

**MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF
UNION SANITARY DISTRICT
August 25, 2014**

CALL TO ORDER

President Fernandez called the meeting to order at 7:00 p.m.

PLEDGE OF ALLEGIANCE

ROLL CALL

PRESENT: Manny Fernandez, President
Tom Handley, Secretary
Pat Kite, Director
Anjali Lathi, Director

ABSENT: Jennifer Toy, Vice President

STAFF: Richard Currie, General Manager
Paul Eldredge, Newly Hired General Manager
Richard Cortes, Business Services Manager
Sami Ghossain, Technical Services Manager
Andy Morrison, Collection Services Manager
Dave Livingston, Treatment & Disposal Services Manager
Robert Simonich, Fabrication, Maintenance & Construction Manager
Maria Scott, Principal Financial Analyst
Judi Berzon, Human Resources Administrator
Kathy Destafney, Business Services Coach
Tim Grillo, Treatment & Disposal Services Coach
Laurie Brenner, Organizational Performance Program Manager
Donna Wies, Quality Coordinator
Richard Scobee, Sr. GIS DBA
Roz Fuller, Purchasing Agent
Jamie Rojo, Accounting Technician Specialist
Michelle Powell, Communications Coordinator
David O'Hara, Legal Counsel
Carol Rice, Assistant to the GM/Board Secretary

VISITOR: Alice Johnson, League of Women Voters

APPROVAL OF THE MINUTES OF AUGUST 11, 2014.

On a motion made by Director Kite and seconded by Director Lathi, the minutes of the Board of Directors' Meeting of August 11, 2014 were unanimously approved.

QUARTERLY BALANCED SCORECARD PERIOD ENDING JUNE, 2014.

- a. **Districtwide Balanced Scorecard Measures:** Laurie Brenner, Organizational Performance Program Manager, reported the following: the District did not meet all targets on the Operational Excellence Scorecard for FY14. There were 12 complaints indicating adverse impacts on customers (the target was 10 or less). Five were related to one customer's odor complaints. There were no critical asset failures, and all financial targets were met. Neither training milestones nor number of competency assessment targets were met in FY14, and the number of capital improvement project milestones met fell short at 9, against a target of 11. Under the Safety Objective Measures, the target of zero lost-time accidents was not met due to one minor accident; the Workers Compensation Experience Modifier (X-Mod) increased to 1.16 and did not meet the target of <1.0; and there were four instances of equipment or vehicle damage.
- b. **Business Services Balanced Scorecard:** Rich Cortes introduced representatives from each of the four teams (OST, FIST, MMT, IT) in the Business Services Workgroup and invited the Board to view the charts that represented key measures from each team.

At 7:20 p.m., President Fernandez called for a break so the Board could view the Business Services Balanced Scorecard charts. The meeting resumed at 7:40 p.m.

- c. **General Manager's Monthly Operations and Investment Report:** Rich Currie reported the following: there were no odor complaints, accidents, or injuries in July. It was a busy month for recruitments - offers were made to the new Process Engineer and Assistant to the General Manager/Board Secretary. Maria Scott presented the financial report. She noted that July is normally a light month in terms of activity, due to all the accruals booked in June. Capacity fees were received from Dick's Sporting Goods in Pacific Commons and Lennar Homes, which are 12 single family homes near I-680 and Washington Avenue. Under expenses, the first payment was made for the Boyce SRF loan, the Treatment & Disposal Workgroup purchased a biosolids grinder which is used in the plant processes, a replacement color printer was purchased for the CIP team, and LAIF is at .244, up from .228 last month. There were two investment maturities and no new purchases. The District

surpassed the \$4M mark with the PERS Retiree Medical Trust and had four quarters of positive earnings in FY14.

WRITTEN COMMUNICATIONS.

The Board received a flyer announcing a Maintenance Superintendents Association (MSA) Vendor Equipment & Tradeshow to be held at Union Sanitary District on October 16, 2014.

ORAL COMMUNICATIONS.

Alice Johnson, League of Women Voters for Fremont, Newark, and Union City attended the meeting and addressed the Board. She welcomed Paul Eldredge as the new General Manager and informed the Board that the League is hosting a meeting at the Fremont Main Library on November 17th at 6:30 p.m. The topic is "Water In – Water Out." The main speakers are staff from Union Sanitary District and the Alameda County Water District.

