EAST BAY DISCHARGERS AUTHORITY
COMMISSION MEETING MINUTES

December 19, 2013

1. Call to Order
Chair Peixoto called the meeting to order at 9:30 A.M. on Thursday, December 19, 2013, at the Oro Loma Sanitary District Boardroom, 2655 Grant Avenue, San Lorenzo, CA 94580.

2. Roll Call
PRESENT: Ralph Johnson, Castro Valley Sanitary District; Jim Prola, City of San Leandro; Marvin Peixoto, City of Hayward; Tom Handley, Union Sanitary District; Ron Dias, Oro Loma Sanitary District

ABSENT: None

OTHERS PRESENT: Mike Connor East Bay Dischargers Authority
John Bakker Legal Counsel
Juanita Villasenor East Bay Dischargers Authority
Linda Adams East Bay Dischargers Authority
David Stoops East Bay Dischargers Authority
Deborah Quinn East Bay Dischargers Authority
Dean Wilson City of San Leandro
Rich Currie Union Sanitary District
Ed McCormick Union Sanitary District
Jason Warner Oro Loma Sanitary District
Alex Ameri City of Hayward
Sheldon Chavan Chavan & Associates LLP

3. Public Form
There were no members of the public in attendance at the meeting.

CONSENT CALENDAR

5. List of Disbursements for November 2013
6. Treasurer’s Report for November 2013
A motion by Commissioner Tom Handley, seconded by Commissioner Prola, to approve the consent calendar passed by a vote of 5 ayes, 0 noes.

REGULAR CALENDAR

7. General Manager’s Report
The General Manager deferred comments to specific agenda items.
8. Report from the Managers Advisory Committee (MAC)
The MAC discussed the Asset Management Plan and the resolution for Beecher Engineering, Inc. The MAC endorsed Beecher Engineering, Inc. based on the quality of the firm’s past performance when working for member agencies.

9. Report from the Financial Management Committee
The General Manager introduced Sheldon Chavan, the independent auditor who conducted the Authority’s financial audit. Mr. Chavan worked closely with EBDA’s Accountant, Deborah Quinn and Administrative Assistants, Linda Adams and Juanita Villasenor, to complete the audit.

Mr. Chavan provided a brief description of the audit standards that he followed. The objective of an audit is to verify that the financial statements are presented fairly and to identify any material compliance issues, such as errors and omissions, or fraud. Mr. Chavan reported that EBDA performed well for the third year in a row since he became our auditor. A large number of key controls were tested and much heavier sampling of these controls was conducted this year with no exceptions to the key controls found.

Commissioner Prola inquired if there is anything EBDA can do better. Mr. Chavan noted that EBDA’s procedures are clearly written and the controls are followed by staff. He also noted that the implementation of the new financial software provides additional security. Because it only has three staff members, EBDA has taken steps to address the lack of segregation of duties.

Commissioner Dias mentioned that EBDA had a loss of $476,000 shown in this audit. It was noted that the Authority has always had an operating loss due to depreciation. In addition, because of the unusually low rate of interest in the overall financial markets, Commissioner Dias asked that the Finance Committee and the General Manager consider Certificates of Deposit (CD) funding. CD funding currently has a better rate of return than savings accounts.

A motion by Commissioner Johnson, seconded by Commissioner Dias to accept the Financial Management Committee report passed by a vote of 5 ayes, 0 noes.

10. Accept the Financial Audit for Fiscal Year Ending June 30, 2013
A motion by Commissioner Johnson, seconded by Commissioner Prola to accept the financial audit for Fiscal Year Ending June 30, 2013 passed by a vote of 5 ayes, 0 noes.

11. Report from the Regulatory Affairs Committee
The Committee was updated on the nutrients watershed permit negotiations. A draft permit may be released in early 2014. EBDA is the second highest Bay Area discharger of nitrogen and phosphorous to the Bay, so is watching the upcoming watershed permit quite closely.

