

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

NOTICE OF REGULAR MEETING

TIME: 6:00 p.m.
PLACE: Dublin San Ramon Services District Boardroom
7051 Dublin Boulevard
Dublin, California 94568

DATE: Monday, October 28, 2013

AGENDA

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

(Next Resolution No. 13-3)

**Recommended
Action**

1. CALL TO ORDER
2. PLEDGE TO THE FLAG
3. ROLL CALL - Members: Coleman, Halket, Mellon and Vonheeder-Leopold,
Alternates: Foulkes and Duarte
4. BOARD REORGANIZATION
A. Appointment of Interim Secretary Approve
by Motion
5. CLOSED SESSION
A. Conference with Real Property Negotiator-Pursuant to
Government Code Section 54956.8
Property: Water Supply Contract
Agency Negotiator: James B. Bewley, Authority Manager
Negotiating Parties: City of Pleasanton and DERWA
Under Negotiation: Price and Terms
6. REPORT FROM CLOSED SESSION
7. SPECIAL ANNOUNCEMENTS/ACTIVITIES
8. PUBLIC COMMENT (Meeting Open to Public)
At this time, those in the audience may address the Board on any item not already
included in the agenda. Comments should not exceed five minutes. If this is not
considered sufficient time to address the issue, please arrange with the Secretary to
have that item placed on the agenda for a future Board meeting.
9. APPROVE MINUTES Approve
by Motion
Regular Board Meeting of April 22, 2013

*Recommended
Action*

10. CONSENT CALENDAR

Matters listed under this item are considered routine and will be enacted by one action in the form listed below. There will be no separate discussion of these items unless requested by a Member of the Board or the public prior to the time the Board votes on the Motion to adopt.

- | | | |
|----|--|-------------------|
| A. | Treasurer's Reports for April 30, May 31, June 30, July 31, August 31 and September 30, 2013 | Approve by Motion |
| B. | Quarterly Investment Reports - March 31 and June 30, 2013 | Approve by Motion |
| C. | Approve Task Order No. 11 for Fiscal Year 2013-14 for Public Information Services with ICF International | Approve by Motion |

11. BOARD BUSINESS

- | | | |
|----|--|-----------------------|
| A. | Transmittal of the DERWA Independent Auditor's Report and Financial Statements for Years Ending June 30, 2012 and 2013 | Accept by Motion |
| B. | Agreement to Provide Recycled Water Treatment and Delivery Services by and between DERWA and City of Pleasanton | Approve by Resolution |
| C. | Proclamation of Appreciation for Dave Requa's Service to DERWA | Approve by Motion |

12. MANAGER'S REPORTS

- Capital Projects Update – None
- Confirming cancellation of the next Regular Meeting scheduled for December 23, 2013

13. BOARDMEMBER ITEMS

14. ADJOURNMENT

Information about and copies of supporting materials on agenda items are available for public review at 7051 Dublin Boulevard, Dublin, at the Reception Desk, or by calling the Authority Secretary at (925) 828-0515. A fee may be charged for copies. During the meeting, information and supporting materials are available by the doorway into the Boardroom. Authority facilities and meetings comply with the Americans with Disabilities Act. If special accommodations are needed, please contact the Authority Secretary as soon as possible, but at least two days prior to the meeting.

Item 4.A

DERWA Summary & Recommendation

Appointment of Interim Authority Secretary

Summary:

The DERWA Joint Powers Agreement provides that the Board elect officer positions of Chair and Vice Chair, and appoint the Authority Secretary. Nancy Hatfield was appointed Secretary for 2013 at the April 22, 2013 Regular Board meeting. Nancy has been on extended medical leave for the past several weeks and will not be able to participate in the October 28, 2013 Regular Board meeting. In consideration of the action items on the October 28, 2013 General Counsel has recommended the appointment of an Interim Authority Secretary.

Recommendation:

Staff recommends the Board, by Motion, appoint Jim Bewley as Authority Interim Secretary for the period October 28, 2013.

October 28, 2013

Attachment

**DSRSD • EBMUD RECYCLED WATER AUTHORITY
(DERWA)
Board of Directors Regular Meeting Minutes
Monday, April 22, 2013**

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

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

2. PLEDGE TO THE FLAG

3. ROLL CALL – Directors present: Chair Frank Mellon, Vice Chair Richard Halket, Director John Coleman and Director Georgean Vonheeder-Leopold. DERWA Staff present: James Bewley, Authority Manager; Richard Lou, Treasurer; Robert Maddow, General Counsel; and Nancy Gamble Hatfield, Authority Secretary.

4. SPECIAL ANNOUNCEMENTS/ACTIVITIES

5. PUBLIC COMMENT – 6:01 p.m. – None received.

6. APPROVE MINUTES – Special Meeting of March 13, 2013
Motion by Director Vonheeder-Leopold, Second by Director Coleman to approve the minutes from the Special Meeting of *March 13, 2013*. Motion carried (4-0) by the following vote:

AYES: Vonheeder-Leopold, Coleman, Halket, Mellon
NOES:

7. CONSENT CALENDAR

A. Treasurer's Report – March 31, 2013

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

AYES: Vonheeder-Leopold, Coleman, Halket, Mellon
NOES:

8. BOARD BUSINESS

A. Approve and Adopt the Fiscal Year 2013-14 Capital and Operating Expenditure Budget

Authority Manager Bewley reported that this item was for consideration of the Fiscal Year 2013-14 Capital and Operating Expenditure Budget.

Chair Mellon invited questions from the Directors.

Director Coleman inquired if there was any Water Resources Development Act (WRDA) funding in this CIP budget and if staff was looking into securing other funding sources.

DRAFT

Mr. Bewley explained that DERWA does not have any projects funded by WRDA in this CIP budget. However, EBMUD does have a staff member looking into opportunities for securing funding in Washington, D.C.

Mr. Bewley reported that operating the treatment plant and distribution system are the most expensive activities and that since the fixed costs of labor and maintenance are about 60% and variable costs primarily consisting of power and chemicals are about 40% of the total, the cost per million gallons to produce the water declines with increased demand. As DERWA plans and delivers more recycled water each year, the dollar amount for operations increases but the unit costs for operating continues to decrease.

Chair Mellon commented that for planning and budgeting purposes, his understanding is that DERWA needs to continue to seek additional water supplies depending on what happens with future negotiations with the City of Pleasanton.

Mr. Bewley stated that on the capital side of the budget, there are still funds identified for permanent supplemental water supply projects of approximately \$2 million. He discussed past studies performed and possible use of wells to supplement the DERWA supply. He reminded the Board of the study performed this last fiscal budget year with Mr. Ed Cummings and a possible project with Zone 7 for additional water for DERWA.

Motion by Director Coleman, Second by V.C. Halket to approve Resolution No. 13-2 approving and adopting the Fiscal Year 2013-2014 Capital and Operating Expenditure Budget. Motion carried (4-0) by the following vote:

AYES: Coleman, Halket, Vonheeder-Leopold, Mellon
NOES:

9. MANAGER'S REPORT

- Capital Projects Update – None
 - EBMUD Distribution System Phase 2 3 4 Projects Update – Authority Manager Bewley invited Ms. Florence Weddington to report on the EBMUD Distribution System Phase 2 3 4 project that will finish off the WRDA grant money.

Ms. Weddington gave the Board an update on the project that the Army Corps of Engineers will complete with remaining WRDA funds and that will include approximately 2,000 feet of pipe on Camino Ramon near the Bishop Ranch Business Park. The project work should occur between June 1, 2013 and be completed by July 10, 2013 so as to not interfere with the City of San Ramon's upcoming paving projects.

- Pleasanton/DERWA Recycled Water Agreement – Mr. Bewley commented that there was nothing to report on this agreement today. However, there has been a lot of activity over the last few weeks which is encouraging. All basic concepts seem to be in place for the agreement. There is a good chance that this agreement may come before the Board at the June meeting.
- Confirm Next Meeting Date – June 24, 2013 – The next regular meeting date was confirmed for June 24, 2013.

10. BOARDMEMBER ITEMS – None.

11. ADJOURNMENT

Chair Mellon adjourned the meeting at 6:15 p.m.

Submitted by,

Nancy Gamble Hatfield
Authority Secretary

Item 10.A

DERWA Summary & Recommendation

April 30, 2013 Treasurer's Report
May 31, 2013 Treasurer's Report
June 30, 2013 Treasurer's Report
July 31, 2013 Treasurer's Report
August 31, 2013 Treasurer's Report
September 30, 2013 Treasurer's Report

Summary:

Attached are the Treasurer's Reports for the months ending April 30, May 31, June 30, July 31, August 31, and September 30, 2013 submitted by Treasurer Richard Lou.

Recommendation:

The Treasurer recommends the Board approve, by Motion, the Treasurer's reports for April 30, May 31, June 30, July 31, August 31, and September 30, 2013 submitted by the Treasurer Richard Lou.

October 28, 2013

Attachments

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT FOR APRIL 30, 2013**

STAFF REPORT

Attached is the DERWA Treasurer's Report for the month ending April 30, 2013. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, \$118,422 in agency reimbursements were received. Fiscal year-to-date Revenues/Funding totaled \$1,624,744 of which \$1,624,744 represents agency reimbursements.

Expenses: Current month expenditures totaled \$218,009 of which \$204,330 was capitalized and \$13,679 was expensed. Fiscal year-to-date expenditures for FY13 totaled \$1,343,076. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY13.

Cash: The cash balance at April 30, 2013 was (\$327,116).

Submitted by:



Richard Lou
Treasurer

Dated: May 2, 2013

Prepared by  (D. Gulseth)

Reviewed by  (L. Fan)

Reviewed by  (S. Klein)

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**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT
FOR THE PERIOD ENDED APRIL 30, 2013**

CAPITAL - PROJECT	Program Budget	Expenditures FY 12 and Prior (a)	Expenditures Current Month	Expenditures FY 13 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
Pipeline Reach 1	7,561,000	7,560,517	0	0	7,560,517	4,383,920	3,176,597
Pipeline Reach 2	4,558,000	4,558,120	0	0	4,558,120	3,882,264	675,856
Pipeline Reach 3	2,286,000	2,286,003	0	0	2,286,003	1,719,204	566,799
Pipeline Reach 4	1,615,000	1,614,959	0	0	1,614,959	363,685	1,251,274
Pipeline Reach 5	1,431,000	1,430,991	0	0	1,430,991	200,195	1,230,796
Pipeline Reach 6	6,760,000	6,759,869	0	0	6,759,869	430,784	6,329,085
Treatment Plant	15,733,000	15,732,794	0	0	15,732,794	8,948,843	6,783,951
Pump Stations	8,558,000	8,559,375	0	3,919	8,563,294	6,776,648	1,786,646
Water Tanks	12,393,000	12,393,483	0	0	12,393,483	7,221,552	5,171,931
Phase 2 Pipeline & Pump Station	3,408,000	3,460,712	0	2,226	3,462,938	0	3,462,938
Backbone Corrosion	1,109,000	1,109,004	0	0	1,109,004	122,302	986,702
SCADA	295,000	15,410	0	0	15,410	8,784	6,626
EBMUD Pipeline Phase 2, 3 & 4	2,477,000	400,555	200,709	201,639	602,194	0	602,194
Fine Screening	667,000	667,096	0	0	667,096	380,244	286,852
New/Replacement Capital <50K	1,278,000	131,750	0	2,486	134,236	76,515	57,721
MF/UV Control Programing Update	144,000	144,366	0	0	144,366	82,289	62,077
Program Planning & Air Relief	11,788,000	5,705,265	3,621	17,480	5,722,745	2,833,227	2,889,518
Planning FY02 and Prior Years	0	3,585,898	0	0	3,585,898	1,757,090	1,828,808
Design FY02 and Prior Years	0	79,432	0	0	79,432	38,922	40,510
Contingency	1,000,000	0	0	0	0	0	0
Capitalized Interest	2,000,000	1,960,872	0	0	1,960,872	960,827	1,000,045
Total Capital Impr. Proj. Element	85,061,000	78,156,471	204,330	227,750	78,384,221	40,187,295	38,196,926

OPERATING - ITEM	Budget FY 12	Expenditures FY 12 and Prior (a)	Expenditures Current Month	Expenditures FY 13 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
DERWA Program Manager	166,750	2,425,629	7,886	112,330	2,537,959	2,004,987	532,972
Treasurer	65,000	2,595,706	5,148	35,708	2,631,414	2,078,817	552,597
Legal Counsel	7,500	414,399	645	1,656	416,055	328,683	87,372
Secretary	12,750	181,740	0	6,716	188,456	148,881	39,575
Other	100,000	774,529	0	92,318	866,847	684,809	182,038
Operation and Maintenance Detail	1,663,131	7,676,073	0	866,598	8,542,671	6,748,711	1,793,961
Debt Service	1,650,000	13,801,486	0	0	13,801,486	10,903,174	2,898,312
Total Operating Program Element	3,665,131	27,869,562	13,679	1,115,326	28,984,888	22,898,062	6,086,827

PROJECT TOTALS	88,726,131	106,026,033	218,009	1,343,076	107,369,109	63,085,357	44,283,753
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REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution		
DSRSD	95,806	95,806
EBMUD	0	0
Agency Reimbursements - DSRSD	0	1,120,172
Agency Reimbursements - EBMUD	22,616	408,766
Commercial Paper Issued	0	0
Corps of Engineer Funded	0	0
Grants	0	0
Loans	0	0
Interest Income	0	0
Misc Income	0	0
TOTAL REVENUES & FUNDING	118,422	1,624,744

CASH AVAILABLE	Current Month	Fiscal Year
Beginning Cash	(227,529)	(399,251)
Beginning Balance Adjustment	0	(209,533)
LAIF Int Adjustment	0	0
Commercial Paper payoff	0	0
Total Revenues & Funding	118,422	1,624,744
Total Expenditures	(218,009)	(1,343,076)
Ending Cash	(327,116)	(327,116)

Prepared by Dana Gulseth Date: 5/1
Reviewed by Lawrence Fan Date: 5/1/13
Approved by Scott Klein Date: 5/1

