

AGENDA

NOTICE OF REGULAR MEETING

TIME: 6 p.m.
PLACE: Dublin San Ramon Services District
Boardroom
7051 Dublin Boulevard, Dublin, CA
www.derwa.org

DATE: Monday, December 8, 2025

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

1. CALL TO ORDER
2. PLEDGE TO THE FLAG
3. ROLL CALL
4. SPECIAL ANNOUNCEMENTS/ACTIVITIES
5. PUBLIC COMMENT (Meeting Open to the Public)
At this time, those in the audience are encouraged to address the Board on any item of interest that is within the subject matter jurisdiction of the Board and not already included on tonight's agenda. Comments should not exceed five minutes. Speaker cards are available from the Authority Secretary and should be completed and returned to the Authority Secretary prior to addressing the Board. The Chair of the Board will recognize each speaker, at which time the speaker should proceed to the lectern. Written comments may be submitted to the Authority Secretary at genzale@dsrsd.com. Comments received by 3 p.m. on the day of the meeting will be provided to the Board.
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 September 22, 2025
Recommended Action: Approve by Motion
 - B. Approve Treasurer's Reports for August 31, September 30, and October 31, 2025
Recommended Action: Approve by Motion
 - C. Approve Quarterly Investment Report for September 30, 2025
Recommended Action: Approve by Motion

7. BOARD BUSINESS

- A. Accept Independent Auditors' Report for Fiscal Year Ended June 30, 2025
Recommended Action: Accept by Motion
- B. Approve Amendment of the Fiscal Year 2025-2026 Operating and Capital Budget
Recommended Action: Approve by Resolution

8. STAFF REPORTS

- A. Authority Manager Update
- B. Confirm Next Board Meeting – February 2, 2026

9. BOARDMEMBER ITEMS

10. ADJOURNMENT

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

Item 6.A

**DSRSD•EBMUD RECYCLED WATER AUTHORITY
(DERWA)
Board of Directors Regular Meeting Minutes
Monday, September 22, 2025**

1. CALL TO ORDER – Chair Chan called the DSRSD•EBMUD Recycled Water Authority (DERWA) meeting to order at 6 p.m.
2. PLEDGE TO THE FLAG
3. ROLL CALL – Directors present: Chair April Chan, Directors Georgean Vonheeder-Leopold, Luz Gómez, and Dinesh Govindarao (Alternate for Director Halket). Staff present: Vivian Housen, Authority Manager; Jaqueline Lee, Treasurer; Austin Cho, General Counsel; and Nicole Genzale, Authority Secretary
4. SPECIAL ANNOUNCEMENTS/ACTIVITIES – None.
5. PUBLIC COMMENT – 6:01 p.m. – No public comments received.
6. CONSENT CALENDAR

Director Vonheeder-Leopold MOVED for approval of the items on the Consent Calendar. Director Gómez SECONDED the MOTION, which CARRIED with THREE AYES and ONE ABSTENTION (Govindarao).

- A. Approve Minutes of Regular Board Meeting of April 28, 2025 – Approved
 - B. Approve Treasurer’s Reports for March 31, April 30, May 31, June 30, and July 31, 2025 – Approved
 - C. Approve Quarterly Investment Report for June 30, 2025 – Approved
 - D. Approve Proclamation for Former Director Ann Marie Johnson’s Service on the DERWA Board of Directors – Approved
7. BOARD BUSINESS

- A. Approve Selection of Vice Chair

Authority Manager Housen reviewed the item for the Board.

Director Govindarao MOVED to Select Director Georgean Vonheeder-Leopold as DERWA Vice Chair. Chair Chan SECONDED the MOTION, which CARRIED with FOUR AYES per roll call vote.

- B. Receive Presentation on DERWA Backwash Analysis Evaluation

DSRSD Operations Director Dan Gill introduced DSRSD Associate Engineer Karla Hammond and Carollo Engineers Principal Engineer Paul Friedlander who reviewed the item for the Board and gave a presentation (handed out to the Board and posted to the website as supplemental materials). The DERWA Backwash Analysis Evaluation identified 11 potential options (projects) to reduce the volume and/or strength of the recycled water filter backwash stream, 4 of which are recommended for implementation based on their minimal impacts to DERWA’s operating budget and DSRSD staff operations at the recycled water treatment plant. The recommended projects could result in potential annual savings of approximately \$200,000.

The Board and staff discussed the 11 potential projects, including the methodology to determine project viability and timing of implementation. Staff noted that of the four recommended projects, two were subsequently discovered to have already been implemented by DSRSD operations staff. They also discussed the backwash service costs DERWA pays to DSRSD. DSRSD’s

DRAFT

2023 Regional Wastewater Rate Study determined a rate increase was warranted to adequately cover the actual cost of service, resulting in an increase in billing for fiscal year 2024. This year's expenses are estimated to be \$1.5 million but will be dependent on the actual volume of water treated. DSRSD's WWTP Master Plan Update is currently underway and will help to further inform DERWA's future project opportunities. The Board thanked staff for the presentation.

C. Approve Amendment of the Fiscal Year 2025-2026 Operating and Capital Budget

Vice Chair Vonheeder-Leopold MOVED to Approve Resolution No. 25-2, Amending the Fiscal Year 2025-2026 Operating and Capital Budget. Director Gómez SECONDED the MOTION, which CARRIED with FOUR AYES.

D. Receive Update on Spring 2026 DERWA Open House Event

Authority Manager Housen reviewed the item for the Board and requested direction regarding the desired event components. The Board directed staff to include a presentation highlighting DERWA's history and 20-year milestone delivering recycled water, a facility tour, and refreshments. The Board directed invitations be sent to elected and appointed city and county officials within DERWA's service area. Ms. Housen confirmed she will follow up with the Board to gather any needed invitee contact information. Vice Chair Vonheeder-Leopold agreed to serve as the event Chair and work with staff on further particulars.

8. STAFF REPORTS

A. Authority Manager Update

Authority Manager Housen highlighted progress on a proposed long-term supply agreement with Central Contra Costa Sanitary District (Central San) and stated the final agreement may be ready for the Board's consideration at the December Board meeting.

B. Confirm Next Board Meeting – December 8, 2025

The Board acknowledged the December meeting date and did not request any changes.

9. BOARDMEMBER ITEMS – None.

10. ADJOURNMENT

Chair Chan adjourned the meeting at 6:37 p.m.

Submitted by,

Nicole M. Genzale, CMC
Authority Secretary

Item 6.B

DERWA Summary & Recommendation

Approve Treasurer's Reports for August 31, September 30, and October 31, 2025

Summary:

Attached are the Treasurer's Reports for the months ending August 31, September 30, and October 31, 2025, submitted by Treasurer Jacqueline Lee.

Recommendation:

The Treasurer recommends the DERWA Board of Directors approve, by Motion, the Treasurer's Reports for the months ending August 31, September 30, and October 31, 2025.

December 8, 2025

Attachments:

1. Treasurer's Report – August 31, 2025
2. Treasurer's Report – September 30, 2025
3. Treasurer's Report – October 31, 2025

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT FOR AUGUST 31, 2025**

STAFF REPORT

Attached is the DERWA Treasurer's Report for the month ending August 31, 2025. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, \$491,372 in agency reimbursements were received. Fiscal year-to-date revenue for FY26 totaled \$21,593. No other miscellaneous payments were received this month.

Expenses: Current month disbursements were \$848,361. Fiscal year-to-date expenditures for FY26 total (\$7,682); of which (\$7,682) was for operating expenses. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY26.

Cash: The cash balance at August 31, 2025 was \$2,828,212.

Submitted by:

A handwritten signature in black ink, appearing to read "Jacqueline Lee".

Jacqueline Lee
Treasurer

Dated: Sep 25, 2025

DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT
FOR THE PERIOD ENDED AUGUST 31, 2025

