

**DSRSD•EBMUD Recycled Water Authority  
(DERWA)  
Board of Directors**

**NOTICE OF SPECIAL MEETING**

**TIME:** 6 p.m.

**DATE:** Monday, February 4, 2019

**PLACE:** Shannon Community Center  
Ambrose Hall  
11600 Shannon Avenue  
Dublin, CA 94568

**AGENDA**

---

The mission of the DSRSD•EBMUD Recycled Water Authority 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.

---

(Next Resolution No. 19-1)

**Recommended  
Action**

1. CALL TO ORDER
2. PLEDGE TO THE FLAG
3. ROLL CALL - Members: Coleman, Duarte, Mellon and Vonheeder-Leopold  
Alternates: Misheloff and Linney
4. SPECIAL ANNOUNCEMENTS/ACTIVITIES
5. PUBLIC COMMENT (Meeting Open to Public)  
At this time, those in the audience may address the Board on any item not already included in the agenda. Comments should not exceed five minutes. If this is not considered sufficient time to address the issue, please arrange with the Secretary to have that item placed on the agenda for a future Board meeting.
6. BOARD REORGANIZATION
  - A. Election of Board Chair Approve  
by Motion
  - B. Election of Board Vice Chair Approve  
by Motion
  - C. Appointment of Authority Secretary Approve  
by Motion
7. CONSENT CALENDAR Approve  
by Motion

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.

Recommended  
Action

- A. Approve Minutes of Special Board Meeting of November 26, 2018
- B. Treasurer's Reports for November 30, and December 31, 2018
- C. Quarterly Investment Report – December 31, 2018
- D. Approve Task Order No.17 for Fiscal Year 2019-20 for Public Information Services with ICF Jones & Stokes, Inc.

8. BOARD BUSINESS

- A. Approve Change of Meeting Location of Regular DERWA Board Meetings Approve by Resolution
- B. Authorize the Authority Manager to Execute a Temporary Wastewater Diversion Agreement with Central Contra Costa Sanitary District Approve by Motion
- C. Indicate Support to Implement Additional Sand Filter Loading Rate Testing as Part of the Phase 2 Recycled Water Treatment Facility Expansion (Phase 2) and Authorize the Authority Manager to Negotiate Necessary Agreement Amendment(s) and Present a Budget Adjustment for the Phase 2 Project for Approval at a Future DERWA Board Meeting Approve by Motion

9. MANAGER'S REPORTS

- A. Authority Manager Recruitment Update
- B. Supplemental Supply Update
- C. Confirm Next Board Meeting – March 25, 2019

10. BOARDMEMBER ITEMS

11. ADJOURNMENT

**Information about and copies of supporting materials on agenda items are available for public review at 7035 Commerce Circle, Pleasanton at the Reception Desk, or by calling the Authority Secretary at (925) 828-0515. A fee may be charged for copies. During the meeting, information and supporting materials are available by the doorway into the Boardroom. Authority 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.**

# Items 6. A, B, and C

## DERWA Summary & Recommendation

### Selection of Board Officers for 2019

#### Summary:

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

In addition, the JPA provides that appointment of the DERWA Authority Secretary follows the same procedure (method of appointment, time of appointment and term) as the Chair and Vice Chair. Thus, the appointment of the DERWA Authority Secretary should also be considered. Nicole Genzale has ably served as the DERWA Authority Secretary since October 26, 2015. It would be appropriate to continue her appointment.

#### Recommendation:

In three separate motions, it is recommended that the DERWA Board of Directors, by Motion:

- Elect the officers of Chair and Vice Chair for 2019; and
- Appoint Nicole Genzale to continue as DERWA Authority Secretary for 2019.

February 4, 2019

Attachment

## PAST DERWA OFFICERS

YEAR	CHAIR	VICE CHAIR
2010	Jeff Hansen	John A. Coleman
2011	John A. Coleman	Dwight "Pat" Howard
2012	Georgean Vonheeder-Leopold	Frank Mellon
2013	Frank Mellon	Rich Halket
2014	Dwight "Pat" Howard	John A. Coleman
2015	John A. Coleman	Ed Duarte
2016	Georgean Vonheeder-Leopold	Frank Mellon
2017	Frank Mellon	Dwight "Pat" Howard
2018	Dwight "Pat" Howard	John A. Coleman
2019		

In January 2019, the DSRSD Board appointed Ed Duarte and Georgean Vonheeder-Leopold as the DSRSD representatives to the DERWA Board, and Madelyne Misheloff, Richard Halket and Ann Marie Johnson as DSRSD Alternative Representatives. In January 2019, the EBMUD Board appointed John Coleman and Frank Mellon as EBMUD representatives to the DERWA Board, and Doug Linney as EBMUD Alternative Representative.

Following DERWA's past practice of alternating positions of Chair and Vice Chair between the agencies, the Chair for 2019 should be an EBMUD representative, and the Vice Chair for 2019 should be a DSRSD representative.

Dwight "Pat" Howard served as DERWA Chair in 2018 therefore, according to past DERWA Practice, EBMUD representative John Coleman should be nominated as DERWA Chair for 2019.

In accordance with DSRSD Joint Powers Agency Rotation policy, Georgean Vonheeder-Leopold should be nominated as DERWA Vice Chair for 2019.

# Item 7.A

**DSRSD • EBMUD RECYCLED WATER AUTHORITY  
(DERWA)**

**Board of Directors Special Meeting Minutes  
Monday, November 26, 2018**

**Shannon Community Center, Ambrose Hall  
11600 Shannon Avenue, Dublin CA 94568**

---

1. CALL TO ORDER – Chair Dwight (Pat) Howard called the DSRSD • EBMUD Recycled Water Authority (DERWA) meeting to order at 6:01 p.m. at the Shannon Community Center, Ambrose Hall.

2. PLEDGE TO THE FLAG

3. ROLL CALL – Directors present: Chair Dwight (Pat) Howard, Vice Chair John Coleman, and Director Georgan Vonheeder-Leopold. Director Frank Mellon had an excused absence. Alternate Director Doug Linney was absent. DERWA Staff present: Mike Tognolini, Authority Manager; Richard Lou, Treasurer; Doug Coty, General Counsel; and Nicole Genzale, Authority Secretary.

4. SPECIAL ANNOUNCEMENTS/ACTIVITIES – None

5. PUBLIC COMMENT – 6:02 p.m. – None

6. CONSENT CALENDAR

A. Approve Minutes of Regular Board Meeting of July 23, 2018

Motion by Vice Chair Coleman, Second by Director Vonheeder-Leopold, to approve Consent Calendar item 6.A. Motion carried (3-0-1) by the following vote:

AYES: Coleman, Vonheeder-Leopold, Howard

NOES:

ABSENT: Linney

B. Treasurer's Reports for June 30, July 31, August 31, September 30 and October 31, 2018

C. Quarterly Investment Report – September 30, 2018

Motion by Vice Chair Coleman, Second by Director Vonheeder-Leopold, to approve Consent Calendar items 6.B. and 6.C. Motion carried (3-0-1) by the following vote:

AYES: Coleman, Vonheeder-Leopold, Howard

NOES:

ABSENT: Linney

7. BOARD BUSINESS

A. Transmittal of the DERWA Independent Auditor's Report and Financial Statements for Years Ending June 30, 2018 and 2017

Authority Manager Tognolini reported copies of the DERWA Independent Auditor's Report and

**DRAFT**

Financial Statements for Years Ending June 30, 2018 and 2017 are available in the agenda packet and at the Authority Secretary's desk this evening. He reported DERWA received a clean opinion. Motion by Director Vonheeder-Leopold, Second by Vice Chair Coleman, to accept the Independent Auditor's Report and Financial Statement for Years Ending June 30, 2018 and 2017. Motion carried (3-0-1) by the following vote:

AYES: Vonheeder-Leopold, Coleman, Howard  
NOES:  
ABSENT: Linney

#### B. Discussion and Direction on Supplemental Supply Alternatives and Water Demand Projections

Authority Manager Tognolini gave a Supplemental Supply and Demand Management Update to the Board addressing the topics listed below. He handed out copies of the slide presentation to the Board.

