



ANNUAL REPORT

2008/09

General Manager's Message **High performance tools for challenging operations**

Castro Valley Sanitary District is a small public agency which was established in 1939 under the Health and Safety Code of the State of California. The District provides wastewater collection and municipal solid waste services to more than 500 businesses and 55,000 residents with over 18,000 households.

It is easy to see how our world has become a more fast paced and complicated place. How we deal with these factors determines the measure of our success. The Castro Valley Sanitary District has laws, regulations, and

goals it must adhere to in order to continue to be a high performing organization.

A high performing organization must use certain tools to accomplish its mission. We believe the first tool to be developed is a Strategic Plan. The District updated its five-year strategic plan effective January 1, 2009. The plan serves as a framework for decision making over the next five years. The plan also established five priorities for the District: #1, Provide Exceptional Customer Service; #2, Maintain Regulatory Compliance with all Applicable Federal, State and Local Laws; #3,

Reasonably Establish Rates and Fees; #4, Be a High Performance Organization; and #5, Develop & Sustain Strategic Partnerships.

The District also uses a system that develops annual District Performance Indicators, or DPLs. The DPLs are shorter range goals (one-year) that are aligned with the Strategic Plan and the District's Mission and Vision Statements as well as the Strategic Goal.

The District's Mission Statement is: "We are committed to provide safe, efficient, and effective wastewater and solid waste management. We promote waste

diversion through recycling, education, and practices. We strive for public satisfaction through quality service, reasonable rates, and proper stewardship of our resources and the environment."

These organizational "tools" will keep the District focused and high performing for the long run. ●



ROLAND P. WILLIAMS, JR.
General Manager

Newsletter & Website Redesigned

In 2009, two of the District's public education and outreach tools, the Pipeline Newsletter, and website, www.cvsan.org, underwent a redesign containing elements from the District's branding.

Starting with the Winter 2009

Advisory Committee and Board of Directors. The first Newsletter was produced in 1992.

In April 2009, the District announced the redesign of www.cvsan.org, with enhanced content and usability. The website has 63 pages plus additional



Multi-Family Recycling 1st Place Award

The District was selected by the Solid Waste Association of North America (SWANA) to receive the 2008 Public Education Gold Excellence Award for its outstanding achievements with Multi-Family Recycling. General Manager Roland Williams and Solid Waste Coordinator Naomi Lue accepted the award at SWANA's annual conference in Tampa, FL on October 23, 2008. ●

edition of the District's 18-year old Pipeline Newsletter, the quarterly resource guide received a second redesign (the first in 2001) with a new format. Newsletters are included in quarterly solid waste bills and contain upcoming events, waste-water and solid waste tips, and detailed articles. The revised layout was developed by staff with input from the Community

subpages, and features a "Search" function, a "Page Reader" for reading guides and newsletters, online fill-in forms, and interactive games. The website was a collaborative effort between staff and 10K Group LLC, an Alameda County Green Business. The District's original website was implemented August 2002 with 16 active pages and one color photo. ●



Events & Outreach

Outreach and education are important to the District and, to that end, the District takes part in many events throughout the year. In July 2008, the District held a Document Shredding & U-Waste Collection Day and in the Fall its 12th Annual Recycled Art Contest. The District hosted a booth at the Castro Valley Fall Festival, where attendees learned about the "Bring Your Own Bag" (BYOB) Program, recycling, and composting in Castro Valley. Staff was on hand at the Chamber's "Business Exchange Night"

in February 2009 to educate local businesses on their recycling options. In the Spring the District hosted a Compost Give-Away and Earth Day Spring Clean-Up. In May, staff and Board members walked in the "Rowell Ranch Rodeo Parade" distributing promotional items with important recycling tips and phone numbers.

The District also utilized the local Castro Valley Forum Newspaper to run ads and articles to inform the community of our news, programs, and events. ●

CVSD Staff Milestones, Awards & Certifications

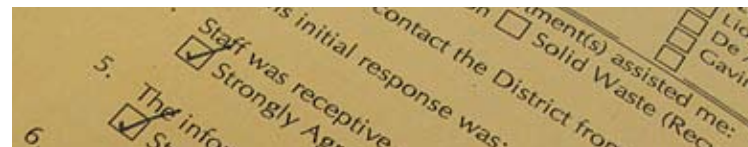
The District is pleased to announce two new hires: Christine Rasmussen, Office Assistant; and De Angelos Jordan, Collection System Maintenance Worker.

