

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

**Board of Directors Special Meeting Minutes  
Monday, November 16, 2017**

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

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1. CALL TO ORDER – Chair Frank Mellon 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 Frank Mellon, Vice Chair Dwight (Pat) Howard, Director John Coleman, and Director Ed Duarte. 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 – 6:02 p.m. - None
6. APPROVE MINUTES – Regular Board Meeting of June 26, 2017

Motion by Vice Chair Howard, Second by Director Coleman, to approve the minutes from the Regular Meeting of June 26, 2017. Motion carried (4-0) by the following vote:

AYES: Howard, Coleman, Duarte, Mellon  
NOES:

7. CONSENT CALENDAR

- A. Treasurer's Reports for June 30, July 31, August 31, September 30, and October 31, 2017
- B. Quarterly Investment Reports – June 30 and September 30, 2017

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

AYES: Coleman, Duarte, Howard, Mellon  
NOES:

The Board asked Authority Manager Tognolini to convey the Board's appreciation to Mr. Lou for the work he performs for DERWA.

8. BOARD BUSINESS

- A. Authorize the Authority Manager to Enter into an Agreement with Dublin San Ramon Services District (DSRSD), East Bay Municipal Utility District (EBMUD), and City of Pleasanton for the Allocation of State and Federal Funding for the Phase 2 Recycled Water Treatment Plant Expansion Project

Authority Manager Tognolini reviewed the item for the Board. He reported that DSRSD staff has been pursuing state and federal grant funding opportunities for recycled water projects on behalf of DERWA. DERWA is currently being evaluated for a \$2,500,000 grant from the State Water Resources Control Board's Green Project Reserve, which forgives principle and charges no interest, and for more than \$7,600,000 between two federal grants under Title XVI (via Bureau of Reclamation) and the Water Infrastructure Improvements for the Nation Act (WIIN). DSRSD has

already received funding from the Bureau of Reclamation for distribution projects and the process has gone as smoothly as can be expected. This proposed agreement will establish the allocation of grant funding to each partner agency based on costs incurred by each partner for the expansion project, as well as affirm EBMUD and City of Pleasanton will share the costs DSRSD has incurred proportional to the grant funding each agency receives. DSRSD has paid more than \$196,000 in necessary costs so far. This agreement has been reviewed by partner agency staff and legal counsel, and will be presented to the partner agency council/boards of directors upon DERWA approval. He credited DSRSD staff and the consulting team for doing a great job pursuing this potential funding. The Board expressed its appreciation for their efforts.

Motion by Director Coleman, Second by Vice Chair Howard to authorize the Authority Manager to Enter into an Agreement with Dublin San Ramon Services District (DSRSD), East Bay Municipal Utility District (EBMUD), and City of Pleasanton for the Allocation of State and Federal Funding for the Phase 2 Recycled Water Treatment Plant Expansion Project. Motion carried (4-0) by the following vote:

AYES: Coleman, Howard, Duarte, Mellon  
NOES:

B. Approve DERWA Board Meeting Schedule

Authority Manager Tognolini reviewed the item for the Board which proposed regular Board meetings be held on the fourth Monday of odd months, with the first meeting of the year to be held on the first Monday in February, beginning in 2018.

The Board and staff discussed the proposed schedule and determined the May meeting would conflict with the Memorial Day holiday. The Board agreed to the proposed schedule with the change that the May meeting will be held on the third Monday of that month.

Motion by Vice Chair Howard, Second by Director Coleman, to approve by Resolution the new DERWA Board Meeting Schedule with the change that the May meeting will be held on the third Monday of that month. Motion carried (4-0) by the following vote:

AYES: Howard, Coleman, Duarte, Mellon  
NOES:

C. Transmittal of the DERWA Independent Auditor's Report and Financial Statements for Years Ending June 30, 2017 and 2016

Treasurer Lou reviewed the item for the Board. Authority Manager Tognolini distributed copies of the Memorandum on Internal Control and Required Communications for Year Ended June 30, 2017 to the Board. Mr. Lou reported that Maze & Associates (Maze) conducted the audit and DERWA received a clean opinion.

The Board and staff discussed the auditor selection process, noting that DERWA uses the auditor selected by EBMUD via its RFP (request for proposal) process. Maze has worked with EBMUD and DERWA for about 10 years.

General Counsel Coty commented that audit firms who work with agencies for a number of years typically rotate principal auditors to reduce the level of familiarity between the agency and the auditor. Mr. Lou confirmed this was the case for DERWA's audit.

