

MINUTES

Wednesday, September 10, 2014

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

Regular Closed Session Meeting

President Andy Katz 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, Katy Foulkes, Doug Linney, Lesa R. McIntosh, Frank Mellon, William B. Patterson, and President Andy Katz were present at roll call.

Staff present included General Manager Alexander R. Coate, General Counsel Jylana Collins, Attorney Frederick S. Etheridge (Item 1), Director of Water and Natural Resources Richard G. Sykes (Item 1), Attorney Derek T. McDonald (Items 2 and 3), and Director of Wastewater Bennett K. Horenstein (Item 3).

PUBLIC COMMENT

Addressing the Board were the following persons: 1) Eric O. Larsen, Member Relations Secretary, AFSCME Local 444, encouraged the District to maintain a full crew of dedicated wastewater operators to ensure compliance with the proposed Consent Decree requirements; and 2) Mario Juarez, President, Viridis Fuels, Oakland, expressed interest in pursuing the alternative work partnership at the Main Wastewater Treatment Plant.

ANNOUNCEMENT OF CLOSED SESSION AGENDA

President Katz announced the Closed Session agenda. The Board convened to Conference Room 8A/B for discussion. Director Linney announced that he would be recusing himself from discussion and voting on Item 3 of the Closed Session agenda.

Regular Business Meeting

President Andy Katz called to order the Regular Business Meeting of the Board of Directors at 1:21 p.m. in the Administration Center Board Room.

ROLL CALL

Directors John A. Coleman, Katy Foulkes, Doug Linney, Lesa R. McIntosh, Frank Mellon, William B. Patterson, and President Andy Katz were present at roll call.

Staff present included General Manager Alexander R. Coate, General Counsel Jylana Collins and Secretary of the District Lynelle M. Lewis.

BOARD OF DIRECTORS

President Katz led the Pledge of Allegiance.

ANNOUNCEMENTS FROM CLOSED SESSION

General Counsel Jylana Collins announced that the Board, in closed session this morning, by a unanimous vote of the Directors attending, authorized the General Counsel to initiate litigation in one matter. The action, defendant and other particulars will be disclosed, upon inquiry, once the action is formally commenced. There were no other announcements required from closed session.

PUBLIC COMMENT

Addressing the Board was Faye Baron, EBMUD customer, who commented that the view from her home is blocked by a newly installed security fence and overgrown trees on District property (Summit South Reservoir). President Katz referred Ms. Baron to staff for assistance and requested that staff provide an information memo to the Board.

CONSENT CALENDAR

- Motion by Director McIntosh, seconded by Director Coleman, to approve Items 1-4 on the Consent Calendar, carried (7-0) by the following voice vote: AYES (Coleman, Foulkes, Linney, McIntosh, Mellon, Patterson, and Katz); NOES (None); ABSTAIN (None); ABSENT (None).
1. **Motion No. 153-14** – Approved the Special and Regular Meeting Minutes of August 12, 2014.
 2. The following correspondence was filed with the Board: 1) Document entitled “Water Bond 2014 The Time Is Now” prepared by the Association of California Water Agencies, September 2014; 2) Presentation entitled “Drought Supply Lessons Learned” dated September 10, 2014; 3) Presentation entitled “Water Year 2015 Dry Year Plan” dated September 10, 2014; 4) Presentation entitled “Proposed Schedule of Actions for Drought Rates” dated September 10, 2014; 5) Presentation entitled “Water Shortage Emergency Action Plan” dated September 10, 2014; and 6) Memorandum dated September 5, 2014 addressed to numerous District employees (attached list), from Michael J. Wallis, Director of Operations and Maintenance, regarding Napa Mutual Assistance.
 3. **Motion No. 154-14** – Awarded a contract to the lowest responsive/responsible bidder, Golden Empire Concrete Products, Inc. (dba StructureCast), in an amount after the addition of taxes, not to exceed \$260,000 for the purchase of a pre-fabricated building under Request for Quotation No. 1423.

