

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

NOTICE OF SPECIAL MEETING

TIME: 6:00 p.m.

DATE: Monday, March 6, 2017

PLACE: Dublin San Ramon Services District Boardroom
7051 Dublin Boulevard
Dublin, California 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. 17-1)

***Recommended
Action***

1. CALL TO ORDER
2. PLEDGE TO THE FLAG
3. ROLL CALL - Members: Coleman, Howard, Mellon and Vonheeder-Leopold
Alternates: Duarte 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. APPROVE MINUTES
Regular Board Meeting of October 24, 2016 Approve
by Motion

**Recommended
Action**

8. **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. | Treasurer's Reports for October 31, November 30, December 31, 2016, and January 31, 2017 | Approve
by Motion |
| B. | Quarterly Investment Report – December 31, 2016 | Approve
by Motion |
| C. | Approve Task Order No.15 for Fiscal Year 2017-18 for Public Information Services with ICF International | Approve
by Motion |

9. **BOARD BUSINESS**

- | | | |
|----|--|--------------------------|
| A. | Transmittal of the DERWA Independent Auditor's Report and Financial Statements for Years Ending June 30, 2016 and 2015 | Accept
by Motion |
| B. | Approve and Adopt the Fiscal Year 2017-18 Capital and Operating Expenditure Budget | Approve by
Resolution |
| C. | Adopt Modifications to DERWA Sales Agreement Regarding Sharing of Grants | Approve by
Motion |
| D. | Ratify Extension of Services Contract and Waiver of Insurance Requirements for James Bewley | Approve
by Motion |

10. **MANAGER'S REPORTS**

- Recycled Water Demand Projections
- Capital Projects Update – Phase 2 Recycled Water Treatment Plant Expansion Project
- Confirm Next Meeting Date – April 24, 2017

11. **BOARDMEMBER ITEMS**

12. **ADJOURNMENT**

Information about and copies of supporting materials on agenda items are available for public review at 7051 Dublin Boulevard, Dublin, 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 2017

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 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 2017; and
- Appoint Nicole Genzale to continue as DERWA Authority Secretary for 2017.

March 6, 2017

Attachment

PAST DERWA OFFICERS

YEAR	CHAIR	VICE CHAIR
1995	John A. Coleman	Jeffrey G. Hansen
1996	Jeffrey G. Hansen	John M. Gioia
1997	John M. Gioia	Cynthia G. Jones
1998	Cynthia G. Jones	John A. Coleman
1999	John A. Coleman	Cynthia G. Jones/ G.T. (Tom) McCormick
2000	G.T. (Tom) McCormick	Frank Mellon
2001	Frank Mellon	Richard W. Rose
2002	Richard W. Rose	John A. Coleman
2003	John A. Coleman	Daniel J. Scannell
2004	Daniel J. Scannell	Frank Mellon
2005	Frank Mellon	Jeffrey G. Hansen
2006	Richard M. Halket	John A. Coleman
2007	John A. Coleman	Dan Scannell
2008	Dan Scannell	Frank Mellon
2009	Frank Mellon	Jeff Hansen
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 Coleman
2015	John Coleman	Ed Duarte
2016	Georgian Vonheeder-Leopold	Frank Mellon

In January 2017, the DSRSD Board appointed Georgian Vonheeder-Leopold and Dwight "Pat" Howard as DSRSD representatives to the DERWA Board, and Ed Duarte as DSRSD Alternative Representative. In January 2017, the EBMUD Board appointed John Coleman and Frank Mellon as EBMUD representatives to the DERWA Board, and Doug Linney as EBMUD Alternative Representative.

Following the DERWA past practice of alternating positions of Chair and Vice Chair between the agencies, the Chair for 2017 should be an EBMUD representative, and the Vice Chair a DSRSD representative.

Georgian Vonheeder-Leopold served as DERWA Chair in 2016 therefore, according to DERWA policy, Frank Mellon should be nominated as DERWA Chair for 2017.

In accordance with the DSRSD Joint Powers Agency Rotation policy, Dwight "Pat" Howard should be nominated as DERWA Vice Chair for 2017.

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

**Board of Directors Regular Meeting Minutes
Monday, October 24, 2016**

**Dublin San Ramon Services District
7051 Dublin Boulevard, Dublin, California 94568**

1. CALL TO ORDER – Chair Vonheeder-Leopold called the DSRSD • EBMUD Recycled Water Authority (DERWA) meeting to order at 6:00 p.m. at the Dublin San Ramon Services District Boardroom.

2. PLEDGE TO THE FLAG

3. ROLL CALL – Directors present: Chair Georgean Vonheeder-Leopold, Vice Chair Frank Mellon, Director John Coleman, and Director Dwight (Pat) Howard. 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 – 6:01p.m. - None

6. APPROVE MINUTES – Regular Board Meeting of June 27, 2016

Motion by Vice Chair Mellon, Second by Director Howard, to approve the minutes from the Regular Meeting of June 27, 2016. Motion carried (4-0) by the following vote:

AYES: Mellon, Howard, Coleman, Vonheeder-Leopold

NOES:

7. CONSENT CALENDAR

A. Treasurer's Reports for June 30, July 31, August 31 and September 30, 2016

Director Coleman requested that Item 7.A be removed. The Board agreed to remove Item 7.A for discussion. The Board took Consent Calendar Item 7.B and passed this Item first.

Director Coleman requested the Pleasanton Capital Pre-Payment line item in the August and September Treasurer reports be renamed “miscellaneous payments” to reflect the staff report. Treasurer Lou agreed to amend the line item name for the next reports presented.

Motion by Director Coleman, Second by Director Howard, to approve Consent Calendar Item 7.A and acknowledge an amendment will be made to future reports as noted. Motion carried (4-0) by the following vote:

DRAFT

AYES: Coleman, Howard, Mellon, Vonheeder-Leopold

NOES:

B. Quarterly Investment Reports – June 30 and September 30, 2016

Motion by Director Coleman, Second by Director Howard, to approve Consent Calendar Item 7.B. Motion carried (4-0) by the following vote:

AYES: Coleman, Howard, Mellon, Vonheeder-Leopold

NOES:

8. BOARD BUSINESS

A. Public Hearing and Adoption of Addendum for Recycled Water Treatment Facilities (RWTF) Phase 2 Improvements to the San Ramon Valley Recycled Water Project EIR and Rescind Resolution No. 16-4

Chair Vonheeder-Leopold announced the item and opened the Public Hearing

Authority Manager Tognolini reviewed the item for the Board. He explained DERWA is seeking state funding assistance for this project and, upon initiation of the application process with the State Water Resources Control Board, learned of updated environmental review requirements which exceed the CEQA requirements imposed when DERWA approved this in June 2016. Per such requirements, the addendum was submitted to the State Clearinghouse for a 15-day review period in August and received no comments. A public hearing must be held this evening before the Board considers adoption of the addendum and rescission of resolution No.16-4.

Chair Vonheeder-Leopold asked for public comments. Hearing none, Chair Vonheeder-Leopold closed the Public Hearing.

Motion by Vice Chair Mellon, Second by Director Howard, to approve by Resolution No. 16-8, Adoption of the Addendum for Recycled Water Treatment Facilities (RWTF) Phase 2 Improvements to the San Ramon Valley Recycled Water Project EIR and Rescind Resolution No. 16-4. Motion carried (4-0) by the following vote:

AYES: Mellon, Howard, Coleman, Vonheeder-Leopold

NOES:

B. Authorize the Authority Manager to Enter into an Agreement with City of Pleasanton to Provide Temporary Potable Water during Construction of the DERWA Recycled Water Treatment Facilities Phase 2 Project

Authority Manager Tognolini reviewed the item for the Board explaining it would be prudent to secure a back-up potable water supply during project construction should any temporary service interruptions cause supply outages to customers.

Motion by Vice Chair Coleman, Second by Director Howard, to authorize the Authority Manager to enter into an Agreement with City of Pleasanton to Provide Temporary

Potable Water during Construction of the DERWA Recycled Water Treatment Facilities Phase 2 Project. Motion carried (4-0) by the following vote:

AYES: Coleman, Howard, Mellon, Vonheeder-Leopold

NOES:

9. MANAGER'S REPORTS

- Capital Projects Update – Recycled Water Treatment Facilities Phase 2 Expansion

Authority Manager Tognolini reported the objective of the plant expansion is to increase recycled water capacity from 11.6 mgd (million gallons a day) up to 16.2 mgd. The main mechanism to accomplish this is the addition of a ballasted flocculating clarifier, a system that removes solids prior to flow entering the sand filters which increases capacity of the filters. DSRSD is leading the effort on behalf of DERWA and advertised the project bid on October 10. After the bid opening November 15, the DSRSD Board is expected to award the project on December 6, with the notice to proceed following in January. The project is on an aggressive 14-month construction schedule with expected completion in spring 2018.

The Board and staff discussed the possible capacity and expansion scenarios based on whether or not City of Pleasanton participates in the project. Pleasanton is currently determining its ability to fund its share of the project. Mr. Tognolini confirmed that DERWA will proceed with the planned expansion in the case that Pleasanton does not participate, as DSRSD and EBMUD will ultimately require the increased capacity. A third project phase to further expand the plant, once it has met its objective for 2020, could be warranted to meet capacity needs beyond 2020 if Pleasanton participates.

- Supplemental Supply Update

Authority Manager Tognolini introduced the item to the Board, noting that he, DSRSD General Manager Dan McIntyre, and DSRSD Engineering Services Manager Judy Zavadil will jointly present the update this evening. He then illustrated peak (summer) recycled water demands projected by DERWA agencies (DSRSD and EBMUD) and City of Pleasanton, and reported that deliveries increased dramatically this year due to growth by the three agencies. He reported the Tassajara reservoir, with eight million gallon capacity, will be coming online next year and could provide storage for one to two million gallons a day during peak demands. He recalled the alternatives being discussed this evening were initially presented to the Board in March, and noted that other methods, such as additional storage, demand scheduling, and potable water could potentially offset the increase in demand as well.

The Board and staff discussed the following alternatives:

- 1) Central Contra Costa Sanitary District (Central San) sewage diversion. This alternative could provide two and a half to three mgd of residential raw sewage coming from the Dougherty Valley area. Central San's system is located very close to the DSRSD system near California High School in San Ramon. This

option would incur extra treatment costs, but the principle is that it would be cost neutral to Central San. Initial discussions have begun and there are operational and treatment costs to still consider, but DERWA hopes to develop a Memorandum of Understanding with Central San in early 2017 and potentially have an agreement in place in 2018.

- 2) LAVWMA (Livermore-Amador Valley Wastewater Management Agency) diversion. The Tri-Valley water agencies will conduct a feasibility study of a potable reuse project in the Tri-Valley. Potentially, much of Livermore's wastewater traveling from LAVWMA to the East Bay Dischargers Authority line could be a water supply source for potable reuse. Study results should determine what supply could be considered for such a project, and what would remain for recycled water planning. Three options will be studied in the pursuit of producing drinking-quality water: (1) reverse osmosis, (2) surface water augmentation at Lake Del Valle, and (3) sending wastewater from the treatment plant(s) back through the Zone 7 treatment plant, and into the distribution system. Regulations would still need to be established to support certain methods. A project could be possible in the Tri-Valley in the next five to six years. Polling done by the Tri-Valley agencies last year showed a majority of Tri-Valley residents support a potable reuse project and are willing to pay \$5-\$20 a month to support a diversified, drought resistant solution.
- 3) City of Livermore recycled water to City of Pleasanton. Livermore's system is intertwined with Pleasanton's recycled water system at the outlet center in Livermore. There is a possibility of feeding recycled water directly into Pleasanton's system via: (1) Livermore's full range of production (would need to balance with future demands), and (2) tying the Ruby Hill area into Pleasanton's system. The Board and staff also discussed the importance of involving environmental groups early in the feasibility study process in order to better address their concerns and avoid potential obstacles.
- 4) Zone 7 Hopyard #7 Well. Zone 7 Water Agency (Zone 7) established this well in 1977 with two mgd capacity, but water was deemed unusable for the potable water supply due to high arsenic, boron and magnesium levels. DERWA has conveyed interest in blending this water source with recycled water during peak demand periods to offset potable water use. Zone 7 has voiced concerns regarding the ratio of groundwater to potable water use, providing water to an out of service area agency (EBMUD), and the ability to recharge enough water. The Board and staff further discussed Zone 7's recharging concerns, prohibitive costs for chemical treatment, blending water sources, high investment cost for little use, and the importance of reviewing history of the Clean Water Revival as current efforts progress.
- 5) Pleasanton Well #7. This well is similar in concept to the Zone 7 well and presents concerns regarding sand filtration and ground water recharge issues. This well is not in production due to it being cost prohibitive to remedy the issues identified, otherwise Pleasanton would be utilizing this option already.

Mr. Tognolini concluded the presentation stating that staff is working with a

consultant to research and track other long-term alternatives which will be developed over time, as they are not ready for immediate consideration. Efforts will be focused on the options presented this evening for near-term needs consideration.