- DERWA Peak Summer Supply and Demand Projections  
Mr. Tognolini reviewed a chart comparing current and anticipated peak demand and supply over the next 10 years. Current supply is 10.5 - 11.5 mgd (million gallons per day) with a projected increase of 0.1 mgd increase each year. He explained the various supplemental supply sources that could help to make up the anticipated shortfall and the mgd they could contribute. These sources include a temporary wastewater diversion from Central Contra Costa Sanitary District (Central San), Fringe Basin groundwater, potable water/demand management, and additional ground or wastewater sources. DERWA sells recycled water 365 days a year, with a decrease during the winter and the peak demand occurring mid-April to mid-October.
- Central San Diversion Project  
This project would provide approximately 1 - 1.5 mgd wastewater supply to DERWA for three years with opportunity for two one-year extensions. Diversions would start in summer 2019. The agreement would provide "off-ramps" should either party wish to terminate due to operational or other concerns. The agreement will be presented to Central San's Board in December and should be ready for approval by the DERWA Board at its February 4 meeting. The construction for the project is minimal and would be easily completed ahead of the summer season. Central San will host a community meeting in San Ramon on December 12 to address community concerns related to the project stemming from a sewage overflow that occurred nearly twenty years ago. The proposed project would improve the existing facility by providing redundancy with a second overflow.
- Fringe Basin Groundwater Update  
A pilot is currently in development to use an existing well at Devil Mountain Wholesale Nursery (in San Ramon) in peak months to provide an estimated yield of 0.2 mgd. The water would be pumped into Dublin San Ramon Service District's (DSRSD) wastewater for treatment to address slightly elevated boron levels. Staff is currently discussing site access and power service with PG&E, who owns the property. This supply could be available by summer 2020. Staff is investigating other well sites that could increase peak summer yield but would require drilling and testing, noting that could take some time. Mr. Tognolini reported that staff's research on existing wells in the area led them to Devil Mountain Wholesale Nursery. Some of the other well owners are not receptive to working with DERWA, and few wells have large enough capacity to be of assistance.
- Other Possible Supplies

- Potable – DERWA is progressing with City of Pleasanton (Pleasanton) toward making the existing temporary potable supply arrangement more permanent. This would be an interruptible supply based on Pleasanton’s needs, but could be a mutually beneficial arrangement. DSRSD is working on obtaining potable connections from the Tassajara Reservoir. East Bay Municipal Utility District (EBMUD) could potentially supply potable water, but the reservoir that would best connect to the system is currently offline due to low demand/high conservation in that area. Mr. Tognolini pointed out that having potable water available from both agencies would be advantageous for providing operational flexibility.
  - Expanded Fringe Basin Groundwater – DERWA is looking at additional locations in and around Dublin area owned by DSRSD.
  - Main Basin Groundwater – This is a longer proposition and would have to be discussed with Zone 7 Water Agency due to it being a source of potable water for the Tri-Valley. Mr. Tognolini also reported the wells that existed at DSRSD’s District Office have been capped.
  - Longer Term Agreement with Central San – At this time, Central San is only interested in engaging in a short-term agreement with DERWA as it has other projects it plans to pursue using its wastewater supply.
  - Livermore – Staff from DSRSD and EBMUD met with the City Manager of City of Livermore (Livermore) last month. Livermore has no real interest in pursuing an agreement with DERWA, but was willing to listen to a proposal. Livermore wishes to control its wastewater supply for its own purposes and did not see enough of a benefit to enter into an agreement. A follow-up meeting has been scheduled with Livermore in January to answer additional questions and outline what a proposal with DERWA might look like. Mr. Tognolini introduced EBMUD General Manager Alex Coate who attended the meeting with Livermore. Mr. Coate further explained Livermore’s concerns with providing its supply to DERWA long-term and not being able to get it back when needed. The Board and staff discussed how the project with Central San could serve as an example for a Livermore project, and how such an agreement could be crafted and communicated to alleviate Livermore’s concerns. Livermore is not currently expanding its system until it decides on potable reuse projects. Mr. Tognolini also cautioned DERWA on growing its system and investing in more infrastructure given its speculative future supply.
- Potential Connection Moratorium in 2019  
Mr. Tognolini discussed possible elements of a connection moratorium, including:
- No new DSRSD connections.
  - EBMUD completes 0.9 mgd (peak demand) of connections currently in progress from its Bishop Ranch extension, then stops.
  - Pleasanton connections continue up to its available wastewater.
  - No additional connections until sufficient long-term supplies are available (20-year availability).

The Board directed staff to prepare a proposed moratorium item for the Board’s consideration in February or March.

- DERWA Peak Summer Supplies and Demands under Moratorium  
Mr. Tognolini reviewed DERWA’s ten-year supply outlook under less optimistic conditions (only three-year agreement with Central San instead of five, Devil Mountain well is only groundwater source, rest of supply is potable) and reported DERWA’s supply will be short in three years and must find additional supply sources.

The Board and staff agreed the less optimistic scenario seemed to be a more realistic

outlook and further discussed approaches to working with Livermore in engaging in an agreement to acquire its wastewater supply until the city needs it.

The Board directed staff to craft a memo outlining Livermore's current costs associated with discharging its wastewater versus the cost savings it could see by allowing DERWA to temporarily use it, and share such memo with the DERWA Board and Livermore.

– Capital Investment Parity under a Connection Moratorium

Mr. Tognolini explained that this particular concept has not been previously brought to the Board before and outlined the following:

- Original capital investments by DSRSD and EBMUD assumed approximate 58% DSRSD share and 42% EBMUD share.
- DSRSD has brought customers on line faster because of new development versus EBMUD retrofits.
- Actual use of recycled water is approximately 75% DSRSD and 25% EBMUD.
- Per discussion of General Managers, DERWA may wish to consider capital investment realignment under a long-term connection moratorium.

The Board and staff agreed the right balance could be struck between the partner agencies, noting that DERWA has been so successful with no one wanting to "upset the apple cart" They also further discussed enacting the connection moratorium presented earlier this evening and the possible impacts and considerations for current customers.

C. Authorize the Authority Manager to Initiate Recruitment for a New Authority Manager

Authority Manager Tognolini reviewed the item for the Board. He reported he will complete his three-year commitment as Authority Manager in March 2019, allowing time for his successor to be appointed. Based on DERWA's upcoming program needs, he recommended DERWA retain a recruitment firm to recruit for the position. DSRSD and EBMUD will equally share the recruitment cost (not to exceed \$25,000). Final candidates will be recommended to the Board for interviews and selection. The Board agreed this was a reasonable approach.

Motion by Vice Chair Coleman, Second by Director Vonheeder-Leopold to Authorize the Authority Manager to Initiate Recruitment for a New Authority Manager. Motion carried (3-0-1) by the following vote:

AYES: Coleman, Vonheeder-Leopold, Howard

NOES:

ABSENT: Linney

D. Proclamation of Appreciation for Dwight "Pat" Howard's Service on the DERWA Board of Directors

Chair Howard passed the gavel to Vice Chair Coleman to conduct this item. Vice Chair Coleman reviewed the item for the Board. The Board expressed its appreciation for Chair Howard's service to DERWA.

Motion by Director Vonheeder-Leopold, Second by Chair Howard, to Approve the Proclamation of Appreciation for Dwight "Pat" Howard's service on the DERWA Board of Directors. Motion carried (3-0-1) by the following vote:

AYES: Vonheeder-Leopold, Howard, Coleman

NOES:



ABSENT: Linney

Vice Chair Coleman passed the gavel back to Chair Howard to conduct the rest of the meeting.

Authority Manager Tognolini presented Chair Howard with a DERWA journal as thanks for his service as DERWA Chair in 2018. Chair Howard expressed how much he enjoyed serving on DERWA's Board and complimented DERWA on how well it is run and its great success. He stated he is confident the Board and staff will solve the current supply issues it is facing.

## 8. MANAGER'S REPORTS

- Capital Projects – Phase 2 Recycled Water Treatment Plant Expansion Project Update

Authority Manager Tognolini reported the project has gone very well and nearly all of the work has been completed, with the exception of two replacement Variable Frequency Drives that have yet to be installed due to a delay by the manufacturer. They are expected to arrive in January, so contract management and contractor time has been extended to finish this work. Due to some change orders along the way, total projects costs will come close to the total project budget. DERWA has accumulated enough expenses to submit a grant reimbursement request for \$2.5 million from the State Water Resources Control Board, but, to date, no news has been received regarding federal grant funding.

Additionally, Mr. Tognolini expressed his thanks to DSRSD staff and in particular, DERWA Administrative Assistant Sue Montague, for working so hard to pull this evening's meeting together in light of DSRSD's District Office and Boardroom being unavailable due to recent flooding. Chair Howard also thanked Ms. Montague for all of her support during his tenure on the Board.

- Confirm Next Board Meeting – February 4, 2019

The Board confirmed the next meeting will be held as scheduled on February 4, 2019.

## 9. BOARDMEMBER ITEMS

Director Vonheeder-Leopold inquired as to when a wastewater diversion agreement with Central San would be presented to the Board. Authority Manager Tognolini reported an agreement will be scheduled for no later than the February 4 Board meeting. The diversion project's cost has not been defined yet, though it has been significantly reduced due to proposal of a shortened agreement with less components.

## 10. ADJOURNMENT

Chair Dwight (Pat) Howard adjourned the meeting at 7:04 p.m.

Submitted by,

Nicole M. Genzale, CMC  
Authority Secretary

# Item 7.B

## DERWA Summary & Recommendation

November 30, 2018 Treasurer's Report  
December 31, 2018 Treasurer's Report

### Summary:

Attached are the Treasurer's Reports for the months ending November 30, and December 31, 2018, 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 November 30, and December 31, 2018.

February 4, 2019

Attachments

**DSRSD/EBMUD RECYCLED WATER AUTHORITY  
TREASURER'S REPORT FOR NOVEMBER 30, 2018**

**STAFF REPORT**

Attached is the DERWA Treasurer's Report for the month ending November 30, 2018. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, \$414,190 in agency reimbursements was received. Also, a payment of \$58,632 was received from the City of Pleasanton.

Expenses: Current monthly expenditures were \$39,055. Fiscal year-to-date expenditures for FY19 total \$1,562,764 of which \$1,047,616 was operating expenses and \$515,148 was capital expenditures. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY19.




Cash: The cash balance at November 30, 2018 was (\$1,210,843).

