

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

February 5, 2019

1. CALL TO ORDER

A special meeting of the Board of Directors was called to order at 6 p.m. by President Misheloff.

2. PLEDGE TO THE FLAG

3. ROLL CALL

Boardmembers present at start of meeting:

President Madelyne A. (Maddi) Misheloff, Vice President Edward R. Duarte, Director Ann Marie Johnson, Director Richard M. Halket, and Director Georgean M. Vonheeder-Leopold.

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

4. SPECIAL ANNOUNCEMENTS/ACTIVITIES – None

5. PUBLIC COMMENT (MEETING OPEN TO THE PUBLIC) – 6:05 p.m. No public comment was received.

6. REPORTS

6.A. Reports by General Manager and Staff

- Event Calendar – General Manager McIntyre reported on the following:
 - o The annual Employee Recognition Event planning is underway for Wednesday, May 29 at the Shannon Community Center.
 - o A Zone 7 Water Agency Liaison Committee meeting has been scheduled for Tuesday, February 26 at 4 p.m.
 - o A City of Pleasanton Liaison Committee will be scheduled for March or April.
 - o A dedication ceremony for the District’s dredge and dinner honoring retired Director Pat Howard will be held Thursday, February 21.

- Correspondence to and from the Board on an Item not on the Agenda

Date	Format	From	To	Subject	Response
1/16/19	Letter	Representative Eric Swalwell	Director Georgean Vonheeder-Leopold	Congratulations on re-election	N/A
1/16/19	Letter	Representative Eric Swalwell	Director Ann Marie Johnson	Congratulations on election	N/A
2/5/19	Email	Ms. Debi Davis (Dublin Resident)	DSRSD Board (City of Dublin, various DSRSD staff)	Water Quality	Email from Communications staff

- 6.B. Joint Powers Authority and Committee Reports
Tri-Valley Water Liaison – January 23, 2019
Special DERWA – February 4, 2019

President Misheloff invited comments on recent JPA and committee activities. Directors Halket and Vonheeder-Leopold noted they will comment on these meetings under items 8.E and 9, respectively.

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

7. CONSENT CALENDAR

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

- 7.A. Regular Meeting Minutes of January 15, 2019 – Approved
- 7.B. Approve Annual Scholarship Donations to Association of California Water Agencies (ACWA) and California Association of Sanitation Agencies (CASA) in Honor of James B. Kohnen – Approved

8. BOARD BUSINESS

- 8.A. Public Hearing: Receive Presentation on the Transition Process from an At-Large to a Division-Based Election System and Receive Input from the Community Regarding Boundaries and Composition of Divisions to Be Established for Division-Based Elections Pursuant to Elections Code Section 10010

President Misheloff declared the Public Hearing open.

Executive Services Supervisor/District Secretary Genzale reviewed the item for the Board. She explained that this is one of several public hearings the District will hold to disseminate information and to gather input from the public regarding the District’s election system transition process. She introduced the District’s independent demographer, Mr. Michael Wagaman of Wagaman Strategies, and special counsel Ms. Robin Johansen of Remcho, Johansen & Purcell, LLP, who are assisting the District with facilitation of the process.

Mr. Wagaman proceeded to give a presentation to the Board, staff, and members of the public in attendance. Copies of the slide presentation were provided. He explained what area-based elections are, reviewed relevant legislation, explained the decision-making criteria and best practices for creating division maps, explained how census and electoral geographic data is used for analysis, and reviewed the District’s public outreach efforts, the transition process timeline, and next steps.

President Misheloff inquired if there were any comments from the public or questions for Mr. Wagaman.

Speaker: Mr. George Williams (Dublin resident) – Mr. Williams stated his opposition to the District having to transition to division-based elections and questioned the legitimacy of the demand letter sent to the District given it incorrectly cites the Elections Code regarding the California Voting Rights Act (CVRA). He cited concerns with voters receiving fair representation under a division-based system given customers receive different services based on where they reside in the District’s service

area. He also cited concerns with the legislation and the quick pace of the transition process. He encouraged the Board to “think outside of the box” and consider other possible solutions.

Speaker: Anonymous (Dublin Resident) – The speaker stated she has some of the same concerns as the previous speaker and encouraged contacting Senator Steven Glazer and Assembly Member Rebecca Bauer-Kahan as this issue needs to be fixed by the state legislature. She noted the District has difficulty finding candidates to begin with and believes it will be difficult for the District to draw divisions in this particular area, though she could see some divisions in San Ramon. She expressed interest in hearing thoughts from the Directors from San Ramon as well as Mr. Scott Rafferty, the attorney who sent the letter.

