

**MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF
UNION SANITARY DISTRICT
May 12, 2014**

CALL TO ORDER

President Lathi called the meeting to order at 7:00 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, Manager, Technical Services
David Livingston, Treatment & Disposal Services Manager
Andy Morrison, Collection Services Manager
Robert Simonich, FMC Manager
David O'Hara, Legal Counsel
Carol Rice, Assistant to the GM/Board Secretary

VISITOR: Ryan Anderson, Munson Pump Services, Reno, Nevada

APPROVAL OF THE MINUTES OF APRIL 28, 2014.

On a motion made by Director Kite and seconded by Director Fernandez, the minutes of the Board of Directors' Meeting of April 28, 2014 were unanimously approved.

WRITTEN COMMUNICATIONS.

There were no written communications.

ORAL COMMUNICATIONS.

There were no oral communications.

SCHEDULING PUBLIC HEARING TO: (1) ESTABLISH CAPACITY FEES OF ORDINANCE NO. 35.21, AND (2) ADOPT CAPACITY FEES FOR FISCAL YEAR 2015.

Rich Cortes stated this notice will set the time for holding the public hearing to adopt and establish Ordinance No. 35.21. Capacity Fees on June 23, 2014. The notice will be published in the Argus Newspaper on June 1 and June 8, 2014.

On a motion made by Director Toy and seconded by Director Handley, the Board unanimously approved scheduling the public hearing to: (1) Establish Capacity Fees of Ordinance No. 35.21, and (2) Adopt Capacity Fees for Fiscal Year 2015.

SCHEDULING PUBLIC HEARING TO: (1) ADOPT SEWER SERVICE CHARGE ORDINANCE NO. 31.36, (2) ESTABLISH SEWER SERVICE CHARGES FOR FISCAL YEAR 2015, AND (3) SET AND COLLECT SEWER SERVICE CHARGES FOR FISCAL YEAR 2015 ON THE TAX ROLL.

Rich Cortes stated this notice will set the time for holding the public hearing to adopt Ordinance 31.36 to establish Sewer Services Charges and set the same charges on the tax roll for Fiscal Year 2015 on June 23, 2014. The notice will be published in the Argus Newspaper on June 1 and June 8, 2014.

He stated that on April 18, 2013, a notice complying with Proposition 218 was sent to all property owners notifying them of a proposed 5.7% per year rate increase for the next three years.

On a motion made by Director Fernandez and seconded by Director Toy, the Board unanimously approved scheduling the public hearing to: (1) Adopt Sewer Service Charge Ordinance No. 31.36, (2) Establish Sewer Service Charges for Fiscal Year 2015, and (3) Set and Collect Sewer Service Charges for Fiscal Year 2015 on the Tax Roll.

AWARDING THE CONSTRUCTION CONTRACT FOR THE UPPER HETCH HETCHY SANITARY SEWER REHABILITATION PROJECT TO SAK CONSTRUCTION.

The Construction Committee reviewed this item. Sami Ghossain reported that the Newark Basin Master Plan update, completed by RMC Water & Environment in December 2012, identified the Upper Hetch Hetchy Corridor trunk sewer as having high critical ratings due to Hydrogen Sulfide corrosion. These sewers were installed in the late 1950's and early 1960's using reinforced concrete pipe (RCP) that is highly susceptible to corrosion.

This project will rehabilitate the following: the existing concrete pipe trunk sewer; the RCP trunk sewer on Willow Street; and the RCP trunk sewer at the Newark Pump Station. The project was advertised for bids on April 2, 2014. Two bids were received and SAK Construction was the lowest bidder at \$3,015,965. There were a few minor irregularities with SAK's bid, including arithmetic errors and a bid item that exceeded 5% of the total bid price. These irregularities are administrative and after

consultation with legal counsel, staff recommends waiving them. The Notice to Proceed will be issued in late May or early June and construction completion is expected by the end of February 2015.

