

Tuesday, September 22, 2015

**East Bay Municipal Utility District
Board of Directors
375 Eleventh Street
Oakland, California**

Regular Closed Session Meeting

President Frank Mellon called to order the Regular Closed Session Meeting of the Board of Directors at 11:10 a.m. in the Administration Center Board Room.

ROLL CALL

Directors John A. Coleman, Andy Katz, Doug Linney, Lesa R. McIntosh, William B. Patterson, Marguerite Young, and President Frank Mellon were present at roll call.

Staff present included General Manager Alexander R. Coate, General Counsel Craig S. Spencer, Attorney Xanthe M. Berry (Item 1a), and Risk Manager Karen K. Curry (Item 1a).

PUBLIC COMMENT

Addressing the Board was Mark Foley, President, AFSCME Local 2019, who expressed concern about revisions to District Policy 4.20—Use of District Technology Resources, specifically inclusion of language about “political purposes.” He also expressed concern that Employee Relations would not approve of him communicating via email with the union’s membership about the changes.

ANNOUNCEMENT OF CLOSED SESSION AGENDA

President Frank Mellon announced the closed session agenda. The Board convened to Conference Room 8a/b for discussion.

Regular Business Meeting

President Frank Mellon called to order the Regular Business Meeting of the Board of Directors at 1:20 p.m. in the Administration Building Board Room.

ROLL CALL

Directors John A. Coleman, Andy Katz, Doug Linney, Lesa R. McIntosh, William B. Patterson, Marguerite Young, and President Frank Mellon were present at roll call.

Staff present included General Manager Alexander R. Coate, General Counsel Craig S. Spencer and Secretary of the District Lynelle M. Lewis.

BOARD OF DIRECTORS

President Mellon led the Pledge of Allegiance.

PRESENTATION

General Manager Coate announced that the Government Finance Officers Association of the United States and Canada (GFOA) has presented a Certificate of Achievement for Excellence in Financial Reporting Award to the District for its Comprehensive Annual Financial Report (CAFR) for the 10th consecutive year. Under the leadership of the Acting Director of Finance D. Scott Klein, the FY 2014 Financial Reporting staff consisting of Acting Controller Lawrence Fan, Accounting and Financial Systems Analyst David P. Siu, Information System Support Analyst Crystal Zhang, Accountant Carren M. Sikat, and Accountant Melody Wang, put this winning report together with support from the other accounting sections represented by Accounting Systems Supervisors Lisa Chan and Sandy F. Lindley. Director William B. Patterson, Chair of the Finance/Administration Committee presented the award to staff on behalf of the Board. Acting Director of Finance D. Scott Klein said that the financial statement preparation is truly a team effort and thanked staff for their work.

ANNOUNCEMENTS FROM CLOSED SESSION

There were no announcements required from closed session.

PUBLIC COMMENT

- Addressing the Board were the following: 1) David Keller, customer and Oakland resident, who reported that he along with a group of students, toured the Mokelumne Watershed and urged the Board to fund sustainable management of the watershed; 2) Onyx Yskamp-Long, representing the Piedmont High School Environmental Club, commented that on their visit to the Mokelumne Watershed they observed unhealthy trees that would be a massive fire hazard and urged the District to impose a tax to support watershed protection; 3) Mark Foley, President, AFSCME Local 2019, expressed thanks to the Board and District for the efforts to care for upcountry employees during the tragic Butte fire; 4) Cindy Lacy, Oakland customer, commented that she had made payments on her bill but it was still excessively high, and she needed to have her water service restored for medical reasons; and 5) Claudia Espotca, Oakland customer, commented that she couldn't afford to pay her \$2,600 bill in full but that she had made payments and needed to have her water service restored. President Mellon referred both customers to staff for assistance.

CONSENT CALENDAR

- Item 12 was removed for discussion.
- Motion by Director Coleman, seconded by Director Linney, to approve the recommended actions for Items 1-11 on the Consent Calendar, carried (7-0) by the following voice vote: AYES (Coleman, Katz, Linney, McIntosh, Patterson, Young, and Mellon); NOES (None); ABSTAIN (None); ABSENT (None).

