

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

NOTICE OF SPECIAL MEETING

TIME: 6 p.m.

DATE: Monday, October 14, 2019

PLACE: Shannon Community Center
Class Room
11600 Shannon Avenue
Dublin, CA 94568

AGENDA

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

(Next Resolution No. 19-5)

**Recommended
Action**

1. CALL TO ORDER
2. PLEDGE TO THE FLAG
3. ROLL CALL - Members: Coleman, Duarte, Mellon and Vonheeder-Leopold
Alternates: Linney and Misheloff
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. CLOSED SESSION
As Authorized Pursuant to Government Code Section 54957:
Public Employee Performance Evaluation: General Counsel
7. REPORT FROM CLOSED SESSION
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. Approve Minutes of Regular Board Meeting of July 22, 2019
 - B. Approve the Treasurer's Reports for June 30, July 31, and August 31, 2019

Approve
by Motion

		<u>Recommended Action</u>
9.	<u>BOARD BUSINESS</u>	
A.	Accept the DERWA Independent Auditor's Report and Financial Statements for Years Ending June 30, 2019 and 2018	Accept by Motion
B.	Appoint Downey Brand as DERWA General Counsel and Authorize DERWA Board Chair to Execute Agreement for General Counsel Services	Approve by Resolution
C.	Approve Proclamation for Doug Coty's Service to DERWA as General Counsel	Approve by Motion
10.	<u>MANAGER'S REPORTS</u>	
A.	Supplemental Supply Update <ul style="list-style-type: none">• Central Contra Costa Sanitary District Wastewater Diversion Project• Devil Mountain Wholesale Nursery Well Pilot Project	
B.	Operations Updates <ul style="list-style-type: none">• DERWA Program Facilities Electrical Outage Emergency Repair Update• Public Safety Power Shutoff (PSPS) Update• Summer Peak Demand Overview• Other Updates as Needed	
C.	Confirm Cancellation of November 25, 2019 Board Meeting and Confirm February 3, 2020 Board Meeting	
11.	<u>BOARDMEMBER ITEMS</u>	
12.	<u>ADJOURNMENT</u>	

Information about and copies of supporting materials on agenda items are available for public review at 7035 Commerce Circle, Pleasanton, at the Reception Desk, or by calling the Authority Secretary at (925) 828-0515. A fee may be charged for copies. During the meeting, information and supporting materials are available by the doorway into the Boardroom. Authority facilities and meetings comply with the Americans with Disabilities Act. If special accommodations are needed, please contact the Authority Secretary as soon as possible, but at least two days prior to the meeting.

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

**Board of Directors Regular Meeting Minutes
Monday, July 22, 2019**

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

1. CALL TO ORDER – Chair John Coleman called the DSRSD • EBMUD Recycled Water Authority (DERWA) meeting to order at 6 p.m. at the Shannon Community Center, Ambrose Hall.
2. PLEDGE TO THE FLAG
3. ROLL CALL – Directors present: Chair John Coleman, Vice Chair Georgean Vonheeder-Leopold, Directors Ed Duarte and Frank Mellon. DERWA Staff present: John Rossi, Authority Manager; Richard Lou, Treasurer; Doug Coty, General Counsel; and Nicole Genzale, Authority Secretary.
4. SPECIAL ANNOUNCEMENTS/ACTIVITIES – None
5. PUBLIC COMMENT – 6 p.m. – None
6. CONSENT CALENDAR
 - A. Approve Minutes of Regular Board Meeting of May 20, 2019
 - B. Treasurer's Report for May 31, 2019
 - C. Approve the Quarterly Investment Report for June 30, 2019

Motion by Director Mellon. Second by Vice Chair Vonheeder-Leopold to approve the Consent Calendar. Motion carried (4-0) by the following vote:

AYES: Mellon, Vonheeder-Leopold, Duarte, Coleman
NOES:
ABSENT:

7. BOARD BUSINESS

- A. Authorize the Authority Manager to Execute the Potable Water Agreement with the City of Pleasanton

Authority Manager Rossi reviewed the item for the Board. He recommended the Board approve the agreement with one correction to page 1 – remove unnecessary verbiage following the word “Project” in the second “WHEREAS” recital. The Board and staff briefly discussed aspects of the agreement regarding the volume of water supplied and the potable irrigation rate charged. The Board commended Mr. Rossi and all involved DERWA staff for accomplishment of this agreement proposal.

Motion by Vice Chair Vonheeder-Leopold, Second by Director Duarte to Authorize the Authority Manager to Execute the Potable Water Agreement with the City of

Pleasanton, with the correction to the agreement as noted. Motion carried (4-0) by the following vote:

AYES: Vonheeder-Leopold, Duarte, Mellon, Coleman
NOES:
ABSENT:

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

Authority Manager Rossi reviewed the item for the Board. Staff noted this supplemental supply contains boron and will be blended to diminish boron levels by adding it to DSRSD's treatment system. General Counsel Coty also noted the proposed agreement does not permanently release any of PG&E's property rights, so would not require judicial approval in light of PG&E's bankruptcy proceedings. Mr. Rossi confirmed that the license fee of \$4,750 stated in the item is an annual fee and would be stated as such in the agreement.

Motion by Director Duarte, Second by Director Mellon to Authorize the Authority Manager to Enter into a License Agreement with Pacific Gas & Electric (PG&E) to Use an Existing Well for Supplemental Water Supply. The Motion carried (4-0) by the following vote:

AYES: Duarte, Mellon, Vonheeder-Leopold, Coleman
NOES:
ABSENT:

8. MANAGER'S REPORTS

A. Supplemental Supply Update

- Central Contra Costa Sanitary District Wastewater Diversion Project

DSRSD Engineering Services Manager Judy Zavadil reported the project build may potentially be delayed into next spring, missing DERWA's goal to have it completed by end of this summer, due to Central Contra Costa Sanitary District (Central San) calling for additional time for unexpected changes to the build. Central San staff also had a lot of comments for the simple project design. DSRSD Board representatives and staff will have the opportunity to discuss the project at the DSRSD/Central San Liaison Committee meeting on September 4. Staff hopes the potential delays can be avoided and plans to bid the project as soon as possible. The Board expressed concern that project completion will not meet DERWA's needs this year, as intended per the agreement with Central San. Ms. Zavadil noted the agreement specifies that the duration for providing supply will begin with the first diversion, hence the supply may come during a time of greater need if DERWA can survive this summer's demands without it.

- Devil Mountain Wholesale Nursery Well Pilot Project

Authority Manager Rossi noted the Board just approved his authority to enter into a license agreement with PG&E to obtain supplemental supply from this well under Item 7.B. Staff is working to ensure the insurance coverages required by PG&E will be met to secure the

agreement. Staff will provide a status of this project to the Board as it progresses.

- Discussions with Zone 7 Water Agency Regarding Ground Water

Authority Manager Rossi reported that staff submitted a proposal to Zone 7 Water Agency (Zone 7) to obtain 200 acre-feet of ground water per year in the North fringe basin, and is awaiting a response. He reported DERWA and Zone 7 staff held a very cooperative meeting and will continue to interface on this proposal.

B. Operations Updates

- DERWA Program Facilities Electrical Outage Emergency Repair Update

DSRSD Operations Manager Jeff Carson reported the west side emergency repair work has been completed. Similar repairs have been identified as necessary on the east side of the facility, so staff has obtained a quote for those repairs, including the addition of a terminal box for generator hook up. Both temporary and permanent options are being explored for providing emergency power going forward. The permanent option being considered would take one to one-and-a-half months to complete and would begin in DERWA's off-season in early November. He highlighted that no customer cutbacks have been necessary during the course of the emergency repair work. He reported the estimated emergency repair costs to date: \$360,000 west side, \$215,000 east side, and \$220,000 for emergency power. The total projected repair costs will come under the Board's authorized emergency budget of \$1,000,000.

- Public Safety Power Shutoff (PSPS) Update

Authority Manager Rossi reported the Board of Directors for both DSRSD and EBMUD have recently received presentations on PSPS. He acknowledged the partner agencies' priority would be to sustain the potable supply, if such an event occurred. DERWA currently has an interruptible supply with no back-up power, so staff is exploring costs for both temporary and permanent generator solutions. He reported DSRSD and EBMUD staff are conversing on what it would mean if the recycled water supply were to become more sustainable than the potable water supply.

The Board and staff discussed the status of emergency power capabilities for both agencies, as well as the possibility of supplementing the recycled water supply with potable water for customer use. The Board requested that staff contact recycled water customers via telephone to advise of possible water delivery disruptions. Mr. Rossi stated staff will look into working with DERWA's media consultant, ICF, to craft a unified message from both agencies to send to DERWA customers and that staff will present more information on addressing a PSPS to the Board in September.

