

**DUBLIN SAN RAMON SERVICES DISTRICT
MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS**

November 20, 2018

1. CALL TO ORDER

A special meeting of the Board of Directors was called to order at 6:05 p.m. by President Vonheeder-Leopold.

President Vonheeder-Leopold reported that a special DSRSD Financing Corporation meeting was held before the Board meeting. In accordance with DSRSD's Day of Service policy, no Director will receive any compensation or stipend for participating in more than one meeting on this date.

2. PLEDGE TO THE FLAG

3. ROLL CALL

Boardmembers present at start of meeting:

President Georgean M. Vonheeder-Leopold, Vice President Madelyne A. (Maddi) Misheloff, Director Edward R. Duarte, and Director Richard M. Halket.

Director D. L. (Pat) Howard was absent.

District staff present: Dan McIntyre, General Manager; Carol Atwood, Administrative Services Manager/Treasurer; Judy Zavadil, Engineering Services Manager/District Engineer; Jeff Carson, Operations Manager; Carl P.A. Nelson, General Counsel; and Nicole Genzale, Executive Services Supervisor/District Secretary.

4. SPECIAL ANNOUNCEMENTS/ACTIVITIES – None

5. PUBLIC COMMENT (MEETING OPEN TO THE PUBLIC) – 6:06 p.m. No public comment was received.

6. REPORTS

6.A. Reports by General Manager and Staff

- Event Calendar – General Manager McIntyre reported on the following:
 - Special JPA Board meetings will be held at alternate meeting locations due to the recent flooding of the DSRSD District Office:
 - LAVWMA - Wednesday, November 21, 2018 at 6 p.m. at City of Pleasanton City Council Chambers
 - DERWA - Monday, November 26, 2018 at 6 p.m. at the Shannon Community Center, Ambrose Hall, in Dublin
- Correspondence to and from the Board on an Item not on the Agenda – None

6.B. Joint Powers Authority and Committee Reports

DSRSD/Central Contra Costa Sanitary District Liaison – November 8, 2018

President Vonheeder-Leopold invited comments on recent liaison activities. Directors felt the available staff reports adequately covered the many matters considered at the liaison meeting and made a few comments about some of the liaison activities.

6.C. Agenda Management (consider order of items) – No changes were made.

7. CONSENT CALENDAR

Vice President Misheloff MOVED for approval of the items on the Consent Calendar. Director Duarte SECONDED the MOTION, which CARRIED with FOUR AYES and ONE ABSENT (Howard).

7.A. Regular Meeting Minutes of October 16, 2018 – Approved

7.B. Accept Regular and Recurring Reports: Warrant List and Quarterly Financial Reports – Approved

7.C. Approve Proclamation Honoring Association of California Water Agencies (ACWA) Executive Director Timothy H. Quinn upon His Retirement – Approved

7.D. Advance the Regional Wastewater Treatment Facility (RWTF) Fencing and Security – Phase 2 Project (CIP 19-P003) to Fiscal Year Ending 2019 and Increase Construction Change Order Contingency for Anaerobic Digester No. 4 and FOG Receiving Facility Project (CIP 07-3203) – Approved – Resolution No. 51-18 and Resolution No. 52-18.

8. BOARD BUSINESS

8.A. Accept Donation of a Gate for the Drought Garden

Administrative Services Manager Atwood reviewed the item for the Board and introduced Scout Aaron Register from Boy Scout Troop #905 who has proposed the gate donation as part of his Eagle Scout project.

Speaker: Mr. Aaron Register (Dublin Resident - Boy Scout Troop #905) – Mr. Register reviewed the proposed gate project that will culminate in a new gate constructed and donated to the District's Drought Garden rose garden area. The Board thanked Mr. Register for his efforts and for the donation to the District.

Director Duarte MOVED to Accept Donation of a Gate for the Drought Garden. Director Halket SECONDED the MOTION, which CARRIED with FOUR AYES and ONE ABSENT (Howard).

8.B. Approve Emergency Action Procurement by General Manager for Repair of District Office

General Manager McIntyre reviewed the item for the Board. He reported the District Office facility was flooded on November 11 due to a break in the fire service line under the building, resulting in about 3" of water, mud, and silt covering every square foot of the building. A restoration company was immediately retained via emergency purchase order to begin flood mitigation efforts to extract the water, mud and silt, to dehumidify

the facility to combat further damage, and to remove and relocate the building's contents. He then shared several photographs of District Office conditions when the flood was discovered by a passerby on Sunday, November 11, the conditions and damage after the flooding had ceased, and the immediate evacuation and relocation efforts by staff.

