

**MINUTES OF THE MEETING OF THE  
BOARD OF DIRECTORS OF  
UNION SANITARY DISTRICT  
July 13, 2015**

**CALL TO ORDER**

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

**PLEDGE OF ALLEGIANCE**

**ROLL CALL**

**PRESENT:** Manny Fernandez, President  
Jennifer Toy, Vice President  
Tom Handley, Secretary  
Pat Kite, Director

**ABSENT:** Anjali Lathi, Director  
General Manager Eldredge stated Director Lathi very much wanted to be present, but was unfortunately unable to attend due to being severely under the weather.

**STAFF:** Paul Eldredge, General Manager  
Dave O'Hara, District Counsel  
Karen Murphy, Special District Counsel  
Rich Cortés, Business Services Manager  
Sami Ghossain, Technical Services Manager  
James Schofield, Collection Services Manager  
Michelle Powell, Communications Coordinator  
Maria Scott, Principal Financial Analyst  
Regina McEvoy, Assistant to the GM/Board Secretary  
Victor Vasut, Lead Collection Service Worker  
Jamie Rojo, Accounting Tech Specialist  
Jose Rodrigues, Collection Services Planner/Scheduler  
Lilly DeMelo, Customer Service Fee Analyst  
Ariel Teixeira, Administrative Specialist I  
Nancy Walker, Engineering Technician III  
Tom Herlihy, Collection Services Worker II  
Maurice Fortner, Plant Operator III  
Mariela Espinosa, Customer Service Fee Analyst

**GUESTS:** Alice Johnson, League of Women Voters  
ACWD Director Sethy  
Eight other members of the public were also present, but were not known to staff, did not submit a speaker card, and did not address the Board.

### **APPROVAL OF THE MINUTES OF THE SPECIAL MEETING OF JUNE 15, 2015**

It was moved by Secretary Handley, seconded by Director Kite, to Approve the Minutes of the Special Meeting held June 15, 2015. Motion carried with the following vote:

AYES: Fernandez, Handley, Kite, Toy  
NOES: None  
ABSENT: Lathi  
ABSTAIN: None

### **APPROVAL OF THE MINUTES OF THE SPECIAL MEETING OF JUNE 17, 2015**

It was moved by Director Kite, seconded by Vice President Toy, to Approve the Minutes of the Special Meeting held June 17, 2015. Motion carried with the following vote:

AYES: Fernandez, Handley, Kite, Toy  
NOES: None  
ABSENT: Lathi  
ABSTAIN: None

### **APPROVAL OF THE MINUTES OF THE MEETING OF JUNE 22, 2015**

It was moved by Director Kite, seconded by President Fernandez, to Approve the Minutes of the Regular Meeting held June 22, 2015. Motion carried with the following vote:

AYES: Fernandez, Handley, Kite, Toy  
NOES: None  
ABSENT: Lathi  
ABSTAIN: None

### **WRITTEN COMMUNICATIONS**

There were no written communications.

### **ORAL COMMUNICATIONS**

There were no oral communications.

### **PUBLIC HEARING: 1) CONFIRMING SEWER SERVICE CHARGE ORDINANCE NO. 31.38, 2) ADOPTING SEWER SERVICE CHARGE FOR FISCAL YEAR 2016, AND 3) SETTING AND COLLECTING SEWER SERVICE CHARGES FOR FISCAL YEAR 2016 ON THE TAX ROLL**

This item was reviewed by the Budget & Finance Committee. General Manager Eldredge provided a PowerPoint presentation that included an overview of District finances and services funded by sewer service charges. The PowerPoint presentation was attached to the meeting packet.

Secretary Handley requested General Manager Eldredge explain a regional sanitary sewer overflow (SSO) map not included in the presentation. General Manager Eldredge stated there is a map of the San Francisco Bay Area which uses a symbol for each SSO occurrence. The map shows far fewer SSO's in the Tri-City area served by USD than in many other portions of the Bay Area.

Business Services Manager Cortes stated the notice of public hearing to set Sewer Service Charges for Fiscal Year 2016 had been published in the Argus newspaper and the Tri-City Voice newspaper on June 30 and July 7, 2015, and had also been posted on the District website. In 2013, a 218 notice covering the next three years (2014, 2015, and 2016) was sent to all USD customers. While the current public hearing is not required as part of the 218 process, State Codes require the District conduct a public hearing annually as a requirement prior to placing sewer service charges on the property tax roll. The District opts to place sewer service charges on the property tax roll as a cost saving measure. Business Services Manager Cortes stated the District received 15 emails, which were included in the record and attached to the packet, regarding the public hearing on the proposed rates. Business Services Manager Cortes reviewed the responses to the emails as included in the staff report.