Motion by Director Duarte, Second by Director Coleman, to approve the Transmittal of the DERWA Independent Auditor's Report and Financial Statements for Years Ending June 30, 2017 and 2016. Motion carried (4-0) by the following vote:

AYES: Duarte, Coleman, Howard, Mellon

NOES:

## 9. MANAGER'S REPORTS

### A. Capital Projects Update – Phase 2 Recycled Water Treatment Plant Expansion Project

Authority Manager Tognolini introduced DSRSD Associate Civil Engineer and DERWA project manager Robyn Mutoke who gave a presentation of the impressive progress of the expansion project at the DSRSD Regional Wastewater Treatment Plant in Pleasanton. She reported that most of the civil work is done, with electrical and mechanical installations to be done next, and project completion targeted for summer 2018. Shoring was constructed in March to protect the construction area and to allow continued use of holding basin #4, followed by the construction of the foundation, and then the walls in July. So far, inclement weather has affected only the access ramp in the holding tank. She explained the existing UV channels will be expanded to include 10 more UV modules that can be inserted and removed by a small crane affixed within the facility. The contractors are doing an excellent job and work well with staff. Despite multiple construction projects, the plant has remained fully functional, and DSRSD operations staff processed every drop of water available on the hottest days. RFI's (requests for information) from the contractor have been relatively low to date, which speaks well of the project design. The Board expressed its admiration for the project's progress and thanked Ms. Mutoke for her presentation. Additionally, Chair Mellon shared EBMUD's experience with GSE, the contractor building Digester #4, cautioning DSRSD about undue pressure by the union regarding work for carpenters and plumbers. He encouraged staff to use DERWA Boardmembers as resources if they encounter challenges in this respect.

### B. Supplemental Supply Update

Authority Manager Tognolini reported that DERWA anticipated having insufficient supply this year, and came close to realizing that this summer. DERWA recycled every drop of water, but fortunately did not have to supplement with much potable water. With new customers coming online for recycled water, DERWA is subject to periods without enough supply to meet the growing demand. The top option to increase supply is to work with Central Contra Costa County Water District (Central San) to divert wastewater flows from San Ramon to the DSRSD collection system. Staff has been working closely with Central San to negotiate an agreement. DERWA would like to initially obtain 1.5 million gallons of flow a day, however Central San is not willing to offer its flow as a permanent supply solution due to concerns for potential negative impacts to infrastructure. A short-term arrangement could possibly be realized by summer of 2019. Other potential supply options include obtaining wastewater flow from Livermore, and pumping groundwater from San Ramon. The Tri-Valley potable reuse study, concluding in December, will provide a framework for the direction of recycled water in the Valley, which may present other long-term alternatives. Staff is hopeful that an agreement with Central San can be presented to the Board in 2018.

The Board agreed a short-term strategy (5 to 10 years) with Central San is desirable and could potentially lead to a longer-term agreement, or allow DERWA time to determine another longer-term solution. Director Coleman offered his assistance to support staff by reaching out to Central San Boardmembers, if desired.

### C. 2017 Operations Update

Authority Manager Tognolini reported 2017 has been a record year, setting records daily from April through early November, with peak recycled water deliveries at close to 9 MGD (million gallons per day) over a seven-day average, the peak day being nearly 10 MGD. In comparison, 2015's seven-day average was 5 to 6 MGD. DERWA has seen a dramatic increase due to City of

Pleasanton becoming a customer, and DSRSD's and EBMUD's expanded recycled water programs. He acknowledged DSRSD's operations team's excellent accomplishments adjusting to and handling the new operational challenges brought on with serving Pleasanton, and for taking advantage of customer use patterns to better manage water storage and accomplish other activities on low demand days (Saturdays) for use on peak demand days (typically Mondays). In early September, DERWA alerted large customers (golf courses, large parks, Pleasanton, etc.) to be mindful of use, but supply proved adequate with no need to supplement with potable water from Pleasanton. From January through first week of November, 1.5 billion gallons (4,800 acre-feet) of recycled water was produced, and only 18 million gallons of potable water (about 1% of recycled water delivered) was augmented by Pleasanton.

Chair Mellon requested staff draft a summary report on recycled water production to share with the Boardmembers' respective agencies. Mr. Tognolini agreed to complete and send such a report to the Board. Director Coleman stated DERWA's recycled water service was a tremendous accomplishment by staff and suggested a joint press release be drafted by DSRSD and EBMUD. Mr. Tognolini agreed to speak with staff about best timing for a press release.

D. Cancel Next Board Meeting – December 25, 2017

The Board agreed to cancel the December 25 Board meeting. The next Regular Board meeting will be February 5, 2018 per the new Board meeting schedule approved this evening. The Board requested Mr. Tognolini send the new Board meeting schedule to administrative staff at EBMUD.

10. BOARDMEMBER ITEMS – None

11. ADJOURNMENT

Motion by Director Duarte, Second by Vice Chair Howard, to adjourn the meeting. Motion carried (4-0) by the following vote:

AYES: Duarte, Howard, Coleman, Mellon

NOES:

Chair Frank Mellon adjourned the meeting at 6:54 p.m. He wished everyone happy holidays and thanked the agencies for a great, long-standing relationship.

Submitted by,

  
Nicole M. Genzale  
Authority Secretary