DSRSD/EBMUD RECYCLED WATER AUTHORITY
SUMMARY OF EXPENDITURES
FOR THE PERIOD ENDED
March 31, 2013

Check Date	Check Number	Payee	Category	TOTAL Amount	DSRSD Amount	EBMUD Amount
04/12/13	2410880	Jim Bewley	Op-Prog Mgr Exp (76/24)	2,635.00	2,002.60	632.40
04/12/13	2410880	Jim Bewley	Op-PP Supplemental Water (58/42)	2,422.50	1,405.05	1,017.45
04/12/13	2410880	Jim Bewley	Cap-Public Inform OP Plan Update (49/51)	1,020.00	499.80	520.20
04/12/13	2410880	Jim Bewley	Op-Prog Mgr Exp (76/24)	370.00	214.60	155.40
04/12/13	2410880	Jim Bewley	Op-PP Supplemental Water (58/42)	330.00	191.40	138.60
04/12/13	2410880	Jim Bewley	Cap-Public Inform OP Plan Update (49/51)	65.00	31.85	33.15
04/12/13	2411053	Office Team (Robert Half International)	Op-Pgr Mgr Staff (76/24)	1,423.64	1,081.97	341.67
04/19/13	2411469	Office Team (Robert Half International)	Op-Pgr Mgr Staff (76/24)	705.17	535.93	169.24
04/19/13	2411307	EBMUD Acctg March 2013	Op-Treas Cost Acct (76/24)	4,454.50	3,365.42	1,089.08
04/19/13	2411307	EBMUD Acctg March 2013	Op-Treas Salary(76/24)	693.08	526.74	166.34
04/19/13	2411255	Bold, Polinsner, Maddow ,et al March	Op-Legal (76/24)	645.00	490.20	154.80
04/19/13	2411255	Bold, Polinsner, Maddow ,et al March	Cap-PP Supp Water (58/42)	2,536.50	1,471.17	1,065.33
04/19/13	2411255	Bold, Polinsner, Maddow ,et al March	Cap-PL 234 Admin Mgmt (100%E)	237.00	-	237.00
04/12/13	2410945	US Army Corp of Engineers	Cap-PL 234 Const. (100%E)	200,472.00	-	200,472.00
				218,009.39	11,836.73	206,172.66

Operating	Capital	CK	CK-OP		
2,635.00	0.00		2,635.00	76.0%	24.0%
2,422.50	0.00		2,422.50	58.0%	42.0%
0.00	1,020.00		0.00	49.0%	51.0%
370.00	0.00		370.00	58.0%	42.0%
330.00	0.00		330.00	58.0%	42.0%
0.00	65.00		0.00	49.0%	51.0%
1,423.64	0.00		1,423.64	76.0%	24.0%
705.17	0.00		705.17	76.0%	24.0%
4,454.50	0.00		4,454.50	76.0%	24.0%
693.08	0.00		693.08	76.0%	24.0%
645.00	0.00		645.00	76.0%	24.0%
0.00	2,536.50		0.00	58.0%	42.0%
0.00	237.00		0.00	0.0%	100.0%
0.00	200,472.00		0.00	0.0%	100.0%
0.00	0.00		0.00	#DIV/0!	#DIV/0!
13,678.89	204,330.50	0.00	13,678.89		

Wk Ending	Amount
4/12/13	\$ 208,738.14
4/19/13	\$ 9,271.25
4/26/13	\$ -
\$ -	
\$ -	
\$ -	
\$ -	
\$ -	
\$ 218,009.39	

\$ - Reconciled
 \$ 0.00 Reconciled
 \$ - Reconciled

OP 13,678.89
 CAP 204,330.50

Prepared by *Dana Gulseth* Date: 5/1
 Reviewed by *Lawrence Fan* Date: 5/1/13
 Approved by *Scott Klein* Date: 5/1

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT FOR MAY 31, 2013**

STAFF REPORT

Attached is the DERWA Treasurer's Report for the month ending May 31, 2013. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, \$1,895,621 in agency reimbursements were received. Fiscal year-to-date Revenues/Funding totaled \$3,520,366 of which \$3,520,366 represents agency reimbursements.

Expenses: Current month expenditures totaled \$193,199 of which \$3,362 was capitalized and \$189,837 was expensed. Fiscal year-to-date expenditures for FY13 totaled \$1,536,275. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY13.




Cash: The cash balance at May 31, 2013 was \$1,375,306.

Submitted by:



Richard Lou
Treasurer

Dated: June 3, 2013

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

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**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT
FOR THE PERIOD ENDED MAY 31, 2013**

CAPITAL - PROJECT	Program Budget	Expenditures FY 12 and Prior (a)	Expenditures Current Month	Expenditures FY 13 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
Pipeline Reach 1	7,561,000	7,560,517	0	0	7,560,517	4,383,920	3,176,597
Pipeline Reach 2	4,558,000	4,558,120	0	0	4,558,120	3,882,264	675,856
Pipeline Reach 3	2,286,000	2,286,003	0	0	2,286,003	1,719,204	566,799
Pipeline Reach 4	1,615,000	1,614,959	0	0	1,614,959	363,685	1,251,274
Pipeline Reach 5	1,431,000	1,430,991	0	0	1,430,991	200,195	1,230,796
Pipeline Reach 6	6,760,000	6,759,869	0	0	6,759,869	430,784	6,329,085
Treatment Plant	15,733,000	15,732,794	0	0	15,732,794	8,948,843	6,783,951
Pump Stations	8,558,000	8,559,375	0	3,919	8,563,294	6,776,648	1,786,646
Water Tanks	12,393,000	12,393,483	0	0	12,393,483	7,221,552	5,171,931
Phase 2 Pipeline & Pump Station	3,408,000	3,460,712	0	2,226	3,462,938	0	3,462,938
Backbone Corrosion	1,109,000	1,109,004	0	0	1,109,004	122,302	986,702
SCADA	295,000	15,410	0	0	15,410	8,784	6,626
EBMUD Pipeline Phase 2, 3 & 4	2,477,000	400,555	0	201,639	602,194	0	602,194
Fine Screening	667,000	667,096	0	0	667,096	380,244	286,852
New/Replacement Capital <50K	1,278,000	131,750	1,521	4,007	135,757	77,382	58,375
MF/UV Control Programing Update	144,000	144,366	0	0	144,366	82,289	62,077
Program Planning & Air Relief	11,788,000	5,705,265	1,841	19,321	5,724,586	2,834,264	2,890,322
Planning FY02 and Prior Years	0	3,585,898	0	0	3,585,898	1,757,090	1,828,808
Design FY02 and Prior Years	0	79,432	0	0	79,432	38,922	40,510
Contingency	1,000,000	0	0	0	0	0	0
Capitalized Interest	2,000,000	1,960,872	0	0	1,960,872	960,827	1,000,045
Total Capital Impr. Proj. Element	85,061,000	78,156,471	3,362	231,112	78,387,583	40,189,199	38,198,384

OPERATING - ITEM	Budget FY 12	Expenditures FY 12 and Prior (a)	Expenditures Current Month	Expenditures FY 13 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
DERWA Program Manager	166,750	2,425,629	20,581	132,911	2,558,540	2,021,248	537,292
Treasurer	65,000	2,595,706	4,861	40,569	2,636,275	2,082,657	553,618
Legal Counsel	7,500	414,399	559	2,215	416,614	329,125	87,489
Secretary	12,750	181,740	2,171	8,886	190,626	150,595	40,031
Other	100,000	774,529	0	92,318	866,847	684,809	182,038
Operation and Maintenance Detail	1,663,131	7,676,073	161,665	1,028,264	8,704,337	6,876,426	1,827,911
Debt Service	1,650,000	13,801,486	0	0	13,801,486	10,903,174	2,898,312
Total Operating Program Element	3,665,131	27,869,562	189,837	1,305,163	29,174,725	23,048,034	6,126,691

PROJECT TOTALS	88,726,131	106,026,033	193,199	1,536,275	107,562,308	63,237,233	44,325,075
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REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution		
DSRSD	0	95,806
EBMUD	0	0
Agency Reimbursements - DSRSD	857,647	1,977,819
Agency Reimbursements - EBMUD	1,037,974	1,446,740
Commercial Paper Issued	0	0
Corps of Engineer Funded	0	0
Grants	0	0
Loans	0	0
Interest Income	0	0
Misc Income	0	0
TOTAL REVENUES & FUNDING	1,895,621	3,520,365

CASH AVAILABLE	Current Month	Fiscal Year
Beginning Cash	(327,116)	(399,251)
Beginning Balance Adjustment	0	(209,533)
LAIF Int Adjustment	0	0
Commercial Paper payoff	0	0
Total Revenues & Funding	1,895,621	3,520,365
Total Expenditures	(193,199)	(1,536,275)
Ending Cash	1,375,306	1,375,306

Prepared by *[Signature]* Date: 5-30-13
Reviewed by *[Signature]* Date: 05/30/13
Approved by *[Signature]* Date: 5/31
Scott Klein

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT FOR JUNE 30, 2013**

STAFF REPORT

Attached is the DERWA Treasurer's Report for the month ending June 30, 2013. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, \$193,199 in agency reimbursements were received. Fiscal year-to-date Revenues/Funding totaled \$3,713,564 of which \$3,713,564 represents agency reimbursements.

Expenses: Current month expenditures totaled \$2,151,670 of which \$3,999 was capitalized and \$2,147,671 was expensed. Fiscal year-to-date expenditures for FY13 totaled \$3,673,397. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY13.




Cash: The cash balance at June 30, 2013 was (\$583,166).

Submitted by:



Richard Lou
Treasurer

Dated: July 10, 2013

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

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**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT
FOR THE PERIOD ENDED JUNE 30, 2013**

CAPITAL - PROJECT	Program Budget	Expenditures FY 12 and Prior (a)	Expenditures Current Month	Expenditures FY 13 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
Pipeline Reach 1	7,561,000	7,560,517	0	0	7,560,517	4,383,920	3,176,597
Pipeline Reach 2	4,558,000	4,558,120	0	0	4,558,120	3,882,264	675,856
Pipeline Reach 3	2,286,000	2,286,003	0	0	2,286,003	1,719,204	566,799
Pipeline Reach 4	1,615,000	1,614,959	0	0	1,614,959	363,685	1,251,274
Pipeline Reach 5	1,431,000	1,430,991	0	0	1,430,991	200,195	1,230,796
Pipeline Reach 6	6,760,000	6,759,869	0	0	6,759,869	430,784	6,329,085
Treatment Plant	15,733,000	15,732,794	0	0	15,732,794	8,948,843	6,783,951
Pump Stations	8,558,000	8,559,375	0	3,919	8,563,294	6,776,648	1,786,646
Water Tanks	12,393,000	12,393,483	0	0	12,393,483	7,221,552	5,171,931
Phase 2 Pipeline & Pump Station	3,408,000	3,460,712	0	2,226	3,462,938	0	3,462,938
Backbone Corrosion	1,109,000	1,109,004	0	0	1,109,004	122,302	986,702
SCADA	295,000	15,410	0	0	15,410	8,784	6,626
EBMUD Pipeline Phase 2, 3 & 4	2,477,000	400,555	0	201,639	602,194	0	602,194
Fine Screening	667,000	667,096	0	0	667,096	380,244	286,852
New/Replacement Capital <50K	1,278,000	131,750	1,179	5,186	136,936	78,054	58,882
MF/UV Control Programing Update	144,000	144,366	0	0	144,366	82,289	62,077
Program Planning & Air Relief	11,788,000	5,705,265	2,820	10,736	5,716,001	2,829,031	2,886,970
Planning FY02 and Prior Years	0	3,585,898	0	0	3,585,898	1,757,090	1,828,808
Design FY02 and Prior Years	0	79,432	0	0	79,432	38,922	40,510
Contingency	1,000,000	0	0	0	0	0	0
Capitalized Interest	2,000,000	1,960,872	0	0	1,960,872	960,827	1,000,045
Total Capital Impr. Proj. Element	85,061,000	78,156,471	3,999	223,706	78,380,177	40,184,638	38,195,539

OPERATING - ITEM	Budget FY 12	Expenditures FY 12 and Prior (a)	Expenditures Current Month	Expenditures FY 13 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
DERWA Program Manager	166,750	2,425,629	9,404	139,172	2,564,801	2,026,194	538,607
Treasurer	65,000	2,595,706	9,815	50,382	2,646,088	2,090,410	555,678
Legal Counsel	7,500	414,399	0	2,215	416,614	329,125	87,489
Secretary	12,750	181,740	1,361	10,248	191,988	151,671	40,317
Other	100,000	774,529	0	92,318	866,847	684,809	182,038
Operation and Maintenance Detail	1,663,131	7,676,073	481,577	1,509,842	9,185,915	7,256,873	1,929,042
Debt Service	1,650,000	13,801,486	1,645,514	1,645,514	15,447,000	12,203,130	3,243,870
Total Operating Program Element	3,665,131	27,869,562	2,147,671	3,449,691	31,319,253	24,742,212	6,577,041

PROJECT TOTALS	88,726,131	106,026,033	2,151,670	3,673,397	109,699,430	64,926,850	44,772,580
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REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution	0	0
DSRSD	0	0
EBMUD	0	0
Agency Reimbursements - DSRSD	142,349	2,215,974
Agency Reimbursements - EBMUD	50,850	1,497,590
Commercial Paper Issued	0	0
Corps of Engineer Funded	0	0
Grants	0	0
Loans	0	0
Interest Income	0	0
Misc Income	0	0
TOTAL REVENUES & FUNDING	193,199	3,713,564

CASH AVAILABLE	Current Month	Fiscal Year
Beginning Cash	1,375,306	(413,800)
Beginning Balance Adjustment	0	(209,533)
LAIF Int Adjustment	0	0
Commercial Paper payoff	0	0
Total Revenues & Funding	193,199	3,713,564
Total Expenditures	(2,151,670)	(3,673,397)
Ending Cash	(583,166)	(583,166)

Prepared by Dana Gulseth Date: 7-9-13
 Reviewed by [Signature] Date: 7/10/13
 Approved by [Signature] Date: 7/10
Dana Gulseth
Lawrence Fan
Scott Klein

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT FOR JULY 31, 2013**

STAFF REPORT

Attached is the DERWA Treasurer's Report for the month ending July 31, 2013. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, \$152,876 in agency reimbursements were received. Fiscal year-to-date Revenues/Funding totaled \$152,876 of which \$152,876 represents agency reimbursements.