President Fernandez opened the public hearing. There were no speakers on the matter. President Fernandez closed the public hearing.

**RESOLUTION NO. 2763, CONSIDERING PROTESTS AND ESTABLISHING SEWER SERVICE CHARGE RATES FOR FISCAL YEAR 2016**

This item was reviewed by the Budget & Finance Committee. Business Services Manager Cortes stated staff recommended Board approval of the proposed resolution Considering Protests and Establishing Sewer Service Charge Rates for Fiscal Year 2016.

Secretary Handley requested the sewer service charge rate notification process be brought back to the Board at a later date for discussion, and the Board agreed by consensus of the members present.

It was moved by Director Kite, seconded by Secretary Handley, to Adopt Resolution No. 2763, Considering Protests and Establishing Sewer Service Charge Rates for Fiscal Year 2016. Motion carried with the following vote:

AYES: Fernandez, Handley, Kite, Toy  
NOES: None  
ABSENT: Lathi  
ABSTAIN: None

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**ADOPT ORDINANCE NO. 31.38, AMENDING ORDINANCE NO. 31.37, SETTING THE SEWER SERVICE CHARGES SPECIFIED THEREIN FOR FISCAL YEAR 2016**

This item was reviewed by the Budget & Finance Committee. Business Services Manager Cortes stated staff recommended Board adoption of Ordinance No. 31.38, amending Ordinance No. 31.37, setting the Sewer Service Charges specified therein for Fiscal Year 2016.

It was moved by Director Kite, seconded by Secretary Handley, to Adopt Ordinance No. 31.38, Amending Ordinance No. 31.37, Setting the Sewer Service Charges Specified Therein for Fiscal Year 2016. Motion carried with the following vote:

AYES:	Fernandez, Handley, Kite, Toy
NOES:	None
ABSENT:	Lathi
ABSTAIN:	None

**####**

**ADOPTING FINAL OPERATING AND CAPACITY FUND BUDGETS FOR FISCAL YEAR 2016**

This item was reviewed by the Budget & Finance Committee. Principle Financial Analyst Scott stated the final Operating and Capacity Fund budgets for Fiscal Year 2016 reflect Board input and information presented at the Board meeting held June 8, 2015. The budget reflects increasing the sewer service charge by an average of 5.7%, maintaining the current capacity fee at \$5,595.66 per EDU, and increasing the net operating budget 2.9%.

It was moved by Director Kite, seconded by Secretary Handley, to Adopt the Final Operating and Capacity Fund Budgets for Fiscal Year 2016. Motion carried with the following vote:

AYES: Fernandez, Handley, Kite, Toy  
NOES: None  
ABSENT: Lathi  
ABSTAIN: None

**AUTHORIZE THE GENERAL MANAGER TO EXECUTE A LEASE AGREEMENT WITH THE CALIFORNIA STATE LANDS COMMISSION FOR A SEWER CROSSING AT SCOTT CREEK IN THE CITY OF FREMONT**

This item was reviewed by the Legal/Community Affairs Committee. Technical Services Manager Ghossain stated "The Crossings" development is located at the southernmost portion of the District's service area, and includes construction of three large industrial buildings and extension of Fremont Boulevard to Dixon Landing Road. Sewer lines constructed to serve the new development include a portion that runs across Scott Creek, which is managed by the State Lands Commission (SLC). District staff negotiated a lease agreement with the SLC which granted permission for the sewer line to be located under Scott Creek as the SLC does not grant permanent easements for encroachments across State Lands. District staff have reviewed the lease agreement and exhibits, and recommend authorizing the General Manager to execute the lease agreement. General Manager Eldredge stated the State Lands Commission had proposed a 20 year lease, and District staff requested and received a 30 year lease.

It was moved by Vice President Toy, seconded by Secretary Handley, to Authorize the General Manager to Execute a Lease Agreement with the California State Lands Commission for a Sewer Crossing at Scott Creek in the City of Fremont. Motion carried with the following vote:

AYES: Fernandez, Handley, Kite, Toy  
NOES: None  
ABSENT: Lathi  
ABSTAIN: None

**RESOLUTION NO. 2764, ACCEPT A SANITARY SEWER EASEMENT FROM THE ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT LOCATED NEAR FREMONT BOULEVARD AND LAKEVIEW BOULEVARD IN THE CITY OF FREMONT**

This item was reviewed by the Legal/Community Affairs Committee. Technical Services Manager Ghossain stated new sewer lines were constructed to serve "The Crossings" development. The new sewer line runs south along Fremont Boulevard and under and across an Alameda County Flood Control and Water Conservation District (ACFC) channel. The new sewer lines were constructed per District standard specifications and the ACFC provided the grant of easement for Board review. District staff have reviewed and recommend approval of the grant deed, legal description, and plat.

