

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

January 6, 2015

A regular meeting of the Board of Directors was called to order at 6:00 p.m. by President Edward R. Duarte. Boardmembers present: President Edward R. Duarte, Vice President D.L. (Pat) Howard, Director Richard M. Halket, Director Dawn L. Benson, and Director Georgean M. Vonheeder-Leopold. District staff present: Bert Michalczyk, General Manager; Rhodora Biagtan, Interim Engineering Services Manager; John Archer, Financial Services Manager/Treasurer; Dan Gallagher, Operations Manager; Michelle Gallardo, Interim Organizational Services Manager; Carl P.A. Nelson, General Counsel; and Nicole Genzale, Administrative Analyst I.

1. CALL TO ORDER

2. PLEDGE TO THE FLAG

3. ROLL CALL - Members: Benson, Duarte, Halket, Howard, Vonheeder-Leopold

President Duarte welcomed all meeting attendees to the year 2015 and wished them a “Happy New Year!”

4. SPECIAL ANNOUNCEMENTS/ACTIVITIES

5. PUBLIC COMMENT (MEETING OPEN TO THE PUBLIC) – 6:00 p.m.

6. REPORTS

A. Reports by General Manager and Staff

- Event Calendar – None
- 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 - None

7. APPROVAL OF MINUTES – Regular Meeting of *December 16, 2014*

V.P. Howard MOVED for the approval of the December 16, 2014 minutes. Director Vonheeder-Leopold SECONDED the MOTION, which CARRIED with FIVE AYES.

8. CONSENT CALENDAR

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

- A. Revise James B. Kohnen Scholarship Program and Rescind Resolution No. 41-12 – Approved
- B. Upcoming Board Calendar – Approved

9. BOARD BUSINESS

- A. Discuss Drought Management Program

General Manager Michalczyk reviewed that this standing item on the Board's agenda gives the Board and the public the opportunity to comment on the Drought Management Program that the District has in place. He reported that the recent rains in December were a welcome change. He noted that while any rain during a drought is good rain, the state continues to be at quite a deficit as reservoir levels are still precipitously low. The first official snow survey conducted last week shows that the current snowpack is significantly better than 2014, but is still only 50% of normal due to the recent storms being warm. Colder storms would be necessary to make a significant impact on the snowpack and drought conditions.

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

- B. Consider Appeal by Richard Mao of Staff Denial of a Waiver of Enforcement Action Related to Violation of Water Use Limitations

Operations Manager Gallagher introduced Senior Civil Engineer-Supervisory Steve Delight and invited him to review the details of this case for the Board. Mr. Delight reviewed the account information and the basis for the denial of the waiver. On September 26, 2014 Customer Services staff contacted Mr. Mao to discuss irrigation at his property and evidence of continued overwatering. Customer Services staff explained to Mr. Mao the rules for irrigation per the District Ordinances and issued a verbal warning at that time. Irrigation ceased during the recent rains but resumed once the rain ended. In November, Customer Services staff contacted the customer again after verification of excessive water use and a \$250 violation was issued. Subsequently, the District received the waiver of violation application from Mr. Mao. Per the usage data obtained from AquaHawk, the District's customer portal for monitoring water use, Mr. Mao's account shows a pattern of excessive water consumption before and after the rainfall. The customer's waiver request was formally denied on December 12, 2014. The customer then submitted an appeal citing his water use was less than neighbors.

Speaker: Mr. & Mrs. Mao, Dublin Residents – Mr. Mao stated he did not receive a warning from the District before receiving the citation. He also stated he believes he has met the State's requirement of 25% water use reduction, and cited his water consumption and conservation since 2011. He also stated that he believes his neighbors have been using more water than he has but have not been cited. His home is a former model home and he is trying to save the valuable landscaping.