Expenses: Current month expenditures totaled \$4,116 of which \$935 was capitalized and \$3,181 was expensed. Fiscal year-to-date expenditures for FY14 totaled (\$169,506). This year-to-date total is derived after the reversal of accrued expenses of \$173,622, incurred in FY13 and paid in FY14. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY14.




Cash: The cash balance at July 31, 2013 was (\$87,161).

Submitted by:



Richard Lou
Treasurer

Dated: August 2, 2013

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

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**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT
FOR THE PERIOD ENDED JULY 31, 2013**

CAPITAL - PROJECT	Program Budget	Expenditures FY 13 and Prior (a)	Expenditures Current Month	Expenditures FY 14 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
Pipeline Reach 1	7,561,000	7,560,517	0	0	7,560,517	4,383,920	3,176,597
Pipeline Reach 2	4,558,000	4,558,120	0	0	4,558,120	3,882,264	675,856
Pipeline Reach 3	2,286,000	2,286,003	0	0	2,286,003	1,719,204	566,799
Pipeline Reach 4	1,615,000	1,614,959	0	0	1,614,959	363,685	1,251,274
Pipeline Reach 5	1,431,000	1,430,991	0	0	1,430,991	200,195	1,230,796
Pipeline Reach 6	6,760,000	6,759,869	0	0	6,759,869	430,784	6,329,085
Treatment Plant	15,733,000	15,732,794	0	0	15,732,794	8,948,843	6,783,951
Pump Stations	8,558,000	8,563,294	0	0	8,563,294	6,776,648	1,786,646
Water Tanks	12,393,000	12,393,483	0	0	12,393,483	7,221,552	5,171,931
Phase 2 Pipeline & Pump Station	3,408,000	3,462,938	0	0	3,462,938	0	3,462,938
Backbone Corrosion	1,109,000	1,109,004	0	0	1,109,004	122,302	986,702
SCADA	295,000	15,410	0	0	15,410	8,784	6,626
EBMUD Pipeline Phase 2, 3 & 4	2,477,000	602,193	0	0	602,193	0	602,194
Fine Screening	667,000	667,096	0	0	667,096	380,244	286,852
New/Replacement Capital <50K	1,278,000	136,936	0	0	136,936	78,054	58,882
MF/UV Control Programing Update	144,000	144,366	0	0	144,366	82,289	62,077
Program Planning & Air Relief	11,788,000	5,716,001	(122)	(122)	5,715,879	2,828,971	2,886,908
Planning FY02 and Prior Years	0	3,585,898	0	0	3,585,898	1,757,090	1,828,808
Design FY02 and Prior Years	0	79,432	0	0	79,432	38,922	40,510
Contingency	1,000,000	0	0	0	0	0	0
Capitalized Interest	2,000,000	1,960,872	0	0	1,960,872	960,827	1,000,045
Total Capital Impr. Proj. Element	85,061,000	78,380,176	(122)	(122)	78,380,054	40,184,578	38,195,477

OPERATING - ITEM	Budget FY 12	Expenditures FY 12 and Prior (a)	Expenditures Current Month	Expenditures FY 13 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
DERWA Program Manager	166,750	2,564,801	(2,027)	(2,027)	2,562,774	2,024,591	538,183
Treasurer	65,000	2,595,706	0	0	2,595,706	2,050,608	545,098
Legal Counsel	7,500	414,399	0	0	414,399	327,375	87,024
Secretary	12,750	181,740	0	0	181,740	143,575	38,165
Other	100,000	774,529	0	0	774,529	611,878	162,651
Operation and Maintenance Detail	1,663,131	7,676,073	(167,357)	(167,357)	7,508,716	5,931,885	1,576,830
Debt Service	1,650,000	13,801,486	0	0	13,801,486	10,903,174	2,898,312
Total Operating Program Element	3,665,131	28,008,734	(169,384)	(169,384)	27,839,350	21,993,086	5,846,263

PROJECT TOTALS	88,726,131	106,388,910	(169,506)	(169,506)	106,219,404	62,177,664	44,041,740
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REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution		
DSRSD	0	0
EBMUD	0	0
Agency Reimbursements - DSRSD	115,486	115,486
Agency Reimbursements - EBMUD	37,390	37,390
Commercial Paper Issued	0	0
Corps of Engineer Funded	0	0
Grants	0	0
Loans	0	0
Interest Income	0	0
Misc Income	0	0
TOTAL REVENUES & FUNDING	152,876	152,876

CASH AVAILABLE	Current Month	Fiscal Year
Beginning Cash	(409,543)	(409,543)
Beginning Balance Adjustment	0	0
LAIF Int Adjustment	0	0
Commercial Paper payoff	0	0
Total Revenues & Funding	152,876	152,876
Total Expenditures	169,506	169,506
Ending Cash	(87,161)	(87,161)

Prepared by *Dina Gulseth* Date: 7-29-13
Reviewed by *[Signature]* Date: 7/30/13
Approved by *[Signature]* Date: 7/30
Scott Klein

DERWA CASH REPORT

Cash Balance as of 06/30/13 (409,542.59) Reconciled to DERWA TR previous month cash basis

Add member agency's contribution:

LAIF Interest Income				
Loans				
DSRSD Contribution				
EBMUD Contribution				
Agency Reimbursements - DSRSD	EBM-DEO-00192	115,485.78		07/22/13
Agency Reimbursements - EBMUD	EBM-DEO-00193	37,389.93		07/22/13
State Grant				
LAVWMA				
Other Reimbursements- Misc				

Less invoice payments:

Office Team	2416647	(778.37)		07/19/13
Jim Bewley	2416853	(2,592.50)		07/26/13
Office Team	2417062	(745.08)		07/26/13

Cash Balance as of 07/31/13 (260,782.83)

Reversal of FY 2013 Accruals 173,622.38
 Rounding (0.55)

Cash Balance 07/31/13 (87,161.00)

Prepared by	<i>D Gulseth</i>	Date	7-29-13
Reviewed by	<i>D Gulseth</i>	Date	7/30/13
Approved by	<i>LJ</i>	Date	7/30

David Gulseth
Lawrence Far
Scott Klein

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT FOR AUGUST 31, 2013**

STAFF REPORT

Attached is the DERWA Treasurer's Report for the month ending August 31, 2013. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, \$183,792 in agency reimbursements were received. Fiscal year-to-date Revenues/Funding totaled \$336,668 of which \$336,668 represents agency reimbursements.

Expenses: Current month expenditures totaled \$13,872 of which (\$199,623) was capitalized and \$213,495 was expensed. Fiscal year-to-date expenditures for FY14 totaled (\$155,634). This year-to-date total includes both a refund of \$200,000 of capital expenses and the reversal of accrued expenses of \$173,622, incurred in FY13 and paid in FY14. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY14.

Cash: The cash balance at August 31, 2013 was \$82,759.

Submitted by:



Richard Lou
Treasurer

Dated: September 3, 2013

Prepared by  (D.Gulseth)

Reviewed by  (L.Fan)

Reviewed by  (S. Klein)

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT
FOR THE PERIOD ENDED AUGUST 31, 2013**

CAPITAL - PROJECT	Program Budget	Expenditures FY 13 and Prior (a)	Expenditures Current Month	Expenditures FY 14 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
Pipeline Reach 1	7,561,000	7,560,517	0	0	7,560,517	4,383,920	3,176,597
Pipeline Reach 2	4,558,000	4,558,120	0	0	4,558,120	3,882,264	675,856
Pipeline Reach 3	2,286,000	2,286,003	0	0	2,286,003	1,719,204	566,799
Pipeline Reach 4	1,615,000	1,614,959	0	0	1,614,959	363,685	1,251,274
Pipeline Reach 5	1,431,000	1,430,991	0	0	1,430,991	200,195	1,230,796
Pipeline Reach 6	6,760,000	6,759,869	0	0	6,759,869	430,784	6,329,085
Treatment Plant	15,733,000	15,732,794	0	0	15,732,794	8,948,843	6,783,951
Pump Stations	8,558,000	8,563,294	0	0	8,563,294	6,776,648	1,786,646
Water Tanks	12,393,000	12,393,483	0	0	12,393,483	7,221,552	5,171,931
Phase 2 Pipeline & Pump Station	3,408,000	3,462,938	122	122	3,463,060	0	3,463,060
Backbone Corrosion	1,109,000	1,109,004	0	0	1,109,004	122,302	986,702
SCADA	295,000	15,410	0	0	15,410	8,784	6,626
EBMUD Pipeline Phase 2, 3 & 4	2,477,000	602,193	(200,000)	(200,000)	402,193	0	402,194
Fine Screening	667,000	667,096	0	0	667,096	380,244	286,852
New/Replacement Capital <50K	1,278,000	136,936	0	0	136,936	78,054	58,882
MF/JUV Control Programing Update	144,000	144,366	0	0	144,366	82,289	62,077
Program Planning & Air Relief	11,788,000	5,716,001	255	133	5,716,134	2,829,118	2,887,016
Planning FY02 and Prior Years	0	3,585,898	0	0	3,585,898	1,757,090	1,828,808
Design FY02 and Prior Years	0	79,432	0	0	79,432	38,922	40,510
Contingency	1,000,000	0	0	0	0	0	0
Capitalized Interest	2,000,000	1,960,872	0	0	1,960,872	960,827	1,000,045
Total Capital Impr. Proj. Element	85,061,000	78,380,176	(199,623)	(199,745)	78,180,431	40,184,725	37,995,707

OPERATING - ITEM	Budget FY 12	Expenditures FY 12 and Prior (a)	Expenditures Current Month	Expenditures FY 13 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
DERWA Program Manager	166,750	2,564,801	5,986	3,960	2,568,761	2,029,322	539,439
Treasurer	65,000	2,595,706	3,144	3,144	2,598,850	2,053,091	545,759
Legal Counsel	7,500	414,399	632	632	415,031	327,874	87,157
Secretary	12,750	181,740	218	218	181,958	143,747	38,211
Other	100,000	774,529	0	0	774,529	611,878	162,651
Operation and Maintenance Detail	1,663,131	7,676,073	203,515	36,157	7,712,230	6,092,662	1,619,568
Debt Service	1,650,000	13,801,486	0	0	13,801,486	10,903,174	2,898,312
Total Operating Program Element	3,665,131	28,008,734	213,495	44,111	28,052,845	22,161,748	5,891,097

PROJECT TOTALS	88,726,131	106,388,910	13,872	(155,634)	106,233,276	62,346,472	43,886,804
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REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution		
DSRSD	0	0
EBMUD	0	0
Agency Reimbursements - DSRSD	138,721	254,207
Agency Reimbursements - EBMUD	45,071	82,461
Commercial Paper Issued	0	0
Corps of Engineer Funded	0	0
Grants	0	0
Loans	0	0
Interest Income	0	0
Misc Income	0	0
TOTAL REVENUES & FUNDING	183,792	336,668

CASH AVAILABLE	Current Month	Fiscal Year
Beginning Cash	(87,161)	(409,543)
Beginning Balance Adjustment	0	0
LAIF Int Adjustment	0	0
Commercial Paper payoff	0	0
Total Revenues & Funding	183,792	336,668
Total Expenditures	(13,872)	155,634
Ending Cash	82,759	82,759

Prepared by *Dina Gulseth* Date: 8-30-13
 Reviewed by *Lawrence Fan* Date: 9/3/13
 Approved by *Scott Klein* Date: 9/3

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT FOR SEPTEMBER 30, 2013**

STAFF REPORT

Attached is the DERWA Treasurer's Report for the month ending September 30, 2013. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, no agency reimbursements were received. Fiscal year-to-date Revenues/Funding totaled \$336,668 of which \$336,668 represents agency reimbursements.

Expenses: Current month expenditures totaled \$125,330 of which \$125,330 was expensed. Fiscal year-to-date expenditures for FY14 totaled (\$42,571). This year-to-date total includes both a refund of \$200,000 of capital expenses and the reversal of accrued expenses of \$173,622, incurred in FY13 and paid in FY14. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY14.


Cash: The cash balance at September 30, 2013 was (\$42,571).

