

**MINUTES OF THE MEETING OF THE  
BOARD OF DIRECTORS OF  
UNION SANITARY DISTRICT  
June 10, 2013**

**1. CALL TO ORDER**

President Kite called the Board to Order at 7:00 p.m.

**2. PLEDGE OF ALLEGIANCE**

**3. ROLL CALL**

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

ABSENT: None

STAFF: Rich Currie, General Manager/District Engineer  
Richard Cortes, Manager, Business Services  
Sami Ghossain, Coach, Capital Improvements Projects  
Jesse Gill, Manager, Technical Support & Customer Services  
Tim Grillo, Coach, Research and Support  
Andy Morrison, Manager, Collection Services  
David O'Hara, Legal Counsel  
Maria Scott, Principal Financial Analyst  
Robert Simonich, Manager, Fabrication, Maintenance & Construction  
Tom Graves, Assistant to the General Manager/Board Secretary

CONSULTANTS: None

VISITORS: Mr. and Mrs. Robert Bush

**4. APPROVAL OF THE MINUTES OF MAY 28, 2013**

**Action**

On a motion made by Director Lathi and seconded by Director Toy, the Minutes of the Board of Directors Meeting of May 28, 2013 were approved. The motion carried unanimously.

**5. WRITTEN COMMUNICATIONS**

There were no official written communications.

6. **ORAL COMMUNICATIONS**

There were no oral communications.

7. **RECEIVING PUBLIC COMMENTS ON PROPOSED SEWER SERVICE CHARGE RATE INCREASE FOR 2014, 2015 AND 2016.**

GM Rich Currie made a presentation to the Board discussing the proposed rate increase. He said there are two types of fees charged by USD: Capacity Fees and Sewer Service Charges (SSC). He gave a brief history of SSC's, and said that of the 24 agencies surveyed this year, USD ranks in the 12<sup>th</sup> percentile. He reviewed information on District expenditures and discussed how USD controls costs and saves money.

The District's Capital Improvement Program includes expenditures of \$10-20M a year in new construction, like the new Co-Generation Project, the Cast Iron Repair/Replacement Project, the Old Town Newark Replacement Project, the I-680 @ Sabercat Road undercrossing, and the Headworks Improvement Project. The new Co-Generation Project alone will save the District over \$1M a year in energy costs.

Regarding the proposed rate increases, we have heard from 27 customers: 11 emails, 23 phone calls, and 2 letters.

**Public Hearing**

President Kite opened the Public Hearing at 7:21 p.m.

**SPEAKING FROM THE FLOOR:**

Robert Bush indicated that he was a resident in the City of Fremont and said that he moved here in 1978, although he visited here in 1972, and toured USD while taking a quantitative analysis class at Cal State Hayward. Six weeks ago, he noticed a USD worker at a manhole in front of his house, and Mr. Bush engaged him in conversation, saying he was doing an excellent job.

The last five years of his professional life, Mr. Bush taught high school at Washington High School in Fremont. As part of his curriculum, his classes reviewed water usage in the State of California. The class calculated that some homes were at about 200 gallons/day (gpd), although most were at 400-500 gpd. One young woman in the class said her family's usage was 1200 gpd, because in addition to her immediate family, there were extended family members living with them, bringing the total number of family in the house to 18. Mr. Bush stated that the proposed USD increase is a regressive tax, which is why he is opposed to the increase. He asked the Board to take note of the fact that he was at the meeting in person to protest the increase, and didn't send an email or telephone. He stated that board members have a professional responsibility and a duty to represent the people who elect them.

SPEAKING FROM THE FLOOR (continued)

Mr. Bush went on to state that Mr. Currie carefully avoided mentioning that salaries and benefits comprise about 70% of the District's expenditures. He recalled a newspaper story about a BART Director who received 80 weeks of vacation pay before being forced out, and that if BART had had a cap on vacation accrual, that wouldn't have happened.

Mr. Currie agreed that employee costs are close to 70% of the budget, with electricity and chemicals the next largest. He said he appreciated Mr. Bush's suggestions, and pointed out that during the recent contract negotiation, employees agreed to increase their contributions to their retirement. In terms of vacation, the District does have a cap, as Mr. Bush suggested.

Director Kite invited Mr. Bush and his wife to tour the facility.

President Kite closed the Public hearing at 7:34 p.m.

8. **AWARDING THE CONSTRUCTION CONTRACT FOR THE MOTOR CONTROL CENTER REPLACEMENT PROJECT – PHASE 2**

TSCS Manager Jesse Gill presented the staff report, and recommended that the board award the contract to D. W. Nicholson in the amount of \$795,684. The estimated completion date is April, 2014.

