

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

NOTICE OF SPECIAL MEETING

TIME: 6 p.m.

DATE: Monday, November 26, 2018

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

AGENDA

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

(Next Resolution No. 18-3)

**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. 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 23, 2018
 - B. Treasurer's Reports for June 30, July 31, August 31, September 30, and October 31, 2018
 - C. Quarterly Investment Report – September 2018

Approve
by Motion

7. BOARD BUSINESS

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

Accept
by Motion

		<u>Recommended Action</u>
B.	Discussion and Direction on Supplemental Supply Alternatives and Water Demand Projections	Board Discussion and Direction
C.	Authorize the Authority Manager to Initiate Recruitment for a New Authority Manager	Approve by Motion
D.	Proclamation of Appreciation for Dwight “Pat” Howard’s service on the DERWA Board of Directors	Approve by Motion
8.	<u>MANAGER’S REPORTS</u>	
A.	Capital Projects – Phase 2 Recycled Water Treatment Plant Expansion Project Update	
B.	Confirm Next Board Meeting – February 4, 2019	
9.	<u>BOARDMEMBER ITEMS</u>	
10.	<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.

Item 6.A

DSRSD • EBMUD RECYCLED WATER AUTHORITY (DERWA)

Board of Directors Regular Meeting Minutes Monday, July 23, 2018

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

1. CALL TO ORDER – Chair Howard called the DSRSD • EBMUD Recycled Water Authority (DERWA) meeting to order at 6 p.m. at the Dublin San Ramon Services District Boardroom.
2. PLEDGE TO THE FLAG
3. ROLL CALL – Directors present: Chair Dwight “Pat” Howard, Vice Chair John Coleman, Director Frank Mellon, and Director Georgean Vonheeder-Leopold. 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 p.m. - None
6. CONSENT CALENDAR

A. Approve Minutes of Regular Board Meeting of March 26, 2018

B. Treasurer’s Reports for March 31, April 30 and May 31, 2018

C. Quarterly Investment Report – March 31 and June 30, 2018

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

AYES: Mellon, Vonheeder-Leopold, Coleman, Howard

NOES:

7. BOARD BUSINESS

A. Report for Discussion – DERWA Supply and Storage Alternatives

Authority Manager Tognolini gave a Supplemental Supply and Demand Management Update to the Board addressing the following topics. He introduced DSRSD Engineering Services Manager Judy Zavadil and EBMUD Associate Engineer Dr. Grace Su who provided additional information during the presentation.

- Demand Management (Jan - July 2018 DERWA Daily Recycled Water Demand)
Increasing demands have set new records for daily deliveries, maxing out at over 11 mgd (million gallons per day) as compared to 10.1 mgd last year. There has been a pattern of reduced demand on Saturdays, but an uptick for Pleasanton on roughly the same day due to delivering recycled water through the Pleasanton system to storage in the Tassajara Reservoir, enabling Pleasanton to draw from as needed. He commended DSRSD operations staff for their accomplishments taking advantage of low demand days to maximize storage and level out demand. As a result, no potable water augmentation was needed in June and July to meet increased demand. He also compared DERWA’s

DRAFT

rising 7-Day Running Average Recycled Water Demand over the last five years. DERWA is producing an average of almost 10 mgd this month, which is close to the average wastewater flow at the plant of 10.3 mgd. He noted temperatures have been more consistent this summer, so fewer high temperature days have impacted demand.

Mr. Tognolini reviewed the following demand management strategies: (1) DSRSD, EBMUD, and Pleasanton conducted customer email outreach in June encouraging wise use of recycled water, (2) ongoing customer account reviews to mitigate misuse, (3) possibly contacting users to shift demands on peak days, (4) ask member agencies to consider pricing strategies, and (5) consider customer cutbacks during droughts, which could become a State requirement.

– Short-term Storage to Level Out Peak Daily Demands

Two available storage locations: (1) Tassajara Reservoir holds eight million gallons and is connected to the Pleasanton system, and (2) storage basins at the wastewater treatment plant. Together these would provide 18.6 million gallons of storage when needed to manage high temperature days.

– Potable Water Supplies

- From Pleasanton at Treatment Plant – has 1.1 mgd capacity but is interruptible by Pleasanton. For ongoing operations flexibility, staff will seek extension of the temporary agreement with Pleasanton that provided supplemental potable water supply during the plant expansion construction.
- From DSRSD at Tassajara Reservoir - 1 mgd capacity
- From EBMUD at R100 - Could provide 0.5 mgd, but not available in 2018. Amador Reservoir would be the mechanism to move the supply, but it has been taken out of service because potable water demand is being met without it and it is in a low demand pressure zone.

– Near-term Supply and Storage Development

- DERWA will need about 4 mgd supply or 250 mg storage in four years, based on 2018 demand projections.
- Potable water addition continues to be available to help with peak demand days
- Central Contra Costa Sanitary District (CS) wastewater diversion is currently being discussed for a possible supply agreement.

Ms. Zavadil reviewed DERWA's efforts to obtain wastewater supply from CS. She illustrated the possible diversion at the Larwin Pump Station (PS) near California High School in south San Ramon. Staff is currently in discussions regarding a supply agreement. CS staff has expressed operational, supply availability, and potential longer-term dependency concerns if they were to agree to the diversion.

The Board and staff discussed CS's projected demands, their concerns, and DERWA's ongoing efforts to negotiate an agreement. If successful, the project design, agreement, and construction could result in supplemental supply as soon as May 2019. A consultant is currently working on design to help address CS's concerns. Staff would propose a five-year agreement term, with the option for one-year extensions. The flow from south San Ramon would provide roughly 1.5 mgd, about 1 mgd less than the full flow of the Larwin PS. Though the Larwin PS has had its share of overflows and odor problems, CS is more comfortable with this diversion option, and wishes to include San Ramon in the conversation due to sensitivities in the community.

– Groundwater Storage and Production

Dr. Su presented a map of the groundwater basins in and near DERWA's service area, and reviewed the Main Basin, Fringe Basin, existing wells, and Tassajara area groundwater information:

- Main Basin - Storage capacity about 250 thousand acre feet (taf) and groundwater (GW) production ranged from 13 - 29 taf per year between 2007 -2017
- Fringe Basin (North–Dublin, Camp, and Bishop Subbasins) - Storage capacity about 76 taf based on average depth of 100 feet, limited GW use, primarily for irrigation, GW production information not available, estimated well yields in Dublin Subbasin: 20–980 gpm (gallons per minute)
 - Groundwater Quality - Zone 7 samples annually for inorganic constituents of concern (COC) and the GW quality objectives for: TDS (total dissolved solids), Nitrate, Boron and total chromium.
- Existing Wells Near Transmission Lines – Three wells are still in existence: San Ramon Nursery, San Ramon Golf Club, and Chevron. Staff is evaluating viability of the Nursery well, which is owned by PG&E and was installed by a previous nursery in 1990, but has been dormant due to water quality issues. Staff conducted a pump test and collected samples for testing. The Board and staff discussed the feasibility and regulations regarding use of wells for recycled water storage.
- Tassajara Area Groundwater
 - Outside of delineated Dept. of Water Resources groundwater basin
 - Groundwater used by rural residents and for irrigation
 - Mostly low permeability material including clays, clay with sand, shales, and siltstone
 - Low well yields (2.5 - 12 gpm)
 - Area is not suitable for groundwater storage based on the geology and low well yields

Next Steps

- Decide if Nursery well can be used based on production and water quality and negotiate a use agreement.
 - Identify additional well sites and locations to test drill for new wells.
 - Determine if groundwater is a viable supplemental supply option.
- Longer-term Supply and Storage Alternatives
- Groundwater storage in the Fringe or Main Basin - Fringe Basin has low storage potential based on currently available information, and storage of recycled water in the Main Basin is under Zone 7 jurisdiction and expected to be used for potable reuse.
 - Groundwater wells in the Main Basin (groundwater pumping) - Zone 7 Hopyard Well 7, Pleasanton Well, or a new well would be subject to Zone 7 fees comparable to potable connection fees.
 - Tri-Valley Potable Reuse – Ms. Zavadil provided background on the completed potable reuse technical feasibility study, status on potable reuse end use regulations, and potable water purification methods. The study concluded there are viable project options in the Tri-Valley. The participating agencies have received the study results and are interested in pursuing next steps. A project could be completed in eight years. A project would cost \$112 - \$222 million, increasing monthly water bills \$5 - \$15 for customers at buildout. A project would yield 5 - 10 mgd.
- Other Potential Supplies

- Livermore – Deliveries to Pleasanton through the recycled water intertie and to the DERWA Plant from LAVWMA. Livermore is evaluating its supply to support ultimate build-out needs and a global reuse project. Having significant discussions with Livermore regarding supply diversion is unlikely for one or two years. The Board and staff discussed the possible pursuit of establishing one-year supply diversion agreements until Livermore has determined use for its wastewater supply, as that supply is currently being pumped into the Bay.
- EBDA/LAVWMA – Would require new pumping plants and pipelines to pump water from near the Bay and would incur a high capital cost.

Mr. Tognolini concluded the presentation outlining DERWA's near-term next steps:

- Pursue Central San diversion by spring 2019.
- Extend potable water agreement with Pleasanton.
- Identify/install Fringe Basin wells for peak production by spring 2021.
- Conduct investigation to determine Fringe Basin groundwater storage potential.

8. MANAGER'S REPORTS

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

Authority Manager Tognolini reported the main project elements have been completed. The Pump Station R1 Variable Frequency Drives project, added for cost efficiency's sake, will be completed over the next few months. He noted the DSRSD operations staff is making great strides refining the process to operate the new Actiflo system, handling process upsets, and realizing system flexibility. Project construction is expected to finish under the \$18.8 million budget, but additional budget may be required to conduct filter testing to re-rate the filters and re-rate plant capacity, with the goal to reach 16.2 mgd. The current interim capacity rating is 12.3 mgd.

He reported DERWA signed an agreement last month with the State for a \$2.5 million principle forgiveness loan, which becomes a grant upon signing for the loan. Staff will submit necessary documentation for reimbursement in the next few months. Staff will also re-apply for a Federal grant up to \$3 million under the WIIN (Water Infrastructure for Improvements to the Nation) Act.

Lastly, he announced invitations will be sent soon for the August 15 event celebrating completion of the treatment plant expansion.

B. Confirm Next Board Meeting – September 24, 2018

The Board confirmed the next meeting will be held as scheduled on September 24, 2018.

