

**DSRSD ° EBMUD RECYCLED WATER AUTHORITY  
(DERWA)**

**Board of Directors Special Meeting Minutes  
Monday, March 6, 2017**

**Dublin San Ramon Services District  
7051 Dublin Boulevard, Dublin, California 94568**

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1. CALL TO ORDER – Chair Vonheeder-Leopold called the DSRSD ° EBMUD Recycled Water Authority (DERWA) meeting to order at 6:00 p.m. at the Dublin San Ramon Services District Boardroom.

2. PLEDGE TO THE FLAG

3. ROLL CALL – Directors present: Chair Georgean Vonheeder-Leopold, Vice Chair Frank Mellon, Director Dwight (Pat) Howard and Alternate Director Doug Linney. DERWA Staff present: Mike Tognolini, Authority Manager; Richard Lou, Treasurer; Doug Coty, General Counsel; and Nicole M. Genzale, Authority Secretary.

Director Coleman was absent.

4. SPECIAL ANNOUNCEMENTS/ACTIVITIES - None

5. PUBLIC COMMENT – 6:00 p.m. - None

6. BOARD REORGANIZATION

A. Election of Board Chair

Chair Vonheeder-Leopold opened the nominations for Board Chair.

Director Linney nominated Vice Chair Frank Mellon as DERWA Board Chair for 2017. Director Howard seconded the nomination. There were no other nominations.

Motion by Vice Chair Mellon, Second by Director Howard to close the nominations for DERWA Board Chair. Motion carried (4-0) by the following vote:

AYES: Mellon, Howard, Vonheeder-Leopold, Linney

NOES:

Vice Chair Mellon elected DERWA Board Chair by acclamation.

B. Election of Board Vice Chair

Chair Mellon opened the nominations for Board Vice Chair.

Director Vonheeder-Leopold nominated Director Howard as DERWA Board Vice Chair for 2017. Director Linney seconded the nomination. There were no other nominations.

Motion by Director Vonheeder-Leopold, Second by Director Linney to close the nominations for DERWA Board Vice Chair. Motion carried (4-0) by the following vote:

AYES: Vonheeder-Leopold, Linney, Howard, Mellon  
NOES:

Director Howard elected DERWA Vice Chair by acclamation.

### C. Appointment of Secretary

Motion by Director Vonheeder-Leopold, Second by Vice Chair Howard to appoint Nicole M. Genzale as the continuing DERWA Secretary for 2017. Motion carried (4-0) by the following vote:

AYES: Vonheeder-Leopold, Howard, Linney, Mellon  
NOES:

Upon conclusion of the Board's reorganization, Authority Manager Tognolini presented Director Vonheeder-Leopold a DERWA journal recognizing her service as DERWA Chair.

### 7. APPROVE MINUTES – Regular Board Meeting of October 24, 2016

Motion by Vice Chair Howard, Second by Director Vonheeder-Leopold to approve the minutes from the Regular Meeting of October 24, 2016. Motion carried (3-0-1) by the following vote:

AYES: Howard, Vonheeder-Leopold, Mellon  
NOES:  
ABSTENTION: Linney

### 8. CONSENT CALENDAR

#### A. Treasurer's Reports for October 31, November 30, December 31, 2016 and January 31, 2017

#### B. Quarterly Investment Report – December 31, 2016

#### C. Approve Task Order No. 15 for Fiscal Year 2017-18 for Public Information Services with ICF International

Motion by Director Vonheeder-Leopold, Second by Director Linney to approve Items A, B, and C of the Consent Calendar. Motion carried (4-0) by the following vote:

AYES: Vonheeder-Leopold, Linney, Howard, Mellon  
NOES:

### 9. BOARD BUSINESS

#### A. Transmittal of the DERWA Independent Auditor's Report and Financial Statements for Years Ending June 30, 2016 and 2015

Treasurer Lou reviewed the item for the Board. He explained that EBMUD performs the financial and treasury services for DERWA, and conducts the annual audit. He also explained that this item is regularly presented with the last two fiscal year reports, as the previous year's report is included for reference.

Motion by Director Vonheeder-Leopold, Second by Vice Chair Howard to accept the Independent Auditor's Report and Financial Statements for Years Ending June 30, 2016 and 2015. Motion carried (4-0) by the following vote:

AYES: Vonheeder-Leopold, Howard, Linney, Mellon

NOES:

#### B. Approve and Adopt the Fiscal Year 2017-18 Capital and Operating Expenditure Budget

Authority Manager Tognolini reviewed the item for the Board noting that the proposed Operating Budget of \$4.152M represents a two percent increase over the previous year, and reflects an expected nine percent increase in recycled water deliveries. The proposed capital budget does not require any new appropriations and continues to support the ongoing treatment plant expansion project, which is expected to be completed in 2018. He noted a correction should be made on Table 3 (pg. 3) to reflect the Operating Budget is in dollars, not thousands of dollars.

