

**MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF
UNION SANITARY DISTRICT
August 26, 2013**

1. CALL TO ORDER

President Lathi called the Board to order at 7:00 p.m.

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

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

ABSENT: Tom Handley, Director

STAFF: Rich Currie, General Manager
Ed McCormick, Deputy General Manager
Rich Cortes, Manager, Business Services
Jesse Gill, Manager, Technical Support & Customer Service
Robert Simonich, Manager, Fabrication, Maintenance & Construction
Sami Ghossain, Coach Capital Improvement Projects
Tim Grillo, Coach, Treatment & Disposal Services
Shawn Nesgis, Coach, Collection Services
Judi Berzon, HR Administrator
Kathy Destafney, Coach, Business Services
Donna Wies, Quality Coordinator
Roslyn Fuller, Purchasing Agent
Maria Scott, Principal Financial Analyst
Trieu Nguyen, Sr. IT Analyst
David O'Hara, Legal Counsel
Mary Pedro, Acting Assistant to the General Manager/Board Secretary

VISITORS: Ellen Culver, League of Women Voters

4. APPROVAL OF THE MINUTES OF AUGUST 12, 2013

On a motion made by Director Kite and seconded by Director Fernandez, the Minutes of the Board of Directors Meeting of August 12, 2013 were approved. The motion carried unanimously (Director Handley absent).

5. **WRITTEN COMMUNICATIONS**

There were no official written communications.

6. **ORAL COMMUNICATIONS**

There were no oral communications.

INFORMATION

7. **MONTHLY OPERATIONS REPORT:** (A) District-wide Balanced Scorecard Measures Report, (B) Balanced Scorecard Report for the Business Services Workgroup, (C) General Manager's Monthly Operations & Investment Report

Reporting on the District-wide Balanced Scorecard, Donna Wies noted the District met all targets on the Operational Excellence Scorecard except for the number of emergency response preparedness events; there were no sanitary sewer overflows (as of June 30, 2013 USD had gone over 13 months without a sewer overflow); and all financial and employee targets were met. Seven adverse impacts were reported this year – 2 fee complaints, 3 claims (collection system issues) and 2 plant odor complaints. Through accurate planning and attention to operational efficiency, the District provides a high level of service at a cost to residents significantly lower than in most surrounding service areas placing USD at the 12th percentile of other SF Bay Area agencies. Operational expenses consistently come in slightly under the approved annual budget at 97% of budget, within the target of 95%-103%. The District experienced no critical asset failures during FY13. The District experienced significant improvement in safety performance when the amount of time lost and the salary cost of lost-time accidents fell to the lowest levels since 2004. Workers Comp Modifier (X-mod) was 0.95 still below <1.0 target.

General Manager Rich Currie noted that these successes were achieved despite the distractions and tension of negotiations. This speaks highly of management's and staff's ability to continue to meet operational and safety objectives and targets.

Business Services Manager Rich Cortes introduced representatives from each of the four teams in the Business Services Workgroup and invited the Board to view the charts that represent key measures from each team.

At 7:30 p.m., Director Lathi called for a break so Board members could view the Balanced Scorecard charts. The meeting resumed at 7:30 pm.

7. MONTHLY OPERATIONS REPORT (Cont'd.)

General Manager Richard Currie reported there were three odor complaints related to the Plant – two related to loading biosolids and one for the Alvarado Pump Station ventilation system. All have been rectified. There were two odor complaints in the collection system. One was due to a stoppage in USD's main which was cleared the same day the complaint was received. There were no accidents or injuries during the month. Our current record is at 200 days. There was a 1900 gallon spill on Mission Blvd. None of the spill reached waters of the State and the spill was recovered. This ended the incredible record of 13 months without a spill in the District. Hours worked per employee was under target due to vacations.

Finance report

Maria Scott reported that we received \$656K in capacity fees from Thermo Fisher Scientific. We received \$912K in SRF loan proceeds, but they are for last year's budget.

There are various accounting entries (accrual reversals) in July resulting in negative numbers. August will be back to normal.

