

MINUTES

Tuesday, March 24, 2015

**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 12:19 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, Risk Manager Karen K. Curry (Item 1a), Attorney Xanthe M. Berry (Item 1a), Director of Wastewater Bennett K. Horenstein (Item 1b), Attorney Derek T. McDonald (Item 1b), Operations and Maintenance Department Manager Eileen M. White (Item 2), and Operations and Maintenance Department Manager Clifford C. Chan (Item 2).

PUBLIC COMMENT

Addressing the Board was Ruben Rodriguez, 1st Vice-President, AFSCME Local 444, who expressed the union's opposition to contracting out for heating, ventilation, air conditioning, refrigeration (HVAC/R) and related services. He said that the flexibly staff option proposed by staff did not address their concerns and that full-time District staff should be hired to perform the work. Additionally, Mr. Rodriguez said that a full-time Gardener also should be hired rather than contracting out the work.

ANNOUNCEMENT OF CLOSED SESSION AGENDA

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

Regular Business Meeting

President Frank Mellon called to order the Regular Business Meeting of the Board of Directors at 1:20 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 Secretary of the District Lynelle M. Lewis.

BOARD OF DIRECTORS

President Mellon led the Pledge of Allegiance.

ANNOUNCEMENTS FROM CLOSED SESSION

There were no announcements required from closed session.

PUBLIC COMMENT

Addressing the Board were the following persons: 1) Mike Vandeman, Berkeley resident, commented that water rates should be proportional to usage to motivate people to reduce consumption; 2) Simon Kish, Berkeley resident, suggested an allotment of 30-40 gallons per person, per day rather than an overall 15% reduction in water use; 3) Ruben Rodriguez, 1st Vice-President, AFSCME Local 444, expressed concern that the District did not provide adequate time for the union to review positions in the budget and that Local 444 is not interesting in giving up positions; and 4) William Tyler, retired EBMUD employee, asked the Board for assistance with the employment process for his son. Mr. Tyler was referred to staff and Local 444 President John Briceno.

CONSENT CALENDAR

- Items 6a and 6b were pulled from the Consent Calendar for discussion.
 - Motion by Director Coleman, seconded by Director Linney, to approve Items 1-5 and 7-8 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. 037-15** -- Approved the Special and Regular Meeting Minutes of March 10, 2015.
 2. The following correspondence was filed with the Board: 1) Presentation entitled "Amendment to EBMUD Retirement System Ordinance (No. 40) – Section 21 Second Reading," dated March 24, 2015 and 2) Presentation entitled "Water Supply Briefing," dated March 24, 2015.
 3. **Motion No. 038-15** -- Awarded a contract to the lowest responsive/responsible bidder Polydyne, Inc. in an annual amount, after the addition of taxes, not to exceed \$580,425 for supplying Cationic Polymer for water treatment for the District's water treatment plants for two years, beginning on or after April 1, 2015 with three options to renew for an additional one-year period for a total cost of \$2,902,125, under Request for Quotation No. 1513.
 4. **Motion No. 039-15** -- Awarded a contract to the lowest responsive/responsible bidder BHS Marketing, LLC in an annual amount, after the addition of taxes, not to exceed \$468,220 for supplying hydrofluosilicic acid for water treatment for the District's water treatment plants for two years, beginning on or after April 1, 2015 with two options to renew for an additional one-year period for a total cost of \$1,872,880, under Request for Quotation No. 1514.

5. **Motion No. 040-15** -- Authorized a sole source contract with ABB, Inc. in the estimated amount of \$230,000 including tax, for the purchase of three high-voltage circuit breakers at the Pardee powerhouse.
- 6a. Authorize agreements with the following vendors – Airflow Specialists, American Air Conditioning Co., Comfort Air Mechanical Systems, Emcor Service, Honeywell, Inc., Matrix Hg Inc., Syserco, Inc., and Temperature Technology, Inc., to provide heating, ventilation, air conditioning, refrigeration and related services for an estimated total annual amount of \$450,000 for the period April 1, 2015 through March 31, 2017, with three options to extend for additional one-year periods for a total cost of \$2,250,000.
- 6b. Authorize additional agreements with companies 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 pursuant to this recommendation.
 - Director Linney pulled Items 6a and 6b for clarification. Ruben Rodriguez, 1st Vice-President, AFSCME Local 444, said that the union did not support giving up a position nor did they agree to flexibly staff the Operator position. He also said that the union did not have ample time to review the proposed staffing plan. General Manager Coate explained the staff proposal is to flexibly staff an Operator position with a Technician position until the Fiscal Year 2016-2017 budget cycle. At that time, staff would consider bringing forward a position for Board consideration. Mr. Coate pointed out that the recommended action is not intended to eliminate an Operator position, but rather an attempt to work within the current budgeted resources. President Mellon requested an economic breakdown on the cost of contracting out versus performing work with District staff. He also requested that Board action on these agreements be held over for two weeks to allow for additional discussion. After discussion, there was Board consensus to table this action until April 14, 2015.
7. **Motion No. 041-15** -- Authorized renewal of an agreement with FrontRange Solutions USA Inc. (FrontRange), for one year beginning on or after April 1, 2015 in an amount not to exceed \$12,270 annually for maintenance support for the Helpdesk Expert Automation Tool software program for one year with two options to renew for an additional 1-year period for a total cost of \$36,810. The additional \$36,810 will increase the total cost for FrontRange's services under the agreement to \$84,255.
8. **Motion No. 042-15** -- Approved an amendment to the Official Payments Corporation agreement for credit card, debit card, and electronic check services to extend the expiration date from April 23, 2015 to April 22, 2016.