Director Fernandez inquired if parts of the old MCCs are salvageable and Mr. Gill replied that FMC staff will salvage what they can use and the contractor will haul the rest away.

Action

On a motion made by Director Fernandez and seconded by Director Handley, the Board awarded the construction contract for the Motor Control Center Replacement Project – Phase 2 to D. W. Nicholson. The motion carried unanimously.

9. **APPROVING REVISED CAPITAL ASSETS POLICY NO. 2070.**

Business Services Manager Rich Cortes made a brief presentation about this item. Staff is recommending changing the capitalization threshold from \$5,000 to \$10,000, which will align with efforts currently underway in FMC to categorize assets over \$10,000 in the new Hansen (maintenance management) software upgrade. The change will result in a reduction of only 0.42% of the current value of the financial asset register.

Director Handley inquired how easements are assessed, and Mr. Cortes replied that Fair Market Value for easements is \$5 per square foot.

Action On a motion made by Director Lathi and seconded by Director Fernandez, the Board approved the Revised Capital Assets Policy No. 2070. The motion carried unanimously.

10. **ADOPTING RESOLUTION NO. 2708, IMPLEMENTING COST-SHARING CONTRIBUTIONS UNDER PERS FOR REPRESENTED EMPLOYEES WHO ARE CLASSIC MEMBERS**

Mr. Currie pointed out that this Resolution is almost identical to the one previously adopted by the Board for Unclassified (non-union) Employees. The intent is to define how the increased employee contribution will be used to pay for PERS retirement contributions. A handout was given to the Board depicting contributions.

Action On a motion made by Director Handley and seconded by Director Lathi, the Board adopted Resolution No. 2708, Implementing Cost-Sharing Contributions under PERS for Represented Employees who are Classic Members. The motion carried unanimously.

11. **ADOPTING AN AGREEMENT TO IMPLEMENT COST-SHARING FOR ALL CLASSIC MISCELLANEOUS EMPLOYEES.**

This item was withdrawn by staff.

12. **THIS ITEM IS UNASSIGNED.**

**RESOLUTION NO. 2708**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE UNION SANITARY DISTRICT  
PROVIDING FOR  
EMPLOYEE COST-SHARING CONTRIBUTIONS TO PERS**

**WHEREAS**, the Union Sanitary District (the "District") provides retirement benefits to eligible employees under the California Public Employees' Retirement System ("PERS");

**WHEREAS**, benefits under PERS are funded by "member contributions" and "employer contributions," at rates determined by PERS in accordance with the laws governing PERS and with the agreement governing the District's participation in PERS;

**WHEREAS**, under the laws governing PERS, every District employee covered by PERS is classified as either a New Member within the meaning of Section 7522.04(f) of the California Government Code, or not a New Member (using PERS's terminology, any PERS-covered District employee who is not a New Member is a Classic Member);

**WHEREAS**, the member-contribution rate for each represented employee of the District who is a Classic Member is 8% of the employee's PERSable compensation;

**WHEREAS**, of the 8% member contribution, the District currently pays 6% as an employer-paid member contribution (EPMC) to PERS in accordance with Section 20691 of the California Government Code, and reports the full monetary value of the 6% EPMC as additional compensation in accordance with Section 20636(c)(4) of the California Government Code;

**WHEREAS**, the remaining 2% member contribution is deducted from the employee's District compensation and contributed to PERS;

**WHEREAS**, the District is permitted under Section 20516 of the California Government Code to implement cost-sharing contributions, under which an employee's District compensation is deducted in order to pay part of the District's employer contribution to PERS; and

**WHEREAS**, the District wishes to implement a 1.5% cost-sharing contribution for each represented employee who is Classic Member, without affecting any other changes to the District's existing structure for contributions to PERS.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE UNION SANITARY DISTRICT DOES HEREBY RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:**

**SECTION 1.** Effective June 6, 2013, each represented employee of the District who is a Classic Member will pay a cost-sharing contribution equal to 1.5% of the employee's PERSable compensation.

**SECTION 2.** The 1.5% amount will be deducted from the employee's District compensation in order to fund the District's employer contributions under PERS.

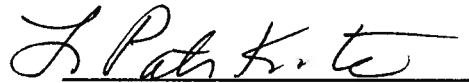
**SECTION 3.** Nothing in this Resolution affects the District's existing structure for member contributions and EPMCs. Accordingly, each employee will continue to contribute 2% of his or her District compensation to PERS as a member contribution; and, the District will continue to pay the remaining 6% of the member contribution as an EPMC and report this amount as PERSable compensation.

