



AGENDA

NOTICE OF SPECIAL MEETING

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

DATE: Monday, July 1, 2024

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

1. CALL TO ORDER
2. PLEDGE TO THE FLAG
3. ROLL CALL
4. SPECIAL ANNOUNCEMENTS/ACTIVITIES
5. PUBLIC COMMENT (Meeting Open to the Public)
At this time, those in the audience are encouraged to address the Board on any item of interest that is within the subject matter jurisdiction of the Board and not already included on tonight's agenda. Comments should not exceed five minutes. Speaker cards are available from the Authority Secretary and should be completed and returned to the Authority Secretary prior to addressing the Board. The Chair of the Board will recognize each speaker, at which time the speaker should proceed to the lectern, introduce him/herself, and then proceed with his/her comment. Written comments may be submitted to the Authority Secretary at genzale@dsrsd.com. Comments received by 3 p.m. on the day of the meeting will be provided to the Board.
6. CONSENT CALENDAR
Matters listed under this item are considered routine and will be enacted by one action in the form listed below. There will be no separate discussion of these items unless requested by a Member of the Board or the public prior to the time the Board votes on the Motion to adopt.
 - A. Approve Minutes of Regular Board Meeting of April 22, 2024
Recommended Action: Approve by Motion
7. BOARD BUSINESS
 - A. Authorize Authority Manager to Negotiate and Execute the Second Amendment to the Interim Agreement Related to the Supply and Sale of Recycled Water Between DERWA, Dublin San Ramon Services District, and East Bay Municipal Utility District
Recommended Action: Authorize by Resolution

8. STAFF REPORTS

- A. Confirm Next Board Meeting – September 23, 2024

9. BOARDMEMBER ITEMS

10. CLOSED SESSION

As Authorized Pursuant to Government Code Section 54957:
Public Employment
Position: Authority Manager

11. REPORT FROM CLOSED SESSION

12. ADJOURNMENT

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

Item 6.A

**DSRSD•EBMUD RECYCLED WATER AUTHORITY
(DERWA)
Board of Directors Regular Meeting Minutes
Monday, April 22, 2024**

1. CALL TO ORDER – Chair Vonheeder-Leopold called the DSRSD•EBMUD Recycled Water Authority (DERWA) meeting to order at 6 p.m.
2. PLEDGE TO THE FLAG
3. ROLL CALL – Directors present: Chair Georgan Vonheeder-Leopold, Vice Chair April Chan, and Director Ann Marie Johnson. Staff present: Richard Sykes, Authority Manager; Jacqueline Lee, Treasurer; Austin Cho, General Counsel; and Nicole Genzale, Authority Secretary

Director Marguerite Young was absent.

4. SPECIAL ANNOUNCEMENTS/ACTIVITIES

The Board took Item 7.A early under Item 4.

5. PUBLIC COMMENT – 6:19 p.m. – None

6. CONSENT CALENDAR

Director Johnson MOVED for approval of the items on the Consent Calendar. Vice Chair Chan SECONDED the MOTION, which CARRIED with THREE AYES and ONE ABSENT (Young).

- A. Approve Minutes of Regular Board Meeting of February 5, 2024 – Approved
- B. Approve Treasurer’s Reports for January 31, and February 29, 2024 – Approved
- C. Approve Quarterly Investment Report for March 31, 2024 – Approved

7. BOARD BUSINESS

Item 7.A. was held under Item 4.

- A. Approve Proclamation for Former Director John A. Coleman’s Service on the DERWA Board of Directors

Chair Vonheeder-Leopold introduced the item and read aloud from the proclamation.

Vice Chair Chan MOVED to Approve the Proclamation for Former Director Coleman’s Service on the DERWA Board of Directors. Director Johnson SECONDED the MOTION, which CARRIED with THREE AYES and ONE ABSENT (Young).