On a motion made by Director Handley, seconded by Director Fernandez, and unanimously approved, the Board moved to waive the irregularities and award the construction contract for the Upper Hetch Hetchy Sanitary Sewer Rehabilitation Project to SAK Construction.

AUTHORIZING THE GENERAL MANAGER TO EXECUTE TASK ORDER NO. 2 WITH WEST YOST ASSOCIATES TO PROVIDE DESIGN SUPPORT SERVICES DURING CONSTRUCTION OF THE UPPER HETCH HETCHY SANITARY SEWER REHABILITATION PROJECT.

The Construction Committee reviewed this item. Sami Ghossain reported that the Newark Basin Master Plan update, completed by RMC Water & Environment in December 2012, identified the Upper Hetch Hetchy Corridor trunk sewer as having high critical ratings due to Hydrogen Sulfide corrosion.

On July 22, 2013, the General Manager executed an Agreement and Task Order No. 1 with West Yost Associates for the project design. Staff also executed Amendment No. 1 to Task Order No. 1 to provide for additional work not included in the original Task Order.

West Yost submitted a scope of work for Task Order No. 2 which staff reviewed and determined to be appropriate. The negotiated cost proposal is \$44,200 which represents 1.5% of the construction contract. Task Order No. 2 will include design support services during construction. Work will begin in May 2014 and the project is expected to be completed by the end of February 2015.

On a motion made by Director Fernandez, seconded by Director Kite, and unanimously approved, the Board authorized the General Manager to execute Task Order No. 2 with West Yost Associates to provide Design Support Services during construction of the Upper Hetch Hetchy Sanitary Sewer Rehabilitation Project.

AUTHORIZING THE GENERAL MANAGER TO EXECUTE CONTRACT AMENDMENT NO. 1 TO TASK ORDER NO. 1 WITH WEST YOST FOR PROVIDING ADDITIONAL ENGINEERING SERVICES FOR THE DESIGN OF THE JARVIS AVENUE SANITARY SEWER REPLACEMENT PROJECT.

The Construction Committee reviewed this item. Sami Ghossain explained that this project will replace approximately 2,456 linear feet of existing 10-inch sanitary sewer along Jarvis Avenue in Newark. The project also includes abandonment of approximately 836 linear feet of existing 10-inch sanitary sewer and two manholes, construction of seven new manholes, extension of existing sewer laterals to the new sewer main and installation of cleanouts, traffic control, and sewage flow control.

As West Yost proceeded with the scope of services for Task Order No. 1 several issues arose requiring additional services beyond the original scope. West Yost

evaluated the alternative of relocating the upstream portion of the alignment from the private properties, where it is currently located, to the public street. This alternative is preferred by staff as it minimizes construction in private properties and provides easier access for future maintenance, away from the private properties. The effort, however, requires additional utility coordination and subsequent potholing, not originally included in Task Order No. 1.

It was moved by Director Fernandez, seconded by Director Handley, and the Board unanimously authorized the General Manager to execute Contract Amendment No. 1 to Task Order No. 1 with West Yost for providing additional Engineering Services for the Design of the Jarvis Avenue Sanitary Sewer Replacement Project.

AWARDING THE CONSTRUCTION CONTRACT FOR THE BOYCE ROAD LIFT STATION PROJECT – PHASE 2 TO PACIFIC INFRASTRUCTURE CORP.

The Construction Committee reviewed this item. Sami Ghossain stated the Boyce Road Lift Station was originally constructed in 1959. Due to the age of the existing lift station facility, a new lift station was constructed and placed in operation in June 2013. Towards the latter part of construction, staff identified a few additional improvements that were deemed necessary for properly maintaining the lift station. Normally, these improvements would have been included under the original construction contract; however, due to severe scheduling and budgeting impacts resulting from the unforeseen groundwater issues that were encountered, staff made the decision to address these improvements in a follow-up Phase 2 project.

