

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

February 18, 2014

A regular meeting of the Board of Directors was called to order at 6:00 p.m. by President Georgean M. Vonheeder-Leopold. Boardmembers present: President Georgean M. Vonheeder-Leopold, Vice President Edward R. Duarte, Director D.L. (Pat) Howard, Director Richard M. Halket, and Director Dawn L. Benson. 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
5. PUBLIC COMMENT (MEETING OPEN TO THE PUBLIC) – 6:01 p.m.
6. REPORTS
 - A. Reports by General Manager and Staff
 - Event Calendar – General Manager Michalczyk reported on the following:
 - o On Wednesday, February 12, 2014 he and President Vonheeder-Leopold attended San Ramon City Mayor Clarkson’s State of the City address luncheon.
 - o On Wednesday, February 26, 2014 Dublin City Mayor Tim Sbranti will hold his State of the City address luncheon.
 - o On Wednesday, March 5, 2014 ACWA will hold their Annual Legislative Symposium in Sacramento. Directors should contact Mr. Michalczyk or District Secretary Hatfield for reservations.
 - o On Wednesday, March 5, 2014 the Tri-Valley Utility Coordination and Integration study will be discussed at a joint meeting of elected officials from DSRSD, Zone 7 and the Cities of Dublin, San Ramon, Pleasanton and Livermore. The study identifies possible options for coordination and integration of utility service to the Tri-Valley. If three Directors plan to attend and participate in the discussion, the meeting will need to be agendized as a Special Board meeting. Director Vonheeder-Leopold stated she would attend and might wish to participate in the discussion.

- o Dublin City Manager Chris Foss has asked District staff to make a presentation to the Dublin City Council on the water supply situation at the Council’s March 18, 2014 meeting which will immediately follow the District’s Board meeting that evening.
- Correspondence to and from the Board

General Manager Michalczyk stated that staff will send a response letter to Mr. Healy.

Date	Format	From	To	Subject
2/13/14	Letter	Andy Katz President EBMUD Board of Directors	Georgean Vonheeder- Leopold	Water Conservation for Customers
2/18/14	Letter	Elliott Healy	Dublin San Ramon Services District	Water usage reduction basis

B. Committee Reports
Finance

February 10, 2014

President Vonheeder-Leopold invited comments on recent committee activities. Directors felt the available staff reports adequately covered the many matters considered at committee meetings and made a few comments about some of the committee activities.

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

General Manager Michalczyk reported that there would not be a need for the closed session if the Board does not wish to discuss the legal issues prior to its consideration of Item 8.A – Notice of Rejection of Claim – Mr. Eric Pierson c/o Berg Injury Lawyers.

7. APPROVAL OF MINUTES – Regular Meeting of *February 4, 2014*

Director Benson MOVED for the approval of the February 4, 2014 minutes. V.P. Duarte SECONDED the MOTION, which CARRIED with FIVE AYES.

8. CONSENT CALENDAR

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

- A. Notice of Rejection of Claim – Mr. Eric Pierson c/o Berg Injury Lawyers – Approved
- B. Approve the Agreement with the City of Pleasanton Regarding a Permanent Pharmaceutical Waste Collection Program – Approved – Resolution No. 8-14

- C. Adopt Revised Day of Service Policy Regarding Eligibility for Compensation for Board Members and Rescind Resolution No. 3-13 – Approved – Resolution No. 9-14
- D. Upcoming Board Calendar – Approved

9. BOARD BUSINESS

- A. Accept Monthly Water Supply Report

General Manager Michalczyk reported that this agenda item is an update to the status of the water supply that the Board received at the February 4, 2014 meeting. This report will provide the context for the next four agenda items for which the Board will consider: 1) Declaration of a State of Emergency; 2) Endorsement of the District Drought Response Plan; 3) Informational discussion about a future Board decision on staged water rates; and, 4) Endorsement of the Statewide Water Action Plan.

Mr. Michalczyk reviewed the water supply situation and the changes in that situation since February 4, 2014. He stated that precipitation is slightly above average for the month of February to date and that precipitation for the water year is no longer worse than the 1976 – 1977 period. He stated that while rainfall reduces demand, it is the snowpack that adds to the water supply. Regarding the snowpack, there is only about 16% of average snowpack for the year which is only a very slight improvement over the past two weeks. Long term forecasts still project below average precipitation for the remainder of the rainy season. Lake Oroville storage remains below historic lows in the 1976-77 period but has improved slightly. Mr. Michalczyk stated the water situation remains critical but not yet desperate.

V.P. Duarte MOVED to accept the Monthly Water Supply Report. Director Benson SECONDED the MOTION, which CARRIED with FIVE AYES.

