

MINUTES

Tuesday, June 27, 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 11:07 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 at 11:10 a.m.

Staff present included General Manager Alexander R. Coate, General Counsel Craig S. Spencer, Attorney Lourdes Matthew (Items 1a-1c, 2 and 4), Attorney Saji T. Pierce (Items 1a-1c and 2), Manager of Maintenance and Construction Clifford C. Chan (Items 1a-1c and 2), Manager of Customer and Community Services Sherri A. Hong (Item 3), Manager of Real Estate Services Matt Elawady (Item 3), Manager of Human Resources Laura A. Brunson (Item 4), Manager of Employee Relations David Pak (Item 4), and Industrial Employers Distributors Association representatives Glenn Berkheimer and Bruce Heid (Item 4).

PUBLIC COMMENT

- Addressing the Board were the following: 1) George Cleveland, 1st Vice-President, AFSCME Local 2019, commented on a discipline issue involving a Local 2019 member; and 2) Jae Park, AFSCME Local 2019 negotiations team member, commented on negotiation discussions regarding equity adjustments and wages.

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 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.

PRESENTATION

General Manager Alexander R. Coate announced that this year's Speaker(s) of the Year award is for the team that administers the District's Wastewater Tour Program. After a multi-year hiatus, a team comprised of staff and retirees revamped and implemented an informative program that teaches the public how EBMUD keeps the San Francisco Bay clean and what individuals can do to protect the environment. More than 350 people have participated in 25 tours in fiscal year 2017.

General Manager Coate introduced and President McIntosh presented awards to the following staff representing the team: Supervising Wastewater Control Representative Gabriel A. Dib, Wastewater Control Representative/Tour Program Manager Adam P. Kern, Senior Administrative Clerk/Tour Program Administrator Matilda M. Leong, Assistant Wastewater Shift Supervisor/Tour Guide Joseph R. Barge, and former employee Wastewater Control Representative/Tour Program Manager Nadia V. Borisova. Retiree Tour Guides Paul L. Sander Jr. and John D. Parks were recognized but not in attendance. The Board congratulated and applauded the 2016-2017 Speaker(s) of the Year.

ANNOUNCEMENTS FROM CLOSED SESSION

There were no announcements required from closed session.

PUBLIC COMMENT

- Addressing the Board were the following: 1) Heinrich Albert, Sierra Club, commented on a letter sent to the Board regarding rates and urged the Board to revise the District's rate structure; 2) Chris Gilbert, Sierra Club, commented on the District's rate structure and submitted documents from Sierra Club member Kenneth Gibson regarding pricing EBMUD water services for equity and conservation; 3) Theresa Hardy, Sierra Club and League of Women Voters, commented on the District's rate structure and low-income customer assistance; and 4) Vaughn Foster requested the Board's assistance in resolving a claim he has pending with the District. The Board requested an update on the status of Mr. Foster's claim.

CONSENT CALENDAR

- Motion by Director Mellon, seconded by Director Coleman, to approve the recommended actions for Items 1-13 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. 100-17** – Approved the Regular Meeting Minutes of June 13, 2017.
 2. The following correspondence was filed with the Board: **1)** Presentation by Kenneth Gibson, Sierra Club entitled “Pricing EBMUD Water Services for Equity and Conservation Starting with Proposals for the Years Beginning July 2017 and 2018” and a chart outlining water usage charges per gallon; **2)** Revised Planning Committee Minutes - June 13, 2017 from Rischa S. Cole, Secretary of the District to the Board of Directors, dated June 22, 2017; **3)** Presentation entitled “FY 2018 and FY 2019 Budget Resolution,” dated June 27, 2017; and **4)** Speakers’ Bureau and Outreach Record CY17 as of June 26, 2017.
 3. **Motion No. 101-17** – Awarded a contract to the lowest responsive/responsible bidder, JMB Construction, Inc., in the amount of \$7,936,359 for construction of the MacArthur/Davenport Pipeline Replacement under Specification 2099.
 4. **Motion No. 102-17** – Authorized an agreement beginning on or after July 1, 2017 with Civicorps (formerly East Bay Conservation Corps) in an amount not to exceed \$473,872 to provide vegetation control and related duties at various District properties.
 5. **Motion No. 103-17** – Authorized an agreement with ENS Resources, Inc., in an amount not to exceed \$130,000 for continued legislative and regulatory information-gathering, analysis, representation and liaison services in Washington, D.C., for a one-year period from July 1, 2017 to June 30, 2018.
 6. **Motion No. 104-17** – Authorized an agreement beginning on or after June 27, 2017 with GEI Consultants, Inc., in an amount not to exceed \$791,000 to complete a geotechnical investigation for the Oakland Inner Harbor Pipeline Crossing.
 7. **Motion No. 105-17** – Authorized the extension of agreements with Oracle America, Inc., and Dynamics Systems, Inc., through November 30, 2018 in the amounts of \$398,493 and \$123,909, respectively, for Oracle technical support services.
 8. **Motion No. 106-17** – Authorized an amendment to an existing agreement beginning July 1, 2017 with APX, Inc., in an amount not to exceed \$604,200 for three years to provide power scheduling and California Independent System Operator settlement services for the Camanche and Pardee Power Plants and Main Wastewater Treatment Plant gas turbine and Power Generation Station.
 9. **Motion No. 107-17** – Awarded a contract to CXT, Inc., in an amount not to exceed \$134,261.47 for replacement of the Lafayette Recreation Area restroom facility at the main parking lot.

