

AGENDA

NOTICE OF SPECIAL MEETING

TIME: 6 p.m.

DATE: Monday, January 30, 2023

PLACE: **Quorum will be present at:**
Dublin San Ramon Services District
Boardroom
7051 Dublin Boulevard, Dublin, CA
www.derwa.org

PLACE: **Alternate teleconference location:**
201 Shirley Canyon Road, Olympic Valley, CA

This special meeting will be conducted in person and by teleconference in accordance with Section 54953 of the Brown Act. The Boardroom and remote locations are open to the public during open session. Due to the COVID-19 pandemic, meeting attendees are required to conduct a self-screening before entering District facilities and remote meeting locations. Face coverings are optional.

Our mission is to maximize the amount of recycled water delivered while recovering its costs; in doing so it will provide a reliable and consistent supply of recycled water to DSRSD and EBMUD for service to each of the agencies' customers.

1. CALL TO ORDER
2. PLEDGE TO THE FLAG
3. ROLL CALL - Members: Coleman, Vonheeder-Leopold, Chan, and Johnson
Alternates: Goel and Young
4. SPECIAL ANNOUNCEMENTS/ACTIVITIES
5. PUBLIC COMMENT (Meeting Open to the Public)
At this time, those in the audience and any remote attendees are encouraged to address the Board on any item of interest that is within the subject matter jurisdiction of the Board and not already included on tonight's agenda. Comments should not exceed five minutes. Speaker cards are available from the Authority Secretary and should be completed and returned to the Authority Secretary prior to addressing the Board. The Chair of the Board will recognize each speaker, at which time the speaker should proceed to the lectern, introduce him/herself, and then proceed with his/her comment. Written comments may be submitted to the Authority Manager at DERWAManager@dsrsd.com. Comments received by 3 p.m. on the day of the meeting will be provided to the Board.

6. BOARD REORGANIZATION

- A. Approve Selection of Board Officers for 2023
Recommended Action: Approve by Motions (3)

7. CONSENT CALENDAR

Matters listed under this item are considered routine and will be enacted by one action in the form listed below. There will be no separate discussion of these items unless requested by a Member of the Board or the public prior to the time the Board votes on the Motion to adopt.

- A. Approve Minutes of Regular Board Meeting of September 26, 2022
Recommended Action: Approve by Motion
- B. Approve Treasurer's Reports for August 31, September 30, October 31, November 30, and December 31, 2022
Recommended Action: Approve by Motion
- C. Approve Quarterly Investment Reports for September 30, and December 31, 2022
Recommended Action: Approve by Motion
- D. Authorize the Authority Manager to Enter into a Renewed License Agreement with Pacific Gas & Electric (PG&E) to Use an Existing Well for Supplemental Water Supply
Recommended Action: Authorize by Motion

8. BOARD BUSINESS

- A. Accept the DERWA Independent Auditor's Reports and Financial Statements for Years Ending June 30, 2022, and 2021
Recommended Action: Accept by Motion
- B. Receive and Discuss Information on Recycled Water Connection Moratorium
Recommended Action: Receive and Discuss Information
- C. Approve Professional Services Agreement for Consulting Services with Brown and Caldwell and Task Order No. 1 for the DERWA Recycled Water Supply and Operations Plan Update
Recommended Action: Approve by Motion
- D. Receive Presentation on Preparation of the Fiscal Years 2024 and 2025 Operating and Capital Budgets
Recommended Action: Receive Presentation

9. STAFF REPORTS

- A. Authority Manager Update

10. BOARDMEMBER ITEMS

11. ADJOURNMENT

All materials made available or distributed in open session at Board meetings are public information and are available for inspection during business hours by calling the Authority Secretary at (925) 828-0515. A fee may be charged for copies. District facilities and meetings comply with the Americans with Disabilities Act. If special accommodations are needed, please contact the Authority Secretary as soon as possible, but at least two days prior to the meeting.

Item 6.A

DERWA Summary & Recommendation

Approve Selection of Board Officers for 2023

Summary:

The DSRSD•EBMUD Joint Exercise of Powers Agreement (JPA) requires the election of Chair, Vice Chair, and the appointment of the Authority Secretary by a majority vote of the Directors. The JPA provides that the officers of the Board hold office until the next election or until relieved by their agency. The attached table summarizes the past DERWA Chair and Vice Chair officers.

In January 2023, the Dublin San Ramon Services District (DSRSD) Board appointed Georgean Vonheeder-Leopold and Ann Marie Johnson as the DSRSD representatives to the DERWA Board, and Arun Goel as the DSRSD Alternate Representative. In January 2023, the East Bay Municipal Utility District (EBMUD) Board appointed John A. Coleman and April Chan as the EBMUD representatives to the DERWA Board, and Marguerite Young as the EBMUD Alternate Representative.

Following DERWA's past practice of alternating positions of Chair and Vice Chair between the agencies, the Chair for 2023 should be an EBMUD representative, and the Vice Chair for 2023 should be a DSRSD representative. Marisol Rubio served as DERWA Chair in 2022, and, therefore, John A. Coleman should be nominated as DERWA Chair for 2023.

DSRSD's Joint Powers Agency Rotation policy provides guidance for which DSRSD representative to the DERWA Board should be designated as Vice Chair. According to DSRSD policy, Georgean Vonheeder-Leopold should be nominated as DERWA Vice Chair for 2023.

In October 2015, the DERWA Board appointed DSRSD Executive Services Supervisor/District Secretary Nicole Genzale as Authority Secretary. She has ably served DERWA and it would be appropriate to continue her appointment.

Recommendation:

The Authority Manager recommends the DERWA Board of Directors, select, by three separate Motions, the officers of Chair, Vice Chair, and Authority Secretary for 2023.

January 30, 2023

Attachment:

1. Past DERWA Chair and Vice Chair Officers

PAST DERWA OFFICERS

YEAR	CHAIR	VICE CHAIR
2010	Jeff Hansen	John A. Coleman
2011	John A. Coleman	Dwight "Pat" Howard
2012	Georgian Vonheeder-Leopold	Frank Mellon
2013	Frank Mellon	Rich Halket
2014	Dwight "Pat" Howard	John A. Coleman
2015	John A. Coleman	Edward "Ed" Duarte
2016	Georgian Vonheeder-Leopold	Frank Mellon
2017	Frank Mellon	Dwight "Pat" Howard
2018	Dwight "Pat" Howard	John A. Coleman
2019	John A. Coleman	Georgian Vonheeder-Leopold
2020	Georgian Vonheeder-Leopold	Frank Mellon
2021	Frank Mellon	Marisol Rubio
2022	Marisol Rubio	John A. Coleman
2023	John A. Coleman	Georgian Vonheeder-Leopold

Item 7.A

**DSRSD•EBMUD RECYCLED WATER AUTHORITY
(DERWA)
Board of Directors Regular Meeting Minutes
Monday, September 26, 2022**

1. CALL TO ORDER – Chair Marisol Rubio called the DSRSD•EBMUD Recycled Water Authority (DERWA) meeting to order at 6 p.m.

The Boardroom was open to the public during open session. Due to the COVID-19 pandemic, meeting attendees were required to conduct self-screening before entering District facilities. Face coverings were optional.

2. PLEDGE TO THE FLAG
3. ROLL CALL – Directors present: Chair Marisol Rubio, Vice Chair John Coleman, Directors Frank Mellon, and Vonheeder-Leopold. DERWA Staff present: Jan Lee, Authority Manager; Richard Lou, Treasurer; Austin Cho, General Counsel; and Nicole Genzale, Authority Secretary
4. SPECIAL ANNOUNCEMENTS/ACTIVITIES – None
5. PUBLIC COMMENT – None
6. CONSENT CALENDAR

Director Mellon MOVED for approval of the items on the Consent Calendar. Director Vonheeder-Leopold SECONDED the MOTION, which CARRIED with FOUR AYES.

- A. Approve Minutes of Regular Board Meeting of May 16, 2022
- B. Approve Treasurer's Reports for April 30, May 31, June 30, and July 31, 2022
- C. Approve Quarterly Investment Report for March 31, and June 30, 2022
- D. Approve Task Order No. 19 for Fiscal Year 2022-23 for Public Information Services with ICF Jones & Stokes, Inc.

7. BOARD BUSINESS

- A. Approve Proclamation for Frank Mellon's Service on the DERWA Board of Directors

Chair Rubio read the proclamation aloud. She presented Director Mellon the proclamation, a DERWA journal, and an inscribed compass in recognition of his years of steady navigation. Director Mellon expressed it has been a privilege to serve DERWA and reflected on the incredible program it has become. The Directors thanked Director Mellon for his leadership, service, and contributions.

Director Vonheeder-Leopold MOVED to Approve Proclamation for Frank Mellon's Service on the DERWA Board of Directors. Vice Chair Coleman SECONDED the MOTION, which CARRIED with FOUR AYES.

DRAFT

B. Approve Proclamation for John Rossi's Service to DERWA as Authority Manager

Vice Chair Coleman read the proclamation aloud. Authority Manager Lee read a statement of appreciation to the Board and staff from Mr. Rossi. The Directors expressed appreciation that Mr. Rossi served as Authority Manager at a critical time and for his assistance to the Board.

Director Vonheeder-Leopold MOVED to Approve Proclamation for John Rossi's Service to DERWA as Authority Manager. Vice Chair Coleman SECONDED the MOTION, which CARRIED with FOUR AYES.

C. Approve Proclamation for Susan Montague's Service to DERWA as Administrative Support

Director Vonheeder-Leopold read the proclamation aloud. She presented Ms. Montague the proclamation, a DERWA journal, and a bouquet of flowers in recognition of her years of dedicated support. The Directors and staff thanked Ms. Montague for her 13 years of service and reflected on her positive impacts to DERWA.

Vice Chair Coleman MOVED to Approve Proclamation for Susan Montague's Service to DERWA as Administrative Support. Director Vonheeder-Leopold SECONDED the MOTION, which CARRIED with FOUR AYES.

D. Receive Presentation on Supplemental Supply Efforts and Provide Direction

Authority Manager Lee reviewed the item for the Board. She gave a presentation on Supplemental Supply and Demand Management Efforts that was provided to the Board and added to the DERWA and DSRSD websites as supplemental materials. The presentation detailed the following areas:

- Background
- Supply and Demand
- Supplemental Supply Options
- Recommended Next Steps

The Board and staff discussed various aspects of the presentation. They discussed the difficulties securing long-term supply and accurately projecting demand. They discussed the possibility of working collaboratively with Zone 7 Water Agency (Zone 7) to develop wells in the Fringe Basin, which could also provide potential water quality benefits to the Main Basin. They also discussed the status of the Nursery Well Project and upcoming expiration of the PG&E lease agreement. The Board expressed interest in renewing the PG&E license agreement while continuing to explore opportunities to work with Zone 7 on groundwater options.

8. STAFF REPORTS

A. Operations Update

DSRSD Operations Director Jeff Carson provided a presentation to the Board which was added to the DERWA and DSRSD websites as supplemental materials. The presentation highlighted the following:

- Energy Challenges and Mitigations – Staff is managing and monitoring impacts of PG&E public safety power shut-offs, State rolling blackouts, and the State's new Energy Emergency Alerts program. DERWA does not have back-up generator power.

- Permit Testing Anomaly - A coliform exceedance was recorded in August. Staff is exploring equipment and chemical treatment mitigation measures to prevent future contamination incidents.
- Recycled Water Production Capacity – Permitted capacity has increased from 12.3 to 16.2 million gallons per day due to the ballasted flocculation process that was added in 2018. The previous microfiltration process was discontinued in 2020 with no adverse impacts.
- Production Chemicals – Increased chemical costs were included in the adopted FYE 2022-2023 DERWA operating budget.

Vice Chair Coleman departed the meeting at 7:24 p.m.

B. Conflict-of-Interest Code Amendment Update

Authority Manager Lee reported that DERWA's 2020 Conflict-of-Interest Code amendment was approved by the Fair Political Practices Commission on August 4, 2022, and went into effect on September 3, 2022. The amendment consisted of two non-substantial updates to state that the Treasurer and Authority Manager positions are filled by EBMUD and DSRSD staff, respectively.

C. Other Staff Reports – None

D. Confirm Next Board Meeting – January 23, 2023

Authority Manager Lee reported that the next Board meeting is scheduled for Monday, January 23, 2023. Staff confirmed it will not conflict with the California Association of Sanitation Agencies Winter Conference beginning Tuesday, January 24.

9. BOARD MEMBER ITEMS – None

10. ADJOURNMENT

Chair Rubio adjourned the meeting at 7:27 p.m.

Submitted by,

Nicole Genzale, CMC
Authority Secretary

Item 7.B

DERWA Summary & Recommendation

Approve Treasurer's Reports for August 31, September 30, October 31, November 30, and December 31, 2022

Summary:

Attached are the Treasurer's Reports for the months ending August 31, September 30, October 31, November 30, and December 31, 2022 submitted by Treasurer Richard Lou.

Recommendation:

The Treasurer recommends the DERWA Board of Directors approve, by Motion, the Treasurer's Reports for the months ending August 31, September 30, October 31, November 30, and December 31, 2022.

January 30, 2023

Attachments

1. Treasurer's Report – August 31, 2022
2. Treasurer's Report – September 30, 2022
3. Treasurer's Report – October 31, 2022
4. Treasurer's Report – November 30, 2022
5. Treasurer's Report – December 31, 2022

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT FOR AUGUST 31, 2022**

STAFF REPORT

Attached is the DERWA Treasurer's Report for the month ending August 31, 2022. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, no agency reimbursements were received. Fiscal year-to-date revenue for FY23 totaled (\$230,792). No other miscellaneous payments were received this month.

Expenses: Current month disbursements were \$5,283. Fiscal year-to-date expenditures for FY23 total (\$350,017); of which (\$350,017) was for operating expenses. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY23.

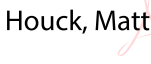
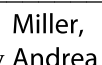
Cash: The cash balance at August 31, 2022 was \$2,757,424.

Submitted by:


Richard Lou (Sep 21, 2022 10:48 PDT)

Richard Lou
Treasurer

Dated: September 20, 2022

Prepared by	 Houck, Matt	<small>Digitally signed by Houck, Matt Date: 2022.09.20 12:19:23 -07'00'</small>	(M. Houck)
Reviewed by	 Miller, Andrea	<small>Digitally signed by Miller, Andrea Date: 2022.09.20 16:43:50 -07'00'</small>	(A. Miller)

DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT
FOR THE PERIOD ENDED AUGUST 31, 2022

	Program Budget @ FY 2023	Expenditures FY 22 and Prior (a)	Expenditures Current Month	Expenditures FY 23 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
CAPITAL - PROJECT							
Pipeline Reach 1	-	7,560,517	-	-	7,560,517	4,383,920	3,176,597
Pipeline Reach 2	-	4,558,120	-	-	4,558,120	3,882,264	675,856
Pipeline Reach 3	-	2,286,003	-	-	2,286,003	1,719,204	566,799
Pipeline Reach 4	-	1,614,959	-	-	1,614,959	363,685	1,251,274
Pipeline Reach 5	-	1,430,991	-	-	1,430,991	200,195	1,230,796
Pipeline Reach 6	-	6,759,869	-	-	6,759,869	430,784	6,329,085
Treatment Plant	-	15,732,794	-	-	15,732,794	8,948,843	6,783,951
Pump Stations	-	8,563,294	-	-	8,563,294	6,776,648	1,786,646
Water Tanks	-	12,393,483	-	-	12,393,483	7,221,552	5,171,931
Phase 2 Pipeline & Pump Station	-	3,462,938	-	-	3,462,938	-	3,462,938
Backbone Corrosion	-	1,109,004	-	-	1,109,004	122,302	986,702
SCADA	-	341,726	-	-	341,726	194,784	146,942
EBMUD Pipeline Phase 2, 3 & 4	-	602,193	-	-	602,193	-	602,193
Fine Screening	-	927,811	-	-	927,811	528,852	398,959
New/Replacement Capital <50K	208,000	321,987	-	-	321,987	183,533	138,454
MF/UV Control Programing Update	-	144,366	-	-	144,366	82,289	62,077
Program Planning & Air Relief	-	5,491,623	-	-	5,491,623	2,696,685	2,794,938
Planning Prior Years	-	3,665,330	-	-	3,665,330	1,796,012	1,869,318
Permanent Suppl. Supply	400,000	1,481,442	-	-	1,481,442	859,236	622,206
PSR-1 VFD Replacement	-	-	-	-	-	-	-
Air Relief Valve Rehabilitation/Replacement	45,000	-	-	-	-	-	-
SFUV and MF Operational Analysis	-	41,552	-	-	41,552	19,114	22,438
Chlorine Mixer Replacement	42,000	12,622	-	-	12,622	5,806	6,816
SFUV Cable Harness Replacement	68,000	82,672	-	-	82,672	38,029	44,643
UV Lamp Electrical Connector Replacement	50,000	126,635	-	-	126,635	58,252	68,383
HVAC Replacements	76,000	-	-	-	-	-	-
TIPS VFD Upgrades	63,000	-	-	-	-	-	-
MF Membrane Replace	-	698,833	-	-	698,833	335,440	363,393
LVAMWA Connection	-	-	-	-	-	-	-
6th RWTP Sand Filter	-	255	-	-	255	27	228
DWR IRWM- Prop 84 Rd 3 Drought Project	-	16,432	-	-	16,432	8,216	8,216
PSR1 /Recy. Water Treatment Expansion	35,000	15,524,095	-	-	15,524,095	9,814,518	5,709,577
Pleasanton Capital Billing/Contingency	-	5,795,139	-	-	5,795,139	-	5,795,139
Capitalized Interest	-	1,960,872	-	-	1,960,872	960,827	1,000,045
Total Capital Impr. Proj. Element	987,000	102,707,557	-	-	102,707,557	51,631,017	51,076,540

	Program Budget @ FY 2023	Expenditures FY 22 and Prior (a)	Expenditures Current Month	Expenditures FY 23 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
OPERATING - ITEM							
DERWA Program Manager	245,000	3,942,071	4,983	4,983	3,947,054	2,828,004	1,119,050
Treasurer	100,000	3,009,894	-	-	3,009,894	2,257,420	752,474
Legal Counsel	75,000	545,997	300	-	545,997	409,498	136,499
Secretary	20,000	254,014	-	-	254,014	190,510	63,504
Other	130,000	1,734,329	-	-	1,734,329	1,300,747	433,582
Operation and Maintenance Detail	4,000,000	27,649,892	-	(355,000)	27,294,892	20,811,790	6,483,102
Debt Service	1,645,513	28,611,112	-	-	28,611,112	15,346,609	13,264,503
Total Operating Program Element	6,215,513	65,747,309	5,283	(350,017)	65,397,292	43,144,578	22,252,714

PROJECT TOTALS	7,202,513	168,454,866	5,283	(350,017)	168,104,849	94,775,595	73,329,254
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REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution	-	-
DSRSD	-	-
EBMUD	-	-
Pleasanton	-	-
Agency Reimbursements - DSRSD	-	(101,823)
Agency Reimbursements - EBMUD	-	(40,377)
Commercial Paper Issued	-	-
Pleasanton payments	-	(88,835)
Interest / Contracts	-	243
Misc Income	-	-
TOTAL REVENUES & FUNDING	-	(230,792)

	Current Month	Fiscal Year
CASH AVAILABLE		
Beginning Cash	2,762,707	1,805,280
Beg. Balance Adj (Prior Year Accruals)	-	832,919
Rounding	-	-
Total Revenues & Funding	-	(230,792)
Total Expenditures	(5,283)	350,017
Ending Cash	2,757,424	2,757,424

Prepared by **Houck, Matt** Digitally signed by Houck, Matt
Date: 2022.09.20 12:20:18 -0700
Matt Houck Date

Approved by **Miller, Andrea** Digitally signed by Miller, Andrea
Date: 2022.09.20 17:23:33 -0700
Andrea Miller Date

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
SUMMARY OF EXPENDITURES
FOR THE PERIOD ENDED
August 31, 2022**

[illegible]

Prepared by	<u>Houck, Matt</u>	Digitally signed by Houck, Matt Date: 2022.09.20 12:20:39 -07'00'
	Matt Houck	Date
Approved by	<u>Miller, Andrea</u>	Digitally signed by Miller, Andrea Date: 2022.09.20 17:23:59 -07'00'
	Andrea Miller	Date

DERWA CASH REPORT

Cash Balance as of 07/31/22 2,762,707.28 Reconciled to DERWA TR

Add member agency's contribution:

Agency Reimbursements - DSRSD	0.00
Agency Reimbursements - EBMUD	0.00
City of Pleasanton Payments	0.00
Interest Income	0.00
Other Reimbursements- Misc	0.00

Less invoice payments:

BARRETT BUSINESS SERVICES INC	8/12/2022	(462.01)
BARRETT BUSINESS SERVICES INC	8/12/2022	(231.00)
DOWNEY BRAND, LLP	8/12/2022	(300.00)
UNDERGROUND SERVICE ALERT OF NORTHE	8/12/2022	(1,496.96)
UNDERGROUND SERVICE ALERT OF NORTHE	8/12/2022	(582.35)
BARRETT BUSINESS SERVICES INC	8/12/2022	(198.00)
BARRETT BUSINESS SERVICES INC	8/12/2022	(759.01)
BARRETT BUSINESS SERVICES INC	8/26/2022	(528.01)
BARRETT BUSINESS SERVICES INC	8/26/2022	(726.01)

Cash Balance as of 08/31/22 2,757,423.93

Rounding 0.07

Cash Balance 08/31/22 2,757,424.00

Prepared by	Houck, Matt	Digitally signed by Houck, Matt Date: 2022.09.20 12:20:57 -07'00'
	_____ Matt Houck	_____ Date
Approved by	Miller, Andrea	Digitally signed by Miller, Andrea Date: 2022.09.20 17:24:27 -07'00'
	_____ Andrea Miller	_____ Date

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT FOR SEPTEMBER 30, 2022**

STAFF REPORT

Attached is the DERWA Treasurer's Report for the month ending September 30, 2022. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, \$185,204 agency reimbursements were received. Fiscal year-to-date revenue for FY23 totaled (\$45,588). No other miscellaneous payments were received this month.

Expenses: Current month disbursements were \$557,318. Fiscal year-to-date expenditures for FY23 total \$207,301; of which \$207,301 was for operating expenses. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY23.

Cash: The cash balance at September 30, 2022 was \$2,385,310.

Submitted by:


Richard Lou (Nov 1, 2022 15:53 PDT)

Richard Lou
Treasurer

Dated: October 19, 2022

Prepared by Houck, Matt Digitally signed by
Houck, Matt
Date: 2022.10.19 13:47:32
-07'00' (M. Houck)

Reviewed by Miller, Andrea Digitally signed by Miller,
Andrea
Date: 2022.10.27 08:49:19
-07'00' (A. Miller)

DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT
FOR THE PERIOD ENDED SEPTEMBER 30, 2022

	Program Budget @ FY 2023	Expenditures FY 22 and Prior (a)	Expenditures Current Month	Expenditures FY 23 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
CAPITAL - PROJECT							
Pipeline Reach 1	-	7,560,517	-	-	7,560,517	4,383,920	3,176,597
Pipeline Reach 2	-	4,558,120	-	-	4,558,120	3,882,264	675,856
Pipeline Reach 3	-	2,286,003	-	-	2,286,003	1,719,204	566,799
Pipeline Reach 4	-	1,614,959	-	-	1,614,959	363,685	1,251,274
Pipeline Reach 5	-	1,430,991	-	-	1,430,991	200,195	1,230,796
Pipeline Reach 6	-	6,759,869	-	-	6,759,869	430,784	6,329,085
Treatment Plant	-	15,732,794	-	-	15,732,794	8,948,843	6,783,951
Pump Stations	-	8,563,294	-	-	8,563,294	6,776,648	1,786,646
Water Tanks	-	12,393,483	-	-	12,393,483	7,221,552	5,171,931
Phase 2 Pipeline & Pump Station	-	3,462,938	-	-	3,462,938	-	3,462,938
Backbone Corrosion	-	1,109,004	-	-	1,109,004	122,302	986,702
SCADA	-	341,726	-	-	341,726	194,784	146,942
EBMUD Pipeline Phase 2, 3 & 4	-	602,193	-	-	602,193	-	602,193
Fine Screening	-	927,811	-	-	927,811	528,852	398,959
New/Replacement Capital <50K	208,000	321,987	-	-	321,987	183,533	138,454
MF/UV Control Programing Update	-	144,366	-	-	144,366	82,289	62,077
Program Planning & Air Relief	-	5,491,623	-	-	5,491,623	2,696,685	2,794,938
Planning Prior Years	-	3,665,330	-	-	3,665,330	1,796,012	1,869,318
Permanent Suppl. Supply	400,000	1,481,442	-	-	1,481,442	859,236	622,206
PSR-1 VFD Replacement	-	-	-	-	-	-	-
Air Relief Valve Rehabilitation/Replacement	45,000	-	-	-	-	-	-
SFUV and MF Operational Analysis	-	41,552	-	-	41,552	19,114	22,438
Chlorine Mixer Replacement	42,000	12,622	-	-	12,622	5,806	6,816
SFUV Cable Harness Replacement	68,000	82,672	-	-	82,672	38,029	44,643
UV Lamp Electrical Connector Replacement	50,000	126,635	-	-	126,635	58,252	68,383
HVAC Replacements	76,000	-	-	-	-	-	-
TIPS VFD Upgrades	63,000	-	-	-	-	-	-
MF Membrane Replace	-	698,833	-	-	698,833	335,440	363,393
LVAMWA Connection	-	-	-	-	-	-	-
6th RWTP Sand Filter	-	255	-	-	255	27	228
DWR IRWM- Prop 84 Rd 3 Drought Project	-	16,432	-	-	16,432	8,216	8,216
PSR1 /Recy. Water Treatment Expansion	35,000	15,524,095	-	-	15,524,095	9,814,518	5,709,577
Pleasanton Capital Billing/Contingency	-	5,795,139	-	-	5,795,139	-	5,795,139
Capitalized Interest	-	1,960,872	-	-	1,960,872	960,827	1,000,045
Total Capital Impr. Proj. Element	987,000	102,707,557	-	-	102,707,557	51,631,017	51,076,540

	Program Budget @ FY 2023	Expenditures FY 22 and Prior (a)	Expenditures Current Month	Expenditures FY 23 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
OPERATING - ITEM							
DERWA Program Manager	245,000	3,942,071	2,871	7,854	3,949,925	2,830,158	1,119,767
Treasurer	100,000	3,009,894	10,370	10,370	3,020,264	2,265,198	755,066
Legal Counsel	75,000	545,997	525	525	546,522	409,892	136,630
Secretary	20,000	254,014	1,091	1,091	255,105	191,329	63,776
Other	130,000	1,734,329	126,127	126,127	1,860,456	1,395,342	465,114
Operation and Maintenance Detail	4,000,000	27,649,892	416,334	61,334	27,711,226	21,124,041	6,587,185
Debt Service	1,645,513	28,611,112	-	-	28,611,112	15,346,609	13,264,503
Total Operating Program Element	6,215,513	65,747,309	557,318	207,301	65,954,610	43,562,569	22,392,041

PROJECT TOTALS	7,202,513	168,454,866	557,318	207,301	168,662,167	95,193,586	73,468,581
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REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution	-	-
DSRSD	-	-
EBMUD	-	-
Pleasanton	-	-
Agency Reimbursements - DSRSD	-	(101,823)
Agency Reimbursements - EBMUD	-	(40,377)
Commercial Paper Issued	-	-
Pleasanton payments	185,204	96,369
Interest / Contracts	-	243
Misc Income	-	-
TOTAL REVENUES & FUNDING	185,204	(45,588)

	Current Month	Fiscal Year
CASH AVAILABLE		
Beginning Cash	2,757,424	1,805,280
Beg. Balance Adj (Prior Year Accruals)	-	832,919
Rounding	-	-
Total Revenues & Funding	185,204	(45,588)
Total Expenditures	(557,318)	(207,301)
Ending Cash	2,385,310	2,385,310

Prepared by Houck, Matt Digitally signed by Houck, Matt
Date: 2022.10.19 13:48:37 -07'00'
Matt Houck Date

Approved by Miller, Andrea Digitally signed by Miller, Andrea
Date: 2022.10.27 08:47:01 -07'00'
Andrea Miller Date



