

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

December 6, 2016

1. CALL TO ORDER

A regular meeting of the Board of Directors was called to order at 6 p.m. by President D.L. (Pat) Howard.

2. PLEDGE TO THE FLAG

3. ROLL CALL

Boardmembers present at start of meeting:

President D.L. (Pat) Howard, Vice President Richard M. Halket, Director Edward R. Duarte, and Director Georgan M. Vonheeder-Leopold.

Director Madelyne (Maddi) A. Misheloff entered the meeting at 6:17 p.m.

District staff present: Dan McIntyre, General Manager; John Archer, Assistant General Manager; Judy Zavadil, Engineering Services Manager; Carol Atwood, Administrative Services Manager/Treasurer; Jeff Carson, Operations Manager; Robert B. Maddow, Assistant General Counsel; and Nicole Genzale, Executive Services Supervisor/District Secretary.

4. SPECIAL ANNOUNCEMENTS/ACTIVITIES

New Employee Introduction:

Tim Johnson, Water/Wastewater System Operator III

General Manager McIntyre reported the Oath of Office ceremony for the four appointed Boardmembers will be administered at the next regular meeting on Tuesday, December 20. A reception will be held beforehand at 5:30 p.m.

5. PUBLIC COMMENT (MEETING OPEN TO THE PUBLIC) – 6:02 p.m. No public comment was received.

6. REPORTS

A. Reports by General Manager and Staff

- Event Calendar – General Manager McIntyre had nothing to report.
- Correspondence to and from the Board on an Item not on the Agenda - None

B. Joint Powers Authority and Committee Reports

External Affairs Committee - November 15, 2016
Special LAVWMA - November 17, 2016

President Howard invited comments on recent Committee and JPA activities. Directors felt the available staff reports adequately covered the many matters considered at the meetings.

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

7. APPROVAL OF MINUTES – Regular Meeting of November 15, 2016

Director Vonheeder-Leopold MOVED for the approval of the November 15, 2016 minutes. Director Duarte SECONDED the MOTION, which CARRIED with FOUR AYES, and ONE ABSENT (Misheloff).

8. CONSENT CALENDAR

General Manager McIntyre reported that a revision to Item 8.B will be reviewed by Engineering Services Manager Zavadil. Ms. Zavadil explained the increase requested in Item 8.B has been revised from a 21% increase to a 27% increase to cover additional work deemed necessary. A revised item has been distributed to the Board for review.

The Board agreed to remove Item 8.B for discussion. The Board took Consent Calendar Items 8. A and 8.C and passed these Items first.

Vice President Halket MOVED for approval of Items 8.A and 8.C on the Consent Calendar. Director Duarte SECONDED the MOTION, which CARRIED with FOUR AYES, and ONE ABSENT (Misheloff).

A. Authorize Execution of Services Agreement with DERWA for Design and Construction of the DERWA Recycled Water Treatment Facilities – Phase 2 Project (CIP 16-R014) – Approved – Resolution No. 73-16

B. REMOVED - Approve Increase to the Construction Agreement Change Order Contingency for the WWTP Pavement Road Improvement Project (CIP 14-P026) – Approved

Director Duarte MOVED to Approve Increase to the Construction Agreement Change Order Contingency, as revised, for the WWTP Pavement Road Improvement Project (CIP 14-P026). Vice President SECONDED the MOTION, which CARRIED with FOUR AYES, and ONE ABSENT (Misheloff).

C. Authorize Execution of Quit Claim of Easement of Property and Pipeline Easement with Pulte Home Corporation for Heritage Park Tract 8160 and 8230 (DP 14-277) – Approved

9. BOARD BUSINESS

A. Accept Financial Statements for Year Ended June 30, 2016 with Independent Auditor's Report

Assistant General Manager Archer reviewed the item for the Board. He then introduced Mr. Ahmed Badawi from Badawi & Associates, the District's independent audit firm.

Speaker: Mr. Badawi, Partner Badawi & Associates - Mr. Badawi gave a presentation to the Board providing an overview of the audit, which included a review of required communications and the District's pension plan.

