

**MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF
UNION SANITARY DISTRICT
June 9, 2014**

CALL TO ORDER

President Lathi called the meeting to order at 7:02 p.m.

PLEDGE OF ALLEGIANCE

ROLL CALL

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

STAFF: Richard Currie, 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, FMC Manager
Mohammad Ghoury, Engineering Tech II, Union Representative
Louis Rivera, Mechanic II, Union Representative
Maria Scott, Principal Financial Analyst
David O'Hara, Legal Counsel
Carol Rice, Assistant to the GM/Board Secretary

APPROVAL OF THE MINUTES OF MAY 27, 2014.

On a motion made by Director Kite and seconded by Director Fernandez, the minutes of the Board of Directors' Meeting of May 27, 2014 were unanimously approved.

WRITTEN COMMUNICATIONS.

The Board received a notice from ACWD's Dedicated Landscape Partnership Program recognizing USD with a certificate for the 2013 Water Conservation Business of the Year.

ORAL COMMUNICATIONS.

There were no oral communications.

APPROVE OR REJECT CHANGES TO CASA BYLAWS.

The Legal/Community Affairs Committee reviewed this item. Rich Currie stated that CASA hired an attorney to review their Bylaws and recommend changes to bring them into full compliance with California law as well as streamline their business process. He provided highlights of the key changes: Under voting rights, instead of having anyone who represents the agency vote, each agency must identify a specific person to vote; Board terms were changed to three-year terms; and CASA's Board of Directors will now approve the budget instead of the members. Approval of Amendments to the Bylaws would give the Board of Directors the right to approve certain changes to the Bylaws. Rich indicated concern as it would allow the Board of Directors to approve changes to the Bylaws, except those specifically listed, which must be approved by the members.

On a motion made by Director Toy and seconded by Director Handley, the Board unanimously agreed to approve the Changes to CASA Bylaws with a comment of concern about the language on Bylaws Amendments.

AUTHORIZING THE GENERAL MANAGER TO EXECUTE AN AGREEMENT AND TASK ORDER NO. 1 WITH BROWN AND CALDWELL FOR PROVIDING CONSTRUCTION MANAGEMENT SERVICES FOR THE UPPER HETCH HETCHY SANITARY SEWER REHABILITATION PROJECT.

The Construction Committee reviewed this item. Sami Ghossain stated the Newark Basin Masterplan Update, completed in 2012, identified the Upper Hetch Hetchy Corridor Trunk Sewer as having high critical ratings due to hydrogen sulfide corrosion. The Project will rehabilitate the existing 24-inch and 27-inch diameter RCP trunk sewer in Fremont; the 194 linear feet of 30-inch RCP trunk sewer on Willow Street in Newark; and 253 linear feet of 48-inch RCP trunk sewer at the Newark Pump Station.

The purpose of Task Order No. 1 is to authorize construction management services to Brown & Caldwell for the duration of the Project. The negotiated cost proposal is \$279,432. Work under Task Order No. 1 began in May 2014 and is expected to be completed by the end of February 2015.

On a motion made by Director Handley, seconded by Director Fernandez, and unanimously approved, the Board authorized the General Manager to execute an Agreement and Task Order No. 1 with Brown and Caldwell for providing

Construction Management Services for the Upper Hetch Hetchy Sanitary Sewer Rehabilitation Project.

APPROVE NEW BOARD POLICY ON CONTRIBUTIONS AND ENDORSEMENTS.

The Personnel Committee reviewed this item. Rich Currie stated this policy was reviewed at the last Board Meeting. Staff has made the proposed changes and is presenting it for review and approval. He noted policy numbers were added for reference purposes. He further indicated that Attorney O'Hara suggested adding another bullet under Exceptions to the Policy that would state: "Items distributed at public gatherings which promote the District, recycling, environmental protection and District goals such as calendars, key chains, totes, et cetera."

On a motion made by Director Fernandez and seconded by Director Handley, the Board approved the new Board Policy on Contributions and Endorsements with Dave O'Hara's suggested bullet.

INFORMATION ITEMS:

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

Audit Committee Report of May 22, 2014. Director Handley reported that the previous minutes were reviewed. The auditor explained the engagement letter stating the main purposes of the letter is to mitigate litigation against auditors. The auditor also reviewed the upcoming applicable GASB Pronouncements for FY14. Director Handley stated everything seems to be going well.

