

**DUBLIN SAN RAMON SERVICES DISTRICT
MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS**

July 1, 2014

A regular meeting of the Board of Directors was called to order at 6:00 p.m. by President Georgan M. Vonheeder-Leopold. Boardmembers present: Georgan Vonheeder-Leopold, Vice President Edward R. Duarte, Director Richard M. Halket, Director Dawn L. Benson and Director D.L. (Pat) Howard participated in the meeting from an alternate teleconference location at 1286 Timber Lane, South Lake Tahoe, California 96150. District staff present: Bert Michalczyk, General Manager; Rhodora Biagtan, Interim Engineering Services Manager; John Archer, Interim Financial Services Manager/Treasurer; Dan Gallagher, Operations Manager; Michelle Gallardo, Interim Organizational Services Manager; Carl P.A. Nelson, General Counsel; and Nancy Gamble Hatfield, District Secretary.

1. CALL TO ORDER
2. PLEDGE TO THE FLAG
3. ROLL CALL - Members: Benson, Duarte, Halket, Howard, Vonheeder-Leopold
4. SPECIAL ANNOUNCEMENTS/ACTIVITIES

General Manager Michalczyk presented the Board with a certificate of appreciation for assistance with the 2014 Dublin Pride week that the District received from the Dublin City Council and which was adopted by them June 3, 2014.

5. PUBLIC COMMENT (MEETING OPEN TO THE PUBLIC) – 7:33 p.m.

Mr. Ed Kokko, Dublin Resident – Mr. Kokko addressed the Board and expressed several concerns about the proposed AT&T cell phone facility considered for installation near his home and neighborhood around Rhoda Drive in Dublin.

Mr. Chris Beeson, Dublin Resident – Mr. Beeson expressed concerns to the Board about potential impact on his property value and health and safety issues if the installation of an AT&T cell phone facility at the water reservoir occurs near his home around Rhoda Drive.

Ms. Radha Sharma, AT&T Representative – Ms. Sharma thanked the Board for taking time to work on negotiations of a lease with AT&T for a cell tower on Rhoda Drive. She voiced her interest in addressing future comments and concerns related to the cell phone facility.

6. REPORTS
 - A. Reports by General Manager and Staff
 - Event Calendar – General Manager Michalczyk reported on the following:

- o He wished the Board a safe and “Happy Fourth of July!”
- Correspondence to and from the Board

Date	Format	From	To	Subject
6/5/14	Email	Alex Limeres	DSRSD Board	Does your organization buy water?
6/26/14	Email	John Norwood, President, California Pool and Spa Association	Georgian Vonheeder-Leopold	Let’s Pool Together to Save Water
6/28/14	Email	Jalla Lakshmi	DSRSD Board	Annoying cross selling by DSRSD (HomeServe)

B. Agenda Management (consider order of items) – No changes were made.

C. Committee Reports
Finance

June 9, 2014

President Vonheeder-Leopold invited comments on recent committee activities. Directors felt the available staff report adequately covered the many matters considered at the committee meeting.

7. APPROVAL OF MINUTES – Regular Meeting of *June 3, 2014*

Director Benson MOVED for the approval of the June 3, 2014 minutes. V.P. Duarte SECONDED the MOTION, which CARRIED with FIVE AYES.

8. CONSENT CALENDAR

V.P. Duarte MOVED for approval of the items on the Consent Calendar. Director Benson SECONDED the MOTION, which CARRIED with FIVE AYES.