- Cancel Next Meeting – December 26, 2016

The Board agreed to cancel the December meeting due to its close proximity to the Christmas holiday. A special meeting can be scheduled, if necessary, ahead of the next regularly scheduled meeting on February 27, 2017.

10. BOARDMEMBER ITEMS

Vice Chair Mellon reported he will soon attend a conference on the impact of Obamacare on agencies.

Chair Vonheeder-Leopold reported she recently attended the California Special Districts Association tour of the Carlsbad Desalination Plant in Carlsbad, CA. She summarized the activities at the event.

11. ADJOURNMENT

Chair Vonheeder-Leopold adjourned the meeting at 6:41 p.m.

Submitted by,

Nicole M. Genzale
Authority Secretary

Item 8.A

DERWA
Summary & Recommendation

October 31, 2016 Treasurer's Report
November 30, 2016 Treasurer's Report
December 31, 2016 Treasurer's Report
January 31, 2017 Treasurer's Report

Summary:

Attached are the Treasurer's Reports for the months ending October 31, November 30, December 31, 2016, and January 31, 2017 submitted by Treasurer Richard Lou.

Recommendation:

The Treasurer recommends the DERWA Board of Directors approve, by Motion, the Treasurer's Reports for the months October 31, November 30, December 31, 2016 and January 31, 2017.

March 6, 2017

Attachments

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT FOR OCTOBER 31, 2016**

STAFF REPORT

Attached is the DERWA Treasurer's Report for the month ending October 31, 2016. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, \$319,810 in agency reimbursements were received. Total revenue for the month also includes \$66,621 in payments from Pleasanton.

Expenses: Current month expenditures were \$204,068. Fiscal year-to-date expenditures for FY17 total \$896,889; of which \$887,623 were operating expenses and \$9,266 were capital expenses. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY17.




Cash: The cash balance at October 31, 2016 was \$188,737.

Submitted by:



Richard Lou
Treasurer

Dated: November 4, 2016

Prepared by  (D. Gulseth)
Reviewed by  (L. Fan)
Reviewed by  (S. Klein)

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT
FOR THE PERIOD ENDED OCTOBER 31, 2016**

CAPITAL - PROJECT	Program Budget @ FY 2017	Expenditures FY 16 and Prior (a)	Expenditures Current Month	Expenditures FY 17 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	15,410	0	0	15,410	8,784	6,626
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	228,408	0	(3,564)	224,844	128,161	96,683
MF/UV Control Programing Update	0	144,366	0	0	144,366	82,289	62,077
Program Planning & Air Relief	410,000	5,345,280	0	0	5,345,280	2,576,112	2,769,167
Planning Prior Years	0	3,585,898	0	0	3,585,898	1,757,090	1,828,808
Permanent Suppl. Supply	105,000	79,432	2,388	13,496	92,928	38,922	54,006
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	0	0	0	0	0	0
LVAWMA 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	8,090	0	0	8,091	6,068	2,023
PSR1 /Recy. Water Treatment Expansion	9,383,000	9,825	3,072	2,509	12,334	7,030	5,304
Pleasanton Capital Billing/Contingency	0	5,395	1,990	(3,174)	2,221	1,666	555
Capitalized Interest	0	1,960,872	0	0	1,960,872	960,827	1,000,045
Total Capital Impr. Proj. Element	10,981,000	78,385,207	7,451	9,266	78,394,474	40,145,225	38,249,249

OPERATING - ITEM	Budget FY 17	Expenditures FY 16 and Prior (a)	Expenditures Current Month	Expenditures FY 17 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
DERWA Program Manager	234,383	2,907,276	7,921	27,120	2,934,396	2,318,173	616,223
Treasurer	44,250	2,713,822	1,608	9,961	2,723,783	2,151,788	571,995
Legal Counsel	9,000	425,624	792	2,334	427,958	338,087	89,871
Secretary	2,550	200,347	28	2,404	202,751	160,173	42,578
Other	105,000	1,079,325	0	96,322	1,175,647	928,761	246,886
Operation and Maintenance Detail	2,024,372	12,162,609	186,268	749,482	12,912,091	10,200,553	2,711,538
Debt Service	1,645,513	18,738,028	0	0	18,738,028	14,803,042	3,934,986
Total Operating Program Element	4,065,068	38,227,031	196,617	887,623	39,114,654	30,900,577	8,214,077

PROJECT TOTALS	15,046,068	116,612,238	204,068	896,889	117,509,128	71,045,802	46,463,326
-----------------------	-------------------	--------------------	----------------	----------------	--------------------	-------------------	-------------------

REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution	0	0
DSRSD	0	0
EBMUD	0	0
Agency Reimbursements - DSRSD	237,085	519,576
Agency Reimbursements - EBMUD	82,725	188,584
Commercial Paper Issued	0	0
Pleasanton payments	66,621	642,356
Misc Contracts	0	0
Misc Income	0	0
TOTAL REVENUES & FUNDING	386,431	1,350,516

CASH AVAILABLE	Current Month	Fiscal Year
Beginning Cash	6,374	(264,890)
Beg. Balance Accrual Adj	0	0
LAIF Int Adjustment	0	0
Commercial Paper payoff	0	0
Total Revenues & Funding	386,431	1,350,516
Total Expenditures	(204,068)	(896,889)
Ending Cash	188,737	188,737

Prepared by Debra Gulseth Date: 11-1-16
Reviewed by Lawrence Fan Date: 11/1/16
Approved by Scott Klein Date: 11/2/16

[illegible]

D. Gulsooth

10-31-16

Dana Gulseth

11/1/16

Lawrence Fan

Scott Klein

11/2/14

DERWA CASH REPORT

Cash Balance as of

09/30/16

6,374.18 Reconciled to DERWA TR previous month

Add member agency's contribution:

Interest Income		
Loans		
DSRSD Contribution		
EBMUD Contribution		
Agency Reimbursements - DSRSD	10/7/2016	237,085.40
Agency Reimbursements - EBMUD	10/3/2016	82,724.54
City of Pleasanton Payments	10/11/2016	66,621.42
Other Reimbursements- Misc		

Less invoice payments:

Office Team	10/7/2016	(270.20)
Bold, Polisner, Maddow, Nelson & Judson	10/14/2016	(168.00)
EBMUD- Acctg	10/14/2016	(9,586.90)
Office Team	10/14/2016	(424.60)
Bold, Polisner, Maddow, Nelson & Judson	10/14/2016	(624.00)
DSRSD-September	10/21/2016	(188,840.40)
Office Team	10/28/2016	(772.00)
Office Team	10/28/2016	(694.80)
ICF Jones & Stokes	10/28/2016	(2,687.50)

Cash Balance as of

10/31/16


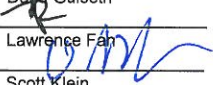
188,737.14

Rounding

(0.14)

Cash Balance 10/31/16

188,737.00

Prepared by 
Dana Gulseth
Reviewed by 
Lawrence Fan
Approved by 
Scott Klein

Date 10-31-16
Date 11/1/16
Date 11/2/16

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT FOR NOVEMBER 30, 2016**

STAFF REPORT

Attached is the DERWA Treasurer's Report for the month ending November 30, 2016. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, \$723,395 in agency reimbursements were received. Total revenue for the month also includes \$15,798 in payments from Pleasanton.

Expenses: Current month expenditures were \$14,738. Fiscal year-to-date expenditures for FY17 total \$911,627; of which \$901,315 were operating expenses and \$10,312 were capital expenses. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY17.

Cash: The cash balance at November 30, 2016 was \$913,192.

Submitted by:



Richard Lou
Treasurer

Dated: December 5, 2016

Prepared by dyj (D. Gulseth)
Reviewed by LF (L. Fan)
Reviewed by DM (S. Klein)

DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT
FOR THE PERIOD ENDED NOVEMBER 30, 2016

CAPITAL - PROJECT	Program Budget @ FY 2017	Expenditures FY 16 and Prior (a)	Expenditures Current Month	Expenditures FY 17 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	15,410	0	0	15,410	8,784	6,626
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	228,408	0	(3,564)	224,844	128,161	96,683
MF/JV Control Programing Update	0	144,366	0	0	144,366	82,289	62,077
Program Planning & Air Relief	410,000	5,345,280	0	0	5,345,280	2,652,992	2,692,811
Planning Prior Years	0	3,585,898	0	0	3,585,898	1,757,090	1,828,808
Permanent Suppl. Supply	105,000	79,432	523	14,019	93,451	45,422	47,506
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	0	0	0	0	0	0
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	8,090	0	0	8,091	6,068	2,023
PSR1 /Recy. Water Treatment Expansion	9,383,000	9,825	523	3,032	12,857	7,328	5,528
Pleasanton Capital Billing/Contingency	0	5,395	0	(3,174)	2,221	1,666	555
Capitalized Interest	0	1,960,872	0	0	1,960,872	877,454	1,083,419
Total Capital Impr. Proj. Element	10,981,000	78,385,207	1,046	10,312	78,395,521	40,145,530	38,249,991

OPERATING - ITEM	Budget FY 17	Expenditures FY 16 and Prior (a)	Expenditures Current Month	Expenditures FY 17 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
DERWA Program Manager	234,383	2,907,276	9,129	36,249	2,943,525	2,325,384	618,141
Treasurer	44,250	2,713,822	3,123	13,083	2,726,905	2,154,254	572,651
Legal Counsel	9,000	425,624	1,440	3,774	429,398	339,224	90,174
Secretary	2,550	200,347	0	2,404	202,751	160,173	42,578
Other	105,000	1,079,325	0	96,322	1,175,647	928,761	246,886
Operation and Maintenance Detail	2,024,372	12,162,609	0	749,483	12,912,092	10,200,552	2,711,539
Debt Service	1,645,513	18,738,028	0	0	18,738,028	14,803,043	3,934,986
Total Operating Program Element	4,065,068	38,227,031	13,692	901,315	39,128,345	30,911,390	8,216,955

PROJECT TOTALS	15,046,068	116,612,238	14,738	911,627	117,523,866	71,056,920	46,466,946
-----------------------	-------------------	--------------------	---------------	----------------	--------------------	-------------------	-------------------

REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution	0	0
DSRSD	0	0
EBMUD	0	0
Agency Reimbursements - DSRSD	577,284	1,096,860
Agency Reimbursements - EBMUD	146,111	334,695
Commercial Paper Issued	0	0
Pleasanton payments	15,798	658,154
Misc Contracts	0	0
Misc Income	0	0
TOTAL REVENUES & FUNDING	739,193	2,089,709

CASH AVAILABLE	Current Month	Fiscal Year
Beginning Cash	188,737	(264,890)
Beg. Balance Accural Adj	0	0
LAIF Int Adjustment	0	0
Commercial Paper payoff	0	0
Total Revenues & Funding	739,193	2,089,709
Total Expenditures	(14,738)	(911,627)
Ending Cash	913,192	913,192

Prepared by AK Gulseth Date: 11-30-16
Reviewed by AK Gulseth Date: 11/30/16
Approved by Lawrence Fan Date: 12/1
Scott Klein

Check Date	Check Number	Payee	Category	TOTAL Amount	DSRSD Amount	EBMUD Amount
11/04/16	2483973	Sue Montague	Op-Program Manager Expense (75/25)	112.50	84.38	28.13
11/04/16	2483907	Office Team	Op-Program Manager Staff (75/25)	926.40	694.80	231.60
11/18/16	2484512	Bold, Polisner, Maddow, etc	Op-Legal (75/25)	1,440.00	1,080.00	360.00
11/18/16	2484554	EBMUD	Op-Cost Accounting(75/25)	2,510.03	1,882.52	627.51
11/18/16	2484554	EBMUD	Op- Prog Manager (75/25)	6,430.60	4,822.95	1,607.65
11/18/16	2484554	EBMUD	Cap-Recycled Water Treatment	523.00	392.25	130.75
11/18/16	2484554	EBMUD	Cap-Perm Supplemental Water Supply	523.00	392.25	130.75
11/18/16	2484628	Maze	Op-Audit/ Accounting(75/25)	612.00	459.00	153.00
11/18/16	2484684	Office Team	Op-Program Manager Staff (75/25)	1,273.80	955.35	318.45
11/23/16	2485020	Office Team	Op-Program Manager Staff (75/25)	286.00	214.50	71.50
				14,637.33	10,978.00	3,659.33
Certificates of Disb.						
Wk Ending	Amount					
11/4/16	\$ 1,038.90					
11/11/16	\$ -					
11/18/16	\$ 13,312.43					
11/23/16	\$ 386.00					
	\$ -					
	\$ -					
	\$ 14,737.33					
	OP	13,591.33				
	CAP	1,046.00				

Operating	Capital	CK-OP		
112.50	0.00	112.50	75.0%	25.0%
926.40	0.00	926.40	75.0%	25.0%
1,440.00	0.00	1,440.00	75.0%	25.0%
2,510.03	0.00	2,510.03	75.0%	25.0%
6,430.60	0.00	6,430.60	75.0%	25.0%
0.00	523.00	0.00	75.0%	25.0%
0.00	523.00	0.00	75.0%	25.0%
612.00	0.00	612.00	75.0%	25.0%
1,273.80	0.00	1,273.80	75.0%	25.0%
286.00	0.00	286.00	75.0%	25.0%