Submitted by:



Richard Lou  
Treasurer

Dated: December 12, 2018

Prepared by  (M. Alvarez Jr)  
Reviewed by  (L. Fan)  
Reviewed by  (S. Klein)

**DSRSD/EBMUD RECYCLED WATER AUTHORITY  
TREASURER'S REPORT  
FOR THE PERIOD ENDED November 30, 2018**

CAPITAL - PROJECT	Program Budget @ FY 2019	Expenditures FY 18 and Prior (a)	Expenditures Current Month	Expenditures FY 19 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
Pipeline Reach 1	0	7,560,517	0	0	7,560,517	4,383,920	3,176,597
Pipeline Reach 2	0	4,558,120	0	0	4,558,120	3,882,264	675,856
Pipeline Reach 3	0	2,286,003	0	0	2,286,003	1,719,204	566,799
Pipeline Reach 4	0	1,614,959	0	0	1,614,959	363,685	1,251,274
Pipeline Reach 5	0	1,430,991	0	0	1,430,991	200,195	1,230,796
Pipeline Reach 6	0	6,759,869	0	0	6,759,869	430,784	6,329,085
Treatment Plant	0	15,732,794	0	0	15,732,794	8,948,843	6,783,951
Pump Stations	0	8,563,294	0	0	8,563,294	6,776,648	1,786,646
Water Tanks	0	12,393,483	0	0	12,393,483	7,221,552	5,171,931
Phase 2 Pipeline & Pump Station	0	3,462,938	0	0	3,462,938	0	3,462,938
Backbone Corrosion	0	1,109,004	0	0	1,109,004	122,302	986,702
SCADA	233,000	341,726	0	0	341,726	194,784	146,942
EBMUD Pipeline Phase 2, 3 & 4	0	602,193	0	0	602,193	0	602,193
Fine Screening	0	927,811	0	0	927,811	528,852	398,959
New/Replacement Capital <50K	150,000	271,592	0	0	271,592	154,808	116,784
MF/UV Control Programing Update	0	144,366	0	0	144,366	82,289	62,077
Program Planning & Air Relief	410,000	5,491,623	0	0	5,491,623	2,696,685	2,794,938
Planning Prior Years	0	3,665,330	0	0	3,665,330	1,796,012	1,869,318
Permanent Suppl. Supply	105,000	373,467	11,627	41,897	415,364	240,911	174,453
PSR-1 VFD Replacement	0	0	0	0	0	0	0
RSR200B Hypo Feed	0	0	0	0	0	0	0
MF Membrane Replace	700,000	698,833	0	0	698,833	335,440	363,393
LVAMWA Connection	0	0	0	0	0	0	0
6th RWTP Sand Filter	0	255	0	0	255	27	228
DWR IRWM- Prop 84 Rd 3 Drought Project	0	16,432	0	0	16,432	8,216	8,216
PSR1 /Recy. Water Treatment Expansion	9,383,000	13,479,396	0	345,473	13,824,869	8,879,832	4,945,037
Pleasanton Capital Billing/Contingency	0	5,334,659	0	127,778	5,462,437	0	5,462,437
Capitalized Interest	0	1,960,872	0	0	1,960,872	960,827	1,000,045
<b>Total Capital Impr. Proj. Element</b>	<b>10,981,000</b>	<b>98,780,527</b>	<b>11,627</b>	<b>515,148</b>	<b>99,295,675</b>	<b>49,928,080</b>	<b>49,367,596</b>

OPERATING - ITEM	Budget FY 19	Expenditures FY 18 and Prior (a)	Expenditures Current Month	Expenditures FY 19 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
DERWA Program Manager	196,350	3,169,797	16,468	57,343	3,227,140	2,305,083	922,056
Treasurer	38,500	2,756,326	10,235	30,376	2,786,702	2,090,026	696,676
Legal Counsel	15,000	434,886	725	775	435,661	326,746	108,915
Secretary	3,620	211,323	0	3,100	214,423	160,817	53,606
Other	108,000	1,272,352	0	99,292	1,371,644	1,028,733	342,911
Operation and Maintenance Detail	2,145,370	16,143,638	0	856,730	17,000,368	13,092,550	3,907,819
Debt Service	1,645,513	22,029,056	0	0	22,029,056	12,106,263	9,922,793
<b>Total Operating Program Element</b>	<b>4,152,353</b>	<b>46,017,378</b>	<b>27,428</b>	<b>1,047,616</b>	<b>47,064,994</b>	<b>31,110,218</b>	<b>15,954,776</b>

<b>PROJECT TOTALS</b>	<b>15,133,353</b>	<b>144,797,905</b>	<b>39,055</b>	<b>1,562,764</b>	<b>146,360,669</b>	<b>81,038,298</b>	<b>65,322,372</b>
-----------------------	-------------------	--------------------	---------------	------------------	--------------------	-------------------	-------------------

REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution		
DSRSD	0	0
EBMUD	0	0
Agency Reimbursements - DSRSD	307,944	2,792,488
Agency Reimbursements - EBMUD	106,246	1,171,249
Commercial Paper Issued	0	0
Pleasanton payments	58,632	330,765
Interest / Contracts	0	0
Misc Income	0	0
<b>TOTAL REVENUES &amp; FUNDING</b>	<b>472,821</b>	<b>4,294,503</b>

CASH AVAILABLE	Current Month	Fiscal Year
Beginning Cash	(1,644,609)	(2,480,866)
Beg. Balance Accrual Adj	0	(1,461,715)
Rounding	0	0
Total Revenues & Funding	472,821	4,294,503
Total Expenditures	(39,055)	(1,562,764)
<b>Ending Cash</b>	<b>(1,210,843)</b>	<b>(1,210,843)</b>

Prepared by Manuel Alvarez Jr. Date: 12-12-18  
Reviewed by Lawrence Fan Date: 12/12/18  
Approved by Scott Klein Date: 12/12/18



## DERWA CASH REPORT

Cash Balance as of 10/31/18 (1,644,609.38) Reconciled to DERWA TR

Add member agency's contribution:

DSRSD Contribution	
EBMUD Contribution	
Agency Reimbursements - DSRSD	307,943.99
Agency Reimbursements - EBMUD	106,245.61
City of Pleasanton Payments	58,631.60
Interest Income	
Other Reimbursements- Misc	

Less invoice payments:

EBMUD	11/2/2018	(33,455.87)
BBSI	11/2/2018	(214.50)
Maze	11/9/2018	(631.00)
BBSI	11/9/2018	(702.00)
BPMNJ	11/16/2018	(725.00)
BBSI	11/16/2018	(702.00)
ICF Jones & Stokes	11/30/2018	(440.00)
BBSI	11/30/2018	(838.50)
BBSI	11/30/2018	(1,345.50)

	11/30/18	(1,210,842.55)
Cash Balance as of	Rounding	(0.45)
	Cash Balance 11/30/18	(1,210,843.00)

Prepared by 	Date <u>12-12-18</u>
Reviewed by  Lawrence Fan	Date <u>12/12/18</u>
Approved by  Scott Klein	Date <u>12/12/18</u>

**DSRSD/EBMUD RECYCLED WATER AUTHORITY  
TREASURER'S REPORT FOR DECEMBER 31, 2018**

**STAFF REPORT**

Attached is the DERWA Treasurer's Report for the month ending December 31, 2018. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, \$883,818 in agency reimbursements was received. Also, a payment of \$66,762 was received from the City of Pleasanton.

Expenses: Current monthly expenditures were \$20,672. Fiscal year-to-date expenditures for FY19 total \$1,583,437 of which \$1,062,333 was operating expenses and \$521,104 was capital expenditures. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY19.




Cash: The cash balance at December 31, 2018 was (\$280,935).

Submitted by:



Richard Lou  
Treasurer

Dated: January 11, 2019

Prepared by  (M. Alvarez Jr)  
Reviewed by  (L. Fan)  
Reviewed by  (S. Klein)



**DSRSD/EBMUD RECYCLED WATER AUTHORITY  
TREASURER'S REPORT  
FOR THE PERIOD ENDED DECEMBER 31, 2018**

CAPITAL - PROJECT	Program Budget @ FY 2019	Expenditures FY 18 and Prior (a)	Expenditures Current Month	Expenditures FY 19 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
Pipeline Reach 1	0	7,560,517	0	0	7,560,517	4,383,920	3,176,597
Pipeline Reach 2	0	4,558,120	0	0	4,558,120	3,882,264	675,856
Pipeline Reach 3	0	2,286,003	0	0	2,286,003	1,719,204	566,799
Pipeline Reach 4	0	1,614,959	0	0	1,614,959	363,685	1,251,274
Pipeline Reach 5	0	1,430,991	0	0	1,430,991	200,195	1,230,796
Pipeline Reach 6	0	6,759,869	0	0	6,759,869	430,784	6,329,085
Treatment Plant	0	15,732,794	0	0	15,732,794	8,948,843	6,783,951
Pump Stations	0	8,563,294	0	0	8,563,294	6,776,648	1,786,646
Water Tanks	0	12,393,483	0	0	12,393,483	7,221,552	5,171,931
Phase 2 Pipeline & Pump Station	0	3,462,938	0	0	3,462,938	0	3,462,938
Backbone Corrosion	0	1,109,004	0	0	1,109,004	122,302	986,702
SCADA	233,000	341,726	0	0	341,726	194,784	146,942
EBMUD Pipeline Phase 2, 3 & 4	0	602,193	0	0	602,193	0	602,193
Fine Screening	0	927,811	0	0	927,811	528,852	398,959
New/Replacement Capital <50K	150,000	271,592	0	0	271,592	154,808	116,784
MF/UV Control Programing Update	0	144,366	0	0	144,366	82,289	62,077
Program Planning & Air Relief	410,000	5,491,623	0	0	5,491,623	2,696,685	2,794,938
Planning Prior Years	0	3,665,330	0	0	3,665,330	1,796,012	1,869,318
Permanent Suppl. Supply	105,000	373,467	5,956	47,853	421,320	244,365	176,955
PSR-1 VFD Replacement	0	0	0	0	0	0	0
RSR200B Hypo Feed	0	0	0	0	0	0	0
MF Membrane Replace	700,000	698,833	0	0	698,833	335,440	363,393
LVAMWA Connection	0	0	0	0	0	0	0
6th RWTP Sand Filter	0	255	0	0	255	27	228
DWR IRWM- Prop 84 Rd 3 Drought Project	0	16,432	0	0	16,432	8,216	8,216
PSR1 /Recy. Water Treatment Expansion	9,383,000	13,479,396	0	345,473	13,824,869	8,879,832	4,945,037
Pleasanton Capital Billing/Contingency	0	5,334,659	0	127,778	5,462,437	0	5,462,437
Capitalized Interest	0	1,960,872	0	0	1,960,872	960,827	1,000,045
<b>Total Capital Impr. Proj. Element</b>	<b>10,981,000</b>	<b>98,780,527</b>	<b>5,956</b>	<b>521,104</b>	<b>99,301,631</b>	<b>49,931,534</b>	<b>49,370,098</b>

