clearance for operation in debris-filled pipes.

"The Standard of the Industry"





**WEST BAY SANITARY DISTRICT
AGENDA ITEM 14**

To: Board of Directors

From: Phil Scott, District Manager

Subject: Report & Discussion on Commuter Benefits Program

Background

District Staff has updated the attached report for the Commuter Benefits Program.



Commuter Benefit
Program Status Sheet
Thru November 2019



	Total	Transit	Carpool	Bicycle	Walk
# of EEs participating	15	7	13	0	1
# District vehicles used	3		3	0	0
Net Vehicles removed	12	6	10	0	1
\$ Reimbursed YTD (10-31-18)	\$8,184.28	\$8,184.28	\$0	\$0	\$0
\$ Bridge Toll reimbursed	\$0		\$0		
\$ Reimburse Parking	\$29.40	\$29.40			
\$ Fastrak costs YTD	\$1,137.50		\$1,137.50		

Note: 1 Employee rides a 49 cc Scooter to EPA. This is not reflected in numbers above.





**WEST BAY SANITARY DISTRICT
AGENDA ITEM 15**

To: Board of Directors

From: Phil Scott, District Manager

Subject: Consider Resolution to Elect to the District Board, President, and Secretary, and Appoint a Treasurer and Consider Appointment of Committee Appointees and Alternates

Background

The Board requires Board members to serve as President, and Secretary effective January 2, 2020. This item requires nominations for election and Board selection of these positions. The Treasurer position is also required and subject to Presidential appointment.

Finally, Committee appointees and alternates must also be selected as necessary, to serve as District representatives for the SVCW Commission and the SBWMA JPA Board, and on Ad-Hoc committees and advisory groups such as Finance and Recycled Water. These appointments can be done by Presidential appointment.

Analysis

None

Fiscal Impact

None

Recommendation

The District Manager recommends the current District Board President preside over the Election of Officers and selection of committee appointees and alternates.

RESOLUTION NO. _____ (2019)

RESOLUTION APPROVING ELECTION AND APPOINTMENT OF OFFICERS OF THE WEST BAY SANITARY DISTRICT BOARD

WHEREAS, The DISTRICT BOARD requires a President, Secretary and Treasurer; and

WHEREAS, the DISTRICT BOARD has requested nominations and voted by majority to elect the DISTRICT BOARD Officers as follows:

President: _____

Secretary: _____

And,

WHEREAS, the District President has appointed the following Board Member as Treasurer as follows:

Treasurer: _____

and,

WHEREAS, these appointments are effective January 2, 2020.

NOW, THEREFORE, BE IT RESOLVED that the District Board of the West Bay Sanitary District, County of San Mateo, State of California, does hereby approve the election and appointment of the above mentioned Officers of the District Board and conveys on these Officers all benefits, privileges, honors and responsibilities appointed unto the respective office.

PASSED AND ADOPTED by the District Board of the West Bay Sanitary District at a regular meeting thereof held on 11th day of December, 2019, by the following votes:

Ayes:

Noes:

Absent:

Abstain:

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

Attest:

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

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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 16**

To: Board of Directors

From: Phil Scott, District Manager

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

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 17**

To: Board of Directors

From: Phil Scott, District Manager

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

The District's representative to South Bayside Waste Management Authority (SBWMA), President Fran Dehn, will report on the meeting of November 21, 2019 as well as any pertinent items regarding SBWMA business.



BOARD OF DIRECTORS
THURSDAY, NOVEMBER 21, 2019 at 2:00 p.m.

San Carlos Library, Conference Room A/B
 610 Elm Street, San Carlos, CA 94070

AGENDA

1. Call to Order/Roll Call

2. Public Comment

Persons wishing to address the Board on matters NOT on the posted agenda may do so. Each speaker is limited to three minutes. If there are more than five individuals wishing to speak during public comment, the Chairman will draw five speaker cards from those submitted to speak during this time. The balance of the Public Comment speakers will be called upon at the end of the Board Meeting. If the item you are speaking on is not listed on the agenda, please be advised that the Board may briefly respond to statements made or questions posed as allowed under The Brown Act (Government Code Section 54954.2). The Board's general policy is to refer items to staff for attention, or have a matter placed on a future Board agenda for a more comprehensive action or report and formal public discussion and input at that time.

3. Adjourn to Closed Session:

- A. Pursuant to Government Code Section §54957 - Public Employee Performance Evaluation; Title: Executive Director
- B. Pursuant to Government Code Section §54957.6 – Conference with Labor Negotiator; Agency Designated Representative: Jean B. Savaree; Unrepresented Employee: Executive Director
- C. Pursuant to Government Code Section §54956.9 – Conference with Legal Counsel – Anticipated Litigation (one case)

THE REGULAR PORTION OF THE MEETING IS ANTICIPATED TO BEGIN AT 2:20PM

4. Call to Order/Roll Call (Public Session)

5. Report from Closed Session

6. Public Comment (Public Session)

7. Executive Director’s Report

p. 5

8. Approval of Consent Calendar

Consent Calendar item(s) are considered to be routine and will be enacted by one motion. There will be no separate discussion on these items unless members of the Board, staff or public request specific items be removed for separate action. *Items removed from the Consent Calendar will be moved to the end of the agenda for separate discussion.*

- A. Approval of Minutes from the September 26, 2019 Board of Directors Meeting **ACTION p. 15**
- B. Approval of the 2020 SBWMA Board of Directors Meeting Calendar **ACTION p. 23**
- C. Approval of Quarterly Investment Report for the Quarter Ended September 30, 2019 **ACTION p. 25**