CAPITAL - PROJECT	Program Budget @ FY 2026	Expenditures FY 25 and Prior (a)	Expenditures Current Month	Expenditures FY 26 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
Pipeline Reach 1	-	7,560,517	-	-	7,560,517	4,383,920	3,176,597
Pipeline Reach 2	-	4,558,120	-	-	4,558,120	3,882,264	675,856
Pipeline Reach 3	-	2,286,003	-	-	2,286,003	1,719,204	566,799
Pipeline Reach 4	-	1,614,959	-	-	1,614,959	363,685	1,251,274
Pipeline Reach 5	-	1,430,991	-	-	1,430,991	200,195	1,230,796
Pipeline Reach 6	-	6,759,869	-	-	6,759,869	430,784	6,329,085
Treatment Plant	-	15,732,794	-	-	15,732,794	8,948,843	6,783,951
Pump Stations	-	8,563,294	-	-	8,563,294	6,776,648	1,786,646
Water Tanks	-	12,393,483	-	-	12,393,483	7,221,552	5,171,931
Phase 2 Pipeline & Pump Station	-	3,462,938	-	-	3,462,938	-	3,462,938
Backbone Corrosion	-	1,109,004	-	-	1,109,004	122,302	986,702
SCADA	50,000	341,726	-	-	341,726	194,784	146,942
EBMUD Pipeline Phase 2, 3 & 4	-	602,193	-	-	602,193	-	602,193
Fine Screening	-	927,811	-	-	927,811	528,852	398,959
New/Replacement Capital <50K	100,000	375,531	-	-	375,531	157,733	217,798
MF/UV Control Programing Update	-	144,366	-	-	144,366	82,289	62,077
Program Planning & Air Relief	-	5,491,623	-	-	5,491,623	2,696,685	2,794,938
Planning Prior Years	-	3,665,330	-	-	3,665,330	1,796,012	1,869,318
Permanent Suppl. Supply	180,000	1,857,416	-	-	1,857,416	1,077,301	780,115
PSR-1 VFD Replacement	-	-	-	-	-	-	-
Air Relief Valve Rehabilitation/Replacement	-	66,982	50,384	-	66,982	30,812	36,170
SFUV and MF Operational Analysis	-	44,198	-	-	44,198	20,331	23,867
Chlorine Mixer Replacement	-	13,111	-	-	13,111	6,031	7,080
SFUV Cable Harness Replacement	-	176,029	-	-	176,029	80,973	95,056
UV Lamp Electrical Connector Replacement	-	130,203	-	-	130,203	59,893	70,310
HVAC Replacements	150,000	90,234	1,629	-	90,234	41,508	48,726
TIPS VFD Upgrades	-	105,148	(1,268)	0	105,148	48,368	56,780
Backwash Analysis	30,000	100,040	13,848	-	100,040	46,018	54,022
Gate Replacements	-	79,596	(1,593)	-	79,596	36,614	42,982
Pine Valley Transmission Cathodic Protection	400,000	33,581	419	-	33,581	15,447	18,134
Decommission Microfiltration Facility	-	230,622	-	-	230,622	106,086	124,536
Isolation Valve Replacements	125,000	-	-	-	-	-	-
Turbidity Monitoring Equipment Upgrades	133,000	-	-	-	-	-	-
UV Channel Rehabilitation	150,000	-	-	-	-	-	-
MF Membrane Replace	-	698,833	-	-	698,833	335,440	363,393
LVAMWA Connection	-	-	-	-	-	-	-
6th RWTP Sand Filter	-	255	-	-	255	27	228
DWR IRWM- Prop 84 Rd 3 Drought Project	-	16,432	-	-	16,432	8,216	8,216
PSR1 /Recy. Water Treatment Expansion	-	15,535,426	-	-	15,535,426	9,819,731	5,715,695
Pleasanton Capital Billing/Contingency	-	5,795,139	-	-	5,795,139	-	5,795,139
Capitalized Interest	-	1,960,872	-	-	1,960,872	960,827	1,000,045
Total Capital Impr. Proj. Element	1,318,000	103,954,669	63,419	0	103,954,669	52,199,375	51,755,294

OPERATING - ITEM	Program Budget @ FY 2026	Expenditures FY 25 and Prior (a)	Expenditures Current Month	Expenditures FY 26 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
DERWA Program Manager	253,000	4,270,325	1,287	(7,820)	4,262,505	3,056,044	1,206,461
Treasurer	101,000	3,154,198	-	-	3,154,198	2,365,649	788,549
Legal Counsel	25,000	619,946	138	138	620,084	465,063	155,021
Secretary	25,000	311,462	1,260	-	311,462	233,597	77,865
Other	156,000	2,276,998	-	-	2,276,998	1,707,749	569,249
Operation and Maintenance Detail	6,495,000	42,860,856	782,257	-	42,860,856	32,486,263	10,374,593
Debt Service	648,608	33,547,654	-	-	33,547,654	17,776,869	15,770,785
Total Operating Program Element	7,703,608	87,041,439	784,942	(7,682)	87,033,757	58,091,234	28,942,523

PROJECT TOTALS	9,021,608	190,996,108	848,361	(7,682)	190,988,426	110,290,609	80,697,817
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REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution	-	-
DSRSD	-	-
EBMUD	-	-
Pleasanton	-	-
Agency Reimbursements - DSRSD	-	(8,618)
Agency Reimbursements - EBMUD	-	(4,581)
Commercial Paper Issued	-	-
Pleasanton payments	491,372	-
Interest / Contracts	19,841	34,792
Misc Income	-	-
TOTAL REVENUES & FUNDING	511,213	21,593

CASH AVAILABLE	Current Month	Fiscal Year
Beginning Cash	3,165,360	2,160,110
Beg. Balance Adj (Prior Year Accruals)	-	638,827
Rounding	-	-
Release of excess cash reserve	-	-
Total Revenues & Funding	511,213	21,593
Total Expenditures	(848,361)	7,682
Ending Cash	2,828,212	2,828,212

Prepared by Johnny Wong Sep 24, 2025
Johnny Wong Date
Reviewed by Matt Houck Sep 25, 2025
Matt Houck Date
Approved by David Glasser Sep 25, 2025
David Glasser Date

DSRSD/EBMUD RECYCLED WATER AUTHORITY
SUMMARY OF EXPENDITURES
FOR THE PERIOD ENDED
August 31, 2025

Wk Ending	Amount
8/8/25	\$ 846,935.93
8/20/25	\$ 1,425.00
	<u>\$ 848,360.93</u>

DERWA CASH REPORT

Cash Balance as of 07/31/25 3,165,359.71 Reconciled to DERWA TR

Add member agency's contribution:

Agency Reimbursements - DSRSD	0.00
Agency Reimbursements - EBMUD	0.00
City of Pleasanton Payments	491,371.66
Interest Income	0.00
Wells Fargo Interest	19,841.28
Other Reimbursements- Misc	0.00

Less invoice payments:

DUBLIN SAN RAMON SERVICES DIST	8/8/2025	(846,935.93)
BBSI STAFFING SERVICES, LLC	8/20/2025	(572.00)
BBSI STAFFING SERVICES, LLC	8/20/2025	(357.50)
BBSI STAFFING SERVICES, LLC	8/20/2025	(357.50)
DOWNEY BRAND, LLP	8/20/2025	(138.00)

Cash Balance as of 08/31/25 2,828,211.72

Rounding 0.28

Cash Balance 08/31/25 2,828,212.00

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT FOR SEPTEMBER 30, 2025**

STAFF REPORT

Attached is the DERWA Treasurer's Report for the month ending September 30, 2025. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, \$181,868 in agency reimbursements and \$7,607 in interest were received. Fiscal year-to-date revenue for FY26 totaled \$211,068. No other miscellaneous payments were received this month.

Expenses: Current month disbursements were \$623,608. Fiscal year-to-date expenditures for FY26 total \$615,926; of which \$612,964 was for operating expenses. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY26.

Cash: The cash balance at September 30, 2025 was \$2,394,079.

Submitted by:



Jacqueline Lee
Treasurer

Dated: Oct 30, 2025

DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT
FOR THE PERIOD ENDED SEPTEMBER 30, 2025

CAPITAL - PROJECT	Program Budget @ FY 2026	Expenditures FY 25 and Prior (a)	Expenditures Current Month	Expenditures FY 26 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
Pipeline Reach 1	-	7,560,517	-	-	7,560,517	4,383,920	3,176,597
Pipeline Reach 2	-	4,558,120	-	-	4,558,120	3,882,264	675,856
Pipeline Reach 3	-	2,286,003	-	-	2,286,003	1,719,204	566,799
Pipeline Reach 4	-	1,614,959	-	-	1,614,959	363,685	1,251,274
Pipeline Reach 5	-	1,430,991	-	-	1,430,991	200,195	1,230,796
Pipeline Reach 6	-	6,759,869	-	-	6,759,869	430,784	6,329,085
Treatment Plant	-	15,732,794	-	-	15,732,794	8,948,843	6,783,951
Pump Stations	-	8,563,294	-	-	8,563,294	6,776,648	1,786,646
Water Tanks	-	12,393,483	-	-	12,393,483	7,221,552	5,171,931
Phase 2 Pipeline & Pump Station	-	3,462,938	-	-	3,462,938	-	3,462,938
Backbone Corrosion	-	1,109,004	-	-	1,109,004	122,302	986,702
SCADA	50,000	341,726	-	-	341,726	194,784	146,942
EBMUD Pipeline Phase 2, 3 & 4	-	602,193	-	-	602,193	-	602,193
Fine Screening	-	927,811	-	-	927,811	528,852	398,959
New/Replacement Capital <50K	100,000	375,531	-	-	375,531	157,733	217,798
MF/UV Control Programming Update	-	144,366	-	-	144,366	82,289	62,077
Program Planning & Air Relief	-	5,491,623	-	-	5,491,623	2,696,685	2,794,938
Planning Prior Years	-	3,665,330	-	-	3,665,330	1,796,012	1,869,318
Permanent Suppl. Supply	180,000	1,857,416	-	-	1,857,416	1,077,301	780,115
PSR-1 VFD Replacement	-	-	-	-	-	-	-
Air Relief Valve Rehabilitation/Replacement	-	66,982	-	-	66,982	30,812	36,170
SFUV and MF Operational Analysis	-	44,198	-	-	44,198	20,331	23,867
Chlorine Mixer Replacement	-	13,111	-	-	13,111	6,031	7,080
SFUV Cable Harness Replacement	-	176,029	-	-	176,029	80,973	95,056
UV Lamp Electrical Connector Replacement	-	130,203	-	-	130,203	59,893	70,310
HVAC Replacements	150,000	90,234	728	728	90,962	41,843	49,119
TIPS VFD Upgrades	-	105,148	-	0	105,148	48,368	56,780
Backwash Analysis	30,000	100,040	1,117	1,117	101,157	46,532	54,625
Gate Replacements	-	79,596	-	-	79,596	36,614	42,982
Pine Valley Transmission Cathodic Protection	400,000	33,581	1,117	1,117	34,698	15,961	18,737
Decommission Microfiltration Facility	-	230,622	-	-	230,622	106,086	124,536
Isolation Valve Replacements	125,000	-	-	-	-	-	-
Turbidity Monitoring Equipment Upgrades	133,000	-	-	-	-	-	-
UV Channel Rehabilitation	150,000	-	-	-	-	-	-
MF Membrane Replace	-	698,833	-	-	698,833	335,440	363,393
LVAMWA Connection	-	-	-	-	-	-	-
6th RWTP Sand Filter	-	255	-	-	255	27	228
DWR IRWM- Prop 84 Rd 3 Drought Project	-	16,432	-	-	16,432	8,216	8,216
PSR1 /Recy. Water Treatment Expansion	-	15,535,426	-	-	15,535,426	9,819,731	5,715,695
Pleasanton Capital Billing/Contingency	-	5,795,139	-	-	5,795,139	-	5,795,139
Capitalized Interest	-	1,960,872	-	-	1,960,872	960,827	1,000,045
Total Capital Impr. Proj. Element	1,318,000	103,954,669	2,962	2,962	103,957,630	52,200,738	51,756,893