Staff advertised the project for bids on April 3, 2014 and received two bids. Although both bids came in above the engineer's estimate of \$300,000, PIC was the low bidder at \$330,000, or 10% above the engineer's estimate. Staff spoke with both contractors and believes that their overhead costs and available manpower contributed to the variance in bid amounts.

Director Handley asked why there was such a large discrepancy between the bids for the insurance. Staff explained that bidders often put more or less money in different bid items as a strategy for being the successful bidder.

It was moved by Director Kite, seconded by Director Handley, and the Board unanimously approved awarding the construction contract for the Boyce Road Lift Station Project, Phase 2, to Pacific Infrastructure Corp.

APPROVING REVISIONS AND UPDATES TO POLICY 2935 – RECORDS MANAGEMENT AND INACTIVE RECORDS RETENTION SCHEDULE.

The Legal/Community Affairs Committee reviewed this item. Rich Currie reported that in 1995, the District undertook a major project to implement a Records Retention Policy and Retention Schedule. A consultant was hired to assist staff in developing the program. The policy was adopted in November 1995, and updated and approved by the Board in 2007. Because of changes that have occurred in California laws, the Records Management Advisory Committee again retained the services of a records management consultant to review the retention schedule and

make recommendations. Changes to the text in the policy reflect current practice and eliminates language that is no longer applicable. He briefly reviewed the language changes and explained the retention period changes that were extended or reduced based upon the consultant's recommendation.

It was moved by Director Fernandez, seconded by Director Kite, and the Board unanimously approved the revisions and updates to Policy 2935 – Records Management and Inactive Records Retention Schedule.

APPROVING PROPOSED CHANGES TO CALIFORNIA SPECIAL DISTRICT'S ASSOCIATION BYLAWS.

The Legal/Community Affairs Committee reviewed this item. Rich Currie stated that as a member in good standing, USD has the opportunity to vote whenever changes are made to the organizations bylaws. Some of the proposed changes to the bylaws include: changing CSDA regions to Networks; eliminating Liaison Membership Class; creating a separate requirement for notification of special meetings which would require a 10-day notice vs. 45 days for the regular annual meeting, etc.

It was moved by Director Kite, seconded by Director Handley, and the Board unanimously approved the proposed changes to the California Special Districts Association Bylaws.

ELECTION OF REPRESENTATIVE TO CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA) BOARD OF DIRECTORS.

The Legal/Community Affairs Committee reviewed this item. Rich Currie stated that CSDA has an 18-member Board of Directors that includes three representatives from each of six regions in California. USD is a member of Region 3. The candidates are either a board member or a management-level employee of a member district. Each regular member (district) in good standing is entitled to nominate a candidate for director to represent its region. Currently, Seat C in Region 3 is up for election. The incumbent, Mr. Stanley Caldwell from Mt. View Sanitary District in Martinez, is seeking re-election. USD supported his candidacy in 2011.

Rich Currie explained this is an opportunity for the Board to nominate a candidate from USD. There were no nominations. Rich noted that he made a suggestion at the committee meeting that in the future this item can be reported out under the General Manager's Report and if the Board would like to nominate a candidate, it can be brought to the full Board as an action item.

No action was taken on this item.

INFORMATION ITEMS:

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

Report on CASA Public Policy Forum. The Legislative Committee reviewed this item. Rich Currie stated this is the first year for the Public Policy Forum. Member agencies were invited to attend with the idea of setting up meetings with agency

representatives in Sacramento to discuss state legislation that applies to the agency. There were educational presentations about the best way to advocate in Sacramento and a lot of discussion about the drought. The highlight of the forum was the visits with the legislators and the opportunity to talk to Senator Ellen Corbett and Assemblyman Bill Quirk to make them aware of the things we are doing. It was a very worthwhile conference and one in which Board members may want to consider attending.

