

**MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF
UNION SANITARY DISTRICT
June 8, 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
Anjali Lathi, Director

STAFF: Paul Eldredge, General Manager
Dave O'Hara, District Counsel
Karen Murphy, Attorney
Rich Cortés, Business Services Manager
Sami Ghossain, Technical Services Manager
Armando Lopez, Treatment & Disposal Services Manager
Robert Simonich, Fabrication, Maintenance, & Construction Manager
James Schofield, Collection Services Manager
Scott Martin, Mechanical Team Coach
Regina McEvoy, Assistant to the GM/Board Secretary

GUESTS: Marilyn Singer, League of Women Voters of Fremont, Newark and Union City
Thomas Niesar, ACWD Water Resources Planning Manager

APPROVAL OF THE MINUTES OF MAY 26, 2015

It was moved by Director Kite, seconded by Director Lathi, to Approve the Minutes of the Board of Director's Meeting held May 26, 2015. Motion carried unanimously.

WRITTEN COMMUNICATIONS

There were no written communications.

ORAL COMMUNICATIONS

There were no oral communications.

AWARD CONTRACT TO RESC-Q SERVICES FOR THE DIGESTER GAS TREATMENT VESSEL MEDIA REPLACEMENT

This item was reviewed by the Budget & Finance Committee. Fabrication, Maintenance, and Construction (FMC) Manager Simonich stated the anaerobic sludge digesters at the Plant produce methane gas, which is fuel for the District's cogeneration engines. Methane gas produced onsite by the digesters contains hydrogen sulfide and siloxane, which if introduced to the cogeneration engines will severely damage the engines. The Cogeneration Project included construction of a new digester gas treatment system which includes two siloxane removal vessels containing carbon media and two hydrogen sulfide removal vessels containing iron impregnated wood or sand media. Staff regularly monitor the performance of the media and currently estimate the first vessel of media will need to be replaced in July 2015. An invitation for bids to replace the media was issued, and RESC-Q Services was determined to be the lowest of the three bids received for the project. Staff recommended the Board award the contract to RESC-Q Services in the amount of \$232,700.00 as budgeted in the Operating Budget for the Fabrication, Maintenance, and Construction Workgroup.

The Budget & Finance Committee inquired about the disparity in the bids received. FMC Manager Simonich stated the difference was primarily due to costs associated with hauling the spent media.

Per the contractor, the design life of the media should be between nine and eighteen months. The Budget & Finance Committee asked why the media would need to be replaced at the lower end of its expected life. FMC Manager Simonich stated the range for the life of the media was wide due to the fluctuating quality of the digester gas, and staff was satisfied with the current life of the media based upon these fluctuating conditions.

It was moved by Secretary Handley, seconded by Director Lathi, to Award Contract to RESC-Q Services for the Digester Gas Treatment Vessel Media Replacement. Motion carried unanimously.

RESOLUTION NO. 2759, ACCEPT THE CONSTRUCTION OF THE COGENERATION PROJECT FROM D.W. NICHOLSON CORPORATION AND AUTHORIZE THE ATTORNEY FOR THE DISTRICT TO RECORD A NOTICE OF COMPLETION

This item was reviewed by the Construction Committee. Technical Services Manager Ghossain stated the Cogeneration Project was designed to replace two existing biogas-fueled engine generators which were at the end of their useful life. The District awarded the construction contract to D.W. Nicholson Corporation in the amount of \$10,566,358. The engines were commissioned prior to PG&E's Self-Generation Incentive Program (SGIP) deadline of January 11, 2015, and the overall project was substantially completed on March 4, 2015. The final change order amount was \$1,240,809, approximately 11.7% of the construction contract amount. Accounting for the final construction and engineering costs and the approved SGIP grant amount, the Project's payback period is estimated to be 8.2 years. Staff recommended the Board accept construction of the Cogeneration Project from D.W. Nicholson Corporation by resolution, and authorize the Attorney for the District to record a Notice of Completion with the Alameda County Recorder's Office.

It was moved by Director Lathi, seconded by Vice President Toy, to Adopt Resolution No. 2759, Accepting Construction of the Cogeneration Project from D.W. Nicholson Corporation and Authorizing the Attorney for the District to Record a Notice of Completion. Motion carried unanimously.

RESOLUTION NO. 2759

ACCEPT CONSTRUCTION OF THE
COGENERATION PROJECT
LOCATED IN UNION CITY, CALIFORNIA
FROM D.W. NICHOLSON CORPORATION

RESOLVED: That the Board of Directors of the UNION SANITARY DISTRICT that it hereby accepts the Cogeneration Project from D. W. Nicholson Corporation effective June 8, 2015; and be it

FURTHER RESOLVED: That the attorney for the District is authorized to record a "Notice of Completion" for the project.

