

MINUTES

Tuesday, November 26, 2024

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

Special Meeting

President Lesa R. McIntosh called to order the Special Meeting of the Board of Directors at 9:10 a.m. in the Administration Building Boardroom. The Board met in workshop session to receive a presentation on Capital Improvement Program (CIP) project elements to address aging infrastructure, maintenance and reliability, climate change adaptation, and regulatory requirements to upgrade and maintain the Water and Wastewater systems. The workshop also included a discussion on the primary drivers of the District's infrastructure needs, major projects for both systems, the updated CIP development process, and fiscal considerations.

ROLL CALL

Directors April Chan, Doug A. Linney, Marguerite Young and President Lesa R. McIntosh were present at roll call. Directors Katz and Patterson arrived at 9:11 a.m.

Staff participants included General Manager Clifford C. Chan, General Counsel Derek T. McDonald, Director of Engineering and Construction Serge V. Terentieff, Director of Water and Natural Resources Michael T. Tognolini, Manager of Pipeline Infrastructure Carlton D. Chan, Manager of Design Division Denise V. Cicala, Manager of Engineering Services Elizabeth Z. Bialek, Senior Civil Engineer Matthew R. Hoeft, Manager of Budget Samuel A. Feldman and Secretary of the District Rischa S. Cole.

Public Comment. None.

Presentations/Documentation. 1) Presentation entitled "Infrastructure Workshop," dated November 26, 2024.

General Manager Clifford C. Chan introduced the workshop noting staff is seeking Board feedback on the District's capital budget as the level of capital infrastructure investment is an important factor in the budget planning process. The District has shifted from a 5-year to a 10-year Capital Improvement Plan (CIP) which will allow staff to better plan funding for infrastructure investments, long-term finances and rates. Staff is also seeking feedback on recommendations and rate considerations which will inform plans for the Fiscal Year (FY) 2026/2027 budget.

Director of Engineering and Construction Serge V. Terentieff reviewed the agenda and infrastructure investment drivers for the Water and Wastewater systems which include maintenance and reliability, safety, water quality, aging infrastructure, regulations, resilience, capacity, and climate change; the long-term infrastructure investment strategies in the Strategic Plan; community outreach efforts for construction projects; and the facilities that comprise the Water System infrastructure.

Manager of Pipeline Infrastructure Carlton D. Chan discussed the scope, drivers and schedules for raw water supply improvement projects. The Pardee Chemical Plant Improvements Project is a three-phase project that will reduce corrosion in the Mokelumne Aqueducts while protecting over \$3 billion in assets. Design is scheduled to be completed by FY 2025 and construction by FY 2029. The Division of Safety of Dams has mandated that the Lafayette Tower be shortened by 40 feet to improve seismic performance. Public outreach on the project continues with construction scheduled to begin in FY 2025 – FY 2026. Raw water transmission projects include relining 20 miles of Mokelumne Aqueduct Nos. 2 and 3 aboveground in the Delta and relining 55 miles of Mokelumne Aqueduct No. 2 below ground. Three miles of Lafayette Aqueduct No. 1 will be relined with design scheduled for completion by FY 2026 and construction by FY 2032.

Manager of Design Division Denise V. Cicala presented the scope, drivers, and design and construction schedules for upgrades to some of the District's water distribution facilities which includes 131 pumping plants, 167 reservoirs, 70 regulators, and 30 rate control stations. She discussed the status of the following projects included in the 10-year CIP: Lafayette and Walnut Creek Water Treatment Plants Chemical Systems Safety Improvement (CSSIP) Project; Orinda Water Treatment Plant Disinfection and CSSIP Project; Upper San Leandro Water Treatment Plant Maintenance and Reliability Project; Bryant Pumping Plant Power Reliability; Walnut Creek Water Treatment Plant Filters Rehabilitation Project; Walnut Creek Water Treatment Plant Pretreatment Project; new Wildcat Pumping Plant; Fay Hill Pumping Plant Replacement; and Grizzly Reservoir Replacement and Castle Hill Reservoir Demolition. The Central Reservoir Replacement project is the only reservoir replacement project included in the current 10-year CIP. Ms. Cicala also highlighted ongoing and upcoming construction for pumping plant and reservoir rehabilitation projects throughout the service area.