Investments

There were no purchases or maturities in July. We used the CAMP account to process a wire transfer from Thermo Fisher.

LAIF has finally gone up to .267% yield and CAMP is unchanged at .07%.

Retiree Medical Fund

Maria Scott reviewed the internal fund and the PERS trust fund, which had a negative fourth quarter in earnings but did better than the assumed discount rate for the year, totaling 8%.

8. **AUTHORIZING THE GENERAL MANAGER TO EXECUTE AN AGREEMENT AND TASK ORDER NO. 1 WITH WEST YOST ASSOCIATES FOR THE DESIGN OF THE JARVIS AVENUE SANITARY SEWER REPLACEMENT PROJECT**

TSCS WGM Jesse Gill presented briefly on this topic. The Newark Basin Master Plan Update, completed by RMC Water & Environment in December 2012, identified the 10-inch sanitary sewer on Jarvis Ave as having high critical ratings due to cracking and sags. The purpose of Task Order No. 1 is to authorize the design and bid period services in the amount of \$102,537 for the Jarvis Avenue Sanitary Sewer Replacement Project. The Project will replace approximately 2,500 linear feet of existing 10-inch diameter vitrified clay sewer along Jarvis Avenue between Lake Blvd and Newark Blvd in Newark. Design of the Jarvis Avenue Sanitary Sewer Replacement Project is scheduled for completion in March, 2014, with construction to follow in the summer of 2014. Director Kite asked questions about construction impacts and completion time frame.

On a motion made by Director Fernandez and seconded by Director Toy, the Board authorized the General Manager to execute an Agreement and Task Order No. 1 with West Yost Associates in the amount of \$102,537. The motion carried unanimously (Director Handley absent).

9. **FINANCE INFORMATION ON THE DISTRICT WEBSITE**

At the direction of the Board, staff conducted an informal survey of local water and wastewater special districts to assess whether agencies routinely include their CAFR and line item budgets on their internet websites.

The GM selected 8 agencies with which we regularly share information. The results showed that all 8 agencies include their CAFR on the website and most agencies have some form of detailed budget, varying significantly in the level of detail provided but no line item summary by department. GM Richard Currie recommended including just the CAFR. The Legal and Community Affairs Committee recommended that, in addition to the CAFR, that staff develop a hybrid of the line item budget showing expense by category or work group and plan to include that on the website next year.

On a motion made by Director Kite and seconded by Director Fernandez, the Board adopted the Committee's recommendation to place a hybrid line item budget showing expenses by category or work group, and to place it on the public website next year and each year thereafter. The Board also adopted the recommendation to place the CAFR on the public website as soon as possible. The motion carried unanimously (Director Handley absent).

10. **REVIEWING AND APPROVING CHANGES TO POLICY 5160 – LEGAL DEFENSE FOR VIOLATION OF ENVIRONMENTAL LAWS**

In March of 2002 the Board of Directors adopted Resolution No. 2351 providing for the defense of possible criminal action by employees or elected officials charged with violation of certain environmental laws. The resolution established criteria under which the District would provide for the employee defense. This resolution led to the creation of Policy No. 5160.

Because it was created by Resolution of the Board, changes to the policy must be approved by the Board. The Board reviewed the policy in 2008 and made a number of changes recommended by the GM and Attorney. The policy is on a five year review cycle, being up for review again this year.

Staff has reviewed the policy and has recommended minor revisions as shown on page 2 deleting the phrase "and guiding principles".

On a motion made by Director Toy and seconded by Director Kite, the Board approved the changes to Policy 5160. The motion carried unanimously (Director Handley absent).

11. **ADOPTING RESOLUTION NO. 2714, ANNEXATION NO. U-291, TRACT 8042 SAINT JOSEPH PROPERTY**

Legal Counsel Dave O'Hara discussed the history of development in the south Fremont area which resulted in the creation of many "islands" of property not within the USD service area.

Edenbridge Capital Partners, L.P. has submitted a request to annex Tract 8042 comprising of 3.7 acres to the District. The area to be annexed is located at 44411 Mission Blvd in the city of Fremont.