Submitted by:



Richard Lou
Treasurer

Dated: September 30, 2013

Prepared by  (D. Gulseth)

Reviewed by  (L. Fan)

Reviewed by  (S. Klein)

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT
FOR THE PERIOD ENDED SEPTEMBER 30, 2013**

CAPITAL - PROJECT	Program Budget	Expenditures FY 13 and Prior (a)	Expenditures Current Month	Expenditures FY 14 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
Pipeline Reach 1	7,561,000	7,560,517	0	0	7,560,517	4,383,920	3,176,597
Pipeline Reach 2	4,558,000	4,558,120	0	0	4,558,120	3,882,264	675,856
Pipeline Reach 3	2,286,000	2,286,003	0	0	2,286,003	1,719,204	566,799
Pipeline Reach 4	1,615,000	1,614,959	0	0	1,614,959	363,685	1,251,274
Pipeline Reach 5	1,431,000	1,430,991	0	0	1,430,991	200,195	1,230,796
Pipeline Reach 6	6,760,000	6,759,869	0	0	6,759,869	430,784	6,329,085
Treatment Plant	15,733,000	15,732,794	0	0	15,732,794	8,948,843	6,783,951
Pump Stations	8,558,000	8,563,294	0	0	8,563,294	6,776,648	1,786,646
Water Tanks	12,393,000	12,393,483	0	0	12,393,483	7,221,552	5,171,931
Phase 2 Pipeline & Pump Station	3,408,000	3,462,938	0	122	3,463,060	0	3,463,060
Backbone Corrosion	1,109,000	1,109,004	0	0	1,109,004	122,302	986,702
SCADA	295,000	15,410	0	0	15,410	8,784	6,626
EBMUD Pipeline Phase 2, 3 & 4	2,477,000	602,193	0	(200,000)	402,193	0	402,194
Fine Screening	667,000	667,096	0	0	667,096	380,244	286,852
New/Replacement Capital <50K	1,278,000	136,936	0	0	136,936	78,054	58,882
MF/UV Control Programing Update	144,000	144,366	0	0	144,366	82,289	62,077
Program Planning & Air Relief	11,788,000	5,716,001	0	133	5,716,134	2,829,118	2,887,016
Planning FY02 and Prior Years	0	3,585,898	0	0	3,585,898	1,757,090	1,828,808
Design FY02 and Prior Years	0	79,432	0	0	79,432	38,922	40,510
Contingency	1,000,000	0	0	0	0	0	0
Capitalized Interest	2,000,000	1,960,872	0	0	1,960,872	960,827	1,000,045
Total Capital Impr. Proj. Element	85,061,000	78,380,176	0	(199,745)	78,180,431	40,184,725	37,995,707

OPERATING - ITEM	Budget FY 12	Expenditures FY 12 and Prior (a)	Expenditures Current Month	Expenditures FY 13 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
DERWA Program Manager	166,750	2,564,801	2,411	6,371	2,571,172	2,031,227	539,945
Treasurer	65,000	2,595,706	5,182	8,325	2,604,031	2,057,185	546,846
Legal Counsel	7,500	414,399	0	632	415,031	327,874	87,157
Secretary	12,750	181,740	62	281	182,021	143,796	38,225
Other	100,000	774,529	0	0	774,529	611,878	162,651
Operation and Maintenance Detail	1,663,131	7,676,073	117,675	153,832	7,829,905	6,185,625	1,644,280
Debt Service	1,650,000	13,801,486	0	0	13,801,486	10,903,174	2,898,312
Total Operating Program Element	3,665,131	28,008,734	125,330	169,441	28,178,175	22,260,759	5,917,416

PROJECT TOTALS	88,726,131	106,388,910	125,330	(30,304)	106,358,606	62,445,483	43,913,123
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REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution		
DSRSD	0	0
EBMUD	0	0
Agency Reimbursements - DSRSD	0	254,207
Agency Reimbursements - EBMUD	0	82,461
Commercial Paper Issued	0	0
Corps of Engineer Funded	0	0
Grants	0	0
Loans	0	0
Interest Income	0	0
Misc Income	0	0
TOTAL REVENUES & FUNDING	0	336,668

CASH AVAILABLE	Current Month	Fiscal Year
Beginning Cash	82,759	(409,543)
Beginnning Balance Adjustment	0	0
LAIF Int Adjustment	0	0
Commercial Paper payoff	0	0
Total Revenues & Funding	0	336,668
Total Expenditures	(125,330)	30,304
Ending Cash	(42,571)	(42,571)

Prepared by Dana Gulseth Date: 9-25-13
Reviewed by [Signature] Date: 9/26/13
Approved by [Signature] Date: 9/27
Scott Klein

Item 10.B

DERWA Summary & Recommendation

Quarterly Investment Reports – March 31 and June 30, 2013

Summary:

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

The investments held by the Authority on March 31, and June 30, 2013 were \$0.00. The investment portfolio is in full compliance with the Board's adopted policy regarding the Authority's investments.

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

Recommendation:

The Treasurer recommends that the Board of Directors, by Motion, approve the Quarterly Investment Reports.

October 28, 2013

Item 10.C

DERWA Summary & Recommendation

Approve Task Order No. 11 for Fiscal Year 2013-14 for Public Information Services with ICF International (Formerly Jones & Stokes Associates)

Summary:

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

- Plan and Facilitate the annual Communications Roundtable Exercise
- On-call Communications Support
- Web Site Maintenance

Proposed Task Order No. 11 continues the transition from nearly full reliance on consultant support for the DERWA Public Information Program to agency staff leading most of the Public Affairs activities. The work proposed for ICF International for July 2013 through June 2014 will be planning and facilitation of the annual Communications Roundtable Exercise and supporting the maintenance of the San Ramon Valley Recycled Water Program web site. The estimated cost of the work for Task Order No. 11 is \$25,000, a slight reduction from the current year budget of \$25,900.

Recommendation:

The Authority Manager recommends that the DERWA Board of Directors, by Motion, approve Task Order No. 11 to the August 18, 2008 Professional Services Agreement with ICF International for the period November 2013 through June 2014 in an amount not to exceed \$25,000.

October 28, 2013

Attachment

**Dublin San Ramon Services District – East Bay Municipal Utility District
Recycled Water Authority (DERWA)
Operations Phase
Public Information / Community Outreach Program
Scope of Work - Task Order 11
November 1, 2013 – June 30, 2014**

Task 11. Public Information / Community Outreach Activities

1.1 Communications Roundtable

- 1.1.1 Organize and implement the annual Communication Roundtable/Facilities Tour for DSRSD and EBMUD. In coordination with agency staff, facilitate the planning and logistics for one-day training. Manage the facility arrangements; develop the invitation, agenda, scenarios, and materials, including revisions to the Communication Roundtable Binders. Staff the training session.

1.2 On-call Communications Support

- 1.2.1 Provide communications staff support as needed to the DERWA Authority Manager or partner agencies for public affairs activities including media relations, award recognition, agency coordination issues, and construction related communications for the SRVRWP.

1.3. Web Site Maintenance

- 1.3.1 Post meeting agendas, reports (water quality, operations), and project materials as well as update web content on as needed basis.
- 1.3.2 Provide ongoing maintenance of the site. Maintenance will include fixing broken links and updating existing HTML text on the site.

Table 1. Cost Estimate for DERWA Public Information / Communication Roundtable Support - November 1 - June 30, 2014

Task	Employee Name	Consulting Staff					Labor Total	Direct Expenses	Total Price
		Norgaard Ing	Tickler Jen	Osborn Mic	Davis Sus	Barnard Ala			
		Project Director	Project Manager	Project Coordinator	Web Manager	Graphic Artist			
Labor Classification	Mng Consult	Sr Consult I	Assoc Consult II	Sr Consult II	Sr Consult I				
Task 11 - Public Information / Communication Roundtable Support							\$0		
1.1 Communication Roundtable		8	40	35		4	\$13,050		
1.2 On-call communications staff support		8	15	8		4	\$5,665		
1.3 Web site maintenance			4	6	10		\$3,050		
Total hours		16	59	49	10	8			
ICF E&P 2013 Billing Rates		\$210	\$155	\$130	\$165	\$155			
Subtotals		\$3,360	\$9,145	\$6,370	\$1,650	\$1,240	\$21,765		
Direct Expenses									
523.02 Reproductions								\$250	
523.05 Travel, Auto, incld. Mileage at current IRS rate (.555/mile)								\$250	
523.09 Project Supplies								\$200	
Mark up on all non-labor costs and subcontractors:	10%							\$70	
Direct expense subtotal								\$770	
Total price									\$22,535

Item 11.A

DERWA Summary & Recommendation

Transmittal of the DERWA Independent Auditor's Report and Financial Statements for Years Ending June 30, 2013 and 2012

Summary:

Attached are the report on the audited DERWA Financial Statements as of June 30, 2013 and 2012 and the Memorandum on Internal Control Structure. The audit did not find any issues, deficiencies, material weaknesses or findings with the DERWA accounting practices and internal controls.

Recommendation:

Staff recommends that the DERWA Board of Directors accept, by Motion, the DERWA Independent Auditor's Report.

October 28, 2013

Attachment

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

BASIC FINANCIAL STATEMENTS

June 30, 2013 and 2012

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**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY
BASIC FINANCIAL STATEMENTS
For The Years Ended June 30, 2013 and 2012**

Table of Contents

	Page
<i>Independent Auditor's Report</i>	1
<i>Management's Discussion and Analysis</i>	3
<i>Basic Financial Statements</i>	
Statements of Net Position	7
Statements of Revenues, Expenses and Changes in Net Position	8
Statements of Cash Flows	9
Notes to Basic Financial Statements	11
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the financial statements of the Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (Authority) as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority as of June 30, 2013 and 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Management adopted the provisions of the following Governmental Accounting Standards Board Statement, which became effective during the year ended June 30, 2013 and had material effects on the financial statements:

Statement 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. See note 1 to the financial statements for relevant disclosures.

The emphasis of these matters does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to this information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2013 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Pleasant Hill, California
August 16, 2013

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

Management's Discussion and Analysis

June 30, 2013 and 2012

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, 2013 and 2012. Management's Discussion and Analysis (MDA) is intended to serve as an introduction to the Agency's basic financial statements. The MDA represents management's examination and analysis of the Authority's financial condition and performance.

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

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

Organization and Business

The Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (the Authority) is a public entity established pursuant to California Government Code Section 6500 et seq. The Authority was created in accordance with the terms of a Joint Exercise of Powers Agreement, dated June 28, 1995, between Dublin San Ramon Services District (DSRSD) and East Bay Municipal Utility District (EBMUD). The Authority was established to supply recycled water to DSRSD and EBMUD through the construction and operation of a water recycling facility with a planned capacity of a minimum of 5.2 million gallons per day. The water recycling facility started operation on February 1, 2006.

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

Overview of the Financial Statements

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

The Authority's basic financial statements include:

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

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

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

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

Management's Discussion and Analysis

June 30, 2013 and 2012

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

Financial Analysis:

Table 1 summarizes net position at June 30, 2013 and 2012, and Table 2 summarizes revenues, expenses and changes in net position for the years ended June 30, 2013 and 2012. Both tables also include variances from the prior year.

Table 1
Summary of Net Position
June 30, 2013 and 2012

	2013	2012	Variance
Assets:			
Current assets	\$ (76,968)	\$ (76,986)	\$ 18
Capital assets	66,509,133	67,978,692	(1,469,559)
Total assets	66,432,165	67,901,706	(1,469,541)
Liabilities:			
Current liabilities	1,565,066	1,406,295	158,771
Long-term liabilities	16,138,039	17,349,808	(1,211,769)
Total liabilities	17,703,105	18,756,103	(1,052,998)
Net position:			
Invested in capital assets, net of related debt	49,159,325	49,446,671	(287,346)
Unrestricted	(430,265)	(301,068)	(129,197)
Total net position	\$ 48,729,060	\$ 49,145,603	\$ (416,543)

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

Management's Discussion and Analysis

June 30, 2013 and 2012

Table 2
Summary of Revenues, Expenses and Changes in Net Position
Years ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>	<u>Variance</u>
Operating revenues:	\$ 3,544,197	\$ 3,749,811	\$ (205,614)
Operating expenses:			
Professional services	(4,670)	(8,585)	3,915
General and administrative	(288,702)	(277,159)	(11,543)
Operation and maintenance	(1,512,568)	(1,320,171)	(192,397)
Depreciation	<u>(1,691,500)</u>	<u>(1,751,357)</u>	59,857
Total operating expenses	(3,497,440)	(3,357,272)	(140,168)
Nonoperating income (expenses):			
Interest on state loan	<u>(463,300)</u>	<u>(492,135)</u>	28,835
Total other income (expenses)	(463,300)	(492,135)	28,835
Change in net position	(416,543)	(99,596)	(316,947)
Total net position - beginning	<u>49,145,603</u>	<u>49,245,199</u>	(99,596)
Total net position - ending	<u>\$ 48,729,060</u>	<u>\$ 49,145,603</u>	<u>\$ (416,543)</u>

- The net position of the Authority in 2013 decreased by \$0.4 million from the prior year. The primary reason for this decrease was due to timing differences in billing reimbursements from partner agencies and an increase in accounts payable.
- Current liabilities as of June 30, 2013 increased by \$0.2 million from the prior year. The principal reason for the increase was the increase in accounts payables to member agencies.
- Capital assets as of June 30, 2013 decreased by \$1.5 million primarily due to the recording of the depreciation expense for the year.
- 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 seventh installment of \$1.2 million for fiscal year 2013, as of June 30, 2013, \$16.1 million was the long term liability outstanding.
- Operating revenue from member agencies in 2013 remained in line with prior year with a \$0.2 Million decrease.
- Operating and Maintenance costs increase by \$0.2 million or 15% due to 15% more water production than planned which resulted in higher labor, chemical and energy costs.

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

Management's Discussion and Analysis

June 30, 2013 and 2012

Request for Information

This financial report is designed to provide readers with a general overview of the Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority's finances and demonstrate the Authority's accountability for the monies it manages. If you have any questions about this report or need additional information, please contact: DERWA Authority Treasurer, MS #402, P.O. Box 24055, Oakland, CA 94623-1055.

