

OFFICIAL STATEMENT

NEW ISSUE - BOOK ENTRY ONLY

**RATINGS:**  
**Moody's: MIG-1**  
**Standard & Poor's: SP-1+**  
**(see "Ratings" herein)**

*In the opinion of Jones Hall Hill & White, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing laws, regulations, rulings and judicial decisions and assuming compliance with certain covenants described herein, (i) interest on the Notes is exempt from California personal income taxes, (ii) interest on the Notes is excluded from gross income for federal income tax purposes, and (iii) interest on the Notes is not an item of tax preference for purposes of the federal individual and corporate alternative minimum taxes, although it is included in adjusted net book income and current earnings in computing the alternative minimum tax imposed on certain corporations. See "TAX EXEMPTION" herein.*

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**COUNTY OF CONTRA COSTA, CALIFORNIA**  
**\$10,000,000**  
**1994 Tax and Revenue Anticipation Notes**

**Dated: Date of Delivery**

**Due: September 14, 1995**

The Central Contra Costa Sanitary District (the "District") 1994 Tax and Revenue Anticipation Notes (the "Notes") are being issued to finance the cash flow requirements of the District during the fiscal year ending June 30, 1995 relating to certain capital projects. Interest and principal on the Notes is payable on September 14, 1995.

The Notes will be issued as fully registered Notes and, when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, an automated depository for securities and clearing-house for securities transactions. Purchases of the Notes will be made under the book-entry system (without certificates) maintained by DTC in the denominations of \$5,000 or any whole multiple thereof. Purchases of the Notes may be made only through DTC Participants, as more fully described herein. Beneficial owners of the Notes will not be entitled to receive physical delivery of the Notes. The Notes will be payable by the District to the registered owner on the Note maturity date. So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payments of principal and interest on the Notes will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the DTC Participants, which will in turn remit such payments to the beneficial owners of the Notes. THE NOTES ARE NOT SUBJECT TO PREPAYMENT PRIOR TO MATURITY. SEE "THE NOTES" HEREIN.

The Notes are payable as to both principal and interest from certain moneys which have been pledged to the payment thereof, as more fully described herein. The Notes are a general obligation of the District, and to the extent not paid from such pledged moneys, are payable from any other lawfully available moneys of the District. SEE "THE NOTES-SECURITY FOR THE NOTES" HEREIN.

Interest Rate  
4.75%

Priced to Yield  
4.00%

The Notes are offered when, as and if issued by the District and received by the Underwriter, subject to certain conditions, including the approval of legality by Jones Hall Hill & White, A Professional Law Corporation, San Francisco, California, Bond Counsel. It is anticipated that the Notes, in definitive form will be available for delivery through the facilities of The Depository Trust Company in New York, New York on or about September 15, 1994.

**SUTRO & CO.**  
**INCORPORATED**

Dated: September 8, 1994

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representation other than those contained in this Official Statement in connection with the offers made hereby and, if given or made, such information or representation must not be relied upon as having been authorized by the District. The information set forth in this Official Statement has been obtained from the District and sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstance create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement does not constitute an offer to sell the Notes in any state or other jurisdiction in which, or to any person to whom, it is unlawful to make such an offer.

**In connection with this offering, the underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Notes to certain dealers and dealer banks and banks acting as agent at prices lower than the public offering price stated on the cover page hereof and said public offering prices may be changed from time to time by the Underwriter.**

**Central Contra Costa Sanitary District**

**Elected Officials and  
Administrative Personnel**

**Board of Directors**

Susan McNulty Rainey, President  
William C. Dalton, President Pro Tem  
John B. Clausen, Member  
Barbara D. Hockett, Member  
Mario M. Menesini, Member

**Secretary**

Joyce Murphy

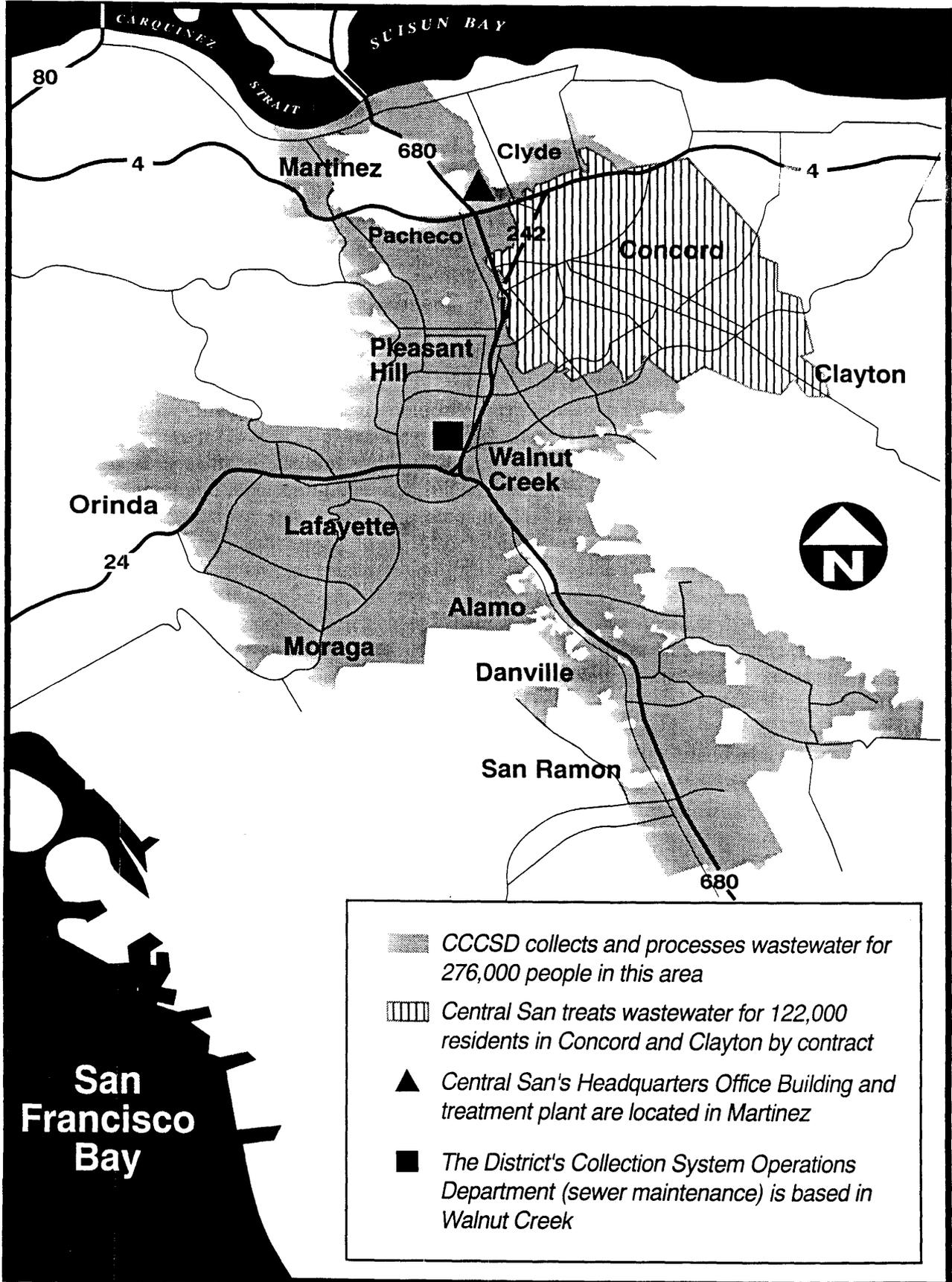
**Legal Counsel**

Kenton L. Alm

**Management**

Roger J. Dolan, General Manager-Chief Engineer  
Robert A. Baker, Deputy Chief Engineer  
Paul Morsen, Deputy General Manager  
Charles Batts, Manager, Plant Operations Department  
John Larson, Manager, Collection System Operations Department  
Debbie Ratcliff, Controller

# Service Area Map



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**OFFICIAL STATEMENT  
RELATING TO  
CENTRAL CONTRA COSTA SANITARY DISTRICT  
COUNTY OF CONTRA COSTA, CALIFORNIA  
1994 TAX AND REVENUE ANTICIPATION NOTES**

**INTRODUCTION**

This Official Statement, including the cover page and the appendices hereto, has been prepared in connection with the issuance by the Central Contra Costa Sanitary District (the "District") of its 1994 Tax and Revenue Anticipation Notes (the "Notes"), and contains certain information relating to the Notes and the District.

All quotations from and summaries and explanations of provisions of the laws of the State of California (the "State") and acts and proceedings of the District contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Notes and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive forms of the Notes and such proceedings.

**THE NOTES**

**General**

Pursuant to a resolution adopted by the District, the Notes are authorized to be issued in the aggregate principal amount of \$10,000,000. Purchasers of the Notes will not receive or have the right to receive physical delivery of Notes representing their interests in the Notes purchased. The Notes will be delivered in fully registered book-entry form only, without coupons, and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. See "Book-Entry System" below. The Notes will be issued in denominations of \$5,000 and integral multiples thereof. The Notes will be dated the Date of Delivery and principal and interest thereon will be payable 364 days thereafter ("Payment Date"). While held in book-entry form, all payments of principal and interest will be made to DTC or the DTC nominee as the sole registered Owner of the Notes, and payments to Beneficial Owners are the responsibility of DTC.

**Authority for Issuance**

The Notes are authorized to be issued pursuant to Article 7.6, Chapter 4, Part 1, Division 2, Title 5, Sections 53850 et seq. of the California Government Code (the "Code"), and a resolution duly adopted by the Board of Directors of the District on September 1, 1994 (the "District Resolution").

## **Purpose of Issuance**

The Notes are being issued to provide funds to pay certain capital expenditures of the District prior to the receipt of certain anticipated taxes and other revenues to be received in the District's 1994-1995 fiscal year. The fiscal year of the District runs from July 1 to June 30 in each year (the "Fiscal Year").

## **Book-Entry System**

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.*

When issued, the Notes will be registered in the name of Cede & Co., as nominee of DTC. One fully-registered Note certificate will be issued in the aggregate principal amount of the Notes and will be deposited with DTC.

DTC is a limited-purpose trust company organized under New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions such as transfers and pledges, in deposit securities through electronic computerized book-entry changes in the Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to other entities such as banks, securities brokers and dealers and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

DTC Participants will be credited in the records of DTC with the amount of such DTC Participants' interest in the Notes. Purchases of beneficial ownership interests in the Notes in the amount of \$5,000 or any integral multiple thereof must be made by or through DTC Participants.

The ownership interest of each actual purchaser of each Note ("Beneficial Owner") will be recorded through the records of the DTC Participant through which such Beneficial Owner purchased its Notes. Transfers of ownership interests in the Notes will be accomplished by book entries made by DTC and, in turn, by DTC acting on behalf of Beneficial Owners. Beneficial Owners will not receive written confirmation from DTC of their purchases, but it is anticipated that each Beneficial Owner will receive a written confirmation of the ownership interest acquired by such Beneficial Owner in the Notes from the Direct or Indirect Participant through which the Beneficial Owner enters into the transaction. The Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Principal and interest payments on the Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not DTC, the Underwriter, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the District, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursements of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

No assurance can be given by the District that DTC and DTC Participants will make prompt transfer of payments to Beneficial Owners. The District is not responsible or liable for payments by DTC or DTC Participants or for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

As long as the Notes are registered in the name of Cede & Co. or a successor securities depository (or its nominee), all payments of interest and principal and all notices with respect to the Notes will be made and given, respectively, in accordance with the instructions of DTC or the successor securities depository. With respect to any Note registered in the name of Cede & Co. or a successor securities depository (or its nominee), the District will not have any responsibility or obligation with respect to (i) the accuracy of any records with respect to the ownership interest in the Notes (other than the registered ownership of Notes as set forth in the Note Register), (ii) the delivery to any person other than a registered Owner as shown in the Note Register of any notice with respect to the Notes; (iii) the payment to any person, other than a registered Owner as shown in the Note Register, of any amount with respect to the Notes.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the District. The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In either event, if DTC ceases to act as securities depository for the Notes and no successor securities depository is designated, fully registered Notes representing ownership of the Notes will be executed and delivered to the Beneficial Owners, and their respective ownership interests will be registered in the Note Register.

In such event, principal of and interest on the Notes will be payable to such Owners in accordance with the terms of the District Resolution, and the Notes will be exchangeable or transferable only upon the Note Register following surrender of the Notes to be exchanged or transferred and delivery of a written transfer instrument satisfactory to the District, executed by the Owner or such Owner's duly authorized attorney. In connection with any exchange or transfer of Notes, the Owner requesting such exchange or transfer will be required to pay any applicable tax or other governmental charges.

### **Security for the Notes**

The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, revenue or other moneys which are received by the District for the Sewer Construction Fund or Running Expense Fund of the District for the Fiscal Year 1994-1995. As security for the payment of the principal of and interest on the Notes, the District, pursuant to the District Resolution, pledges (a) the first "unrestricted moneys", as hereinafter defined, to be received in December, 1994 equal to the aggregate of 50% of the principal amount of the Notes and 50% of the total interest due from the date of issuance through maturity on the Notes, and (b) the first unrestricted moneys to be received in April, 1995 equal to the aggregate of 50% of the principal amount of the Notes and 50% of the total interest due from the date of issuance through maturity on the Notes (or such lesser amount as shall be required to repay the principal amount of the Notes and interest thereon at maturity) (all such pledged amounts described in clauses (a) and (b) above being hereinafter called the "Pledged Revenues"). The principal of the Notes and the interest thereon shall constitute a first lien and charge thereon and shall be paid from the Pledged Revenues. To the extent not so paid from the Pledged Revenues, the Notes shall be paid from any other moneys of the District lawfully available therefor. In the event that there are insufficient unrestricted moneys received by the District to permit the deposit in the Repayment Account, as hereinafter defined, of the full amount of the Pledged Revenues to be deposited in any month on

the last business day of such month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the District lawfully available for the repayment of the Notes and interest thereon. The term "unrestricted moneys" shall mean taxes, income, revenue and other moneys intended as receipts for the Sewer Construction Fund or Running Expense Fund of the District and which are generally available for the payment of expenses of the District.

The Notes are general obligations of the District and, to the extent not paid from the Pledged Revenues herein described, shall be paid with interest thereon from any other moneys of the District lawfully available therefor. See "District Finances", herein. However, except for the pledged moneys described herein, the District is not prohibited from pledging, encumbering and utilizing such other moneys for other purposes and there can be no assurance that such other moneys will be available for the payment of the principal of and interest on the Notes.

### **Note Repayment Account**

Pursuant to the Resolution there is created a special fund to be held by the District designated the "1994 Note Repayment Account" (the "Repayment Account"). Any money placed in the Repayment Account shall be for the benefit of the holders of the Notes, and until the Notes and all interest thereon are paid or until provision has been made for the payment of the Notes at maturity with interest to maturity, the moneys in the Repayment Account shall be applied solely for the purposes for which the Repayment Account is created; provided, however, that any interest earned on amounts deposited in the Repayment Account may periodically be transferred to the District's Sewer Construction Fund.

From the date the Resolution takes effect, all Pledged Revenues shall, during the months in which received, be deposited in the Repayment Account. On the maturity date of the Notes, the moneys in the Repayment Account shall be used, to the extent necessary, to pay the principal of and interest on the Notes. Any moneys remaining in the Repayment Account after the Notes and the interest thereon have been paid, or provision for such payment has been made, shall be transferred to the District's Sewer Construction Fund.

All moneys held by the District in the Repayment Account, if not invested, shall be held in time or demand deposits as public funds and shall be secured at all times by bonds or other obligations which are authorized by law as security for public deposits, of a market value at least equal to the amount required by law.

Moneys in the Repayment Account shall, to the greatest extent possible, be invested by the District directly, or through an investment agreement, in investments as permitted by the laws of the State of California as now in effect and as hereafter amended, and the proceeds of any such investments shall be deposited in the Repayment Account.

## THE DISTRICT

There follows in this Official Statement a brief description of the District, together with current information concerning the regional economy and governmental organization, its major revenue sources, funds and indebtedness.

### General Information

The District, which was established in 1946 under the Sanitary District Act of 1923, builds, operates and maintains the facilities required to collect and process wastewater for 276,000 people in Alamo, Danville, Lafayette, Martinez, Moraga, Orinda, Pacheco, Pleasant Hill, San Ramon, and Walnut Creek, about 30 miles east of San Francisco. The District also treats wastewater for 122,000 residents of the Concord/Clayton area under a 1974 contract with the City of Concord. There are over 1,300 miles of sewer pipeline, ranging in size from 6 inches to 120 inches in diameter, and 18 sewage pumping stations in the District's sewerage system. The treatment plant in Martinez is capable of treating 45 million gallons of wastewater each day to a higher quality than required for discharge to Suisun Bay. The District is committed to protecting the public health and preserving the environment while minimizing facility and operating costs.

In addition to its wastewater responsibilities, the District also regulates garbage collection and recycling for approximately 40 percent of its service area. These responsibilities are managed with clear objectives: to safeguard the public health, protect the environment and conserve resources.

### The Board of Directors

The District is governed by a five member Board of Directors, elected at large in the service area. Brief resumes of the District's Board of Directors are presented below.

Susan McNulty Rainey, President. Ms. Rainey was first elected to the Board of Directors in 1985. A resident of Walnut Creek, she has over twenty years of business and local government experience, including past service as mayor and councilmember of the Town of Moraga, and as president of the State Executive Board for the California Association of Local Agency Formation Commissions, and the Contra Costa Council (a business organization). Her current term expires in 1994.

William C. Dalton, President Pro Tem. Mr. Dalton was elected to the Board in 1979 when he retired from the District after 22 years as Deputy General Manager-Chief Engineer. He is a registered Civil Engineer and resides in Moraga. His current term expires in 1996.

John B. Clausen was appointed to the Board of Directors in 1984 and subsequently elected in 1985. A resident of Walnut Creek, he is a retired attorney and former County Counsel for Contra Costa County. His current term expires in 1994.

Barbara D. Hockett was elected to the Board of Directors in 1992. She is a health educator and administrator and has been project coordinator for the Regional Health Occupations Resource Center for the San Francisco Bay Region. She is a Registered Nurse and resides in Alamo. Her current term expires in 1996.