- Information Regarding Changes in PG&E Peaking Periods

Authority Manager Rossi reported that staff is examining historic data to see how PG&E's changes may impact DERWA. He noted staff is working to determine what DERWA might implement to save on current costs or to avoid costly energy expenses.

The Board inquired if staff have held any recent conversations with the City of Livermore regarding a possible supplemental supply agreement. Authority Manager Rossi reported

they have not, but stated he would make it a priority.

C. Update on Plan to Develop Agreement for Implementing Demand Management with Agencies

Authority Manager Rossi reported staff will be working over the next several months to develop an agreement to implement demand management with DSRSD and EBMUD customers. Staff will present the proposed agreement to the Board when completed.

D. Update on June 13, 2019 Roundtable Meeting

Authority Manager Rossi reported on the activities held at the annual Roundtable Annual Communications Exercise which was attended by approximately 40 participants of DERWA support staff and consultants. He stated it was a good experience for him as the new Authority Manager.

E. Confirm Next Board Meeting – September 22, 2019

The Board noted the next meeting date is actually September 23, 2019, and confirmed the meeting will be held as scheduled.

9. BOARDMEMBER ITEMS

Director Mellon welcomed EBMUD staff member Florence Weddington, Senior/Supervising Civil Engineer of the Office of Water Recycling, back to the DERWA team.

10. CLOSED SESSION (Legal Counsel)

At 6:27 p.m. the Board went into Closed Session.

11. REPORT FROM CLOSED SESSION.

At 7:02 p.m. the Board came out of Closed Session. Chair Coleman reported that there was no reportable action.

12. ADJOURNMENT

Chair Coleman adjourned the meeting at 7:03p.m.

Submitted by,

Nicole M. Genzale
Authority Secretary

Item 8.B

DERWA
Summary & Recommendation
June 30, 2019 Treasurer's Report
July 31, 2019 Treasurer's Report
August 31, 2019 Treasurer's Report

Summary:

Attached are the Treasurer's Reports for the months ending June 30, July 31, and August 31, 2019 submitted by Treasurer Richard Lou.

Recommendation:

The Treasurer recommends the DERWA Board of Directors approve, by Motion, the Treasurer's Reports for the months ending June 30, July 31, and August 31, 2019.

October 14, 2019

Attachments

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT FOR JUNE 30, 2019**

STAFF REPORT

Attached is the DERWA Treasurer's Report for the month ending June 30, 2019. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, \$2,878,678 in agency reimbursements was received. Also a payment of \$146,835 was received from the City of Pleasanton.

Expenses: Current monthly expenditures were \$3,075,665. Fiscal year-to-date expenditures for FY19 total \$6,670,166 of which \$4,969,936 is operating expenses and \$1,700,230 is capital expenditures. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY19.

Cash: The cash balance at June 30, 2019 is \$2,739.396.

Submitted by:



Richard Lou
Treasurer

Dated: July 22, 2019

Prepared by MA (M. Alvarez Jr)
Reviewed by SK (S. Klein)

DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT
FOR THE PERIOD ENDED JUNE 30, 2019

CAPITAL - PROJECT	Program Budget @ FY 2019	Expenditures FY 18 and Prior (a)	Expenditures Current Month	Expenditures FY 19 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
Pipeline Reach 1	0	7,560,517	0	0	7,560,517	4,383,920	3,176,597
Pipeline Reach 2	0	4,558,120	0	0	4,558,120	3,882,264	675,856
Pipeline Reach 3	0	2,286,003	0	0	2,286,003	1,719,204	566,799
Pipeline Reach 4	0	1,614,959	0	0	1,614,959	363,685	1,251,274
Pipeline Reach 5	0	1,430,991	0	0	1,430,991	200,195	1,230,796
Pipeline Reach 6	0	6,759,869	0	0	6,759,869	430,784	6,329,085
Treatment Plant	0	15,732,794	0	0	15,732,794	8,948,843	6,783,951
Pump Stations	0	8,563,294	0	0	8,563,294	6,776,648	1,786,646
Water Tanks	0	12,393,483	0	0	12,393,483	7,221,552	5,171,931
Phase 2 Pipeline & Pump Station	0	3,462,938	0	0	3,462,938	0	3,462,938
Backbone Corrosion	0	1,109,004	0	0	1,109,004	122,302	986,702
SCADA	233,000	341,726	0	0	341,726	194,784	146,942
EBMUD Pipeline Phase 2, 3 & 4	0	602,193	0	0	602,193	0	602,193
Fine Screening	0	927,811	0	0	927,811	528,852	398,959
New/Replacement Capital <50K	150,000	271,592	0	0	271,592	154,808	116,784
MF/UV Control Programing Update	0	144,366	0	0	144,366	82,289	62,077
Program Planning & Air Relief	410,000	5,491,623	0	0	5,491,623	2,696,685	2,794,938
Planning Prior Years	0	3,665,330	0	0	3,665,330	1,796,012	1,869,318
Permanent Suppl. Supply	105,000	373,467	19,036	132,641	506,108	293,542	212,566
PSR-1 VFD Replacement	0	0	0	0	0	0	0
RSR200B Hypo Feed	0	0	0	0	0	0	0
MF Membrane Replace	700,000	698,833	0	0	698,833	335,440	363,393
LVAMWA Connection	0	0	0	0	0	0	0
6th RWTP Sand Filter	0	255	0	0	255	27	228
DWR IRWM- Prop 84 Rd 3 Drought Project	0	16,432	0	0	16,432	8,216	8,216
PSR1 /Recy. Water Treatment Expansion	9,383,000	13,479,396	176,428	1,163,217	14,642,613	9,383,227	5,259,386
Pleasanton Capital Billing/Contingency	0	5,334,659	39,395	404,372	5,739,031	0	5,739,031
Capitalized Interest	0	1,960,872	0	0	1,960,872	960,827	1,000,045
Total Capital Impr. Proj. Element	10,981,000	98,780,527	234,860	1,700,230	100,480,757	50,484,106	49,996,651

OPERATING - ITEM	Budget FY 19	Expenditures FY 18 and Prior (a)	Expenditures Current Month	Expenditures FY 19 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
DERWA Program Manager	196,350	3,169,797	92,487	219,770	3,389,567	2,418,417	971,149
Treasurer	38,500	2,756,326	11,094	66,158	2,822,484	2,116,863	705,621
Legal Counsel	15,000	434,886	12,162	22,908	457,794	343,346	114,448
Secretary	3,620	211,323	3,479	17,414	228,737	171,553	57,184
Other	108,000	1,272,352	0	99,292	1,371,644	1,028,733	342,911
Operation and Maintenance Detail	2,145,370	16,143,638	1,076,070	2,898,880	19,042,518	14,624,163	4,418,356
Debt Service	1,645,513	22,029,056	1,645,514	1,645,514	23,674,570	12,916,350	10,758,220
Total Operating Program Element	4,152,353	46,017,378	2,840,805	4,969,936	50,987,314	33,619,425	17,367,889

PROJECT TOTALS	15,133,353	144,797,905	3,075,665	6,670,166	151,468,071	84,103,531	67,364,540
-----------------------	-------------------	--------------------	------------------	------------------	--------------------	-------------------	-------------------

REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution		
DSRSD	0	0
EBMUD	0	0
Agency Reimbursements - DSRSD	1,664,277	6,189,636
Agency Reimbursements - EBMUD	1,214,401	3,865,971
Commercial Paper Issued	146,835	0
Pleasanton payments	0	544,680
Interest / Contracts	0	0
Misc Income	0	2,500,000
TOTAL REVENUES & FUNDING	3,025,513	13,100,287
CASH AVAILABLE	Current Month	Fiscal Year
Beginning Cash	2,789,548	(2,480,866)
Beg. Balance Adj	0	(1,209,859)
Rounding	0	0
Total Revenues & Funding	3,025,513	13,100,287
Total Expenditures	(3,075,665)	(6,670,166)
Ending Cash	2,739,396	2,739,396

Prepared by Manuel Alvarez Jr. Date: 7/22/19
 Approved by Scott Klein Date: 7/22/19

