

MINUTES

Tuesday, September 27, 2016

**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 11:07 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 Lourdes Matthew (Items 1a and 2) and Manager of Human Resources Laura A. Brunson (Items 1a and 2).

PUBLIC COMMENT

There was no public comment.

ANNOUNCEMENT OF CLOSED SESSION AGENDA

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

Regular Business Meeting

President Mellon called to order the Regular Business Meeting of the Board of Directors at 1:15 p.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, and Acting Secretary of the District Rischa S. Cole.

BOARD OF DIRECTORS

President Mellon led the Pledge of Allegiance.

ANNOUNCEMENTS FROM CLOSED SESSION

There were no announcements required from closed session.

PRESENTATION

General Manager Alexander R. Coate announced that for the tenth consecutive year, the District has been awarded the Government Finance Officers Association of the United States and Canada's Certificate of Achievement for Excellence in Financial Reporting Award for its Comprehensive Annual Financial Report. To receive this award, the District's FY 2015 report had to meet all requirements for basic financial statement presentation including compliance with all Generally Accepted Accounting Principles and Pronouncements. Under the leadership of Controller D. Scott Klein, the following staff prepared this winning report: Accounting Systems Supervisor Lawrence Fan, Accounting and Financial Systems Analyst David P. Siu, Accountant III Crystal Zhang, Accountant III Melody Wang with support from other Accounting sections represented by Accountant III Leann Maloney and Accounting and Financial Systems Analyst Queenie Chen. Director John A. Coleman, Chair of the Finance/Administration Committee, presented the award to staff on behalf of the Board. Controller D. Scott Klein thanked staff for their work and the Board for its leadership.

PUBLIC COMMENT

Addressing the Board were the following persons: 1) Valerie Johnson, EBMUD customer, who expressed her concerns about a high water bill; and 2) Rachel Garza, EBMUD employee, who voiced her concerns about how staff is handling her workers compensation claim and also asked the Board to consider taking a stance against the North Dakota Access Pipeline project.

The Board referred Ms. Johnson to staff and asked for a memo regarding resolution of her bill.

CONSENT CALENDAR

- Item 6 was removed from the Consent Calendar for discussion.
 - Motion by Director McIntosh, seconded by Director Patterson, to approve the recommended actions for Items 1-5 and 7-9 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. 161-16** – Approved the Regular Meeting Minutes of September 13, 2016.
 2. The following correspondence was filed with the Board: 1) Presentation entitled, "Operations During the Upcoming Orinda Water Treatment Plant Outage", dated September 27, 2016; 2) Presentation entitled "Social Media Update", dated September 27, 2016; and 3) Presentation entitled "Proposed FY2017 Financing Plan", dated September 27, 2016.

3. **Motion No. 162-16** – Authorized an agreement beginning on or after September 27, 2016 with Peterson Power Systems, Inc., in an amount not to exceed \$1,126,000 to supply five portable diesel generators under Request for Quotation No. 1702.
4. **Motion No. 163-16** – Authorized an agreement with Jacobs Project Management Co. in an amount not to exceed \$344,564 for construction support services for the Alameda-Contra Costa Transit Bus Rapid Transit Pipeline Relocation Project.
5. **Motion No. 164-16** – Authorized an agreement beginning on or after September 27, 2016 with Regatta Solutions, Inc., in an amount not to exceed \$120,000 annually for Administration Building microturbine maintenance services for five years for a total cost of \$600,000.
- 6a-b. **Motion No. 168-16** – Authorized agreements with the following vendors: A-Plus Tree, Inc.; Arborwell; Arborworks, Inc.; Bartlett Tree Experts; East Bay Tree Service; Expert Tree Service; Graham Tree Services, Inc.; Hamilton Tree Service; and Professional Tree Care Co. beginning on or after September 27, 2016 in an amount not to exceed \$500,000 annually for tree trimming and related services for three years with two options to renew for an additional one-year period for a total cost of \$2,500,000; and authorized additional agreements with qualified vendors that meet District standards and offer pricing at or below the range described in the current proposed agreements to increase flexibility and ensure vendor availability. The Board of Directors will be notified of additional qualified vendors by means of the General Manager's monthly report.
 - Director Coleman pulled Item 6 to ask why we are including a vendor that is located outside of the District's service area instead of using vendors that are only located in the service area. Staff advised that the vendor is used for work at District facilities located upcountry.
 - Motion by Director Coleman, seconded by Director McIntosh to approve the recommended action for Items 6a-b, carried (7-0) by the following voice vote: AYES (Coleman, Katz, Linney, McIntosh, Patterson, Young, and Mellon); NOES (None); ABSTAIN (None); ABSENT (None).
7. **Motion No. 165-16** – Authorized direct award contracts to Fluid Conservation Systems, Echologics, and Syrinix in an aggregate amount not to exceed \$3,400,000 for proprietary leak detection data loggers and pressure monitoring devices beginning on or after September 27, 2016.
8. **Motion No. 166-16** – Authorized execution of a license agreement with ComSites West, LLC (Licensor), pursuant to a Telecommunications Ground Lease between Licensor and the State of California, to allow the District to continue use of a portion of the Mt. Diablo telecommunication tower for installing, maintaining and operating radio/communication equipment for five years in an amount not to exceed \$190,683 with two five-year renewal options for a total cost of \$667,999.