The Directors then engaged in further discussion with Mr. and Mrs. Mao and staff regarding the case, including the District's urgency Ordinances for the Community Drought Emergency adopted May 5, 2014, the customer's pattern of water consumption, and Customer Services' contact with the customer, including the issuing of a verbal warning.

General Manager Michalczyk stated that the District's Ordinance as approved by the Board states that warnings can be either verbal or written.

Director Halket MOVED to grant Richard Mao's appeal of a staff level denial of a waiver of enforcement action that was levied against the customer due to their alleged violation of the District's water use limitations with the provision that this constitutes a written warning and that any subsequent violations will result in applicable fines under the District Ordinance. Director Vonheeder-Leopold SECONDED the MOTION, which CARRIED with FOUR AYES and ONE NAY (Howard).

Operations Manager Gallagher stated he will send Mr. Mao a confirmation of the Board's decision, along with information regarding the District's Ordinances pertaining to the Community Drought Emergency and recycled water program.

- C. Approve Adjustments to the Capital Improvement Program (CIP) Two-Year Budget for Fiscal Years Ending 2014 & 2015 to Increase Project Budget for Water Supply Contingency Plan (CIP 15-W007)

Engineering Services Manager Biagtan reviewed the proposed budget increase of \$75,000 for the Water Supply Contingency Plan (Plan), a CIP project approved as part of the mid-cycle adjustment to the CIP Two-Year Budget on May 5, 2014.

Ms. Biagtan stated the purpose of this project is to prepare a Long-Term Alternative Water Supply Study to determine how the District can supplement its water supply, as well as allow the District to be independent of the State Water Project. The drought demonstrated the unreliability of the District's water supply this past summer. As a result, staff expanded the scope of the study to be more comprehensive and in-depth than originally planned. A budget adjustment is necessary to cover the increased scope of work. It will also supplement the 2015 Urban Water Management Plan and the Tri-Valley Water Policy Roundtable policy discussions. A request for proposal was submitted to eight firms. RMC was selected from the two firms that responded, due to their approach to the project as well as their experience. RMC has done a similar project for Alameda County Water District. An approved increase to the project budget will not necessitate an increase in the Water Expansion Fund limit. Once this increase is approved, staff will issue a task order to RMC.

Director Halket MOVED to adopt Resolution No. 1-15, approving a Budget Adjustment to the Capital Improvement Program Two-Year Budget for Fiscal Years Ending 2014 and 2015. Director Vonheeder-Leopold SECONDED the MOTION, which CARRIED with FIVE AYES.

D. Annual Briefing Related to District Governance (Brown Act, Public Records Act and Conflict of Interest)

General Counsel Nelson addressed the Board and gave a presentation and update on the Ralph M. Brown Act, the Public Records Act, and Conflict of Interest, all of which the District and Directors are subject to follow.

Mr. Nelson reported there were no changes to the Brown Act and the changes to the Public Records Act do not pertain to the District. He then reviewed Conflict of Interest changes pertaining to campaign spending and fines, an increase in the gift limit from \$440 to \$460, and an increase to campaign limits. He reviewed the potential material impact of District projects within 500 feet of property owned by District Boardmembers or designated staff. The Board and staff discussed this matter and the possible effects this could have on project decision-making. Mr. Nelson stated this will not be an easy process to understand or apply should this occur. Lastly, he also reported that the 2012 District's Conflict of Interest Code will return to the Board for further review due to continuous FPPC directives the District has received and responded to.

President Duarte thanked Mr. Nelson for his presentation and requested he provide the Board with a summary of the pertinent changes in conflicts of interest for the Board's understanding and reference.

E. Accept Process and Schedule for the 2015 Update to the District's Five-Year Strategic Plan

General Manager Michalczyk explained that the purpose of this item is to seek Board concurrence with the schedule and process for the 2015 update to the District's Strategic Plan.