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY
STATEMENTS OF NET POSITION
JUNE 30, 2013 AND JUNE 30, 2012**

ASSETS	2013	2012
Current Assets:		
Bank overdraft (Note 2)	\$ (229,844)	\$ (399,229)
Receivables:		
East Bay Municipal Utility District	37,390	85,974
Dublin San Ramon Services District	115,486	236,269
Total Current Assets	(76,968)	(76,986)
Capital Assets (Note 3):		
Structures, buildings, and equipment	75,851,747	75,800,891
Less accumulated depreciation	(11,869,272)	(10,177,772)
Subtotal	63,982,475	65,623,119
Land and rights-of-way	1,890,977	1,891,242
Construction in progress	635,681	464,331
Total Capital Assets, Net of Accumulated Depreciation	66,509,133	67,978,692
Total Assets	66,432,165	67,901,706
LIABILITIES		
Current Liabilities:		
Current portion of State loan payable (Note 5)	1,211,769	1,182,214
Accounts payable	6,529	14,613
Payable to members:		
East Bay Municipal Utility District	3,916	8,482
Dublin San Ramon Services District	342,852	200,986
Total Current Liabilities	1,565,066	1,406,295
Long-term Liabilities:		
State loan payable (Note 5)	16,138,039	17,349,808
Total Noncurrent Liabilities	16,138,039	17,349,808
Total Liabilities	17,703,105	18,756,103
NET POSITION (Note 1)		
Net investment in capital assets	49,159,325	49,446,671
Unrestricted	(430,265)	(301,068)
Total Net Position	\$ 48,729,060	\$ 49,145,603

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, 2013 AND JUNE 30, 2012**

	<u>2013</u>	<u>2012</u>
Operating Revenues:		
Contributions from members	\$ 3,544,197	\$ 3,749,811
Operating (Expenses):		
Professional services	(4,670)	(8,585)
General and administrative	(288,702)	(277,159)
Operation and maintenance	(1,512,568)	(1,320,171)
Depreciation (Note 3)	(1,691,500)	(1,751,357)
Total Operating (Expenses)	<u>(3,497,440)</u>	<u>(3,357,272)</u>
Net Operating Income (Loss)	<u>46,757</u>	<u>392,539</u>
Nonoperating Revenue (Expense):		
Interest on state loan	<u>(463,300)</u>	<u>(492,135)</u>
Total Nonoperating Revenue (Expenses)	<u>(463,300)</u>	<u>(492,135)</u>
Changes in Net Position	(416,543)	(99,596)
Total Net Position - Beginning	<u>49,145,603</u>	<u>49,245,199</u>
Total Net Position - Ending	<u>\$ 48,729,060</u>	<u>\$ 49,145,603</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, 2013 AND JUNE 30, 2012**

	<u>2013</u>	<u>2012</u>
Cash flows used in operating activities:		
Cash received from members for sales of water	\$ 3,504,098	\$ 3,501,326
Cash (paid) received from bank overdrafts	(169,384)	399,229
Cash paid for supplies and services	<u>(1,467,258)</u>	<u>(1,607,784)</u>
Net cash provided by operating activities	<u>1,867,456</u>	<u>2,292,771</u>
Cash flows from capital and related financing activities:		
Cash paid for interest	(463,300)	(492,135)
Cash paid on loan principal	(1,182,214)	(1,153,379)
Cash paid for construction of capital assets	<u>(221,942)</u>	<u>(236,736)</u>
Net cash (used in) provided by capital and related financing activities	<u>(1,867,456)</u>	<u>(1,882,250)</u>
Net change in cash and cash equivalents	-	410,521
Cash and investments at beginning of period	<u>-</u>	<u>(410,521)</u>
Cash and investments at end of period	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Reconciliation of operating income to net cash used in operating activities:		
Operating income	\$ 46,757	\$ 392,539
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation	1,691,500	1,751,357
Changes in operating assets and liabilities:		
Accounts receivable	169,367	(124,250)
Accounts payable	129,216	(126,104)
Bank overdraft	<u>(169,384)</u>	<u>(11,292)</u>
Net cash provided by operating activities	<u><u>\$ 1,867,456</u></u>	<u><u>\$ 1,882,250</u></u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

June 30, 2013 and 2012

NOTE 1 –NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Reporting Entity

The Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (the Authority) is a public entity established pursuant to California Government Code Section 6500 et seq. The Authority was created in accordance with the terms of a Joint Exercise of Powers Agreement, dated June 28, 1995, between Dublin San Ramon Services District (DSRSD) and East Bay Municipal Utility District (EBMUD). The Authority was established to supply recycled water to DSRSD and EBMUD through the construction and operation of a water recycling facility with a planned capacity of a minimum of 5.2 million gallons per day. The water recycling facility is now in operation.

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

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

B. Basis of Accounting

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

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

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

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

Notes to Financial Statements

June 30, 2013 and 2012

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

Statement of Net Position– The statement of net position is designed to display the financial position of the Authority. The Authority’s fund equity is reported as net position, which is the excess of all of the Authority’s assets and deferred outflows over all its liabilities and deferred inflows. Net Position is divided into three captions under GASB Statement 34. These captions apply only to Net Position and are described below:

Net investment in capital assets describes the Authority’s capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

Unrestricted describes the portion of Net Position which is not restricted to use.

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

C. *Use of Estimates*

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

D. *Capital Assets*

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

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

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

Notes to Financial Statements

June 30, 2013 and 2012

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

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

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

Utility plant:	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.

NOTE 2 – BANK OVERDRAFT

A. Composition

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

	2013	2012
Bank overdraft	\$ <u>(229,844)</u>	\$ <u>(399,229)</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.

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

Notes to Financial Statements

June 30, 2013 and 2012

NOTE 2 – BANK OVERDRAFT (Continued)

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.

NOTE 3 – CAPITAL ASSETS

A. Additions and Retirements

Capital assets activity for the year ended June 30, 2013 was as follows:

	Balance at June 30, 2012	Additions	Transfers and Adjustments	Balance at June 30, 2013
Capital assets not being depreciated:				
Land and rights-of-way	\$1,891,242	-	(\$265)	\$1,890,977
Construction in progress	464,331	\$221,942	(\$50,592)	635,681
Total capital assets not being depreciated	<u>2,355,573</u>	<u>221,942</u>	<u>(50,857)</u>	<u>\$2,526,658</u>
Capital assets, being depreciated:				
Water treatment	19,961,780	15,320	-	\$19,977,100
Pumping plants	13,748,074	41,476	-	\$13,789,550
Reservoirs	14,409,098	-	(2,012)	\$14,407,086
Pipelines	27,681,939	-	(3,928)	\$27,678,011
Total capital assets being depreciated	<u>75,800,891</u>	<u>56,796</u>	<u>(5,940)</u>	<u>\$75,851,747</u>
Less accumulated depreciation for:				
Water treatment	(3,141,926)	(502,408)	-	(\$3,644,334)
Pumping plants	(1,739,880)	(347,327)	-	(\$2,087,207)
Reservoirs	(1,813,591)	(288,152)	-	(\$2,101,743)
Pipelines	(3,482,375)	(553,613)	-	(\$4,035,988)
Total accumulated depreciation	<u>(10,177,772)</u>	<u>(1,691,500)</u>	<u>-</u>	<u>(\$11,869,272)</u>
Net capital assets being depreciated	<u>65,623,119</u>	<u>(1,634,704)</u>	<u>(5,940)</u>	<u>\$63,982,475</u>
Capital assets, net	<u>\$67,978,692</u>	<u>(\$1,412,762)</u>	<u>(56,797)</u>	<u>\$66,509,133</u>

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

Notes to Financial Statements

June 30, 2013 and 2012

NOTE 3 – CAPITAL ASSETS (Continued)

B. Construction in Progress

The Authority's Construction in Progress in fiscal year 2012-2013 is comprised of:

	<u>Expended to Date</u>
Pipeline & Pump Stations	\$1,805
Other Projects	<u>633,876</u>
	<u>\$635,681</u>

NOTE 4 - COMMERCIAL PAPER NOTES PAYABLE

The Authority's Board of Directors authorized a short-term commercial paper borrowing program of up to \$50,000,000 on December 15, 2003. The proceeds from the issuance of commercial paper are used to finance the acquisition and construction of facilities for the treatment, transmission, distribution and storage of recycled water. The Authority may issue commercial paper notes at the prevailing interest rate for periods not more than 270 days from the date of issuance. The commercial paper notes are collateralized solely by the revenues of the Authority, after payment of specific operating and maintenance expenses.

As of June 30, 2013, there were no commercial paper notes outstanding under this program.

To provide liquidity for the program, the Authority maintains a liquidity support agreement (line of credit) with a commercial bank. Combined borrowings by the East Bay Municipal Utility District Water System and Wastewater System, with the commercial paper and bank notes, cannot exceed the amount of this agreement. Drawings under the agreement are restricted to pay maturing commercial paper. There were no borrowings under the line of credit agreement during the years ended June 30, 2013 and 2012.

NOTE 5 – STATE WATER RESOURCES CONTROL BOARD LOAN

A. Composition and Change

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

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

Notes to Financial Statements

June 30, 2013 and 2012

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

The following is the activity in the State Loan Program during the fiscal year ended June 30, 2013:

	Balance <u>June 30, 2012</u>	<u>Retirements</u>	Balance <u>June 30, 2013</u>
2006 State Water Resource Loan			
2.5%, due 07/25/2025	\$18,532,022	\$ 1,182,214	\$17,349,808
Less amount due within one year	<u>1,182,214</u>		<u>1,211,769</u>
Noncurrent portion	<u>\$17,349,808</u>	<u>\$1,182,214</u>	<u>\$16,138,039</u>

B. Debt Service Requirements

Annual debt service requirements are shown below for the loan:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,211,769	\$ 433,745	\$ 1,645,514
2015	\$ 1,242,063	\$ 403,451	\$ 1,645,514
2016	\$ 1,273,115	\$ 372,399	\$ 1,645,514
2017	\$ 1,304,943	\$ 340,571	\$ 1,645,514
2018	\$ 1,337,566	\$ 307,948	\$ 1,645,514
2019-2023	\$ 7,206,453	\$ 1,021,116	\$ 8,227,569
2024-2026	<u>\$ 3,773,899</u>	<u>\$ 165,737</u>	<u>\$ 3,939,636</u>
Totals	<u>\$ 17,349,808</u>	<u>\$ 3,044,967</u>	<u>\$ 20,394,775</u>

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

Notes to Financial Statements

June 30, 2013 and 2012

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:

	2013	2012
DSRSD	\$1,383,411	\$1,418,515
EBMUD	48,339	33,666
	\$1,431,750	\$1,452,181

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. DSRSD is responsible for the operation of the facility. The Authority’s capital asset coverage is insured through DSRSD.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government* Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (Authority), as of and for the year ended June 30, 2013 and the related notes to the financial statements, and have issued our report thereon dated August 16, 2013. Our report included an emphasis of a matter paragraph disclosing the implementation of new accounting principles.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We have also issued a separate Memorandum on Internal Control dated August 16, 2013 which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pleasant Hill, California
August 16, 2013

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

**MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

**FOR THE YEAR ENDED
JUNE 30, 2013**

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

**MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

For the Year Ended June 30, 2013

Table of Contents

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

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MEMORANDUM ON INTERNAL CONTROL

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

In planning and performing our audit of the financial statements of the Dublin San Ramon Services District/EBMUD Recycled Water Authority (Authority) as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

A handwritten signature in black ink that reads 'Maze & Associate'.

August 16, 2013

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REQUIRED COMMUNICATIONS

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

We have audited the financial statements of the Dublin San Ramon Services District /East Bay Municipal Utility District Recycled Water Authority (Authority) for the year ended June 30, 2013. Professional standards require that we communicate to you of the following information related to our audit under generally accepted auditing standards.

Significant Audit Findings

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are 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 year. The following pronouncement became effective, but did not have a material effect on the financial statements:

GASB 60 - *Accounting and Financial Reporting for Service Concession Arrangements*

GASB 61 - *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34.*

GASB 62 - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*

The following pronouncements became effective, and required a format change in the Statement of Net Assets and certain nomenclature revisions in the footnotes accompanying the financial statements

GASB 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

GASB 65 – *Elements of Financial Statements*

Unusual Transactions, Controversial or Emerging Areas

We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Disclosures

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all/certain such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

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 governmental unit'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 of Issues

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

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

Maze & Associates

August 16, 2013

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Item 11.B

DERWA Summary & Recommendation

Agreement to Provide Recycled Water Treatment and Delivery Services by and between DERWA and City of Pleasanton

Summary:

Dublin San Ramon Services District (DSRSD) provides the City of Pleasanton with wastewater treatment and disposal under an agreement entered into in 1992. Subsequent amendments to the agreement define the District's and City's secondary effluent in the plant and grant DSRSD the right to use up to 2.5 mgd of the City's secondary effluent for the DERWA recycled water program through December 31, 2011. By letter, the City extended the term through December 2013. Since the 2009 irrigation season, DERWA used a portion of the 2.5 mgd on a few days each summer. DERWA's demand projections show a continuing and increasing need for use of Pleasanton's secondary effluent up to and beyond 2.5 mgd.

Pleasanton has identified specific recycled water projects in their 2010 Urban Water Management Plan and has completed work on a Recycled Water Feasibility Study. Both documents identify DERWA and DSRSD as potential sources for recycled water supply.

DERWA, DSRSD, and EBMUD management determined that the best way to move forward to reach an agreement with Pleasanton for DERWA's use of the secondary effluent is by way of an agreement by which DERWA will provide Pleasanton recycled water treatment and delivery services and a concurrent agreement by which Pleasanton will grant the right to DSRSD to utilize for supplying to DERWA any City of Pleasanton secondary effluent not being used or needed for production of recycled water for use or delivery by the City of Pleasanton's recycled water program.

An introductory meeting with the Pleasanton City Manager and Operations Services Department Director was held in August 2011 where DERWA's demand projections and Pleasanton's recycled water plans were discussed. From this meeting it was agreed that DERWA and Pleasanton would initiate discussions for DERWA to provide recycled water to Pleasanton as a wholesale customer.

At a follow-up meeting in mid-November 2011 with Daniel Smith, Pleasanton Director of Operations Services, Richard Sykes and Jim Bewley, Pleasanton presented their short and longer term recycled water supply needs and requested that DERWA provide a cost for providing recycled water at a "turn-out" convenient to DERWA and Pleasanton. In December 2011 the DERWA Board approved Principles of Negotiation and authorized the DERWA Authority Manager to negotiate a tentative agreement with Pleasanton for subsequent DERWA Board consideration.

Pricing concepts and points of agreement and several versions of draft agreements were exchanged during negotiations between February and August 2012. In October 2012 the DSRSD, EBMUD, and DERWA senior management, financial, and legal developed a draft agreement that was presented to Pleasanton. Further negotiations on cost concepts for capacity buy-in, replacement cost funding, and future system expansions continued through summer of 2013.

The final result of the process is two companion agreements: the Agreement to Provide Recycled Water Treatment and Delivery Services by and between DERWA and the City of Pleasanton, and the Fifth Supplemental to Agreement for Wastewater Disposal Services by and between DSRSD and the City of Pleasanton. The DERWA/Pleasanton agreement becomes effective, subject to certain CEQA compliance requirements, upon execution of the DSRSD/Pleasanton agreement. Likewise, the DSRSD/Pleasanton agreement becomes effective, subject to certain CEQA compliance requirements, upon execution of the DERWA/Pleasanton agreement.

