

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

**Board of Directors Special Meeting Minutes
Monday, April 25, 2005**

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

1. CALL TO ORDER – Chair Mellon called the DSRSD • EBMUD Recycled Water Authority (DERWA) meeting to order at 6:30 p.m. at the Dublin San Ramon Services District Boardroom.

2. PLEDGE TO THE FLAG

3. ROLL CALL – Directors present: Chair Frank Mellon, Vice Chair Jeffrey Hansen, Director John Coleman, and Director Daniel Scannell. DERWA Staff present: Robert Baker, Authority Manager; Richard Lou, Treasurer; Robert Maddow, General Counsel; and Nancy Gamble Hatfield, Authority Secretary.

4. CLOSED SESSION

The Board went into Closed Session at 6:32 p.m.

- A. Public Employee Performance Evaluation—Pursuant to Government Code Section 54957
Pay for Performance
Title: Authority Manager
- B. Conference with Real Estate Property Negotiator—Pursuant to Government Code Section 54956.8
Property: Interest in Water Supply Contract
Authority Negotiator: Robert A. Baker, Authority Manager
Negotiating Party: Central Contra Costa Sanitary District
Under Negotiation: Price and Terms
- C. Conference with Legal Counsel—Anticipated Litigation. Significant Exposure to Litigation Pursuant to Government Code Section 54956.9 (b)
Claim from Cory Narog

5. REPORTS FROM CLOSED SESSION

At 6:44 p.m. the Board came out of Closed Session. Chair Mellon announced that there was no reportable action.

6. SPECIAL ANNOUNCEMENTS/ACTIVITIES

7. PUBLIC COMMENT – 6:45 p.m. – None received.

8. APPROVE MINUTES – Special Meeting of *February 28, 2005*

Motion by Director Scannell, Second by Director Coleman to approve the minutes from the *February 28, 2005* meeting. Motion carried (4-0) by the following vote:

AYES: Scannell, Coleman, Hansen, Mellon
NOES:

9. CONSENT CALENDAR

A. Treasurer's Report – February 28, 2005

B. Treasurer's Report – March 31, 2005

C. Quarterly Investment Report – March 31, 2005

D. Amendment No. 3 to Contract with Bold, Polisner, Maddow, Nelson & Judson – Adjustment in Hourly Rates – Approved by Resolution No. 05-2

E. Authorize the Filing of an Application for a Recycled Water Loan with the State Water Resources Control Board – Approved by Resolution No. 05-3

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

AYES: Scannell, Coleman, Hansen, Mellon
NOES:

10. BOARD BUSINESS

A. DERWA Board Meeting Time Change

V.C. Hansen suggested changing the Board meeting time to 6:00 P.M. instead of 6:30 P.M.

Motion by V.C. Hansen, Second by Director Scannell to adopt Resolution No. 05-4 approving a DERWA Board meeting time change and abolishing Resolution No. 03-8. Board meetings will begin at 6:00 P.M. Motion carried (4-0) by the following vote:

AYES: Hansen, Scannell, Coleman, Mellon
NOES:

B. Authority Manager Pay for Performance Plan for Calendar Year 2005

V.C. Hansen recommended leaving the Authority Manager's Pay for Performance Limit of Award at 15%, the same as last year. Directors Scannell and Coleman agreed with the 15% recommendation.

Motion by Director Scannell, Second by V.C. Hansen to approve the Authority Manager Pay for Performance Limit of Award figure at 15% for Calendar Year 2005. Motion carried (4-0) by the following vote:

AYES: Scannell, Hansen, Coleman, Mellon
NOES:

C. Approve Fiscal Year 2005-2006 Budget

Following discussion, Chair Mellon noted, in reference to page 51 of the budget as presented, that these monies are for any Permanent Supplemental Water source approved by the Board in the future, with the understanding that the well is being considered as one potential Supplemental Water source. The Authority Manager agreed the Board was not selecting an alternative at this point; however, approval of the budget would allow development of a test well that possibly could become an operational well in the future.