Chair Vonheeder-Leopold presented the proclamation and an engraved compass to former Director Coleman. The Board and staff shared stories of working together and thanked him for his many steady years of service. Mr. Coleman addressed the Board and reflected on DERWA’s

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history during his tenure on the Board. Newly appointed EBMUD Director Luz Gomez (Ward 2), retired EBMUD Customer and Community Services Manager Rebecca Lamoreaux, and Zone 7 Director Dawn Benson also congratulated Mr. Coleman.

B. Approve and Adopt the Fiscal Year 2024-2025 Operating and Capital Budget

Authority Manager Sykes reviewed the item for the Board and gave a presentation (handed out to the Board) that was added to the website as supplemental materials. The presentation provided a summary of the annual administration, operations, debt service, and capital budget categories, a look back at 2020-2024 budgets and actuals, anticipated increases due to energy, labor, backwash, and asset replacement, and the partner agency cost-share (DSRSD 67%, EBMUD 33%). No new capital projects are included in the proposed budget. Mr. Sykes confirmed DERWA will see an increase in revenue collected due to the increases charged in operating costs.

Director Johnson MOVED to Approve Resolution No. 24-3, Adopting the Fiscal Year 2024-2025 Operating and Capital Budget. Vice Chair Chan SECONDED the MOTION, which CARRIED with THREE AYES and ONE ABSENT (Young).

C. Approve the First Amendment to the Consulting Agreement for DSRSD•EMBUD Recycled Water Authority (“DERWA”) Interim Authority Manager Services with Richard G. Sykes

Vice Chair Chan MOVED to Approve the First Amendment to the Consulting Agreement for DERWA Interim Authority Manager Services with Richard G. Sykes. Director Johnson SECONDED the MOTION, which CARRIED with THREE AYES and ONE ABSENT (Young).

8. STAFF REPORTS

A. Authority Manager Update

Authority Manager Sykes reported that he recently took a tour of DSRSD’s recycled water plant facilities and stated how impressed he is with DSRSD’s operations and staff.

B. Discuss Special Board Meeting

Authority Manager Sykes advised the Board that staff will look to schedule a special Board meeting in the June timeframe.

9. BOARDMEMBER ITEMS – None

10. CLOSED SESSION

At 6:30 p.m. the Board went into Closed Session.

As Authorized Pursuant to Government Code Section 54957:
Public Employment
Position: Authority Manager

11. REPORT FROM CLOSED SESSION

At 7:26 p.m. the Board came out of Closed Session.

General Counsel Cho announced that the Board took the following actions:

- Formed an Authority Manager Recruitment Ad-Hoc Committee and appointed Directors Chan and Johnson as the Committee representatives.
- Authorized staff to retain a recruitment firm for the Authority Manager recruitment with a not-to-exceed expenditure of \$30,000.

12. ADJOURNMENT

Chair Vonheeder-Leopold adjourned the meeting at 7:27 p.m.

Submitted by,

Nicole M. Genzale, CMC
Authority Secretary

DERWA Summary & Recommendation

Authorize Authority Manager to Negotiate and Execute the Second Amendment to the Interim Agreement Related to the Supply and Sale of Recycled Water Between DERWA, Dublin San Ramon Services District, and East Bay Municipal Utility District

Summary:

On March 29, 2022, DSRSD•EBMUD Recycled Water Authority (DERWA), East Bay Municipal Utility District (EBMUD), and Dublin San Ramon Services District (DSRSD) executed an Interim Agreement Related to the Supply and Sale of Recycled Water (“Interim Agreement”). The Interim Agreement formalizes the 2019 recycled water connection moratorium and provides a framework for DERWA and its Member Agencies to focus near-term efforts on evaluating strategies for DERWA to reliably meet current and future recycled water demands. Without additional long-term supplemental supplies, the amount of wastewater available will be insufficient to meet the buildout demands for the DERWA program.

In early 2023, DERWA initiated preparation of a Recycled Water Supply Management Plan (Supply Plan). The Supply Plan incorporates new and refined information on supply and demand to create a roadmap for implementing demand management and supply strategies. The results of this study were presented at the September and December 2023 DERWA Board meetings. Input from the Board was incorporated into the final [Supply Plan](#) that was completed in March 2024.