Mr. Michalczyk explained that the Strategic Plan is a document that guides the District at the highest level and has a time horizon of approximately five years. Every two years the plan is updated. The last update was conducted in 2013; the associated Strategic Work Plan was last updated in 2014. The revision is not intended to be a complete rewrite of the Strategic Plan, but rather revisions and updates as appropriate. The update is being done at this time of the year so as to be in advance of preparing the FYE 2016 and FYE 2017 Operating Budgets.

Mr. Michalczyk presented a series of slides titled "Strategic Plan Update 2015 – Managing Resources Wisely FYE 2016 through 2020" covering the following points:

- Good business practice
- New issues have arisen since last update:
 - Tri-Valley Utility coordination / integration;
 - Drought and resultant water supply deficiencies;
 - Growing focus on development of less traditional water supplies;
 - The evolving economy and development projections;
 - Senior Management retirements; and
 - Expansion of recycled water service by other Tri-Valley agencies.

- Needs to be ahead of budget development (two-year cycle) to ensure proper budgeting for objectives Board desires to achieve
- Board workload is on light side for next four to six weeks

Mr. Michalczyk then discussed the Strategic Plan hierarchy: 1) Mission Statement; 2) Vision Statement; 3) Core Values; 4) Strategic Elements (objective and strategy); 5) Goals; 6) Work Plan; and 7) Employee Goals. The Board works on items from the Mission Statement to the Goals. The staff determines the Work Plan to accomplish the goals the Board sets and seeks Board endorsement and approval for any resource requirements. The Strategic Plan is a guidance document. As such, the plan is not a promise by the Board to fund activities, nor is it a commitment by staff to accomplish everything exactly as written. The Plan serves as a roadmap to achieving the District's objectives.

Mr. Michalczyk concluded his presentation by outlining the schedule for Board acceptance and approval of the Strategic Plan set for May or June. In February, March and April the Board will be discussing the District's Mission Statement, Vision Statement, Core Values, and Goals. He then distributed a handout showing the District's current Mission, Vision, and Core Values for the Board's reference and to provoke thought ahead of the discussions to be held next month. He stated that he will also reach out to each Director to gather input at a high level in preparation for the update.

Director Halket MOVED to Accept Process and Schedule for the 2015 Update to the District's Five-Year Strategic Plan. Director Benson SECONDED the MOTION, which CARRIED with FIVE AYES.

10. BOARDMEMBER ITEMS

Director Halket reported that his wife will be away for the next three nights and he will be at home alone taking care of his sons. He asked that everyone wish him luck!

V.P. Howard reported that he had to put his pool cover on again due to water loss, which was surprising for this time of year.

Director Vonheeder-Leopold requested a presentation from staff about the process associated with and leading up to the issuance of "Will Serve" letters for new development. She stated that she wishes to be more conversant on the subject because she is hearing from some community members about the ongoing growth in Dublin and the District's number of water connections during times of a drought.

General Manager Michalczyk commented that policies on growth are made when developments are approved, and input regarding such growth should ideally occur early on when developments are being proposed. He stated that staff will target the suggested presentation for the Board at the February 3, 2015 Board meeting.

Director Benson wished everyone a “Happy New Year!” and commended the District on the recognition received in the December 19, 2014 ACWA newsletter for the recycled water program and outreach efforts.

11. CLOSED SESSION

At 6:48 p.m. the Board went into Closed Session.

- A. Conference with Labor Negotiators – Pursuant to Government Code Section 54957.6
Agency Negotiators: Bert Michalczyk, General Manager
Unrepresented Employees: 1. Engineering Services Manager
2. Administrative Services Manager
3. Operations Manager
Additional Attendees: General Counsel Carl P. A. Nelson

12. REPORT FROM CLOSED SESSION

At 7:29 p.m. the Board came out of Closed Session. President Duarte announced that there was no reportable action.

13. ADJOURNMENT

President Duarte adjourned the meeting at 7:30 p.m.

Submitted by,
Nicole Genzale
Administrative Analyst I

For: Nancy G. Hatfield
District Secretary