Motion by Director Scannell, Second by Director Coleman to adopt Resolution No. 05-5 approving the DERWA Fiscal Year 2005-2006 Budget. Motion carried (4-0) by the following vote:

AYES: Scannell, Coleman, Hansen, Mellon
NOES:

11. MONTHLY WORKSHOP

A. Presentation and Discussion: Operations Agreement

Authority Manager Baker distributed a revised copy of the Operations Agreement with the recommendation that it be transmitted to the Member Agencies for approval. Staff from both Member Agencies agreed to the contract language including indemnification and joint defense language that outlines a procedure for handling any potential serious risk. This is the last of the four core agreements needed to run the DERWA system.

Motion by Director Coleman, Second by Director Scannell to endorse the Operations Agreement for transmission to and subsequent approval by the Member Agencies.

Mr. Michael J. Wallis, EBMUD Director of Operations and Maintenance, was asked to respond to a question from Director Hansen regarding contracting in emergencies. Mr. Wallis referenced Article 2(B), Paragraph 8, "Member Agency Independent Responses," new language added based on agreement by both Member Agencies.

Chair Mellon read added language, Article 2(B), Paragraph 8 that says, "Notwithstanding the other provisions of Article 2.B, neither Member Agency shall be constrained from expending funds or performing work on DERWA Program Facilities to prevent or mitigate the loss or impairment of life, health, property or essential public services to its customers at its individual expense and in accordance with its policies and procedures. In such an event, the Member Agency doing the work shall notify DERWA and other Member Agency as soon as possible. The DERWA Board of Directors shall convene as soon as possible to consider ratifying the emergency and reimbursing the expenditures. Any disagreement by a Member Agency shall be resolved in accordance with the dispute resolution process."

Following further discussion, Boardmembers expressed mutual satisfaction with the final language. Chair Mellon explained the Operations Agreement would go to the Member Agencies, and then back to the DERWA Board for final approval. He thanked everyone who had worked diligently to reach mutual satisfaction on this agreement.

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

AYES: Coleman, Scannell, Hansen, Mellon
NOES:

B. Presentation and Discussion: DERWA Supplemental Water Supply Studies Alternatives Evaluation Report

Authority Manager Baker explained the Supplemental Water Supply report has three uses: (1) It gives the Board the opportunity to review and modify the Permanent Supplemental Water Alternatives; (2) it can be used to communicate with City Councils and other stakeholders DERWA's urgent need for Supplemental Water; and (3) it will

set the stage for subsequent CEQA work. Environmental Science Associates (ESA) documented existing information from Dodson Engineers, Camp Dresser and McKee, and other engineering firms rather than doing any additional engineering. Any recommendations came from the engineering studies or the Authority Manager.

Chair Mellon and V.C. Hansen agreed the report needs further consideration by their Member Agency staff.

Ms. Jill Hamilton, Project Manager for ESA, stated the report includes an analysis of environmental issues since that information was not included in the engineering documents. The report could be the basis for future Board recommendations and could assist with preparation of future CEQA documents.

She noted use of DSRSD regional Wastewater Treatment Plant effluent is constrained by the Pleasanton Agreement that expires in 2009 and is limited to 2.5 mgd. Demand for recycled water will exceed the current contracted supply as early as 2007. The ultimate peak day shortfall during the irrigation season is expected to be 6.5 mgd.

Ms. Hamilton reviewed all alternative water supplies considered to date including securing effluent from Pleasanton and/or Livermore; securing raw sewage or recycled water from Central Contra Costa Sanitary District (CCCSD); using groundwater wells; diverting secondary effluent and storing it at Cope Lake for future use; and/or using potable water.

Boardmembers asked for further analysis and feedback prior to making a final decision regarding how changes in circumstances or elements could affect each alternative's relative cost and benefit. For example, although the Cope Lake alternative could take 10 years to develop and competing interests exist, cost sharing might change its ranking among the alternatives. Ms. Hamilton noted the potable water alternative was at variance with basic project objectives.

