

MINUTES

Tuesday, May 9, 2017

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

Regular Closed Session Meeting

President Lesa R. McIntosh called to order the Regular Closed Session Meeting of the Board of Directors at 11:08 a.m. in the Administration Center Board Room.

ROLL CALL

Directors John A. Coleman, Doug Linney, Frank Mellon, William B. Patterson, Marguerite Young, and President Lesa R. McIntosh were present at roll call. Director Andy Katz arrived in Conference Room 8 at 11:21 a.m.

Staff present included General Manager Alexander R. Coate, General Counsel Craig S. Spencer, Director of Wastewater Eileen M. White (Item 1), Attorney Jonathan D. Salmon (Item 1), Director of Finance Sophia D. Skoda (Items 1 & 2), Manager of Information Systems Nicholas J. Irias (Item 1), Manager of Customer and Community Services Sherri A. Hong (Item 1), Attorney Saji T. Pierce (Item 1), Manager of Human Resources Laura A. Brunson (Item 2), Manager of Employee Relations David Pak (Item 2), Attorney Lourdes Matthew (Item 2), and Industrial Employers Distributors Association representatives Glenn Berkheimer and Bruce Heid (Item 2).

PUBLIC COMMENT

- Addressing the Board was George Cleveland, Chief Steward, AFSCME Local 2019, who commented on an issue with supervisory staff in the Wastewater Department.

ANNOUNCEMENT OF CLOSED SESSION AGENDA

President Lesa R. McIntosh announced the Closed Session agenda. The Board convened to Conference Room 8 for discussion.

Regular Business Meeting

President Lesa R. McIntosh called to order the Regular Business Meeting of the Board of Directors at 1:16 p.m. in the Administration Center Board Room.

ROLL CALL

Directors John A. Coleman, Andy Katz, Doug Linney, Frank Mellon, William B. Patterson, Marguerite Young, and President Lesa R. McIntosh were present at roll call. Staff present included General Manager Alexander R. Coate, General Counsel Craig S. Spencer and Secretary of the District Rischa S. Cole.

BOARD OF DIRECTORS

President McIntosh led the Pledge of Allegiance.

ANNOUNCEMENTS FROM CLOSED SESSION

There were no announcements required from closed session.

PUBLIC COMMENT

- Addressing the Board was Gina Dawson, Lafayette resident, who commented on an agreement between the City of Lafayette and Pacific Gas and Electric to cut down trees in Lafayette including trees on District property. Ms. Dawson was referred to staff for assistance.

CONSENT CALENDAR

- Motion by Director Coleman, seconded by Director Patterson, to approve the recommended actions for Items 1 through 8 on the Consent Calendar, carried (7-0) by the following voice vote: AYES (Coleman, Katz, Linney, Mellon, Patterson, Young, and McIntosh); NOES (None); ABSTAIN (None); ABSENT (None).
1. **Motion No. 067-17** – Approved the Regular Meeting Minutes of April 25, 2017.
 2. The following correspondence was filed with the Board: 1) Presentation entitled “Amendment to EBMUD Retirement System Ordinance (No. 40) – Section 21 First Reading,” dated May 9, 2017; 2) Speakers’ Bureau and Outreach Record CY17 as of May 8, 2017; 3) Document entitled “Frequently Asked Questions about the FY18/19 Reissued Proposition 218 Public Hearing Notice – Board of Directors”; and 4) Memorandum dated May 9, 2017 to Board of Directors from General Manager Alexander R. Coate regarding Meeting Logistics for Offsite Board Meetings in Orinda, CA – May 23, 2017.
 3. **Motion No. 068-17** – Awarded a contract to the lowest responsive/responsible bidder California Marine Diesel, Inc., in the amount, after the addition of taxes, not to exceed \$369,473 for supplying spare parts to be used in the overhaul of the District’s Power Generation Station at the Main Wastewater Treatment Plant, beginning on or after May 10, 2017, under Request for Quotation No. 1705.
 4. **Motion No. 069-17** – Awarded a contract to the lowest responsive/responsible bidder, McGuire and Hester, in the amount of \$2,314,580 for construction of Mokelumne Aqueduct No. 1 Temperature Anchor Upgrade at Station 2505+50 under Specification 2115.
 - 5a-b. **Motion No. 070-17** – Authorized amendments to agreements awarded under Board Motion No. 008-14 dated January 14, 2014 to increase the estimated combined amount by \$3,400,000 for paving, striping, sealing, concrete repair, and other related services beginning on or after May 9, 2017 through the remainder of the period ending December 31, 2019 with the following vendors awarded work under the original Board Motion: AJW Construction; American Asphalt Repair; Black Gold Paving & Sealing; Bond Black Top, Inc.; Bruce Enterprises, Inc.; California Pavement Maintenance Company;