9. **Motion No. 167-16** – Authorized the Office of General Counsel to continue the employment of the law firm of Hanson Bridgett, LLP, for specialized legal services related to construction, public contract and procurement, claims, trademark services, pension, employment, and litigation matters in an additional amount not to exceed \$125,000.

DETERMINATION AND DISCUSSION

10. **Legislative Update.**

Manager of Legislative Affairs Marlaigne K. Dumaine provided an update on state and federal legislative activities. She noted that Governor Brown has approximately 300 bills to review and sign before the September 30 signing deadline. Staff will provide the Board with an end of session report at its October 11 meeting. On the federal level, the Congress will recess on September 30 but will need to vote on a continuing resolution to continue spending through December. She provided an update on the Water Resources Development Act and noted that drought legislation, lead in water supplies and wildfire suppression will be discussed during the lame duck session.

Director Young asked staff to provide information on what actions other agencies and cities have taken in response to the North Dakota Pipeline Access issue. Director Katz asked staff to provide information on the impacts of train derailments on water quality and supplies.

11. **Approve the Proposed Financing Plan for Fiscal Year 2017.**

Director Coleman advised that due to time constraints, this item was held over from the Finance/Administration Committee meeting held earlier in the day.

Treasury Manager Dari Barzel reviewed the proposed financing plan for FY17. During FY17, the District is proposing to undertake several debt-related transactions which include extending or replacing the liquidity facility for Water Revenue Bonds Series 2008A-1 and A-4 (approximately \$56.7 million) and issuing “new money” revenue bonds to fund capital projects (estimated \$110 million for Water System; \$24 million for Wastewater). The District will also continue to monitor the market for opportunities to restructure debt for de-risking and refund debt for savings.

Ms. Barzel stated that staff is seeking Board approval of the proposed plan and before proceeding, staff will bring each proposed FY17 transaction to the Board for consideration and approval.

There was discussion regarding the District’s financial relationship with Wells Fargo Bank in light of the recent news reports about the bank’s illegal practices. Director of Finance Sophia D. Skoda provided an overview of the District’s relationship with Wells Fargo and highlighted actions being taken by other entities. She noted that staff’s recommendation is for the District to send a strong letter to Wells Fargo Bank

expressing concern about its practices and requesting that bank management hold themselves accountable to the highest standards of ethical behavior and transparency.

The Board suggested that staff consider including criteria in future Requests for Proposals for financial services that address corporate integrity. The Board requested that staff provide a draft of the letter being sent to Wells Fargo for Board review. The Board also requested information showing the cost of doing business with Wells Fargo compared with the cost of doing the same business with another bank.

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

Motion No. 169-16 – Approved the Proposed Financing Plan for Fiscal Year 2017.

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

Manager of Human Resources Laura A. Brunson provided an update on the Values and Organization Improvement Project. In response to a request at the September 13 Legislative/Human Resources Committee meeting, Ms. Brunson showed videos that highlight the District's values and excerpts of the State of the District Address. The Board congratulated staff on the videos and suggested that the videos be used as a recruiting tool on the District's website.

Special Assistant to the General Manager Alison A. Kastama gave an update on the District's use of social media. Ms. Kastama provided statistics from the District's Twitter account and staff's plans to establish "Nextdoor" accounts to post construction notices and other District messaging. The Board requested a list of the hashtags used and tracked on the District's Twitter account.

