

**MINUTES OF THE MEETING OF THE  
BOARD OF DIRECTORS OF  
UNION SANITARY DISTRICT  
March 28, 2016**

**CALL TO ORDER**

Vice President Handley called the meeting to order at 7:00 p.m.

**PLEDGE OF ALLEGIANCE**

**ROLL CALL**

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

ABSENT: Jennifer Toy, President

STAFF: Paul Eldredge, General Manager  
Karen Murphy, District Counsel  
Sami Ghossain, Technical Services Manager  
Armando Lopez, Treatment & Disposal Services Manager  
Pamela Arends-King, Business Services Manager/CFO  
James Schofield, Collection Services Manager  
Robert Simonich, Fabrication, Maintenance, and Construction Manager  
Michelle Powell, Communications and Intergovernmental Relations Coordinator  
Regina McEvoy, Assistant to the General Manager/Board Secretary

GUEST: John Weed, Alameda County Water District Boardmember  
Michelle Meyers, Alameda County Water District Groundwater Resources Manager  
Rocky Fernandez, District Director for Senator Bob Wieckowski's Office

**APPROVAL OF THE MINUTES OF THE MEETING OF MARCH 14, 2016**

It was moved by Secretary Kite, seconded by Director Fernandez, to approve the Minutes of the Meeting of March 14, 2016. Motion carried with the following vote:

AYES: Fernandez, Handley, Kite, Lathi  
NOES: None  
ABSENT: Toy  
ABSTAIN: None

**MONTHLY OPERATIONS REPORT FOR FEBRUARY 2016**

This item was reviewed by the Budget & Finance Committee. General Manager Eldredge reported the following:

- Odor Complaints: There were three odor complaints received during the month of February 2016. The complaint received from a Fremont resident was caused by a private storm drain inlet. District staff suggested the resident contact their homeowners association to address the odor, and also provided printed information. There were two complaints received from the same Union City resident. General Manager Eldredge, Director Fernandez, and various District staff followed up with the resident to ensure all appropriate steps were taken. Staff plan to follow up in the near future.

Business Services Manager/CFO Arends-King reported the following:

- Revenues:
  - The District received \$5.5 million in capacity fees due to development.
- Expenses:
  - The District made the 3<sup>rd</sup> Annual Required Contribution (ARC) payment for retiree medical.
  - The District made all SERF loan payments
  - Operating expenses were below budget.

General Manager Eldredge reported the following:

- Collection Services:
  - A map showing Bay Area spill events for January and February was included in the packet as part of staff's ongoing effort to provide useful information in the Monthly Operations report.
- Treatment & Disposal:
  - The Cogen system produced 73% of power consumed for the month of February.
  - The second Treatment & Disposal (T&D) Coach position was recently filled. Operational Performance Program Manager Brenner assisted T&D recently due to the vacant position and the temporary absence of the work group's daytime coach.
- Vice President Handley complemented staff on the addition of the spill map and T&D staff for maintaining operations while they were short staffed.
- Director Lathi requested a URL for spill map included in the packet.

### **WRITTEN COMMUNICATIONS**

There were no written communications.

### **ORAL COMMUNICATIONS**

There were no oral communications.

### **CONSIDER REQUEST RECEIVED FROM ALAMEDA COUNTY WATER DISTRICT TO SUPPORT BOUNDARY MODIFICATION AND PROVIDE DIRECTION TO STAFF AS NECESSARY**

This item was reviewed by the Legal/Community Affairs Committee. General Manager Eldredge stated Alameda County Water District (ACWD) is planning to submit a boundary

modification request to the Department of Water Resources (DWR) for their northern boundary of the Niles Cone Groundwater Basin. Although the boundary discrepancy between ACWD and the City of Hayward has been known for some time, the recently adopted Sustainable Groundwater Management Act has led to the boundary modification request to DWR. While the District supports ACWD's efforts in providing potable water service to the Tri-City area, the District also maintains a professional and contractual relationship with the City of Hayward. Staff recommended the Board take a neutral position on the matter and not submit any letters on anyone's behalf.

