

**DSRSD • EBMUD RECYCLED WATER AUTHORITY
(DERWA)
Board of Directors Regular Meeting Minutes
Monday, April 28, 2008**

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

1. CALL TO ORDER – Chair Scannell 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 Dan Scannell, Vice Chair Frank Mellon, Director John Coleman, and Director Rich Halket. DERWA Staff present: James Bewley, Authority Manager; Richard Lou, Treasurer; Robert Maddow, General Counsel; and Nancy Gamble Hatfield, Authority Secretary.

4. SPECIAL ANNOUNCEMENTS/ACTIVITIES – None.

5. PUBLIC COMMENT – 6:02 p.m. – None received.

6. APPROVE MINUTES – Regular Meeting of *February 25, 2008*

Motion by Director Halket, Second by V.C. Mellon to approve the minutes from the *February 25, 2008 regular meeting*. Motion carried (4-0) by the following vote:

AYES: Halket, Mellon, Coleman, Scannell

NOES:

7. CONSENT CALENDAR

A. Treasurer's Report - February 29, 2008

B. Treasurer's Report - March 31, 2008

C. Quarterly Investment Report - March 31, 2008

D. DERWA Investment Policy

Motion by Director Coleman, Second by Director Halket to approve the Consent Calendar. Motion carried (4-0) by the following vote:

AYES: Coleman, Halket, Mellon, Scannell

NOES:

8. BOARD BUSINESS

A. Approve Fiscal Year 2008-2009 Budget

Authority Manager Bewley gave the highlights of the proposed new budget beginning with the Continuing Capital Projects. Mr. Bewley reported that The Corps of Engineers approved the bid documents for the Pump Station R200A project and that is now underway. He next stated that the Stray Current Mitigation Project, consisting of installation of the gradient wire and mats, is complete. Still remaining is the installation of two isolation spools on the pipeline on Pine Valley Road. The project should be finished in the early summer. Next, Mr. Bewley shared that Supplemental Water is a

Continuing Project with very little activity planned for this budget year and work in the future is dependent upon whether or not DERWA proceeds with the test well.

Director Coleman asked if there was any dialogue between Pleasanton and Livermore.

Mr. Bewley replied that most of the dialog has been with Pleasanton. DSRSD has had some preliminary discussions with Livermore. Pleasanton has stated they have nothing in their five-year Capital Plan for recycled water, so it is unlikely any action or planning would begin for at least five years. Discussions amending the current agreement between DSRSD and Pleasanton extending the time frame allowing DERWA use of Pleasanton effluent have taken place and include a multi-year advance notice termination provision.

Director Coleman asked if Pleasanton has a recycled water master plan and if large amounts of money are involved.

Mr. Bewley responded that there currently is no plan in place and no funding in their capital program at this time.

DSRSD Operations Manager Dan Gallagher said that at the Tri Valley Retailers Meeting Mayor Hosterman stated that Pleasanton is interested in looking at recycled water.

Director Coleman asked what type of plans they have in mind.

Mr. Gallagher stated that he did not know if they actually have specific plans.

Mr. Bewley reported that in a meeting with Public Works staff there was discussion about DERWA supplying recycled water to Pleasanton. He noted that the DERWA JPA was set up to allow additional member agencies to join.

Chair Scannell noted that the Pleasanton Park next to the WWTP is not using recycled water.

Mr. Bewley said that he was told the city park staff does not want to use the recycled water. To illustrate the advantages, DERWA has provided opportunities for them to talk to other agencies' park staff that have direct experience using recycled water and tour recycled water sites in other cities. There is probably an education piece that will have to happen in order to move this forward.

Mr. Bewley then returned to the subject of the Supplemental Water capital budget, which is primarily the well project. He stated that there is some money for continued study in FY 2008-09 and if the decision is made to proceed with a test well the major expenses would happen in FY 2009-10. He noted that there may be another suitable site in addition to California High School.

Mr. Bewley shared that there are four new capital projects proposed in this budget: 1) EBMUD Distribution System Phase 2, 3 & 4; 2) Fine Screening; 3) New and Replacement Items Under \$50,000; and 4) Microfilter/UV Plant Controls Upgrade. He went on to briefly discuss each one.

