

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

**Board of Directors Regular Meeting Minutes
Monday, February 25, 2008**

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

1. CALL TO ORDER – Vice Chair Dan Scannell called the DSRSD • EBMUD Recycled Water Authority (DERWA) meeting to order at 6:00 p.m. at the Dublin San Ramon Services District Boardroom.

2. PLEDGE TO THE FLAG

3. ROLL CALL – Directors present: Vice Chair Dan Scannell, Director Frank Mellon, Director Rich Halket and Director Katy Foulkes. DERWA Staff present: James Bewley, Authority Manager; Richard Lou, Treasurer; Douglas Coty, Assistant General Counsel; and Nancy Gamble Hatfield, Authority Secretary.

4. BOARD REORGANIZATION

A. Election of Board Chair

Motion by Director Mellon, Second by Director Foulkes to elect Vice Chair Scannell as DERWA Board Chair for 2008. Motion carried (4-0) by the following vote:

AYES: Mellon, Foulkes, Halket, Scannell

NOES:

B. Election of Board Vice Chair

Motion by Director Foulkes, Second by Director Halket to elect Director Mellon as DERWA Board Vice Chair for 2008. Motion carried (4-0) by the following vote:

AYES: Foulkes, Halket, Mellon, Scannell

NOES:

C. Appointment of Secretary

Motion by V.C. Mellon, Second by Director Halket to appoint Nancy Hatfield as DERWA Secretary for 2008. Motion carried (4-0) by the following vote:

AYES: Mellon, Halket, Foulkes, Scannell

NOES:

5. SPECIAL ANNOUNCEMENTS/ACTIVITIES – None.

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

7. APPROVE MINUTES – Special Meeting of *October 15, 2007*

Motion by V.C. Mellon, Second by Director Halket to approve the minutes from the *October 15, 2007* special meeting. Motion carried 3-0-1 by the following vote:

AYES: Mellon, Halket, Scannell
NOES: None
ABSTAIN: Foulkes

8. CONSENT CALENDAR

Authority Manager Bewley requested that 8.D be removed for separate discussion.

A. Treasurer's Report – October 31, 2007

B. Treasurer's Report – November 30, 2007

C. Treasurer's Report – December 31, 2007

D. REMOVED – Quarterly Investment Report – December 31, 2007

Motion by Director Foulkes, Second by Director Halket to approve Consent Calendar Items A - C. Motion carried (4-0) by the following vote:

AYES: Foulkes, Halket, Mellon, Scannell
NOES:

8.D Removed - Quarterly Investment Report – December 31, 2007

Authority Manager Bewley stated that there was a slight error in the text of the Summary and Recommendation of the Quarterly Investment Report contained in the agenda packet, the second paragraph, and first sentence. The sentence should have read: "The investments held by the Authority on December 31, 2007 included General Fund investments of \$550,000.00 and Construction Fund investments of \$5,682,000.00." These investments are not, in fact, State Loan or Grant funds but Construction Fund Money. Mr. Bewley stated that General Counsel also noted an error in the first line of the first paragraph. The Government Code Section 53646 was recently amended and while a Quarterly Investment Report is no longer "required," it is strongly recommended that agencies continue to submit reports. Mr. Bewley recommended that the DERWA Board continue to receive reports with the revised wording. Treasurer Lou said he would continue to provide the reports to the Board with the revised wording.

Motion by Director Halket, Second by Director Foulkes to approve the Quarterly Investment Report noting the suggested revisions to the Summary and Recommendation. Motion carried (4-0) by the following vote:

AYES: Halket, Foulkes, Mellon, Scannell
NOES:

9. BOARD BUSINESS

A. Approve Final Acceptance of Construction of Pipeline Grounding System Repair Project (DERWA 07-01) and Authorize Filing of Notice of Completion

Authority Manager Bewley reminded the Board that in January, Dave Requa, Acting Authority Manager, notified the Boardmembers that the Pipeline Grounding System Repair Project was essentially complete and he wanted to get the Notice of Completion filed so final payment to the contractor could occur. Mr. Bewley noted that this was an unusual project, in that it was completed with no change orders. This project was bid at a considerably lower price than the Engineer's Estimate and was slightly lower than the second bidder. Construction Management was performed by EBMUD and the Design

Engineer and others worked extremely well together without comments or concerns from East Bay Regional Parks, Contra Costa County or Zone 7.