OPERATING - ITEM	Program Budget @ FY 2026	Expenditures FY 25 and Prior (a)	Expenditures Current Month	Expenditures FY 26 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
DERWA Program Manager	253,000	4,270,325	13,437	5,617	4,275,942	3,065,776	1,210,166
Treasurer	101,000	3,154,198	2,157	2,157	3,156,355	2,367,267	789,088
Legal Counsel	25,000	619,946	-	138	620,084	465,063	155,021
Secretary	25,000	311,462	763	763	312,225	234,169	78,056
Other	156,000	2,276,998	-	-	2,276,998	1,707,749	569,249
Operation and Maintenance Detail	6,495,000	42,860,856	604,289	604,289	43,465,145	32,939,480	10,525,665
Debt Service	648,608	33,547,654	-	-	33,547,654	17,776,869	15,770,785
Total Operating Program Element	7,703,608	87,041,439	620,646	612,964	87,654,403	58,556,373	29,098,030

PROJECT TOTALS	9,021,608	190,996,108	623,608	615,926	191,612,034	110,757,111	80,854,923
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REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution	-	-
DSRSD	-	-
EBMUD	-	-
Pleasanton	-	-
Agency Reimbursements - DSRSD	-	(8,618)
Agency Reimbursements - EBMUD	4,726	145
Commercial Paper Issued	-	-
Pleasanton payments	177,142	177,142
Interest / Contracts	7,607	42,399
Misc Income	-	-
TOTAL REVENUES & FUNDING	189,475	211,068

CASH AVAILABLE	Current Month	Fiscal Year
Beginning Cash	2,828,212	2,160,110
Beg. Balance Adj (Prior Year Accruals)	-	638,827
Rounding	-	-
Release of excess cash reserve	-	-
Total Revenues & Funding	189,475	211,068
Total Expenditures	(623,608)	(615,926)
Ending Cash	2,394,079	2,394,079

Prepared by Johnny Wong Oct 17, 2025
 Date _____
 Reviewed by Matt Houck Oct 21, 2025
 Date _____
 Approved by David Glasser Oct 30, 2025
 Date _____
 David Glasser

DSRSD/EBMUD RECYCLED WATER AUTHORITY
SUMMARY OF EXPENDITURES
FOR THE PERIOD ENDED
September 30, 2025

Check Date	Check Number	Payee	Category	TOTAL Amount	DSRSD Amount	EBMUD Amount	Operating	Capital	
09/05/25	200079160	V. W. HOUSEN & ASSOCIATES, INC.	Op-Prg Manager-Salary (67/33)	9,642.75	6,460.64	3,182.11	O	9,642.75	-
09/19/25	200079945	BBSI STAFFING SERVICES, LLC	Op-Prg Manager-Staff (73/27)	393.25	287.07	106.18	O	393.25	-
09/19/25	200079945	BBSI STAFFING SERVICES, LLC	Op-Prg Manager-Staff (73/27)	607.75	443.66	164.09	O	607.75	-
09/19/25	200079945	BBSI STAFFING SERVICES, LLC	Op-Prg Manager-Staff (73/27)	464.75	339.27	125.48	O	464.75	-
09/19/25	200079945	BBSI STAFFING SERVICES, LLC	Op-Prg Manager-Staff (73/27)	500.50	365.36	135.14	O	500.50	-
09/19/25	200079945	BBSI STAFFING SERVICES, LLC	Op-Prg Manager-Staff (73/27)	500.50	365.36	135.14	O	500.50	-
09/19/25	200080008	ICF INTERNATIONAL	Op-Prg Mgr-Public Info (49/51)	663.75	325.24	338.51	O	663.75	-
09/19/25	200080008	ICF INTERNATIONAL	Op-Prg Mgr-Public Info (49/51)	663.75	325.24	338.51	O	663.75	-
09/19/25	200079982	EBMUD	Op- Trea- Cost Acct(73/27)	2,156.76	1,445.03	711.73	O	2,156.76	-
09/24/25	200080198	DUBLIN SAN RAMON SERVICES DIST	Op-Secretary (73/27)	763.53	557.38	206.15	O	763.53	-
09/24/25	200080198	DUBLIN SAN RAMON SERVICES DIST	Op-Operating (73/27)	604,288.87	441,130.88	163,157.99	O	604,288.87	-
09/24/25	200080198	DUBLIN SAN RAMON SERVICES DIST	Cap-DSRSD Inv Backwash Analysis (D-portion 46%)	513.64	513.64	-	C	-	513.64
09/24/25	200080198	DUBLIN SAN RAMON SERVICES DIST	Cap-DSRSD Inv Backwash Analysis (E-portion 27%)	301.49	-	301.49	C	-	301.49
09/24/25	200080198	DUBLIN SAN RAMON SERVICES DIST	Cap-DSRSD Inv Backwash Analysis (Pleasanton27%)	301.49	-	-	C	-	301.49
09/24/25	200080198	DUBLIN SAN RAMON SERVICES DIST	Cap-DSRSD Inv HVAC Replacements (D-portion 46%)	334.97	334.97	-	C	-	334.97
09/24/25	200080198	DUBLIN SAN RAMON SERVICES DIST	Cap-DSRSD Inv HVAC Replacements (E-portion 27%)	196.62	-	196.62	C	-	196.62
09/24/25	200080198	DUBLIN SAN RAMON SERVICES DIST	Cap-DSRSD Inv HVAC Replacements (Pleasanton27%)	196.62	-	-	C	-	196.62
09/24/25	200080198	DUBLIN SAN RAMON SERVICES DIST	Cap-PV Transmission Cathodic Protection (47/53)	1,116.62	524.81	591.81	C	-	1,116.62
				623,607.61	453,418.54	169,690.96			
							620,646.16	2,961.45	
Wk Ending		Amount							
9/5/25		\$ 9,642.75		Pleasanton-			498.11		
9/19/25		\$ 5,951.01		Release of Cash			-		0.00 Reconciled
9/24/25		\$608,013.85							0.00 Reconciled
				OP			620,646.16		0.00 Reconciled
				CAP			2,961.45		

DERWA CASH REPORT

Cash Balance as of 08/31/25 2,828,211.72 Reconciled to DERWA TR

Add member agency's contribution:

Agency Reimbursements - DSRSD	0.00
Agency Reimbursements - EBMUD	4,726.14
City of Pleasanton Payments	177,141.93
Interest Income	0.00
Wells Fargo Interest	7,607.22
Other Reimbursements- Misc	0.00

Less invoice payments:

V. W. HOUSEN & ASSOCIATES, INC.	9/5/2025	(9,642.75)
BBSI STAFFING SERVICES, LLC	9/19/2025	(393.25)
BBSI STAFFING SERVICES, LLC	9/19/2025	(607.75)
BBSI STAFFING SERVICES, LLC	9/19/2025	(464.75)
BBSI STAFFING SERVICES, LLC	9/19/2025	(500.50)
BBSI STAFFING SERVICES, LLC	9/19/2025	(500.50)
ICF INTERNATIONAL	9/19/2025	(663.75)
ICF INTERNATIONAL	9/19/2025	(663.75)
EBMUD	9/19/2025	(2,156.76)
DUBLIN SAN RAMON SERVICES DIST	9/24/2025	(608,013.85)

Cash Balance as of 09/30/25 2,394,079.40

Rounding (0.40)

Cash Balance 09/30/25 2,394,079.00

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT FOR OCTOBER 31, 2025**

STAFF REPORT

Attached is the DERWA Treasurer's Report for the month ending October 31, 2025. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, \$844,955 in agency reimbursements and \$6,731 in interest were received. Fiscal year-to-date revenue for FY26 totaled \$1,062,755. No other miscellaneous payments were received this month.