Michelle Jeffery was designated a "Certified Municipal Solid Waste Management Technical Associate" by the Solid Waste Association of North America.

Elliott Johnson received the "PICKS" (Promoting Innovations, Communications, Knowledge, and Support) Award from the San Francisco Bay Section of the California Water Environment Association to recognize his service on the Collection System Committee. He also received the Special District & Board Management Institute Certificate of Completion in Special District Leadership & Management.

Elliott Johnson, Greg Williams, Kevin Dip, and Tyree Jackson received certification from NASSCO (National Association of Sewer Service Companies) which sets industry standards for the rehabilitation of underground pipelines.

Pat Krevey received a Certificate of Professional Development in Costing Government Services from the Government Finance Officers Association. ●



WOW Customer Service Program

The District continues its "WOW" (Wonderful Outstanding Works) Customer Service program by requesting customer service surveys for feedback and insight into our existing business practices. This allows us to take action and solve problems based on real-time feedback. The District's desire is to ensure continuing, positive relationships with residents and business associates. ●

Volunteer Recognitions

The District's job is made easier by all of the dedicated volunteers that help out each year with various events and projects. The Board of Directors recognized the following volunteers at a dinner on December 8, 2008 at Don Jose's Mexican Restaurant.

Community Advisory Committee (CAC) Members: Aileen Chong-Jeung, Wanda Davis, Anthony Graves, Lucille Lorge, Gary Wolff, Dave Sadoff, Pete Chroman, Hera Alikian, Cliff Sherwood, and Alexandra Matteucci-Perkins.

Compost Give-Away volunteers: Linda Roark of Pete's ACE Hardware, Fred Nichandros of Workbench True-Value Hardware, and Judy Gestring of the Castro Valley Adult School.

Other District volunteers: Carl & Cora Owens, Don Moschella and students of A Shepherd's Heart Christian School, Emma Silver, Darcie Akagi, Charles Landmesser, John Aufdermauer, Leona Shin, Jon Steven, and Kerry Parker, and Boy Scout Troop 726: Neil Guerin, Phyllis & Matthew Lozano, Edgar Woo, and Bobby Lee Paiz. ●

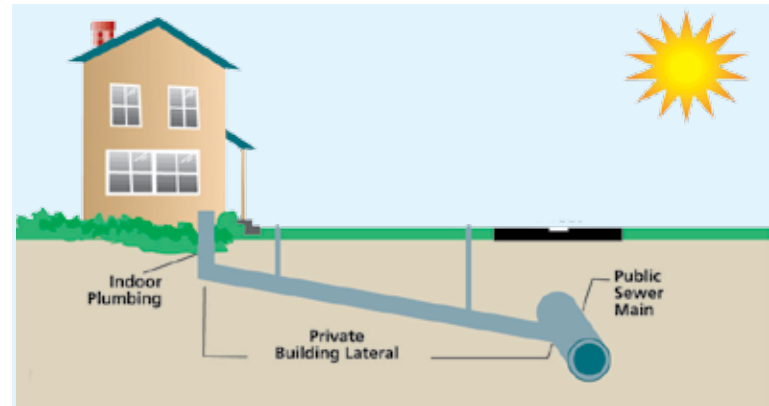


WASTEWATER OPERATIONS

Treated Wastewater Used to Clean Sewer Lines

During the 2008-2009 drought, CVSD was mandated by East Bay Municipal Utility District to reduce water usage by 20%, thus facing the challenge of finding an alternate source of water for cleaning sanitary sewer lines. The District reached an agreement with Livermore Amador Valley

Water Management Agency to install a low profile water hydrant on the East side of Castro Valley to allow the use of fully treated wastewater to perform cleaning activities. The project was successful and allowed CVSD maintenance personnel to continue cleaning sewer lines until the restriction was lifted. ●