AMEND PURCHASING POLICY NO. 2755.

The Budget & Finance Committee reviewed this item. Rich Cortes stated the Purchasing Policy is being updated to incorporate changes in the Purchasing Mission, add/update definitions, set explicit levels for competition, and include previously approved sole source agreements. The proposed changes were reviewed by the Executive Team and the Purchasing Agent.

In response to Director Handley's question regarding a 4/5th vote by the Board in a declared emergency, Rich Cortes stated that in an emergency, the General Manager can initiate spending. He noted this is reflected in the Policy.

On a motion made by Director Handley and seconded by Director Lathi, the Board unanimously approved amending Purchasing Policy No. 2755 (Director Toy was absent).

APPROVE THE NEW POSITION OF ASSET MANAGER.

The Personnel Committee reviewed this item. Sami Ghossain reported that during the budget preparation in 2013, the GM recommended the Board consider adding six positions to address workload backlog and overtime issues. Three of the positions (Construction Inspector, Painter, and Mechanic) have been approved.

The Asset Manager position would be responsible for developing, implementing and managing an Asset Management Program at USD. It is the management of the physical components of a wastewater system and can include: pipes, valves, tanks, pumps, wet wells, treatment facilities, and any other component that

makes up our system. The assets that make up a wastewater system generally have fixed lifecycle costs that lose value over time as the system ages and deteriorate and the costs of operation and maintenance increase. Proper asset management will allow USD to plan responsibly and make more informed decisions about proactively managing aging assets on a continual basis to ensure the long-term sustainability of our entire system.

In response to a question from Director Handley, Rich Currie stated the position would likely be on the CIP Team but their assignment would be in the FMC Workgroup. Director Handley inquired about other responsibilities in the event the position does not have full time duties and Rich Currie indicated the employee would be a senior engineer and could work on projects in coordination with CIP. Director Lathi expressed concern about the need for a full time Asset Manager and requested the position be reviewed annually.

On a motion made by Director Kite and seconded by Lathi, the Board unanimously approved the new position of Asset Manager, and requested staff review the duties in one year (Director Toy was absent).

RESOLUTION NO. 2738, ACCEPTING THE CONSTRUCTION OF THE NEWARK BACKYARD SANITARY SEWER RELOCATION PROJECT, PHASE I FROM RANGER PIPELINES, INC., AND AUTHORIZING THE ATTORNEY FOR THE DISTRICT TO RECORD A NOTICE OF COMPLETION.

The Construction Committee reviewed this item. Sami Ghossain stated that on April 28, 2014 the Board awarded a construction contract to Ranger Pipelines, Inc. (Ranger) for the construction of the Newark Backyard Sanitary Sewer Relocation Project, Phase I in the amount of \$386,500. The purpose of the Project was to improve the existing gravity sewer system in a residential neighborhood in Newark and included the relocation of 33 sewer laterals from the backyards of homes on Dairy Avenue, Leone Street and Cherry Street.

The Notice to Proceed was issued on May 19, 2014 and scheduled to be completed on July 30, 2014; however, Ranger substantially completed the project on July 10, 2014. The Project included three Change Orders in the amount of \$1,811.21. Ranger has completed all work and the District has assumed beneficial use of the Project.

It was moved by Director Kite, seconded by Director Lathi, and unanimously approved to adopt Resolution No.2738, accepting the construction of the Newark Backyard Sanitary Sewer Relocation Project, Phase I from Ranger Pipelines, Inc., and authorizing the Attorney for the District to Record a Notice of Completion.

RESOLUTION NO. 2738

**ACCEPTING THE CONSTRUCTION OF THE
NEWARK BACKYARD SANITARY SEWER
RELOCATION PROJECT, PHASE I FROM
RANGER PIPELINES, INC.
LOCATED IN NEWARK, CALIFORNIA**

RESOLVED: That the Board of Directors of the UNION SANITARY DISTRICT hereby accepts the Newark Backyard Sanitary Sewer Relocation Project, Phase I from Ranger Pipelines, Inc., effective August 25, 2014; and be it

FURTHER RESOLVED: That the attorney for the District is authorized to file a "Notice of Completion" for the project.

