

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

March 17, 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; Dan McIntyre, Engineering Services Manager; John Archer, Administrative Services Manager/Treasurer; Dan Gallagher, Operations 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

President Duarte announced that a meeting of the Financial Affairs Committee of Dublin San Ramon Services District was held at 4:30 p.m. today, March 17, 2015, attended by Directors Halket and Vonheeder-Leopold. Pursuant to Government Code section 54952.3, neither Director will receive any compensation nor stipend for participating in more than one meeting on this date, as specified in DSRSD policy P100-14-2, Day of Service.

General Manager Michalczyk asked Operations Manager Gallagher and Community Affairs Supervisor Stephenson to present the award the District received yesterday at the WateReuse conference. Mr. Gallagher presented the award to the Board, which was for the Recycled Water Community Outreach and Public Education Program of the Year awarded to the District for its Residential Recycled Water Fill Station by WateReuse at the 2015 WateReuse California Annual Conference March 15-17, 2015 in Los Angeles, California.

5. PUBLIC COMMENT (MEETING OPEN TO THE PUBLIC) – 6:04 p.m. – There was no public comment received.
6. REPORTS
 - A. Reports by General Manager and Staff
 - Event Calendar – General Manager Michalczyk reported on the following:
 - The State Water Resources Control Board adopted new emergency water conservation regulations today, March 17, 2015 expanding and extending

those regulations throughout the State of California. Mr. Michalczyk distributed the Media Release which summarized the information.

- Correspondence to and from the Board on an Item not on the Agenda - None

B. Agenda Management (consider order of items)

General Manager Michalczyk reported that since the Agenda for this meeting was finalized, information was received regarding the Yuba County Water Agency-EBMUD-DSRSD water transfer and specifically objections raised by the General Manager of the Zone 7 Water Agency concerning that water transfer. He stated that District General Counsel Nelson concurs that the new information requires the Board to take immediate action in open session, as permitted by subdivision (a)(2) of Government Code section 54954.2. Mr. Michalczyk stated that specifically the action item to be added would be titled “Authorize and Direct Letter from District Board President to Zone 7 Board President Related to Yuba County Water Agency 2015 Water Transfer to the District.” He noted that Government Code section 54954.2 (b)(2) requires four affirmative votes (two-thirds majority vote) to add the item to the Agenda.

Director Halket MOVED to ADD an item titled “Authorize and Direct Letter from District Board President to Zone 7 Board President Related to Yuba County Water Agency 2015 Water Transfer to the District” to the Agenda. Director Benson SECONDED the MOTION, which CARRIED with FIVE AYES. The item will administratively appear in the minutes as Item 9.D.

Mr. Michalczyk suggested that Closed Session Items 11.B, 11.C and 11.D be taken up after the Consent Calendar and that those Closed Sessions be immediately followed by the newly-added item. The Board concurred.

C. Committee Reports

Financial Affairs Committee

March 17, 2015

President Duarte invited comments on recent committee activities. No comments were made.

7. APPROVAL OF MINUTES – Special Meeting of *March 3, 2015* and Regular Meeting of *March 3, 2015*

Director Vonheeder-Leopold MOVED for the approval of the March 3, 2015 special meeting minutes. Director Halket SECONDED the MOTION, which CARRIED with FIVE AYES.

Director Halket MOVED for the approval of the March 3, 2015 regular meeting minutes. Director Benson SECONDED the MOTION, which CARRIED with FIVE AYES.

8. CONSENT CALENDAR

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

- A. Review Three District Policies: Infrastructure Responsibilities and Funding, No-Net Demand Service, and Annexation and Utility Extension – Approved
- B. Appoint New Trustee/Custodian and New Plan Administrator for the Dublin San Ramon Services District Defined Contribution 457(b) Plan – Approved – Resolution No. 17-15
- C. Accept the Following Regular and Recurring Reports: District Financial Statements, Warrant List and Upcoming Board Business – Approved

9. BOARD BUSINESS

- A. Discuss Drought Management Program

General Manager Michalczyk reported this is the standing item to discuss the Drought Management Plan. In April or May the Board will likely need to consider an amendment to the plan.