Carone & Co., Inc.; Cliff Swisher Custom Concrete; Coastal Paving; County Paving Co., Inc.; John W. Hertzig, Contractor; JV Lucas Paving, Inc.; MCE Corporation; MCK Services, Inc.; Morgan-Bonnano Development; O.C. Jones & Sons, Inc.; Pacific General Engineering; Ransome Co.; VSS-International; and public agencies and authorized additional agreements with vendors that meet District standards to increase flexibility and ensure vendor availability.

6. **Motion No. 071-17** – Authorized the Office of General Counsel to continue employment of the law firm of Barg, Coffin, Lewis & Trapp, LLP, for specialized legal services related to environmental issues and regulatory compliance in an amount not to exceed \$125,000.
7. **Motion No. 072-17** – Approved the assignment of contracts for the Supervisory Control and Data Acquisition System Upgrade, and OP/NET System Maintenance Support and Improvement, originally awarded under Board Motion Nos. 166-15 and 135-12, respectively, from Telvent USA, LLC, to Schneider Electric Systems USA, Inc.
8. **Motion No. 073-17** – Authorized the District to become a party to the Bay Area Biosolids to Energy Coalition Joint Exercise of Powers Agreement.

DETERMINATION AND DISCUSSION

9.1-9.2. **File a Report and Set a Public Hearing for the Water and Wastewater System Schedule of Rates and Charges, Capacity Charges and Other Fees.**

Items 9.1 and 9.2 were pulled from the agenda by staff.

10. **Introduction of First Reading of an Ordinance Amending Section 21 of the EBMUD Employees' Retirement System Ordinance (Ordinance No. 40) to Update the Actuarially Assumed Rate of Return From 7.50 percent to 7.25 percent.**

Director of Finance Sophia D. Skoda presented an update on the proposed amendments to Section 21 of the Retirement System Ordinance. She reported that the amendments provide for an optional modification of a member's retirement allowance, recommend changes to the actuarial rate of return from 7.5 percent to 7.25 percent and update the mortality tables. The updates to the rate of return and the mortality tables were recommended by the Plan Actuary and adopted by the Retirement Board in January 2017. The actuarial rate of return must take effect on July 1, 2017. Following today's first reading, the second reading and vote is scheduled to occur at the May 23, 2017 Board meeting. The amendments take effect 30 days after the revised Ordinance's passage, and the Municipal Utility District Act requires that the amendments be published once a week for two successive weeks in a newspaper of general circulation within the District's service area.

The Board requested staff analyze a Stanford University article that suggests retirement system funds may not need to aggressively lower assumed rates of return.

Ordinance No. 367-17 – An Ordinance, Effective As Of July 1, 2017, Amending Section 21 Of Ordinance No. 40, Which Is The Employees’ Retirement System Ordinance (*Introduction and First Reading*).

11. Legislative Update.

Legislative/Human Resources Committee Chair John A. Coleman advised that due to time constraints, the Committee did not review Legislative Report No. 07-17. Manager of Legislative Affairs Marlaigne K. Dumaine highlighted the bills and recommended actions contained in Legislative Report No. 07-17.

