

**DSRSD • EBMUD RECYCLED WATER AUTHORITY
(DERWA)
Board of Directors Regular Meeting Minutes
Monday, July 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 6:02 p.m. at the Dublin San Ramon Services District Boardroom.

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

In a ceremonial act in recognition of DERWA's Tenth Anniversary, Chair Mellon turned the gavel over to V.C. Hansen for the evening's meeting explaining that V.C. Hansen had been present at the first DERWA Board meeting held August 21, 1995. Chair Pro tem Hansen conducted the remaining portion of the meeting.

2. PLEDGE TO THE FLAG

4. SPECIAL ANNOUNCEMENTS/ACTIVITIES

5. PUBLIC COMMENT – 6:05 p.m. – None received.

6. APPROVE MINUTES – Regular Meeting of *May 23, 2005*

Motion by Director Scannell, Second by Director Mellon to approve the minutes from May 23, 2005 meeting. Motion carried (3-0-1) by the following vote:

AYES: Scannell, Mellon, Hansen

NOES: None

ABSTAIN: Foulkes

7. CONSENT CALENDAR

A. Treasurer's Report – May 31, 2005

B. Treasurer's Report – June 30, 2005

C. REMOVED – Quarterly Investment Report – June 30, 2005

Item 7.C was removed from the Consent Calendar for further discussion.

Motion by Director Foulkes, Second by Director Mellon, to approve Items 7.A and 7.B on the Consent Calendar. Motion carried (4-0) by the following vote:

AYES: Foulkes, Mellon, Scannell, Hansen

NOES: None

In regard to Item 7.C, Director Scannell asked about the parameters of DERWA's Investment Policy. He felt the investment yield of 2.95% was very low. Treasurer Lou

responded that the State of California Local Agency Investment Fund (LAIF) is the safest short-term investment tool for local agencies although it has had a low yield for the past couple of years. An advantage of LAIF is that it is easy to move money into and out of the LAIF account.

Motion by Director Scannell, Second by Director Foulkes, to approve Item 7.C on the Consent Calendar. Motion carried (4-0) by the following vote:

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

8. BOARD BUSINESS

A. Authorize the Authority Manager to Execute Agreements Number 05-701-550-0 and 05-702-550-0 with the State Water Resources Control Board for a \$24,764,850 Loan
Authority Manager Baker indicated the State Water Resources Control Board (SWRCB) loan amount was higher than originally indicated, and the initial payment should be received in the near future. He noted the contract includes a little more “boilerplate language” than a typical SWRCB grant contract. General Counsel Maddow did not believe the “boilerplate” language presented any significant problems for DERWA from a legal perspective.

Following analysis of the management contracts covenant stated in the loan package, Mr. Maddow determined that specific language has no impact on Mr. Baker’s contract as DERWA Authority Manager, in particular the Pay for Performance provisions of his contract.

Motion by Director Scannell, Second by Director Mellon adopting Resolution No. 05-7 authorizing the Authority Manager to execute Agreements Number 05-701-550-0 and 05-702-550-0 with the State Water Resources Control Board for a \$24,764,850 Loan. Motion carried (4-0) by the following vote:

AYES: Scannell, Mellon, Foulkes, Hansen
NOES:

B. Authorize and Direct the Authority Manager to Execute Certificates of Acceptance of DERWA Program Facilities, Property, and Licenses

Authority Manager Baker stated the Sales Agreement requires Member Agencies to transfer most of their facilities, properties, easements and licenses to DERWA, but the transfer process is very complicated. Legal representatives decided it was advisable for EBMUD facilities to be transferred to DERWA prior to start up and in order to expedite those transfers, EBMUD is giving staff authority to transfer the facilities at their Board meeting on July 26. This item would allow the DERWA Authority Manager to accept the facilities.

Director Mellon indicated the referenced facilities transfer will be on the EBMUD Board agenda for approval on July 26.

In response to a request from Chair Pro tem Hansen, Mr. Baker agreed to reference such transfers in his Manager’s Report to the Board.

Motion by Director Mellon, Second by Director Scannell adopting Resolution No. 05-8 authorizing and directing the Authority Manager to execute, on behalf of the Authority, certificates of acceptance, in a form approved by the Authority's General Counsel, providing evidence of the consent to and acceptance of the conveyance to the Authority of DERWA Program Facilities, and all other real property interests, including licenses and rights of entry, as required in the implementation of the DERWA Program. Motion carried (4-0) by the following vote:

AYES: Mellon, Scannell, Foulkes, Hansen
NOES:

C. Authorize the Authority Manager to Execute a Professional Services Agreement with Jones & Stokes Associates for Public Information Services

Mr. Baker reported the project is moving from the construction phase to start up. Public information assistance is needed in three specific areas which include: (1) developing and communicating the cross-connection prevention program; (2) coordinating communication within the DSRSD/EBMUD/DERWA agencies as well as with customers of the Member Agencies; and (3) handling traditional duties such as preparing and distributing fact sheets, assisting with Grand Opening celebration and updating the Web site. The total amount for the contract is \$117,861.