No members of the public addressed the Board on this topic.

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

- 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 presented the reports to the Board.

No members of the public addressed the Board on this topic.

V.P. Howard MOVED to accept the Water Supply and Demand Report and the Drought Response Action Plan Status Report and find that the need for the Community Drought Emergency Still Exists. Director Benson SECONDED the MOTION, which CARRIED with FIVE AYES.

- C. Consideration of Budget Programs for Fiscal Years 2016 and 2017

Administrative Services Manager Archer invited the Board to provide staff with direction regarding new, revised or enhanced services, programs, equipment and efforts for possible inclusion in the FYE 2016 and FYE 2017 budgets that are

currently being developed. He also invited the Board to provide staff with direction for those existing services, programs, equipment and efforts which the Board feels should be reduced or terminated in the two budgets being prepared.

No members of the public addressed the Board on this topic.

The Board provided the following tentative direction for the purposes of budget development:

Education Programs:

- Expand education programs;
- Develop and distribute lesson plans for classrooms; and
- Get kids involved in educating themselves and parents on water, conservation, etc.

There was consensus for these suggestions with the direction that the direct costs be reasonable and that the expanded effort does not require additional staff.

Televising Board Meetings:

- Prepare the Boardroom for “Comcast level” live broadcasting; and
- Alternatively, identify other local meeting locations that are readily equipped such as the Dublin City Council chambers or Dublin Unified School District.

There was not consensus for these suggestions.

Water Quality (taste and odor):

- Improve water quality, taste and/or odor issues, but only after the drought has subsided.

There was consensus to defer further expenses in this area until after the drought is over.

Water Reliability:

- Include funding to follow through on the Long Term Water Supply Master Plan recommendations; and
- Water reliability is a top priority for this District.

There was consensus for these suggestions.

Biosolids:

- Include funding for next steps for biosolids disposal and in the future; and
- Biosolids is one of top two District priorities.

There was consensus for these suggestions.

PERS Liability:

- Include funding to pay down PERS liability as being developed by the Financial Affairs Committee.

There was consensus for this suggestion.

Technology for Boardmembers:

- Provide Directors with tablets or laptops.

There was not consensus for this suggestion.

Restarting Demineralization Operations:

- Work with Pleasanton to reactivate the District's reverse osmosis facility to provide demineralized water for blending with recycled water to reduce salt loading during the drought and as a demonstration of reverse osmosis following the lead of Santa Clara Valley Water District.

There was consensus for this suggestion but it was acknowledged that this should not be budgeted until a broader consensus in the Tri-Valley is reached.

- D. (ADDED ITEM) – Authorize and Direct Letter from District Board President to Zone 7 Board President Related to Yuba County Water Agency 2015 Water Transfer to the District

A Summary and Recommendation (with attachments) was distributed for this added agenda item along with a revised attachment to that Summary and Recommendation which was titled “Proposal - Dublin San Ramon Services District – Zone 7 Water Agency - Principles for an Agreement Related to 2015 Yuba County Water Agency Water Transfer to DSRSD” (the “Proposal”).

General Manager Michalczyk explained that he drafted the Proposal based on his understanding of a conversation he had with Zone 7 General Manager Jill Duerig. Mr. Michalczyk summarized the elements of the Proposal.

Speaker: Zone 7 Water Agency President John Greci – President Greci addressed the Board and expressed his appreciation for the opportunity to speak. He noted the continual improvement in the working relationships with all of the Tri-Valley agencies during his 21 years on the board and acknowledged the great working relationship with General Manager Michalczyk. President Greci assured the Board that after the Zone 7 board meeting tomorrow, DSRSD would have information they needed for the Thursday, March 19, 2015 DSRSD Special Board meeting. He stated he understood the urgency associated with making the water transfer happen and the Board's rationale for considering the transfer. He encouraged the two boards of directors and general managers to work together to come to an amiable and quick resolution for this important matter. He acknowledged the partnership of DSRSD and Zone 7 in this valley.