9. BOARDMEMBER ITEMS - None

10. ADJOURNMENT

Chair Howard adjourned the meeting at 7:29 p.m.

Submitted by,

Nicole M. Genzale, CMC
Authority Secretary

Item 6.B

DERWA
Summary & Recommendation

June 30, 2018 Treasurer's Report
July 31, 2018 Treasurer's Report
August 31, 2018 Treasurer's Report
September 30, 2018 Treasurer's Report
October 31, 2018 Treasurer's Report

Summary:

Attached are the Treasurer's Reports for the months ending June 30, July 31, August 31, September 30 and October 31, 2018 submitted by Treasurer Richard Lou.

Recommendation:

The Treasurer recommends the DERWA Board of Directors approve, by Motion, the Treasurer's Reports for the months June 30, July 31, August 31, September 30 and October 31, 2018.

November 26, 2018

Attachments

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

STAFF REPORT

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

Revenues/Funding: During the month, \$0 in agency reimbursements was received.

Expenses: Current monthly expenditures were \$3,917,201. Fiscal year-to-date expenditures for FY18 total \$16,919,992 of which \$4,217,711 was operating expenses and \$12,702,281 was capital expenditures. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY18.




Cash: The cash balance at June 30, 2018 was (\$3,942,581).

Submitted by:



Richard Lou
Treasurer

Dated: July 18, 2018

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

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




CAPITAL - PROJECT	Program Budget @ FY 2018	Expenditures FY 17 and Prior (a)	Expenditures Current Month	Expenditures FY 18 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	326,316	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	253,947	17,645	17,645	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	347,149	17,563	26,319	373,467	216,611	156,856
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	1,000	0	697,833	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	4,992,198	1,063,498	8,487,198	13,479,396	8,662,136	4,817,260
Pleasanton Capital Billing/Contingency	0	2,187,689	396,584	3,146,970	5,334,659	0	5,334,659
Capitalized Interest	0	1,960,872	0	0	1,960,872	960,827	1,000,045
Total Capital Impr. Proj. Element	10,981,000	86,078,247	1,495,291	12,702,281	98,780,527	49,686,084	49,094,443

OPERATING - ITEM	Budget FY 18	Expenditures FY 17 and Prior (a)	Expenditures Current Month	Expenditures FY 18 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
DERWA Program Manager	196,350	2,907,276	65,123	262,521	3,169,797	2,263,451	906,345
Treasurer	38,500	2,713,822	9,604	42,504	2,756,326	2,067,244	689,082
Legal Counsel	15,000	425,624	24	9,262	434,886	326,165	108,721
Secretary	3,620	200,347	1,861	10,976	211,323	158,492	52,831
Other	108,000	1,175,647	0	96,705	1,272,352	954,264	318,088
Operation and Maintenance Detail	2,145,370	13,993,406	699,783	2,150,232	16,143,638	12,450,003	3,693,636
Debt Service	1,645,513	20,383,542	1,645,514	1,645,514	22,029,056	10,952,080	9,431,462
Total Operating Program Element	4,152,353	41,799,664	2,421,909	4,217,711	46,017,375	29,171,699	15,200,165

PROJECT TOTALS	15,133,353	127,877,911	3,917,201	16,919,992	144,797,902	78,857,783	64,294,608
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REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution		
DSRSD	0	0
EBMUD	0	0
Agency Reimbursements - DSRSD	0	6,564,741
Agency Reimbursements - EBMUD	0	2,694,270
Commercial Paper Issued	0	0
Pleasanton payments	0	2,188,636
Interest / Contracts	0	(24)
Misc Income	0	0
TOTAL REVENUES & FUNDING	0	11,447,623

CASH AVAILABLE	Current Month	Fiscal Year
Beginning Cash	(25,380)	182,804
Beg. Balance Accrual Adj	0	1,346,984
Rounding	0	0
Total Revenues & Funding	0	11,447,623
Total Expenditures	(3,917,201)	(16,919,992)
Ending Cash	(3,942,581)	(3,942,581)

Prepared by  Date: 7-18-18
Reviewed by  Date: 7/18/18
Approved by  Date: 7/18
Lawrence Farn
Scott Klein

DSRSD/EBMUD RECYCLED WATER AUTHORITY
SUMMARY OF EXPENDITURES
FOR THE PERIOD ENDED
JUNE 30, 2018

Check Date	Check Number	Payee	Category	TOTAL Amount	DSRSD Amount	EBMUD Amount		Operating	Capital	CK-OP
06/01/18		BBSI	Op-Prg Manager-Staff (75/25)	1,053.00	789.75	263.25	O	1,053.00	0.00	1,053.00
06/01/18		EBMUD	Op- Trea- Cost Acct(75/25)	1,217.38	913.04	304.35	O	1,217.38	0.00	1,217.38
06/01/18		EBMUD	Op-Prg Manager(75/25)	7,106.71	5,330.03	1,776.68	O	7,106.71	0.00	7,106.71
06/01/18		EBMUD	Op- Trea-Salary(75/25)	1,756.05	1,317.04	439.01	O	1,756.05	0.00	1,756.05
06/01/18		EBMUD	Op-Prg Manager-Staff (75/25)	4,335.26	3,251.45	1,083.82	O	4,335.26	0.00	4,335.26
06/01/18		EBMUD	Cap - Prm Suppl Wtr Sup (58/42)	338.41	196.28	142.13	C	0.00	338.41	0.00
06/01/18		Sue Monatague	Op- Prgm Mgr Expenses (75/25)	41.15	30.86	10.29	O	41.15	0.00	41.15
06/08/18		DSRSD-Operating	Op-Secretary (75/25)	542.60	406.95	135.65	O	542.60	0.00	542.60
06/08/18		DSRSD-Operating	Op-Operating (75/25)	144,406.79	108,305.09	36,101.70	O	144,406.79	0.00	144,406.79
06/08/18		BBSI	Op-Prg Manager-Staff (75/25)	643.50	482.63	160.88	O	643.50	0.00	643.50
06/08/18		Bold, Polisner, Maddow, Nelson & Judson	Cap-DSRSD Inv RWTP (D-portion 46%)	805.92	805.92	-	C	0.00	805.92	0.00
06/08/18		Bold, Polisner, Maddow, Nelson & Judson	Cap-DSRSD Inv RWTP (E-portion 27%)	473.04	-	473.04	C	0.00	473.04	0.00
06/08/18		Bold, Polisner, Maddow, Nelson & Judson	Cap-DSRSD Inv RWTP (Pleasanton27%)	473.04	-	-	C	0.00	473.04	0.00
06/08/18		Bold, Polisner, Maddow, Nelson & Judson	Op-Prg Manager-Staff (75/25)	24.00	18.00	6.00	O	24.00	0.00	24.00
06/15/18		BBSI	Op-Prg Manager-Staff (75/25)	663.00	497.25	165.75	O	663.00	0.00	663.00
06/22/18		CWSRF (Accounting Office) Loan Payment	Op- Princ (49.23%/50.77%)	818,207.86	402,803.73	415,404.13	O	818,207.86	0.00	818,207.86
06/22/18		CWSRF (Accounting Office) Loan Payment	Op- Interest (49.23 / 50.77)	178,698.97	87,973.50	90,725.47	O	178,698.97	0.00	178,698.97
06/22/18		SWRCB (Accounting Office) Loan Payment	Op- Princ (49.23%/50.77%)	506,690.85	249,443.91	257,246.94	O	506,690.85	0.00	506,690.85
06/22/18		SWRCB (Accounting Office) Loan Payment	Op- Interest (49.23 / 50.77)	141,916.28	69,865.38	72,050.90	O	141,916.28	0.00	141,916.28
06/22/18		ICF- Jones & Stokes	Op-Prg Mgr-Public Info (49/51)	13,312.20	6,522.98	6,789.22	O	13,312.20	0.00	13,312.20
06/22/18		BBSI	Op-Prg Manager-Staff (75/25)	858.00	643.50	214.50	O	858.00	0.00	858.00
06/29/18		BBSI	Op-Prg Manager-Staff (75/25)	468.00	351.00	117.00	O	468.00	0.00	468.00
06/29/18		EBMUD	Op- Trea- Cost Acct(75/25)	3,047.63	2,285.72	761.91	O	3,047.63	0.00	3,047.63
06/29/18		EBMUD	Op-Prg Manager(75/25)	4,941.63	3,706.22	1,235.41	O	4,941.63	0.00	4,941.63
06/29/18		EBMUD	Op-Prg Manager-Staff (75/25)	10,416.47	7,812.35	2,604.12	O	10,416.47	0.00	10,416.47
06/29/18		EBMUD	Cap - Prm Suppl Wtr Sup (58/42)	2,714.01	1,574.13	1,139.88	C	0.00	2,714.01	0.00
06/29/18		DSRSD-Operating	Op-Secretary (75/25)	1,312.53	984.40	328.13	O	1,312.53	0.00	1,312.53
06/29/18		DSRSD-Operating	Op-Secr. Expense (75/25)	6.11	4.58	1.53	O	6.11	0.00	6.11
06/29/18		DSRSD-Operating	Op-Operating (75/25)	212,224.48	159,168.36	53,056.12	O	212,224.48	0.00	212,224.48
06/29/18		DSRSD-Capital	Cap-DSRSD Inv RWTP (D-portion 48%)	10,057.59	10,057.59	-	C	0.00	10,057.59	0.00
06/29/18		DSRSD-Capital	Cap-DSRSD Inv RWTP (E-portion 36%)	7,587.31	-	7,587.31	C	0.00	7,587.31	0.00
06/29/18		DSRSD-Capital	Cap-DSRSD Inv RWTP (Pleasanton 16%)	3,360.93	-	-	C	0.00	3,360.93	0.00
06/29/18		DSRSD-Capital	Cap-DSRSD Inv RWTP (D-portion 46%)	172,555.97	172,555.97	-	C	0.00	172,555.97	0.00
06/29/18		DSRSD-Capital	Cap-DSRSD Inv RWTP (E-portion 27%)	101,282.86	-	101,282.86	C	0.00	101,282.86	0.00
06/29/18		DSRSD-Capital	Cap-DSRSD Inv RWTP (Pleasanton27%)	101,282.86	-	-	C	0.00	101,282.86	0.00
Pending		BBSI	Op-Prg Manager-Staff (75/25)	663.00	497.25	165.75	O	663.00	0.00	663.00
Accrual		DSRSD-Capital	Cap-DSRSD Inv RWTP (D-portion 46%)	496,411.83	496,411.83	-	C	0.00	496,411.83	0.00
Accrual		DSRSD-Capital	Cap-DSRSD Inv RWTP (E-portion 27%)	291,372.17	-	291,372.17	C	0.00	291,372.17	0.00
Accrual		DSRSD-Capital	Cap-DSRSD Inv RWTP (Pleasanton27%)	291,372.17	-	-	C	0.00	291,372.17	0.00
Accrual		EBMUD	Op- Trea- Cost Acct(75/25)	3,583.40	2,687.55	895.85	O	3,583.40	0.00	3,583.40
Accrual		EBMUD	Op-Prg Manager(75/25)	5,294.59	3,970.94	1,323.65	O	5,294.59	0.00	5,294.59
Accrual		EBMUD	Op-Prg Manager-Staff (75/25)	15,326.55	11,494.91	3,831.64	O	15,326.55	0.00	15,326.55
Accrual		EBMUD	Cap - Prm Suppl Wtr Sup (58/42)	14,849.45	8,612.68	6,236.77	C	0.00	14,849.45	0.00
Accrual		EBMUD	Cap-EBMUD Inv RWTP (D-portion 46%)	162.37	162.37	-	C	0.00	162.37	0.00
Accrual		EBMUD	Cap-EBMUD Inv RWTP (E-portion 27%)	95.30	-	95.30	C	0.00	95.30	0.00
Accrual		EBMUD	Cap-EBMUD Inv RWTP (Pleasanton27%)	95.30	-	-	C	0.00	95.30	0.00
Accrual	6/30 ACC	DSRSD- June	Op-Operations (75/25)	343,152.03	257,364.02	85,788.01	O	343,152.03	0.00	343,152.03
				3,917,200.55	2,079,299.16	1,441,317.09				
								2,421,910.02	1,495,290.53	2,421,910.02