In response to a question from Director Foulkes, Mr. Baker stated the individual customer service lines are most vulnerable to cross-connection.

Motion by Director Foulkes, Second by Director Mellon to approve Resolution No. 05-9, authorizing the Authority Manager to execute a Professional Services Agreement with Jones & Stokes Associates. Motion carried (4-0) by the following vote:

AYES: Foulkes, Mellon, Scannell, Hansen
NOES:

9. MONTHLY WORKSHOP

A. Presentation and Discussion: Future State and Federal Grant Funding Opportunities

EBMUD Engineer Linda Hu from the Office of Water Recycling updated the Board on future grant funding opportunities with an emphasis on Federal funding under WRDA and State funding under Proposition 50, Chapter 8.

To date DERWA has received \$1.9 million in Federal funding, most of which has been applied to Phase 2 design by the U.S. Army Corps of Engineers. Now approximately \$3 million in Federal funding for Phase 2 construction is being sought. As part of the funding strategy developed for DERWA, Director Coleman and Dave Williams of EBMUD recently met with several legislators in Washington, D.C. Their meetings resulted in a Senate mark up of \$3 million for this project, but since the House of Representatives had no markup, the September Conference Committee meetings will be important as far as setting a jointly agreed upon funding amount for this project.

Ms. Hu listed sixteen organizations and businesses that had sent letters already to Representative Pombo asking for his support for funding the San Ramon Valley

Recycled Water Program, and asking him to encourage his fellow Representatives to accept the \$3 million Senate mark up. In addition, at least five more groups will be asked to send supportive letters.

In terms of State funding opportunities, Ms. Hu presented some background information about Proposition 50, Chapter 8. In the first cycle, \$148 million in grants will be available for recycled water, desalination, conservation and ecosystem restoration projects. A maximum of \$50 million will be granted per region within California. The SRVRWP Project was part of a regional application for \$39.4 million, under the name of the San Francisco Bay Area Recycling and Desalination application that was submitted on July 14, 2005. That application included 7 other recycling projects and 2 other desalination projects in the Bay Area. Competition for the funds will be very high. Following additional competition by applicants, funding awards are scheduled for July 2006.

10. MANAGER'S REPORT

- DERWA Construction and Startup Update –
 - DSRSD expects Pump Station 1 to be available as of September 1 so the system can operate using the DSRSD UV/MF facility. Therefore, recycled water should be available to EBMUD in late September or early October.
 - In terms of the start-up update, project pipes and tanks are completed.
 - Boardmembers received a map of the DERWA system showing existing pipes and facilities. The map will be sent out to permit counters for Cities and other jurisdictions and it will be used for the cross-connection prevention program.
 - Authority Manager Baker announced a DERWA Tenth Anniversary Celebration would follow the Board meeting.
- Contracts Initiated Since the Board Meeting of May 23, 2005
Contracts initiated since the Board Meeting of May 23, 2005 include one with Suzanne Arca Design for on-call landscaping services, and a contribution to the City of San Ramon for a joint landscaping project along Alcosta Boulevard north of the DERWA Tank R-200 access road.
- Tertiary Treatment Plant Tour – Mr. Baker explained the Tertiary Treatment Plant is almost complete, and Boardmembers expressed an interest in touring the facility on Thursday, August 11 at 8:00 a.m.
- Well Project – Mr. Baker is having trouble getting upper level management at the San Ramon Valley Unified School District to return phone calls concerning the proposed test well at California High School. Mr. Baker and DSRSD General Manager Bert Michalczyk have scheduled a meeting with SRVUSD School Boardmember Bill Clarkson to discuss the issue.
- Sunset Property Acquisition – The Board received an update from Mr. Baker about Sunset property negotiations that have been underway for over a year. At their request, DERWA hired Sunset's engineer to review the proposal. He

and Linda Hu met with Sunset's attorneys, who were very accommodating. Currently, Sunset management is reviewing the document.

- Confirm Next Meeting Date – The next DERWA Board meeting is scheduled for August 22, 2005 at 6:00 p.m.

11. BOARDMEMBER ITEMS

Director Mellon commented on how quickly ten years has passed since the inception of the DERWA project, and how involved Directors Gioia and Coleman have been during that time. He felt privileged to have been involved with this interesting project.

Chair Pro tem Hansen agreed with Director Mellon and noted Ms. Georgan Vonheeder was a major proponent for the DERWA Project in the early years. Ms. Vonheeder attended the first DERWA meeting and she will help celebrate DERWA's Tenth Anniversary tonight. Her vision and leadership on the DSRSD Board helped shape the DERWA project. He also wanted to acknowledge Bert Michalczyk's leadership, especially during difficult times over the past ten years. He then returned the gavel to Chair Mellon.

12. ADJOURNMENT

Chair Mellon adjourned the meeting at 6:37 p.m. so that meeting participants could enjoy the refreshments served for DERWA's Tenth Anniversary Celebration.

Submitted by,

Nancy Gamble Hatfield
Authority Secretary