

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

August 6, 2013

A regular meeting of the Board of Directors was called to order at 6:00 p.m. by President Dawn L. Benson. Boardmembers present: President Dawn L. Benson, Vice President Georgan M. Vonheeder-Leopold, Director Edward R. Duarte, Director D.L. (Pat) Howard, and Director Richard M. Halket. District staff present: David Requa, District Engineer/Assistant General Manager; Lori Rose, Financial Services Manager/Treasurer; Dan Gallagher, Operations Manager; Michelle Gallardo, Interim Organizational Services Manager; Carl P.A. Nelson, General Counsel; and Nicole Genzale, Acting 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) – 6:02 p.m.

Resident Ms. Marlene Massetti thanked President Benson for responding to her email regarding Home Emergency Insurance Solutions (HEIS), a company offering optional pipeline insurance coverage. She expressed concerns over the District's endorsement of and partnership with HEIS. She suggested that funds received from HEIS be used to assist low-income customers and struggling homeowners.

In response, Financial Services Manager Rose explained that the District established a Low Income Assistance program approximately two years ago. The program provides for a credit that is equal to the amount of the fixed water service charge. The District currently provides a subsidy to customers who qualify for the program.

6. REPORTS
 - A. Reports by General Manager and Staff
 - Event Calendar – Assistant General Manager Requa reported on the following:
 - o He is attending tonight's meeting in place of General Manager Michalczyk who is absent to tend to a family emergency. Financial Services Manager Rose was welcomed back.
 - o The July 16, 2013 draft meeting minutes presented for approval contain an error due to omitting Director Duarte as an attendee.
 - o Operations Manager Gallagher reported on two significant water pipe breaks that occurred within the last week. The first occurred on the morning of Friday, August 2, 2013 on York Street. A 10-inch water main broke and

approximately 30 homes did not have water during repairs. The cause was determined to be a corroded repair coupling that was installed when the original pipe was laid approximately 30 years ago. The second break occurred yesterday, August 5, 2013, and was located off Village Parkway at the northern edge of pressure zone 1. Four homes lost water briefly during repairs. He commented that ground shrinkage, due to dry weather, can put stress on pipes contributing to pipe breakage. He will keep the Board informed of future issues. Mr. Requa added that the District's Asset Management Division is focused on these two particular issues: corrosive soil and asbestos cement pipes which are the oldest in the District.

- Correspondence to and from the Board

	Date	Format	From	To	Subject
1.	7-22-13	Letter attached to email	Dave Suico, Shapell Homes	President Benson	Item D-3 – Proposed Revisions to District Code Chapters 3.60 and 3.70 to Address Expiring Capacity Rights
2.	7-22-13	Letter attached to email	Bob Glover, BIA	President Benson and Director Halket	Item D-3 – Proposed Revisions to District Code Chapters 3.60 and 3.70 to Address Expiring Capacity Rights
3.	7-24-13	Email	Rich & Jan	DSRSD Board	Article on Home Emergency Insurance Solutions
4.	7-31-13	Letter attached to email	President Benson	Rich & Jan	Response from the Board regarding Article on Home Emergency Insurance Solutions
5.	7-24-13	Email	Rich Atkins	DSRSD Board	Endorsement of private business by public entity; DSRSD (Home Emergency Insurance Solutions)
6.	7-26-13	Letter attached to email	President Benson	Mr. Atkins	Response to email correspondence regarding optional insurance program (Home Emergency Insurance Solutions)
7.	7-23-13	Email	David Massetti	DSRSD Board	Endorsement of private business by public entity; DSRSD (Home Emergency Insurance Solutions)

8.	7-26-13	Letter attached to email	President Benson	Mr. Massetti	Response to email correspondence regarding optional water line insurance program
9.	8-5-13	Letter	Board of Directors	Bob Glover, BIA	Agenda Item 9B, Discuss Extension of Expiring Capacity Rights
10.	8-5-13	Letter	Board of Directors	Richard M. Nelson, Toll Brothers, Inc.	Expiring Water and Sewer Capacity Rights
11.	8-6-13	Letter	Board of Directors	Dave Suico, Shapell Industries	Support of the extension of "expiring capacity rights"

B. Committee Reports

Wastewater
Finance

July 17, 2013

July 22, 2013

President Benson 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.