Expenses: Current month disbursements were \$946,305. Fiscal year-to-date expenditures for FY26 total \$1,562,232; of which \$1,549,128 was for operating expenses. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY26.

Cash: The cash balance at October 31, 2025 was \$2,299,460.

Submitted by:

A handwritten signature in black ink, appearing to read 'Jacqueline Lee', written in a cursive style.

Jacqueline Lee
Treasurer

Dated: Nov 24, 2025

DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT
FOR THE PERIOD ENDED OCTOBER 31, 2025

CAPITAL - PROJECT	Program Budget @ FY 2026	Expenditures FY 25 and Prior (a)	Expenditures Current Month	Expenditures FY 26 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
Pipeline Reach 1	-	7,560,517	-	-	7,560,517	4,383,920	3,176,597
Pipeline Reach 2	-	4,558,120	-	-	4,558,120	3,882,264	675,856
Pipeline Reach 3	-	2,286,003	-	-	2,286,003	1,719,204	566,799
Pipeline Reach 4	-	1,614,959	-	-	1,614,959	363,685	1,251,274
Pipeline Reach 5	-	1,430,991	-	-	1,430,991	200,195	1,230,796
Pipeline Reach 6	-	6,759,869	-	-	6,759,869	430,784	6,329,085
Treatment Plant	-	15,732,794	-	-	15,732,794	8,948,843	6,783,951
Pump Stations	-	8,563,294	-	-	8,563,294	6,776,648	1,786,646
Water Tanks	-	12,393,483	-	-	12,393,483	7,221,552	5,171,931
Phase 2 Pipeline & Pump Station	-	3,462,938	-	-	3,462,938	-	3,462,938
Backbone Corrosion	-	1,109,004	-	-	1,109,004	122,302	986,702
SCADA	50,000	341,726	-	-	341,726	194,784	146,942
EBMUD Pipeline Phase 2, 3 & 4	-	602,193	-	-	602,193	-	602,193
Fine Screening	-	927,811	-	-	927,811	528,852	398,959
New/Replacement Capital <50K	100,000	375,531	-	-	375,531	157,733	217,798
MF/UV Control Programing Update	-	144,366	-	-	144,366	82,289	62,077
Program Planning & Air Relief	-	5,491,623	-	-	5,491,623	2,696,685	2,794,938
Planning Prior Years	-	3,665,330	-	-	3,665,330	1,796,012	1,869,318
Permanent Suppl. Supply	180,000	1,857,416	-	-	1,857,416	1,077,301	780,115
PSR-1 VFD Replacement	-	-	-	-	-	-	-
Air Relief Valve Rehabilitation/Replacement	-	66,982	-	-	66,982	30,812	36,170
SFUV and MF Operational Analysis	-	44,198	-	-	44,198	20,331	23,867
Chlorine Mixer Replacement	-	13,111	-	-	13,111	6,031	7,080
SFUV Cable Harness Replacement	-	176,029	-	-	176,029	80,973	95,056
UV Lamp Electrical Connector Replacement	-	130,203	-	-	130,203	59,893	70,310
HVAC Replacements	150,000	90,234	3,108	3,836	94,070	43,272	50,798
TIPS VFD Upgrades	-	105,148	-	0	105,148	48,368	56,780
Backwash Analysis	30,000	100,040	5,006	6,123	106,163	48,835	57,328
Gate Replacements	-	79,596	-	-	79,596	36,614	42,982
Pine Valley Transmission Cathodic Protection	400,000	33,581	349	1,466	35,047	16,122	18,925
Decommission Microfiltration Facility	-	230,622	-	-	230,622	106,086	124,536
Isolation Valve Replacements	125,000	-	121	121	121	51	70
Turbidity Monitoring Equipment Upgrades	133,000	-	-	-	-	-	-
UV Channel Rehabilitation	150,000	-	1,558	1,558	1,558	717	841
MF Membrane Replace	-	698,833	-	-	698,833	335,440	363,393
LVAMWA Connection	-	-	-	-	-	-	-
6th RWTP Sand Filter	-	255	-	-	255	27	228
DWR IRWM- Prop 84 Rd 3 Drought Project	-	16,432	-	-	16,432	8,216	8,216
PSR1 /Recy. Water Treatment Expansion	-	15,535,426	-	-	15,535,426	9,819,731	5,715,695
Pleasanton Capital Billing/Contingency	-	5,795,139	-	-	5,795,139	-	5,795,139
Capitalized Interest	-	1,960,872	-	-	1,960,872	960,827	1,000,045
Total Capital Impr. Proj. Element	1,318,000	103,954,669	10,142	13,105	103,967,772	52,205,399	51,762,374

OPERATING - ITEM	Program Budget @ FY 2026	Expenditures FY 25 and Prior (a)	Expenditures Current Month	Expenditures FY 26 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
DERWA Program Manager	253,000	4,270,325	3,360	8,978	4,279,303	3,068,296	1,211,007
Treasurer	101,000	3,154,198	7,938	10,094	3,164,292	2,373,219	791,073
Legal Counsel	25,000	619,946	10,810	10,948	630,894	473,171	157,723
Secretary	25,000	311,462	1,412	2,176	313,638	235,229	78,409
Other	156,000	2,276,998	160,303	160,303	2,437,301	1,827,976	609,325
Operation and Maintenance Detail	6,495,000	42,860,856	752,340	1,356,629	44,217,485	33,503,735	10,713,750
Debt Service	648,608	33,547,654	-	-	33,547,654	17,776,869	15,770,785
Total Operating Program Element	7,703,608	87,041,439	936,163	1,549,128	88,590,567	59,258,495	29,332,072

PROJECT TOTALS	9,021,608	190,996,108	946,305	1,562,232	192,558,340	111,463,894	81,094,446
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REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution	-	-
DSRSD	-	-
EBMUD	-	-
Pleasanton	-	-
Agency Reimbursements - DSRSD	552,151	543,533
Agency Reimbursements - EBMUD	292,804	292,949
Commercial Paper Issued	-	-
Pleasanton payments	-	177,142
Interest / Contracts	6,731	49,131
Misc Income	-	-
TOTAL REVENUES & FUNDING	851,686	1,062,755

CASH AVAILABLE	Current Month	Fiscal Year
Beginning Cash	2,394,079	2,160,110
Beg. Balance Adj (Prior Year Accruals)	-	638,827
Rounding	-	-
Release of excess cash reserve	-	-
Total Revenues & Funding	851,686	1,062,755
Total Expenditures	(946,305)	(1,562,232)
Ending Cash	2,299,460	2,299,460

Prepared by Johnny Wong Nov 18, 2025
Johnny Wong Date
Reviewed by Matt Houck Nov 24, 2025
Matt Houck Date
Approved by David Glasser Nov 24, 2025
David Glasser Date

DSRSD/EBMUD RECYCLED WATER AUTHORITY
 SUMMARY OF EXPENDITURES
 FOR THE PERIOD ENDED
 October 31, 2025

Wk Ending	Amount		
10/3/25	\$160,303.34	Pleasanton-	2,611.33
10/7/25	\$ 5,100.00	Release of Cash	-
10/10/25	\$ 643.50		
10/17/25	\$ 1,859.50		
10/22/25	\$ 14,505.10	OP	936,163.63
10/31/25	\$763,894.09	CAP	10,141.90
	<u>\$946,305.53</u>		

DERWA CASH REPORT

Cash Balance as of 09/30/25 2,394,079.40 Reconciled to DERWA TR

Add member agency's contribution:

Agency Reimbursements - DSRSD	552,150.66
Agency Reimbursements - EBMUD	292,803.95
City of Pleasanton Payments	0.00
Interest Income	0.00
Wells Fargo Interest	6,731.49
Other Reimbursements- Misc	0.00

Less invoice payments:

ALLIANT INSURANCE SRVCS INC	10/3/2025	(160,303.34)
LANCE SOLL & LUNGHARD LLP	10/8/2025	(5,100.00)
BBSI STAFFING SERVICES, LLC	10/10/2025	(643.50)
DOWNEY BRAND, LLP	10/17/2025	(644.00)
BBSI STAFFING SERVICES, LLC	10/17/2025	(1,215.50)
BBSI STAFFING SERVICES, LLC	10/22/2025	(393.25)
DOWNEY BRAND, LLP	10/22/2025	(10,166.00)
EBMUD	10/22/2025	(2,837.60)
BBSI STAFFING SERVICES, LLC	10/22/2025	(1,108.25)
DUBLIN SAN RAMON SERVICES DIST	10/31/2025	(763,894.09)

Cash Balance as of	10/31/25	<u><u>2,299,459.97</u></u>
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Rounding	0.03
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Cash Balance 10/31/25	<u><u>2,299,460.00</u></u>
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Item 6.C

DERWA **Summary & Recommendation**

Approve Quarterly Investment Report for September 30, 2025

Summary:

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

The investments held by the Authority in the State of California Local Agency Investment Fund on September 30, 2025, were \$1,117,881. The investment portfolio is in full compliance with the Board's adopted policy regarding the Authority's investments.