OPERATING - ITEM	Budget FY 19	Expenditures FY 18 and Prior (a)	Expenditures Current Month	Expenditures FY 19 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
DERWA Program Manager	196,350	3,169,797	8,588	65,933	3,235,730	2,311,525	924,204
Treasurer	38,500	2,756,326	4,316	34,692	2,791,018	2,093,263	697,755
Legal Counsel	15,000	434,886	1,812	2,586	437,472	328,104	109,368
Secretary	3,620	211,323	0	3,100	214,423	160,817	53,606
Other	108,000	1,272,352	0	99,292	1,371,644	1,028,733	342,911
Operation and Maintenance Detail	2,145,370	16,143,638	0	856,730	17,000,368	13,092,550	3,907,819
Debt Service	1,645,513	22,029,056	0	0	22,029,056	12,106,263	9,922,793
<b>Total Operating Program Element</b>	<b>4,152,353</b>	<b>46,017,378</b>	<b>14,716</b>	<b>1,062,333</b>	<b>47,079,711</b>	<b>31,121,255</b>	<b>15,958,456</b>

<b>PROJECT TOTALS</b>	<b>15,133,353</b>	<b>144,797,905</b>	<b>20,672</b>	<b>1,583,437</b>	<b>146,381,342</b>	<b>81,052,789</b>	<b>65,328,554</b>
-----------------------	-------------------	--------------------	---------------	------------------	--------------------	-------------------	-------------------

REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution		
DSRSD	0	0
EBMUD	0	0
Agency Reimbursements - DSRSD	620,504	3,412,992
Agency Reimbursements - EBMUD	263,314	1,434,563
Commercial Paper Issued	66,762	0
Pleasanton payments	0	397,527
Interest / Contracts	0	0
Misc Income	0	0
<b>TOTAL REVENUES &amp; FUNDING</b>	<b>950,580</b>	<b>5,245,083</b>

CASH AVAILABLE	Current Month	Fiscal Year
Beginning Cash	(1,210,843)	(2,480,866)
Beg. Balance Accural Adj	0	(1,461,715)
Rounding	0	0
Total Revenues & Funding	950,580	5,245,083
Total Expenditures	(20,672)	(1,583,437)
Ending Cash	(280,935)	(280,935)

Prepared by  Date: 1-10-19  
 Reviewed by  Date: 1/10/19  
 Approved by  Date: 1/10



DSRSD/EBMUD RECYCLED WATER AUTHORITY  
SUMMARY OF EXPENDITURES  
FOR THE PERIOD ENDED  
December 31, 2018

Check Date	Check Number	Payee	Category	TOTAL Amount	DSRSD Amount	EBMUD Amount	Operating	Capital	CK-OP	
12/14/18		EBMUD	Op- Trea- Cost Acct(73/27)	4,316.06	3,150.72	1,165.34	○	4,316.06	0.00	4,316.06
12/14/18		EBMUD	Op-Prg Manager(73/27)	4,430.42	3,234.21	1,196.21	○	4,430.42	0.00	4,430.42
12/14/18		EBMUD	Op-Prg Manager-Staff (73/27)	2,871.04	2,095.86	775.18	○	2,871.04	0.00	2,871.04
12/14/18		EBMUD	Cap - Prm Suppl Wtr Sup (58/42)	5,955.84	3,454.39	2,501.45	C	0.00	5,955.84	0.00
12/14/18		BBSI	Op-Prg Manager-Staff (73/27)	975.00	711.75	263.25	○	975.00	0.00	975.00
12/21/18		Bold, Polisner, Maddow, Nelson & Judson	Op-Prg Manager-Staff (73/27)	1,811.45	1,322.36	489.09	○	1,811.45	0.00	1,811.45
12/21/18		BBSI	Op-Prg Manager-Staff (73/27)	312.00	227.76	84.24	○	312.00	0.00	312.00
-		-	-	-	-	-		0.00	0.00	0.00
-		-	-	-	-	-		0.00	0.00	0.00
-		-	-	-	-	-		0.00	0.00	0.00
-		-	-	-	-	-		0.00	0.00	0.00
-		-	-	-	-	-		0.00	0.00	0.00
-		-	-	-	-	-		0.00	0.00	0.00
-		-	-	-	-	-		0.00	0.00	0.00
-		-	-	-	-	-		0.00	0.00	0.00
-		-	-	-	-	-		0.00	0.00	0.00
-		-	-	-	-	-		0.00	0.00	0.00
-		-	-	-	-	-		0.00	0.00	0.00
-		-	-	-	-	-		0.00	0.00	0.00
-		-	-	-	-	-		0.00	0.00	0.00
-		-	-	-	-	-		0.00	0.00	0.00
-		-	-	-	-	-		0.00	0.00	0.00
-		-	-	-	-	-		0.00	0.00	0.00
-		-	-	-	-	-		0.00	0.00	0.00
-		-	-	-	-	-		0.00	0.00	0.00
-		-	-	-	-	-		0.00	0.00	0.00
-		-	-	-	-	-		0.00	0.00	0.00
-		-	-	-	-	-		0.00	0.00	0.00
-		-	-	-	-	-		0.00	0.00	0.00
				<u>20,671.81</u>	<u>14,197.05</u>	<u>6,474.76</u>		<u>14,715.97</u>	<u>5,955.84</u>	<u>14,715.97</u>

Wk Ending	Amount
12/14/18	\$ 18,548.36
12/21/18	\$ 2,123.45
<b>\$</b>	<b>20,671.81</b>

Pleasanton-

OP           14,715.97  
CAP          5,955.84

0.00 Reconciled  
0.00 Reconciled  
0.00 Reconciled

Prepared by Manuel Alvarez Jr. Date: 1-10-19

Reviewed by Lawrence Fan Date: 1/10/19

Approved by Scott Klein Date: 1/10/19

## DERWA CASH REPORT

Cash Balance as of

11/30/18

(1,210,842.55) Reconciled to DERWA TR

Add member agency's contribution:

DSRSD Contribution	
EBMUD Contribution	
Agency Reimbursements - DSRSD	620,503.92
Agency Reimbursements - EBMUD	263,314.17
City of Pleasanton Payments	66,761.61
Interest Income	
Other Reimbursements- Misc	

Less invoice payments:

EBMUD	12/14/2018	(17,573.36)
BBSI	12/14/2018	(975.00)
BPMNJ	12/21/2018	(1,811.45)
BBSI	12/21/2018	(312.00)

Cash Balance as of

12/31/18

(280,934.66)

Rounding

(0.34)

Cash Balance 12/31/18

(280,935.00)

Prepared by   
 Manuel Alvarez Jr.

Reviewed by   
 Lawrence Fan

Approved by   
 Scott Klein

Date 1-10-19

Date 1/10/19

Date 1/10/19

**DERWA**  
**Summary & Recommendation**

**Quarterly Investment Report – December 31, 2018**

**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 on December 31, 2018 were \$0.00. 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 that the DERWA Board of Directors approve, by Motion, the Quarterly Investment Report for December 31, 2018.

February 4, 2019

**DERWA**  
**Summary & Recommendation**

**Approve Task Order No. 17 for Fiscal Year 2019-20 for  
Public Information Services with ICF Jones & Stokes, Inc.**

**Summary:**

The DERWA Public Information Program has been supporting the San Ramon Valley Recycled Water Program during construction, startup and operation phases. The DERWA Public Information Program is coordinated by the Public Affairs Committee made up of public information staff of the member agencies. The program activities include:

- Plan and Facilitate the Annual Communications Roundtable Exercise
- Update Informational Materials
- Website Maintenance

ICF Jones & Stokes, Inc., has been providing consultant services to the Public Information Program for many years. Proposed Task Order No. 17 continues the consultant support for the DERWA Public Information Program. The work proposed for ICF Jones & Stokes, Inc. for July 2019 through June 2020 will be the planning and facilitation of the Annual Communications Roundtable Exercise, the updating of the informational materials used to facilitate smooth communications between the member agencies in both normal and emergency situations, and updating and supporting the maintenance of the San Ramon Valley Recycled Water Program website. The 2018-19 authorized Task Order amount was \$31,866. The estimated cost of the work for Task Order No. 17 is \$56,161. The higher cost reflects a one-time budget augmentation to cover previous unforeseen work requests ICF has incurred over the past several years.