7. APPROVAL OF MINUTES – Regular Meeting of *July 16, 2013*

V.P. Vonheeder-Leopold MOVED for the approval of the July 16, 2013 minutes with the change to add Director Duarte as an attendee. Director Duarte SECONDED the MOTION, which CARRIED with FOUR AYES, and ONE ABSTENTION (Howard).

8. CONSENT CALENDAR

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

A. Accept Annual Reporting of Expense Reimbursements over \$100 and Status on Outstanding Receivables – Approved

B. Approve Amendment No. 7 to Agreement of February 8, 2002 with Bold, Polisner, Maddow, Nelson & Judson – District General Counsel – Approved – Resolution No. 34-13

C. Revise the Utility Billing Adjustments Policy and Rescind Resolution No. 16-12 – Approved – Resolution No. 35-13

D. Upcoming Board Calendar – Approved

E. Report of Checks and Electronic Disbursements Made – Approved

Date Range	Amount
06/24/13 – 07/28/13	\$12,498,382.50

9. BOARD BUSINESS

A. Public Hearing: Adopt Engineer's Report and Direct Levy of Annual Assessments in the Dougherty Valley Standby Charge District 2001-1 for Fiscal Year 2013-14

President Benson declared the Public Hearing open.

Hearing no public comments, Director Halket MOVED to CLOSE the Public Hearing. Director Howard SECONDED the MOTION, which CARRIED with FIVE AYES.

Treasurer Rose reported that approval of this item will allow staff to levy the special assessment for water service in Dougherty Valley. The assessment is used to pay Zone 7 for the costs associated with providing water in the Dougherty Valley. If Zone 7 is successful in separating from the County, this assessment will no longer need to be levied by the District. She stated that she believes the assessment is in its third year at the maximum charge. The District continues to talk with Zone 7 about pursuing separation from Alameda County so the assessment can then be levied by Zone 7. Otherwise, a special ballot measure may be necessary to raise the assessment. She commented that in a year or two there could be an issue in collecting enough funds from the Dougherty Valley to pay the fair share of the overhead costs. Ms. Rose stated she would be happy to answer any questions from the Board.

Director Halket commented that collection of the assessment is purely a standard administrative procedure. Zone 7 uses this assessment to fulfill the fixed water charge overhead for the Dougherty Valley. Because Zone 7 is an Alameda County entity, the agency cannot directly charge the Dougherty Valley so the District provides for this pass through for Zone 7's collection of these funds.

Director Halket MOVED to adopt Resolution No. 36-13, adopting Engineer's Report and Directing the Levy of Annual Assessments in the Dublin San Ramon Services District Dougherty Valley Standby Charge District 2001-1 for Fiscal Year 2013-2014. V.P. Vonheeder-Leopold SECONDED the MOTION, which CARRIED with FIVE AYES.

B. Discuss Extension of Expiring Capacity Rights

President Benson acknowledged receipt of a speaker card for this item and invited the guest to the lectern.

Speaker: Mr. Bob Glover, Building Industry Association - Mr. Glover thanked President Benson, Director Halket and the Finance Committee for the recommendation to hold a Capacity Rights Expiration Stakeholders' meeting, which he attended on July 30, 2013, and apologized that he was not able to attend the Finance meeting on July 22, 2013. He referred to the letter that he submitted on behalf of the Building Industry Association, dated July 22, 2013, supporting the extension of expiring capacity rights. He recalled that he spoke to the Board in 2010 and 2011 about ensuring success for projects occurring at the time of the economic downturn, and appreciated the support of the Board and staff in giving the building industry an opportunity to "weather the storm," noting that it has taken longer than anticipated. Mr. Glover stated that he understands the Board's fiduciary responsibilities, as well as that Board and staff require, as a condition of the elimination of the expiration, a "true-up" fee. He respectfully requested that the "true-up" fee be the difference of the fee at the time of expiration and the fee at the time of building permit issuance. This will not only help in the goal of attaining an economic solution for expiring projects, but sets a clear path for current and future projects. Mr. Glover concluded his remarks by thanking District staff and the Board for being willing to meet with stakeholders and to listen, be fair and give honest feedback regarding past, present and future proposals.