Michelle Meyer stated a graphical map contained the error in question, and staff at ACWD are now seeking to correct the error.

Vice President Handley asked if the City of Hayward uses Niles Cone water. ACWD Groundwater Resources Manager Meyers stated the City of Hayward uses the Niles cone as an emergency water source.

Director Lathi asked if DWR admitted to the alleged mistake on the graphical map. ACWD Groundwater Resources Manager Meyers stated DWR had not formally acknowledged an error, and noted a number of water district and groundwater management agencies are also seeking to rectify similar errors.

It was moved by Director Fernandez, seconded by Secretary Kite, to take a neutral position on the matter and not submit any letters on anyone's behalf. Motion carried with the following vote:

AYES:	Fernandez, Kite, Lathi
NOES:	Handley
ABSENT:	Toy
ABSTAIN:	None

#### **DISCUSS SENATE BILL 1213 BIOSOLIDS GRANT PROGRAM AND CONSIDER SENDING LETTER OF SUPPORT**

This item was reviewed by the Legislative Committee. General Manager Eldredge stated Senate Bill 1213, introduced by Senator Wieckowski, would establish a Biosolids Grant Program at the California Energy Commission. USD is a member of the BAB2E Coalition, which is comprised of 19 wastewater agencies throughout the Bay Area. The BAB2E Coalition is dedicated to facilitating regional solutions and exploring new technologies for a higher and better use of biosolids. Staff recommended the Board authorize the District to send a letter of support for SB 1213.

District Director for Senator Wieckowski's Office, Rocky Fernandez stated the purpose of the proposed bill is to appropriate money to fund a biosolids to energy program and help California reach the adopted goal of reducing landfill waste 75% by 2020. Mr. Fernandez further stated Senator Wieckowski's goal is to fund some biosolids to energy ideas to show they can be successful.

Vice President Handley asked if the program guidelines could be made looser to include more types of technology. District Director for Senator Wieckowski's Office, Rocky

Fernandez stated the Senator's office is seeking feedback before considering amending the bill to be a more open grant program.

Director Fernandez asked if any such program exists at this time. District Director for Senator Wieckowski's Office, Rocky Fernandez stated he did not believe such a program exists.

It was moved by Director Fernandez, seconded by Secretary Kite, to authorize the General Manager to sign a letter of support for the Senate Bill 1213 Biosolids Grant Program. Motion carried with the following vote:

AYES: Fernandez, Handley, Kite, Lathi  
NOES: None  
ABSENT: Toy  
ABSTAIN: None

### **CONSIDER AND PROVIDE DIRECTION REGARDING PROPOSED CONTENT FOR SPRING 2016 NEWSLETTER**

This item was reviewed by the Legal/Community Affairs Committee. General Manager Eldredge stated the intent of this item was to obtain agreement on topics to be included in the Spring 2016 newsletter to allow staff to develop articles and prepare an initial draft layout. Staff requested the Board consider and provide direction regarding proposed content for the District's Spring 2016 newsletter.

General Manager Eldredge stated the Legal/Community Affairs Committee recommended an article regarding reclaimed water take the place of the mobile technologies project proposed in the staff report. General Manager Eldredge clarified that the Alvarado-Niles Road Sanitary Sewer Rehabilitation Project article would not solely focus on the project, but would also provide an opportunity to showcase the technology the project will utilize.

Secretary Kite expressed concern regarding the high cost associated with reclaimed water and requested the cost be made clear in the newsletter article.

It was moved by Director Lathi, seconded by Director Fernandez, to approve the following topics to be included in the Spring 2016 Newsletter:

Page One: Reclaimed Water  
Alvarado-Niles Road Sanitary Sewer Rehabilitation Project Technology

Page Two: Budget in Brief  
Taking Care of Your Sewer Lateral  
Did You Know? (Environmental tips, total gallons treated annually, etc.)

