

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

**Board of Directors Regular Meeting Minutes  
Monday, April 23, 2007**

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

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1. CALL TO ORDER – Chair Coleman called the DSRSD • EBMUD Recycled Water Authority (DERWA) meeting to order at 6:03 p.m. at the Dublin San Ramon Services District Boardroom.

2. PLEDGE TO THE FLAG

3. ROLL CALL – Directors present: Chair John Coleman, Vice Chair Dan Scannell, Director Frank Mellon, and Director Rich Halket. 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 – Regular Meeting of *February 26, 2007*

Motion by Director Mellon, Second by V.C. Scannell to approve the minutes from February 26, 2007. Motion carried (4-0) by the following vote:

AYES: Mellon, Scannell, Halket, Coleman

NOES:

7. CONSENT CALENDAR

A. January 31, 2007 Treasurer's Report

B. February 28, 2007 Treasurer's Report

C. Quarterly Investment Report – March 31, 2007

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

AYES: Scannell, Halket, Mellon, Coleman

NOES:

8. BOARD BUSINESS

A. Authorize and Direct Transfer of Funds from the Capital Projects Contingency to the Capital Projects Program Planning Salt Management Project

Motion by Director Mellon, Second by V.C. Scannell to approve Resolution No. 07-2 authorizing the transfer of funds from the Capital Projects Contingency to the Capital

Projects Program Planning Salt Management Project. Motion carried (4-0) by the following vote:

AYES: Mellon, Scannell, Halket, Coleman

NOES:

V.C. Scannell thanked the staff and consultants for making this happen.

B. Approve the Reallocation of Capital Project Budget Authorizations from Pipeline Reach 3 and Pipeline Reach 4 to Pipeline Reach 1, Pump Stations, and Water Tanks Projects

Motion by Director Halket, Second by V.C. Scannell to approve Resolution No. 07-3 approving the reallocation of Capital Project Budget authorizations from Pipeline Reach 3 and Pipeline Reach 4 to Pipeline Reach 1, pump stations, and water tanks projects.

In response to a question from Director Halket, Authority Manager Bewley responded that this action represents a balancing of capital project budget amounts based on actual project costs. In order to maintain clear audit records, the action needed to be approved by resolution because the project budgets were originally approved by resolution.

Motion carried (4-0) by the following vote:

AYES: Halket, Scannell, Mellon, Coleman

NOES:

C. Fiscal Year 2007-2008 Budget

Motion by V.C. Scannell, Second by Director Mellon to approve Resolution No. 07-4 approving and adopting the Fiscal Year 2007-2008 Capital and Operating Expenditure Budget.

Mr. Bewley referred to the Budget Highlights section of the Summary and Recommendation for the Fiscal Year 2007-2008 Budget item. He indicated most program management costs are going down, which is consistent with continuing the transition from a capital-intensive program to more routine operations and maintenance. The operating budget for the production of water and operation of the transmission and storage system is slightly higher; and reflects a projected increase in water production. EBMUD connected The Bridges Golf Course over the winter and both Agencies are continuing with new customer connections. The big budget change is the beginning of payment of debt service on the State Water Resource Control Board loans at an interest rate of 2.5% over 20 years.

Mr. Bewley responded to a question from Director Halket by stating 1,447 acre feet of water was expected for the 2006 production year; for 2007 the projected water production is 2,334 acre feet, or a sixty percent increase. Table 11 notes a twenty-five percent increase in the Fiscal Year 2007-2008 Operations budget. For

DSRSD, in Fiscal Year 2007-2008 the direct cost of production is very close to the prior year's budget figure. Fiscal Year 2006-2007 will finish out significantly under budget primarily due to lower production than anticipated because The Bridges was not connected until after the 2006 irrigation season. In Fiscal Year 2007-2008 a significant portion of the budget is fixed costs not directly dependent on amount of water produced; however, power and chemicals are key variable costs. As more customers are connected, the unit cost of water will decrease. In addition the Operations staff has become more efficient, having worked through start-up issues over the past year.

In regard to Table 7 of the Proposed Fiscal Year 2007-2008 budget, Mr. Bewley explained that DERWA contracts with EBMUD for cost accounting. The Salary line is the DERWA Treasurer's salary; Cost Accounting is EBMUD's computer system and accounting staff services.

General Counsel Maddow mentioned a discussion with the Authority Manager and Treasurer regarding wording in the proposed budget approval resolution. In the Board packet, on page two of the proposed budget resolution, paragraph four, line three, the second and third words are "state grants." Mr. Maddow recommended that the language be broadened to read "state and federal grants and loans" so as to include any potential funding sources that might be available.

V.C. Scannell and Director Mellon amended the Motion and Second under consideration so as to modify Paragraph four, line three of the resolution to include the words "state and federal grants and loans."

