

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

November 18, 2014

A regular meeting of the Board of Directors was called to order at 6:03 p.m. by President Georgan M. Vonheeder-Leopold. Boardmembers present: President Georgan 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) – 6:03 p.m.
6. REPORTS
 - A. Reports by General Manager and Staff
 - Event Calendar – General Manager Michalczyk reported on the following:
 - o Tonight at 7:00 p.m. the General Manager will make a status report to the Dublin City Council at their meeting about the 2014 drought and community response. Mr. Michalczyk will also give a similar presentation to San Ramon City Council at their meeting on Tuesday, November 25, 2014. Directors are invited to attend both meetings.
 - o On behalf of District staff, Mr. Michalczyk wished the Boardmembers a “Happy Thanksgiving!”
 - Correspondence to and from the Board on an Item not on the Agenda – None
 - B. Agenda Management (consider order of items) – No changes were made
 - C. Committee Reports

Tri-Valley Water Agency Liaison	November 17, 2014
Personnel	November 18, 2014

President Vonheeder-Leopold invited comments on recent committee activities. Directors made a few comments about some of the committee activities.

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

Director Howard MOVED for the approval of the November 4, 2014 minutes. Director Benson SECONDED the MOTION, which CARRIED with FOUR AYES, and ONE ABSTENTION (Halket).

8. CONSENT CALENDAR

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

- A. Rejection of Claim - Ms. Christine Enderby – Approved
- B. Approve Categorical Exemption for Component 1 of the Recycled Water Expansion Phase 1 - Distribution to Western Dublin and Alameda County Facilities (CIP 15-R009) – Approved – Resolution No. 72-14
- C. Rate Stabilization Fund Annual Reporting – Approved
- D. Adopt Revised Financial Reserves Policy to Conform to Recently Adopted “Guidelines for Conducting District Business” and Rescind Resolution No. 48-12 – Approved – Resolution No. 73-14
- E. Approve Resolution Authorizing Self-Reporting under the Municipalities Continuing Disclosure Cooperation Initiative – Approved – Resolution No. 74-14
- F. Accept the Following Regular and Recurring Reports: October District Financial Statements and Unexpected Asset Replacement Request - Replacement Pump #2 for FSL Sludge – Approved
- G. Upcoming Board Calendar – Approved

9. BOARD BUSINESS

A. Discuss Drought Management Program

General Manager Michalczyk reported this agenda item gives the Board an opportunity to give staff some direction about their Drought Management Program and allow the community to address the Board about any concerns related to the drought. At the December 2, 2014 meeting, among other drought related actions, the Board will be asked to extend the drought emergency into Calendar Year 2015. To date, since May 5, 2014, the community has responded very well and achieved approximately a 35% conservation level.

The Board did not direct staff to develop and changes to the program.

- B. Award Construction Agreement to McGuire and Hester for Component 1 of the Recycled Water Expansion Phase 1 - Distribution to Western Dublin and Alameda County Facilities (CIP 15-R009)

Engineering Services Manager Biagtan explained this agenda item is to request approval of a construction agreement with McGuire and Hester for extension of a recycled water pipeline to Alameda County facilities. As part of the emergency drought declaration adopted by the Board in May 2014, the Board authorized a Drought Action Plan that included this project. The project will take recycled water to Alameda County facilities that include the Santa Rita Jail, the sheriff facilities and the animal shelter. This would result in a permanent potable water demand reduction of approximately 200 AF. The recent \$2 million grant received from the DWR Proposition 84 Integrated Regional Water Management Program will assist with those expenses. Ms. Biagtan stated that under Public Contract Code Section 22050(a) and Board policy, the District is permitted to procure services and materials without public bid under emergency circumstances. McGuire and Hester is currently the District's on-call underground contractor and was selected through a competitive process. The cost of the installation of the pipeline is slightly less per linear foot than the District's cost for the Central Dublin Recycled Water Project which was publicly bid. Ms. Biagtan noted that if the Board had questions about the project, both District Project Manager Steve Delight and McGuire and Hester representative Mr. Bruce Daseking were available in the audience.

V.P. Duarte commented this was the first time he had seen the on-call process used. He asked questions about the method of negotiations used.

In response to V.P. Duarte's question, Mr. Steve Delight explained the negotiation process. Mr. Delight stated staff assembled design drawings and those drawings were then given to McGuire and Hester with the request they provide an estimate of what it would cost to perform the project work conforming to the District's standard plans and specifications. McGuire and Hester and Mr. Delight worked together to clarify assumptions made in the estimate and then arrived at a final cost for the project.

V.P. Duarte asked if Mr. Delight obtained a price for the pipe material. Mr. Delight stated he received a lump sum on line items that matched a typical bid schedule and he was not aware of the exact cost for the PVC pipe itself because he received the installed price only.

Director Halket also noted this is a unique use of the on-call system and a slight bit surprising; however, he understood using the on-call contractor in this way within the context of the drought emergency and the ability to have the pipeline built by the spring.

Director Halket asked Mr. Delight how much longer it would have taken to get this pipe in the ground if the District proceeded with a formal bid.

Mr. Delight responded that to have gone through the formal bidding process it would have taken approximately six months and the District would be fortunate if it had recycled water flowing to the Santa Rita Jail by the end of next summer. Using this method to have the on-call contractor perform the work allows the District to have Santa Rita Jail hooked up to recycled water by spring 2015.

Ms. Biagtan noted General Counsel Nelson consulted with staff to assist them with the Technical Services Agreement so it would be in conformance with state requirements.