- B. Adopt a Declaration of a Community Drought Emergency

Operations Manager Gallagher addressed the Board and explained this item is a declaration of a community drought emergency. The District drought emergency declaration mirrors the State of California's and Zone 7's recent declarations. The declaration of a community drought emergency will reinforce the urgency of the water supply and what is being planned for, and the declaration will direct staff to work to achieve a 20% system-wide reduction in water consumption, targeting 5% interior water use curtailment and 40% exterior water use curtailment.

Mr. Gallagher noted that a revised resolution was distributed this evening, with the revision specifically in item 3 of the resolution. He explained the change states that the District's state of emergency will remain in place until the earlier of: (a) the Board rescinding the state of emergency, (b) Zone 7 rescinding its drought emergency, or (c) December 31, 2014. Mr. Gallagher noted that the Board may later choose to extend the declaration beyond December 31, 2014 if the drought persists.

The emergency declaration will: 1) streamline contracting and purchasing and provide for some exemptions to more expediently get work done; 2) provide for some exceptions under CEQA to get projects done more quickly; 3) streamline staff appointments related to drought activities; and, 4) increase the FYE 2014 operating budget by \$150,000 to cover expenses in March and April related to drought preparedness.

General Manager Michalczyk mentioned that Zone 7 and the City of Pleasanton have declared a state of emergency in their areas, and next Monday the City of Livermore will consider the same with a request for 20% system-wide reduction.

Directors asked questions about the funding source for the budget increase, the District's new AMI system capabilities, CEQA exceptions, and temporary recycled water hookups.

Director Halket MOVED to adopt Resolution No. 10-14, to Declare a Community Drought Emergency. Director Howard SECONDED the MOTION, which CARRIED with FIVE AYES.

C. Endorse District Drought Response Action Plan

Operations Manager Gallagher explained that staff is asking the Board to endorse the Drought Response Action Plan dated February 18, 2014 in the agenda which contains a list of actions and initiatives staff will investigate. Mr. Gallagher noted the Board received a presentation on the list of the proposed action items at the February 4, 2014 meeting. Board input from that meeting has been incorporated.

The Drought Response Action Plan contains a description of the status of other agencies' actions in response to the drought, fiscal impacts, action plan activities, implementation of the plan, and expected status reports and achievements. The key activities in the Drought Response Action Plan are to achieve a 20% system-wide curtailment in water usage consisting of 5% interior water use curtailment and 40% exterior water use curtailment on a system wide basis. Some of the key components in the Action Plan include: immediate water use curtailment at District facilities and in District activities, focused public outreach, expanded recycled water use, enhanced customer service, affordability and enticement programs, and cooperation with Zone 7 related to deliveries of the limited supply of water. Mr. Gallagher mentioned that he has a meeting tomorrow with the

CDPH in Richmond to discuss DSRSD's proposal to allow the public to take recycled water home in containers for outdoor use during this drought. Currently, this type of distribution to the public has never been considered before. The Directors suggested making recycled water available to the public for pickup at scheduled locations throughout the service area where there are purple hydrants, rather than requiring customers to come all the way to the treatment plant to fill their containers.

Directors asked some questions including District participation in the upcoming Art and Wind Festival and St. Patrick Day's celebration, and the District's AMI system capabilities as an information source for customer water usage data.

General Manager Michalczyk noted that participation in community events to spread the word about the drought was not budgeted and would be one of the ways the budget increase in the last agenda item could be used.

V.P. Duarte MOVED to endorse District's Drought Response Action Plan. Director Benson SECONDED the MOTION, which CARRIED with FIVE AYES.

D. Receive Fiscal Analysis of Stage 2 Water Shortage Condition Rate Implementation

Financial Services Manager Archer addressed the Board and explained this agenda item is a presentation and not for a rate action this evening. Instead, Mr. Archer stated the presentation is for the Board to get a sense about how potential drought rates may affect different customers. The Board last adopted water rates in 2013 with four conservation levels, stages one to four at that same time. When rates were set, the Board identified the following goals for the staged rates:

- Maintain fiscal integrity;
- Minimize impact on low usage customers;
- Minimize impact on higher usage customers who meet reduction targets; and
- Encourage conservation overall.

Additionally, the staged rates will generate additional revenue from the third tier customers to cover the cost of additional programs required to respond to the drought conditions.

Mr. Archer discussed the presentation materials contained in the agenda packet materials noting that Attachments A to C assume Stage 2 rates which correspond to a 20% reduction in water sales system-wide. The analyses also assume no change in the Zone 7 rates. One of the key aspects of the staged rate design is that if a residential customer curtails water usage by the staged amount (in this case 20% in Stage 2), their bill would actually decrease.

Mr. Archer discussed that while potable irrigation customers show a net bill increase, that increase can be offset by achieving approximately a 27% water reduction.

General Manager Michalczyk mentioned that staff is studying affordability programs for very low water users.

Directors discussed various aspects of the impacts of Stage 2 water rates, particularly the potential impact on a low water user, District finances, and hooking up users close in proximity to recycled water pipelines.