Commissioner Peixoto inquired about sea level rise and how it ties to EBDA’s future discharge strategies. The General Manager reported that historically EBDA looked to
maximize dilution with its Bay outfall. In the future EBDA will use wastewater as a resource for marshland improvement to increase the buffer against sea level rise. The State Coastal Conservancy provided grants to 14 projects statewide and has asked EBDA to provide a scope of work. With the Commission’s approval, the General Manager would like to move forward in the development of the feasibility study which will be presented to the Commission in January.

A motion by Commissioner Prola, seconded by Commissioner Dias to accept the Regulatory Affairs Committee report passed by a vote of 5 ayes, 0 noes.

12. **Report from the Operations and Maintenance Committee**  
O&M Manager Stoops presented the Asset Management Plan. The document will be utilized to maintain level of service while lowering risk. EBDA’s risk matrix is based on the probability of failure and the consequence of failure. For some assets “the run to failure” model is appropriate if there is a low consequence of failure when the asset is unavailable (e.g. one of multiple pumps in the summer when flows are low)

The General Manager advised that EBDA will update the Commission bi-annually on the repair and replacement strategy beginning January 2014. Equipment will be assessed before making repair or replacement decisions. The General Manager noted that the Asset Management Plan is a framework for EBDA to make informed decisions.

Commissioner Prola asked if EBDA is setting aside enough money for the future projections. O&M Manager Stoops advised that EBDA is looking at various funding strategies.

Commissioner Dias pointed out that of the $279 million projected replacement costs $50 million is what EBDA is assuming in its depreciation schedule noting the difference between depreciating past expenses and the costs of future replacements. The $229 million difference is what will be required as funding by EBDA member agencies should all the equipment need to be replaced tomorrow. Chair Peixoto noted that much of that $279 million base includes EBDA force main and outfall assets that may not need to be repaired or replaced for many more years. The Board agrees that the Asset Management Plan’s evaluation of probability of failure and consequence of failure is a good tool for providing the Commission with the ability to make good policy decisions.

A motion by Commissioner Dias, seconded by Commissioner Prola, to accept the Operations and Maintenance Committee report passed by a vote of 5 ayes, 0 noes.

13. **Resolution Authorizing the General Manager to Issue a purchase order to Beecher Engineering, Inc. in the amount of $28,710 for VFD replacement, design, and construction support engineering services related to replacement of the variable frequency drives and harmonic filters at the Alvarado Effluent Pump Station**
The resolution, introduced by Commissioner Dias and seconded by Commissioner Handley, authorizing the General Manager to issue a purchase order to Beecher Engineering, Inc. in the amount of $28,710 for VFD replacement, design, and construction support engineering services related to replacement of the variable frequency drives and harmonic filters at the Alvarado Effluent Pump Station was adopted by a vote of 5 ayes, 0 noes.

Ayes: Commissioners Johnson, Prola, Handley, Dias, and Chair Peixoto
Noes: None
Absent: None
Absitain: None

The General Manager lauded Ms. Adams’ thoroughness in organization and development of a detailed book of knowledge to ease the transition by Ms. Villasenor. Chair Peixoto expressed appreciation for Ms. Adams’ efforts and top interpersonal skills. The Commission agreed that Ms. Adams had been a pleasure to work with.

Ms. Adams thanked the Commission and noted the cohesion that is being experienced at this time. Jason Warner presented Ms. Adams with a token of appreciation on behalf of Oro Loma.

The resolution, introduced by Commissioner Prola and seconded by Commissioner Dias, of appreciation for Linda M. Adams was adopted by a vote of 5 ayes, 0 noes.

Ayes: Commissioners Johnson, Prola, Handley, Dias, and Chair Peixoto
Noes: None
Absent: None
Absitain: None

15. Items from the Commission and Staff
The Board joined Commissioner Dias in wishing everyone a Merry Christmas and a Happy New Year. The Board also gave a special thanks to the MAC for the technical assistance throughout the year.

16. Adjournment

Michael S Connor
General Manager