

## MINUTES

**Tuesday, April 25, 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 11:00 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 11:17 a.m. (absent).

Staff present included General Manager Alexander R. Coate, General Counsel Craig S. Spencer, Attorney Derek T. McDonald (Items 1a & 2), Engineering Manager Elizabeth Z. Bialek (Item 1a), Manager of Real Estate Services Matt Elawady (Item 2), Attorney Lourdes Matthew (Item 3), Director of Finance Sophia D. Skoda (Item 3), Manager of Human Resources Laura A. Brunson (Item 3), Manager of Employee Relations David Pak (Item 3), and Industrial Employers Distributors Association representatives Glenn Berkheimer and Bruce Heid (Item 3).

### PUBLIC COMMENT

- Addressing the Board was Mark Foley, President, AFSCME Local 2019, who commented on negotiations and highlighted some of the union's contract proposals being presented to the District.

### 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 1:15 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. Director Mellon left the meeting at 1:30 p.m. (excused) to attend the Green California Summit and Exposition Leadership Awards Reception and Ceremony in Sacramento.

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**

President McIntosh announced that in 2013, EBMUD partnered with ten water and wastewater agencies in Alameda County and eleven in Contra Costa County to develop the "Excellence in Water and Wastewater Research Awards" which recognizes outstanding student projects in the world of water.

The Board honored students from schools in EBMUD's service area whose projects won prizes at the annual Contra Costa County Science Fair on March 17. Director Coleman presented Akaash Babu and Aditya Sathyanarayanan with prizes for winning 2<sup>nd</sup> place in the Junior Division for their project "Solar Water Desalination." These students researched current desalination methods and realized they were energy intensive and expensive. They created a low cost solution using available resources and solar energy. The result is a potential solution for those without access to clean water. Each student was awarded \$150 and their teacher Amber Allen will be awarded \$100 for her contributions to education in water science and engineering. Vasily Tremsin (not present), was also recognized for winning 3<sup>rd</sup> place in the Senior Division for his project, "Real-Time imaging of soil moisture distribution for intelligent subsurface irrigation." His project looked at the possibility of a device providing imaging of soil moisture content, thereby significantly improving the efficiency of soil irrigation. Vasily will be awarded \$100 and his teacher Betty Watson will be awarded \$100 for her contributions to education in water science and engineering. The Board thanked the students for their participation and congratulated them on their accomplishments.

### **ANNOUNCEMENTS FROM CLOSED SESSION**

President McIntosh announced that the Board, in closed session, by a unanimous vote of the Directors attending, authorized the General Counsel to initiate litigation in one matter. The actions, defendants and other particulars will be disclosed, upon inquiry, once the action has formally commenced.

### **PUBLIC COMMENT**

- Addressing the Board were the following: 1) Jay Morgan, representing AFSCME Local 2019, introduced Matt Harray, EBMUD Water System Inspector; 2) Matt Harray, EBMUD Water System Inspector commented on some of the union's contract proposals being presented to the District; and 3) Mark Foley, President, AFSCME Local 2019, commented on some of the union's contract proposals being presented to the District.

**CONSENT CALENDAR**

- Motion by Director Mellon, seconded by Director Linney, to approve the recommended actions for Items 1 through 11 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. 053-17** – Approved the Special and Regular Meeting Minutes of April 11, 2017.
  2. The following correspondence was filed with the Board: **1)** Flyer entitled “AB 975 Floor Advisory” submitted by Steve Evans, Friends of the River; **2)** Presentation entitled “FY17 Bond Financings” dated April 25, 2017; **3)** Presentation entitled “2017 Water Supply Availability and Deficiency Report” dated April 25, 2017; **4)** Memorandum dated April 25, 2017 to Board of Directors, from Alexander R. Coate, General Manager, regarding Tour of Watershed Trails – June 22, 2017; and **5)** Speakers’ Bureau and Outreach Record CY17 as of April 24, 2017.
  3. **Motion No. 054-17** – Awarded a contract to the lowest responsive/responsible bidder Coast Counties Truck & Equipment in an amount, after the addition of taxes, not to exceed \$604,152 for supplying two scoop trucks to the District under Request for Quotation No. 1712.
  - 4.1. **Motion No. 055-17** – Awarded a contract to the lowest responsive/responsible bidder, Certified Coating Company, in the amount of \$4,279,282 for construction of Recoat Mokelumne Aqueduct No. 1 Phase 12 under Specification 2123.
  - 4.2. **Motion No. 056-17** – Authorized an agreement beginning on or after April 25, 2017 with Bay Area Coating Consultants, Inc., in an amount not to exceed \$580,140 for construction support services for the Recoat Mokelumne Aqueduct No. 1 Phase 12 project.
  - 5.1. **Motion No. 057-17** – Awarded a contract to the lowest responsive/responsible bidder, C. Overaa & Co., in the amount of \$34,169,000 for construction of the Sobrante and Upper San Leandro Water Treatment Plants Ozone Systems Improvement Project under Specification 2117.
  - 5.2. **Motion No. 058-17** – Authorized an agreement beginning on or after April 25, 2017 with Cooper Puga Management, Inc., in an amount not to exceed \$1,692,170 to provide construction support services for the Sobrante and Upper San Leandro Water Treatment Plants Ozone System Improvements Project.
  - 5.3. **Motion No. 059-17** – Awarded a sole source contract to Honeywell International, Inc., after the addition of taxes, not to exceed \$800,000, for supplying two distributed control system Experion software packages and associated hardware for the Sobrante and Upper San Leandro Water Treatment Plants.