DSRSD/EBMUD RECYCLED WATER AUTHORITY
SUMMARY OF EXPENDITURES
FOR THE PERIOD ENDED
June 30, 2019

Check Date	Check Number	Payee	Category	TOTAL Amount	DSRSD Amount	EBMUD Amount		Operating	Capital	CK-OP
06/14/19		BBSI	Op-Prg Manager-Staff (73/27)	1,579.50	1,153.04	426.47	O	1,579.50	0.00	1,579.50
06/14/19		BBSI	Op-Prg Manager-Staff (73/27)	1,111.50	811.40	300.11	O	1,111.50	0.00	1,111.50
06/14/19		BBSI	Op-Prg Manager-Staff (73/27)	1,170.00	854.10	315.90	O	1,170.00	0.00	1,170.00
06/14/19		EBMUD	Op- Trea- Cost Acct(73/27)	2,211.09	1,614.10	596.99	O	2,211.09	0.00	2,211.09
06/14/19		EBMUD	Op-Prg Manager(73/27)	8,823.30	6,441.01	2,382.29	O	8,823.30	0.00	8,823.30
06/14/19		EBMUD	Op-Prg Manager-Staff (73/27)	1,669.10	1,218.44	450.66	O	1,669.10	0.00	1,669.10
06/14/19		EBMUD	Cap - Prm Suppl Wtr Sup (58/42)	7,264.23	4,213.25	3,050.98	C	0.00	7,264.23	0.00
06/14/19		EBMUD	Op- Trea-Salary(73/27)	918.86	670.77	248.09	O	918.86	0.00	918.86
06/14/19		ICF- Jones & Stokes	Op-Prg Mgr-Public Info (49/51)	5,356.14	2,624.51	2,731.63	O	5,356.14	0.00	5,356.14
06/14/19		Bold, Polisner, Maddow, Nelson & Judson	Op-Legal(73/27)	9,736.60	7,107.72	2,628.88	O	9,736.60	0.00	9,736.60
06/21/19		CWSRF (Accounting Office) Loan Payment	Op- Princ (49.23%/50.77%)	838,663.06	412,873.82	425,789.24	O	838,663.06	0.00	838,663.06
06/21/19		CWSRF (Accounting Office) Loan Payment	Op- Interest (49.23 / 50.77)	158,243.77	77,903.41	80,340.36	O	158,243.77	0.00	158,243.77
06/21/19		SWRCB (Accounting Office) Loan Payment	Op- Princ (49.23%/50.77%)	532,342.08	262,072.01	270,270.07	O	532,342.08	0.00	532,342.08
06/21/19		SWRCB (Accounting Office) Loan Payment	Op- Interest (49.23 / 50.77)	116,265.05	57,237.28	59,027.77	O	116,265.05	0.00	116,265.05
06/21/19		Michael Tognolini	Op-Program Manager Exp (73/27)	210.00	153.30	56.70	O	210.00	0.00	210.00
06/14/19		BBSI	Op-Prg Manager-Staff (73/27)	1,209.00	882.57	326.43	O	1,209.00	0.00	1,209.00
06/14/19		BBSI	Op-Prg Manager-Staff (73/27)	1,774.50	1,295.39	479.12	O	1,774.50	0.00	1,774.50
06/28/19		ICF- Jones & Stokes	Op-Prg Mgr-Public Info (49/51)	8,966.25	6,545.36	2,420.89	O	8,966.25	0.00	8,966.25
06/28/19		DSRSD-Capital	Cap-DSRSD Inv RWTP (D-portion 46%)	8,028.45	8,028.45	-	C	0.00	8,028.45	0.00
06/28/19		DSRSD-Capital	Cap-DSRSD Inv RWTP (E-portion 27%)	4,712.35	-	4,712.35	C	0.00	4,712.35	0.00
06/28/19		DSRSD-Capital	Cap-DSRSD Inv RWTP (Pleasanton27%)	4,712.35	-	-	C	0.00	4,712.35	0.00
06/28/19		DSRSD-Capital	Cap-DSRSD Inv RWTP (D-portion 46%)	3,889.10	3,889.10	-	C	0.00	3,889.10	0.00
06/28/19		DSRSD-Capital	Cap-DSRSD Inv RWTP (E-portion 27%)	2,282.74	-	2,282.74	C	0.00	2,282.74	0.00
06/28/19		DSRSD-Capital	Cap-DSRSD Inv RWTP (Pleasanton27%)	2,282.74	-	-	C	0.00	2,282.74	0.00
06/28/19		DSRSD-Operating	Op-Secretary (73/27)	1,369.09	999.44	369.65	O	1,369.09	0.00	1,369.09
06/28/19		DSRSD-Operating	Op-Operating (73/27)	154,600.19	112,858.14	41,742.05	O	154,600.19	0.00	154,600.19
06/28/19		DSRSD-Capital	Cap-DSRSD Inv RWTP (D-portion 57%)	21,416.44	21,416.44	-	C	0.00	21,416.44	0.00
06/28/19		DSRSD-Capital	Cap-DSRSD Inv RWTP (E-portion 43%)	16,156.26	-	16,156.26	C	0.00	16,156.26	0.00
06/28/19		DSRSD-Operating	Op-Secretary (73/27)	2,109.59	1,540.00	569.59	O	2,109.59	0.00	2,109.59
06/28/19		DSRSD-Operating	Op-Operating (73/27)	274,610.35	200,465.56	74,144.79	O	274,610.35	0.00	274,610.35
06/28/19		DSRSD-Capital	Cap-DSRSD Inv RWTP (D-portion 57%)	18,435.44	18,435.44	-	C	0.00	18,435.44	0.00
06/28/19		DSRSD-Capital	Cap-DSRSD Inv RWTP (E-portion 43%)	13,907.43	-	13,907.43	C	0.00	13,907.43	0.00
07/05/19	FY2019	BBSI	Op-Prg Manager-Staff (73/27)	624.00	455.52	168.48	O	624.00	0.00	624.00
07/05/19	FY2019	EBMUD	Op- Trea- Cost Acct(73/27)	3,352.73	2,447.49	905.24	O	3,352.73	0.00	3,352.73
07/05/19	FY2019	EBMUD	Op-Prg Manager(73/27)	4,457.31	3,253.84	1,203.47	O	4,457.31	0.00	4,457.31
07/05/19	FY2019	EBMUD	Op-Prg Manager-Staff (73/27)	8,018.95	5,853.83	2,165.12	O	8,018.95	0.00	8,018.95
07/05/19	FY2019	EBMUD	Cap - Prm Suppl Wtr Sup (58/42)	5,783.41	3,354.38	2,429.03	C	0.00	5,783.41	0.00
07/05/19	FY2019	EBMUD	Op- Trea-Salary(73/27)	701.98	512.45	189.53	O	701.98	0.00	701.98
07/12/19	FY2019	BBSI	Op-Prg Manager-Staff (73/27)	936.00	683.28	252.72	O	936.00	0.00	936.00
7/12/19	FY2019	ICF- Jones & Stokes	Op-Prg Mgr-Public Info (49/51)	13,037.22	6,388.24	6,648.98	O	13,037.22	0.00	13,037.22
Accrual		DSRSD-Operating	Op-Operating (73/27)	646,859.29	472,207.28	174,652.01	O	646,859.29	0.00	646,859.29
Accrual		DSRSD-Capital	Cap-DSRSD Inv RWTP (D-portion 46%)	55,200.00	55,200.00	-	C	0.00	55,200.00	0.00
Accrual		DSRSD-Capital	Cap-DSRSD Inv RWTP (E-portion 27%)	32,400.00	-	32,400.00	C	0.00	32,400.00	0.00
Accrual		DSRSD-Capital	Cap-DSRSD Inv RWTP (Pleasanton27%)	32,400.00	-	-	C	0.00	32,400.00	0.00
Accrual		EBMUD	Op- Trea- Cost Acct(73/27)	3,206.96	2,341.08	865.88	O	3,206.96	0.00	3,206.96
Accrual		EBMUD	Op-Prg Manager(73/27)	4,085.87	2,982.69	1,103.18	O	4,085.87	0.00	4,085.87
Accrual		EBMUD	Op-Prg Manager-Staff (73/27)	8,803.73	6,426.72	2,377.01	O	8,803.73	0.00	8,803.73
Accrual		EBMUD	Cap - Prm Suppl Wtr Sup (58/42)	5,988.83	3,473.52	2,515.31	C	0.00	5,988.83	0.00
Accrual		EBMUD	Op- Trea-Salary(73/27)	701.98	512.45	189.53	O	701.98	0.00	701.98
Accrual		Ralph Andersen & Associates	Op-Prg Manager(73/27)	20,655.00	15,078.15	5,576.85	O	20,655.00	0.00	20,655.00
Accrual		Bold, Polisner, Maddow, Nelson & Judson	Op-Legal(73/27)	2,425.00	1,770.25	654.75	O	2,425.00	0.00	2,425.00
				3,075,664.81	1,796,245.19	1,240,024.53		2,840,805.04	234,859.77	2,840,805.04

DERWA CASH REPORT

Cash Balance as of 05/31/19 2,789,548.45 Reconciled to DERWA TR


Add member agency's contribution:

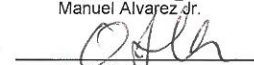
DSRSD Contribution	
EBMUD Contribution	
Agency Reimbursements - DSRSD	289,186.46
Agency Reimbursements - EBMUD	134,122.26
City of Pleasanton Payments	
Interest Income	
Other Reimbursements- Misc	
Agency Reimbursements - DSRSD Accrual	1,375,090.75
Agency Reimbursements - EBMUD Accrual	1,080,278.71
City of Pleasanton Payments Accrual	146,834.78