GENERAL MANAGER'S REPORT:

Rich Currie reported the following:

- There were no spills for the month of April.
- It has been 460+ days without an accident. The GM will be giving a presentation to the CWEA Bay Area Safety Conference in Dublin for agency supervisors on May 15, 2014 to talk about USD's safety culture.
- The CWEA Conference was held in Santa Clara on May 1st. Conference attendees were able to tour USD; the tour was well received and there were several inquiries about employment opportunities.
- The Certificates of Merit Ceremony on May 7th was very nice. The GM thanked the three Board members who attended.
- We recently mailed a brochure to Ponderosa homeowners giving them information about odor control at USD (the brochure was handed out to Board members).
- We have two new engineers. Thomas Lam, who comes to us from the City of Hayward and USD Engineering Tech III, Andrew Baile, who was promoted to Assistant Engineer.
- There will be a district-wide meeting on May 20th at 3:30 p.m. to discuss rechartering of teams, our recommitment to teams, and give employees an update about the GM recruitment and plans for management retirements.
- So far 32 applications have been received for the GM recruitment.
- There will be a CWEA equipment show at USD on June 4th.
- Robert Lee, Mechanic II and long-time employee, retired from USD. His last day was May 8, 2014.
- Attorney Dave O'Hara polled CASA Attorney committee members about Proposition 218 notices, including majority protest provisions.

Dave O'Hara explained there are 27 attorneys who represent 50 agencies. Of those represented, none provide a notice regarding a majority protest. The attorney's agree it would be hazardous to put such wording in a notice. Mr. O'Hara concluded that we should not change our Proposition 218 notice to provide wording regarding majority protest. Rich Currie added there was discussion about future town hall meetings and other possible ways of providing information about rate increases.

OTHER BUSINESS:

Director Toy read a resolution that was presented to Richard Currie from the Mayor when he gave his annual presentation to the City of Fremont City Council on April 1, 2014.

Director Lathi stated she attended the CWEA Annual Conference and went to several presentations, as well as on a tour of a fascinating Silicon Valley Advanced Water Purification Center. The presentations were put on by the Public Education Committee and covered Drug Take-Back Programs and Public Outreach. She pointed out that the CWEA website has the PowerPoint Presentations. She also noted that in one of the sessions, someone pointed out that the EPA website informs people to flush medications down the toilet if they don't know what else to do or have no other means of disposing of them. An interesting point from one of the Public Education Sessions was that agencies need to think in terms of marketing as opposed to education, because our competitors are Coke and Apple, and education is generally ineffective at changing behavior. She stated she's found CWEA conferences to be very interesting and would recommend them.

ADJOURNMENT:

The Board adjourned the meeting at 7:53 p.m. to a PERS Rate Increase Workshop on Monday, May 19, 2014 at 6:30 p.m.

Following the Board Workshop, the Board will adjourn to the next Regular Meeting in the Boardroom on Tuesday, May 27, 2014 at 7:00 p.m.

SUBMITTED:



CAROL RICE
SECRETARY TO THE BOARD

ATTEST:



JENNIFER TOY
SECRETARY

APPROVED:



ANJALI LATHI
PRESIDENT

Adopted this 27th day of May, 2014

UNION SANITARY DISTRICT

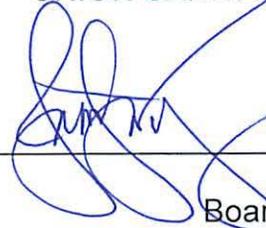
NOTICE OF PUBLIC HEARING

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, 2015. 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 23rd day of June 2014, 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



Secretary
Board of Directors

UNION SANITARY DISTRICT

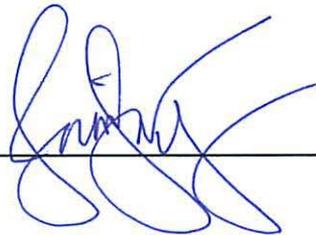
NOTICE OF PUBLIC HEARING

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. 35.21. Ordinance 35.21 would set the Capacity Fees for the Fiscal Year ending June 30, 2015. Copies of the proposed Ordinance 35.21 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 23rd day of June 2014, 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 35.21.

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

UNION SANITARY DISTRICT



Secretary