9. Administration and Finance

- A. Review and Discussion Tipping Fee Increases Effective 1/1/20—No Adjustments Recommended **p. 33**
- B. 2019 Legislative Session Update – Presentation by Environmental and Energy Consulting (EEC) **p. 41**

10. Collection and Recycling Program Support and Compliance

No Items

11. Shoreway Operations and Contract Management

- A. Organic-to-Energy Pilot Project Update **p. 61**

MEMBER AGENCIES

ATHERTON * BELMONT * BURLINGAME * EAST PALO ALTO * FOSTER CITY * HILLSBOROUGH * MENLO PARK * REDWOOD CITY
 * SAN CARLOS * SAN MATEO * COUNTY OF SAN MATEO * WEST BAY SANITARY DISTRICT

- B. Resolution Approving Change Order #2 in the Amount of \$121,496.39 and Allocating an Additional \$103,504 for Future Change Orders on the Amended Public Project Agreement for Organics Extrusion Recovery System Purchase and Installation at Shoreway Environmental Center with Anaergia Technologies, LLC **ACTION p. 63**
- C. Resolution Approving a Part-Time, Exempt, Non-Benefitted (unless mandated by law),5-Year Limited-Term Position of Senior Facility Projects Engineer (unbudgeted) **ACTION p. 99**
- D. Resolution Authorizing the Executive Director to Direct South Bay Recycling to Transport Organic Material Produced During the Organics-to-Energy Pilot Program to Various Processing Facilities **ACTION p. 103**
- E. Resolution Approving the Expenditure of Funds in an Amount Not to Exceed \$236,500 to Fund the Stormwater System Improvements at the Shoreway Recycling and Disposal Center to be Completed by South Bay Recycling **ACTION p. 107**

12. Public Education and Outreach

No Items

13. Informational Items Only (no action required)

- A. 2019 Finance and Rate Setting Calendar **p. 115**
- B. Check Register Detail for September – October 2019 **p. 117**
- C. Potential Future Board Agenda Items **p. 131**

14. Board Member Comments

15. Adjourn

MEMBER AGENCIES

Processing Payment Emergency Regulations Text

November 6, 2019

Underline

Permanent Additions

~~Strikeout~~

Permanent Deletions

**Division of Recycling
Department of Resources Recycling and Recovery
California Code of Regulations
Title 14. Natural Resources
Division 2. Department of Conservation
Chapter 5: Division of Recycling**

SUBCHAPTER 12. DOR REQUIREMENTS

Article 2. Processing Fees and Processing Payments

§ 2975. REASONABLE FINANCIAL RETURN CALCULATION.

The ~~statewide average~~ reasonable financial return for recycling centers shall be equal to 10 percent of the statewide average allowable costs calculated in section 2960 of this subchapter., ~~multiplied by the average return on costs for the scrap and waste materials industry as determined from data contained in the most recent Dun and Bradstreet Standard Three Year Norm Report (Published by Dun and Bradstreet Credit Services).~~

Authority: Section 14530.5(b), 14536, and 14536.1, Public Resources Code. Reference: Sections 14501(f) and (g), 14518.5 and 14575(a) and (b), Public Resources Code.

Section 17-5

Section 17-5

Section 17-5

Section 17-5

Section 17-5

FINDING OF EMERGENCY

CALIFORNIA CODE OF REGULATIONS TITLE 14. NATURAL RESOURCES DIVISION 2. DEPARTMENT OF CONSERVATION CHAPTER 5. DIVISION OF RECYCLING

FINDING OF EMERGENCY

The Department of Resources Recycling and Recovery (CalRecycle/Department) is proposing emergency regulations to amend section 2975, Subchapter 12, Chapter 5, Division 2, Title 14, of the California Code of Regulations (CCR) that lays out the reasonable financial return calculation for processing payments paid to recyclers. The term “recycler” for purposes of this rulemaking has the same definition as in Public Resources Code (PRC) section 14519.5., i.e., “recycler” means a recycling center, dropoff or collection program, or curbside program. These entities receive processing payments which reimburse recyclers for the difference between the cost of recycling beverage container material and the value a recycler receives when it sells that material as scrap. For calendar year 2020, the Department is proposing using a reasonable financial return of 10 percent when calculating processing payments instead of the Dun and Bradstreet index as stated in regulations. The reasonable financial return determined from the Dun and Bradstreet index will likely be much lower than 10 percent. This change will help support beverage container recycling in California by establishing a reasonable financial return that provides a balance between the risk associated with operating a beverage container recycling center under current market conditions and a return on investment that retains current operators. This measure is expected to stem ongoing recycling center closures which will preserve convenient redemption opportunities to consumers.

The adoption of these regulations is deemed to be an emergency pursuant to PRC section 14536.1 which provides that “if the department determines that it is necessary to adopt or amend regulations to implement section 14575, the department may adopt or

amend those regulations as emergency regulations. The Office of Administrative Law shall consider those regulations to be necessary for the immediate preservation of the public peace, health and safety, and general welfare for purposes of section 11349.6 of the Government Code. Notwithstanding subdivision (e) of section 11346.1 of the Government Code, the emergency regulations adopted or amended pursuant to this section shall be repealed 180 days after the effective date of the regulations, unless the department complies with Chapter 3.5 (commencing with section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.”