Speaker: Mr. Scott Rafferty (Attorney representing Bay Area Voting Rights Initiative; issued demand letter to the District) – Mr. Rafferty stated he understands many of the concerns stated this evening, but believes there is a lot to be gained by the District implementing division-based elections. He stated the CVRA legislation has a certain wisdom and will be a positive change on how this area is governed.

The Board of Directors asked questions and commented on the process of transitioning from at-large to division-based elections. The Board expressed concerns about the necessity of the CVRA legislation as well as possible impacts division-based voting may have on future District elections, candidate and voter opportunities, voter representation, confusion for voters who may end up in multiple divisions created amongst San Ramon Valley agencies, and how best to approach drawing of division boundaries. Director Vonheeder-Leopold stated for the record that she is opposed to the transition.

The Board’s inquiries included if/how prisoners would be counted, determination of which divisions would be up for election in 2020, how to factor in county lines (the District serves Dublin in Alameda County and parts of San Ramon in Contra Costa County, so has overlap in its service area), and the result of having multiple incumbents in a division.

Mr. Wagaman advised that he will help facilitate the process and the Board can give direction on certain aspects to consider when creating draft maps, some of which were inquired about this evening, and confirmed three divisions would be up for election in 2020. The Board will be asked to provide such direction at the next public hearing on February 19. He confirmed that for purposes of the CVRA, the District will only be subject to this transition process once, but will have to review new census data going forward and perhaps, adjust the division boundaries to ensure they are balanced. He also gave a brief demonstration of the mapping software that will be used to create draft maps.

Director Vonheeder-Leopold MOVED to CLOSE the public hearing. Director Halket SECONDED the MOTION, which CARRIED with FIVE AYES.

President Misheloff declared the Public Hearing closed.

8.B. Receive Overview of District Office Renovation Options and Provide Direction

Engineering Services Manager Zavadil reviewed the item for the Board. The Board and staff discussed aspects of the four renovation options and the related cost estimates. They discussed the benefit to completing the work via a change order to City of Dublin’s current construction contract for the new police services building utilizing the Tri-Valley Intergovernmental Reciprocal Services

Master Agreement. They also discussed the insurance claim process and the importance of the District's carrier providing an overall cost estimate. The District recently received its first insurance payment of \$1,000,000. The Board agreed it was appropriate to perform the recommended work per the four options to bring the building up to code, meet compliance and efficiency standards, accomplish necessary near-term improvements, and to do so while the building remains unoccupied. Staff clarified that other necessary systems and repair projects, including the Boardroom audio/visual upgrade project, are outside of the scope and budget of this project and would be handled separately. Ms. Zavadil stated she will present a proposed capital improvement project for the District Office renovation encompassing the four recommended options for the Board's approval on February 19.

Director Vonheeder-Leopold MOVED to Approve the Staff Recommendation for District Office Renovation Options 1 through 4. Director Halket SECONDED the MOTION, which CARRIED with FIVE AYES.

- 8.C. Approve Continuation of Emergency Action Procurement by General Manager for Repair of the District Office and Find that the Need for the District Office Flooding Emergency Still Exists

Director Halket MOVED to Approve Continuation of Emergency Action Procurement by General Manager for Repair of the District Office and Find that the Need for the District Office Flooding Emergency Still Exists. Vice President Duarte SECONDED the MOTION, which CARRIED with FIVE AYES.

The Board took a 10-minute break at the conclusion of Item 8.C.

- 8.D. Amend Previous Board Action on Fund Transfers from the Regional Wastewater Rate Stabilization (Fund 305) to Make Transfers to the Regional Wastewater Replacement (Fund 310) and Regional Wastewater Expansion (Fund 320)

General Manager McIntyre reviewed the item for the Board.

Director Halket MOVED to Amend Previous Board Action on Fund Transfers from the Regional Wastewater Rate Stabilization (Fund 305) to Make Transfers to the Regional Wastewater Replacement (Fund 310) and Regional Wastewater Expansion (Fund 320). Director Vonheeder-Leopold SECONDED the MOTION, which CARRIED with FIVE AYES.