Assistant General Manager Requa provided background on this matter for the Board. The current District Code states that once capacity reserve fees are paid, the developer has three years to obtain the building permit associated with those fees or lose the capacity rights and forfeit the associated fees. The Board added this provision to the District Code quite a few years ago to prevent a particular developer from purchasing all District capacity rights at one time and withholding them from other developers. Fortunately, this situation has not been of issue in recent years.

Mr. Requa noted that a change in water connection fees caused a rush to the counter just before the 2008 economic downturn. Many capacity rights were scheduled to expire in 2011. In response, the Board took two separate actions that extended water and sewer capacity rights, for a charge of \$1000 or \$1500, to December 2013 or an additional two years, depending on where the developer fell in the time frame. There are still a number of fees that will be expiring at the end of December from that group, even though development has increased recently. In response, the Board asked staff to review the issue and bring back a recommendation.

Staff presented a recommendation to the Finance Committee on July 22, 2013 with the following components: 1) eliminate the fact that the fees are lost at the end of three years, and that then becomes a grace period, 2) the developer pays the fee and uses them within three years, or if not used in three years then the developer would pay an additional fee when the building permit is received. Staff recommends that the fee would be the difference between the fee that is in place at time of original purchase and the fee in place at the time of building permit issuance, and 3) The District Code provides the Board the ability to limit capacity rights. Staff also recommends that the District Code be revised to state that those who buy fees have the right to use them in that three year period, but the Board has the right to meter out their ability to use fees and either not issue new ones because of limited capacity, or not allow developers to vest them until there is available capacity.

Several developers attended the meeting and the Finance Committee recommended that staff meet with developers afterwards for further discussion, which occurred on July 30, 2013. The District also received a total of three separate letters from the Building Association Industry, Toll Brothers, and Shapell expressing that they are supportive of eliminating the expiration of capacity rights after three years and are reluctantly supportive of incurring a fee after that. They are requesting a change to staff's recommendation and request that the "true-up" fee be the difference of the fee at the time of expiration and the fee at the time of building permit issuance.

Mr. Requa stated that the group of developers impacted during the economic downturn has already paid extension fees, as well as increased connection fees, so the fee they incur to vest could be about equal to what the original fees were paid to purchase, which would be quite substantial. This is an important issue for the impacted developers.

The Finance Committee poses two questions to the Board: 1) does the Board support doing something about the "use it or lose it" provision; and 2) does the Board have any concerns or issues that the Finance Committee should further consider?

Mr. Requa also mentioned that General Manager Michalczyk has stated that he is supportive of moving the time period for fees due if the Board makes that recommendation.

Director Howard stated that he is supportive of the concept. His only reservation would be the span of time that this proposed change would be applicable. He stated that staff could work out the details.

Director Duarte stated that he is also supportive of the concept and commented that the responsibility of the Board is to ratepayers and the District for fiscal soundness, but the Board also needs to remember that the building industry is one

of the biggest contributors to the economy and that growth in the residential area is critical to the future of Dublin. He does not view adding an additional financial burden to developers as a requirement to build in California positively. The District should partner with developers and assist in whatever way possible without any detriment to the District.

V.P. Vonheeder-Leopold stated that she is also in favor of considering a District Code revision. She inquired if the District Code is changed, whether or not it would have to be changed again to return to the current requirements. She also asked how long the proposed change would be in effect and suggested that a timeframe be addressed.

Mr. Requa responded that the developer would pay the applicable fee when and if they use the rights, and if a capacity problem surfaces; the Board has the ability to take action at any time to determine when a developer can use the capacity.

General Counsel Nelson affirmed that Mr. Requa's assessment was correct.

V.P. Vonheeder-Leopold further commented that she did not think it reasonable to charge the developers the fee at time of purchase. The District Code revision does not appear to entirely help the developers that the Board has already assisted for an extension.