Less invoice payments:

BBSI	6/14/2019	(1,579.50)
BBSI	6/14/2019	(1,111.50)
BBSI	6/14/2019	(1,170.00)
EBMUD	6/14/2019	(20,886.80)
ICF Jones & Stokes	6/14/2019	(5,356.14)
BPMNJ	6/14/2019	(9,736.60)
CWSRF	6/21/2019	(648,607.13)
SWRCB	6/21/2019	(996,906.83)
Mike Tognolini	6/21/2019	(210.00)
BBSI	6/28/2019	(1,209.00)
BBSI	6/28/2019	(1,774.50)
ICF Jones & Stokes	6/28/2019	(8,966.25)
DSRSD	6/28/2019	(17,453.15)
DSRSD	6/28/2019	(8,454.58)
DSRSD	6/28/2019	(193,541.98)
DSRSD	6/28/2019	(309,062.81)
BBSI	FY19 07/05/2019	(624.00)
EBMUD	FY19 07/05/2019	(22,314.38)
BBSI	FY19 07/12/2019	(936.00)
ICF Jones & Stokes	FY19 07/12/2019	(13,037.22)
FY19 Accruals		(812,726.66)

Cash Balance as of	06/30/19	2,739,396.38
	Rounding	(0.38)
	Cash Balance 06/30/19	2,739,396.00

Prepared by 
Manuel Alvarez Jr.

Approved by 
Scott Klein

Date 7/22/19

Date 7/22/19

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT FOR JULY 31, 2019**

STAFF REPORT

Attached is the DERWA Treasurer's Report for the month ending July 31, 2019. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, \$2,534,062 in agency reimbursements was received. Fiscal year-to-date revenue for FY20 total (\$68,143); of which \$2,534,062 was revenue. Accrual reversals totaled (\$2,602,204). No other miscellaneous payments were received this month.

Expenses: Current month expenditures were \$66,761. Fiscal year-to-date expenditures for FY20 total (\$782,878); of which \$66,761 was operating expenses. Accrual reversals totaled (\$849,639). Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY20.

Cash: The cash balance at July 31, 2019 was \$3,454,131.

Submitted by:



Richard Lou
Treasurer

Dated: August 26, 2019

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

DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT
FOR THE PERIOD ENDED JULY 31, 2019



CAPITAL - PROJECT	Program Budget @ FY 2019	Expenditures FY 18 and Prior (a)	Expenditures Current Month	Expenditures FY 19 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
Pipeline Reach 1	0	7,560,517	0	0	7,560,517	4,383,920	3,176,597
Pipeline Reach 2	0	4,558,120	0	0	4,558,120	3,882,264	675,856
Pipeline Reach 3	0	2,286,003	0	0	2,286,003	1,719,204	566,799
Pipeline Reach 4	0	1,614,959	0	0	1,614,959	363,685	1,251,274
Pipeline Reach 5	0	1,430,991	0	0	1,430,991	200,195	1,230,796
Pipeline Reach 6	0	6,759,869	0	0	6,759,869	430,784	6,329,085
Treatment Plant	0	15,732,794	0	0	15,732,794	8,948,843	6,783,951
Pump Stations	0	8,563,294	0	0	8,563,294	6,776,648	1,786,646
Water Tanks	0	12,393,483	0	0	12,393,483	7,221,552	5,171,931
Phase 2 Pipeline & Pump Station	0	3,462,938	0	0	3,462,938	0	3,462,938
Backbone Corrosion	0	1,109,004	0	0	1,109,004	122,302	986,702
SCADA	233,000	341,726	0	0	341,726	194,784	146,942
EBMUD Pipeline Phase 2, 3 & 4	0	602,193	0	0	602,193	0	602,193
Fine Screening	0	927,811	0	0	927,811	528,852	398,959
New/Replacement Capital <50K	150,000	271,592	0	0	271,592	154,808	116,784
MF/UV Control Programing Update	0	144,366	0	0	144,366	82,289	62,077
Program Planning & Air Relief	410,000	3,658,752	0	0	3,658,752	2,696,685	2,794,938
Planning Prior Years	0	3,665,330	0	0	3,665,330	1,796,012	1,869,318
Permanent Suppl. Supply	105,000	638,749	(5,989)	(5,989)	632,760	290,069	210,050
PSR-1 VFD Replacement	0	0	0	0	0	0	0
RSR200B Hypo Feed	0	0	0	0	0	0	0
MF Membrane Replace	700,000	698,833	0	0	698,833	335,440	363,393
LVAMWA Connection	0	0	0	0	0	0	0
6th RWTP Sand Filter	0	255	0	0	255	27	228
DWR IRWM- Prop 84 Rd 3 Drought Project	0	16,432	0	0	16,432	8,216	8,216
PSR1 /Recy. Water Treatment Expansion	9,383,000	14,642,613	(87,600)	(87,600)	14,555,013	9,328,027	5,226,986
Pleasanton Capital Billing/Contingency	0	5,739,031	(32,400)	(32,400)	5,706,631	0	5,706,631
Capitalized Interest	0	1,960,872	0	0	1,960,872	960,827	1,000,045
Total Capital Impr. Proj. Element	10,981,000	98,780,527	(125,989)	(125,989)	98,654,538	50,425,433	49,929,335

OPERATING - ITEM	Budget FY 19	Expenditures FY 18 and Prior (a)	Expenditures Current Month	Expenditures FY 19 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
DERWA Program Manager	196,350	3,389,567	(10,745)	(10,745)	3,378,822	2,410,358	968,463
Treasurer	38,500	2,822,484	(3,909)	(3,909)	2,818,575	2,113,931	704,644
Legal Counsel	15,000	457,794	0	0	457,794	343,346	114,448
Secretary	3,620	228,737	0	0	228,737	171,553	57,184
Other	108,000	1,371,644	4,625	4,625	1,376,269	1,032,202	344,067
Operation and Maintenance Detail	2,145,370	19,042,518	(646,859)	(646,859)	18,395,659	14,139,018	4,256,642
Debt Service	1,645,513	23,674,570	0	0	23,674,570	12,916,350	10,758,220
Total Operating Program Element	4,152,353	50,987,314	(656,889)	(656,889)	50,330,425	33,126,758	17,203,668

PROJECT TOTALS	15,133,353	149,767,841	(782,878)	(782,878)	148,984,963	83,552,191	67,133,003
-----------------------	-------------------	--------------------	------------------	------------------	--------------------	-------------------	-------------------

REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution		
DSRSD	0	0
EBMUD	0	0
Agency Reimbursements - DSRSD	0	0
Agency Reimbursements - EBMUD	0	0
Commercial Paper Issued	0	0
Pleasanton payments	(68,143)	(68,143)
Interest / Contracts	0	0
Misc Income	0	0
TOTAL REVENUES & FUNDING	(68,143)	(68,143)

	Current Month	Fiscal Year
CASH AVAILABLE		
Beginning Cash	2,739,396	2,739,396
Beg. Balance Adj	0	0
Rounding	0	0
Total Revenues & Funding	(68,143)	(68,143)
Total Expenditures	782,878	782,878
Ending Cash	3,454,131	3,454,131

Prepared by  Date: 8/26/19
Manuel Alvarez Jr.
Approved by  Date: 8/26/19
Scott Klein

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
SUMMARY OF EXPENDITURES
FOR THE PERIOD ENDED
July 31, 2019**

Check Date	Check Number	Payee	Category	TOTAL Amount	DSRSD Amount	EBMUD Amount	Operating	Capital	CK-OP
07/05/19		BBSI	Op-Prg Manager-Staff (73/27)	624.00	455.52	168.48	624.00	0.00	624.00
07/05/19		EBMUD	Op- Trea- Cost Acct(73/27)	3,352.73	2,447.49	905.24	3,352.73	0.00	3,352.73
07/05/19		EBMUD	Op-Prg Manager(73/27)	4,457.31	3,253.84	1,203.47	4,457.31	0.00	4,457.31
07/05/19		EBMUD	Op-Prg Manager-Staff (73/27)	8,018.95	5,853.83	2,165.12	8,018.95	0.00	8,018.95
07/05/19		EBMUD	Cap - Prm Suppl Wtr Sup (58/42)	5,783.41	3,354.38	2,429.03	0.00	5,783.41	0.00
07/05/19		EBMUD	Op- Trea-Salary(73/27)	701.98	512.45	189.53	701.98	0.00	701.98
07/12/19		BBSI	Op-Prg Manager-Staff (73/27)	936.00	683.28	252.72	936.00	0.00	936.00
07/12/19		ICF- Jones & Stokes	Op-Prg Mgr-Public Info (49/51)	13,037.22	6,388.24	6,648.98	13,037.22	0.00	13,037.22
07/12/19		Ralph Andersen & Associates	Op-Prg Manager(73/27)	20,655.00	15,078.15	5,576.85	20,655.00	0.00	20,655.00
07/12/19		Bold Polisnen Maddow Nelson & Judson	Op-Legal(73/27)	2,425.00	1,770.25	654.75	2,425.00	0.00	2,425.00
07/12/19		Alliant Insurance	Op-Prg Manager-Insurance	4,624.80	3,376.10	1,248.70	4,624.80	0.00	4,624.80
07/26/19		BBSI	Op-Prg Manager-Staff (73/27)	916.50	669.05	247.46	916.50	0.00	916.50
07/26/19		BBSI	Op-Prg Manager-Staff (73/27)	1,228.50	896.81	331.70	1,228.50	0.00	1,228.50
					-	-	0.00	0.00	0.00
				66,761.40	44,739.38	22,022.02	60,977.99	5,783.41	60,977.99
Certificates of Disb.									
Wk Ending		Amount							
7/5/19		\$22,938.38							
7/12/19		\$41,678.02							
7/26/19		\$ 2,145.00							