Certificates of Disb.	
Wk Ending	Amount
6/1/18	\$ 15,847.96
6/8/18	\$ 147,368.89
6/15/18	\$ 663.00
6/22/18	\$1,659,684.16
6/29/18	\$ 631,258.38
Pending	\$ 663.00
Accrual	\$1,461,715.16
\$ 3,917,200.55	

Pleasanton- 396,584.30

0.00 Reconciled
0.00 Reconciled
0.00 Reconciled

OP 2,421,910.02
CAP 1,495,290.53

Prepared by

Manuel Alvarez Jr.

Date:

7-14-18

Reviewed by

Lawrence Fah

Date:

7/18/18

Approved by

Scott Klein

Date:

7/19

DERWA CASH REPORT

Cash Balance as of

05/31/18

(25,379.65) Reconciled to DERWA TR

Add member agency's contribution:

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

Less invoice payments:

BBSI	6/1/2018	(1,053.00)
EBMUD	6/1/2018	(14,753.81)
Sue Montague	6/1/2018	(41.15)
DSRSD	6/8/2018	(144,949.39)
BBSI	6/8/2018	(643.50)
Bold, Polisner, Maddow, Nelson & Judson	6/8/2018	(1,776.00)
BBSI	6/15/2018	(663.00)
CWWSRF (Accounting Office) Loan Payment	6/22/2018	(648,607.13)
SWRCB (Accounting Office) Loan Payment	6/22/2018	(996,906.83)
ICF Jones & Stokes	6/22/2018	(13,312.20)
BBSI	6/22/2018	(858.00)
BBSI	6/29/2018	(468.00)
EBMUD	6/29/2018	(21,119.74)
DSRSD	6/29/2018	(234,548.95)
DSRSD	6/29/2018	(375,121.69)
BBSI	7/6/2018	(663.00)

Cash Balance as of

06/30/18

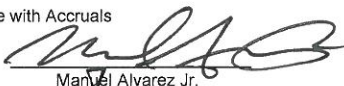


(2,480,865.04)

Rounding

(0.80)

Cash Balance 06/30/18

(2,480,865.84)

Accruals	(1,461,715.16)
Cash Balance with Accruals	6/30/2018 (3,942,581.00)
Prepared by 	Date 7-18-18
Reviewed by 	Date 7/18/18
Approved by 	Date 7/18/18

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

STAFF REPORT

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

Revenues/Funding: During the month, \$1,760,970 in agency reimbursements was received. No other miscellaneous payments were received this month.

Expenses: Current month expenditures were \$5,507. Fiscal year-to-date expenditures for FY19 total (\$1,456,208); of which \$5,507 were operating expenses. Accrual reversals totaled (\$1,461,715). Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY19.

Cash: The cash balance at July 31, 2018 was \$(725,403).

Submitted by:



Richard Lou
Treasurer

Dated: August 9, 2018

Prepared by  (M. Alvarez Jr.)

Reviewed by  (L. Fan)

Reviewed by  (S. Klein)

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

CAPITAL - PROJECT	Program Budget @ FY 2019	Expenditures FY 18 and Prior (a)	Expenditures Current Month	Expenditures FY 19 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
Pipeline Reach 1	0	7,560,517	0	0	7,560,517	4,383,920	3,176,597
Pipeline Reach 2	0	4,558,120	0	0	4,558,120	3,882,264	675,856
Pipeline Reach 3	0	2,286,003	0	0	2,286,003	1,719,204	566,799
Pipeline Reach 4	0	1,614,959	0	0	1,614,959	363,685	1,251,274
Pipeline Reach 5	0	1,430,991	0	0	1,430,991	200,195	1,230,796
Pipeline Reach 6	0	6,759,869	0	0	6,759,869	430,784	6,329,085
Treatment Plant	0	15,732,794	0	0	15,732,794	8,948,843	6,783,951
Pump Stations	0	8,563,294	0	0	8,563,294	6,776,648	1,786,646
Water Tanks	0	12,393,483	0	0	12,393,483	7,221,552	5,171,931
Phase 2 Pipeline & Pump Station	0	3,462,938	0	0	3,462,938	0	3,462,938
Backbone Corrosion	0	1,109,004	0	0	1,109,004	122,302	986,702
SCADA	233,000	341,726	0	0	341,726	194,784	146,942
EBMUD Pipeline Phase 2, 3 & 4	0	602,193	0	0	602,193	0	602,193
Fine Screening	0	927,811	0	0	927,811	528,852	398,959
New/Replacement Capital <50K	150,000	271,592	0	0	271,592	154,808	116,784
MF/UV Control Programing Update	0	144,366	0	0	144,366	82,289	62,077
Program Planning & Air Relief	410,000	5,491,623	0	0	5,491,623	2,696,685	2,794,938
Planning Prior Years	0	3,665,330	0	0	3,665,330	1,796,012	1,869,318
Permanent Suppl. Supply	105,000	373,467	(14,849)	(14,849)	358,618	207,998	150,620
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
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	16,432	0	0	16,432	8,216	8,216
PSR1 /Recy. Water Treatment Expansion	9,383,000	13,479,396	(788,042)	(788,042)	12,691,354	8,165,562	4,525,792
Pleasanton Capital Billing/Contingency	0	5,334,659	(291,467)	(291,467)	5,043,192	0	5,043,192
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	(1,094,358)	(1,094,358)	97,686,169	49,180,897	48,505,272

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	(17,005)	(17,006)	3,152,791	2,250,294	902,496
Treasurer	38,500	2,756,326	(1,692)	(1,692)	2,754,634	2,065,975	688,659
Legal Counsel	15,000	434,886	0	0	434,886	326,165	108,721
Secretary	3,620	211,323	0	0	211,323	158,492	52,831
Other	108,000	1,272,352	0	0	1,272,352	954,264	318,088
Operation and Maintenance Detail	2,145,370	16,143,638	(343,152)	(343,152)	15,800,486	12,192,639	3,607,848
Debt Service	1,645,513	22,029,056	0	0	22,029,056	12,106,263	9,922,793
Total Operating Program Element	4,152,353	46,017,378	(361,850)	(361,850)	45,655,528	30,054,092	15,601,436

PROJECT TOTALS	15,133,353	144,797,905	(1,456,208)	(1,456,208)	143,341,697	79,234,989	64,106,708
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REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution	0	0
DSRSD	0	0
EBMUD	0	0
Agency Reimbursements - DSRSD	1,693,467	1,693,467
Agency Reimbursements - EBMUD	67,503	67,503
Commercial Paper Issued	0	0
Pleasanton payments	0	0
Interest / Contracts	0	0
Misc Income	0	0
TOTAL REVENUES & FUNDING	1,760,970	1,760,970

CASH AVAILABLE	Current Month	Fiscal Year
Beginning Cash	(2,480,866)	(2,480,866)
Beg. Balance Accrual Adj	(1,461,715)	(1,461,715)
Rounding	0	0
Total Revenues & Funding	1,760,970	1,760,970
Total Expenditures	1,456,208	1,456,208
Ending Cash	(725,403)	(725,403)

Prepared by Manuel Alvarez Jr. Date: 8-8-18
Reviewed by Lawrence Finn Date: 8/8/18
Approved by Scott Klein Date: 8/8/18

[illegible][illegible]

0.00 Reconciled
0.00 Reconciled
0.00 Reconciled

Prepared by _____
Manuel Alvarez Jr.

Reviewed by _____
Lawrence Fan

Approved by _____
Scott Klein

Date: 8/8/18
Date: 8/8/18
Date: 8/8/18

DERWA CASH REPORT

Cash Balance as of 06/30/18 (2,480,866.26) Reconciled to DERWA TR


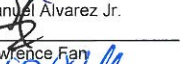

Add member agency's contribution:

DSRSD Contribution		
EBMUD Contribution		
Agency Reimbursements - DSRSD	7/2/2018	1,693,466.70
Agency Reimbursements - EBMUD	7/9/2018	67,503.06
City of Pleasanton Payments		
Interest Income		
Other Reimbursements- Misc		

Less invoice payments:

BBSI	7/20/2018	(585.00)
BBSI	7/20/2018	(624.00)
Jones & Stokes ICF International	7/20/2018	(1,549.05)
BBSI	7/27/2018	(858.00)
Maze	7/27/2018	(1,891.00)

Cash Balance as of	07/31/18	(725,403.55)
	Rounding	0.55
Cash Balance 07/31/18		(725,403.00)

Prepared by		Date	8-8-18
Reviewed by	Manuel Alvarez Jr.	Date	8/8/18
Approved by		Date	8/8/18
	Lawrence Fan		
			
	Scott Klein		

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

STAFF REPORT

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

Revenues/Funding: During the month, \$476,103 in agency reimbursements was received.