The Board and staff discussed various aspects of the information and findings in the report including the improvement in long-term debt disclosure pertaining to the District's Joint Powers Authorities, impressive coverage ratios based on the increase in connection fees, and the District's cash and investment portfolio concentration risk. In addition, Vice President Halket requested that staff conduct a quick analysis on risk related to the District's Investment securities, especially the government agencies, to establish a baseline indicator for potential future volatility.

The Board thanked Mr. Badawi and his firm for a well-done report.

Vice President Halket MOVED to accept Financial Statements for Year Ended June 30, 2016 with Independent Auditor's Report. Director Vonheeder-Leopold SECONDED the MOTION, which CARRIED with FIVE AYES.

- B. First Reading: Introduction of an ordinance of Dublin San Ramon Services District Revising Sections 3.10.010, 3.20.050, 3.20.070, 3.30.010, 3.40.040, 3.60.010, 3.60.050, and 3.70.010 of its District Ordinance Code to Define Accessory Dwelling Units and Provide for Capacity Allocation and Capacity Reserve Fees Assessment for Accessory Dwelling Units

President Howard read title of Ordinance: Ordinance of Dublin San Ramon Services District Modifying Sections 3.10.010, 3.20.050, 3.20.070, 3.30.010, 3.40.040, 3.60.010, 3.60.050, and 3.70.010 of its District Ordinance Code to Define an Accessory Dwelling Unit and to Revise Capacity Rights and Capacity Reserve Fees as they Pertain to Accessory Dwelling Units.

President Howard solicited Motion to Waive Reading of Ordinance.

Director Misheloff MOVED to Waive Reading of Ordinance. Director Vonheeder-Leopold SECONDED the MOTION, which CARRIED with FOUR AYES, and ONE NO (Halket).

Engineering Services Manager Zavakil gave a summary of the proposed ordinance which revises the District Code to conform to Senate Bill (SB) 1069 which will go into effect January 1, 2017.

The Board and staff discussed that there will be no significant change expected in the overall fees collected as a result of the Code update. They also discussed the definition of an Accessory Dwelling Unit (ADU) and staff clarified that the District will defer to the definition set by the cities of Dublin and San Ramon. The District's activities related to ADU's will be triggered by the building permits the cities issue and refer to the District.

There was no public comment received.

Vice President Halket MOVED to schedule the Ordinance for second reading and adoption at the December 20, 2016 Board meeting. Director Duarte SECONDED the MOTION, which carried with FIVE AYES.

- C. Award Construction Agreement, Approve Consulting Services Agreements, and Authorize Execution of Task Orders for Construction Management and Engineering Services During Construction for the DERWA Recycled Water Treatment Facilities – Phase 2 Project (CIP 16-R014)

Engineering Services Manager Zavadil introduced Engineer Robyn Mutobe who reviewed the item for the Board. Ms. Mutobe gave a presentation regarding project goals, costs, funding, timelines, and improvements.

The Board and staff discussed various aspects of the item and bidding process including the significant impact of the workers' compensation EMR (Experience Modification Rate) requirement on smaller bidders, unimpaired bond capacity regarding electrical subcontractors, engineering support activities to be provided by Carollo Engineers, Inc., and the frustrating requirement mandating contactors, such as The Covello Group, Inc., to provide a certified payroll consultant per the labor compliance program and DERWA's desire to remain eligible for State funding such as grants and loans.

Ms. Zavadil also clarified for the Board that the Notice to Proceed is not contingent on partner City of Pleasanton approving funding of this project. General Manager McIntyre added that, should the partner agency not fund their portion of the project, DERWA (DSRSD and EBMUD) will then purchase and own more of the facility sooner than anticipated.

Director Duarte MOVED to waive irregularities and adopt Resolution No. 74-16, Approving and Authorizing Execution of Agreement to C. Overaa & Co. for Construction of the DERWA Recycled Water Treatment Facilities – Phase 2 Project (CIP 16-R014). Director Vonheeder-Leopold SECONDED the MOTION, which CARRIED with FIVE AYES.