0.00

0.00 Reconciled
0.00 Reconciled

Prepared by

Dana Gulseth

Reviewed by

Lawrence Fan

Approved by

Scott Klein

Date:

11-30-16

Date:

11/30/16

Date:

(2/1)

DERWA CASH REPORT

Cash Balance as of

10/31/16

188,737.14 Reconciled to DERWA TR previous month

Add member agency's contribution:

Interest Income		
Loans		
DSRSD Contribution		
EBMUD Contribution		
Agency Reimbursements - DSRSD	10/24 Rec 11/1	426,426.09
Agency Reimbursements - DSRSD	Sent 11/17/2016	150,857.83
Agency Reimbursements - EBMUD	10/24 Rec 11/1	146,110.71
City of Pleasanton Payments	10/14 Rec 11/1	15,797.53
Other Reimbursements- Misc		

Less invoice payments:

Sue Montague	11/4/2016	(112.50)
Office Team	11/4/2016	(926.40)
Bold, et al	11/18/2016	(1,440.00)
EBMUD	11/18/2016	(9,986.63)
Maze	11/18/2016	(612.00)
Office Team	11/18/2016	(1,273.80)
Office Team	11/23/2016	(386.00)

Cash Balance as of

11/30/16

913,191.97

Rounding

0.03

Cash Balance 11/30/16

913,192.00

Prepared by D Gulseth
Reviewed by Lawrence Fan
Approved by Scott Klein

Date 11-30-16
Date 11/30/16
Date 12/1

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT FOR DECEMBER 31, 2016**

STAFF REPORT

Attached is the DERWA Treasurer's Report for the month ending December 31, 2016. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, \$61,276 in agency reimbursements were received. Total revenue for the month also includes \$27,329 in payments from Pleasanton.

Expenses: Current month expenditures were \$195,652. Fiscal year-to-date expenditures for FY17 total \$1,107,281; of which \$1,087,090 were operating expenses and \$20,191 were capital expenses. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY17.

Cash: The cash balance at December 31, 2016 was \$806,145.

Submitted by:



Richard Lou
Treasurer

Dated: January 4, 2017

Prepared by dg (D. Gulseth)
Reviewed by DS (D. Siu)
Reviewed by ✓ (S. Klein)

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT
FOR THE PERIOD ENDED DECEMBER 31, 2016**

CAPITAL - PROJECT	Program Budget @ FY 2017	Expenditures FY 16 and Prior (a)	Expenditures Current Month	Expenditures FY 17 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	15,410	0	0	15,410	8,784	6,626
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	228,408	0	(3,564)	224,844	128,161	96,683
MF/UV Control Programing Update	0	144,366	0	0	144,366	82,289	62,077
Program Planning & Air Relief	410,000	5,345,280	0	0	5,345,280	2,653,692	2,691,588
Planning Prior Years	0	3,585,898	0	0	3,585,898	1,757,090	1,828,808
Permanent Suppl. Supply	105,000	79,432	1,208	15,227	94,659	45,422	49,237
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	0	0	0	0	0	0
LVAWMA 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	8,090	0	0	8,091	6,068	2,023
PSR1 /Recy. Water Treatment Expansion	9,383,000	9,825	4,688	7,720	17,545	10,001	7,544
Pleasanton Capital Billing/Contingency	0	5,395	3,983	809	6,204	4,653	1,551
Capitalized Interest	0	1,960,872	0	0	1,960,872	877,454	1,083,418
Total Capital Impr. Proj. Element	10,981,000	78,385,207	9,879	20,191	78,405,400	40,151,890	38,253,510

OPERATING - ITEM	Budget FY 17	Expenditures FY 16 and Prior (a)	Expenditures Current Month	Expenditures FY 17 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
DERWA Program Manager	234,383	2,907,276	13,912	50,161	2,957,437	2,109,665	847,772
Treasurer	44,250	2,713,822	1,717	14,800	2,728,622	2,046,466	682,156
Legal Counsel	9,000	425,624	408	4,182	429,806	322,355	107,451
Secretary	2,550	200,347	308	2,713	203,060	152,295	50,765
Other	105,000	1,079,325	0	96,322	1,175,647	881,735	293,912
Operation and Maintenance Detail	2,024,372	12,162,609	169,428	918,912	13,081,521	9,811,140	3,270,380
Debt Service	1,645,513	18,738,028	0	0	18,738,028	14,053,521	4,684,507
Total Operating Program Element	4,065,068	38,227,031	185,773	1,087,090	39,314,120	29,377,177	9,936,943

PROJECT TOTALS	15,046,068	116,612,238	195,652	1,107,281	117,719,520	69,529,066	48,190,454
-----------------------	-------------------	--------------------	----------------	------------------	--------------------	-------------------	-------------------

REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution		
DSRSD	0	0
EBMUD	0	0
Agency Reimbursements - DSRSD	10,978	853,362
Agency Reimbursements - EBMUD	50,298	289,778
Commercial Paper Issued	0	0
Pleasanton payments	27,329	685,484
Misc Contracts	0	0
Misc Income	0	0
TOTAL REVENUES & FUNDING	88,605	1,828,624

	Current Month	Fiscal Year
CASH AVAILABLE		
Beginning Cash	913,192	(264,890)
Beg. Balance Accrual Adj	0	349,692
LAIF Int Adjustment	0	0
Commercial Paper payoff	0	0
Total Revenues & Funding	88,605	1,828,624
Total Expenditures	(195,652)	(1,107,281)
Ending Cash	806,145	806,145

Prepared by Dana Gulseth Date: 1-3-17
Reviewed by Dana Gulseth Date: ✓
Approved by David Siu for Lawrence Fan Date: 1/3/17
Scott Klein

DERWA CASH REPORT

Cash Balance as of

11/30/16

913,191.97 Reconciled to DERWA TR previous month

Add member agency's contribution:

Interest Income		
Loans		
DSRSD Contribution		
EBMUD Contribution		
Agency Reimbursements - DSRSD	12/27/2016	10,978.00
Agency Reimbursements - EBMUD	12/5/2016	50,298.12
City of Pleasanton Payments	12/19+12/23/2016	27,329.09
Other Reimbursements- Misc		

Less invoice payments:

ICF International/ Jones & Stokes	12/2/2016	(5,708.34)
Robert Half/ Office Team	12/2/2016	(1,042.20)
James Bewley	12/9/2016	(276.40)
Robert Half/ Office Team	12/9/2016	(424.60)
Bols, Polisner, Maddow, et al	12/16/2016	(408.00)
DSRSD- October	12/16/2016	(179,062.95)
EBMUD	12/16/2016	(3,922.26)
ICF International/ Jones & Stokes	12/16/2016	(3,225.00)
Robert Half/ Office Team	12/16/2016	(772.00)
Robert Half/ Office Team	12/23/2016	(810.60)

Cash Balance as of

12/31/16

806,144.83

Rounding

0.17

Cash Balance 12/31/16

806,145.00

Prepared by Dana Gulseth
Reviewed by David-Siu for Lawrence Fan
Approved by Scott Klein


Date 1-3-17
Date 1/3/17
Date 1/3/17


DSRSD/EBMUD RECYCLED WATER AUTHORITY						
SUMMARY OF EXPENDITURES						
FOR THE PERIOD ENDED						
DECEMBER 31, 2016						
Check Date	Check Number	Payee	Category	TOTAL Amount	DSRSD Amount	EBMUD Amount
12/02/16	2485374	ICF Jones & Stokes	Op-Public Info/Prg Manager (49/51)	5,708.34	2,797.09	2,911.25
12/02/16	2485462	Robert Half/ Office Team	OP-Prog Manager Staff (75/25)	1,042.20	781.65	260.55
12/09/16	2485688	James Bewley	OP-Prog Manager Expense (75/25)	276.40	207.30	69.10
12/09/16	2485873	Robert Half/ Office Team	OP-Prog Manager Staff (75/25)	424.60	318.45	106.15
12/16/16	2486138	Bold, Polisner, Maddow, et al	OP-Legal (75/25)	408.00	306.00	102.00
12/16/16	2486201	DSRSD- October	Cap- Pleasanton Bills-6th Sand Filter	2,511.90		
12/16/16	2486201	DSRSD- October	Cap- Pleasanton Bills-RWTP Stage 2	1,470.83		
12/16/16	2486201	DSRSD- October	Cap- RWTP Stage 2	4,412.47	2,941.65	1,470.82
12/16/16	2486201	DSRSD- October	Op-Secretary Labor (75/25)	288.52	216.39	72.13
12/16/16	2486201	DSRSD- October	Op-Secretary Expense(75/25)	19.66	14.75	4.92
12/16/16	2486201	DSRSD- October	Op-Operations(75/25)	169,427.57	127,070.68	42,356.89
12/16/16	2486201	DSRSD- October	Cap-Supplem. Water (58/42)	932.00	540.56	391.44
12/16/16	2486208	EBMUD- WS	Op-Cost Acctg (75/25)	1,717.37	1,288.03	429.34
12/16/16	2486208	EBMUD- WS	Op-Prg Manager (75/25)	1,652.89	1,239.67	413.22
12/16/16	2486208	EBMUD- WS	Cap- RWTP Stage 2	276.00	207.00	69.00
12/16/16	2486208	EBMUD- WS	Cap- Perm. Suppl Water Supply	276.00	160.08	115.92
12/16/16	2486269	ICF Jones & Stokes	Op-Public Info/Prg Manager (49/51)	3,225.00	1,580.25	1,644.75
12/16/16	2486344	Robert Half/ Office Team	OP-Prog Manager Staff (75/25)	772.00	579.00	193.00
12/23/16	2486728	Robert Half/ Office Team	OP-Prog Manager Staff (75/25)	810.60	607.95	202.65
				-	-	-
				-	-	-
				-	-	-
				-	-	-
				-	-	-
				-	-	-
				195,652.35	140,856.48	50,813.14
Certificates of Disb.						
Wk Ending	Amount					
12/2/16	\$ 6,750.54		Pleasanton	3,982.73		
12/9/16	\$ 701.00					
12/16/16	\$ 187,390.21					
12/23/16	\$ 810.60					
12/30/16	\$ -					
	\$ -					
	\$ -					
	\$ -					
	\$ -					
	\$ 195,652.35					
					OP	185,773.15
					CAP	9,879.20


Operating	Capital	CK-OP
5,708.34	0.00	5,708.34
1,042.20	0.00	1,042.20
276.40	0.00	276.40
424.60	0.00	424.60
408.00	0.00	408.00
0.00	2,511.90	0.00
0.00	1,470.83	0.00
0.00	4,412.47	0.00
288.52	0.00	288.52
19.66	0.00	19.66
169,427.57	0.00	169,427.57
0.00	932.00	0.00
1,717.37	0.00	1,717.37
1,652.89	0.00	1,652.89
0.00	276.00	0.00
0.00	276.00	0.00
3,225.00	0.00	3,225.00
772.00	0.00	772.00
810.60	0.00	810.60
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
185,773.15	9,879.20	185,773.15

F

0.00 Reconciled
0.00 Reconciled
0.00 Reconciled

Prepared by 
Dana Gulseth

Reviewed by 
David Siu for Lawrence Fan

Approved by 
Scott Klein

Date: 1-3-17

Date: 1/3/17

Date: 1/3/17

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT FOR JANUARY 31, 2017**

STAFF REPORT

Attached is the DERWA Treasurer's Report for the month ending January 31, 2017. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, \$3,659 in agency reimbursements were received. Total revenue for the month also includes \$3,245,616 in payments from Pleasanton.

Expenses: Current month expenditures were \$1,748,698. Fiscal year-to-date expenditures for FY17 total \$2,855,978; of which \$1,176,697 were operating expenses and \$1,679,281 were capital expenses. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY17.




Cash: The cash balance at January 31, 2017 was \$2,306,722.