Motion carried (4-0) by the following vote:

AYES: Scannell, Mellon, Halket, Coleman

NOES:

#### D. Frequency and Schedule of Regular DERWA Board Meetings

Chair Coleman noted four DERWA Board meetings had been canceled last year due to lack of need.

V.C. Scannell asked for the Authority Manager's recommendation in regard to the meeting schedule. Mr. Bewley felt it would work to schedule bi-monthly meetings, and then add any needed special Board meetings.

Director Halket noted an April meeting was required to approve DERWA's annual budget; and suggested the Board meet bi-monthly in even numbered months. The calendar could be reviewed again in 2008.

Therefore meetings for the remainder of 2007 would be scheduled for June 25, August 27, and October 22, with December left open at this time, and with the expectation that special meetings would be called as needed. Mr. Bewley will include a resolution to that effect on the next Board meeting agenda. A Notice of Cancellation will be sent out for the May 28, 2007 DERWA Board meeting.

## 9. MANAGER'S REPORT

- Contracts Initiated Since the Board Meeting of February 26, 2007 - None
- Stray Current Mitigation Project Update – The 50% design documents were received for the Stray Current Mitigation Project. The project is on track and remains reasonably simple. Contra Costa County has been contacted regarding an encroachment permit for the work. They will do a Right of Entry permit. It is hoped the design will be complete in early summer, with construction starting in late summer and finishing prior to the winter rainy season.
- Supplemental Water Status Update – Nothing new has happened since the meeting with the school district staff in January where there was general agreement on the terms of a Memorandum of Understanding. Timing issues need to be resolved. We need to get completed water supply and meter records data for the first water year that ended in March. Based on that data, it can be projected when a supplemental increase in source water will become necessary. The three projects being considered for supplemental water are additional water from Pleasanton per the DSRSD agreement; the possibility of water for Livermore; and the well project.
- Pump Station R200A/Pipeline IH Project Update - The most recent glitch in the Pump Station R200A/Pipeline IH Project is with Chevron due to the fact that they have a communication easement that runs through the property. The purchase agreement recognized their easement rights, so we need their consent to build the project. We have been working with Chevron for about a year; and the communications and correspondence was relatively normal during that time. However, a letter arrived several weeks ago from Chevron saying they had decided Pump Station R200A could not be built on the selected site.

A meeting was held to understand Chevron's concerns and discuss a couple of design modifications that address the excavation methods and utilities crossing their fiber optic lines. They have a request that we pay for their recovery team to be on site during construction to make repairs in the event the cable is damaged. All of Chevron's global finance goes through this cable so they are sensitive about its continuing operation. They also are concerned about shoring during excavation and possible vibrations that could damage their fiber optic cables. DERWA received a conditional consent from Chevron to close the escrow which provides for their review and approval of our construction plans. Now that federal funding is in place, Mr. Bewley said he is hopeful that agreement can be reached in a couple weeks' time frame.

In response to a question from Director Halket, Mr. Maddow indicated that eminent domain can apply to this situation.

- EBMUD Connections – The stray voltage phenomenon exists on the pipeline. DSRSD staff and their on-call contractors have been trained in safety procedures for working on the DERWA pipeline. EBMUD asked DERWA to make a connection at Pine Valley Road and the Iron Horse Trail which connects the existing EBMUD distribution system west of the Iron Horse Trail. Two additional EBMUD service connections directly from the DERWA pipe are planned. These would be completed through the DSRSD contract funded by EBMUD.
- WaterReuse Award – DERWA learned prior to the WaterReuse Conference that DERWA was granted the Medium Agency of the Year Award. EBMUD and DSRSD will receive copies of the award.
- In response to a comment from Director Halket, Mr. Bewley indicated the treatment plant has been certified by DHS to full design capacity. The certification from the Department of Health Services is in hand, primarily due to the work of the contractor and Whitley Burchett and Associates, Carollo Engineers, and Dave Requa and his staff.
- Confirm Next Meeting Date – This item was discussed under item 8.D.

#### 10. BOARDMEMBER ITEMS

Director Mellon reported having a fabulous trip to Europe which helped him appreciate being able to drink water from the tap rather than bottled water. Director Mellon has seen so much progress in the DERWA project over the past twelve years.

Director Halket also congratulated everyone on obtaining the plant certification.

V.C. Scannell had vacationed in Mexico and he agreed with Director Mellon's comments regarding our ability to drink tap water.

Chair Coleman noted he would attend one day of CASA on May 3 and the ACWA Conference May 9 and 10. He indicated everyone should have received an invitation to the Freeport Groundbreaking on May 7 at 10:00 a.m. In addition, a letter was sent to Congressman McNerney last week inviting him to tour the DERWA facilities.

#### 11. ADJOURNMENT

Chair Coleman adjourned the meeting at 6:30 p.m.

Submitted by,



Nancy Gamble Hatfield  
Authority Secretary