Preliminary Operating and Capacity Fund Budgets for FY15. The Budget & Finance Committee reviewed this item. Maria Scott reported the following: the budget reflects increasing the existing Sewer Service Charge for all customer categories by 5.7%. This is the second year of the scheduled rate increase. The scheduled increase for next year is 5.7%; however, staff is having a study done and there may be changes to the rate increase. Capacity fees have increased by 5% and there will be an increase in the Net Operating Budget of about 1% as well as changes to the PG&E costs. She noted the following budget fund name changes: Instead of ECB, the new fund name is Net Operating Budget. The new fund name for Non-ECB is now Special Projects Fund. The Board concurred with these changes.

California Alliance for Sewer System Excellence (CASSE) – Scoring System. Andy Morrison explained that USD joined CASSE in 2012 as a founding member to create a network of agencies that manage collection systems and are interested in improving performance and sustaining excellence. Since the scoring system was developed, USD has always scored higher than

100, which is considered an exceptional performance goal. This past April, USD scored 132.5, higher than any other agency participating. The Board offered their congratulations.

Retiree Medical Actuarial Results for July 1, 2013. The Budget & Finance Committee reviewed this item. Rich Cortes reported that the results of the actuarial report show that USD's actuarial accrued liability went up about \$1M and the actuarial value of assets (which is equal to the market value) went up about \$1/2M. The unfunded liability went up about \$400,000. The increase in UAAL, including lower than expected investment returns, increases in retiree medical benefits, and increases in mortality projections, has resulted in a significant increase in the Annually Required Contribution.

COMMITTEE MEETING REPORTS:

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

The Legal/Community Affairs Committee also discussed clarification of Board Member communication issues. Dave O'Hara stated the possibility of having two policies that address Board communication as it relates to District email use and personal email use. A draft for a revised e-mail policy was submitted which would encourage Directors to use District e-mail accounts for all electronic communication relating to District business, rather than making use of District accounts mandatory; and to follow the appellate court ruling in Smith vs. San Jose that any e-mail on a personal device through a private service is not a document subject to production under the California Public Records Act. Director Handley asked about the option of a policy that would make it a requirement that the Board use District e-mail for all correspondence. He also requested that staff prepare a list of advantages and disadvantages of using District e-mail addresses exclusively for District business. It was suggested to further discuss this topic at a Board workshop.

GENERAL MANAGER'S REPORT:

Rich Currie reported the following:

- There were no spills for the month of May.
- Recently, there was an accident that ended the District's successful streak of 470 days without an accident. The good news is that the accident was relatively minor.
- The District sponsored a CWEA Vendor Faire on June 4, 2014 that was very successful. Almost 200 people attended.
- Recently, staff has had an issue with The Kebab House restaurant due to the requirement of a grease interceptor. An agreement was finally

reached with them and they agreed to put a deposit down for the grease interceptor which will allow them to open for business.

- Judi Berzon will meet with individual Board members for five minutes before the start of the GM hiring interviews on Wednesday, June 11, 2014. The GM asked the Board if they would like him to participate in the Closed Session Meeting on June 11th and the Board responded yes.

OTHER BUSINESS:

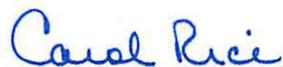
Director Kite stated she attended the CWEA Vendor Faire on June 4th and viewed a 45 minute video on the San Bruno pipeline gas explosion. The video shows the chaos that occurs when a disaster happens and she highly recommended the full Board view the video. The Board is interested in scheduling a workshop possibly later in the year to view the video.

ADJOURNMENT:

The Board adjourned the meeting at 7:52 p.m. to a Special Meeting/Closed Session on Wednesday, June 11, 2014 from 6:00 – 8:00 p.m. for the purpose of selecting a candidate for the General Manager's position. This Closed Session meeting is authorized by California Government Code Section 54957(b).

The Board will then adjourn to the next Regular Meeting in the Boardroom on Monday, June 23, 2014 at 7:00 p.m.

SUBMITTED:



CAROL RICE
SECRETARY TO THE BOARD

ATTEST:



JENNIFER TOY
SECRETARY

APPROVED:



ANJALI LATHI
PRESIDENT

Adopted this 23rd day of June, 2014