

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

November 21, 2017

1. CALL TO ORDER

A regular meeting of the Board of Directors was called to order at 6:02 p.m. by President Richard Halket.

President Halket announced that per Government Code section 54953, sub. (b)(2), all votes taken this evening will be done by a roll call vote due to Director Duarte participating via teleconference.

President Halket reported that a DSRSD Financing Corporation meeting was held shortly before this regular meeting of Dublin San Ramon Services District. Pursuant to Government Code section 54952.3, no Director will receive any compensation or stipend for participating in more than one meeting on this date, and as further specified in DSRSD Policy P100-16-2, Day of Service.

2. PLEDGE TO THE FLAG

3. ROLL CALL

Boardmembers present at start of meeting:

President Richard M. Halket, Vice President Georgan M. Vonheeder-Leopold, Director D.L. (Pat) Howard, Director Edward R. Duarte (Teleconference location), and Director Madelyne A. (Maddi) Misheloff.

District staff present: Dan McIntyre, General Manager; Carol Atwood, Administrative Services Manager/Treasurer; Judy Zavadil, Engineering Services Manager; Jeff Carson, Operations Manager; Carl P.A. Nelson, General Counsel; and Nicole Genzale, Executive Services Supervisor/District Secretary.

4. SPECIAL ANNOUNCEMENTS/ACTIVITIES

General Manager McIntyre reported the Association of California Water Agencies fall conference will be held November 28-December 1 in Anaheim.

5. PUBLIC COMMENT (MEETING OPEN TO THE PUBLIC) – 6:04 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

LAVWMA

November 15, 2017

Special DERWA

November 16, 2017

President Halket invited comments on recent JPA activities. He noted the March 13, 2017 DSRSD/Dublin Liaison meeting minutes were at the dais this evening. General Manager McIntyre stated these minutes were just approved at the November 7 Liaison meeting.

C. Agenda Management (consider order of items) – President Halket stated that Closed Session Item 11.A will be taken immediately after Item 7.A, and that Vice President Vonheeder-Leopold will give her Boardmember report for Item 10 immediately following Item 6.C to accommodate her early departure to another obligation this evening. Vice President Vonheeder-Leopold left the meeting at 6:06 pm.

7. APPROVAL OF MINUTES – Regular Meeting of November 7, 2017

Director Howard MOVED for the approval of the November 7, 2017 minutes. Director Duarte SECONDED the MOTION, which CARRIED with THREE AYES, per roll call vote, ONE ABSTENTION (Misheloff), and ONE ABSENT (Vonheeder-Leopold).

8. CONSENT CALENDAR

Director Misheloff MOVED for approval of the items on the Consent Calendar. Director Howard SECONDED the MOTION, which CARRIED with FOUR AYES, per roll call vote, and ONE ABSENT (Vonheeder-Leopold).

A. Approve Tentative Agreement with the International Union of Operating Engineers Stationary Engineers – Local 39 for Successor Memorandum of Understanding (MOU) for the Period December 18, 2017 through December 12, 2021 – Approved – Resolution No. 59-17

B. Affirm No Changes to Employee Recognition Programs Policy – Approved

C. Accept the Following Regular and Recurring Reports: Warrant List and District Financial Statements– Approved

9. BOARD BUSINESS

A. Accept Financial Statements for Year Ended June 30, 2017 with Independent Auditors' Report

Administrative Services Manager Atwood reviewed the item for the Board. She introduced David Alvey from Maze and Associates, the consultant who conducted the annual audit. She also recognized and thanked Financial Services Division staff for ensuring a smooth and efficient audit process.

Mr. Alvey provided an overview of the District's audit. He reported the District received a clean opinion which is the highest level of assurance that an agency can receive. He acknowledged the District's effective proactive planning, resulting in a favorable position regarding post-employment health care benefits, which surpasses many other agencies that have failed to set aside assets. He stated there were no findings regarding internal controls (material weakness/significant deficiency) and that the audit went smoothly. He complimented the District's Finance team on a job well done.

The Board was pleased with the audit and noted the District's improved staffing levels corrected a small technical deficiency per internal controls. They also discussed significance of fluctuations in the pension plan discount rate, and noted improved pass-through liabilities footnotes. The Board thanked Mr. Alvey for his presentation.

Director Howard MOVED to Accept Financial Statements for Year Ended June 30, 2017 with Independent Auditors' Report. Director Misheloff SECONDED the MOTION, which CARRIED with FOUR AYES, per roll call vote, and ONE ABSENT (Vonheeder-Leopold).

- B. Approve Health Insurance Contribution for Calendar Year 2018 for Stationary Engineers Local 39, Professional, Mid-Management, Confidential, General Manager, and Senior Management Employees

Human Resources and Risk Supervisor Michelle Gallardo reviewed the item for the Board.

The Board and staff briefly discussed the item. Staff confirmed the contribution formula presented in this item reflects the new formula specified in the new Memoranda of Understanding recently approved by the Board. Staff also clarified the medical groups identified as "hourly" (not monthly) indicate seasonal or less-than-part-time employees, of which the District currently does not have any.