On motion duly made and seconded, this resolution was adopted by the following vote on August 25, 2014:

AYES: Fernandez, Handley, Kite, Lathi

NOES: ----

ABSENT: Toy

ABSTAIN: ----



MANNY FERNANDEZ
President, Board of Directors
Union Sanitary District

Attest:



TOM HANDLEY
Secretary, Board of Directors
Union Sanitary District

Adopted August 25, 2014

AUTHORIZING THE GENERAL MANAGER TO EXECUTE AN AGREEMENT AND TASK ORDER NO. 1 WITH WEST YOST ASSOCIATES FOR PROVIDING DESIGN SERVICES FOR THE ALVARADO-NILES ROAD SANITARY SEWER REHABILITATION PROJECT.

The Construction Committee reviewed this item. Sami Ghossain stated that the Alvarado Basin Masterplan update, completed in December 2008, identified portions of the Alvarado-Niles Road trunk sewer as having high critical ratings due to Hydrogen Sulfide corrosion. Staff has reviewed television inspections and confirmed there is extensive corrosion in the trunk sewer that requires immediate rehabilitation. The Project will rehabilitate approximately 9,200 linear feet of the existing 27-inch trunk sewer which runs from under the Alvarado-Niles Road Bridge (above the BART and Union Pacific Railroad tracks) in Fremont to the vicinity of the Alvarado-Niles Road and Western Avenue intersection in Union City.

The estimated construction cost is between \$2.5 million and \$3.0 million. The negotiated cost proposal is \$248,371. Design of the Project is scheduled for completion in spring 2015, with construction to follow in summer 2015.

It was moved by Director Handley, seconded by Director Fernandez, and unanimously approved to authorize the General Manager to execute an Agreement and Task Order No. 1 with West Yost Associates for providing Design Services for the Alvarado-Niles Road Sanitary Sewer Rehabilitation Project (Director Toy was absent).

INFORMATION ITEMS:

Check Register. All questions were answered to the Board's satisfaction.

Report on the EBDA Commission Meeting of August 14, 2014. Director Handley reported the following:

- Information was presented on the replacement of the sodium bisulfite metering pumps at the Marina Dechlorination station. New style pumps will allow significant savings in the use of bisulfite allowing for a short payback period and less bisulfite discharge to the Bay.
- The Ad Hoc Committee on Joint Powers Agreement held their first meeting.
- There was a report on the Oro Loma Sanitary District testing of ammonia removal using Anamox technology.

Certificate of Achievement for Excellence in Financial Reporting. The Budget & Finance Committee reviewed this item. The Government Finance Officers Association (GFOA) is a professional association of state/provincial and local finance officers in North America. GFOA awarded the Certificate of Achievement for Excellence in Financial Reporting to USD for the Comprehensive Annual Financial Report (CAFR) for FY2013. This award is the

highest form of recognition in the area of government accounting and financial reporting.

Rich Cortes acknowledged Maria Scott for her initiative and contribution for developing a CAFR report that has been recognized at the national level for the 11th year in a row. She has also served as a GFOA CAFR reviewer this past year for applications in other states. The Board offered their congratulations to Maria.

NACWA Platinum Award for Calendar Year 2013. The Budget & Finance Committee reviewed this item. Dave Livingston stated the NACWA award recognizes member agency facilities for outstanding compliance with their National Pollutant Discharge Elimination System (NPDES) permit limits. The Platinum Award recognizes facilities that have achieved 100% compliance for five consecutive calendar years.

Union Sanitary District has been recognized through the Peak Performance Award Program for the past 21 years. The Peak Performance Award reflects USD's commitment to excellence in environmental protection. Dave stated it is through the combined efforts of all District employees, particularly Operations, Maintenance, Laboratory and Environmental Compliance staff that the achievement is possible. The Board extended their congratulations.

Annual Reporting of Expense Reimbursements Over \$100. The Budget & Finance Committee reviewed this item. Kathy Destafney stated that Section 53065.5 of the California Government Code requires the District to disclose annually any reimbursement paid by the District for the preceding fiscal year of at least \$100 for each individual charge for services or products received. The Government Code Section also states this document must be made available for public inspection. The Board had no questions and accepted the report.

PG&E Net Metering Annual True Up. The Budget & Finance Committee reviewed this item. Tim Grillo reported that in August 2011, the District's PG&E service for the Wastewater Treatment Plant was converted to a Net Energy Metering (NEM) tariff in conjunction with the interconnection of the solar photovoltaic carport project. PG&E issues monthly bills for NEM accounts for energy demand and other service charges. However, the cost of generation and energy-related non-generation charges are billed at the end of a 12-month period in order to allow for seasonal variations in energy production. The large bill at the end of the 12-month period is known as the "true up" bill. The total FY14 cost for electricity at the Treatment Plant was \$1,919,754.02.