Tract 8042 is a residential development of 16 detached single family homes. Annexation of this development is needed to provide sanitary sewer service to all the lots. Service will be provided by a new sanitary sewer main to be connected to an existing 8-inch sewer main on Mission Blvd.

In accordance with the California Environmental Quality Act (CEQA), the City of Fremont, as Lead Agency, has prepared and adopted a Draft Mitigated Negative Declaration on October 26, 2010. USD reviewed the project as a Responsible Agency and used the environmental documents prepared by the City of Fremont to make its determination. Staff has reviewed these documents and finds that the environmental documents are adequate for consideration by the Board. Sewer service is available to serve the annexation, the treatment plant has adequate capacity, and there will be no adverse impact on the ratepayers by the proposed annexation.

11. **ADOPTING RESOLUTION NO. 2714, ANNEXATION NO. U-291, TRACT 8042 SAINT JOSEPH PROPERTY (Cont'd.)**

Prior to voting on this annexation, Legal Counsel, Dave O'Hara read Disclosure of Interest statement to members of the Board to determine if any have any present or future interest in Edenbridge Capital Partners or any present or future interest in any real property within 300 feet of the boundary of the proposed annexation at 4411 Mission Blvd, cross street Chantceler Drive in Fremont. All Directors present indicated they had no interest on this annexation.

On a motion made by Director Fernandez and seconded by Director Toy, the Board approved the annexation. The motion carried unanimously (Director Handley absent).

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RESOLUTION No. 2714
A RESOLUTION OF APPLICATION BY UNION SANITARY DISTRICT
REQUESTING THE LOCAL AGENCY FORMATION COMMISSION TO TAKE
PROCEEDINGS FOR ANNEXATION NO. U-291

BE IT RESOLVED, by the Board of UNION SANITARY DISTRICT that,

WHEREAS, UNION SANITARY DISTRICT desires to initiate proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, commencing with Section 56000 of the California Government Code, for the annexation of territory to District boundaries; and

WHEREAS, notice of intent to adopt this resolution of application has been given to each interested and each subject agency; and

WHEREAS, the territory proposed to be annexed is uninhabited, and a description of the boundaries of the territory is set forth in Exhibit A and Exhibit I attached hereto and by this release incorporated herein; and

WHEREAS, this proposal is consistent with the Sphere of Influence of the District; and

WHEREAS, it is desired to provide that the proposed annexation be subject to the following terms and conditions:

1. Payment of Ordinance No. 25.6 Annex Fee of \$162 per acre.
2. The annexation of territory referred to herein does not guarantee capacity will be available in UNION SANITARY DISTRICT's sewer system to serve said territory at the time sewer construction permits are desired; and

WHEREAS, the reason for the proposed annexation is provide sanitary sewer service to the proposed sixteen single family residence on Tract 8042;

NOW, THEREFORE, BE IT RESOLVED that:

1. This Resolution of Application is hereby adopted and approved by the Board of Directors of the UNION SANITARY DISTRICT, and the Local Agency Formation Commission of Alameda County is hereby requested to take proceedings for the annexation of territory as described in Exhibit A according to the terms and conditions stated above and in the manner provided by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.
2. This annexation has been reviewed in accordance with the provisions of the California Environmental Quality Act. It is hereby resolved that no adverse environmental impacts will result from the annexation of the properties into USD service area.

3. The UNION SANITARY DISTRICT Board of Directors does hereby request the Local Agency Formation Commission to waive the conducting authority for Annexation No. U-291

Passed and adopted by the Board of Directors of UNION SANITARY DISTRICT at a regular meeting thereof held on August 26, 2013 by the following vote:

AYES: Fernandez, Kite, lathi, Toy

NOES: ----

ABSENT: Handley

ABSTAIN: ----

ADOPTED: August 26, 2013



Anjali Lathi
President, Board of Directors
Union Sanitary District

Attest:



Jennifer Toy
Secretary, Board of Directors
Union Sanitary District

EXHIBIT "A"

UNION SANITARY DISTRICT ANNEXATION NO. U-291

AN ANNEXATION TO THE UNION SANITARY DISTRICT

BY LAFCo RESOLUTION No. 2013-____
ON _____ 2013

SCALE 1" = 80'
DATE JULY 23, 2013
REVISION DATE: _____

THIS MAP IS FILED AT THE REQUEST OF THE EDENBROOKE CAPITAL PARTNERS
L.P. AT _____ ON _____ OF _____
NO. _____ 2013 IN THE OFFICE OF THE COUNTY RECORDER OF ALAMEDA
COUNTY, CALIFORNIA.