DERWA CASH REPORT

Cash Balance as of

06/30/19

986,830.61 Reconciled to DERWA TR

Add member agency's contribution:

DSRSD Contribution	
EBMUD Contribution	
Agency Reimbursements - DSRSD	1,375,090.75
Agency Reimbursements - EBMUD	1,080,278.71
City of Pleasanton Payments	78,692.24
Interest Income	
Other Reimbursements- Misc	

Less invoice payments:

BBSI	7/5/2019	(624.00)
EBMUD	7/5/2019	(22,314.38)
BBSI	7/12/2019	(936.00)
ICF Jones & Stokes	7/12/2019	(13,037.22)
Ralph Anderson & Assoc.	7/12/2019	(20,655.00)
Alliant Insurance	7/12/2019	(3,239.60)
Alliant Insurance	7/12/2019	(1,385.20)
BPMNJ	7/12/2019	(2,425.00)
BBSI	7/26/2019	(916.50)
BBSI	7/26/2019	(1,228.50)

Cash Balance as of

07/31/19

3,454,130.91

Rounding

0.09

Cash Balance 07/31/19

3,454,131.00

Prepared by

Manuel Alvarez Jr.

Date

8/26/19

Approved by

Scott Klein

Date

8/26

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT FOR AUGUST 31, 2019**

STAFF REPORT

Attached is the DERWA Treasurer's Report for the month ending August 31, 2019. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, no agency reimbursements were received. Payments totaling \$68,143 were received from the City of Pleasanton. Fiscal year-to-date revenue for FY20 totals \$0; of which \$2,602,204 was revenue. Accrual reversals totaled (\$2,602,204). No other miscellaneous payments were received this month.

Expenses: Current month expenditures were \$929,631. Fiscal year-to-date expenditures for FY20 total \$146,753; of which \$996,392 was operating expenses. Accrual reversals totaled (\$849,639). Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY20.

Cash: The cash balance at August 31, 2019 was \$2,592,643.

Submitted by:



Richard Lou
Treasurer

Dated: September 24, 2019

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

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT
FOR THE PERIOD ENDED AUGUST 31, 2019**



CAPITAL - PROJECT	Program Budget @ FY 2020	Expenditures FY 19 and Prior (a)	Expenditures Current Month	Expenditures FY 20 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
Pipeline Reach 1	0	7,560,517	0	0	7,560,517	4,383,920	3,176,597
Pipeline Reach 2	0	4,558,120	0	0	4,558,120	3,882,264	675,856
Pipeline Reach 3	0	2,286,003	0	0	2,286,003	1,719,204	566,799
Pipeline Reach 4	0	1,614,959	0	0	1,614,959	363,685	1,251,274
Pipeline Reach 5	0	1,430,991	0	0	1,430,991	200,195	1,230,796
Pipeline Reach 6	0	6,759,869	0	0	6,759,869	430,784	6,329,085
Treatment Plant	0	15,732,794	0	0	15,732,794	8,948,843	6,783,951
Pump Stations	0	8,563,294	0	0	8,563,294	6,776,648	1,786,646
Water Tanks	0	12,393,483	0	0	12,393,483	7,221,552	5,171,931
Phase 2 Pipeline & Pump Station	0	3,462,938	0	0	3,462,938	0	3,462,938
Backbone Corrosion	0	1,109,004	0	0	1,109,004	122,302	986,702
SCADA	233,000	341,726	0	0	341,726	194,784	146,942
EBMUD Pipeline Phase 2, 3 & 4	0	602,193	0	0	602,193	0	602,193
Fine Screening	0	927,811	0	0	927,811	528,852	398,959
New/Replacement Capital <50K	150,000	271,592	0	0	271,592	154,808	116,784
MF/UV Control Programing Update	0	144,366	0	0	144,366	82,289	62,077
Program Planning & Air Relief	410,000	3,658,752	0	0	3,658,752	2,696,685	2,794,938
Planning Prior Years	0	3,665,330	0	0	3,665,330	1,796,012	1,869,318
Permanent Suppl. Supply	105,000	638,749	0	(5,989)	632,760	290,069	210,050
PSR-1 VFD Replacement	0	0	0	0	0	0	0
RSR200B Hypo Feed	0	0	0	0	0	0	0
MF Membrane Replace	700,000	698,833	0	0	698,833	335,440	363,393
LVAMWA Connection	0	0	0	0	0	0	0
6th RWTP Sand Filter	0	255	0	0	255	27	228
DWR IRWM- Prop 84 Rd 3 Drought Project	0	16,432	0	0	16,432	8,216	8,216
PSR1 /Recy. Water Treatment Expansion	9,383,000	14,642,613	460,161	372,561	15,015,174	9,555,354	5,459,820
Pleasanton Capital Billing/Contingency	0	5,739,031	34,028	1,628	5,740,659	0	5,740,659
Capitalized Interest	0	1,960,872	0	0	1,960,872	960,827	1,000,045
Total Capital Impr. Proj. Element	10,981,000	98,780,527	494,189	368,199	99,148,727	50,652,760	50,196,197

OPERATING - ITEM	Budget FY 20	Expenditures FY 19 and Prior (a)	Expenditures Current Month	Expenditures FY 20 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
DERWA Program Manager	196,350	3,389,567	23,201	12,457	3,402,024	2,427,670	974,353
Treasurer	38,500	2,822,484	0	(3,909)	2,818,575	2,113,931	704,644
Legal Counsel	15,000	457,794	5,587	5,587	463,381	347,536	115,845
Secretary	3,620	228,737	1,694	1,694	230,431	172,824	57,607
Other	108,000	1,371,644	0	4,625	1,376,269	1,032,202	344,067
Operation and Maintenance Detail	2,145,370	19,042,518	404,959	(241,900)	18,800,618	14,442,738	4,357,881
Debt Service	1,645,513	23,674,570	0	0	23,674,570	12,916,350	10,758,220
Total Operating Program Element	4,152,353	50,987,314	435,442	(221,446)	50,765,868	33,453,251	17,312,617

PROJECT TOTALS	15,133,353	149,767,841	929,631	146,753	149,914,594	84,106,011	67,508,814
-----------------------	-------------------	--------------------	----------------	----------------	--------------------	-------------------	-------------------

REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution		
DSRSD	0	0
EBMUD	0	0
Agency Reimbursements - DSRSD	0	0
Agency Reimbursements - EBMUD	0	0
Commercial Paper Issued	0	0
Pleasanton payments	68,143	0
Interest / Contracts	0	0
Misc Income	0	0
TOTAL REVENUES & FUNDING	68,143	0

	Current Month	Fiscal Year
CASH AVAILABLE		
Beginning Cash	3,454,131	2,739,396
Beg. Balance Adj	0	0
Rounding	0	0
Total Revenues & Funding	68,143	0
Total Expenditures	(929,631)	(146,753)
Ending Cash	2,592,643	2,592,643

