

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

October 17, 2023

1. CALL TO ORDER

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

2. PLEDGE TO THE FLAG

3. ROLL CALL

Boardmembers present at start of meeting: President Georgean M. Vonheeder-Leopold, Vice President Ann Marie Johnson, Director Dinesh Govindarao, and Director Richard M. Halket.

Director Goel entered the meeting at 6:08 p.m. after the roll call and during Item 7 Consent Calendar.

District staff present: Dan McIntyre, General Manager; Jan Lee, Assistant General Manager; Carol Atwood, Administrative Services Director/Treasurer; Steve Delight, Engineering Services Director/District Engineer; Dan Gill, Operations Director; Michelle Gallardo, Special Assistant to the General Manager; Douglas E. Coty, General Counsel; and Nicole Genzale, Executive Services Supervisor/District Secretary.

4. SPECIAL ANNOUNCEMENTS/ACTIVITIES

- 4.A. New Employee Introductions
Chris Zittle, Senior WWTP Operator
Javier Robledo, Senior WWTP Operator

General Manager McIntyre reported that former DSRSD General Manager Robert (Bob) Beebe passed away over the weekend. He served as DSRSD General Manager from 1989 until his retirement in 2001. Information regarding arrangements will be shared when received. Upon the news, President Vonheeder-Leopold passed the gavel to Vice President Johnson to temporarily conduct the meeting. Vice President Johnson proceeded to conduct Items 5, 6, and 7.

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

6. 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 Govindarao SECONDED the MOTION, which CARRIED with FIVE AYES.

- 7.A. Approve Regular Meeting Minutes of October 3, 2023 – Approved

- 7.B. Approve Continuation of Emergency Action Procurement by General Manager for Repair of the LAVWMA Livermore Interceptor Pipeline and Find that the Need for the LAVWMA Livermore Interceptor Pipeline Emergency Still Exists – Approved

Director Govindarao inquired as to how long the emergency item will appear on the agenda. Engineering Services Director Delight replied that the item will appear until repair completion, which is expected in January 2024.

- 7.C. Approve Salary Ranges for New Senior Management Analyst and Senior Information Technology Analyst Job Classifications – Approved – Resolution No. 40-23

Director Govindarao inquired as to the process for determining the job hazard analysis for District positions. Special Assistant to the General Manager Gallardo explained that most of this work is done internally with assistance from risk consultants. Director Govindarao requested staff prepare a report for the Board describing the process and schedule of review.

- 7.D. Adopt Pay Schedule in Accordance with California Code of Regulations, Title 2, Section 570.5, Requirement for a Publicly Available Pay Schedule and Rescind Resolution No. 30-23 – Approved – Resolution No. 41-23

President Vonheeder-Leopold exited the Boardroom at 6:08 p.m. The Board agreed to take a brief recess from 6:08 p.m. to 6:11 p.m. President Vonheeder-Leopold returned to the Boardroom at 6:11 p.m. and resumed the gavel.

8. BOARD BUSINESS

- 8.A. Receive Presentation on CalPERS Annual Valuation Report and Approve Strategy to Manage the District's Unfunded Accrued Liability (UAL)

Financial Services Manager Herman Chen reviewed the item for the Board and gave a presentation (handed out to the Board) that was added to the website as supplementary materials providing an overview of the following:

- Normal Cost Contributions
- UAL Contributions
- Historical Funded Ratio
- Staff Recommendation
 - Establish 80% minimum and 90% target funded ratio thresholds
 - Prioritize rate stabilization fund transfers toward UAL
 - Allocate 15% of annual UAL payments for additional discretionary payments
- Funded Status and Employer Rates (June 2022 through June 2052)

The Board and staff discussed various aspects of the presentation. The Board deliberated on the approach to managing the unfunded accrued liability (UAL), and how to prioritize the use of excess reserve funds. Mr. Chen explained that the UAL is the District's third largest long-term cost and the proposed strategy would prioritize the use of available excess funds (funds exceeding target reserve levels) to reduce the CalPERS amortization schedule from 20 to 15 years, saving \$3.0 million in interest payments. He

added that the estimated earnings for CalPERS, currently at 6.8%, is well above the District's own investment portfolio earnings due to CalPERS' ability to invest more aggressively. General Manager McIntyre noted that due to CalPERS' low investment returns, all CalPERS agencies are receiving a bigger bill this year and must determine how to pay more into their pension obligation. The Board likened the UAL to a variable rate mortgage that constantly changes its math. The return on CalPERS' investments on behalf of its member agencies is unknown year to year. Mr. McIntyre advised that if approved, staff will incorporate the accelerated UAL payments into the budget, and the Board can reassess the strategy going forward.