DSRSD/EBMUD RECYCLED WATER AUTHORITY
SUMMARY OF EXPENDITURES
FOR THE PERIOD ENDED
September 30, 2022

Check Date	Check Number	Payee	Category	TOTAL Amount	DSRSD Amount	EBMUD Amount		Operating	Capital
09/07/22	200015581	BARRETT BUSINESS SERVICES INC	Op-Prg Manager-Staff (72/28)	396.01	285.13	110.88	○	396.01	0.00
09/09/22	200015906	LANCE SOLL & LUNGARD LLP	Op- Trea- Audit (72/28)	4,811.00	3,463.92	1,347.08	○	4,811.00	0.00
09/09/22	200015900	DOWNEY BRAND, LLP	Op-Derwa Legal Counsel (72/28)	525.00	378.00	147.00	○	525.00	0.00
09/14/22	200015947	BARRETT BUSINESS SERVICES INC	Op-Prg Manager-Staff (72/28)	495.01	356.41	138.60	○	495.01	0.00
09/14/22	200015947	BARRETT BUSINESS SERVICES INC	Op-Prg Manager-Staff (72/28)	561.01	403.93	157.08	○	561.01	0.00
09/14/22	200015973	EBMUD	Op- Trea- Cost Acct(67/33)	5,036.14	3,374.21	1,661.93	○	5,036.14	0.00
09/14/22	200015973	EBMUD	Op- Trea- Salary(67/33)	522.48	350.06	172.42	○	522.48	0.00
09/14/22	200015947	BARRETT BUSINESS SERVICES INC	Op-Prg Manager-Staff (67/33)	396.01	265.33	130.68	○	396.01	0.00
09/21/22	200016720	DUBLIN SAN RAMON SERVICES DIST	Op-Secretary (72/28)	1,091.40	785.81	305.59	○	1,091.40	0.00
09/21/22	200016720	DUBLIN SAN RAMON SERVICES DIST	Op-Operating (72/28)	416,333.91	299,760.42	116,573.49	○	416,333.91	0.00
09/30/22	200017438	ALLIANT INSURANCE SRVCS INC	Op-Prg Manager-Other (67/33)	309.75	207.53	102.22	○	309.75	0.00
09/30/22	200017438	ALLIANT INSURANCE SRVCS INC	Op-Prg Manager-Other (67/33)	125,816.93	84,297.34	41,519.59	○	125,816.93	0.00
09/30/22	200017452	BARRETT BUSINESS SERVICES INC	Op-Prg Manager-Staff (67/33)	561.01	375.88	185.13	○	561.01	0.00
09/30/22	200017452	BARRETT BUSINESS SERVICES INC	Op-Prg Manager-Staff (67/33)	462.01	309.55	152.46	○	462.01	0.00
					-	-		0.00	0.00
				557,317.67	394,613.52	162,704.15		557,317.67	0.00

Certificates of Disb.	
Wk Ending	Amount
2022/09/07	\$ 396.01
2022/09/09	\$ 5,336.00
2022/09/14	\$ 7,010.65
2022/09/21	\$ 417,425.31
2022/09/30	\$ 127,149.70
	<u>\$ 557,317.67</u>

Pleasanton-	-
OP	557,317.0
CAP	-

0.00 Reconciled
0.00 Reconciled
0.00 Reconciled
0.00 Reconciled

Prepared by	<u>Houck, Matt</u>	 Digitally signed by Houck, Matt Date: 2022.10.19 13:49:02 -07'00'
	Matt Houck	Date
Approved by	<u>Miller, Andrea</u>	 Digitally signed by Miller, Andrea Date: 2022.10.27 08:47:36 -07'00'
	Andrea Miller	Date

DERWA CASH REPORT

Cash Balance as of 08/31/22 2,757,423.93 Reconciled to DERWA TR

Add member agency's contribution:

Agency Reimbursements - DSRSD	0.00
Agency Reimbursements - EBMUD	0.00
City of Pleasanton Payments	185,203.76
Interest Income	0.00
Other Reimbursements- Misc	0.00

Less invoice payments:

BARRETT BUSINESS SERVICES INC	9/7/2022	(396.01)
LANCE SOLL & LUNGHARD LLP	9/9/2022	(4,811.00)
DOWNEY BRAND, LLP	9/9/2022	(525.00)
BARRETT BUSINESS SERVICES INC	9/14/2022	(495.01)
BARRETT BUSINESS SERVICES INC	9/14/2022	(561.01)
EBMUD	9/14/2022	(5,558.62)
BARRETT BUSINESS SERVICES INC	9/14/2022	(396.01)
DUBLIN SAN RAMON SERVICES DIST	9/21/2022	(417,425.31)
ALLIANT INSURANCE SRVCS INC	9/30/2022	(309.75)
ALLIANT INSURANCE SRVCS INC	9/30/2022	(125,816.93)
BARRETT BUSINESS SERVICES INC	9/30/2022	(561.01)
BARRETT BUSINESS SERVICES INC	9/30/2022	(462.01)

Cash Balance as of	09/30/22	<u>2,385,310.02</u>
	Rounding	(0.02)
Cash Balance	09/30/22	<u>2,385,310.00</u>

Prepared by	Houck, Matt	Digitally signed by Houck, Matt Date: 2022.10.19 13:49:22 -07'00'
	Matt Houck	Date
Approved by	Miller, Andrea	Digitally signed by Miller, Andrea Date: 2022.10.27 08:48:05 -07'00'
	Andrea Miller	Date

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT FOR OCTOBER 31, 2022**

STAFF REPORT

Attached is the DERWA Treasurer's Report for the month ending October 31, 2022. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, \$40,377 agency reimbursements and \$3,409 in interest was received. Fiscal year-to-date revenue for FY23 totaled (\$1,802). No other miscellaneous payments were received this month.

Expenses: Current month disbursements were \$10,400. Fiscal year-to-date expenditures for FY23 total \$217,701; of which \$215,056 was for operating expenses. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY23.

Cash: The cash balance at October 31, 2022 was \$2,418,696.

Submitted by:

Richard Lou

Richard Lou
Treasurer

Dated: November 16, 2022

Prepared by Houck, Matt Digitally signed by
Houck, Matt
Date: 2022.11.16
14:23:46 -08'00' (M. Houck)

Reviewed by Miller,
Andrea Digitally signed by Miller,
Andrea
Date: 2022.11.16
16:12:34 -08'00' (A. Miller)

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT
FOR THE PERIOD ENDED OCTOBER 31, 2022**

	Program Budget @ FY 2023	Expenditures FY 22 and Prior (a)	Expenditures Current Month	Expenditures FY 23 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
CAPITAL - PROJECT							
Pipeline Reach 1	-	7,560,517	-	-	7,560,517	4,383,920	3,176,597
Pipeline Reach 2	-	4,558,120	-	-	4,558,120	3,882,264	675,856
Pipeline Reach 3	-	2,286,003	-	-	2,286,003	1,719,204	566,799
Pipeline Reach 4	-	1,614,959	-	-	1,614,959	363,685	1,251,274
Pipeline Reach 5	-	1,430,991	-	-	1,430,991	200,195	1,230,796
Pipeline Reach 6	-	6,759,869	-	-	6,759,869	430,784	6,329,085
Treatment Plant	-	15,732,794	-	-	15,732,794	8,948,843	6,783,951
Pump Stations	-	8,563,294	-	-	8,563,294	6,776,648	1,786,646
Water Tanks	-	12,393,483	-	-	12,393,483	7,221,552	5,171,931
Phase 2 Pipeline & Pump Station	-	3,462,938	-	-	3,462,938	-	3,462,938
Backbone Corrosion	-	1,109,004	-	-	1,109,004	122,302	986,702
SCADA	-	341,726	-	-	341,726	194,784	146,942
EBMUD Pipeline Phase 2, 3 & 4	-	602,193	-	-	602,193	-	602,193
Fine Screening	-	927,811	-	-	927,811	528,852	398,959
New/Replacement Capital <50K	208,000	321,987	-	-	321,987	183,533	138,454
MF/UV Control Programing Update	-	144,366	-	-	144,366	82,289	62,077
Program Planning & Air Relief	-	5,491,623	-	-	5,491,623	2,696,685	2,794,938
Planning Prior Years	-	3,665,330	-	-	3,665,330	1,796,012	1,869,318
Permanent Suppl. Supply	400,000	1,481,442	-	-	1,481,442	859,236	622,206
PSR-1 VFD Replacement	-	-	-	-	-	-	-
Air Relief Valve Rehabilitation/Replacement	45,000	-	-	-	-	-	-
SFUV and MF Operational Analysis	-	41,552	2,645	2,645	44,197	20,331	23,866
Chlorine Mixer Replacement	42,000	12,622	-	-	12,622	5,806	6,816
SFUV Cable Harness Replacement	68,000	82,672	-	-	82,672	38,029	44,643
UV Lamp Electrical Connector Replacement	50,000	126,635	-	-	126,635	58,252	68,383
HVAC Replacements	76,000	-	-	-	-	-	-
TIPS VFD Upgrades	63,000	-	-	-	-	-	-
MF Membrane Replace	-	698,833	-	-	698,833	335,440	363,393
LVAMWA Connection	-	-	-	-	-	-	-
6th RWTP Sand Filter	-	255	-	-	255	27	228
DWR IRWM- Prop 84 Rd 3 Drought Project	-	16,432	-	-	16,432	8,216	8,216
PSR1 /Recy. Water Treatment Expansion	35,000	15,524,095	-	-	15,524,095	9,814,518	5,709,577
Pleasanton Capital Billing/Contingency	-	5,795,139	-	-	5,795,139	-	5,795,139
Capitalized Interest	-	1,960,872	-	-	1,960,872	960,827	1,000,045
Total Capital Impr. Proj. Element	987,000	102,707,557	2,645	2,645	102,710,202	51,632,234	51,077,968

	Program Budget @ FY 2023	Expenditures FY 22 and Prior (a)	Expenditures Current Month	Expenditures FY 23 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
OPERATING - ITEM							
DERWA Program Manager	245,000	3,942,071	1,361	9,215	3,951,286	2,831,179	1,120,107
Treasurer	100,000	3,009,894	3,087	13,457	3,023,351	2,267,513	755,838
Legal Counsel	75,000	545,997	3,307	3,832	549,829	412,372	137,457
Secretary	20,000	254,014	-	1,091	255,105	191,329	63,776
Other	130,000	1,734,329	-	126,127	1,860,456	1,395,342	465,114
Operation and Maintenance Detail	4,000,000	27,649,892	-	61,334	27,711,226	21,124,041	6,587,185
Debt Service	1,645,513	28,611,112	-	-	28,611,112	15,346,609	13,264,503
Total Operating Program Element	6,215,513	65,747,309	7,755	215,056	65,962,365	43,568,385	22,393,980

PROJECT TOTALS	7,202,513	168,454,866	10,400	217,701	168,672,567	95,200,619	73,471,948
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REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution	-	-
DSRSD	-	-
EBMUD	-	-
Pleasanton	-	-
Agency Reimbursements - DSRSD	-	(101,823)
Agency Reimbursements - EBMUD	40,377	-
Commercial Paper Issued	-	-
Pleasanton payments	-	96,369
Interest / Contracts	3,409	3,652
Misc Income	-	-
TOTAL REVENUES & FUNDING	43,786	(1,802)

	Current Month	Fiscal Year
CASH AVAILABLE		
Beginning Cash	2,385,310	1,805,280
Beg. Balance Adj (Prior Year Accruals)	-	832,919
Rounding	-	-
Total Revenues & Funding	43,786	(1,802)
Total Expenditures	(10,400)	(217,701)
Ending Cash	2,418,696	2,418,696

Prepared by Houck, Matt Digitally signed by Houck, Matt
Date: 2022.11.16 14:24:46 -08'00'

Approved by Miller, Andrea Digitally signed by Miller, Andrea
Date: 2022.11.16 16:14:14 -08'00'

DSRSD/EBMUD RECYCLED WATER AUTHORITY SUMMARY OF EXPENDITURES FOR THE PERIOD ENDED October 31, 2022						
Check Date	Check Number	Payee	Category	TOTAL Amount	DSRSD Amount	EBMUD Amount
10/12/22	200018000	BARRETT BUSINESS SERVICES INC	Op-Prg Manager-Staff (67/33)	627.01	420.10	206.91
10/12/22	200018021	DOWNEY BRAND, LLP	Op-Derwa Legal Counsel (67/33)	3,306.75	2,215.52	1,091.23
10/12/22	200018022	DUBLIN SAN RAMON SERVICES DIST	Cap-DSRSD Inv SFUV & MF (D-portion 46%)	1,216.81	1,216.81	-
10/12/22	200018022	DUBLIN SAN RAMON SERVICES DIST	Cap-DSRSD Inv SFUV & MF (E-portion 27%)	714.22	-	714.22
10/12/22	200018022	DUBLIN SAN RAMON SERVICES DIST	Cap-DSRSD Inv SFUV & MF (Pleasanton27%)	714.22	-	-
10/12/22	200018000	BARRETT BUSINESS SERVICES INC	Op-Prg Manager-Staff (67/33)	495.01	331.66	163.35
10/14/22	200018192	EBMUD	Op- Trea- Cost Acct(67/33)	3,086.69	2,068.08	1,018.61
10/14/22	200018222	JOHN V ROSSI	Op-Prg Manager-Expenses (67/33)	239.40	160.40	79.00
				10,400.11	6,412.57	3,273.32
Certificates of Disb.						
Wk Ending Amount						
2022/10/12	\$	7,074.02			Pleasanton-	714.22
2022/10/14	\$	3,326.09				
						OP 7,754.86
						CAP 2,645.25
						\$ 10,400.11

Operating	Capital
627.01	0.00
3,306.75	0.00
0.00	1,216.81
0.00	714.22
0.00	714.22
495.01	0.00
3,086.69	0.00
239.40	0.00
0.00	0.00
7,754.86	2,645.25

0.00 Reconciled
0.00 Reconciled
0.00 Reconciled
0.00 Reconciled

Prepared by

Houck, Matt

Matt Houck

Date

Approved by

Miller, Andrea

Andrea Miller

Date

Digitally signed by Houck, Matt
Date: 2022.11.16 14:25:05 -08'00'

Digitally signed by Miller, Andrea
Date: 2022.11.16 16:14:51 -08'00'

DERWA CASH REPORT

Cash Balance as of 09/30/22 2,385,310.02 Reconciled to DERWA TR

Add member agency's contribution:

Agency Reimbursements - DSRSD	0.00
Agency Reimbursements - EBMUD	40,377.37
City of Pleasanton Payments	0.00
Interest Income	3,408.93
Other Reimbursements- Misc	0.00

Less invoice payments:

BARRETT BUSINESS SERVICES INC	10/12/2022	(627.01)
DOWNEY BRAND, LLP	10/12/2022	(3,306.75)
DUBLIN SAN RAMON SERVICES DIST	10/12/2022	(2,645.25)
BARRETT BUSINESS SERVICES INC	10/12/2022	(495.01)
EBMUD	10/14/2022	(3,086.69)
JOHN V ROSSI	10/14/2022	(239.40)

Cash Balance as of 10/31/22 2,418,696.21

Rounding (0.21)

Cash Balance 10/31/22 2,418,696.00

Prepared by	Houck, Matt	Digitally signed by Houck, Matt Date: 2022.11.16 14:25:24 -08'00'
	Matt Houck	Date
Approved by	Miller, Andrea	Digitally signed by Miller, Andrea Date: 2022.11.16 16:15:20 -08'00'
	Andrea Miller	Date

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT FOR NOVEMBER 30, 2022**

STAFF REPORT

Attached is the DERWA Treasurer's Report for the month ending November 30, 2022. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, \$203,378 agency reimbursements were received. Fiscal year-to-date revenue for FY23 totaled \$201,576. No other miscellaneous payments were received this month.

Expenses: Current month disbursements were \$5,989. Fiscal year-to-date expenditures for FY23 total \$223,690; of which \$221,045 was for operating expenses. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY23.

Cash: The cash balance at November 30, 2022 was \$2,616,085.

Submitted by:

Richard Lou

Richard Lou
Treasurer

Dated: December 22, 2022

Prepared by Houck, Matt Digitally signed by Houck, Matt
Date: 2022.12.22 10:44:28 -08'00' (M. Houck)

Reviewed by Miller, Andrea Digitally signed by Miller, Andrea
Date: 2022.12.22 12:05:41 -08'00' (A. Miller)

DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT
FOR THE PERIOD ENDED NOVEMBER 30, 2022

	Program Budget @ FY 2023	Expenditures FY 22 and Prior (a)	Expenditures Current Month	Expenditures FY 23 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
CAPITAL - PROJECT							
Pipeline Reach 1	-	7,560,517	-	-	7,560,517	4,383,920	3,176,597
Pipeline Reach 2	-	4,558,120	-	-	4,558,120	3,882,264	675,856
Pipeline Reach 3	-	2,286,003	-	-	2,286,003	1,719,204	566,799
Pipeline Reach 4	-	1,614,959	-	-	1,614,959	363,685	1,251,274
Pipeline Reach 5	-	1,430,991	-	-	1,430,991	200,195	1,230,796
Pipeline Reach 6	-	6,759,869	-	-	6,759,869	430,784	6,329,085
Treatment Plant	-	15,732,794	-	-	15,732,794	8,948,843	6,783,951
Pump Stations	-	8,563,294	-	-	8,563,294	6,776,648	1,786,646
Water Tanks	-	12,393,483	-	-	12,393,483	7,221,552	5,171,931
Phase 2 Pipeline & Pump Station	-	3,462,938	-	-	3,462,938	-	3,462,938
Backbone Corrosion	-	1,109,004	-	-	1,109,004	122,302	986,702
SCADA	-	341,726	-	-	341,726	194,784	146,942
EBMUD Pipeline Phase 2, 3 & 4	-	602,193	-	-	602,193	-	602,193
Fine Screening	-	927,811	-	-	927,811	528,852	398,959
New/Replacement Capital <50K	208,000	321,987	-	-	321,987	183,533	138,454
MF/UV Control Programing Update	-	144,366	-	-	144,366	82,289	62,077
Program Planning & Air Relief	-	5,491,623	-	-	5,491,623	2,696,685	2,794,938
Planning Prior Years	-	3,665,330	-	-	3,665,330	1,796,012	1,869,318
Permanent Suppl. Supply	400,000	1,481,442	-	-	1,481,442	859,236	622,206
PSR-1 VFD Replacement	-	-	-	-	-	-	-
Air Relief Valve Rehabilitation/Replacement	45,000	-	-	-	-	-	-
SFUV and MF Operational Analysis	-	41,552	-	2,645	44,197	20,331	23,866
Chlorine Mixer Replacement	42,000	12,622	-	-	12,622	5,806	6,816
SFUV Cable Harness Replacement	68,000	82,672	-	-	82,672	38,029	44,643
UV Lamp Electrical Connector Replacement	50,000	126,635	-	-	126,635	58,252	68,383
HVAC Replacements	76,000	-	-	-	-	-	-
TIPS VFD Upgrades	63,000	-	-	-	-	-	-
MF Membrane Replace	-	698,833	-	-	698,833	335,440	363,393
LVAMWA Connection	-	-	-	-	-	-	-
6th RWTP Sand Filter	-	255	-	-	255	27	228
DWR IRWM- Prop 84 Rd 3 Drought Project	-	16,432	-	-	16,432	8,216	8,216
PSR1 /Recy. Water Treatment Expansion	35,000	15,524,095	-	-	15,524,095	9,814,518	5,709,577
Pleasanton Capital Billing/Contingency	-	5,795,139	-	-	5,795,139	-	5,795,139
Capitalized Interest	-	1,960,872	-	-	1,960,872	960,827	1,000,045
Total Capital Impr. Proj. Element	987,000	102,707,557	-	2,645	102,710,202	51,632,234	51,077,968

	Program Budget @ FY 2023	Expenditures FY 22 and Prior (a)	Expenditures Current Month	Expenditures FY 23 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
OPERATING - ITEM							
DERWA Program Manager	245,000	3,942,071	4,114	13,329	3,955,400	2,833,607	1,121,793
Treasurer	100,000	3,009,894	-	13,457	3,023,351	2,267,513	755,838
Legal Counsel	75,000	545,997	1,875	5,707	551,704	413,778	137,926
Secretary	20,000	254,014	-	1,091	255,105	191,329	63,776
Other	130,000	1,734,329	-	126,127	1,860,456	1,395,342	465,114
Operation and Maintenance Detail	4,000,000	27,649,892	-	61,334	27,711,226	21,124,041	6,587,185
Debt Service	1,645,513	28,611,112	-	-	28,611,112	15,346,609	13,264,503
Total Operating Program Element	6,215,513	65,747,309	5,989	221,045	65,968,354	43,572,219	22,396,135

PROJECT TOTALS	7,202,513	168,454,866	5,989	223,690	168,678,556	95,204,453	73,474,103
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REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution	-	-
DSRSD	-	-
EBMUD	-	-
Pleasanton	-	-
Agency Reimbursements - DSRSD	101,823	-
Agency Reimbursements - EBMUD	-	-
Commercial Paper Issued	-	-
Pleasanton payments	101,555	197,924
Interest / Contracts	-	3,652
Misc Income	-	-
TOTAL REVENUES & FUNDING	203,378	201,576

	Current Month	Fiscal Year
CASH AVAILABLE		
Beginning Cash	2,418,696	1,805,280
Beg. Balance Adj (Prior Year Accruals)	-	832,919
Rounding	-	-
Total Revenues & Funding	203,378	201,576
Total Expenditures	(5,989)	(223,690)
Ending Cash	2,616,085	2,616,085

Prepared by Houck, Matt Digitally signed by Houck, Matt
Date: 2022.12.22 10:46:12 -08'00'
Matt Houck Date

Approved by Miller, Andrea Digitally signed by Miller, Andrea
Date: 2022.12.22 12:03:11 -08'00'
Andrea Miller Date



**DSRSD/EBMUD RECYCLED WATER AUTHORITY
SUMMARY OF EXPENDITURES
FOR THE PERIOD ENDED
November 30, 2022**

Check Date	Check Number	Payee	Category	TOTAL Amount	DSRSD Amount	EBMUD Amount	Operating	Capital	
11/04/22	200019338	BARRETT BUSINESS SERVICES INC	Op-Prg Manager-Staff (67/33)	132.00	88.44	43.56	○	132.00	0.00
11/04/22	200019402	ICF INTERNATIONAL	Op-Prg Mgr-Public Info (49/51)	1,216.25	595.96	620.29	○	1,216.25	0.00
11/04/22	200019402	ICF INTERNATIONAL	Op-Prg Mgr-Public Info (49/51)	1,313.75	643.74	670.01	○	1,313.75	0.00
11/04/22	200019338	BARRETT BUSINESS SERVICES INC	Op-Prg Manager-Staff (67/33)	330.00	221.10	108.90	○	330.00	0.00
11/23/22	200020398	DOWNEY BRAND, LLP	Op-Derwa Legal Counsel (67/33)	1,875.00	1,256.25	618.75	○	1,875.00	0.00
11/23/22	200020355	BARRETT BUSINESS SERVICES INC	Op-Prg Manager-Staff (67/33)	429.01	287.44	141.57	○	429.01	0.00
11/23/22	200020355	BARRETT BUSINESS SERVICES INC	Op-Prg Manager-Staff (67/33)	330.00	221.10	108.90	○	330.00	0.00
11/30/22	200020605	BARRETT BUSINESS SERVICES INC	Op-Prg Manager-Staff (67/33)	363.01	243.22	119.79	○	363.01	0.00
				-	-	-		0.00	0.00
				5,989.02	3,557.25	2,431.77		5,989.02	0.00

Certificates of Disb.		
Wk Ending	Amount	
2022/11/04	\$	2,992.00
2022/11/23	\$	2,634.01
2022/11/30	\$	363.01
	\$	5,989.02

Pleasanton-	-
OP	5,989.0
CAP	-

0.00 Reconciled
0.00 Reconciled
0.00 Reconciled
0.00 Reconciled

Prepared by	<u>Houck, Matt</u>		Digitally signed by Houck, Matt Date: 2022.12.22 10:46:38 -08'00'
	Matt Houck	Date	
Approved by	<u>Miller, Andrea</u>		Digitally signed by Miller, Andrea Date: 2022.12.22 12:03:50 -08'00'
	Andrea Miller	Date	

DERWA CASH REPORT

Cash Balance as of 10/31/22 2,418,696.21 Reconciled to DERWA TR

Add member agency's contribution:

Agency Reimbursements - DSRSD	101,823.07
Agency Reimbursements - EBMUD	0.00
City of Pleasanton Payments	101,554.91
Interest Income	0.00
Other Reimbursements- Misc	0.00

Less invoice payments:

BARRETT BUSINESS SERVICES INC	11/4/2022	(132.00)
ICF INTERNATIONAL	11/4/2022	(1,216.25)
ICF INTERNATIONAL	11/4/2022	(1,313.75)
BARRETT BUSINESS SERVICES INC	11/4/2022	(330.00)
DOWNEY BRAND, LLP	11/23/2022	(1,875.00)
BARRETT BUSINESS SERVICES INC	11/23/2022	(429.01)
BARRETT BUSINESS SERVICES INC	11/23/2022	(330.00)
BARRETT BUSINESS SERVICES INC	11/30/2022	(363.01)

Cash Balance as of 11/30/22 2,616,085.17

Rounding (0.17)

Cash Balance 11/30/22 2,616,085.00

Prepared by	Houck, Matt	Digitally signed by Houck, Matt Date: 2022.12.22 10:47:03 -08'00'
	Matt Houck	Date
Approved by	Miller, Andrea	Digitally signed by Miller, Andrea Date: 2022.12.22 12:04:25 -08'00'
	Andrea Miller	Date

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT FOR DECEMBER 31, 2022**

STAFF REPORT

Attached is the DERWA Treasurer's Report for the month ending December 31, 2022. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, \$88,143 in agency reimbursements were received. Fiscal year-to-date revenue for FY23 totaled \$289,719. No other miscellaneous payments were received this month.

Expenses: Current month disbursements were \$1,076,356. Fiscal year-to-date expenditures for FY23 total \$1,300,046; of which \$1,297,401 was for operating expenses. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY23.

Cash: The cash balance at December 31, 2022 was \$1,627,872.

