

**DSRSD • EBMUD RECYCLED WATER AUTHORITY
(DERWA)
Board of Directors Regular Meeting Minutes
Monday, October 24, 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 6:00 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 Dan Scannell, and Director John Coleman. DERWA Staff present: Robert Baker, Authority Manager; Richard Lou, Treasurer; Robert Maddow, General Counsel; and Nancy Gamble Hatfield, Authority Secretary.

4. SPECIAL ANNOUNCEMENTS/ACTIVITIES

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

6. APPROVE MINUTES – Regular Meeting of *September 26, 2005*
Motion by Director Scannell, Second by Director Coleman to approve the minutes from September 26, 2005. Motion carried (4-0) by the following vote:

AYES: Scannell, Coleman, Hansen, Mellon
NOES: None

7. CONSENT CALENDAR

A. September 30, 2005 Treasurer's Report

Director Coleman requested an explanation for the \$3 million negative cash balance reported as of September 30, 2005. Treasurer Richard Lou explained those funds were owed to EBMUD and would be repaid with interest once DERWA received \$20 million in loan funds from the State Water Resources Control Board (SWRCB).

B. Quarterly Investment Report – September 30, 2005

Motion by V.C. Hansen, Second by Director Scannell to approve the Consent Calendar, Items 7.A and 7.B. Motion carried (4-0) by the following vote:

AYES: Hansen, Scannell, Coleman, Mellon
NOES: None

8. BOARD BUSINESS

A. Audit of Financial Statements for the Years Ended June 30, 2005 and 2004

Treasurer Lou reported on the audit of financial statements performed by Yano Accountancy Corporation for the years ended June 30, 2005 and 2004. They gave an unqualified opinion of DERWA's financial statements, and reported DERWA is properly following generally accepted accounting principles.

In response to a question from Director Scannell, Treasurer Lou referred to page 3 of the Audit and noted "Current Assets" represented the cash in the bank at the end of the fiscal year. Since then, funds were borrowed from the EBMUD Local Agency Investment Fund (LAIF) Account in order to pay large outstanding amounts due to DSRSD and EBMUD.

Motion by Director Coleman, Second by Director Scannell to approve the Audit of Financial Statements for the Years Ended June 30, 2005 and 2004. Motion carried (4-0) by the following vote:

AYES: Coleman, Scannell, Hansen, Mellon

NOES: None

B. Authorize the Authority Manager to Execute a Professional Services Agreement with Safe Engineering Services for the "Phase II Alternating Current Mitigation Study" and Authorize a DERWA Budget Contingency Allocation of \$170,000 for the Design Phase of the Alternating Current Mitigation Study

Authority Manager Baker stated Safe Engineering Services had been hired to research and suggest procedures to mitigate the problem of pipeline workers receiving a shock when touching pipe appurtenances under the Iron Horse Trail (IHT). Grounding rod and gradient mats will be installed around the IHT pipeline to mitigate shocks under normal circumstances. However, mitigation in the event of a ground fault will be more complicated.

In response to a question from V.C. Hansen involving the cause of the problem, Mr. Baker explained the SRVRWP pipe runs under the IHT power lines for a long distance and is perfectly insulated thereby causing it to pick up inductive voltage from nearby power lines. Two other organizations with pipes in the area do not experience this problem because of the materials of pipe construction. Copper rods will need to be attached to an electronic device as well as the pipeline in order to ground the pipe. A great deal of cooperative interaction with PG&E will be required to resolve this complex problem. As a result, SES's consultant fee is expected to be \$212,000.

Mr. Baker responded to a question from Chair Mellon stating most appurtenances are buried and hard to access, so it would be highly unlikely a trail user would receive a shock.