FINDING OF NECESSITY

The California Beverage Container Recycling Program (BCRP) was established as a California Redemption Value (CRV) deposit and return system to create convenient beverage container recycling opportunities in the state. The Department is tasked with ensuring consumers throughout the state have convenient recycling options to return their CRV beverage containers to and claim their deposit.

When the BCRP was created thirty-two years ago, the law provided for a “reasonable financial return” for recyclers in order to insure the economic recovery of the beverage containers. This “reasonable financial return” was further clarified in the CCR section 2975 which states that “The statewide average reasonable financial return for recycling centers shall be equal to the statewide average allowable costs calculated in section 2960 of this subchapter, multiplied by the average return on costs for the scrap and waste materials industry as determined from data contained in the most recent Dun and Bradstreet Standard Three Year Norm Report (Published by Dun and Bradstreet Credit Services).” Due to adverse market conditions, the 2017 average return on costs for the scrap and waste materials industry reported by Dun and Bradstreet resulted in a negative reasonable financial return for the first time. To address the negative reasonable financial return and declining scrap values, the Department enacted emergency regulations effective December 13, 2018, to raise the reasonable financial return for calendar year 2019 to 11.5 percent for non-rural recyclers and 16.6 percent for rural region recycling centers. The emergency regulations were allowed to expire by

operation of law effective June 13, 2019 since the rates for 2019 were set on December 2018, achieving the objective of the emergency regulations.

The Department had anticipated that a legislative solution setting the reasonable financial return would be enacted in 2018 or 2019, but no such permanent change materialized. Because no legislative solution was enacted, the Department began the process of permanent rulemaking and held a public workshop July 16, 2019 to solicit feedback from interested parties. PRC section 14575(a) requires that the processing fee and processing payment rate be set on or before January 1. With an anticipated completion date of 2020, the permanent rulemaking will not be finished in time to set the desired rates for calendar year 2020. This emergency rulemaking will set the reasonable financial return for calendar year 2020 at 10 percent for all recyclers. The Department intends to make these emergency regulations permanent by completing the permanent rulemaking and filing a certificate of compliance in 2020 which will establish the reasonable financial return rate for calendar year 2021 and for each calendar year thereafter.

The Department proposes to amend or add the following sections to the California Code of Regulations, Title 14, Division 2, Chapter 5, Subchapter 12, Article 2:

Section 2975 will be amended to establish a specified reasonable financial return of 10 percent of the statewide average allowable costs provided in section 2960 of these regulations.

Section 2975 amends the regulations to authorize a reasonable financial return that is equal to ten percent of the statewide average allowable costs in section 2960. Further, in response to feedback from industry that the reasonable financial return needs to be stable from year to year and that the Dun and Bradstreet index is not an accurate reference for the profitability of a recycling center, the Department has selected ten percent in an attempt to provide a financial incentive that balances the risk of operating a recycling center and mirrors the financial incentive policies of other recycling

programs operated by the Department. A more detailed description of how the ten percent was chosen can be found in the Informative Digest below.

AUTHORITY

These regulations are submitted pursuant to the Department's authority under Public Resources Code (PRC) sections 14530.5(b), 14536, and 14536.1.

REFERENCE

Title 14 CCR amended section 2975 is intended to implement, interpret and make specific PRC sections 14501(f) and (g), 14518.5, and 14575.

INFORMATIVE DIGEST

The California Beverage Container Recycling and Litter Reduction Act, AB 2020/Margolin, Chapter 1290, Statutes of 1986 (Act), created the BCRP and established the Division of Recycling to administer the BCRP. The intent of the Act is to provide increased and convenient beverage container redemption and recycling opportunities for consumers. This is accomplished through the establishment of the CRV for eligible beverage containers and working with industry participants such as recyclers and processors who are certified by the Department.

Section 14501(f) of the Act establishes the purpose of the BCRP, including to create and maintain a marketplace where it is profitable to establish sufficient recycling centers and locations to provide consumers with convenient recycling opportunities. The responsibility to provide convenient, efficient, and economical redemptions opportunities rests jointly with manufacturers, distributors, dealers, recyclers, processors, and the Department (section 14501(g)). Section 14518.5 defines the term "processing payment." section 14575 establishes the processing fee, paid by beverage manufacturers and offset by the Beverage Container Recycling Fund (Fund), and the processing payment, paid to recyclers.

The Department annually establishes the reasonable financial return each January that is applied to the calculation of the processing payment. The source used to determine the reasonable financial return, as specified in regulation, is the most recent average net profit ratio of businesses classified as scrap and waste materials as reported by Dun and Bradstreet. For the first time since the BCRP began using the Dun and Bradstreet index in 2001, the reasonable financial return was a negative value for 2017. The reasonable financial return was calculated to be -5.85 percent of allowable costs, a reflection of the overall losses, rather than profits, of the recycling industry. This resulted in lower processing payments to recyclers than the amount necessary to cover the cost of recycling. At the same time, low prices for scrap material, along with other factors such as difficulty in finding locations willing to host recycling centers, led some recycling centers to close, leaving communities with fewer places for people to redeem CRV containers. To address those circumstances, the Department enacted emergency regulations effective November 16, 2017 and December 13, 2018 that raised the calendar year 2018 and 2019 reasonable financial return to 11.5 percent for non-rural recyclers and 16.6 percent for rural region recycling centers.