Expenses: Current monthly expenditures were \$1,551,607. Fiscal year-to-date expenditures for FY19 total \$95,398 which is comprised of \$454,617 for operating expenses, \$1,102,496 for capital expenses and (\$1,461,715) for the accrual reversal. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY19.

Cash: The cash balance at August 31, 2018 was (\$1,800,907).

Submitted by:



Richard Lou
Treasurer

Dated: September 17, 2018

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

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

CAPITAL - PROJECT	Program Budget @ FY 2019	Expenditures FY 18 and Prior (a)	Expenditures Current Month	Expenditures FY 19 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
Pipeline Reach 1	0	7,560,517	0	0	7,560,517	4,383,920	3,176,597
Pipeline Reach 2	0	4,558,120	0	0	4,558,120	3,882,264	675,856
Pipeline Reach 3	0	2,286,003	0	0	2,286,003	1,719,204	566,799
Pipeline Reach 4	0	1,614,959	0	0	1,614,959	363,685	1,251,274
Pipeline Reach 5	0	1,430,991	0	0	1,430,991	200,195	1,230,796
Pipeline Reach 6	0	6,759,869	0	0	6,759,869	430,784	6,329,085
Treatment Plant	0	15,732,794	0	0	15,732,794	8,948,843	6,783,951
Pump Stations	0	8,563,294	0	0	8,563,294	6,776,648	1,786,646
Water Tanks	0	12,393,483	0	0	12,393,483	7,221,552	5,171,931
Phase 2 Pipeline & Pump Station	0	3,462,938	0	0	3,462,938	0	3,462,938
Backbone Corrosion	0	1,109,004	0	0	1,109,004	122,302	986,702
SCADA	233,000	341,726	0	0	341,726	194,784	146,942
EBMUD Pipeline Phase 2, 3 & 4	0	602,193	0	0	602,193	0	602,193
Fine Screening	0	927,811	0	0	927,811	528,852	398,959
New/Replacement Capital <50K	150,000	271,592	0	0	271,592	154,808	116,784
MF/UV Control Programing Update	0	144,366	0	0	144,366	82,289	62,077
Program Planning & Air Relief	410,000	5,491,623	0	0	5,491,623	2,696,685	2,794,938
Planning Prior Years	0	3,665,330	0	0	3,665,330	1,796,012	1,869,318
Permanent Suppl. Supply	105,000	373,467	32,344	17,494	390,961	226,757	164,204
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	781,211	(6,830)	13,472,566	8,657,832	4,814,734
Pleasanton Capital Billing/Contingency	0	5,334,659	288,941	(2,526)	5,332,133	0	5,332,133
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	1,102,496	8,138	98,788,665	49,691,926	49,096,739

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	43,104	26,098	3,195,895	2,282,422	913,472
Treasurer	38,500	2,756,326	10,202	8,509	2,764,835	2,073,625	691,210
Legal Counsel	15,000	434,886	0	0	434,886	326,165	108,721
Secretary	3,620	211,323	197	197	211,520	158,641	52,879
Other	108,000	1,272,352	0	0	1,272,352	954,264	318,088
Operation and Maintenance Detail	2,145,370	16,143,638	395,608	52,456	16,196,094	12,489,345	3,706,750
Debt Service	1,645,513	22,029,056	0	0	22,029,056	12,106,263	9,922,793
Total Operating Program Element	4,152,353	46,017,378	449,111	87,260	46,104,638	30,390,725	15,713,913

PROJECT TOTALS	15,133,353	144,797,905	1,551,607	95,398	144,893,303	80,082,651	64,810,652
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REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution		
DSRSD	0	0
EBMUD	0	0
Agency Reimbursements - DSRSD	(241,242)	1,452,225
Agency Reimbursements - EBMUD	520,406	587,909
Commercial Paper Issued	0	0
Pleasanton payments	196,938	196,938
Interest / Contracts	0	0
Misc Income	0	0
TOTAL REVENUES & FUNDING	476,103	2,237,072

	Current Month	Fiscal Year
CASH AVAILABLE		
Beginning Cash	(725,403)	(2,480,866)
Beg. Balance Accrual Adj	0	(1,461,715)
Rounding	0	0
Total Revenues & Funding	476,103	2,237,072
Total Expenditures	(1,551,607)	(95,398)
Ending Cash	(1,800,907)	(1,800,907)

Prepared by Manuel Alvarez Jr. Date: 9-7-18
Reviewed by Lawrence Pan Date: 9/7/18
Approved by Scott Klein Date: 9/17

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

Check Date	Check Number	Payee	Category	TOTAL Amount	DSRSD Amount	EBMUD Amount		Operating	Capital	CK-OP
08/03/18		EBMUD	Op- Trea- Cost Acct(75/25)	3,583.40	2,687.55	895.85	O	3,583.40	0.00	3,583.40
08/03/18		EBMUD	Op-Prg Manager(75/25)	5,294.59	3,970.94	1,323.65	O	5,294.59	0.00	5,294.59
08/03/18		EBMUD	Op-Prg Manager-Staff (75/25)	15,326.55	11,494.91	3,831.64	O	15,326.55	0.00	15,326.55
08/03/18		EBMUD	Cap - Prm Suppl Wtr Sup (58/42)	14,849.45	8,612.68	6,236.77	C	0.00	14,849.45	0.00
08/03/18		EBMUD	Cap-EBMUD Inv RWTP (D-portion 46%)	162.37	162.37	-	C	0.00	162.37	0.00
08/03/18		EBMUD	Cap-EBMUD Inv RWTP (E-portion 27%)	95.30	-	95.30	C	0.00	95.30	0.00
08/03/18		EBMUD	Cap-EBMUD Inv RWTP (Pleasanton27%)	95.30	-	-	C	0.00	95.30	0.00
08/03/18		Underground Service Alert	Op-Prog. Mg. Other (75/25)	1,427.45	1,070.59	356.86	O	1,427.45	0.00	1,427.45
08/03/18		BBSI	Op-Prg Manager-Staff (75/25)	936.00	702.00	234.00	O	936.00	0.00	936.00
08/10/18		BBSI	Op-Prg Manager-Staff (75/25)	780.00	585.00	195.00	O	780.00	0.00	780.00
08/10/18		Sue Montague	Op- Prgm Mgr Expenses (75/25)	51.64	38.73	12.91	O	51.64	0.00	51.64
08/17/18		Bold, Polisner, Maddow, Nelson & Judson	Cap-DSRSD Inv RWTP (D-portion 46%)	624.09	624.09	-	C	0.00	624.09	0.00
08/17/18		Bold, Polisner, Maddow, Nelson & Judson	Cap-DSRSD Inv RWTP (E-portion 27%)	366.31	-	366.31	C	0.00	366.31	0.00
08/17/18		Bold, Polisner, Maddow, Nelson & Judson	Cap-DSRSD Inv RWTP (Pleasanton27%)	366.31	-	-	C	0.00	366.31	0.00
08/17/18		DSRSD-Capital	Cap-DSRSD Inv RWTP (D-portion 46%)	491,483.64	491,483.64	-	C	0.00	491,483.64	0.00
08/17/18		DSRSD-Capital	Cap-DSRSD Inv RWTP (E-portion 27%)	288,479.53	-	288,479.53	C	0.00	288,479.53	0.00
08/17/18		DSRSD-Capital	Cap-DSRSD Inv RWTP (Pleasanton27%)	288,479.53	-	-	C	0.00	288,479.53	0.00
08/17/18		EBMUD	Op-Prog. Mg. Other (75/25)	241,241.78	180,931.34	60,310.45	O	241,241.78	0.00	241,241.78
08/17/18		DSRSD-Operating	Op-Secretary (75/25)	183.37	137.53	45.84	O	183.37	0.00	183.37
08/17/18		DSRSD-Operating	Op-Secr. Expense (75/25)	13.63	10.22	3.41	O	13.63	0.00	13.63
08/17/18		DSRSD-Operating	Op-Operating (75/25)	395,607.78	296,705.84	98,901.95	O	395,607.78	0.00	395,607.78
08/17/18		DSRSD-Operating	Op-Other (75/25)	3,000.00	2,250.00	750.00	O	3,000.00	0.00	3,000.00
08/17/18		ICF- Jones & Stokes	Op-Prg Mgr-Public Info (49/51)	775.00	379.75	395.25	O	775.00	0.00	775.00
08/17/18		BBSI	Op-Prg Manager-Staff (75/25)	565.50	424.13	141.38	O	565.50	0.00	565.50
08/17/18		EBMUD	Op- Trea- Cost Acct(75/25)	4,823.82	3,617.87	1,205.96	O	4,823.82	0.00	4,823.82
08/17/18		EBMUD	Op-Prg Manager(75/25)	4,386.44	3,289.83	1,096.61	O	4,386.44	0.00	4,386.44
08/17/18		EBMUD	Op-Prg Manager-Staff (75/25)	8,815.30	6,611.48	2,203.83	O	8,815.30	0.00	8,815.30
08/17/18		EBMUD	Op- Trea-Salary(75/25)	1,794.42	1,345.82	448.61	O	1,794.42	0.00	1,794.42
08/17/18		EBMUD	Cap - Prm Suppl Wtr Sup (58/42)	17,494.18	10,146.62	7,347.56	C	0.00	17,494.18	0.00
08/24/18		BBSI	Op-Prg Manager-Staff (75/25)	897.00	672.75	224.25	O	897.00	0.00	897.00
08/31/18		BBSI	Op-Prg Manager-Staff (75/25)	848.25	636.19	212.06	O	848.25	0.00	848.25
				-	-	-		0.00	0.00	0.00
				-	-	-		0.00	0.00	0.00
				1,792,847.93	1,028,591.84	475,314.95		690,351.92	1,102,496.01	690,351.92

Certificates of Disb.	
Wk Ending	Amount
8/3/18	\$ 41,770.41
8/10/18	\$ 831.64
8/17/18	\$1,748,500.63
8/24/18	\$ 897.00
8/31/18	\$ 848.25
	\$ 1,792,847.93

Pleasanton- 288,941.14

OP 690,351.92
CAP 1,102,496.01

0.00 Reconciled
0.00 Reconciled
0.00 Reconciled

Prepared by Manuel Alvarez Jr. Date: 9-7-18
Reviewed by Lawrence Fan Date: 9/7/18
Approved by Scott Klein Date: 9/7