Submitted by:

Richard Lou

Richard Lou
Treasurer

Dated: January 11, 2023

Prepared by Houck, Matt Digitally signed by Houck, Matt
Date: 2023.01.11 13:39:24 -08'00' (M. Houck)

Reviewed by Miller, Andrea Digitally signed by Miller, Andrea
Date: 2023.01.11 14:18:44 -08'00' (A. Miller)

DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT
FOR THE PERIOD ENDED DECEMBER 31, 2022

	Program Budget @ FY 2023	Expenditures FY 22 and Prior (a)	Expenditures Current Month	Expenditures FY 23 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
CAPITAL - PROJECT							
Pipeline Reach 1	-	7,560,517	-	-	7,560,517	4,383,920	3,176,597
Pipeline Reach 2	-	4,558,120	-	-	4,558,120	3,882,264	675,856
Pipeline Reach 3	-	2,286,003	-	-	2,286,003	1,719,204	566,799
Pipeline Reach 4	-	1,614,959	-	-	1,614,959	363,685	1,251,274
Pipeline Reach 5	-	1,430,991	-	-	1,430,991	200,195	1,230,796
Pipeline Reach 6	-	6,759,869	-	-	6,759,869	430,784	6,329,085
Treatment Plant	-	15,732,794	-	-	15,732,794	8,948,843	6,783,951
Pump Stations	-	8,563,294	-	-	8,563,294	6,776,648	1,786,646
Water Tanks	-	12,393,483	-	-	12,393,483	7,221,552	5,171,931
Phase 2 Pipeline & Pump Station	-	3,462,938	-	-	3,462,938	-	3,462,938
Backbone Corrosion	-	1,109,004	-	-	1,109,004	122,302	986,702
SCADA	-	341,726	-	-	341,726	194,784	146,942
EBMUD Pipeline Phase 2, 3 & 4	-	602,193	-	-	602,193	-	602,193
Fine Screening	-	927,811	-	-	927,811	528,852	398,959
New/Replacement Capital <50K	208,000	321,987	-	-	321,987	183,533	138,454
MF/UV Control Programing Update	-	144,366	-	-	144,366	82,289	62,077
Program Planning & Air Relief	-	5,491,623	-	-	5,491,623	2,696,685	2,794,938
Planning Prior Years	-	3,665,330	-	-	3,665,330	1,796,012	1,869,318
Permanent Suppl. Supply	400,000	1,481,442	-	-	1,481,442	859,236	622,206
PSR-1 VFD Replacement	-	-	-	-	-	-	-
Air Relief Valve Rehabilitation/Replacement	45,000	-	-	-	-	-	-
SFUV and MF Operational Analysis	-	41,552	-	2,645	44,197	20,331	23,866
Chlorine Mixer Replacement	42,000	12,622	-	-	12,622	5,806	6,816
SFUV Cable Harness Replacement	68,000	82,672	-	-	82,672	38,029	44,643
UV Lamp Electrical Connector Replacement	50,000	126,635	-	-	126,635	58,252	68,383
HVAC Replacements	76,000	-	-	-	-	-	-
TIPS VFD Upgrades	63,000	-	-	-	-	-	-
MF Membrane Replace	-	698,833	-	-	698,833	335,440	363,393
LVAMWA Connection	-	-	-	-	-	-	-
6th RWTP Sand Filter	-	255	-	-	255	27	228
DWR IRWM- Prop 84 Rd 3 Drought Project	-	16,432	-	-	16,432	8,216	8,216
PSR1 /Recy. Water Treatment Expansion	35,000	15,524,095	-	-	15,524,095	9,814,518	5,709,577
Pleasanton Capital Billing/Contingency	-	5,795,139	-	-	5,795,139	-	5,795,139
Capitalized Interest	-	1,960,872	-	-	1,960,872	960,827	1,000,045
Total Capital Impr. Proj. Element	987,000	102,707,557	-	2,645	102,710,202	51,632,234	51,077,968

	Program Budget @ FY 2023	Expenditures FY 22 and Prior (a)	Expenditures Current Month	Expenditures FY 23 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
OPERATING - ITEM							
DERWA Program Manager	245,000	3,942,071	23,245	36,574	3,978,645	2,851,041	1,127,604
Treasurer	100,000	3,009,894	2,274	15,730	3,025,624	2,269,217	756,407
Legal Counsel	75,000	545,997	750	6,457	552,454	414,341	138,113
Secretary	20,000	254,014	3,358	4,449	258,463	193,848	64,615
Other	130,000	1,734,329	-	126,127	1,860,456	1,395,342	465,114
Operation and Maintenance Detail	4,000,000	27,649,892	1,046,729	1,108,064	28,757,956	21,909,088	6,848,868
Debt Service	1,645,513	28,611,112	-	-	28,611,112	15,346,609	13,264,503
Total Operating Program Element	6,215,513	65,747,309	1,076,356	1,297,401	67,044,710	44,379,486	22,665,224

PROJECT TOTALS	7,202,513	168,454,866	1,076,356	1,300,046	169,754,912	96,011,720	73,743,192
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REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution	-	-
DSRSD	-	-
EBMUD	-	-
Pleasanton	-	-
Agency Reimbursements - DSRSD	-	-
Agency Reimbursements - EBMUD	-	-
Commercial Paper Issued	-	-
Pleasanton payments	88,143	286,067
Interest / Contracts	-	3,652
Misc Income	-	-
TOTAL REVENUES & FUNDING	88,143	289,719

	Current Month	Fiscal Year
CASH AVAILABLE		
Beginning Cash	2,616,085	1,805,280
Beg. Balance Adj (Prior Year Accruals)	-	832,919
Rounding	-	-
Total Revenues & Funding	88,143	289,719
Total Expenditures	(1,076,356)	(1,300,046)
Ending Cash	1,627,872	1,627,872

Prepared by **Houck, Matt**

Digitally signed by Houck, Matt
Date: 2023.01.11 13:40:58 -08'00'

Matt Houck

Date

Approved by **Miller, Andrea**

Digitally signed by Miller, Andrea
Date: 2023.01.11 14:22:09 -08'00'

Andrea Miller

Date

DSRSD/EBMUD RECYCLED WATER AUTHORITY SUMMARY OF EXPENDITURES FOR THE PERIOD ENDED December 31, 2022									
Check Date	Check Number	Payee	Category	TOTAL Amount	DSRSD Amount	EBMUD Amount		Operating	Capital
12/02/22	200020821	BARRETT BUSINESS SERVICES INC	Op-Prg Manager-Staff (67/33)	396.01	265.33	130.68	○	396.01	0.00
12/02/22	200020821	BARRETT BUSINESS SERVICES INC	Op-Prg Manager-Staff (67/33)	363.01	243.22	119.79	○	363.01	0.00
12/02/22	200020857	DOWNEY BRAND, LLP	Op-Derwa Legal Counsel (67/33)	750.00	502.50	247.50	○	750.00	0.00
12/02/22	200020863	EBMUD	Op- Trea- Cost Acct(67/33)	2,274.39	1,523.84	750.55	○	2,274.39	0.00
12/14/22	200021538	DUBLIN SAN RAMON SERVICES DIST	Op-Secretary (67/33)	509.32	341.24	168.08	○	509.32	0.00
12/14/22	200021538	DUBLIN SAN RAMON SERVICES DIST	Op-Operating (67/33)	249,036.47	166,854.43	82,182.04	○	249,036.47	0.00
12/14/22	200021538	DUBLIN SAN RAMON SERVICES DIST	Op-Secretary (67/33)	12,591.60	8,436.37	4,155.23	○	12,591.60	0.00
12/14/22	200021538	DUBLIN SAN RAMON SERVICES DIST	Op-Operating (67/33)	1,091.40	731.24	360.16	○	1,091.40	0.00
12/14/22	200021538	DUBLIN SAN RAMON SERVICES DIST	Op-Prg Manager-Salary (67/33)	390,227.94	261,452.72	128,775.22	○	390,227.94	0.00
12/30/22	200022325	BARRETT BUSINESS SERVICES INC	Op-Prg Manager-Staff (67/33)	561.01	375.88	185.13	○	561.01	0.00
12/30/22	200022373	DUBLIN SAN RAMON SERVICES DIST	Op-Secretary (67/33)	1,757.01	1,177.20	579.81	○	1,757.01	0.00
12/30/22	200022373	DUBLIN SAN RAMON SERVICES DIST	Op-Operating (67/33)	407,465.19	273,001.68	134,463.51	○	407,465.19	0.00
12/30/22	200022373	DUBLIN SAN RAMON SERVICES DIST	Op-Prg Manager-Salary (67/33)	9,333.28	6,253.30	3,079.98	○	9,333.28	0.00
					-	-		0.00	0.00
					-	-		0.00	0.00
					-	-		0.00	0.00
					-	-		0.00	0.00
					-	-		0.00	0.00
				1,076,356.63	721,158.95	355,197.68		1,076,356.63	0.00
Certificates of Disb. Wk Ending Amount									
2022/12/02	\$	3,783.41			Pleasanton-	-			
2022/12/14	\$	653,456.73						0.00 Reconciled	
2022/12/30	\$	419,116.49						0.00 Reconciled	
					OP	1,076,356.63		0.00 Reconciled	
					CAP	-		0.00 Reconciled	
	\$	1,076,356.63							

Prepared by

Houck, Matt

Matt Houck

Date

Approved by

Miller, Andrea

Andrea Miller

Date

Digitally signed by Houck, Matt
Date: 2023.01.11 13:41:19 -08'00'

Digitally signed by Miller, Andrea
Date: 2023.01.11 14:22:48 -08'00'

DERWA CASH REPORT

Cash Balance as of 11/30/22 2,616,085.17 Reconciled to DERWA TR

Add member agency's contribution:

Agency Reimbursements - DSRSD	0.00
Agency Reimbursements - EBMUD	0.00
City of Pleasanton Payments	88,143.16
Interest Income	0.00
Other Reimbursements- Misc	0.00

Less invoice payments:

BARRETT BUSINESS SERVICES INC	12/2/2022	(396.01)
BARRETT BUSINESS SERVICES INC	12/2/2022	(363.01)
DOWNEY BRAND, LLP	12/2/2022	(750.00)
EBMUD	12/2/2022	(2,274.39)
DUBLIN SAN RAMON SERVICES DIST	12/14/2022	(249,545.79)
DUBLIN SAN RAMON SERVICES DIST	12/14/2022	(403,910.94)
BARRETT BUSINESS SERVICES INC	12/30/2022	(561.01)
DUBLIN SAN RAMON SERVICES DIST	12/30/2022	(418,555.48)

Cash Balance as of	12/31/22	<u>1,627,871.70</u>
	Rounding	0.30
Cash Balance	12/31/22	<u>1,627,872.00</u>

Prepared by	Houck, Matt	Digitally signed by Houck, Matt Date: 2023.01.11 13:41:37 -08'00'
	Matt Houck	Date
Approved by	Miller, Andrea	Digitally signed by Miller, Andrea Date: 2023.01.11 14:23:16 -08'00'
	Andrea Miller	Date

Item 7.C

DERWA Summary & Recommendation

Approve Quarterly Investment Reports for September 30, and December 31, 2022

Summary:

Section 53646 of the Government Code allows the Treasurer of the Authority to submit to the Authority Manager, the Internal Auditor, and the Board of Directors a quarterly investment report. It also stipulates that the investment report must include the types of investments in which the Authority has invested its funds, the issuer, date of maturity, the value of the investment at maturity, and the dollar amount that is invested in the security.

The investments held by the Authority in the State of California Local Agency Investment Fund on September 30 were \$1,001,962 and on December 31 were \$1,005,370. The investment portfolio is in full compliance with the Board's adopted policy regarding the Authority's investments.

In compliance with Section 53646(b)3 of the Government Code, this report denotes that the Authority will be able to meet expenditure requirements for the next six months from revenues/reimbursements/contributions from member agencies.

Recommendation:

The Treasurer recommends the DERWA Board of Directors approve, by Motion, the Quarterly Investment Reports for September 30, and December 31, 2022.

January 30, 2023

Item 7.D

DERWA Summary & Recommendation

Authorize the Authority Manager to Enter into a Renewed License Agreement with Pacific Gas & Electric (PG&E) to Use an Existing Well for Supplemental Water Supply

Summary:

On October 21, 2019, Dublin San Ramon Services District-East Bay Municipal Utility District Recycled Water Authority (DERWA) and Pacific Gas & Electric (PG&E) entered into a License Agreement that would enable DERWA to use an existing irrigation well located on PG&E property, known as the San Ramon Substation, for supplemental water supply during peak demand periods. The License Agreement provides DERWA access to the site to install a well pump, upgrade the power supply, and install a pipeline to connect the well to Dublin San Ramon Services District's wastewater collection system. The estimated pumping capacity of the well is up to 0.2 million gallons per day, with a preliminary construction cost of \$500,000 (2019 dollars).

The initial License Agreement term was for three years and expired on October 22, 2022. No construction occurred at the site during the initial term of the License Agreement. On September 26, 2022, the Board provided direction to renew the License Agreement, while continuing to work with the Zone 7 Water Agency to explore more productive well sites. Staff initiated the renewal process with PG&E and has negotiated a renewed License Agreement that provides DERWA with access to the site for an additional three years (through October 31, 2025). The terms of the renewed License Agreement are substantially the same terms as the initial License Agreement. DERWA is required to pay PG&E a license fee of \$7,625 on or before execution of the License Agreement. The License Agreement also requires an additional insurance policy referred to as "pollution liability insurance" which DERWA does not typically carry as part of general insurance requirements. The premium for this insurance is \$10,000 annually.

Groundwater is one of several supplemental supply options being developed by DERWA and the PG&E well site was originally proposed as a pilot project. However, based on the low yield and cost to complete the improvements needed to utilize the PG&E well, staff is reviewing the feasibility of the PG&E well site compared to other potential well site locations (such as DSRSD's District Office) that may have greater yield and long-term potential. Once additional information is available, staff plans to brief the DERWA Board and ask for direction on whether to move forward with the PG&E well.

Recommendation:

The Authority Manager recommends the DERWA Board of Directors, authorize, by Motion, the Authority Manager to enter into a renewed License Agreement with PG&E to use an existing well located on PG&E property for supplemental supply.

January 30, 2023

Attachment

1. License Agreement for Invasive Activities

LICENSE AGREEMENT
FOR INVASIVE ACTIVITIES

This License Agreement for Invasive Investigation Activities (this “**License Agreement**”) is made and entered into this _____ day of January 2023 (the “**Effective Date**”) by PACIFIC GAS AND ELECTRIC COMPANY, a California corporation, hereinafter called “**PG&E**”, and DUBLIN SAN RAMON SERVICES DISTRICT-EAST BAY MUNICIPAL UTILITY DISTRICT RECYCLED WATER AUTHORITY (DERWA), a joint powers public agency, hereinafter called “**Licensee**.”

R E C I T A L S:

A. PG&E owns the real property commonly known as San Ramon Substation, Assessor’s Parcel Number 213-030-008-8, State Board of Equalization No. 135-07-062G-4 hereinafter called the “**Property**”, located in the City of San Ramon, County of Contra Costa, State of California.

B. PG&E and Licensee previously entered into a license dated October 21, 2019, for the use of the Property, which had expired on October 22, 2022.

C. Licensee wishes to install a water pump, power supply, and approximately one thousand one hundred (1,100) feet of six (6) inch diameter PVC water pipe, to transfer water from an existing well on a portion of the Property, to the wastewater and recycled water system in the San Ramon Valley during peak demand, as shown on **EXHIBIT “A”** attached hereto and by this reference made a part hereof (the “**License Area**”).

D. Licensee has requested permission for Licensee to enter the License Area to operate and maintain the existing water pump and PVC water pipe on the License Area as more fully described in this License Agreement, and PG&E is willing to grant such permission subject to the terms and conditions set forth herein.

E. Licensee acknowledges that Devil Mountain Nursery (“**DMN**”) has an agreement with PG&E to operate and maintain a wholesale nursery business on the Property, terms for interaction with DMN are set forth herein.

NOW, THEREFORE, for good and valuable consideration, PG&E and Licensee hereby agree as follows:

1. Access. Subject to the terms and conditions set forth in this License Agreement, PG&E grants to Licensee a personal, non-exclusive and non-possessory right and license to enter, and for Licensee to allow Licensee’s directors, officers, partners, members, managers, employees, contractors, subcontractors, consultants, representatives, agents, permittees and invitees (“**Licensee’s Representatives**”) at reasonable times and in coordination with DMN, to enter the License Area for the sole purpose of operating and maintaining the water pump and PVC water pipe, hereinafter referred to as “**Licensee’s Activities**”. All of Licensee’s Activities shall be performed at Licensee’s sole cost and expense. This License Agreement gives Licensee a license

only and does not constitute a grant by PG&E of any ownership, leasehold, easement or other similar property interest or estate.

2. Fees. Licensee shall pay to PG&E a license fee of Six Thousand Six Hundred and Twenty-Five Dollars (\$6,625.00), inclusive of PG&E's administrative fee of One Thousand Dollars (\$1,000.00) plus Five Thousand Six Hundred and Twenty-Five Dollars (\$5,625.00) license fee due on or before the execution of this License Agreement by Licensee. This License Agreement shall not become effective until the license fee has been received.

3. Work Plan. Licensee shall discuss with PG&E any specific requirements for Licensee's Activities on the Property and shall prepare a work plan that incorporates such requirements and that describes in detail and with specificity the nature, scope, location and purpose of all of Licensee's Activities to be performed on the Property, including, without limitation, methods and procedures for restoration of any alteration to the License Area, and a health and safety plan (the "**Work Plan**"). The Work Plan shall be accompanied by the following information: copies of any environmental reports and correspondence with environmental agencies that may be overseeing Licensee's investigations which pertain to the work being proposed by Licensee, a detailed description of the method of containing and disposing of any excavated or removed soil, water or other material, a list of the names of Licensee's Representatives who are to be authorized to enter the Property, a schedule of work, and the specific areas in which Licensee and Licensee's Representatives request access to conduct Licensee's Activities. The Work Plan will be submitted to the following person at PG&E for approval James Wolf – Land Agent at 1850 Gateway Blvd 7th Floor Concord, CA 94520 (925) 412-7107. PG&E reserves the right to request Licensee to provide additional information, reports, studies or other documents not included in the Work Plan. Licensee acknowledges and agrees that PG&E's review of the Work Plan is solely for the purpose of protecting PG&E's interests and shall not be deemed to create any liability of any kind on the part of PG&E, or to constitute a representation on the part of PG&E or any person consulted by PG&E in connection with such review that the Work Plan is adequate or appropriate for any purpose, or complies with applicable Legal Requirements, as defined herein. Licensee and Licensee's Representatives shall not enter the Property nor commence any activity whatsoever on the Property without the prior written consent of PG&E to the Work Plan as set forth above, which consent shall be in PG&E's sole and absolute discretion. Licensee agrees and covenants that all of Licensee's Activities shall be performed solely within the License Area and in strict accordance with the approved Work Plan.

4. Term; Termination; Surrender. This License Agreement shall be for a term of three (3) Years and ten (10) days commencing on October 21, 2022 and expiring October 31, 2025, unless sooner terminated (the "**Term**"). **Provided however, that PG&E may terminate this License Agreement, at any time, for any reason or no reason, including, without limitation, pursuant to the provisions of General Order No. 69-C of the California Public Utilities Commission (the "CPUC"), upon twenty-four (24) hours written notice to Licensee.** Upon the expiration or termination of this License Agreement, Licensee shall remove all personal property of Licensee and Licensee's Representative's, remove all debris and waste material resulting from Licensee's Activities, and repair and restore the Property as nearly as possible to the condition that existed prior to Licensee's entry hereunder to PG&E's satisfaction. Licensee shall bear the entire cost of such removal, repair and restoration, and PG&E shall have no liability for any losses or damages caused by or related to any termination of this License Agreement. In the event Licensee

fails to comply with the requirements of this Section, PG&E may elect, at Licensee's sole cost and expense, to remove such personal property, debris and waste material and to perform such repair or restoration as necessary. Licensee shall pay such costs and expenses within ten (10) days after receipt of an invoice therefor. Licensee's obligations under this Section shall survive the expiration or termination of this License Agreement.

5. Condition of the Property. Licensee accepts the Property "as is", in its existing physical condition, without warranty by PG&E or any duty or obligation on the part of PG&E to maintain the Property. Licensee acknowledges that one or more of the following (collectively, "**Potential Environmental Hazards**") may be located in, on or underlying the Property:

(a) electric and magnetic fields, electromagnetic fields, power frequency fields and extremely low frequency fields, however designated, whether emitted by electric transmission lines, other electrical distribution equipment or by any other means ("**EMFs**");

(b) Hazardous Substances (as hereinafter defined). For purposes hereof, the term "**Hazardous Substances**" means any hazardous or toxic material or waste which is or becomes regulated by Legal Requirements, as defined herein, relating to the protection of human health or the environment, including, but not limited to, laws, requirements and regulations pertaining to reporting, licensing, permitting, investigating and remediating emissions, discharges, releases or threatened releases of such substances into the air, surface water, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of such substances. Without limiting the generality of the foregoing, the term Hazardous Substances includes any material or substance:

(1) now or hereafter defined as a "hazardous substance," "hazardous waste," "hazardous material," "extremely hazardous waste," "restricted hazardous waste" or "toxic substance" or words of similar import under any applicable local, state or federal law or under the regulations adopted or promulgated pursuant thereto, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§9601 et seq. ("CERCLA"); the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §§6901 et seq.; the Clean Air Act, 42 U.S.C. §§7401 et seq.; the Clean Water Act, 33 U.S.C. §§1251 et seq.; the Toxic Substance Control Act, 15 U.S.C. §§2601 et seq.; the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. §§136 et seq.; the Atomic Energy Act of 1954, 42 U.S.C. §§2014 et seq.; the Nuclear Waste Policy Act of 1982, 42 U.S.C. §§10101 et seq.; the California Hazardous Waste Control Law, Cal. Health and Safety Code §§25100 et seq.; the Porter-Cologne Water Quality Control Act, Cal. Water Code §§13000 et seq.; the Carpenter-Presley-Tanner Hazardous Substance Account Act (Health and Safety Code §§25300 et seq.); and the Medical Waste Management Act (Health and Safety Code §§25015 et seq.); or

(2) which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous, and is now or hereafter regulated as a Hazardous Substance by the United States, the State of California, any local governmental authority or any political subdivision thereof; or

(3) the presence of which on the Property poses or threatens to pose a hazard to the health or safety of persons on or about the Property or to the environment; or

- (4) which contains gasoline, diesel fuel or other petroleum hydrocarbons; or
- (5) which contains lead-based paint or other lead contamination, polychlorinated biphenyls ("**PCBs**") or asbestos or asbestos-containing materials or urea formaldehyde foam insulation; or
- (6) which contains radon gas;
- (c) fuel or chemical storage tanks, energized electrical conductors or equipment, or natural gas transmission or distribution pipelines; and
- (d) other potentially hazardous substances, materials, products or conditions.

Licensee shall take all necessary precautions to protect Licensee's Representatives from risks of harm from Potential Environmental Hazards, and Licensee shall be responsible for the health and safety of Licensee's Representatives. Licensee acknowledges that it has previously evaluated the condition of the Property and all matters affecting the suitability of the Property for the uses permitted by this License Agreement, including, but not limited to, the Potential Environmental Hazards listed herein.

6. Licensee's Covenants.

(a) Legal Compliance. Licensee agrees, at Licensee's sole cost and expense, promptly to comply, and cause all of Licensee's Representatives to comply, with (i) all laws, statutes, ordinances, rules, regulations, requirements or orders of municipal, state, and federal authorities now in force or that may later be in force, including, but not limited to, those laws which relate to the generation, use, storage, handling, treatment, transportation or disposal of Hazardous Substances or to health, safety, noise, environmental protection, air quality or water quality, (ii) the conditions of any permit, occupancy certificate, license or other approval issued by public officers relating to Licensee's Activities or Licensee's use or occupancy of the Property; and (iii) any liens, encumbrances, easements, covenants, conditions, restrictions and servitudes (if any) of record, or of which Licensee has notice, which may be applicable to the Property (collectively, "**Legal Requirements**") regardless of when they become effective, insofar as they relate to Licensee's Activities or the use or occupancy of the Property by Licensee. The judgment of any court of competent jurisdiction, or the admission of Licensee in any action or proceeding against Licensee, whether or not PG&E is a party in such action or proceeding, that Licensee has violated any Legal Requirement relating to the use or occupancy of the Property, shall be conclusive of that fact as between PG&E and Licensee. Licensee shall furnish satisfactory evidence of such compliance upon request by PG&E.

(b) Notification of Investigations, Orders or Enforcement Proceedings. Licensee agrees to notify PG&E in writing within three (3) business days after obtaining knowledge of any investigation, order or enforcement proceeding that in any way relates to the Property, or the occurrence of any contamination or suspected contamination on, within or underlying the Property. Such notice shall include a complete copy of any order, complaint, agreement, or other document that may have been issued, executed or proposed, whether draft or final.

(c) Use of Property. Licensee agrees that Licensee shall not in any way interfere or permit any interference with the use of the Property by PG&E. Interference shall include, but not be limited to, any activity by Licensee that places any of PG&E's gas or electric facilities in violation of any of the applicable provisions of General Order Nos. 95 (Overhead Electric), 112 (Gas), and 128 (Underground Electric) of the CPUC or of any other applicable provisions of the laws and regulations of the State of California or other governmental agencies under which the operations of utility facilities are controlled or regulated, including, but not limited to, the CPUC and the Federal Energy Regulatory Commission ("**FERC**"). Licensee shall not erect, handle, or operate any tools, machinery, apparatus, equipment, or materials closer to any of PG&E's high-voltage electric conductors than the minimum clearances set forth in the High-Voltage Electrical Safety Orders of the California Division of Industrial Safety, which minimum clearances are incorporated herein by reference, but under no circumstances closer than ten (10) feet from any energized electric conductors or appliances. Licensee shall not drill, bore, or excavate within thirty (30) feet of any underground facilities, including, but not limited to, gas pipelines, valves, regulators or electric conduits. Licensee shall provide notice to Underground Service Alert at 1-800-227-2600 at least two (2) business days prior to commencing any drilling, boring or excavating permitted hereunder to assist Licensee with locating any and all underground facilities, including, but not limited to, gas pipelines, valves, regulators or electric conduits.

(d) Procedure for Entry. Licensee agrees that at least ten (10) business days prior to any entry by Licensee or any Licensee Representative upon the Property, Licensee shall notify James Wolf – Land Agent ("**PG&E's Representative**") at (925) 412-7107 so that a representative of PG&E may be present to observe Licensee's Activities to ensure safety and protection of PG&E's Property and compliance with the terms and conditions of this License Agreement. At the time of each such notification, Licensee shall inform PG&E's Representative whether a representative of the any governmental entity or agency will be present during the planned activities.

(e) Licensee's Activities. Licensee agrees that Licensee and Licensee's Representatives shall notify PG&E, as part of the Work Plan, of any potential safety, environmental or other hazards to PG&E employees or property arising out of, or associated with, Licensee's Activities or stemming from conditions caused by Licensee, so that PG&E may take appropriate precautions. Licensee agrees that Licensee shall conduct Licensee's Activities in compliance with the Work Plan approved by PG&E and in such a manner so as to protect the Property, PG&E's utility facilities, the environment, and human health and safety. Licensee shall not make use of the Property in any way which will endanger human health or the environment, create a nuisance or otherwise be incompatible with the use of the Property by PG&E or others entitled to use the Property. Licensee shall direct the performance of the Licensee's Activities in compliance with all applicable federal, state, and local laws, rules, and regulations, including but not limited to "Occupational Safety and Health Standards" promulgated by the U.S. Secretary of Labor and the California Division of Occupational Safety and Health, including the wearing of the appropriate Personal Protective Equipment (PPE) at the worksite. Any Licensee Activities in areas adjacent to electrically energized facilities and/or operating natural gas facilities shall be performed in accordance with these practices, laws, rules, and regulations. PG&E may designate safety precautions in addition to those in use or proposed by Licensee. In the event PG&E determines that Licensee's Activities in any way endanger the Property, PG&E's utility facilities, the environment, or human health or safety, PG&E may, in PG&E's sole and absolute discretion, require that

Licensee halt Licensee's Activities until appropriate protective measures may be taken to eliminate such endangerment to PG&E's satisfaction. Licensee waves any claims against PG&E resulting from any delay under this Section. PG&E's right to halt activities under this Section shall not in any way affect or alter Licensee's insurance or indemnity obligations under this License Agreement, nor shall it relieve Licensee from any of Licensee's obligations hereunder that pertain to health, safety, or the protection of the environment.

(f) Non-Interference. Licensee agrees to coordinate Licensee's Activities to strictly avoid any interference with PG&E's use of the Property and any adjoining lands owned by PG&E.

(g) Site Security. Licensee agrees that Licensee and Licensee's Representatives shall comply with any and all of PG&E's on-site safety and security requirements and any other rules and regulations that may be applicable to Licensee's Activities at the Property. Licensee agrees to cooperate with PG&E and to abide by any and all orders or instructions issued by PG&E, its employees, agents or representatives. PG&E reserves the right to restrict access to the Property in the event of fire, earthquake, storm, riot, civil disturbance, or other casualty or emergency, or in connection with PG&E's response thereto, or if emergency repairs or maintenance are required to PG&E's facilities, wherever located, or otherwise when PG&E deems it advisable to do so, including in connection with events and emergencies occurring or affecting PG&E's business operations located elsewhere than in the immediate vicinity of the Property.

(h) PG&E's Safety Program. Licensee represents and warrants that Licensee will perform all applicable Licensee's Activities in compliance with PG&E's Contractor Safety Program Standard Contract Requirements, as may be modified from time to time. The Contractor Safety Program Standard Contract Requirements can be located and downloaded at: www.pge.com/contractorsafety and are hereby incorporated by reference into this License. Notwithstanding the above, Licensee is the "controlling employer" as defined under Cal OSHA and will remain responsible for all fines and liability arising from violation of the Contractor Safety Program Standard Contract Requirements and Legal Requirements.

(i) FERC Project. N/A

7. Environmental Requirements.

(a) **At Licensee's sole expense, Licensee shall provide PG&E with copies of the results of all analytical tests, photos, geological logs, and drafts of any and all reports ("Reports") generated as the result of Licensee's Activities as soon as they are available. PG&E shall have ten (10) business days to comment thereon. Thereafter, Licensee shall incorporate any and all of PG&E's reasonable comments into such Reports before such Reports are prepared in final form and before such Reports are provided to any other party or agency.** Licensee shall provide PG&E with copies of any and all final Reports as soon as they are available. Unless disclosure is otherwise required under applicable law, Licensee shall keep confidential, and shall cause Licensee's Representatives to keep confidential, all Reports and all other written documents concerning the Property provided or developed pursuant to this License Agreement, including, but not limited to, any information provided by PG&E or received or

prepared by Licensee in Licensee's independent factual, physical and legal examinations and inquiries respecting the Property (collectively, the "**Confidential Information**"), except that Licensee may disclose the same to Licensee's legal counsel and consultants, provided that Licensee obtains the agreement of such legal counsel and consultants to keep the Confidential Information confidential. Neither the contents nor the results of any Confidential Information shall be disclosed by Licensee or Licensee's Representatives without PG&E's prior written approval unless and until Licensee is legally compelled to make such disclosure. Licensee's obligations of this Section shall survive the expiration or termination of this License Agreement.

(b) Licensee shall be responsible for the clean up and remediation of any releases of Hazardous Substances resulting from Licensee's Activities, or any activity by Licensee or Licensee's Representatives, and shall immediately report the details of any such releases to PG&E and to the appropriate regulatory agencies as required by any and all applicable law.

(c) PG&E shall have access to the Property and to the specific site locations of Licensee's Activities at all times. PG&E may take split samples of any air, soil or groundwater at its sole discretion but at its own expense. In the alternative, upon the request of PG&E, Licensee shall provide to PG&E split samples of any air, soil or groundwater sample collected from the Property by Licensee, and PG&E shall reimburse Licensee for the reasonable additional costs incurred by Licensee in providing such split samples.