The market pressures of 2017 and 2018 have continued into 2019, accompanied by additional recycling center closures, and conditions are not expected to improve in 2020. To provide a more stable and consistent payment structure to recyclers than what would be provided under the current regulations, the Department is proposing a fixed reasonable financial return of 10 percent beginning in 2020. If the Department takes no action on the reasonable financial return, the reasonable financial return will revert to being based on the Dun and Bradstreet index which has averaged only three percent over the last 10 years with severe fluctuations occurring in the last four years, ranging from -5.85 percent to 10.56 percent. These fluctuations have triggered the Department to initiate regulations that implement a more stable rate.

Ten percent is a commonly used as a benchmark for a reasonable rate of return on investment. The average annual return for the S&P 500 since its inception in 1928

through 2017 was approximately 10 percent¹. Additionally, the Federal government utilizes a 10 percent return on the cost of a contract as a reasonable profit amount for a private entity to make when providing a contractual service for the government². A 10 percent reasonable financial return is also utilized by the Departments' e-waste program to incentivize e-waste collectors and processors to collect and process e-waste material that is otherwise expensive and burdensome to recycle and/or reuse. In establishing the 10 percent reasonable financial return for the e-waste program, the Department considered both industry profitability and a reasonable rate of return needed to attract new entrants into e-waste collection and processing³.

While actual returns in investment are highly variable by the size and location of a recycler, the Department believes that a guaranteed reasonable return of 10 percent is considered a reasonable rate because the returns from investing in a recycling business need to be competitive with the returns expected from other available investments. Making the risk and reward climate similar to other investment opportunities will maintain investments in recycling center operations as well as investments in infrastructure needed to deliver clean material required to meet increasingly stringent end-user specifications.

The Department had adopted emergency regulations for calendar years 2018 and 2019 implementing a 11.5 percent reasonable financial return for all recyclers except that a 16.6 percent reasonable financial return was established for recycling centers located in rural areas. The reasonable financial return was determined by starting with a 10 percent base reasonable financial return and then including an increase for expected minimum wage increases and a supplement for rural areas of 5 percent to cover higher costs of business operations.

¹ "What is the Average Annual Return for the S&P 500"; retrieved from <https://www.investopedia.com/ask/answers/042415/what-average-annual-return-sp-500.asp>

² 2019 Federal Acquisition Regulation Section 15.404-4 Contracting by Negotiation: Profit; retrieved from www.acquisition.gov

³ CIWMB meeting May 20, 2008, agenda item 9, attachment 3, retrieved from <https://www2.calrecycle.ca.gov/Docs/CIWMBMeeting/23407>

The 10 percent rate in this proposal does not include a consideration of a minimum wage supplement. A minimum wage supplement is unnecessary because statute addresses year-over-year cost increases by applying an annual cost of living adjustment to the cost of recycling separate from and in addition to the reasonable financial return.

This proposal also does not include a higher rate for rural areas because the Department could not justify that recycling centers in rural areas incur higher costs than those operating in urban areas. Upon further inspection of cost disparities between different recycler business models, the Department determined that recyclers in rural areas are more likely to have higher costs, but this is due to their tendency to be lower volume sites which have higher per-container operating costs than high volume sites rather than their geographical location. The Department is addressing the viability of low volume locations by implementing a separate supplemental payment specifically for low volume sites in effect for FY 2019-20, along with considering options for extending this payment beyond one year and increasing the payment amount.

The Department finds that an emergency exists to amend existing regulations in order to implement statutory mandates of PRC section 14575. The proposed regulations would amend section 2975 of the CCR Title 14. Natural Resources, Division 2. Department of Conservation, Chapter 5. Division of Recycling, Subchapter 12, Article 2. The adoption of these regulations is deemed to be an emergency pursuant to PRC section 14536.1 which provides that "if the department determines that it is necessary to adopt or amend regulations to implement section 14575, the department may adopt or amend those regulations as emergency regulations. The Office of Administrative Law shall consider those regulations to be necessary for the immediate preservation of the public peace, health and safety, and general welfare for purposes of section 11349.6 of the Government Code. Notwithstanding subdivision (e) of section 11346.1 of the Government Code, the emergency regulations adopted or amended pursuant to this section shall be repealed 180 days after the effective date of the regulations, unless the

Department complies with Chapter 3.5 (commencing with section 11340) of Part 1 of Division 3 of Title 2 of the Government Code”.

There are no federal regulations or statutes comparable to these proposed regulations. The proposed regulations are not inconsistent or incompatible with existing state regulations. The BCRP is unique to the state of California, and there is not a similar program within the state. There are no other matters prescribed by statute applicable to this specific state agency or to any specific regulation or class of regulations.

SPECIFIC AGENCY STATUTORY REQUIREMENTS

There are no specific agency statutory requirements relevant to this rulemaking.

LOCAL MANDATE DETERMINATION

The proposed regulations do not impose a mandate on local agencies or school districts.

FISCAL IMPACT ESTIMATE

A 10-year average (2010-2019) reasonable financial return based on the Dun and Bradstreet index of three percent was used as the baseline to determine the fiscal impact of setting the reasonable financial return at 10 percent. The actual Dun and Bradstreet index to be used to determine the 2020 reasonable financial return is not available at the time of this writing and is not expected to be available until late November. Also, as mentioned previously, the Dun and Bradstreet value has been exceptionally unstable during the last four years, making the carry-over of last year's value unreliable to use as a baseline to determine the fiscal impact of this proposal.

