

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

**Board of Directors Regular Meeting Minutes  
Monday, April 23, 2012**

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 Dwight (Pat) Howard, Director Frank Mellon, and Director Georgan Vonheeder-Leopold. DERWA Staff present: James Bewley, Authority Manager; Richard Lou, Treasurer; Robert Maddow, General Counsel; and Nancy Gamble Hatfield, Authority Secretary.

4. BOARD REORGANIZATION

A. Election of Board Chair

Motion by V.C. Howard, Second by Director Mellon to elect Director Vonheeder-Leopold as DERWA Board Chair for 2012. Motion carried (4-0) by the following vote:

AYES: Howard, Mellon, Vonheeder-Leopold, Coleman

NOES:

B. Election of Board Vice Chair

Motion by Chair Vonheeder-Leopold, Second by V.C. Howard to elect Director Mellon as DERWA Board Vice Chair for 2012. Motion carried (4-0) by the following vote:

AYES: Vonheeder-Leopold, Howard, Mellon, Coleman

NOES:

C. Appointment of Secretary

Motion by V.C. Mellon, Second by Director Coleman to appoint Nancy Gamble Hatfield as the continuing DERWA Secretary for 2012. Motion carried (4-0) by the following vote:

AYES: Mellon, Coleman, Howard, Vonheeder-Leopold

NOES:

5. SPECIAL ANNOUNCEMENTS/ACTIVITIES - None.

6. PUBLIC COMMENT – 6:07 p.m.

City of Pleasanton Director of Operations Services Daniel Smith addressed the Board and introduced himself. He explained that he wanted the Board to be able to put a face with his name and the City of Pleasanton because they are involved in recycled water supply negotiations with DERWA. Mr. Smith introduced Ms. Tracy Clinton from Carollo Engineers who is leading the City's project for their recycled feasibility study. He emphasized the

importance of the City of Pleasanton to work collaboratively with the other agencies in the Tri-Valley on this recycled effort. The City's feasibility study will take a "regional aspect" approach. Zone 7 has partnered with the City of Pleasanton and the other valley water retailers are participating.

#### 7. APPROVE MINUTES – Special Meeting of December 19, 2011

Motion by V.C. Mellon, Second by Director Coleman to approve the minutes from the Special Meeting of *December 19, 2011*. Motion carried (4-0) by the following vote:

AYES: Mellon, Coleman, Howard, Vonheeder-Leopold

NOES:

#### 8. CONSENT CALENDAR

A. Treasurer's Reports for December 31, 2011, January 31, 2012, February 29, 2012 and March 31, 2012

B. Quarterly Investment Reports – December 31, 2011 and March 31, 2012

C. DERWA Investment Policy

D. Approve Task Order No. 9 for Fiscal Year 2012-13 for Public Information Services and ICF International (formerly Jones & Stokes Associates)

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

AYES: Coleman, Howard, Mellon, Vonheeder-Leopold

NOES:

#### 9. BOARD BUSINESS

A. Update Report on Recycled Water Demand Projections and Source Water Supply Alternatives

Authority Manager Bewley reported that this agenda item is a follow-up to the presentation given at the May 2011 Board meeting. The May 2011 discussion was focused on updated projections by the Member Agencies for recycled water deliveries through the year 2030. In that update, staff identified that currently on peak days DERWA has used all of the DSRSD secondary effluent from the WWTP and on a number of days uses some of the Pleasanton water under an existing agreement. Further into the future, DERWA projected needing all of the DSRSD and Pleasanton effluent as source water. This increase in demand will be driven by projects of both EBMUD and DSRSD. As soon as 5 to 7 years, peak day demand is projected to exceed the current recycled water treatment plant capacity and at the 10 to 15 year timeframe the demand will reach the ultimate system capacity of 16 mgd. DERWA staff has been working with Pleasanton source water supply and recycled water since last summer when the City updated their Urban Water Management Plan. Mr. Bewley stated that independent of the Pleasanton recycled water program, DERWA demand is projected to exceed the combined DSRSD/Pleasanton secondary effluent amount and DERWA will need more water.

Mr. Bewley introduced Mr. Ed Cummings, who is working with DERWA on source water supply options, to give the Board a presentation on identifying additional water supply sources. He noted that Mr. Cummings served as a key resource for DERWA, resolving the salt mitigation issue with ACWD, and that Mr. Cummings' background includes

working at Zone 7 and Contra Costa Water District and he is extremely knowledgeable about the Tri-Valley's groundwater basins.