- 5.4. **Motion No. 060-17** – Authorized an agreement beginning on or after April 26, 2017 with Honeywell International, Inc. (Honeywell Process Solutions), in an amount not to exceed \$650,000 for engineering services for Sobrante and Upper San Leandro Water Treatment Plants control systems improvement.
- 6a-b. **Motion No. 061-17** – Authorized agreements beginning on or after April 25, 2017 with Adam Moreno & Sons, Inc., MJH Excavating, Inc., Paladin Construction, and Sheehaul's Rock & Dirt in an amount not to exceed \$300,000, for fully maintained and operated backhoe rentals for one year; and authorized additional agreements for fully maintained and operated backhoe rental services with vendors that meet District standards and offer pricing at or below the range in the proposed agreements above and authorized additional agreements for fully maintained and operated backhoe rental services with vendors that meet District standards and offer pricing at or below the range in the proposed agreements above. These additional agreements may be issued on an as-needed basis to increase flexibility and ensure vendor availability of FM&O backhoe rental services to the District.
- 7a-b. **Motion No. 062-17** – Authorized agreements beginning on or after April 25, 2017 with Diede Construction, Inc. dba Hydro X Services, Inc., and Presidio Systems, Inc., in the total amount not to exceed \$365,000 for fully maintained and operated hydro/air-vacuum excavation rental services for one year; and authorized additional agreements for fully maintained and operated hydro/air-vacuum excavation rental services with companies that meet District standards and offer pricing at or below the range in the proposed agreements above and authorized additional agreements for fully maintained and operated hydro/air-vacuum excavation rental services with companies that meet District standards and offer pricing at or below the range in the proposed agreements above. These additional agreements may be issued on an as-needed basis to increase flexibility and ensure vendor availability of hydro/air-vacuum excavation rental services to the District.
8. **Motion No. 063-17** – Authorized an agreement with Brown and Caldwell in an amount not to exceed \$340,000 to conduct a water quality improvements study for the East Bayshore Recycled Water Project.
9. **Motion No. 064-17** – Approved the assignment of the agreement for design services during construction for the Main Wastewater Treatment Plant Digester Nos. 6, 9, 10, and 11 Coating Repairs to West Yost Associates. This agreement was previously awarded to Whitley Burchett & Associates under Board Motion No. 037-16 on February 23, 2016.
10. **Resolution No. 35033-17** – Adopting Revised Policy 4.07, Investment Policy.
11. **Resolution No. 35034-17** – Adopting Revised Policy 4.02, Cash Reserves And Debt Management.

## DETERMINATION AND DISCUSSION

### 12. **Legislative Update.**

Manager of Legislative Affairs Marlaigne K. Dumaine highlighted the bills and recommended actions contained in Legislative Report No. 06-17. There was discussion regarding the information provided on AB 975 (Friedman) and the Board requested that the bill be presented for consideration at the Legislative/Human Resources Committee and Regular Board meeting on May 9.

- Addressing the Board were the following: 1) Heinrich Albert, representing the Sierra Club, urged the Board to support AB 975; and 2) Steve Evans, representing Friends of the River, urged the Board to support AB 975.
- Motion by Director Coleman, seconded by Director Patterson, to approve the recommended positions in Legislative Report No. 06-17, carried (6-0) by the following voice vote: AYES (Coleman, Katz, Linney, Patterson, Young, and McIntosh); NOES (None); ABSTAIN (None); ABSENT (Mellon).