PAUL J. O'DONNELL
COUNTY RECORDER

BY: _____
DEPUTY COUNTY RECORDER

THIS MAP CONFORMS TO THE REQUIREMENTS OF THE LOCAL AGENCY FORMATION
COMMISSION OF ALAMEDA COUNTY.

DANIEL WILKESHEIM, Ph.D., P.E.
DIRECTOR OF PUBLIC WORKS

BY: _____
COUNTY SUPERVISOR

THIS MAP, WHEN FILED, IS ACCOMPANIED BY A CERTIFICATE OF COMPLETION
AND CERTIFIED COPY OF THE BOUNDARY DESCRIPTION DELINEATED HEREON, AS
REQUIRED BY SECTION 57002 OF THE GOVERNMENT CODE.

_____ DATE _____
LAFCA PROCEDURE OFFICER

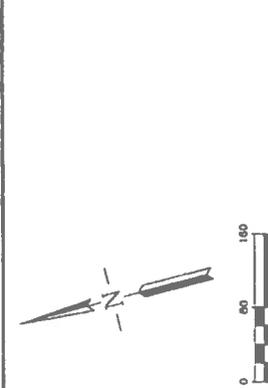
THIS MAP WAS PREPARED BY ME OR UNDER MY SUPERVISION

SCOTT SHORTIDGE
L.S. NO. 6441
DATE _____



RJA
RUGGERI-JENSEN-AZAR
INC. ENGINEERS & SURVEYORS

108 No. 091000 JULY 23, 2013 SHEET 1 OF 1



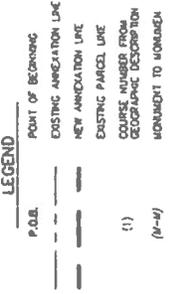
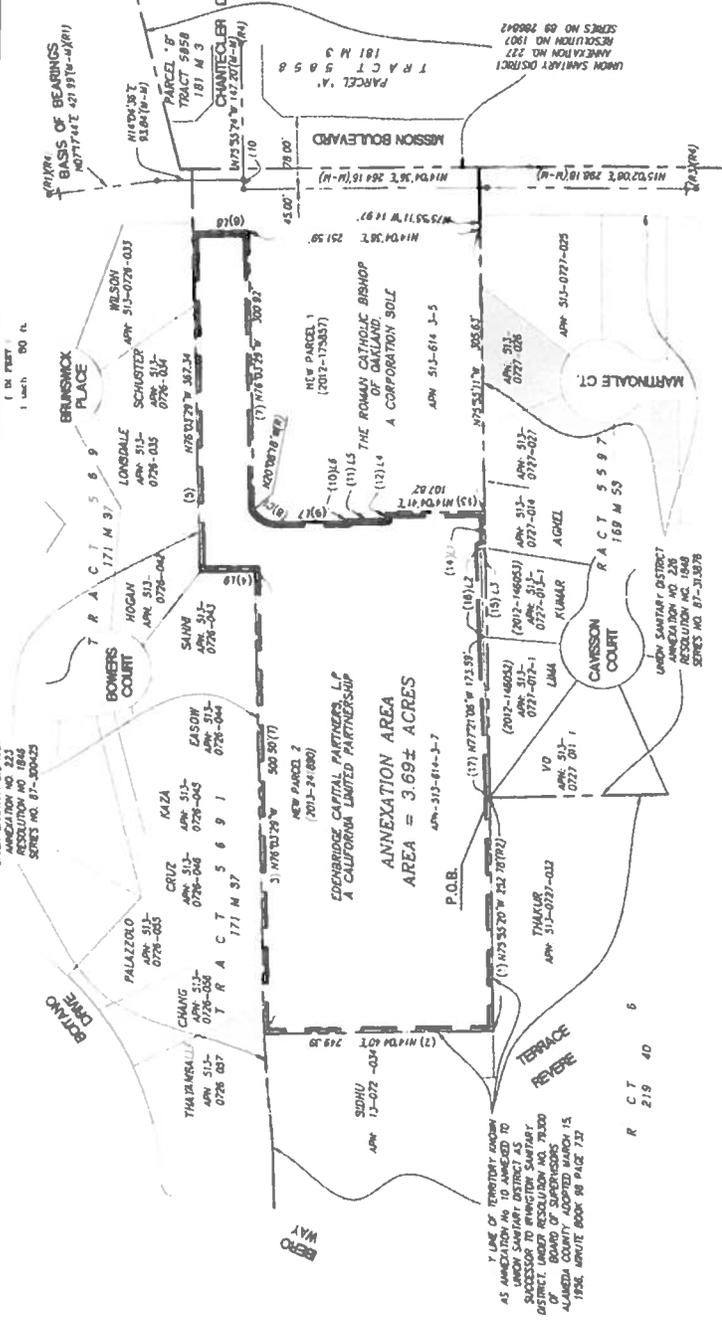
REFERENCES:

LINE	APN	AREA	DATE
(01)	TRACT 5676, 171 M 37		
(02)	TRACT 6766, 219 M 40		
(03)	TRACT 5397, 189 M 53		
(04)	TRACT 5808, 181 M 3		

CURVE TABLE

CURVE	ADJACENT	DATA	LENGTH	D.I.#
C1	20.00'	519.70'	3.18'	

UNION SANITARY DISTRICT
ANNEXATION NO. 1843
RESOLUTION NO. 1843
SCORES NO. 87-300-025



NOTES:

- THE METHOD USED TO CALCULATE S AREA BY CALCULATION
- REFERENCES TO EXISTING CITY BOUNDARIES ARE PRIMARY CALLS. ALL OTHER DISTANCES SHOWN HEREON SHOULD BE CONSIDERED SECONDARY ONLY.
- AS A DEPARTING CONVENTION, THE SMALL SEPARATIONS BETWEEN PORTIONS OF THE LIREWORK AROUND THE BOUNDARY OF THE PROPOSED ANNEXATION WERE PROVIDED TO ALLOW MULTIPLE DESCRIPTIONS TO BE PLACED ON WHAT WOULD OTHERWISE BE A SINGLE LINE. THESE LINES ARE TO BE CONSIDERED CONCURRENT EXCEPT WHERE NOTED.

T LINE OF TERRITORY KNOWN AS ANNEXATION NO. 10 AMENDED TO SUCCESSOR TO PRINCIPAL SANITARY DISTRICT UNDER RESOLUTION NO. 78300 OF BOARD OF SUPERVISORS ALAMEDA COUNTY ADDED BY RES. 15 1988. WHITE BOOK 80 PAGE 737

Date: July 23, 2013

EXHIBIT " I "

Union Sanitary District Annexation No. U-291

Being all or portions of the real property situate in the City of Fremont, County of Alameda, State of California, described as New Parcel 2 in the Grant Deed to the Edenbridge Capital Partners LP, a California limited partnership recorded on July 15, 2013 under document no. 2013-241890, Official Records of said Alameda County, and being more particularly described as follows:

Beginning at the northwest corner of Union Sanitary District Annexation No. 226 by Resolution No. 1848 of the Union Sanitary District, adopted on July 17, 1987, and recorded on November 20, 1987 under document no. 1987-313876, Official Records of Alameda County, same being a northeast corner of the Union Sanitary District Annexation No. 10 by Resolution No. 79300 of the Union Sanitary District, adopted on March 15, 1956, and recorded on March 27, 1956 in Minute Book 98, Page 732, Official Records of Alameda County,