V.C. Hansen suggested a hybrid of some of the alternatives could work or various alternatives could be used on an interim basis. Preferences might change over time or an option previously eliminated could become of interest if coupled with another option.

Ms. Hamilton reviewed the estimated costs and yields for the Groundwater, Satellite Treatment Plant, Pleasanton, and Livermore alternatives. Objectives and screening criteria for the report were based on San Ramon Valley Recycled Water Project and DERWA mission statements, objectives, institutional and political reliability, water supply management, operations and customer service, schedule, and community and environment. Ms. Hamilton believed supply, schedule and reliability will be key in the Board's decision to use certain alternatives. She added that environmental impacts do not appear to be significant and unavoidable, but include minimal impacts associated with construction and well impacts that can be mitigated. Growth inducement also does not appear to be an issue for the retained alternatives.

Chair Mellon asked staff to research additional recycled water pipeline issues for the CCCSD recycled water alternative and potential issues for the Cope Lake alternative. In response to a question about wells, Mr. Baker explained wells would be dug down to

500 or 600 feet to reach good quality water. The test well would allow DERWA to monitor other wells in the area to assure there were no unexpected draw-down effects.

V.C. Hansen wanted to keep all options, including long-term options, open for consideration. Director Coleman agreed with V.C. Hansen. The effect of the LAVWMA Joint Powers Agreement on the alternatives was discussed.

Legal Counsel Maddow will look into the institutional constraints associated with EBMUD owning and operating a satellite treatment facility.

Director Scannell advocated working toward a long-term agreement with Pleasanton. Their draft Recycled Water Master Plan might support the idea that in the future Pleasanton will have plenty of water for their own needs as well as DERWA's needs. Also, Livermore needs to determine their buy-in to LAVWMA before they get involved in any recycled water issues.

Chair Mellon suggested more discussion on this subject at next month's Board meeting. The report also will be reviewed by EBMUD's Planning Committee and DSRSD's Water Committee.

12. MANAGER'S REPORT

- DERWA Construction Update (Attachments)
- Contracts Initiated Since the Board Meeting of February 28, 2005 (Attachment)
- Stray Voltage Issue – EBMUD recently installed 20,000 feet of 16" diameter pipeline on the Iron Horse Trail. It is buried, mortar-lined plastic-coated pipe. Some persons have received an electrical shock when they touched a metal device to the pipe. EBMUD found voltages as high as 18 volts and 3 amps, so this is both a safety and potential corrosion concern. EBMUD asked the Authority Manager to take on the contract management of the project. EBMUD will provide staff support and construction management. The voltage may be caused by either an inductive or capacitive pickup from a high-voltage power line. Two firms will provide DERWA with proposals to do this work.
- DERWA Opening Celebration – The DERWA Public Affairs Committee recommends holding a Grand Opening ceremony, but setting a date for the ceremony is complicated by the likelihood that DSRSD will start up recycled water service in June, whereas EBMUD start up will take place in the late summer. Further, the Tertiary Treatment Plant probably will not open until late fall. Therefore the Committee has developed a preliminary plan to hold the Grand Opening in Spring 2006. The Authority Manager included \$10,000 in the DERWA Budget for the Grand Opening.
- The Authority Manager pointed out that the Operations Budget for FY05-06 included \$250,000 to cover four months of operation, rather than a full year. The full Operations Budget is due to be submitted to the Board at the October Board meeting at the latest.
- Confirm Next Meeting Date - The next DERWA Board meeting is scheduled for

May 23 at 6:00 p.m. Director Coleman will be absent and Katy Foulkes will attend.

13. BOARDMEMBER ITEMS

V.C. Hansen expressed his appreciation and pride that staff members worked on the Operations Agreement language until both Member Agencies were satisfied. Chair Mellon agreed.

14. ADJOURNMENT

Chair Mellon adjourned the meeting at 7:59 p.m.

Submitted by,

Nancy Gamble Hatfield
Authority Secretary