Dr. Mario M. Menesini was elected to the Board of Directors in 1992. He earned a Doctorate in Science Education from U.C. Berkeley and is an environmental consultant and author. He is a former professor at U.C. Davis and San Francisco State University and resides in Walnut Creek. His current term expires in 1996.

In November, 1994, Boardmembers Rainey and Clausen are running for re-election. Their sole challenger is Parke L. Boneysteele, a registered Mechanical Engineer and retired Administrative Law Judge for the California Public Utilities Commission. He served on the District's Board of Directors for nearly 25 years before losing his seat in the 1992 election and is a resident of Walnut Creek.

### **District Management and Employees**

The District's affairs are managed by the General Manager/Chief Engineer in accordance with policies established by the Board of Directors. Brief resumes of certain of the District's staff are presented below.

Roger J. Dolan, a registered Civil Engineer, was appointed General Manager-Chief Engineer in 1977. He was previously the Manager of Technical Services at the East Bay Municipal Utility District. He is a past president of the Water Environment Federation and currently serves as Vice President of the American Academy of Environmental Engineers. Mr. Dolan earned a BS degree in Civil Engineering from Northeastern University and an MS degree in Water Resources Engineering from Harvard University.

Robert A. Baker; Deputy Chief Engineer, is a registered Civil Engineer and has been employed by the District since 1979. He also serves as Engineering Department Manager and has managed the Plant Operations Department. He was previously employed by the East Bay Municipal Utility District. Mr. Baker earned BA and MA degrees in Biological Sciences and an MS degree in Civil Engineering from San Jose State University.

Paul Morsen, Deputy General Manager, has been employed by the District since 1981. He also serves as Administrative Department Manager. He was previously the Director of Administration and Personnel for Del Norte County, California. Prior to that, he has held numerous positions in state, county and local government. Mr. Morsen earned a BA degree in English from the University of Denver.

Charles Batts, Plant Operations Department Manager, has been employed by the District since 1981. He is a member of the San Francisco Estuary Project, EPRI Municipal Water and Wastewater Project Steering Committee, and past chairman of the Bay Area Dischargers Association. He was previously Assistant Plant Manager at the Allied Chemical Plant in Pittsburg, California. Mr. Batts earned a BA degree in Mechanical Engineering from Drexel University and an MBA degree from Pepperdine University.

John Larson, Collection System Operations Department Manager, is a registered Mechanical Engineer and has been employed by the District since 1978. He was previously employed by the East Bay Municipal Utility District. Recently he chaired the Technical Certification Committee of the California Water Pollution Control Association's San Francisco Bay section. Mr. Larson earned a BS degree in Mechanical Engineering and an MS degree in Sanitary Engineering from the University of California, Berkeley.

Debbie Ratcliff, Controller, has been employed by the District since 1990. She was previously employed by Electronic Data Systems in Dallas, Texas. Ms. Ratcliff had 12 years of accounting experience prior to joining the District. Ms. Ratcliff earned a BS degree in Psychology from Colorado State University and an MS degree in Accounting from the University of Texas at Dallas.

Kenton L. Alm, District Counsel, has served the District in this capacity since 1989. He has been an owner in the firm of Sellar, Hazard, Snyder, Kelly, and Fitzgerald, in Walnut Creek, since 1987, specializing in public entity/environmental law. Mr. Alm earned a BA degree from the University of California, Santa Barbara and a JD degree from the University of California, Hastings College of Law in 1973. His professional memberships include the California and Contra Costa County Bar Associations, U.S. Ninth Circuit Court of Appeals, and U.S. Federal District Court.

The District employs about 270 regular employees organized in four departments: Administrative, Collection System Operations, Engineering, and Plant Operations. The 180 non-supervisory employees of the District are represented by Public Employees Union, Local #1, Martinez. The 75 supervisors, middle managers, and confidential employees are represented by the Management Support and Confidential Group (MSCG). The current Memoranda of Understanding with Local #1 and with MSCG each expire in April, 1997. The District staff reports that employer/employee relations have been good. The District has not experienced any interruptions in operations because of employer/employee disputes.

## Service Area and Customers

The District provides the wastewater treatment and disposal service to the entire area within its boundaries. The District is the sole provider of wastewater service within the District limits. Set forth below is a breakdown of the wastewater customer base.

### Central Costa Contra Sanitary District Active Service Accounts

<u>User Group</u>	<u>No. of Accounts</u>	<u>Projected 1994-95 Sewer Service Charge Billings (\$)</u>	<u>Residential Unit Equivalents (RUE)</u>	<u>Percentage of Total</u>
Residential(*)	93,292	\$21,112,367	112,300	81.2%
Business/Government Offices	1,083	1,144,879	6,090	4.4
Retail/Shopping Centers	837	426,644	2,269	1.6
Miscellaneous Commercial	403	233,847	1,244	0.9
Food Service	332	837,001	4,452	3.2
Transportation Services	325	191,103	1,017	0.7
Medical/Dental/Veterinary Offices	248	104,682	447	0.4
Schools	173	474,512	2,524	1.8
Miscellaneous Services	164	60,333	321	0.2
Commercial Condominiums	130	30,992	165	0.1
Churches	126	107,393	571	0.4
Recreation/Entertainment	106	127,700	653	0.5
Light Industrial	102	71,965	383	0.3
Supermarkets/Markets	68	110,175	586	0.4
Warehouses	59	41,901	223	0.2
Convalescent Hospitals	52	176,746	940	0.7
Hotels/Motels	37	185,963	989	0.7
Parks	34	57,641	307	0.2
Permitted Industry	29	198,811	1,058	0.8
Hospitals	19	104,115	554	0.4
Independent Living Facilities	11	6,341	34	<0.1
Industrial	11	19,490	104	0.1
Laundromats	9	28,620	152	0.1
Mortuaries	6	18,699	99	0.1
Mobile Home Parks	5	128,576	684	0.5
Bakeries	10	15,604	83	0.1
<b>Total</b>	<b>97,671</b>	<b>\$26,011,100</b>	<b>138,359</b>	<b>100.0%</b>

\*Approximately 70 percent of residential units are single-family homes.

Source: CCCSD Planning Division.

The total projected revenues to be received from the nineteen largest customers for the 1994-95 fiscal year will be \$5,327,631.81 or 16.8% of total revenues of the enterprise. Provided below is a summary of the largest customers by order of billing.

**Central Contra Costa Sanitary District  
Largest Customers by Order of Billing**

<u>Account</u>	<u>FY 1994-95 Sewer Service Charge</u>	<u>Percentage of Total Operating Revenue</u>
City of Concord	4,465,000.00	14.0
Saint Mary's College, Moraga	88,350.00	0.3
Sun Valley Mall, Concord	80,539.74	0.3
Chevron Business Park, San Ramon	75,207.96	0.2
Contra Costa County Jail, Martinez	64,970.16*	0.2
Pacific Bell, 2600 Camino Ramon, San Ramon	57,392.30*	0.2
Concord Cascade Mobile Home Park, Concord	52,076.00	0.2
John Muir Hospital, Walnut Creek	52,043.96	0.2
Willows Shopping Center, Concord	49,317.92	0.2
Naval Weapons Station, Concord	47,450.87*	0.1
Doubletree Hotel, Walnut Creek	45,600.00*	0.1
Sun Valley Village Mobile Home Park, Concord	44,368.00	0.1
Marriott Hotel, San Ramon	41,046.82	0.1
Rancho Diablo Mobile Home Park, Concord	30,080.00	0.1
Embassy Suites, Walnut Creek	28,819.26	0.1
Sheraton Inn, Concord	27,390.00	0.1
CCC Juvenile Hall/Sheriff Dispatch	27,212.84*	0.1
Chevy's Restaurant, Pleasant Hill	25,578.22	0.1
Kaiser Hospital, Walnut Creek	25,187.76	0.1

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\*Actual FY 1993-94

Source: CCCSD Finance and Accounting Section.

Set forth below is a historical comparison of the population the District serves.

**Central Contra Costa Sanitary District  
Population Served**

<u>As of</u>	<u>Inside District Boundaries</u>	<u>Concord/ Clayton</u>	<u>Total Served</u>	<u>Percentage of Change</u>
1/1/89	257,000	117,000	374,000	---
1/1/90	260,000	118,000	378,000	1.1
1/1/91	261,000	120,000	381,000	0.8
1/1/92	265,000	121,000	386,000	1.0
1/1/93	271,000	122,000	393,000	1.8
1/1/94	276,000	122,000	398,000	1.3
1/1/95 Projected	278,000	123,000	401,000	0.8

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Source: CCCSD Planning Division.

**Contracts With the City of Concord**

In 1974 the District entered into a contract with the City of Concord to provide wastewater treatment and disposal services for both the City of Concord and the City of Clayton. The contract, which has been amended four times (1976, 1982, 1985, 1987), sets forth the terms and conditions under which the District is to perform services and the City is to reimburse the District for its capital and operations and maintenance costs.

The original contract was approved on September 10, 1974 and continues in effect for a period of 25 years. The contract renews itself automatically every 25 years on the same terms unless one party of the contract gives a 5 year notice to the other party prior to the expiration of any 25 year term, of their intention to terminate. The District staff is not aware of any intention, based on their knowledge, to terminate the contract.

The City's sewer system is connected to the District's interceptor sewers at three locations. Wastewater flow meters record the volume discharged at each location. The total Concord/Clayton volume discharged is compared to the total volume treated at the District's treatment plant and a flow proportion is determined. The District bills the City, according to its flow proportion, for capital and operations and maintenance costs for shared facilities (interceptor sewers, treatment plant, outfall sewer and water recycling facilities). The current flow proportion from Concord/Clayton is approximately 30 percent.

**Billing and Collection of Sewer Service Charges**

Ordinance No. 117 of the District provides for the establishment of sewer service charges, collection procedures, penalties for delinquency, and use of funds.

**General Policy.** The purpose of the sewer service charges is to raise revenue for the cost of maintenance and operation of sewerage facilities used for the collection, treatment, and disposal of sewage from residential, commercial, institutional, and industrial users within the District, payment of principal and interest on bonds, and capital recovery costs in accordance with Federal and State Revenue Program Guidelines.

**Collection of Charges on Tax Roll.** Pursuant to provisions of Division 5, Part 3, Chapter 6, Article 4 of the California Health and Safety Code, the District elected, as an alternative procedure, to have all sewer service charges for each year, commencing with fiscal year 1976-77, collected on the tax roll.

On or before July 15 of each year, the District's General Manager-Chief Engineer is directed to prepare and file with the District Secretary a written report containing a description of each parcel and the amount of the sewer service charge for the forthcoming fiscal year. Following the publication of notice of the filing of the report and the time, date, and place of public hearing, the Board of Directors hears and considers all obligations or protests to the report. Upon conclusion of the hearing, the Board of Directors may adopt, revise, change, reduce, or modify any charge or overrule any and all objections and will make its determination upon each charge, which determination is final. A copy of the report adopted by the Board of Directors must be filed with the Auditor of Contra Costa County on or before August 10 of each year.

The District's sewer service charge constitutes a lien, as of the lien date for general property taxes, on the lot or parcel of land against which the charge has been imposed. All laws applicable to the levy, collection, and enforcement of general property taxes are applicable to the District's sewer service charge, including those pertaining to delinquency, correction, cancellation, refund, and redemption.

The Tax Collector of Contra Costa County includes the amount of the sewer service charge on bills for taxes levied against the respective lots and parcels of land. The first and second installments due on November 1 and February 1 of each year, respectively become delinquent if not paid by December 10 and April 10 of each year, respectively.

With respect to those properties that are not subject to taxation, Ordinance No. 117, Section 11-705 provides that the District will mail to the owner of the parcel a sewer service charge bill which is due and payable in two installments on November 1 and February 1 of each year and which becomes delinquent if not paid by December 10 and April 10 of each year. As of fiscal year 1993-94, the District billed 366 parcels using this process. Such billing represents approximately \$558,000 in fiscal year 1993-94 charges.

**Enforcement.** In the event of the failure of any owner to pay when due any sewer service charge applicable to a parcel owned by him, the District may enforce payments of such delinquent charges in any of the follow manners:

- (a) The District may have the parcel disconnected from the sanitary sewer system. In the event the disconnection should create a public hazard or nuisance, the General Manager-Chief Engineer or his representatives may enter upon the parcel for the purpose of doing such things as may be reasonably necessary to alleviate or remove the hazard or menace. The owner of the parcel had a duty to reimburse the District for all expenses incurred by the District in disconnecting any such parcel, or in doing other things authorized by this Section; and no reconnection is made until all charges are paid.
- (b) The District may institute action in any court of competent jurisdiction to collect any charges, penalties, and interest which may be due and payable to the same manner as any other debts owing to the District may be collected.
- (c) Any and all delinquent payments may be placed on the tax roll and collected with the property taxes, as provided in Ordinance No. 117.
- (d) Such other action may be taken as may be authorized by law and the District Board.

#### **Additional Charges - Capital Improvement Fees**

New users who are connected to the sewer system are charged Capital Improvement Fees. Currently the District charges a Facilities Capacity Fee of \$2,572 per residential unit equivalent (RUE) for all new customers. In addition, new customers in areas where wastewater pumping stations are needed to reach the District's gravity sewers are charged a Pumped Zone Fee of \$348 per RUE. An RUE is the capacity demand placed on the system by a discharge of 200 gallons per day of "standard" domestic wastewater. Capital Improvement Fees for nonresidential customers are based on a calculation of the customer's capacity demand, in RUEs, which takes both wastewater flow and strength into account. Payment of Capital Improvement Fees are due prior to the issuance of a permit for connection of the new customer's parcel to the sewer system. For existing customers who change the use of their property or build additions to existing uses which impose an added capacity burden on the District's facilities, Capital Improvement Fees for the added burden are due prior to the issuance of a building permit by the appropriate building code enforcement agency.

Set forth below is a summary of historical Capital Improvement Fees:

**Central Contra Costa Sanitary District  
Historical Capital Improvement Fees**

<u>Year</u>	<u>Facilities Capacity Fee</u>	<u>Pumped Zone Fee</u>
1989-90	\$1,760/RUE	\$250/RUE
1990-91	1,866/RUE	265/RUE
1991-92	1,905/RUE	271/RUE
1992-93	1,958/RUE	278/RUE
1993-94	2,572/RUE	348/RUE
1994-95	2,572/RUE	348/RUE

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Source: CCCSD Planning Division.

**DISTRICT FINANCES**

Provided below is a description of the District's budget process, its 1994-1995 adopted budget, its actual 1992-93 and 1993-1994 cash flow schedules and its projected 1994-1995 cash flow schedule, its major revenues and expenditures, and certain other financial information relating to the District.

**Financial Statements**

The District is a proprietary entity, it uses an enterprise fund format to report its activities for financial statement purposes. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that period determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Enterprise funds are used to account for activities similar to those in the private sector, where the proper matching of revenues and costs is important and the full accrual basis of accounting is required. With this measurement focus, all assets and liabilities of the enterprise are recorded on its balance sheet, all revenue are recognized when earned and all expenses, including depreciation, are recognized when incurred. Enterprise fund equity includes retained earnings and contributed capital.

For internal operating purposes, the District's Board of Directors has established four separate sub-funds, each of which includes a separate self-balancing set of accounts and a separate, Board-approved budget for revenues and expenses. These sub-funds are combined into the single enterprise fund presented in the financial statements included as Appendix C. The nature and purpose of these sub-funds is as follows:

***Running Expense*** accounts for the general operations of the District. Substantially all operating revenues and expenses are accounted for in this sub-fund.

***Sewer Construction*** accounts for operating and non-operating revenues which are to be used for sewer construction purposes.

***Debt Service*** accounts for that portion of tax revenues designated by the Board as being required for repayment of the District's general obligation bonds.

***Self Insurance*** accounts for interest earnings on cash balances in this sub-fund as well as for costs of claims not covered by the District's insurance coverages.

The financial statements included herein as Appendix C were prepared using information from the Annual Financial Reports which are prepared and audited by independent Certified Public Accountants each year. Certain information, such as the Cash Flow Analyses included herein as Appendix B, was developed by District staff for use in this Official Statement.

**Statement of Revenues and Expenditures  
for Fiscal Years Ending  
June 30, 1991, 1992 & 1993**

	<u>1991</u>	<u>1992</u>	<u>1993</u>
<b>OPERATING REVENUES</b>			
Sewer service charges	\$18,058,580	\$20,623,111	\$22,156,637
Sewer charges - City of Concord	4,027,267	5,661,208	7,298,184
Permit and inspection fees	395,722	446,497	458,092
Other service charges	186,971	222,251	234,183
Equipment Charges	<u>123,191</u>	<u>144,694</u>	<u>148,874</u>
Total Operating Revenues	<u>\$22,791,731</u>	<u>\$27,097,761</u>	<u>\$30,295,970</u>
<b>OPERATING EXPENSES</b>			
Sewage collection	5,389,351	6,166,083	5,894,164
Sewage treatment	12,000,221	12,587,076	12,879,529
Engineering	3,475,967	3,613,538	3,551,213
Administrative and general	4,085,685	4,375,874	4,808,139
Depreciation	<u>5,536,676</u>	<u>5,943,675</u>	<u>6,482,084</u>
Total Operating Expenses	<u>\$30,487,900</u>	<u>\$32,686,246</u>	<u>\$33,615,129</u>
Operating (Loss)	<u>(7,696,169)</u>	<u>(5,588,485)</u>	<u>(3,319,159)</u>
<b>NET NON-OPERATING REVENUES</b>			
Taxes	7,985,469	8,455,173	5,934,343
Interest earnings	5,883,316	4,729,678	3,665,373
Connection fees	3,134,515	4,101,490	3,567,893
Annexation charges	162,082	134,986	139,533
Franchises	608,573	581,965	492,863
Reclaimed water sales	---	282,042	2,650
Line development rebates	76,541	(3,799)	---
Other income	100,449	63,282	77,794
Loss on sale of fixed assets	---	---	(37,701)
Interest (expense)	<u>(68,060)</u>	<u>(49,292)</u>	<u>(39,200)</u>
Net Non-Operating Revenues	<u>17,882,885</u>	<u>18,295,525</u>	<u>13,803,548</u>
<b>NET INCOME</b>	<u>\$10,186,716</u>	<u>\$12,707,040</u>	<u>\$10,484,389</u>

Source: 1991, 1992 and 1993 District Audited Financial Statements.  
1994 District Unaudited Financial Statement.