Lateral Replacement Grant Program

The District's Lateral Replacement Grant Program (LRGP) continues to support Castro Valley residents in need of replacement of private sewer laterals. Funded by wastewater user fees, the program provides \$50,000 annually to residents that own sewer laterals that

contribute high amounts of inflow and infiltration to the public collection system - often the result of damaged pipes, root intrusion, or stormwater drainage improperly connected to wastewater outlets. Over 1,800 linear feet of private lateral pipe was replaced during FY 2008/09. ●

Master Plan Projects

A portion of the Master Plan Priority 1 sewer improvements were completed in 2008. These critical repair projects included work on Christensen Lane, Simsbury Road, Carlton Avenue, Heyer



Avenue and Wilson Avenue. The construction of remaining Priority 1 critical repairs will continue into 2010. ●

Green Office Remodels



The District recently converted its garage into new office space for the Wastewater Department. Three existing office spaces in the main office were converted into a shared workspace that can accommodate 6 staff members.

Both remodel projects utilized environmentally preferable, recycled, and energy-efficient products and are excellent examples of how to “green” home

and office remodel projects.

Furniture and flooring choices were selected for their reduced impacts on the environment. Existing furniture was reused before purchasing refurbished furniture from local vendors or furniture made from recycled materials.

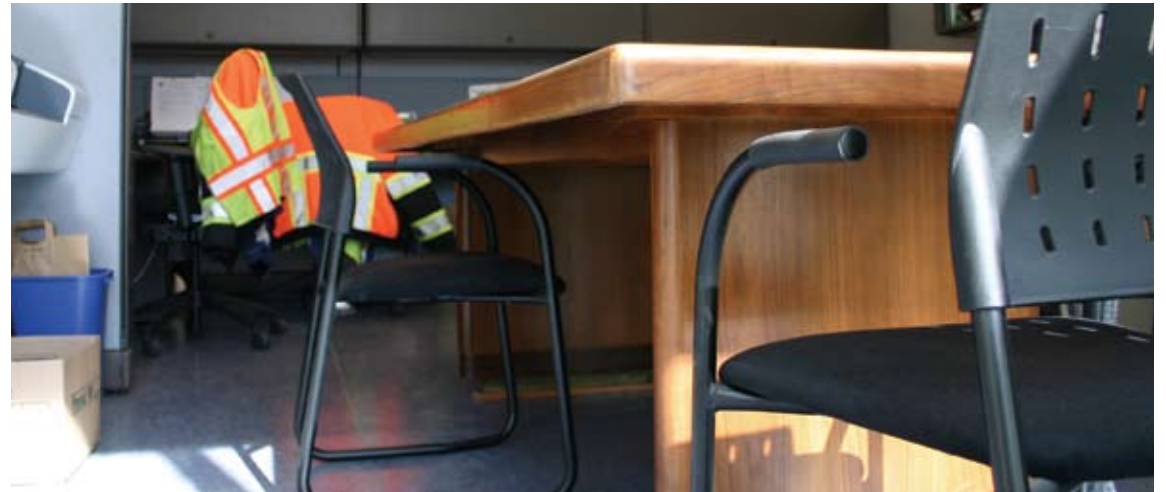
Natural linoleum flooring was used in the wastewater offices. The fabric selected for the

new wall panels and pin boards contains 30% post-consumer recycled plastic bottles and 70% post-industrial materials.

Construction materials were processed at the Davis Street Construction and Demolition Materials Recovery Facility (C&D MRF) where 100% of the concrete and approximately 75% of the construction and demolition materials were recovered for recycling. ●

Wastewater Department Incorporates Green Practices

The Wastewater Department was asked to find ways of improving work efforts by using Environmentally Preferable Practices. The Department proudly and successfully implemented the use of hand sanitizers instead of soap and water, recycled rags instead of paper towels, and participated in recycling efforts in the field such as sorting all refuse into garbage and recycling. ●



Sewer Service Charge Rate Adjustments & Commercial Classifications

The residential sewer service fee is substantially lower than the Alameda County average of \$423 and the statewide average of \$406 per year. The rate of \$233 per year

starting July 1, 2009 will be the second lowest in Alameda County. The Residential Dwelling Unit Charge of \$221 per year includes condominiums, town houses, apartments, mobile homes and

secondary units. Non-residential units are charged based on 36 classifications. For a complete listing of rates, visit www.cvsan.org or call (510) 537-0757. ●



SOLID WASTE DEPARTMENT



Effective May 1, 2009, Castro Valley Sanitary District entered into a new 10-year municipal solid waste (MSW) collection agreement and 20-year disposal agreement with Waste Management of Alameda County, Inc. (WMAC).