Motion carried with the following vote:

AYES: Fernandez, Handley, Kite, Lathi  
NOES: None

ABSENT: Toy  
ABSTAIN: None

**CONSIDER CONFIRMING AND DECLARING THE NEED TO CONTINUE THE EMERGENCY ACTION TO REPAIR THE 33 INCH SEWER ON ALVARADO BOULEVARD AND UPDATE ON THE REPAIRS**

This item was reviewed by the Construction Committee. Technical Services Manager Ghossain stated that on March 11 and 14, 2016, the new sliplined pipeline was grouted into place inside the old pipeline. On March 15, 2016, Collection Services staff televised the new pipeline for final acceptance. Pit backfill was completed on March 18, 2016. On March 18, 2016, McGuire and Hester began replacement of 70 feet of ACWD's water line. Next, PG&E will re-install and reconnect the gas line. Staff anticipate completion of the pavement restoration by April 15, but striping may not be completed for another week. During striping, one lane would be open in each direction.

General Manager Eldredge stated staff were working on a press release to be sent out later in the week.

Pursuant to Public Contract Code section 22050, the Board is required to review the status of the emergency action at each subsequent meeting until the emergency action is terminated. Authorization to continue the emergency action must be approved by a four-fifths vote of the Board. Staff recommended the Board approve a motion to confirm and declare the need to continue the emergency action to repair the 33-inch sewer on Alvarado Boulevard.

It was moved by Secretary Kite, seconded by Director Lathi, to Confirm and Declare the Need to Continue the Emergency Action to Repair the 33 Inch Sewer on Alvarado Boulevard. Motion carried with the following vote:

AYES: Fernandez, Handley, Kite, Lathi  
NOES: None  
ABSENT: Toy  
ABSTAIN: None

**AWARD THE CONSTRUCTION CONTRACT FOR THE AERATION BASINS 5-7 DIFFUSER MEMBRANES REPLACEMENT PROJECT**

This item was reviewed by the Construction Committee. Technical Services Manager Ghossain stated the District operates a fine bubble aeration system in Aeration Basins 5 through 7. The system distributes air to promote growth of microorganisms that feed on organic matter in wastewater. The system consists of a network of pipes and 9-inch diameter rubber disc diffuser membranes. The current diffuser membranes were installed in 2004 and 2005 and have exceeded their useful service life.

Staff received and opened three bids, and GSE Construction Company, Inc. was the apparent low bidder with a bid of \$312,487, 22% below the Engineer's Estimate. A review of the bids received revealed D.W. Nicholson Corporation (DWN) did not accurately enter the total amounts of Bid Items 4 and 5 using actual unit prices. Once the amounts were

adjusted, DWN became the apparent low bidder as summarized in the table included in the Board packet. Pursuant to Public Contract Code Section 5103, DWN entered a request to withdraw its bid by claiming it made a clerical error in the bid that made it materially different than intended. Staff agreed DWN's error was clerical in nature, and recommended the Board approve DWN's request to withdraw its bid and for the return of its bid bond. If this action is approved, GSE Construction Company Inc. would be the lowest responsive bidder for the Project.

Staff recommended the Board approve DWN's request to withdraw its bid and for the return of its bid bond, and award the construction contract for the Aeration Basins 5-7 Diffuser Membranes Replacement Project to GSE Construction Company, Inc. in the amount of \$312,487.

It was moved by Director Lathi, seconded by Director Fernandez, to Approve D.W. Nicholson Corporation's Request to Withdraw its Bid and for the Return of its Bid Bond. Motion carried with the following vote:

AYES: Fernandez, Handley, Kite, Lathi  
NOES: None  
ABSENT: Toy  
ABSTAIN: None

It was moved by Director Fernandez, seconded by Director Lathi, to Award the Construction Contract to GSE Construction Company, Inc. in the amount of \$312,487 for the Aeration Basins 5-7 Diffuser Membranes Replacement Project. Motion carried with the following vote:

AYES: Fernandez, Handley, Kite, Lathi  
NOES: None  
ABSENT: Toy  
ABSTAIN: None

**INFORMATION ITEMS:**

**Check Register**

All questions were answered to the Board's satisfaction.

