

**DSRSD • EBMUD RECYCLED WATER AUTHORITY
(DERWA)
Board of Directors Regular Meeting Minutes
Monday, March 26, 2018**

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

1. CALL TO ORDER – Chair Howard called the DSRSD • EBMUD Recycled Water Authority (DERWA) meeting to order at 6:02 p.m. at the Dublin San Ramon Services District Boardroom.
2. PLEDGE TO THE FLAG
3. ROLL CALL – Directors present: Chair Dwight “Pat” Howard, Vice Chair John Coleman, Director Frank Mellon, and Director Georgean Vonheeder-Leopold. DERWA Staff present: Mike Tognolini, Authority Manager; Richard Lou, Treasurer; Doug Coty, General Counsel; and Nicole Genzale, Authority Secretary.
4. SPECIAL ANNOUNCEMENTS/ACTIVITIES - None
5. PUBLIC COMMENT – 6:03 p.m. - None
6. CONSENT CALENDAR
 - A. Approve Minutes of Regular Board Meeting of February 5, 2018
 - B. Treasurer’s Reports for January 31, and February 28, 2018
 - C. Approve Task Order No. 16 for Fiscal Year 2018-19 for Public Information Services with ICF Jones and Stokes, Inc.
 - D. Approve Resolution No. 18-1 Amendment to DERWA’s Conflict of Interest Code and Rescind Resolution No. 96-1

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

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

7. BOARD BUSINESS
 - A. Approve and Adopt the Fiscal Year 2018-2019 Capital and Operating Expenditure Budget

Authority Manager Tognolini reviewed the item for the Board and reported there are no new allocations proposed under the capital budget. The proposed increases to the operating budget are reflective of increased recycled water deliveries and increased labor to operate the new Actiflo treatment process.

Motion by Vice Chair Coleman, Second by Director Vonheeder-Leopold, to approve by Resolution No. 18-2 the Fiscal Year 2018-2019 Capital and Operating Expenditure Budget. Motion carried (4-0) by the following vote:

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

8. MANAGER'S REPORTS

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

Authority Manager Tognolini reported the project continues to progress well and has stayed within budget. The substantial completion date has been adjusted from March to mid-April largely due to construction complexities and ensuring proper functionality. Timing will still allow for DERWA to meet recycled water demands this year. The sand filtration UV system is expected to be back in service next week, followed by the Actiflo system. The March rains kept demand low enabling DERWA to meet demands in the winter months using the microfiltration (MF) system. Two approved change orders will be implemented after April: (1) improvements to the heating, venting and cooling systems in the control buildings, and (2) installation of two new variable frequency drives at Pump Station R1. Post-construction, performance testing and re-rating of the filters from 11.7 MGD (million gallons per day) capacity to 16.2 MGD, will take the better part of this year, but will not interrupt treatment or delivery. Though the facility is expected to be at full capacity going into summer of 2019, staff noted that capacity depends in part upon what the filters can manage given water quality.

- Supply and Demand Update

Authority Manager Tognolini gave a presentation to the Board reviewing the following supply and demand topics:

- 7-Day Running Average of Recycled Water Demand Since 2011 - The 2011-2015 average demand remained steady at about 5 MGD. A big increase occurred in 2016 due to overall growth, and increased again to nearly 9 MGD in 2017.
- 2017 Recycled Water Demand - 10 MGD was the average demand on peak days. There were 10 days last summer when all of the available wastewater was used to produce recycled water. Potable water was added at times due to construction activities or depleted wastewater supply.

- Projected Max Day Demands 2017-2022 - Demand is expected to peak at about 15 MGD by 2022. Wastewater supply from new development is less than anticipated due to water conservation and efficiency efforts, resulting in insufficient supply to meet demand going forward. DERWA partner City of Pleasanton contributes more wastewater and will receive its required supply, whereas DSRSD and EBMUD will see a shortage. The Alameda County fairgrounds in Pleasanton is not currently included in these projections.
- 2018 Options to Meet Demand - (1) Use available storage at the plant to level out weekly demands, (2) Use Tassajara Reservoir or Livermore to meet Pleasanton peak demands, (3) Add potable supplies to the system, (4) Switch customers to potable during peak periods, and (5) Demand management.
- Adding Potable Water to Meet Peak Demands - This approach could provide some advantages for roughly one year, but a study needs to be conducted to determine the appropriate use and duration, as well as coordination between the two systems, as peak demand periods are often the same for recycled and potable water.
- Recycled Water Supply - (1) Original projection was 18 MGD by 2019, (2) Current supply is approximately 10-11 MGD, (3) Growth has occurred, but total water usage has not increased as expected and it is unknown how quickly new development will result in additional supply, and (4) As a result, the DERWA system is supply-limited and expected to get worse as demands increase.
- Shortfall Strategies - (1) Potable addition during peak demands (within State guidelines during drought conditions), (2) Demand management - voluntary or mandatory cutbacks, timing shifts for big users, pricing to reflect scarcity, switch users back to potable, (3) Connection moratorium, (4) Central San diversion (temporary - a five-year agreement to divert 1.3 MGD starting next summer is currently being considered), (5) Livermore connection (temporary), (6) Groundwater pumping (though this supply has serious quality issues), (7) Groundwater storage (long term), and (8) Other sources (such as working with East Bay Dischargers Authority, though quite expensive).

The Board expressed its desire to quickly identify alternative supply options, particularly new storage, and see new development begin to make meaningful contributions to the wastewater supply that DERWA relies on.

Staff reported that, in accordance with DSRSD's recently completed Water and Wastewater Master Plans, DERWA should see 12.3 MGD dry weather flow upon buildout of new development (about 2030). Staff noted DERWA customers are solely irrigation users, not

industrial, which alleviates certain supply and demand concerns. DSRSD and EBMUD paid for the recycled water conversion costs for existing customers, and new development includes the necessary infrastructure for recycled water in its planning. They also reported that the outlook for certain alternative options, such as gaining storage in Zone 7's Chain of Lakes in Pleasanton, is waning due to changes in resource planning. The Tri-Valley water agencies will also need to consider their investments in non-potable versus potable reuse while contending with storage limitations and future potable reuse regulations.

Mr. Tognolini's concluding remarks emphasized that recycled water demand is growing despite lower wastewater flows than anticipated when DERWA was created. Securing supplemental supplies will continue to be DERWA's focus in order to avoid demand management measures.

Director Coleman requested staff prepare a report addressing the potential yield and cost of storage options. Staff reported some of this information will be covered by the Joint Tri-Valley Potable Reuse Feasibility Study (to be finalized this summer), and confirmed a fringe groundwater basin would be the one possibility for EBMUD's section of DERWA's service area.

- Confirm Next Board Meeting – May 21, 2018

The Board confirmed the next meeting will be held as scheduled on May 21, 2018.

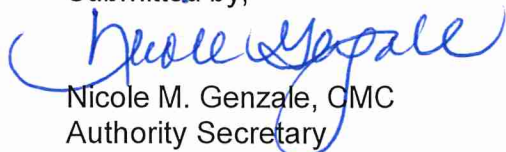
9. BOARDMEMBER ITEMS

Director Mellon thanked the Boardmembers and staff who attended Central San's March 1 Board meeting to support DERWA's acquisition of supplemental wastewater supply.

10. ADJOURNMENT

Chair Howard adjourned the meeting at 7:04 p.m.

Submitted by,



Nicole M. Genzale, CMC
Authority Secretary