DETERMINATION AND DISCUSSION

9. **Legislative Update.**

Manager of Legislative Affairs Marlaigne K. Dumaine highlighted the recommended positions in Legislative Report No. 03-15: 1) SUPPORT AB 327 (Gordon) Public Works: Volunteers, 2) SUPPORT AB 888 (Bloom) Waste Management: Plastic Microbeads, 3) SUPPORT S. 596 (Feinstein) San Francisco Bay Restoration Act and 4) SUPPORT H.R. 1140 (Speier) San Francisco Bay Restoration Act. Ms. Dumaine said that the report also contained an update on climate change legislation and state emergency drought legislation.

She reported that to date, staff has identified 60 climate change related bills that have been introduced by the Legislature. Regarding state emergency drought legislation, she reported that on March 19th Governor Brown announced an emergency drought and water supply reliability legislative package; however, it was noted that there is no new money and very limited potential eligibility for District projects. Staff will come back with more information on these measures for Board consideration on April 14.

- Motion by Director McIntosh, seconded by Director Linney, to approve the staff recommended positions in Legislative Report No. 03-15, carried (7-0) by the following voice vote: AYES (Coleman, Katz, Linney, McIntosh, Patterson, Young, and Mellon); NOES (None); ABSTAINED (None); ABSENT (None).

Motion No. 043-15 -- Accepted Legislative Report No. 03-15 and approved positions on the following bills: SUPPORT AB 327 (Gordon) Public Works: Volunteers; SUPPORT AB 888 (Bloom) Waste Management: Plastic Microbeads; SUPPORT S. 596 (Feinstein) San Francisco Bay Restoration Act; SUPPORT H.R. 1140 (Speier) San Francisco Bay Restoration Act; INFORMATION Climate Change Legislation Update; and DISCUSSION State Emergency Drought Legislation.

Next, Ms. Dumaine reported that Alameda County agreed to co-sponsor SB 188 (Liu) which would authorize counties to establish and operate conservation camps. She provided a status update on AB 142 (Bigelow) Wild and Scenic Rivers: Mokelumne River and reported that the bill was heard in the State Assembly Natural Resources Committee. The District's positions received extensive discussion, and the author accepted all of the recommended amendments outlined in the analysis. She pointed out that both Foothill Conservancy and Friends of the River removed their opposition to the bill. There was discussion about the key differences between SB 1199 (Hancock) and AB 142 (Bigelow). Ms. Dumaine said staff will bring a full analysis of AB 142 for Board consideration at the Regular Meeting of April 14.

Director Young asked why AB 356 (Williams) was not included in the climate change legislation package. Ms. Dumaine said that staff is tracking that measure as oil and gas related legislation. Director Coleman asked staff to provide the Board with a definition of "waste" as defined in AB 356 (i.e. recycled water versus other toxins).

- Addressing the Board was Andrew Grinberg, Oil & Gas Manager for Clean Water Action, who urged the Board to support AB 356 (Williams) concerning requirements for groundwater monitoring.
10. **Conduct A Second and Final Reading, and Vote On An Ordinance Amending The EBMUD Employees' Retirement System Ordinance (Ordinance No. 40) To Update The Actuarially Assumed Rate of Return to 7.50% in Section 21 of the Retirement Ordinance.**

President Mellon announced that at the March 10, 2015 Regular Meeting, Director Young made a motion which was seconded by Director McIntosh, for the introduction and first

reading of Ordinance Amending the EBMUD Employees' Retirement System Ordinance (Ordinance No. 40). There was a brief question and answer period regarding the updates to the Ordinance. Staff explained that the changes were in line with the recommended actuarial rate of return and the Retirement Board adopted the Actuary's recommended rate of return on January 15, 2015.

The Board unanimously voted (7-0) to amend the EBMUD Employees' Retirement System Ordinance (Ordinance No. 40) to update the actuarially assumed rate of return to 7.5% in Section 21 of the Retirement Ordinance by the following voice vote: AYES (Coleman, Katz, Linney, McIntosh, Patterson, Young, and Mellon); NOES (None); ABSTAINED (None); ABSENT (None).

Ordinance No. 363-15 -- An Ordinance, Effective As Of July 1, 2015, Amending Section 21 Of Ordinance No. 40, Which Is The Employees Retirement System Ordinance.