He explained the roughly 50 District staff members relocated to whatever space was available at the District's field operations and treatment plant facilities, with some even utilizing workspace at City of Dublin's permit counter. Remarkably, all divisions were up and running within 2½ days of evacuating the District Office. Formal work spaces are limited so many staff are set up at inefficient makeshift workstations, and have little privacy or space to conduct meetings, yet are still ably performing District operations. He commended staff on managing and handling the emergency well and expressed appreciation of the support received from neighboring agencies such as City of Dublin, City of Pleasanton, and Zone 7 Water Agency. Until further notice, DSRSD and DERWA Board meetings will be held at the Shannon Community Center in Dublin, and LAVWMA Board meetings will be held at City of Pleasanton's City Council Chambers. He advised the Board that basic facility restoration will take two to six months.

He reported that staff has declared a District emergency and has authorized roughly \$300,000 in emergency purchase orders in order to begin recovery efforts under emergency policy provisions. Beyond obvious water damage to walls, equipment, and furniture, there may be potential structural damage to the building as some of the water went into the foundation and one or more of the support pads for the structural columns are showing differential settlement raising the columns up, which could be due to potentially expansive clay soil. If there is structural damage, the long-term repairs would substantially delay staff returning to the District Office. Staff is exploring and assessing options for long-term relocation and will present them to the Board at a later time, should that be necessary.

Mr. McIntyre explained that there are many decisions to be made as the recovery effort progresses. Insurance proceeds will cover baseline repairs and replacements, but coupled with the District's rehabilitation funding, it might be prudent to advance other identified facility renovations and improvements planned in the next few years while the building is vacated to bring it up to standards, such as the Boardroom renovation project and a possible comprehensive renewal of the office equipment. Staff will also explore those possibilities and present them to the Board at a later time.

He informed the Board it will receive a report at each Board meeting to revisit the state of emergency and apprise the Board of emergency purchases and rehabilitation. He advised that efforts to locate the line break beneath the building are ongoing and a camera will be used tomorrow morning to continue the investigation. He also noted that the fire marshall informed staff that this type of line break is common for buildings in Dublin and Pleasanton, 25 years or older, that have the service line built under the foundation.

Director Duarte MOVED to adopt Resolution No. 53-18, Approving Emergency Action Procurement by the General Manager for Repair of the District Office. Vice President Misheloff SECONDED the MOTION, which CARRIED with FOUR AYES, and ONE ABSENT (Howard).

8.C. Approve Change of Location for Regular Meetings of the Board of Directors and Rescind Resolution No. 5-05

Executive Services Supervisor Nicole Genzale reviewed the item for the Board. She explained the regular Board meeting location is established by resolution and that while displaced from the District Office, approving a resolution to establish the Shannon Community Center as the regular meeting location is recommended. The resolution does not change other aspects of holding Board meetings such as time and days during the month. A resolution re-establishing the District office as the regular meeting location will be presented when the District Office is restored. She affirmed that adopting a new regular meeting location will ensure the Board can conduct business as needed at regular, not special, meetings.

Director Halket MOVED to adopt Resolution No. 54-18, Establishing the Time and Place at which Regular Meetings of the Board of Directors shall be held and Rescinding Resolution No. 5-05. Vice President Misheloff SECONDED the MOTION, which CARRIED with FOUR AYES, and ONE ABSENT (Howard).