**Central Contra Costa Sanitary District  
Balance Sheets  
for Fiscal Years Ending  
June 30, 1991, 1992 & 1993**

	<u>1991</u>	<u>1992</u>	<u>1993</u>
<b>ASSETS</b>			
Current Assets:			
Cash and temporary investments	\$76,958,772	\$79,344,816	\$73,841,189
Accounts receivable, net of allowance for doubtful accounts	2,466,843	1,690,384	2,241,215
Parts and supplies	759,314	817,610	856,075
Prepaid expenses	<u>148,316</u>	<u>155,348</u>	<u>156,614</u>
Total Current Assets	<u>80,333,245</u>	<u>82,008,158</u>	<u>77,095,093</u>
Advance deposit on construction in progress, held in escrow	<u>499,433</u>	<u>479,649</u>	<u>289,485</u>
Property, Plant and Equipment			
Land	11,181,157	11,221,743	13,534,870
Sewage collection facilities	144,695,284	152,944,530	161,894,930
Treatment plant	116,200,411	128,291,877	129,749,368
Pumping plants	4,612,746	4,612,746	4,689,638
Buildings	7,126,116	7,132,648	9,172,237
Equipment	6,506,062	7,153,080	7,635,016
Accumulated depreciation	<u>(64,129,090)</u>	<u>(69,980,551)</u>	<u>(76,333,371)</u>
Net Property, Plant and Equipment	226,192,686	241,376,073	250,342,688
Construction in progress	<u>42,262,247</u>	<u>38,791,016</u>	<u>47,125,682</u>
Investments designated for deferred compensation benefits	14,467,660	16,572,318	19,279,883
Total Assets	<u>\$363,755,271</u>	<u>\$379,227,214</u>	<u>\$394,132,831</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable and accrued expenses	2,673,339	2,045,929	2,780,728
Refundable deposits			
Current portion of general obligation bonds payable	599,536	481,243	395,529
Accrued compensated absences	415,000	410,000	295,000
	<u>3,468,610</u>	<u>3,902,184</u>	<u>4,230,385</u>
Total Current Liabilities	<u>7,156,485</u>	<u>6,839,356</u>	<u>7,701,642</u>
General obligation bonds payable, net of current portion	<u>880,000</u>	<u>470,000</u>	<u>175,000</u>
Deferred compensation benefits	<u>14,467,660</u>	<u>16,572,318</u>	<u>19,279,883</u>
Total Liabilities	<u>22,504,145</u>	<u>23,881,674</u>	<u>27,156,525</u>
<b>FUND EQUITY</b>			
Contributed capital, allocable to:			
Contributed sewer lines	87,417,696	88,888,219	90,060,596
Watershed trunk lines	16,723,364	16,723,364	16,697,364
State and federal capital grants	75,301,279	75,301,279	75,301,279
Capital cost-sharing reimbursement	<u>20,061,772</u>	<u>21,798,951</u>	<u>24,792,565</u>
	<u>199,504,111</u>	<u>202,711,813</u>	<u>206,851,804</u>
Retained earnings allocable to:			
Running Expenses sub-fund	94,687,639	95,946,095	109,882,155
Sewer Construction sub-fund	41,162,373	51,540,738	45,035,134
Debt Service sub-fund	39,391	(823,772)	(446,878)
Reserve for self-insured losses	<u>5,857,612</u>	<u>5,970,666</u>	<u>5,654,091</u>
	<u>141,747,015</u>	<u>152,633,727</u>	<u>160,124,502</u>
Total Fund Equity	<u>341,251,126</u>	<u>355,345,540</u>	<u>366,976,306</u>
Total Liabilities and Fund Equity	<u>\$363,755,271</u>	<u>\$379,227,214</u>	<u>\$394,132,831</u>

Source: 1991, 1992 and 1993 District Audited Financial Statements.  
1994 District Unaudited Financial Statement.

## Budget Procedures and the 1994-1995 Budget

The District adopts a final budget by the end of June in each year. The following table shows the District's actual 1994-1995 budget.

### Summary of Adopted 1994-1995 Budget for District's Running Expense Fund

	<b>Adopted 1994-1995 Running Expense Fund Budget</b>
Beginning Fund Balance	<u>\$4,584,549</u>
Revenues:	
Sewer Service Charge	\$22,137,100
City of Concord	4,465,000
Other	1,314,700
Prior Year Revenue Adjustment	<u>0</u>
Total Revenues	\$27,916,800
Expenditures:	
Administration	\$5,061,038
Engineering	3,540,706
Collection Sys. Operations	4,565,474
Plant Operations	13,132,805
Pumping Stations	1,418,146
Prior Year Expenditure Adjustments	<u>0</u>
Total Expenditures	\$27,718,169
Excess (Deficiency) of Revenues Over Expenditures	198,631
Transfer to Sewer Construction Fund	<u>(968,500)</u>
Ending Fund Balance	<u>\$3,814,680</u>

Source: The District.

## Cash Flow Schedules

Included herein as Appendix B is the District's 1993-1994 fiscal year actual cash flow schedule, as well as a projected cash flow schedule for the Fiscal Year 1994-1995.

## Major Revenues

The District's principal revenues consist of sewer service charges levied upon the District's users, contract payments from the City of Concord, capital improvement fees and ad valorem property taxes.

### Sewer Service Charges

All residential accounts pay a flat annual sewer service charge. The 1994-95 residential charges are equal to \$188. The charge for commercial users consists of an annual rate based on the measured volume of water usage per 100 cubic feet (HCF). Permitted industrial users pay a permit fee which is used by the District to pay for inspection, administration and enforcement costs. The industrial permit fee currently generates approximately \$110,000 annual revenues for the Enterprise.

The 1994-1995 rates for Sewer Service Charges for users of the District system for the fiscal year beginning July 1, 1994 and continuing thereafter until further action of the Board of Directors, shall be as follows:

<u>Residential</u>	<u>Billing Unit</u>	<u>1994-1995 Rates</u>
Single Family Dwellings	Living Unit	\$188.00 per year
Mobile Home	Living Unit	\$188.00 per year
Townhouses	Living Unit	\$188.00 per year
Condominium Units	Living Unit	\$188.00 per year
Multi-Family Units	Living Unit	\$188.00 per year
<u>Commercial</u>	<u>Billing Unit</u>	<u>1994-1995 Rates</u>
Bakeries	100 cubic feet	\$4.73
Markets with garbage disposals	100 cubic feet	\$3.55
Mortuaries	100 cubic feet	\$3.35
Restaurants	100 cubic feet	\$3.49
All Others	100 cubic feet	\$1.66

<b><u>Industrial</u></b>	<b><u>Billing Unit</u></b>	<b><u>1994-1995 Rates</u></b>
Volume	Million gallons	\$856.00
BOD	1000 pounds	\$400.00
SS	1000 pounds	\$286.00
Demand	Million gallons per day	\$115,057.00
Minimum Charge	Account	\$188.00 per year

<b><u>Institutional</u></b>	<b><u>Billing Unit</u></b>	<b><u>1994-1995 Rates</u></b>
Churches	100 cubic feet	\$1.66
Schools	100 cubic feet	\$1.66
Fraternal & Service Organizations	100 cubic feet	\$1.66
Local & State Institutions	100 cubic feet	\$1.66
Other Tax Exempt (Except Federal)	100 cubic feet	\$1.66
Federal Institutions	100 cubic feet	\$1.66
Utilities with Special Tax Status	100 cubic feet	\$1.66
Independent Living Facilities, Rest Homes, & Convalescent Hospitals	100 cubic feet	\$1.66
Minimum Charge	Account	\$188.00 per year

**Central Contra Costa Sanitary District  
Historical Residential Sewer Service Charges<sup>(1)</sup>**

Set forth below is a historical summary of residential sewer service charges in the District.

<b><u>Fiscal Year</u></b> <b><u>Ending June 30</u></b>	<b><u>Annual Charge</u></b>		
	<b><u>O&amp;M</u></b>	<b><u>Capital</u></b>	<b><u>Total</u></b>
1976-77	\$72	\$0	\$72
1977-78	78	0	78
1978-79	78	0	78
1979-80	93	0	93
1980-81	105	0	105
1981-82	124	0	124
1982-83	124	0	124
1983-84	124	0	124
1984-85	129	0	129
1985-86	124	0	124
1986-87	116	0	116
1987-88	116	0	116
1988-89	116	0	116
1989-90	124	0	124
1990-91	136	0	136
1991-92	151	0	151
1992-93	160	5	165
1993-94	160	25	185
1994-95	160	28	188

<sup>(1)</sup>Beginning in 1992-93 the District's increase in the sewer service charge includes an amount called "Capital" which replaces property tax transfers.  
Source: The District.

Provided below is a summary of comparative wastewater charges.

**Central Contra Costa Sanitary District  
Comparative Annual Wastewater Charges  
Single Family Residences 6.7 CCF/Month  
as of March 1993**

EBMUD Albany	\$281 <sup>(1)</sup>
City of San Francisco	259
EBMUD Oakland	240 <sup>(1)</sup>
City of San Jose	240
City of Pleasanton	222
City of Livermore	184
Union Sanitary District	181
West Contra Costa Sanitary District	178
City of Richmond	166
<b>Central Contra Costa Sanitary District</b>	<b>165</b>
EBMUD Emeryville	160 <sup>(1)</sup>
City of Hayward	127

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<sup>(1)</sup>Monthly charges vary with metered water consumption. The EBMUD portion of the charge assumes a monthly wastewater discharge of 6.7 units for an annual charge of \$127.68, an amount that is uniform throughout the wastewater service area.

### **Property Tax**

Beginning in 1978-79, Proposition 13 and its implementing legislation permitted each county to levy and collect all property taxes (except for levies to support prior voter approved indebtedness), and prescribed how levies on county-wide property values were to be shared with local taxing entities within each county.

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding March 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured", and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is sold to the State on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and is then subject to sale by the County Treasurer-Tax Collector.

Legislation established the "supplemental roll" in 1984 which directs the Assessor to re-assess real property, at market value, on the date the property changes ownership or upon completion of construction. Property on the supplemental roll is eligible for billing 30 days after the reassessment and notification to the new assessee. The resultant charge (or refund) is a one-time levy on the increase (or decrease) in value for the period between the date of the change in ownership or completion of construction and the date of the next regular tax roll upon which the assessment is entered.

Billings are made on a monthly basis and due on the date mailed. If mailed between the months of July through October, the first installment becomes delinquent on December 10th and the second on April 10th. If mailed within the months of November through June, the first installment becomes delinquent on the last day of the month following the month of billing. The second installment becomes delinquent on the last day of the fourth month following the date the first installment is delinquent.

Property taxes on the unsecured roll are due as of the March 1 lien date and become delinquent, if unpaid on August 31. A ten percent penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of one and one-half percent per month begins to accrue beginning November 1 of the fiscal year. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgement lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

The County and its political subdivision operate under the Teeter Plan pursuant to provisions of Sections 4701-4717 of the California Revenue and Taxation Code. Pursuant to those sections, the accounts of all political subdivisions that levy taxes on the County tax rolls are credited with 100 percent of their respective tax levies regardless of actual payments and delinquencies.

**Central Contra Costa Sanitary District  
Gross Assessed Valuations**

	<u>Local Secured</u>	<u>Unsecured</u>	<u>Total</u>
1989-90	\$20,420,468,382	\$939,288,969	\$21,359,757,351
1990-91	22,921,269,539	987,799,304	23,909,068,843
1991-92	24,699,724,976	1,203,578,686	25,903,303,662
1992-93	25,968,552,366	1,210,851,484	27,179,403,850
1993-94	27,037,879,634	1,203,719,223	28,241,598,857

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Source: Contra Costa County Auditor-Controller.

## **Legislative Actions**

To implement the 1994-95 State Budget, the Legislature shifted nearly \$2.6 billion in local property tax revenues to schools and community colleges. Special districts gave up \$244 million in local property tax revenues (SB 509, Budget Committee, 1993).

Due to the Legislatures actions, the District lost \$3 million in property tax revenues in 1992-93 and has lost approximately the same amount each year thereafter. In response, the District has partially replaced these revenues with an increase in the facility upgrade/replacement increment of the sewer service charge. See the chart labeled "Historical Sewer Service Charges" herein. Additionally, the District has reduced the planned capital expenditures budget.

Assembly Bill 1905 (1994) proposed a three-year transfer of property tax funds from enterprise water and sewer districts within Contra Costa County (such as the Central Contra Costa Sanitary District) to fund community services districts or county service areas that provide police protection services. If enacted, AB 1905 could have cost the District \$750,000 a year in property tax revenues. The bill was defeated overwhelmingly in the State Senate in late August, 1994.

## **Investment Practices**

The investment practices of the District are consistent with its Investment Policy. The District's Investment Policy is very conservative and currently restricts investments to one-year Treasury Bills and two-year to five-year Treasury Notes, and the State of California Local Agency Investment Fund ("LAIF"). The District Controller submits a monthly report to the District's Board of Directors showing the type of investment, issuer, dates of issue and maturity, amount of deposit, current market value of all securities with a maturity of more than twelve months, and rate of interest.

The District uses the services of the Treasurer's Office of the County of Contra Costa to transact the District's investment decisions. The County Treasurer's Office executes the District's investments through such brokers, dealers, and financial institutions as are approved by the County Treasurer, and through the State Treasurer's Office for investments in the LAIF.

## **Indebtedness**

As of June 30, 1994, the District has \$175,000 in General Obligation indebtedness outstanding.

## **1994-95 Capital Improvement Budget**

To provide facilities to meet its responsibilities, the District has developed a Ten-Year Capital Improvement Plan, which is updated annually. The Capital Improvement Plan is a "road map" for the District's capital facilities and financing needs. Specifically, the plan identifies and prioritizes capital projects needed to accomplish the District's mission. It also includes estimates of the cost of project work proposed and the revenue needed to meet the cash flow requirements of the Plan.

The principal purpose of the Capital Improvement Plan is to provide the District's Board of Directors with the appropriate information needed to formulate long-range policy decisions including:

- Priority and Schedule - the establishment of appropriate project priorities and schedules to assure that the District continues to effectively accomplish its mission with the most efficient allocation of limited staff and financial resources.
- Staffing - the provision of sufficient staffing to complete the projects proposed in the Capital Improvement Plan. The "capitalized" (District force account) labor, employee benefits, and administrative overhead budgets for each fiscal year's Operations and Maintenance Budgets are derived from the Capital Improvement Budget. The Capital Improvement Plan forecasts appropriate long-term staff requirements.
- Financing - the establishment of appropriate financing for the projects proposed in the Capital Improvement Plan.

### **General Description**

The 1994 plan covers the ten-year period from fiscal year (FY) 1994-95 through FY 2003-04. The plan approved by the Board of Directors on June 2, 1994 includes projected expenditures totaling \$187 million (1994 dollars).

The Board of Directors also approved an increase of \$3 per residential unit equivalent (RUE) in the Sewer Service Charge facility upgrade/replacement increment. In the case that further loss of property tax revenue is avoided, the increased Sewer Service Charge revenue will allow either a smaller debt issuance in FY 1994-95, or maintenance of a higher Sewer Construction Fund balance. In the case that further tax revenue loss occurs, future Sewer Service Charge increases would be needed to maintain the Capital Improvement Plan.

In addition to providing the basis for policy decisions concerning the District's long-range Capital Improvement Program and management of the Sewer Construction Fund, the Capital Improvement Plan also serves as the framework for fee analysis and is the basis for the annual Capital Improvement Budget (the first year of the Capital Improvement Plan).

The discussion which follows gives an overview of the plan's goals and the programs proposed to meet these goals. A description of the District's guiding financial principles and a brief summary of the plan's cash flow also are presented.

### **Capital Improvement Program Goals**

Central Contra Costa Sanitary District is a utility dedicated to protecting the public health and the environment by collecting and treating wastewater, returning clean water to the environment, and by the integrated management of solid waste.

In carrying out its mission, the District had identified three main goals of the Capital Program:

- To protect public health and the environment by:
  - meeting regulatory agency requirements
  - reducing sewage overflows/bypasses
  - improving treatment/collection system reliability and safety.
- To accommodate future growth in the service area as approved by the lead planning agencies
- To respond to community concerns by:
  - reducing the costs of operating and maintaining the system
  - reducing odor emissions
  - cooperating with other agencies to avoid duplication of effort
  - recycling water and reducing power consumption through energy conservation.

### **Programs**

Capital improvement projects are grouped into three programs: Treatment Plant, Collection System, and General Improvements. A brief summary of each program is provided below.

#### Treatment Plant

The Treatment Plant Program includes projects that will expand and/or upgrade the wastewater treatment plant, including hydraulic/process capacity, solids handling, and air emissions controls. This program also includes projects required to meet changing regulatory mandates.

The Treatment Plant Program will require \$72.5 million (1994 dollars), comprising 38 percent of the District's capital improvements over the next ten years.

Within the next ten years, the District must upgrade and expand secondary facilities, including disinfection facilities, and outfall and holding basin improvements to accommodate wet weather flows. A Secondary Facilities Staging Plan which defines the schedule and priorities for liquid process upgrading and expansion was completed in March 1991. A recent effort to optimize existing facilities may allow postponement of some projects schedules projected in the Staging Plan. Seismic retrofits to improve treatment plant "survivability" in a major earthquake are planned.

The District's Solids Handling Staging Plan (May 1992) has charted a course for future solids handling capacity. The present incinerators continue to be viable with the addition of advanced air pollution monitoring equipment. A lime stabilization system was completed during FY 1993-94, as initial near-term back-up to the incinerators. Sludge dryers will be considered as a future long-range backup option.

Additional odor control facilities are needed. A project to control odor from the DAF thickeners has been initiated.

### Collection System

The Collection System Program includes projects needed to reduce sewage overflows during wet weather and to serve new development in the District's service area. Specific near-term and long-term goals include upgrading the system to reduce overflows from manholes, improving the reliability of the District's 18 pump stations, and implementing projects to address structurally deficient and maintenance-intensive sewers.

At \$109.1 million (1994 dollars), the Collection System Program comprises 58 percent of the District's capital improvements over the next ten years.

