

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

**Board of Directors Special Meeting Minutes  
Monday, December 19, 2011**

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

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1. CALL TO ORDER – Vice 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: Vice Chair Dwight L. (Pat) Howard, Director Frank Mellon, and Director Daniel Scannell. DERWA Staff present: James Bewley, Authority Manager; Richard Lou, Treasurer; Robert Maddow, General Counsel; and Nancy Gamble Hatfield, Authority Secretary.

4. SPECIAL ANNOUNCEMENTS/ACTIVITIES - None.

5. PUBLIC COMMENT – 6:04 p.m. – None received.

6. APPROVE MINUTES – Special Meeting of May 2, 2011  
Motion by Director Scannell, Second by Director Mellon to approve the minutes from the Special meeting of *May 2, 2011*.

Motion carried (3-0) by the following vote:

AYES: Scannell, Mellon, Howard

NOES:

7. CONSENT CALENDAR

A. Treasurer's Reports – April 30, May 31, June 30, July 31, August 31, September 30, October 31 and November 30, 2011

B. Quarterly Investment Reports – June 30 and September 30, 2011

Motion by Director Mellon, Second by Director Scannell to approve the Consent Calendar.

Motion carried (3-0) by the following vote:

AYES: Mellon, Scannell, Howard

NOES:

8. BOARD BUSINESS

A. Transmittal of the DERWA Independent Auditor's Report and Financial Statements for the Years Ending June 30, 2011 and 2010

Authority Manager Bewley reported that this agenda item was to present the Financial Statements for the Years Ending June 30, 2011 and 2010. He invited Treasurer Lou to comment on the statements.

Treasurer Lou stated that the auditor went through a detailed review of DERWA's financial statements and did not find any irregularities or issues. The big event for DERWA finances this past year was the retirement of the Commercial Paper debt, which is noted in the financial statements.

Director Scannell commented that he was aware Maze & Associates has been performing the audit for DERWA for a few years and mentioned that it may be time to use another auditing firm next year.

Mr. Lou explained that Maze and Associates has performed the audit since 2007. The DERWA audit is done by the same firm that does the EBMUD audit. In 2012, an RFP will be issued for new auditing services for EBMUD and its JPAs.

Motion by Director Mellon, Second by Director Scannell to accept the DERWA Independent Auditor's Report. Motion carried (3-0) by the following vote:

AYES: Mellon, Scannell, Howard

NOES:

#### 9. MANAGER'S REPORTS

- Contracts Initiated Since the Board Meeting of May 2, 2011 – Mr. Bewley stated that there is a Board policy authorizing the Authority Manager to enter into contracts between the Board meetings to keep the business of the JPA moving forward. His authority is for a not to exceed amount of \$50,000. The policy requires the Authority Manager to report those contract activities at the next Board meeting.
- The Covello Group, Construction Claim Support – NTE \$39,900 – Authority Manager Bewley reported that a contract was entered into with The Covello Group for construction claim support related to the PSR200A/Pipeline IH Project. In May 2011, the contractor filed a claim with the Army for approximately \$1.6 million. The claim relates primarily to time delays. At the end of August, the Army was interested in assistance from DERWA for review of the claim. Work did not really get moving on the claim until the October/November timeframe. In their initial response to the claim, attorneys for the Army responded that they would have a decision on the claim by December 16, 2011. Many of the Army staff members working on this matter were transferred elsewhere during the year so their review of the claim did not get very far. The Covello Group was contracted to develop an as-built schedule based on the Army's daily inspection reports, the quality assurance reports and the City of San Ramon's daily inspection reports. This work highlights what days the contractor had people working on different sections of the pipeline and identifies issues raised in the claim. Mr. Bewley discussed the contract liquidated damages provisions. He stated that he suspects this matter will continue for several months before a decision is made. The Army notified DERWA that they met with the contractor and the contractor consented to extend the due date of December 16, 2011. It is to the contractor's advantage to extend the due date when the Army is not prepared for a decision since no response from the Army is equivalent to a denial of the claim. The

contractor has agreed to meet and discuss the matter after January 1, 2012. Mr. Bewley stated this is all going in the right direction regarding DERWA providing input into the process.