- 1) thence along the general north line of Annexation No. 10, N 75° 55' 20" W – 252.78 feet to a northeast corner of said Annexation No. 10;
- 2) thence along the general east line of Annexation No. 10, N 14° 04' 40" E – 249.39 feet to a northeast corner of the Union Sanitary District Annexation No. 10 also being on the south boundary line of Annexation No. 223 by Resolution No. 1846 of the Union Sanitary District, adopted on November 1986, and recorded on November 4, 1987 under document no. 1987-300425, Official Records of Alameda County;
- 3) thence along the south line of Annexation No. 223, S 76° 03' 29" E – 500.50 feet to an angle point;
- 4) thence continuing along said south line, N 13° 56' 31" E – 60.00 feet to an angle point;
- 5) thence continuing along said south line, S 76° 03' 29" E – 367.34 feet to the northeast corner of said New Parcel 2;
- 6) thence along an easterly line of New Parcel 2, S 14° 04' 36" W – 60.00 feet to the most easterly southeast corner of said New Parcel 2;
- 7) thence along the south line of New Parcel 2, N 76° 03' 29" W – 300.92 feet to an easterly corner of New Parcel 2 and the beginning of a curve to the left, from which point the center bears South 20° 08' 18" East;
- 8) thence along the east line of New Parcel 2, in a southwesterly direction 31.16 feet along the arc of said curve to the left, having a radius of 32.00 feet and through a central angle of 55° 47' 01";
- 9) thence continuing along said east line, S 14° 04' 41" W – 74.07 feet to an angle point;
- 10) thence continuing along said east line, S 75° 55' 19" E – 2.30 feet to an angle point;
- 11) thence continuing along said east line, S 14° 04' 41" W – 42.51 feet to an angle point,
- 12) thence continuing along said east line, S 75° 55' 11" E – 7.00 feet to an angle point;

Date: July 23, 2013

EXHIBIT " I "

Union Sanitary District Annexation No. U-291

- 13) thence continuing along said east line, S 14° 04' 41" W – 107.82 feet to a point on the north line of said Union Sanitary District Annexation No. 226;
- 14) thence along the north line of Annexation No. 226, N 75° 55' 11" W – 40.12 feet to a southerly corner of New Parcel 2;
- 15) thence along the southerly line of New Parcel 2, N 27° 31' 43" E – 5.72 feet to an angle point;
- 16) thence continuing along said south line, N 76° 34' 14" W – 96.96 feet to an angle point;
- 17) thence continuing along said south line, N 77° 21' 06" W – 173.59 feet to the **Point of Beginning**.

Scott A. Shortlidge, Licensed
Professional Land Surveyor No. 6441

Date

References to the existing boundaries of the Union Sanitary District are primary calls. Any bearings or distances referred to herein should be only considered secondary.

Boundary line of territory is shown on the map of the Union Sanitary District Annexation No. U-291 adopted by LAFCO Resolution No. 2013-## on the #th day of XXX, 2013. Said map was certified by the County Surveyor on the _____ day of _____, 2013.

This description conforms to the requirements of the Alameda County Local Agency Formation Commission.