8.D. Receive Presentation on Proposed Local Wastewater Collection and Regional Wastewater Treatment Capacity Reserve Fees and Provide Direction on a Schedule for Adoption

Financial Services Supervisor Herman Chen reviewed the item for the Board and gave a presentation providing background information on the capacity reserve fees, and explaining the proposed fees, fee components, and next steps. He explained capacity reserve fees are a one-time charge that provide equity between new and existing customers, ensure sufficient revenue to fund growth-related projects through developers, and fund growth-related outstanding debt for LAVWMA (Livermore-Amador Valley Management Agency) 2011 Sewer Refunding Bonds. The fees do not fund operations and maintenance. The last study was conducted in 2010 and fees have been annually adjusted since using the Engineers News-Report Construction Costs Index. Staff has engaged HF&H Consultants to update the study. Mr. Chen explained the calculation of the proposed fees and reported a 10% increase for local wastewater collection and a 14% decrease for regional wastewater treatment resulting in a combined net decrease of 11%. The fee components consist of: Buy-in Component (value of existing infrastructure), Expansion Component (remaining growth-related projects), and LAVWMA Component (expansion portion of outstanding debt for 2011 bonds). He explained the District's proposed fees reflect the trend of local agencies moving closer to total build-out. As DSRSD's expansion projects are built to accommodate growth, they are added to the value of the District's infrastructure; therefore, as the District moves closer to projected build-out in 2031, the buy-in component increases while the expansion component decreases. He reported that public notices will be published in the newspaper and letters have been sent to interested parties to solicit public comment. He recommended the Board schedule consideration of adopting the proposed fees at the December 4 Board meeting. The proposed effective date of the fees, if approved, will be January 1, 2019 with annual adjustments beginning July 1, 2020.

After briefly discussing a few aspects of the presentation, the Board directed staff to proceed with the proposed fees as presented, and to schedule the adoption date for the December 4 Board meeting. The Board complimented Mr. Chen on his presentation.

8.E. Receive a Report on the Regional Wastewater Fee Installment Program and Direct Staff as to Program Modifications

Administrative Services Manager Atwood reviewed the item for the Board. She explained the District's loan program offers businesses coming into its service area the opportunity to spread payment of capacity fees over 10 years. The City of Dublin has been interested to know if the capacity fees could be reduced, to further incentivize incoming businesses, as there are no more unused DUEs (dwelling unit equivalents) to offer. She reported the program's utilization has been low, with just 13 current loans originating between 2009 and 2016 and none in the last few years. Many entities have declined the program, though five entities have had over \$100,000 in fees collected and 13 restaurants have incurred fees between \$25,000 and \$100,000. The Board expressed its surprise that more businesses are not utilizing this program. After further discussion, the Board agreed upon Option 1, directing staff to continue the program with no modifications for a few more years, since there will be a 14% reduction in fees as explained earlier this evening under Item 8.C.

Director Halket MOVED to approve Option 1 - Do not modify the program as relief will be achieved through the current fee study with a 14% reduction in fees, effective January 1, 2019. Vice President Misheloff SECONDED the MOTION, which CARRIED with FOUR AYES, and ONE ABSENT (Howard).

9. BOARDMEMBER ITEMS

- Submittal of Written Reports from Travel and Training Attended by Directors

Director Halket praised staff for how well they have dealt with the District Office flood.

President Vonheeder-Leopold submitted written reports to Executive Services Supervisor Genzale. She reported she attended the California Association of Sanitation Agencies Board of Directors teleconference meetings October 22 and November 19, the Zone 7 Water Agency Water Resource Committee meeting November 5 in Livermore, and the Alameda County chapter meeting of the California Special Districts Association November 14 at the Alameda County Vector Control Services District in Alameda. She summarized the activities and discussions at the meetings.

- Request New Agenda Item(s) Be Placed on a Future Board of Committee Agenda – None

10. CLOSED SESSION

At 7:05 p.m. the Board went into Closed Session.

10.A. Conference with Legal Counsel – Existing Litigation Pursuant to Government Code Section 54956.9(d)(1)
Name of Case: Cameron

10.B. Public Employee Performance Evaluation Pursuant to Government Code Section 54957
Title: General Manager

At 7:36 p.m. Executive Services Supervisor Nicole Genzale entered the Closed Session listed under Item 10.C.

10.C. Conference with Legal Counsel – Anticipated Litigation
Significant Exposure to Litigation Pursuant to Paragraph (2) of Subdivision (d) of Government Code Section 54956.9: One Potential Case

11. REPORT FROM CLOSED SESSION

At 8:06 p.m. the Board came out of Closed Session. President Vonheeder-Leopold announced that there was no reportable action.

12. ADJOURNMENT

President Vonheeder-Leopold adjourned the meeting at 8:07 p.m.

Submitted by,

Nicole Genzale, CMC
Executive Services Supervisor/District Secretary