Submitted by:



Richard Lou
Treasurer

Dated: February 3, 2017

Prepared by  (D. Gulseth)
Reviewed by  (D. Siu)
Reviewed by  (S. Klein)

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT
FOR THE PERIOD ENDED JANUARY 31, 2017**

CAPITAL - PROJECT	Program Budget @ FY 2017	Expenditures FY 16 and Prior (a)	Expenditures Current Month	Expenditures FY 17 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	15,410	0	0	15,410	8,784	6,626
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	228,408	0	(3,564)	224,844	128,161	96,683
MF/UV Control Programing Update	0	144,366	0	0	144,366	82,289	62,077
Program Planning & Air Relief	410,000	5,345,280	0	0	5,345,280	2,653,692	2,691,588
Planning Prior Years	0	3,585,898	0	0	3,585,898	1,757,090	1,828,808
Permanent Suppl. Supply	105,000	79,432	0	15,227	94,659	45,422	49,237
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	0	0	0	0	0	0
LVAWMA 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	8,090	0	0	8,091	6,068	2,023
PSR1 /Recy. Water Treatment Expansion	9,383,000	9,825	1,211,406	1,219,126	1,228,951	700,502	528,449
Pleasanton Capital Billing/Contingency	0	5,395	447,684	448,493	453,888	340,416	113,472
Capitalized Interest	0	1,960,872	0	0	1,960,872	877,454	1,083,418
Total Capital Impr. Proj. Element	10,981,000	78,385,207	1,659,090	1,679,281	80,064,490	40,146,230	39,918,260

OPERATING - ITEM	Budget FY 17	Expenditures FY 16 and Prior (a)	Expenditures Current Month	Expenditures FY 17 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
DERWA Program Manager	234,383	2,907,276	8,806	58,968	2,966,244	2,115,212	851,032
Treasurer	44,250	2,713,822	1,585	16,386	2,730,208	2,047,655	682,553
Legal Counsel	9,000	425,624	912	5,094	430,718	323,039	107,679
Secretary	2,550	200,347	363	3,075	203,422	152,567	50,855
Other	105,000	1,079,325	0	96,322	1,175,647	881,735	293,912
Operation and Maintenance Detail	2,024,372	12,162,609	77,942	996,852	13,159,461	9,869,595	3,289,865
Debt Service	1,645,513	18,738,028	0	0	18,738,028	14,053,521	4,684,507
Total Operating Program Element	4,065,068	38,227,031	89,608	1,176,697	39,403,727	29,443,324	9,960,403

PROJECT TOTALS	15,046,068	116,612,238	1,748,698	2,855,978	119,468,217	69,595,213	49,873,005
-----------------------	-------------------	--------------------	------------------	------------------	--------------------	-------------------	-------------------

REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution	0	0
DSRSD	0	0
EBMUD	0	853,362
Agency Reimbursements - DSRSD	0	293,437
Agency Reimbursements - EBMUD	3,659	0
Commercial Paper Issued	0	0
Pleasanton payments	3,245,616	3,931,101
Misc Contracts	0	0
Misc Income	0	0
TOTAL REVENUES & FUNDING	3,249,275	5,077,900

CASH AVAILABLE	Current Month	Fiscal Year
Beginning Cash	806,145	(264,890)
Beg. Balance Accrual Adj	0	349,691
LAIF Int Adjustment	0	0
Commercial Paper payoff	0	0
Total Revenues & Funding	3,249,275	5,077,900
Total Expenditures	(1,748,698)	(2,855,978)
Ending Cash	2,306,722	2,306,722

Prepared by Dana Gulseth Date: 1-31-17
Reviewed by Lawrence Furr Date: 1/31/17
Approved by Scott Klein Date: 1/31/17

[illegible][illegible]

P	447,684.20	0.00
---	------------	------

0.00 Reconciled
0.00 Reconciled
0.00 Reconciled

Prepared by Dan Gulseth
Reviewed by Lawrence Fan
Approved by Scott Klein

Date: 1-31-17
Date: 1/31/17
Date: 1/31/17

DERWA CASH REPORT

Cash Balance as of

12/31/16

806,145.43 Reconciled to DERWA TR previous month

Add member agency's contribution:

Interest Income		
Loans		
DSRSD Contribution		
EBMUD Contribution		
Agency Reimbursements - DSRSD		
Agency Reimbursements - EBMUD	1/6/2017	3,659.33
City of Pleasanton Payments	Phase 2 RWP 1/30/2017	3,245,616.00
Other Reimbursements- Misc		

Less invoice payments:

DSRSD- Phase 2 Recycled Water Plant	(1,656,899.27)
DSRSD- November Expenses	(78,626.54)
EBMUD-Accounting	(6,569.69)
Robert Half/ Office Team	(1,389.60)
Robert Half/ Office Team	(231.60)
Bold, Polisner, Maddow, Nelson & Judson	(912.00)
ICF International	(4,070.00)

Cash Balance as of

01/31/17


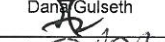
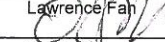
2,306,722.06

Rounding

(0.06)

Cash Balance 01/31/17

2,306,722.00

Prepared by 
Dana Gulseth
Reviewed by 
Lawrence Fah
Approved by 
Scott Klein

Date 1-31-17
Date 1/31/17
Date 1/31/17

DERWA
Summary & Recommendation

Quarterly Investment Report – December 31, 2016

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, 2016 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 the DERWA Board of Directors approve, by Motion, the Quarterly Investment Report for December 31, 2016.

March 6, 2017

Item 8.C

DERWA Summary & Recommendation

Approve Task Order No. 15 for Fiscal Year 2017-18 for Public Information Services with ICF International

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
- Web Site Maintenance
- Response to community issues

ICF has been providing consultant services to the Public Information Program for several years. Proposed Task Order No. 15 continues the transition from nearly full reliance on consultant support for the DERWA Public Information Program to agency staff leading most of the Public Affairs activities. The work proposed for ICF International for July 2017 through June 2018 will be planning and facilitation of the annual Communications Roundtable Exercise and updating and supporting the maintenance of the San Ramon Valley Recycled Water Program web site. The 2016-17 authorized Task Order amount was \$41,725. The estimated cost of the work for Task Order No. 15 is \$28,530.

Recommendation:

The Authority Manager recommends the DERWA Board of Directors, by Motion, approve Task Order No. 15 to the August 18, 2008 Professional Services Agreement with ICF International for the period July 2017 through June 2018 in an amount not to exceed \$28,530.

March 6, 2017

Attachment

**Dublin San Ramon Services District – East Bay Municipal Utility District
Recycled Water Authority (DERWA)
Operations Phase
Public Information / Agency Outreach Program
Scope of Work - Task Order No. 15
July 1, 2017 – June 30, 2018**

Task 15. Public Information / Agency Outreach Activities

15.1 Communications Roundtable

Organize and implement the annual Communication Roundtable for DSRSD, EBMUD and the City of Pleasanton. In coordination with agency staff, facilitate the planning and logistics for the half-day training. Manage the facility arrangements; develop the invitation, agenda, scenarios, and materials, including any updates or revisions to the Communication Roundtable resources provided to attendees. Staff and facilitate the training session.

15.2 Informational Materials

Update all materials, including the program web site, to ensure they accurately reflect the current state of the program, including any City of Pleasanton developments, construction updates or customer news.

15.3 Web Site 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.

Item 9.A

DERWA Summary & Recommendation

Transmittal of the DERWA Independent Auditor's Report and Financial Statements for Years Ending June 30, 2016 and 2015

Summary:

Attached is the report on the audited DERWA Financial Statements as of June 30, 2016 and 2015 and the Memorandum on Internal Control Structure. The audit did not find any issues, deficiencies, material weaknesses or findings with the DERWA accounting practices and internal controls.

Recommendation:

Staff recommends the DERWA Board of Directors accept, by Motion, the DERWA Independent Auditor's Report and Financial Statements for Years Ending June 30, 2016 and 2015

March 6, 2017

Attachment

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

BASIC FINANCIAL STATEMENTS

June 30, 2016 and 2015

This Page Left Intentionally Blank

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY
BASIC FINANCIAL STATEMENTS
For The Years Ended June 30, 2016 and 2015**

Table of Contents

	Page
<i>Independent Auditor's Report</i>	1
<i>Management's Discussion and Analysis</i>	3
<i>Basic Financial Statements</i>	
Statements of Net Position	7
Statements of Revenues, Expenses and Changes in Net Position	8
Statements of Cash Flows	9
Notes to Basic Financial Statements	11
<i>Independent Auditor's Report on Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</i>	21

This Page Left Intentionally Blank

INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the financial statements of the Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (Authority) as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements 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 Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2016 and 2015, and changes in financial position and, cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 72 – *Fair Value Measurement and Application*, which became effective during the year ended June 30, 2016 as discussed in Note 1G to the financial statements. This statement had no effect on the financial statements.

The emphasis of this matter does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis 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 this 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2016 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 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 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.

Maze and Associates

Pleasant Hill, California
August 31, 2016

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

Management's Discussion and Analysis

June 30, 2016 and 2015

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, 2016 and 2015. Management's Discussion and Analysis (MDA) is intended to serve as an introduction to the Agency's basic financial statements. The MDA 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 MDA 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 5.2 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.

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.

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

Management's Discussion and Analysis

June 30, 2016 and 2015

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 18 of this report.

Financial Analysis:

Table 1 summarizes net assets at June 30, 2016 and 2015, and Table 2 summarizes revenues, expenses and changes in net position for the years ended June 30, 2016 and 2015. Both tables also include variances from the prior year.

Table 1
Summary of Net Position
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>	<u>Variance</u>
Assets:			
Current assets	\$ 365,978	\$ 111,634	\$ 254,344
Capital assets	<u>61,884,137</u>	<u>63,422,965</u>	<u>(1,538,828)</u>
Total assets	<u>62,250,115</u>	<u>63,534,599</u>	<u>(1,284,484)</u>
Liabilities:			
Current liabilities	1,543,252	1,726,349	(183,097)
Long-term liabilities	<u>12,317,918</u>	<u>13,622,861</u>	<u>(1,304,943)</u>
Total liabilities	<u>13,861,170</u>	<u>15,349,210</u>	<u>(1,488,040)</u>
Net position:			
Net investment in capital assets	48,261,276	48,526,989	(265,713)
Unrestricted	<u>127,669</u>	<u>(341,600)</u>	<u>469,269</u>
Total net position	<u>\$ 48,388,945</u>	<u>\$ 48,185,389</u>	<u>\$ 203,556</u>

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

Management's Discussion and Analysis

June 30, 2016 and 2015

Table 2
Summary of Revenues, Expenses and Changes in Net Position
Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>	<u>Variance</u>
Operating revenue:	\$ 4,208,978	\$ 3,615,528	\$ 593,450
Operating expenses:			
Professional services	(6,028)	(5,974)	(54)
General and administrative	(298,401)	(253,035)	(45,366)
Operation and maintenance	(1,599,648)	(1,557,198)	(42,450)
Depreciation	<u>(1,728,946)</u>	<u>(1,715,161)</u>	<u>(13,785)</u>
Total operating expenses	(3,633,023)	(3,531,368)	(101,655)
Nonoperating income (expenses):			
Interest on state loan	<u>(372,399)</u>	<u>(403,456)</u>	31,057
Total other income (expenses)	(372,399)	(403,456)	31,057
Change in net position	203,556	(319,296)	522,852
Total net position - beginning	<u>48,185,389</u>	<u>48,504,685</u>	(319,296)
Total net position - ending	<u>\$ 48,388,945</u>	<u>\$ 48,185,389</u>	<u>\$ 203,556</u>

- Current assets of the Authority increased \$0.3 million due to an increased cash balance from prior year.
- The net position of the Authority in 2016 increased by \$0.2 million from the prior year. The primary reason for this increase was a \$0.6 million increase in total operating revenue, along with only a \$0.1 million increase in operating expenses.
- Capital assets as of June 30, 2016 decreased by \$1.5 million primarily due to the recording of the \$1.7 million depreciation expense for the year.
- Total liabilities as of June 30, 2016 decreased by \$1.5 million from the prior year. The principal reason for decrease was the \$1.3 decrease in the outstanding loan balance and \$0.2 million decrease in accounts payable.
- 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 tenth installment of \$1.3 million for fiscal year 2016, as of June 30, 2016, \$12.3 million was the long term liability outstanding.