DERWA CASH REPORT

Cash Balance as of

07/31/18

(725,403.55) Reconciled to DERWA TR

Add member agency's contribution:

DSRSD Contribution	
EBMUD Contribution	
Agency Reimbursements - DSRSD	(241,241.78)
Agency Reimbursements - EBMUD	Received in May 520,406.08
City of Pleasanton Payments	196,938.35
Interest Income	
Other Reimbursements- Misc	

Less invoice payments:

EBMUD	8/3/2018	(39,406.96)
Underground Service Alert	8/3/2018	(1,427.45)
BBSI	8/3/2018	(936.00)
BBSI	8/10/2018	(780.00)
Sue Montague	8/10/2018	(51.64)
BPMNJ	8/17/2018	(1,356.72)
DSRSD	8/17/2018	(1,068,442.69)
DSRSD	8/17/2018	(398,804.74)
BBSI	8/17/2018	(565.50)
ICF Jones & Stokes	8/17/2018	(775.00)
EBMUD	8/17/2018	(37,314.16)
BBSI	8/24/2018	(897.00)
BBSI	8/31/2018	(848.25)

Cash Balance as of

08/31/18

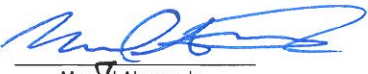

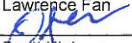
(1,800,907.01)

Rounding

0.01

Cash Balance 08/31/18

(1,800,907.00)

Prepared by 
Manuel Alvarez Jr.
Reviewed by 
Lawrence Fan
Approved by 
Scott Klein

Date 8-7-18
Date 8/7/18
Date 8/17

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

STAFF REPORT

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

Revenues/Funding: During the month, \$5,507 in agency reimbursements was received.

Expenses: Current month expenditures were \$414,554. Fiscal year-to-date expenditures for FY18 total \$509,951 of which \$487,688 was operating expenses and \$22,263 were capital expenditures. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY18.

Cash: The cash balance at September 30, 2018 was \$(2,209,953).


Submitted by:



Richard Lou
Treasurer

Dated: October 15, 2018

Prepared by  (M. Alvarez)

Reviewed by  (L. Fan)

Reviewed by  (S. Klein)

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

CAPITAL - PROJECT	Program Budget @ FY 2019	Expenditures FY 18 and Prior (a)	Expenditures Current Month	Expenditures FY 19 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
Pipeline Reach 1	0	7,560,517	0	0	7,560,517	4,383,920	3,176,597
Pipeline Reach 2	0	4,558,120	0	0	4,558,120	3,882,264	675,856
Pipeline Reach 3	0	2,286,003	0	0	2,286,003	1,719,204	566,799
Pipeline Reach 4	0	1,614,959	0	0	1,614,959	363,685	1,251,274
Pipeline Reach 5	0	1,430,991	0	0	1,430,991	200,195	1,230,796
Pipeline Reach 6	0	6,759,869	0	0	6,759,869	430,784	6,329,085
Treatment Plant	0	15,732,794	0	0	15,732,794	8,948,843	6,783,951
Pump Stations	0	8,563,294	0	0	8,563,294	6,776,648	1,786,646
Water Tanks	0	12,393,483	0	0	12,393,483	7,221,552	5,171,931
Phase 2 Pipeline & Pump Station	0	3,462,938	0	0	3,462,938	0	3,462,938
Backbone Corrosion	0	1,109,004	0	0	1,109,004	122,302	986,702
SCADA	233,000	341,726	0	0	341,726	194,784	146,942
EBMUD Pipeline Phase 2, 3 & 4	0	602,193	0	0	602,193	0	602,193
Fine Screening	0	927,811	0	0	927,811	528,852	398,959
New/Replacement Capital <50K	150,000	271,592	0	0	271,592	154,808	116,784
MF/UV Control Programing Update	0	144,366	0	0	144,366	82,289	62,077
Program Planning & Air Relief	410,000	5,491,623	0	0	5,491,623	2,696,685	2,794,938
Planning Prior Years	0	3,665,330	0	0	3,665,330	1,796,012	1,869,318
Permanent Suppl. Supply	105,000	373,467	12,776	30,270	403,737	234,167	169,570
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	985	(5,845)	13,473,551	8,658,453	4,815,098
Pleasanton Capital Billing/Contingency	0	5,334,659	364	(2,162)	5,332,497	0	5,332,497
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	14,126	22,263	98,802,790	49,699,957	49,102,834

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	11,620	37,718	3,207,515	2,290,728	916,786
Treasurer	38,500	2,756,326	11,632	20,141	2,776,467	2,082,350	694,117
Legal Counsel	15,000	434,886	0	0	434,886	326,165	108,721
Secretary	3,620	211,323	1,200	1,397	212,720	159,541	53,179
Other	108,000	1,272,352	99,292	99,292	1,371,644	1,028,733	342,911
Operation and Maintenance Detail	2,145,370	16,143,638	276,684	329,140	16,472,778	12,696,858	3,775,921
Debt Service	1,645,513	22,029,056	0	0	22,029,056	12,106,263	9,922,793
Total Operating Program Element	4,152,353	46,017,378	400,428	487,688	46,505,066	30,690,638	15,814,428

PROJECT TOTALS	15,133,353	144,797,905	414,554	509,951	145,307,856	80,390,595	64,917,262
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REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution		
DSRSD	0	0
EBMUD	0	0
Agency Reimbursements - DSRSD	3,728	1,455,952
Agency Reimbursements - EBMUD	1,780	589,689
Commercial Paper Issued	0	0
Pleasanton payments	0	196,938
Interest / Contracts	0	0
Misc Income	0	0
TOTAL REVENUES & FUNDING	5,507	2,242,579
CASH AVAILABLE		
Beginning Cash	(1,800,907)	(2,480,866)
Beg. Balance Accrual Adj	0	(1,461,715)
Rounding	0	0
Total Revenues & Funding	5,507	2,242,579
Total Expenditures	(414,554)	(509,951)
Ending Cash	(2,209,953)	(2,209,953)

Prepared by Manuel Alvarez Jr. Date: 10-15-18
Reviewed by Lawrence Pap Date: 10/15/18
Approved by Scott Klein Date: 10/15/18

[illegible]

Manuel Alvarez Jr.

Lawrence Fan

Scott Klein

16-15-18

10, 51, 8

10/15/18

0.00 Reconciled
0.00 Reconciled
0.00 Reconciled

DERWA CASH REPORT

Cash Balance as of

08/31/18

(1,800,907.01) Reconciled to DERWA TR

Add member agency's contribution:

DSRSD Contribution	
EBMUD Contribution	
Agency Reimbursements - DSRSD	3,727.53
Agency Reimbursements - EBMUD	1,779.52
City of Pleasanton Payments	
Interest Income	
Other Reimbursements- Misc	

Less invoice payments:

BBSI	9/7/2018	(682.50)
BBSI	9/21/2018	(682.50)
Alliant Insurance	9/21/2018	(99,292.43)
DSRSD	9/21/2018	(278,134.18)
Maze	9/21/2018	(3,782.00)
ICF Jones & Stokes	9/28/2018	(1,570.00)
BBSI	9/28/2018	(1,443.00)
EBMUD	9/28/2018	(28,152.27)
Sue Montague	9/28/2018	(50.49)
BBSI	9/28/2018	(604.50)
Mike Tognilini	9/28/2018	(160.14)

Cash Balance as of

09/30/18

(2,209,953.97)

Rounding

0.97

Cash Balance 09/30/18

(2,209,953.00)

Prepared by

Manuel Alvarez Jr.

Reviewed by

Lawrence Fan

Approved by

Scott Klein

Date

10-15-18

Date

10/25/18

Date

10-15-18

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

STAFF REPORT

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

Revenues/Funding: During the month, \$1,503,907 in agency reimbursements was received. Also payments of \$75,195 was received from the City of Pleasanton.

Expenses: Current monthly expenditures were \$1,013,758. Fiscal year-to-date expenditures for FY19 total \$1,523,710 of which \$1,020,189 was operating expenses and \$503,521 was capital expenditures. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY19.

Cash: The cash balance at October 31, 2018 was (\$1,644,609).

Submitted by:

Richard Lou
Treasurer

Dated: November 8, 2018

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

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

CAPITAL - PROJECT	Program Budget @ FY 2019	Expenditures FY 18 and Prior (a)	Expenditures Current Month	Expenditures FY 19 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
Pipeline Reach 1	0	7,560,517	0	0	7,560,517	4,383,920	3,176,597
Pipeline Reach 2	0	4,558,120	0	0	4,558,120	3,882,264	675,856
Pipeline Reach 3	0	2,286,003	0	0	2,286,003	1,719,204	566,799
Pipeline Reach 4	0	1,614,959	0	0	1,614,959	363,685	1,251,274
Pipeline Reach 5	0	1,430,991	0	0	1,430,991	200,195	1,230,796
Pipeline Reach 6	0	6,759,869	0	0	6,759,869	430,784	6,329,085
Treatment Plant	0	15,732,794	0	0	15,732,794	8,948,843	6,783,951
Pump Stations	0	8,563,294	0	0	8,563,294	6,776,648	1,786,646
Water Tanks	0	12,393,483	0	0	12,393,483	7,221,552	5,171,931
Phase 2 Pipeline & Pump Station	0	3,462,938	0	0	3,462,938	0	3,462,938
Backbone Corrosion	0	1,109,004	0	0	1,109,004	122,302	986,702
SCADA	233,000	341,726	0	0	341,726	194,784	146,942
EBMUD Pipeline Phase 2, 3 & 4	0	602,193	0	0	602,193	0	602,193
Fine Screening	0	927,811	0	0	927,811	528,852	398,959
New/Replacement Capital <50K	150,000	271,592	0	0	271,592	154,808	116,784
MF/UV Control Programing Update	0	144,366	0	0	144,366	82,289	62,077
Program Planning & Air Relief	410,000	5,491,623	0	0	5,491,623	2,696,685	2,794,938
Planning Prior Years	0	3,665,330	0	0	3,665,330	1,796,012	1,869,318
Permanent Suppl. Supply	105,000	373,467	0	30,270	403,737	234,167	169,570
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	351,318	345,473	13,824,869	8,879,832	4,945,037
Pleasanton Capital Billing/Contingency	0	5,334,659	129,940	127,778	5,462,437	0	5,462,437
Capitalized Interest	0	1,960,872	0	0	1,960,872	960,827	1,000,045
Total Capital Impr. Proj. Element	10,981,000	98,780,527	481,258	503,521	99,284,048	49,921,336	49,362,713