8. Indemnification; Release.

(a) Licensee shall, to the maximum extent permitted by law, indemnify, protect, defend and hold harmless PG&E, its parent corporation, subsidiaries, affiliates, and their officers, managers, directors, representatives, agents, employees, transferees, successors and assigns (each, an "**Indemnitee**" and collectively, "**Indemnitees**") from and against all claims, losses (including, but not limited to, diminution in value), actions, demands, damages, costs, expenses (including, but not limited to, experts fees and reasonable attorneys' fees and costs) and liabilities of whatever kind or nature (collectively, "**Claims**"), including Claims arising from the passive or active negligence of the Indemnitees, which arise from or are in any way connected with Licensee's Activities, or the entry on, occupancy or use of, the Property by Licensee or Licensee's Representatives, or the exercise by Licensee of Licensee's rights hereunder, or the performance of, or failure to perform, Licensee's duties under this License Agreement, including, but not limited to, Claims arising out of: (i) injury to or death of persons, including, but not limited to, employees of PG&E or Licensee (and including, but not limited to, injury due to exposure to EMFs and other Potential Environmental Hazards in, on or about the Property); (ii) injury to property or other interest of PG&E, Licensee or any third party; (iii) violation of any applicable federal, state, or local laws, statutes, regulations, or ordinances, including all Legal Requirements relating to the environment and including any liability imposed by law or regulation without regard to fault. Without limiting the generality of the foregoing, Licensee shall, to the maximum extent permitted by law, indemnify, protect, defend and hold Indemnitees harmless from and against Claims arising out of or in connection with any labor performed on the Property by, or at the request or for the benefit of, Licensee. In the event any action or proceeding is brought against any Indemnitee for any Claim against which Licensee is obligated to indemnify or provide a defense hereunder, upon written notice from PG&E, Licensee shall defend such action or proceeding at Licensee's sole

expense by counsel approved by PG&E, which approval shall be in PG&E's sole and absolute discretion.

(b) Licensee acknowledges that all Claims arising out of or in any way connected with releases or discharges of a Hazardous Substance, or the exacerbation of a Potential Environmental Hazard, occurring as a result of or in connection with Licensee's use or occupancy of the Property, Licensee's Activities or the activities of any of Licensee's Representatives, and all costs, expenses and liabilities for environmental investigations, monitoring, containment, abatement, removal, repair, cleanup, restoration, remediation and other response costs, including attorneys' fees and disbursements and any fines and penalties imposed for the violation of any Legal Requirements relating to the environment or human health, are expressly within the scope of the indemnity set forth above. The purpose of the foregoing indemnity is to protect PG&E and the Indemnitees from expenses and obligations related to Hazardous Substances on the Property to the fullest extent permitted by law. The Licensee's obligation to defend includes, but is not limited to, the obligation to defend claims and participate in administrative proceedings, even if they are false or fraudulent.

(c) Licensee's use of the Property shall be at Licensee's sole risk and expense, and Licensee accepts all risk relating to Licensee's occupancy and use of the Property. PG&E shall not be liable to Licensee for, and Licensee hereby waives and releases PG&E and the other Indemnitees from, any and all liability, whether in contract, tort or on any other basis, for any injury, damage, or loss resulting from or attributable to an occurrence on or about the Property.

(d) Licensee shall, to the maximum extent permitted by law, indemnify, protect, defend and hold Indemnitees harmless against claims, losses, costs (including attorneys' fees and costs), liabilities and damages resulting from the failure of Licensee, or any of Licensee's consultants, contractors or subcontractors, to comply with the insurance requirements set forth in **EXHIBIT "B"**.

(e) The provisions of this Section 8 shall survive the expiration or termination of this License Agreement.

9. Additional Activities. Licensee shall not perform any activities or tests beyond Licensee's Activities specifically authorized by this License Agreement without the prior written consent of PG&E, which consent shall be in PG&E's sole and absolute discretion, and the prior consent, to the extent required by applicable Legal Requirements, of any governmental authority having jurisdiction, including, but not limited to, the CPUC or the FERC.

10. Reserved Rights. The Property is currently used by PG&E in conjunction with the operation of a substation located on land that is owned by PG&E located adjacent to the Property. PG&E reserves the right to use the Property for any and all purposes, whatsoever, including, without limitation, the right to use the Property for such purposes as it may deem necessary or appropriate if, and whenever, in the interest of its service to its patrons or consumers or the public, it shall appear necessary or desirable to do so. Licensee shall not make use of the Property in any way which will endanger human health or the environment, create a nuisance or otherwise be incompatible with the use of the Property by PG&E or others entitled to use the Property.

11. Compliance; Safety; Insurance. Licensee shall obtain, at Licensee's sole cost and expense, any and all necessary permits, authorizations and approvals applicable to Licensee's Activities and to evidence compliance with all Legal Requirements. PG&E shall have a right to observe Licensee's Activities at any time to confirm Licensee's compliance with the requirements of this License Agreement and applicable Legal Requirements. PG&E's rights under this section shall not relieve Licensee of the sole responsibility to maintain safe and efficient working conditions. Licensee shall procure, carry and maintain in effect throughout the Term of this License Agreement, with respect to the License Area and the use, occupancy and activities of Licensee and Licensee's Representatives on or about the License Area, in a form and with deductibles acceptable to PG&E and with such insurance companies as are acceptable to PG&E, the insurance specified in **EXHIBIT "B"** and by this reference made a part hereof. All policies shall contain endorsements that the insurer shall give PG&E and its designees at least thirty (30) days' advance written notice of any change, cancellation, termination, failure to renew or lapse of insurance. Upon Licensee's execution of this License Agreement, and thereafter at least thirty (30) days prior to the expiration date of any policy, Licensee shall provide PG&E with evidence of the insurance coverage, or continuing coverage, as applicable, required by this License Agreement as more specifically set forth in **EXHIBIT "B"**. This License Agreement shall not become effective, and Licensee and Licensee's Representatives shall not enter the Property nor commence or conduct any activity whatsoever on the Property unless and until the insurance coverage required by this License Agreement is in effect and current proof of insurance has been provided to PG&E. Licensee is also responsible for the compliance of Licensee's consultants, contractors and subcontractors with the insurance requirements, provided that Licensee may, with PG&E's written consent in PG&E's sole and absolute discretion, permit Licensee's consultants, contractors and subcontractors to maintain coverages and limits lower than those specified, so long as the coverages and limits required by Licensee are commercially reasonable in light of applicable circumstances. Licensee's consultants, contractors and subcontractors shall not enter the Property nor commence any activity whatsoever on the Property without the insurance coverage required by this License Agreement being in effect and current proof of insurance having been provided to PG&E from each such consultant, contractor and subcontractor, respectively. The requirements of this Section and **EXHIBIT "B"** shall in no event limit the liability of Licensee under this License Agreement. PG&E reserves the right to review and modify from time to time the coverages and limits of coverage required hereunder, as well as the deductibles and/or self-insurance retentions in effect from time to time. In the event that Licensee or any of Licensee's Representatives fail at any time during the Term to procure, carry or maintain, the insurance required under this Section and **EXHIBIT "B"**, or fail to deliver such policies or certificates as required, PG&E may, at its option, (i) procure such policies for the account of Licensee and Licensee's Representatives, and the cost thereof shall be paid by Licensee to PG&E within five (5) days after delivery to Licensee of an invoice therefor, and/or (ii) terminate this License Agreement, upon written notice to Licensee, in which event Licensee shall immediately vacate the Property and comply with the provisions concerning the condition of the Property on expiration or termination set forth in Section 4 above. For so long as the Licensee hereunder is the Dublin San Ramon Services District-East Bay Municipal Utility District Recycled Water Authority, Licensee may elect to self-insure for any or all of the required coverage].

12. Mechanics' Liens. Licensee shall keep the Property free and clear of all mechanics' liens arising, or alleged to arise, in connection with any work performed, labor or materials supplied or delivered, or similar activities performed by Licensee or at Licensee's request

or for Licensee's benefit. If any mechanics' liens are placed on the Property in connection with Licensee's use or activities, Licensee shall diligently pursue all necessary actions to remove such liens from title, either by payment or by recording a lien release bond in the manner specified in California Civil Code Section 8424 or any successor statute. Notwithstanding anything to the contrary set forth in this License Agreement, if any such lien is not released and removed within thirty (30) days, PG&E at its sole option, may immediately take all actions necessary to release and remove such lien, without any duty to investigate the validity thereof, and all sums, costs and expenses, including attorneys' fees and costs, incurred by PG&E in connection with such lien shall be due and payable by Licensee within thirty (30) days after receipt of a written demand therefor, accompanied by reasonable supporting documentation.

13. Notices. Any notices hereunder shall be in writing and shall be personally delivered, or sent by first class mail, certified or registered, postage prepaid, or by national overnight courier, with charges prepaid for next business day delivery, addressed to the addressee party at the address or addresses listed below, or to such other address or addresses as such party may from time to time designate in writing. Notices shall be deemed received upon actual receipt or refusal of the notice by the party being sent the notice. Any communication hereunder shall be in writing and can be personally delivered as described above or by email transmission.

If to PG&E by standard U.S. mail or by registered or certified mail, return receipt requested:

Manager, Land Rights
PG&E Land Management
P.O. Box 770000, Mail Code N10A
San Francisco, CA 94177

With a copy to:

Law Department
Pacific Gas and Electric Company
P.O. Box 7442
San Francisco, CA 94120
Attn: Managing Counsel, Environmental and Real Estate
Telephone: (415) 973-7503

Lease/License Land Agent
PG&E Land Management
1850 Gateway Blvd 7th Floor
Concord, CA 94520

If to PG&E by personal delivery or overnight courier:

Manager, Land Rights
PG&E Land Management
245 Market Street, Mail Code N10A
San Francisco, CA 94105

With a copy to:

Law Department
Pacific Gas and Electric Company
77 Beale Street, Mail Code B30A
San Francisco, CA 94105
Attn: Managing Counsel, Environmental and Real Estate
Telephone: (415) 973-7503

Lease/License Land Agent
PG&E Land Management
1850 Gateway Blvd 7th Floor
Concord, CA 94520

If to Licensee:

DERWA Authority Manager
Attn: Jan Lee
7051 Dublin Boulevard
Dublin, CA 94568
Telephone: (925) 875-2204
Email: DERWAManager@dsrsd.com

14. Governing Law. This License Agreement shall in all respects be interpreted, enforced, and governed by and under the laws of the State of California.

15. Entire Agreement. This License Agreement supersedes all previous oral and written agreements between and representations by or on behalf of the parties and constitutes the entire agreement of the parties with respect to the subject matter hereof. This License Agreement may not be amended except by a written agreement executed by both parties.

16. Binding Effect. This License Agreement and the covenants and agreements herein contained shall be binding on, and inure to the benefit of, the parties hereto and their respective heirs, successors and assigns, subject to the limitations on assignment set forth in this License Agreement.

17. Assignment. This License Agreement is personal to Licensee, and Licensee shall not assign, transfer, convey or encumber the license and other rights herein granted or any portion thereof or interest herein.

18. Attorneys' Fees. Should either party bring an action against the other party, by reason of or alleging the failure of the other party with respect to any or all of its obligations hereunder, whether for declaratory or other relief, and including any appeal thereof, then the party which prevails in such action shall be entitled to its reasonable attorneys' fees (of both in-house and outside counsel) and expenses related to such action, in addition to all other recovery or relief. A party shall be deemed to have prevailed in any such action (without limiting the generality of the

foregoing) if such action is dismissed upon the payment by the other party of the sums allegedly due or the performance of obligations allegedly not complied with, or if such party obtains substantially the relief sought by it in the action, irrespective of whether such action is prosecuted to judgment. Attorneys' fees shall include, without limitation, fees incurred in discovery, contempt proceedings, and bankruptcy litigation. The non-prevailing party shall also pay the attorney's fees and costs incurred by the prevailing party in any post-judgment proceedings to collect and enforce the judgment. The covenant in the preceding sentence is separate and several and shall survive the merger of this provision into any judgment on this License Agreement. For purposes hereof, the reasonable fees of PG&E's in-house attorneys who perform services in connection with any such action shall be recoverable, and shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the relevant subject matter area of the law, in law firms in the City of San Francisco with approximately the same number of attorneys as are employed by PG&E's Law Department.

19. No Waiver. Any waiver with respect to any provision of this License Agreement shall not be effective unless in writing and signed by the party against whom it is asserted. The waiver of any provision of this License Agreement by a party shall not be construed as a waiver of a subsequent breach or failure of the same term or condition or as a waiver of any other provision of this License Agreement.

20. No Offsets. Licensee acknowledges that PG&E is executing this License Agreement in its capacity as the owner of real property, and not in its capacity as a public utility company or provider of electricity and natural gas. Notwithstanding anything to the contrary contained herein, no act or omission of PG&E or its employees, agents or contractors as a provider of electricity and natural gas shall abrogate, diminish, or otherwise affect the respective rights, obligations and liabilities of PG&E and Licensee under this License Agreement. Further, Licensee covenants not to raise as a defense to Licensee's obligations under this License Agreement, or assert as a counterclaim or cross-claim in any litigation or arbitration between PG&E and Licensee relating to this License Agreement, any claim, loss, damage, cause of action, liability, cost or expense (including, without limitation, attorneys' fees) arising from or in connection with PG&E's provision of (or failure to provide) electricity and natural gas.

21. No Dedication; No Third-Party Beneficiary. Nothing herein contained shall be deemed to be a gift or dedication of the Property or portion thereof to the general public, or for any public use or purpose whatsoever. The right of the public or any person, including Licensee and Licensee's Representatives, to make any use whatsoever of the License Area or any portion thereof, other than as expressly permitted herein or as expressly allowed by a recorded map, agreement, deed or dedication, is by permission and is subject to the control of PG&E in its sole and absolute discretion. The provisions of this License Agreement are for the exclusive benefit of the parties and their successors and assigns, and shall not be deemed to confer any rights upon any person, except such parties and their successors and assigns, subject to the limitations on assignment set forth in this License Agreement. No obligation of a party under this License Agreement is enforceable by, or is for the benefit of, any other third parties.

22. Captions. The captions in this License Agreement are for reference only and shall in no way define or interpret any provision hereof.

23. Time. Except as otherwise expressly provided herein, the parties agree that as to any obligation or action to be performed hereunder, time is of the essence.

24. Severability. If any provision of this License Agreement shall be invalid or unenforceable, the remainder of this License Agreement shall not be affected thereby, and each provision of this License Agreement shall be valid and enforced to the full extent permitted by law, provided the material provisions of this License Agreement can be determined and effectuated.

25. Counterparts. This License Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument. Each Party shall be entitled to rely upon executed copies of this License Agreement transmitted either by facsimile or a portable document format ("pdf") version by email to the same and full extent as the originals.

26. Electronic Signatures. This License Agreement may be executed by electronic signature(s) and transmitted either by facsimile or in a pdf version by email and such electronic signature(s) shall be deemed as original for purposes of this License Agreement and shall have the same force and effect as a manually executed original

27. Joint and Several Liability. If two or more individuals, corporations, partnerships or other business associations (or any combination of two or more thereof) shall sign this License Agreement as Licensee, the liability of each such individual, corporation, partnership or other business association to perform Licensee's obligations hereunder shall be deemed to be joint and several, and all notices, payments and agreements given or made by, with or to any one of such individuals, corporations, partnerships or other business associations shall be deemed to have been given or made by, with or to all of them. In like manner, if Licensee shall be a partnership or other business association, the members of which are, by virtue of statute or federal law, subject to personal liability, then the liability of each such member shall be joint and several.

28. Survival. The waivers of claims or rights, the releases and the obligations of Licensee under this License Agreement to indemnify, protect, defend and hold harmless PG&E and other Indemnitees shall survive the expiration or earlier termination of this License Agreement, and so shall all other obligations or agreements of PG&E and Licensee hereunder which by their terms survive the expiration or earlier termination of this License Agreement.

29. Other Documents. Each party agrees to sign any additional documents or permit applications which may be reasonably required to effectuate the purpose of this License Agreement. Provided, however, that PG&E will not be required to take any action or execute any document that would result in any liability, cost or expense to PG&E.

30. Authority; Execution; Conditions to Effectiveness. The parties and the individuals executing this License Agreement on behalf of the parties, each represent, by executing this License Agreement, that he or she is duly authorized to do so and to bind the respective party to its terms. The submission of this License Agreement for examination or execution does not constitute an approval of the terms herein, or an offer to license the License Area in accordance with the terms and conditions contained herein, and this License Agreement shall not become effective unless and until it has been executed and delivered by both PG&E and Licensee, and Licensee

delivers to PG&E the license fee as set forth in Section 2 above, and current proof of insurance for Licensee and its consultants, contractors and subcontractors as set forth in Section 11 above.

IN WITNESS WHEREOF, the parties have executed this License Agreement as of the date set forth below each signature, effective upon the Effective Date first written above.

“PG&E”

“Licensee”

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

DUBLIN SAN RAMON SERVICES
DISTRICT-EAST BAY MUNICIPAL
UTILITY DISTRICT RECYCLED WATER
AUTHORITY, a joint powers public agency

By: _____

By: _____

Name: Dawn Plisé

Name: Jan Lee

Its: Manager, Land Rights

Its: Authority Manager

Date: _____

Date: _____

EXHIBITS “A” and “B” attached

EXHIBIT A
THE LICENSE AREA

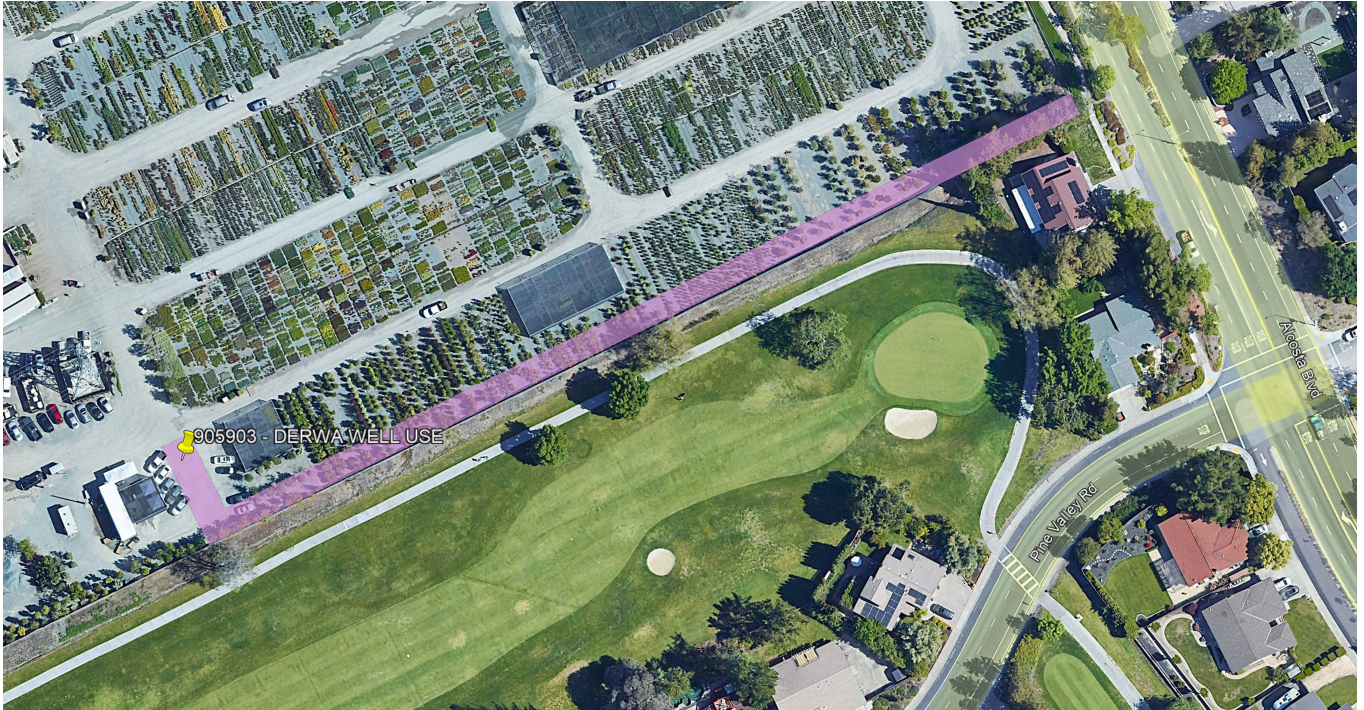


EXHIBIT B

INSURANCE REQUIREMENTS

Licensee shall procure, carry and maintain the following insurance coverage, and Licensee is also responsible for the compliance of Licensee's consultants, contractors and subcontractors with the insurance requirements:

A. Commercial General Liability

1. Coverage shall be at least as broad as the Insurance Services Office (ISO) Commercial General Liability insurance "occurrence" form with no additional coverage alterations.
2. The limits shall not be less than Two Million Dollars (\$2,000,000) per occurrence and Four Million Dollars (\$4,000,000) aggregate for bodily injury, property damage and products and completed operations. Defense costs are to be provided outside the policy limits.
3. Coverage shall (a) by "Additional Insured" endorsement add as insureds PG&E, its directors, officers, agents and employees with respect to liability arising out of work performed by or for the Licensee or any other obligation or liability under the License Agreement, and (b) be endorsed to specify that the Licensee's insurance is primary, and that any insurance or self-insurance maintained by PG&E shall not contribute to it.

B. Auto Liability

1. Coverage shall be at least as broad as the Insurance Services Office (ISO) Business Auto Coverage form covering Automobile Liability, code 1 "any auto".
2. The limit shall not be less than Two Million Dollars (\$2,000,000) each accident for bodily injury and property damage.

C. Pollution Liability

1. Coverage for bodily injury, property damage, including clean-up costs and defense costs resulting from sudden and gradual pollution conditions including the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, hydrocarbons, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water.
2. The limit shall not be less than Three Million Dollars (\$3,000,000) each occurrence.
3. PG&E shall be named as additional insured.

D. Workers' Compensation and Employers' Liability

1. Workers' Compensation insurance indicating compliance with any and all applicable labor codes, acts, laws or statutes, state or federal.
2. Employer's Liability insurance shall not be less than One Million Dollars (\$1,000,000) for injury or death, each accident.

E. Additional Insurance Provisions

1. Upon execution of this Agreement, Licensee shall furnish PG&E with certificates of insurance and endorsements of all required insurance for Licensee.
2. The certificate shall state that coverage shall not be changed, cancelled, terminated, failed to be renewed or lapsed, except after thirty (30) days prior written notice has been given to PG&E.
3. The certificate must be signed by a person authorized by that insurer to bind coverage on its behalf and shall be submitted to PG&E's Land Agent as specified under Notices in the body of the License Agreement.
4. PG&E may inspect the original policies or require complete certified copies, at any time.
5. Licensee shall furnish PG&E the same evidence of insurance for Licensee's agents, consultants, contractors or subcontractors as PG&E requires of Licensee, prior to entry onto the Property by such parties.
6. Should Licensee have the right under this License Agreement to self-insure for any required insurance, Licensee shall be liable to PG&E for the full equivalent of insurance coverage which would have been available to PG&E if the applicable insurance policies had been obtained by Licensee from a third party insurer, in full compliance with the provisions of this EXHIBIT "B", and shall pay on behalf of or indemnify PG&E for all amounts which would have been payable by the third party insurer. In addition, Licensee shall act with the same promptness and subject to the same standards of good faith as would apply to a third-party insurance company.

Item 8.A

DERWA Summary & Recommendation

Accept the DERWA Independent Auditor's Reports and Financial Statements for Years Ending June 30, 2022, and 2021

Summary:

Attached are the annual financial audit reports for the Fiscal Year 2022 (FY22) and the Fiscal Year 2021 (FY21). The annual financial audit includes the audited Dublin San Ramon Services District-East Bay Municipal Utility District Recycled Water Authority (DERWA) Financial Statements as of June 30, 2022, and June 30, 2021, and the Report on Internal Control over Financial Reporting and Compliance and Other Matters for each fiscal year. The audits did not find any issues, deficiencies, material weaknesses or findings with the DERWA accounting practices and internal controls for FY22 and FY21. The FY21 annual financial audit was completed in 2021, but was not formally transmitted to the DERWA Board until now due to an oversight after the November 2021 DERWA meeting was cancelled.

Recommendation:

Staff recommends the DERWA Board of Directors accept, by Motion, the DERWA Independent Auditor's Reports and Financial Statements for Years Ending June 30, 2022, and 2021.

January 30, 2023

Attachments

1. FY 21 Audit Communication Letter
2. FY 21 Financial Statements
3. FY 22 Audit Communication Letter
4. FY 22 Financial Statements



September 23, 2021

To the Board of Directors
Dublin San Ramon Services District/
East Bay Municipal Utility District Recycle Water Authority
Oakland, California

We have audited the financial statements of the Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (Authority) for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 4, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2020-2021. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No misstatements were found.



To the Board of Directors
Dublin San Ramon Services District/
East Bay Municipal Utility District Recycle Water Authority
Oakland, California

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 23, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management discussion and analysis which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

New Accounting Standards

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2020-2021 audit:

GASB Statement No. 84, *Fiduciary Activities*.

GASB Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statement Nos. 14 and 61*.



To the Board of Directors
Dublin San Ramon Services District/
East Bay Municipal Utility District Recycle Water Authority
Oakland, California

The following Governmental Accounting Standards Board (GASB) pronouncements are effective in the following fiscal year audit and should be reviewed for proper implementation by management:

Fiscal year 2021-22

GASB Statement No. 87, *Leases*.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

Fiscal year 2022-23

GASB Statement No. 91, *Conduit Debt Obligations*.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Lance, Soll & Lughard, LLP". The signature is written in a cursive, flowing style.

Sacramento, California



DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020 BASIC FINANCIAL STATEMENTS

Focused
on YOU



**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY
BASIC FINANCIAL STATEMENTS
For The Years Ended June 30, 2021 and 2020**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Dublin San Ramon Services District/
East Bay Municipal Utility District Recycled Water Authority
Oakland, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information, of the Dublin San Ramon Services District/ East Bay Municipal Utility District Recycled Water Authority (Authority) as of and for the year ended June 30, 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective plan net position of the Authority, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the date of the financial statements.



To the Board of Directors
Dublin San Ramon Services District/
East Bay Municipal Utility District Recycled Water Authority
Oakland, California

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Responsibilities

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



To the Board of Directors
Dublin San Ramon Services District/
East Bay Municipal Utility District Recycled Water Authority
Oakland, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2021 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Lance, Soll & Lughard, LLP

Sacramento, California
September 23, 2021

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

Management's Discussion and Analysis

June 30, 2021 and 2020

This section presents management's analysis of the Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (the Authority) financial condition and activities as of and for the years ended June 30, 2021 and 2020. Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the Agency's basic financial statements. The MD&A represents management's examination and analysis of the Authority's financial condition and performance.

This information should be read in conjunction with the audited financial statements that follow this section. The information in the MD&A is presented under the following headings:

- Organization and Business
- Overview of the Financial Statements
- Financial Analysis
- Request for Information

Organization and Business

The Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (the Authority) is a public entity established pursuant to California Government Code Section 6500 et seq. The Authority was created in accordance with the terms of a Joint Exercise of Powers Agreement, dated June 28, 1995, between Dublin San Ramon Services District (DSRSD) and East Bay Municipal Utility District (EBMUD). The Authority was established to supply recycled water to DSRSD and EBMUD through the construction and operation of a water recycling facility with a planned capacity of a minimum of \$5.20 million gallons per day. The water recycling facility started operation on February 1, 2006.

For additional information, please see the notes to the basic financial statements.

Overview of the Financial Statements

The basic financial statements include a *statement of net position*, a *statement of revenues, expenses, and changes in net position*, a *statement of cash flows*, and *notes to financial statements*. The report also contains other required supplementary information in addition to the basic financial statements.

The Authority's basic financial statements include:

The *statement of net position* presents information on the Authority's assets and liabilities, with the difference between the two reported as net position. It provides information about the nature and amount of resources and obligations at year-end.

The *statement of revenues, expenses, and changes in net position* presents the results of the Authority's operations over the course of the fiscal year and information as to how the *net position* changed during the year.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

Management's Discussion and Analysis

June 30, 2021 and 2020

The *statement of cash flows* presents changes in cash and cash equivalents resulting from operational, capital, and related financing, and investing activities. This statement summarizes the annual flow of cash receipts and cash payments, without consideration of the timing of the event giving rise to the obligation or receipt.

The *notes to basic financial statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to basic financial statements can be found on pages 10 to 18 of this report.

Financial Analysis:

Table 1 summarizes net assets at June 30, 2021 and 2020, and Table 2 summarizes revenues, expenses and changes in net position for the years ended June 30, 2021 and 2020. Both tables also include changes from the prior year.