The Supply Plan identifies that even if the moratorium were lifted today, each Member Agency only has a few customers that could be connected to the recycled water system. The majority of future DERWA recycled water customers are located within EBMUD’s service area, and reaching these customers would require significant new infrastructure, which could take five to ten years to design and construct. EBMUD would need assurances that adequate supply is available to serve these future phases before making the investment.

Based on the Supply Plan recommendations and supply available near-term, DERWA, EBMUD, and DSRSD, are currently in discussions to amend Section III. Connection Moratorium of the Interim Agreement to allow the Member Agencies to add certain “Ready to Connect” customers to the recycled water system (“Second Amendment”). These customers are shown in Resolution No. 24-4, Exhibit A. The terms of the Second Amendment would include the following:

- EBMUD recycled water customer connections – EBMUD customers shown in Resolution No. 24-4, Exhibit A, would be allowed to connect to the recycled water system when ready. No additional conditions would apply. The total maximum day demand is estimated at 0.041 MGD (million gallons per day) and would have no noticeable impact on supply.
- DSRSD recycled water customer connections – DSRSD would be allowed to connect two City of Dublin sites, the Dublin Sports Grounds and Butterfly Knoll Park, to the recycled water system. These two sites have a total estimated maximum day demand of 0.12 MGD. DSRSD would be required to agree to several conditions prior to connecting these sites. These conditions include:

- Ensuring no adverse impacts to existing DERWA customers including sites where recycled water retrofits are in progress (i.e., Crow Canyon Country Club);
- Taking immediate corrective action to remedy a supply deficiency if caused by the addition of the two added sites; and
- Execution of an agreement with the City of Dublin prior to connecting the sites, which requires Dublin to offset the added demand through implementation of water efficiency measures.

The Supply Plan recommended that DERWA and the Member Agencies explore implementing recycled water budgets for the cities of San Ramon and Dublin as a potential incentive for implementing water use efficiency measures. The water savings could potentially be reallocated to new sites. In 2023, with DSRSD's assistance, the City of Dublin (City) secured a grant for smart irrigation controllers. The City is currently embarking on a project to install these new controllers at sites that use recycled water and is interested in being a pilot case for the recycled water budget concept. Based on conservative estimates, the City anticipates being able to offset the added demand from the two "ready to connect" sites through increased water use efficiency at existing recycled water sites.

On July 1, the Authority Manager will provide a presentation on the proposed "ready to connect" customers and request authorization from the Board to negotiate and execute the Second Amendment to the Interim Agreement with EBMUD and DSRSD.

Recommendation:

The Authority Manager recommends the Board of Directors authorize, by Resolution No. 24-4, the Authority Manager to negotiate and execute the Second Amendment to the Interim Agreement Related to the Supply and Sale of Recycled Water between DSRSD•EBMUD Recycled Water Authority, Dublin San Ramon Services District, and East Bay Municipal Utility District.

July 1, 2024

Attachments:

1. 2022 Interim Agreement Related to the Supply and Sale of Recycled Water
2. DERWA Resolution No. 24-4
3. PowerPoint Presentation

**INTERIM AGREEMENT RELATED TO THE SUPPLY AND SALE OF RECYCLED
WATER BETWEEN THE DUBLIN SAN RAMON SERVICES DISTRICT/EAST BAY
MUNICIPAL UTILITY DISTRICT RECYCLED WATER AUTHORITY (“DERWA”),
DUBLIN SAN RAMON SERVICES DISTRICT, AND
EAST BAY MUNICIPAL UTILITY DISTRICT**

This Interim Agreement Related to the Supply and Sale of Recycled Water between the Dublin San Ramon Services District - East Bay Municipal Utility District Recycled Water Authority (“DERWA”), Dublin San Ramon Services District (“DSRSD”), and East Bay Municipal Utility District (“EBMUD”) (“Agreement”) is made and entered into this 29th day of March 2022. DERWA, DSRSD, and EBMUD are individually referred to as "Party," and collectively as “Parties.”