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	3,157	40,876	3,210,673	2,292,848	917,824
Treasurer	38,500	2,756,326	0	20,141	2,776,467	2,082,350	694,117
Legal Counsel	15,000	434,886	50	50	434,936	326,202	108,734
Secretary	3,620	211,323	1,702	3,100	214,423	160,817	53,606
Other	108,000	1,272,352	0	99,292	1,371,644	1,028,733	342,911
Operation and Maintenance Detail	2,145,370	16,143,638	527,591	856,730	17,000,368	13,092,550	3,907,819
Debt Service	1,645,513	22,029,056	0	0	22,029,056	12,106,263	9,922,793
Total Operating Program Element	4,152,353	46,017,378	532,500	1,020,189	47,037,567	31,089,763	15,947,804

PROJECT TOTALS	15,133,353	144,797,905	1,013,758	1,523,710	146,321,615	81,011,099	65,310,517
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REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution		
DSRSD	0	0
EBMUD	0	0
Agency Reimbursements - DSRSD	1,028,592	2,484,544
Agency Reimbursements - EBMUD	475,315	1,065,004
Commercial Paper Issued	75,195	0
Pleasanton payments	0	272,134
Interest / Contracts	0	0
Misc Income	0	0
TOTAL REVENUES & FUNDING	1,579,102	3,821,682

	Current Month	Fiscal Year
CASH AVAILABLE		
Beginning Cash	(2,209,953)	(2,480,866)
Beg. Balance Accrual Adj	0	(1,461,715)
Rounding	0	0
Total Revenues & Funding	1,579,102	3,821,682
Total Expenditures	(1,013,758)	(1,523,710)
Ending Cash	(1,644,609)	(1,644,609)

Prepared by Manuel Alvarez Jr. Date: 11-7-18
Reviewed by Lawrence Fan Date: 11/7/18
Approved by Scott Klein Date: 11/7/18

[illegible]

0.00 Reconciled
0.00 Reconciled
0.00 Reconciled

Certificates of Disb.
Wk Ending Amount
10/26/18 \$1,013,757.67
\$ 1,013,757.67

Prepared by

Manuel Alvarez Jr.

Reviewed by

Lawrence Fan

Approved by

Scott Klein

Date:

Date:

Date:

DERWA CASH REPORT

Cash Balance as of

09/30/18

(2,209,953.97) Reconciled to DERWA TR

Add member agency's contribution:

DSRSD Contribution	
EBMUD Contribution	
Agency Reimbursements - DSRSD	475,314.95
Agency Reimbursements - EBMUD	1,028,591.84
City of Pleasanton Payments	75,195.47
Interest Income	
Other Reimbursements- Misc	

Less invoice payments:

ICF Jones & Stokes	10/26/2018	(960.00)
DSRSD	10/26/2018	(481,257.70)
WaterReuse	10/26/2018	(722.25)
BPMNJ	10/26/2018	(50.00)
BBSI	10/26/2018	(975.00)
DSRSD	10/26/2018	(344,565.34)
DSRSD	10/26/2018	(185,227.38)

Cash Balance as of

10/31/18


(1,644,609.38)

Rounding

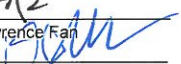
0.38

Cash Balance 10/31/18


(1,644,609.00)

Prepared by 
Manuel Alvarez Jr.

Date 11-7-18

Reviewed by 
Lawrence Fan

Date 11/7/18

Approved by 
Scott Klein

Date 11/7

Item 6.C

DERWA Summary & Recommendation

Quarterly Investment Report – September 30, 2018

Summary:

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

The investments held by the Authority on September 30, 2018 were \$0.00. The investment portfolio is in full compliance with the Board's adopted policy regarding the Authority's investments.

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

Recommendation:

The Treasurer recommends that the DERWA Board of Directors approve, by Motion, the Quarterly Investment Report for September 30, 2018.

November 26, 2018

Item 7.A

DERWA Summary & Recommendation

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

Summary:

Attached are the annual reports on the audited DERWA Financial Statements as of June 30, 2018 and 2017 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.

November 26, 2018

Attachment

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

BASIC FINANCIAL STATEMENTS

June 30, 2018 and 2017

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**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY
BASIC FINANCIAL STATEMENTS
For The Years Ended June 30, 2018 and 2017**

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<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
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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 accompanying 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, 2018 and 2017, 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, 2018 and 2017, 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.

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 23, 2018 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 + Associates

Pleasant Hill, California
August 23, 2018

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

Management's Discussion and Analysis

June 30, 2018 and 2017

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, 2018 and 2017. 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, 2018 and 2017

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, 2018 and 2017, and Table 2 summarizes revenues, expenses and changes in net position for the years ended June 30, 2018 and 2017. Both tables also include variances from the prior year.

Table 1
Summary of Net Position
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>	<u>Variance</u>
Assets:			
Current assets	\$ 1,098,285	\$ 3,830,039	\$ (2,731,754)
Capital assets	<u>76,319,712</u>	<u>65,778,500</u>	<u>10,541,212</u>
Total assets	<u>77,417,997</u>	<u>69,608,539</u>	<u>7,809,458</u>
Liabilities:			
Current liabilities	3,033,506	3,392,549	(359,043)
Long-term liabilities	<u>9,609,348</u>	<u>10,980,353</u>	<u>(1,371,005)</u>
Total liabilities	<u>12,642,854</u>	<u>14,372,902</u>	<u>(1,730,048)</u>
Net position:			
Net investment in capital assets	65,339,359	53,460,581	11,878,778
Unrestricted	<u>(564,216)</u>	<u>1,775,056</u>	<u>(2,339,272)</u>
Total net position	<u>\$ 64,775,143</u>	<u>\$ 55,235,637</u>	<u>\$ 9,539,506</u>

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

Management's Discussion and Analysis

June 30, 2018 and 2017

Table 2
Summary of Revenues, Expenses and Changes in Net Position
Years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>	<u>Variance</u>
Operating revenue:	\$ 14,581,106	\$ 12,502,492	\$ 2,078,614
Operating expenses:			
Professional services	(6,211)	(3,708)	(2,503)
General and administrative	(416,137)	(318,363)	(97,774)
Operation and maintenance	(2,150,232)	(1,830,799)	(319,433)
Depreciation	<u>(2,161,072)</u>	<u>(3,162,358)</u>	<u>1,001,286</u>
Total operating expenses	(4,733,652)	(5,315,228)	581,576
Nonoperating income (expenses):			
Interest on state loan	<u>(307,948)</u>	<u>(340,572)</u>	<u>32,624</u>
Total other income (expenses)	(307,948)	(340,572)	32,624
Change in net position	9,539,506	6,846,692	2,692,814
Total net position - beginning	<u>55,235,637</u>	<u>48,388,945</u>	<u>6,846,692</u>
Total net position - ending	\$ <u><u>64,775,143</u></u>	\$ <u><u>55,235,637</u></u>	\$ <u><u>9,539,506</u></u>

- Current assets of the Authority decreased \$2.7 million due to decreased cash from prior year.
- The net position of the Authority in 2018 increased by \$9.5 million from the prior year. The primary reason for this increase was a \$2.1 million increase in total operating revenue, along with a decrease in operating expenses.
- Capital assets as of June 30, 2018 increased by \$10.5 million primarily due to added capital assets of \$12 million and the decrease of \$2 million depreciation expense for the year.
- Total liabilities as of June 30, 2018 decreased by \$1.7 million from the prior year. The principal reason for decrease was the \$1.3 million decrease in the outstanding loan balance.
- 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 \$1.3 million for fiscal year 2018, as of June 30, 2018, \$9.6 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, 2018 and 2017

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, 2018 AND JUNE 30, 2017**

ASSETS	2018	2017
Current Assets:		
Cash and cash equivalents (overdraft) (Note 2)	\$ (1,714,957)	\$ 212,534
Receivables:		
East Bay Municipal Utility District	1,119,278	1,517,106
Dublin San Ramon Services District	1,693,964	2,094,755
Interest Receivables	0	5,644
Total Current Assets	<u>1,098,285</u>	<u>3,830,039</u>
Capital Assets (Note 3):		
Structures, buildings, and equipment	82,893,123	81,828,764
Less accumulated depreciation	<u>(22,332,793)</u>	<u>(20,171,721)</u>
Subtotal	<u>60,560,330</u>	<u>61,657,043</u>
Land and rights-of-way	1,890,978	1,890,977
Construction in progress	<u>13,868,404</u>	<u>2,230,480</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>76,319,712</u>	<u>65,778,500</u>
Total Assets	<u>77,417,997</u>	<u>69,608,539</u>
LIABILITIES		
Current Liabilities:		
Current portion of State loan payable (Note 5)	1,371,005	1,337,566
Accounts payable	100,786	42,329
Payable to members:		
East Bay Municipal Utility District	39,407	8,791
Dublin San Ramon Services District	<u>1,522,308</u>	<u>2,003,863</u>
Total Current Liabilities	<u>3,033,506</u>	<u>3,392,549</u>
Long-term Liabilities:		
State loan payable (Note 5)	<u>9,609,348</u>	<u>10,980,353</u>
Total Noncurrent Liabilities	<u>9,609,348</u>	<u>10,980,353</u>
Total Liabilities	<u>12,642,854</u>	<u>14,372,902</u>
NET POSITION (Note 1)		
Net Investment in capital assets	65,339,359	53,460,581
Unrestricted	<u>(564,216)</u>	<u>1,775,056</u>
Total Net Position	<u>\$ 64,775,143</u>	<u>\$ 55,235,637</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, 2018 AND JUNE 30, 2017**

	<u>2018</u>	<u>2017</u>
Operating Revenue:		
Contributions from members	\$ 12,392,494	\$ 8,565,510
Contributions from others	<u>2,188,612</u>	<u>3,936,982</u>
Total Contributions	14,581,106	12,502,492
Operating (Expenses):		
Professional services	(6,211)	(3,708)
General and administrative	(416,137)	(318,363)
Operation and maintenance	(2,150,232)	(1,830,800)
Depreciation (Note 3)	<u>(2,161,072)</u>	<u>(3,162,357)</u>
Total Operating (Expenses)	<u>(4,733,652)</u>	<u>(5,315,228)</u>
Net Operating Income (Loss)	<u>9,847,455</u>	<u>7,187,264</u>
Nonoperating Revenue (Expense):		
Interest on state loan	<u>(307,948)</u>	<u>(340,572)</u>
Total Nonoperating Revenue (Expenses)	<u>(307,948)</u>	<u>(340,572)</u>
Changes in Net Position	9,539,506	6,846,692
Total Net Position - Beginning	<u>55,235,637</u>	<u>48,388,945</u>
Total Net Position - Ending	<u><u>\$ 64,775,143</u></u>	<u><u>\$ 55,235,637</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, 2017 AND JUNE 30, 2016**