- A. Intention to Levy Annual Assessments in the Dougherty Valley Standby Charge District 2001-1 for Fiscal Year 2014 – 2015 – Approved – Resolution No. 34-14
- B. Approve Budget Adjustment to the Capital Improvement Program (CIP) Two-Year Budget for Fiscal Years Ending 2014 and 2015 to Increase Project Budget for WWTP Pavement Road Improvement (CIP 14-P026) – Approved – Resolution No. 35-14
- C. Approve Proclamation Honoring Nancy Feeley – Retiring President/CEO of Dublin Chamber of Commerce – Approved

- D. Upcoming Board Calendar – Approved
- E. Report of Checks and Electronic Disbursements Made – Approved

Date Range	Amount
5/27/14 – 06/23/14	\$3,975,554.26

9. BOARD BUSINESS

- A. Discuss Drought Management Program

General Manager Michalczyk reported this is a standing item on each Board meeting agenda through the end of the drought emergency, which is still in effect at the present time. This item provides members of the public an opportunity to address the Board with any questions or concerns they might have specifically related to the drought or the drought management program. This agenda item also allows Directors the flexibility to discuss concerns with the public in real time and in compliance with requirements under the Brown Act.

Hearing no public comment, President Vonheeder-Leopold closed the item for discussion.

- B. Accept Water Supply and Demand and Drought Response Action Plan Status Reports and Find that the Need for the Community Drought Emergency Still Exists

General Manager Michalczyk introduced this topic explaining the Board requested monthly information on several aspects of the emergency drought situation, as well as to comply with the California Government code that requires the Board to periodically consider the continuing need for the Community Drought Emergency. Mr. Michalczyk proceeded to give an update on varying aspects of the District's current water status.

Mr. Michalczyk reported there have not been any significantly positive or negative changes in the water supply since the last report. Besides the advent of the El Nino weather event this summer and fall, there is little likelihood of meaningful rainfall until late fall and not much encouraging news on the potable water supply horizon at this time. Zone 7 had been working on a few water transfers with Metropolitan Water District in southern California and Delta wetlands. Neither of those water transfers will move forward for various complicated reasons.

The District has, however, added a new supply to its water portfolio - a residential recycled water fill-station at the Wastewater Treatment Plant (WWTP). That station became operational June 12, 2014 and is open to members of the general public to pick up and use free recycled water for landscaping. He noted that the water cannot be used for drinking purposes or other prohibited purposes. Fifty-

nine users have signed up to use this water supply and the station is open Monday - Friday from 3 - 7 p.m., Saturday, 8 a.m. - Noon, and additionally Thursday morning, 8 a.m. - Noon. So far, about 35,000 gallons of recycled water have been distributed. Mr. Michalczyk stated he would show the Board some video footage on that momentarily. There is also a truck filling station for contractors hauling water to construction sites and that usage amounted to 2.27 million gallons of recycled water distributed during June.

With regard to District-wide water demand, customer curtailment during the last two weeks is ranging between a 25% to 30% level as compared to similar periods in 2013. This is a steady improvement. However, the hottest 8-10 weeks are just beginning and give rise to some concern. Through the time the agenda was prepared for this meeting, the District received 43 requests for exemptions from the water use limitations adopted by the Board. Staff approved 26 of those requests and denied 13 requests. None of the denied exemption requests has been appealed to the Board. With regard to violations for the limitations, 659 customers were issued formal warnings, 57 of those customers who had not corrected the issue associated with the written warnings were assessed the Board mandated \$250 fine, and 2 customers who have still not corrected the violations were assessed \$500 fines. One customer who requested a waiver for special circumstances was approved and one was denied.

No operational issues have surfaced and the system integrity continues to be maintained. In June, all District facilities were operational.

On a policy level, the State Water Resources Control Board has a regular meeting scheduled for July 15, 2014 and will consider mandatory statewide water restrictions because, overall, the state is not meeting the 20% conservation required by Governor Brown. As a result, some adjustments could be needed to the District's water use limitations Ordinance and that could happen in early August.

Mr. Michalczyk concluded there is no reason for the Board to rescind or revise its May 5, 2014 emergency drought declaration.

The Board viewed a June 30, 2014 ABC Channel 7 news clip in which reporter Laura Anthony interviewed DSRSD's Operations Manager Dan Gallagher and also discussed the District's water service area and impacts of dry lawns, violations, water curtailment requirements, and showcased the recycled water filling station at the WWTP where customers can pick up water for landscaping purposes.

V.P. Duarte commented on how refreshing it is when something like the recycled water filling station could work out even better than anticipated.