**Recommendation:**

The Authority Manager recommends the DERWA Board of Directors approve, by Motion, Task Order No. 17 to the August 18, 2008 Professional Services Agreement with ICF Jones & Stokes Inc. for the period July 2019 through June 2020 in an amount not to exceed \$56,161.

February 4, 2019

Attachment

**Dublin San Ramon Services District – East Bay Municipal Utility District  
Recycled Water Authority (DERWA)  
Operations Phase  
Public Information / Agency Outreach Program  
Draft Scope of Work - Task Order No. 17  
July 1, 2019 – June 30, 2020**

**Task 17. Public Information / Agency Outreach Activities**

**17.1 Communications Roundtable and Tour of Water Recycling Plant**

Organize and implement the annual Communications Roundtable for DSRSD, EBMUD, and the City of Pleasanton. In coordination with agency staff, facilitate the planning and logistics for the half-day training session and a separate tour of the Water Recycling Plant tentatively one week prior to the Roundtable. Manage all aspects of the Roundtable including the facility arrangements; develop the invitation, agenda, scenarios, monitor RSVPs and coordinate updates of the program materials and implement changes to the Communications Roundtable resources, then staff and facilitate the training session. Coordinate tour of Water Recycling Plant including invitations, RSVPs, agenda, schedule and check-in of attendees at tour.

**17.2 Informational Materials**

Update all materials, including the program website, to ensure they accurately reflect the current state of the program, including any JPA developments, construction updates or customer news. Provide online access to all materials to program staff and employees.

**17.3 Website Maintenance**

Provide ongoing maintenance including making refinements to the site (including updating photos and content), fixing broken links, and updating existing HTML text on the site. Update content to website as requested.

**17.4 One-time Budget Augmentation**

Due to previous unforeseen work requests, ICF has incurred cumulative budget shortfalls while helping to support the program over the past several years. The requests were in-scope, but exceeded yearly budget parameters. Activities included revamping many program elements like the website, Agency Response Plan and the Communications Roundtable process. In addition, the materials for the Roundtable are now live online and are living documents, therefore require being updated frequently throughout the year instead of just once a year. Materials and information related to the new partnership with the City of Pleasanton required updating.

**Table 1. Cost Estimate for SRVRWP Public Information/Agency Outreach Program (Task Order No. 17) 2019-2020**

Task	Employee Name	Consulting Staff				Labor Total	Direct Expenses	Total Price
		Norgaard I	Tickler J	Osborn M	Barnard A			
Labor Classification		Proj Dir	Sr Consult II	Sr Consult II	Sr Consult I			
17.1 Communications Roundtable and Tour of Water Recycling Plant		27	50	40	10	\$24,505		
17.2 Informational Materials		4	4	10	8	\$4,790		
17.3 Website Maintenance		4		10	20	\$6,010		
17.4 One-time Budget Augmentation		10	50	40	10	\$20,000		
Total hours		45	104	100	48			
ICF E&P 2018 Billing Rates		\$265	\$175	\$175	\$160			
Subtotals		\$11,925	\$18,200	\$17,500	\$7,680	\$55,305		
<b>Direct Expenses</b>								
523.02 Reproductions								\$150
523.05 Travel, Auto, incld. Mileage at current IRS rate (.545/mile)								\$178
523.09 Project Supplies								\$250
529.00 Other Reimbursable Expenses								\$200
Mark up on all non-labor costs and subcontractors: 10%								\$78
Direct expense subtotal								\$856
Total price								\$56,161

# Item 8.A

## **DERWA Summary & Recommendation**

### **Approve Change of Meeting Location of Regular DERWA Board Meetings**

#### **Summary:**

Per Resolution No. 17-2, DERWA holds its Board of Director meetings at the DSRSD (District) Office Boardroom located at 7051 Dublin Boulevard in Dublin on the first Monday in February, the third Monday in May, and the fourth Mondays in March, July, September, and November at 6 p.m. The District Office is currently unavailable to host Board meetings due to the discovery, on November 11, 2018, of a fire service line leaking and causing flooding, water damage, and an inoperable fire suppression system rendering the facility unsafe to operate in. This item establishes a new regular Board meeting location, and reaffirms the same meeting dates and start time of 6 p.m.

The City of Dublin has graciously offered assistance by providing a location within DSRSD's jurisdiction for DERWA to hold its Board meetings while the District Office undergoes repairs. The new meeting location is the Shannon Community Center, Ambrose Hall, located at 11600 Shannon Avenue, Dublin, CA 94568. A resolution will be presented to the Board at a future Board meeting to re-establish the District Office Boardroom as DERWA's regular meeting location when repairs are completed and staff and Board are cleared to move back to this facility.

#### **Recommendation:**

The Authority Manager recommends the DERWA Board of Directors approve, by Resolution, the establishment of the Regular DERWA meeting location as the Shannon Community Center, Ambrose Hall, 11600 Shannon Avenue, Dublin, CA 94568 as of February 4, 2019.

February 4, 2019

Attachments

DERWA  
RESOLUTION NO. 19-1

RESOLUTION OF THE BOARD OF DIRECTORS OF THE DSRSD•EBMUD RECYCLED  
WATER AUTHORITY ESTABLISHING THE TIME AND PLACE AT WHICH REGULAR  
MEETINGS OF THE AUTHORITY BOARD OF DIRECTORS SHALL BE HELD AND  
RESCINDING RESOLUTION NO. 17-2

---

WHEREAS, the DSRSD•EBMUD Recycled Water Authority ("Authority") requires regular meetings to conduct the business of the Authority; and

WHEREAS, the Joint Exercise of Powers Agreement, upon which the Authority is organized, requires the Authority to determine the frequency of regular meetings and specify by resolution the date, time, and place at which regular meetings shall be held; and

WHEREAS, the DERWA Board currently holds its regular meetings on the first Monday in February, the third Monday in May, and the fourth Mondays in March, July, September, and November at 6 p.m. at Dublin San Ramon Services District ("DSRSD"), 7051 Dublin Boulevard, Dublin, California 94568; and

WHEREAS, the Board of Directors desires to change the meeting location of regular meetings of the Board of Directors due to the DSRSD offices being rendered unsafe after a fire service line leaked beneath the building causing flooding, water damage and an inoperable fire suppression system; and

WHEREAS, the DERWA Board desires to change the meeting place to the Shannon Community Center, Ambrose Hall, 11600 Shannon Avenue, Dublin, California 94568, which has been graciously offered by the City of Dublin.

NOW, THEREFORE, the Board of Directors of the DSRSD•EBMUD Recycled Water Authority, a Joint Powers Authority, located in the Counties of Alameda and Contra Costa, California, hereby resolves:

That the regular meetings of the Board of Directors shall be held on the first Monday in February, the third Monday in May, and the fourth Mondays in March, July, September, and November, at 6 p.m. at the new location of the Shannon Community Center, Ambrose Hall, 11600 Shannon Avenue, Dublin, California 94568 commencing February 4, 2019, and continuing until this resolution is rescinded, and

That Resolution No. 17-2, attached as Exhibit A, is hereby rescinded.



Res. No. 19-1

ADOPTED by the Board of Directors of the DSRSD•EBMUD Recycled Water Authority, a Joint Powers Authority, located in the Counties of Alameda and Contra Costa, California at its Special Meeting held on the 4th day of February 2019 and passed by the following vote:

AYES:

NOES:

---

John A. Coleman, Chair

ATTEST: \_\_\_\_\_  
Nicole Genzale, District Secretary

DERWA  
RESOLUTION NO. 17-2

RESOLUTION OF THE BOARD OF DIRECTORS OF THE DSRSD•EBMUD RECYCLED WATER AUTHORITY (DERWA) CHANGING THE CALENDAR MONTHS IN WHICH REGULAR MEETINGS OF THE AUTHORITY BOARD OF DIRECTORS SHALL BE HELD AND RESCINDING RESOLUTION NO. 07-5.

---

WHEREAS, the DSRSD•EBMUD Recycled Water Authority (Authority) requires regular meetings to conduct the business of the Authority; and

WHEREAS, the Joint Exercise of Powers Agreement, upon which the Authority is organized, requires the Authority to determine the frequency of regular meetings and specify by resolution the date, time, and place at which regular meetings shall be held; and

WHEREAS, the DERWA Board currently holds its regular meetings on the fourth Monday of every other calendar month, occurring in the even months, at 6 p.m. at Dublin San Ramon Services District, 7051 Dublin Boulevard, Dublin, California 94568; and

WHEREAS, the Board desires to change the dates on which regular meetings are held.

NOW, THEREFORE, the Board of Directors of the DSRSD•EBMUD Recycled Water Authority, a Joint Powers Authority, located in the Counties of Alameda and Contra Costa, California, hereby resolves:

That the regular meetings of the Board of Directors shall be held on the fourth Monday of odd calendar months (March,, July, September, November) except for May which will be held on the third Monday, with the first meeting of the year being held on the first Monday in February, at 6 p.m. at Dublin San Ramon Services District, 7051 Dublin Boulevard, Dublin, California 94568 commencing in January

DERWA  
Res. No. 17-2

2018, and that Resolution No. 07-5, attached as Exhibit A, be rescinded as of  
January 2018.

ADOPTED by the Board of Directors of the DSRSD•EBMUD Recycled Water  
Authority, a Public Agency located in the Counties of Alameda and Contra Costa,  
California, at its Special Meeting held on the 16th day of November, 2017 and passed by  
the following vote:

AYES: 4 - Directors D.L. (Pat) Howard, John A. Coleman, Ed Duarte, Frank Mellon.