Motion by V.C. Mellon, Second by Director Halket to approve final acceptance of construction of Pipeline Grounding System Repair Project (DERWA 07-01) and authorize filing of the Notice of Completion. Motion carried (4-0) by the following vote:

AYES: Mellon, Halket, Foulkes, Scannell

NOES:

10. MANAGERS REPORT

- Contracts Initiated by the Authority Manager Since the Board Meeting of October 15, 2007 – None.
- During the Closed Session portion of the October 2007 Board Meeting, the Board authorized General Counsel to negotiate and execute an amendment to the agreement with the Authority Manager. The contract amendment has now been negotiated and executed by both parties.
- Pump Station R200A/Pipeline IH Project Update - This project will go out to bid in a few days. The Corps of Engineers' review of the bid documents raised some questions on provisions of the general conditions that apparently weren't caught in their review a year ago. In addition, there were some changes to the technical specifications relating to the Chevron communications easement. These have been completed and staff is working on a project schedule. The advertisement will be published next week and the Pre-bid conference is scheduled for March 13, 2008, with the bid opening in late March or early April. Mr. Bewley pointed out that this is an interesting project including how the Corps is required to put the job out to bid. The actual dollar amount constrains the Corps to only be able to request quotes from a pre-established list of small business contractors. On March 13, 2008, more information about the interested contractors will become known.
- Staff has finalized the Encroachment Permit conditions with the City San Ramon and will be making a presentation to the City Council on April 22. The City staff has advised that they will not issue the Encroachment Permit until the City Council receives a presentation. The City Council gave specific instructions on what they want included in the Encroachment Permit. One limitation is that they will only allow pipeline construction while school is out. The pipeline construction has to be completed by August 22, 2008. This would have been easy, Mr. Bewley remarked, if it had been out to bid four to six weeks ago. However, the schedule still appears doable.

Chair Scannell asked what would happen if the project cannot be finished by August 22.

Mr. Bewley replied that the result would be some type of Change Order and the contractor would have a couple of choices. They could: 1) accelerate the work by either working double shifts and/or doing night work, which would require an agreement with the City because night work is usually not permitted; 2) the

contractor could work from two headings at one time which would cost more than the original bid; or, 3) postpone the project until 2009, which would be the worst option from DERWA's perspective.

V.C. Mellon remarked that when EBMUD did the southern pipeline they had two headings. The work was done by Ranger Pipelines and they worked through Castro Valley very quickly. Ranger did the entire pipeline reach in Castro Valley in one summer. He felt this option was worth considering as long as it didn't allow the project to get out of control.

Mr. Bewley noted that as the specifications are written, it is a requirement that the work be completed within one year of the Notice to Proceed and that the contractor is limited to completing construction of the pipeline by August 22. On March 13 DERWA staff will find out how difficult the contractors believe this project will be.

- Debt Financing Alternatives Board Workshop Planning - Mr. Bewley remarked that there is currently a lot in the news about debt and credit. He reminded the Board that last October one of his goals was to come back to the Board with a workshop on DERWA debt and financing alternatives. He believes now is a good time to do that. His plan is to give a presentation at the April Meeting. He will identify what debt DERWA has, how it is structured, and get the opinions of Treasurer Richard Lou and Gary Breaux about what alternatives are available, and whether or not any changes should be considered to current practices.
- Confirmed Next Meeting Date – April 28, 2008

11. BOARDMEMBER ITEMS

Director Halket announced that, as the other Boardmembers were probably aware, he and his wife adopted a baby boy in December 2006. Now, they will be having a baby boy who is scheduled to arrive on March 20, 2008.

Director Mellon suggested that having two children close together will keep him and his wife young.

Chair Scannell reminded the Board of the recent visit by Erich Pfuehler, from Congressman McNerney's office. DERWA staff and Boardmembers met and conversed with Mr. Pfuehler while on a tour of the Wastewater Treatment Plant. It was a good meeting however, he was unsure of the current status of the lobbying effort.

Mr. Bewley remarked that he had been advised that Erich Pfuehler is no longer with McNerney's office.

Director Foulkes added that this fact hopefully has been communicated to Eric Sapirstein in Washington.

Chair Scannell thanked the Board for the rotation.

12. ADJOURNMENT

Chair Scannell adjourned the meeting at 6:20 p.m.

Submitted by,

A handwritten signature in cursive script that reads "Nancy Gamble Hatfield".

Nancy Gamble Hatfield
Authority Secretary