Under the new agreement, WMAC will provide franchised recycling, organics, and garbage services for residents, multi-family complexes, and commercial businesses. Annual on-call bulky goods collection services and used motor oil and filter recycling

New Municipal Solid Waste Contract

will be provided to residents and multi-family complexes. WMAC will also process construction and demolition debris.

The new agreement features expanded recycling services including collection and recycling of all plastics #1-7, bundled plastic bags/wrap, aluminum foil and pans, and scrap metal. Residents may also recycle household (dry-cell) batteries and flattened cardboard at the curb.

Old carts were exchanged for new ones during an April 2009 cart swap. The new carts are

compatible with the new semi-automated Liquid Natural Gas collection vehicles, and feature full-color lid graphics to make sorting easier.

In April 2009, new Curbside Services Guides and Commercial Services Guides were mailed to District residents and businesses, respectively. ●



Food Scrap Recycling Remains High Priority

As of March 2009, 40% of Castro Valley residents composted food scraps in the green organics cart – an 18% increase since August 2005! The District continued to promote residential food scrap recycling during the 2008/09 fiscal year through events as well as the Curbside Services Guide, redesigned website, and organics cart graphics. Monthly advertisements featuring tips and art from the StopWaste.Org media campaign were printed in the Castro Valley Forum. ●

Disposal & Diversion

On September 29, 2008, Senate Bill (SB) 1016, or the New Disposal Measurement System Act of 2008, was signed into effect. SB 1016 retains the

Unincorporated Alameda County received confirmation from the California Integrated Waste Management Board that the pounds of garbage disposed per person per day in 2007 was 3.9

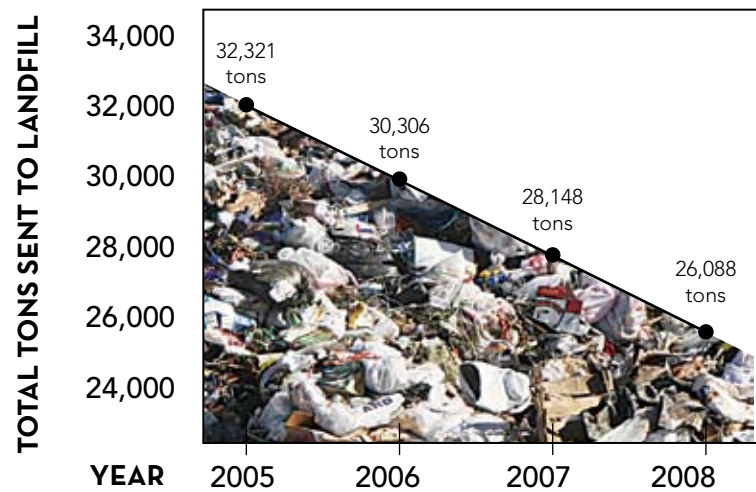


Bring Your Own Bag (BYOB)

The District offered free reusable tote bags in support of the County-wide Bring Your Own Bag (BYOB) campaign which highlights the importance of plastic (and paper) bag reduction. Thank you to those residents who pledged their commitment to the environment by bringing tote bags when shopping. 3,342 bags were distributed at 17 sites such as Lucky, Safeway, Trader Joe's, the Castro Valley Farmer's Market, and at other District outreach events.

diversion requirement for California, but now measures it in terms of per-capita disposal of garbage. This change places more emphasis on evaluating how jurisdictions are doing in implementing recycling and diversion programs.

pounds, well below the target of 4.9 lbs/person/day. Tonnages to the Altamont Landfill since 2005 have decreased approximately 2,000 tons per year, with 28,148 tons disposed from CVSD in 2007 and 26,088 tons disposed in 2008. ●



Waste Reduction & Recycling Outreach in Schools

The District has a comprehensive school outreach program including the Green Ribbon Schools Program, technical and financial assistance for food scrap recycling programs, and two environmental education programs: “4Rs Field Trips” for 3rd graders and “Recycling Adventures” for after-school programs.