Prepared by  Date: 9-24-19
 Approved by  Date: 9/24

DSRSD/EBMUD RECYCLED WATER AUTHORITY						
SUMMARY OF EXPENDITURES						
FOR THE PERIOD ENDED						
August 31, 2019						
Check Date	Check Number	Payee	Category	TOTAL Amount	DSRSD Amount	EBMUD Amount
08/02/19		Underground Service Alert	Op-Prog. Mg. Other (73/27)	2,184.12	1,594.41	589.71
08/02/19		Sue Montague	Op- Prgm Mgr Expenses (73/27)	91.79	67.01	24.78
08/02/19		BBSI	Op-Prg Manager-Staff (73/27)	955.50	697.52	257.99
08/09/19		Sue Montague	Op- Prgm Mgr Expenses (73/27)	189.03	137.99	51.04
08/16/19		BBSI	Op-Prg Manager-Staff (73/27)	760.50	555.17	205.34
08/16/19		Bold, Polisner, Maddow, Nelson & Judson	Op-Prg Manager-Staff (73/27)	5,586.60	4,078.22	1,508.38
08/16/19		DSRSD-Operating	Op-Secretary (73/27)	1,694.42	1,236.93	457.49
08/16/19		DSRSD-Operating	Op-Operating (73/27)	404,959.38	295,620.35	109,339.03
08/16/19		DSRSD-Capital	Cap-DSRSD Inv RWTP (D-portion 57%)	209,850.46	209,850.46	-
08/16/19		DSRSD-Capital	Cap-DSRSD Inv RWTP (E-portion 43%)	158,308.24	-	158,308.24
08/16/19		DSRSD-Capital	Cap-DSRSD Inv RWTP (D-portion 46%)	57,974.05	57,974.05	-
08/16/19		DSRSD-Capital	Cap-DSRSD Inv RWTP (E-portion 27%)	34,028.25	-	34,028.25
08/16/19		DSRSD-Capital	Cap-DSRSD Inv RWTP (Pleasanton27%)	34,028.25	-	-
08/23/19		ICF- Jones & Stokes	Op-Prg Mgr-Public Info (49/51)	342.50	167.83	174.68
08/23/19		Ralph Andersen & Associates	Op-Prg Manager(73/27)	17,235.00	12,581.55	4,653.45
08/30/19		BBSI	Op-Prg Manager-Staff (73/27)	1,443.00	1,053.39	389.61
				-	-	-
				-	-	-
				-	-	-
				-	-	-
				-	-	-
				929,631.09	585,614.85	309,987.99
Certificates of Disb.						
Wk Ending	Amount					
8/2/19	\$	3,231.41				
8/9/19	\$	189.03				
8/16/19	\$	907,190.15	Pleasanton-			
8/23/19	\$	17,577.50				
8/30/19	\$	1,443.00				
			OP			
			CAP			
	\$	929,631.09	435,441.84			
			494,189.25			

Date: _____

Date: _____

DERWA CASH REPORT

Cash Balance as of

07/31/19

3,454,130.91 Reconciled to DERWA TR

Add member agency's contribution:

DSRSD Contribution	
EBMUD Contribution	
Agency Reimbursements - DSRSD	
Agency Reimbursements - EBMUD	
City of Pleasanton Payments	68,142.54
Interest Income	
Other Reimbursements- Misc	

Less invoice payments:

Underground Service Alert	8/2/2019	(2,184.12)
Sue Montague	8/2/2019	(91.79)
BBSI	8/2/2019	(955.50)
Sue Montague	8/2/2019	(189.03)
BBSI	8/9/2019	(760.50)
Bold, Polisner, Maddow, Nelson & Judson	8/16/2019	(5,586.60)
DSRSD	8/16/2019	(774,812.50)
DSRSD	8/16/2019	(126,030.55)
Jones & Stokes ICF International	8/23/2019	(342.50)
Ralph Anderson & Associates	8/23/2019	(17,235.00)
BBSI	8/30/2019	(1,443.00)

Cash Balance as of

08/31/19

2,592,642.36

Rounding

0.64

Cash Balance 08/31/19

2,592,643.00

Prepared by

Manuel Alvarez Jr.

Date

9-24-19

Approved by

Scott Klein

Date

9/24

Item 9.A

DERWA Summary & Recommendation

Accept the DERWA Independent Auditor's Report and Financial Statements for Years Ending June 30, 2019 and 2018

Summary:

Attached are the annual reports on the audited DERWA Financial Statements as of June 30, 2019 and 2018, and the Memorandum on Internal Control over Financial Reporting, Compliance and Other Matters. As part of the audit process, an adjustment was made to accrue the \$2.5 million grant at June 30, 2018, rather than during fiscal year 2019 when the grant funds were received. The audit did not find any other 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.

October 14, 2019

Attachment

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

BASIC FINANCIAL STATEMENTS

June 30, 2019 and 2018

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, 2019 and 2018**

Table of Contents

	Page
<i>Independent Auditors' Report</i>	1
<i>Management's Discussion and Analysis</i>	5
<i>Basic Financial Statements</i>	
Statements of Net Position	9
Statements of Revenues, Expenses and Changes in Net Position	10
Statements of Cash Flows	11
Notes to Basic Financial Statements	13
<i>Independent Auditors' 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>	23

This Page Left Intentionally Blank



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (Authority) as of and for the year ended June 30, 2019, 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 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit 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.



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the of the Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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 the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Prior Year Audited Financial Statements

The financial statements for the year ended June 30, 2018, were audited by other auditors whose report dated August 23, 2018 expressed an unmodified opinion on those financial statements.

As part of our audit of the 2019 financial statements, an adjustment was required to accrue a grant receivable that should have been accrued at June 30, 2018, that also adjusted the beginning net position as of June 30, 2019. The matter is discussed further in Note 8. We were not engaged to audit, review, or apply any procedures to the 2018 financial statements other than with respect to the adjustment, and accordingly, we do not express an opinion or any other form of assurance on the 2018 financial statements as a whole.



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2019 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Sacramento, California
September 20, 2019

This Page Left Intentionally Blank

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

Management's Discussion and Analysis

June 30, 2019 and 2018

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, 2019 and 2018. 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.

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

Management's Discussion and Analysis

June 30, 2019 and 2018

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

The *notes to basic financial statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to basic financial statements can be found on pages 11 to 18 of this report.

Financial Analysis:

Table 1 summarizes net assets at June 30, 2019 and 2018, and Table 2 summarizes revenues, expenses and changes in net position for the years ended June 30, 2019 and 2018. Both tables also include variances from the prior year.

Table 1
Summary of Net Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>	<u>Variance</u>
Assets:			
Current assets	\$ 3,589,034	\$ 3,438,587	\$ 150,447
Capital assets	<u>76,159,083</u>	<u>76,319,712</u>	<u>(160,629)</u>
Total assets	<u>79,748,117</u>	<u>79,758,299</u>	<u>(10,182)</u>
Liabilities:			
Current liabilities	2,454,957	3,033,506	(578,549)
Long-term liabilities	<u>8,204,068</u>	<u>9,609,348</u>	<u>(1,405,280)</u>
Total liabilities	<u>10,659,025</u>	<u>12,642,854</u>	<u>(1,983,829)</u>
Net position:			
Net investment in capital assets	66,549,735	65,339,359	1,210,376
Unrestricted	<u>2,539,357</u>	<u>1,776,086</u>	<u>763,271</u>
Total net position	<u>\$ 69,089,092</u>	<u>\$ 67,115,445</u>	<u>\$ 1,973,647</u>

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

Management's Discussion and Analysis

June 30, 2019 and 2018

Table 2
Summary of Revenues, Expenses and Changes in Net Position
Years ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>	<u>Variance</u>
Operating revenue:	\$ 7,273,778	\$ 14,581,106	\$ (7,307,328)
Operating expenses:			
Professional services	(6,304)	(6,211)	(93)
General and administrative	(420,632)	(416,137)	(4,495)
Operation and maintenance	(2,898,880)	(2,150,232)	(748,648)
Depreciation	(1,859,504)	(2,161,072)	301,568
Total operating expenses	(5,185,320)	(4,733,652)	(451,668)
Nonoperating income (expenses):			
Interest on state loan	(274,509)	(307,948)	33,439
Total other income (expenses)	(274,509)	(307,948)	33,439
Capital Contribution	159,698	2,340,302	2,180,604
Change in net position	1,973,647	11,879,808	(9,906,161)
Total net position - beginning	67,115,445	55,235,637	11,879,808
Total net position - ending	\$ <u>69,089,092</u>	\$ <u>67,115,445</u>	\$ <u>1,973,647</u>

- Current assets of the Authority increased \$0.2 million due to an increase in cash from prior year.
- The net position of the Authority in 2019 increased by \$2.0 million from the prior year. The primary reason for this increase was a difference of \$2.1 million more in operating revenue than operating expenses.
- Capital assets as of June 30, 2019 decreased by \$0.2 million primarily due to a higher depreciation amount over capital additions.
- Total liabilities as of June 30, 2019 decreased by \$2 million from the prior year. The principal reason for decrease was the \$1.4 million decrease in the outstanding loan balance.

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

Management's Discussion and Analysis

June 30, 2019 and 2018

- 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 twelfth installment of \$1.4 million for fiscal year 2019, as of June 30, 2019, \$8.2 million was the long-term liability outstanding.
- Capital Contributions has been added due to a grant awarded to the Authority in the amount of \$2.5 million from the California Water Resources Board in relation to the Recycled Water Treatment Facility expansion.