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

Management's Discussion and Analysis

June 30, 2016 and 2015

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 Authority Treasurer, MS #402, P.O. Box 24055, Oakland, CA 94623-1055.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2016 AND JUNE 30, 2015**

ASSETS	2016	2015
Current Assets:		
Cash and cash equivalents (Note 2)	\$ (26,559)	\$ (440,053)
Receivables:		
East Bay Municipal Utility District	101,605	165,100
Dublin San Ramon Services District	273,646	386,587
City of Pleasanton	17,286	0
Total Current Assets	<u>365,978</u>	<u>111,634</u>
Capital Assets (Note 3):		
Structures, buildings, and equipment	76,649,795	76,543,135
Less accumulated depreciation	<u>(17,009,364)</u>	<u>(15,280,418)</u>
Subtotal	<u>59,640,431</u>	<u>61,262,717</u>
Land and rights-of-way	1,890,977	1,890,977
Construction in progress	<u>352,729</u>	<u>269,271</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>61,884,137</u>	<u>63,422,965</u>
Total Assets	<u>62,250,115</u>	<u>63,534,599</u>
LIABILITIES		
Current Liabilities:		
Current portion of State loan payable (Note 5)	1,304,943	1,273,115
Accounts payable	8,402	16,094
Payable to members:		
East Bay Municipal Utility District	27,791	3,159
Dublin San Ramon Services District	<u>202,116</u>	<u>433,981</u>
Total Current Liabilities	<u>1,543,252</u>	<u>1,726,349</u>
Long-term Liabilities:		
State loan payable (Note 5)	<u>12,317,918</u>	<u>13,622,861</u>
Total Noncurrent Liabilities	<u>12,317,918</u>	<u>13,622,861</u>
Total Liabilities	<u>13,861,170</u>	<u>15,349,210</u>
NET POSITION (Note 1)		
Net Investment in capital assets	48,261,276	48,526,989
Unrestricted	<u>127,669</u>	<u>(341,600)</u>
Total Net Position	<u>\$ 48,388,945</u>	<u>\$ 48,185,389</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, 2016 AND JUNE 30, 2015**

	<u>2016</u>	<u>2015</u>
Operating Revenue:		
Contributions from members	<u>\$ 4,208,978</u>	<u>\$ 3,615,528</u>
Operating (Expenses):		
Professional services	(6,028)	(5,974)
General and administrative	(298,401)	(253,035)
Operation and maintenance	(1,599,648)	(1,557,198)
Depreciation (Note 3)	<u>(1,728,946)</u>	<u>(1,715,161)</u>
Total Operating (Expenses)	<u>(3,633,023)</u>	<u>(3,531,368)</u>
Net Operating Income (Loss)	<u>575,955</u>	<u>84,160</u>
Nonoperating Revenue (Expense):		
Interest on state loan	<u>(372,399)</u>	<u>(403,456)</u>
Total Nonoperating Revenue (Expenses)	<u>(372,399)</u>	<u>(403,456)</u>
Changes in Net Position	203,556	(319,296)
Total Net Position - Beginning	<u>48,185,389</u>	<u>48,504,685</u>
Total Net Position - Ending	<u><u>\$ 48,388,945</u></u>	<u><u>\$ 48,185,389</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, 2016 AND JUNE 30, 2015**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Cash received from members for sales of water	\$ 4,065,240	\$ 3,403,811
Cash (paid) received from bank overdrafts	(413,494)	251,702
Cash paid for supplies and services	<u>(1,911,769)</u>	<u>(1,802,200)</u>
Net cash provided by operating activities	<u>1,739,977</u>	<u>1,853,313</u>
Cash flows from capital and related financing activities:		
Cash paid for interest	(372,399)	(403,456)
Cash paid on State loan	(1,273,115)	(1,242,063)
Cash paid for construction of capital assets	<u>(94,418)</u>	<u>(207,794)</u>
Net cash (used in) provided by capital and related financing activities	<u>(1,739,932)</u>	<u>(1,853,313)</u>
Cash flows provided by investing activities:		
Interest and other income received	<u>-</u>	<u>-</u>
Net change in cash and cash equivalents	-	-
Cash and investments at beginning of period	<u>-</u>	<u>-</u>
Cash and investments at end of period	\$ <u>-</u>	\$ <u>-</u>
Reconciliation of operating income/(loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 575,955	\$ 84,160
Adjustments to reconcile operating income/(loss) to net cash provided by operating activities:		
Depreciation	1,728,946	1,715,161
Changes in operating assets and liabilities:		
Accounts receivable	63,495	(170,839)
Accounts payable	(214,925)	(26,871)
Bank Overdraft	<u>(413,494)</u>	<u>251,702</u>
Net cash provided by operating activities	\$ <u>1,739,977</u>	\$ <u>1,853,313</u>

See accompanying notes to financial statements.

This Page Left Intentionally Blank

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

Notes to Financial Statements

June 30, 2016 and 2015

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 5.2 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, 2016 and 2015

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. These captions apply only to Net Position and are described below:

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.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Authority cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and fees charged for the provision of future water resources.

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.

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

Notes to Financial Statements

June 30, 2016 and 2015

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

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.

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.

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.

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

Notes to Financial Statements

June 30, 2016 and 2015

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

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.

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.

G. *New GASB Pronouncement*

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statement, which became effective during the year ended June 30, 2016.

GASB Statement No. 72 – *Fair Value Measurement and Application*. The intention of this Statement is to enhance the comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. It also enhances fair value application guidance and related disclosures.

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

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 2 – BANK OVERDRAFT

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>2016</u>		<u>2015</u>
Demand deposits with banks (overdraft)	\$ (26,559)	\$	(440,053)

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.

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

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 3 – CAPITAL ASSETS

A. Additions and Retirements

Capital assets activity for the year ended June 30, 2016 was as follows:

	Balance at June 30, 2015	Additions and Transfers, net	Retirements and Transfers, net	Balance at June 30, 2016
Capital assets not being depreciated:				
Land and rights-of-way	\$1,890,977			\$1,890,977
Construction in progress	269,271	\$190,118	(\$106,660)	352,729
Total capital assets not being depreciated	2,160,248	190,118	(106,660)	2,243,706
Capital assets, being depreciated:				
Water treatment	20,026,608		102,852	20,129,460
Pumping plants	13,792,192			13,792,192
Reservoirs	14,439,008			14,439,008
Pipelines	28,285,327		3,808	28,289,135
Total capital assets being depreciated	76,543,135		106,660	76,649,795
Less accumulated depreciation for:				
Water treatment	(4,655,852)	(527,790)		(5,183,642)
Pumping plants	(2,777,826)	(345,067)		(3,122,893)
Reservoirs	(2,684,514)	(289,045)		(2,973,559)
Pipelines	(5,162,226)	(567,044)		(5,729,270)
Total accumulated depreciation	(15,280,418)	(1,728,946)		(17,009,364)
Net capital assets being depreciated	61,262,717	(1,728,946)	106,660	59,640,431
Capital assets, net	\$63,422,965	(\$1,538,828)		\$61,884,137

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

Notes to Financial Statements

June 30, 2016 and 2015

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.

As of June 30, 2016, there were no commercial paper notes outstanding under this program.

To provide liquidity for the program, the Authority maintains a liquidity support agreement (line of credit) with a commercial bank. Combined borrowings by the East Bay Municipal Utility District Water System and Wastewater System, with the commercial paper and bank notes, cannot exceed the amount of this agreement. Drawings under the agreement are restricted to pay maturing commercial paper. There were no borrowings under the line of credit agreement during the years ended June 30, 2016 and 2015.

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

Notes to Financial Statements

June 30, 2016 and 2015

NOTE 5 – STATE WATER RESOURCES CONTROL BOARD LOAN

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, 2016:

	Balance June 30, 2015	Retirements	Balance June 30, 2016
2006 State Water Resource Loan			
2.5%, due 07/25/2025	\$14,895,976	\$ 1,273,115	\$13,622,861
Less amount due within one year	<u>1,273,115</u>		<u>1,304,943</u>
Noncurrent portion	<u>\$13,622,861</u>	<u>\$1,273,115</u>	<u>\$12,317,918</u>

B. Debt Service Requirements

Annual debt service requirements are shown below for the loan:

Year ending June 30	Principal	Interest	Total
2017	\$ 1,304,943	\$ 340,571	\$ 1,645,514
2018	1,337,566	307,948	1,645,514
2019	1,371,005	274,509	1,645,514
2020	1,405,280	240,234	1,645,514
2021	1,440,412	205,102	1,645,514
2022-2026	<u>6,763,655</u>	<u>467,008</u>	<u>7,230,663</u>
Totals	<u>\$ 13,622,861</u>	<u>\$ 1,835,372</u>	<u>\$ 15,458,233</u>

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

Notes to Financial Statements

June 30, 2016 and 2015

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>2016</u>	<u>2015</u>
DSRSD	\$1,832,679	\$1,710,236
EBMUD	<u>67,383</u>	<u>22,997</u>
	<u>\$1,900,062</u>	<u>\$1,733,233</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

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.

This Page Left Intentionally Blank

**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
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* Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (Authority), as of and for the year ended June 30, 2016 and the related notes to the financial statements, and have issued our report thereon dated August 31, 2016. Our report included an emphasis of a matter paragraph disclosing the implementation of a new accounting principle.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Authority's internal control over financial reporting (internal control) to determine the 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 Authority'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.

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 determination of financial statement amounts. 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*.

We have also issued a separate Memorandum on Internal Control dated August 31, 2016 which is an integral part of our audit and should be read in conjunction with this report.

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.

Maze and Associates

Pleasant Hill, California
August 31, 2016

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

**MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

**FOR THE YEAR ENDED
JUNE 30, 2016**

This Page Left Intentionally Blank

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

MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS

For the Year Ended June 30, 2016

Table of Contents

	<u>Page</u>
<i>Memorandum on Internal Control</i>	1
<i>Required Communications</i>	3
Significant Audit Findings:	
Accounting Policies	3
Unusual Transactions, Controversial or Emerging Areas	3
Estimates.....	4
Disclosures.....	4
Difficulties Encountered in Performing the Audit.....	4
Corrected and Uncorrected Misstatements.....	4
Disagreements with Management.....	4
Management Representations	4
Management Consultations with Other Independent Accountants.....	4
Other Audit Findings or Issues.....	4
Other Matters:	
Other Information Accompanying the Financial Statements	5

This Page Left Intentionally Blank

MEMORANDUM ON INTERNAL CONTROL

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

In planning and performing our audit of the financial statements of the Authority' as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing 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 Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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.

This communication is intended solely for the information and use of management, Board of Directors, others within the organization, and agencies and pass-through entities requiring compliance with *Government Auditing Standards*, and is not intended to be and should not be used by anyone other than these specified parties.

Maze and Associates

Pleasant Hill, California
August 31, 2016

This Page Left Intentionally Blank

REQUIRED COMMUNICATIONS

To the Board of Directors of
Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water
Authority
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, 2016. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards and *Government Audit Standards*.

Significant Audit Findings

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are included in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except as follows:

GASB 72 – Fair Value Measurement and Application - This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is 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. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The requirements of this Statement enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also enhances fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

The pronouncement became effective, and as disclosed in Note 1G to the financial statements.

Unusual Transactions, Controversial or Emerging Areas

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.

Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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.

Disclosures

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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all/certain such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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 a management representation letter dated August 31, 2016.

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 governmental unit'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

Other Information Accompanying the Financial Statements

With respect to the required supplementary information accompanying the financial statements, we 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 did not express an opinion nor 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.

This information is intended solely for the use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Maze and Associates

Pleasant Hill, California

August 31, 2016

This Page Left Intentionally Blank

Item 9.B

DERWA Summary & Recommendation

Approve and Adopt the Fiscal Year 2017-2018 Capital and Operating Expenditure Budget

Summary:

The DERWA Joint Exercise of Powers Agreement (JPA) provides that the Authority must adopt an annual fiscal year budget showing expenditures and means of financing such expenditures.

Changes from Fiscal Year 2016-2017 Budget: The projects in the FY 2017-2018 capital plan can be funded under the existing capital appropriation of \$105.067 million. Capital projects continuing from the FY 2016-2017 budget are Permanent Supplemental Water Supply, New/Replacement Capital <\$50K, SCADA Upgrade, and PSR1 VFD Replacement, and the Recycled Water Treatment Plant Expansion. There are no new capital projects proposed in the FY 2017-2018 budget. The Pleasanton 6th Sand Filter and the Microfiltration Plant Membrane Replacement projects will be completed in FY 2016-2017. The Reservoir R200 Chemical Feed System project has been deleted from the CIP with no funds expended.

The FY 2017-2018 proposed operating budget has been increased by \$80,215 (2%), with increasing projected recycled water deliveries from 3,616 acre-feet to 3,927 acre-feet (9%). DSRSD has submitted a budget of \$2.020 million for the operations and maintenance of the DERWA project for FY 2017-2018. Agency contributions plus estimated revenue from water sales to Pleasanton will cover the \$4.152 million budget for the O&M and administrative expenses and debt service payments. The FY 2017-2018 budget for the state loan repayment is \$1.645 million.

Expenditures and Appropriations:

The capital expenditure for FY 2017-2018 is \$9.577 million. The required contribution for operations from the Member Agencies will be based on the actual water sales for FY 2017-2018, currently projected at 81% DSRSD and 19% EBMUD. The required contributions for the state loan repayment will be based on the allocation of capital facilities at the time of payment.

For DSRSD, the estimated FY 2017-2018 contribution is \$2.391 million for the operating budget and \$4.588 million for the capital budget; for EBMUD the estimated contribution is \$1.166 million for the operating budget and \$2.730 million for the capital budget; for City of Pleasanton the estimated payments for recycled water deliveries are \$0.595 million and \$1.623 million for the capital budget.

Table 13 shows the Capital Project expenses and cost sharing in adherence to the adopted Water Sales Agreement. The resulting split for projected Capital expenditures using the percentage specified in the Water Sales Agreement for the purposes of allocating debt service is 51.2% DSRSD and 48.8% EBMUD.

Funding: The Capital Program has secured \$5M in grants, \$24.7M in loans from Proposition 13 funding and \$14.9M in federal funding.

Recommendation:

The Authority Manager and Treasurer recommend the DERWA Board of Directors, by Resolution, approve the DERWA Fiscal Year 2017-2018 Budget.