Through CVSD’s Donation Request program, schools received approximately \$10,000 in compostable serveware, com-

post, mulch, indoor containers, signage and other materials to aid in their waste reduction and recycling efforts during the 2008/09 school year, funded by grants. This also marked the 2nd year of the voluntary Green Ribbon Schools program. Nine schools successfully completed a selection of mandatory and optional activities. These schools became Green Ribbon Certified and received \$2,000 each (\$18,000 total) from Measure D grant funding, a biodegradable banner or patch (year

2 and beyond), and recognition by the Board of Directors.

In February 2009, Palomares Elementary School teamed up with the District to implement a school-wide food scrap recycling program. The District provided funding for compostable serveware and conducted assemblies to teach students how to sort their lunchtime leftovers. The school now diverts 75% away from landfill. This is the 3rd program of its kind operating in Castro Valley. ●

Commercial & Multi-Family Program Changes

Effective May 1, 2009, the structure for commercial businesses and multi-family residential complexes changed significantly.

Following a series of 19 public meetings and a commercial survey conducted with 40 businesses in May-June 2008 by professional interviewers, and in consideration of the demographics of District businesses and their participation in recycling programs over the next 10 years, services for commercial recycling and garbage were bundled

for 3 cu. yard garbage bins and smaller, including cart service. Under the new structure, an equivalent amount of recycling service is included in the rate, and organics service may be added at a lower rate than garbage service. Businesses were provided free assistance from a Recycling Coordinator and many rebalanced services to take advantage of the new program and maximize what can be diverted away from landfill via the organics and recycling program.

Under the old 2001-09 franchise agreement, commercial garbage was franchised and rates were approved by the District with an adjustment annually. Recycling and organics were on an open market, and rates were variable. Multi-family complexes were charged a mandatory per unit rate for recycling and organics services, whether they used them or not. Under the new contract, multi-family cart service bundles recycling, organics, and garbage and bin service 1-3 cu. yards bundles recycling and garbage. ●

Effective May 1, 2009, monthly single-family residential solid waste rates for curbside cart services were as follows:

| 20-gallon garbage | 32-gallon garbage | 64-gallon garbage | 96-gallon garbage |
|-------------------|-------------------|-------------------|-------------------|
| \$18.18 | \$28.18 | \$48.90 | \$69.72 |

In addition to the selected garbage cart, services included a 64 or 96-gallon recycling cart and a 64 or 96-gallon organics cart, all serviced once per week.

Monthly multi-family residential and commercial solid waste rates for once per week bin services were as follows:

| 1 yd. recycling 1 yd. garbage (2 yds. of service) | 2 yd. recycling 2 yd. garbage (4 yds. of service) | 3 yd. recycling 3 yd. garbage (6 yds. of service) | 4 yd. garbage (4 yds. of service) |
|---|---|---|--------------------------------------|
| \$199.65 | \$369.77 | \$531.64 | \$446.81 |



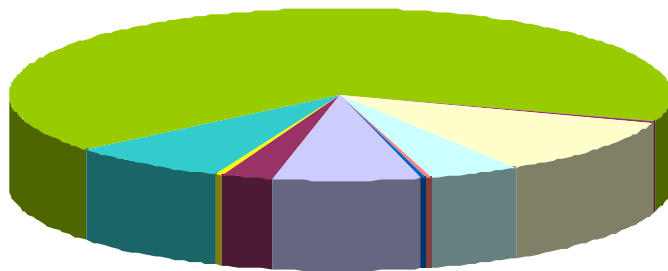
FINANCIAL POSITION

Reserve Status

In 2005/06 CVSD reported that the Treatment Plant Reserves were effectively depleted due to a major project at the Castro Valley/Oro Loma Wastewater Treatment Plant. The District had prudently planned for that project and has had a long

history of “pay-as-you-go” for capital acquisitions. This project was budgeted at \$31 million and CVSD’s share was approximately \$7.5 million. This major upgrade was complete during 2006 ahead of schedule by both time and budget, without incurring any