RECITALS

WHEREAS, on June 28, 1995, as amended on December 21, 1995, DSRSD and EBMUD entered into an agreement to form DERWA, a Joint Powers Authority in Alameda and Contra Costa County, for the purpose of implementing a program (“DERWA Program”) to provide recycled water to DSRSD and EBMUD, as Member Agencies of DERWA, for their distribution within portions of their respective existing and future service areas, while recovering DERWA’s costs (“1995 JPA Agreement”); and

WHEREAS, on June 28, 2003, the Parties entered into the Agreement for the Sale of Recycled Water (“Sales Agreement”) and Water Supply Agreement, setting forth the terms and conditions for the supply and sale of recycled water between DERWA and the Member Agencies; and

WHEREAS, on May 23, 2005, the Parties entered into the Operations Agreement setting forth the conditions under which DSRSD agreed to operate and maintain the DERWA Program Facilities; and

WHEREAS, the 1995 JPA Agreement, Water Supply Agreement, Sales Agreement, and Operations Agreement shall be collectively referred to in this Agreement as the “DERWA Agreements”; and

WHEREAS, other agreements related to the implementation of the DERWA Program have been executed over the last 25 years including, but not limited, to the Agreement to Provide Recycled Water Treatment and Delivery Services between DERWA and the City of Pleasanton dated January 7, 2014, which expanded the DERWA Program to include deliveries to the City of Pleasanton; and

WHEREAS, the Sales Agreement provides that the recycled water supply rights of DSRSD and EBMUD shall be an annual average of 3,730 acre feet per contract year (which is equivalent to 3.3 million gallons per day) for DSRSD and 2,960 acre-feet per year (which is equivalent to 2.4 million gallons per day) for EBMUD and that those agencies' respective recycled water supply rights shall be the basis for the sharing of the risks and costs of implementation and operation of the DERWA Program; and

WHEREAS, the Parties acknowledged and agreed when they entered into the Sales Agreement that the amount of recycled water emanating from DSRSD's service area was insufficient to meet the Recycled Water Supply Rights of the Member Agencies as specified in the Sales Agreement, and that securing a permanent supplemental supply would be critical to achieving the long-term goals for the DERWA Program; and

WHEREAS, improved water use efficiency and conservation by customers have decreased wastewater flows to the DSRSD Regional Wastewater Treatment Plant, resulting in significantly less recycled water being available for the DERWA Program; and

WHEREAS, the City of Pleasanton's increased use of wastewater for the City's recycled water program has further reduced the amount of wastewater available for DERWA's use; and

WHEREAS, on February 4, 2019, DERWA and Central Contra Costa Sanitary District ("Central San") entered into an agreement under which Central San agreed to allow DERWA to temporarily divert a portion of Central San's wastewater supply as a supplemental supply source for the DERWA Program ("Central San Agreement"); and

WHEREAS, the Central San Agreement provides DERWA with a temporary supplemental supply for a three-year period from January 22, 2021 through January 21, 2024, with the potential to extend the agreement for an additional two years until January 21, 2026; and

WHEREAS, even with the supplemental supply available from Central San, current DERWA recycled water demands are projected to exceed the available recycled water supply on peak irrigation days in the summer; and

WHEREAS, on March 25, 2019, due to the projected current and future shortfall in recycled water supply, the DERWA Board adopted Resolution 19-3, requesting that Member Agencies implement demand practices to curtail use of recycled water and directing the DERWA Authority Manager to implement demand management and allocation adjustments pursuant to Article IV of the Sales Agreement; and

WHEREAS, DERWA Board Resolution 19-3 further requests that the DERWA Member Agencies implement a connection moratorium on new connections, except for those EBMUD Phase 2 connections that were already in progress and where significant investments had already been made; and

WHEREAS, the Parties acknowledge that considerable changes have occurred since the formation of DERWA and the initial delivery of recycled water and many provisions in the DERWA Agreements need to be reviewed and updated to reflect current circumstances; and

WHEREAS, in early 2020, the Parties initiated negotiations on a comprehensive update of the DERWA Agreements, and other related agreements, to reflect the actual working conditions of DERWA, address the issue of declining supplies, and streamline and consolidate the agreements into documents that could more easily be administered; and

WHEREAS, the Parties desire to defer negotiations on revising the DERWA Agreements until 2024 to allow time to focus on demand management, plan for additional recycled water supplies, and monitor developing wastewater discharge and potable reuse regulations.