Director Misheloff MOVED to adopt Resolution No. 60-17, Fixing the Employer Contribution at an Equal Amount for Employees and Annuitants Under the Public Employees' Medical and Hospital Care Act for Stationary Engineers Local 39, Professional, Mid-Management, Confidential, General Manager, and Senior Management Employees. Director Howard SECONDED the MOTION, which CARRIED with FOUR AYES, per roll call vote, and ONE ABSENT (Vonheeder-Leopold).

- C. Approve Health Insurance Contribution for Calendar Year 2018 for Board of Directors

Human Resources and Risk Supervisor Gallardo reviewed the item for the Board.

Director Howard MOVED to adopt Resolution No. 61-17, Fixing the Employer Contribution at an Equal Amount for Employees and Annuitants Under the Public Employees' Medical and Hospital Care Act for Board of Directors using the Same Contribution Amounts Approved for Employee Only: \$780, Employee + One: \$1560, and Employee + Family: \$2028. Director Misheloff SECONDED the MOTION, which CARRIED with FOUR AYES, per roll call vote, and ONE ABSENT (Vonheeder-Leopold).

- D. Adopt Resolution to Subject Future General Manager Retirees to CalPERS Health Vesting Program Under Government Code Section 22893 and the Public Employees' Medical and Hospital Care Act

Human Resources and Risk Supervisor Gallardo reviewed the item for the Board.

Director Misheloff MOVED to adopt Resolution No. 62-17, Electing to be Subject to Section 22893 to Establish Health Vesting Requirements for Future Annuitants Under the Public Employees' Medical and Hospital Care Act with Respect to a Recognized Employee Organization. Director Howard SECONDED the MOTION, which CARRIED with FOUR AYES, per roll call vote, and ONE ABSENT (Vonheeder-Leopold).

- E. Accept the Rate Stabilization Funds Annual Report

Financial Services Supervisor Karen Vaden reviewed the item for the Board. She reported the transfer of funds from the Local Wastewater Rate Stabilization fund (RSF) to the Local Wastewater Enterprise fund (Enterprise) will bring the fund to the four-month target in accordance with the District's Financial Reserves policy. The District also established new local wastewater rates earlier this year which will bring the fund to the four-month target by the end of the year, so additional withdrawal from the Local Wastewater Rate Stabilization fund will not be needed.

The Board and staff discussed the background of the systemic problem with the Enterprise fund, the necessary prioritization of water and regional funds, and a growing and aging water/wastewater system, which have collectively contributed to the recent need to increase local wastewater rates and perform this fund transfer. Staff confirmed that per policy, funds will be moved back to the RSF when the Enterprise fund hits or exceeds 6 months of working capital and at no time should the two funds' combined total be greater than 12 months working capital.

Director Duarte MOVED to Accept the Rate Stabilization Funds Annual Report to Administratively Transfer \$355,122 from the Local Wastewater Rate Stabilization fund to the Local Wastewater Enterprise fund, in accordance with the Financial Reserves policy. Director Misheloff SECONDED the MOTION, which CARRIED with FOUR AYES, per roll call vote, and ONE ABSENT (Vonheeder-Leopold).

10. BOARDMEMBER ITEMS

Vice President Vonheeder-Leopold gave her report immediately following Item 6.C. Vice President Vonheeder-Leopold submitted a written report to Executive Services Supervisor Genzale. She reported she attended the California Association of Sanitation Agencies Board of Directors teleconference meeting November 13. She summarized the activities and discussions at the meeting.

Director Howard reported he filled in as alternate for Director Misheloff at the November 15 LAVWMA meeting and that Director Duarte filled in as alternate for Vice President Vonheeder-Leopold at the November 16 DERWA meeting. He reported that DERWA approved a new regular Board meeting schedule commencing in 2018 – the first meeting will be held on the first

Monday in February, subsequent meetings will be held the fourth Monday of odd months, and the May meeting will be held on the third Monday.

Director Duarte summarized discussions at the LAVWMA meeting.

11. CLOSED SESSION

At 6:08 p.m. the Board went into Closed Session Item 11.A immediately following Item 7.A.

- A. Conference with Labor Negotiators – Pursuant to Government Code Section 54957.6
Agency Negotiator: Dan McIntyre, General Manager
Carol Atwood, Administrative Services Manager
Michelle Gallardo, Human Resources and Risk Supervisor
Employee Organization: 1. Stationary Engineers Local 39

At 6:17 p.m. the Board came out of Closed Session. President Halket announced that there was no reportable action.

At 6:44 p.m. the Board went into Closed Session immediately following Item 10. The Board took Item 11.C ahead of Item 11.B.

- B. Conference with Labor Negotiators – Pursuant to Government Code Section 54957.6
Agency Designated Representatives: Richard Halket, Board President
Carl P.A. Nelson, General Counsel
Unrepresented Employee: General Manager
Additional Attendee: Michelle Gallardo, Human Resources and Risk Supervisor
- C. Conference with Legal Counsel – Anticipated Litigation. Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Government Code Section 54956.9: One potential case.

12. REPORT FROM CLOSED SESSION

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

13. ADJOURNMENT

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

Submitted by,

Nicole Genzale, CMC
Executive Services Supervisor