Director Howard noted that the information on the video sounded informative even though he could not actually see it as he was participating in the meeting via teleconference.

Director Benson MOVED to: (a) accept the Water Supply and Demand Report and the Drought Response Action Plan Status Report; and, (b) find that there still exists a need for continuing the Community Drought Emergency which the Board declared on May 5, 2014. V.P. Duarte SECONDED the MOTION, which CARRIED with FIVE AYES.

- C. Approve Budget Adjustment to the Capital Improvement Program (CIP) Two-Year Budget for Fiscal Years Ending 2014 and 2015 to Add the Recycled Water Expansion Phase 1 - Distribution to Western Dublin and Alameda County Facilities (CIP 15-R009) and Revise the Water Expansion Fund Limit

Engineering Services Manager Biagtan reviewed that at the May 5, 2014 meeting the Board approved mid-year CIP Budget adjustments. The Recycled Water Expansion Phase 1 - Distribution to Western Dublin and Alameda County Facilities project was not part of those adjustments. Various opportunities have surfaced because of the drought situation. As part of the Drought Action Plan, the District plans to expand the use of recycled water. One component of that plan is to implement the CIP project, which is part of the District's 10-year CIP Program and part of the Integrated Regional Water Management (IRWM) Plan. If external funding becomes available, staff recommends adding this project to the FYE 2015 CIP Budget.

The Governor directed the Department of Water Resources to expedite award of Proposition 84 IRWM funding to support projects for drought relief. Funding will be made available to regions in the state that demonstrate the need for the projects and the ability to quickly implement projects. On June 2, 2014 the application process opened. The Association of Bay Area Agencies (ABAG) is preparing the regional application for grant funds and will request \$30 million for drought emergency projects.

Because of the selection process for projects and to maximize the opportunity for project selection and grant award, District staff collaborated with EBMUD staff and proposed a project called "DERWA Phase 3 Recycled Water Expansion" that consisted of the District's proposed project (Recycled Water Expansion Phase 1 - Distribution to Western Dublin and Alameda County Facilities project [CIP 15-R009]) and EBMUD's recycled water expansion project in San Ramon.

After a rigorous selection process, the "DERWA Phase 3 Recycled Water Expansion" project was selected for inclusion in the ABAG regional application. Together, the DERWA grant amount request is \$4 million, of which \$2 million is for DSRSD's portion of the project. DSRSD and EBMUD will share the cost of grant preparation, administration and grant funding equally.

Ms. Biagtan credited Ms. Linda Hu of EBMUD for coming up with the strategy and collaborating with the District to make this venture possible, and also acknowledged Ms. Anita Jain from Whitley Burchett & Associates for assistance with the grant application preparation.

The ABAG regional application is under preparation and will be submitted to DWR by late July with an anticipated award by September 2014. One of the requirements for grant award is that the project must be ready for construction by April 2015. To meet the required schedule, the District needs to commence planning and design phase work now for the proposed Recycled Water Expansion Phase 1 - Distribution to Western Dublin and Alameda County Facilities project (CIP 15-R009).

If awarded the grant, the District may be able to permanently remove Alameda County's landscape irrigation demands from the potable water system and onto recycled water in a matter of a few months. Western Dublin construction may commence in summer 2015.

District staff estimates the total project cost of the Recycled Water Expansion Phase 1 - Distribution to Western Dublin and Alameda County Facilities project (CIP 15-R009) at \$6 million. With the anticipated grant amount funding of \$2 million, the net project cost to the District is \$4 million.

Ms. Biagtan concluded her remarks stating staff requests the Board approve the addition of the CIP 15-R009 project to the current year's CIP Program. She noted that associated with the request are adjustments to the CIP Fund Expenditure limits and adjustments to the Revenue budgets. The project budget is split between Water Replacement and Water Expansion, as both current customers and future customers will benefit from this project.

General Manager Michalczyk credited Ms. Biagtan for her efforts on this grant application that was assembled very quickly.