NOW, THEREFORE, in consideration of the Recitals and the terms, conditions, and covenants contained herein, DERWA, DSRSD, and EBMUD agree as follows:

I. PURPOSE

- A. The purpose of this Agreement is to set forth concepts to be included in future negotiations to revise the DERWA Agreements and to address issues that may arise during the term of this Agreement. The Parties acknowledge that this Agreement addresses a limited number of issues and does not and cannot account for every issue that may arise during the term of this Agreement. Except as specifically provided for in this Agreement, all other provisions of the DERWA Agreements shall remain in full force and effect. In the event that there is an irreconcilable conflict between the terms of any of the DERWA Agreements and the terms of this Agreement, the terms of this Agreement shall control.
- B. This Agreement is intended as a short-term, interim agreement, that provides additional time for the Parties to evaluate the effectiveness of demand management strategies, the feasibility of securing permanent supplemental supplies for the DERWA Program, and changes in regulations that could affect wastewater flows, prior to the Parties resuming negotiations to update and revise the DERWA Agreements.
- C. The Parties intend for this Agreement to establish a process for the Parties to implement demand management measures and allocate recycled water shortages as directed by the DERWA Board in Resolution 19-3 and as provided for in Article IV, *Recycled Water Supply Shortage Provisions*, of the Sales Agreement.

II. TERM AND FUTURE NEGOTIATIONS TO REVISE DERWA AGREEMENTS

- A. The term of this Agreement shall be from the date of execution until December 31, 2024.
- B. No later than January 1, 2024, the Parties agree to resume good faith negotiations to update and revise the DERWA Agreements, and other related agreements as necessary, to reflect the actual working conditions of the DERWA Program and the issue of declining recycled water supplies. The Parties agree to address the concepts listed in Exhibit A during future negotiations to amend the DERWA Agreements.

III. CONNECTION MORATORIUM

- A. Except as provided for in Section III.B, DSRSD and EBMUD shall adhere to the connection moratorium on new recycled water connections as requested by DERWA Board Resolution 19-3 while this Agreement remains in effect. Neither Member Agency shall approve or deliver recycled water to new customer sites during the term of the Agreement.
- B. EBMUD may connect the Crow Canyon Country Club to recycled water, which is already in the process of being connected and was included in the Phase 2 connections that were exempted from the connection moratorium request adopted by the DERWA Board . All other new connections listed in Resolution 19-3 as exempt from the moratorium have been completed. DSRSD may provide a recycled water connection for the Tri-Valley Residential Fill Station, subject to the terms and conditions specified in Section VIII of this Agreement.

IV. DEMAND MANAGEMENT AND ALLOCATION OF RECYCLED WATER SHORTAGES

The Parties acknowledge and agree that the total demand for the Member Agencies' connected customers may exceed available recycled water supplies on peak summer days during the term of this Agreement. The Parties further acknowledge and agree that Article IV, *Recycled Water Supply Shortage Provisions*, of the Sales Agreement provides for the Member Agencies to implement demand management for their respective connected customers and for the Authority Manager to take actions to curtail delivery of recycled water to the Member Agencies when total recycled water demands are anticipated to exceed total recycled water supplies.

- A. To address and mitigate the potential risk of recycled water supply shortages described in the preceding paragraph, the Parties agree to implement the demand management measures described in Part I of Exhibit B. If demand management measures are not able to adequately address a projected shortage in recycled water

supplies, EBMUD and DSRSD agree to follow the process outlined in Part II of Exhibit B and implement recycled water shortage actions to reduce recycled water deliveries. The process outlined in Part II of Exhibit B was developed in accordance with Article IV.B.1, *Reduction in Usage: Current Contract Year*, of the Sales Agreement, which requires EBMUD and DSRSD to reduce deliveries by the same percentage, to the extent that such reductions are required, so that the total deliveries to the Member Agencies' connected customers equals the available recycled water supply.