Director Goel MOVED to Approve the Strategy to Manage the District's Unfunded Accrued Liability (UAL) by (1) Establishing a Minimum Funded Ratio Threshold of 80% and a Target Funded Ratio of 90%; (2) Prioritizing Rate Stabilization Fund (RSF) Transfers Toward UAL Liabilities; and (3) Allocating Additional Discretionary Payments Equal to 15% of Annual UAL Obligations. Director Halket SECONDED the MOTION, which CARRIED with FOUR AYES and ONE NO (Johnson).

8.B. Receive Presentation on Water Rates and 2024 Water Cost of Service Study

Management Analyst II Corinne Ferreyra reviewed the item for the Board and gave a presentation (handed out to the Board) that was added to the website as supplementary materials providing an overview of the following:

- 2024 Water Cost of Service Study (Study)
- September 19th Board Meeting Policy Issues
 - o Zone 7 wholesale cost
 - o Fixed & variable ratio for retail rates
 - o 2024 retail rate adjustment
- Residential Consumption Demographics
- Rate Scenarios (study of six rate scenarios proposed)
- Next Steps

The Board and staff discussed various aspects of the presentation including the Study timeline, meeting/workshop content and objectives, and proposed rate scenarios. The Board directed staff to include the six rate scenarios as presented and to defer the CPI and Zone 7 rate adjustments from January to a March 2024 timeframe.

Vice President Johnson MOVED to Accept Policy #3: 2024 Rate Adjustment Staff Recommendation to Complete the 2024 Rate Study and Forego Implementation of the Authorized CPI Rate Adjustment for the District's Retail Rates in January 2024 and to Forego Passing through the Zone 7 Wholesale Rate Adjustment in January 2024, and Implement Rate Changes Once, Likely in the Timeframe of March 2024. Director Halket SECONDED the MOTION, which CARRIED with FIVE AYES.

9. REPORTS

9.A. Boardmember Items

9.A.1. Joint Powers Authority and Committee Reports

DSRSD/Central Contra Costa Sanitary District Liaison Committee Meeting of October 11, 2023

President Vonheeder-Leopold invited comments on the recent Committee activities. Directors felt the available staff reports adequately covered the many matters considered at the Committee meeting (and made a few comments about some of the Committee activities).

9.A.2. Submittal of Written Reports for Day of Service Events Attended by Directors

President Vonheeder-Leopold submitted a written report to Executive Services Supervisor/District Secretary Genzale. She reported that she attended the virtual Alameda County Special Districts Association Executive Committee meeting on October 11. She summarized the activities and discussions at the meeting.

Director Govindarao submitted a written report to Executive Services Supervisor/District Secretary Genzale. He reported that he attended the DSRSD/Central Contra Costa Sanitary District Liaison Committee meeting in Martinez on October 11. He summarized the activities and discussions at the meeting during Item 9.A.1

Vice President Johnson submitted a written report to Executive Services Supervisor/District Secretary Genzale. She reported that she also attended the DSRSD/Central Contra Costa Sanitary District Liaison Committee meeting on October 11. She summarized the activities and discussions at the meeting during Item 9.A.1.

9.A.3. Request New Agenda Item(s) Be Placed on a Future Board or Committee Agenda – None

9.B. Staff Reports – None

10. CLOSED SESSION

At 7:11 p.m. the Board went into Closed Session.

10.A. Public Employee Appointment Pursuant to Government Code Section 54957
Title: General Manager

10.B. Conference with Labor Negotiators – Pursuant to Government Code Section 54957.6
Agency Negotiators: Douglas E. Coty, General Counsel
Additional Attendees: Michelle Gallardo, Special Assistant to the General Manager
Samantha Koehler, Acting Human Resources and Risk Manager
Heather Renschler, Ralph Andersen and Associates (via Video Conference)
Unrepresented Employee: General Manager

11. REPORT FROM CLOSED SESSION

At 8:06 p.m. the Board came out of Closed Session. President Vonheeder-Leopold announced that there was reportable action. General Counsel Coty announced that the Board has selected a candidate for the General Manager position, but will withhold the candidate's name pending negotiations. The Board has provided direction to the District negotiator.

12. ADJOURNMENT

President Vonheeder-Leopold adjourned the meeting at 8:07 p.m.

Submitted by,

Nicole Genzale, CMC
Executive Services Supervisor/District Secretary