- Motion by Director Coleman, seconded by Director Linney, to approve the recommended positions for AB 732 (Frazier) and AB 898 (Frazier), carried (7-0) by the following voice vote: AYES (Coleman, Katz, Linney, Mellon Patterson, Young, and McIntosh); NOES (None); ABSTAIN (None); ABSENT (None).

Ms. Dumaine discussed AB 975 (Friedman) and Director Coleman provided an update on the April 28 Upper Mokelumne River Water Authority meeting discussion regarding the bill. There was discussion and the Board agreed to defer taking a position on the bill until a later date and requested that staff continue to provide status updates.

- Addressing the Board was Heinrich Albert, representing the Sierra Club, who commented he was in support of the Board’s decision to defer taking a position on AB 975.

Next, Ms. Dumaine reviewed the staff recommendations for AB 968 (Rubio); AB 1669 (Friedman); AB 1654 (Rubio); AB 1668 (Friedman); and Trailer Bill 810. She noted that these bills pertain to Governor Brown’s Executive Order B-37-16 which directed five state agencies to develop a long-term framework to make water conservation a way of life, and improve drought resiliency. There was in depth discussion regarding the staff recommendations and the bills’ potential impacts to the District.

- Addressing the Board was Heinrich Albert, representing the Sierra Club, who commented he was in support of AB 1668 and AB 1669 and opposed to AB 968 and AB 1664.

- Motion by Director Coleman, seconded by Director Patterson, to amend the staff recommendations of SUPPORT IF AMENDED for AB 968 (Rubio); AB 1669 (Friedman); AB 1654 (Rubio); and AB 1668 (Friedman) to OPPOSE UNLESS AMENDED on all four bills.

There was additional discussion regarding the proposed amendment. Director Young made a “substitute motion” to approve staff’s original recommendations to SUPPORT IF AMENDED on all four bills. Ms. Dumaine advised that staff will return to the Board with updates before changing positions on the four bills.

- Motion by Director Young, seconded by Director Linney, to approve the recommended position of SUPPORT IF AMENDED for AB 968 (Rubio); AB 1669 (Friedman); AB 1654 (Rubio); and AB 1668 (Friedman), carried (5-2) by the following roll call vote: AYES (Katz, Linney, Patterson, Young, and McIntosh); NOES (Coleman and Mellon); ABSTAIN (None); ABSENT (None).
- Motion by Director Coleman, seconded by Director Patterson, to approve the recommended position for Trailer Bill 810, carried (7-0) by the following voice vote: AYES (Coleman, Katz, Linney, Mellon Patterson, Young, and McIntosh); NOES (None); ABSTAIN (None); ABSENT (None).

Motion No. 074-17 – Received Legislative Report No. 07-17 and approved positions on the following bills: SUPPORT AB 732 (Frazier) Delta Levee Maintenance; OPPOSE AB 898 (Frazier) Property Taxation: Revenue Allocations: East Contra Costa Fire Protection District; NO POSITION AB 975 (Friedman) Natural Resources: Wild and Scenic Rivers; SUPPORT IF AMENDED AB 968 (Rubio) Urban Water Use: Water Efficiency; SUPPORT IF AMENDED AB 1669 (Friedman) Urban Water Conservation Standards and Use Reporting; SUPPORT IF AMENDED AB 1654 (Rubio) Water Shortage: Urban Water Management Planning; SUPPORT IF AMENDED AB 1668 (Friedman) Water Management Planning; and OPPOSE UNLESS AMENDED Trailer Bill 810 Water Conservation as a California Way of Life.

12. **General Manager's Report.**

Chevron Recycled Water Contract Negotiations Update. General Manager Coate provided a status update on the negotiations and advised staff would be bringing a contract extension to the Board for consideration at its May 23, 2017 meeting.

Storm Operations Update. Director of Operations and Maintenance Michael J. Wallis provided an update on District storm operations. He noted that staff continues to monitor runoff and snow conditions to manage flood control space in Pardee and Camanche reservoirs in preparation for peak runoff from snowmelt. He also discussed the Camanche release plan noting the plan goal is to maintain adequate flood control space and to bring the Pardee and Camanche system to full on July 1. Finally, he reviewed East Bay cumulative season-to-date precipitation and provided the spill status of local reservoirs.