- B. Notwithstanding the Agreement to Provide Water Supply between DERWA and the City of Pleasanton dated August 6, 2019, which allows for DERWA to receive potable water via a water supply turnout from the City of Pleasanton, or any provisions of the DERWA Agreements that may be contrary to the commitments described herein, unless otherwise mutually agreed by the Parties, the Parties agree that DERWA shall not add potable water to the DERWA system for the express purpose of meeting recycled water demands due to insufficient wastewater flows into the DSRSD Regional Wastewater Treatment Plant. The limitation in using potable water to meet recycled water demands described in this Section IV.B does not apply to DERWA's need to add potable water on a short-term basis in response to emergencies, treatment plant upsets, or planned or unplanned maintenance. Nothing in this Section shall prevent DERWA or DSRSD from complying with any supply request from the City of Pleasanton to operate the water supply turnout for the purpose of improving water quality in Pleasanton's potable water distribution system.

Notwithstanding any contrary prior contractual agreements among the Parties (or any of them), neither DSRSD nor EBMUD shall be required to provide or obtain a potable water supply for the DERWA system for the purpose of meeting recycled water demands due to insufficient wastewater flows into the DSRSD Regional Wastewater Treatment Plant.

V. ALLOCATION OF DERWA PROGRAM COSTS

Costs for the DERWA Program including, but not limited to, administration, design, construction, and operation and maintenance of DERWA facilities, are shared between DSRSD and EBMUD in accordance with Article V, *DERWA Costs, and Member Agency Payments and Credits*, of the Sales Agreement. The Parties agree to continue allocating DERWA Program costs in accordance with the existing provisions of the Sales Agreement and not to amend the Sales Agreement for the purpose of changing the allocation of costs between EBMUD and DSRSD during the term of this Agreement.

VI. CHARGE FOR SECONDARY EFFLUENT

Article 6.C, *Price of Secondary Effluent*, of the Water Supply Agreement establishes a process for DSRSD to begin charging DERWA for secondary effluent beginning in Year 21 of the Water Supply Agreement, or as of July 29, 2023. Consistent with Section II.B and Exhibit A of this Agreement, EBMUD and DSRSD have agreed to defer discussion on the charge for secondary effluent until negotiations resume on a more comprehensive update and revision of the DERWA Agreements. Therefore, the Parties hereby agree to toll the provisions in Article 6.C of the Water Supply Agreement for establishing the charge for secondary effluent, including waiving any and all notification requirements provided therein, until the expiration of the term of this Agreement.

Notwithstanding anything in the Water Supply Agreement to the contrary, if the Parties fail to execute an amended Sales Agreement or other agreement that addresses the price of secondary effluent prior to the expiration of the term of this Agreement, DSRSD may proceed with establishing the charge for secondary effluent pursuant to Article 6.C of the Water Supply Agreement by providing written notice to the DERWA Authority Manager, with a copy to EBMUD, that DSRSD intends to charge DERWA for secondary effluent beginning 15 months following termination of this Agreement. Said Notice shall be delivered no later than 90 days following termination of this Agreement.

Except as expressly modified by this Section VI, the provisions of Article 6.C of the Water Supply Agreement, including, without limitation, its arbitration provisions, shall continue in full force and effect and apply to any notice issued by DSRSD pursuant to this paragraph.

As provided herein, the provisions of this Section VI shall survive the termination or expiration of this Agreement.

VII. ROLES/RESPONSIBILITIES FOR PURSUING SUPPLEMENTAL SUPPLIES

- A. The Parties agree to continue working cooperatively to obtain a permanent supplemental supply to meet the long-term needs of the DERWA Program in accordance with Article IV.C.3, *Permanent Supplemental Water*, of the Sales Agreement. However, neither EBMUD nor DSRSD, acting individually or jointly, shall be obligated to pursue supplemental supplies on behalf of DERWA outside of their respective service area.
- B. In accordance with Article 3.A, *Availability, Delivery, and Acceptance*, of the Water Supply Agreement, DSRSD is committed to making and delivering recycled water for the DERWA Program generated from wastewater emanating from the DSRSD wastewater service area.