1. **Motion No. 159-15** – Approved the Regular Meeting Minutes of September 8, 2015.
2. The following correspondence was filed with the Board: 1) Presentation entitled “Proposed FY 2016 Financing Plan, De-Risking and Refunding and Update on Recent Transactions,” dated September 22, 2015; and 2) Presentation entitled “Butte Fire Briefing,” dated September 22, 2015.
3. **Motion No. 160-15** – Approved the assignment of the contract for the Influent Pump Station Odor Control System Carbon Replacement, previously awarded under RFP 1304 and Board Motion No. 023-13 dated February 26, 2013, from Calgon Carbon, Inc. to Continental Carbon Group Inc.
4. **Motion No. 161-15** – Awarded a contract to the lowest responsive/responsible bidder BASF Corporation in an annual amount, after the addition of taxes, not to exceed \$775,602 for supplying polymeric flocculants for the Main Wastewater Treatment Plant’s dewatering process for two years, beginning on or after October 1, 2015, with three options to renew for an additional 1-year period Under Request for Quotation No. 1515A.
5. **Motion No. 162-15** – Awarded a contract to the lowest responsive/responsible bidder Pape Material Handling, in the total amount of \$108,115, after the addition of taxes, for supplying one heavy forklift under Request for Quotation No. 1525.
6. **Motion No. 163-15** – Amended the existing agreement with Raftelis Financial Consultants, Inc. awarded under Board Motion 156-13 dated November 12, 2013 under Proposal No. PUR 091 by adding an additional \$50,000 for services regarding rates and charges, which will increase the total not to exceed amount from \$172,500 to \$222,500.
7. **Motion No. 164-15** – Approved the Water Supply Assessment requested by the City of Richmond for the 2995 Atlas Road Industrial Building Project pursuant to California Water Code, Sections 10910-10915.
8. **Motion No. 165-15** – Authorized an amendment to the agreement with Consolidated CM, Inc. in an amount not to exceed \$47,053 to provide construction management assistance for the Dingee Pipeline and Claremont Center Aqueducts Replacements Project. The amendment will increase the agreement to a new maximum cost ceiling of \$1,096,607.
9. **Motion No. 166-15** – Authorized an agreement with Telvent USA, LLC, a Schneider Electric Company, in an amount not to exceed \$3,000,000 for the upgrade of the District’s Supervisory Control and Data Acquisition System, OASyS DNA, from version 7.4 to the latest version of 7.7 during the period September 22, 2015 to July 31, 2017.
10. **Motion No. 167-15** – Awarded a sole source contract to Honeywell, Inc. in an amount not to exceed \$190,000 to supply Experion Distributed Control System Honeywell software and hardware to upgrade the existing Experion control system at Walnut Creek Water Treatment Plant.

11. **Resolution No. 34051-15** – Authorizing the Sale of the Old Malcolm Pumping Plant site to Clifford E. Mapes.
12. **Resolution No. 34052-15** – Adopting Revised Policy 2.24, Health Insurance Portability & Accountability Act Privacy Rule; Revised Policy 4.02, Cash Reserves and Debt Management; Revised Policy 4.12, Purchasing and Materials Management; Revised Policy 7.03, Emergency Preparedness/Business Continuity; Revised Policy 7.05, Sustainability; Revised Policy 7.10, Source Water Quality; Revised Policy 7.11, Use of District Bay Area Facilities; Revised Policy 9.05, Non-Potable Water; and Adopting New Policy 8.04, Establishing Wastewater Capacity Fees.
 - Item 12 was pulled for discussion. Finance/Administration Committee Chair William B. Patterson reported that the Committee supported the staff recommendation with the exception of Policy 4.20—Use of District Technology Resources. The Committee recommended that this policy be pulled and referred back to staff for further review.
 - Motion by Director Patterson, seconded by Director Katz, to approve the revised policies, except for Policy 4.20, along with the new policy, carried (7-0) by the following voice vote: AYES (Coleman, Katz, Linney, McIntosh, Patterson, Young, and Mellon); NOES (None); ABSTAIN (None); ABSENT (None).