E. Endorse Association of California Water Agencies' (ACWA) Statewide Action Plan

Community Affairs Supervisor Stephenson reported that this item is a request for the Board to endorse the Association of California Water Agencies' (ACWA) Statewide Action Plan. The analysis and comparison between ACWA's plan and the Governor's California Water Action Plan is contained in the agenda materials. The Board recently heard California Natural Resources Secretary John Laird on January 30, 2014 speak on the California Water Action Plan. Ms. Stephenson stated that ACWA's plan may be more focused than the State's plan but the two are very similar.

General Manager Michalczyk reminded the Board that discussions on the plan started at an ACWA meeting held at EBMUD in Fall 2013 that President Vonheeder-Leopold attended and adoption of the plan is a natural progression from that meeting and the recent community meeting at which secretary Laird spoke.

Director Howard commented he believes ACWA is on target with this plan.

Director Howard MOVED to adopt Resolution No. 11-14, Endorsing the Statewide Water Action Plan Prepared by the Association of California Water Agencies. Director Benson SECONDED the MOTION, which CARRIED with FIVE AYES.

F. Second Reading: Adopt Ordinance Repealing and Replacing Chapter 6.10 (Personnel Merit System) of the District Code

President Vonheeder-Leopold read aloud the title of the Ordinance.

Director Howard MOVED to WAIVE the reading of the Ordinance Repealing and Replacing Chapter 6.10 Section 6.10.010 of its District Ordinance Code to update the definition, purpose, administration and positions covered by the Personnel Merit System. Director Benson SECONDED the MOTION, which CARRIED with FIVE AYES.

Organizational Services Manager Gallardo reported that this item is to request repealing and replacing Chapter 6.10, Section 6.10.010 by way of the proposed Ordinance. Since senior managers are not part of the classified service, the language needs to be revised to accurately reflect this. By adoption of the Ordinance, the language will be updated and the changes will be effective March 20, 2014.

General Manager Michalczyk noted that this change is being proposed to very clearly specify that the General Manager as well as Senior Managers entering into Personal Services Agreements are at-will employees. These positions serve at the pleasure of the Board.

V.P. Duarte MOVED to adopt Ordinance No. 332 Repealing and Replacing Chapter 6.10, Section 6.10.010 of its District Ordinance Code to Update the Definition, Purpose, Administration and Positions Covered by the Personnel Merit System. Director Howard SECONDED the MOTION, which CARRIED with FIVE AYES.

10. BOARDMEMBER ITEMS

Director Halket mentioned that he and his family visited Truckee and it looks as though it is in the late April time period rather than February with the lack of snow on the terrain. He stated it is a very grim situation in Lake Tahoe with the lack of snow at this time of year.

Director Benson thanked District Secretary Hatfield and her staff for their efforts in planning the Employee Recognition event. She mentioned she was in Fresno this past weekend as was President Obama who met with farmers and others. She stated it was a good opportunity for the President to get an awareness of the current water situation.

Director Howard thanked District Secretary Hatfield and her staff for organizing the great get together for the Employee Recognition event. He mentioned that he talked with several employees who had the desire to have retirees invited to attend the employee event the year after they retire so they could catch up with current employees. He suggested the matter be referred to the Personnel Committee for discussion.

V.P. Duarte congratulated District Secretary Hatfield on her Supervisor of the Year award and the great event planned by her and her staff, and the Master of Ceremonies role performed by General Manager Michalczyk. He thought employees truly appreciated all of the awards and recognition given and V.P. Duarte stated it was a very good party. Additionally, V.P. Duarte after the last board meeting approached the two Rotary Clubs in San Ramon about receiving the stellar presentation given by Mr. Dan Gallagher and Ms. Amparo Flores from Zone 7. Both clubs agreed to hear the presentation. V.P. Duarte noted the several influential individuals who participate in these San Ramon clubs. He agreed it would be a good idea to have them also speak at the Dublin Rotary Club.

President Vonheeder-Leopold thanked staff for the work they did on planning the Employee Recognition event, which the Board hosts for employees. She commented on how impressed she was with the many staff accomplishments in 2013. She also noted last Wednesday she attended the San Ramon Mayor's State of the City address luncheon.

Director Benson commented she had an extra ticket for the Dublin Mayor Sbranti State of the City address on February 26, 2014 as she will be unable to attend.

11. CLOSED SESSION

A. NOT HELD - Conference with Legal Counsel – Anticipated Litigation. Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Government Code Section 54956.9: One case. Receipt of a claim pursuant to the Tort Claims Act from Mr. Eric Pierson.

12. REPORT FROM CLOSED SESSION

13. ADJOURNMENT

President Vonheeder-Leopold adjourned the meeting at 7:06 p.m.

Submitted by,

Nancy Gamble Hatfield
District Secretary