NOES: 0



Frank Mellon, Chair

Attest:



Nicole Genzale, Authority Secretary

# Item 8.B

## **DERWA Summary & Recommendation**

### **Authorize the Authority Manager to Execute a Temporary Wastewater Diversion Agreement with Central Contra Costa Sanitary District**

#### **Summary:**

The diversion of a portion of Central Contra Costa Sanitary District's (CCCSD) wastewater was identified as a temporary option to help meet DERWA's recycled water demands until wastewater flows increase with development and other long-term options are identified. The raw wastewater from the southern portion of CCCSD's service area could be diverted through Dublin San Ramon Services District's (DSRSD) existing collection system to the treatment plant, for the purpose of producing recycled water to meet DERWA's peak summer irrigation demand.

Through 2017 and 2018, staff worked with CCCSD to evaluate diversion options, how the diversion could impact CCCSD's operation and future recycled water projects, and how to mitigate those impacts. In August 2018, the CCCSD Board approved the guiding principles for the temporary diversion project. Since then staff has worked with CCCSD to develop the attached agreement, which will allow for a temporary diversion of wastewater from CCCSD for a period of three years, with two possible one-year extensions by mutual written agreement of the parties.

In May 2018, DERWA determined that the project is exempt from California Environmental Quality Act. A Notice of Exemption was filed with the Contra Costa County Clerk in May 2018. CCCSD and DERWA representatives held an Open House Community Meeting on the project in December 2018. There were 12 members of the public present. Most of the attendees left satisfied with the information they received. A few individuals expressed concern about the overflow that happened at the San Ramon Pumping Station 20 years ago and that Dougherty Valley's wastewater flow travels through their neighborhood.

On January 17, 2019, the CCCSD Board authorized its General Manager to execute the temporary wastewater diversion agreement with DERWA, with the condition for staff to report back to the Board on any operational impacts.

#### **Recommendation:**

The Authority Manager recommends the DERWA Board of Directors, by Motion, authorize the Authority Manager to execute the temporary wastewater diversion agreement with CCCSD.

February 4, 2019

Attachment

**AGREEMENT FOR THE TEMPORARY DIVERSION OF WASTEWATER BETWEEN  
DUBLIN SAN RAMON SERVICES DISTRICT – EAST BAY MUNICIPAL UTILITY  
DISTRICT RECYCLED WATER AUTHORITY AND CENTRAL CONTRA COSTA  
SANITARY DISTRICT**

This Agreement for Temporary Diversion of Wastewater between the Dublin San Ramon Services District – East Bay Municipal Utility District Recycled Water Authority (DERWA) and Central Contra Costa Sanitary District (Central San) (“Agreement”) is made and entered into this \_\_\_ day of \_\_\_\_\_, 2019. DERWA and Central San are individually referred to as "Party," and collectively as "Parties."

W I T N E S S E T H

WHEREAS, DERWA, a joint powers authority of Dublin San Ramon Services District (DSRSD) and East Bay Municipal Utility District (EBMUD), has a temporary need for supplemental wastewater influent to serve as a source for tertiary-treated recycled water throughout the EBMUD and DSRSD service areas; and

WHEREAS, DSRSD provides potable and recycled water to the Dougherty Valley portion of the City of San Ramon and wastewater collection and treatment to the southernmost portion of the City of San Ramon, and EBMUD provides potable water to all other areas of the City of San Ramon and recycled water to a portion of the City of San Ramon; and

WHEREAS, Central San provides wastewater collection, treatment, and disposal services to a major portion of the City of San Ramon, including the Dougherty Valley and has the temporary ability to redirect some of its wastewater to the DSRSD collection system; and

WHEREAS, DERWA has requested to temporarily divert a portion of Central San’s wastewater upstream of the San Ramon Pumping Station to serve as a source for the production of tertiary-treated recycled water at DSRSD’s treatment plant to help meet immediate recycled water demands in the EBMUD and DSRSD service areas while long-term supply options are identified; and

WHEREAS, Central San has completed a “Wholesale Recycled Water Opportunities Study” to identify potential large-scale recycled water projects at its main treatment plant with year-round demand that will maximize the beneficial use of its wastewater; and

WHEREAS, Central San, Contra Costa Water District (CCWD) and Santa Clara Valley Water District (SCVWD), are currently evaluating the feasibility of implementing the Refinery Recycled Water Exchange Project, in which Central San would provide, all year round, 20 million gallons per day (MGD) of recycled water to CCWD to serve to the Martinez refineries

and the freed up water supply would be transferred to SCVWD through a water exchange with CCWD; and

WHEREAS, if the Refinery Recycled Water Exchange Project moves forward in the future, Central San will need all the dry weather wastewater flow available in its service area at the time of implementation in order to reliably serve the project, in addition to other existing recycled water commitments; and

WHEREAS, Central San is interested in partnering with DERWA and its member agencies, during the term of this Agreement, to provide a temporary wastewater supply, at no cost or impact to Central San ratepayers, as a short-term measure to allow DERWA and its member agencies more time to develop long-term solutions for providing recycled water to the DERWA service area; and

WHEREAS, DERWA seeks, during the term of this Agreement, to receive and treat wastewater from Central San's service area, originating from a portion of the City of San Ramon, to serve as a source of recycled water supply for DERWA during peak summer recycled water demands; and

WHEREAS, at their August 16, 2018, meeting, the Central San Board of Directors adopted nine Guiding Principles for a temporary wastewater diversion agreement with DERWA, which are included in Exhibit B of this Agreement.

NOW, THEREFORE, in consideration of the recitals and mutual obligations herein expressed, DERWA and Central San agree as follows:

## **I. PURPOSE**

1. The purpose of this Agreement is to set forth the terms, conditions and responsibilities of the parties for the design, construction and operation of a “**Temporary Wastewater Diversion Project**” (Project).
2. This Agreement is intended, as a short-term arrangement, to provide DERWA an as-needed temporary wastewater supply from the Central San service area to address their peak summer demand shortage.
3. This Agreement is not intended to provide for Central San to make available a permanent wastewater supply to DERWA, nor does this Agreement require any negotiations between Central San and DERWA for a long-term supply agreement.

## **II. GOOD FAITH, COOPERATION, AND SCHEDULE**

1. Conditioned upon DERWA's funding of the expenses associated with design and construction of the Project, DERWA and Central San commit to diligently and in good faith cooperate towards the beneficial use of the Project.
2. Central San is committed to allowing diversion of available raw wastewater flow for the Project, with the understanding that the Central San's first priority is the safe and effective operation of Central San's wastewater collection system and San Ramon Pumping Station, which includes avoiding overflows, odor generation, and damage to Central San's infrastructure. As such, the Project will be designed, constructed, and operated to minimize disruption to Central San's operation.
3. The Parties agree to cooperate and work diligently to complete the Project and have it operational by the summer irrigation season of 2019.
4. DERWA will be responsible for all costs to prepare environmental documentation, obtain required permits, design, construct, operate, and maintain the Project, including those Central San costs identified as attributable to the operations and maintenance of the diversion structure and the modifications to the San Ramon Pumping Station.
5. Central San and DERWA shall work cooperatively to review and determine the Central San costs proposed to be paid by DERWA.
6. The Parties may form a technical committee or committees in order to ensure operational impacts to Central San are minimized and to determine and agree upon any costs incurred or claimed by Central San as a result of the Project.
7. At DERWA's request, DSRSD, pursuant to its agreements with DERWA, may act as its agent to prepare environmental documentation, obtain required permits, design, construct, operate, and maintain the Project.

## **III. TERM**

While effective as of the date first written above, the initial term of this Agreement shall be for a period of three (3) years beginning from the date of Central San acceptance of the construction of the diversion structure and associated pipelines. This Agreement may be renewed for successive one (1) year terms by mutual written agreement of the Parties hereto, executed not less than three (3) months prior to the expiration of the Initial Term or any Renewal Term, as applicable.

Under no circumstances shall this Agreement, exceed a total period of five (5) years, including pursuant to any amendment or extension terms provided for herein. Any period longer than that timeframe would constitute a more permanent diversion, which is outside the purview of this agreement. A new agreement would have to be negotiated and executed at such time, if so desired by both parties.

## **IV. WASTEWATER DIVERSION PROJECT**

### ***A. Description***

The Project will divert raw wastewater from the Central San collection system upstream of Central San Manhole 11 as shown on Exhibit A, which is attached hereto and incorporated herein by this reference. The facilities to be constructed and utilized include but are not limited to a concrete vault, approximately 60 feet of new gravity sewer and associated valves and flow meter.

### ***B. Design and Construction***

1. During the preliminary evaluation and preliminary design for this diversion project, several improvements were determined to be required to implement the diversion and operate the San Ramon Pumping Station in a reduced-flow mode. These improvements included the replacement of a small variable speed pump to operate a lower flow regime in the pumping station, and for the diversion box, motor-operated gates, high level alarm, and flowmeter as well as connection to the pumping station's control and SCADA system. However, due to the short term nature of this Agreement, these facility modifications would be more appropriate for a long-term agreement and will not be made as a result of this Agreement. In the event operational difficulties arise due to the initial configuration, the Parties will meet and confer to discuss any required modifications to mitigate the operational difficulties.
2. The Parties agree to work cooperatively and diligently to complete the Project design and construction.
3. DERWA shall lead the design of the Project and confirm the required Project facilities and facility modifications with review and input from Central San.
4. The Project shall be designed and constructed, under DERWA's lead, to minimize impacts to Central San's wastewater collection and treatment systems, and San Ramon Pumping Station.
5. Central San shall provide available information, including sewer flows, controls scheme for the San Ramon Pumping Station, record drawings of the San Ramon Pumping Station and collection system, and other available information as requested.
6. If required pursuant to Section IV.B.1 above, the design and construction of any required modifications to the San Ramon Pumping Station (i.e.; replacing a small capacity pump and replacing the control system programming for the wet well controls) will be led by Central San and reimbursed by DERWA.
7. DERWA will be responsible for all permits and acquiring any rights-of-way, easements, or licenses required to construct the Project.