11. **General Manager's Report.**

Operations and Maintenance Department Manager Eileen M. White presented the water supply update. She reported that the last three months have been extremely dry in the Mokelumne watershed and no precipitation is forecast. Total system storage is 411,090 acre feet (AF), which is 54% of total capacity. It was noted that Water Year 2015 is the fourth consecutive dry year with projected runoff significantly below average and end of water year storage levels projected to be at critical levels. Next, Ms. White presented an update on the proposed revisions to the 2015 Drought Management Program (DMP) Guidelines and staff's preparation for use of the Freeport facilities to deliver supplemental water to East Bay reservoirs.

Manager of Water Conservation Richard W. Harris reviewed the District's community outreach efforts during the drought. In response to the recently adopted State Water Resources Control Board emergency regulations, the District will update Section 28 of the District's Regulations Governing Water Service to add the new state emergency regulations. General Manager Coate announced that based on the current water supply situation, staff will be presenting a suite of drought-related actions for Board consideration at the April 14 board meeting that include: water supply update; Water Supply Availability and Deficiency Report; water shortage emergency continuation; Drought Management Program Guidelines; Drought Action Plan; regulation updates; and Excessive Use and Water Theft Ordinances. Additionally based on the severity of the current drought, staff will be proposing a mandatory use reduction goal of 20 percent.

Board members made comments on the mandatory use reduction goal and urged staff to provide clear information on the 15 percent to 20 percent use reductions, publicize tools for managing water consumption, and reconfirm that projected total system storage has a logical correlation to the proposed demand reduction. The Board also requested an update on Phase 3 of the regional desalination project. General Manager Coate announced that staff reports were provided in the Board's packet regarding the 2015 Drought Planning and the 2015 Water Shortage Emergency Action Plan.

REPORTS AND DIRECTOR COMMENTS

12. Committee Reports.

- Filed with the Board were the Minutes of the March 10, 2015 Planning and Legislative/ Human Resources Committees.

13. Director Comments.

Director Coleman reported attending/participating in the following events: ACWA/ Upper Mokelumne River Water Authority teleconference meeting on March 10 in Walnut Creek; telephone interview with Ed Baxter on Talk Radio 910 on March 11 in Walnut Creek; telephone interview with New York Times on March 11 in Walnut Creek; Freeport Regional Water Authority Board teleconference meeting on March 12 in Walnut Creek; ACWA Executive Committee teleconference meetings on March 16 in Walnut Creek; ACWA Region Chairs and Executive Committee teleconference meetings on March 16 in Walnut Creek; telephone interview with Ed Baxter on Talk Radio 910 on March 19 in Walnut Creek; and presentation to the Lafayette Historical Society on March 22 at the Lafayette Learning Center. He reported on plans to attend/participate in the following upcoming events: ACWA Executive Committee and Board of Directors meetings on March 27 in Sacramento; ACWA teleconference meeting on April 1 in Oakland; ACWA Executive Committee teleconference meeting on April 6 in Oakland; and ACWA Executive Committee teleconference meeting on April 13 in Oakland.

- Director Katz reported attending the California Water Policy 24 Conference from March 18-20 in Claremont, CA.
- Director Linney had no report.
- Director McIntosh reported attending the Pinole City Council meeting on March 17 and the ACWA Region 5 Conference from March 22-23 in San Jose.
- Director Patterson reported attending/participating in the following events: Freeport Regional Water Authority Board (FRWA) meeting, where he was elected Chair, on March 12; meeting with owner of the Pacific Renaissance Plaza John Loh on March 19; and the EBMUD Retirement Board meeting on March 19.
- Director Young reported attending/participating in the following events: meeting with customers and District staff at the Tunnel Road pipeline replacement project to address concerns about bicycle route access during construction on March 12; tours of water treatment system, Adeline Maintenance Center Dispatch Center and yard, and of the Upper San Leandro Water Treatment Plant on March 12; and the EBMUD Retirement Board meeting on March 19.

- President Mellon reported attending/participating in the following events: Sentinels meeting to provide an update on EBMUD on March 11 in San Leandro; meeting with Kathy Neal of Viridis Fuels on March 12; meeting with Alameda County Building Trades to discuss the Chabot Dam Project Labor Agreement on March 13; meeting with Jim O'Connor and Director Dennis Waespi at East Bay Regional Park District for an update on Willow Park on March 17 in Oakland; St. Patrick's Day dinner with Eden Area United Democratic Party on March 19; EBMUD Retirement Board meeting on March 19 in Oakland; Castro Valley Kiwanis breakfast on March 21; Davis Street Resource Center for the renaming and grand opening ceremonies on March 21; and New Year's celebration at Mohammadia Islamic & Cultural Center on March 21 in Hayward; and the Woman of the Year ceremony with Assemblymember Bill Quirk on March 21. President Mellon thanked the Public Information Office staff for their work as judges for the Alameda County and Contra Costa County science fairs.

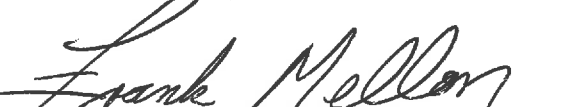
ADJOURNMENT

President Mellon adjourned the meeting at 3:11 p.m.

SUBMITTED BY:


Lynelle M. Lewis, Secretary of the District

APPROVED: April 14, 2015


Frank Mellon, President of the Board