One of the most significant projects planned for the collection system is the Pleasant Hill Relief Interceptor, estimated at \$27 million, which is currently under construction and is scheduled for completion in 1996. This interceptor will reduce the frequency of overflows in Pleasant Hill, which currently occur about every two to five years.

The Collection System Program also provides for pumping station improvements (primarily in Orinda, Moraga and Martinez). The pumping station improvements will increase station capacity, provide emergency power, and modernize and upgrade old equipment to reduce the potential for sewage overflows to East Bay Municipal Utility District ("EBMUD") reservoirs and Suisun Bay. In addition, a Collection System Planning Program identifies, prioritizes, and establishes schedules and budgets for needed system improvements.

### General Improvements

This program is mainly concerned with the property and equipment needs of the District. Specific projects include property acquisition, automated drafting/mapping equipment, Collection System Operation Facilities Reconfiguration, and a new Management Information System (computer hardware and software).

The General Improvement Programs will require \$7.6 million (1994 dollars), representing 4 percent of the District's anticipated capital improvements over the next ten years.

### **Financial Principles**

Two major financial principles guide preparation of the Capital Improvement Plan. First, the Board of Directors has established a long-standing preference for pay-as-you-go financing. The pay-as-you-go approach has been implemented through a "sinking fund" financing program.

Second, the District has developed and maintained a capital fee system which equitably divides the cost obligations of the capital program between the existing users of District facilities and new connectors to the facilities. Under this "fair share" approach, existing users fund facilities upgrade and replacement costs primarily through property taxes and a capital increment of the annual Sewer Service Charge. New users "buy-in" to existing facilities and fund expansion projects needed to accommodate growth through Capital Improvement Fees.

### Property Tax Revenue

Beginning in FY 1992-93, the State of California required that 40 percent of the District's historic property tax revenues be transferred to school districts to help meet the state's educational financing obligations. The effect of this reduction in tax revenue has been included in this Capital Improvement Plan. As a result, actual FY 1992-93 tax revenue was reduced by \$3,022,000 and projections of property tax revenues in future years have been reduced comparably. It is possible that the state will mandate additional diversion of tax revenue in the future. See "Legislative Actions" herein.

The current reduction in the District's property tax revenue will require deferring scheduled work and replacing lost taxes with other sources of revenue, such as by further increasing the facility upgrade/replacement increment on the annual Sewer Service Charge.

### **Parturient Projects**

The projects listed in the Capital Improvement Plan are those that are reasonably certain to be undertaken by the District. However, when evaluating project priority and cash flow impacts, consideration must be given to potential projects that are uncertain and not currently included in the plan ("Parturient Projects"). If some or all of these parturient projects are undertaken, or if the timing of projects change, there could be a significant impact on the financial forecasts contained in the plan. Existing projects may be changed, accelerated in timing of construction, or a number of new projects might ultimately be undertaken by the District. Most of the resulting capital expenditures are likely to be in response to emerging environmental legislation and regulation.

The funding needs of the proposed projects in the CIP will exceed the District's pay-as-you-go financing system funding capabilities. This is due to four factors: 1) the emergence of new air emissions, water quality and safety regulations which must be addressed through capital improvement projects (that is, formerly parturient projects, such as the Disinfection Facilities Improvement Project), 2) the under realization of interest and development fee revenue due to general economic conditions, 3) the need to proceed with several large budget projects to meet District wet weather overflow prevention goals, and 4) the loss of property tax revenue through State budget actions.

## **Debt Financing**

To provide the funds required to needed projects, staff has recommended that the District issue \$12-25 million in bonds or certificates of participation in FY 1994-95. An interest rate of six and one-half (6.5) percent and a term of 20 years was assumed. This approach would provide the funds needed while maintaining a prudent reserve of 75 percent of the next year's anticipated project expenditures plus 100 percent of debt retirement service at the beginning of each fiscal year. The prudent reserve is needed to assure adequate cash on hand for progress payments due prior to receipt of tax and Sewer Service Charge revenue which is received in two installments, the first in December and the second in April and the City of Concord's cost share, typically received in January.

Short-term borrowing may be used to accommodate cash flow requirements which are not met by current revenue or investment maturity schedules, if financially advantageous to the District.

## **Key Project Emphasis**

The Capital Improvement Budget is made up of funding estimates for many individual projects, however each year there are a few key projects which account for a majority of total capital expenditures. In FY 1994-95, the emphasis will be on six large projects which account for 60 percent of the total estimated expenditures: Estimated FY 1994-95 expenditures for each of these projects is noted in the parentheses.

- **Pleasant Hill/A-Line Relief Interceptor (\$9,985,000)**

These improvements will provide additional peak wet weather relief capacity for the Contra Costa Blvd. Interceptor and reduce the potential for overflows.

- **Headworks Facility Expansion (\$7,173,000)**

The project will construct a new expanded headworks and abandon the existing headworks facility.

- **Martinez Pumping Station Upgrade (\$3,790,000)**

Those improvements will increase peak wet weather flow capacity and improve reliability of performance of existing facilities.

- **Disinfection Facilities Improvements (\$3,105,000)**

This project will construct facilities to provide ultraviolet disinfection to secondary effluent and replace chlorine disinfection.

- **Cogeneration (\$3,008,000)**

This project will use landfill gas to fuel facilities which will produce electric power and steam.

- **Los Arabis/Woodland Way Sewer Project (\$1,861,000)**

This project will replace or repair four existing trunk sewers which are in extremely poor condition.

### **Direct and Overlapping Debt**

The District contains numerous municipalities, school districts and special purpose districts, as well as the overlapping Bay Area Rapid Transit District and the East Bay Municipal Utility District, which have issued general obligation bonded and lease indebtedness. Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics Inc. that summarizes such indebtedness as of August 15, 1994. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representations in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District. Such long term obligations generally are not payable from revenues of the District (except as indicated), nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

## Central Contra Costa Sanitary District

1993-94 Assessed Valuation: \$26,956,859,658 (after deducting \$666.831,685 redevelopment incremental valuation)

<u>DIRECT AND OVERLAPPING DEBT:</u>	<u>% Applicable</u>	<u>Debt 8/15/94</u>
Bay Area Rapid Transit District	15.010%	\$31,014,413
Contra Costa County Certificates of Participation	48.562	291,565,768
Contra Costa County Board of Education Certificates of Participation	48.562	2,306,695
Acalanes Union High School District	99.166	31,539,746
Martinez Unified School District and Certificates of Participation	35.016	10,979,925
San Ramon Valley Unified School District and Certificates of Participation	89.971	73,834,701
Other School Districts and Certificates of Participation	Various	487,117
City of Pleasant Hill and Authorities	99.971	14,845,693
City of San Ramon Certificates of Participation	81.023	14,655,112
City of Danville Certificates of Participation	97.196	7,833,998
Other Cities and City Authorities	Various	4,628,969
San Ramon Valley Fire Protection District Certificates of Participation	96.103	9,898,609
Contra Costa County Service Area #R-8	99.683	4,470,783
East Bay Municipal Utility District	31.537	8,265,848
East Bay Regional Park District	21.450	25,446,135
Central Contra Costa Sanitary District	100.	175,000 (1)
Other Special Districts	Various	4,041,161
Community Facilities District	44.757-100.	31,575,990
1915 Act Bonds	Various	<u>70,358,509</u>
<b>TOTAL GROSS DIRECT AND OVERLAPPING BONDED DEBT</b>		<b>\$637,924,172 (2)</b>
Less: San Ramon Valley Unified School District Certificates of Participation supported by guaranteed investment contract from Bayerische Landesbank		15,484,009
East Bay Municipal Utility District (100% self-supporting)		8,265,848
Contra Costa County Water District, I.D. #1		<u>573,750</u>
<b>TOTAL NET DIRECT AND OVERLAPPING BONDED DEBT</b>		<b>\$613,600,565</b>

(1)Excludes Notes to be sold.

(2)Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to Assessed Valuation:

Direct Debt . . . . .	0.0006%
Total Gross Debt . . . . .	2.37%
Total Net Debt . . . . .	2.28%

Source: California Municipal Statistics.

## CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

### Article XIII A of the California Constitution

Section 1(a) of Article XIII A of the California Constitution limits the maximum ad valorem tax on real property to 1% of full cash value (as defined in Section 2 of Article XIII A), to be collected by the counties and apportioned according to law. Section 1(b) of Article XIII A provides that the 1% limitation does not apply to ad valorem taxes to pay interest or redemption charges on (1) indebtedness approved by the voters prior to July 1, 1978, or (2) any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition. Section 2 of Article XIII A defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year or reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation enacted by the California Legislature to implement Article XIII A provides that notwithstanding any other law, local agencies may not levy any ad valorem property tax except to pay debt service on indebtedness approved by the voters as described above. Such legislation further provides that each county will levy the maximum tax permitted by Article XIII A of \$4.00 per \$100 of assessed valuation (based on the traditional practice of using 25% of full cash value as the assessed value for tax purposes). Beginning with the 1981/82 Fiscal Year, assessors in California no longer record property values on the tax rolls at the assessed value of 25% of market value and now record them at full market value. Consequently, the tax of \$4 per \$100 of assessed value is now expressed as \$1 per \$100 of taxable value.

In the general elections of 1986, 1988 and 1990, the voters of the State approved various measures which further amended Article XIII A. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first \$1,000,000 of the full cash value of other real property between parents and children, do not constitute a "purchase" or "change of ownership" triggering reassessment under Article XIII A. Such amendments have generally reduced the property tax revenues of the County. Other amendments permitted the Legislature to allow persons over 55 who sell their residences and on or after November 5, 1986, buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence, and permitted the Legislature to authorize each county under certain circumstances to adopt an ordinance making such transfers of assessed value applicable to situations in which the replacement is located in another county within California.

In the November 1990 election, the voters approved the amendment of Article XIII A to permit the State Legislature to exclude from the definition of "new construction" seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990. Additional currently proposed amendments to Article XIII A would extend the replacement dwelling provisions applicable to persons over 55 to severely disabled homeowners for replacement dwellings purchased or newly constructed on or after the effective date of the amendments (which have not yet been adopted), and exclude from the definition of "new construction" triggering reassessment improvements to certain dwellings for the purpose of making the dwelling more accessible to severely disabled persons.

### **Article XIII B of the California Constitution**

The State and most entities of local government are subject to an annual "appropriations limit" imposed by Article XIII B of the State Constitution. Article XIII B prohibits an entity of government from spending "appropriations subject to limitation" in excess of the appropriations limit imposed. Article XIII B, originally adopted in 1979, was modified substantially by Proposition 111 in 1990. "Appropriations subject to limitation" are authorizations to spend "proceeds of taxes," which consist of tax revenues, state subventions and certain other funds, including proceeds from regulatory licenses, user charges and other fees to the extent that such proceeds exceed "the cost reasonably borne by such entity in providing the regulation, product or service," but "proceeds of taxes," excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on appropriations of funds which are not "proceeds of taxes," such as reasonable user charges or fees, and certain other non-tax funds.

Not included in the Article XIII B limit are appropriations for the debt service costs of bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. The appropriations limit may also be exceeded in cases of emergency. However, unless the emergency arises from attack, civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by a two-thirds vote of the legislative body of the local government entity, the appropriations limit for the following three years must be reduced by the amount of the excess.

The appropriations limit for each local government entity in each year is based on the limit for the prior year, adjusted annually for changes in the cost of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to and from another unit of government. As amended by Proposition 111, the appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate "proceeds of taxes" received by the local government entity over such two-year period above the combined appropriations limits for those years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years.

As originally enacted in 1979, the appropriations limit was based on 1978/79 Fiscal Year authorizations to expend proceeds of taxes and was adjusted to reflect changes in cost of living and population (using different definitions, which were modified by Proposition 111). Starting in the 1990/91 Fiscal Year, the appropriations limit is calculated by taking the actual 1986/87 limit, and applying the annual adjustments as if Proposition 111 had been in effect.

### **Unitary Property**

A.B. 454 (Chapter 921, Statutes of 1986) provides that revenues derived from most utility property assessed by the State Board of Equalization ("Unitary Property"), commencing with Fiscal Year 1988-89 will be allocated as follows: (1) each jurisdiction will receive up to 102% of its prior year State-assessed revenue; and (2) if county-wide revenues generated from Unitary Property are less than the previous year's revenues or greater than 102% of the previous year's revenues, each jurisdiction will share the burden of the shortfall or excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The provisions of A.B. 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the State Board of Equalization. Generally, A.B. 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

### **Proposition 98**

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). The Accountability Act changes State funding of public education below the university level, and alters the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (collectively, "K-14 Districts") at a level equal to the greater of (a) the same percentage of State general fund ("General Fund") revenues as was appropriated to such districts in 1986-87, or (b) the amount actually appropriated to such districts from the General Fund in the previous fiscal year, adjusted for changes in enrollment and inflation (operative only in a fiscal year in which the percentage growth in California per capita personal income is less than or equal to the percentage growth in per capita General Fund revenues plus one half of one percent), or (c) the amount actually appropriated to school districts in the prior fiscal year from General Fund proceeds and from allocated local proceeds of taxes (excluding any excess State revenues allocated pursuant to Section 8.5) adjusted for changes in enrollment and for the change in per capita General Fund revenues, and, in addition, an amount equal to one-half of one percent times the prior year appropriations (excluding any excess State revenues) adjusted for changes in enrollment (operative only in a fiscal year in which the percentage growth in California per capita personal income is greater than the percentage growth in per capita General Fund revenues plus one-half of one percent).

If the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when the General Fund revenue growth exceeds personal income growth.

The State legislature by a two-thirds vote of both houses, with the Governor's concurrence, may suspend for one year the minimum funding provisions for school districts as provided for in Section 8.

In addition to the amounts applied to school districts under the tests discussed above, the State Controller is directed to allocate available excess State revenues (pursuant to Article XIII B) to the State School Fund. However, no such allocation is required at any time that the Director of Finance and the Superintendent of Public Instruction mutually determine that current annual expenditures per student equal or exceed the average annual expenditures per student of the 10 states with the highest annual expenditures per student and the average class size equals or is less than the average class size of the 10 states with the lowest class size. Such allocations do not constitute appropriations subject to Article XIII B limitations and are to be made in an equal amount per enrollment.

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Such transfers do not constitute appropriations subject to limitation under Article XIII B.

### **Applications of Constitutional and Statutory Provisions**

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. One major reason is that Proposition 98 funding minimums in part are dependent on State general fund revenues. In each of the past two fiscal years the State made actual allocations to K-14 school districts based on assumption of State general fund revenues at a level above which was ultimately realized. In both years, the State has considered the amount appropriated above the minimum as a loan to K-14 school districts, and has deducted the value of these loans from the next year's estimated Proposition 98 minimums.

### **Future Initiatives**

Article XIII A, Article XIII B and Proposition 98 were each adopted as a measure that qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated.

## **TAX EXEMPTION**

In the opinion of Jones Hall Hill & White, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however, to the qualifications set forth below, under existing laws, the interest on the Notes is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing

the alternative minimum tax imposed on corporations (as defined for federal income tax purposes) such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the conditions that the District comply with all requirements of the Internal Revenue Code of 1986 (the "Code") that must be satisfied subsequent to the issuance of the Notes in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Notes. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes.

Prospective purchasers of the Notes should be aware that, under existing law, for the purpose of computing the 20 percent federal alternative minimum tax imposed on corporations, an amount equal to 75 percent of the amount by which adjusted current earnings exceed alternative minimum taxable income is added to alternative minimum taxable income. Interest otherwise excluded from gross income, such as interest on the Notes, is included in adjusted net book income and in adjusted current earnings.

Prospective purchasers of the Notes should also be aware that (i) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Notes or, in the case of a financial institution, that portion of the Noteholders' interest expense allocated to the interest (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Notes, (iii) for taxable years beginning before January 1, 1996, interest on the Notes earned by some corporations could be subject to the environmental tax imposed by Section 59A of the Code, (iv) interest on the Notes earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (v) passive investment income, including interest on the Notes, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income and (vi) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the Notes.

In further opinion of Bond Counsel, interest on the Notes is exempt from California personal income taxes.

## LITIGATION

There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the execution or delivery of the Notes or the Resolution or in any way contesting or affecting the validity of the Notes. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's abilities to receive Pledged Revenues or contesting the District's abilities to issue the Notes.

The District is a defendant in a number of lawsuits which have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the District, these actions when finally adjudicated will not have a material adverse effect on the ability of the District to repay the Notes.

The District is a defendant in an action filed in December 1991, which alleges that the District and others, including substantially all the industries and municipalities in Contra Costa County, should bear their respective shares of any costs incurred in the closure and post-closure maintenance of the County landfill site. The District and others in the action are working with the Court to proceed with discovery. While the District cannot yet reasonably estimate its portion of any costs which may be assessed, it believes any such assessment, net of possible insurance recovery, will not have a material adverse effect on the District's financial position.

The District discovered in 1989-90 that a planned expansion site was used in the 1960's to dispose of refinery wastes now categorized as hazardous. At the time the wastes were accepted, the District was not in violation of any known federal or state regulations. If the District proceeds with its expansion project, it expects to be required to remove these wastes. The cost of the removal would be capitalized as part of the expansion project construction costs and recovered over the life of the project. No litigation has been filed, however the District may in the future seek to file litigation to recover contributions from other parties in regard to this liability.

#### **RATINGS**

The District has received ratings on the Notes from Standard & Poor's Rating Group ("S&P") of SP-1+ and a MIG-1 from Moody's Investor Service ("Moody's"). The ratings issued reflect only the views of S&P and Moody's and any explanation of the significance of such ratings should be obtained from S&P and Moody's. Ratings are not a recommendation to buy, sell or hold the Notes, and there is no assurance that the ratings obtained will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by S&P and Moody's if, in their judgment, circumstances so warrant. Any downward revision or withdrawal of the ratings obtained may have an adverse effect on the market price of the Notes. The Underwriter and the District have undertaken no responsibility to maintain the ratings or to oppose revision or withdrawal of the ratings. The District further undertakes no responsibility to bring to the attention of the holders of the Notes any downward revision or withdrawal of the ratings.