Using a three percent baseline reasonable financial return if these emergency regulations are not adopted, a 10 percent reasonable financial return will provide an additional \$11.1 million in processing payments to recyclers funded by \$9.3 million from the Beverage Container Recycling Fund financed by unredeemed CRV deposits and a \$2 million increase in processing fee revenue paid by beverage manufacturers, based

on the method for determining processing fees and payments prescribed in PRC section 14575.

The proposed emergency regulations will not result in either costs or savings to any other State Agency, local agencies or school districts. Approximately four percent of processing payment recipients are local government entities who run recycling programs. The total amount of approximately \$270,000 distributed to these entities over the course of these emergency regulations is not expected to have a significant impact. Further, these proposed emergency regulations will not result in any non-discretionary cost or savings to any local agencies, nor will they result in cost or savings to federal funding to the State.

DOCUMENTS RELIED UPON

The Department utilized the following historical sources:

California Integrated Waste Management Board (CIWMB): Meeting Agenda Notes; May 20, 2008, agenda item 9, attachment 3, retrieved from

<https://www2.calrecycle.ca.gov/Docs/CIWMBMeeting/23407>

CIWMB: Meeting Agenda Notes; May 20, 2008, agenda item 9, attachment 3, retrieved from <https://www2.calrecycle.ca.gov/Docs/CIWMBMeeting/23407>

Investopedia: What is the Average Annual Return for the S&P 500?; retrieved from <https://www.investopedia.com/ask/answers/042415/what-average-annual-return-sp-500.asp>

2019 Federal Acquisition Regulation Section 15.404-4 Contract by Negotiation: Profit; retrieved from www.acquisition.gov

NOTICE OF REGULATORY ACTION

The Department has complied with the requirement to provide notice of the proposed emergency rulemaking pursuant to Government Code section 11346.1(a) (2).

Government Code section 11346.1(a) (2) requires that, at least five working days prior to submission of the proposed emergency action to the Office of Administrative Law, the adopting agency provide a notice of the proposed emergency action to every person who has filed a request for notice of regulatory action with the agency. After submission of the proposed emergency to the Office of Administrative Law, the Office of Administrative Law shall allow interested persons five calendar days to submit comments on the proposed emergency regulations as set forth in Government Code section 11349.6.

NOTICE OF PROPOSED EMERGENCY ACTION
CALIFORNIA CODE OF REGULATIONS
TITLE 14. NATURAL RESOURCES
DIVISION 2. DEPARTMENT OF CONSERVATION
CHAPTER 5. DIVISION OF RECYCLING

The Department of Resources Recycling and Recovery (CalRecycle/Department) is proposing emergency regulations to amend section 2975, Subchapter 12, Chapter 5, Division 2, Title 14, of the California Code of Regulations (CCR) that lays out the reasonable financial return calculation for processing payments paid to recyclers. The term “recycler” for purposes of this rulemaking has the same definition as in Public Resources Code (PRC or Act) section 14519.5., i.e., “recycler” means a recycling center, dropoff or collection program, or curbside program. These entities receive processing payments which reimburse recyclers for the difference between the cost of recycling beverage container material and the value a recycler receives when it sells that material as scrap. For calendar year 2020, the Department is proposing using a reasonable financial return of 10 percent when calculating processing payments instead of the Dun and Bradstreet index as stated in regulations. The reasonable financial return determined from the Dun and Bradstreet index will likely be much lower than 10 percent. This change will help support beverage container recycling in California by establishing a reasonable financial return that provides a balance between the risk associated with operating a beverage container recycling center under current market conditions and a return on investment that retains current operators. This measure is expected to stem ongoing recycling center closures which will preserve convenient redemption opportunities to consumers.

The Department has complied with the requirement to provide notice of the proposed emergency rulemaking pursuant to Government Code section 11346.1(a)(2).

Government Code section 11346.1(a)(2) requires that, at least five working days prior to submission of the proposed emergency action to the Office of Administrative Law, the

adopting agency provide a notice of the proposed emergency action to every person who has filed a request for notice of regulatory action with the agency. After submission of the proposed emergency to the Office of Administrative Law, the Office of Administrative Law (OAL) shall allow interested persons five calendar days to submit comments on the proposed emergency regulations as set forth in Government Code section 11349.6.

The written comment period permits any interested person, or their authorized representative, to submit written comments addressing the proposed amendments to the Department. Written comments which offer recommendations, objections, support, or opposition for the proposed amendment, should indicate the amended section to which the comment or comments are directed.

Comments on the proposed emergency regulations must be submitted directly to OAL within five calendar days of when OAL posts the proposed emergency regulations on the OAL web site. Comments on proposed emergency regulations should be submitted to the OAL Reference Attorney by mail to 300 Capitol Mall, Suite 1250, Sacramento, California 95814, by fax to (916) 323-6826, or by e-mail to staff@oal.ca.gov.

When you submit a comment to OAL, you must also submit a copy of your comment to CalRecycle to BevContainerRegs@CalRecycle.ca.gov or to:

Sharon Siozon
Processing Payment Emergency Regulations
Department of Resources Recycling and Recovery, Division of Recycling
801 "K" Street, MS 19-01
Sacramento, CA 95814

OAL will confirm that the agency has received the comment before considering it. The comment must state that it is about an emergency regulation currently under OAL review and include the topic of the emergency.

The public comment period will commence on December 5, 2019, when the emergency regulations are posted on OAL's website. The public comment period will close on December 10, 2019. Written comments should be sent to the Department and received before the close of the public comment period, no later than 5:00 p.m. on December 10, 2019. Additionally, we request that written comments reference a subsection or section of the proposed action. Written comments received by the Department after the close of the public comment period will not be responded to in the rulemaking file.