- 8.E. Discuss Tri-Valley Water Reliability Projects and Provide Direction

Engineering Services Manager Zavadil reviewed the item for the Board and gave an overview of the January 23 Tri-Valley Water Liaison Committee meeting. She conveyed that there appears to be some disparity in the understanding of supply reliability amongst the partner agencies and that they requested more information about potable reuse be presented at the April meeting. The partner agencies need to reach a consensus on reliability standards, make a commitment to such standards, and commit financial support for a selected project(s) to meet such standards. Staff will work with other agency staff in an effort to bring everyone on the same page.

Director Halket and President Misheloff represented DSRSD at the meeting. Director Halket reported that some agencies' commitment seem tentative as the last drought moves further away. He emphasized what the "no project" option would mean in the future. He was pleased, however, that

no options were eliminated and the agencies' consensus was to continue forward. President Misheloff asked staff which projects would be in DSRSD's best interest. Ms. Zavadil noted that it is in everyone's best interest to keep all options on the table for now. The Board and staff also discussed the importance of educating the community on potable reuse as other areas in Santa Clara, Monterey, and Orange County are already using it. The Board agreed the delay in progress was disappointing and is slowing progress for a project to address future droughts.

8.F. Receive Water Rate Presentation and Provide Direction for Water Rate Study

Financial Services Supervisor Herman Chen reviewed the item for the Board. He gave a presentation on seven policy options pertaining to water rates and provided copies of the slide presentation for the Board. Mr. Chen noted that staff was modifying one of its recommendations pertaining to Zone 7 Water Agency (Zone 7) pass through rates so that the District would continue to blend the Zone 7 fixed rate into the Zone 7 variable pass through rate. This would result in DSRSD assuming some water rate risk, but minimize the impact of the fixed rate on low consumption customers.

The Board discussed the various policies as outlined below, and decided, by consensus, the following direction to staff:

- 1) Dougherty Valley Special Assessment - Charges above the Dougherty Valley Standby Charge District baseline assessment limit will be included as a surcharge on Dougherty Valley customers' bimonthly water bills, but the baseline assessment will continue to be placed on property tax rolls.
- 2) Zone 7 Fixed Charges - The Zone 7 fixed charge will continue to be passed through as part of the Zone 7 variable rate.
- 3 & 6) Residential Tier Rates & Seasonal Rates - A single unified potable rate will replace existing tiered residential and seasonal commercial rates.
- 4) Recycled Water Rates - Recycled water rates will be calculated on a cost of service basis.
- 5) Power Charge - Maintain current power charges.
- 7) Alternative Water Supply - Staff is granted flexibility to consider smoothing rates to include estimated alternative water supply costs.

Staff noted that the Board's policy decisions would be reflected in the upcoming water rate study, which is tentatively scheduled to be presented to the Board in March.

9. BOARDMEMBER ITEMS

- Submittal of Written Reports from Travel and Training Attended by Directors

Director Vonheeder-Leopold submitted a written report to Executive Services Supervisor Genzale. She reported she attended the California Association of Sanitation Agencies 2019 Winter Conference and Board of Directors meeting in Renaissance Indian Wells January 23-25, and the DERWA meeting February 4. She noted the DERWA Board approved a wastewater diversion agreement with Central Contra Costa Sanitation District. She summarized the activities and discussions at the meetings.

Director Duarte reported he attended the Contra Costa California Special Districts Association chapter meeting on Monday, January 28 at Central Contra Costa Sanitary District's Collection System Operations facility in Walnut Creek. He summarized the activities and discussions at the meeting.

- Request New Agenda Item(s) Be Placed on a Future Board or Committee Agenda – None

10. CLOSED SESSION

At 9:14 p.m. the Board went into Closed Session.

- 10.A. Conference with Legal Counsel – Anticipated Litigation
Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(d)(2): One Potential Case

Executive Services Supervisor/District Secretary Genzale left the closed session at 9:17 p.m.

- 10.B. Conference with Legal Counsel – Existing Litigation Pursuant to Government Code Section 54956.9(d)(1)
Name of Case: Dublin Unified School District

- 10.C. Conference with Legal Counsel – Anticipated Litigation
Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(d)(2): Two Potential Cases

11. REPORT FROM CLOSED SESSION

At 9:21 p.m. the Board came out of Closed Session. President Misheloff announced that there was no reportable action.

12. ADJOURNMENT

President Misheloff adjourned the meeting at 9:21 p.m.

Submitted by,

Nicole Genzale, CMC
Executive Services Supervisor/District Secretary