**Motion No. 065-17** – Received Legislative Report No. 06-17 and approved positions on the following bills: SUPPORT IF AMENDED AB 746 (Gonzalez-Fletcher) Public Health: Potable Water: Lead Testing: School Sites and Campuses; SUPPORT AB 1000 (Friedman) Water Conservation: Certification; SUPPORT AB 1587 (Levine) Invasive Species: Dreissenid Mussels; SUPPORT ACA 4 (Aguiar-Curry) Local Government Financing: Affordable Housing and Public Infrastructure: Voter Approval; and received information on AB 975 (Friedman) Natural Resources: Wild and Scenic Rivers.

### 13.1. **Authorize and approve the issuance of EBMUD Water System Revenue/Refunding Bonds, Series 2017A and 2017B in aggregate principal amount not to exceed \$500 million, and approve the form and authorize the execution of certain documents, including a Supplemental Indenture, in connection with the issuance, securing and sale of such bonds.**

Finance/Administration Committee Chair William B. Patterson reported that the Committee voted unanimously to support the staff recommendations to issue and refund District Water and Wastewater Systems bonds. Treasury Manager Dari Barzel presented a summary of the recommended actions. She said the proposed Series 2017A and Series 2017B Water System Revenue Bonds will fund capital improvements for FY17 and FY18, may refund portions of the District's outstanding revenue bonds, and will pay bond issuance costs. Staff plans to issue the bonds in an aggregate principal amount not to exceed \$500 million and in two series to facilitate the possible issuance of a portion as "Green Bonds." Combining the two years' sales and issuing at the end of FY17 provides significant savings to the District of approximately \$4.5 million for FY17 and nearly \$700,000 in issuance costs for FY18. The potential refundings include Series 2007B and Series 2010A Water Bonds and may include other outstanding water bonds to the extent the debt service savings threshold can be achieved. Based on current market conditions, approximately \$13.1 million of Series 2007B Bonds and \$169.3 million of Series 2010A Bonds meet the District's savings

threshold. Net present value refunding savings are estimated at \$16.6 million. Cost of issuance is estimated at approximately \$690,500. These bonds will be amortized so that the final maturity of the refunded bonds is not extended.

- Motion by Director Patterson, seconded by Director Coleman, to approve the recommended actions for Item 13.1 carried (6-0) by the following voice vote: AYES (Coleman, Katz, Linney, Patterson, Young, and McIntosh); NOES (None); ABSTAIN (None); ABSENT (Mellon).

**Resolution No. 35035-17** – Authorize And Approve The Issuance Of Not To Exceed \$500 Million Aggregate Principal Amount Of East Bay Municipal Utility District Water System Revenue Bonds, Series 2017A And Water System Revenue/Refunding Bonds, Series 2017B; Approve The Form And Authorize The Execution Of Certain Documents, In Connection With The Issuance, Securing And Sale Of Such Bonds; And Approve Certain Actions Relating Thereto.

- 13.2. **Authorize and approve the issuance of EBMUD Wastewater System Revenue/Refunding Bonds, Series 2017A in an amount not to exceed \$80 million, and approve the form and authorize the execution of certain documents, including a Supplemental Indenture, in connection with the issuance, securing and sale of such bonds.**

Treasury Manager Dari Barzel said Wastewater System Revenue/Refunding Bonds Series 2017A are planned to be issued in an amount not to exceed \$80 million. The bonds will fund wastewater system capital improvements for FY18, may refund portions of the District's outstanding revenue bonds, and will pay bond issuance costs. The potential refundings include Series 2007B and Series 2010A Wastewater Bonds and may include other outstanding wastewater bonds to the extent the debt service savings threshold can be achieved. Based on current market conditions, approximately \$23.9 million of Series 2007B Wastewater Bonds and \$27.9 million of Series 2010A Wastewater Bonds meet the District's savings threshold. Net present value refunding savings are estimated at \$6 million and cost of issuance is estimated at approximately \$465,500. These bonds will be amortized so that the final maturity of the refunded bonds is not extended.

- Motion by Director Patterson, seconded by Director Coleman, to approve the recommended actions for Item 13.2 carried (6-0) by the following voice vote: AYES (Coleman, Katz, Linney, Patterson, Young, and McIntosh); NOES (None); ABSTAIN (None); ABSENT (Mellon).
- **Resolution No. 35036-17** – Authorize And Approve The Issuance Not To Exceed \$80 Million Aggregate Principal Amount Of East Bay Municipal Utility District Wastewater System Revenue/Refunding Bonds, Series 2017A; Approve The Form And Authorize The Execution Of Certain Documents, In Connection With The Issuance, Securing And Sale Of Such Bonds; And Approve Certain Actions Relating Thereto.