**Table 1
Summary of Net Position
June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>	<u>Variance</u>
Assets:			
Current assets	\$ 4,434,292	\$ 4,027,179	\$ 407,113
Capital assets	<u>73,453,236</u>	<u>75,664,544</u>	<u>(2,211,308)</u>
Total assets	<u>77,887,528</u>	<u>79,691,723</u>	<u>(1,804,195)</u>
Liabilities:			
Current liabilities	1,741,521	2,148,787	(407,266)
Long-term liabilities	<u>5,287,232</u>	<u>6,763,656</u>	<u>(1,476,424)</u>
Total liabilities	<u>7,028,753</u>	<u>8,912,443</u>	<u>(1,883,690)</u>
Net position:			
Net investment in capital assets	66,689,581	67,460,476	(770,895)
Unrestricted	<u>4,169,194</u>	<u>3,318,804</u>	<u>850,390</u>
Total net position	<u>\$ 70,858,775</u>	<u>\$ 70,779,280</u>	<u>\$ 79,495</u>

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

Management's Discussion and Analysis

June 30, 2021 and 2020

Table 2
Summary of Revenues, Expenses and Changes in Net Position
Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>	<u>Variance</u>
Operating revenue:	\$ 6,307,509	\$ 6,800,703	\$ (493,194)
Operating expenses:			
Professional services	(5,240)	(7,400)	2,160
General and administrative	(409,967)	(470,096)	60,129
Operation and maintenance	(2,818,309)	(2,541,207)	(277,102)
Depreciation	<u>(2,795,096)</u>	<u>(1,866,407)</u>	<u>(928,689)</u>
Total operating expenses	(6,028,612)	(4,885,110)	(1,143,502)
Nonoperating income (expenses):			
Investment and other income	5,700	14,829	(9,129)
Interest on state loan	<u>(205,102)</u>	<u>(240,234)</u>	<u>35,132</u>
Total other income (expenses)	(199,402)	(225,405)	26,003
Change in net position	79,495	1,690,188	(1,610,693)
Total net position - beginning, as restated	<u>70,779,280</u>	<u>69,089,092</u>	<u>1,690,188</u>
Total net position - ending	<u><u>\$ 70,858,775</u></u>	<u><u>\$ 70,779,280</u></u>	<u><u>\$ 79,495</u></u>

- Current assets of the Authority increased by \$0.41 million due to an increase in cash and accounts receivable from prior year.
- The net position of the Authority increased by \$0.08 million from the prior year. The reason for this increase was a decrease in current and long-term liabilities of \$1.88 million offset by a decrease in current and capital assets of \$1.80 million.
- Capital assets as of June 30, 2021 decreased by \$2.21 million due to a higher depreciation amount over capital additions.
- Total liabilities as of June 30, 2021 decreased by \$1.88 million from the prior year. The principal reason for decrease was the \$1.40 million decrease in the outstanding loan balance.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

Management's Discussion and Analysis

June 30, 2021 and 2020

- The Authority borrowed a 20-year loan in the amount of \$24.70 million with a 2.5% fixed interest rate. After repayment of the fifteenth installment of \$1.65 million for fiscal year 2021, as of June 30, 2021, \$5.29 million was the long-term liability outstanding.

Request for Information

This financial report is designed to provide readers with a general overview of the Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority's finances and demonstrate the Authority's accountability for the monies it manages. If you have any questions about this report or need additional information, please contact: DERWA Treasurer, Richard Lou, MS #809, P.O. Box 24055, Oakland, CA 94623.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2021 AND JUNE 30, 2020**

ASSETS	2021	2020
Current Assets:		
Cash and cash equivalents (Note 2)	\$ 917,991	\$ 109,674
Investments (Note 2)	1,000,000	1,000,000
Receivables:		
East Bay Municipal Utility District	1,035,845	1,102,495
Dublin San Ramon Services District	1,306,610	1,680,860
City of Pleasanton	173,084	130,638
Interest Receivables	762	3,512
Total Current Assets	4,434,292	4,027,179
Capital Assets (Note 3):		
Structures, buildings, and equipment	100,416,057	82,912,392
Less accumulated depreciation	(28,853,799)	(26,058,703)
Subtotal	71,562,258	56,853,689
Land and rights-of-way	1,890,978	1,890,978
Construction in progress	-	16,919,877
Total Capital Assets, Net of Accumulated Depreciation	73,453,236	75,664,544
Total Assets	77,887,528	79,691,723
LIABILITIES		
Current Liabilities:		
Current portion of state loan payable (Note 5)	1,476,423	1,440,412
Accounts payable	18,286	20,734
Payable to members:		
East Bay Municipal Utility District	10,274	4,193
Dublin San Ramon Services District	236,538	683,448
Total Current Liabilities	1,741,521	2,148,787
Long-term Liabilities:		
State loan payable (Note 5)	5,287,232	6,763,656
Total Noncurrent Liabilities	5,287,232	6,763,656
Total Liabilities	7,028,753	8,912,443
NET POSITION (Note 1)		
Net investment in capital assets	66,689,581	67,460,476
Unrestricted	4,169,194	3,318,804
Total Net Position	\$ 70,858,775	\$ 70,779,280

See accompanying notes to financial statements.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
JUNE 30, 2021 AND JUNE 30, 2020**

	<u>2021</u>	<u>2020</u>
Operating Revenue:		
Contributions from members	\$ 5,677,465	\$ 6,319,539
Contributions from others	<u>630,044</u>	<u>481,164</u>
Total Contributions	6,307,509	6,800,703
Operating (Expenses):		
Professional services	(5,240)	(7,400)
General and administrative	(409,967)	(470,096)
Operation and maintenance	(2,818,309)	(2,541,207)
Depreciation (Note 3)	<u>(2,795,096)</u>	<u>(1,866,407)</u>
Total Operating (Expenses)	<u>(6,028,612)</u>	<u>(4,885,110)</u>
Net Operating Income	<u>278,897</u>	<u>1,915,593</u>
Nonoperating Revenue (Expense):		
Interest and other income	5,700	14,829
Interest on state loan	<u>(205,102)</u>	<u>(240,234)</u>
Total Nonoperating Revenue (Expenses)	<u>(199,402)</u>	<u>(225,405)</u>
Changes in Net Position	79,495	1,690,188
Total Net Position - Beginning, As Restated	<u>70,779,280</u>	<u>69,089,092</u>
Total Net Position - Ending	<u><u>\$ 70,858,775</u></u>	<u><u>\$ 70,779,280</u></u>

See accompanying notes to financial statements.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND JUNE 30, 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash received for sales of water	\$ 6,705,963	\$ 6,488,914
Cash paid for supplies and services	<u>(3,676,793)</u>	<u>(3,360,005)</u>
Net cash provided by operating activities	<u>3,029,170</u>	<u>3,128,909</u>
Cash flows from capital and related financing activities:		
Cash paid for interest	(205,102)	(240,234)
Cash paid on state loan	(1,440,413)	(1,405,280)
Cash paid for construction of capital assets	<u>(583,788)</u>	<u>(1,371,869)</u>
Net cash (used in) capital and related financing activities	<u>(2,229,303)</u>	<u>(3,017,383)</u>
Cash flows provided by investing activities:		
Interest and other income received	<u>8,450</u>	<u>11,318</u>
Net change in cash and cash equivalents	808,317	122,844
Cash and investments at beginning of period	<u>1,109,674</u>	<u>986,830</u>
Cash and investments at end of period	<u><u>\$ 1,917,991</u></u>	<u><u>\$ 1,109,674</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 278,897	\$ 1,915,593
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,795,096	1,866,407
Changes in operating assets and liabilities:		
Accounts receivable	398,454	(311,789)
Accounts payable	<u>(443,277)</u>	<u>(341,302)</u>
Net cash provided by operating activities	<u><u>\$ 3,029,170</u></u>	<u><u>\$ 3,128,909</u></u>

See accompanying notes to financial statements.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 1 –NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. *Description of Reporting Entity*

The Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (the Authority) is a public entity established pursuant to California Government Code Section 6500 et seq. The Authority was created in accordance with the terms of a Joint Exercise of Powers Agreement, dated June 28, 1995, between Dublin San Ramon Services District (DSRSD) and East Bay Municipal Utility District (EBMUD). The Authority was established to supply recycled water to DSRSD and EBMUD through the construction and operation of a water recycling facility with a planned capacity of a minimum of \$5.20 million gallons per day. The water recycling facility is fully operational.

An additional member, or members, may be added to the Authority upon request evidenced by submission of a certified copy of a resolution adopted by the governing body of the public agency requesting membership in the Authority. Such request must be approved by the governing bodies of all the existing members. The Board may require a party seeking to become a member to meet any terms and conditions the Board deems appropriate.

The facilities became operational on February 1, 2006. Operation and maintenance expenses are allocated based on each member's actual usage. General and administrative expenses were allocated equally to DSRSD and EBMUD during the first year of operation ending on March 31, 2007; after the first operation year, the costs are allocated based on the member's actual water usage. Capital costs', including debt service, is allocated based on each member's proportional value of capital assets assigned to each member agency.

B. *Basis of Accounting*

The accompanying financial statements report the financial position of the Authority in accordance with accounting standards generally accepted in the United States of America. As the Authority is a governmental entity, the preparation of its financial statements is governed by the pronouncements of the Governmental Accounting Standards Board (GASB).

The Authority, as a proprietary enterprise, is accounted for on a flow of economic resources measurement focus using the accrual basis of accounting. Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

The Authority distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

Notes to Financial Statements

June 30, 2021 and 2020

**NOTE 1 –NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Statement of Net Position – The statement of net position is designed to display the financial position of the Authority. The Authority’s fund equity is reported as net position, which is the excess of all of the Authority’s assets over all its liabilities. Net Position is divided into three captions under GASB Statement 34. As of June 30, 2021, the Authority reported the following classifications of net position:

- *Net investment in capital assets* describes the Authority’s capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Unrestricted* describes the portion of Net Position which is not restricted to use.

Statement of Revenues, Expenses, and Changes in Net Position – The statement of revenues, expenses, and changes in net position is the operating statement for proprietary funds. Revenues are reported by major source. This statement distinguishes between operating and nonoperating revenues and expenses and presents a separate subtotal for operating revenues, operating expenses, and operating income.

C. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclose contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

D. *Capital Assets*

The additions to capital assets are capitalized at historical cost. Cost includes material, direct labor and fringe benefits, transportation, and such indirect items as engineering, supervision, and interest on borrowed funds during construction, net of interest earned on unspent construction proceeds. Repairs, maintenance, and minor purchases of equipment are charged to expenses as incurred.

The purpose of depreciation is to spread the cost of capital assets equitably among all customers over the life of these assets. The amount charged to depreciation expense each year represents that year’s pro rata share of depreciable capital assets.

Depreciation of all capital assets in service, excluding land, is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the balance sheet as a reduction in the book value of the capital assets.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

Notes to Financial Statements

June 30, 2021 and 2020

**NOTE 1 –NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Capital assets are depreciated using the straight-line method of depreciation, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the assets is fully depreciated. The Authority has assigned the useful lives listed below to capital assets:

Utility plant:	Years
Water Treatment	20-75
Pumping Plants	25-75
Reservoirs	25-100
Pipeline	25-75

E. Preoperating Costs

In accordance with accounting principles generally accepted in the United States of America, preoperating costs which have no discernible future economic benefit are expensed as incurred.

F. Cash and Cash Equivalents

The Authority considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

G. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

Notes to Financial Statements

June 30, 2021 and 2020

**NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

NOTE 2 – CASH AND INVESTMENTS

A. Composition

The Authority's cash and cash equivalents at June 30 consisted of the following deposits and investments held by EBMUD on the Authority's behalf:

	<u>2021</u>	<u>2020</u>
Demand deposits with banks	\$ 917,991	\$ 109,674
Local Agency Investment Fund	1,000,000	1,000,000
Total cash and cash equivalents	<u>\$ 1,917,991</u>	<u>\$ 1,109,674</u>

B. Collateralization of Cash and Cash Equivalents

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the Authority's cash on deposit or first trust deed mortgage notes with a value of 150% of the Authority's cash on deposit as collateral for these deposits. Under California Law this collateral is held in an investment pool by an independent financial institution in the Authority's name and places the Authority ahead of general creditors of the institution pledging the collateral. The Authority has waived collateral requirements for the portion of deposits covered by federal deposit insurance.

The Authority's investments are carried at fair value, as required by generally accepted accounting principles. The Authority adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

C. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As an external investment pool, the Local Agency Investment Fund was not rated as of June 30, 2021 and 2020.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

D. *Fair Value Hierarchy*

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The California Local Agency Investment Fund is exempt from classification for fair value hierarchy.

E. *Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority generally manages its interest rate risk by purchasing a combination of short-term and long-term investments and holding investments to maturity. The Authority's only investment is in the California Local Agency Investment Fund which can be withdrawn at any time usually within a day.

F. *Local Agency Investment Fund (LAIF)*

The Authority is a participant in the Local Agency Investment Fund (LAIF), which is regulated by California Government Code §16429 under the oversight of the Treasurer of the State of California. The value of the pool shares in LAIF is determined on an amortized cost basis, which is different from the fair value of its position in the pool. Authority's investments with LAIF at June 30, 2021 and 2020 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

- Structured Notes are debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.
- Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets, such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2021 and 2020, the Authority had investments of \$1,000,000 and \$1,000,000, respectively, invested in LAIF, which had invested 2.31% and 3.37% of the pooled investment funds in Structured Notes and Asset-Backed Securities. The LAIF fair value factor of 1.00008297 and 1.004912795 as of June 30, 2021 and 2020, respectively was used to calculate the fair value of the investments in LAIF.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 3 – CAPITAL ASSETS

Capital assets as of June 30, 2021 consist of land, not being depreciated and capital assets being depreciated. The capital assets began depreciation effective February 2006. Construction of capital assets is funded through member contributions. Capital assets activity for the year ended June 30, 2021 was as follows:

	Balance at June 30, 2020	Additions and Transfers, net	Retirements and Transfers, net	Balance at June 30, 2021
Capital assets not being depreciated:				
Land and rights-of-way	\$ 1,890,978	\$ -	\$ -	\$ 1,890,978
Construction in progress	16,919,877	583,788	(17,503,665)	-
Total capital assets not being depreciated	18,810,855	583,788	(17,503,665)	1,890,978
Capital assets, being depreciated:				
Water treatment	26,228,765	16,350,980	-	42,579,745
Pumping plants	13,792,192	-	-	13,792,192
Reservoirs	14,439,008	1,152,685	-	15,591,693
Pipelines	28,452,427	-	-	28,452,427
Total capital assets being depreciated	82,912,392	17,503,665	-	100,416,057
Less accumulated depreciation for:				
Water treatment	(9,384,394)	(1,576,017)	-	(10,960,411)
Pumping plants	(4,503,161)	(345,067)	-	(4,848,228)
Reservoirs	(4,129,738)	(289,045)	-	(4,418,783)
Pipelines	(8,041,410)	(584,967)	-	(8,626,377)
Total accumulated depreciation	(26,058,703)	(2,795,096)	-	(28,853,799)
Net capital assets being depreciated	56,853,689	14,708,569	-	71,562,258
Capital assets, net	\$ 75,664,544	\$ 15,292,357	\$ (17,503,665)	\$ 73,453,236

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 4 - COMMERCIAL PAPER NOTES PAYABLE

The Authority's Board of Directors authorized a short-term commercial paper borrowing program of up to \$50,000,000 on December 15, 2003. The proceeds from the issuance of commercial paper are used to finance the acquisition and construction of facilities for the treatment, transmission, distribution and storage of recycled water. The Authority may issue commercial paper notes at the prevailing interest rate for periods not more than 270 days from the date of issuance. The commercial paper notes are collateralized solely by the revenues of the Authority, after payment of specific operating and maintenance expenses. To provide liquidity for the program, the Authority would maintain a liquidity support agreement (line of credit) with a commercial bank. The Authority does not currently have a liquidity support agreement with a commercial bank and would have to secure an agreement before issuing new commercial paper. As of June 30, 2021, there were no commercial paper notes outstanding under this program.

NOTE 5 – LONG TERM DEBT

A. *Composition and Change*

The Authority's Board of Directors authorized a long-term borrowing program from the State Water Resource Control Board of up to \$24,764,850 on July 25, 2005. The Authority drew down \$22,993,368 as of the fiscal year ended June 30, 2006, the proceeds from which were used to finance the acquisition and construction of facilities for the treatment, transmission, distribution and storage of recycled water. As of June 30, 2008, the Authority drew down an additional amount of \$1,685,283. The loan has a 20-year term at a 2.5% fixed interest rate. The repayment of the loans and interest are made in annual installments commencing on July 1, 2007. The loan is collateralized solely by the revenues of the Authority, after payment of specific operating and maintenance expenses.

The following is the activity in the State Loan Program during the fiscal year ended June 30, 2021:

	Balance June 30, 2020	Retirements	Balance June 30, 2021
2006 State Water Resources Loan			
2.5%, due 07/25/2025	\$ 8,204,068	\$ 1,440,413	\$ 6,763,655
Less amount due within one year	<u>1,440,412</u>		<u>1,476,423</u>
Noncurrent portion	<u>\$ 6,763,656</u>		<u>\$ 5,287,232</u>

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 5 – LONG TERM DEBT (CONTINUED)

B. Debt Service Requirements

Annual debt service requirements are shown below for the loan:

Year ending June 30,	Principal	Interest	Total
2022	\$ 1,476,423	\$ 169,091	\$ 1,645,514
2023	1,513,333	132,181	1,645,514
2024	1,551,167	94,347	1,645,514
2025	1,589,945	55,568	1,645,513
2026	632,787	15,820	648,607
Totals	<u>\$ 6,763,655</u>	<u>\$ 467,007</u>	<u>\$ 7,230,662</u>

NOTE 6 – RELATED PARTY TRANSACTIONS

DSRSD is responsible for the operation of the facility. DSRSD and EBMUD both provide professional services that are capitalized as well as administrative services. In addition, as the Authority does not have any employees, EBMUD provides certain treasury management and accounting services including conducting all cash transactions and providing for the annual audit. The two members received the following total reimbursements for their services for the years ended June 30:

	2021	2020
DSRSD	\$ 3,655,508	\$ 3,797,135
EBMUD	62,417	157,826
Totals	<u>\$ 3,717,925</u>	<u>\$ 3,954,961</u>

NOTE 7 – RISK MANAGEMENT

The Authority's liability and property risks are insured by commercial insurance carriers. Selected insurance coverages include:

<u>Coverage</u>	<u>Policy limit</u>
Bodily injury	\$ 10,000,000
Property damage	10,000,000
Personal injury	10,000,000
Non-owned and hired automobile liability	10,000,000
Public officials errors and omissions	10,000,000
Fire damage liability	1,000,000
Employment practices liability	5,000,000

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 7 – RISK MANAGEMENT (CONTINUED)

Any liability the Authority may have for uninsured claims is limited to general liability claims. However, the Authority has experienced no losses from such claims during the preceding three years and it therefore believes there is no liability for claims incurred but not reported.

NOTE 8 – PRIOR PERIOD RECLASSIFICATION

Fiscal year 2021 total beginning Authority's net position is being restated to reflect an expense that was accrued at the time of fiscal year 2020 audit fieldwork but was erroneously excluded from the audited statement of revenues, expenses, and changes in net position. Total beginning net position decreased by \$240,505 to \$70,779,280.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Dublin San Ramon Services District/
East Bay Municipal Utility District Recycled Water Authority
Oakland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (Authority), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 23, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



To the Board of Directors
Dublin San Ramon Services District/
East Bay Municipal Utility District Recycled Water Authority
Oakland, California

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District and Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District and Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Lance, Soll & Loughard, LLP".

Sacramento, California
September 23, 2021



November 1, 2022

To the Board of Directors
Dublin San Ramon Services District/
East Bay Municipal Utility District Recycle Water Authority
City of Oakland, California

We have audited the basic financial statements of the Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (Authority) for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 4, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Significant Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2021-2022. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no significant estimates pertaining to the Authority during fiscal year 2021-2022.

The financial statement disclosures are neutral, consistent, and clear.

Significant or Unusual Transactions

Management is responsible for the policies and practices used to account for significant or unusual transactions. No significant unusual transactions have occurred during fiscal year 2021-2022.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.



To the Board of Directors
Dublin San Ramon Services District/
East Bay Municipal Utility District Recycle Water Authority
City of Oakland, California

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We are pleased to report that no such misstatements were identified during the course of our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 1, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the significant events or transactions that occurred during the year, business conditions affecting the Authority and business plans and strategies that may affect the risks of material misstatements, the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.



To the Board of Directors
Dublin San Ramon Services District/
East Bay Municipal Utility District Recycle Water Authority
City of Oakland, California

New Accounting Standards

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2021-2022 audit:

GASB Statement No. 87, *Leases*.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

The following GASB pronouncements are effective in the following fiscal years' audits and should be reviewed for proper implementation by management:

Fiscal year 2023

GASB Statement No. 91, *Conduit Debt Obligations*.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangement*.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Fiscal year 2024

GASB Statement No. 99, *Omnibus 2022*.

GASB Statement No. 100, *Accounting Changes and Error Corrections*.

Fiscal year 2025

GASB Statement No. 101, *Compensated Absences*.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Lance, Soll & Loughard, LLP".

Sacramento, California



DUBLIN SAN RAMON SERVICES DISTRICT/ EAST BAY MUNICIPAL UTILITY DISTRICT RECYCLED WATER AUTHORITY

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

BASIC FINANCIAL STATEMENTS

Focused
on YOU



**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY
BASIC FINANCIAL STATEMENTS
For The Years Ended June 30, 2022 and 2021**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Dublin San Ramon Services District/
East Bay Municipal Utility District Recycled Water Authority
City of Oakland, California

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Dublin San Ramon Services District/East Bay Utility District Recycled Water Authority (the Authority) as of and for the year ended June 30, 2022 and 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



To the Board of Directors
Dublin San Ramon Services District/
East Bay Municipal Utility District Recycled Water Authority
City of Oakland, California

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the GAAS, *Government Auditing Standards* and the State Controller's Minimum Audit Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the State Controller's Minimum Audit Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Responsibilities

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information



To the Board of Directors
Dublin San Ramon Services District/
East Bay Municipal Utility District Recycled Water Authority
City of Oakland, California

and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Prior Year Comparative Information

The financial statements include prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principals generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended June 30, 2021, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Lance, Solt & Loughard, LLP

Sacramento, California
November 1, 2022

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

Management's Discussion and Analysis

June 30, 2022 and 2021

This section presents management's analysis of the Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (the Authority) financial condition and activities as of and for the years ended June 30, 2022 and 2021. Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the Agency's basic financial statements. The MD&A represents management's examination and analysis of the Authority's financial condition and performance.

This information should be read in conjunction with the audited financial statements that follow this section. The information in the MD&A is presented under the following headings:

- Organization and Business
- Overview of the Financial Statements
- Financial Analysis
- Request for Information

Organization and Business

The Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (the Authority) is a public entity established pursuant to California Government Code Section 6500 et seq. The Authority was created in accordance with the terms of a Joint Exercise of Powers Agreement, dated June 28, 1995, between Dublin San Ramon Services District (DSRSD) and East Bay Municipal Utility District (EBMUD). The Authority was established to supply recycled water to DSRSD and EBMUD through the construction and operation of a water recycling facility with a planned capacity of a minimum of 5.7 million gallons per day. The water recycling facility started operation on February 1, 2006.

For additional information, please see the notes to the basic financial statements.

Overview of the Financial Statements

The basic financial statements include a *statement of net position*, a *statement of revenues, expenses, and changes in net position*, a *statement of cash flows*, and *notes to financial statements*. The report also contains other required supplementary information in addition to the basic financial statements.

The Authority's basic financial statements include:

The *statement of net position* presents information on the Authority's assets and liabilities, with the difference between the two reported as net position. It provides information about the nature and amount of resources and obligations at year-end.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

Management's Discussion and Analysis

June 30, 2022 and 2021

The *statement of revenues, expenses, and changes in net position* presents the results of the Authority's operations over the course of the fiscal year and information as to how the *net position* changed during the year.

The *statement of cash flows* presents changes in cash and cash equivalents resulting from operational, capital, and related financing, and investing activities. This statement summarizes the annual flow of cash receipts and cash payments, without consideration of the timing of the event giving rise to the obligation or receipt.

The *notes to basic financial statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to basic financial statements can be found on pages 11 to 19 of this report.

Financial Analysis:

Table 1 summarizes net position at June 30, 2022 and 2021, and Table 2 summarizes revenues, expenses and changes in net position for the years ended June 30, 2022 and 2021. Both tables also include changes from the prior year.

**Table 1
Summary of Net Position
June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
Assets:			
Current assets	\$ 3,388,712	\$ 4,434,292	\$ (1,045,580)
Capital assets	<u>71,433,055</u>	<u>73,453,236</u>	<u>(2,020,181)</u>
Total assets	<u>74,821,767</u>	<u>77,887,528</u>	<u>(3,065,761)</u>
Liabilities:			
Current liabilities	2,263,846	1,741,521	522,325
Long-term liabilities	<u>3,773,899</u>	<u>5,287,232</u>	<u>(1,513,333)</u>
Total liabilities	<u>6,037,745</u>	<u>7,028,753</u>	<u>(991,008)</u>
Net position:			
Net investment in capital assets	66,145,823	66,689,581	(543,758)
Unrestricted	<u>2,638,199</u>	<u>4,169,194</u>	<u>(1,530,995)</u>
Total net position	<u>\$ 68,784,022</u>	<u>\$ 70,858,775</u>	<u>\$ (2,074,753)</u>

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

Management's Discussion and Analysis

June 30, 2022 and 2021

Table 2
Summary of Revenues, Expenses and Changes in Net Position
Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
Operating revenue:	\$ 6,340,102	\$ 6,307,509	\$ 32,593
Operating expenses:			
Professional services	(5,240)	(5,240)	-
General and administrative	(319,233)	(409,967)	90,734
Operation and maintenance	(3,487,225)	(2,818,309)	(668,916)
Depreciation	<u>(2,291,324)</u>	<u>(2,795,096)</u>	<u>503,772</u>
Total operating expenses	(6,103,022)	(6,028,612)	(74,410)
Nonoperating income (expenses):			
Investment and other income	3,746	5,700	(1,954)
Reimbursement of Member Contributions	(2,146,488)	-	(2,146,488)
Interest on state loan	<u>(169,091)</u>	<u>(205,102)</u>	<u>36,011</u>
Total other income (expenses)	(2,311,833)	(199,402)	(2,112,431)
Change in net position	(2,074,753)	79,495	(2,154,248)
Total net position - beginning	<u>70,858,775</u>	<u>70,779,280</u>	<u>79,495</u>
Total net position - ending	<u><u>\$ 68,784,022</u></u>	<u><u>\$ 70,858,775</u></u>	<u><u>\$ (2,074,753)</u></u>

- Current assets of the Authority decreased by \$1.05 million due to a decrease in cash and accounts receivable from prior year.
- The net position of the Authority decreased by \$2.07 million from the prior year. The reason for this decrease was a decrease in current and capital assets of \$3.07 million offset by a decrease in current and long-term liabilities of \$0.99 million.
- Capital assets as of June 30, 2022 decreased by \$2.02 million due to a higher depreciation amount over capital expenditures.
- Total liabilities as of June 30, 2022 decreased by \$0.99 million from the prior year. The principal reason for the decrease was a \$1.48 million decrease in the outstanding loan balance offset by an increase of \$0.49 in account payable.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

Management's Discussion and Analysis

June 30, 2022 and 2021

- The Authority borrowed a 20-year loan in the amount of \$24.7 million with a 2.5% fixed interest rate. After repayment of the sixteenth installment of \$1.65 million for fiscal year 2022, as of June 30, 2022, \$3.77 million was the long-term liability outstanding.