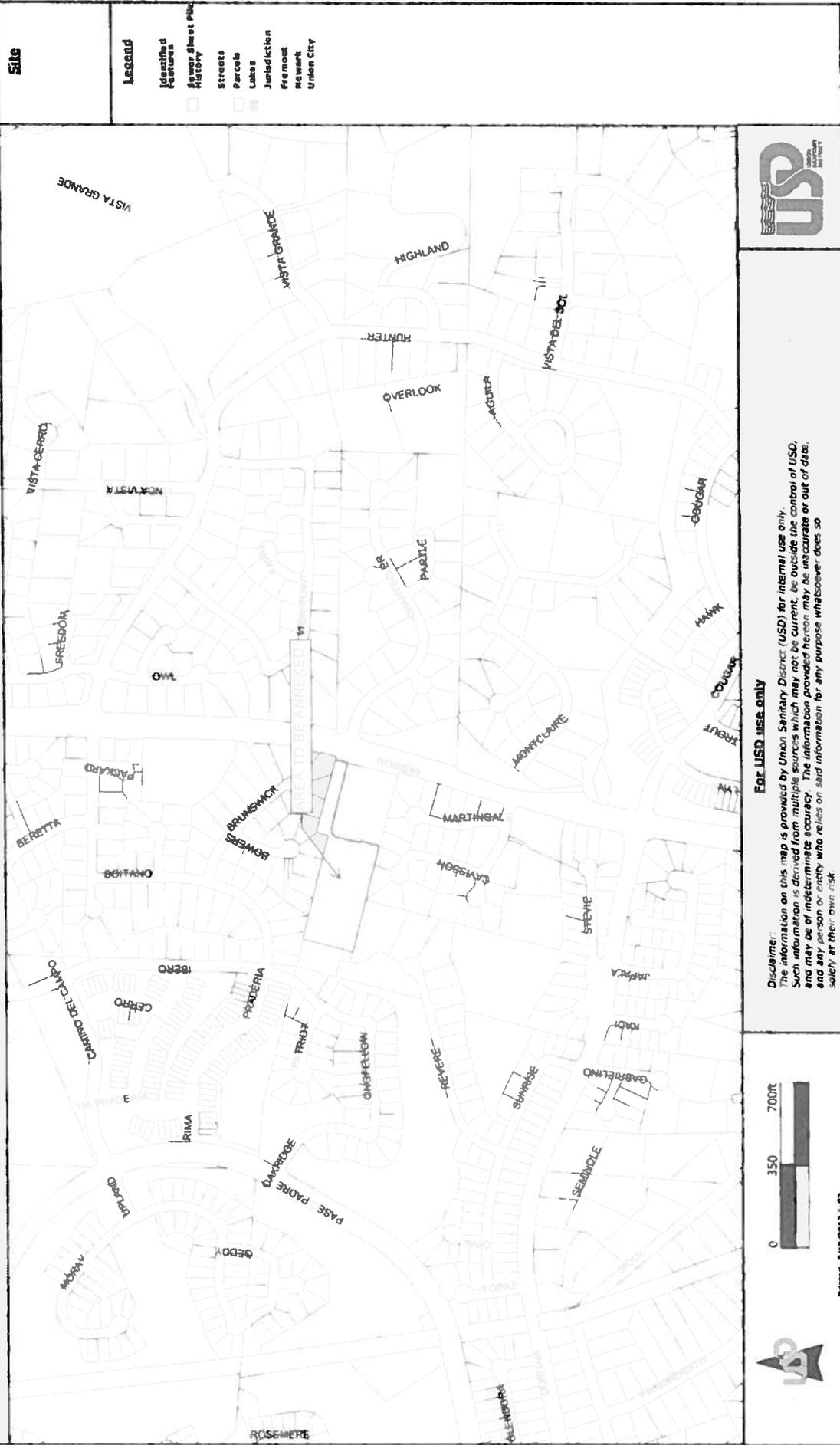
Daniel Woldesenbet, PH.D, P.E.
Director of Public Works
County of Alameda

By: _____

Russell Reid Penland, Jr.,
County Surveyor
L. S. #5726

ANNEXATION U-291

Vicinity Map



For USD use only

INFORMATION ITEMS

12. FOURTH QUARTERLY REPORT ON CAPITAL IMPROVEMENT PROGRAM FOR FY13

In June, 2012, the Board approved the Capital Improvement Program (CIP) budget for FY 13 in the amount of \$13.613 million for the design and construction of 24 projects. The total CIP expenditure incurred through June 30, 2013 was above the approved budget for FY 13 by \$ 0.756 million dollars due to significant change orders for the Boyce Road Lift Station and expediting cogen project to meet milestones established by PG&E for USD to qualify for SGIP Grant. Several projects were ahead of schedule and had cash flow issues from the previous year, while several other projects had been delayed but were currently in construction. TSCS Manager, Jesse Gill noted CIP completed all milestones on 24 projects, three Master Plans and Studies with only six engineers. Director Fernandez expressed appreciation for CIP's hard work effort.