- The EBMUD Distribution System project continues to utilize federal funding through the \$15 million DERWA authorization in the Water Resource Development Act. A little less than \$5 million of this has been used for the PS R200A/Pipeline IH project and the remaining money will be used to continue the EBMUD distribution system to the north of Pump Station R200A and to pressure zones 2, 3 and 4. The federal funding requires a 25% match with local funds. Only the local costs are shown in the budget.
- The Fine Screening Project will automate the screening of the flow between the secondary treatment plant and the sand filters to remove plastic fruit labels and small plastic debris prior to filtration. DSRSD has completed a study to identify various alternatives and has recommended installation of a specific type of screen. The total estimated project cost is \$1,297,000.
- The New/Replacement Items Under \$50,000 program is proposed as the budget mechanism to account for purchase of new or replacement capital items with a cost less than \$50,000. The Authority Manager may approve purchases of up to \$50,000. The Water Sales agreement specifies that cost allocation to the agencies for replacement items of less than \$100,000 is based on the O&M cost allocation for the year of the purchase. To facilitate this happening, a budget needs to be available for such purchases. As an example, earlier this year there was a proposal for \$10,000 for chlorination system improvements with no designated funds. As equipment ages over the years, there will be a steady stream of small replacement items and a budget category is needed. It is proposed as a five year program starting at \$137,000 for the first year, increasing to \$170,000 in the second year, and \$206,000 in the third through fifth years.
- The Microfilter/UV Control Programming Upgrade will replace the microprocessor-base controls. The existing controller is no longer supported by the manufacturer and is not compatible with the current DSRSD system. The proposal is to upgrade to a Programmable Logic Controller that would be able to talk to the DSRSD Supervisory Control System. The proposed budget is \$125,000.

Mr. Bewley then presented highlights of the Operations Program. The program management (administrative) costs continue to come down as DERWA moves from the construction phase into the operations phase, and interest on the debt service is lower than projected last year. Mr. Lou noted the recent interest payments on commercial paper were 1.7% and even though it looks like rates will remain low, 2.25% - 2.5% is budgeted for next year. Mr. Bewley said the O&M portion of the budget (producing the water and getting it into the transmission storage system) is up \$265,000 from last year in part due to an increase in anticipated deliveries. The per acre foot cost is going up from \$488 to \$562; even though DERWA is producing more water, there are higher costs associated with producing that water. Most of the increase is due to higher than estimated labor and electricity costs in the first year, along with some increased chemical use in the storage system where nitrification issues are having an impact, especially during the low flow periods. One of DERWA's capital projects is a study to determine potential changes to our operational procedures, rather than to continually

use chemicals to prevent nitrification. Replacement costs for UV lamps were not included in the previous budget.

Chair Scannell asked if Mr. Bewley was aware of the calculations used to figure the increase in labor and energy costs over the next few years.

Mr. Bewley said he was not sure how DSRSD calculated this. He thought that Labor and Operations issues are probably factored through an inflation/escalation CPI (Consumer Price Index). He asked Mr. Gallagher what his thoughts were on the electricity increase over next few years.

Mr. Gallagher said that he felt there were two reasons for the increase in the electrical cost in the budget. One reason is that we now use actual cost information (last year's costs were based on estimates that turned out to be too low) and the other is because this year's costs included additional power for the increased production; 2,500 acre/feet this year compared to 2,200 – 2,300 acre/feet last year. An increase of at least the level of the CPI is expected and that estimate was incorporated into the budget.

Mr. Bewley pointed out that people often compare one operation to another. In any discussions about acre/feet cost, which is about \$550, we need to remember that DERWA's costs include both the transmission and storage system costs. DERWA's treatment costs are only half of the total cost; the power to pump it up to the storage system and get it out into the distribution system comprises the other half. The cost to produce this water is \$250 to \$300 per acre/feet.

Motion by V.C. Mellon, Second by Director Halket to approve Resolution No. 08-1 approving and adopting the Fiscal Year 2008-2009 Capital and Operating Expenditure Budget.

Motion carried (4-0) by the following vote:

AYES: Mellon, Halket, Coleman, Scannell
NOES:

9. WORKSHOP

A. Presentation and Discussion: Public Information & Outreach Report

Mr. Bewley explained that he would present a PowerPoint presentation prepared by Ms. Karen Molinari who unfortunately, due to an illness, could not attend this evening's meeting.