### ***C. California Environmental Quality Act***

1. DERWA will be the lead agency responsible for Project compliance with the California Environmental Quality Act (CEQA) in cooperation with Central San as a responsible agency.
2. The Parties agree to work cooperatively to ensure Project compliance with CEQA.

### ***D. New Facility Ownership***

1. Upon completion and acceptance of the Project's construction, Central San shall own the vault and all the facilities within it. DSRSD shall own the new pipeline. Central San may only divert wastewater into the DSRSD pipeline as a part of this Agreement or the existing overflow agreement between Central San and DSRSD.
2. At the completion of this agreement, the constructed facilities will be owned by the agencies as described above. Each agency will have the discretion to decide whether to leave the facilities in place or to demolish them.

## **V. WASTEWATER DIVERSION PROJECT OPERATIONS**

### ***A. Diversion Operations***

1. The Project will be operated to minimize operational impacts to Central San's collection and wastewater treatment systems. DERWA will cooperate with Central San in order to minimize potential impacts.
2. When DERWA requires additional supplies pursuant to and during the term of this Agreement, DERWA will request that DSRSD divert wastewater flows from the Central San collection system to the DSRSD collection system for conveyance to the DSRSD Regional Wastewater Treatment Plant for secondary and tertiary treatment on behalf of DERWA.
3. In order for Central San to maintain a stable operation, the wastewater diversion shall not be intermittent. DERWA will provide advance notice, as defined below, of the need to begin diverting from Central San's collection system to meet its peak summer irrigation demand. When DERWA no longer requires use of Central San wastewater flows pursuant to this Agreement to meet its peak summer irrigation demand, DERWA will provide advance notice, as defined below, of the need to stop the diversion from Central San's collection system.
4. If there are negative operational impacts caused by DERWA's diversion of wastewater that cannot be mitigated, Central San retains the right to stop the diversion of wastewater to DERWA immediately and shall notify DERWA by telephone as soon as reasonably possible that the diversion has been stopped, and within five (5) business days provide DERWA with written notice describing the nature of the negative operational impacts upon which cessation of diversion is based. Consistent with Section II of this Agreement, should Central San exercise this right to stop

diversions, the Parties shall meet and confer, or its joint technical committee shall meet, in order to determine what actions or changes in DERWA diversion operations are required, if any, to mitigate the negative operational impacts.

5. The diversion operation will be led and controlled by DERWA's designees. A Central San representative must be present during the opening and closing of the diversion valve/structures, unless emergency conditions or operational needs require DERWA to stop the diversion. At such time, DERWA would notify Central San within four (4) hours that the diversion has been suspended. Resuming diversions will be coordinated with all Parties, once the emergency condition or operational needs have been resolved.

### ***B. Notification and Reporting***

1. DERWA shall provide Central San forty-eight (48) hour advance notice of the start and end of the diversion "season" during the term of this Agreement. Notice shall be provided to the individual or individuals identified by Central San and in the manner agreed upon by the Parties.
2. Central San shall notify DERWA in advance of any changes in its operations that may affect the operation of the DERWA diversion or the amount of wastewater flow available for diversion.
3. Central San shall notify DERWA by telephone as soon as reasonably possible and not more than four (4) hours after the diversion has been suspended due to emergency conditions.

### ***C. Wastewater Treatment***

1. DERWA will be responsible for all treatment and use or disposal of the wastewater flow it diverts from Central San's Manhole 11.
2. Central San will have no responsibility for the conveyance, treatment or use of the wastewater diverted from its Manhole 11 into the DSRSD collection system.

### ***D. Urgent or Emergency Matters***

1. In the case of an urgent or emergency situation involving the Project, the Parties agree to communicate and work cooperatively in responding to prevent or mitigate the loss or impairment of life, health, property or essential public services.
2. Either Party may respond to and resolve any urgent or emergency situation that occurs with the Project. When emergency response assistance is required by either Party related to the Project, mutual assistance or aid may be requested in accordance with any applicable mutual aid or operations agreements.
3. The Parties shall create and maintain an emergency contact list, which shall include names, roles, and emergency contact information for emergency response personnel.

If an urgent or emergency condition exists, the responding Party shall attempt to reach their counterpart, by telephone as soon as reasonably possible.

4. No Party to this Agreement, or a third party under contract with a Party, shall be constrained in an urgent or emergency situation from expending funds or performing work on the Project in order to prevent or mitigate the loss or impairment of life, health, property or essential public services to its customers at its individual expense and in accordance with its policies and procedures. In such an event, the Party performing, or that has authorized, the work shall notify the other Party as soon as reasonably practical.

## **VI. GENERAL PROVISIONS**

### ***A. Guiding Principles***

Central San's authorization to enter into this Agreement is conditioned upon the Agreement and the operations being consistent with the Guiding Principles adopted by Central San's Board on August 16, 2018, and set forth in Exhibit B and incorporated herein by this reference as if fully set forth.

Each term of this Agreement shall be construed in a manner which provides consistency with the terms listed in Exhibit B.

### ***B. Termination***

Either Party may terminate this Agreement by delivering to the other Party a written notice of intention to terminate no later than six (6) months prior to the proposed date of termination.

Notwithstanding the foregoing sentence and the provisions in this Agreement to stop diversions for operational impacts or emergencies, if during the term of the Agreement, Central San reasonably determines that the operation of the project is no longer consistent with the Guiding Principles set forth in Exhibit B, then Central San may terminate the Agreement or temporarily suspend DERWA diversion operations with no less than sixty (60) days written notice to DERWA. If diversion operations are suspended pursuant to this provision, DERWA and Central San shall meet in good faith to determine what modifications, if any, are necessary in order for operations to resume.

Notwithstanding anything in this Agreement to the contrary, in the event that Central San terminates this Agreement at any time earlier than the initial term of this Agreement, Central San and DERWA shall meet in good faith to determine the amount of reimbursement to DERWA for DERWA funded costs related to material improvements benefitting Central San facilities, including but not limited to valves and data collection equipment.

### ***C. Amendment***

No alteration, amendment, variation, or waiver of the terms of this Agreement shall be valid unless made in writing and signed by the duly authorized representative of the Parties.

### ***D. Assignment and Successors***

No Party will assign any right or interest in this Agreement, or any part thereof, without the express written consent of the other Party. This Agreement shall bind the successors of the Parties in the same manner as if they were expressly named.

### ***E. Dispute Resolution***

In the event of a dispute between the Parties over the meaning of this Agreement, the Parties will meet in good faith to attempt to resolve the matter. Should informal efforts fail to resolve a dispute, the Parties may agree to mediation or arbitration, or pursue other available legal remedies in the State of California and in Contra Costa County.

### ***F. Compliance With Laws***

Each Party will comply with all laws, ordinances, regulations and orders applicable to work it will perform under this Agreement. If performance or contemplated performance under this Agreement results in, or is more likely than not to result in either Parties' failure to comply with laws, ordinances, regulations and orders applicable to it, either Party may terminate the Agreement without incurring any penalty to the other party.

### ***G. Indemnification***

To the extent permitted by State law, each Party will indemnify, defend and hold all other Parties and their directors, officers, agents, and employees safe and harmless from any and all claims, suits, judgments, damages, penalties, costs, expenses, liabilities and losses (including without limitation, sums paid in settlement of claims, actual attorneys' fees, paralegal fees, consultant fees, engineering fees, expert fees and any other professional fees) that arise from or are related in any way to each Party's, directors, officers, agents, and employees negligent acts, errors or omissions, or willful misconduct, in the performance of this Agreement.

This indemnification obligation is separate and cumulative to the obligations of DERWA set forth in Exhibit B and incorporated by reference herein, and more specifically those obligations addressed in Guiding Principles 1 (Subsections 1 and 4) and 7.

### ***H. Notice***

All notices required to be given, or which may be given by either Party to the other, will be deemed to have been fully given and fully received: (A) immediately upon personal delivery; (B) three days after the notice is deposited in the United States mail, registered and postage prepaid and addressed to the Party for whom intended; or (C) on the same

day as electronic transmission is sent as long as the transmitting Party receives confirmation of the transmission's delivery.

DERWA: Michael Tognolini, Authority Manager  
DSRSD/EBMUD Recycled Water Authority  
7051 Dublin Boulevard  
Dublin, CA 94568  
(510) 287-0125  
michael.tognolini@ebmud.com

Central San: Roger S. Bailey, General Manager  
Central Contra Costa Sanitary District  
5019 Imhoff Place  
Martinez, CA 94553  
(925) 229-7300  
rbailey@centralsan.org

Notification of a change in the name or information for the contact person will be in writing.

***I. Signatures***

The individuals executing this Agreement represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities. This Agreement may be executed in counterpart which when taken together shall be considered one and the same agreement. Facsimile, including email, and electronic signatures shall be binding.