4. **Motion No. 155-14** – Authorized a sole source agreement beginning on September 10, 2014, with Krüger, Inc. in an amount not to exceed \$180,000 for the purchase of proprietary odor monitoring system equipment, and field calibration and maintenance services at the District's Main Wastewater Treatment Plant during the period September 10, 2014 to September 10, 2015, with two options to renew for an additional one-year period for a total cost of \$216,000.

DETERMINATION AND DISCUSSION

5. **Legislative Update.**

Manager of Legislative Affairs Marlaigne K. Dumaine highlighted the recommended position on Proposition 1 outlined in Legislative Report No. 11-14. She reported that the water bond measure, enacted by the legislature and signed by the governor in August, requires voter approval to authorize \$7.545 billion in general obligation (G.O.) bond funding for water-related projects and programs. If approved by the voters in November, the water bond would reauthorize \$425 million in unissued voter-approved bonds, authorize \$7.120 billion in new G.O. bonds, and provide funding in seven chapters covering water quality, watershed protection, regional water supply reliability, statewide water storage, water recycling, groundwater sustainability, and flood management. Staff is recommending adoption of a resolution to express EBMUD's support.

EBMUD may be eligible to compete, either individually or in partnership with others, within the specified regions for regional water management grants as well as for water conservation and water-use efficiency funding. All portions of this chapter require a 50 percent non-state cost share. The cost share can be suspended or reduced for projects that directly benefit disadvantaged communities or economically distressed areas.

- Motion by Director Coleman, seconded by Director Foulkes, to approve the position in Legislative Report No. 11-14, carried (7-0) by the following voice vote: AYES (Coleman, Foulkes, Linney, McIntosh, Mellon, Patterson, and Katz); NOES (None); ABSTAIN (None); ABSENT (None).
 - **Motion No. 156-14** – Received Legislative Report No. 11-14 and approved a position on the following bill: SUPPORT The Water Quality, Supply, and Infrastructure Improvement Act Of 2014 (Proposition 1).
6. **Adopt A Resolution Supporting Proposition 1 On The November 4, 2014 General Election.**

Manager of Legislative Affairs Marlaigne K. Dumaine reported that Proposition 1, the "Water Quality, Supply, and Infrastructure Improvement Act of 2014," was enacted by the legislature and signed by the governor in August and requires voter approval to authorize \$7.545 billion in G.O. bond funding for water-related projects and programs. If approved by the voters, the water bond would reauthorize \$425 million in unissued voter-approved bonds, authorize \$7.120 billion in new G.O. bonds, and provide funding in seven chapters covering water quality, watershed protection, regional water supply reliability, statewide water storage, water recycling, groundwater sustainability, and flood management. This measure has been placed on the November 4, 2014 general election ballot.

Ms. Dumaine also reported that earlier this year, the Board adopted “support if amended” positions on five water bond related bills on the basis that the potential funding could be beneficial to EBMUD ratepayers. The four key issues EBMUD sought to have addressed were related to the administration of the Delta ecosystem funding, no funding eligibility for Bay Delta Conservation Plan (BDCP) project and mitigation costs, no linkage to the BDCP, and no inclusion of a water user fee. These issues were substantially addressed in the final language of this water bond; therefore, staff recommended adopting a resolution supporting Proposition 1.

- Addressing the Board was Kenneth Gibson, Oakland resident, who said he opposed Proposition 1 because it includes funding for large surface reservoirs that will subsidize water for agricultural exports.
- Motion by Director Coleman, seconded by Director Foulkes, to approve the recommended action for Item 6, carried (7-0) by the following voice vote: AYES (Coleman, Foulkes, Linney, McIntosh, Mellon, Patterson, and Katz); NOES (None); ABSTAIN (None); ABSENT (None).

Resolution No. 33999-14 – Resolution Supporting Proposition 1, The Water Quality, Supply And Infrastructure Improvement Act Of 2014.