On motion duly made and seconded, this resolution was adopted by the following vote on June 10, 2013:

AYES: Fernandez, Handley, Kite, Lathi, Toy

NOES: ---

ABSENT: ---



L. PATRICIA KITE  
President, Board of Directors  
Union Sanitary District

Attest.



MANNY FERNANDEZ  
Secretary, Board of  
Directors Union  
Sanitary District

13. **AUTHORIZING THE GENERAL MANAGER TO EXECUTE TASK ORDER NO. 3 WITH COLLISON ENGINEERING FOR CONTINUATION OF THE HAYWARD MARSH AMMONIA REMOVAL PILOT STUDY**

Mr. Currie introduced this item by saying that it is an extension of a pilot project at Hayward Marsh on ways to remove ammonia from effluent.

Coach Tim Grillo explained that Task Order No. 3 provides for an additional six months of pilot plant operation, maintenance, and monitoring to allow the process to reach steady state. The Consultant will develop experiments to determine process parameters based on the normal daily flow pattern to the Hayward Marsh and evaluate the process vulnerability to upset during a pilot plant shutdown. The Project includes the evaluation of four alternate configurations, or process variations, to allow selection of the best conceptual full scale design alternative. The total cost of Task Order No. 3 shall not exceed \$42,080, which includes \$4,702 of optional services. Funding for Task Order No. 3 is included in the FY14 Non-ECB budget.

Director Handley inquired if this project was inspected by the Regional Water Quality Control Board. Mr. Currie replied that this project is not part of the RWQCB permit requirement, although the regional board is very much interested in it.

Director Kite asked where else the zeolite-anammox process has been used. Mr. Grillo replied that it has been in use in Europe for about 10 years, although the zeolite-anammox process is a new variation on the anammox process. This new process is not in full-scale use anywhere.

Director Fernandez asked if there was any by-product produced in the operation, and Mr. Grillo stated that there was not.

Mr. Handley asked, and the Board concurred, for a final report on the study at an appropriate time.

Action

On a motion made by Director Handley and seconded by Director Fernandez, the Board authorized the General Manager to Execute Task Order No. 3 with Collison Engineering for Continuation of the Hayward Marsh Ammonia Removal Pilot Study. The motion carried unanimously.

14. **NOMINATION OF SPECIAL DISTRICT LAFCO REPRESENTATIVE AND DESIGNATION OF USD VOTING MEMBER FOR LAFCO ELECTION.**

Mr. Currie made a brief presentation of the staff report. The Board determined by consensus that it did not wish to nominate a candidate for election to the Alternate Special District seat on the Alameda County LAFCO. Director Kite expressed the view that the current incumbent, Mr. Andrade, is doing a fine job.

Action

On a motion made by Director Toy and seconded by Director Handley, the Board designated Director Kite to cast the ballot on behalf of the District at the Wednesday, July 10, 2013 meeting at Washington Hospital. The motion carried unanimously

**INFORMATION ITEMS**

15. **PRELIMINARY OPERATING FUND AND CAPACITY FUND BUDGETS FOR FY14.**

Principal Analyst Maria Scott presented the preliminary budget, pointing out that the GM's Budget Message was very helpful in navigating the document. Director Lathi said that she liked the transmittal letter, and asked when comments should be sent to the GM. Ms. Scott replied that comments should be sent by the end of the week. Ms. Scott also explained the two changes to the budget and reviewed the list of items greater than \$100,000 that the Board will be pre-approving.

16. **THIS ITEM IS UNASSIGNED.**

17. **CHECK REGISTER**

Director Handley inquired about an item for solar panel cleaning on Page 4 of the register, asking if there has been much degrading of our panels. FMC Manager Robert Simonich stated that this cleaning was recommended by the manufacturer. Mr. Simonich also said that readings were taken before the cleaning, but he hasn't seen the "after" readings yet.

Director Handley also inquired about the payment for "Annual Network 3 Deep Test", and Mr. Cortes explained that for critical business processes, the E.T. has benchmarked that the District should be "three deep." I.T. is lacking that third level, and so an outside contractor was hired to be the third level of support in place of a NOC (Network Operations Center). This charge is for a test, run quarterly, that will determine whether or not the third level is functioning effectively.



**18. COMMITTEE MEETING REPORTS**

The following committees met: Legal/Community Affairs; Construction; Personnel; and Budget & Finance.

By consensus, the Board approved the General Manager's expense report presented to the Budget & Finance Committee.

**19. GENERAL MANAGER'S REPORT**

Mr. Currie reported that there had been a critical asset failure over the weekend of Generator #1. The engine is the part that usually fails, but this time it was the generator. The failure is rare, and technical staff was here over the weekend to deal with the situation. The unit was pulled, and should be back in service by the end of the week.