**CalPERS Actuarial Valuation Report as of June 30, 2014, Required Contributions for Fiscal Year 2016 with Estimates Through 2022**

This item was reviewed by the Budget & Finance Committee. Business Services Manager/CFO Arends-King stated the District receives an actuarial report on the pension plan annually from the California Public Employee's Retirement System (CalPERS). A summary chart and a chart showing projected rates increasing over the next five years were included in the packet. CalPERS rates are expected to increase over the next five years due to efforts to address the payoff of the unfunded liability over a 30 year period. The increase in rates also reflects the greater life expectancies of CalPERS members. For most of fiscal year 2016, the District paid 1.5% of the employee portion and District employees will be responsible for their full 8% contribution rate in fiscal year 2017.

Internal Revenue Service code limits the amount of annual retirement benefit an individual can receive. The dollar limit for 2015 was \$210,000 for retirees 62 – 65 years of age and the amount is adjusted to be the actuarial equivalent for those who retire earlier. The District must cover the gap caused by this IRS code. The amount paid above the \$210,000 while the employee was working was credited toward the District's unfunded liability.

Vice President Handley asked when the unfunded liability gap would be closed. Business Services Manager/CFO Arends-King stated projections estimate 30 years ahead and rates are increasing now to try and head off the gap. The hope is that rates will remain steady for a time and possibly even decrease. It is possible the unfunded liability may not be completely paid off, but increasing rates now will help and hopefully we will be caught up in 25 years.

#### **Report on the East Bay Dischargers Authority (EBDA) Commission Meeting of March 17, 2016**

Vice President Handley stated the EBDA Managers Advisory Committee meeting was joined by the Ad Hoc members to discuss EBDA strategic planning.

#### **COMMITTEE MEETING REPORTS:**

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

#### **GENERAL MANAGER'S REPORT:**

General Manager Eldredge reported the following:

- The Eastern Municipal Water District (EMWD) was recently successful in defending itself in a lawsuit brought forward by River Watch. Attorney Jack Silver has filed more than 100 such lawsuits on behalf of River Watch. Historically, not many agencies have been willing to take on Clean Water Act third party lawsuits. EMWD was able to provide extensive documentation that the claims presented, which alleged EMWD's sewer system was leaking and harming the environment, had no merit.
- Last week, District staff conducted a public meeting regarding the upcoming Alvarado-Niles Road Sewer Rehabilitation project. Director Lathi asked how far in advance residents received notification of the meeting. Communications and Intergovernmental Relations Coordinator Powell stated notification letters were sent to residents about a week before the meeting. Director Lathi requested residents receive notification at least two weeks in advance for future informational meetings.
- Information regarding Earth Day activities will be presented at the Board meeting to be held April 11, 2016.

#### **OTHER BUSINESS:**

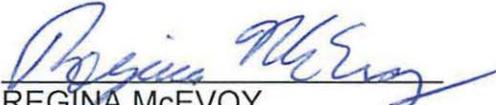
There was no other business.

**ADJOURNMENT:**

The meeting was adjourned at 8:06 p.m. to the Special Meeting Closed Session to be held in the Alvarado Conference Room on Monday, April 4, 2016, at 5:30 p.m.

The Board will then adjourn to the next scheduled Regular Board Meeting to be held in the Boardroom on Monday, April 11, 2016, at 7:00 p.m.

SUBMITTED:

  
REGINA McEVOY  
SECRETARY TO THE BOARD

ATTEST:

  
PAT KITE  
SECRETARY

APPROVED:

  
JENNIFER TOY  
PRESIDENT

Adopted this 11<sup>th</sup> day of April, 2016