Customer Outreach Update. This item was deferred to the May 23, 2017 meeting.

REPORTS AND DIRECTOR COMMENTS

13. **Committee Reports.**

- Filed with the Board were the Finance/Administration Committee Minutes of April 25, 2017.

14. **Other Items for Future Consideration.**

- None.

15. **Director Comments.**

- Director Coleman reported attending/participating in the following events: Meeting with Sara Quiter on April 27 in Oakland; Upper Mokelumne River Water Authority Board meeting on April 28 in Pardee; Association of California Water Agencies Executive Committee teleconference meeting on May 1 in Oakland; Annual City presentation at Pleasant Hill City Council on May 1 in Pleasant Hill; Annual City presentation at Walnut Creek City Council on May 2 in Walnut Creek; Water Supply Update at Dougherty Valley Rotary Club on May 3 in San Ramon; Contra Costa County Mayors' Conference on May 4 in Walnut Creek; and Boy Scouts Eagle Court #243 on May 6 in Lafayette. He reported on plans to attend/participate in the following upcoming events: Cancer Support Community meeting on May 8 in Lafayette; Annual City presentation at Town of Danville on May 16 in Danville; Contra Costa Realtors Association on May 18 in Danville; East Bay Leadership Council meeting on May 19 in Walnut Creek; Review Ward meeting presentation on May 19 in Oakland; Kennedy-King Dinner on May 19 in Concord; and Association of California Water Agencies Executive Committee teleconference meeting on May 22 in Oakland.
- Director Katz reported attending/participating in the following events: Berkeley Chamber of Commerce Housing Roundtable on April 27 in Berkeley; and presentation at El Cerrito City Council on May 2 in El Cerrito.
- Director Linney had no comment.
- Director Mellon commented that there was a list of action items from the Planning Committee earlier in the day and asked staff to work to provide recommendations for modifying penalty payments in the Water Theft Penalty Ordinance. Next, he reported attending/participating in the following events: Green California Summit and Exposition Leadership Awards Reception and Ceremony on April 25 in Sacramento; Ceres Conference April 26-27 in San Francisco; and League of Women Voters luncheon on April 28 in Castro Valley.
- Director Patterson had no comment.
- Director Young requested that staff coordinate an evening meeting for her to discuss rates and charges with her constituents before July 11. Next, she reported attending/participating in the following events: meeting with Annie Campbell on lead and sewer charges on January 6; Alameda County Mayors' Conference on January 11 in Emeryville; Lamorinda elected orientation with John Coleman on January 31; West County Wastewater District meeting regarding RARE and North Richmond recycled water on February 22; El Sobrante Municipal Advisory Council forum on San Pablo Reservoir releases on March 8 in El Sobrante; Grand Lake neighbors presentation on March 15 in Oakland; Carr Ranch event on March 15 in Moraga; EBMUDDer's meeting on March 16; Piedmont Arbor Day presentation on April 6 in Piedmont; Rising Sun Energy Center Women's Building the Bay graduation on April 7; Meeting with SWAPAUW representatives on April 10; Rising Sun Energy Center Bright Night fundraiser on April 20; Ceres Annual Conference on April 25 in San Francisco; Meeting with Senator Rob Bonta and President Lesa R. McIntosh on April 28; and meeting with City of Piedmont to discuss Piedmont Reservoir on May 1 in Piedmont.
- President McIntosh had no comment.

ADJOURNMENT

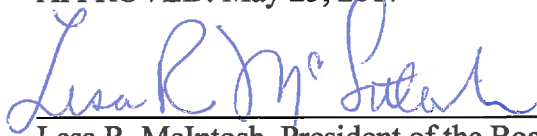
President McIntosh adjourned the meeting at 2:45 p.m.

SUBMITTED BY:



Risha S. Cole, Secretary of the District

APPROVED: May 23, 2017



Lesa R. McIntosh, President of the Board