Copies of the text, the Finding of Emergency, and all of the information upon which this proposal is based are available upon request and at our website:

www.calrecycle.ca.gov/Laws/Rulemaking/. The rulemaking file is also available for review during normal business hours at the Department, 801 "K" Street, 19th Floor, Sacramento, California. Please contact the agency contact person, Sharon Siozon, at (916) 322-1760 if you wish to review the rulemaking file in person. General or substantive questions regarding this file may also be directed to Sharon Siozon. Any technical inquiries will be referred to the appropriate staff to ensure a prompt response.

Attached to this notice are the proposed regulatory text and the Finding of Emergency.

These documents will be posted on CalRecycle's website at the following address:

<http://www.calrecycle.ca.gov/Laws/Rulemaking/>.

If you have any questions regarding this proposed emergency action, please contact Sharon Siozon at (916) 322-1760 or sharon.siozon@calrecycle.ca.gov.

FINDING OF NECESSITY

The California Beverage Container Recycling Program (BCRP) was established as a California Redemption Value (CRV) deposit and return system to create convenient beverage container recycling opportunities in the state. The Department is tasked with ensuring consumers throughout the state have convenient recycling options to return their CRV beverage containers to and claim their deposit.

When the BCRP was created thirty-two years ago, the law provided for a “reasonable financial return” for recyclers in order to insure the economic recovery of the beverage containers. This “reasonable financial return” was further clarified in the CCR section 2975 which states that “The statewide average reasonable financial return for recycling centers shall be equal to the statewide average allowable costs calculated in section 2960 of this subchapter, multiplied by the average return on costs for the scrap and waste materials industry as determined from data contained in the most recent Dun and Bradstreet Standard Three Year Norm Report (Published by Dun and Bradstreet Credit Services).” Due to adverse market conditions, the 2017 average return on costs for the scrap and waste materials industry reported by Dun and Bradstreet resulted in a negative reasonable financial return for the first time. To address the negative reasonable financial return and declining scrap values, the Department enacted emergency regulations effective December 13, 2018, to raise the reasonable financial return for calendar year 2019 to 11.5 percent for non-rural recyclers and 16.6 percent for rural region recycling centers. The emergency regulations were allowed to expire by operation of law effective June 13, 2019 since the rates for 2019 were set on December 2018, achieving the objective of the emergency regulations.

The Department had anticipated that a legislative solution setting the reasonable financial return would be enacted in 2018 or 2019, but no such permanent change materialized. Because no legislative solution was enacted, the Department began the process of permanent rulemaking and held a public workshop July 16, 2019 to solicit feedback from interested parties. Section 14575(a) of the Act requires that the processing fee and processing payment rate be set on or before January 1. With an anticipated completion date of 2020, the permanent rulemaking will not be finished in time to set the desired rates for calendar year 2020. This emergency rulemaking will set the reasonable financial return for calendar year 2020 at 10 percent for all recyclers. The Department intends to make these emergency regulations permanent by completing the permanent rulemaking and filing a certificate of compliance in 2020 which will establish the reasonable financial return rate for calendar year 2021 and for

each calendar year thereafter.

The Department proposes to amend or add the following sections to the California Code of Regulations, Title 14, Division 2, Chapter 5, Subchapter 12, Article 2:

Section 2975 will be amended to establish a specified reasonable financial return of 10 percent of the statewide average allowable costs provided in section 2960 of these regulations.

Section 2975 amends the regulations to authorize a reasonable financial return that is equal to ten percent of the statewide average allowable costs in section 2960. Further, in response to feedback from industry that the reasonable financial return needs to be stable from year to year and that the Dun and Bradstreet index is not an accurate reference for the profitability of a recycling center, the Department has selected ten percent in an attempt to provide a financial incentive that balances the risk of operating a recycling center and mirrors the financial incentive policies of other recycling programs operated by the Department. A more detailed description of how the ten percent was chosen can be found in the Informative Digest below.

AUTHORITY

These regulations are submitted pursuant to the Department's authority under Public Resources Code sections (PRC) 14530.5(b), 14536, and 14536.1.

REFERENCE

Title 14 CCR amended Section 2975 is intended to implement, interpret and make specific PRC sections 14501(f) and (g), 14518.5, and 14575.

INFORMATIVE DIGEST

The California Beverage Container Recycling and Litter Reduction Act, AB 2020/Margolin, Chapter 1290, Statutes of 1986 (PRC or Act), created the Beverage Container Recycling Program (BCRP) and established the Division of Recycling to

administer the BCRP. (PRC section 14530.) The intent of the Act is to provide increased and convenient beverage container redemption and recycling opportunities for consumers. This is accomplished through the establishment of the CRV for eligible beverage containers and working with industry participants such as recyclers and processors who are certified by the Department.

Section 14501(f) of the Act establishes the purpose of the BCRP, including to create and maintain a marketplace where it is profitable to establish sufficient recycling centers and locations to provide consumers with convenient recycling opportunities. The responsibility to provide convenient, efficient, and economical redemptions opportunities rests jointly with manufacturers, distributors, dealers, recyclers, processors, and the Department. (PRC section 14501(g).) Section 14518.5 of the Act defines the term "processing payment." section 14575 of the Act establishes the processing fee, paid by beverage manufacturers and offset by the Beverage Container Recycling Fund (Fund), and the processing payment, paid to recyclers.