Mr. Cummings gave a presentation update titled "DERWA Supplemental Water Supply Program – Proposed Update Study," which will include the evaluation of alternative sources of water supplies for DERWA. DERWA's Supply Studies Alternatives Evaluation report prepared by ESA in April 2005 will be updated with new information from the current studies underway by Pleasanton, Zone 7, and Livermore. The scope for DERWA's proposed update study is currently under development.

Some of the main topics discussed by Mr. Cummings included: 1) the previously identified supplemental water supply alternatives; 2) new information from studies by Livermore, Pleasanton, and Zone 7; 3) the layout of the Livermore – Amador Valley main and fringe groundwater basins; 4) evaluating additional supplemental water supply alternatives; 5) groundwater TDS projections for the next 50 years; and, 6) the proposed schedule and cost for a future DERWA.

The Board asked Mr. Cummings various questions throughout the presentation. At the conclusion, Mr. Bewley thanked Mr. Cummings for his remarks and information presented.

Mr. Bewley commented that DERWA will stay current with the other studies underway and expects they will provide a lot of new or updated information. When those studies are completed, DERWA will look back at its 2005 study, which presented various water supply alternatives, and then evaluate their feasibility and rough costs and select those alternatives that may have yields that are worth keeping and pursuing. A major goal is to look at the regional recycled water supply and ensure future options remain available as much as possible. He noted that the funding for this proposed update study is included in DERWA's capital budget under the Supplemental Water Program budget. Mr. Bewley clarified that no action was required of the Board at this time and this matter was for discussion.

Chair Vonheeder-Leopold confirmed that Mr. Bewley was proposing that DERWA watch the studies that are being prepared by the other agencies and when he believes DERWA is ready to begin the update of DERWA's plan he will return to the Board with a work plan and a proposal.

Mr. Bewley acknowledged this as correct.

Chair Vonheeder-Leopold encouraged Mr. Bewley to use the expertise within the various agencies and to try to keep costs down as much as possible by doing work internally until it is no longer feasible and then requires a consultant.

V.C. Mellon commented that there is still a lot of growth potential both in population and businesses that will result in increased wastewater discharge. He asked to what extent that increase was included in calculating availability of water supply for the future.

Mr. Bewley stated that increased wastewater projections by DSRSD and Pleasanton were used in the planning. The WWTP flow will increase in the next 10 to 20 years, but recycled water demand goes up faster.

Director Coleman expressed his support for the discussion and stated it was a good sign that Mr. Smith from Pleasanton attended the meeting tonight.

Chair Vonheeder-Leopold commented that DERWA has always hoped there would be a regional solution of some sort for having adequate recycled water supplies in the Valley.

#### B. Approve and Adopt the Fiscal Year 2012-13 Capital and Operating Expenditure Budget

Authority Manager Bewley discussed some of the budget highlights for Fiscal Year 2012 – 2013. In the upcoming budget, DERWA will be producing more water for less cost. Because of the efforts of DSRSD Operations Manager Dan Gallagher and his staff, they have implemented changes that have resulted in cost savings in producing the water. Additionally, since about half of the costs of producing the water are fixed costs independent from volume, the more water produced the lower unit price. As the construction period and startup activities of DERWA are now mostly completed, the program management budget continues to go down each budget year. DERWA's insurance costs have also been very stable for the last five years. The Operating Expenditure Budget includes estimates that recycled water sales will increase from 2,490 AF to 2,662 AF, an increase of 6.9%. The total DERWA Program Operating Budget has decreased by 5% from \$3,665,131 for FY 2011-12 to \$3,481,934 for FY 2012-13.

Mr. Bewley noted that the Capital Budget continues to decrease over time with completion of projects. He discussed and explained the following capital budget items:

- The Pump Station R200A project on Bollinger Canyon remains in the CIP budget. That project is complete and has been in service since summer 2010. DERWA staff is working to assist the Army Corps of Engineer to resolve outstanding claims on that project, which may be accomplished by June of this year. Depending on the resolution of the J&R claim for Pump Station R200A, there may be \$2 to \$3 million dollars of federal funds available for the EBMUD distribution system projects.
- The EBMUD distribution projects are included as DERWA projects because much of the funding comes from the Water Resources Development Act (WRDA) for the San Ramon Valley Recycled Water Program. The local funding for these is 100% by EBMUD.
- Mr. Bewley mentioned the CIP project identified as "The New/Replacement Capital Less than \$50,000" is a five-year program. When the DSRSD Operations staff identifies the need for a replacement item the costs will be charged to this account. This capital amount is budgeted for \$125,000 per year and streamlines the administration of the purchase of smaller value capital items.
- The SCADA upgrade is a multi-year DSRSD program that DERWA has a cost share in. It is for upgrade of the radio telemetry and supervisory control systems at the pump stations and reservoirs.
- The Supplemental Water Supply has proposed \$150,000 for studies and \$25,000 for staff time and administrative expenses.

Hearing no questions or comments from the Board, Chair Vonheeder-Leopold invited a Motion.

Motion by V.C. Mellon, Second by Director Howard to approve Resolution No. 12-1 approving and adopting the Fiscal Year 2012-13 Capital and Operating Expenditure Budget. Motion carried (4-0) by the following vote:

AYES: Mellon, Howard, Coleman, Vonheeder-Leopold

NOES:

C. Proclamation of Appreciation for Service to DERWA by Dan Scannell 2003 – 2012

V.C. Mellon commented on the very nice proclamation for Director Scannell.

Motion by Director Howard, Second by V.C. Mellon to approve the Proclamation of Appreciation for Service to DERWA by Dan Scannell from 2003 – 2012. Motion carried (4-0) by the following vote:

AYES: Howard, Mellon, Coleman, Vonheeder-Leopold

NOES:

10. MANAGER'S REPORT

- Contracts Initiated Since the Board Meeting of December 19, 2011
  - Ed Cumming Inc. – Not to Exceed \$25,000 – Authority Manager Bewley commented that several years ago the Board approved a resolution that streamlines the award of contracts with a value of up to \$50,000 by granting the Authority Manager authorization to execute the agreement and report at the next Board meeting. He noted that the agreement with Mr. Cummings is for assistance with the Supplemental Water Supply program and was executed since the last Board meeting. It is for a two-year period with a not to exceed amount of \$25,000.
  - John M. Pereira Temporary Use Agreement Amendment No. 2 - \$12,500 – Authority Manager Bewley explained that DERWA is leasing a storage site at Pereira Ranch for the pipe that the Army Corps of Engineers is storing for the EBMUD distribution system projects. Staff is working on getting the Army to move this pipe so lease payments can be eliminated.
- Capital Projects Update
  - PSR200A/Pipeline IH Project Update – Authority Manager Bewley reported that the Pump Station R200A project was mentioned earlier in the meeting and the claim is likely reaching closure in the June 2012 timeframe.
  - EBMUD Distribution System Phase 2 3 4 Projects Update – Authority Manager Bewley reported that there will not be any projects underway until there is resolution on the J&R claim work on the PSR200A/Pipeline IH Project. The amount of remaining federal funds for these projects will not be known until the resolution of the claim. It is anticipated that future distribution system projects will not commence any earlier than spring 2013. Ms. Florence Wedington stated that the next projects will be for the installation of distribution pipelines in Bishop Ranch. Quite a few customers can be connected in that area and the transmission pipeline already exists. The remaining work is to install the distribution line and do the customer site retrofits. Once that work is completed, EBMUD will continue to move farther north into the Danville area.

- Confirm Next Meeting Date – June 25, 2012 – A special Board meeting may be needed before the next Regular Board meeting scheduled for June 25, 2012.

#### 11. CLOSED SESSION

The Board went into Closed Session at 6:46 p.m.

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

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

#### 12. REPORTS FROM CLOSED SESSION

At 7:10 p.m. the Board came out of Closed Session. Chair Vonheeder-Leopold announced that there was no reportable action.

#### 13. BOARDMEMBER ITEMS

V.C. Mellon commented that he enjoyed very much working with Director Scannell and believes it must be tough for DSRSD to have a long term Director not present any longer. He wished former Director Scannell all the best.

Director Coleman concurred with V.C. Mellon's comments on Mr. Scannell. He also encouraged Directors and staff to attend the upcoming ACWA conference in Monterey scheduled for the week of May 8-11, 2012.

#### 14. ADJOURNMENT

Chair Vonheeder-Leopold adjourned the meeting at 7:15 p.m.

Submitted by,



Nancy Gamble Hatfield  
Authority Secretary