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

Recommendation:

The Treasurer recommends the DERWA Board of Directors approve, by Motion, the Quarterly Investment Report for September 30, 2025.

December 8, 2025

Item 7.A

DERWA Summary & Recommendation

Accept Independent Auditors' Report for Fiscal Year Ended June 30, 2025

Summary:

The 1995 Dublin San Ramon Services District-East Bay Municipal Utility District Recycled Water Authority (DERWA) Joint Powers Agreement requires that the records and accounts of DERWA be audited annually by an independent certified accountant, and such reports be filed with the County Auditor, the State Controller, and each DERWA Member Agency within six months of the end of the fiscal year under examination.

Independent accounting firm LSL prepared and submitted the Independent Auditors' Report for Fiscal Year Ended 2025 consisting of the Basic Financial Statements for Fiscal Years Ended 2025 and 2024, and the Report on Internal Control over Financial Reporting and Compliance and Other Matters. The Audit did not find any issues, deficiencies, material weaknesses, or findings with the DERWA accounting practices and internal controls for Fiscal Year Ended 2025.

Recommendation:

Staff recommends the DERWA Board of Directors accept, by Motion, the DERWA Independent Auditors' Report for the Fiscal Year Ended June 30, 2025, as prepared by LSL.

December 8, 2025

Attachments:

1. Fiscal Year Ended 2025 Auditor Communication Letter
2. Fiscal Years Ended June 2025, and 2024 Basic Financial Statements

November 7, 2025

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

We have audited the financial statements of the Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (the "Authority") for the years ended June 30, 2025 and 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 14, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2025. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no significant estimates pertaining to the Authority during fiscal year 2024-2025.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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



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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 7, 2025.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

Future GASB Pronouncements

The following Government Accounting Standards Board (GASB) pronouncements will be effective for the following fiscal years' audits and should be reviewed for proper implementation by management:

Fiscal Year 2025-2026

GASB Statement No. 103, *Financial Reporting Model Improvements*.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*.

Future Projects

Comprehensive Project, *Revenue and Expense Recognition*.

Major Project, *Going Concern Uncertainties and Severe Financial Stress*.

Major Project, *Infrastructure Assets*.

Practice Issue, *Subsequent Events*.



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

Restriction on Use

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

Very truly yours,

LSL, LLP

Sacramento, California



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

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

BASIC FINANCIAL STATEMENTS

Focused
on YOU



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

Basic Financial Statements
For the Years Ended June 30, 2025 and 2024

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (the "Authority") as of and for the year ended June 30, 2025, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2025, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State Controller's Minimum Audit Standards for California Special Districts will always detect a material



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

misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State Controller's Minimum Audit Standards for California Special Districts we:

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

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

Required Supplementary Information

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

Summarized Comparative Information

We have previously audited the financial statements of the Authority for the year ended June 30, 2024, and expressed an unmodified audit opinion on those financial statements in our report dated October 9, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

LSL, LLP

Sacramento, California
November 7, 2025

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

**Management's Discussion and Analysis
For the Years Ended June 30, 2025 and 2024**

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, 2025 and 2024. Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the Agency's basic financial statements. The MD&A represents management's examination and analysis of the Authority's financial condition and performance.

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

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

Organization and Business

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

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

Overview of the Financial Statements

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

The Authority's basic financial statements include:

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

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

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

The *notes to basic financial statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to basic financial statements can be found on pages 10 to 16 of this report.

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

**Management's Discussion and Analysis
For the Years Ended June 30, 2025 and 2024**

Financial Analysis:

Table 1 summarizes net position at June 30, 2025 and 2024, and Table 2 summarizes revenues, expenses and changes in net position for the years ended June 30, 2025 and 2024. Both tables also include changes from the prior year.

**Table 1
Summary of Net Position
June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>	<u>Variance</u>
Assets:			
Current assets	\$ 4,197,827	\$ 4,547,189	\$ (349,362)
Capital assets	<u>65,814,972</u>	<u>67,468,193</u>	<u>(1,653,221)</u>
Total assets	<u>70,012,799</u>	<u>72,015,382</u>	<u>(2,002,583)</u>
Liabilities:			
Current liabilities	2,031,677	2,316,383	(284,706)
Long-term liabilities	<u>-</u>	<u>632,787</u>	<u>(632,787)</u>
Total liabilities	<u>2,031,677</u>	<u>2,949,170</u>	<u>(917,493)</u>
Net position:			
Net investment in capital assets	65,182,185	65,245,460	(63,275)
Unrestricted	<u>2,798,937</u>	<u>3,820,752</u>	<u>(1,021,815)</u>
Total net position	<u>\$ 67,981,122</u>	<u>\$ 69,066,212</u>	<u>\$ (1,085,090)</u>

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

**Management's Discussion and Analysis
For the Years Ended June 30, 2025 and 2024**

**Table 2
Summary of Revenues, Expenses, and Changes in Net Position
Years ended June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>	<u>Variance</u>
Operating revenue:	\$ 9,876,571	\$ 8,807,505	\$ 1,069,066
Operating expenses:			
Professional services	(5,561)	(5,452)	(109)
General and administrative	(337,422)	(364,457)	27,035
Operation and maintenance	(6,167,593)	(5,888,236)	(279,357)
Depreciation	(2,309,060)	(2,318,822)	9,762
Total operating expenses	<u>(8,819,636)</u>	<u>(8,576,967)</u>	<u>(242,669)</u>
Nonoperating income (expenses):			
Investment and other income	253,427	199,666	53,761
Reimbursement of Member Contributions	(2,339,884)	-	(2,339,884)
Interest on state loan	(55,568)	(94,347)	38,779
Total other income (expenses)	<u>(2,142,025)</u>	<u>105,319</u>	<u>(2,247,344)</u>
Change in net position	(1,085,090)	335,857	(1,420,947)
Total net position - beginning	69,066,212	68,730,355	335,857
Total net position - ending	<u>\$ 67,981,122</u>	<u>\$ 69,066,212</u>	<u>\$ (1,085,090)</u>

- Current assets of the Authority decreased by \$0.35 million due to a decrease in cash and receivables from the prior year.
- The net position of the Authority decreased by \$1.09 million from the prior year. The reason for this decrease was a decrease in current and capital assets of \$2.00 million offset by a decrease in current and long-term liabilities of \$0.92 million.
- Capital assets as of June 30, 2025 decreased by \$1.65 million due to a higher depreciation amount over capital expenditures.
- Total liabilities as of June 30, 2025 decreased by \$0.92 million from the prior year. The principal reason for the decrease was a \$0.63 million decrease in the outstanding loan balance and a decrease of \$0.29 million in accounts payable and payables to members.
- 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 nineteenth installment of \$1.65 million for fiscal year 2025, as of June 30, 2025, \$0.63 million was the liability outstanding.

Request for Information

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

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY
Statements of Net Position
June 30, 2025 and June 30, 2024**

ASSETS	2025	2024
Current Assets:		
Cash and cash equivalents (Note 2)	\$ 1,054,350	\$ 1,218,368
Investments (Note 2)	1,105,760	1,056,358
Receivables:		
East Bay Municipal Utility District	471,796	634,740
Dublin San Ramon Services District	934,365	1,363,098
City of Pleasanton	619,793	263,158
Interest receivable	11,763	11,467
Total current assets	4,197,827	4,547,189
Capital Assets (Note 3):		
Structures, buildings, and equipment	101,527,356	101,229,387
Less accumulated depreciation	(38,073,736)	(35,764,676)
Subtotal	63,453,620	65,464,711
Land and rights-of-way	1,890,978	1,890,978
Construction in progress	470,374	112,504
Total capital assets, net of accumulated depreciation	65,814,972	67,468,193
Total assets	70,012,799	72,015,382
LIABILITIES		
Current Liabilities:		
Current portion of State loan payable (Note 5)	632,787	1,589,946
Accounts payable	12,219	7,693
Payable to members:		
East Bay Municipal Utility District	10,623	17,744
Dublin San Ramon Services District	1,376,048	701,000
Total current liabilities	2,031,677	2,316,383
Long-term Liabilities:		
State loan payable (Note 5)	-	632,787
Total noncurrent liabilities	-	632,787
Total liabilities	2,031,677	2,949,170
NET POSITION (Note 1)		
Net Investment in capital assets	65,182,185	65,245,460
Unrestricted	2,798,937	3,820,752
Total net position	\$ 67,981,122	\$ 69,066,212