On motion duly made and seconded, this resolution was adopted by the following vote on June 8, 2015:

AYES: Fernandez, Handley, Kite, Lathi, Toy
NOES: ----
ABSENT: ----
ABSTAIN: ----



MANNY FERNANDEZ
President, Board of Directors
Union Sanitary District

Attest:



TOM HANDLEY
Secretary, Board of Directors
Union Sanitary District

AUTHORIZE THE GENERAL MANAGER TO ENTER INTO A COST-SHARING AGREEMENT WITH ALAMEDA COUNTY WATER DISTRICT FOR A RECYCLED WATER FEASIBILITY STUDY, AND ADOPT RESOLUTION NO. 2760 AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A GRANT AGREEMENT WITH THE STATE OF CALIFORNIA

This item was reviewed by the Budget & Finance Committee. General Manager Eldredge stated the Alameda County Water District (ACWD) and Union Sanitary District (USD) plan to apply for a grant from the State Water Resources Control Board to support funding a Recycled Water Feasibility Study. The Study would build upon past studies by both agencies and focus on non-potable reuse of recycled water in the vicinity of the Alvarado Wastewater Treatment Plant, and indirect potable reuse (IPR) utilizing advanced treated purified water for recharge of the Niles Cone Groundwater Basin to augment potable supplies. Public perception toward and regulations regarding IPR have changed over the years, and technology has improved. Goal is to provide additional water capacity to provide a reliable drought proof supply of water to meet the peak summer demands of both District's customers. RMC Water and Environment was selected to conduct the study due to their knowledge, experience, and track record. The total cost of the study is estimated to be \$259,731. Under the proposed cost-sharing agreement, ACWD will administer the contract with RMC and the costs will be shared equally between the two agencies. USD's portion would not exceed \$129,866, and would be \$92,366, if the grant is received. ACWD's Board is considering this matter at their meeting to be held June 11, 2015. Should they not approve this concept, and corresponding contracts, approval by USD shall be null and void.

The Budget & Finance Committee asked about the level of treatment typically associated with the IPR proposal. General Manager Eldredge stated that while treatment processes vary, the most typical method is a combination of ultra or micro-filtration and reverse osmosis which produces an end result near drinking water standards.

The Budget & Finance Committee also inquired about exploration of short-term options such as small package plants. General Manager Eldredge stated the study will also explore short-term options, and the District will continue to look into short-term options apart from the study.

Marilyn Singer from the League of Women Voters read a prepared statement of support for the study. The prepared statement is attached to these minutes.

Thomas Niesar, ACWD Water Resources Planning Manager, spoke on behalf of ACWD in support of the project

It was moved by Secretary Handley, seconded by Director Kite, to Authorize the General Manager to Enter into a Cost-Sharing Agreement with Alameda County Water District for a Recycled Water Feasibility Study, and to Adopt Resolution No. 2760 Authorizing the General Manager to Enter into a Grant Agreement with the State of California. Motion carried unanimously.

####

RESOLUTION NO. 2760

**AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A GRANT
AGREEMENT WITH THE STATE OF CALIFORNIA**

BE IT RESOLVED by the Board of Directors of UNION SANITARY DISTRICT that the General Manager of said District be and is hereby authorized and directed to execute a grant agreement with the State of California to receive funds for the completion of a Recycled Water Feasibility Study.

On motion duly made and seconded, this resolution was adopted by the following vote on June 8, 2015:

AYES: Fernandez, Handley , Kite, Lathi, Toy

NOES: ----

ABSENT: ----

ABSTAIN: ----



MANNY FERNANDEZ
President, Board of Directors
Union Sanitary District

Attest:



TOM HANDLEY
Secretary, Board of Directors
Union Sanitary District

INFORMATION ITEMS:

Check Register

All questions were answered to the Board's satisfaction.

Preliminary Operating and Capacity Fund Budgets for FY16

This item was reviewed by the Budget & Finance Committee. Principle Financial Analyst Scott reported the following:

- The Preliminary Operating and Capacity Fund budgets for FY16 reflect an increase of sewer service charges by an average of 5.7%.
- The capacity fee remains at \$5,596, pending review.
- The net operating budget will increase 2.7%.
- Significant changes include a \$3 million revenue reduction due to lower flows, reducing operating costs, reducing special projects by \$250,000, and reducing Capital Improvement Projects by \$3 million.

President Fernandez asked if District revenues increased along with the recent economic recovery. Principle Financial Analyst Scott noted the number of capacity fees have increased in recent years.

General Manager Eldredge stated a customer recently inquired about the District's fiscal model, and the Board would be continually informed as the matter progresses.

Secretary Handley asked if staff will present two versions of the operating and CIP budgets, one reflecting a 5.7% sewer service charge increase and another reflecting a 3% increase. General Manager Eldredge stated the two options will be presented to the Board for consideration along with the operating budget.

Report on the EBDA (East Bay Dischargers Authority) Commission Meeting of May 21, 2015

Secretary Handley reported the following:

- EBDA's member agency performance continue to be well below permit compliance limits.
- The Managers Advisory Committee (MAC) discussed recycled water strategies and permitting. The Water Board may allow EBDA's member agencies to distribute recycled water under EBDA's permit.