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, 2019 AND JUNE 30, 2018**

ASSETS	2019	2018
Current Assets:		
Cash and cash equivalents (overdraft) (Note 2)	\$ 986,830	\$ (1,714,957)
Receivables:		
East Bay Municipal Utility District	1,080,278	1,119,278
Dublin San Ramon Services District	1,375,091	1,693,964
City of Pleasanton	146,835	-
SWRCB Construction Grant	-	2,340,302
Interest Receivables	-	-
Total Current Assets	<u>3,589,034</u>	<u>3,438,587</u>
Capital Assets (Note 3):		
Structures, buildings, and equipment	82,893,123	82,893,123
Less accumulated depreciation	<u>(24,192,295)</u>	<u>(22,332,793)</u>
Subtotal	<u>58,700,828</u>	<u>60,560,330</u>
Land and rights-of-way	1,890,978	1,890,978
Construction in progress	<u>15,567,277</u>	<u>13,868,404</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>76,159,083</u>	<u>76,319,712</u>
Total Assets	<u>79,748,117</u>	<u>79,758,299</u>
LIABILITIES		
Current Liabilities:		
Current portion of State loan payable (Note 5)	1,405,280	1,371,005
Accounts payable	237,716	100,786
Payable to members:		
East Bay Municipal Utility District	45,102	39,407
Dublin San Ramon Services District	<u>766,859</u>	<u>1,522,308</u>
Total Current Liabilities	<u>2,454,957</u>	<u>3,033,506</u>
Long-term Liabilities:		
State loan payable (Note 5)	<u>8,204,068</u>	<u>9,609,348</u>
Total Noncurrent Liabilities	<u>8,204,068</u>	<u>9,609,348</u>
Total Liabilities	<u>10,659,025</u>	<u>12,642,854</u>
NET POSITION (Note 1)		
Net Investment in capital assets	66,549,735	65,339,359
Unrestricted	<u>2,539,357</u>	<u>1,776,086</u>
Total Net Position	<u>\$ 69,089,092</u>	<u>\$ 67,115,445</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, 2019 AND JUNE 30, 2018**

	<u>2019</u>	<u>2018</u>
Operating Revenue:		
Contributions from members	\$ 6,926,037	\$ 12,392,494
Contributions from others	<u>347,741</u>	<u>2,188,612</u>
Total Contributions	7,273,778	14,581,106
Operating (Expenses):		
Professional services	(6,304)	(6,211)
General and administrative	(420,632)	(416,137)
Operation and maintenance	(2,898,880)	(2,150,232)
Depreciation (Note 3)	<u>(1,859,504)</u>	<u>(2,161,072)</u>
Total Operating (Expenses)	<u>(5,185,320)</u>	<u>(4,733,652)</u>
Net Operating Income (Loss)	<u>2,088,458</u>	<u>9,847,455</u>
Nonoperating Revenue (Expense):		
Interest on state loan	<u>(274,509)</u>	<u>(307,948)</u>
Total Nonoperating Revenue (Expenses)	<u>(274,509)</u>	<u>(307,948)</u>
Capital Contribution	159,698	2,340,302
Changes in Net Position	1,973,647	11,879,808
Total Net Position - Beginning	<u>67,115,445</u>	<u>55,235,637</u>
Total Net Position - Ending	<u><u>\$ 69,089,092</u></u>	<u><u>\$ 67,115,445</u></u>

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND JUNE 30, 2018**

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Cash received for sales of water	\$ 7,484,816	\$ 15,385,369
Cash (paid) received from bank overdrafts	(1,714,957)	212,534
Cash paid for supplies and services	<u>(3,938,639)</u>	<u>(3,371,497)</u>
Net cash provided by operating activities	<u>1,831,220</u>	<u>12,226,406</u>
Cash flows from capital and related financing activities:		
Cash received from construction grant	2,500,000	-
Cash paid for interest	(274,510)	(307,949)
Cash paid on State loan	(1,371,005)	(1,337,566)
Cash paid for construction of capital assets	<u>(1,698,874)</u>	<u>(12,702,281)</u>
Net cash (used in) provided by capital and related financing activities	<u>(844,389)</u>	<u>(14,347,796)</u>
Cash flows provided by investing activities:		
Interest and other income received	<u>-</u>	<u>-</u>
Net change in cash and cash equivalents	2,701,787	(1,927,491)
Cash and investments at beginning of period	<u>(1,714,957)</u>	<u>212,534</u>
Cash and investments at end of period	\$ <u><u>986,830</u></u>	\$ <u><u>(1,714,957)</u></u>
Reconciliation of operating income/(loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 2,088,458	\$ 9,847,454
Adjustments to reconcile operating income/(loss) to net cash provided by operating activities:		
Depreciation	1,859,504	2,161,072
Changes in operating assets and liabilities:		
Accounts receivable	211,038	397,828
Accounts payable	(612,823)	(392,482)
Bank Overdraft	<u>(1,714,957)</u>	<u>212,534</u>
Net cash provided by operating activities	\$ <u><u>1,831,220</u></u>	\$ <u><u>12,226,406</u></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, 2019 and 2018

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, 2019 and 2018

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.

D. *Capital Assets*

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

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

Notes to Financial Statements

June 30, 2019 and 2018

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

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

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

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

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

E. 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, 2019 and 2018

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.

NOTE 2 – BANK DEPOSIT (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>2019</u>	<u>2018</u>
Demand deposits with banks (overdraft)	\$ <u>986,830</u>	\$ <u>(1,714,957)</u>

B. Collateralization of Cash and Cash Equivalents

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

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

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

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 3 – CAPITAL ASSETS

A. Additions and Retirements

Capital assets activity for the year ended June 30, 2019 was as follows:

	Balance at June 30, 2018	Additions and Transfers, net	Retirements and Transfers, net	Balance at June 30, 2019
Capital assets not being depreciated:				
Land and rights-of-way	\$ 1,890,978	\$ -	\$ -	\$ 1,890,978
Construction in progress	13,868,404	1,698,873	-	15,567,277
Total capital assets not being depreciated	15,759,382	1,698,873	-	17,458,255
Capital assets, being depreciated:				
Water treatment	26,209,496	-	-	26,209,496
Pumping plants	13,792,192	-	-	13,792,192
Reservoirs	14,439,008	-	-	14,439,008
Pipelines	28,452,427	-	-	28,452,427
Total capital assets being depreciated	82,893,123	-	-	82,893,123
Less accumulated depreciation for:				
Water treatment	(8,065,904)	(655,793)	-	(8,721,697)
Pumping plants	(3,813,027)	(345,067)	-	(4,158,094)
Reservoirs	(3,551,649)	(289,044)	-	(3,840,693)
Pipelines	(6,902,213)	(569,598)	-	(7,471,811)
Total accumulated depreciation	(22,332,793)	(1,859,502)	-	(24,192,295)
Net capital assets being depreciated	60,560,330	(1,859,502)	-	58,700,828
Capital assets, net	\$ 76,319,712	\$ (160,629)	\$ -	\$ 76,159,083

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.

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

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 4 - COMMERCIAL PAPER NOTES PAYABLE (Continued)

The commercial paper notes are collateralized solely by the revenues of the Authority, after payment of specific operating and maintenance expenses. To provide liquidity for the program, the Authority would maintain a liquidity support agreement (line of credit) with a commercial bank. The Authority does not currently have a liquidity support agreement with a commercial bank and would have to secure an agreement before issuing new commercial paper. As of June 30, 2019, there were no commercial paper notes outstanding under this program.

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, 2019:

	Balance June 30, 2018	Retirements	Balance June 30, 2019
2006 State Water Resource Loan			
2.5%, due 07/25/2025	\$ 10,980,353	\$ 1,371,005	\$ 9,609,348
Less amount due within one year	1,371,005	-	1,405,280
Noncurrent portion	<u>\$ 9,609,348</u>	<u>\$ 1,371,005</u>	<u>\$ 8,204,068</u>

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

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 5 – STATE WATER RESOURCES CONTROL BOARD LOAN (Continued)

B. Debt Service Requirements

Annual debt service requirements are shown below for the loan:

Year ending June 30	Principal	Interest	Total
2020	\$ 1,405,280	\$ 240,234	\$ 1,645,514
2021	1,440,412	205,102	1,645,514
2022	1,476,423	169,091	1,645,514
2023	1,513,333	132,181	1,645,514
2024-2026	<u>3,773,900</u>	<u>165,736</u>	<u>3,939,636</u>
Totals	<u>\$ 9,609,348</u>	<u>\$ 912,344</u>	<u>\$ 10,521,692</u>

NOTE 6 – RELATED PARTY TRANSACTIONS

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

	<u>2019</u>	<u>2018</u>
DSRSD	\$ 5,192,587	\$ 14,122,390
EBMUD	<u>580,484</u>	<u>234,243</u>
	<u>\$ 5,773,071</u>	<u>\$ 14,356,633</u>

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

Notes to Financial Statements

June 30, 2019 and 2018

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.

NOTE 8 – PRIOR PERIOD RECLASSIFICATION

Changes to the Statement of Net Position

The Statement of Net Position has been reclassified to reflect the DERWA Construction Grant Agreement. In Fiscal Year 2019, a \$2.5million reimbursement amount was received by the Authority. In order to properly account for Fiscal Year 2018 reimbursements owed under this agreement, the Statement of Net Position was reclassified.