After the presentation, Mr. Bewley briefly discussed plans for the spring and summer:

- The pipeline project on Bollinger Canyon Road, east of the Iron Horse Trail, runs for a little more than one mile and is a highly traveled area. Mr. Bewley addressed how DERWA will deal with problems or emergencies that may arise during construction, even though emergency crews from both EBMUD and DSRSD are available.

In response to a question by Director Coleman, Mr. Bewley said the week prior he had given a presentation on the work to the San Ramon City Council as

required by the City before they would issue an encroachment permit. He felt the meeting was very positive with a good question and answer session, including comments from Bridges Golf Club and the City Landscape Department which said that recycled water is great!

Mr. Bewley said the City is very interested to know what DERWA will be doing to communicate with the public on the work being done along Bollinger Canyon Road. There is also a requirement by the City that DERWA install electronic message boards at access points to Bollinger Canyon Road (as is currently being done by the City's contractors doing lane reconfiguration work) and plans to add ten or twelve smaller painted signs posted around the intersections describing the work, expected delays and DERWA phone number and web page address with information on the project. DERWA is also required to do a mailing to addresses within a 3,000 foot radius informing them of the work.

- A Communications Roundtable and tour of the new EBMUD recycled water treatment facilities will take place in June. Mr. Bewley said that this is a very positive event similar to training events held the last two years. It is a good way to develop contacts and communication among the agency staff.
- The Public Affairs program is designed to keep track of public opinion by tracking newspaper and other media for comments and feedback on recycled water. As part of this program, Ms. Karen Molinari and Ms. Ingrid Norgaard put together information for education and other forums on recycled water.

Director Coleman asked if the website has links to DSRSD and EBMUD.

Mr. Bewley said that there are links and while staff is trying not to duplicate efforts, some things are specific to DERWA, such as the pipeline construction. DERWA has prepared materials for each of the Member Agency websites but the websites are all run differently.

Director Coleman asked Ms. Linda Hu, who was present from EBMUD, if their website explained why the delays were taking place along Bollinger Canyon Road.

Ms. Hu responded that they have a link to the DERWA website where that is addressed.

Director Halket asked if a DERWA phone number was given.

Mr. Bewley said there is a DERWA phone number on all of their public information material that rings into the DSRSD phone system and is monitored regularly by Ms. Molinari and Ms. Norgaard. The number rings to voice mail and states that this is Public Information line for DERWA. The line will be monitored several times a day during construction.

Chair Scannell pointed out that in addition to our letters of support from Bridges Golf Club, he felt sure we must have received positive feedback from the City of Dublin and other golf courses. He felt we should post all of these comments on

our website with the long term goal of convincing others, like the City of Pleasanton, this really works.

Mr. Bewley said that although there are testimonials, they are not organized. He felt Chair Scannell had a good idea, and that it would not be hard to post them once they are organized.

10. MANAGER'S REPORT

- Contracts Initiated since the Board Meeting of February 25, 2008 - A temporary easement agreement with Sunset Development for the construction storage area at PS R200A was executed in April.
- Confirm Next Meeting Date – The next regular meeting is scheduled for June 23 and the following meeting is August 25. Mr. Bewley said he will be away on the August meeting date. The following Monday is Labor Day and the Board agreed that was not a good time for a meeting. Mr. Bewley pointed out that the Board may not have a need for a meeting at that time; however, a special meeting can be called if needed. The next regular meeting will then be October 27, 2008.

11. BOARDMEMBER ITEMS

Director Halket thanked everyone for their flexibility while he was trying to manage his two small children.

Director Coleman pointed out that this was no problem. He apologized for being absent from the last meeting while attending CASA.

V.C. Mellon said he had nothing to add but that it was fun to see a baby at a meeting.

Chair Scannell referred to the minutes from the last meeting which indicated that Eric Pfuehler no longer works in Congressman McNerney's Office. Mr. Pfuehler participated in a tour of the plant a few months ago and recently his replacement had a tour conducted by Dan Gallagher and Sue Stephenson.

Mr. Gallagher said they were able to do a tour and show them the recycled water treatment facility which they wanted to see.

Director Coleman mentioned that Mr. Pfuehler now works for the East Bay Regional Park District.

12. ADJOURNMENT

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

Submitted by,

Nancy Gamble Hatfield
Authority Secretary