COMMITTEE MEETING REPORTS:

The Budget & Finance and Construction Committees met.

GENERAL MANAGER'S REPORT:

General Manager Eldredge reported the following:

- A meeting for all District staff will be held June 11, 2015. Topics of discussion will include safety and recruitment updates, and introduction of new District Counsel.
- First round interviews for the five Human Resources Manager candidates will be held June 9, 2015.
- New employee orientation for Coaches and Managers will now include attendance and introduction at a Board meeting. General Manager Eldredge formally introduced recently promoted FMC Coach Scott Martin.

- The most recent recruitment for T&D Night Coach resulted in additional candidates. Interviews for the position will be held June 17, 2015.
- All of the 193 suspect sewer lines have been inspected and cleaned thanks to the efforts of our Collections Services staff.
- An independent survey conducted recently revealed that 18 of 28 California agencies polled reported they have experienced an increase in root intrusion in recent years. It has been speculated the increase may be due to the effects of the drought.

OTHER BUSINESS:

Director Kite stated she attended the Biosolids and Renewable Energy Specialty Workshop held at Central Contra Costa Sanitary District on May 12, 2015.

Director Kite stated she attended the Alameda County CSDA meeting held at Oro Loma Sanitary District on May 13, 2015.

Director Kite stated she attended the Newark Backyard Sanitary Sewer Relocation Project Public Meeting held at Graham Elementary School in Newark. Director Kite stated Customer Service Coach Arbolante provided an informative presentation, and the residents in attendance were pleased.

President Fernandez read aloud a letter he received from a resident expressing gratitude for all of staff's efforts associated with the Open House held May 9, 2015. The letter is attached to these minutes.

ADJOURNMENT:

The meeting was adjourned at 7:47 p.m. to the Treatment Plant Site Study Presentation Workshop in the Boardroom on Monday, June 15, 2015, at 6:30 p.m.

The Board will then adjourn to the Hayward Marsh Options Study Workshop in the Boardroom on Wednesday, June 17, 2015, at 6:30 p.m.

The Board will then adjourn to the next Regular Board Meeting in the Boardroom on Monday, June 22, 2015, at 7:00 p.m.

SUBMITTED:


REGINA McEVOY
SECRETARY TO THE BOARD

ATTEST:


TOM HANDLEY
SECRETARY

APPROVED:


MANNY FERNANDEZ
PRESIDENT

Adopted this 22nd day of June, 2015

June 8, 2015

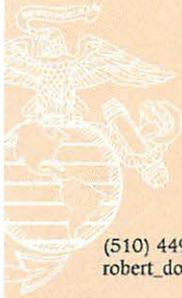
My name is MARILYN SINGER, and I am a member of the League of Women Voters of Fremont, Newark and Union City

The League of Women Voters met with staff and two directors of the ACWD on June 3rd to discuss the need to move forward to reclaim and recycle water.

From the discussion, we understand that the probable best option is to focus on Indirect Potable Reuse, and we are encouraged by USD's efforts to move forward on a feasibility study with ACWD on an IPR project near the Alvarado wastewater plant.

The League commends you for being pro-active, and we encourage you to enter into a cost-sharing agreement with ACWD for a feasibility study for this joint project. We hope that you will inform the public about the project and also keep us informed about the progress of the grant applications. A concerned public will appreciate your efforts to ensure a stable water supply for our future.

Singer756@comcast.net



Robert C. Douglass, CE

CIVIL ENGINEER
COLONEL USMCR (Ret)

(510) 449-1617 cell
robert_douglassce@comcast.net

37689 Los Arboles Drive
Fremont, CA 94536
(510) 791-5801

May 11, 2015

Mr. Manny Fernandez, President
Union Sanitary District Board of Directors
5072 Benson Road
Union City CA94587-2508

Dear Mr. Fernandez:

In your position as the president of the Union Sanitary District board of directors, I am writing to you to tell you just how much my wife and I enjoyed the recent public open house at your treatment plant. I would appreciate it very much if you would please pass on our thanks to your fellow board members, the district's senior staff and in particular, to all of the district employees who participated that day.

The importance of sanitation agencies to public health and welfare cannot be overstated. This is especially true for the Union Sanitary District, which serves our Tri-City region and whose facilities are so important to the health of the San Francisco Bay. The importance of the district's efforts are probably understood by most knowledgeable citizens, but the manner in which you provide this critical service is no doubt less understood. Saturday's event was a wonderful way of telling your story and the number of guests had to be well received by the district.

I do want to acknowledge the professionalism and enthusiasm of the district employees who explained the various technical aspects of their responsibilities and the equipment needed. Their pride and welcome manners were a highlight for us.

We arrived too late for a tour so I hope this event will be held again in the future. Thank you again for making your district's role in our community so accessible to the citizens of the Tri-City area.

Very truly yours,

A handwritten signature in blue ink, which appears to read "Robert C. Douglass". The signature is stylized and includes a horizontal line underneath the name.