10. **Motion No. 108-17** – Authorized the Office of the General Counsel to continue employment of the Law Offices of Curtis T. White for specialized legal services in Federal Communications Commission related matters in an additional amount not to exceed \$30,000.
11. **Motion No. 109-17** – Filed the General Manager's Report and Recommendation to Transfer Unpaid Delinquent Charges to the 2017-2018 Property Tax Rolls.
12. **Motion No. 110-17** – Approved the April 2017 and May 2017 Monthly Investment Transactions Reports.
- 13.1-
- 13.2. **Resolution No. 35042-17** – Approving An Agreement For The Conveyance Of 24 Acres Of Watershed Property to John W. Hertzig In Exchange For 22 Acres Of Property To Be Added To The East Bay Municipal Utility District's Watershed Property For The Purposes Of Environmental Protection.

DETERMINATION AND DISCUSSION

14. **Adopt, in accordance with the provisions of the Municipal Utility District Act, the Fiscal Year 2018 (FY18) and Fiscal Year 2019 (FY19) Operating and Capital Budgets for the Water and Wastewater Systems as recommended in the FY18 and FY19 Proposed Biennial Budget.**

Manager of Budget Jeanne M. Chase provided a presentation on the FY18/19 Proposed Biennial Budget. Although not a legal requirement, in past years the Board would consider adopting the budget and any proposed rates, fees, charges and regulations at the same Board meeting. However, due to a data processing error in mailing the original Proposition 218 notice, an updated notice was re-sent and the public hearing to consider revisions to the FY18/19 proposed rates, fees, charges and regulations was rescheduled to July 11. Staff is requesting that the Board consider adopting the budget prior to the first day of the fiscal year to ensure adequate funding is in place on July 1 to maintain operations, and demonstrate the District's strong financial management which is consistent with its reputation and high bond ratings. The total FY18/19 Biennial Budget is \$2.03 billion for water and wastewater systems operations, debt, and capital appropriations – a 19 percent increase, or \$323 million over the previous two-year adopted budget.

The Board is scheduled to consider adopting the FY18/19 proposed rates, fees, charges and regulations at its meeting on July 11. If adopted on July 11, the FY18 rates will go into effect on July 12, 2017, which is later than assumed in the proposed FY18 budget and the GM Report and Recommendation. FY18 budgeted revenues will be affected by this delay by less than \$2 million, or under 0.3 percent of the total projected revenue for the fiscal year. The FY19 rates will go into effect on July 1, 2018. If the proposed rates, fees, charges and regulations are not adopted on July 11, the FY18/19 budget will be revised and resubmitted for Board consideration.

Prior to considering staff's recommendation, the Board discussed in depth the need to invest in infrastructure and preventative maintenance, recovery from the recent drought, customer conservation incentives, Proposition 218 requirements and ratepayer concerns regarding the proposed budget, rates and charges.

- Motion by Director Mellon, seconded by Director Linney, to approve the recommended action for Item 14, carried (6-1) by the following voice vote: AYES (Katz, Linney, Mellon, Patterson, Young, and McIntosh); NOES (Coleman); ABSTAIN (None); ABSENT (None).

Resolution No. 35043-17 – Approving The Budget Of The East Bay Municipal Utility District Water And Wastewater Systems For Fiscal Year 2018 And Fiscal Year 2019 And Establishing The Terms And Conditions For The Payment Of Demands Against The District.

15. **General Manager's Report.**

None.

REPORTS AND DIRECTOR COMMENTS

16. **Committee Reports.**

- Filed with the Board were the Planning and Legislative/Human Resources Committee Minutes of June 13, 2017.

17. **Other Items for Future Consideration.**

None.

18. **Director Comments.**

- Director Coleman reported attending/participating in the following events: Cancer Support meeting on June 14 in Lafayette; ACWA teleconference meeting in Oakland and DERWA meeting in Dublin on June 26. He reported on plans to attend/participate in the following upcoming events: Retirement lunch for Jim Fielder on June 29 in Mountain View; ACWA teleconference meeting on July 3 in Walnut Creek; and ACWA teleconference meeting on July 10 in Oakland.
- Director Katz reported that he provided a presentation to the Albany City Council on June 19.
- Director Linney had no report.
- Director Mellon reported attending/participating in the following events: Alameda County Mayors' Conference on June 14 in San Leandro; EBMUD Bike Trail Tour on June 22 in Pinole; and DERWA meeting on June 26 in Dublin. Additionally, Director Mellon provided an update on the discussion at the June 26 DERWA meeting regarding the limited lifecycle and lack of replacement parts and manufacturer support for pumps. The Board requested that staff coordinate with DERWA on letters to appropriate industry organizations regarding this issue.
- Director Patterson reported attending Oakland Metropolitan Chamber of Commerce Awards Luncheon on June 21 in Oakland.

- Director Young had no report.
- President McIntosh had no report.

ADJOURNMENT

Present McIntosh announced that each year the District honors its employees and retirees who have passed away in the last year. She adjourned the meeting in memory of District employees and retirees who passed away between May 1, 2016 and May 31, 2017. Their names were displayed onscreen while the Board and staff observed a moment of silence.

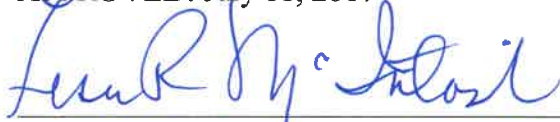
President McIntosh adjourned the meeting at 2:12 p.m.

SUBMITTED BY:



Rischa S. Cole, Secretary of the District

APPROVED: July 11, 2017



Lesla R. McIntosh, President of the Board