Request for Information

This financial report is designed to provide readers with a general overview of the Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority's finances and demonstrate the Authority's accountability for the assets and liabilities it manages. If you have any questions about this report or need additional information, please contact: DERWA Treasurer, Richard Lou, MS #809, P.O. Box 24055, Oakland, CA 94623.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY
STATEMENTS OF NET POSITION
JUNE 30, 2022 AND JUNE 30, 2021**

ASSETS	2022	2021
Current Assets:		
Cash and cash equivalents (Note 2)	\$ 805,280	\$ 917,991
Investments (Note 2)	1,000,000	1,000,000
Receivables:		
East Bay Municipal Utility District	273,210	1,035,845
Dublin San Ramon Services District	995,205	1,306,610
City of Pleasanton	313,298	173,084
Interest receivable	1,719	762
Total Current Assets	<u>3,388,712</u>	<u>4,434,292</u>
Capital Assets (Note 3):		
Structures, buildings, and equipment	100,590,008	100,416,057
Less accumulated depreciation	<u>(31,145,123)</u>	<u>(28,853,799)</u>
Subtotal	<u>69,444,885</u>	<u>71,562,258</u>
Land and rights-of-way	1,890,978	1,890,978
Construction in progress	<u>97,192</u>	<u>-</u>
Total capital assets, net of accumulated depreciation	<u>71,433,055</u>	<u>73,453,236</u>
Total Assets	<u>74,821,767</u>	<u>77,887,528</u>
LIABILITIES		
Current Liabilities:		
Current portion of State loan payable (Note 5)	1,513,333	1,476,423
Accounts payable	21,653	18,286
Payable to members:		
East Bay Municipal Utility District	16,312	10,274
Dublin San Ramon Services District	<u>712,548</u>	<u>236,538</u>
Total Current Liabilities	<u>2,263,846</u>	<u>1,741,521</u>
Long-term Liabilities:		
State loan payable (Note 5)	<u>3,773,899</u>	<u>5,287,232</u>
Total Noncurrent Liabilities	<u>3,773,899</u>	<u>5,287,232</u>
Total Liabilities	<u>6,037,745</u>	<u>7,028,753</u>
NET POSITION (Note 1)		
Net Investment in capital assets	66,145,823	66,689,581
Unrestricted	<u>2,638,199</u>	<u>4,169,194</u>
Total Net Position	<u>\$ 68,784,022</u>	<u>\$ 70,858,775</u>

See accompanying notes to financial statements.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
JUNE 30, 2022 AND JUNE 30, 2021**

	<u>2022</u>	<u>2021</u>
Operating revenue:		
Contributions from members	\$ 5,557,739	\$ 5,677,465
Contributions from others	<u>782,363</u>	<u>630,044</u>
Total operating revenue	6,340,102	6,307,509
Operating (expenses):		
Professional services	(5,240)	(5,240)
General and administrative	(319,233)	(409,967)
Operation and maintenance	(3,487,225)	(2,818,309)
Depreciation (Note 3)	<u>(2,291,324)</u>	<u>(2,795,096)</u>
Total operating (expenses)	<u>(6,103,022)</u>	<u>(6,028,612)</u>
Net operating income	<u>237,080</u>	<u>278,897</u>
Nonoperating revenue (expense):		
Interest and other income	3,746	5,700
Reimbursement of Member Contributions	(2,146,488)	-
Interest on state loan	<u>(169,091)</u>	<u>(205,102)</u>
Total nonoperating revenue (expenses)	<u>(2,311,833)</u>	<u>(199,402)</u>
Changes in net position	(2,074,753)	79,495
Total net position - beginning	<u>70,858,775</u>	<u>70,779,280</u>
Total net position - ending	<u><u>\$ 68,784,022</u></u>	<u><u>\$ 70,858,775</u></u>

See accompanying notes to financial statements.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND JUNE 30, 2021**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash received for sales of water	\$ 7,273,928	\$ 6,705,963
Cash paid for supplies and services	<u>(3,326,283)</u>	<u>(3,676,793)</u>
Net cash provided by operating activities	<u>3,947,645</u>	<u>3,029,170</u>
Cash flows from capital and related financing activities:		
Cash paid to member agencies	(2,146,488)	-
Cash paid for interest	(169,091)	(205,102)
Cash paid on state loan	(1,476,423)	(1,440,413)
Cash paid for construction of capital assets	<u>(271,143)</u>	<u>(583,788)</u>
Net cash (used) in capital and related financing activities	<u>(4,063,145)</u>	<u>(2,229,303)</u>
Cash flows provided by investing activities:		
Interest and other income received	<u>2,789</u>	<u>8,450</u>
Net increase (decrease) in cash and equivalents, and investments	(112,711)	808,317
Cash and equivalents, and investments at beginning of period	<u>1,917,991</u>	<u>1,109,674</u>
Cash and equivalents, and investments at end of period	<u><u>\$ 1,805,280</u></u>	<u><u>\$ 1,917,991</u></u>
Reconciliation of cash and cash equivalents and investments to amounts reported on the statement of net position:		
Cash and cash equivalents	\$ 805,280	\$ 917,991
Investments	<u>1,000,000</u>	<u>1,000,000</u>
Cash and equivalents, and investments at end of period	<u><u>\$ 1,805,280</u></u>	<u><u>\$ 1,917,991</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 237,080	\$ 278,897
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,291,324	2,795,096
Changes in operating assets and liabilities:		
Accounts receivable	933,826	398,454
Accounts payable	<u>485,415</u>	<u>(443,277)</u>
Net cash provided by operating activities	<u><u>\$ 3,947,645</u></u>	<u><u>\$ 3,029,170</u></u>

See accompanying notes to financial statements.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

Notes to Basic Financial Statements

For the years ended June 30, 2022 and 2021

NOTE 1 –NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. *Description of Reporting Entity*

The Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (the Authority) is a public entity established pursuant to California Government Code Section 6500 et seq. The Authority was created in accordance with the terms of a Joint Exercise of Powers Agreement, dated June 28, 1995, between Dublin San Ramon Services District (DSRSD) and East Bay Municipal Utility District (EBMUD). The Authority was established to supply recycled water to DSRSD and EBMUD through the construction and operation of a water recycling facility with a planned capacity of a minimum of 5.7 million gallons per day. The water recycling facility is fully operational.

An additional member, or members, may be added to the Authority upon request evidenced by submission of a certified copy of a resolution adopted by the governing body of the public agency requesting membership in the Authority. Such request must be approved by the governing bodies of all the existing members. The Board may require a party seeking to become a member to meet any terms and conditions the Board deems appropriate.

The facilities became operational on February 1, 2006. Operation and maintenance expenses are allocated based on each member's actual usage. General and administrative expenses were allocated equally to DSRSD and EBMUD during the first year of operation ending on March 31, 2007; after the first operation year, the costs are allocated based on the member's actual water usage. Capital costs, including debt service, is allocated based on each member's proportional value of capital assets assigned to each member agency.

B. *Basis of Accounting*

The accompanying financial statements report the financial position of the Authority in accordance with accounting standards generally accepted in the United States of America. As the Authority is a governmental entity, the preparation of its financial statements is governed by the pronouncements of the Governmental Accounting Standards Board (GASB).

The Authority, as a proprietary enterprise, is accounted for on a flow of economic resources measurement focus using the accrual basis of accounting. Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

Notes to Basic Financial Statements

For the years ended June 30, 2022 and 2021

**NOTE 1 –NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

The Authority distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Statement of Net Position – The statement of net position is designed to display the financial position of the Authority. The Authority's fund equity is reported as net position, which is the excess of all of the Authority's assets over all its liabilities. Net Position is divided into three captions under GASB Statement 34. As of June 30, 2022 the Authority reported the following classifications of net position:

- *Net investment in capital assets* describes the Authority's capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Unrestricted* describes the portion of Net Position which is not restricted to use.

Statement of Revenues, Expenses, and Changes in Net Position – The statement of revenues, expenses, and changes in net position is the operating statement for proprietary funds. Revenues are reported by major source. This statement distinguishes between operating and nonoperating revenues and expenses and presents a separate subtotal for operating revenues, operating expenses, and operating income.

C. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclose contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

D. Capital Assets

The additions to capital assets are capitalized at historical cost. Cost includes material, direct labor and fringe benefits, transportation, and such indirect items as engineering, supervision, and interest on borrowed funds during construction, net of interest earned on unspent construction proceeds. Repairs, maintenance, and minor purchases of equipment are charged to expenses as incurred.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

Notes to Basic Financial Statements
For the years ended June 30, 2022 and 2021

**NOTE 1 –NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

The purpose of depreciation is to spread the cost of capital assets equitably among all customers over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of depreciable capital assets.

Depreciation of all capital assets in service, excluding land, is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the balance sheet as a reduction in the book value of the capital assets.

Capital assets are depreciated using the straight-line method of depreciation, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the assets is fully depreciated. The Authority has assigned the useful lives listed below to capital assets:

Utility plant:	Years
Water Treatment	20-75
Pumping Plants	25-75
Reservoirs	25-100
Pipeline	25-75

E. Cash and Cash Equivalents

The Authority considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

F. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

Notes to Basic Financial Statements
For the years ended June 30, 2022 and 2021

NOTE 1 –NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

- Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

NOTE 2 – CASH AND INVESTMENTS

A. Composition

The Authority's cash and cash equivalents at June 30 consisted of the following deposits and investments held by EBMUD on the Authority's behalf:

	<u>2022</u>	<u>2021</u>
Demand deposits with banks	\$ 805,280	\$ 917,991
Local Agency Investment Fund	1,000,000	1,000,000
Total cash and cash equivalents	<u>\$ 1,805,280</u>	<u>\$ 1,917,991</u>

B. Collateralization of Cash and Cash Equivalents

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the Authority's cash on deposit or first trust deed mortgage notes with a value of 150% of the Authority's cash on deposit as collateral for these deposits. Under California Law this collateral is held in an investment pool by an independent financial institution in the Authority's name and places the Authority ahead of general creditors of the institution pledging the collateral. The Authority has waived collateral requirements for the portion of deposits covered by federal deposit insurance.

The Authority's investments are carried at fair value, as required by generally accepted accounting principles. The Authority adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

C. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As an external investment pool, the Local Agency Investment Fund was not rated as of June 30, 2022 and 2021.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

Notes to Basic Financial Statements

For the years ended June 30, 2022 and 2021

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

D. Fair Value Hierarchy

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The California Local Agency Investment Fund is exempt from classification for fair value hierarchy.

E. *Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority generally manages its interest rate risk by purchasing a combination of short-term and long-term investments and holding investments to maturity. The Authority's only investment is in the California Local Agency Investment Fund which can be withdrawn at any time usually within a day.

F. *Local Agency Investment Fund (LAIF)*

The Authority is a participant in the Local Agency Investment Fund (LAIF), which is regulated by California Government Code §16429 under the oversight of the Treasurer of the State of California. The value of the pool shares in LAIF is determined on an amortized cost basis, which is different from the fair value of its position in the pool. Authority's investments with LAIF at June 30, 2022 and 2021 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

- Structured Notes are debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.
- Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets, such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2022 and 2021, the Authority had investments of \$1,000,000 and \$1,000,000, respectively, invested in LAIF, which had invested 1.88% and 2.31% of the pooled investment funds in Structured Notes and Asset-Backed Securities.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

Notes to Basic Financial Statements
For the years ended June 30, 2022 and 2021

NOTE 3 – CAPITAL ASSETS

Capital assets as of June 30, 2022 consist of land, not being depreciated and capital assets being depreciated. The capital assets began depreciation effective February 2006. Construction of capital assets is funded through member contributions. Balance as of June 30, 2021 have been restated for Reservoirs and Pipelines to \$14,439,008 and \$29,605,112 from \$15,591,693 and \$28,452,427 respectively, due to misclassification of capital addition presented on financial statements. Capital assets activity for the year ended June 30, 2022 was as follows:

	Balance at June 30, 2021	Additions and Transfers, net	Retirements and Transfers, net	Balance at June 30, 2022
Capital assets not being depreciated:				
Land and rights-of-way	\$ 1,890,978	\$ -	\$ -	\$ 1,890,978
Construction in progress	-	271,143	(173,951)	97,192
Total capital assets not being depreciated	1,890,978	271,143	(173,951)	1,988,170
Capital assets, being depreciated:				
Water treatment	42,579,745	173,471	-	42,753,216
Pumping plants	13,792,192	-	-	13,792,192
Reservoirs	14,439,008	-	-	14,439,008
Pipelines	29,605,112	480	-	29,605,592
Total capital assets being depreciated	100,416,057	173,951	-	100,590,008
Less accumulated depreciation for:				
Water treatment	(10,960,411)	(1,065,262)	-	(12,025,673)
Pumping plants	(4,848,228)	(344,892)	-	(5,193,120)
Reservoirs	(4,418,783)	(288,868)	-	(4,707,651)
Pipelines	(8,626,377)	(592,301)	-	(9,218,678)
Total accumulated depreciation	(28,853,799)	(2,291,324)	-	(31,145,123)
Net capital assets being depreciated	71,562,258	(2,117,373)	-	69,444,885
Capital assets, net	\$ 73,453,236	\$ (1,846,230)	\$ (173,951)	\$ 71,433,055

NOTE 4 - COMMERCIAL PAPER NOTES PAYABLE

The Authority's Board of Directors authorized a short-term commercial paper borrowing program of up to \$50,000,000 on December 15, 2003. The proceeds from the issuance of commercial paper are used to finance the acquisition and construction of facilities for the treatment, transmission, distribution and storage of recycled water. The Authority may issue commercial paper notes at the prevailing interest rate for periods not more than

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

Notes to Basic Financial Statements
For the years ended June 30, 2022 and 2021

NOTE 4 - COMMERCIAL PAPER NOTES PAYABLE (CONTINUED)

270 days from the date of issuance. The commercial paper notes are collateralized solely by the revenues of the Authority, after payment of specific operating and maintenance expenses. To provide liquidity for the program, the Authority would maintain a liquidity support agreement (line of credit) with a commercial bank. The Authority does not currently have a liquidity support agreement with a commercial bank and would have to secure an agreement before issuing new commercial paper. As of June 30, 2022, there were no commercial paper notes outstanding under this program.

NOTE 5 – LONG TERM DEBT

A. Composition and Change

The Authority's Board of Directors authorized a long-term borrowing program from the State Water Resource Control Board of up to \$24,764,850 on July 25, 2005. The Authority drew down \$22,993,368 as of the fiscal year ended June 30, 2006, the proceeds from which were used to finance the acquisition and construction of facilities for the treatment, transmission, distribution and storage of recycled water. As of June 30, 2008, the Authority drew down an additional amount of \$1,685,283. The loan has a 20-year term at a 2.5% fixed interest rate. The repayment of the loans and interest are made in annual installments commencing on July 1, 2007. The loan is collateralized solely by the revenues of the Authority, after payment of specific operating and maintenance expenses.

The following is the activity in the State Loan Program during the fiscal year ended June 30, 2022:

	Balance June 30, 2021	Retirements	Balance June 30, 2022
2006 State Water Resource Loan 2.5%, due 07/25/2025	\$ 6,763,655	\$ 1,476,423	\$ 5,287,232
Less amount due within one year	1,476,423	-	1,513,333
Noncurrent portion	<u>\$ 5,287,232</u>	<u>\$ 1,476,423</u>	<u>\$ 3,773,899</u>

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

Notes to Basic Financial Statements
For the years ended June 30, 2022 and 2021

NOTE 5 – LONG TERM DEBT (CONTINUED)

B. Debt Service Requirements

Annual debt service requirements are shown below for the loan:

Year ending June 30	Principal	Interest	Total
2023	\$ 1,513,333	\$ 132,181	\$ 1,645,514
2024	1,551,167	94,347	1,645,514
2025	1,589,945	55,568	1,645,513
2026	632,787	15,820	648,607
Totals	<u>\$ 5,287,232</u>	<u>\$ 297,916</u>	<u>\$ 5,585,148</u>

NOTE 6 – RELATED PARTY TRANSACTIONS

DSRSD is responsible for the operation of the facility. DSRSD and EBMUD both provide professional services that are capitalized as well as administrative services. In addition, as the Authority does not have any employees, EBMUD provides certain treasury management and accounting services including conducting all cash transactions and providing for the annual audit. The two members received the following total reimbursements for their services for the years ended June 30:

	<u>2022</u>	<u>2021</u>
DSRSD	\$ 4,122,916	\$ 3,655,508
EBMUD	58,731	62,417
	<u>\$ 4,181,647</u>	<u>\$ 3,717,925</u>

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY**

Notes to Basic Financial Statements
For the years ended June 30, 2022 and 2021

NOTE 7 – RISK MANAGEMENT

The Authority's liability and property risks are insured by commercial insurance carriers. Selected insurance coverages include:

<u>Coverage</u>	<u>Policy limit</u>
Bodily injury	\$ 10,000,000
Property damage	10,000,000
Personal injury	10,000,000
Non-owned and hired automobile liability	10,000,000
Public officials errors and omissions	10,000,000
Fire damage liability	1,000,000
Employment practices liability	5,000,000

Any liability the Authority may have for uninsured claims is limited to general liability claims. However, the Authority has experienced no losses from such claims during the preceding three years and it therefore believes there is no liability for claims incurred but not reported.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Dublin San Ramon Services District/
East Bay Municipal Utility District Recycled Water Authority
City of Oakland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (Authority) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 1, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



To the Board of Directors
Dublin San Ramon Services District/
East Bay Municipal Utility District Recycled Water Authority
City of Oakland, California

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Soll & Loughard, LLP

Sacramento, California
November 1, 2022

DERWA Summary & Recommendation

Receive and Discuss Information on Recycled Water Connection Moratorium

Summary:

In March 2019, faced with continuing recycled water supply shortages during peak summer months, the DERWA Board requested that its member agencies implement a moratorium on new recycled water connections and implement demand management measures to curtail the use of recycled water. The decrease in summertime irrigation demands in 2022 has raised questions on the status of the connection moratorium. This memorandum provides information on the connection moratorium background, current status of supplemental supply and demand management efforts, and issues for Dublin San Ramon Services District-East Bay Municipal Utility District Recycled Water Authority (DERWA) to consider when evaluating the connection moratorium.

Background

In 1995, Dublin San Ramon Services District (DSRSD) and East Bay Municipal Utility District (EBMUD) executed an agreement to form DERWA, a Joint Powers Authority (JPA), for the purpose of implementing a program to provide recycled water to DSRSD and EBMUD customers in the San Ramon Valley (San Ramon Valley Recycled Water Program or DERWA Program). The DERWA Program further treats secondary effluent from the DSRSD Regional Wastewater Treatment Plant (WWTP) to produce disinfected tertiary recycled water suitable for irrigation and other approved uses. In 2003 and 2005, agreements were executed to implement the DERWA Program, and deliveries of recycled water began in 2006. DSRSD is responsible for the operation and maintenance of the DERWA recycled water facilities.

The DERWA main transmission pipeline connects to DSRSD and EBMUD pipelines that serve recycled water to golf courses, parks, greenbelts, roadway medians, schools, office complexes, and homeowner associations. DSRSD currently supplies recycled water to the City of Dublin and the Dougherty Valley portion of the City of San Ramon, while EBMUD serves recycled water to portions of the City of San Ramon and the Town of Danville. EBMUD also plans to supply recycled water to areas within Blackhawk. In 2014, the City of Pleasanton (Pleasanton) signed agreements for DERWA to produce recycled water for Pleasanton. Recycled water deliveries to Pleasanton began in 2015.

The DERWA Program has steadily grown since 2006. In 2021, DERWA supplied almost 5,800 acre-feet or 5.2 million gallons per day (MGD) of recycled water to DSRSD, EBMUD, and the Pleasanton, which is approximately 50% of the annual flow from the DSRSD WWTP. The demand for recycled water occasionally exceeds the available supply on peak summer days, resulting in zero discharge of treated secondary effluent from the DSRSD WWTP to San Francisco Bay during these peak periods.

Reduced wastewater flows due to improved water use efficiency by customers, along with Pleasanton's use of recycled water, have decreased the supply available for the DERWA Program and contributed to the potential for supply shortages during the peak summer months. The potential gap between supply and demand could increase in the future as Pleasanton's recycled water program grows and more stringent indoor water use efficiency standards are

implemented. Without additional permanent supplemental supplies, the amount of wastewater available is projected to be insufficient to reliably meet current and buildout demands for the DERWA Program.

Recognizing the limitations on wastewater supply availability, on March 25, 2019, the DERWA Board adopted Board Resolution 19-3 requesting that EBMUD and DSRSD implement demand management measures to curtail the use of recycled water and a moratorium on new recycled water connections, except for nine EBMUD connections that were already in the process of being connected, including two EBMUD golf courses. Subject to various agreements, Pleasanton has first rights to use the portion of wastewater generated within its service area for Pleasanton's recycled water program, and therefore is not subject to the DERWA connection moratorium.

On March 29, 2022, DERWA, EBMUD, and DSRSD executed an Interim Agreement Related to the Supply and Sale of Recycled Water (Interim Agreement). The Interim Agreement provides a framework for DERWA and its member agencies to focus near-term efforts on evaluating strategies for DERWA to reliably meet current and future recycled water demands. The Interim Agreement also formally implemented the recycled water connection moratorium through the term of the Interim Agreement, which expires on December 31, 2024.

Status of Supplemental Supply and Demand Management Efforts

As directed by the DERWA Board in Resolution 19-3 and per the terms of the Interim Agreement, DERWA and its member agencies are continuing to pursue options to secure supplemental supplies and implement demand management. The status of these efforts is described below:

- **Storage** – For the last two years, DSRSD has piloted using storage basins at the DSRSD WWTP to store excess flows, as depicted below, during lower demand periods (e.g., weekends) for use during higher demand periods (e.g., weekdays). Based on the success of the pilot and review of DERWA recycled water demands, DSRSD is currently evaluating more permanent improvements at the plant to optimize storage of wastewater flows.



Photo: DERWA Recycled Water Facility and Holding Basin No. 4

- *Temporary Agreement with Central Contra Costa Sanitary District (Central San)* – In 2019, DERWA approved a temporary supplemental supply agreement with Central San, the wastewater agency to the north of DSRSD, to divert approximately 0.7 MGD of wastewater from Central San’s collection system to the DSRSD’s collection system. This temporary diversion project was completed in late 2020 and was operated during the summer of 2021 to help meet peak summer day demands. The initial term of the agreement is for three years, from January 22, 2021, to January 21, 2024. The agreement can be renewed for two successive one (1) year terms, with a total term not to exceed a total period of five years. DERWA is currently in the third and final year of the initial term. DERWA remains interested in exploring the potential for a long-term arrangement with Central San. EBMUD is taking the lead in discussions with Central San as part of a broader effort to explore potential recycled water opportunities in their overlapping water/wastewater service areas.
- *Supplemental Groundwater* – Over the last decade, DERWA and its member agencies have studied the potential to install groundwater wells in the Fringe Basin of the Livermore Valley Groundwater Basin to supplement the DERWA recycled water supply during peak summer months. The most recent study prepared by EBMUD in March 2019 recommends siting wells at DSRSD’s District Office and the DSRSD WWTP as the highest priority sites. Between 1959 and 1973, DSRSD installed four wells at the District Office to supply potable water to District customers. These water supply wells had yields between 0.6 and 1.4 MGD. The wells were abandoned over time due to water quality concerns. However, the water quality may be suitable for irrigation uses.

In October 2019, due to concerns with potential near-term water supply shortages, DERWA entered into a License Agreement with Pacific Gas & Electric (PG&E) to allow DERWA to finish construction of an existing well located on property owned by PG&E and leased to the Devil Mountain Nursery in San Ramon. The estimated yield from this well is up to 0.2 MGD. To date, DERWA has not moved forward with implementation of this project. Staff plans to review the feasibility of the PG&E well site compared to other potential well site locations, such as DSRSD’s District Office, that may have greater yield and long-term potential.

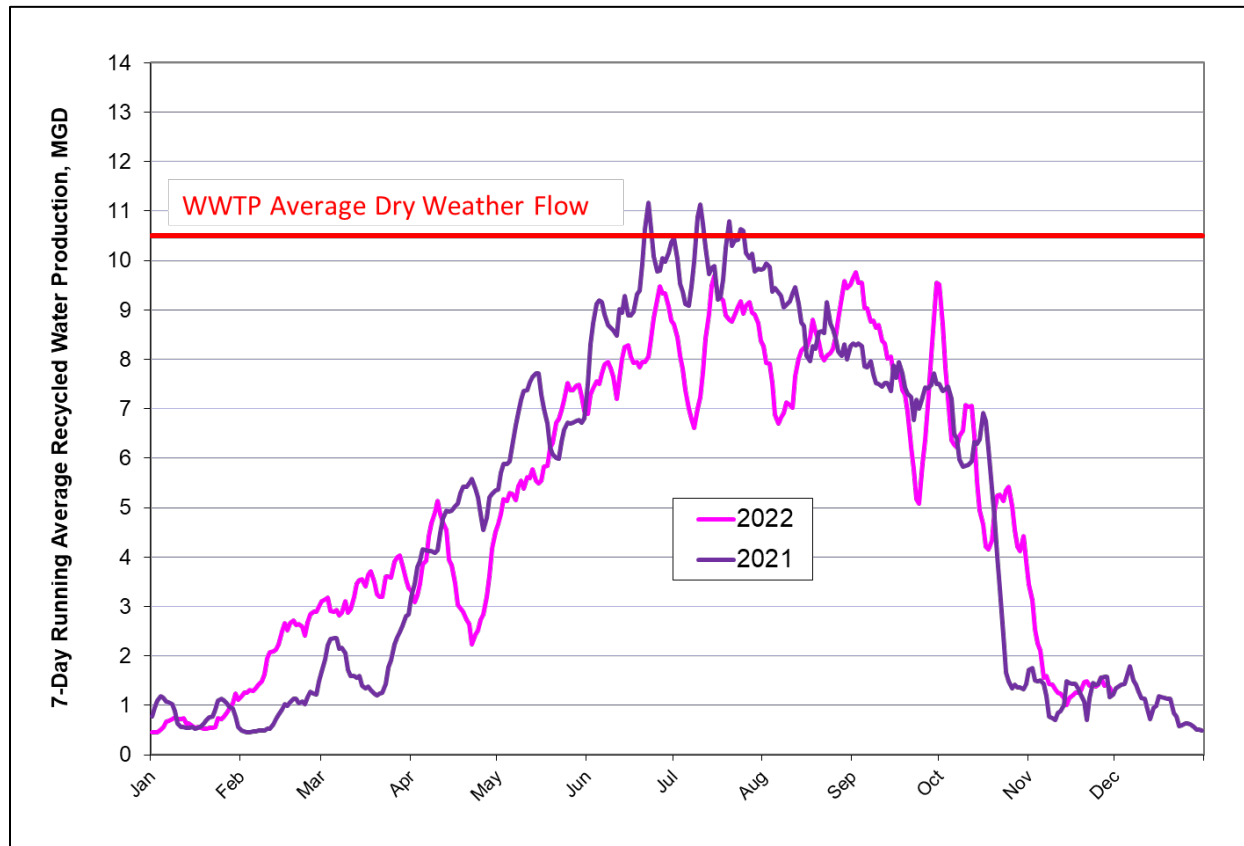
- *Demand Management* – Consistent with the terms of the Interim Agreement, DERWA, DSRSD, and EBMUD have formed a Demand Management Working Group to evaluate and identify opportunities to reduce recycled water demands. In 2022, EBMUD installed additional metering infrastructure at their 14 largest recycled water customer sites to provide hourly data. These sites use approximately 73% of EBMUD’s recycled water. Beginning in 2023, the Demand Management Working Group will meet regularly to review water usage data and develop measures for reducing recycled water demands, where feasible, and address potential summertime water shortages.

Recycled Water Connection Moratorium Considerations

The Interim Agreement formally implemented the moratorium on new recycled water connections for EBMUD and DSRSD, except for the two EBMUD golf courses that still remained to be connected and were in the process of being connected when the DERWA Board initially requested the moratorium in 2019. One of the golf courses (Canyon Lakes Golf Course) has been fully connected, and the second golf course (Crow Canyon Country Club) is scheduled to come online prior to the 2023 irrigation season.

As shown on Figure 1, in 2021, total recycled water demand exceeded supply available from the WWTP (average dry weather flow) on peak summer days, requiring the operation of the Central San – DERWA Temporary Diversion Project. However, recycled water production during the highest demand periods in 2022 was approximately 15% lower than in 2021. As a result, DSRSD operations staff was able to balance supply and demand using storage, thus avoiding the need to operate the Central San – DERWA Temporary Diversion Project in 2022.

Figure 1. DERWA Recycled Water Production in 2022 versus 2021

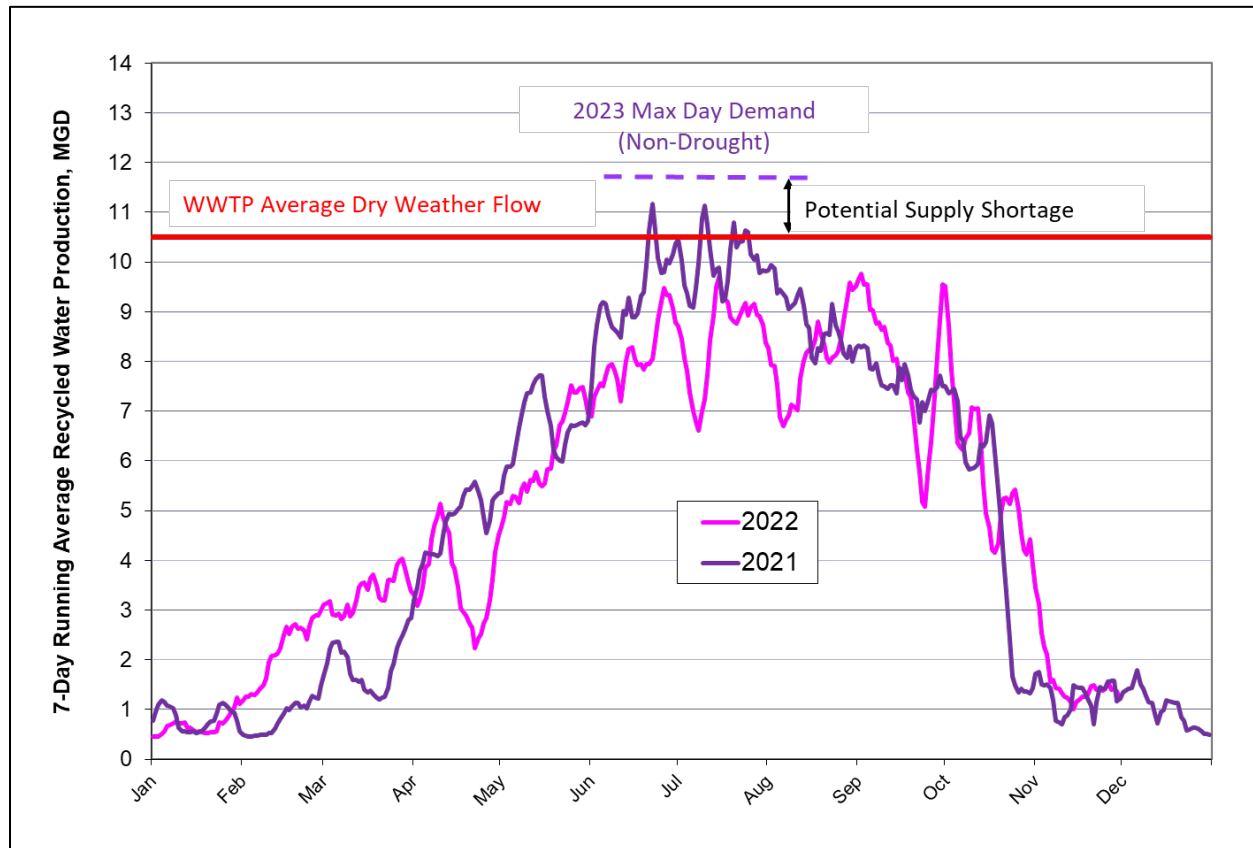


DERWA, DSRSD, and EBMUD are in the process of evaluating the 2022 irrigation season. Based on an initial review of the data, it appears that the majority of the recycled water savings in 2022 occurred within DSRSD's service area due to drought messaging, which may have resulted in many recycled water customers following DSRSD's Stage 2 Drought Restrictions for potable water customers and cutting back outdoor watering to three days per week. In addition, irrigation demands are highly dependent on weather and the lower-than-average temperatures during the peak months of July and August of 2022 contributed to overall lower recycled water demands in 2022. The hottest temperatures occurred during September 2022, when the quantity of water being used for irrigation decreases due to less daylight hours.