Director Halket MOVED to approve the “Proposal for the Dublin San Ramon Services District – Zone 7 Water Agency Principles for an Agreement Related to 2015 Yuba County Water Agency Water Transfer to DSRSD.” V.P. Howard SECONDED the MOTION, which CARRIED with FIVE AYES.

There was no action taken on the draft letter from President Duarte to President Greci included as an attachment to the Summary and Recommendation.

10. BOARDMEMBER ITEMS

V.P. Howard reported all the Lake Tahoe ski resorts are closing this early time of year.

Director Vonheeder-Leopold asked staff to investigate where Directors could take the Community Emergency Response Team (CERT) training for their official emergency response responsibilities.

Director Benson commented on the great Happy St. Patrick’s Day festival!

11. CLOSED SESSION

Closed Session 11A:

- A. Conference with Labor Negotiators – Pursuant to Government Code Section 54957.6
 - Agency Negotiators: Bert Michalczyk, General Manager
Michelle Gallardo, Interim Organizational Services Manager
 - Employee Organizations: 1. Mid-Management Employees Bargaining Unit (MEBU)
 - Additional Attendee: General Counsel, Carl P.A. Nelson

At 7:40 p.m. the Board went into Closed Session 11.A. General Counsel announced Michelle Gallardo would not be attending.

Closed Sessions 11.B, 11.C and 11.D:

- B. Conference with Legal Counsel – Anticipated Litigation. Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Government Code Section 54956.9: Two potential cases.
- C. Conference with Legal Counsel – Anticipated Litigation. Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Government Code Section 54956.9
- D. Conference with Real Property Negotiator-Pursuant to Government Code Section 54956.8

Property: Potential Water Supply Contract
Agency Negotiators: Bert Michalczyk, General Manager
Dan Gallagher, Operations Manager
John Archer, Administrative Services Manager
Carl P.A. Nelson, General Counsel
Robert B. Maddow, Assistant General Counsel
Negotiating Parties: East Bay Municipal Utility District and Yuba County Water Agency
Under Negotiation: Price and Terms

The Board took Items 11.B, 11.C and 11.D out of order immediately after the Consent Calendar.

President Duarte announced that the attendees for the Closed Sessions would be as listed and that additionally Dan McIntyre, Engineering Services Manager, would also attend Item 11.D.

President Duarte commented that before Directors went into Closed Session, he wanted to let the Board know that he had lunch last week with City of San Ramon Mayor Bill Clarkson, San Ramon Councilmember Scott Perkins, San Ramon Valley Fire Protection District Director Jay Kerr, and San Ramon Valley Unified School District V.P. Greg Marvel and explained the District's position on the Yuba County Water Agency 2015 water transfer. He stated those individuals all voiced their support for that transfer.

Director Vonheeder-Leopold stated she spoke with Pleasanton City Council Member Kathy Narum at lunch last week and that Ms. Narum stated that Pleasanton is behind the District all the way on the transfer water.

Director Benson stated she spoke with City of Dublin Mayor Dave Haubert and that he also supports the District with the transfer water.

Director Benson announced she would not attend Closed Session Items 11.C or 11.D to avoid any appearance that she was participating in any discussions, decisions, or voting on the approved District water supply contract with EBMUD and to ensure that she was neither influencing nor attempting to influence another member of the District Board regarding any matters pertinent to the contract, consistent with applicable provisions of the Government Code, because she is a salaried employee of EBMUD.

At 6:11 p.m. the Board went into Closed Session 11.B.

At 6:45 p.m. Director Benson came out upon the conclusion of Closed Session 11.B; the rest of the Board continued with Closed Sessions 11.C and 11.D.

12. REPORT FROM CLOSED SESSION

At 7:01 p.m. the Board came out of Closed Sessions 11.C and 11.D. President Duarte announced that there was no reportable action in Closed Sessions 11.B, 11.C and 11.D. The Board then took up Item 9.D in open session.

At 7:42 p.m. the Board came out of Closed Session 11.A. President Duarte announced that there was no reportable action.

13. ADJOURNMENT

President Duarte adjourned the meeting at 7:43 p.m.

Submitted by,

Nancy Gamble Hatfield
District Secretary