The Board and staff discussed various aspects of the item including risk assessment of unexpected expenses, rates, and sphere of delivery. Mr. Tognolini explained that DERWA's budget projections tend to be very accurate and fall on the optimistic side in order to minimize risk regarding expenses and water delivery projections. He also explained that DERWA does not set rates, but rather the member agencies (DSRSD, EBMUD) pay for DERWA's operational costs and bill their customers for this service, however, Pleasanton is considered a DERWA customer and is charged a provisional rate that is trued up at the end of each year to reflect actual cost.

Motion by Director Vonheeder-Leopold, Second by Vice Chair Howard to approve Resolution No. 17-1, approving and adopting the DERWA Fiscal Year 2017-18 Capital and Operating Expenditure Budget with the correction as noted. Motion carried (4-0) by the following vote:

AYES: Vonheeder-Leopold, Howard, Linney, Mellon

NOES:

#### C. Adopt Modifications to DERWA Sales Agreement Regarding Sharing of Grants

Authority Manager Tognolini reviewed the item for the Board explaining the recommended modifications would reflect current practices and conditions. He noted that the member agencies feel it would be wise to review all DERWA related agreements and evaluate what updates may be necessary to reflect current practices. He also conveyed that the City of Pleasanton and the DERWA member agencies have expressed interest in considering Pleasanton becoming an authority member, and so this topic will be brought to the Board for discussion at a later time.

Motion by Vice Chair Howard, Second by Director Vonheeder-Leopold, to adopt Modifications to DERWA Sales Agreement Regarding Sharing of Grants. Motion carried (4-0) by the following vote:

AYES: Howard, Vonheeder-Leopold, Linney, Mellon

NOES:

#### D. Ratify Extension of Services Contract and Waiver of Insurance Requirements for James Bewley

Authority Manager Tognolini reviewed the item for the Board. He explained that Mr. Bewley's continued service, notably his assistance with budget preparations, agreements review and insight, and future advisement are of value to the organization. The Board agreed his assistance and experience were invaluable and an extension was desirable.

Motion by Vice Chair Howard, Second by Chair Mellon, to Ratify Extension of Services Contract and Waiver of Insurance Requirements for James Bewley. Motion carried (4-0) by the following vote:

AYES: Howard, Mellon, Linney, Vonheeder-Leopold

NOES:

## 10. MANAGER'S REPORTS

- Recycled Water Demand Projections

Authority Manager Tognolini reported the anticipated demands received from DSRSD, EBMUD and Pleasanton for the next five years show an increase of 50 percent in demands over 2016 deliveries. 2016 averages were a little low and did not reflect that some larger customers came online later in the year. He reviewed options to deal with expected increases on the limited supply which included use of extra storage at the Tassajara Reservoir and adding potable water into the system. He reported that staff continues to work on obtaining supplemental supplies, which include bringing in water from Central Contra Costa Sanitary District (CCCSD), Livermore or groundwater sources. He opined that CCCSD would be the most likely to come to an agreement with DERWA sometime this year.

Director Vonheeder-Leopold reported that DSRSD recently met with a Boardmember and the General Manager from CCCSD to discuss this idea. The CCCSD representatives raised concerns about possible adverse effects to their pipe, but are considering it. She stated she will approach other CCCSD Boardmembers at the upcoming CASA conference about this, as she sees this option as the easiest, most beneficial and cost effective option.

- Capital Projects Update – Phase 2 Recycled Water Treatment Plant Expansion Project

Authority Manager Tognolini reported that a successful celebration was held for the expansion project at the water recycling plant on January 25. He thanked DERWA's public relations staff, and acknowledged JPA staff and Board for attending. He and the Board remarked how impressed they were with the attendance and how well the event went. State and Congressional legislators, representatives from several public agencies, and industry representatives were present. Mr. Tognolini reported that the expansion project construction is now underway and is running on schedule. DERWA has arranged for a back-up, temporary water service connection with Pleasanton in case supply becomes unexpectedly unavailable at the plant during the course of construction. He also reported that the grant and loan funding team has met with the state regarding availability of funding under Proposition 1. The potential to receive funding is not encouraging though, as it is limited by program oversubscription and timing. Though additional funding could surface, many projects applied ahead of DERWA, which would make funding for this particular project unlikely.

- Cancel Next Meeting – April 24, 2017

The Board agreed to wait a few more weeks before determining if the next Board meeting would be necessary. The Board also raised questions regarding meeting scheduling and

Director terms of office. The Board requested an item addressing these inquiries be prepared for the next meeting agenda. The Board also inquired about what items must be approved at regular meetings, as DERWA has had to schedule many special meetings. General Counsel Coty stated that generally very few items must be held at regular meetings, such as entering into contracts with the General Manager. He confirmed that DERWA's special meetings are compliant.

#### 11. BOARDMEMBER ITEMS

Chair Mellon reported that he will be attending a conference in San Diego April 6 -7 and will tour the desalination plant there. He commented he should have some interesting information to report back at the next meeting.

#### 12. ADJOURNMENT

Chair Mellon adjourned the meeting at 6:40 p.m.

Submitted by,

  
Nicole M. Genzale  
Authority Secretary