As shown on Figure 2, with the addition of the two EBMUD golf courses, the estimated non-drought recycled water demand for the DERWA Program on peak summer days is projected to exceed available supply, requiring operation of the Central San – DERWA Temporary Diversion Project. DSRSD anticipates being able to balance 2023 demand and supply by utilizing a combination of additional supply from Central San, distribution system storage, and storage basins at the WWTP. However, the ability to operate the DERWA system so close to the supply

limit is complicated and creates challenges for operations staff and recycled water customers. Keeping recycled water tanks full to maximize supply can lead to water quality issues if water in the tank is not turned over frequently enough and large customers all drawing on the system at the same time can cause issues with system pressures if tanks cannot be refilled quickly enough. In addition, there is a limit to how long additional supply can be held in the concrete basins at the WWTP. Holding supply for too long can lead to algae growth and odor issues.

Figure 2. Projected 2023 Maximum Demand and Potential Supply Shortage



The conditions that led to the DERWA Board's decision to implement a moratorium on new recycled water connections have not substantially changed. The agreement with Central San for supplemental supply is temporary, and DERWA is still working to secure permanent supplies for the program. In addition, despite lower recycled water demands during 2022, current recycled water demands are still projected to exceed available supply during peak summer periods, which could result in potential supply shortages.

At the January 30, 2023, Board meeting, staff plans to ask the DERWA Board to consider approving a consultant contract to assist DERWA with the preparation of a Recycled Water Supply and Operations Plan Update. The study would perform more detailed evaluations of near-term and long-term conditions and create a roadmap for implementing strategies needed to meet future recycled water demands. The DERWA Board may want to consider re-visiting the status of the connection moratorium later this fall once preliminary results are available from the study. This would also allow additional time for staff to complete its review of the 2022 irrigation season, monitor whether recycled water demands rebound in 2023, and gain experience

operating the DERWA system with both EBMUD golf courses online during the 2023 irrigation season.

Recommendation:

The Authority Manager recommends the DERWA Board of Directors receive information on the recycled water connection moratorium and discuss this matter.

January 30, 2023

DERWA Summary & Recommendation

Approve Professional Services Agreement for Consulting Services with Brown and Caldwell and Task Order No. 1 for the DERWA Recycled Water Supply and Operations Plan Update

Summary:

On March 29, 2022, Dublin San Ramon Services District-East Bay Municipal Utility District Recycled Water Authority (DERWA), East Bay Municipal Utility District (EBMUD), and Dublin San Ramon Services District (DSRSD) executed an *Interim Agreement Related to the Supply and Sale of Recycled Water*. The Interim Agreement provides a framework for DERWA and its member agencies to focus near-term efforts on evaluating strategies for DERWA to reliably meet current and future recycled water demands. Reduced wastewater flows due to improved water use efficiency by customers, along with the City of Pleasanton's use of recycled water, have decreased recycled water supply available for the DERWA program. Without additional permanent supplemental supplies, the amount of wastewater available will be insufficient to meet the buildout demands for the DERWA program.

At the September 26, 2022, DERWA Board meeting, staff presented an update on supplemental supply and demand management efforts and discussed the need to prepare a Recycled Water Supply and Operations Plan Update. The scope of work for this project includes:

- Updating recycled water demand and supply projections to reflect changed conditions
- Updating the DERWA hydraulic model and operations plan (last formally updated in 2012 prior to the City of Pleasanton becoming a recycled water customer)
- Evaluating the feasibility of supplemental supply alternatives and demand management strategies
- Developing a phased plan for DERWA to implement potential projects for meeting current and future recycled water demands
- Providing optional services for grant funding and operations support

A request for proposals for preparation of the Recycled Water Supply and Operations Plan Update was sent to seven prospective engineering consulting firms, and one proposal was received from Brown and Caldwell. The proposal was evaluated based on established criteria by a selection committee comprised of representatives from DERWA, EBMUD, and DSRSD. The selection committee determined that Brown and Caldwell is qualified to do the work based on their experience, project understanding, project approach, level of effort, and schedule.

The total project budget, including optional services, is \$349,400 and will be fully funded from the Permanent Supplemental Water Supply Capital Project that was approved by the DERWA Board as part of the adopted Fiscal Year 2022-2023 Capital and Operating Expenditure Budget. The project is anticipated to take 12 months, with preliminary results anticipated to be shared with the DERWA Board at the September 2023 meeting.

Recommendation:

The Authority Manager recommends the DERWA Board of Directors approve, by Motion, execution of (1) Professional Services Agreement for Consulting Services with Brown and Caldwell and (2) Task Order No. 1 for the DERWA Recycled Water Supply and Operations Plan Update, in an amount not to exceed \$349,400.

January 30, 2023

Attachments

1. Professionals Services Agreement with Brown and Caldwell
2. Brown and Caldwell Task Order No. 1

PROFESSIONAL SERVICES AGREEMENT
WITH
Brown and Caldwell

THIS AGREEMENT is made and entered into this ____ day of _____, 2023 by and between Dublin San Ramon Services District-East Bay Municipal Utility District Recycled Water Authority, a Joint Powers Authority located in the counties of Alameda and Contra Costa, California ("DERWA" or "Authority"), and Brown and Caldwell ("Consultant"), 201 North Civic Drive, Suite 300, Walnut Creek, CA 94596, phone 925-937-9010.

WHEREAS, DERWA requires professional engineering consulting services; and

WHEREAS, Consultant's principals are duly licensed professional engineers in the State of California and Consultant represents that it is experienced in performing, and uniquely qualified to perform, the professional consulting services; and

WHEREAS, DERWA desires to engage Consultant for such services; and

NOW, THEREFORE, the parties hereto agree as follows:

1. SERVICES. Consultant shall perform assignments in accordance with the terms and conditions of this Agreement and written Task Orders issued from time to time by DERWA to Consultant and accepted by Consultant. Each such Task Order shall include, but not be limited to: (i) a description of the services to be performed by Consultant, and the key personnel to be assigned by Consultant to the performance of the specific Task (who shall not be replaced without the prior written approval of DERWA, which shall not be unreasonably withheld); (ii) the time of performance for providing such services; (iii) maximum compensation payable for providing such services, provided that such compensation shall be payable pursuant to Paragraph 2 hereof unless otherwise expressly provided in the Task Order; (iv) DERWA's source of funding; and (v) such other provisions as the parties deem appropriate or necessary to accomplish the purpose of the Task Order. To the extent not expressly modified by Task Order, all other terms and conditions of this Agreement shall be deemed incorporated in each Task Order.

2. COMPENSATION. DERWA shall compensate Consultant for reasonable costs and expenses incurred in connection with the services performed by Consultant pursuant to Paragraph 1 in an amount equal to Consultant's hourly rates of charge for Consultant's personnel times the number of hours, or portions thereof, of services correspondingly performed by said personnel. Said rates of charge are set forth in Exhibit "A" hereof, attached hereto, and by reference incorporated herein. Said rates may be adjusted, from time to time, only upon written approval by DERWA.

DERWA shall reimburse Consultant for other reasonable expenses directly incurred in performing services hereunder, if any, described in Exhibit "A."

Compensation and reimbursement of expenses shall be payable by DERWA within thirty (30) days upon receipt of billing by Consultant. Billing by Consultant to DERWA shall not be more often than monthly for services corresponding to each Task Order. The billing shall include an itemized statement briefly describing the services rendered and costs incurred and the authorized amount remaining.

3. RECORDS. Consultant shall keep and maintain accurate records of all time expended and costs and expenses incurred relating to services to be performed by Consultant hereunder. Said records shall be available to DERWA for review and copying during regular business hours at Consultant's place of business, or as otherwise agreed upon by the parties.

4. NON-ASSIGNABILITY. Consultant shall not subcontract, assign, sell, mortgage, hypothecate or otherwise transfer its interest or obligations in this agreement or any Task Order issued hereunder in any manner, without the express prior written consent of DERWA, which consent shall not be unreasonably withheld. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement. Nothing contained in this paragraph shall prevent Consultant, upon DERWA's written consent, from employing such independent consultants, associates, and subcontractors as may be necessary to assist in the performance of the services hereunder. Nothing herein shall be construed to give any rights or benefits to anyone other than DERWA and Consultant.

5. STATUS. In the performance of services hereunder, Consultant shall be, and is, an independent contractor, and shall not be deemed to be an employee or agent of DERWA. All services provided pursuant to this Agreement shall be authorized by Task Order, issued by DERWA's Authority Manager or his or her designated representative and signed by the Consultant.

6. PERIOD OF SERVICE. Unless extended by Task Order, this Master Agreement shall expire on December 31, 2025.

7. PERFORMANCE STANDARDS. In performing services hereunder, Consultant shall adhere to the standards generally prevailing for the performance of engineering and consulting services similar to those to be performed by Consultant hereunder, shall exercise the same degree of care, skill, and diligence in the performance of the Services as is ordinarily provided by a professional under similar circumstances, and shall, at no cost to DERWA, re-perform services which fail to satisfy the foregoing standard of care. All drawings and specifications requiring certification by a Professional Engineer shall bear the stamp and signature of a registered engineer in the State of California.

Any costs incurred by DERWA (including but not limited to additional design costs, construction costs, and construction management costs, to the extent that any such costs are recoverable under California law) and used to correct deficiencies caused by Consultant's negligent errors and omissions or willful misconduct shall be borne solely by the Consultant. DERWA is relying upon the Consultant's qualifications concerning the services furnished hereunder and, therefore, the fact that DERWA has accepted or approved the Consultant's work shall in no way relieve the Consultant of these responsibilities.

8. TERMINATION. Either party may terminate this Agreement without cause by giving the other party written notice thereof not less than sixty (60) days in advance of the effective date of termination, which date shall be included in said notice.

In the event of such termination, DERWA shall compensate Consultant for services rendered to the date of termination, as the case may be, calculated in accordance with the provisions of Paragraph 2. In ascertaining services actually rendered to the date of termination, consideration shall be given both to work completed and work in process of completion. Nothing herein contained shall be deemed a limitation upon the exercise of the right of DERWA to terminate this Agreement for cause, or otherwise to exercise such legal or equitable rights, and to seek such remedies as may accrue to DERWA, or to authorize Consultant to terminate this Agreement for cause.

9. TITLE TO, POSSESSION OF, AND RELIANCE UPON DOCUMENTS. All documents, work products, plans, specifications, negatives, drawings, computer disks, electronic tapes, renderings, data reports, files, estimates and other such papers, information and materials (collectively, "materials"), or copies thereof (except proprietary computer software purchased or developed by Consultant) obtained or prepared by Consultant pursuant to the terms of this Agreement, shall become the property of DERWA. DERWA and Consultant shall, from time to time pursuant to Task Orders, specify which materials Consultant shall deliver to DERWA ("Deliverables"). Deliverables are intended to, and may, be relied upon by DERWA, or used by others designated by DERWA, where appropriate, for those purposes for which DERWA requested their preparation, or for use in connection with planning-level activities including, without limitation, the preparation of environmental documentation pursuant to the California Environmental Quality Act ("CEQA") or the National Environmental Policy Act ("NEPA") or similar statutes. Consultant will not be responsible for use of Deliverables, or portions thereof, for any purpose other than those specified in the preceding sentence.

Materials not delivered to DERWA ("Non-Deliverables") shall be retained by Consultant, but Consultant shall provide DERWA access to such Non-Deliverables at all reasonable times upon DERWA's request. DERWA may make and retain copies of all Non-Deliverables, at DERWA's expense, for information and reference. Unless otherwise specified in writing by Consultant, use thereof for any purpose other than the purpose for which the Non-Deliverables were prepared, or for use in connection with planning-level activities including, without limitation, the preparation of environmental documentation pursuant to CEQA or NEPA or similar statutes, shall be at the user's sole risk and without liability to Consultant.

10. COMPLIANCE WITH LAWS. In performance of this Agreement, Consultant shall exercise due professional care in compliance with all applicable federal, state and local laws, rules, regulations, orders, codes, criteria and standards. Consultant shall procure all permits, certificates, and licenses necessary to allow Consultant to perform the Services specified herein. Consultant shall not be responsible for procuring permits, certificates, and licenses required for any construction unless such responsibilities are specifically assigned to Consultant under a Task Order.

Consultant shall comply at all times with California Occupational Safety and Health Act ("OSHA") regulations regarding necessary safety equipment or procedures and shall take all necessary precautions for safe operation of its work, and the protection of its personnel and the public from injury and damage from such work.

11. NON-DISCLOSURE OF PROPRIETARY INFORMATION. Consultant shall consider and treat all drawings, reports, studies, design calculations, specifications, and other documents and information provided to Consultant by DERWA in furtherance of this Agreement to be DERWA's proprietary information, unless said information is available from public sources other than DERWA. Consultant shall not publish or disclose DERWA's proprietary information for any purpose other than in the performance of services hereunder without the prior written authorization of DERWA or in response to legal process. Nothing herein contained shall be deemed to abrogate compliance with the California Public Records Act (Government Code Section 6250, et seq.); provided that DERWA shall determine and advise Consultant which documents, if any, are required to be disclosed under said Act.

12. INSURANCE. Consultant shall procure and maintain for the duration of this Agreement, and any Task Orders issued hereunder, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees.

Minimum Scope and Limit of Insurance. Coverage shall be at least as broad as:

A. Commercial General Liability (CGL): Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than \$1,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.

B. Automobile Liability: Insurance Services Office Form Number CA 0001 covering, Code 1 (any auto), or if Consultant has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than \$1,000,000 per accident for bodily injury and property damage.

C. Workers' Compensation insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.

D. Professional Liability (Errors and Omissions) Insurance appropriates to the Consultant's profession, with limit no less than \$2,000,000 per occurrence or claim, \$2,000,000 aggregate.

If the Consultant maintains broader coverage and/or higher limits than the minimums shown above, DERWA requires and shall be entitled to broader coverage and/or the higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to DERWA.

Other Insurance Provisions. The insurance policies are to contain, or be endorsed to contain, the following provisions:

A. Additional Insured Status: DERWA, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Consultant including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Consultant's insurance (at least as broad as ISO Form CG 20 10 07 04 or equivalent or both CG 20 10, CG 20 26, CG 20 33, or CG 20 38; and CG 20 37 forms if later revisions used).

B. Primary Coverage: For any claims related to this contract, the Consultant's Commercial General Liability and Automobile Liability insurance coverage shall be primary insurance primary coverage at least as broad as ISO CG 20 01 04 13 as respects DERWA, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by DERWA, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

C. Notice of Cancellation: Each insurance policy required above shall state that coverage shall not be canceled, except with notice to DERWA.

D. Waiver of Subrogation: Except for Professional Liability, Consultant hereby grants to DERWA a waiver of any right to subrogation which any insurer of said Consultant may acquire against DERWA by virtue of the payment of any loss under such insurance. Consultant agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not DERWA has received a waiver of subrogation endorsement from the insurer.

E. Self-Insured Retentions: Self-insured retentions must be declared to and approved by DERWA. DERWA may require the Consultant to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or DERWA.

F. Acceptability of Insurers: Insurance is to be placed with insurers authorized to conduct business in the state with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to DERWA.

G. Claims Made Policies: If any of the required policies provide coverage on a claims-made basis:

i. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.

ii. Insurance must be maintained and evidence of insurance must be provided *for at least five (5) years after completion of the contract of work.*

iii. If coverage is canceled or non-renewed, and not *replaced with another claims-made policy form with a Retroactive Date* prior to the contract effective date, the Consultant must purchase “extended reporting” coverage for a minimum of *five (5) years* after completion of contract work.

H. Verification of Coverage: Consultant shall furnish DERWA with original Certificates of Insurance including all required and amendatory endorsements (or copies of the applicable policy language effecting coverage required by this clause) and a copy of the Declarations and Endorsement Page of the CGL policy listing all policy endorsements to DERWA before work begins. However, failure to obtain the required documents prior to the work beginning shall not waive the Consultant’s obligation to provide them. DERWA reserves the right to require copies of all required insurance policies (with confidential information redacted), including endorsements required by these specifications, at any time.

I. Subcontractors: Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Consultant shall ensure that DERWA is an additional insured on insurance required from subcontractors.

J. Special Risks or Circumstances: DERWA reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

13. INDEMNIFICATION. Consultant shall hold harmless, indemnify and defend DERWA, its governing Board of Directors, other boards, commissions, committees, officers, officials, employees, volunteers, and agents (collectively, “Indemnities”) from and against all claims for liability, losses, damages, expenses, costs (including, without limitation, costs and fees of litigation) of every nature, kind and description, which may be brought against or suffered or sustained by Indemnities, to the extent caused in whole or in part by the negligence, intentional tortuous acts or omissions, or willful misconduct of Consultant, its officers, employees or agents, in the performance of any services or work pursuant to this Agreement or any Task Order issued hereunder. Consultant’s duty to indemnify and save harmless shall include the duty to defend as set forth in California Civil Code Section 2778; provided, that nothing herein contained shall be construed to require Consultant to indemnify Indemnities against any responsibility or liability in contravention of California Civil Code Section 2782.

A. In the event Consultant provides a defense pursuant to this Paragraph and such action or other claim is resolved by a final judicial determination, which includes a finding that there was no negligence on the part of Consultant, its officers, employees or agents, DERWA shall refund to Consultant all defense costs, judgments and/or amounts paid by Consultant on behalf of Indemnities.

B. In the event Consultant provides a defense pursuant to this Paragraph and such action or other claim is resolved by a final judicial determination which includes a finding as to the respective negligence of Consultant, its officers, employees or agents and any Indemnity(ies), then DERWA shall be responsible to pay that portion of the judgment

attributed to Indemnities(s), and shall refund to Consultant a pro rata share of any defense costs expended on behalf of Indemnities.

C. In the event Consultant provides a defense pursuant to this Paragraph and such action or other claim is finally resolved by any other means than those stated in Paragraphs 13(A) and 13(B), or in the event Consultant fails to provide a defense to Indemnities, Consultant and DERWA shall meet and confer in an attempt to reach a mutual agreement regarding the apportionment of costs (including attorneys' fees), judgments and/or amounts paid by Consultant and/or Indemnities. In the event Consultant and DERWA are unable to reach agreement regarding such an apportionment, said dispute shall be submitted to arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association in effect on the date a demand for arbitration is submitted. The arbitration panel shall award the prevailing party its costs (including attorneys' fees) incurred in the arbitration.

14. COVENANT AGAINST CONTINGENCY FEES. Consultant hereby warrants that Consultant has not employed or retained any company or person, other than a *bona fide* employee working for Consultant, to solicit or secure this Agreement, and Consultant has not paid or agreed to pay any company or person, other than a *bona fide* employee, any fee, commission, percentage, brokerage fees, gifts or any other consideration, contingent upon or resulting from the award or formation of this Agreement. For breach or violation of this warranty, DERWA shall have the right to annul this Agreement without liability or at DERWA's discretion, to deduct from the Agreement price or consideration or otherwise recover the full amount of such fee, commission, percentage, brokerage fees, gifts or contingent fee.

15. ECONOMIC DISCLOSURE. Upon DERWA's determination that the services provided through this Agreement involve making, or participation in making, decisions which may foreseeably have a material effect on a financial interest, Consultant and/or any of its employees identified by DERWA shall prepare and file an Economic Disclosure Statement(s) consistent with DERWA's local conflict of interest code and the Political Reform Act.

16. PARAGRAPH HEADINGS. Paragraph headings as used herein are for convenience only and shall not be deemed to be a part of any such paragraph and shall not be construed to change the meaning thereof.

17. WAIVER. A waiver by either DERWA or Consultant of any breach of this Agreement shall not be binding upon the waiving party unless such waiver is in writing. In the event of a written waiver, such a waiver shall not affect the waiving party's rights with respect to any other or further breach.

18. SURVIVABILITY. The invalidity, illegality, or unenforceability of any provision of this Agreement, or the occurrence of any event rendering any portion or provision of this Agreement void, shall in no way affect the validity or enforceability of any other portion or provision of this Agreement. Any void provision shall be deemed severed from this Agreement and the balance of this Agreement shall be construed and enforced as if this Agreement did not contain the particular portion or provision held to be void.

19. INTEGRATION AND MODIFICATION. This Agreement, together with the Compensation Schedule setting forth Consultant's rates and charges and compensable expenses, attached hereto as Exhibit "A," is adopted by DERWA and Consultant as a complete and exclusive statement of the terms of this Agreement between DERWA and Consultant, except to the extent revised and/or implemented through issuance of Task Orders hereunder. This Agreement supersedes all prior agreements, contracts, proposals, representations, negotiations, letters, or other communications between DERWA and Consultant, whether written or oral;

20. AMENDMENTS. This Agreement may be amended or supplemented by the parties by written agreement approved and executed in the same manner as this Agreement.

21. SUCCESSORS AND ASSIGNS. This agreement shall be binding upon the respective successors, executors, administrators, assigns, and legal representatives to the parties.

22. GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California.

23. DISPUTE RESOLUTION. The parties agree to first submit any dispute arising out of or in connection with this Agreement to a mutually acceptable professional mediator and to negotiate in good faith toward an agreement with respect to the dispute. Either party within 30 days of providing written notice may initiate mediation. Either party within 60 days of having participated in the first mediation session may provide notice of termination of mediation and thereafter proceed with whatever remedies it may choose in law or in equity.

24. FORCE MAJEURE. Consultant shall not be responsible for delays caused by circumstances beyond Consultant's reasonable control, and which could not have been prevented by Consultant's exercise of prudence, diligence and care. Force Majeure events may include, but are not limited to (1) strikes, lockouts, work slowdowns or stoppages, (2) acts of God, (3) failure of DERWA to furnish timely information or to approve or disapprove Consultant's instruments of service promptly, and (4) regulatory or other similar action of governmental agencies. Consultant shall not be liable for damages arising out of any such delay, nor shall Consultant be deemed to be in breach of this Agreement as a result thereof.

25. NOTICES. All notices to be given hereunder shall be written, and shall be sent by certified or registered mail, postage prepaid, addressed as follows:

To DERWA: Jan Lee, Authority Manager
DERWA
7051 Dublin Boulevard
Dublin, CA 94568

To Consultant: Jeff Kivett, Vice President
Brown and Caldwell
201 North Civic Drive, Suite 300
Walnut Creek, CA 94596

26. ELECTRONIC SIGNATURES. This Agreement may be executed in multiple counterparts, each of which shall, for all purposes, be deemed an original but which together shall constitute one and the same instrument, and the signature pages from any counterpart may be appended to any other counterpart to assemble fully executed documents, and counterparts of this Agreement may also be exchanged via email or other electronic means and any email or other electronic transmission of any party's signature shall be deemed to be an original signature for all purposes.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the date and year first written.

DERWA

DUBLIN SAN RAMON SERVICES DISTRICT-EAST
BAY MUNICIPAL UTILITY DISTRICT RECYCLED
WATER AUTHORITY, A JOINT POWERS
AUTHORITY

By _____
Jan Lee, Authority Manager

Attest:

Nicole Genzale, Authority Secretary

Consultant
BROWN AND CALDWELL

Jeff Kivett, Vice President

Exhibit A
to Master Agreement for Consulting Services

Consultant Billing Rates

Brown and Caldwell Schedule of Hourly Billing Rates				
Level	Engineering	Technical/Scientific	Administrative	Hourly Rate
A			Office/Support Services I	\$77
B	Drafter Trainee	Field Service Technician I	Word Processor I Office/Support Services II	\$86
C	Assistant Drafter	Field Service Technician II	Word Processor II Office/Support Services III	\$101
D	Drafter Engineering Aide Inspection Aide	Field Service Technician III	Accountant I Word Processor III Office/Support Services IV	\$109
E	Engineer I Senior Drafter Senior Illustrator Inspector I	Geologist/Hydrogeologist I Scientist I Senior Field Service Technician	Accountant II Word Processor IV	\$114
F	Engineer II Inspector II Lead Drafter Lead Illustrator	Geologist/Hydrogeologist II Scientist II	Accountant III Area Business Operations Mgr Technical Writer Word Processing Supervisor	\$142
G	Engineer III Inspector III Senior Designer Supervising Drafter Supervising Illustrator	Geologist/Hydrogeologist III Scientist III	Accountant IV Administrative Manager	\$172
H	Senior Engineer Principal Designer Senior Construction Engineer Senior Engineer	Senior Geologist/Hydrogeologist Senior Scientist	Senior Technical Writer	\$196
I	Principal Engineer Principal Construction Engineer Supervising Designer	Principal Geologist/Hydrogeologist Principal Scientist	Corp.Contract Administrator	\$234
J	Supervising Engineer Supervising Constr. Engineer Supervising Engineer	Supervising Scientist Supervising Geologist/ Hydrogeologist	Assistant Controller	\$256
K	Managing Engineer	Managing Geologist/Hydrogeologist Managing Scientist	Area Bus Ops Mgr IV	\$306
L	Chief Engineer Executive Engineer	Chief Scientist Chief Geologist/Hydrogeologist	Corp Marketing Comm. Mgr.	\$331
M	Vice President			\$370

Notes:

Billing rates are subject to a 3 percent increase each year beginning January 1.

For each labor hour, an associated project cost (APC) of \$8.00/hour will be applied.

Brown and Caldwell
Task Order No. 1 dated 1/30/2023
Agreement Expiry Date: 12/31/2025

Project Name and Number:	DERWA Permanent Supplemental Supply
Task Title:	DERWA Recycled Water Supply and Operations Plan Update
Project Manager Name and Signature:	Jan Lee _____
Source of Funds:	DERWA Capital Budget
Account Number:	
Authorization Amount:	\$349,400.00
Original PO Amount:	\$0.00
Increase PO Amount:	\$0.00
New PO Amount:	\$349,400.00
Purchase Order Number:	n/a
Return Purchase Order to:	
Compensation Method:	Time and materials as per Agreement
Completion Date:	6/30/2024
Insurance Requirements:	As per Agreement; no special requirements
Work Product:	See Attachment "A"
Digital Drawings, if applicable:	Digital files shall be in AutoCAD 2010 or higher drawing format. Drawing units shall be decimal with a precision of 0.00. Angles shall be in decimal degrees with a precision of 0. All objects and entities in layers shall be colored by layer. All layers shall be named in English. Abbreviations are acceptable. All submitted map drawings shall use the Global Coordinate system of USA, California, NAD 83 California State Planes, Zone III, U. S. foot.
Scope of Work:	See Attachment "A"
Economic Disclosure:	Not Required
Recommended by:	(_____)

Accepted by:	_____ Jeff Kivett, Vice President Brown and Caldwell	_____ Date
Authorized by:	_____ Jan Lee, Authority Manager DERWA	_____ Date

DERWA Recycled Water Supply and Operations Plan Update

Background

The San Ramon Valley Recycled Water Program, governed by the Dublin San Ramon Services District (DSRSD) - East Bay Municipal Utility District (EBMUD) Recycled Water Authority ("DERWA"), treats secondary effluent from the DSRSD Regional Wastewater Treatment Plant (WWTP) to produce recycled water for non-potable uses, such as irrigation. Since the program began operating in 2006, demand has grown steadily with the addition of new customers, including deliveries to the City of Pleasanton. Meanwhile, wastewater flows at the DSRSD WWTP have been much lower than projected, due to improved indoor water use efficiency and conservation. In recent years, the demand for recycled water has occasionally exceeded the available supply on peak summer days, resulting in zero discharge of treated secondary effluent from the DSRSD WWTP to San Francisco Bay during these periods and leading DSRSD and EBMUD to implement a moratorium on new recycled water connections to the DERWA system until such time as additional supplemental supply sources can be secured to reliably meet recycled water demands.