V.P. Duarte asked if there would be any pump stations included in the proposed project.

Ms. Biagtan answered that for now there would only be pipelines involved.

Director Halket MOVED to adopt Resolution No. 36-14, approving a budget adjustment to the Capital Improvement Program Two-Year Budget for Fiscal Years Ending 2014 and 2015 to add Recycled Water Expansion Phase I – Distribution to Western Dublin and Alameda County Facilities project (CIP 15-R009). Director Benson SECONDED the MOTION, which CARRIED with FIVE AYES.

- D. Approve Budget Adjustment to the Capital Improvement Program (CIP) Two-Year Budget for Fiscal Years Ending 2014 and 2015 to Add Pipeline Replacement Pilot Project (CIP 15-W010)

Engineering Services Manager Biagtan reported that when the Board approved mid-year CIP Budget adjustments at the May 5, 2014 meeting, the Pipeline Replacement Pilot Project (CIP 15-W010) was not a part of the requested

adjustments because the results of an assessment for this project were unavailable at that time, so a proposed project was not prepared for Board consideration.

As part of the District's Strategic Plan Work Plan, staff was to conduct a condition assessment on the water system, particularly in highly corrosive locations. Studying an existing potable water system can be a bit challenging because TV cameras cannot be placed in an operational pipeline without impacting customers. The technology used to conduct the assessment is relatively new. Staff is proposing a pilot project to validate the results of the assessment. Financial decisions will be made on future replacements of infrastructure and this assessment is important. The proposed project cost is \$300,000. Funding for this project will be from the existing Water System Improvement Program and will not impact the overall CIP Budget. This item is being presented to the Board to comply with Budget Accountability policy.

Asset Management Supervisor Garry Lee led the work related to this condition assessment. He has made significant progress in the District's Asset Management Program and pushed hard to complete this assessment. Ms. Biagtan invited Mr. Lee to make a presentation of the results of that assessment.

Mr. Lee gave a presentation titled, "Asset Management Potable Water System Pilot Project." He focused his presentation discussion on the District's potable water system and the acoustic testing technology the District, along with EBMUD, has pilot tested. The primary purpose of the acoustic testing is to get an assessment of pipe, project how many remaining years of useful life are estimated and then give the agency a better idea of when to replace the asset. This would be helpful to the District's finance department with their replacement modeling. Mr. Lee stated the acoustic testing information should give the District an idea of the urgency to step up projects in the future. This CIP project could have some significant impacts on the upcoming 10-year CIP.

V.P. Duarte MOVED to adopt Resolution No. 37-14, approving a budget adjustment to the Capital Improvement Program Two-Year Budget for Fiscal Years Ending 2014 and 2015 to Add Pipeline Replacement Pilot Project (CIP 15-W010). Director Benson SECONDED the MOTION, which CARRIED with FIVE AYES.

- E. Adopt Revised Policy – Guidelines for Conducting District Business and Rescind Resolution No. 61-09

General Manager Michalczyk introduced the proposed updated "Guidelines for Conducting District Business" policy and reported that revisions have been underway for some time and were last discussed by the Board in December 2013. These guidelines document the way the Board transacts District business. Because of the drought related planning and activities, completion of this policy was delayed until now.

Mr. Michalczyk briefly discussed the most significant changes in the guidelines:

- 1) Process streamlining for agenda items – Business items will go first to the Board—with a few specified exceptions. Items could be referred for review upon first consideration by the Board. Overall, it is believed this process change will streamline District work, assist with the workload and accelerate implementation.
- 2) Recording Board meetings – Board meetings are now recorded and available on the website. This process change necessitated incorporation of updated meeting protocols to ensure good quality video recordings of the meetings result, given current equipment limitations.
- 3) Electronic communication devices – To remain open and transparent, the use of such devices at the dais is not permitted.
- 4) Board Correspondence – Streamlined and simplified this section for modern-day electronic means of communications. Directors now have individual District email addresses (generally, last name @dsrsd.com).
- 5) Administrative changes – Several changes are incorporated into the guidelines as directed by the Board (Attachments 1 and 2 in agenda item materials).