Next, Ms. Dumaine provided an update on a federal policy to address drought conditions in California. She reported that the proposal to provide a new “area of origin” priority to American River Division contracts would place EBMUD at the lowest priority and could impact EBMUD’s use of its Freeport Regional Water Facility. The Board provided direction to staff to contact its federal delegation and potential parties of interest to educate them on the potential impacts of this federal legislation. In concluding, she reported that she would be providing an end of session report in October once Governor Brown completes signing of bills.

7. **General Manager’s Report.**

Operations and Maintenance Department Manager Eileen M. White presented an overview of drought supply lessons learned on the supplemental supply delivery, operational considerations and short and long-term operational strategies. She reported that from April 2 through July 17, 2014 the District received a total of 23,390 acre-feet of supplemental supply water. Overall, water quality was good and no taste or odor complaints were received due to the source changes. Sacramento River water was successfully delivered to East Bay reservoirs through the Freeport Regional Water Project although Ms. White pointed out some future operational considerations. These include increasing Freeport water treatment capacity, increasing raw water pumping plant operation to adjust flows and match demands, treatment to minimize invasive species, and actions to minimize Sacramento River reverse flows.

Next, Ms. White presented an overview of the Water Year 2015 Year Dry Year Plan. She reported that Water Year 2014 was the 3rd driest on record in the Mokelumne River Basin; however, customer demand in August 2014 was down 13% since August of 2013. For Water Year 2015 the demand assumption (for operational purposes) is projected at 165 million gallons per day. The District will continue to monitor water supply conditions, prepare Freeport transmission system for possible operation, and consider Central Valley Project deliveries in early December 2014.

Treasury Manager Sophia D. Skoda presented an update on the schedule of actions for next steps on proposed drought rates in response to direction received by staff at the August 12, 2014 Long Term Financial Stability Workshop #3 on drought financial management and drought rates. The schedule outlined a series of staff and board actions for 2014 and 2015 with regards to development and implementation of a staged system of drought rates consistent with the District's existing system of rates and charges. Staff will also be presenting Long Term Financial Stability Workshop #4 on September 23, 2014, which will cover both capital planning and a continuation of the August 12th drought rates workshop.

Special Assistant to the General Manager Cheryl A. Farr provided a status update on the outreach activities related to the District's mandatory outdoor watering restrictions and the state's mandatory regulations. These activities included media updates, customer outreach, monitoring, and management of water use. Board members recommended that the District solicit public input on drought rate options and recommended evening meetings around the service area. General Manager Coate said that staff would provide a proposal for evening meetings at the September 23rd Regular meeting.

General Manager Coate announced that the August 2014 Monthly Report had been provided for the Board's review. Director McIntosh commented on the mutual assistance provided by EBMUD in response to the 6.0 magnitude earthquake that struck Napa on Sunday, August 24. Director Mellon commended Director of Engineering and Construction Xavier J. Irias and Director of Operations and Maintenance Michael J. Wallis for their leadership during the emergency, Public Information Representative Nelsy C. Rodriguez for the Splashes article and video about the Napa earthquake work, and the following staff who volunteered to perform emergency repairs following the Napa earthquake: Manager of Distribution Maintenance & Construction Leann M. Gustafson, Heavy Equipment Operator Miguel Moreno, Truck Driver II Gerry Nelson, Water Distribution Crew Foreman Willis Hargrove, Water Distribution Plumber III Robert Aguillo, Water Distribution Plumber IV Robert G. Marazzani II, Assistant Construction & Maintenance Superintendent Aaron Shear, Heavy Equipment Operator Robert J. Otterbein, Truck Driver II Tommy E. Mattingly, Water Distribution Crew Foreman Kevin A. Brodie, Water Distribution Plumber III John J. Rose, Water Distribution Plumber III Ricardo Zavala, Assistant Construction & Maintenance Superintendent Sean Barrow, Heavy Equipment Operator Kenneth Peterson, Heavy Equipment Operator Michael Armas, Truck Driver II Alwyn Martin, Truck Driver II Eric Nielsen, Water Distribution Crew Foreman Anthony Engel, Water Distribution Crew Foreman Harold Profumo, Water Distribution Plumber III Brandon Batteate, Water Distribution Plumber III Nicholas Farrell,