Project Purpose

The purpose of this Project is to prepare a Recycled Water Supply and Operations Plan Update that reflects changed supply and demand conditions, updates the DERWA hydraulic model and operations plan (last formally updated in 2012), evaluates the feasibility of supplemental supply alternatives and demand management strategies, and provides a phased plan for DERWA to implement potential projects for meeting current and future recycled water demands.

Scope of Work

1. Project Management and Quality Control

This task includes management of project scope, schedule, and budget; project kickoff and interim progress meetings; and development of a Quality Management Plan that outlines Brown and Caldwell's (BC's) quality assurance/quality control (QA/QC) program.

1.1. Project Management and Meetings. Provide project management services including oversight of project staff, budget, and schedule; project administration and accounting; and monthly progress reports and schedule updates with invoices. Conduct a project kickoff meeting with DERWA, DSRSD, and EBMUD (up to two-hour duration) and interim progress meetings with DERWA's Project Manager (up to one hour per month or 30-minutes bi-weekly).

1.2. Develop and Oversee Quality Plan. Prepare and submit a Quality Management Plan that describes the QA/QC program for the project, including identifying senior technical reviewers and outlining QA/QC processes for each task (e.g., calculation checks, independent reviews by subject matter specialists, and readability reviews of written deliverables). Oversee implementation of the Quality Management Plan and document QA/QC reviews throughout the duration of the project.

Task 1 Deliverables

- Initial and updated monthly project schedules
- Monthly progress reports
- Quality Management Plan

Task 1 Assumptions

- Project kickoff meeting may be held in person and attended by up to four BC staff. Interim progress meetings will be held via phone or Microsoft Teams and attended by up to two BC staff.
- Progress reports will be provided as a cover letter along with each monthly invoice, including budget status, an updated schedule, and a summary of tasks performed.
- Budget assumes a contract duration of twelve (12) months. An amendment may be necessary if the project is extended into 2024.
- Budget may be reallocated among tasks if agreed upon by BC and DERWA's Project Manager, so long as total compensation does not exceed the limit of the project budget.
- QA/QC reviews of project deliverables will be conducted and are budgeted in the technical tasks.

2. Recycled Water Supply and Demand Projections

This task involves review of historical DSRSD WWTP influent wastewater flow data and recycled water demands to prepare current and future recycled water supply and demand projections.

2.1. Data Collection and Review. Prepare a written request for information from DERWA, DSRSD, EBMUD, and Pleasanton and submit to DERWA. Review data and information provided by DERWA and its partner agencies such as reports, studies, data, and models. Information that BC anticipates receiving and reviewing includes the following:

- DSRSD WWTP influent, effluent, and DERWA recycled water production data (through 2022)
- Recycled water customer meter data (hourly), where available
- Latest potable and recycled water demand projections from DSRSD, EBMUD, and Pleasanton, including buildout demands
- Schematics of DERWA system with location of facilities (reservoirs, pump stations, pipelines etc.) and associated attributes (e.g., owner/responsible agency, size/capacity, elevation)
- DERWA's existing InfoWater hydraulic model and associated documentation
- DERWA hydrant flow test data, operational data (e.g., reservoir levels), and water quality data
- Past groundwater studies and data collected from the fringe basin

BC will also review applicable legislative and regulatory updates regarding future water use efficiency standards.

2.2. Develop Future Projections. Prepare recycled water supply projections, considering current and future indoor water use efficiency standards (e.g., Senate Bill 1157) and impacts on wastewater flow availability. Estimate seasonal, monthly, daily, and hourly variations in flow. Update DERWA and Pleasanton recycled water demand projections based on potential future growth and climate scenarios. Estimate future recycled water demands as an annual average, maximum month, maximum day, and peak hour demand. Future projections will be presented as a range to account for uncertainty and allow for analysis under multiple scenarios.

Revise projections, if needed, based on feedback from the workshop in Task 2.3.

2.3. Supply and Demand Workshop. Summarize key assumptions, data, and results from Task 2.2 in a PowerPoint format. Conduct a workshop with DERWA, DSRSD, and EBMUD staff to review and discuss results. Document key comments and decisions from the workshop.

2.4. QA/QC. Review recycled water supply and demand projections from Task 2.2 prior to presenting to DERWA.

Task 2 Deliverables

- Draft and final agenda and slides for Supply and Demand Projections Workshop
- Summary of workshop outcomes and decisions

Task 2 Assumptions

- DERWA will provide data and information within one week of data request submittal. Operational data will be provided in Microsoft Excel format. Data and information provided by DERWA will not be reviewed by BC for accuracy.
- Workshop will be held virtually, up to two hours in duration, and attended by up to four BC staff. DERWA's Project Manager will coordinate availability of partner agency attendees.
- BC will prepare workshop agenda, slides, and a summary that will document key outcomes, decisions, and action items.

3. Hydraulic Model Update

This task involves updating and calibrating DERWA's InfoWater hydraulic model to reflect current conditions and documenting the process and assumptions in a technical memorandum (TM).

3.1. Model Review and Updates. Review the provided DERWA InfoWater hydraulic model and update the model to reflect current demands and system components that have been added or changed since the last update, including Pleasanton's Tassajara Reservoir, as reflected in the provided data.

3.2. Model Calibration. Calibrate the model using provided hydrant flow test data and operational data; compare dynamic simulation results with field data and adjust model parameters as appropriate to match model outputs to observed pressures and flows.

BC will utilize data provided by DERWA and other agencies to update and calibrate the model. Optionally, BC may conduct hydrant flow testing using BC's calibrated equipment and standard protocols under Task 7.2.

3.3. Hydraulic Model TM. Document model updates, assumptions, and calibration results in a written technical memorandum (TM). Submit draft TM to DERWA for review; revise and finalize the TM to address DERWA's comments.

3.4. QA/QC. Use BC's Model QA/QC Checklist to review the hydraulic model update and conduct a technical and readability review of the Hydraulic Model TM prior to submitting to DERWA.

Task 3 Deliverables

- Updated DERWA hydraulic model
- Hydraulic Model Documentation and Calibration TM, one draft and one final

Task 3 Assumptions

- BC will update and calibrate the hydraulic model using data provided by DERWA and its partner agencies. Unless DERWA authorizes BC to conduct hydrant flow testing under Task 7.2, BC will not field verify the data provided.
- DERWA will provide one consolidated set of comments on the Draft Hydraulic Model Documentation and Calibration TM within two weeks of submittal.

4. Operations Plan and Storage Optimization Analysis

The objective of this task is to evaluate storage and operational changes to improve the current system's ability to meet demand and achieve water quality and pressure objectives. The evaluation

will quantify the possible additional recycled water demand that could be met through operational strategies and determine the extent to which additional measures (i.e., supplemental supply or demand management) are needed, to inform Task 5.

4.1. Operational Issues Workshop. Conduct a workshop with DSRSD, EBMUD, and Pleasanton operations staff to review current operations and discuss operational challenges, such as potential pressure and water quality concerns. Confirm operational objectives (e.g., meeting water demand, pressure, and quality targets) and solicit input on the highest priority issues.

4.2. Modeling and Optimization. Conduct hydraulic modeling of winter, shoulder, and summer season demand scenarios, as well as scenarios where demand may temporarily exceed supply (i.e., prolonged heat waves and unplanned treatment plant outages during peak summer days). Identify and recommend operational strategies (e.g., adjusting pump operations and reservoir set points or adding new storage to the system) to assist DSRSD staff with system operations under each scenario, considering the objectives raised in the workshop (Task 4.1).

Determine the extent to which operational objectives can be achieved through storage optimization and other operational changes, including the amount of additional recycled water demands that could be met through these changes. Identify the timing and quantity of supplemental supply that would be needed to fully meet future demands.

4.3. Optimization Workshop. Conduct a workshop with DSRSD, EBMUD, and Pleasanton operations staff to review results of the modeled scenarios and discuss the recommended optimization strategies. Solicit feedback on the recommended strategies, including the feasibility of implementing proposed operational changes.

4.4. Draft Operations and Communications Plan. Prepare a draft operations plan that incorporates the recommended strategies for each modeled scenario and considers feedback from the Optimization Workshop (Task 4.3). As part of the operations plan, prepare an updated communications plan that outlines roles and contact information for key staff and the lines of communication between DERWA, DSRSD, EBMUD, and Pleasanton. Submit the draft operations plan to DERWA for review.

4.5. Final Operations and Communications Plan. Revise the draft operations plan based on feedback provided by DERWA and submit the final plan.

4.6. QA/QC. Conduct quality reviews of the modeling results and operations plan prior to submittal to DERWA.

Task 4 Deliverables

- Draft and final workshop agendas and slides
- Summary of workshop outcomes and decisions
- One draft and one final Operations Plan, including Recycled Water Operations Communication Plan

Task 4 Assumptions

- The Operational Issues Workshop (Task 4.1) will be held in person and attended by up to four BC staff; the Optimization Workshop where results are presented (Task 4.3) will be held virtually via Microsoft Teams.
- \$20,000 is budgeted to model and evaluate operational scenarios under Task 4.2. Modeling will be performed up to the limit of the budget.

5. Supplemental Supply and Demand Management

This task aims to identify and evaluate feasible alternatives, including supply augmentation and demand management measures, to fill the gap between recycled water supply and demand.

5.1. Supply Alternatives. Meet with DERWA staff to identify and discuss potential supply alternatives, such as groundwater from the fringe basin, wastewater from a neighboring agency, seasonal storage, or supplementing the system with potable water. Analyze groundwater well siting options, leveraging the Potential Well Sites Evaluation Draft TM prepared by EBMUD and other provided groundwater data and studies, including information from Zone 7. Review the initial groundwater analysis and other supplemental supply alternatives with DERWA, DSRSD, and EBMUD staff and discuss potential benefits and drawbacks of each option, such as institutional challenges or water quality and blending considerations. Select up to five supply alternatives to be further evaluated using BC's multi-criteria decision analysis (MCDA) tool, in tandem with demand management strategies from Task 5.2.

Meet with DERWA, DSRSD, and EBMUD staff to discuss and confirm evaluation criteria to use in the MCDA tool, such as the ability to meet the operational criteria from Task 4 (based on yield and quality), high-level cost estimates, institutional complexity, and implementation schedule. Evaluate and prioritize alternatives using the MCDA tool, considering relative benefits and cost. Conduct a workshop with DERWA, EBMUD, and DSRSD staff to review preferred alternatives based on the results of the analysis. Document results in a PowerPoint format for future inclusion in the Board presentation (Task 6.4).

5.2. Demand Management Strategies. Meet with DERWA's Demand Management Working Group to discuss possible demand management strategies that could temporarily or permanently reduce demand, such as coordinating with customers to adjust watering schedules during peak demand times or providing rebates for turf replacement and/or irrigation controllers. Work with DERWA to select up to five demand management measures to be evaluated in the MCDA tool, considering benefits and cost, along with the supply alternatives under Task 5.1.

Additionally, identify and quantify potential recycled water shortage actions that could be implemented to achieve a target reduction in demand (e.g., 5% or 10%).

5.3. QA/QC. Review outputs from the MCDA tool for quality control prior to sharing results at the Supplemental Supply and Demand Management Workshop.

Task 5 Deliverables

- Draft and final workshop agenda and slides
- Summary of workshop outcomes and decisions

Task 5 Assumptions

- BC will evaluate up to five supply alternatives and up to five demand management strategies using BC's MCDA tool.
- Representatives from other partner agencies (e.g., Zone 7) may optionally be included in Task 5 meetings or workshops at the invitation of DERWA.
- Workshop will be held virtually, up to two hours in duration, and attended by up to four BC staff. DERWA's Project Manager will coordinate availability of partner agency attendees.

6. Recycled Water Supply Management Plan

This task will incorporate findings and recommendations from Tasks 2 through 5 into a plan that outlines the triggers, decision points, and costs for bringing new supplies online, rolling out demand

management actions, and a phased approach for lifting the recycled water moratorium if and when feasible.

6.1. Scenario Workshop. Conduct a scenario planning workshop with DERWA, EBMUD, and DSRSD to discuss future scenarios and identify potential critical uncertainties, such as future climate conditions, changes in demand, or regional partnerships.

6.2. Implementation Roadmap. Develop a roadmap for implementing the preferred strategies from Task 5, with triggers and decision points for bringing new supplies online, rolling out demand management actions, and possibly lifting the recycled water moratorium. Triggers may include physical conditions (e.g., shortage scenario) or decisions by external parties, such as a neighboring agency's decision whether or not to divert supplemental wastewater to DERWA.

The roadmap will account for the critical uncertainties identified in the Scenario Workshop (Task 6.1) and allow for adaptive decision-making as conditions change, starting with low-risk strategies (e.g., operational changes or simple demand management measures) and incrementally layering on additional strategies as the need and/or opportunity arises. The roadmap will also consider necessary lead time for implementing each strategy to allow for planning.

6.3. Results Workshop. Conduct a workshop with DERWA, EBMUD, and DSRSD staff to review the draft roadmap (Task 6.2) and incorporate feedback ahead of the Board presentation (Task 6.4).

6.4. Board Presentation. Summarize key findings and recommendations from Tasks 2 through 6 in a PowerPoint presentation to be shared with the DERWA Board. Attend DERWA Board of Directors meeting and co-present draft study results with DERWA staff .

6.5. Draft Report. Based on feedback from agency staff and the DERWA Board, prepare a draft report documenting the supporting work and results of the study, including recommendations and the implementation roadmap. Submit the draft report and hold meeting with DERWA to discuss agency comments.

6.6. Final Report. Revise and finalize report. Comments provided by DERWA and partner agencies will be incorporated into the final report. Any comments not directly incorporated will be discussed with DERWA, with the reasoning documented and submitted with the final report.

6.7. QA/QC. Review presentation slides and written report for quality control prior to submittal to DERWA.

Task 6 Deliverables

- Draft and final workshop agendas and slides
- Summary of workshop outcomes and decisions
- Presentation to DERWA Board
- One draft and one final report

Task 6 Assumptions

- Scenario Workshop will be held virtually, up to two hours in duration, and attended by up to four BC staff.
- Results Workshop and Board Presentation will be held in person and attended by up to four BC staff. BC will prepare draft PowerPoint slides for DERWA staff and BC to jointly present at the Board meeting (Task 6.4).
- At the discretion of DERWA, the draft report may be shared with other partner agencies for review. If sharing the report with partners or other stakeholders, DERWA will collect and

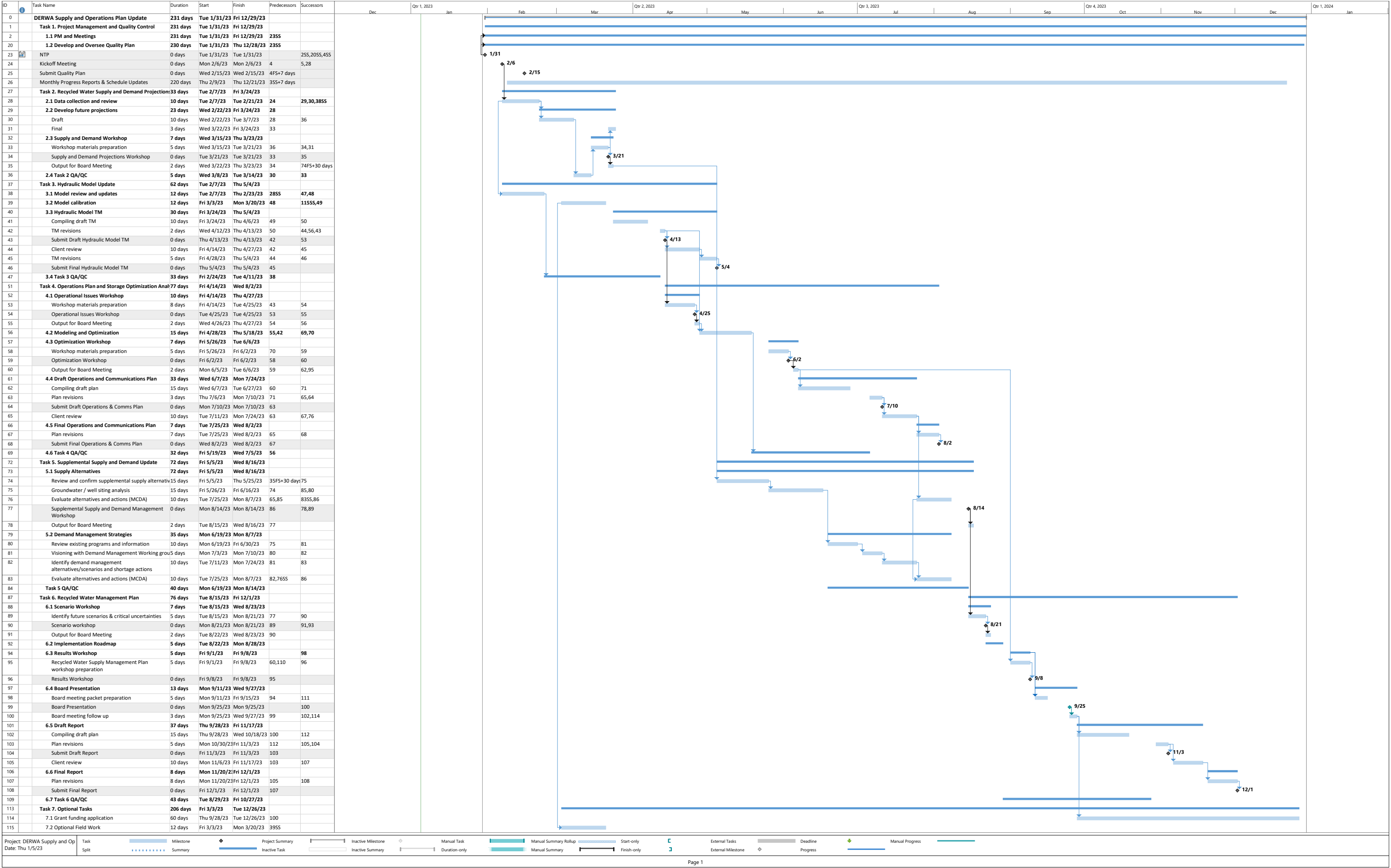
consolidate comments. DERWA will provide one consolidated set of comments within two weeks of draft submittal.

- BC will submit the draft and final report in an electronic format (Word document and PDF).

7. Optional Services

DERWA may authorize the following optional services through written notice-to-proceed (NTP).

- 7.1. Grant Funding Application.** Upon authorization from DERWA, assist with preparation of one or more grant application(s) up to the limit of the task budget. Task 7.1 provisionally includes a budget of \$30,000 for grant funding support; actual level of effort may vary based on the nature of the grant program(s) and will be agreed upon with DERWA via written NTP prior to proceeding.
- 7.2. Model Calibration Field Work.** In coordination with DERWA operations staff, conduct hydrant flow testing to collect field data for model calibration (Task 3.2). Prepare a hydrant testing plan (with maps) and field work safety plan for DERWA to review and approve ahead of conducting the field work. The budget for this task includes travel for up to two BC staff and assumes hydrant testing can be completed within two days. BC will provide the necessary equipment for hydrant testing and DERWA staff will operate the hydrants during testing.



DERWA Recycled Water Supply and Operations Plan
Proposed Budget - January 6, 2023

		Key Personnel												Support Staff									
		Ruby, Katie	MacKinnon, Angela	Selsky, Paul	Schmitt, Julia	Starosta, Lauren	Jaffe, Ian	Lefkowitz, Jamie	McLean, Brandon	Mackey, Erin	Young, Steve	Liechty, Shem	Gairn, Jennifer	Rouhani, Shouhreh	Seo, Yerae	Tanner, Deanna	Scora, Susan				Travel	Total Expense Effort	Total Effort
Phase	Phase Description	PM	PIC	Quality Manager	Technical Team Lead	System Hydraulics	Supply & Demand	Operations Plan	Ground-water	Water Quality	Technical Advisor	Technical Advisor	Technical Advisor	Project Analyst	Project Engineer	Word Processing	Graphics	Total Labor Hours	Total Labor Effort	APC			
001	Project Management and Quality	\$196.00 80	\$331.00 12	\$331.00 12	\$234.00 32	\$234.00 0	\$196.00 0	\$256.00 0	\$234.00 0	\$306.00 0	\$306.00 0	\$331.00 0	\$306.00 0	\$114.00 60	\$142.00 0	\$142.00 4	\$142.00 0	200	38,598	1,602	500	2,102	40,700
002	RW Supply and Demand Projections	10	0	12	14	20	40	0	0	0	0	4	22	0	0	0	4	126	30,391	1,009	0	1,009	31,400
003	Hydraulic Model Update	8	0	8	8	48	84	0	0	0	0	18	0	0	0	8	0	182	40,942	1,458	0	1,458	42,400
004	Ops Plan and Storage Optimization	32	0	28	44	16	56	60	0	8	0	20	0	0	0	12	12	288	68,396	2,304	500	2,804	71,200
005	Supplemental Supply and Demand Mgmt	32	0	8	44	0	12	0	40	12	8	0	16	0	0	0	4	176	42,590	1,410	0	1,410	44,000
006	Recycled Water Management Plan	72	0	20	88	20	0	28	8	8	4	0	28	0	0	12	16	304	71,268	2,432	1,000	3,432	74,700
TOTAL		234	12	88	230	104	192	88	48	28	12	42	66	60	0	36	36	1,277	292,184	10,216	2,000	12,216	304,400
007	Optional Services																						
	Grant Funding Application	40	0	4	24	0	20	0	0	4	0	0	8	0	40	6	0	146	28,834	1166	0	1,166	30,000
	Model Calibration Field Work	0	0	0	0	32	12	0	0	0	0	2	0	0	20	0	0	66	13,469	531	1,000	1,531	15,000
Total with Optional Services		274	12	92	254	136	224	88	48	32	12	44	74	60	60	42	36	1,489	334,487	11,913	3,000	14,913	349,400

Hours and Dollars are rounded to nearest whole number.
APC = associated project cost of \$8.00 per labor hour.

DERWA Summary & Recommendation

Receive Presentation on Preparation of the Fiscal Years 2024 and 2025 Operating and Capital Budgets

Summary:

Dublin San Ramon Services District-East Bay Municipal Utility District Recycled Water Authority (DERWA) staff is currently in the process of preparing proposed Fiscal Years 2024 and 2025 Operating and Capital Budgets. Per the 1995 DERWA Joint Powers Authority, DERWA adopts an annual Operating and Capital Budget. However, the 2005 Operations Agreement between DERWA and Dublin San Ramon Services District (DSRSD) requires that DSRSD submit a two-year budget for the DERWA Program Facilities operation and maintenance and capital expenditures. Both DSRSD and East Bay Municipal Utility District Recycled Water Authority (EBMUD) adopt two-year budgets.

At the January 30, 2023, DERWA Board meeting, staff will provide an overview of the budget preparation process and discuss significant changes being proposed for the Operating and Capital Budgets for Fiscal Years 2024 and 2025. The DERWA Board will be asked to consider adoption of the Fiscal Year 2024 Operating and Capital Budget at the April 24, 2023, Board meeting.

Operating Budget

The adopted Fiscal Year 2023 DERWA Operating Budget is approximately \$6.2 million, of which DSRSD's cost to operate and maintain the DERWA system represents approximately two-thirds of the Operating Budget (approximately \$4 million). The other major expenditure category is debt service, at \$1.65 million (or 26 percent of the total). The remaining categories include insurance and services provided by the Authority Manager, Secretary, Treasurer, and Legal Counsel.

At this time, DSRSD is anticipating that the cost to operate the DERWA system will increase by approximately \$1.8 million for Fiscal Year 2024, largely due to the following two factors:

- *Backwash:* The 2005 Operations Agreement provides for DSRSD to charge DERWA for treatment of filter backwash streams that are discharged to the DSRSD wastewater treatment plant based on rates adopted by the DSRSD Board. Since operation of the DERWA Program began, DSRSD has not adjusted the backwash treatment rate. DSRSD is currently in the process of completing a five-year Regional Wastewater Rate Study and new wastewater rates are anticipated to be adopted by the DSRSD Board for Fiscal Year 2024. Preliminary calculations show that the cost to treat DERWA backwash rates will increase by an estimated \$1.2 million. The increase in cost reflects the addition of the ballasted flocculation treatment system in 2018 and the significant increase in recycled water production that has occurred since operations began in 2006. The backwash treatment cost is an operational cost that is apportioned to DSRSD and EBMUD based on annual recycled water usage. A portion of this cost is reimbursed by the City of Pleasanton through recycled water rates.

DSRSD staff is currently studying potential options to reduce the volume and/or strength of the filter backwash stream to mitigate the anticipated increase in treatment cost. The proposed Fiscal Year 2024 Capital Budget includes funding to implement recommended improvements.

- *Energy*: DERWA's Fiscal Year 2023 energy budget is \$1.17 million. Based on data related to projected rate increases from PG&E, DSRSD staff is including a 30% increase in energy costs for Fiscal Year 2024 (an increase of \$350,000) in the proposed DERWA Operating Budget.

Capital Budget

The proposed DERWA Capital Budget for Fiscal Year 2024 includes \$200,000 for improvements needed to lower the cost of treating the backwash streams (as discussed previously) and \$435,000 for the installation of a test well in the Fringe Groundwater. Additional capital projects needed to maintain the DERWA system will also be included in the proposed Fiscal Year 2024 DERWA Capital Budget.

Recommendation:

The Authority Manager recommends the DERWA Board of Directors receive a presentation on the preparation of the Fiscal Years 2024 and 2025 Operating and Capital Budgets.

January 30, 2023



DSRSD•EBMUD Recycled Water Authority
PARTNERS IN WATER RECYCLING

DATE: January 30, 2023

MEMO TO: Board of Directors

FROM: Jan Lee, DERWA Authority Manager

SUBJECT: Authority Manager Update

ADMINISTRATION

Schedule of Regular DERWA Board Meetings. On May 16, 2022, the DERWA Board adopted a resolution reducing the number of regularly scheduled DERWA Board meetings from six to three per year and establishing that the Board meetings be held on the fourth Monday in January, April, and September of each year. DERWA and member agency staff are currently reviewing the new schedule of regular DERWA Board meetings and may propose some adjustments at a future Board meeting that better reflects EBMUD and DSRSD schedules for making Joint Powers Authority member assignments and the timing of matters that need to be considered by the DERWA Board.

SUPPLEMENTAL SUPPLY

Annual Report on Central San – DERWA Temporary Diversion Project. On January 24, 2023, DERWA submitted the 2022 Annual Report on the Central San – DERWA Temporary Diversion Project to the Central Contra Costa Sanitary District (Central San). Per the 2019 agreement between Central San and DERWA, DERWA is required each year to submit a report to Central San summarizing diversion operations and DERWA's efforts to develop alternative supplies to offset its reliance on Central San's wastewater flows. The project did not operate in 2022 due to lower-than-normal demands for recycled water.

The initial term of the Central San – DERWA agreement is for three years, from January 22, 2021 to January 21, 2024. The agreement can be renewed for two successive one (1) year terms, with a total term not to exceed a total period of five years. DERWA is currently in the third and final year of the initial term and staff will be requesting a 1-year extension of the agreement later this year. DERWA remains interested in a long-term arrangement with Central San and, as described in the next update, EBMUD is taking the lead in discussions with Central San on potential long-term opportunities.

EBMUD – Central San Memorandum of Understanding. On October 27, 2022, EBMUD and Central San executed a Memorandum of Understanding to conduct a feasibility evaluation of multiple recycled water project concepts, including both potable reuse and irrigation projects, that would utilize Central San's available wastewater flow. One of the project concepts identified for exploration is the concept of Central San as a partner in DERWA and expansion of the Central San – DERWA Temporary Diversion Project to provide recycled water to EBMUD's existing and future phases of the San Ramon Valley Recycled Water Program located within EBMUD and Central San's overlapping service area. EBMUD anticipates completion of the feasibility evaluation in 2023.



DSRSD•EBMUD Recycled Water Authority
PARTNERS IN WATER RECYCLING

OPERATIONS

2022 Recycled Water Production. In 2022, DERWA produced a total of approximately 5,330 acre-feet of recycled water for distribution to EBMUD, DSRSD, and the City of Pleasanton. This amount was approximately 7.5% less than the total amount of 5,760 acre-feet produced in 2021, even with the addition of the Canyon Lakes Golf Course that was fully converted to recycled water for the 2022 irrigation season. Staff is still in the process of evaluating customer demand data from the 2022 irrigation season. However, based on an initial review, it appears that the majority of the recycled water savings in 2022 occurred within DSRSD's service area due to drought messaging, which may have resulted in many recycled water customers following DSRSD's Stage 2 Drought Restrictions for potable water customers and cutting back watering to three days per week. In addition, irrigation demands are highly dependent on weather and the lower-than-average temperatures during the peak months of July and August of 2022 contributed to overall lower recycled water demands for the DERWA program in 2022.

DERWA is projecting an increase in recycled water production in 2023 due to the addition of the Crow Canyon Country Club, which will be fully converted to recycled water for the 2023 irrigation season.