#### **LEGAL OPINION**

Jones Hall Hill & White, A Professional Law Corporation, San Francisco, California will render an opinion substantially in the form of Appendix D hereto with respect to the validity and enforceability of the Notes and the District Resolution, and the tax-exempt nature of the interest on the Notes. Copies of such approving opinion will be available at the time of delivery of the Notes.

## **UNDERWRITING**

The Notes are being purchased for reoffering by Sutro & Co. Incorporated (the "Underwriter"). The Underwriter has agreed to purchase the Notes at a price of \$10,060,900, plus accrued interest, if any. The Contract of Purchase provides that the Underwriter will purchase all of the Notes, if any are purchased. Furthermore, the obligation to make such purchase is subject to certain terms and conditions set forth in the Contract of Purchase and certain other conditions.

The Underwriter may offer and sell the Notes to certain dealers and others at a price lower than the initial public offering price. The offering price may be changed from time to time by the Underwriter.

## **MISCELLANEOUS**

References are made herein to certain documents and reports which are only briefly summarized herein. Such summaries do not purport to be complete or definite and reference is made to such documents and reports for full and complete statements of the contents thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not construed as a contract or agreement between the District and the purchasers or Owners of any of the Notes.

The execution and delivery of this Official Statement has been duly authorized by the District.

**Central Contra Costa Sanitary District**

By: /s/ Paul Morsen  
Deputy General Manager

**APPENDIX A**  
**CONTRA COSTA COUNTY**  
**GENERAL INFORMATION**

## THE COUNTY

### General

Contra Costa County was incorporated in 1850 as one of the original 27 counties of the State, with the City of Martinez as the County Seat. It is one of the nine counties in the San Francisco-Oakland Bay Area. The County covers about 733 square miles and extends from the northeastern shore of San Francisco Bay easterly about 50 miles to San Joaquin County. Contra Costa is bordered on the south and west by Alameda County and on the north by Suisun and Pablo Bays. The western and northern shorelines are highly industrialized, while the interior sections are suburban/residential, commercial and light industrial.

A large part of the interior of the County is served by the Bay Area Rapid Transit District ("BART"), a situation that has encouraged the expansion of both residential and commercial development. In addition, economic development along the Interstate 680 corridor in the County has been so substantial that three cities - Concord, Walnut Creek and San Ramon - placed among the top four cities accounting for the greatest percentage increases in jobs in the entire Bay Area from 1985 through 1990.

### County Government

The County has a general law form of government. A five-member Board of Supervisors, each of whom is elected to a four-year term, serves as the county's legislative body. Also elected are the County Assessor, Auditor-Controller, Clerk-Recorder, District Attorney-Public Administrator, Sheriff-Coroner and Treasurer-Tax Collector. A County Administrative Officer appointed by the Board of Supervisors runs the day-to-day business of the County.

### Population

Contra Costa County's population grew 21.5 percent during the 1980's, a moderate acceleration from the 17.7 percent growth rate achieved in the decade of the 1970's. The County's population growth ranked first among the nine Bay Area counties for the 1980 - 1990 period and was slightly below the 24.9 percent growth rate for the entire state of California.

As detailed in the table on the next page, population growth within the County was positive during the 1980's in every city except Orinda. Cities experiencing the strongest growth include Hercules, Brentwood, Clayton, Antioch, Pleasant Hill, San Ramon and Martinez. Population growth in Concord, the County's largest city, was relatively static by comparison during the 1980's.

Of particular significance is the resumption of population increases in the western portion of the County, particularly in Pinole, Richmond and San Pablo. Each of these older cities experienced population declines during the 1970's, but a number of factors have gradually reversed the population erosion. The availability of rapid transit, close proximity to the major employment hubs in San Francisco and Oakland, and relatively affordable existing and new housing have combined to attract more residents to these cities.

The unincorporated regions of the County registered a 17.8 percent increase in population during the 1980's after having dropped by 21.2 percent during the 1970's.

**Most Recent Annual Performance.** The California State Department of Finance reported that the County's population stood at 855,100 as of January 1993, an increase of 7.2 percent since 1990. The strongest growth is concentrated in the eastern portions of the County, particularly in Clayton, Antioch and Brentwood, although very strong growth was noted in Hercules and Richmond in the western part of the County.

**County of Contra Costa  
Population<sup>(1)</sup>**

	<u>1960</u>	<u>1970</u>	<u>Special Census 1975</u>	<u>1980</u>	<u>1990</u>	<u>1993</u>
Antioch	17,305	28,060	33,215	42,683	60,900	69,600
Brentwood	2,186	2,649	3,662	4,434	7,500	9,675
Clayton	---	1,385	1,790	4,325	7,150	8,375
Concord	36,208	85,164	94,673	103,763	110,900	113,200
Danville*	---	---	---	26,143	31,200	34,100
El Cerrito	25,437	25,190	22,950	22,731	22,850	23,450
Hercules	310	252	121	5,963	16,400	18,600
Lafayette	---	20,484	19,628	20,837	23,450	23,700
Martinez	9,604	16,506	18,702	22,582	31,700	35,000
Moraga	---	14,205	14,418	15,014	15,850	16,550
Orinda*	---	---	---	17,070	16,650	17,050
Pinole	6,064	15,850	15,337	14,253	17,000	18,150
Pittsburg	19,062	20,651	24,347	33,465	47,250	50,400
Pleasant Hill	---	24,610	25,398	25,547	31,550	31,850
Richmond	71,584	79,043	70,126	74,676	86,600	92,200
San Pablo	19,687	21,461	19,392	19,750	25,000	26,150
San Ramon*	---	---	---	20,511	35,100	38,900
Walnut Creek	9,903	39,844	46,034	54,033	60,400	62,400
Unincorporated	<u>191,680</u>	<u>163,035</u>	<u>173,036</u>	<u>128,551</u>	<u>150,100</u>	<u>165,700</u>
Total	409,030	558,389	582,289	656,331	797,600	855,100
California	15,717,204	18,136,045	21,185,000	23,668,145	28,558,000	31,552,000

(1) Totals may not equal sums due to independent rounding.

\*Dates of incorporation: Danville (7/1/82); Orinda (7/1/85); San Ramon (7/1/83). The 1990 Census Report created 1980 population levels for these cities prior to official incorporation.

Source: United States Census: 1960 - 1990; State Department of Finance: 1993.

## Industry and Employment

Contra Costa County has one of the fastest-growing work forces among Bay Area counties, with growth in its employment base being driven primarily by the need to provide services to an increasing local population. Concomitantly, the County has experienced an immigration of white-collar jobs due to the relocation of companies from costlier locations in the Bay Area. The combined impact of population growth and immigration has resulted in significant job creation in the County, with the job base having grown 50 percent since 1980. Recently, County employment has increased by 8,000 jobs from 1990 to 1993.

As shown below, the County's labor force stood at 430,000 in 1992. With average 1992 unemployment rates of 6.7 percent and 9.1 percent for the County and the State, respectively, the County has achieved a lower unemployment rate than the State in four of the past five years.

### County of Contra Costa Employment and Unemployment of Resident Labor Force Wage and Salary Workers by Industry Annual Averages (in Thousands)

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
Civilian Labor Force	418.6	419.4	437.4	438.4
Employment	401.2	396.1	408.7	409.3
County Unemployment	17.4	23.3	28.7	29.0
Unemployment Rate:				
County	4.2%	5.6%	6.6%	6.6%
State of California	5.6%	7.5%	9.1%	9.2%
United States	5.3%	6.7%	7.4%	6.8%
Wage and Salary Employment				
	1.3	1.2	1.3	1.3
Agriculture	2.8	2.6	2.9	2.9
Mining	21.4	18.6	16.7	16.9
Construction	31.7	31.1	30.1	27.3
Manufacturing	20.0	20.0	18.6	19.2
Transportation and Public Utilities	11.1	11.0	11.0	10.6
Wholesale Trade	61.6	58.8	56.3	56.1
Retail Trade	27.3	26.8	27.5	27.7
Finance, Insurance and Real Estate Services	77.3	78.2	78.5	80.2
Government			44.1 <sup>(1)</sup>	43.0 <sup>(1)</sup>
Federal	7.1	6.9		
State and Local	<u>36.6</u>	<u>37.0</u>		
TOTAL	298.2	292.2	287.0	285.2

<sup>(1)</sup>For years 1992 and 1993, only aggregate figures for government workers are available. A breakdown of those figures into federal government workers and State and local government workers will be available in late 1994.

Source: Employment Development Department, State of California Health and Welfare Agency.

## Major Employers

Major industries in the County include petroleum refining, steel manufacturing, prefabricated metals, chemicals, electronic equipment, paper products, services and food processing. Most of the County's heavy manufacturing is located along the County's northern boundary fronting on the Suisun and San Pablo Bays leading to San Francisco Bay and the Pacific Ocean. Descriptions of major employers in selected industries follow.

**Petroleum and Petroleum Products.** The production of petroleum products formed the initial basis of industrial development in the County. Currently, four companies manufacture products from crude oil.

The largest in terms of capacity is Chevron Corporation's (Standard Oil Company of California) Richmond Refinery, which began operations in 1902 and is the company's oldest and fourth-largest refinery. The Richmond refinery, located on 3,000 acres, has a capacity of 365,000 barrels per day although typical production is between 230,000 and 250,000 barrels per day. The refinery produces a complete line of petroleum products and imports the bulk of the crude oil from Alaska. Shipping facilities include the company's own wharf, which is capable of handling four tankers at a time, making it the largest in the Bay Area in terms of tonnage. Chevron operates a fleet of 53 tankers, of which nine are for intrastate business. Petroleum products are also shipped by truck and by two railroad carriers as well as distributed by pipeline. The company is presently constructing a \$160 million natural-gas-fired cogeneration plant to fulfill its own requirements for electricity and steam.

A number of Chevron's divisions are located throughout the County. Chevron Research and Technology Company is in Richmond and is the only non-geological research arm of the company. This facility is used by Chevron Research in its continuing program to improve the efficiency of conventional auto, aircraft and marine fuels. Chevron Accounting Division is located in a 400,000 square foot building in Concord and serves as a finance and computer center for Chevron's entire domestic operations. In 1987, a San Ramon facility was opened and houses 3,900 employees involved in computer, marketing, consumer services and other administrative functions.

Chevron currently has the fifth largest workforce of any employer in the Bay Area and the largest employer in the County, reporting approximately 49,277 people on its worldwide payrolls as of December, 1992. The company has nearly 10,000 employees located among its various facilities in the County. Due to a corporate consolidation of Chevron's domestic exploration and production subsidiary, Chevron U.S.A. Production Company, approximately 200 positions were eliminated in the finance division in Concord during 1992 and 1993.

Shell Oil Company ("Shell") began operating in Martinez in 1915. The Shell Oil and Chemical Martinez Manufacturing Complex, located on 1,100 acres, is a combined oil refinery and industrial chemical production plant. It is one of three Shell facilities on the West Coast which supply all Shell products to the western states. The complex has the capacity to process about 145,000 to 160,000 barrels of crude oil per day. About 70-80 percent of this crude oil is transferred via the company's pipeline from California oil fields, while the remainder is shipped from Alaska. Shell's docking facilities can handle two tankers and two barges simultaneously. Finished petroleum products are shipped via a company owned pipeline, Southern Pacific Railroad's pipeline, and by rail car and truck.

Shell employees in the County total approximately 850, of whom approximately 800 work at the Martinez complex and 50 work at a retail district office in Concord.

Union Oil Company ("Unocal") operates an oil refinery at Rodeo between the cities of Richmond and Martinez, and a distribution terminal for Northern California at Richmond. The oil refinery, which began operations in 1896, occupies 1,100 acres and processes up to 100,000 barrels of raw materials per day. There are 600 full-time employees at the refinery and 75 at the distribution terminal. Unocal also operates a chemical plant on Franklin Canyon Road near Highway 4 in the County.

Tosco Corporation operates a refinery with a capacity of 140,000 barrels per day. The refinery, which has been in operation since 1913, uses crude oil from the North Slope of Alaska, as well as the heaviest crude oil from California oil fields, and refines it into high grade light fuel products. It is located on a 2,200-acre site and employs approximately 700 people. Tosco moved its corporate headquarters from Bakersfield to Concord in the fall of 1990. The relocation added another 80 employees to payrolls in the County.

**Grocery Stores.** Safeway, the Bay Area's largest employer, reported 104,900 employees worldwide as of December 1992, a reduction of 5,200 jobs compared to 1991. Most of the employment decline came as a result of replacement of part-time with full-time workers.

**Health Care.** One of the Bay Area's largest private employers, Kaiser Permanente Medical Group, has approximately 3,300 employees in the County. Kaiser provides medical coverage to about one in three Bay Area residents and operates hospital and clinic facilities in Richmond, Martinez, Antioch and Walnut Creek and is exploring other sites in the County for future construction.

**Telephone Services.** Pacific Telesis Group, the Bay Area's fourth largest employer reported 61,346 worldwide employees as of December 1992. The company has been trimming its worldwide workforce over the past three years and is expected to eliminate approximately 8,000 more jobs by 1995, largely a result of further cost reductions, restructuring, and buyouts. The San Ramon Chamber of Commerce reported in early 1993 that the company's employment totals approximately 7,500 at its Bishop Ranch offices in the County.

The following table provides a listing of large companies headquartered in the County and employers who account for at least 1,000 jobs in the County.

**County of Contra Costa  
Major Companies Headquartered in the County  
and Employers With More Than 1,000 Employees**

<b>Firm</b>	<b>Primary Locations</b>	<b>Product</b>	<b>Employment<sup>(1)</sup></b>
Longs Drugs Store <sup>(3)</sup>	Walnut Creek	Drug Stores	12,000
Chevron Corporation	Richmond, Concord, San Ramon	Petroleum Products	10,504
Pacific Telesis	San Ramon	Telecommunications	7,500 <sup>(2)</sup>
County of Contra Costa <sup>(3)</sup>	Martinez	County Government	6,764
Bank of America <sup>(4)</sup>	Concord	Financial Services	6,500
Kaiser Permanente Medical Group	Martinez, Walnut Creek	Health Care Service	3,300
Safeway	Countywide	Retail Food Outlets	3,000
Biorad <sup>(3)</sup>	Hercules	Clinical Testing Equipment	2,500
Fibreboard <sup>(3)</sup>	Concord	Wood Products	2,000
Village Resorts	Lafayette	Resort Condominiums	1,800
Leshar Communications, Inc.	Walnut Creek	Newspapers	1,267
Naval Weapons Station <sup>(3)</sup>	Concord	Munitions Depot	1,175
North American Title Co.	Walnut Creek	Title Insurance	1,140
City of Concord <sup>(3)</sup>	Concord	City Government	1,025
Central Garden Supply	Lafayette	Wholesale Garden Supplies	1,000
C&H Sugar Co.	Concord	Sugar Refinery	1,000

<sup>(1)</sup>Estimates; may include entire Bay Area workforce

<sup>(2)</sup>As of April, 1992.

<sup>(3)</sup>Headquartered in the County.

<sup>(4)</sup>Company made acquisition during 1992.

Source: The San Francisco Chronicle, "The Chronicle 100", April 1993; San Ramon Chamber of Commerce; Contra Costa Times, "Top 50", July, 1992.

### **Commercial Activity**

Commercial activity forms an important part of Contra Costa County's economy, with total dollars generated by taxable transactions rising by 11.63 percent between 1989 and 1992. Sales rose annually during that period until the economic recession in California triggered a decline commercial activity in 1991 when sales fell 1.4 percent from 1990 levels.

**County of Contra Costa  
Taxable Transactions  
1989 to 1993  
(in thousands)**

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993<sup>(1)</sup></u>
Apparel Stores	\$250,721	\$268,874	\$270,580	\$273,882	\$187,461
General Merchandise Stores	1,081,849	1,300,383	1,154,519	1,201,982	808,213
Specialty Stores	599,770	700,909	684,931	702,994	507,137
Food Stores	415,268	432,071	479,104	512,196	
Packaged Liquor Stores	49,993	48,669	47,049	50,195	30,775
Eating and Drinking Places	474,132	513,257	533,763	546,431	406,990
Home Furnishings and Appliances	277,961	268,755	257,102	260,979	186,050
Building Materials and Farm Implements	480,531	497,273	443,869	432,665	390,570
Service Stations	414,623	528,802	481,101	519,478	372,481
Automotive and Vehicle Dealers, Parts and Supplies	<u>836,470</u>	<u>853,970</u>	<u>796,285</u>	<u>795,286</u>	<u>743,479</u>
<b>Total Retail Outlets</b>	<b>\$4,881,318</b>	<b>\$5,242,963</b>	<b>\$5,148,303</b>	<b>\$5,300,556</b>	<b>\$3,794,556</b>
Business and Personal Services	\$298,832	\$333,588	\$323,284	\$308,261	\$230,319
All Other Outlets	<u>\$1,596,291</u>	<u>\$1,888,513</u>	<u>\$1,888,979</u>	<u>\$1,956,354</u>	<u>\$1,378,059</u>
<b>Total All Outlets</b>	<b>\$6,776,441</b>	<b>\$7,465,064</b>	<b>\$7,360,566</b>	<b>\$7,565,171</b>	<b>\$5,402,984</b>

<sup>(1)</sup>Figures represent transactions through the third quarter of 1993 only.  
Source: State Board of Equalization.

Taxable transactions are skewed toward the largest cities in the County, where the concentration of retail establishments is greatest. Through the third quarter of 1993, the top five cities accounted for 51 percent of taxable transactions while comprising only 46 percent of the County's population.

**County of Contra Costa  
Taxable Transactions of Top Five Cities  
(in thousands)**

<u>City</u>	<u>1991 Taxable Transactions</u>	<u>1992 Taxable Transactions</u>	<u>1993 Taxable Transactions<sup>(1)</sup></u>
Concord	\$1,467,383	\$1,495,209	\$1,086,038
Walnut Creek	919,273	966,526	678,418
Richmond	737,520	740,439	497,196
Antioch	374,119	399,956	291,506
Pittsburg	<u>241,654</u>	<u>288,944</u>	<u>206,464</u>
TOTAL	\$3,739,949	\$3,891,074	\$2,759,622

<sup>(1)</sup>Figures represent transactions through the third quarter of 1993 only.  
Source: State Board of Equalization.