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, 2025 and June 30, 2024**

	<u>2025</u>	<u>2024</u>
Operating revenue:		
Contributions from members	\$ 8,504,014	\$ 7,932,993
Contributions from others	<u>1,372,557</u>	<u>874,512</u>
Total contributions	9,876,571	8,807,505
Operating (expenses):		
Professional services	(5,561)	(5,452)
General and administrative	(337,422)	(364,457)
Operation and maintenance	(6,167,593)	(5,888,236)
Depreciation (Note 3)	<u>(2,309,060)</u>	<u>(2,318,822)</u>
Total operating (expenses)	<u>(8,819,636)</u>	<u>(8,576,967)</u>
Net operating income	<u>1,056,935</u>	<u>230,538</u>
Nonoperating revenue (expense):		
Interest and other income	253,427	199,666
Reimbursement of Member Contributions	(2,339,884)	-
Interest on state loan	<u>(55,568)</u>	<u>(94,347)</u>
Total nonoperating revenue (expenses)	<u>(2,142,025)</u>	<u>105,319</u>
Changes in net position	(1,085,090)	335,857
Total net position - beginning	<u>69,066,212</u>	<u>68,730,355</u>
Total net position - ending	<u><u>\$ 67,981,122</u></u>	<u><u>\$ 69,066,212</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, 2025 and June 30, 2024**

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Cash received for sales of water	\$ 10,111,613	\$ 8,925,226
Cash paid for supplies and services	<u>(5,838,123)</u>	<u>(6,146,291)</u>
Net cash provided by operating activities	<u>4,273,490</u>	<u>2,778,935</u>
Cash flows from capital and related financing activities:		
Cash paid to member agencies	(2,339,884)	-
Cash paid for interest	(55,567)	(94,347)
Cash paid on state loan	(1,589,946)	(1,551,166)
Cash paid for construction of capital assets	<u>(655,839)</u>	<u>(448,022)</u>
Net cash (used) in capital and related financing activities	<u>(4,641,236)</u>	<u>(2,093,535)</u>
Cash flows provided by investing activities:		
Interest and other income received	<u>253,130</u>	<u>195,829</u>
Net (decrease) in cash and equivalents, and investments	(114,616)	881,229
Cash and equivalents, and investments at beginning of period	<u>2,274,726</u>	<u>1,393,497</u>
Cash and equivalents, and investments at end of period	<u><u>\$ 2,160,110</u></u>	<u><u>\$ 2,274,726</u></u>
Reconciliation of cash and cash equivalents and investments to amounts reported on the statement of net position:		
Cash and cash equivalents	1,054,350	1,218,368
Investments	<u>1,105,760</u>	<u>1,056,358</u>
Cash and equivalents, and investments at end of period	<u><u>\$ 2,160,110</u></u>	<u><u>\$ 2,274,726</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,056,935	\$ 230,538
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,309,060	2,318,822
Changes in operating assets and liabilities:		
Accounts receivable	235,042	117,721
Accounts payable	<u>672,453</u>	<u>111,854</u>
Net cash provided by operating activities	<u><u>\$ 4,273,490</u></u>	<u><u>\$ 2,778,935</u></u>

See accompanying notes to financial statements.

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

**Notes to Basic Financial Statements
For the Years Ended June 30, 2025 and 2024**

NOTE 1 –NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Reporting Entity

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

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

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

B. Basis of Accounting

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

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

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

Statement of Net Position – The statement of net position is designed to display the financial position of the Authority. The Authority’s fund equity is reported as net position, which is the excess of all of the Authority’s assets over all its liabilities. Net Position is divided into three captions under GASB Statement 34. As of June 30, 2025 the Authority reported the following classifications of net position:

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

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

**Notes to Basic Financial Statements
For the Years Ended June 30, 2025 and 2024**

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

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

C. Use of Estimates

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

D. Capital Assets

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

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

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

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

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

E. Cash and Cash Equivalents

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

F. Fair Value Measurements

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

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

**Notes to Basic Financial Statements
For the Years Ended June 30, 2025 and 2024**

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

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.

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

NOTE 2 – CASH AND INVESTMENTS

A. Composition

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

	<u>2025</u>	<u>2024</u>
Demand deposits with banks	\$ 1,054,350	\$ 1,218,368
Local Agency Investment Fund	1,105,760	1,056,358
Total cash and cash equivalents	<u>\$ 2,160,110</u>	<u>\$ 2,274,726</u>

B. Collateralization of Cash and Cash Equivalents

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

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

C. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As an external investment pool, the Local Agency Investment Fund was not rated as of June 30, 2025 and 2024.

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

**Notes to Basic Financial Statements
For the Years Ended June 30, 2025 and 2024**

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

D. Fair Value Hierarchy

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

E. Interest Rate Risk

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

F. Local Agency Investment Fund (LAIF)

The Authority is a participant in the Local Agency Investment Fund (LAIF), which is regulated by California Government Code §16429 under the oversight of the Treasurer of the State of California. The value of the pool shares in LAIF is determined on an amortized cost basis, which is different from the fair value of its position in the pool. Authority's investments with LAIF at June 30, 2025 and 2024 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

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

As of June 30, 2025 and 2024, the Authority had investments of \$1,105,760 and \$1,056,358, respectively, invested in LAIF, which had invested 3.81% and 3.00% of the pooled investment funds in Structured Notes and Asset-Backed Securities.

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

**Notes to Basic Financial Statements
For the Years Ended June 30, 2025 and 2024**

NOTE 3 – CAPITAL ASSETS

Capital assets as of June 30, 2025, consist of land, not being depreciated and capital assets being depreciated. The capital assets began depreciation effective February 2006. Construction of capital assets is funded through member contributions. Capital assets activity for the year ended June 30, 2025 was as follows:

	Balance at June 30, 2024	Additions and Transfers, net	Retirements and Transfers, net	Balance at June 30, 2025
Capital assets not being depreciated:				
Land and rights-of-way	\$ 1,890,978	\$ -	\$ -	\$ 1,890,978
Construction in progress	112,504	655,839	(297,969)	470,374
Total capital assets not being depreciated	2,003,482	655,839	(297,969)	2,361,352
Capital assets, being depreciated:				
Water treatment	43,016,622	297,969	-	43,314,591
Pumping plants	13,792,192	-	-	13,792,192
Reservoirs	14,439,008	-	-	14,439,008
Pipelines	29,981,565	-	-	29,981,565
Total capital assets being depreciated	101,229,387	297,969	-	101,527,356
Less accumulated depreciation for:				
Water treatment	(14,166,262)	(1,075,844)	-	(15,242,106)
Pumping plants	(5,882,730)	(344,805)	-	(6,227,535)
Reservoirs	(5,285,211)	(288,780)	-	(5,573,991)
Pipelines	(10,430,473)	(599,631)	-	(11,030,104)
Total accumulated depreciation	(35,764,676)	(2,309,060)	-	(38,073,736)
Net capital assets being depreciated	65,464,711	(2,011,091)	-	63,453,620
Capital assets, net	\$ 67,468,193	\$ (1,355,252)	\$ (297,969)	\$ 65,814,972

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

**Notes to Basic Financial Statements
For the Years Ended June 30, 2025 and 2024**

NOTE 3 – CAPITAL ASSETS (CONTINUED)

Capital assets activity for the year ended June 30, 2024 was as follows:

	Balance at June 30, 2023	Additions and Transfers, net	Retirements and Transfers, net	Balance at June 30, 2024
Capital assets not being depreciated:				
Land and rights-of-way	\$ 1,890,978	\$ -	\$ -	\$ 1,890,978
Construction in progress	149,785	448,022	(485,303)	112,504
Total capital assets not being depreciated	2,040,763	448,022	(485,303)	2,003,482
Capital assets, being depreciated:				
Water treatment	42,802,010	214,612	-	43,016,622
Pumping plants	13,792,192	-	-	13,792,192
Reservoirs	14,439,008	-	-	14,439,008
Pipelines	29,710,874	270,691	-	29,981,565
Total capital assets being depreciated	100,744,084	485,303	-	101,229,387
Less accumulated depreciation for:				
Water treatment	(13,095,092)	(1,071,170)	-	(14,166,262)
Pumping plants	(5,537,925)	(344,805)	-	(5,882,730)
Reservoirs	(4,996,431)	(288,780)	-	(5,285,211)
Pipelines	(9,816,405)	(614,068)	-	(10,430,473)
Total accumulated depreciation	(33,445,853)	(2,318,823)	-	(35,764,676)
Net capital assets being depreciated	67,298,231	(1,833,520)	-	65,464,711
Capital assets, net	\$ 69,338,994	\$ (1,385,498)	\$ (485,303)	\$ 67,468,193

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. Under the program, the Authority may issue commercial paper notes at the prevailing interest rate for periods not more than 270 days from the date of issuance. To provide liquidity support for the program, the Authority would maintain a liquidity support agreement (letter of credit) with a commercial bank. The commercial paper notes and any bank notes issued under the program are payable solely from revenues of the Authority after payment of specific operating and maintenance expenses. The Authority does not currently have a liquidity support agreement with a commercial bank and would have to secure an agreement before issuing new commercial paper. All then outstanding commercial paper notes under the program were retired in Fiscal Year 2011 and no new commercial paper notes have been issued since that time. As of June 30, 2025, there were no commercial paper notes outstanding under this program.