Manager of Water Operations Eileen M. White provided an update on the operational changes staff has made in anticipation of the required shutdown of the Orinda Water Treatment Plant (WTP). Work is scheduled to begin in November on the \$22 million Orinda WTP Improvement Project. As part of the operational changes, the San Pablo WTP and the Upper San Leandro (USL) WTP were placed into service on September 1 and 15 respectively. She noted that these changes resulted in an increase in customer calls about the taste and smell of the water and that staff has fielded almost 200 customer calls since September 1. San Pablo and USL WTPs were brought online for testing and staff anticipates using the plants at full capacity when Orinda is taken out of service. Staff made adjustments to the treatment process at USL and customer calls regarding that plant decreased; however calls regarding San Pablo remained constant. She pointed out that since San Pablo WTP is a standby facility, it does not have ozonation and, therefore, taste and smell compounds entering the plant pass through

to the distribution system and to the District's customers. The taste and smell compounds do not pose a health threat and the water meets all state and federal regulations. Next, she reviewed the next steps in planned outage operations and additional customer impacts.

There was discussion regarding the customer calls, water quality, health and safety, potential customer impacts, the information being provided to customers and possibly delaying the project start date. Staff will provide additional information regarding the project and speaking points for the Board and staff to communicate with constituents.

General Manager Coate reminded the Board of the upcoming Water Budget Rates Workshop on October 11.

REPORTS AND DIRECTOR COMMENTS

13. **Committee Reports.**

- Filed with the Board were the Planning Committee and Legislative/Human Resources Committee Minutes of September 13, 2016.

14. **Other Items for Future Consideration.** None.

15. **Director Comments.**

- Director Coleman reported attending/participating in the following events: Asian Pacific Employees' Association Lunch on September 14 in Oakland; ACWA teleconference meetings on September 14 and 26 in Oakland; water supply presentation on September 15 in Danville; Leland Reservoir public hearing on September 15 in Lafayette; Lafayette Art and Wine Festival booth participant on September 18 in Lafayette; East Bay Leadership Council Water Task Force meeting on September 20 in Walnut Creek; meeting with John Nejedly and EBMUD staff in Oakland on September 20; meeting with Lafayette Councilman Mark Mitchell in Lafayette on September 21; and East Bay Regional Park District lunch at Tidewater Park on September 22 in Oakland. He reported on plans to attend/participate in the following upcoming events: ACWA Board Budget Workshop on September 29 in Sacramento; ACWA Executive Committee and Board meetings on September 30 in Sacramento; ACWA teleconference meetings on October 3 and 10 in Oakland; the UMRWA Board meeting and Pardee BBQ on October 7 in Pardee; and a water and infrastructure presentation at Harvey Mudd College on October 8 in Claremont.
- Director Katz had no comment.
- Director Linney had no comment.
- Director McIntosh reported attending/participating in the following events: ACWA Region 5 Fall Conference on September 18 in Byron and the EBMUD/City of Richmond Graywater workshop on September 24 in Richmond.
- Director Patterson had no comment.

- Director Young reported attending/participating in the following events: the 2016 David Brower dinner on September 8 in San Francisco; paddled with the EBMUD Dragons at the Northern California International Dragon Boat Festival on September 17 at Lake Merritt in Oakland; meeting with General Manager Coate and staff regarding rates on September 23 in Oakland; the Tradeswomen Inc.'s annual dinner gala on September 23 in Oakland; and the EBMUD/City of Richmond Graywater workshop on September 24 in Richmond. Director Young thanked staff for their work on the workshop.
- President Mellon reported attending the Alameda Special Districts Association monthly meeting on September 14 in Fremont and plans to attend the Green Job Summit being held at the EBMUD Administration Building on October 5.

ADJOURNMENT

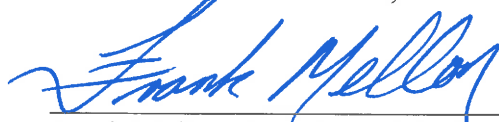
President Mellon adjourned the meeting at 3:30 p.m.

SUBMITTED BY:



Rischa S. Cole, Acting Secretary of the District

APPROVED: October 11, 2016



Frank Mellon, President of the Board