14. **File the Water Supply Availability and Deficiency Report in conformance with District Policy 9.03 and declare that the District's water supply is sufficient for meeting customer demands in 2017.**

Engineering Manager Lena L. Tam presented the Water Supply Availability and Deficiency Report. The 2017 assessment concluded that projected runoff and water storage require designating 'Normal/Above' year type flows in the lower Mokelumne River under the District's Joint Settlement Agreement. Based on current 2017 runoff projections assuming median rainfall for the remainder of the year, Woodbridge Irrigation District will receive its full base supply of 60,000 acre-feet (AF); Jackson Valley Irrigation District will receive its maximum entitlement of 3,850 AF; and North San Joaquin Water Conservation District, a junior water right holder, will receive up to their scheduled amount of the 20,000 AF. In addition, she noted that flood control releases are anticipated this year. She highlighted the District's efforts to meet state emergency conservation regulations, the status of gainsharing water and provided an update on the Bayside Groundwater Project.

- Motion by Director Coleman, seconded by Director Young, to approve the recommended actions for Item 14 carried (6-0) by the following voice vote: AYES (Coleman, Katz, Linney, Patterson, Young, and McIntosh); NOES (None); ABSTAIN (None); ABSENT (Mellon).

**Motion No. 066-17** – Filed the Water Supply Availability and Deficiency Report in conformance with District Policy 9.03 and declared that the District's water supply is sufficient for meeting customer demands in 2017.

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

Director of Operations and Maintenance Michael J. Wallis provided an update on District storm operations. He reviewed the season-to-date precipitation and cumulative runoff in the Mokelumne watershed and the snow depth and snow water content at Caples Lake. On April 3, the District began decreasing Camanche releases by 200 cubic feet per second (cfs) per day and has maintained a 4,000 cfs rate of release since April 7 to accommodate the runoff from recent storms. Next, he reviewed East Bay cumulative season-to-date precipitation and provided the spill status of local reservoirs.

The Board expressed their desire to continue receiving storm operations updates through June.

## **REPORTS AND DIRECTOR COMMENTS**

16. **Committee Reports.**

- Filed with the Board were the Planning Committee Minutes of April 11, 2017.

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

- Update on Board members' attendance at meetings since the August 2016 amendment to the resolution that establishes attendance requirements for directors' salaries.

18. **Director Comments.**

- Director Coleman reported attending/participating in the following events: Freeport Regional Water Authority Board teleconference meeting on April 13 from Vallejo; Association of California Water Agencies (ACWA) Executive Committee teleconference meeting on April 17 in Oakland; and HayWired Kickoff meeting on April 24 in Oakland. He reported on plans to attend/participate in the following upcoming events: Meeting with Sara Quiter on April 27 in Oakland; Upper Mokelumne River Water Authority Board meeting on April 28 in Pardee; ACWA 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 May 4 in Walnut Creek; and Boy Scouts Eagle Court #243 on May 6 in Lafayette.
- Director Katz reported attending/participating in the following events: Climate Action Review April 20-21 in San Francisco and Rising Sun's "Bright Night" event on April 20 in Berkeley.
- Director Linney reported attending/participating in the following events: San Leandro Creek Alliance meeting on April 17; Oakland League of Women Voters Annual All-City Luncheon on April 19 in Oakland; and the West Oakland Liaison meeting in Oakland on April 19.
- Director Mellon reported on plans to attend the Green California Summit and Exposition Leadership Awards Reception and Ceremony on April 25 in Sacramento.
- Director Patterson reported attending/participating in the following events: Freeport Regional Water Authority Board meeting on April 13 in Oakland; and Bob Schwartz memorial on April 14 in Oakland.
- Director Young had no comment.
- President McIntosh had no comment.



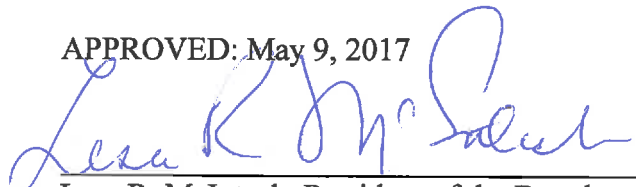
**ADJOURNMENT**

President McIntosh adjourned the meeting at 2:20 p.m.

SUBMITTED BY:

  
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Rischa S. Cole, Secretary of the District

APPROVED: May 9, 2017

  
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Lesa R. McIntosh, President of the Board