President Vonheeder-Leopold recalled talking about the updates at the Board and Committee meetings. She believed that all the changes were incorporated into the guidelines. She expressed her satisfaction with updating the section on the electronic communication devices and use of email.

Mr. Michalczyk noted the approval provides him with the latitude to make any minor changes when finalizing the document for publishing. He noted one of the other purposes of this document is for the public to understand how the Board conducts business.

V.P. Duarte mentioned the guidelines will be available to the public on the website.

Director Halket MOVED to adopt Resolution No. 38-14, revising Guidelines for Conducting District Business policy and Rescinding Resolution No. 61-09. Director Benson SECONDED the MOTION, which CARRIED with FIVE AYES.

10. BOARDMEMBER ITEMS

Director Howard commented on the beautiful weather from his teleconference location in Lake Tahoe.

Director Benson commented on:

- The June 19, 2014 breakfast hosted by EBMUD Director Frank Mellon that she and President Vonheeder-Leopold attended. She mentioned the many topics discussed at the meeting.
- She participated in a conference call along with President Vonheeder-Leopold and a representative from OpenGov, a financial transparency and web-based business intelligence platform that has been used by several water and

wastewater agencies. They provide a way to publish an agency's financials so the public can easily understand the information.

- She thanked Financial Services Manager Archer for his preparation work and attendance at the June Zone 7 meeting that she and General Manager Michalczyk also attended.
- She mentioned the many good articles contained in the California Special District May – June 2014 publication. Director Benson wished everyone a wonderful Fourth of July holiday!

President Vonheeder-Leopold commented on:

- The June 19, 2014 meeting she attended hosted by EBMUD Director Frank Mellon and the many positive comments about the partnership with DSRSD on DERWA.
- She attended former San Ramon Mayor Curt Kinney's funeral. Mayor Kinney served the City in the mid-1990s.
- The recent article in a Castro Valley newspaper that had information on the Castro Valley Sanitary District's sewer lateral replacement program.
- She attended and presented the District Board's proclamation at the June 25, 2014 retirement party for Ms. Nancy Feeley, President/CEO of Dublin Chamber of Commerce, who retired after nearly 40 years of working for the Chamber.
- She participated in the OpenGov conference call with Director Benson. She referred Directors to the City of Dublin's website for a view of this service.
- In gathering information for the Dublin Library 100th birthday, she discovered a 1961 aerial photo of the District's WWTP which she gave to staff to hang up for all to enjoy.
- She attended the June 19, 2014 Re-dedication of the Val Vista Community Park and Neighborhood Meeting and BBQ sponsored by the District and the City of Pleasanton.

11. CLOSED SESSION

At 7:07 p.m. the Board went into Closed Session.

A. Conference with Labor Negotiators – Pursuant to Government Code Section 54957.6

Agency Negotiator: Bert Michalczyk, General Manager

Unrepresented Employees: 1. Interim Engineering Services Manager
2. Operations Manager
3. Interim Financial Services Manager
4. Interim Organizational Services Manager

Additional attendees: General Counsel Carl P. A. Nelson

Michelle Gallardo, Interim Organizational Services Manager
Bruce Lawson, Fox Lawson & Associates

B. Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8

Property: Reservoir 1A, 8208 Rhoda Avenue, Dublin, California

Agency Negotiator: Bert Michalczyk, General Manager
Rhodora Biagtan, Interim Engineering Services Manager
Steve Delight, Interim Planning & Permitting Division Supervisor
Negotiating Parties: AT&T
Under Negotiation: Price and Terms of Payment
Additional Attendees: General Counsel Carl P. A. Nelson

12. REPORT FROM CLOSED SESSION

At 8:38 p.m. the Board came out of Closed Session. President Vonheeder-Leopold announced that there was no reportable action.

13. ADJOURNMENT

President Vonheeder-Leopold adjourned the meeting at 8:39 p.m.

Submitted by,

Nancy Gamble Hatfield
District Secretary