March 6, 2017

Attachments

Report by: RL

Reviewed by: MT

DERWA
RESOLUTION NO. _____

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE DSRSD•EBMUD RECYCLED
WATER AUTHORITY APPROVING AND ADOPTING THE FISCAL YEAR 2017-2018 CAPITAL
AND OPERATING EXPENDITURE BUDGET**

WHEREAS, the Joint Exercise of Powers Agreement under which DSRSD•EBMUD Recycled Water Authority (DERWA) was formed provides that before the year end, the Authority's Board of Directors must adopt an annual budget for the following fiscal year showing proposed expenditures and the proposed means of financing such expenditures; and

WHEREAS, the DERWA Treasurer and the Member Agencies have reviewed and the Authority Manager has recommended, a proposed Capital and Operating Expenditure Budget for Fiscal Year 2017-2018; and presented the proposed budget at the March 6, 2017 DERWA Board Meeting; and

WHEREAS, the Board of Directors has considered all the oral and written information presented.

NOW, THEREFORE, BE IT RESOLVED 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, as follows:

1. An operating budget appropriation totaling \$4.152 million is hereby approved and adopted for FY 2017-2018 as presented in "Attachment A".
2. The capital budget appropriation is unchanged and remains at \$105.067 million as presented in "Attachment A". Adjustments between projects shall be subject to the same limits established by DERWA accounting and control procedures for expenditures. For the operating budget, appropriations are made by work element.
3. In order to provide for completion of work on projects authorized but not completed as of the close of the fiscal year, balances remaining at the close of FY 2017-2018 are hereby appropriated for expenditure in the subsequent fiscal year, in addition to the applicable fiscal year appropriations for capital and operating expenditures.
4. The Source of Funds for the capital and operating expenditures for FY 2017-2018 shall be from Member Agency contributions, payments made by City of Pleasanton in accordance with the January 7, 2014 Agreement to Provide Recycled Water Services by and between DERWA and the City of Pleasanton, state and federal grants or loans,

DERWA
Res. No. _____

and/or borrowed sources such as but not limited to commercial paper as prudently determined by the DERWA Treasurer.

5. After consideration of DERWA reserves and working fund balances as required under Article 13 of the Joint Powers Agreement and given the Source of Funds as described in paragraph 4 above, the capital and operating expenditure budget projects a revenue shortfall.
6. In accordance with Article 18 of the Joint Powers Agreement, a series of demands shall be made of the Member Agencies for funds equal to the revenue shortfall as determined by the percentages in the Water Sales Agreement.
7. All expenditures shall be authorized and revenue shall be collected in accordance with DERWA's adopted Accounting Control Procedures.
8. The Treasurer shall analyze cash flow needs and invoice Member Agencies as needed to maintain prudent and sufficient working capital balance for DERWA.
9. EBMUD and DSRSD shall share in the expense for the operations and maintenance of the DERWA facilities based on their proportion of actual water deliveries.
10. All expenditures in FY 2017-2018, except those listed in the operating budget, are capital expenditures.

ADOPTED by the Board of Directors of the DSRSD•EBMUD Recycled Water Authority at its special meeting held on the 6th day of March 2017, passed by the following vote:

AYES:

NOES:

ABSENT:

DERWA Chair

ATTEST

Nicole M. Genzale, Authority Secretary



**DUBLIN SAN RAMON
SERVICES DISTRICT**



**DSRSD-EBMUD RECYCLED WATER
AUTHORITY**

**SAN RAMON VALLEY RECYCLED
WATER PROGRAM**

**Proposed
FISCAL YEAR 2017-18 BUDGET**

March 6, 2017

**DSRSD•EBMUD RECYCLED WATER
AUTHORITY**

**SAN RAMON VALLEY RECYCLED
WATER PROGRAM**

**Proposed
FISCAL YEAR 2017-18 BUDGET**

Presented on March 6, 2017

DERWA FY 2017-18 BUDGET

TABLE OF CONTENTS

	Page
Resolution Approving and Adopting Capital & Operating Budget	
Budget Summary and Recommendation	1
DERWA Program Budget	3
DERWA Source of Funds Summary	4
DERWA Operating Budget	5
DERWA Capital Project Capital Budget and Cost Sharing	9
Facilities Map	10
Detailed Project Summaries	11
Continuing & New Capital Projects	13
Program Planning Supplemental Water Supply	14
New/Replacement Capital <\$50K each	15
SCADA Upgrade	16
Pump Station R1 VFD Replacement	17
Recycled Water Treatment Plant Expansion	18

DERWA
RESOLUTION NO. _____

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE DSRSD•EBMUD RECYCLED
WATER AUTHORITY APPROVING AND ADOPTING THE FISCAL YEAR 2017-2018 CAPITAL
AND OPERATING EXPENDITURE BUDGET**

WHEREAS, the Joint Exercise of Powers Agreement under which DSRSD•EBMUD Recycled Water Authority (DERWA) was formed provides that before the year end, the Authority's Board of Directors must adopt an annual budget for the following fiscal year showing proposed expenditures and the proposed means of financing such expenditures; and

WHEREAS, the DERWA Treasurer and the Member Agencies have reviewed and the Authority Manager has recommended, a proposed Capital and Operating Expenditure Budget for Fiscal Year 2017-2018; and presented the proposed budget at the March 6, 2017 DERWA Board Meeting; and

WHEREAS, the Board of Directors has considered all the oral and written information presented.

NOW, THEREFORE, BE IT RESOLVED 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, as follows:

1. An operating budget appropriation totaling \$4.152 million is hereby approved and adopted for FY 2017-2018 as presented in "Attachment A".
2. The capital budget appropriation is unchanged and remains at \$105.067 million as presented in "Attachment A". Adjustments between projects shall be subject to the same limits established by DERWA accounting and control procedures for expenditures. For the operating budget, appropriations are made by work element.
3. In order to provide for completion of work on projects authorized but not completed as of the close of the fiscal year, balances remaining at the close of FY 2017-2018 are hereby appropriated for expenditure in the subsequent fiscal year, in addition to the applicable fiscal year appropriations for capital and operating expenditures.
4. The Source of Funds for the capital and operating expenditures for FY 2017-2018 shall be from Member Agency contributions, payments made by City of Pleasanton in accordance with the January 7, 2014 Agreement to Provide Recycled Water Services by and between DERWA and the City of Pleasanton, state and federal grants or loans,

DERWA
Res. No. _____

and/or borrowed sources such as but not limited to commercial paper as prudently determined by the DERWA Treasurer.

5. After consideration of DERWA reserves and working fund balances as required under Article 13 of the Joint Powers Agreement and given the Source of Funds as described in paragraph 4 above, the capital and operating expenditure budget projects a revenue shortfall.
6. In accordance with Article 18 of the Joint Powers Agreement, a series of demands shall be made of the Member Agencies for funds equal to the revenue shortfall as determined by the percentages in the Water Sales Agreement.
7. All expenditures shall be authorized and revenue shall be collected in accordance with DERWA's adopted Accounting Control Procedures.
8. The Treasurer shall analyze cash flow needs and invoice Member Agencies as needed to maintain prudent and sufficient working capital balance for DERWA.
9. EBMUD and DSRSD shall share in the expense for the operations and maintenance of the DERWA facilities based on their proportion of actual water deliveries.
10. All expenditures in FY 2017-2018, except those listed in the operating budget, are capital expenditures.

ADOPTED by the Board of Directors of the DSRSD•EBMUD Recycled Water Authority at its special meeting held on the 6th day of March 2017, passed by the following vote:

AYES:

NOES:

ABSENT:

DERWA Chair

ATTEST

Nicole M. Genzale, Authority Secretary

DERWA
Summary & Recommendation

**Approve and Adopt the Fiscal Year 2017-2018 Capital and
Operating Expenditure Budget**

Summary:

The DERWA Joint Exercise of Powers Agreement (JPA) provides that the Authority must adopt an annual fiscal year budget showing expenditures and means of financing such expenditures.

Changes from Fiscal Year 2016-2017 Budget: The projects in the FY 2017-2018 capital plan can be funded under the existing capital appropriation of \$105.067 million. Capital projects continuing from the FY 2016-2017 budget are Permanent Supplemental Water Supply, New/Replacement Capital <\$50K, SCADA Upgrade, and PSR1 VFD Replacement, and the Recycled Water Treatment Plant Expansion. There are no new capital projects proposed in the FY 2017-2018 budget. The Pleasanton 6th Sand Filter and the Microfiltration Plant Membrane Replacement projects will be completed in FY 2016-2017. The Reservoir R200 Chemical Feed System project has been deleted from the CIP with no funds expended.

The FY 2017-2018 proposed operating budget has been increased by \$80,215 (2%), with increasing projected recycled water deliveries from 3,616 acre-feet to 3,927 acre-feet (9%). DSRSD has submitted a budget of \$2.020 million for the operations and maintenance of the DERWA project for FY 2017-2018. Agency contributions plus estimated revenue from water sales to Pleasanton will cover the \$4.152 million budget for the O&M and administrative expenses and debt service payments. The FY 2017-2018 budget for the state loan repayment is \$1.645 million.

Expenditures and Appropriations:

The capital expenditure for FY 2017-2018 is \$9.577 million. The required contribution for operations from the Member Agencies will be based on the actual water sales for FY 2017-2018, currently projected at 81% DSRSD and 19% EBMUD. The required contributions for the state loan repayment will be based on the allocation of capital facilities at the time of payment.

For DSRSD, the estimated FY 2017-2018 contribution is \$2.391 million for the operating budget and \$4.588 million for the capital budget; for EBMUD the estimated contribution is \$1.166 million for the operating budget and \$2.730 million for the capital budget; for City of Pleasanton the estimated payments for recycled water deliveries are \$0.595 million and \$1.623 million for the capital budget.

Table 13 shows the Capital Project expenses and cost sharing in adherence to the adopted Water Sales Agreement. The resulting split for projected Capital expenditures using the percentage specified in the Water Sales Agreement for the purposes of allocating debt service is 51.2% DSRSD and 48.8% EBMUD.

Funding: The Capital Program has secured \$5M in grants, \$24.7M in loans from Proposition 13 funding and \$14.9M in federal funding.

Recommendation:

The Authority Manager and Treasurer recommend the DERWA Board of Directors, by Resolution, approve the DERWA Fiscal Year 2017-2018 Budget.

March 6, 2017

Attachments

Report by: RL

Reviewed by: MT

DERWA PROGRAM BUDGET FY18

Table 1
Appropriations
(\$000's)

	Prior Appr	FY18 Appr
Capital Appropriations	105,067	-
Operating Appropriations	48,450	4,152

Table 2
Capital Program
Cash Flow
(\$000's)

	Prior Spending	Estimated FY17	Projected FY18	Future	Total
Completed Projects	76,662				76,662
Continuing Projects	398	12,503	9,577	2,521	24,999
Capitalized Interest during construction	1,961			39	2,000
Contingency				1,000	1,000
Total	79,021	12,503	9,577	3,560	104,661

Table 3
Operating Budget
(\$000's)

		Estimated FY17 Expenses	Budgeted FY17 Expenses	Proposed FY18 Expenses	Difference
Operating Budget		2,340,480	2,426,625	2,506,840	80,215
Debt Service		1,645,513	1,645,513	1,645,513	0
Total		3,985,993	4,072,138	4,152,353	80,215

DERWA PROGRAM BUDGET FY18

Table 4

DERWA SOURCE OF FUNDS SUMMARY

(\$000's)

SOURCE OF FUNDS	Prior	Estimated FY17	Projected FY18	Total
<i>CAPITALIZED</i>				
AGENCY CONTR				
<i>DSRSD</i>	25,144	4,746	4,588	34,478
EBMUD	24,158	2,833	2,730	29,721
PLEASANTON CONTR	475	3,844	1,623	5,942
CORPS OF ENG FUNDED	14,851			14,851
GRANTS	5,000			5,000
LOANS	24,700			24,700
TOTAL CAPITALIZED FUNDS	94,328	11,423	8,941	114,692
<i>NET EXPENSED</i>				
AGENCY CONTR				
DSRSD		2,444	2,391	
EBMUD		1,342	1,166	
PLEASANTON PAYMENT		200	595	
TOTAL NET EXPENSED FUNDS		3,986	4,152	

*Agency contribution are calculated based on O&M costs, administrative costs and debt service costs. For 2018, O&M and administrative costs less payments from Pleasanton are split 81% DSRSD/19% EBMUD based on current water deliveries and will be adjusted at the end of the water year to reflect actual deliveries per Section V.A. of the sales agreement. Debt service costs are split based on the assigned capital to each agency at the time the payments are made.