President Vonheeder-Leopold stated she believes because the District is in the midst of the emergency drought condition it is actually fortunate as it has the ability to treat this construction as part of the emergency response and not have to go through the formal bidding process. She also noted the District has dealt with this contractor previously and they have an excellent reputation. She stated it was much better to have a contractor that is familiar with what is underground in that area rather than just relying on maps.

Director Halket MOVED to adopt Resolution No. 75-14, approving and authorizing execution of Technical Services Agreement to McGuire and Hester for Construction of Component 1 of the Recycled Water Expansion Phase I – Distribution to Western Dublin and Alameda County Facilities (CIP 15-R009). Director Benson SECONDED the MOTION, which CARRIED with FIVE AYES.

C. Accept Financial Statements for Year Ended June 30, 2014 with Independent Auditors' Report

Financial Services Manager Archer reported that he was presenting the Basic Financial Statements for the Year Ended June 30, 2014. The District is in very good financial shape. All of the operating funds are operating within their targeted working capital levels and as noted in an earlier board action, funds have been transferred to the Water Replacement fund from the Rate Stabilization fund. The Water fund also had an operating surplus for the year, partially due to increased recycled water sales. The replacement and expansion funds are operating within their targeted levels, with the exception of the Water Replacement fund. In the past few years, the Water Replacement fund had some large recycled water projects and a new meter reading system. However, there is still \$9 million in reserves in the Water Replacement fund. By the end of the fiscal year, the District paid down one-half of the Temporary Infrastructure Charge (TIC) and there is a \$4 million liability remaining.

Mr. Archer explained that also in the agenda materials is the Memorandum on Internal Control and Required Communications for the Year Ended June 30, 2014. That memo is addressed directly to the Board of Directors and there were no noted weaknesses or areas of disagreement. GASB 68 requirements are coming in the future which require new reporting on pension plans. Mr. Archer noted if the Board had any questions about the audit, Ms. Vikki Rodriguez from Maze & Associates

was present in the audience. He credited District Accountant II Karen Vaden for her large effort to coordinate the audit and prepare the draft financial statements.

Director Halket expressed his appreciation for the effort that went into Notes 6 and 7, especially as it relates to debt on the financial sheet of a JPA that the District might be a part.

President Vonheeder-Leopold thanked and congratulated staff for the clean audit during a year of senior management transition in the Financial Services Department. She discussed some of highlights of the audit that reflect the overall financial improvements at the District.

Director Howard MOVED to accept the Financial Statements for the Year Ended June 30, 2014 with Independent Auditors' Report. V.P. Duarte SECONDED the MOTION, which CARRIED with FIVE AYES.

- D. Approve Master Agreement for Consulting Services with Brown and Caldwell and Authorize General Manager to Execute Task Order No. 1 for Design Services for the Secondary Clarifier No. 3 Rehabilitation (CIP 14-S013)

Engineering Services Manager Biagtan reported this item is to request approval for a new Master Agreement and Task Order No. 1 with Brown and Caldwell (B&C) for the rehabilitation of the Secondary Clarifier No. 3. She explained this is follow-on work by B&C from the Stage 4 WWTP expansion and Secondary Clarifier No. 2 project. They were selected through a quality based process. The drought slowed this work and as a result, the existing agreement with B&C expired. Ms. Biagtan noted the narrow window to conduct this work is when there is less recycled water demand and not during a high storm period.

V.P. Duarte asked if there is a conceptual budget. Ms. Biagtan stated there will be a construction estimate later.

V.P. Duarte MOVED to adopt Resolution No. 76-14 approving a Master Agreement for Consulting Services with Brown and Caldwell and authorizing the General Manager to execute Task Order No. 1 in the amount of \$162,439. Director Benson SECONDED the MOTION, which CARRIED with FIVE AYES.

10. BOARDMEMBER ITEMS

Director Benson reported on the following:

- As an observer, she attended an interesting and informative meeting of the Tri-Valley Water Agency Liaison Committee held at Zone 7 on November 17, 2014.
- She thanked staff and offered them "Happy Thanksgiving!" greetings.
- She noted she will be out of town on December 2, 2014 for the Board meeting but will plan to teleconference in to participate.

President Vonheeder-Leopold reported on the following:

- She, too, attended last night’s meeting of the Tri-Valley Water Agency Liaison Committee.
- She shared an interesting new publication titled “Tri-Valley Rising: Its Vital Role in the Bay Area Economy.” The publication was prepared by the Bay Area Council Economic Institute for Alameda County Transportation Commission, which is a partnership of business with labor, government, higher education, and philanthropy.
- She shared from the November 13, 2014 Times newspaper a column known as Past Times that featured a heading “November 11, 1959 Top Stories of the Pleasanton Times: ‘Historic Billion-Dollar Water Program Launched,’” which discussed some of the area’s water history.
- She attended the November 19, 2014 Alameda County Special Districts Association meeting at Oro Loma.
- The Soroptimist International of Pleasanton and Dublin has a holiday poinsettia fundraiser.

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 claim from Christine Enderby pursuant to the Government Claims Act (Government Code §§810-996.6)
Agency Negotiators: Bert Michalczyk, General Manager
Michelle Gallardo, Interim Organizational Services Manager

12. REPORT FROM CLOSED SESSION

13. ADJOURNMENT

President Vonheeder-Leopold adjourned the meeting at 6:38 p.m.

Submitted by,

Nancy Gamble Hatfield
District Secretary