Key Elements of the DERWA/Pleasanton agreement:

DERWA will provide up to 40 acre-feet per year recycled water to Pleasanton's Val Vista Park.

DERWA will provide up to 500 acre-feet per year recycled water from currently unused existing treatment capacity, for a period of five years following initiation of Pleasanton's delivery of recycled water to customers other than Val Vista Park.

DERWA grants Pleasanton the right to acquire 1.9 million gallons/day recycled water production capacity through an expansion to the DERWA recycled water treatment plant. Pleasanton will pay its proportionate share of the expansion cost and pay a buy-in contribution for existing facilities that were built with capacity to accommodate such expansion.

DERWA grants Pleasanton an opportunity to obtain additional future production capacity by paying its proportionate share of the costs to provide the additional capacity.

Pleasanton will pay its proportionate share of Operations & Maintenance costs for recycled water production, including a share of the DERWA indirect administrative and overhead costs. Pleasanton will also pay a proportionate share of DERWA capital equipment replacement costs for production and delivery facilities serving Pleasanton's recycled water program.

Key Element of DSRSD/Pleasanton agreement (from DERWA perspective):

DSRSD will have the right to utilize - for supplying to DERWA for delivery by DERWA to the DSRSD recycled water program and to the EBMUD recycled water program - any Pleasanton secondary effluent not being used or needed for production of recycled water for use or delivery by Pleasanton's recycled water program.

Recommendation:

The Authority Manager recommends the Board, by Resolution, approve and authorize execution of Agreement to Provide Recycled Water Treatment and Delivery Services by and between DERWA and the City of Pleasanton.

October 28, 2013

Attachments

DERWA
RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE DSRSD•EBMUD RECYCLED WATER AUTHORITY APPROVING AND AUTHORIZING EXECUTION OF THE "AGREEMENT TO PROVIDE RECYCLED WATER TREATMENT AND DELIVERY SERVICES BY AND BETWEEN DSRSD•EBMUD RECYCLED WATER AUTHORITY AND CITY OF PLEASANTON"

WHEREAS, East Bay Municipal Utility District (EBMUD) and Dublin San Ramon Services District (DSRSD) entered into that certain Agreement dated June 28, 1995 (and as subsequently amended) titled "Joint Exercise of Powers Agreement" to implement a joint recycled water program, and creating Dublin San Ramon Services District-East Bay Municipal Utility District Recycled Water Authority (DERWA), through which the requirements for DERWA's recycled water program are provided;

WHEREAS, since implementation of the program commenced, recycled water demand has risen in the respective service areas of DSRSD and EBMUD;

WHEREAS, DERWA, DSRSD, and EBMUD agree that it is in their mutual best interests and that it is their common goal that a supply of permanent supplemental water be acquired by DERWA for the benefit of the DERWA program;

WHEREAS, DERWA, DSRSD, and EBMUD have analyzed and considered the recycled water planning being conducted by the City of Pleasanton (Pleasanton), and have discussed and negotiated with Pleasanton regarding its need for and proposed use of recycled water, and the use of secondary effluent emanating from Pleasanton as the permanent supplemental water supply source that DERWA requires in order to serve the recycled water demands within the respective service areas of DSRSD, EBMUD, and Pleasanton;

WHEREAS, those negotiations have resulted in development of the draft "Agreement to Provide Recycled Water Treatment and Delivery Services by and between DERWA and the City of Pleasanton" (Agreement), that is attached hereto marked Exhibit "A", and incorporated herein by this reference, and which includes provisions for DERWA's furnishing of recycled water treatment and delivery services to Pleasanton;

WHEREAS, the City of Pleasanton intends to concurrently enter into an agreement with DSRSD entitled "Fifth Supplemental Agreement to Agreement for Wastewater Disposal Services" that will become effective concurrent with the effective date of the Agreement, and which will grant the right to DSRSD to utilize for supplying to DERWA any City of Pleasanton secondary effluent not being used or needed for production of recycled water for use or delivery by the City of Pleasanton's recycled water program; and

DERWA
Res. No. _____

WHEREAS, the Board of Directors of DERWA has considered the draft Agreement and determined that it is in the best interests of DERWA and is consistent with DERWA's goals and objectives.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the DSRSD•EBMUD Recycled Water Authority, a Joint Powers Authority located in the counties of Alameda and Contra Costa, California, as follows:

The Authority Chair and the Authority Secretary are hereby authorized and directed, respectively, to execute for and on behalf of the Authority, and to attest thereto, an agreement, substantially in the form of the attached Agreement between DERWA and Pleasanton, marked Exhibit "A", and that the Authority Manager is hereby further authorized, with the concurrence of DERWA Legal Counsel, to accept any non-material revisions to the form of Exhibit "A," and to take such steps as shall be necessary to implement said Agreement.

ADOPTED by the Board of Directors of the DSRSD•EBMUD Recycled Water Authority at its Regular Meeting held on the 28th day of October, 2013 and passed by the following vote:

AYES:

NOES:

Frank Mellon, Chair

ATTEST: _____
Jim Bewley, Interim Authority Secretary

**AGREEMENT TO PROVIDE RECYCLED
WATER TREATMENT AND DELIVERY SERVICES
by and between DERWA and the CITY OF PLEASANTON**

This Agreement is entered into this ____ day of _____, 2013, by and between the DSRSD-EBMUD Recycled Water Authority, a joint powers authority organized and existing under Government Code sec. 6500 *et seq.* (hereinafter “DERWA”) and the City of Pleasanton, a California municipal corporation (hereinafter “Pleasanton” or “City”), for the purpose of establishing the terms and conditions under which DERWA will provide Recycled Water treatment and delivery services to the City of Pleasanton.

RECITALS

WHEREAS, California is facing a water supply shortage and the State has identified the beneficial use of Recycled Water to supplement surface water and groundwater resources as a key component of a comprehensive solution to assist in meeting the future water requirements of the State; and

WHEREAS, Alameda County Flood Control and Water Conservation District, Zone 7, the wholesale water agency for the Dougherty and Livermore-Amador Valleys, has adopted a water supply master plan that identifies the beneficial use of Recycled Water for irrigation as a local solution for addressing the State water supply shortage affecting all Zone 7 water customers; and

WHEREAS, the Parties recognize the benefits of using Recycled Water for a variety of beneficial uses including landscape irrigation, construction water, industrial/commercial applications and agricultural irrigation, and acknowledge that such uses represent efficient management of the water resources of the Tri-Valley area and reduce the amount of treated wastewater pumped out of the Tri-Valley area for discharge into San Francisco Bay; and

WHEREAS, the Parties recognize the benefits of collaboration to expand the use of Recycled Water in the DERWA and Pleasanton service areas; and

WHEREAS, DERWA was created to maximize the amount of Recycled Water delivered while recovering its costs for a Recycled Water project it has developed to serve the Dougherty, San Ramon and Livermore-Amador Valleys, and has developed and constructed, and operates and maintains, a system to produce and distribute Recycled Water within the DERWA service area; and

WHEREAS, pursuant to the Water Supply Agreement dated 28 July 2003 between DERWA and the Dublin San Ramon Services District, a Community Services District (“DSRSD”), DSRSD committed to make available up to 6,420 acre-feet/year

("AFY") of Recycled Water, subject to availability of supply, for distribution within the DERWA service area; and

WHEREAS, DSRSD, pursuant to the Agreement for Sale of Recycled Water dated July 28, 2003, constructed and now owns the Recycled Water Treatment Plant that was jointly funded by DSRSD and the East Bay Municipal Utility District ("EBMUD"), and which is currently rated by the California Department of Public Health for a maximum daily capacity of 9.7 million gallons per day ("MGD") of Recycled Water, of which it currently produces about 6 MGD maximum daily flow; and

WHEREAS, the Parties wish to enter into an agreement by which DERWA shall cause DSRSD to produce Recycled Water for delivery to Pleasanton for distribution by Pleasanton in its service area ("City Recycled Water Program"); and

WHEREAS, this agreement helps to define a stable and finite project or program description that will facilitate completion of California Environmental Quality Act ("CEQA") review pursuant to Cal. Pub. Res. Code section 21000 *et seq.*, and is conditioned upon the Parties' completion of CEQA review.

NOW, THEREFORE, in consideration of these Recitals and the terms, conditions and covenants contained herein, it is mutually understood and agreed as follows:

SECTION 1: DEFINITIONS

Unless the context otherwise requires, the following terms used in this Agreement shall have the meanings respectively ascribed thereto:

1.1 "Agreement" shall mean this Agreement to Provide Recycled Water Treatment and Delivery Services by and between DERWA and Pleasanton.

1.2 "Parties" shall mean Pleasanton and DERWA.

1.3 "Basic Agreement" shall mean the "Agreement for Wastewater Services" dated November 3, 1992 between Pleasanton and DSRSD, and supplements thereto.

1.4 "Point of Delivery" shall mean the location(s) of the billing meter and the point(s) at which responsibility and ownership for the Recycled Water transfers from DERWA to Pleasanton.

1.5 "Fifth Supplemental Agreement" shall mean the "Fifth Supplemental Agreement for Wastewater Services" between Pleasanton and DSRSD.

1.6 "Recycled Water" shall mean water treated to a quality that meets or exceeds the standards established by the California Department of Public Health according to Title 22 of the California Code of Regulations or successor regulations for non-potable water intended for unrestricted use. This is the same Recycled Water that is produced by DSRSD and supplied to DERWA pursuant to the July 28, 2003 Water

Supply Agreement between DSRSD, DERWA, and EBMUD (“Water Supply Agreement”), and delivered by DERWA to the DSRSD Recycled Water Program and to the EBMUD Recycled Water Program, respectively, by DERWA pursuant to the July 28, 2003 Agreement for the Sale of Recycled Water by DERWA to DSRSD and EBMUD (“Water Sales Agreement”).

1.7 “Val Vista Park” shall mean the 14.5 acre park within Pleasanton owned, operated, and maintained by Pleasanton, and located on property immediately adjacent to the Regional Treatment Plant.

1.8 “Recycled Water Treatment Plant” shall mean the sand filtration/ultraviolet light disinfection treatment plant, together with DERWA Recycled Water Pump Station No 1(PSR 1), all located at 7051 Johnson Drive, Pleasanton CA. This is the same as the “Recycled Water Treatment Facility” as defined in the Fifth Supplemental Agreement, and comprises a portion, but not all of, (a) the facilities defined in the Water Sales Agreement as “Facilities, Tertiary Treatment Plant,” and (b) the facilities defined in the Water Supply Agreement as the “Tertiary Treatment Plant Facilities.” Of the total 9.7 MGD peak day rated production capacity of the treatment plant as of the date of this Agreement, EBMUD has a right to 4.171 MGD, and DSRSD has a right to 5.529 MGD.

1.9 “Regional Treatment Plant” shall mean the wastewater treatment plant located at 7051 Johnson Drive, Pleasanton, CA owned and operated by DSRSD, as more particularly described in the Basic Agreement.

1.10 “Provisional Rate” shall mean the rate to be charged to Pleasanton for delivered Recycled Water based on the then-current year DERWA budgeted costs calculated as provided in Section 6 below, and including all Cost Elements identified in Section 1.12 below.

1.11 “Actual Rate” shall mean the actual rate to be charged to Pleasanton for delivered Recycled Water based on DERWA’s audited costs calculated as provided for in Section 6 below, and including all Cost Elements identified in Section 1.12 below.

1.12 “Cost Elements” as applied to the Provisional Rate and the Actual Rate shall include the following. An example of how the Cost Elements are calculated is included in Exhibit A (attached and incorporated by reference).

1.12.1 All direct costs expressed on a basis of dollar per acre-foot of Recycled Water for operation and maintenance associated with the production and delivery of Recycled Water.

1.12.2 A proportionate share of DERWA indirect costs including, but not limited to: management, insurance (to the extent insurance is related to the Recycled Water Treatment Plant), treasury, administrative support and all similar costs that are related to Recycled Water Treatment Plant and those conveyance facilities to the extent they are used to deliver Recycled Water to Pleasanton, with said proportion being deliveries to Pleasanton in relation to

total Recycled Water deliveries to DSRSD, EBMUD and Pleasanton in that Fiscal Year.

1.12.3 During the period beginning with the first delivery of Recycled Water to a Pleasanton customer other than Val Vista Park and continuing until Pleasanton acquires Firm Capacity,

a. A proportionate share of DERWA Replacement Expenditures for items with a cost of less than \$100,000 each, based on deliveries to Pleasanton in relation to total Recycled Water deliveries to DSRSD, EBMUD and Pleasanton in that Fiscal Year; and

b. For DERWA Replacement Expenditures for items with a cost greater than \$100,000 each, five percent (5%) of said expenditures.

1.12.4 After Pleasanton acquires Firm Capacity,

a. A proportionate share of the DERWA Replacement Expenditures for items with a cost of less than \$100,000 each, based on deliveries to Pleasanton in relation to total Recycled Water deliveries to DSRSD, EBMUD and Pleasanton in that Fiscal Year; and

b. For DERWA Replacement Expenditures for items with a cost greater than \$100,000 each, a proportionate share based on Pleasanton's proportionate share of the total allocated capacity rights in the RWTP.

1.13 "Firm Capacity" shall mean the Recycled Water production capacity acquired by Pleasanton when it pays for planning, design and construction of increased capacity in the Recycled Water Treatment Plant as provided in Section 5 below.

1.14 "DERWA Replacement Expenditures" shall refer to the amounts expended to replace equipment comprising a portion of the DERWA Program Facilities (as such Facilities are defined in the Water Sales Agreement), including studies, environmental documentation, predesign, design, construction management, force account, equipment acquisition, construction administration, construction, change orders, and administrative costs directly related to the equipment replacement.