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Cash received for sales of water	\$ 15,385,369	\$ 9,277,524
Cash (paid) received from bank overdrafts	212,534	(26,559)
Cash paid for supplies and services	<u>(3,371,497)</u>	<u>(336,196)</u>
Net cash provided by operating activities	<u>12,226,406</u>	<u>8,914,769</u>
Cash flows from capital and related financing activities:		
Cash paid for interest	(307,949)	(340,573)
Cash paid on State loan	(1,337,566)	(1,304,942)
Cash paid for construction of capital assets	<u>(12,702,281)</u>	<u>(7,056,720)</u>
Net cash (used in) provided by capital and related financing activities	<u>(14,347,796)</u>	<u>(8,702,235)</u>
Cash flows provided by investing activities:		
Interest and other income received	<u>-</u>	<u>-</u>
Net change in cash and cash equivalents	(1,927,491)	212,534
Cash and investments at beginning of period	<u>212,534</u>	<u>-</u>
Cash and investments at end of period	\$ <u><u>(1,714,957)</u></u>	\$ <u><u>212,534</u></u>
Reconciliation of operating income/(loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 9,847,454	\$ 7,187,264
Adjustments to reconcile operating income/(loss) to net cash provided by operating activities:		
Depreciation	2,161,072	3,162,358
Changes in operating assets and liabilities:		
Accounts receivable	397,828	(3,224,968)
Accounts payable	(392,482)	1,816,674
Bank Overdraft	<u>212,534</u>	<u>(26,559)</u>
Net cash provided by operating activities	\$ <u><u>12,226,406</u></u>	\$ <u><u>8,914,769</u></u>

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

Notes to Financial Statements

June 30, 2018 and 2017

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, 2018 and 2017

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.

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.

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

Notes to Financial Statements

June 30, 2018 and 2017

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

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:	<u>Years</u>
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.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

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

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

Notes to Financial Statements

June 30, 2018 and 2017

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

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

NOTE 2 – 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>2018</u>	<u>2017</u>
Demand deposits with banks (overdraft)	\$(1,714,957)	\$212,534

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, 2018 and 2017

NOTE 3 – CAPITAL ASSETS

A. Additions and Retirements

Capital assets activity for the year ended June 30, 2018 was as follows:

	Balance at June 30, 2017	Additions and Transfers, net	Retirements and Transfers, net	Balance at June 30, 2018
Capital assets not being depreciated:				
Land and rights-of-way	\$1,890,977			\$1,890,978
Construction in progress	2,230,480	\$12,702,281	(\$1,064,359)	13,868,404
Total capital assets not being depreciated	4,121,457	12,702,281	(1,064,359)	15,759,382
Capital assets, being depreciated:				
Water treatment	25,145,137		1,064,359	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	81,828,764		1,064,359	82,893,123
Less accumulated depreciation for:				
Water treatment	(7,108,542)	(957,361)		(8,065,903)
Pumping plants	(3,467,960)	(345,067)		(3,813,027)
Reservoirs	(3,262,604)	(289,045)		(3,551,649)
Pipelines	(6,332,615)	(569,598)		(6,902,213)
Total accumulated depreciation	(20,171,721)	(2,161,071)		(22,332,793)
Net capital assets being depreciated	61,657,043	(2,161,071)	1,064,359	60,560,330
Capital assets, net	\$65,778,500	\$10,541,210		\$76,319,712

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

Notes to Financial Statements

June 30, 2018 and 2017

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, 2018, 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, 2018 and 2017.

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, 2018:

	Balance <u>June 30, 2017</u>	Retirements	Balance <u>June 30, 2018</u>
2006 State Water Resource Loan			
2.5%, due 07/25/2025	\$12,317,919	\$ 1,337,566	\$10,980,353
Less amount due within one year	<u>1,337,566</u>	<u> </u>	<u>1,371,005</u>
Noncurrent portion	<u><u>\$10,980,353</u></u>	<u><u>\$1,337,566</u></u>	<u><u>\$9,609,348</u></u>

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

Notes to Financial Statements

June 30, 2018 and 2017

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
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	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>\$ 10,980,353</u>	<u>\$ 1,186,853</u>	<u>\$ 12,167,206</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>2018</u>	<u>2017</u>
DSRSD	14,122,390	\$8,691,623
EBMUD	<u>234,243</u>	<u>122,243</u>
	<u>\$14,356,633</u>	<u>\$8,813,866</u>

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

Notes to Financial Statements

June 30, 2018 and 2017

NOTE 7 – RISK MANAGEMENT

The Authority's liability and property risks are insured by commercial insurance carriers.

Selected insurance coverages include:

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

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

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

To the Board of Directors
Dublin San Ramon Services District/East Bay
Municipal Utility District Recycled Water Authority
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* Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (Authority), as of and for the year ended June 30, 2018 and the related notes to the financial statements, and have issued our report thereon dated August 23, 2018.

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 23, 2018 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 + Associates

Pleasant Hill, California
August 23, 2018

DERWA Summary & Recommendation

Discussion and Direction on Supplemental Supply Alternatives and Water Demand Projections

Summary:

With the growing popularity of recycled water and reductions in projected wastewater supplies due to improved water conservation, DERWA is facing continuing recycled water supply shortages in peak summer months. This memorandum provides an update on the status of the development of supplemental supplies for DERWA, a projection for long term supplies versus demands, and considerations for DERWA in the event of continuing long-term peak summer supply shortfalls.

Status of Supplemental Supply Development

A draft agreement between Central Contra Costa Sanitary District (Central San) and DERWA is under discussion. The key terms of the agreement would include:

- The agreement is temporary, with a term still under negotiation of between three and five years.
- The diversion would consist of a gravity connection between Central San's South San Ramon collection system and Dublin San Ramon Services District (DSRSD) collection system.
- The diversion would be operated only during peak summer months when additional recycled water supplies are needed by DERWA. The estimated flow from the diversion is over one million gallons per day (MGD).
- The agreement may be terminated at any time by either party due to operational concerns or legal challenges.
- The Central San Board approved principles for the agreement that have been incorporated into the agreement to protect the interests of Central San and its customers.

The parties anticipate bringing a final agreement to the respective Boards in early 2019 for approval with the intent of having an operational facility by late spring 2019.

DERWA staff are developing a conceptual design for a system to connect an existing well in the Fringe Groundwater Basin to the DSRSD wastewater collection system to supplement supplies during peak summer months. The well is estimated to produce up to 0.2 MGD during the peak summer months and could be available as a supply by the summer of 2020. In addition, DERWA is evaluating other potential groundwater sources in the Fringe Groundwater Basin. If successful, a robust peak summer groundwater production system could provide an additional million gallons per day or more for DERWA.

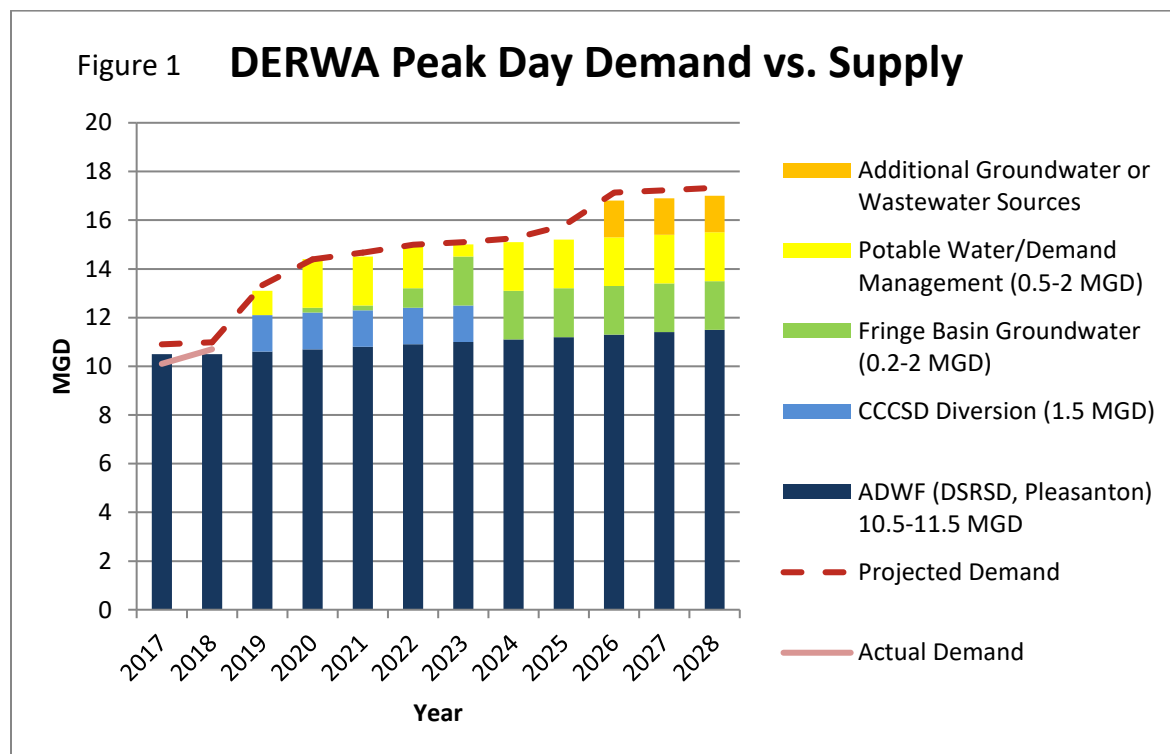
Senior Management from DERWA, East Bay Municipal Utility District (EBMUD), and DSRSD met with the City of Livermore in October to discuss opportunities to temporarily divert Livermore flows to DERWA. Livermore believes that it will have a long-term need for its

wastewater supply and expressed many questions and substantial concerns about a temporary diversion to DERWA. In particular, Livermore asked what are the benefits to Livermore, how would DERWA develop water supplies to meet future demands, how would DERWA control growing recycled water demand, how would a diversion to DERWA be consistent with the recycled water Livermore currently sells to Pleasanton, and how Livermore could be assured that DERWA would not want to rely on Livermore as a long-term source. A follow-up meeting of senior staff is scheduled for January with the expectation that DERWA will provide a more complete written description that answers Livermore's questions.