***J. Severability***

If any term or provision of this Agreement is deemed invalid or unenforceable by a court of competent jurisdiction or by operation of any applicable law, it will not affect the validity of any other provision, which will remain in full force and effect.

***K. Governing Law and Venue***

This Agreement is governed by and will be interpreted in accordance with the laws of the State of California. Venue shall be in the Superior Court of the County of Alameda.

***L. No Third Party Beneficiaries***

No third-party beneficiaries are intended or created by this Agreement.

***M. Complete Agreement***

This Agreement represents the entire agreement between the Parties relating to the subject matter hereof.

**VII. ANNUAL REPORTING**

On an annual basis, DERWA shall prepare and provide an annual report to Central San, which provides an update on the project’s compliance with the Guiding Principles, in addition to an update on DERWA’s efforts to develop alternative supplies to offset its reliance on Central San’s wastewater supply. The first report shall be due one year from execution of this agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year first above written.

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

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Michael T. Tognolini  
Title: Authority Manager Approved as to form:  
\_\_\_\_\_  
Douglas E. Coty  
DERWA Counsel

**CENTRAL CONTRA COSTA SANITARY DISTRICT**

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Roger S. Bailey  
Title: General Manager Approved as to form:  
\_\_\_\_\_  
Kenton L. Alm  
District Counsel

Exhibit A – Wastewater Diversion Project Location Map

Exhibit B – Central San’s Guiding Principles

**EXHIBIT A**

**WASTEWATER DIVERSION PROJECT LOCATION MAP**



\*Please note that this is a conceptual layout of the Project. A more detailed design will be completed by DERWA and agreed to by the Parties prior to construction.



## **EXHIBIT B**

### **CENTRAL SAN'S GUIDING PRINCIPLES**

These are the principles that were adopted by the Board on August 16, 2018, and agreed to set forth the general terms under which the District would enter into this agreement:

#### ***A. Guiding Principle 1: No Adverse Financial Impact to Central San***

1. The temporary wastewater diversion shall not result in any additional operational cost to Central San. Therefore, any additional operational cost shall be fully reimbursed by DERWA.
2. Revenues, including sewer service charges, Ad Valorem taxes, and capacity fees, will not be shared to the extent they are used to recover 100% of Central San's systemwide fixed cost.
3. Variable costs will be assessed and revenues collected by Central San to cover these costs may be shared.
4. Any fines resulting from sanitary sewer overflows from Central San's collection system that are found to be caused by the temporary wastewater diversion shall be reimbursed by DERWA.

#### ***B. Guiding Principle 2: No Adverse Financial Impact to the Cities of Concord and Clayton***

Central San provides wastewater treatment by contract for the cities of Concord and Clayton. Payment for this service is based on the flow ratio into Central San's wastewater treatment plant. The City of Concord is billed (on behalf of both cities) for its flow-proportional share of the O&M and capital costs associated with Central San's wastewater treatment plant and Recycled Water Program. As a result, any diversion of wastewater from Central San's collection system, upstream of the treatment plant, would cause an increase in Concord and Clayton's proportional share, if not adjusted. Therefore, it is critical to have accurate and timely information on how much wastewater DERWA diverts from Central San, so that the City of Concord's bill can be adjusted accordingly. DERWA shall be responsible for the cost to install and regularly calibrate an appropriate flow meter to accurately measure the amount of Central San's wastewater flow diverted.

#### ***C. Guiding Principle 3: Consistency with Central San's Municipal Bond Covenants***

Central San has recently issued and is in the process of issuing additional municipal bonds to move forward with the implementation of large capital projects that exceed Central San's available annual capital budget. As such, the underlying assumptions for this bond issuance must remain consistent, as follows:



1. Central San will not de-annex any portion of its service area for the sake of implementing this temporary diversion.
2. Central San will not share any revenues associated with the area served by the San Ramon Pumping Station, to the extent those revenues are used to cover Central San's systemwide fixed costs.

***D. Guiding Principle 4: Consistency with Proposition 218***

There are concerns that the collection of revenues to cover the transportation and treatment of wastewater, from the affected customers within the diversion area, may be at risk for a Proposition 218 challenge, to the extent that those customers do not benefit from Central San's downstream conveyance and treatment facilities and their associated cost during the diversion. As a result, any Proposition 218 challenge that arises as a result of this temporary diversion will be grounds for termination of this agreement.

***E. Guiding Principle 5: Community Acceptance***

Community acceptance is essential for the successful implementation of this temporary diversion project. This includes acceptance by the following entities:

- Central San customers
- Cities of Concord and Clayton
- The adjoining San Ramon Pumping Station neighborhood
- City of San Ramon
- San Ramon Valley Unified School District
- East Bay Regional Park District

***F. Guiding Principle 6: Temporary Nature of the Project***

Central San has entered into a Memorandum of Understanding (MOU) with Contra Costa Water District and Santa Clara Valley Water District regarding a recycled water exchange project. To the extent this is proven viable, Central San may need this wastewater supply to meet this and other existing recycled water commitments, so Central San retains the right to the requested wastewater flow and may call on it whenever needed. As such, this wastewater diversion is temporary in nature.

***G. Guiding Principle 7: Mitigation of Technical and Operational Impacts***

1. There shall be no damage to Central San's infrastructure during the diversion. If damage is discovered, Central San will cease the diversion until the issue is corrected.
2. Central San must maintain a minimum amount of wastewater flow in its collection system to prevent solids from settling in the collection system. If low flows from the temporary diversion cause solids settling or odor issues, Central San will enlist its collection system crews to flush the collection system and DERWA shall be responsible for reimbursing Central San for the cost.

3. DERWA shall be responsible for the cost to mitigate any increased odor or any overflows from Central San's San Ramon Pumping Station and downstream collection system that result from the diversion.

***H. Guiding Principle 8: Benefit to Central San Customers***

The wastewater temporarily diverted from Central San's service area shall be available to Central San's service area as recycled water.

***I. Guiding Principle 9: Facilitate a Sustainable Solution for the Region's Water Supply Shortage***

1. Central San understands the water supply concerns/need within the Bay Area. Central San will work with agencies/stakeholders within the region to facilitate the most optimal solution to collect and treat wastewater within its service area and to distribute such treated effluent for the benefit of its customer base and the greater region.
2. There are several Central San recycled water projects, which, collectively, may achieve this overarching goal:
  - Central San's Zone 1 Recycled Water Project (existing) within CCWD's service area
  - Concord Community Reuse Project (Central San to produce and wholesale tertiary-treated recycled water to CCWD for this development's needs)
  - Diablo Country Club Satellite Water Recycling Facility in EBMUD's service area
  - Refinery Recycled Water Exchange Project
3. The Exchange Project represents the potential for the most optimal regional solution.

## **DERWA Summary & Recommendation**

### **Indicate Support to Implement Additional Sand Filter Loading Rate Testing as Part of the Phase 2 Recycled Water Treatment Facility Expansion (Phase 2) and Authorize the Authority Manager to Negotiate Necessary Agreement Amendment(s) and Present a Budget Adjustment for the Phase 2 Project for Approval at a Future DERWA Board Meeting**

#### **Summary:**

The Agreement for the Sale of Recycled Water by DERWA to DSRSD and EBMUD (Article II.B.1) states "DSRSD shall design and construct future additions to the Tertiary Treatment Plant Facilities and Pump Station 1 when requested and funded by DERWA. DERWA and DSRSD have entered into or shall enter into the necessary agreements for implementation of these obligations." In December 2016, DERWA and DSRSD entered into a Services Agreement for Construction of DERWA Recycled Water Treatment Facilities – Phase 2 Project. As of January 2019, the Phase 2 construction project is nearing completion, and the tertiary treatment facility was recently permitted to produce 12.3 million gallons per day (mgd), based on a sand filter loading rate of 5 gallons per minute per square foot (gpm/sq.ft.) In order to achieve the desired production capacity of 16.2 mgd for the project, additional sand filter loading rate testing is required to demonstrate that the sand filters are capable of producing high quality water at a filter loading rate of 7 gpm/sq.ft. or higher. The process to increase the permitted capacity of the project includes providing reports and test data, and coordinating with the Regional Water Quality Control Board and Division of Drinking Water throughout the process.

The estimate for the additional testing and permit effort is \$325,000; this work was not previously budgeted for the project. The current Phase 2 approved project budget is \$18.831 million. Project construction and final closeout is expected to continue for two more months, and project expenditures are projected to come in approximately \$150,000 below this budget. Remaining funds would be insufficient to fully fund the additional testing/permit work. Therefore, staff is recommending a budget increase of \$325,000 to cover the additional testing and permit capacity increase effort.

The budget increase is a two-step process which will require the Authority Manager to negotiate agreement amendment(s) while formalizing budget adjustment for approval by the DERWA Board at the next meeting on March 25, 2019.

#### **Recommendation:**

The Authority Manager recommends that the DERWA Board of Directors, by Motion, indicate support for implementation of additional sand filter load rating testing with the ultimate goal of obtaining regulatory approval for increased production capacity to 16.2 mgd (or higher). Further, the Authority Manager recommends that the DERWA Board of Directors authorize the Authority Manager to negotiate necessary agreement amendment(s) and present a formal budget adjustment for DERWA Board approval at the March 25, 2019 DERWA Board meeting.

February 4, 2019

**MANAGER'S REPORTS**

- A. Authority Manager Recruitment Update
- B. Supplemental Supply Update
- C. Confirm Next Board Meeting – March 25, 2019