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

**Notes to Basic Financial Statements
For the Years Ended June 30, 2025 and 2024**

NOTE 5 – LONG TERM DEBT

A. Composition and Change

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

The following is the activity in the State Loan Program during the fiscal year ended June 30, 2025:

	Balance June 30, 2024	Retirements	Balance June 30, 2025
2006 State Water Resource Loan			
2.5%, due 07/25/2025	\$ 2,222,733	\$ 1,589,946	\$ 632,787
Less amount due within one year	1,589,946	-	632,787
Noncurrent portion	<u>\$ 632,787</u>	<u>\$ 1,589,946</u>	<u>\$ -</u>

The following is the activity in the State Loan Program during the fiscal year ended June 30, 2024:

	Balance June 30, 2023	Retirements	Balance June 30, 2024
2006 State Water Resource Loan			
2.5%, due 07/25/2025	\$ 3,773,899	\$ 1,551,166	\$ 2,222,733
Less amount due within one year	1,551,166	-	1,589,946
Noncurrent portion	<u>\$ 2,222,733</u>	<u>\$ 1,551,166</u>	<u>\$ 632,787</u>

B. Debt Service Requirements

Annual debt service requirements are shown below for the loan:

Year ending June 30	Principal	Interest	Total
2026	\$ 632,787	\$ 15,820	\$ 648,607
Totals	<u>\$ 632,787</u>	<u>\$ 15,820</u>	<u>\$ 648,607</u>

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

**Notes to Basic Financial Statements
For the Years Ended June 30, 2025 and 2024**

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>2025</u>	<u>2024</u>
DSRSD	\$ 6,710,378	\$ 5,794,693
EBMUD	45,508	52,130
	<u>\$ 6,755,886</u>	<u>\$ 5,846,823</u>

NOTE 7 – RISK MANAGEMENT

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

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

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Dublin San Ramon Services District/ East Bay Municipal Utility District Recycled Water Authority (the "Authority") as of and for the years ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 7, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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



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

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.

LSL, LLP

Sacramento, California
November 7, 2025

DERWA Summary & Recommendation

Approve Amendment of the Fiscal Year 2025-2026 Operating and Capital Budget

Summary:

The DERWA Joint Exercise of Powers Agreement (JPA) provides that the Authority must adopt an annual fiscal year budget showing expenditures and means of financing such expenditures. The DERWA Board adopted the Fiscal Year (FY) 2025-2026 Operating and Capital Budget at the April 28, 2025 Board meeting.

The adopted capital expenditure budget for FY 2025-2026 is \$1.318 million. Total capital appropriations increased from \$108.176 to \$109.783 million to fund the projects in the FY 2025-2026 capital plan. Capital appropriations include prior capital spending and adopted FY 2025-2026 expenditures. DERWA Resolution No. 25-2, adopted at the September 22, 2025 Board meeting, increased total capital appropriations from \$109.783 to \$109.840 million to incorporate the Fire Alarm System Upgrades Project.

DSRSD is managing a project on behalf of DERWA that has encountered conditions such that staff recommends additional funding. The DERWA UV Channel Rehabilitation Project aims to rehabilitate the concrete UV channel which has degraded over time due to chemicals and ultraviolet light. The concrete channels require resurfacing and lining to prevent further degradation. Lining is expected to extend the useful life of the channels by at least 20 to 30 years. The project was informally bid in October 2025, and bids exceeded the project budget. Staff subsequently refined the scope and materials to reduce costs and formally re-bid the project. Based on the formal bid results, staff recommends allocating an additional \$25,000 to complete the project, which includes \$16,000 for special inspections, DSRSD staff time, and increased labor and material estimates.

Given the need for this project, staff recommends the Board approve an amendment to the FY 2025-2026 Operating and Capital Budget to incorporate the adjusted costs of the project.

The DERWA Member Agency cost sharing is determined by facility, as described in the 2003 Sales Agreement. For DSRSD, the estimated FY 2025-2026 contribution for the capital budget would increase by \$11,500, 46% of the DERWA cost, from \$669,200 to \$680,700; for EBMUD, the contribution for the capital budget would increase by \$6,750, 27% of the DERWA cost, from \$525,400 to \$532,150. The City of Pleasanton would contribute 27% of the DERWA cost, or \$6,750, for this project. The DERWA Treasurer and Member Agencies have reviewed the proposed budget amendment.

Recommendation:

The Authority Manager and Treasurer recommend the DERWA Board of Directors approve, by Resolution, an amendment to the DERWA Fiscal Year 2025-2026 Operating and Capital Budget to increase the capital appropriations from \$109.840 million to \$109.865 million to incorporate budget adjustments for the DERWA UV Channel Rehabilitation Project.

December 8, 2025

Attachment:

1. DERWA Resolution No. 25-3

Prepared by RP

Reviewed by VH

DERWA
RESOLUTION NO. 25-3

RESOLUTION OF THE BOARD OF DIRECTORS OF THE DUBLIN SAN RAMON SERVICES DISTRICT-EAST BAY MUNICIPAL UTILITY DISTRICT RECYCLED WATER AUTHORITY AMENDING THE FISCAL YEAR 2025-2026 OPERATING AND CAPITAL BUDGET

WHEREAS, the Joint Exercise of Powers Agreement under which Dublin San Ramon Services District-East Bay Municipal Utility District Recycled Water Authority (DERWA) was formed provides that on or before April 30 of each year, the Authority's Board of Directors must adopt an annual budget for the following fiscal year showing proposed expenditures and the proposed means of financing such expenditures; and

WHEREAS, the Board of Directors adopted Resolution No. 25-1 to approve the DERWA Operating and Capital Budget for Fiscal Year (FY) 2025-2026 at the April 28, 2025, DERWA Board meeting; and

WHEREAS, the Board of Directors adopted Resolution No. 25-2 to amend the DERWA Operating and Capital Budget for FY 2025-2026, to include an additional \$57,000 to upgrade fire alarm systems at the recycled water treatment facility, at the September 22, 2025, DERWA Board meeting; and

WHEREAS, the DERWA Treasurer and the Member Agencies have reviewed, and the Authority Manager has recommended, a proposed amendment to the Operating and Capital Budget for FY 2025-2026, to include an additional \$25,000 to increase the budget for the DERWA UV Channel Rehabilitation Project; and

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

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the DSRSD-EBMUD Recycled Water Authority, a Joint Powers Authority, located in the Counties of Alameda and Contra Costa, California, that the capital budget appropriation of the Operating and Capital Budget for FY 2025-2026, as adopted by Resolution No. 25-1, and amended by Resolution No. 25-2, is increased from \$109.840 million to \$109.865 million and incorporates the DERWA UV Channel Rehabilitation capital project described in "Attachment A."

ADOPTED by the Board of Directors of the DSRSD-EBMUD Recycled Water Authority, a Joint Powers Authority, located in the Counties of Alameda and Contra Costa, California, at its Regular Meeting held on the 8th day of December 2025, and passed by the following vote:

DERWA
Res. No. 25-3

AYES:

NOES:

ABSENT:

April Chan, DERWA Chair

ATTEST

Nicole M. Genzale, Authority Secretary

Capital Improvement Project Summary

Project: **UV Channel Rehabilitation**

Description: The purpose of this project is to rehabilitate the UV channel by addressing minor degradation that has occurred over time. The project will involve applying a protective coating to resurface and safeguard the concrete channel.

Lead Agency: DSRSD/DERWA

Project Manager: DSRSD

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

Grant/Loan Eligible: 0% Design 0% Construction

In Service Date: 2026

(\$000)

Project	Lead Agency	Activity	Prior Spending	Estimated FY25	Proposed FY26	Future	Approved Budget Total
UV Channel Rehabilitation	DERWA	Planning	-	-	-	-	-
		Design	-	-	-	-	-
		Property	-	-	-	-	-
		Construction	-	-	175	-	175
		Const Mgmt	-	-	-	-	-
		Admin/Permit	-	-	-	-	-
		Other	-	-	-	-	-
		Total	-	-	175	-	175

Total Project Element Costs: **\$175,000**



DSRSD•EBMUD Recycled Water Authority
PARTNERS IN WATER RECYCLING

DATE: December 8, 2025

MEMO TO: Board of Directors

FROM: Vivian Housen, Authority Manager

SUBJECT: Authority Manager Update

ADMINISTRATION

Central Contra Costa Sanitary District (Central San) Short-Term Supply Agreement

Extension. In February 2019, DERWA and Central San executed a temporary agreement to divert 0.7 million gallons per day (MGD) of Central San's raw wastewater upstream of the San Ramon Pumping Station. The initial term of the agreement was three years (beginning from the date of Central San's acceptance of the construction of the diversion structure and associated pipelines) with the option of two one-year extensions. The parties exercised the final one-year extension as of October 18, 2024. The second extension terminates on January 21, 2026.

Extending the diversion project beyond January 21, 2026 will require a new agreement. DERWA and its Member Agency staff met internally and/or with Central San on May 27, July 22, August 19, September 11, 23, and 24, October 16, and November 3, 12, and 18 to discuss and continue to update the terms. These discussions have been very productive and discussions on the technical aspects of the agreement are substantially complete. The Member Agencies' legal counsel are currently resolving language regarding termination and indemnity. Member Agency staff will meet in early December to finalize these comments and schedule the next meeting with Central San staff. The agreement is expected to be ready for discussion and potential action by the DERWA Board at the regular meeting in February 2026.