This is the 12<sup>th</sup> consecutive month without a spill in Collections. Mr. Currie expressed appreciation for the great work of the Collections staff.

The District-wide meeting last week was well-attended. Topics ranged from the new labor contract, the hiring of the Deputy General Manager, and succession planning. Director Kite attended as well.

The new Boyce Road pump station is continuing to operate well. We will start demolition of the old facility shortly.

The Permit to Construct has arrived from the Air Quality Management District for the Co-Gen Project.

The Bay Area Air Quality Management District conducted an onsite inspection here at the plant, and did not require any action on our part.

Finally, Jesse Gill reported on an article this past weekend on failures associated with solar panels manufactured in China. Some facilities are failing within 2 years of start-up, and the Chinese manufacturers are being sued for cutting corners.

**20. OTHER BUSINESS**

Director Lathi inquired about a press release included in the Board packet, asking what the date was and where it was distributed. Mr. Currie said he would check and send the information back to her.

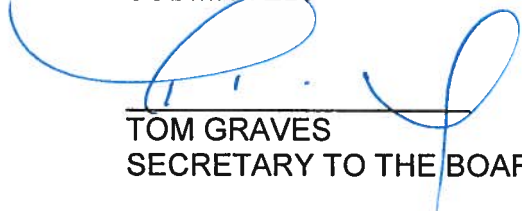
Director Kite said she went to Outreach Coordinator Mike Auer's presentation at Snow Elementary School. She said the kids had lots of questions, and the material was very exciting. She said she was impressed both by the school classes, and by the presentation made by Mr. Auer.

**ADJOURNMENT**


At 8:00 p.m., the Board adjourned to a Special Meeting on Thursday, June 13, 2013 at 6:30 p.m. in the Boardroom on the Public Employees' Pension reform Act of 2013.

The Board will then adjourn to the next Regular Board Meeting on Monday, June 24, 2013 at 7:00 p.m. in the Boardroom.

SUBMITTED:

  
\_\_\_\_\_  
TOM GRAVES  
SECRETARY TO THE BOARD

ATTEST:

  
\_\_\_\_\_  
MANNY FERNANDEZ  
SECRETARY

APPROVED:

  
\_\_\_\_\_  
PAT KITE  
PRESIDENT

Adopted this 24th day of June, 2013.

**UNION SANITARY DISTRICT**  
**NOTICE OF PUBLIC HEARING**

**NOTICE IS HEREBY GIVEN** that pursuant to Sections 5471 and 5473, et seq. of the Health and Safety Code of the State of California and Union Sanitary District Ordinance No. 31, the Board of Directors of Union Sanitary District will consider adoption of Ordinance No. 31.36 which establishes Sewer Service Charges for the Fiscal Year ending June 30, 2014. The District has elected to collect its charges for sewer services on the tax roll, in the same manner as general taxes.

**NOTICE IS FURTHER GIVEN** that on Monday, the 24<sup>th</sup> day of June 2013, at the hour of 7:00 p.m., at the Union Sanitary District Boardroom, 5072 Benson Road, Union City, California, in said District, said Board will hear and consider all protests and objections to said proposed rates and to collect charges for sewer services on the tax roll, in the same manner as general taxes.

By order of the Board of Directors of Union Sanitary District.

UNION SANITARY DISTRICT

A handwritten signature in black ink, appearing to read 'M. J. ...', is written over a horizontal line. The signature is fluid and cursive.

Secretary  
Board of Directors

**UNION SANITARY DISTRICT**

**NOTICE OF PUBLIC HEARING**

**NOTICE IS HEREBY GIVEN** that pursuant to Sections 5471 and 5473, et seq. of the Health and safety Code of the State of California and Union Sanitary District Ordinance No. 35, the Board of Directors of Union Sanitary District will consider adopting and establishing the Capacity Fee Ordinance No. 35.20. Ordinance 35.20 would set the Capacity Fees for the Fiscal Year ending June 30, 2014. Copies of the proposed Ordinance 35.20 are available for review at the office of the Union Sanitary District, 5072 Benson Road, Union City, California.

**NOTICE IS FURTHER GIVEN** that on Monday, the 24<sup>th</sup> day of June 2013, at the hour of 7:00 p.m., at the Union Sanitary District Boardroom, 5072 Benson Road, Union City, California, in said District, said Board will hear and consider all protests and objections to said proposed Ordinance 35.20.

By order of the Board of Directors of Union Sanitary District.

UNION SANITARY DISTRICT

A handwritten signature in black ink, appearing to read 'Mary Jane', is written over a horizontal line. The signature is cursive and extends to the right of the line.

Secretary  
Board of Directors