Director Howard commented that the vesting fee already paid could be a credit to the developers.

Director Halket commented that making a Code revision is an important endeavor. In order to avoid potential errors when put forth to the Board for a decision, the Board is informally testing the idea in this meeting's discussion. He stated that he will likely support this proposal.

The Directors then discussed various scenarios and outcomes to revising the Code as proposed.

The Board directed staff to begin working on the Code revisions and present this item for further discussion at the August 14, 2013 Finance Committee meeting.

President Benson stated that the Board's goal is to resolve this issue before expirations begin to happen in December, and hopefully to arrive at a solution that works for all parties.

C. Approve New District Logo Colors

Graphic Designer Joyce Chang presented to the Board three possible color combinations for the new District logo. She explained the technical merits and specifications of the Pantone printing formula used to produce the proposed logo

color schemes. She explained that she experimented with many color pairings, but the agreed-upon criteria narrowed the choices. The determining factor is what works and carries the small and large scale versioning the best. She commented that the classic combination and feel of the first version is the strongest and provides the necessary contrast in color. All three versions were presented on poster boards showing the logo in matte and coated finishes, as well as in various sizes that represent the various usages, such as signage on a District vehicle, uniform badging, and an electronic device application button. Ms. Chang explained the merits, faults and reasoning behind each of the color combinations presented.

The Board reviewed the three versions and agreed that version two was not as vibrant and desirable due to a lighter color scheme; however, the Board was unable to come to a consensus between versions one and three. The Board directed staff to place versions one and three in the District Office lobby and give staff and customers the opportunity to cast a vote for the preferred version over the course of the next two weeks.

10. BOARDMEMBER ITEMS

Director Duarte reported that he attended the Wastewater Committee facilities tour on July 17, 2013, which included the Biosolids Harvesting Operations and LAVWMA's Alamo Creek Wet Weather Outfall. He observed District equipment and staff in action performing sludge removal. The tour was very informative and he was glad to see the time, money, research and effort that staff has invested in the process. He noted that it is an incredible and efficient operation, and that as a contractor, he was impressed.

V.P. Vonheeder-Leopold reported that she also attended the Wastewater Committee facilities tour on July 17, 2013 and was ecstatic to see female staff driving the tractor. She had not seen the entire process performed in a long time. She also attended the Central Dublin Recycled Water project kick-off on July 29, 2013 held at Kolb Park. She complimented Public Information staff on the great job they did organizing the event, noting that it was extremely well attended by staff from other agencies, including Dr. Hanke, Superintendent of the Dublin Unified School District, and Mayor Sbranti. She also attended Robert "Bud" Nielsen's memorial service on Saturday, August 3, 2013 at the Heritage Center. Over 500 people attended to pay tribute to a true founder of current Dublin.

Director Howard reported that he was absent from the July 16, 2013 Board meeting to attend his granddaughter's 21st birthday celebration.

Director Halket reported that he was unable to attend the Central Dublin Water Recycling project event because he was on vacation, but was glad to hear that the event was well attended.

President Benson reported that she was also on vacation and unable to attend the Central Dublin Water Recycling project event. She thanked V.P. Vonheeder-Leopold for representing her at the event and acknowledged Public Information staff's work to organize it. She stated that the EBMUD staff members were sorry they could not attend. She also served as a speaker at the Dougherty Valley Rotary Club meeting on July 31, 2013 held at Canyon View and presented "Securing Our Most Valuable Resource – Water." She also explained the relationship that the District has with Zone 7, Central Contra Costa Sanitary District and EBMUD.

11. CLOSED SESSION

At 6:53 p.m. the Board went into Closed Session.

- A. Conference with Legal Counsel – Existing Litigation Pursuant to subdivision (d)(1) of Section 54956.9 (Hendrix litigation)

12. REPORT FROM CLOSED SESSION

At 7:02 p.m. the Board came out of Closed Session. President Benson announced that there was no reportable action.

13. ADJOURNMENT

President Benson adjourned the meeting at 7:03 p.m.

Submitted by,

Nicole Genzale
Acting District Secretary

For: Nancy G. Hatfield
District Secretary