Much of the County's commercial activity is concentrated in central business districts of the cities and unincorporated towns. In addition, four regional shopping centers and numerous smaller centers serve County residents. The regional centers located in the cities of Richmond, Concord, Walnut Creek and Antioch each are anchored by at least three major department stores. The largest regional shopping center in the County is Sun Valley Shopping Center which features 130 stores including Macy's, Sears, Penney's, Mervyn's and Emporium-Capwell. In addition, two large discount warehouse stores (Costco and Price Club) are located in Richmond.

The County is served by all major banks including Bank of America NT&SA, Wells Fargo Bank, and First Interstate Bank. In addition there are numerous local banks and branches of smaller California and foreign banks. There are over 30 savings and loan associations in the County, including Home Savings, Great Western, San Francisco Federal and California Federal.

## Construction Activity

The following table provides a summary of building permit valuations and number of new dwelling units authorized in the County since 1981.

### County of Contra Costa Building Permit Valuations 1981 - 1993

Year	Valuation (\$ millions)			Number of New Dwelling Units		
	Residential (New)	Non-residential	Total	Single Family	Multiple Family	Total
1981	\$227,924	\$205,905	\$433,829	2,523	585	3,108
1982	201,256	218,496	419,752	1,930	858	2,788
1983	432,291	362,939	795,230	4,588	1,968	6,556
1984	408,562	445,003	853,565	4,162	2,255	6,417
1985	579,867	511,120	1,090,987	4,650	4,672	9,322
1986	808,639	325,046	1,133,685	6,186	6,766	12,952
1987	670,747	305,953	976,700	5,481	2,950	8,431
1988	785,925	214,201	1,000,126	5,853	2,171	8,024
1989	863,313	264,020	1,127,333	5,504	2,219	7,723
1990	560,193	252,443	812,636	3,132	1,149	4,281
1991	488,939	196,165	685,104	2,705	1,275	3,980
1992	638,714	207,099	845,812	3,279	614	3,893
1993	590,135	183,156	773,291	3,026	461	3,477

Note: Totals may not be precise due to independent rounding.

Sources: Data Resources Inc.: 1981 - 1988; Economic Sciences Corporation: 1989-1992.

In the last few years, office construction and leasing has been a much-publicized engine of the County's economy, especially in the Bishop Ranch area of San Ramon along Interstate 680. It is estimated that over 8.5 million square feet of office space will be constructed in Bishop Ranch by 1996 and that the 585-acre business park will be the workplace for 26,000 employees. Six million square feet have already been completed and are occupied by companies such as Pacific Bell, Chevron Corporation, Toyota, United Parcel Service, American Express, and Marriott Hotels. Bishop Ranch offers lower land and labor costs than San Francisco and the East Bay and is surrounded by communities that provide a large labor pool to immigrating companies.

## **Transportation**

Availability of a broad transportation network has been one of the major factors in the County's economic and population growth. Interstate 80 connects the western County to San Francisco, Sacramento and points north to Interstate 5, the major north-south highway from Mexico to Canada. Interstate 680 connects the central County communities to the rest of the Bay Area via State Routes 4 and 24, the County's major east-west arteries.

On April 23, 1992, Northern California's largest freeway interchange reconstruction project began at the intersection of Interstate 680 and Highway 24 in Walnut Creek. The \$310 million project will add traffic lanes, an elevated bypass, and redesigned access patterns. With the majority of the work being conducted at night, the project is scheduled to finish in 1996.

In addition to private automobiles, ground transportation is available to county residents from the following service providers:

- Central Contra Costa Transit Authority ("CCCTA") provides local bus service to the central area of the County including Walnut Creek, Pleasant Hill and Concord.
- Bay Area Rapid Transit ("BART") connects the County to Alameda County, San Francisco and Daly City in San Mateo with two main lines, one from the San Francisco area to Richmond and the other to the Concord/Walnut Creek area. In May, 1992, BART announced plans to extend service to Pittsburg and Antioch in the eastern portion of the County. Construction of part of this extension, between Concord and Pittsburg, has begun and is expected to be completed by 1996.

## **Education and Community Services**

Graded public school education in the County is available through 9 elementary school districts, 2 high school districts, and 7 unified school districts. These districts provided 121 elementary schools, 29 middle, junior high, and intermediate schools, 23 high schools, and a number of preschool, adult school, and special education facilities. In addition, there are 104 private schools with six or more students in the County. School enrollment in the fall of 1993 number approximately 132,000 students in public schools and 15,000 students in regular graded public schools.

Higher education is available in the County through a combination of two-year community colleges and four-year colleges. The Contra Costa County Community College District has campuses in Richmond, Pleasant Hill and Pittsburg. California State University at Hayward opened a branch campus, called Contra Costa Center, in the City of Pleasant Hill where late afternoon and evening classes in business, education and liberal arts are offered. In addition, the California State University currently has a campus under construction in Concord. St. Mary's College of California, a four-year private institution, is located on a 100-acre campus in Moraga. Also located within the County, in Orinda, is John F. Kennedy University. In addition, County residents are within easy commuting distance of the University of California at Berkeley.

There are nine privately operated hospitals and one public hospital in Contra Costa County, with a combined total of 1,900 beds. Three of the private hospitals are run by Kaiser Permanente, the largest health maintenance organization in the United States. The public hospital is Merrithew Memorial Hospital, a 192-bed facility that the County is currently preparing to replace on the existing campus in Martinez.

**APPENDIX B**  
**CASH FLOW SCHEDULES**

CENTRAL CONTRA COSTA SANITARY DISTRICT  
CASHFLOW ANALYSIS 1992-93

	1992 JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	1993 JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	TOTALS
BEGINNING BALANCE	(23,823)	(703,913)	1,002,895	1,957,170	1,092,624	884,924	787,157	(1,489,802)	86,905	942,677	1,112,002	355,344	
<b>REVENUES</b>													
CONCORD O&M		1,993,062							2,198,397				4,191,459
SEWER SERVICE CHARGE					5,198	10,522,113				9,573,192		1,105,079	21,205,582
R/E OTHER	188,440	211,822	143,676	522,444	306,719	490,164	85,081	131,596	170,011	171,397	70,214	416,322	2,907,886
PROPERTY TAXES					436,844	3,477,887				1,132,135		480,856	5,527,722
CONCORD CAPITAL								2,993,614					2,993,614
INTEREST	175,267	384,361		642,238	57,738	238,381	149,838	61,104	254,735	555,951		445,031	2,964,644
S/C OTHER	789,209	136,500	390,590	251,025	358,790	108,223	318,698	163,684	142,536	289,688	275,726	863,969	4,088,638
<b>TOTAL REVENUES</b>	<b>1,152,916</b>	<b>2,725,745</b>	<b>534,266</b>	<b>1,415,707</b>	<b>1,165,289</b>	<b>14,836,768</b>	<b>553,617</b>	<b>3,349,998</b>	<b>2,765,679</b>	<b>11,722,363</b>	<b>345,940</b>	<b>3,311,257</b>	<b>43,879,545</b>
<b>EXPENSES</b>													
R/E EXPENSE	2,962,066	2,619,707	2,212,531	2,634,878	2,481,569	2,836,880	2,631,718	2,325,285	2,627,488	2,662,020	2,268,225	2,451,936	30,714,303
S/C EXPENSE	889,940	594,230	1,840,303	2,135,375	1,381,420	1,297,655	1,698,858	1,284,006	891,419	2,661,018	2,039,373	2,306,382	19,019,979
<b>TOTAL EXPENSE</b>	<b>3,852,006</b>	<b>3,213,937</b>	<b>4,052,834</b>	<b>4,770,253</b>	<b>3,862,989</b>	<b>4,134,535</b>	<b>4,330,576</b>	<b>3,609,291</b>	<b>3,518,907</b>	<b>5,323,038</b>	<b>4,307,598</b>	<b>4,758,318</b>	<b>49,734,282</b>
TRANSFER FROM INVESTMENT	2,019,000	2,195,000	4,472,843	2,490,000	2,490,000	(10,800,000)	1,500,000	1,836,000	1,609,000	(6,230,000)	3,205,000	3,700,000	8,486,843
SURPLUS (DEFICIT)	(680,090)	1,706,808	954,275	(864,546)	(207,700)	(97,767)	(2,276,959)	1,576,707	855,772	169,325	(756,658)	2,252,939	2,632,106
ENDING BALANCE	(703,913)	1,002,895	1,957,170	1,092,624	884,924	787,157	(1,489,802)	86,905	942,677	1,112,002	355,344	2,608,283	
INVESTMENT BALANCE	70,929,091	68,734,091	64,261,248	61,771,248	59,281,248	70,081,248	68,581,248	66,745,248	65,136,248	71,366,248	68,161,248	64,461,248	

CENTRAL CONTRA COSTA SANITARY DISTRICT  
CASHFLOW ANALYSIS 1993-94

	1993 JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	1994 JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	TOTALS
BEGINNING BALANCE	2,608,283	(751,640)	2,262,634	447,318	479,730	771,603	1,661,749	2,645,452	1,524,740	1,257,546	855,931	870,346	
<b>REVENUES</b>													
CONCORD O&M		2,168,274						1,995,354					4,163,628
SEWER SERVICE CHARGE						12,073,685			(165,181)	11,469,138		1,082,962	24,460,604
R/E OTHER	167,259	223,758	112,473	101,287	608,562	653,551	185,268	162,570	126,260	301,763	379,485	321,962	3,344,198
PROPERTY TAXES						2,490,587				2,051,145		300,367	4,842,099
CONCORD CAPITAL							5,940,968						5,940,968
INTEREST	152,058	86,191	289,392	548,003	193,639	234,503	37,357	225,016	291,701	413,470	21,596	388,942	2,881,868
S/C OTHER	1,080,915	545,391	281,843	479,132	1,248,994	198,621	599,904	934,650	527,254	317,737	329,718	416,218	6,950,377
<b>TOTAL REVENUES</b>	<b>1,400,232</b>	<b>3,023,614</b>	<b>683,708</b>	<b>1,128,422</b>	<b>2,051,195</b>	<b>15,640,947</b>	<b>6,763,497</b>	<b>3,317,590</b>	<b>780,034</b>	<b>14,553,253</b>	<b>730,799</b>	<b>2,510,451</b>	<b>52,583,742</b>
<b>EXPENSES</b>													
R/E EXPENSE	2,775,633	2,144,626	2,386,006	2,353,477	2,382,533	2,539,394	2,449,393	2,479,002	2,380,690	2,741,346	2,364,604	2,177,826	29,174,530
S/C EXPENSE	2,084,522	2,564,714	2,810,745	2,842,533	1,376,789	2,101,407	2,671,401	2,635,300	4,531,902	4,213,522	4,654,780	4,480,485	36,968,100
<b>TOTAL EXPENSE</b>	<b>4,860,155</b>	<b>4,709,340</b>	<b>5,196,751</b>	<b>5,196,010</b>	<b>3,759,322</b>	<b>4,640,801</b>	<b>5,120,794</b>	<b>5,114,302</b>	<b>6,912,592</b>	<b>6,954,868</b>	<b>7,019,384</b>	<b>6,658,311</b>	<b>66,142,630</b>
TRANSFER FROM INVESTMENT	100,000	4,700,000	2,697,727	4,100,000	2,000,000	(10,110,000)	(659,000)	676,000	5,865,364	(8,000,000)	6,303,000	5,255,000	12,928,091
SURPLUS (DEFICIT)	(3,359,923)	3,014,274	(1,815,316)	32,412	291,873	890,146	983,703	(1,120,712)	(267,194)	(401,615)	14,411	1,107,140	(630,797)
ENDING BALANCE	(751,640)	2,262,634	447,318	479,730	771,603	1,661,749	2,645,452	1,524,740	1,257,546	855,931	870,346	1,977,486	
INVESTMENT BALANCE	64,361,248	59,661,248	56,963,521	52,863,521	50,863,521	60,973,521	61,632,521	60,956,521	55,091,157	63,091,157	56,788,157	51,533,157	

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**CENTRAL CONTRA COSTA SANITARY DISTRICT  
CASHFLOW ANALYSIS 1994-95**

	1994 JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	1995 JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	TOTALS
BEGINNING BALANCE	1,977,486	4,920,310	4,920,310	14,920,310	14,920,310	14,920,310	9,670,309	9,670,309	9,670,309	9,670,309	4,420,309	4,420,309	
<b>REVENUES</b>													
CONCORD O&M		2,232,500						2,232,500					4,465,000
SEWER SERVICE CHARGE	1,083,000					10,746,400				10,746,400			22,575,800
R/E OTHER	163,250	163,250	163,250	163,250	163,250	163,250	163,250	163,250	163,250		163,250	163,250	1,959,000
SEWER SERVICE CHARGES	357,000					1,937,000				1,937,000			4,231,000
PROPERTY TAXES						2,711,000				2,711,000			5,422,000
CONCORD CAPITAL							6,796,000						6,796,000
INTEREST	125,394	175,733	97,812	183,693	408,701		25,394	147,375	97,812	143,193	304,340		1,709,447
S/C OTHER	420,546	420,546	420,546	420,546	420,546	420,546	420,546	420,546	420,546	420,546	420,546	420,546	5,046,552
NOTE PROCEEDS			10,000,000										10,000,000
BOND PROCEEDS							20,000,000						20,000,000
<b>TOTAL REVENUES</b>	<b>2,149,190</b>	<b>2,992,029</b>	<b>10,681,608</b>	<b>767,489</b>	<b>992,497</b>	<b>15,978,196</b>	<b>27,405,190</b>	<b>2,963,671</b>	<b>681,608</b>	<b>16,121,389</b>	<b>888,136</b>	<b>583,796</b>	<b>82,204,799</b>
<b>EXPENSES</b>													
R/E EXPENSE	2,310,000	2,310,000	2,310,000	2,310,000	2,310,000	2,310,000	2,310,000	2,310,000	2,310,000	2,310,000	2,310,000	2,310,000	27,720,000
S/C EXPENSE	5,193,000	4,658,000	4,665,000	4,131,000	4,293,000	3,522,000	3,625,000	2,867,000	2,160,000	2,130,000	2,264,000	2,319,000	41,827,000
NOTE PAYMENTS						5,250,000				5,250,000			10,500,000
<b>TOTAL EXPENSE</b>	<b>7,503,000</b>	<b>6,968,000</b>	<b>6,975,000</b>	<b>6,441,000</b>	<b>6,603,000</b>	<b>11,082,000</b>	<b>5,935,000</b>	<b>5,177,000</b>	<b>4,470,000</b>	<b>9,690,000</b>	<b>4,574,000</b>	<b>4,629,000</b>	<b>80,047,000</b>
TRANSFER FROM INVESTMENT	8,296,634	3,975,971	6,293,392	5,673,511	5,610,503	(10,146,197)	(21,470,190)	2,213,329	3,788,392	(11,681,389)	3,685,864	4,045,204	285,024
SURPLUS (DEFICIT)	2,942,824	0	10,000,000	0	0	(5,250,001)	0	0	0	(5,250,000)	0	0	2,442,823
ENDING BALANCE	4,920,310	4,920,310	14,920,310	14,920,310	14,920,310	9,670,309	9,670,309	9,670,309	9,670,309	4,420,309	4,420,309	4,420,309	
INVESTMENT BALANCE	43,233,523	39,257,552	32,964,160	27,290,649	21,680,146	31,826,343	53,296,533	51,083,204	47,294,812	58,976,201	55,290,337	51,245,133	

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**APPENDIX C**  
**FINANCIAL STATEMENTS**

**CENTRAL CONTRA COSTA  
SANITARY DISTRICT**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 1993**

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Central Contra Costa Sanitary District

We have audited the general purpose financial statements of the Central Contra Costa Sanitary District as of and for the years ended June 30, 1993 and 1992 as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion the general purpose financial statements referred to above present fairly in all material respects the financial position of the Central Contra Costa Sanitary District at June 30, 1993 and 1992 and the results of its operations and cash flows for the years then ended, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the general purpose financial statements taken 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 general purpose financial statements. Such information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and in our opinion is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.