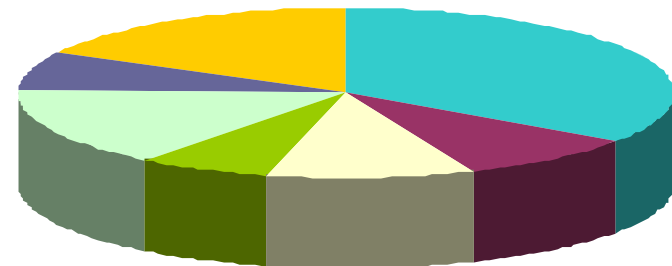
debt thereby saving interest and additional costs. The District has steadily increased its reserves over the past three years with moderate rate increases and still maintains the second lowest residential sewer service rate in Alameda County. ●



2008/09 Revenues

| | | | |
|-------|---|--|--------------------|
| 66.1% | ● | User Fees..... | \$4,896,145 |
| 0.2% | ● | Special Assessments..... | \$14,300 |
| 11.0% | ● | Contract Administration Fees..... | \$812,773 |
| 4.3% | ● | Various Solid Waste Grants..... | \$318,500 |
| 0.3% | ● | Miscellaneous Solid Waste Revenue..... | \$20,000 |
| 0.3% | ● | WMAC Public Outreach & Education..... | \$20,000 |
| 0.1% | ● | Inspection Fees..... | \$10,000 |
| 7.3% | ● | Connection Fees..... | \$541,970 |
| 0.0% | ● | Annexation Fees..... | \$1,500 |
| 2.5% | ● | Interest/Other Revenue..... | \$186,221 |
| 0.1% | ● | State Subventions..... | \$5,700 |
| 7.9% | ● | State Revenue Share..... | \$583,495 |
| 100% | | Total Revenues..... | \$7,410,604 |

Fiscal Year 2008/2009 Revenues & Expenses



2008/09 Expenses

| | | | |
|--------|---|-----------------------------------|--------------------|
| 52.4% | ● | Wastewater Expenses..... | \$3,880,868 |
| 13.7% | ● | Solid Waste Expenses..... | \$1,018,326 |
| 15.3% | ● | Administration..... | \$1,135,203 |
| 0.1% | ● | Non-Operating/Other..... | \$5,000 |
| 10.3% | ● | Renewal & Replacement..... | \$762,275 |
| 22.5% | ● | Capital Improvement Projects..... | \$1,667,810 |
| 11.4% | ● | Depreciation..... | \$844,590 |
| -25.7% | ● | Reserves..... | \$350,104 |
| 100.0% | | Total Expenses..... | \$7,410,604 |



District Continues Community Donations

Approximately 70 community groups, businesses, individuals and schools received grant funding and supplies from the District to promote the 4Rs (Reduce, Reuse, Recycle, and Rot).

Three school recipients included Stanton Elementary which received grant funding to purchase recycled content products for two garden projects; Redwood High purchased recycled plastic lumber for the construction of potting tables; and Jensen Ranch, Independent and Palomares Elementary Schools received funding to purchase compostable serve-ware and bags.

During the transition to the new Solid Waste Services Contract with Waste Management of Alameda County, Inc., (WMAC) many businesses and multi-family complexes received free site assessments, indoor recycling containers, and signs to help implement sustainable programs and to help lower their bills.

Other items donated during the fiscal year included compost, mulch, BYOB tote bags, WMAC drop boxes, portable recycling containers, and promotional items such as recycled plastic funnels, compostable sponges, and recycled currency pencils. ●



Enhanced Fraud Protection Measures

Protecting your public funds is a high priority for CVSD. The District implemented positive pay, which is the single best tool currently available for all disbursements, and conducts daily reconciliations of exceptions to halt bank account fraud.

The District also has a comprehensive internal controls policy including multi-level oversight and approvals to additionally safeguard against fraud. ●



Closing the Loop: Leaders in Buying Recycled Products

In 2007/08, the District fulfilled every category of California's Buy Recycled Program, and was a leader amongst Alameda County agencies. Categories fulfilled included the following post-consumer recycled products: copy paper, paper towels, toilet

tissue, facial tissue, legal pads, sticky notes, file folders, envelopes, CD sleeves, binders, paper clips, antifreeze, compost, mulch, paint, tire-derived products, glass and plastic products, and more.

Buying recycled products

closes the loop on recycling and is an important part of the District's Environmentally Preferable Purchasing Policy. ●

Please recycle this calendar/annual report at the end of the 2010 year