Director Misheloff MOVED to adopt Resolution No. 75-16, Approving a Consulting Services Agreement with the Covello Group, Inc. and Authorizing Execution of Task Order No. 1 for Construction Management Services for the DERWA Recycled Water Treatment Facilities – Phase 2 Project (CIP 16-R014). Director Duarte SECONDED the MOTION, which CARRIED with FIVE AYES.

Director Vonheeder-Leopold MOVED to adopt Resolution No. 76-16, Approving a Consulting Services Agreement with Carollo Engineers, Inc. and Authorizing Execution of Task Order No. 1 for Engineering Services During Construction for the DERWA Recycled Water Treatment Facilities – Phase 2 Project (CIP 16-R014). Vice President Halket SECONDED the MOTION, which CARRIED with FIVE AYES.

- D. Direct Staff to Deposit Pleasanton's Share of the Recycled Water System Buy-In into Water Replacement (Fund 610)

Assistant General Manager Archer reviewed the item for the Board.

Vice President Halket MOVED to adopt Resolution No. 77-16, Directing Staff to Deposit Funds into the Water Replacement (Fund 610) Received from the City of Pleasanton for the Buy-In to the Recycled Water System. Director Misheloff SECONDED the MOTION, which CARRIED with FIVE AYES.

E. Receive Report on Water Quality

General Manager McIntyre introduced Operations Manager Carson who reviewed the item for the Board. Mr. Carson provided a summary of the water distribution system and water quality. Per the District's water distribution monitoring plan, 20 samples are taken weekly to verify compliance at various locations throughout the system. He showed a map illustrating two higher zone locations (west Dublin and Dougherty Valley, San Ramon) where exceedances in coliform was apparent per indicator testing. These areas have older water in the pipes because of a seasonal decrease in demand. Due to the over 5% positive total coliform test results in the potable water system for November, required customer and Regional Water Quality Control Board (RWQCB) notifications were sent out. Follow-up testing shows that the water is safe. He noted that no public comment was received. He reminded the Board that higher than usual coliform levels were detected earlier this year in September which indicated more detailed testing should be continued. He confirmed that operations staff will continue to work closely together to resolve the issue and ensured that the water supply is safe.

The Board and staff discussed water sampling protocol, confirming that new water samples are taken upstream and downstream from the sample sites. Testing and notifications are performed as required by the State, however, staff confirmed investigations would continue in areas that indicate higher coliform levels.

F. Approve Proclamation Honoring Retiring Assistant General Manager John J. Archer

President Howard read and presented the proclamation of appreciation and congratulations to Assistant General Manager Archer.

Director Vonheeder-Leopold MOVED to Approve Proclamation Honoring Retiring Assistant General Manager John J. Archer. Director Misheloff SECONDED the MOTION, which CARRIED with FIVE AYES.

10. BOARDMEMBER ITEMS

Director Misheloff submitted a written report to Executive Services Supervisor Genzale. She reported she attended the Association of California Water Agencies 2016 Fall conference held in Anaheim November 29 - December 2. She summarized the activities and discussions at the meeting.

The Board again conveyed its gratitude for Assistant General Manager Archer's years of service and friendship, noting that he did an excellent job and will be missed. The Board appreciated his service as Interim General Manager and his mentorship to staff.

11. CLOSED SESSION

At 7:23 p.m. the Board went into Closed Session.

- A. Conference with Labor Negotiators – Pursuant to Government Code Section 54957.6
Agency Designated Representative: Bob Maddow, Assistant General Counsel
Additional attendees: Michelle Gallardo, Human Resources & Risk Supervisor
Unrepresented Employees: General Manager
- B. Public Employee Performance Evaluation Pursuant to Government Code Section 54957
Title: District Secretary

12. REPORT FROM CLOSED SESSION

At 7:43 p.m. the Board came out of Closed Session. President Howard announced that there was no reportable action.

13. ADJOURNMENT

President Howard adjourned the meeting at 7:44 p.m.

Submitted by,

Nicole Genzale, CMC
Executive Services Supervisor