13. PRESENTATION OF THE NATIONAL ASSOCIATION OF CLEAN WATER AGENCIES (NACWA) GOLD AWARD FOR FY12

The NACWA Peak Performance Awards recognize member agency facilities for outstanding compliance with their National Pollutant Discharge Elimination System (NPDES) permit limits.

USD has been recognized through the Peak Performance Award Program for the past 20 years and has been presented with 2 Silver Awards, 16 Gold Awards, and 2 Platinum Awards representing five consecutive years of perfect NPDES permit compliance. It is through combined efforts of all District employees, particularly Operations, Maintenance, Laboratory and Environmental Compliance staff that this achievement is possible.

Director Kite inquired if Michelle Powell would be publicizing this recognition and GM Richard Currie responded that she will.

14. TRI-CITIES EMERGENCY SERVICES ASSOCIATION (TESA) MEMORANDUM OF UNDERSTANDING

The Tri-Cities Emergency Services Association (TESA) is comprised of essential public service organizations within the Fremont, Newark and Union City area. TESA was originally formed in 1974 as the Tri-Com Radio Network to ensure essential emergency response communications between Tri-City service organizations during times of crisis.

In 1995, the Tri-Com Radio Network evolved into the Tri-Cities Emergency Services Association. TESA has provided key coordination between all essential Tri-City public services for emergency preparedness and it developed a Mutual Assistance Agreement in 1999 in which Union Sanitary District is a member.

In an effort to reinvigorate TESA so that it can continue to provide the useful function that it does, TESA recently created a Memorandum of Understanding (MOU) regarding formation of the Tri-Cities Emergency Services Association. This MOU is an effort to focus the attention of senior management on the importance of emergency preparedness and to garner support for the continuation of TESA.

Union Sanitary District supports the continuation of TESA. The District's legal counsel reviewed and approved the TESA MOU prior to obtaining the General Manager's signature.

15. **CHECK REGISTER**

Director Kite asked about multiple service calls from Cummins West on page 4. CS Coach Shawn Nsgis reported the part sent out for service is a specialty air filter system for diesel engines that only Cummins West can service.

16. **REPORT ON THE EAST BAY DISCHARGERS AUTHORITY MEETING OF AUGUST 15, 2013**

GM Currie reviewed minutes from the EBDA Commission Meeting held Thursday, August 15, 2013. EBDA finished the year significantly under budget.

17. **COMMITTEE MEETING REPORTS**

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

18. **GENERAL MANAGER'S REPORT**

The upcoming check register will include a check to PG&E for \$1.377m, which is for the balance of energy charges for FY13.

Auditors are on site this week.

There is a lawsuit brought in the name of the State of California by a whistleblower (a Qui Tam action) in federal court, claiming Office Depot overcharged public agencies for office products above what some consortium agreements provided. USD has received a subpoena of records regarding purchases over a 10 year period. Legal counsel is on this matter to minimize the effort required to comply with the subpoena.

Thirteen employees from City of Milpitas visited USD to see spill estimating process and USD Training Center.

USD has been monitoring chlorine content in several on-site groundwater wells following a spill of hypochlorite to bleach several months ago. All wells are now "not detect" for chlorine and no chlorine readings were ever recorded from the plant perimeter wells. Future monitoring will be discontinued.

CASA - three USD employees made presentations – Ed McCormick, Michelle Powell, and Rich Currie. Rich will report at next Board meeting.

19. **OTHER BUSINESS**

There was no other business.

20. **ADJOURNMENT**

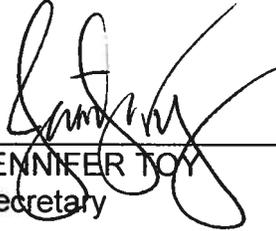
At 8:15 p.m., the Board adjourned to the next regular Board Meeting on Monday, September 9, 2013 at 7:00 p.m. in the Boardroom.

SUBMITTED:



MARY PEDRO
Acting Secretary to the Board

ATTEST:



JENNIFER TOY
Secretary

APPROVED:



ANJALI LATHI
President