- John M. Pereira, Temporary Use Agreement Amendment No. 1 – \$12,500 – Mr. Bewley explained that Amendment No. 1 to the agreement with Mr. Pereira at Pereira Ranch, which is off of Tassajara Valley Road, was entered into after the last Board meeting. Pipes and materials for the EBMUD Distribution System Phase 2 3 4 projects are being stored at the site. Two contracts were issued under the EBMUD Distribution System Phase 2 3 4 projects. They are being funded for DERWA under the Water Resources Development Act (WRDA) Grant. One project was located mostly in San Ramon and the contractor was North Star Construction from Yuba City. Mr. Bewley reported that the contractor and the Army/EBMUD construction management did a very good job and the City of San Ramon is very happy with the project. This helped to remedy some of the hard feelings from the Bollinger Canyon Road pipeline project. The work in the Danville area was done by Jonas and Associates. Very soon after that project was started, it was recognized that the work scope was beyond Jonas's capabilities. The Army deleted a significant amount of the pipeline work in order to meet the Town of Danville's schedule requirements. However, the pipe for the entire project had already been purchased. The pipe that was not used is now being stored at Pereira Ranch site. The Army now owns the pipe and is working with EBMUD to put together another contract for early 2012.

Director Mellon commented that the ranch is receiving unexpected money as a result of the extended storage.

Mr. Bewley noted that the Pereira family has owned the ranch for many generations and has horses and cattle on the land. He receives \$2,500 per month from the lease.

- Tanaka Design Group, Landscape Design – NTE \$5,900 – Mr. Bewley reported that a contract was entered into with Tanaka Design Group for landscape design. DERWA negotiated property for the PSR200A with Bishop Ranch – Sunset Development. One of the conditions to the property purchase was that Sunset had a right to review and approve the plans for the pump station and, in particular, how it appeared visually. There was a requirement that the pump station be underground and anything above the ground be screened from sight and be very low profile. As the detail design was being completed, the pump station kept creeping up higher due to some physical features. From the road to the pump station there is about a four foot change in elevation, which is an asphalt berm that is not unacceptable to Sunset. DERWA did not want the contractor that built the pump station to be involved in any of the landscape improvement work. Tanka has performed work for DSRSD in the past and they were hired and did a very nice landscape design. Sunset Development has approved the design. The work is planned for early 2012, and consists of removing the asphalt berm, planting shrubs and trees to screen the electrical and HVAC equipment. This landscaping will be complete the pump station

construction. As difficult as that construction project was, that is one of DERWA's best running pump stations.

- HF&H Consulting, Utility Rate Advisory Services – NTE \$11,340 – HF&H will be assisting DERWA in establishing the wholesale water rate to supply the City of Pleasanton, and is the subject of tonight's Closed Session.
- PSR200A/Pipeline IH Project Update – Mr. Bewley stated that this project was discussed with the previous agenda items. The claim should continue for several months. Very little time is being spent on this project with the exception of the claims analysis.
- EBMUD Distribution System Phase 2 3 4 Projects Update – Mr. Bewley stated this project was already discussed with the previous agenda items.
- Confirm Meeting Dates – Cancel Regular Meeting February 27, 2012 – Next Regular Meeting Date April 23, 2012 – The Board agreed to cancel the meeting of February 27, 2012 since Mr. Bewley will be out of the country. The next meeting is scheduled for April 23, 2012. Special meetings will likely be needed sometime in January or February. Director Mellon requested that if special meetings are scheduled that they skip the last Monday of January as he will be out of town.

#### 10. CLOSED SESSION

At 6:20 p.m. the Board went into Closed Session. V.C. Howard announced that General Counsel Maddow, DSRSD General Manager Michalczyk and EBMUD Director of Water and Natural Resources Sykes would also attend the Closed Session.

#### A. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8

Property: Water Supply Contract  
 DERWA Negotiator: James B. Bewley, Authority Manager  
 Negotiating Parties: City of Pleasanton and DERWA  
 Under Negotiation: Price and Terms of Payment

#### 11. REPORTS FROM CLOSED SESSION

At 6:41p.m. the Board came out of Closed Session. V.C. Howard announced that there was no reportable action.

#### 12. BOARDMEMBER ITEMS

Director Scannell wished everyone a "Merry Christmas" and "Happy Holidays." He commented that the DSRSD Board will approve Committee assignments tomorrow night and it appears that Director Howard will rotate off the DERWA Board and Director Vonheeder-Leopold would assume the assignment.

V.C. Howard commented that this was his second and last DERWA meeting of his year's assignment.

Director Mellon also expressed "Happy Holidays" to all.

13. ADJOURNMENT

V.C. Howard adjourned the meeting at 6:42 p.m.

Submitted by,



Nancy Gamble Hatfield  
Authority Secretary