August 23, 1993

CONTRA COSTA CENTRAL SANITARY DISTRICT  
BALANCE SHEETS  
JUNE 30, 1993  
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 1992

	June 30	
	1993	1992
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and temporary investments (Note 2)	\$73,841,189	\$79,344,816
Accounts receivable, net of allowance for doubtful accounts	2,241,215	1,690,384
Parts and supplies	856,075	817,610
Prepaid expenses	156,614	155,348
<b>Total Current Assets</b>	<b>77,095,093</b>	<b>82,008,158</b>
Advance deposit on construction in progress, held in escrow	289,485	479,649
<b>Property, Plant and Equipment (Note 3):</b>		
Land	13,534,870	11,221,743
Sewage collection facilities	161,894,930	152,944,530
Treatment plant	129,749,368	128,291,877
Pumping plants	4,689,638	4,612,746
Buildings	9,172,237	7,132,648
Equipment	7,635,016	7,153,080
Accumulated depreciation	(76,333,371)	(69,980,551)
<b>Net Property, Plant and Equipment</b>	<b>250,342,688</b>	<b>241,376,073</b>
Construction in progress (Note 3)	47,125,682	38,791,016
Investments designated for deferred compensation benefits (Note 1E)	19,279,883	16,572,318
<b>Total Assets</b>	<b>\$394,132,831</b>	<b>\$379,227,214</b>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	\$2,780,728	\$2,045,929
Refundable deposits	395,529	481,243
Current portion of general obligation bonds payable	295,000	410,000
Accrued compensated absences	4,230,385	3,902,184
<b>Total Current Liabilities</b>	<b>7,701,642</b>	<b>6,839,356</b>
General obligation bonds payable, net of current portion (Note 4)	175,000	470,000
Deferred compensation benefits (Note 1E)	19,279,883	16,572,318
<b>Total Liabilities</b>	<b>27,156,525</b>	<b>23,881,674</b>
<b>FUND EQUITY</b>		
<b>Contributed capital, allocable to:</b>		
Contributed sewer lines	90,060,596	88,888,219
Watershed trunk lines	16,697,364	16,723,364
State and federal capital grants	75,301,279	75,301,279
Capital cost-sharing reimbursement	24,792,565	21,798,951
<b>Total Contributed Capital</b>	<b>206,851,804</b>	<b>202,711,813</b>
<b>Retained earnings (deficit)(Note 1), allocable to:</b>		
Running Expense sub-fund	109,882,155	95,946,095
Sewer Construction sub-fund	45,035,134	51,540,738
Debt Service sub-fund	(446,878)	(823,772)
Reserve for self-insured losses	5,654,091	5,970,666
<b>Total Retained Earnings (Deficit)</b>	<b>160,124,502</b>	<b>152,633,727</b>
<b>Total Fund Equity</b>	<b>366,976,306</b>	<b>355,345,540</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$394,132,831</b>	<b>\$379,227,214</b>

CONTRA COSTA CENTRAL SANITARY DISTRICT  
 STATEMENTS OF REVENUES AND EXPENSES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993  
 WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 1992

	Fiscal Year Ended June 30	
	1993	1992
<b>OPERATING REVENUES</b>		
Sewer service charges	\$22,156,637	\$20,623,111
Service charges – City of Concord	7,298,184	5,661,208
Permit and inspection fees	458,092	446,497
Other service charges	234,183	222,251
Equipment charges	148,874	144,694
	30,295,970	27,097,761
<b>OPERATING EXPENSES</b>		
Sewage collection	5,894,164	6,166,083
Sewage treatment	12,879,529	12,587,076
Engineering	3,551,213	3,613,538
Administrative and general	4,808,139	4,375,874
Depreciation (Note 3)	6,482,084	5,943,675
	33,615,129	32,686,246
Operating (Loss)	(3,319,159)	(5,588,485)
<b>NET NON-OPERATING REVENUES</b>		
Taxes	5,934,343	8,455,173
Interest earnings	3,665,373	4,729,678
Connection fees	3,567,893	4,101,490
Annexation charges	139,533	134,986
Franchises	492,863	581,965
Reclaimed water sales	2,650	282,042
Line development rebates		(3,799)
Other income	77,794	63,282
Loss on sale of fixed assets	(37,701)	
Interest (expense)	(39,200)	(49,292)
	13,803,548	18,295,525
<b>NET INCOME</b>	<b>\$10,484,389</b>	<b>\$12,707,040</b>

See accompanying notes to financial statements

CONTRA COSTA CENTRAL SANITARY DISTRICT  
STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1993  
WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 1992

	Fiscal Year Ended June 30	
	1993	1992
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$10,484,389	\$12,707,040
Adjustments to reconcile net income to cash flows from operating activities:		
Increase in contributed capital - sewer lines	1,146,377	1,470,523
Depreciation	6,352,820	5,943,675
(Increase) decrease in:		
Accounts receivable	(550,831)	776,459
Parts and supplies	(38,465)	(58,296)
Prepaid expenses	(1,266)	(7,032)
Advance deposit on construction in progress - funds held in escrow	190,164	19,784
Increase (decrease) in:		
Accounts payable	734,799	274,325
Refundable deposits	(85,714)	(118,293)
Accrued compensated absences	328,201	350,425
	18,560,474	21,358,610
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(23,654,101)	(17,655,831)
	(23,654,101)	(17,655,831)
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Payments of general obligation bonds	(410,000)	(415,000)
	(410,000)	(415,000)
<b>NET CASH FLOWS</b>	(5,503,627)	3,287,779
Cash and temporary investments at beginning of year	79,344,816	76,057,037
Cash and temporary investments at end of year	\$73,841,189	\$79,344,816
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest paid	\$39,200	\$49,292
Interest received	\$3,326,996	\$3,957,089

See accompanying notes to financial statements

CONTRA COSTA CENTRAL SANITARY DISTRICT  
STATEMENT OF FUND EQUITY  
FOR THE YEAR ENDED JUNE 30, 1993

CONTRIBUTED CAPITAL	Total Contributed Capital	Allocable to			Capital Cost-Sharing Reimbursement
		Sewer Lines	Watershed Trunk Lines	State and Federal Capital Grants	
Balance at beginning of year	\$202,711,813	\$88,888,219	\$16,723,364	\$75,301,279	\$21,798,951
Transfer of current year capital cost sharing payment from retained earnings to contributed capital	2,993,614				2,993,614
Contributed sewer lines	1,146,377	1,172,377	(26,000)		
Balance at end of year	<u>\$206,851,804</u>	<u>\$90,060,596</u>	<u>\$16,697,364</u>	<u>\$75,301,279</u>	<u>\$24,792,565</u>

RETAINED EARNINGS	Total Retained Earnings	Allocable to			Uncommitted Reserve for Self- Insured Losses
		Running Expense	Sewer Construction	Debt Service	
Balance at beginning of year	\$152,633,727	\$95,946,095	\$51,540,738	(\$823,772)	\$5,970,666
To reclassify current year capital expenditures Sewer service charge revenue designated for capital expenditures		22,658,144 (609,000)	(22,658,144) 609,000		
Transfer of current year capital cost sharing payment from retained earnings to contributed capital	(2,993,614)	(2,993,614)			
Net income	10,484,389	(5,119,470)	15,543,540	376,894	(316,575)
Balance at end of year	<u>\$160,124,502</u>	<u>\$109,882,155</u>	<u>\$45,035,134</u>	<u>(\$446,878)</u>	<u>\$5,654,091</u>

See accompanying notes to financial statements

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Notes to General Purpose Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***A. Reporting Entity***

The Central Contra Costa Sanitary District (the District), a public entity established under the Sanitary District Act of 1923, provides sewer service for the incorporated and unincorporated areas under its jurisdiction. The District is governed by a Board of Directors comprising five elected members. The District's financial statements reflect only its own activities; it has no component units (other government units overseen by the District).

Within the District's boundaries, there exist several local improvement districts which were formed for the sole purpose of financing sewer system improvements. The District has no oversight responsibility for these districts and is in no way liable for repayment of any bonds issued to finance these local district improvements. Contra Costa County acts as the agent for the property owners in these districts in collecting assessments, forwarding collections to bondholders, and initiating foreclosure procedures, if appropriate.

***B. Enterprise Fund Accounting***

The District is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Enterprise funds are used to account for activities similar to those in the private sector, where the proper matching of revenues and costs is important and the full accrual basis of accounting is required. With this measurement focus, all assets and all liabilities of the enterprise are recorded on its balance sheet, all revenues are recognized when earned and all expenses, including depreciation, are recognized when incurred. Enterprise fund equity includes retained earnings and contributed capital.

For internal operating purposes, the District's Board of Directors has established four separate sub-funds, each of which includes a separate self-balancing set of accounts and a separate, Board-approved budget for revenues and expenses. These sub-funds are combined into the single enterprise fund presented in the accompanying financial statements. The nature and purpose of these sub-funds is as follows:

***Running Expense*** accounts for the general operations of the District. Substantially all operating revenues and expenses are accounted for in this sub-fund.

***Sewer Construction*** accounts for operating and non-operating revenues which are to be used for sewer construction purposes.

***Debt Service*** accounts for that portion of tax revenues designated by the Board as being required for repayment of the District's general obligation bonds.

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Notes to General Purpose Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Self Insurance* accounts for interest earnings on cash balances in this sub-fund as well as for costs of claims not covered by the District's insurance coverages.

That portion of the District's retained earnings which is allocable to each of these sub-funds has been shown separately in the accompanying financial statements.

**C. Fixed Assets and Long-Term Liabilities**

Purchased fixed assets are stated at cost. Fixed assets contributed to the District are stated at estimated fair value at the time of contribution. Expenditures which materially increase the value or life of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

Depreciation of all exhaustible fixed assets is charged as an expense against operations and accumulated depreciation is reported on the balance sheet. Depreciation of fixed assets acquired with external capital grants is charged to the contributed capital section of the equity account.

Depreciation of exhaustible fixed assets has been provided using the straight line method as follows:

	Years
Sewage Collection Facilities	75
Sewage Treatment Plant and Pumping Plants	40
Buildings	50
Furniture and Equipment	5-10
Motor Vehicles	6-15

**D. Budgets and Budgetary Accounting**

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The General Manager submits to the Board of Directors proposed operating budgets for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device for all sub-funds.

Budgeted amounts are as originally adopted.

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Notes to General Purpose Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***E. 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 these plans, participants are not taxed on the deferred portion of their compensation until it is distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan. The District contributes to each participant's account based on the amount normally paid by an employer into the Social Security system.

All assets of the Plan, including participant contributions and earnings therefrom, are the property of the District. These assets may also be claimed by the general creditors of the District; however, the District believes the likelihood of any such claim is remote. Participants rights under the Plan are equal to those of general creditors to the District.

Investments in the Plan are managed by trustees under agreements which allow participants to choose among various investment options including stocks, bonds, money market accounts and savings options with guaranteed rates of return.

The District has no liability for any losses which may be incurred by the Plan and does not participate in any gains, but it does have the duty of due care which would be required of an ordinary prudent investor.

***F. Property Taxes***

Property tax revenue is recognized in the fiscal year for which the tax is levied. The County of Contra Costa levies, bills and collects property taxes for the District; all material amounts are collected by June 30.

Secured and unsecured property tax is due in two installments, on November 1 and February 1, becomes a lien on those dates, and becomes delinquent on December 10 and April 10, respectively. Delinquent accounts are assessed a penalty of 10 percent. Accounts which remain unpaid on June 30 are charged an additional one and one half percent per month. Unsecured property tax is due on July 1 and becomes delinquent on August 31. The penalty percentage rates are the same as secured property tax.

***G. Compensated Absences***

The liability for vested vacation pay is recorded as an expense when the vacation is earned. District employees have a vested interest in 100 percent of accrued vacation time and in 85 percent of accrued sick time for employees hired prior to May 1, 1985. Employees hired after May 1, 1985 have a vested interest in up to 40 percent of their sick time, based upon time with the District.

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Notes to General Purpose Financial Statements**

**NOTE 2 - CASH AND TEMPORARY INVESTMENTS**

The District's cash and temporary investments are maintained on a pooled basis with those of Contra Costa County, which treats the District's total as a single account balance. All District receipts are deposited with the County and all District disbursements are made by the County. The County Treasurer's Office executes investment transactions on behalf of the District in accordance with the District's investment policy and the constraints prescribed by the Government Code of the State of California for authorized investments. At June 30, 1993 and 1992, all investments maintained by the County for the District except the investment in LAIF, discussed below, were held in the District's name on the books of the custodian bank, which is a primary dealer.

The District's temporary investments include the State of California Local Agency Investment Fund (LAIF), which the State Treasurer's Office invests in a Pooled Money Investment Account. The State Treasurer is responsible for the control and safekeeping of all instruments evidencing these investments and takes delivery of all securities purchased.

**A. *Authorized Investments***

Under the District's Investment Policy, and in accordance with Section 53601 of the California Government Code, the District may invest in the following types of investments:

- Securities of the U.S. Government or its agencies
- Certificates of deposit or time deposits placed with commercial banks and/or savings and loan companies
- Negotiable certificates of deposit
- Bankers acceptances
- Prime commercial paper
- State of California Local Agency Investment Fund
- Repurchase agreements

However, at the direction of the Board of Directors, the District's investments have been limited to U.S. Treasury bills and notes, prime short term commercial paper and the State of California Local Agency Investment Fund.

Deferred Compensation Plan assets are invested in mutual funds governed by federal and state laws which allow for additional types of investments.

**B. *Carrying Value***

Temporary investments are presented in the financial statements at cost adjusted for amortization of premiums or discounts, plus interest accrued but unpaid at year-end. Deferred Compensation Plan investments are carried at market value.

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Notes to General Purpose Financial Statements**

**NOTE 2 - CASH AND TEMPORARY INVESTMENTS (Continued)**

Cash and temporary investments comprise the following at June 30, 1993 and 1992:

	1993		1992
	Carrying Value	Market Value	Carrying Value
<b>Cash with County</b>	\$2,738,315	\$2,738,315	\$19,904
<b>Investments with County:</b>			
U. S. Treasury Bills	5,985,178	5,984,970	18,566,732
U. S. Treasury Notes	53,865,485	53,963,277	43,539,968
Commercial Paper			2,015,719
<b>Investment in California Local Agency Investment Fund</b>	<u>11,252,211</u>	<u>11,252,211</u>	<u>15,202,493</u>
<b>Total Cash and Temporary Investments</b>	<u><u>\$73,841,189</u></u>	<u><u>\$73,938,773</u></u>	<u><u>\$79,344,816</u></u>

**C. Collateralization of cash and temporary investments**

Pooled cash deposits are collateralized in accordance with policies of the District as well as state statutes, which both require the pledged collateral to be 110% of the bank balance secured by government securities and 150% if secured by government backed mortgage certificates. The financial institution which holds the deposits reserves the right of substitution of collateral.

At June 30, 1993 and 1992 the District's interest in short-term investment securities in the County's investment pool has been categorized to give an indication of the level of risk of loss of the securities instrument evidencing the investment. Category 1 includes investments that are insured or registered, or for which the securities are held by the County or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the bank's trust department or the dealer's agent in the District's or County's name. Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the District's or County's name. These categorizations do not reflect these investments' market risk.

All of the District's investments were in Category 1 at June 30, 1993 and 1992 except for its investment in LAIF, which cannot be categorized because it is a pooled account.

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Notes to General Purpose Financial Statements**

**NOTE 3 - PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment balances and activity are summarized below for the year ended June 30, 1993:

	Balance, Beginning of Year	Additions	Retirements	Transfers from Construction in Progress	Balance, End of Year
Land	\$11,221,743			\$2,313,127	\$13,534,870
Sewage collection facilities:					
Sewage collection system	58,140,436			7,778,023	65,918,459
Contributed sewer lines	88,888,219	\$1,172,377			90,060,596
Outfall sewers	5,915,875				5,915,875
Sewage treatment plant	128,291,877			1,457,491	129,749,368
Pumping plants	4,612,746			76,892	4,689,638
Buildings	7,132,648			2,039,589	9,172,237
Equipment:					
Furniture and equipment	4,793,726	417,690	\$75,953		5,135,463
Motor vehicles	2,359,354	230,994	90,795		2,499,553
Total cost	<u>311,356,624</u>	<u>1,821,061</u>	<u>166,748</u>	<u>13,665,122</u>	<u>326,676,059</u>
Less accumulated depreciation:					
Sewage collection facilities	24,223,518	2,113,068			26,336,586
Sewage treatment plant	38,379,142	3,414,030			41,793,172
Pumping plants	2,125,090	134,744			2,259,834
Buildings	1,573,470	197,750			1,771,220
Equipment:					
Furniture and equipment	2,692,092	376,226	38,469		3,029,849
Motor vehicles	987,239	246,266	90,795		1,142,710
Total accumulated depreciation	<u>69,980,551</u>	<u>\$6,482,084</u>	<u>\$129,264</u>		<u>76,333,371</u>
Net book value	<u>\$241,376,073</u>				<u>\$250,342,688</u>
		Additions		Transfers to Fixed Assets	
Construction in progress	<u>\$38,791,016</u>	<u>\$21,999,788</u>		<u>\$13,665,122</u>	<u>\$47,125,682</u>

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Notes to General Purpose Financial Statements**

**NOTE 4 - GENERAL OBLIGATION BONDS PAYABLE**

*A. Description and Maturities*

The District's general obligation bonds are due in 1995 and may be redeemed earlier. Principal payments are payable annually on December 15, with interest payments payable semiannually on June 15 and December 15. Repayments of these bonds during the fiscal year ended June 30, 1993 were as follows:

	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Original Issue Amount</u>	<u>Balance, Beginning of Year</u>	<u>Maturities</u>	<u>Balance, End of Year</u>
1958 District Bonds Series B	5/1/93	3.25%	\$2,500,000	\$125,000	\$125,000	
1959 District Bonds Series C	6/1/94	4.40%	2,500,000	255,000	125,000	\$130,000
1960 District Bonds Series D	6/1/95	3.5-4.25%	2,900,000	500,000	160,000	340,000
Total				<u>\$880,000</u>	<u>\$410,000</u>	<u>\$470,000</u>

*B. Repayment Requirements*

At June 30, 1993, annual repayment requirements for the District's bonds were as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
1994	\$295,000	\$18,858
1995	175,000	6,125
	<u>\$470,000</u>	<u>\$24,983</u>

**NOTE 5 - PENSION PLAN**

*A. Plan Description*

All District full-time employees participate in the Contra Costa County Employee's Retirement Association, a cost-sharing multiple-employer public employee retirement plan (Plan), governed by the County Employee's Retirement Law of 1937, as amended. The latest available actuarial and financial information for the Plan is for the year ended December 31, 1992. The payroll for District employees covered by the Plan for the year ended December 31, 1992 was \$12,898,082; the District's total payroll for this period was \$14,314,721.

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Notes to General Purpose Financial Statements**

**NOTE 5 - PENSION PLAN (Continued)**

The Plan provides for retirement, disability, death and survivor benefits. Annual cost-of-living (COL) adjustments to retirement allowances can be granted by the Retirement Board as provided by State statutes. Service retirements are based on age, length of service and final average salary. Subject to vested status, employees can withdraw contributions plus interest credited or leave them as a deferred retirement when they terminate or transfer to a reciprocal retirement system.

The Plan covers all eligible employees. Members may elect service retirement at age 50 with 10 years of service or with 30 years of service regardless of age. Disability retirements may be granted as service-connected with no years of employment required or nonservice connected with five years of service credit required. The retirement benefit is based on a one year final average salary.

The 1937 Act requires employees to pay one-half of the basic retirement benefit and one-half of future COL costs; however, the District pays the employees' basic contributions and substantially all COL costs. The contribution requirement for the year ended December 31, 1992 was \$2,509,192 which included \$2,337,951 from the District and \$171,241 from District employees; these contributions represented 18.13% and 1.33% of covered payroll, respectively.

***B. Funding Status and Progress***

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the Association on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among the Association and employers.

The pension benefit obligation was computed as part of an actuarial valuation performed as of January 1, 1993. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 9.2% a year compounded annually, (b) projected salary increases of 6.7% a year compounded annually, attributable to inflation, (c) additional projected salary increases of 1% a year, attributable to seniority/merit, and (d) post-retirement benefits increases of approximately 6.2% attributable to inflation as measured by the Consumer Price Index.

The Plan does not make separate measurements of assets and pension benefit obligation for individual employers. The pension benefit obligation at January 1, 1993 for the Plan as a whole, determined through an actuarial valuation performed as of that date, was \$1,016,174,000. The Plan's net assets available for benefits on that date (valued at cost) were \$1,019,602,000, resulting in an overfunded pension obligation of \$3,428,000. The District's 1993 fiscal year contributions were \$2,641,503.