DERWA PROGRAM BUDGET FY18

Table 5
OPERATING BUDGET

Work Element	FY17 Budget	Estimated FY17 Expenses	Proposed FY18 Budget	Budget Difference
Program Manager	\$ 234,383	\$ 141,450	\$ 196,350	\$ (38,033)
Treasurer	44,250	33,910	38,500	(5,750)
Legal Counsel	15,000	6,500	15,000	0
Secretary	3,620	3,620	3,620	0
Other (Insurance)	105,000	105,000	108,000	3,000
Operations	2,024,372	2,050,000	2,145,370	120,998
Debt Service	1,645,513	1,645,513	1,645,513	0
Total	4,072,138	3,985,993	4,152,353	80,215

DERWA PROGRAM BUDGET FY18

Table 6
DERWA PROGRAM MANAGER

	FY17 Budget	Estimated FY17 Expenses	Proposed FY18 Budget
Authority Manager	\$94,848	\$36,350	\$97,350
Staff	71,310	40,000	40,100
Expenses	0	1,000	1,000
DSRSD charges	9,000	3,300	3,400
Travel	0	0	0
Office supplies	1,000	300	500
Other	2,650	6,500	7,000
Public Information	46,575	46,500	32,000
Consultant Support	9,000	7,500	15,000
Agency Support	0	0	0
Total	\$ 234,383	\$ 141,450	\$ 196,350

Table 7
DERWA TREASURER DETAIL

	FY17 Budget	Estimated FY17 Expenses	Proposed FY18 Budget
Salary	\$6,000	\$3,110	\$4,500
Cost Accounting	34,250	27,000	30,000
Audit	4,000	3,800	4,000
Commerical Paper Fees	-		
TOTAL	44,250	33,910	38,500

DERWA PROGRAM BUDGET FY17

DERWA LEGAL COUNSEL

Table 8

	FY17 Budget	Estimated FY17 Expenses	Proposed FY18 Budget
Contract	\$9,000	\$6,500	\$15,000

DERWA SECRETARY DETAIL

Table 9

	FY17 Budget	Estimated FY17 Expenses	Proposed FY18 Budget
Salary	\$2,400	\$3,500	\$3,500
Expenses	150	120	120
Training	0		
TOTAL	2,550	3,620	3,620

DERWA OTHER DETAIL

Table 10

	FY17 Budget	Estimated FY17 Expenses	Approved FY18 Budget
Insurance	\$ 105,000	\$ 105,000	\$ 108,000
TOTAL	105,000	105,000	108,000

DERWA PROGRAM BUDGET FY17

DERWA OPERATIONS

Table 11

	FY17 Budget	Estimated FY17 Expenses	Proposed FY18 Budget
Capital Reserve Account	\$125,000	\$125,000	\$125,000
DSRSD Operations	1,899,372	1,925,000	2,020,370
TOTAL	2,024,372	2,050,000	2,145,370

DERWA DEBT SERVICE

Table 12

	FY17 Budget	Estimated FY17 Expenses	Proposed FY18 Budget
State Loan Payments	\$1,645,513	\$1,645,513	\$1,645,513
TOTAL	1,645,513	1,645,513	1,645,513

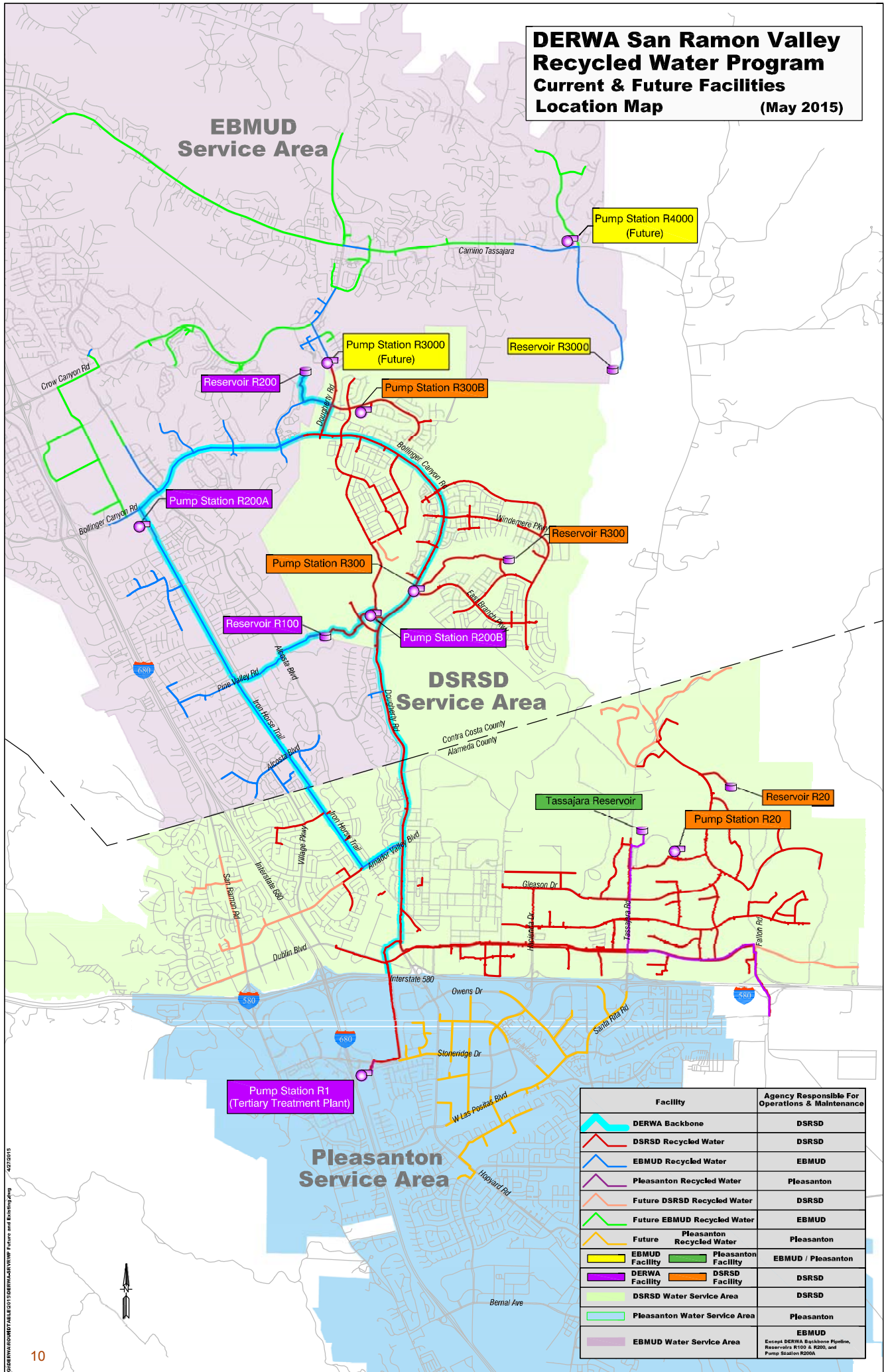
Table 13
Capital Project Costs and Cost Sharing

(\$000's)

Project	Lead Agency	Total Costs	DSRSD	EBMUD	PLEASANTON
Completed Projects					
Pipeline Reach 1	DSRSD	\$ 7,561	\$ 4,384	\$ 3,177	
Pipeline Reach 2	DSRSD & EBMUD	4,558	3,882	676	
Pipeline Reach 3	DSRSD	2,286	1,719	567	
Pipeline Reach 4	DSRSD & EBMUD	1,615	364	1,251	
Pipeline Reach 5	EBMUD	1,431	200	1,231	
Pipeline Reach 6	EBMUD	6,760	431	6,329	
Pump Stations	DSRSD	8,563	6,777	1,786	
Water Tanks	EBMUD	12,393	7,222	5,171	
Treatment Plant	DSRSD	15,733	8,949	6,784	
Backbone Corrosion	DERWA	1,109	122	987	
Fine Screening	DSRSD	927	529	398	
MR/UV Control Upgrade	DSRSD	144	82	62	
EBMUD Distribution	DERWA	602	0	602	
Air Relief	DERWA	40	23	17	
Pump Station Phase 2*	DERWA	3,463	0	3,463	
6th Sand Filter	DSRSD	926	0	0	926
MF Membrane Replace	DSRSD	546	262	197	87
Studies and Predesigns	DERWA	5,746	2,880	2,866	
Program Planning	DERWA	3,585	1,757	1,828	
Completed Projects Subtotal		77,988	39,583	37,392	1,013
Continuing and New Projects					
New/Replacement Capital <\$50k	DERWA	\$ 1,278	\$ 576	\$ 418	284
SCADA	DSRSD	542	287	255	
PSR1 VFD Replacement	DSRSD	526	310	132	84
Permanent Supplemental Supply	DERWA	2,496	1,448	1,048	
RWTP Expansion	DSRSD	18,831	8,663	5,084	5,084
Contingency	DERWA	1,000	333	333	333
Capitalized Interest	DERWA	2,000	1,076	924	
Continuing Projects Subtotal		26,673	12,693	8,194	
TOTAL		\$ 104,661	\$ 52,276	\$ 45,586	\$ 5,785
		100%	49.9%	43.6%	5.5%

*Pump Station Phase 2 only contains DERWA local cost share of Corps of Engineers' Project

DERWA San Ramon Valley Recycled Water Program Current & Future Facilities Location Map (May 2015)



DETAILED PROJECT ELEMENT SUMMARIES

Page intentionally left blank

DERWA PROGRAM BUDGET FY18

CONTINUING CAPITAL PROJECTS

PERMANENT SUPPLEMENTAL WATER SUPPLY

NEW/REPLACEMENT CAPITAL <\$50K EACH

SCADA UPGRADE

PSR1 VFD REPLACEMENT

RECYCLED WATER TREATMENT PLAN EXPANSION

NEW CAPITAL PROJECTS FY18

NONE

CAPITAL PROJECTS COMPLETED in FY17

PLEASANTON 6TH SAND FILTER ADDITION

MICROFILTRATION PLANT MEMBRANE REPLACEMENT

DELETED FROM CIP

RESERVOIR R200 CHEMICAL FEED SYSTEM

Capital Improvement Project Summary

Project: **Supplemental Water Supply**

Description: This project will provide Supplemental Water for DERWA that is needed to avoid peak month supply shortfalls that will occur within the next few years.

Alternative sources of supply currently under consideration are additional supply of treated wastewater effluent from Livermore and/or raw wastewater from Contra Costa County Sanitary District, and local groundwater. Preliminary engineering studies of the alternatives were completed in 2005. The January 17, 2014 DERWA/Pleasanton Recycled Water Services agreement allows DERWA to utilize Pleasanton wastewater that is not used by the Pleasanton recycled water program. Current 5-year recycled water demand projections by the participating agencies show the peak month demand will exceed the wastewater flows from DSRSD and Pleasanton.

Lead Agency: DERWA
Project Manager: Michael Tognolini

Cost Sharing:

Planning	58 % DSRSD	42 % EBMUD	0% Pleasanton
Design	58 % DSRSD	42 % EBMUD	0% Pleasanton
Property	58 % DSRSD	42 % EBMUD	0% Pleasanton
Construction	58 % DSRSD	42 % EBMUD	0% Pleasanton
Const Mgmt	58 % DSRSD	42 % EBMUD	0% Pleasanton

Grant/Loan Eligible: 0% Design 0% Construction

In Service Date: Not scheduled
 (\$000)

Supplemental Water Supply

Project	Lead Agency	Activity	Prior Spending	Estimated FY 17	Proposed FY 18	Future	Approved Budget Total
Program Planning	DERWA	Planning	261	10	20	196	487
		Design	7	0	87	156	250
		Property	0	8	0	252	260
		Construction	1	22	667	389	1,079
		Const. Mgt	0	0	73	87	160
		Admin	2	1	53	74	130
		Other	13	0	0	117	130
		Total	284	41	900	1,271	2,496

Total Project Element Cost: **\$2,496,000**

Capital Improvement Project Summary

Project: **New/Replacement Capital < \$50k**

Description: This is program from FY11 through FY22 to provide funding for acquisition of capital items for the DERWA facilities costing less than \$50,000 each. Included are new capital items needed for improved reliability and/or efficiency, required by new regulation, and for replacement or rehabilitation of existing assets that have reached the end of their useful life.

Lead Agency: DERWA
Project Manager: Michael Tognolini

Cost Sharing:

Planning	42% DSRSD	31% EBMUD	27% Pleasanton
Design	42% DSRSD	31% EBMUD	27% Pleasanton
Property	42% DSRSD	31% EBMUD	27% Pleasanton
Construction	42% DSRSD	31% EBMUD	27% Pleasanton
Const Mgmt	42% DSRSD	31% EBMUD	27% Pleasanton

Grant/Loan Eligible: 0% Design 0% Construction
In Service Date: N/A
(\$000)

New/Replacement Capital <\$50k

Project	Lead Agency	Activity	Prior Spending	Estimated FY 17	Proposed FY 18	Future	Approved Budget Total
New/Replacement Capital <\$50k ea	DERWA	Planning	0	0	0	0	0
		Design	0	0	0	231	231
		Property	0	0	0	0	0
		Construction	228	53	75	668	1,024
		Const. Mgt	0	0	0	0	0
		Admin	0	0	0	23	23
		Other	0	0	0	0	0
		Total	228	53	75	922	1,278

Total Project Element Costs: \$1,278,000

Capital Improvement Project Summary

Project: **SCADA Upgrade**

Description: This is a four- year program upgrading the Supervisory Control and Data Acquisition (SCADA) servers and workstations, moving the servers from Field Operations to the WWTP, replacing the existing serial radio system with an Ethernet radio system, upgrading or replacing all the programmable controllers, upgrading the SCADA facilities, documenting system control strategies, and developing standard controller logic. The total cost of the DSERSD Improvements Project is estimated at \$6,012,991. The DERWA share of the cost is estimated as \$542,000.