Manager of Pipeline Infrastructure Carlton D. Chan reviewed the Alameda Crossing Projects. The existing crossing pipelines are vulnerable to failure during an earthquake and when complete, will improve water supply reliability to Alameda. Construction on the Oakland Inner Harbor (Crossing #1) was completed in 2023; design for San Leandro Channel (Crossing #2) will be completed at the end of 2025 with construction scheduled for completion by 2028; and Tidal Canal (Crossing #3) will start design in FY 2026. Next, Mr. Chan discussed the Pipeline Rebuild Program which installs resilient materials to build a more reliable water system. He highlighted the pipe materials used in the distribution system and 2023 main break data by pipe type. There are 4,200 miles of pipeline in the District's system. Between FY 2015 – FY 2025, the District replaced 213 miles of pipe; 290 miles of pipe are scheduled to be replaced between FY 2026 – FY2035. Staff is working with U.C. Berkeley on the District's Likelihood of Failure and Consequence of Failure model, developing a pipe condition assessment program, and participating in a Water Research Foundation project that compares on condition assessment technologies to enhance capabilities to select and prioritize pipe for replacement. They are also conducting hazard resilient material testing in coordination with U.C. Berkeley and installing fiber optics on hazard resilient materials near faults.

- Director Young left the meeting at 10:08 a.m. and returned at 10:12 a.m.

Manager of Engineering Services Division Elizabeth Z. Bialek discussed upcoming building facilities projects planned over the next several years to address maintenance and reliability, operational efficiencies, regulatory compliance, and staff and asset security considerations. The new Central Area Service Center on Willow Street in Oakland will provide additional secure space to support maintenance west-of-hills and the Pipeline Rebuild Program. Project design is in progress; the

construction timeline will be determined, pending permitting and the capital prioritization process. Project design for the ground lease development project with SupplyBank.org at Oakport is currently underway, with construction expected to take place FY 2027 – FY 2029. The project will provide a new 63,000 square foot warehouse and a 10,000 square foot training facility, allowing the District to expand its existing Pipeline Training Academy.

Director of Water and Natural Resources Michael T. Tognolini covered the scope, drivers and schedules for water and natural resources projects. The DSRSD-EBMUD Recycled Water Authority (DERWA)/San Ramon to Danville project will deliver recycled water from DERWA's San Ramon facility to the Danville area. Design is scheduled for FY 2026 – FY 2030 and construction from FY 2027 – FY 2031. The East Bayshore to Alameda project will deliver recycled water from EBMUD's East Bayshore facility in Oakland to Alameda. Design and construction are scheduled for FY 2028 – FY 2040. Both projects are critical to expand the District's recycled water service and reduce reliance on potable water supplies. The San Joaquin County Groundwater Banking Project will secure additional supplemental water supplies for drought as the District continues to adapt to climate change and will continue the DREAM (Demonstration Recharge, Extraction and Aquifer Management) project partnership. Project planning and design will happen over the next 10 years, with construction from FY 2033 – FY 2040. Next, he discussed Healthy Rivers and Landscapes Restoration projects that seek to improve outcomes for native fish on the lower Mokelumne River. Design will be complete in FY 2025 and construction is anticipated to be completed by FY 2029. Lastly, he highlighted a project to improve in-river salmon production by installing a new outlet tower or other temperature control device which would allow the selective release of water from Camanche Reservoir at different temperatures to benefit salmon in the Mokelumne River. Staff anticipates completing planning, design and permitting by FY 2033, with construction considered thereafter, subject to securing grant funding.

Director of Engineering and Construction Serge V. Terentieff highlighted the preliminary breakdown for the 10-year Water System infrastructure CIP and reiterated the CIP would be able to fund the replacement of 290 miles of pipeline over the next ten years and the projects and items just reviewed by staff. General Manager Clifford C. Chan reminded the Board that the major projects discussed have been previously presented to the Planning Committee and the Board and approved to move forward. Staff's goal is to deliver on the very large projects they have previously said they would complete.

- The Board recessed at 10:32 a.m. and reconvened at 10:38 a.m.

Senior Civil Engineer Matthew R. Hoeft discussed the scope, drivers, and schedules for near-term critical projects planned for the Wastewater System and future projects that are projected to affect the Wastewater System's capital budget. He reviewed the history of facilities at the Main Wastewater Treatment Plant (MWWTP) noting most MWWTP and interceptor facilities were built 50-70 years ago. Near-term critical projects include the Influent Pump Station (IPS) Resiliency Project for which the District received a \$28 million grant from FEMA's Hazard Mitigation Grant Program to cover up to 90 percent of the seismic retrofit costs. Design is scheduled to be complete in FY 2026 with construction from FY 2027 – FY 2031. A new dewatering building is needed because the existing dewatering equipment is becoming obsolete and harder to maintain and replace. The building is also vulnerable to earthquakes. Design for the new building is scheduled for completion in FY 2028 with construction from FY 2028 – FY 2031. Design is complete for the Oxygen Plant Rehabilitation Project which will modernize the aging and obsolete controls and equipment. Construction is scheduled from FY 2025 – FY 2029. The North Interceptor in Emeryville is the worst condition segment of pipe in the interceptor system. Design is scheduled for completion in FY 2025 with