Status of Priority 1 CIP Projects at the end of the Fourth Quarter of FY14. The Construction Committee reviewed this item. Sami Ghossain stated that in June 2013, the Board approved the Capital Improvement Program budget for FY14 in the amount of \$17.5 million for the design and construction of 24

projects. The Executive Team reviews the status of the Priority 1 CIP projects at the end of each quarter. For FY14, 11 projects are ranked as Priority 1 and the remaining 13 are ranked as Priority 2 projects. Sami provided an update of Priority 1 projects.

Fourth Quarterly Report on Capital Improvement Program for FY14. The Construction Committee reviewed this item. Sami Ghossain stated that in June 2013, the Board approved the Capital Improvement Program (CIP) budget for FY14 in the amount of \$17.5 million for the design and construction of 24 projects. The total CIP expenditures through June 30, 2014 were above the projections for the fourth quarter by approximately \$1,364,000. The main projects that incurred more than the projected expenditures include the Cogeneration Project, Veasy Street Sewer Improvements, Equalization Storage at Alvarado, Aeration Lift Pumps Project, and the Newark Flat Tops Area Backyard Sewer Relocation – Phase 1.

Hayward Marsh Rehabilitation Options Study Project – Status Report. The Legal/Community Affairs Committee reviewed this item. Tim Grillo stated that since March 1988, the Hayward Marsh (Marsh) has provided the District with 20 MGD of wet weather flow capacity. Over the last 26 years, sedimentation from the bay has slowly accumulated in the channels and conveyances of the Marsh adjacent to the bay. In June 2013, a blockage of the inlet to pond 3B occurred and the flow to that basin stopped. The District has agreed to conduct a planning level study to determine the actions needed to rehabilitate the Marsh and a limited number of options to alternately provide wet weather flow storage capacity.

The current NPDES permit for the Marsh expires in October 2016. A Request for proposals for the Marsh Study Project was issued in the fall of 2013 and awarded to RMC Water and Environment in December 2013. Surveying the Marsh was completed in February 2014, a Project Kick-off meeting was held on March 7, 2014 and the team agreed to focus on six alternatives. A draft Technical Memorandum (TM) for the full restoration of the Marsh was received on April 20, 2014 at a cost of \$8,000,000 to \$10,000,000.

RMC has submitted applications on the District's behalf for grant funding for the Project under the Bay Area Integrated Regional Water Management Program.

GENERAL MANAGER'S REPORT:

Rich Currie reported the following:

- The Carpenters Union is picketing USD as a result of a project GSE is working on at the District. Director Handley requested pictures of the picketing.
- There were two injuries this month - one employee tripped and fell, had a minor hand break, and is now on limited duty. Another employee had a shoulder strain and is on limited duty.

- Two businesses near the corner of Warm Springs and Mission Boulevard have experienced sewer problems. Upon inspection, it appears that two laterals were not connected on a project done years ago. Staff worked with McGuire and Hester to get emergency scheduling for repair work which should happen this week.
- We received an appeal on a capacity fee for an expansion of a kitchen facility at the Saddle Rack, which is a dance club.
- The GM will have a report on the CASA Conference at the next Board meeting.
- Pipe lining work started on the Upper Hetch Hetchy Project.

OTHER BUSINESS:

Director Lathi reported on her attendance at the recent CASA Conference. She stated that Black & Veatch gave a presentation on the State of the Water Industry. One of the top five issues for public utilities is capital improvements and justifying rate increases to the public. Water infrastructure is underfunded everywhere. Twenty-three percent (23%) of the utilities will need double-digit rate increases for the next ten years to fully cover infrastructure costs. Thirty-three percent (33%) are considering public-private partnerships.

ADJOURNMENT:


The Board adjourned the meeting at 8:42 p.m. to the next Regular Meeting in the Boardroom on Monday, September 8, 2014 at 7:00 p.m.

SUBMITTED:



 CAROL RICE
 SECRETARY TO THE BOARD

ATTEST:



 TOM HANDLEY
 SECRETARY

APPROVED:



 MANNY FERNANDEZ
 PRESIDENT

Adopted this 8th day of September, 2014