It was moved by Secretary Handley, seconded by Vice President Toy, to Adopt Resolution No. 2764, Accepting a Sanitary Sewer Easement from the Alameda County Flood Control and Water Conservation District Located Near Fremont Boulevard and Lakeview Boulevard in the City of Fremont. Motion carried with the following vote:

AYES: Fernandez, Handley, Kite, Toy  
NOES: None  
ABSENT: Lathi  
ABSTAIN: None

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## **ELECTION OF OFFICERS FOR THE BOARD OF DIRECTORS FOR FY 2016**

General Manager Eldredge stated Board Policy 3070.2, approved by the Board in October 2013, provides for the offices of President, Vice President, and Secretary. The policy states that annually, nominations will be made for each office with the vote of the majority of Directors of the Board required for election. Historically, the Board has followed a rotation of officers, where Vice President becomes President, Secretary becomes Vice President, and the 4<sup>th</sup> member in rotation becomes Secretary. General Manager Eldredge recommended the new Board officers assume their duties immediately following the meeting.

On a motion made by Director Kite, seconded by Secretary Handley, Jennifer Toy was nominated for the office of President, Tom Handley was nominated for the office of Vice President, and Pat Kite was nominated for the office of Secretary. There were no further nominations, and the motion carried with the following vote:

AYES:            Fernandez, Handley, Kite, Toy  
NOES:            None  
ABSENT:        Lathi  
ABSTAIN:        None

The Board agreed, by consensus of the members present, to have the new Board officers assume their duties immediately following the meeting.

### **INFORMATION ITEMS:**

#### **Check Register**

All questions were answered to the Board's satisfaction.

#### **Agreement with RMC Water and Environment for Flow Model and Capacity Analysis Professional Services**

Technical Services Manager Ghossain stated the District executed an agreement with RMC Water and Environment (RMC) on February 3, 2009. The agreement provided for staff the ability to obtain engineering services in a timely fashion for small tasks associated with gravity sewer flow modeling and capacity analyses. Said services are needed as part of District Capital Improvement Project planning and design, or when unanticipated large developments or high volume dischargers apply for connection to the District's sewer system. The two-year agreement with RMC had a total cost ceiling of \$40,000, with total compensation not to exceed \$20,000 per year. The agreement was first amended in 2011 to extend the term from two years to four years, and again amended in 2013 to extend the agreement for another two years to April 15, 2015. On July 7, 2015, District staff entered into a new two-year agreement with RMC with a cost ceiling of \$50,000, and total compensation not to exceed \$25,000 per year. RMC was again selected to provide service to the District due to the knowledge, experience, and track record of their Project Manager, Gisa Ju. Ms. Ju was the project manager of the previous seven Collection System master plan studies, and has a detailed understanding of the District's dynamic flow model and sewer collection system.

### **Agreement with Carollo Engineers for General Engineering Services**

Technical Services Manager Ghossain stated District staff have executed three general engineering agreements with Carollo Engineers since 2004. The agreements with Carollo have provided for staff the ability to obtain engineering services in a timely fashion for tasks such as design of small projects and engineering evaluations. The last such agreement was executed on April 20, 2011, for a total cost ceiling of \$50,000 for a two-year period. The agreement was amended in 2013 for an additional two years without changing the total cost ceiling. The agreement was again amended in 2013 to increase the total cost ceiling by an additional \$15,000, and expired on April 20, 2015. Staff executed a new \$50,000 cost ceiling two-year agreement with Carollo on July 6, 2015.

### **Solar and Cogeneration Facilities Operational Update**

Technical Services Manager Ghossain reported the following:

- Alvarado Wastewater Treatment Plant Solar Carport – Construction was completed at a cost of \$884,000 and operation began in September 2011. The District applied for the California Solar Initiative (CSI) incentive that would rebate \$0.2568 per kilowatt-hour (kWh) of power generated by the system for a period of five years. Through May 31, 2015, the Solar Carport generated a total of 958,333 kWh of power, which equated to \$154,881 in energy savings at the Plant. The District has received \$202,681, or approximately 80%, of the CSI incentive rebate from PG&E. The current total benefit of the Solar Carport is \$357,562, which represents 40.4% of simple payback for the initial construction cost of the facility.
- Irvington Pump Station Solar Facility – Construction was completed at a cost of \$2.85 million and operation began in April 2012. The system consists of 1,680 solar panels and is rated at 408 kW. The District applied for the CSI incentive rebate of \$0.15 per kWh of power generated by the system for a period of five years. Through June 4, 2015, the solar facility has generated a total of 2,997,859 kWh of power, which equated to \$867,457 in energy savings at the Irvington Pump Station. The District has received \$413,320, or 66%, of the CSI incentive rebate from PG&E. The current total benefit of the solar facility is \$1,280,777, which represents 44.9% of simple payback for the initial construction cost of the facility.
- Cogeneration Facility – Construction was completed at a cost of \$11.8 million and the facility entered full operation in late November 2014. The facility consists of two 850-kW biogas-fueled engine generators and a packaged biogas conditioning system. The District applied for a grant from the Self-Generation Incentive Program (SGIP) that provides financial incentives for the installation of new, qualifying self-generation equipment installed to meet all or a portion of the electric energy needs of a facility. PG&E, as administrator of the SGIP, approved the District's application for a maximum rebate of \$3.38 million. The District has received half of the total rebate from PG&E, and the other half will be paid to the District annually over the next five years depending upon actual electric energy generated by the facility. The facility generated a total of 6,776,843 kWh of power through May 21, 2015, which equated to approximately \$615,000 in energy savings at the plant. The current total benefit of the facility is \$2,305,000, which represents 19.5% of simple payback for the initial construction cost of the facility.

### **Report on the EBDA Commission Meeting of June 18, 2015**

Secretary Handley stated an evaluation of proposals received for upcoming testing of the EBDA Outfall was presented to the Commission. New technology will be used to test and evaluate the useful life of the Outfall. Vice President Handley stated the State Lands Commission lease for the Outfall will need to be renewed and may require more frequent inspection of the Outfall.

### **Certificate of Achievement for Excellence in Financial Reporting**

Business Services Manager Cortes stated the Government Finance Officers Association of the United States and Canada (GFOA) is the professional association of state/provincial and local finance officers in North America, and has served the public finance profession since 1906. GFOA has awarded its Certificate of Achievement for Excellence in Financial Reporting to Union Sanitary District for its fiscal year 2014 Comprehensive Annual Financial Report (CAFR). This award is the highest form of recognition in the area of government accounting and financial reporting, and is designed to recognize and encourage excellence in financial reporting by state and local governments. This is the twelfth year running that Principal Financial Analyst Scott has developed a CAFR report that has been recognized at the national (GFOA) level.

### **COMMITTEE MEETING REPORTS:**

The Budget & Finance, Construction, and Legal/Community Affairs Committees met.

### **GENERAL MANAGER'S REPORT:**

General Manager Eldredge reported the following:

- The new District receptionist, Rica Agbuya, started work July 13, 2015.
- FMC Mechanical Team Coach Dave Port's last day at the District will be July 17, 2015, due to his retirement.
- The Co-digestion pilot project, commonly known as the cheese waste project, may be ready for testing the week of July 20, 2015
- The Reclaimed Water Study kickoff meeting was held, and work on the study is ongoing with anticipated completion in February 2016.
- Analysis of the Capacity Fee Study is underway, and draft results are expected in the next few weeks. Once the study is completed, a Board workshop will be scheduled to review the findings.
- A section of temporary pipe, used as part of the Thickener project, failed due to an accumulation of solids in the pipe caused by a valve being inadvertently closed. Precautions have been taken to prevent this from happening again. Operational staff are preparing standard operating procedures to ensure all employees are made aware of the correct processes for operating the temporary piping.

### **OTHER BUSINESS:**

Dave O'Hara stated former attorney for the District Marvin Haun passed away recently.

Secretary Kite stated she recently attended the Alameda County Chapter CSDA meeting which included a presentation on the future of BART.

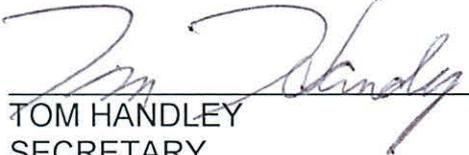
**ADJOURNMENT:**

The meeting was adjourned at 8:14 p.m. to the next Regular Board Meeting in the Boardroom on Monday, July 27, 2015, at 7:00 p.m.

SUBMITTED:

  
REGINA McEVOY  
SECRETARY TO THE BOARD

ATTEST:

  
TOM HANDLEY  
SECRETARY

APPROVED:

  
MANNY FERNANDEZ  
PRESIDENT

Adopted this 27<sup>th</sup> day of July, 2015