Water Distribution Plumber III Steve Hart, Water Distribution Plumber III Winston Williams, Construction & Maintenance Superintendent Antonio Martinez, Assistant Construction & Maintenance Superintendent Henrique Pinguelo, Assistant Construction & Maintenance Superintendent Richard Paniagua, Heavy Equipment Operator Scott Martin, Truck Driver II Guy Peters, Truck Driver II Kurt Kolb, Water Distribution Crew Foreman Frank Carpino, Water Distribution Crew Foreman Joseph Trautner, Water Distribution Plumber IV Bryan Tate, Water Distribution Plumber IV Kenny Norris, Security Shift Supervisor George Wright, and Accountant II Dana Gulseth.

REPORTS AND DIRECTOR COMMENTS

8. Committee Reports.

- Filed with the Board were the Finance/Administration Committee Minutes of August 12, 2014.

9. Director Comments.

- Director Coleman reported attending/participating in the following events: ACWA dinner on August 13 at the Common Wealth Club in San Francisco; meeting with Bay Area News Group reporter Thomas Peele on August 13 in Oakland; ACWA Executive Committee and Special Board meeting teleconference meetings on August 18; ACWA Executive Committee teleconference meeting on August 25; ACWA Executive Committee teleconference on September 2 in Oakland; panelist at ACWA Santa Clara Flood Association on September 3 in Santa Clara; ACWA Executive Committee teleconference on September 8; Upper Mokelumne River Watershed Authority teleconference meeting on September 9; ACWA Bernal Heights Democratic Club on September 9 in San Francisco. He reported on plans to attend/participate in the following upcoming events: Contra Costa Mayors' Conference meeting on September 11 in Moraga; speaking engagement at Lafayette Sunrise Rotary Club on September 12 in Lafayette; presenter at Mt Diablo Silverado Boy Scouts Council meeting on September 13 in Moraga; ACWA Bay Delta Water teleconference meeting on September 15 in Oakland; ACWA Executive Committee teleconference meeting on September 15 in Oakland; attending Jobs Housing Coalition fundraising event on September 18 in Oakland; speaker at ACWA/ABAG Executive Committee on September 18 in Oakland; EBMUD booth at the Lafayette Art & Wine Festival on September 21 in Lafayette; and ACWA Executive Committee teleconference meeting on September 22 in Oakland.
- Director Foulkes reported attending the funeral of former EBMUD Director of Water and Natural Resources Robert Nuzum (retired) on August 22; Pardee Home Museum meeting on August 25; Orinda Rotary to provide a drought update on September 3; and the Water-Energy Nexus Conference on September 5 in San Francisco.
- Director Linney had no report.
- Director McIntosh had no report.

- Director Mellon reported attending the Oakland African American Chamber of Commerce fundraiser/golf tournament on August 25 at Lake Chabot Golf Course in Oakland; City of San Ramon Monthly Mayor's Meeting on August 29; Groundbreaking ceremony for the City of San Ramon's City Hall on September 9; and Alameda County Special Districts Association meeting on September 10.
- Director Patterson had no report.
- President Katz reported attending the American Council for an Energy-Efficient Economy conference from August 17-22 in Pacific Grove.

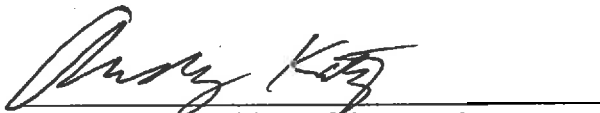
ADJOURNMENT

President Katz adjourned the meeting at 2:32 p.m.

SUBMITTED BY:


Lynelle M. Lewis, Secretary of the District

APPROVED: September 23, 2014


Andy Katz, President of the Board