The Department annually establishes the reasonable financial return each January that is applied to the calculation of the processing payment. The source used to determine the reasonable financial return, as specified in regulation, is the most recent average net profit ratio of businesses classified as scrap and waste materials as reported by Dun and Bradstreet. For the first time since the BCRP began using the Dun and Bradstreet index in 2001, the reasonable financial return was a negative value for 2017. The reasonable financial return was calculated to be -5.85 percent of allowable costs, a reflection of the overall losses, rather than profits, of the recycling industry. This resulted in lower processing payments to recyclers than the amount necessary to cover the cost of recycling. At the same time, low prices for scrap material, along with other factors such as difficulty in finding locations willing to host recycling centers, led some recycling centers to close, leaving communities with fewer places for people to redeem CRV containers. To address those circumstances, the Department enacted emergency regulations effective November 16, 2017 and December 13, 2018 that raised the

calendar year 2018 and 2019 reasonable financial return to 11.5 percent for non-rural recyclers and 16.6 percent for rural region recycling centers.

The market pressures of 2017 and 2018 have continued into 2019, accompanied by additional recycling center closures, and conditions are not expected to improve in 2020. To provide a more stable and consistent payment structure to recyclers than what would be provided under the current regulations, the Department is proposing a fixed reasonable financial return of 10 percent beginning in 2020. If the Department takes no action on the reasonable financial return, the reasonable financial return will revert to being based on the Dun and Bradstreet index which has averaged only three percent over the last 10 years with severe fluctuations occurring in the last four years, ranging from -5.85 percent to 10.56 percent. These fluctuations have triggered the Department to initiate regulations that implement a more stable rate.

Ten percent is a commonly used as a benchmark for a reasonable rate of return on investment. The average annual return for the S&P 500 since its inception in 1928 through 2017 was approximately 10 percent¹. Additionally, the Federal government utilizes a 10 percent return on the cost of a contract as a reasonable profit amount for a private entity to make when providing a contractual service for the government². A 10 percent reasonable financial return is also utilized by the Departments' e-waste program to incentivize e-waste collectors and processors to collect and process e-waste material that is otherwise expensive and burdensome to recycle and/or reuse. In establishing the 10 percent reasonable financial return for the e-waste program, the Department considered both industry profitability and a reasonable rate of return needed to attract new entrants into e-waste collection and processing³.

¹ "What is the Average Annual Return for the S&P 500"; retrieved from <https://www.investopedia.com/ask/answers/042415/what-average-annual-return-sp-500.asp>

² 2019 Federal Acquisition Regulation Section 15.404-4 Contracting by Negotiation: Profit; retrieved from www.acquisition.gov

³ CIWMB meeting May 20, 2008, agenda item 9, attachment 3, retrieved from <https://www2.calrecycle.ca.gov/Docs/CIWMBMeeting/23407>

While actual returns in investment are highly variable by the size and location of a recycler, the Department believes that a guaranteed reasonable return of 10 percent is considered a reasonable rate because the returns from investing in a recycling business need to be competitive with the returns expected from other available investments. Making the risk and reward climate similar to other investment opportunities will maintain investments in recycling center operations as well as investments in infrastructure needed to deliver clean material required to meet increasingly stringent end-user specifications.

The Department had adopted emergency regulations for calendar years 2018 and 2019 implementing a 11.5 percent reasonable financial return for all recyclers except that a 16.6 percent reasonable financial return was established for recycling centers located in rural areas. The reasonable financial return was determined by starting with a 10 percent base reasonable financial return and then including an increase for expected minimum wage increases and a supplement for rural areas of 5 percent to cover higher costs of business operations.

The 10 percent rate in this proposal does not include a consideration of a minimum wage supplement. A minimum wage supplement is unnecessary because statute addresses year-over-year cost increases by applying an annual cost of living adjustment to the cost of recycling separate from and in addition to the reasonable financial return.

This proposal also does not include a higher rate for rural areas because the Department could not justify that recycling centers in rural areas incur higher costs than those operating in urban areas. Upon further inspection of cost disparities between different recycler business models, the Department determined that recyclers in rural areas are more likely to have higher costs, but this is due to their tendency to be lower volume sites which have higher per-container operating costs than high volume sites rather than their geographical location. The Department is addressing the viability of low volume locations by implementing a separate supplemental payment specifically for low

volume sites in effect for FY 2019-20, along with considering options for extending this payment beyond one year and increasing the payment amount.

The Department finds that an emergency exists to amend existing regulations in order to implement statutory mandates of section 14575 of the Act. The proposed regulations would amend section 2975 of the CCR Title 14. Natural Resources, Division 2.

Department of Conservation, Chapter 5. Division of Recycling, Subchapter 12, Article 2.

The adoption of these regulations is deemed to be an emergency pursuant to section 14536.1 of the Act which provides that “if the department determines that it is necessary to adopt or amend regulations to implement section 14575, the department may adopt or amend those regulations as emergency regulations. The Office of Administrative Law shall consider those regulations to be necessary for the immediate preservation of the public peace, health and safety, and general welfare for purposes of section 11349.6 of the Government Code. Notwithstanding subdivision (e) of section 11346.1 of the Government Code, the emergency regulations adopted or amended pursuant to this section shall be repealed 180 days after the effective date of the regulations, unless the Department complies with Chapter 3.5 (commencing with section 11340) of Part 1 of Division 3 of Title 2 of the Government Code”).