Lead Agency: DSRSD
Project Manager: Rudy Portugal

Cost Sharing: Planning 57% DSRSD 43% EBMUD 0% Pleasanton
 Design 57% DSRSD 43% EBMUD 0% Pleasanton
 Property 57% DSRSD 43% EBMUD 0% Pleasanton
 Construction 57% DSRSD 43% EBMUD 0% Pleasanton
 Const Mgmt 57% DSRSD 43% EBMUD 0% Pleasanton

Grant/Loan Eligible: 0% Design 0% Construction

In Service Date:
 (\$000)

SCADA Upgrade

Project	Lead Agency	Activity	Prior Spending	Estimated FY 17	Proposed FY 18	Future	Approved Budget Total
SCADA Upgrade	DSRSD	Planning	0	0	0	0	3
		Design	15	15	0	0	71
		Property	0	0	0	0	0
		Construction	0	350	102	0	361
		Const. Mgt	0	60	0	0	74
		Admin	0	0	0	0	0
		Other	0	0	0	0	33
		Total	15	425	102	0	542

Total Project Element Costs: \$542,000

=

Capital Improvement Project Summary

Project: **Pump Station R1 VFD Replacement**

Description: The manufacturer of the variable frequency drives (VFD) that control the pump speed and flow rate at Pump Station R1 is no longer in business. Replacement parts cannot be found and there is no longer any technical support for this equipment. DSRSD staff is evaluating alternatives for maintenance or replacement of these drives. The cost estimate for design and installation of replacement drives is \$526,000.

Lead Agency: DSRSD
Project Manager: Rudy Portugal

Cost Sharing:

Planning	59% DSRSD	25% EBMUD	16% Pleasanton
Design	59% DSRSD	25% EBMUD	16% Pleasanton
Property	59% DSRSD	25% EBMUD	16% Pleasanton
Construction	59% DSRSD	25% EBMUD	16% Pleasanton
Const Mgmt	59% DSRSD	25% EBMUD	16% Pleasanton

Grant/Loan Eligible: 0% Design 0% Construction
In Service Date:

(\$000)

Pump Station R1 VFD Replacement

Project	Lead Agency	Activity	Prior Spending	Estimated FY 17	Proposed FY 18	Future	Aproved Budget Total
PSR1 VFD Replaceme nt	DSRSD	Planning	0	0	0	0	0
		Design	11	0	0	0	11
		Property	0	0	0	0	0
		Constructi	0	0	475	0	475
		Const. Mgt	0	0	40	0	39
		Admin	0	0	0	0	0
		Other	0	0	1	0	1
		Total	11	0	515	0	526

Total Project Element Costs: \$526,000

Capital Improvement Project Summary

Project: **Recycled Water Treatment Plant Expansion**

Description: This project is currently under construction and will expand the recycled water sand filtration and ultraviolet (UV) disinfection facility to meet the DSRSD, EBMUD and Pleasanton's water demand projections through 2019-2020. The projections show the peak day demand will exceed the RWTP capacity (including the capacity of the 6th Sand Filter addition) by 2017. The Microfiltration/Ultraviolet Disinfection Plant can provide the needed peak capacity for in the interim if needed. This project will expand the facility capacity from 11.6 to 16.2 mgd. The expansion includes the construction of high-rate ballasted flocculation basins upstream of the existing tertiary filters improving the quality of the filter feed allowing them to operate at a higher loading rate. It also includes the addition of twenty UV disinfection modules, two tertiary influent pumps, two high lift product water pumps and associated electrical and mechanical equipment. DERWA is currently seeking state and federal grant funds for this project. The project should last 18 months and is projected to be completed July 2018.

Lead Agency: DSRSD
Project Manager: Robyn Mutobe

Cost Sharing:

Planning	46% DSRSD	27% EBMUD	27% Pleasanton
Design	46% DSRSD	27% EBMUD	27% Pleasanton
Property	46% DSRSD	27% EBMUD	27% Pleasanton
Construction	46% DSRSD	27% EBMUD	27% Pleasanton
Const Mgmt	46% DSRSD	27% EBMUD	27% Pleasanton

Grant/Loan Eligible: 0% Design 0% Construction

In Service Date:

(\$000)

Recycled Water Treatment Plant Expansion

Project	Lead Agency	Activity	Prior Spending	Estimated FY 17	Proposed FY 18	Future	Aproved Budget Total
Recycled Water Treatment Plant Expansion	DSRSD	Planning	19	3	0	0	15
		Design	776	925	0	0	1,536
		Property	0	0	0	0	0
		Construction	0	8111	6000	274	13,146
		Const. Mgt	0	610	1300	37	4,004
		Admin	30	43	685	17	130
		Other	0	0	0	0	0
		Total	825	9692	7,985	328	18,831

Total Project Element Costs: \$18,831,000

DERWA Summary & Recommendation

Adopt Modifications to DERWA Sales Agreement Regarding Sharing of Grants

Summary:

In July 2003, DSRSD, EBMUD, and DERWA executed the "Agreement for the Sale of Recycled Water by the DSRSD-EBMUD Recycled Water Authority to the Dublin San Ramon Services District and the East Bay Municipal Utility District" (DERWA Sales Agreement). The Agreement describes the cost sharing methodology for the DERWA member agencies with respect to water sales. The Agreement also provides for allocation of grant funding received by DERWA. With the passage of time and recent experience in obtaining grant funding, DERWA, DSRSD, and EBMUD have modified the grant sharing provisions of the DERWA Sales Agreement to reflect current conditions and practices.

The proposed amendment to the Agreement specifies that DERWA and its member agencies shall cooperate and coordinate in the preparation of state and federal funding applications and that funds received from any future grant shall be allocated by agreement between DERWA and the member agencies at the time the funding request is submitted. A copy of the proposed amendment, and a page showing the proposed revision against the existing text, are attached.

Recommendation:

Staff recommends the DERWA Board of Directors approve, by Motion, the proposed amendment to the DERWA Sales Agreement, and authorize the Authority Manager to make additional non-substantive revisions, if any, subject to approval by DERWA general counsel.

March 6, 2017

Attachments

**AMENDMENT NO. 1 TO
AGREEMENT FOR THE SALE OF RECYCLED WATER
BY THE DSRSD-EBMUD RECYCLED WATER AUTHORITY
TO THE DUBLIN SAN RAMON SERVICES DISTRICT
AND THE EAST BAY MUNICIPAL UTILITY DISTRICT**

This Amendment No. 1 to the Agreement for the Sale of Recycled Water by the DSRSD-EBMUD Recycled Water Authority to the Dublin San Ramon Services District and the East Bay Municipal Utility District (the “Agreement”), dated July 28, 2003, is made this 6th day of March, 2017, by and among the Dublin San Ramon Services District, a community services district (hereinafter referred to as "DSRSD"), the East Bay Municipal Utility District, a municipal utility district (hereinafter referred to as "EBMUD"), and the DSRSD-EBMUD Recycled Water Authority, a joint powers authority (hereinafter referred to as "DERWA") comprised of DSRSD and EBMUD (collectively, the "Parties").

RECITALS:

WHEREAS, it is the Parties mutual desire and intent to modify the grant funds sharing provisions in Section J.4, of Article V of the Agreement.

NOW, THEREFORE, DSRSD, EBMUD and DERWA agree as follows:

1. Section J.4., of Article V of the Agreement, shall be replaced in its entirety with the following:

4. Future State and Federal Financial Assistance: The Member Agencies and DERWA shall communicate, cooperate, and coordinate the preparation and submittal of any application or request for future state and federal financing assistance for capital facilities that may be available for the DERWA Program. The Member Agencies shall submit joint funding requests or applications when advantageous to DERWA. Individual Member Agency efforts to pursue funding for the San Ramon Valley Recycled Water Program shall not compete or conflict with DERWA efforts to secure funding.

- a. The coordinated efforts of the Parties shall be such that the priority for each application for assistance shall be:

- (1) To meet grant requirements to complete service to customers including retrofits;

Amendment No. 1 to Agreement for the Sale of Recycled Water by the DSRSD-EBMUD Recycled Water Authority to the Dublin San Ramon Services District and the East Bay Municipal Utility District

- (2) To assist in the financing of Member Agency Facilities;
- (3) To apply to any other needs of DERWA; and
- (4) For the sole use of a Member Agency.

b. The benefit from any such future funding covered by this Article V.J.4. for Priority (1) and (2) uses described above shall be allocated by agreement between DERWA and the Member Agencies at the time an application or request is submitted, but no later than the time of grant award or appropriation of federal and state funding.

c. The benefit from any such future funding covered by this Article V.J.4. for Priority (3) uses described above shall be allocated to the Member Agencies "in accordance with the Construction Cost share agreed to for that facility, as set forth in this Article V.

d. The benefit from any such future funding covered by this Article V.J.4. for Priority (4) uses described above shall be allocated 100% to the Member Agency whose facilities are being funded.

SIGNATURE AND ATTESTATION

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 1 to be executed by their respective duly authorized representatives.

DSRSD/EBMUD Recycled Water Authority

By: _____
Authority Manager

ATTEST:

Approved as to Form:

Authority Secretary

DERWA Counsel

Amendment No. 1 to Agreement for the Sale of Recycled Water by the DSRSD-EBMUD Recycled Water Authority to the Dublin San Ramon Services District and the East Bay Municipal Utility District

Dublin San Ramon Services District

By: _____
General Manager

ATTEST:

District Secretary

Approved as to Form:

DSRSD Counsel

East Bay Municipal Utility District

By: _____
General Manager

ATTEST:

District Secretary

Approved as to Form:

EBMUD Counsel

Proposed amendments to DERWA SALES Agreement
March 6, 2017

4. Future State and Federal Financial Assistance: The Member Agencies and DERWA shall communicate, cooperate, and coordinate ~~any~~the preparation and submittal of any application ~~and~~ requests for future state and federal financing assistance for capital facilities ~~(including but not limited to funds authorized under said 1999 WRDA that may be appropriated in years after the federal fiscal year ending September 30, 2002)~~ that may be available for the DERWA Program. The Member Agencies shall submit joint funding requests or applications when advantageous to DERWA. Individual Member Agency efforts to pursue funding for the San Ramon Valley Recycled Water Program shall not compete or conflict with DERWA efforts to secure funding.

a. The coordinated efforts of the Parties shall be such that the priority for each application for assistance shall be:

- (1) To meet grant requirements to complete service to customers including retrofits;
- (2) To assist in the financing of Member Agency Facilities;
- (3) To apply to any other needs of DERWA; and
- (4) For the sole use of a Member Agency.

b. The benefit from any such future funding covered by this Article V J 4 for Priority (1) and (2) uses described above ~~shall be allocated 14% to DSRSD and 86% to EBMUD, regardless of which facilities will be funded~~shall be allocated by agreement between DERWA and the Member Agencies at the time an application or request is submitted, but no later than the time of grant award or appropriation of federal and state funding.

c. The benefit from any such future funding covered by this Article V J 4 for Priority (3) uses described above shall be allocated to the Member Agencies "in accordance with the Construction Cost share agreed to for that facility, as set forth in this Article V.

d. The benefit from any such future funding covered by this Article V J 4 for Priority (4) uses described above shall be allocated 100% to the Member Agency whose facilities are being funded.

DERWA Summary & Recommendation

Ratify Extension of Services Contract and Waiver of Insurance Requirements for James Bewley

Summary:

In March 2016, DERWA entered into a professional services agreement with James Bewley to assist with the transition for the new DERWA Authority Manager. The agreement was to remain in place until December 2016. Without specific details on how Mr. Bewley's services would be used, the agreement included minimum requirements to carry professional liability insurance. Over the course of the year, Mr. Bewley did not charge significant time to DERWA under this agreement.

In late 2016, the DERWA Authority Manager identified two specific tasks for which Mr. Bewley's services would be helpful:

1. Support preparation of the Authority's FY18 Budget; and
2. Work with DERWA to revise the joint power, sales, and supply agreements to reflect current conditions.

With adequate budget available under Mr. Bewley's original agreement, the Authority Manager extended the contract for an additional 18-months to provide services under these two tasks. In addition, with a well-defined scope on the two remaining tasks primarily drawing from Mr. Bewley's experience as Authority Manager to supplement DERWA work products, the DERWA Authority Manager waived the professional liability insurance requirements under this extended agreement.

Recommendation:

The Authority Manager recommends the DERWA Board of Directors ratify, by Motion, extension of the professional services agreement and waiver of insurance requirements for James Bewley.

March 6, 2017

MANAGER'S REPORTS

1. Recycled Water Demand Projections
2. Capital Projects Update – Phase 2 Recycled Water Treatment Plant Expansion Project
3. Cancel Next Meeting – April 24, 2017