SWRCB Construction Grant Receivable reflects invoices submitted to the State Water Resource Control Board and which will be reimbursed to the Authority for work performed in the Recycled Water Treatment Plant Expansion Phase 2 project. At the end of June 30, 2018, the total SWRCB Construction Grant Receivable was \$2,340,302.

Total Net Position was adjusted to reflect the reclassification accordingly. At the end of June 30, 2018, the Total Net Position was \$67,115,445.

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

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 8 – PRIOR PERIOD RECLASSIFICATION (Continued)

Changes to the Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position has been reclassified to reflect the DERWA Construction Grant Agreement. In Fiscal Year 2019, a \$2.5million reimbursement amount was received by the Authority. In order to properly account for Fiscal Year 2018 Capital Contributions accrued, the statement was reclassified.

Capital Contributions was added to account for contributions accrued under the grant agreement. As of June 30, 2018, Capital Contributions was \$2,340,302.

Total Net Position was adjusted to reflect the reclassification accordingly. At the end of June 30, 2018, the Total Net Position was \$67,115,445.

This Page Left Intentionally Blank



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (Authority), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 20, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) 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 entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify the following deficiencies in internal control that we consider to be significant deficiencies:



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

Prior Period Grant Receivable

As a result of our audit procedures, it was noted that the authority recorded \$2.5 million in fiscal year 2018-19 as capital contributions, when in fact \$2,340,302 represented reimbursement for costs incurred in previous years. As such, the June 30, 2018 receivable and capital contribution amounts required adjustment to correct the June 30, 2019 beginning net position. We recommend the authority ensure they are reviewing all grant agreements and reimbursements to ensure revenue and receivables are recorded in the proper period.

Management Response: DERWA will review all grant agreements and reimbursements to ensure that future revenues and receivables are recorded in the appropriate period.

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*.

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.

Sacramento, California
September 20, 2019

Item 9.B

DERWA Summary & Recommendation

Appoint Downey Brand as DERWA General Counsel and Authorize DERWA Board Chair to Execute Agreement for General Counsel Services

Summary:

The law firm of Bold, Polisner, Maddow, Nelson, & Judson (BPMN&J) has represented DERWA as its General Counsel since 1996. In March 2019, BPMN&J informed the DERWA Board that it would be resigning as General Counsel before the end of the calendar year.

Beginning in April 2019, DERWA began a search and recruitment of firms and attorneys to consider as General Counsel. Approximately twenty firms were initially considered and six were requested to provide Statements of Qualification (SOQs) for consideration by DERWA. The DERWA Board considered the submitted SOQs and determined that the Sacramento-based Downey Brand firm best fit the needs and requirements of DERWA.

Downey Brand was established in 1926, currently employs more than ninety attorneys, and is held in high regard within the water, wastewater, and recycled water communities. The firm has proposed Mr. Scott Shapiro as the principal attorney for DERWA, with support from other firm attorneys, including Ms. Rebecca Smith, and Mr. Austin Cho. Mr. Shapiro's proposed hourly rate is \$390 per hour.

Recommendation:

Based upon the DERWA Board of Director's consideration of the candidate firms, the Authority Manager recommends the DERWA Board of Directors appoint, by approval of Resolution No. 19-5, Downey Brand and Mr. Scott Shapiro as principal attorney, to serve as DERWA General Counsel.

The Authority Manager further recommends the DERWA Board of Directors authorize, by approval of Resolution No.19-5, the Board Chair to execute the engagement agreement with Downey Brand, along with any related documents, in a form to be approved by the Authority Manager and current-General Counsel, and to take additional actions as necessary to implement the agreement.

October 14, 2019

Attachment

DERWA
RESOLUTION NO. 19-5

RESOLUTION OF THE BOARD OF DIRECTORS OF THE DSRSD•EBMUD RECYCLED
WATER AUTHORITY APPROVING APPOINTMENT OF DOWNEY BRAND FOR THE
SERVICES OF GENERAL COUNSEL AND AUTHORIZING THE BOARD CHAIR TO
EXECUTE AGREEMENT WITH DOWNEY BRAND

WHEREAS, the DSRSD•EBMUD Recycled Water Authority ("Authority") requires consulting services of a law firm to serve as General Counsel; and

WHEREAS, Downey Brand has been selected by the Board of Directors for this purpose.

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

- a. That the law firm of Downey Brand is hereby appointed as its General Counsel with Mr. Scott Shapiro to act as lead counsel for DERWA; and
- b. That the Chair of this Board and the Authority Secretary are hereby authorized to execute for and on behalf of the Authority, and to attest thereto, respectively, an agreement in a form approved by the Authority's General Counsel for the services of Downey Brand as General Counsel.

ADOPTED by the Board of Directors of the DSRSD•EBMUD Recycled Water Authority, a Public Agency located in the Counties of Alameda and Contra Costa, California, at its Special Meeting held on the 14th day of October 2019, and passed by the following vote:

AYES:

NOES:

ABSENT:

John A. Coleman, DERWA Chair

ATTEST: _____

Nicole Genzale, Authority Secretary

Item 9.C

DERWA Summary & Recommendation

Approve Proclamation for Doug Coty's Service to DERWA as General Counsel

Summary:

At the March 25, 2019 Board Meeting, Mr. Coty advised the Board of Directors that he and the General Counsel firm of Bold, Polisner, Maddow, Nelson & Judson, would no longer be able to serve as General Counsel for DERWA. Mr. Coty has been an outstanding member of the DERWA team since his appointment as General Counsel on March 14, 2016, continuing a legacy of exemplary service by Bold, Polisner, Maddow, Nelson & Judson, who have served DERWA since February 26, 1996. He served DERWA, its member agencies, and the communities well, and contributed significantly to the Authority and to its success.

Recommendation:

The Authority Manager recommends the DERWA Board of Directors approve, by Motion, the Proclamation for Service to DERWA by Doug Coty.

October 14, 2019

Attachment

DERWA
PROCLAMATION FOR SERVICE

WHEREAS, the Dublin San Ramon Services District•East Bay Municipal Utility District Recycled Water Authority (DERWA) was formed by its member agencies to implement a recycled water program that benefits portions of the San Ramon and Livermore-Amador Valleys; and

WHEREAS, Doug Coty continued to carry the legal torch valiantly as it was handed from the “keeper of the flame,” his predecessor, Bob Maddow in 2016; and

WHEREAS, Doug Coty’s wide-ranging knowledge of the water industry allowed him to expertly guide the DERWA Board to choose the correct direction; and

WHEREAS, Doug Coty’s calm and easy demeanor, steady diplomacy, and critical understanding of the issues has made him an invaluable member of the DERWA team; and

WHEREAS, Doug Coty was instrumental in securing over \$6 million in State funding to expand the DERWA program; and

WHEREAS, Doug Coty successfully assisted DERWA during the design and build of DERWA’s Recycled Water Treatment Plant Phase 2 Expansion Project; and

WHEREAS, Doug Coty successfully worked with the Authority Manager on an agreement to acquire much needed wastewater from Central Contra Costa Sanitary District to supplement the recycled water supply; and

WHEREAS, Doug Coty played a major role in constructing an agreement with the City of Pleasanton, to augment DERWA’s long-term water supply; and

WHEREAS, Doug Coty advised in the successful search and recruitment of DERWA’s current Authority Manager; and

WHEREAS, Doug Coty has earned the trust, respect, and friendship of all who have worked with him; and

WHEREAS, Doug Coty has met or exceeded all expectations of the Dublin San Ramon Services District•East Bay Municipal Utility District Recycled Water Authority in the discharge of his duties during his term as General Counsel.

NOW, THEREFORE, BE IT PROCLAIMED that the Board of Directors of the Dublin San Ramon Services District•East Bay Municipal Utility District Recycled Water Authority hereby expresses its sincere appreciation for the contributions of

Douglas E. Coty

Passed and adopted this 14th day of October 2019 by the DSRSD•EBMUD Recycled Water Authority Board of Directors.

John A. Coleman
Chair

Georgan Vonheeder-Leopold
Vice Chair

Ed Duarte
Director

Frank Mellon
Director

Nicole M. Genzale, CMC
Authority Secretary

MANAGER'S REPORTS

- A. Supplemental Supply Update
 - Central Contra Costa Sanitary District Wastewater Diversion Project
 - Devil Mountain Wholesale Nursery Well Pilot Project
- B. Operations Updates
 - DERWA Program Facilities Electrical Outage Emergency Repair Update
 - Public Safety Power Shutoff (PSPS) Update
 - Summer Peak Demand Overview
 - Other Updates as Needed
- C. Confirm Cancellation of the November 25, 2019 Board Meeting and Confirm February 3, 2020 Board Meeting