DETERMINATION AND DISCUSSION

13. Legislative Update.

Manager of Legislative Affairs Marlaigine K. Dumaine provided an update on federal and state legislation. She reported that AB 142 (Bigelow)—Wild and Scenic Rivers: Mokelumne River passed out of the Legislature and is now with Governor Brown for review. Ms. Dumaine noted that a cost-share plan still needs to be developed to fund the study. There was discussion about obtaining assistance from the Upper Mokelumne River Watershed Authority. On the federal level, Governor Brown has requested federal disaster relief for both the Butte and Valley fires; and it was noted that hearings on Senator Dianne Feinstein's California drought bill has been delayed.

14. Proposed Financing Plan for Fiscal Year 2016, and Authorize and Approve Three Resolutions All Covering the Issuance and Sale of One or More Series of Water and Wastewater System Revenue Refunding Bonds in connection with the Potential Refunding of Outstanding Variable and Fixed Rate Bonds.

Acting Director of Finance D. Scott Klein reviewed the proposed Fiscal Year 2016 Financing Plan. The proposed transactions fall into the following three basic categories: A) Market Opportunities—Changes in the interest rate markets may afford the District a number of opportunities to achieve debt service savings and/or reduce certain risks of the portfolio; B) Administration of Existing Debt Portfolio—The District's debt portfolio requires periodic refinancing/remarketing transactions, and renewal or replacement of existing liquidity facilities; and C) New Money Needs—The District finances its capital

plan through a combination of cash and the issuance of debt. Periodically the District enters the debt markets to raise funds for “new money” capital needs.

Finance/Administration Committee Chair William B. Patterson noted that the Committee reviewed the proposals and supported the staff recommendation.

- Motion by Director Patterson, seconded by Director Young, to approve the recommended actions for Item 14, carried (7-0) by the following voice vote: AYES (Coleman, Katz, Linney, McIntosh, Patterson, Young, and Mellon); NOES (None); ABSTAIN (None); ABSENT (None).

Resolution No. 34053-15 – Authorize And Approve The Issuance And Sale From Time To Time Of One Or More Series Of Wastewater System Revenue Refunding Bonds In Connection With The Potential Refunding Of Outstanding Fixed Rate Bonds; Approve The Form Of, And Authorize, Certain Documents In Connection With The Issuance, Securing And Sale Of Such Bonds; And Approve Certain Actions Relations Thereto.

Resolution No. 34054-15 – Authorize And Approve The Issuance And Sale From Time To Time Of One Or More Series Of Water System Revenue Refunding Bonds In Connection With The Potential Refunding Of Outstanding Variable Rate Bonds; Approve The Form Of, And Authorize, Certain Documents In Connection With The Issuance, Securing And Sale Of Such Bonds; And Approve Certain Actions Relations Thereto.

Resolution No. 34055-15 – Authorize And Approve The Issuance And Sale From Time To Time Of One Or More Series Of Water System Revenue Refunding Bonds In Connection With The Potential Refunding Of Outstanding Fixed Rate Bonds; Approve The Form Of, And Authorize, Certain Documents In Connection With The Issuance, Securing And Sale Of Such Bonds; And Approve Certain Actions Relations Thereto.

15. **General Manager’s Report.**

Director of Water and Natural Resources Richard G. Sykes presented a status update on the Butte Fire. He reported that it has burned more than 70,000 acres and is 80 percent contained. Of the acreage burned, about 10,000 acres are in the upper Mokelumne watershed (on both sides of the North Fork and on the south side of the South Fork of the Mokelumne River) and the remainder is in the Calaveras and the Stanislaus watersheds. None of the District-owned Mokelumne watershed around the perimeter of Pardee Reservoir has been impacted. Two EBMUD employees lost their homes and ten additional employees were required to evacuate their homes as a result of the fire. Currently there is no danger to District facilities or immediate impacts to District water supply operations. Sampling and monitoring for water quality concerns will start as soon as staff can gain access.