SECTION 2: PURPOSES AND GOALS

The parties agree that the following are the purposes of this Agreement:

2.1 To maximize the use of wastewater effluent from the Regional Treatment Plant for recycling to the benefit of the Parties.

2.2 To facilitate Pleasanton's distribution of Recycled Water to Val Vista Park as a demonstration site as soon as reasonably possible.

2.3 To enable Pleasanton to distribute Recycled Water to more sites over time while developing capital resources and a sustainable rate structure.

SECTION 3: VAL VISTA PARK

3.1 Pleasanton intends to irrigate Val Vista Park with Recycled Water as a demonstration project to introduce Pleasanton citizens and staff to the use of Recycled Water in order to promote greater uses of Recycled Water in Pleasanton. DERWA shall cooperate with Pleasanton's efforts to obtain Recycled Water to irrigate Val Vista Park as soon as reasonably possible.

3.2 DERWA shall cause DSRSD to deliver up to 40 AFY of Recycled Water to Pleasanton at a Val Vista Point of Delivery for Pleasanton's use within Val Vista Park. The Recycled Water shall be delivered at a maximum daily delivery rate of 0.10 MGD, and at a peak hourly rate not to exceed 0.2 MGD.

3.3 Recycled Water shall be delivered to the Val Vista Park Point of Delivery selected by DERWA in consultation with Pleasanton and, if on DSRSD property, with DSRSD's concurrence.

3.4 Pleasanton shall be responsible for environmental compliance, permitting, site testing, customer service, installation, operation, and maintenance of all distribution piping, landscape irrigation systems, and related equipment and facilities within Val Vista Park and leading to Val Vista Park from the Val Vista Point of Delivery. Pleasanton shall be responsible for the cost of installation, maintenance, and replacement of a billing meter at the Val Vista Point of Delivery. The Parties understand that said meter will be maintained and owned by DERWA.

3.5 Pleasanton shall be billed for, and shall pay for, Recycled Water delivered pursuant to this Section 3 at the rates per acre-foot provided in Section 6 of this Agreement.

3.6 It is Pleasanton's intention to permit deliveries of Recycled Water to Val Vista Park as a demonstration project under the authority of the DSRSD Recycled Water Program according to the terms of San Francisco Bay Regional Water Quality Control Board Order 96-011, General Water Reuse Requirements for Municipal Wastewater and Water Agencies, or successor Recycled Water regulatory requirements. DERWA shall cooperate with Pleasanton in their efforts to seek coverage under said existing permit.

3.7 Should Pleasanton not proceed to Initial Recycled Water Service under Section 4 below, DERWA will continue to provide Recycled Water for Val Vista Park for the term of this Agreement, provided such service is not suspended by Pleasanton. Pleasanton may suspend Recycled Water Service for Val Vista Park by providing DERWA with a notice stating the date on which the suspension is to start. If such a suspension remains in effect for more than three (3) years, the DERWA delivery obligation specified in this Section 3 shall terminate.

SECTION 4: INITIAL RECYCLED WATER SERVICE

4.1 Upon Pleasanton connecting a Recycled Water customer other than Val Vista Park, Recycled Water delivery from DERWA to Pleasanton shall be through a Primary Point of Delivery located on the main recycled water line from the Recycled Water Treatment Plant, which point shall be selected by DERWA in consultation with Pleasanton and, if on DSRSD property with DSRSD's concurrence. Pleasanton shall install the Primary Point of Delivery in accordance with standards as determined by DERWA, including metering facilities. Pleasanton shall be responsible for the permitting, installation, operation, and maintenance of all distribution piping and related equipment and facilities downstream of the Primary Point of Delivery. DERWA shall be responsible for operation, maintenance, and replacement of the billing meter. Pleasanton shall pay the cost of installation, maintenance, and replacement of a billing meter at the Primary Point of Delivery. The Parties understand that said meter will be owned by DERWA. In addition, Pleasanton agrees to be responsible for servicing all customer connections to its Recycled Water distribution system and any other costs whatsoever associated with their deliveries of Recycled Water to their customers, except to the extent specified to the contrary in the indemnity provisions in Section 8.3, below.

4.2 DERWA is obligated to provide to Pleasanton initial Recycled Water service as follows:

4.2.1 Up to 500 AFY of Recycled Water, if needed by Pleasanton, until the earlier of December 31, 2020 or five (5) years from the date of first delivery of Recycled Water under this Section 4 (hereafter, "first delivery"). This quantity of Recycled Water shall include the 40 AFY at a 0.10 MGD maximum day delivery rate and a 0.20 MGD peak hourly delivery rate, as provided for Pleasanton's use at Val Vista Park pursuant to Section 3 of this Agreement.

4.2.2 Prior to the earlier of December 31, 2020 or five (5) years from the date of first delivery, Pleasanton may take more than the 500 AFY of Recycled Water referred to in Section 4.2.1 if DERWA determines that such additional Recycled Water is available.

4.2.3 After December 31, 2020 or five (5) years from the date of first delivery, whichever occurs first, DERWA shall be obligated to provide to Pleasanton only that quantity of Recycled Water that is available as determined by DERWA; DERWA shall not be obligated to provide the full 500 AFY to Pleasanton.

4.3 All deliveries to Pleasanton under this Section shall be made at the Points of Delivery defined above in Sections 3.2 and 4.1 of this Agreement. In addition, DERWA shall deliver to Pleasanton the actual Pleasanton Recycled Water needs, provided that the ratio of the maximum daily rate to actual annual average deliveries in any year shall not exceed a factor of 2.5 and further provided that the capacity of the Recycled Water Treatment Facilities being used to produce Recycled Water for Pleasanton, DSRSD and EBMUD is not exceeded by such deliveries to Pleasanton.

Pleasanton shall be billed for, and shall pay for, Recycled Water delivered to Pleasanton pursuant to this Section 4 at the rates per acre-foot provided in Section 6 of this Agreement.

4.4 In the event that Pleasanton's projected Recycled Water demand exceeds the amounts provided for in Section 4.2 above, Pleasanton shall initiate actions to reduce demand to an amount equal to or less than the amount provided for in Section 4.2.

SECTION 5: FIRM CAPACITY RECYCLED WATER SERVICE

5.1 DERWA shall cooperate with Pleasanton in the development of Pleasanton's long-term Recycled Water Program and shall increase its production of Recycled Water and deliver it to Pleasanton under the terms and conditions of this Section.

5.2 Expansion by 1.9 MGD

(a) Pleasanton shall pay a proportionate share, in relation to DSRSD and EBMUD, of planning, design and construction costs (including all force account and DERWA overhead as specified in sections 1.12.1 and 1.12.2 of this Agreement as the direct costs relate to the 1.9 MGD Expansion Project) associated with the project to expand by 1.9 MGD the rated production capacity of the current Recycled Water Treatment Plant as described herein (the "1.9 MGD Expansion Project").

(b) Upon written notice from Pleasanton of its desire to proceed with the 1.9 MGD Expansion Project, DERWA will cause DSRSD to commence the 1.9 MGD Expansion Project. The exact schedule for the Expansion Project shall be determined by DERWA with consideration given to Pleasanton's scheduling needs and any related DERWA construction or operating issues. DERWA shall use its best efforts to meet Pleasanton's requested schedule.

(c) The parties understand that the Recycled Water Treatment Plant has a current rated production capacity of 9.7 MGD and anticipate that it can be expanded by 1.9 MGD by the addition of a sixth filter, ultraviolet light disinfection demonstration testing, a recycled water high lift pump (which lift station expansion will be oversized by DERWA at DERWA's cost) and related improvements. The Parties understand that other facilities or activities may be identified during planning and design that may also be needed to successfully complete the 1.9 MGD Expansion Project.

(d) The Parties shall work cooperatively at the technical, administrative and managerial levels to review the 1.9 MGD Expansion Project as it is being planned, designed and constructed and to address technical issues as they arise.

(e) Payment for Pleasanton's share of the cost of the 1.9 MGD Expansion Project (which cost is estimated to be \$1,740,000 as of the effective

date of this Agreement with Pleasanton's share estimated to be \$1,420,000 as of the effective date of this Agreement) shall be made by Pleasanton to DERWA in three installments as follows:

- One third at the time Pleasanton provides notice to DERWA to proceed with the 1.9 MGD Expansion Project;
- One third at the time DSRSD awards a construction contract for the 1.9 MGD Expansion Project; and
- One third at the time that the construction of the 1.9 MGD Expansion Project is fifty percent (50%) complete as reasonably determined by DSRSD.

At closeout of the 1.9 MGD Expansion Project DERWA shall provide Pleasanton with a full accounting of the cost of the 1.9 MGD Expansion Project along with a final billing or crediting reflecting actual costs incurred in relation to the three installment payments made by Pleasanton.

(f) Pleasanton shall pay a buy-in contribution of \$788,910 per MGD of firm capacity expressed on a peak day flow basis for the Expansion by the 1.9 MGD Expansion Project representing an agreed upon equitable contribution for the existing oversized facilities such as electrical, structural, pipes, controls, etc. that support the Expansion by the 1.9 MGD Expansion Project. The buy-in contribution shall thus be \$1,498,930. The buy-in contribution shall be due and payable by Pleasanton upon DSRSD's award of the contract to construct the 1.9 MGD Expansion Project. The buy-in contribution shall be remitted by Pleasanton directly to the DERWA Member agencies in the following amounts: DSRSD \$854,390; EBMUD \$644,540.

(g) After construction of the 1.9 MGD Expansion Project (but before the construction of any expansions beyond 11.6 MGD) and the satisfaction of all provisions of this Section 5.2, Pleasanton shall have a non-facility-specific interest in the Recycled Water Treatment Plant that is 16.38% of the rated capacity thereof. To the extent that deliveries are ever curtailed due to operational, regulatory, facility or other limitations, Pleasanton shall have a right to 16.38% of Recycled Water from the 11.6 MGD Recycled Water Treatment Plant.

5.3 Expansions Beyond 11.6 MGD

(a) If Pleasanton elects in the future to obtain additional Recycled Water production capacity at the Recycled Water Treatment Plant, beyond the 1.9 MGD Expansion Project, Pleasanton shall pay a proportionate share, in relation to DSRSD and EBMUD, of planning, design and construction costs (including all force account and DERWA overhead as specified in sections 1.12.1 and 1.12.2 of this Agreement as the direct costs relate to any Project to Further Expand Capacity) associated with any project or projects to increase the rated production capacity of the Recycled Water Treatment Plant beyond

11.6 MGD (the “Projects to Further Expand Capacity” or “Project to Further Expand Capacity”).

(b) Upon written notice from Pleasanton of its desire to proceed with any Project to Further Expand Capacity, DERWA will cause DSRSD to commence any Project to Further Expand Capacity. The exact schedule for any Project to Further Expand capacity shall be determined by DERWA with consideration given to Pleasanton’s scheduling needs and any related DERWA construction or operating issues. DERWA shall use its best efforts to meet Pleasanton’s requested schedule.

(c) Payment for Pleasanton’s share of the cost of any Project to Further Expand Capacity shall be made by Pleasanton to DERWA in three installments as follows:

- One third at the time Pleasanton provides notice to DERWA to proceed with any Project to Further Expand Capacity on the schedule provided by DERWA;
- One third at the time DSRSD awards a construction contract for any Project to Further Expand Capacity; and
- One third at the time that the construction of any Project to Further Expand Capacity is fifty percent (50%) complete as determined by DSRSD.

At closeout of any Project to Further Expand Capacity DERWA shall provide Pleasanton with a full accounting of the cost of the Project to Further Expand Capacity along with a final billing or crediting reflecting actual costs incurred in relation to the three installment payments made by Pleasanton.

(d) The Parties shall work cooperatively at the technical, administrative and managerial levels to review any Project to Further Expand Capacity as it is being planned, designed and constructed and to address technical issues as they arise.

(e) Pleasanton shall pay a buy-in contribution of \$788,910 per MGD of firm capacity expressed on a peak day flow basis for any Project to Further Expand Capacity representing an agreed upon equitable contribution for the existing oversized facilities such as electrical, structural, pipes, controls, etc. that support the Projects to Further Expand Capacity;. The buy-in contribution shall be due and payable by Pleasanton upon DSRSD’s award of the contract to construct any Project to Further Expand Capacity. The buy-in contribution shall be remitted by Pleasanton directly to the DERWA Member agencies in the following percentages: DSRSD 57%; EBMUD 43%.

(f) After construction of any Project to Further Expand Capacity and the satisfaction of all provisions of this Section 5.3, Pleasanton shall have a non-facility-specific interest in the Recycled Water Treatment Plant that is a

calculated percentage of the rated capacity of the Recycled Water Treatment Plant that represents Pleasanton's share of the costs borne by it under Section 5.2 and this Section 5.3. This percentage will be calculated as follows: The 1.9 MGD capacity previously put in place under Section 5.2 plus the capacity acquired under this section shall be divided by the sum of 11.6 MGD (the sum of 9.7 MGD and 1.9 MGD) plus the additional capacity that DERWA constructs under this Section 5.3. To the extent that deliveries are ever curtailed due to operational, regulatory, facility or other limitations, Pleasanton shall have a right to this percentage of the Recycled Water actually produced from the further expanded Recycled Water Treatment Plant. As a hypothetical example, if the Recycled Water Treatment Plant were further expanded by 1 MGD for Pleasanton, then Pleasanton would be entitled to 23% (the sum of 1.9 MGD plus 1 MGD divided by 12.6 MGD) of the Recycled Water produced by the further expanded Recycled Water Treatment Plant.

SECTION 6: BILLING AND PAYMENT

6.1 DERWA will bill Pleasanton and Pleasanton shall pay DERWA for all Recycled Water delivered to the Point of Delivery under this Agreement in accordance with this Section.

6.2 The DERWA Fiscal Year for billing and payment purposes ("Fiscal Year") is July 1 through June 30 of the following calendar year.

6.3 DERWA shall provide Pleasanton the Provisional Rate for the ensuing Fiscal Year by May 1 of each year. DERWA shall bill and Pleasanton shall pay on a monthly basis for all the Recycled Water delivered under any Section of this Agreement during the Fiscal Year based upon water meter records and the Provisional Rate.