construction from FY 2025 – FY 2029. Pump Station H Improvements Project Phase 2 will address maintenance and reliability issues at the District's largest pump station in the interceptor system. Design is complete and construction is scheduled from FY 2025 – FY 2027. Design is also complete for the Grit Dewatering Improvements Project which will replace and rehabilitate equipment and drainage systems. Construction is scheduled from FY 2025 – FY 2027. Next, he discussed various future projects affecting the Wastewater System's capital budget; spending uncertainty as the District seeks to comply with new nutrient regulations; and innovative options to address nutrient removal with existing infrastructure, grant funding, progressive design-build, and optimization of chemical use. He highlighted the preliminary breakdown for the 10-year Wastewater System infrastructure CIP and reiterated in addition to funding a more reliable, resilient, sustainable Wastewater System, the CIP would be able to fund 20,000+ linear feet of rehabilitated interceptor pipe over the next ten years and the projects and items just discussed.

Manager of Finance Samuel A. Feldman discussed updates to the District's capital projects prioritization process and framework and capital spending scenarios for the Water and Wastewater systems based on the 10-year CIP. For the Water System, Scenario A would fund a \$5.59 billion, 10-year CIP and 1) complete all critical projects and not defer projects that produce the greatest reduction in risk to resiliency or operations, 2) defer lower-ranked projects and reduce the scope of medium-priority projects, and 3) further defer lower-ranked projects and reduce scope on medium-ranked projects. Scenario B would fund a \$6.16 billion 10-year CIP, include items 1 and 2 in Scenario A, but would include lower-ranked projects and keep the scope for medium-ranked projects. Both scenarios provide a more resilient Water System, with Scenario A providing reserved capacity for future unplanned projects. For the Wastewater System, Scenario A would fund a \$1.04 billion, 10-year CIP and 1) complete all critical projects and not defer projects that produce the greatest risk, 2) defer or reduce the scope of some projects in ways that do not introduce significant risk, and 3) today, assumes a \$200 million Secondary Reactor Deck Expansion project is not necessary to meet nutrient regulations, and that regulations go into effect by May 2035. Scenario B would fund a \$1.25 billion 10-year CIP, include items 1 and 2 in Scenario A, but would assume a \$200 million Secondary Reactor Deck Expansion project will be necessary to meet nutrient regulations, and that regulations go into effect by May 2035. He noted that regardless of the scenario selected for the Wastewater System in the budget process, staff will have more information on the need for the Secondary Reactor Deck Expansion project in the next few years. He reviewed rate comparisons to fund a 5-year and 10-year CIP for both systems, rate proposals, prioritizing for the scenarios for the Water System, and combined potential outcomes for the Wastewater System. For the Water System, both scenarios provide a more resilient system, with Scenario A providing reserved capacity for future unplanned projects. For Wastewater, staff recommends Scenario B. There was considerable Board discussion regarding the scenarios and rate proposals. Board members expressed support for staff's recommendation for Scenario A for the Water System and discussed the need to consider nutrient regulations in supporting a scenario for Wastewater. There was additional discussion and clarification that staff is not seeking recommendations on rates at this time but on sizing the CIP. Director Young expressed concerns with having a rate discussion at this time which she said differs from a discussion on spending on capital.

General Manager Clifford C. Chan thanked the Board for their feedback and outlined the schedule for the Board budget workshops leading up to the budget approval and public hearing on rates and charges in June.

The Board requested the following:

- List of planned pumping plant and reservoir projects by ward and anticipated construction start dates
- Funding amounts for the pie chart categories displaying FY 2026 - FY 2035 infrastructure preliminary CIP breakdown for Scenario A for the Water and Wastewater systems (slides 45 and 64)
- Information on alternatives evaluated to replace the San Leandro Channel (Crossing #2) in the Alameda-North Bay Farm Island Pipeline Crossings Project
- Additional information on the District's leak detection program
- Additional information on the proposed Camanche Reservoir temperature control device and its anticipated benefits
- Additional information on the cost and rates for the various scenarios presented
- Staff to monitor federal funding opportunities for District projects
- Discussion with the Board regarding the balance between infrastructure investments, debt, and rates

ADJOURNMENT

President McIntosh adjourned the Special Meeting at 11:49 a.m.

SUBMITTED BY:



Rischa S. Cole, Secretary of the District

APPROVED: January 14, 2025



Andy Katz, President Pro Tem of the Board