General Manager Coate reported that since September 14, the District has been bringing Folsom South Canal water into the Walnut Creek Water Treatment Plant. The ratio of Folsom South Canal water to Mokelumne water has been about 1/3 Folsom South Canal water and 2/3 Mokelumne water. EBMUD is serving this blended water to 400,000 customers for the first time in history due to the drought. He noted that Contact Center calls about taste and smell rose

from very few per week to about 6 per day early last week. Since September 1, 92 emails about taste and smell were sent to the District via the website. There have been 51 System Water Quality (SWQ) investigations since blending started on September 14 compared to 27 SWQ investigations in the 11 weeks between July 1 and September 13.

REPORTS AND DIRECTOR COMMENTS

16. Committee Reports.

- Filed with the Board were the meeting Minutes of the September 8, 2015 Planning and Legislative/Human Resources Committees.

17. Director Comments.

- Director Coleman reported attending/participating in the following events: ACWA Executive Committee teleconference meeting on September 8 in Oakland; discussion on water policy on September 8 in Emeryville; guest on KGO Talk Radio with Ron Owen on September 9 in San Francisco; ACWA Continuing Legal Education Workshop for Professionals on September 10 in Oakland; Covello 3rd Annual Customer Appreciation party on September 10 in Walnut Creek; ACWA Executive Committee teleconference meeting on September 14 in Arnold; presentation to Contra Costa County Realtors Association on September 17 in San Ramon; ACWA and EBMUD teleconference meeting on September 18 in Oakland; ACWA Executive Committee teleconference meeting on September 21 in Arnold; and San Ramon Rotary Club presentation on September 22 in Danville. He reported on plans to attend/participate in the following upcoming events: Meeting with staff and Director Young on the excessive use penalty on September 23 in Oakland; ACWA special teleconference meeting on September 24 in Oakland; ACWA Executive Committee meeting on September 25 in Rancho Cucamonga; ACWA Executive Committee teleconference meeting on September 28 in Oakland; ACWA Region 4 teleconference meeting on September 29; ACWA and EBMUD meeting on the Delta Levees on September 30 in Oakland; Upper Mokelumne River Water Authority Board meeting on October 2 in Pardee; ACWA Executive Committee teleconference meeting on October 5 in Walnut Creek; Freeport Regional Water Authority Board meeting on October 8; Contra Costa County Mayors' Conference on October 8 in Walnut Creek; ACWA Region 4 meeting on October 9 in Woodland; and ACWA Executive Committee teleconference meeting on October 12.
- Director Katz reported attending the Alameda County Choice Energy Steering Committee on September 17 in San Leandro.
- Director Linney reported attending the EBMUD Scoping hearing on the Pipeline Crossing Project on September 1 in Alameda and the San Leandro Creek Alliance meeting on September 21 in Oakland.
- Director McIntosh reported attending the ACWA Nomination Committee meeting on September 16 in Sacramento; the ACWA Federal Affairs Committee meeting on September 17 in Sacramento, and the Labor-to-Labor Annual Dinner on September 17.

- Director Patterson reported attending the Congressional Black Caucus Conference from September 15-16 in Washington, D.C.; and the Asian Health Services Annual Gala on September 19 in Oakland.
- Director Young reported attending/participating in the following events: Oakland Pride Breakfast for elected officials on September 13; 6th Annual Oakland Pride Parade and Festival on September 13; addressed Piedmont High School Environmental Club regarding the East Bay Watershed Master Plan and the Butte fire on September 17; EBMUD Retirement Board meeting on September 17 in Oakland; co-sponsored with Oakland City Councilmember Abel Guillen on the Creek to Bay Day clean-up at Lake Merritt on September 19; and Clean Water Action 25th Anniversary event on September 20 in Mill Valley.
- President Mellon reported that he attended the Asian Health Services Annual Gala on September 19 in Oakland.

ADJOURNMENT

President Mellon adjourned the meeting at 2:37 p.m.

SUBMITTED BY:


Lynelle M. Lewis, Secretary of the District

APPROVED: October 13, 2015


Frank Mellon, President of the Board