DERWA recently met with the City of Pleasanton and discussed the possibility of converting the temporary Pleasanton potable water connection at the treatment plant into a permanent connection. The potable water could be used to get through peak demand periods if no other supplies are available. The connection could provide up to 1.1 MGD during the peak summer period, but may not be available during drought periods.

Long-term Supply and Demand Projections

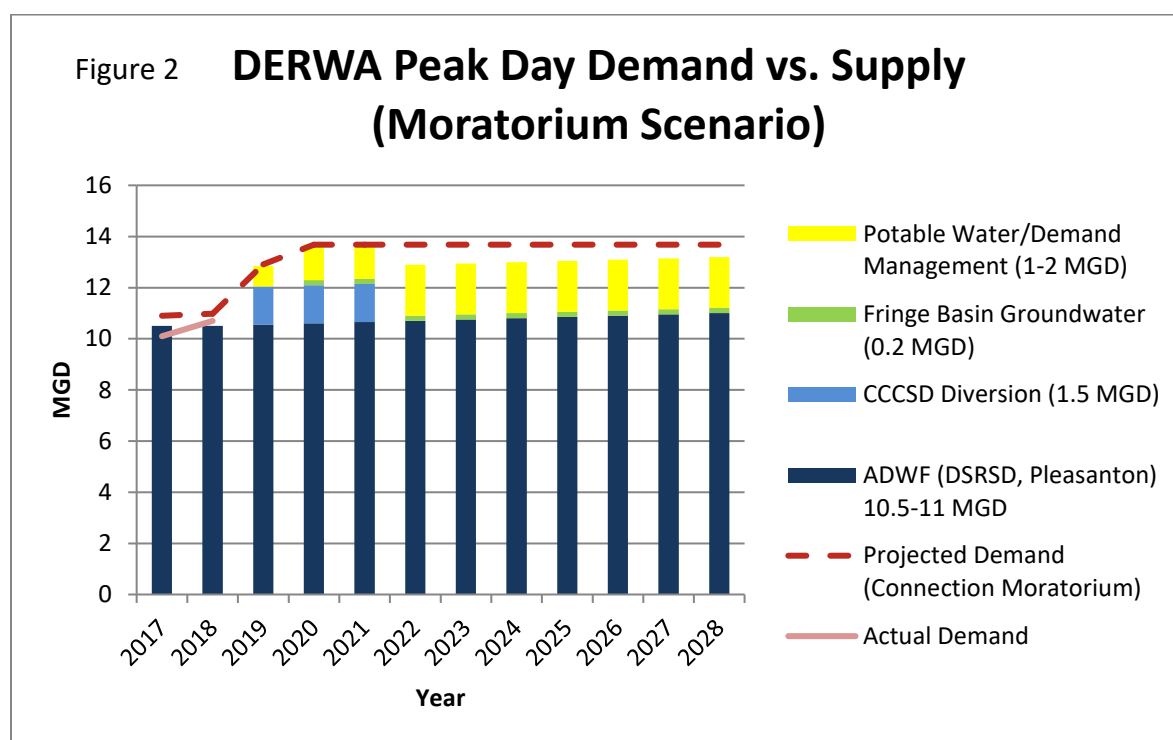
Figure 1 is a snap shot of DERWA's projected peak summer demands and sources of supply for the next ten years. As the figure indicates, if demand grows as projected, DERWA will be required to supplement supplies during peak days with potable water while also diverting wastewater flows from Central San until supplies from the Fringe Basin are developed. Long-term or permanent demand management might be necessary to stretch available water supplies. Other supplies may need to be developed as soon as 2026.



An ongoing supply shortage may exist if Pleasanton's recycled water demand continues to grow, wastewater flows decrease due to conservation or drought, and/or additional supplies are

not secured. In that case, demand management measures may be implemented including customer cutbacks or rationing. The percentage cutback would reflect the anticipated shortfall during the peak demand period, likely July and August. During drought periods, it is possible that rationing for irrigation customers may be required by the state regardless of DERWA supply conditions.

Given the temporary nature of supplemental wastewater supplies, the Board may also consider a connection moratorium for EBMUD and DSRSD customers until such time as permanent supplies are secured. Currently there are additional customer connections in process that would increase DERWA peak demands by approximately 0.9 MGD over the next six to nine months. Those customers are primarily in the EBMUD service area served by the recently completed Phase 2 expansion near Bishop Ranch. A connection moratorium that allows for EBMUD to complete these connections already in progress may be a prudent approach to slowing recycled water demand growth until additional supplies are secured. Figure 2 reflects peak demand and supplies with limited supply development and a connection moratorium.



In the event that long-term supplies are not sufficient to address future shortage conditions, DERWA may also wish to evaluate the use of facility capacity compared to the capital contributions made by the member agencies. When DERWA was established, the member agencies anticipated recycled water deliveries of about 58% to DSRSD and 42% to EBMUD. Major capital construction dollars were therefore approximately allocated to the two agencies at this proportion. However, as DERWA developed, DSRSD's developer-funded customer connections came online at a much faster rate than EBMUD, which required customer retrofits. In addition, there was more financial incentive for DSRSD to expand recycled water because recycled water from DERWA cost less than potable water purchased from Zone 7 Water Agency. For EBMUD, the cost of water from DERWA is greater than the incremental cost of

serving potable water from its Mokelumne system. As a result, rather than the expected 58%/42% capacity split, DSRSD has been using 75% of the recycled water produced for DERWA versus 25% for EBMUD. Therefore, if it is determined that future connections are no longer possible because of peak supply shortages, the member agencies may wish to consider a reconciliation of capital costs to better reflect the actual use of DERWA facilities.

Recommendation:

The Authority Manager recommends the DERWA Board of Directors discuss this matter and provide direction to staff.

DERWA Summary & Recommendation

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

Summary:

The current Authority Manager, Mike Tognolini, was appointed April 1, 2016. At the time, Mr. Tognolini made a three-year commitment to the position. Recently, Mr. Tognolini was appointed the Director of Water and Natural Resources at East Bay Municipal Utility District (EBMUD). However, he has indicated that he will complete his three-year commitment as DERWA Authority Manager, thus allowing time for a new Authority Manager to be appointed.

Over the next five years, the priority DERWA objectives and Authority Manager responsibilities include: securing supplemental supplies, demand management, Joint Powers Authority agreement updates, holding DERWA Board meetings, facilitating coordination between member agency staff, managing and coordinating DERWA service provision to Pleasanton, preparation of capital and Operational and Maintenance (O&M) budgets, managing DERWA operations through contract service provider, project management of planning and capital design/construction projects, review of capital and O&M costs and invoices and conduct reconciliations, and representing DERWA's interests in Tri-Valley water issues.

The time commitment is estimated to be approximately 500 to 1,000 hours per year, with more time anticipated in 2019 and 2020 and less time in later years. Key attributes and experience desired for this position include: leadership, communication, institutional development/planning, administrative/public outreach, design coordination, construction program management, and operations coordination.

Due to the upcoming needs of the DERWA program, it is recommended that the next Authority Manager be an independent consultant that would enter into an agreement for services with DERWA. A recruiting firm will be contracted through the member agencies to begin the recruitment for the new Authority Manager, and Dublin San Ramon Services District (DSRSD) and EBMUD will contribute to the recruitment cost equally, estimated at a total of \$25,000. A short list of candidates will be recommended to the DERWA Board for final interviews and selection.

Recommendation:

The Authority Manager recommends the DERWA Board of Directors, by Motion, authorize the Authority Manager to initiate recruitment for a new Authority Manager and work with DSRSD and EBMUD to provide contract recruitment services not to exceed \$25,000.

November 26, 2018

Item 7.D

DERWA
Summary & Recommendation
Proclamation of Appreciation for Dwight “Pat” Howard’s
Service on the DERWA Board of Directors

Summary:

At the July 23, 2018 DERWA Board meeting, Chair Howard advised the Board of his intention to step down from the DERWA Board at the end of 2018. He has served as a DERWA Board Member for seven years, including serving as Chair in 2014 and 2018, and making significant contributions to the success of the Authority.

Recommendation:

The Authority Manager recommends the DERWA Board of Directors approve, by Motion, the Proclamation of Appreciation for Service to DERWA by Dwight “Pat” Howard.

November 26, 2018

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 from a public policy perspective that benefits portions of the San Ramon and Livermore-Amador Valleys; and

WHEREAS, the Members of the DERWA Board of Directors have diligently worked to achieve the mission of providing a cost-effective, reliable and consistent supply of recycled water to the communities served by Dublin San Ramon Services District and East Bay Municipal Utility District; and

WHEREAS, Pat Howard has contributed to the further development of this partnership and has remained a committed and staunch supporter of DERWA; and

WHEREAS, Pat Howard has provided invaluable leadership, support and steadfast engagement in ensuring a streamlined, cost-effective approach to managing DERWA via shared Member Agency staff; and

WHEREAS, during Pat Howard’s tenure, DERWA has expanded to incorporate the City of Pleasanton as a customer; and

WHEREAS, Pat Howard has been a tireless advocate of exploring and pursuing supplemental wastewater supply sources and recycled water storage to bolster DERWA’s ability to meet growing customer demand; and

WHEREAS, Pat Howard has led, supported, reviewed and approved the expansion of the recycled water transmission and distribution system; and

WHEREAS, Pat Howard has been a strong proponent of the recently completed Expansion of the Recycled Water Treatment Plant; and

WHEREAS, Pat Howard, representing Dublin San Ramon Services District, served as the Vice Chair in 2011 and 2017, Chair in 2014 and 2018, and a Boardmember or Alternate Boardmember in 2012, 2013, 2015 and 2016 for the DERWA Board of Directors.

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

Dwight (Pat) Howard

Passed and adopted the 26th day of November 2018 by the DSRSD•EBMUD Recycled Water Authority Board of Directors.

John A. Coleman
Vice Chair

Frank Mellon
Director

Georgian Vonheeder-Leopold
Director

Nicole M. Genzale, CMC
Authority Secretary

MANAGER'S REPORTS

- A. Capital Projects – Phase 2 Recycled Water Treatment Plant Expansion Project Update
- B. Confirm Next Board Meeting – February 4, 2019