6.4 DERWA shall reconcile the Provisional Rate to the Actual Rate after each Fiscal Year to account for variances between projected and actual expenses. Differences between the Provisional Rate and Actual Rate shall be credited or debited on the next regular billing following the determination of the Actual Rate.

6.5 The billing and payment of the Provisional and Actual Rates shall apply to all Recycled Water delivered under Sections 3, 4 and 5 above.

6.6 In addition to DERWA billing and Pleasanton payment for Cost Elements, as defined in Section 1.12 above, on an annual basis and within sixty (60) days after the end of the Fiscal Year, DERWA shall bill and Pleasanton shall pay and thereby contribute toward replacement funding related to the facilities benefiting Pleasanton, other than replacement costs included in Cost Elements (as defined above), as follows:

6.6.1 Upon commencement of DERWA deliveries to Pleasanton under Section 4, Pleasanton shall pay the share of the DERWA Replacement Expenditures defined in Sections 1.12.3 and 1.14 of this Agreement.

6.6.2 After acceptance of the 1.9 MGD Expansion Project in accordance with Section 5.2 of the Agreement (and continuing after acceptance of Projects to Further Expand Capacity in accordance with Section 5.3 of the Agreement), Pleasanton shall pay the share of the DERWA Replacement Expenditures defined in Sections 1.12.4 and 1.14 of this Agreement.

6.7 If Pleasanton fails, within thirty (30) days of receipt of the DERWA bill, to pay any amount billed by DERWA for Recycled Water service pursuant to any provision of this Section 6, DERWA may, after providing Pleasanton with thirty (30) days written notice, suspend Recycled Water service to Pleasanton. All other provisions of this agreement shall remain in full force and effect.

SECTION 7: PLANNING AND OPERATION COORDINATION

7.1 On or before March 1 of each year, Pleasanton will notify DERWA in writing of the planned Recycled Water delivery it will require in each of the subsequent five years.

7.2 On or before April 1 of each year, DERWA and Pleasanton shall meet to evaluate the amount of unused treatment capacity that will be available to Pleasanton for the ensuing five (5) years.

7.3 DERWA shall use best efforts to deliver Recycled Water of the quality, quantity, and pressure (40 to 120 pounds per square inch) at the Points of Delivery under the terms of this Agreement. However, the Parties recognize that for various reasons, including but not limited to the complexities of operating the Recycled Water Treatment Plant, the periodic need for planned and unplanned maintenance, and treatment facility upsets and acts of God, DERWA may periodically be unable to supply some or all of the demands of the connected Recycled Water customers. In such instances, DERWA agrees to notify Pleasanton of such potential shortages as soon as possible and to subsequently provide Pleasanton with a plan for restoration or repair of the treatment and delivery system at the earliest reasonable opportunity.

7.4 Prior to DERWA making deliveries to Pleasanton under any provision of this Agreement, Pleasanton shall have in place an alternate short term source of supplemental water for its Recycled Water customers, such as but not limited to potable water or an alternate source of water, in the event of an interruption or suspension of the Recycled Water supply.

7.5 Prior to DERWA making deliveries to Pleasanton under sections 4 and 5, Pleasanton shall be responsible for environmental documentation and for compliance with applicable laws and regulations regarding environmental protection for Pleasanton Recycled Water Facilities.

7.6 Pleasanton shall coordinate daily operation of its Recycled Water system with DSRSD to reduce the peak day demand on the Recycled Water Treatment Plant. The coordination shall include use of Pleasanton's Recycled Water storage to reduce peak day demand on the Recycled Water Treatment Plant.

7.7 The Parties will cooperate with regard to public relations and public outreach activities and programs related to Recycled Water service by DERWA to Pleasanton under this Agreement.

SECTION 8: GENERAL PROVISIONS

8.1 Each Party shall use its best efforts and work cooperatively and in good faith for the expedited completion of the objectives of this Agreement and the satisfactory performance of its terms.

8.2 In the event that any of the terms, covenants, or conditions of this Agreement or the application of any such term, covenant, or condition shall be held invalid as to any Party by any court of competent jurisdiction, all other terms, covenants, or conditions of this Agreement and their application shall not be affected thereby, but shall remain in full force and effect unless any such court hold that those provisions are not separable from all other provisions of this Agreement.

8.3 Pleasanton agrees to indemnify, defend and hold DERWA and DSRSD harmless from any claims or costs associated with Recycled Water after the Recycled Water passes through either the Val Vista Point of Delivery or the Primary Points of Delivery; provided that Pleasanton's obligations under this Section 8.3 do not apply to the extent that the claimants were exposed to water produced by DERWA that did not meet or exceed the standards established by the California Department of Public Health according to Title 22 of the California Code of Regulations or successor regulations for non-potable water intended for unrestricted use.

8.4 Except for matters that are subject to section 8.3, each Party shall indemnify, defend, and hold harmless the other Party, and the officers, employees, and agents of the other Party, for any and all bodily injury or property damage loss, liability, or claim arising out of the negligent performance or willful misconduct by the indemnifying Party, its officers, employees, or agents, of any act contemplated by this Agreement.

8.5 In the event of any dispute regarding the implementation or interpretation of this Agreement, the Parties agree to negotiate in good faith to reach a mutually acceptable resolution and, if they fail to do so, to submit the dispute to mediation before resorting to any other available method of resolution.

8.6 Neither this Agreement nor any parts thereof shall be assigned by any Party hereto without the prior written consent of the other Party hereto, which consent shall not be unreasonably withheld.

8.7 This Agreement may only be amended in writing, fully executed by the duly authorized representatives of the Parties.

8.8 Following the approval and execution of this Agreement by the Parties, this Agreement shall become effective, subject to the completion of CEQA review as set forth in Section 9, CEQA COMPLIANCE, as of the later of its execution by the Parties or

the effective date of the Fifth Supplemental Agreement, and as long as the Fifth Supplemental Agreement remains in effect and fully operative, this Agreement shall remain in full force and effect until July 24, 2043, or the termination of the Basic Agreement, whichever occurs earlier. Pleasanton shall notify DERWA in writing (1) of the date when the City's CEQA review is completed, and (2) of the date of execution of the Fifth Supplemental Agreement.

8.9 If not previously terminated, this Agreement may be renewed by the Parties at the end of the term hereof, so long as the Fifth Supplemental Agreement and the Basic Agreement, or successor agreements, remain in effect and fully operative. The negotiations toward such a renewal shall commence no sooner than January 1, 2040, or one (1) year before the effective date of termination of the Fifth Supplemental Agreement and the Basic Agreement, or successor agreements, whichever is earlier. The Parties hereto shall thereafter meet and confer and negotiate in good faith the terms to be applicable during the period of renewal of this Agreement. The renegotiation shall include, but not necessarily be limited to, the length of the renewal period, pricing and other economic elements of the furnishing by DERWA of Recycled Water to Pleasanton. The pricing and other economic elements shall be based on all aspects of Recycled Water economics, including but not limited to regulatory and liability aspects, the availability of water as a resource, the environmental value of recycling, the community value of recycling, and the value of water recycling as a method to achieve wastewater discharge benefits.

SECTION 9: CEQA COMPLIANCE

9.1 Despite all the preceding provisions of this Agreement, the legal effectiveness of the Agreement is contingent on the Parties' completion of CEQA review.

9.2 Pleasanton shall perform the role of lead agency in completing CEQA review for the City's Recycled Water Program, including the 1.9 MGD Expansion Project contemplated in Section 5.2, and DERWA shall perform the role of a responsible agency. Pleasanton shall also perform the role of lead agency in completing CEQA review for any Project to Further Expand Capacity, as contemplated in Section 5.3, provided that said project is being done for Pleasanton's sole benefit, in which case DERWA shall perform the role of a responsible agency. If Pleasanton has completed at least program-level CEQA review that addresses the impacts associated with the production and use of Recycled Water beyond the 11.6 MGD level resulting from the 1.9 MGD Expansion Project, the Parties anticipate that DERWA shall perform the role of lead agency in completing any further project-level CEQA review for Recycled Water production facilities associated with any Project to Further Expand Capacity as contemplated in Section 5.3, provided that such Project to Further Expand Capacity is being carried out for the benefit of both DERWA and Pleasanton, in which case the Parties anticipate that Pleasanton shall perform the role of a responsible agency. The Parties shall cooperate with each other and with any environmental consultant retained by either Party to assist with CEQA review, and provide the technical information in their custody or control as needed to complete CEQA review, including but not limited to information related to the Plant, secondary effluent and Recycled Water supply as

reasonably needed for the completion of the CEQA review. Except for the DERWA effort described in the preceding sentence, Pleasanton shall pay all costs of the CEQA review when it is acting as lead agency for the City's development of its Recycled Water Program. When DERWA is acting as lead agency, the costs of the CEQA review shall be shared by the Parties in relation to the relative capacity increase each Party is proposing for itself under Section 5.3.

9.3 If completion of CEQA review identifies any significant adverse environmental effects from the City's Recycled Water Program, the Parties retain full discretion to disapprove this Agreement or to revise this Agreement as necessary to implement any feasible mitigation measures or alternatives that would avoid or reduce such significant effects as provided by CEQA; provided that DERWA's discretion to disapprove or revise this Agreement shall be limited to responding to any significant adverse environmental effects that lie within DERWA's legal jurisdiction as a responsible agency under CEQA. DERWA will reasonably cooperate with Pleasanton regarding the implementation of any feasible mitigation measures, mitigation monitoring or alternatives adopted in the final CEQA review, but under no circumstances shall DERWA be responsible for the costs of implementing any mitigation measures, mitigation monitoring or alternatives that are adopted to avoid or reduce significant effects of the City's Recycled Water Program. Pleasanton shall pay the costs of implementing all mitigation measures, mitigation monitoring or alternatives that are adopted to avoid or reduce significant effects caused by the City Recycled Water Program.

9.4 If any third party brings a legal challenge to the CEQA review conducted under this Section, Pleasanton shall undertake the defense thereof at its sole expense, and shall indemnify, defend, and hold harmless DERWA, and DERWA's officers, employees, and agents, from any cost or expense, including attorney's fees, and costs incurred therein. DERWA and Pleasanton have a common interest in completing legally defensible CEQA review and in defending the CEQA review completed under this Section. DERWA shall cooperate with City in defending the CEQA review completed under this Section.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized, on the day and year set opposite the name of each of the Parties.

CITY OF PLEASANTON,
a municipal corporation

By: _____
Jerry Thorne, Mayor

Dated: _____, 2013

ATTEST:

By: _____
Karen Diaz, City Clerk

Dated: _____, 2013

APPROVED AS TO FORM:

By: _____
Jonathan P. Lowell, City Attorney

Dated: _____, 2013

DSRSD-EBMUD Recycled Water Authority,
a joint powers agency

By: _____
Frank Mellon, Chair

Dated: _____, 2013

ATTEST:

By: _____
Nancy Hatfield, Secretary

Dated: _____, 2013

APPROVED AS TO FORM:

By: _____
Robert Maddow, General Counsel

Dated: _____, 2013

EXHIBIT A
EXAMPLE PROVISIONAL RATE CALCULATION

<u>ITEM</u>	<u>AMOUNT</u>	<u>ADMINISTRATION ALLOCATION</u>
Production Costs		
Treatment (labor)	\$458,316.77	
Treatment (materials & supplies)	\$497,320.41	
PSR1 Maintenance	\$10,000.00	
PSR1 Power	\$110,880.00	
Total Treatment	<u>\$1,076,517.18</u>	
Administrative Costs		
DERWA Program Manager	\$90,919.00	
Treasurer	\$36,436.00	
Legal Counsel	\$1,613.00	
Secretary	\$8,637.00	
Total Administrative Costs	<u>\$137,605.00</u>	
Allocated Administrative Costs	<u>\$101,827.70</u>	74%
PROVISIONAL RATE		
Total Production Costs	\$1,178,344.88	
Acre Feet sold	<u>2,775.20</u>	
Pleasanton Provisional Rate (\$/af)	\$424.60	

Item 11.C

DERWA Summary & Recommendation

Proclamation of Appreciation for Dave Requa's Service to DERWA

Summary:

Dave Requa will retire on October 27, 2013 after 18 years with DSRSD. Dave joined DSRSD concurrently with the formation of DERWA and has contributed significantly over the years to the successful implementation and operation of the DERWA program.

Recommendation:

The Authority Manager recommends that the Board approve, by Motion, the Proclamation of Appreciation for Service to DERWA by Dave Requa.

October 28, 2013

Attachment

DERWA
PROCLAMATION FOR SERVICE
Dave Requa

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

WHEREAS, coinciding with the formation of DERWA, Dave Requa joined DSRSD's management team;

WHEREAS, during DERWA's formative years, Dave's knowledge, skill and patience, were instrumental when participating on the Steering Committee and throughout the negotiations between DSRSD and EBMUD for the critical implementation of the operating agreements;

WHEREAS, Dave's oversight of the project management team during construction of the Dublin and Dougherty Valley pipelines and the Recycled Water Treatment Plant contributed to the smooth transition from construction to successful and timely implementation of operations;

WHEREAS, Dave has been a resource for valuable advice and counsel to numerous DERWA Authority Managers, and has served as an excellent stand-in during times when the DERWA Managers have been away for extended periods;

WHEREAS, Dave's positive personal relationships with the leaders of all the Tri-Valley water utility agencies contributed significantly to the increasing spirit of cooperation and coordination of improved service and reliability, most significantly with the accomplishment of adoption of the agreements enabling DERWA to provide recycled water for the City of Pleasanton's newly developing recycled water program;

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

Dave Requa

Passed and adopted the 28th day of October, 2013 by the DSRSD•EBMUD Recycled Water Authority Board of Directors.

Frank Mellon
Chair

Richard M. Halket
Vice Chair

Georgian M. Vonheeder-Leopold
Director

John A. Coleman
Director

Nancy Gamble Hatfield
Authority Secretary