The draft agreement discusses technical studies that are needed to evaluate any impacts on the DSRSD treatment facility and collection system and the Central San collection system resulting from the planned diversions. Central San and DERWA have agreed that these studies will be managed by DSRSD with involvement and review by Central San and DSRSD staff. The costs for the studies are being finalized and have been included in the current fiscal year DERWA budget. Current estimates for the studies indicate that a budget amendment will be required at a future meeting to accommodate these costs. Further information about these studies and their associated costs will be provided as additional information is known.

Second and Third Amendments to the Interim Agreement Related to the Supply and Sale of Recycled Water.

On November 18, 2024, DERWA and its Member Agencies executed the second amendment to the agreement that authorizes the connection of five ready-to-connect customers, with a total estimated maximum demand of 0.161 MGD. DERWA and its Member Agency staff are in the process of executing the third amendment to this agreement to extend the term and make adjustments to the customer list.

One customer has been connected, and work is in progress to connect three additional, as follows:

1. EBMUD, City Village Phase 1 – Connected in January 2025
2. EBMUD, City Village Phase 2 – Starting construction with expected completion by March 2026
3. EBMUD, Belmont Senior Homes – On hold until further notice
4. EBMUD, Aspenwood Apartments – Starting construction with connection anticipated in 2026
5. EBMUD, Iron Horse Village (new)
6. EBMUD, Bishop Ranch 3A (new)
7. DSRSD, Dublin Sports Park – Completion estimated by December 2025
8. DSRSD, Butterfly Knoll Park – Removed from list
9. DSRSD, Wallis Ranch Park (new)
10. DSRSD, Forest Park (new)

Staff Meetings. A Manager's Meeting was held on October 21, 2025. In addition, DSRSD and EBMUD staff and the DERWA Authority Manager have met and had follow-up communications to discuss general business and also items for the December Board meeting.

Other Information

- The DERWA Special Liability Insurance Program (SLIP) insurance policy with Alliant was renewed on September 29, 2025.

Legislative Updates

- **SB 707 – Brown Act Update**

The Brown Act establishes the procedural and substantive requirements for open public meetings of a local agency in California. Senate Bill 707 overhauls portions of the Brown Act to: (1) set additional requirements for a new category of “eligible legislative bodies”; and (2) extend teleconferencing flexibility provisions until 2030; (3) clarifies procedures for addressing disruptive participants; and (4) cements provisions governing social media use by Boardmembers.

The new category of “eligible legislative bodies” applies to sufficiently large cities and counties, as well as special districts with (i) a population of at least 600,000 and at least 200 full-time employees; (ii) at least 1,000 full-time employees; or (iii) annual revenues of at least \$400 million and at least 200 full-time employees. Beginning July 1, 2026, eligible legislative bodies are required to take additional actions including: adopt policies for remote meetings, ensure remote meeting access for the public, and provide translation services for meetings, agendas, and website content. While EBMUD may be considered an eligible legislative body, the definition does not apply to DERWA.

For all local public agencies, the teleconference provisions for remote Boardmember participation have been streamlined and extended to January 1, 2030. SB 707 also codifies that remote attendance may be used as a reasonable accommodation under the Americans with Disabilities Act. To eject an individual for disrupting an in-person or teleconference meeting, the presiding member of the legislative body must warn the

individual that their behavior is disruptive and may result in their removal. Finally, SB 707 codifies that a member of a legislative body shall not respond to or directly interact with any communication on social media that is publicly shared by another member of the legislative body. Under Government Code section 54953.8.7, an eligible multi-jurisdictional body such as DERWA may adopt a resolution to authorize using teleconferencing at regular meetings in the same manner as other local agencies under Section 54953.8.

- **SB 852 – Political Reform Act Update**

The Political Reform Act establishes California's disclosure and conflict of interest laws for public agency officials and is overseen by the Fair Political Practices Commission (FPPC). Senate Bill 852 amends Government Code section 87500 the Political Reform Act to require public officials who manage a local agency's investments to file their annual Form 700 Statements of Economic Interest directly with the FPPC through its electronic filing system, instead of with their local agency. The new reporting protocol applies to traditional "Section 87200 filers," including members of boards and commissions, contracted consultants, chief investment officers, and other high-level officers and employees who exercise primary responsibility for the management of public investments. Because DERWA Boardmembers and listed employees already submit their Form 700s to the FPPC, SB 852 will not require any change starting in 2026.

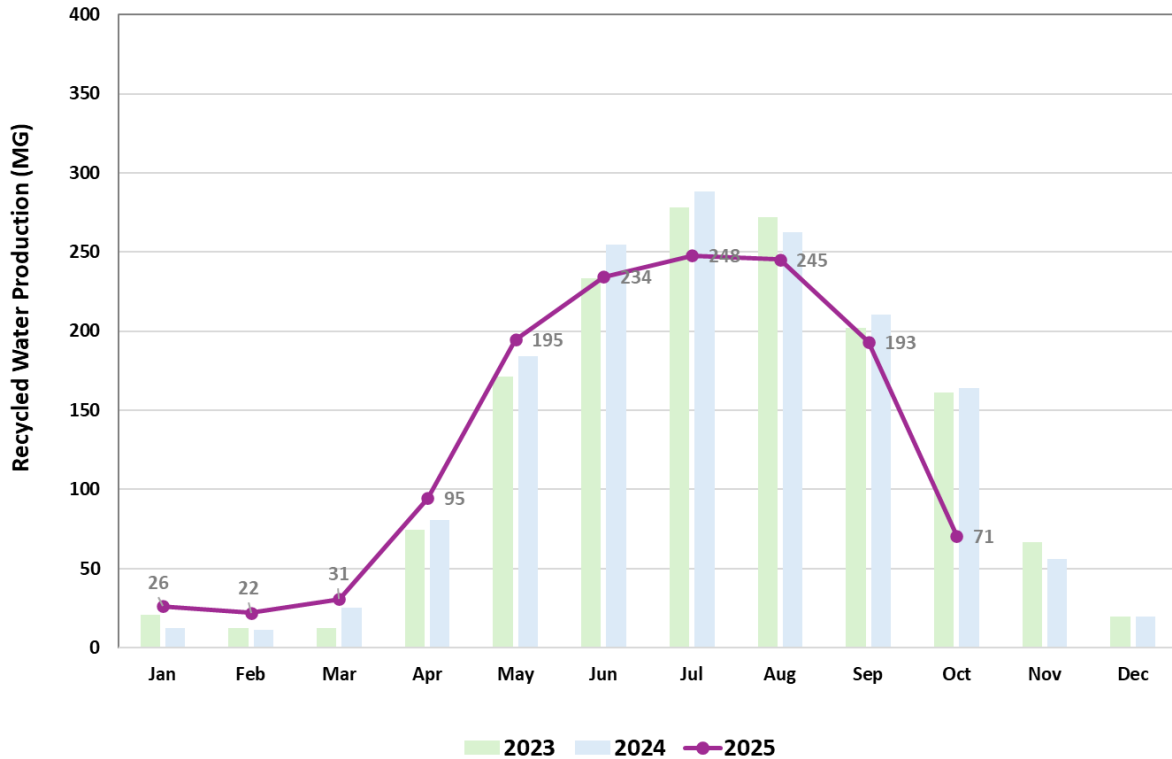
OPERATIONS AND MAINTENANCE

DERWA Recycled Water Production (Calendar Years 2023-2025)

Recycled water demands for calendar year 2025 started great, however, with historically cool summer temperatures in the San Francisco Bay Area, the total yearly demands have dropped nearly 9% from the same period last year. Early October storms impacted October demands so much that they reverted to winter demand numbers.

Monthly DERWA Recycled Water Production

January 1, 2023 - October 31, 2025



Winter Shutdown Maintenance

With DERWA system demands now at winter levels, the Operations and Maintenance team is preparing to initiate our annual winter maintenance program. This period of reduced demand presents a critical opportunity to perform major maintenance activities that are not feasible during peak operational months. Winter is strategically chosen for these efforts because lower system demands allow us to safely shut down portions of the recycled water treatment plant for extended periods. This enables our maintenance staff to access, inspect, and repair infrastructure that is typically submerged or otherwise inaccessible during normal operations. These inspections are essential for ensuring the long-term reliability and efficiency of the treatment process.

Our Winter Maintenance Schedule will include:

- Holding Basin 4 Wet Well cleaning
- Install blind flanges (close openings) on the old flocculation tanks
- Pump Station R1 Wet Well cleaning
- Permanently install scum skimmer and directional fan
- Drain Sand Filter 1 to sand line and inspect
- UV transmittance meter servicing
- Structural inspections of tanks and channels
- Instrumentation calibration and SCADA system updates
- Facility-wide safety checks and compliance reviews

We are coordinating closely with operations and maintenance staff to ensure that all activities are completed with minimal impact to service reliability. A detailed schedule and risk mitigation plan will be shared at the next Board meeting.