Motion by Director Scannell, Second by V.C. Hansen, to authorize the Authority Manager to execute a Professional Services Agreement with Safe Engineering Services for the "Phase II Alternating Current Mitigation Study" and authorizing a DERWA Budget Contingency Allocation of \$170,000 for the Design Phase of the Alternating Current Mitigation Study. Motion carried (4-0) by the following vote:

AYES: Scannell, Hansen, Coleman, Mellon

NOES: None

9. MONTHLY WORKSHOP

A. Presentation and Discussion: Public Information Quarterly Report

Ms. Ingrid Norgaard and Ms. Karen Molinari from Jones & Stokes reviewed the 2005 Public Information third quarter highlights including completion of tank construction,

completion of a recycled water brochure, approval of the SWRCB loan and the celebration of DERWA's Tenth Anniversary.

In terms of program recognition, an award nomination for DERWA was submitted for the California Water Environment Association (CWEA) Public Education Award (Large Budget), and awards were pursued from Association of California Water Agencies (ACWA), WaterReuse and California Association of Sanitation Agencies (CASA). DERWA will submit an abstract covering the SRVRWP from planning to operations in order to be considered for a presentation at the WaterReuse Conference in March 2006.

DERWA's public outreach currently is focused on startup, identifying and developing responses to likely problems, promoting awareness of purple pipes, and developing the capability to respond quickly to any community concerns. In terms of Agency coordination, staff members from both Agencies are working to understand each Agency's recycled water program, establish communication procedures and maximize the sharing of information. For example, DSRSD and EBMUD customer guidelines were made consistent.

Cross-connection prevention outreach also has been a recent major focus. Boardmembers received copies of the purple pipe brochure that will be distributed in English and Spanish to local nurseries, landscape contractors, irrigation specialists, and home improvement stores. Those groups will be asked to distribute the brochure to their employees and customers. City and County Permitting Counters also will be asked to disseminate brochures to people who are requesting permits. EBMUD Landscape Advisory Committee contacts will be included on the distribution list at Chair Mellon's request.

There still is a high level of activity on the DERWA Web site. Therefore, based on input from the DERWA Public Affairs Steering Committee, it is expected project information relevant to customers will be accessible from each Member Agency's Web site during the operational phase.

In terms of crisis communications, Member Agencies have assigned staff to cover specific issues and concerns. A table top exercise for a mock crisis is planned for both Agencies in February 2006.

The Grand Opening Celebration is scheduled for sometime in April at the Treatment Plant. A specific date will be announced later. Additional activities for the upcoming year include finalizing emergency communication procedures, pursuing media opportunities, performing outreach for Phase II construction and updating informational materials.

10. MANAGER'S REPORT

- DERWA Startup Update

The facilities have been completed, leaving startup testing and permitting to be finalized prior to startup. DSRSD expects the system, except for the Tertiary Treatment Plant, to be up and running in November 2005. Water deliveries will use DSRSD's UV/MF plant for source water. The Tertiary Treatment Plant still needs to be permitted by the Health Department, but that process probably will not be completed until February 2006. EBMUD plans to serve customers at a measured rate starting in January.

- Contracts Initiated Since the Board Meeting of September 26, 2005 – None
- Property Transfers Executed by the Authority Manager – None
- Confirm Next Meeting Date – The next DERWA Board meeting is scheduled for November 28, 2005 at 6:00 p.m. The Regular December 26, 2005 meeting may be canceled.

11. BOARDMEMBER ITEMS – None

12. CLOSED SESSION

The Board went into Closed Session at 6:30 p.m.

- A. Conference with Legal Counsel—Anticipated Litigation. Significant Exposure to Litigation Pursuant to Government Code Section 54956.9 (b). One Case.
- B. Conference with Real Estate Property Negotiator—Pursuant to Government Code Section 54956.8
Authority Negotiator: Robert A. Baker, Authority Manager
Negotiating Parties: San Ramon Valley Unified School District and DERWA
Under Negotiation: Price and Terms

13. REPORTS FROM CLOSED SESSION

At 7:03 p.m. the Board came out of Closed Session. Chair Mellon announced there was no reportable action.

14. ADJOURNMENT

Chair Mellon adjourned the meeting at 7:03 p.m.

Submitted by,

Nancy Gamble Hatfield
Authority Secretary