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Notes to General Purpose Financial Statements**

**NOTE 5 - PENSION PLAN (Continued)**

***C. Actuarially Determined Contribution Requirements and Contribution Made***

The Plan uses the Entry Age Normal Actuarial Cost Method which is a projected benefit cost method. This method takes into account those benefits which are expected to be earned in the future as well as those already accrued. According to this cost method, the normal cost for an employee is the level amount which would fund the projected benefit if it were paid annually from date of employment until retirement. The Plan uses a modification of the Entry Age Cost Method in which the employer's total normal cost is expressed as a level percentage of payroll. The Plan also uses the level percentage of payroll method to amortize any overfunded actuarial liabilities. The amortization period of the overfunded actuarial liability ends on July 1, 2010. The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation.

***D. Trend Information***

Ten-year historical trend information showing the Plan's progress in accumulating sufficient assets to pay benefits when due is presented in the Plan's December 31, 1992 comprehensive annual report.

**NOTE 6 - POST-EMPLOYMENT HEALTH CARE BENEFITS**

The District provides certain health care and life insurance benefits for retired employees. These benefits are provided for in negotiated employment agreements, commonly referred to as Memoranda of Understanding, which cover substantially all employees who reach normal retirement age while working for the District. These benefits, and similar benefits for active employees, are provided through a health maintenance organization and an insurance company whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing those benefits by expensing the annual insurance premiums, which were \$423,541 for the 95 eligible retirees for the year ended June 30, 1993 and \$422,924 for the 91 eligible retirees for the year ended June 30, 1992.

**NOTE 7 - CONTINGENT LIABILITIES**

The District is a defendant in a number of lawsuits which have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the District, these actions when finally adjudicated will not have a material adverse effect on the financial position of the District.

The District is also a defendant in an action filed in December 1991, which alleges that the District and others, including substantially all the industries and municipalities in Contra Costa County, should bear their respective shares of any costs incurred in the closure and post-closure maintenance of the County land-fill site. The District and others in the action are working with the Court to proceed with discovery. While the District cannot yet reasonably estimate its portion of any costs which may be assessed, it believes any such assessment, net of possible insurance recovery, will not have a material adverse effect on the District's financial position. The District is holding \$89,905 in an impound account representing amounts collected from waste hauler franchisees for future legal costs associated with this litigation.

**CENTRAL CONTRA COSTA SANITARY DISTRICT**  
**Notes to General Purpose Financial Statements**

**NOTE 7 - CONTINGENT LIABILITIES (Continued)**

The District discovered in 1989-90 that a planned expansion site was used in the 1960's to dispose of refinery wastes, now categorized as hazardous. At the time the wastes were accepted, the District was not in violation of any known federal or state regulations. If the District proceeds with its expansion project, it expects to be required to remove these wastes. The cost of the removal would be capitalized as part of the expansion project construction costs and recovered over the life of the project.

**NOTE 8 - JOINT POWERS AGENCIES**

The District participates in two joint venture activities through formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. These are separate legal entities which exercise full powers and authorities within the scope of the related Joint Powers Agreements, including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each joint venture is governed by a board consisting of representatives from its members. Each board controls the operations of the respective joint venture, including selection of management and approval of operating budgets, independent of any influence by its members beyond their representation on the Board. Obligations and liabilities of the separate entities are not those of the District. These entities are described below:

**A. *Central Contra Costa Solid Waste Authority***

The Central Contra Costa Solid Waste Authority was formed in 1990 by a joint exercise of powers agreement between the cities of San Ramon, Walnut Creek and the District for the management of solid waste activities in Contra Costa County.

At June 30, 1992, the most recent date for which financial information is available, this Authority's unaudited total assets and fund balance were \$216,937; total revenues for the year then ended were \$225,016 and total expenses were \$134,985.

**B. *Contra Costa Solid Waste Authority***

The Contra Costa Solid Waste Authority was formed in 1991 by a joint exercise of powers agreement by and among certain cities within Contra Costa County and any special district or sanitary district within Contra Costa County which franchises collection of solid waste, to manage solid waste activities in Contra Costa County.

At June 30, 1993, this Authority's audited total assets were \$56,408, liabilities were \$3,381 and fund balance was \$53,027; total revenues for the fifteen months then ended were \$121,714 and total expenses were \$68,687.

**FINANCIAL SECTION**  
**SUPPLEMENTARY INFORMATION**

CONTRA COSTA CENTRAL SANITARY DISTRICT  
CONSOLIDATING BALANCE SHEETS

JUNE 30, 1993

WITH COMPARATIVE AMOUNTS FOR JUNE 30, 1992

ASSETS	Running Expense	Sewer Construction	Debt Service	Self Insurance
<b>Current Assets:</b>				
Cash	\$1,940,592	\$1,425,151	\$37,147	\$173,299
Temporary investments		64,461,248		\$5,803,752
Accounts receivable	1,838,323	400,361	2,531	
Due from other sub-funds	3,967,463	84,023		
Parts and supplies	856,075			
Prepaid expenses	156,614			
<b>Total Current Assets</b>	<u>8,759,067</u>	<u>66,370,783</u>	<u>39,678</u>	<u>5,977,051</u>
Advance deposit on construction in progress, held in escrow		289,485		
<b>Property, Plant and Equipment</b>				
Land	13,534,870			
Sewage collection facilities	161,894,930			
Treatment plant	129,749,368			
Pumping plants	4,689,638			
Buildings	9,172,237			
Equipment	7,635,016			
Accumulated depreciation	(76,333,371)			
<b>Net property plant and equipment</b>	<u>250,342,688</u>			
Construction in progress	47,125,682			
Investments designated for deferred compensation benefits	19,279,883			
<b>Total Assets</b>	<u>\$325,507,320</u>	<u>\$66,660,268</u>	<u>\$39,678</u>	<u>\$5,977,051</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable and accrued expenses	\$1,628,142	\$968,006	\$16,556	\$168,024
Due to other sub-funds		3,896,550		154,936
Refundable deposits	332,315	63,214		
Current portion of general obligation bonds payable			295,000	
Accrued compensated absences	4,230,385			
<b>Total Current Liabilities</b>	<u>6,190,842</u>	<u>4,927,770</u>	<u>311,556</u>	<u>322,960</u>
General obligation bonds payable, net of current portion			175,000	
Deferred compensation benefits	19,279,883			
<b>Total Liabilities</b>	<u>25,470,725</u>	<u>4,927,770</u>	<u>486,556</u>	<u>322,960</u>
<b>FUND EQUITY</b>				
<b>Contributed capital allocable to:</b>				
Contributed sewer lines	90,060,596			
Watershed trunk lines		16,697,364		
State and federal capital grants	75,301,279			
Capital cost-sharing reimbursement	24,792,565			
	<u>190,154,440</u>	<u>16,697,364</u>		
<b>Retained earnings allocable to:</b>				
Running expense	109,882,155			
Sewer construction		45,035,134		
Debt service			(446,878)	
Reserve for self-insured losses				5,654,091
	<u>109,882,155</u>	<u>45,035,134</u>	<u>(446,878)</u>	<u>5,654,091</u>
<b>Total Fund Equity (Deficit)</b>	<u>300,036,595</u>	<u>61,732,498</u>	<u>(446,878)</u>	<u>5,654,091</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$325,507,320</u>	<u>\$66,660,268</u>	<u>\$39,678</u>	<u>\$5,977,051</u>

<u>TOTALS</u>		
<u>Eliminations</u>	<u>1993</u>	<u>1992</u>
	\$3,576,189	\$19,720
	70,265,000	79,325,096
	2,241,215	1,690,384
(\$4,051,486)	856,075	817,610
	156,614	155,348
(4,051,486)	77,095,093	82,008,158
	289,485	479,649
	13,534,870	11,221,743
	161,894,930	152,944,530
	129,749,368	128,291,877
	4,689,638	4,612,746
	9,172,237	7,132,648
	7,635,016	7,153,080
	(76,333,371)	(69,980,551)
	250,342,688	241,376,073
	47,125,682	38,791,016
	19,279,883	16,572,318
(\$4,051,486)	\$394,132,831	\$379,227,214
	\$2,780,728	\$2,045,929
(\$4,051,486)	395,529	481,243
	295,000	410,000
	4,230,385	3,902,184
(4,051,486)	7,701,642	6,839,356
	175,000	470,000
	19,279,883	16,572,318
(4,051,486)	27,156,525	23,881,674
	90,060,596	88,888,219
	16,697,364	16,723,364
	75,301,279	75,301,279
	24,792,565	21,798,951
	206,851,804	202,711,813
	109,882,155	95,946,095
	45,035,134	51,540,738
	(446,878)	(823,772)
	5,654,091	5,970,666
	160,124,502	152,633,727
	366,976,306	355,345,540
(\$4,051,486)	\$394,132,831	\$379,227,214

CONTRA COSTA CENTRAL SANITARY DISTRICT  
CONSOLIDATING STATEMENTS OF REVENUES AND EXPENSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1993  
WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 1992

	<u>Running Expense</u>	<u>Sewer Construction</u>	<u>Debt Service</u>	<u>Self Insurance</u>
<b>OPERATING REVENUES</b>				
Sewer service charges	\$22,156,637			
Service charges - City of Concord	4,304,568	\$2,993,616		
Permit and inspection fees	340,227	117,865		
Other service charges	234,183			
Equipment charges	148,874			
<b>Total Operating Revenues</b>	<u>27,184,489</u>	<u>3,111,481</u>		
<b>OPERATING EXPENSES</b>				
Sewage collection	5,894,164			
Sewage treatment	12,879,529			
Engineering	3,551,213			
Administrative and general	4,162,381		\$1,808	\$643,950
Depreciation (Note 3)	6,482,084			
<b>Total Operating Expenses</b>	<u>32,969,371</u>		<u>1,808</u>	<u>643,950</u>
<b>Operating Income (Loss)</b>	<u>(5,784,882)</u>	<u>3,111,481</u>	<u>(1,808)</u>	<u>(643,950)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Taxes		5,516,441	417,902	
Interest earnings	136,935	3,207,078		321,360
Connection fees		3,567,893		
Annexation charges		139,533		
Franchises	492,863			
Reclaimed water sales	2,650			
Line development rebates				
Other income	70,665	1,114		6,015
Loss on sale of fixed assets	(37,701)			
Bond principal (expense)				
Interest (expense)			(39,200)	
<b>Total Non-operating Revenue (Expense)</b>	<u>665,412</u>	<u>12,432,059</u>	<u>378,702</u>	<u>327,375</u>
<b>NET INCOME</b>	<u><u>(\$5,119,470)</u></u>	<u><u>\$15,543,540</u></u>	<u><u>\$376,894</u></u>	<u><u>(\$316,575)</u></u>

**TOTALS**  
(Memorandum Only)

<u>1993</u>	<u>1992</u>
\$22,156,637	\$20,623,111
7,298,184	5,661,208
458,092	446,497
234,183	222,251
148,874	144,694
<u>30,295,970</u>	<u>27,097,761</u>
5,894,164	6,166,083
12,879,529	12,587,076
3,551,213	3,613,538
4,808,139	4,375,874
6,482,084	5,943,675
<u>33,615,129</u>	<u>32,686,246</u>
<u>(3,319,159)</u>	<u>(5,588,485)</u>
5,934,343	8,455,173
3,665,373	4,729,678
3,567,893	4,101,490
139,533	134,986
492,863	581,965
2,650	282,042
	(3,799)
77,794	63,282
(37,701)	
<u>(39,200)</u>	<u>(49,292)</u>
<u>13,803,548</u>	<u>18,295,525</u>
<u>\$10,484,389</u>	<u>\$12,707,040</u>

CONTRA COSTA CENTRAL SANITARY DISTRICT  
 RUNNING EXPENSE SUB-FUND  
 COMPARISON OF BUDGET AND ACTUAL EXPENSES BY DEPARTMENT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993  
 (EXCLUDES DEPRECIATION)

	ACTUAL EXPENSES BY DEPARTMENT					Total	Budget	Variance Favorable (Unfavorable)
	Administrative and General	Sewage Collection	Pumping Plants	Sewage Treatment Plant	Engineering			
Salaries and wages	\$1,935,770	\$2,756,454	\$507,040	\$5,228,190	\$4,213,043	\$14,640,497	\$14,862,636	\$222,139
Employee benefits	891,666	1,270,637	235,461	2,375,744	1,940,334	6,713,842	6,266,470	(447,372)
Directors' fees and expense	29,595					29,595	36,400	6,805
Chemicals			174,748	810,354		985,102	1,084,200	99,098
Professional services	236,885			2,456	114,738	354,079	273,180	(80,899)
Other outside services	676,672	137,535	2,587	364,381	126,337	1,307,512	1,696,313	388,801
Hauling and disposal	46,865	46,130	4,196	346,273		443,464	576,702	133,238
Repairs and maintenance	66,278	261,888	92,436	1,016,777	67,971	1,505,350	1,632,757	127,407
Supplies	89,414	373,060	22,702	344,097	71,978	901,251	1,034,736	133,485
Utilities	117,820	43,795	269,020	2,691,573	18,644	3,140,852	3,291,484	150,632
Other	252,197	80,843	3,031	235,301	80,424	651,796	819,339	167,543
Less capitalized accounts and charge-outs	(180,781)	(366,427)	(20,972)	(535,617)	(3,082,256)	(4,186,053)	(4,065,501)	120,552
<b>Total</b>	<b>\$4,162,381</b>	<b>\$4,603,915</b>	<b>\$1,290,249</b>	<b>\$12,879,529</b>	<b>\$3,551,213</b>	<b>\$26,487,287</b>	<b>\$27,508,716</b>	<b>\$1,021,429</b>

**CONTRA COSTA CENTRAL SANITARY DISTRICT**  
**RUNNING EXPENSE SUB-FUND**  
**SUPPLEMENTAL RETAINED EARNINGS ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 1993**

**General Operations:**

Current Assets	\$8,759,067
Current Liabilities	<u>(6,190,842)</u>

Retained Earnings attributable to General Operations	\$2,568,225
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**Property, Plant and Equipment:**

Net Property, Plant and Equipment	250,342,688
Construction in Progress	47,125,682
Less:	
Contributed Sewer Lines	(90,060,596)
State and Federal Capital Grants	(75,301,279)
Capital Cost-sharing Reimbursements	<u>(24,792,565)</u>

Retained Earnings attributable to Property, Plant and Equipment	<u>107,313,930</u>
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<b>Running Expense Sub-fund Retained Earnings</b>	<b><u><u>\$109,882,155</u></u></b>
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**APPENDIX D**  
**OPINION OF NOTE COUNSEL**

## APPENDIX D

### FORM OF OPINION OF BOND COUNSEL

September \_\_, 1994

Board of Directors  
Central Contra Costa Sanitary District  
5019 Imhoff Place  
Martinez, California 94553

*OPINION:* \$10,000,000 Central Contra Costa Sanitary District  
1994 Tax and Revenue Anticipation Notes

Members of the Board of Directors:

We have acted as bond counsel in connection with the issuance by the Central Contra Costa Sanitary District, California (the "District"), of \$10,000,000 Central Contra Costa Sanitary District 1994 Tax and Revenue Anticipation Notes, dated September 15, 1994 (the "Notes"), pursuant to Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code (the "Act"), and Resolution No. 94-066 of the District, adopted on September 1, 1994 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the District contained in the Resolution and in the certified proceedings of public officials and others furnished to us, without undertaking to verify such facts by independent investigation.

Based upon our examination, we are of the opinion, under existing law, as follows:

1. The District is a duly created and validly existing sanitary district with the power to adopt the Resolution, perform the agreements on its part contained therein and to issue the Notes.

2. The Resolution has been duly adopted by the District and constitutes a valid and binding obligation of the District enforceable upon the District.

3. Pursuant to the Act, the Resolution creates a valid lien on funds pledged by the Resolution for the security of the Notes, subject to no prior lien granted under the Act.

4. The Notes have been duly authorized, executed and delivered by the District and are valid and binding general obligations of the District.

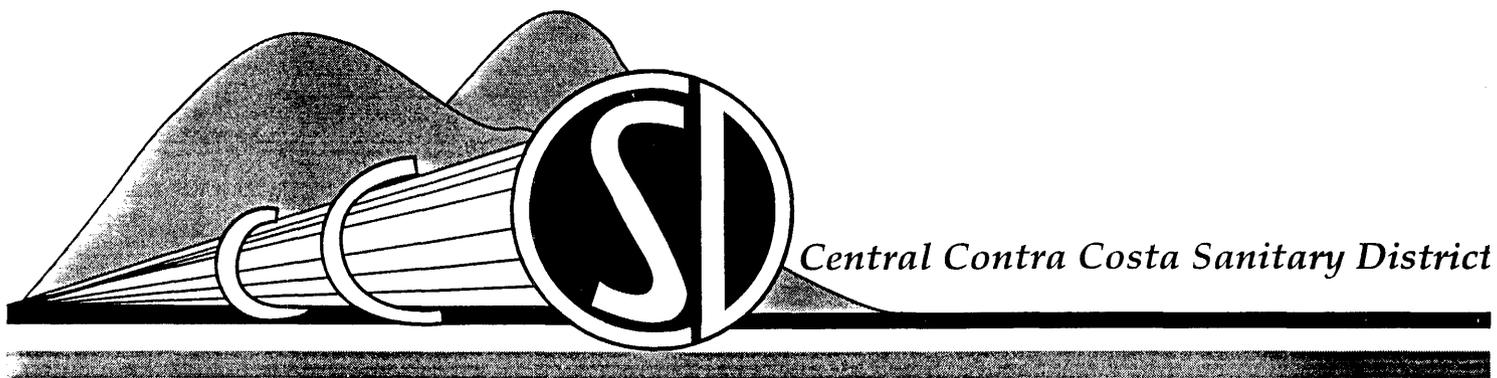
5. The interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on such corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Notes in gross income for federal income tax purposes to be retroactive to the date of issuance of the Notes. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

6. The interest on the Notes is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Notes and the enforceability of the Notes and the Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

A Professional Law Corporation



*Central Contra Costa Sanitary District*