

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

**Board of Directors Special Meeting Minutes
Monday, November 22, 2004**

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 6:01 p.m. at the Dublin San Ramon Services District Boardroom.

2. PLEDGE TO THE FLAG

3. ROLL CALL – Directors present: Chair Daniel Scannell, Vice Chair Frank Mellon, Director Jeffrey Hansen, 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 – 6:04p.m. – None received.

6. APPROVE MINUTES – Special Meeting of *October 18, 2004*
Motion by Director Coleman, Second by V.C. Mellon, to approve the minutes from the October 18, 2004 meeting. Motion carried (4-0) by the following vote:

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

7. CONSENT CALENDAR

A. Treasurer's Report – September 30, 2004

B. Treasurer's Report – October 31, 2004

C. Quarterly Investment Report – September 30, 2004

Motion by V.C. Mellon, Second by Director Hansen to approve the Consent Calendar. Motion carried (4-0) by the following vote:

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

8. BOARD BUSINESS

A. Audit of Financial Statements for the Years Ended June 30, 2004 and 2003

Treasurer Richard Lou reported on the audit of financial statements performed by KPMG LLP and Yano Accountancy Corporation for the years ended June 30, 2004 and 2003. They gave an unqualified opinion of DERWA's financial statements, and DERWA is properly following all accounting practices including the new Governmental Accounting Standards Board (GASB) rules.

Chair Scannell asked if DERWA rotates auditors on an annual basis. Mr. Lou replied that there is a competitive process for bids but he was not aware of the timeframe. KPMG LLP

is the firm that audits EBMUD, DERWA and Freeport. V.C. Mellon believes KPMG LLP is the second auditor used by EBMUD.

Motion by V.C. Mellon, Second by Director Coleman to approve the Audit of Financial Statements for the Years Ended June 30, 2004 and 2003. Motion carried (4-0) by the following vote:

AYES: Mellon, Coleman, Hansen, Scannell

NOES: None

B. Amendment No. 1 to the Design Agreement with the U.S. Army Corps of Engineers

Mr. Baker explained Amendment No. 1 to the Design Agreement with the U.S. Army Corps of Engineers (USACE) authorizing him to execute an additional funding agreement for approximately \$90,000 to cover increased redesign costs. USACE will start the design work.

In response to a question from Chair Scannell, Mr. Baker stated that the \$140,000 originally paid to USACE was not enough to complete both the predesign and final design. Amendment No. 1 requires an additional \$90,000. The USACE is charging a considerable amount of staff time to overhead charges to the project. Considering this additional cost, the real Corps funding is closer to 60% rather than 75% of the project costs. This overhead, which was not considered in the original budget, is the primary reason for the needed funds.

Director Coleman reported he and EBMUD General Manager Dennis Diemer had met with Mr. Alex Mehran of Sunset Development Company to get approval for property needed for USACE's portion of the DERWA project.

Motion by Director Coleman, Second by Director Hansen adopting Resolution No. 04-9 authorizing execution of Amendment No. 1 to Agreement with the Department of the Army for Design of the San Ramon Valley Recycled Water Project Phase 2, Contra Costa County California. Motion carried (4-0) by the following vote:

AYES: Coleman, Hansen, Mellon, Scannell

NOES: None

9. MONTHLY WORKSHOP – None.

10. MANAGER'S REPORT

- DERWA Construction Update (Attachments)

Mr. Baker reported there has been good progress on the project. Problem areas include whether or not Tank 2 backfill work can be completed before the winter rains, and if the Tertiary Treatment Plant will be completed on time. The plant needs to be started before the end of the irrigation season in 2005 so the facilities can be tested. However, Mr. Baker is not sure the schedule will be met.

DSRSD District Engineer Dave Requa reported the contractor is trying to speed up the expected 18-week motor control center delivery schedule.

- Contracts Initiated Since the Board Meeting of October 18, 2004
(Attachment)

In addition to the two contracts listed in the Board Packet, an additional \$10,000 contract was signed with David Evans and Associates, the engineer for Sunset Development Company. In order to move forward on the land purchase, Sunset's engineer needs to review and approve DERWA's proposal.

- Satellite Treatment Permanent Supplemental Water Alternative

Director Coleman had asked a question at a previous meeting about diverting sewage from Dougherty Valley as a source of Permanent Supplemental Water. In response, EBMUD Engineer Florence Wedington estimated a 2 mgd satellite treatment facility at \$6 million. A good location for the 5,000 +/- square foot facility would be near the DERWA Pump Station R200B (PS2B) off of Dougherty Road. The location would be cost effective since the collector sewer for Dougherty Valley sewage and Reservoir R100 (Tank 1) are in that area. There are some homes less than a mile away but the alternative makes sense because it works out to about \$1,100 per million gallons and no technical complications appear to exist. However, there are some potential institutional complications with the alternative.

- Operations Agreement

Operations Agreement meetings will reconvene once all comments are received.

- Grant Status

Mr. Baker received forms from the State Water Resource Control Board (SWRCB) that will allow them to write the first grant check to DERWA. The forms will be completed and returned to the SWRCB as soon as possible.

- Pump Station R200A (PS2A) Property Purchase

Sunset Property Development Company only wants to work with EBMUD on the Pump Station R200A (PS2A) project. In order to avoid additional problems, the pump station has been moved away from the sewer line on Sunset's property, which will add approximately \$5,000 to the property cost. This item will likely come before the Board for approval in January.

- Confirm Next Meeting Date

No meeting is required in December. The next DERWA Board meeting is scheduled for January 24, 2005 and will include the Board reorganization.

11. BOARDMEMBER ITEMS

All Boardmembers were wished a Happy Thanksgiving.

12. CLOSED SESSION

At 6:23 p.m. the Board went into Closed Session. Item 12A additional attendees included DERWA Treasurer Richard Lou and DSRSD Assistant General Manager Dave Requa.

A. Conference With Real Estate Property Negotiator—Pursuant to Government Code Section 54956.8

Property: Interest in Water Supply and Sales Contracts

Authority Negotiator: Robert A. Baker, Authority Manager

Negotiating Parties: Dublin San Ramon Services District and East Bay

Municipal Utility District
Under Negotiation: Price and Terms

- B. Conference With Legal Counsel—Anticipated Litigation—Pursuant to Government Code Section 54956.9(b)—One case.

13. REPORT FROM CLOSED SESSION

At 7:10 p.m. the Board came out of Closed Session. Chair Scannell announced that there was no reportable action.

14. ADJOURNMENT

Chair Scannell adjourned the meeting at 7:10 p.m.

Submitted by,

Nancy Gamble Hatfield
Authority Secretary