There are no federal regulations or statutes comparable to these proposed regulations. The proposed regulations are not inconsistent or incompatible with existing state regulations. The BCRP is unique to the state of California, and there is not a similar program within the state. There are no other matters prescribed by statute applicable to this specific state agency or to any specific regulation or class of regulations.

SPECIFIC AGENCY STATUTORY REQUIREMENTS

There are no specific agency statutory requirements relevant to this rulemaking.

LOCAL MANDATE DETERMINATION

The proposed regulations do not impose a mandate on local agencies or school districts.

The California Beverage Container Recycling and Litter Reduction Act, AB 2020/Margolin, Chapter 1290, Statutes of 1986 (PRC or Act), created the Beverage Container Recycling Program (BCRP) and established the Division of Recycling to administer the BCRP. (PRC section 14530.) The intent of the Act is to provide increased and convenient beverage container redemption and recycling opportunities for consumers. This is accomplished through the establishment of the CRV for eligible beverage containers and working with industry participants such as recyclers and processors who are certified by the Department.

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The Department annually establishes the reasonable financial return each January that is applied to the calculation of the processing payment. The source used to determine the reasonable financial return, as specified in regulation, is the most recent average net profit ratio of businesses classified as scrap and waste materials as reported by Dun and Bradstreet. For the first time since the BCRP began using the Dun and Bradstreet index in 2001, the reasonable financial return was a negative value for 2017. The reasonable financial return was calculated to be -5.85 percent of allowable costs, a reflection of the overall losses, rather than profits, of the recycling industry. This resulted in lower processing payments to recyclers than the amount necessary to cover the cost of recycling. At the same time, low prices for scrap material, along with other factors such as difficulty in finding locations willing to host recycling centers, led some recycling centers to close, leaving communities with fewer places for people to redeem CRV

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The 10 percent rate in this proposal does not include a consideration of a minimum wage supplement. A minimum wage supplement is unnecessary because statute addresses year-over-year cost increases by applying an annual cost of living adjustment to the cost of recycling separate from and in addition to the reasonable financial return.

This proposal also does not include a higher rate for rural areas because the Department could not justify that recycling centers in rural areas incur higher costs than those operating in urban areas. Upon further inspection of cost disparities between different recycler business models, the Department determined that recyclers in rural

areas are more likely to have higher costs, but this is due to their tendency to be lower volume sites which have higher per-container operating costs than high volume sites rather than their geographical location. The Department is addressing the viability of low volume locations by implementing a separate supplemental payment specifically for low volume sites in effect for FY 2019-20, along with considering options for extending this payment beyond one year and increasing the payment amount.

The Department finds that an emergency exists to amend existing regulations in order to implement statutory mandates of section 14575 of the Act. The proposed regulations would amend section 2975 of the CCR Title 14. Natural Resources, Division 2. Department of Conservation, Chapter 5. Division of Recycling, Subchapter 12, Article 2. The adoption of these regulations is deemed to be an emergency pursuant to section 14536.1 of the Act which provides that "if the department determines that it is necessary to adopt or amend regulations to implement section 14575, the department may adopt or amend those regulations as emergency regulations. The Office of Administrative Law shall consider those regulations to be necessary for the immediate preservation of the public peace, health and safety, and general welfare for purposes of section 11349.6 of the Government Code. Notwithstanding subdivision (e) of section 11346.1 of the Government Code, the emergency regulations adopted or amended pursuant to this section shall be repealed 180 days after the effective date of the regulations, unless the Department complies with Chapter 3.5 (commencing with section 11340) of Part 1 of Division 3 of Title 2 of the Government Code)".

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and are more likely to have higher costs. The bill is also likely to increase the number of...
volume sales which may have some business operating costs. The bill is also likely to...
rather than in the production process. The Department is addressing the difficulty of...
volume sales by implementing a separate governmental payment specialty for low...
volume sales in effect for FY 2012-13 along with continuing efforts for extending this...
payment beyond the year 4 of increasing the payment amount.

The Department also has an emergency clause to amend existing regulations in order...
to be exempt from the regulatory requirements of section 12575 of the Act. The proposed regulations...
will be subject to section 2575 of the CCR for the Natural Resources Division 2...
Department of Conservation Chapter 5 Division of Licensing, Regulation 12.001.02...
The addition of these regulations is needed in the emergency pursuant to section...
12575 of the Act which provides that "the department determines that it is necessary...
to adopt or amend regulations in regulation section 12575, the department may adopt...
or amend those regulations as emergency regulations. The Office of Administrative Law...
shall conduct these regulations to be necessary for the immediate health, safety or...
public peace, health and safety and general welfare for purposes of section 12575 of...
the Government Code, notwithstanding subdivision (a) of section 12575 of the...
Government Code, the emergency regulations adopted or amended pursuant to this...
section shall be repealed 120 days after the effective date of law regulations unless the...
Department notifies the Chapter 5 Commission with section 12575 of the Act of...
Section 12575 of the Government Code.

There are no federal regulations or state regulations in this proposed regulation...
The proposed regulations are not inconsistent or preemptible with existing state...
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**WEST BAY SANITARY DISTRICT
AGENDA ITEM 18**

To: Board of Directors

From: Phil Scott, District Manager

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

The District's representative to Silicon Valley Clean Water (SVCW), George Otte, will report on the November 2019 meeting as well as any pertinent items regarding SVCW Operations, CIP and Finance.

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