- C. DSRSD, in cooperation with DERWA and EBMUD, shall evaluate options to maximize existing supply through onsite storage and operational strategies. If approved for implementation by the Parties, these improvements shall be budgeted and funded out of DERWA's Permanent Supplemental Supply Capital Improvement Project.

VIII. TRI-VALLEY RESIDENTIAL FILL STATION

- A. During the term of the Agreement, the City of Pleasanton ("Pleasanton"), City of Livermore ("Livermore"), and DSRSD may jointly develop and implement a residential recycled water fill station at DSRSD's Gleason Property; 5287 Gleason Drive in Dublin, California ("Tri-Valley Residential Fill Station"). The Tri-Valley Residential Fill Station would provide recycled water for residents of the Amador Valley, San Ramon Valley, and Livermore Valley region ("Tri-Valley") during periods when mandatory outdoor watering restrictions for potable water are in effect due to drought conditions.
- B. It is the mutual intent of the Parties that the Tri-Valley Residential Fill Station not result in any net reduction in the quantity of recycled water available for DERWA's existing customers, including EBMUD's planned connection to the Crow Canyon Country Club. Accordingly, DSRSD, in cooperation with Livermore and Pleasanton, agrees to secure a recycled water supply for the Tri-Valley Residential Fill Station from Livermore through an exchange with Pleasanton as described herein. Livermore has the ability to supply recycled water produced at Livermore's Water Reclamation Plant to the eastern portion of Pleasanton's recycled water system. DSRSD will work with Livermore and Pleasanton to ensure that Livermore provides a quantity of supply to Pleasanton sufficient to meet the demands of the Tri-Valley Residential Fill Station. Pleasanton will use the supply from Livermore in-lieu of recycled water supplies from DERWA so as to offset substantially all recycled water used for the Tri-Valley Residential Fill Station which will be supplied by DERWA via the DSRSD recycled water distribution system.
- C. The Parties agree that DSRSD may provide a recycled water connection for the Tri-Valley Residential Fill Station provided that a recycled water supply is secured from Livermore in accordance with Section VIII.B and that there are no adverse impacts to DERWA customers. During the operation of the Tri-Valley Residential Fill Station, DSRSD shall provide DERWA and EBMUD with a monthly report showing daily supply and demand for the Tri-Valley Residential Fill Station. If the monthly report shows that insufficient supplies are being provided by Livermore and that there is an impact to DERWA customers, DSRSD agrees to take immediate corrective action to remedy the supply deficiency.

- D. During periods when the Tri-Valley Residential Fill Station is operating, EBMUD customers within the City of San Ramon and Town of Danville would be allowed access to the fill station, subject to the same terms and conditions established for DSRSD, Pleasanton, and Livermore customers that receive recycled water from the Tri-Valley Residential Fill Station.

IX. JPA MEMBERSHIP

Notwithstanding Article 20, *Addition of Parties*, of the 1995 JPA Agreement, the Parties agree not to add new members to the DERWA Joint Powers Authority during the term of this Agreement.

X. GENERAL PROVISIONS

- A. Termination. This Agreement can be terminated only by written mutual agreement of the Parties.
- B. Assignment. No Party will assign any right or interest in this Agreement, or any part thereof, without the express written consent of the other Parties, which consent shall be at the sole discretion of the consenting Party or Parties. This Agreement shall bind the successors of the Parties in the same manner as if they were expressly named.
- C. Compliance With Laws. Each Party will comply with all federal and state laws, local ordinances, regulations, and orders applicable to the work it will perform under this Agreement.
- D. Indemnification. The provisions of Article VIII.H, *Indemnity*, of the Sales Agreement are not modified by this Agreement and continue in full force and effect.
- E. Notice. Notices regarding this agreement shall be sent to:

DERWA: DERWA Authority Manager
Dublin San Ramon Services District
7051 Dublin Boulevard
Dublin, CA 94568

DSRSD: Daniel McIntyre, General Manager
Dublin San Ramon Services District
7051 Dublin Boulevard
Dublin, CA 94568
(925) 875-2200
mcintyre@dsrsd.com

EBMUD: Clifford Chan, General Manager
East Bay Municipal Utility District
375 11th Street
Oakland CA 94607
(510) 287-0101
clifford.chan@ebmud.com

The Parties may unilaterally modify the name, position, or address for notices pursuant to this Agreement; notification of which will be in writing and provided to each Party.

- F. Dispute Resolution. Disputes shall be addressed in the manner provided for in Article VI, *Dispute Resolution*, of the Sales Agreement.
- G. Headings. The Section headings contained in this Agreement are for reference purposes only and are not intended to govern, limit, or aid the interpretation of this Agreement and shall not in any way affect the meaning of this Agreement.
- H. Signatures. The individuals executing this Agreement represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities. This Agreement may be executed in counterpart which when taken together shall be considered one and the same agreement. The Parties agree to the use of digital signatures to execute this Agreement. Facsimile, email, digital, and electronic signatures shall be binding.
- I. Severability. If any term or provision of this Agreement is deemed invalid or unenforceable by a court of competent jurisdiction or by operation of any applicable law, it will not affect the validity of any other provision, which will remain in full force and effect.
- J. Governing Law and Venue. This Agreement shall be governed by the laws of the State of California. Venue shall lie exclusively in the Superior Court located in Alameda County, California.
- K. No Third-Party Beneficiaries. No third-party beneficiaries are intended or created by this Agreement.
- L. Waiver. No waiver by any Party of any provision of this Agreement shall be deemed a waiver of any other provision of this Agreement or of any subsequent breach by the other Party of the same provision.

M. Complete Agreement and Amendments. This Agreement constitutes the entire agreement between the Parties with respect to the specific purposes expressly listed in Section I and supersedes all prior or contemporaneous drafts, agreements and understandings, whether written or oral. This Agreement may be amended by written agreement executed by the Parties.

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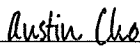
IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year of the last signature affixed below and first above written.

Dated: 4/1/2022

DSRSD/EBMUD RECYCLED WATER AUTHORITY

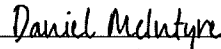
By: 
John Rossi, Authority Manager

Approved as to Form:

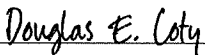

DERWA Counsel

Dated: 3/31/2022

DUBLIN SAN RAMON SERVICES DISTRICT

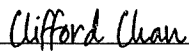
By: 
Daniel McIntyre, General Manager

Approved as to Form:


DSRSD Counsel

Dated: 3/30/2022

EAST BAY MUNICIPAL UTILITY DISTRICT

By: 
Clifford Chan, General Manager

Approved as to Form:

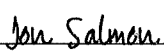

EBMUD Counsel

Exhibit A – Principles for Future Negotiations
Exhibit B – Demand Management Measures

EXHIBIT A

CONCEPTS FOR FUTURE NEGOTIATIONS TO REVISE DERWA AGREEMENTS

The Parties agree that the following concepts should be addressed during future negotiations to revise the DERWA Agreements. This Exhibit may be changed from time to time by mutual written agreement of the Parties, without regard to the provisions of Section X.M of this Agreement.

- As set forth in the Sales Agreement, facility capacity rights and costs are presently allocated between DSRSD and EBMUD based on an estimate of each Member Agency's maximum projected usage of each facility made at the time the DERWA Agreements were negotiated.
- The Sales Agreement sets forth the recycled water supply and facility capacity rights of the member agencies. Actual available supply is less than anticipated. Modification of recycled water supply and facility rights will be evaluated based on actual supply available.
- Reconciliation of capital cost contributions and potential changes to facility capacity rights and allocation of costs will be considered based on historic and projected usage of the DERWA Program facilities by each Member Agency.
- The Water Supply Agreement sets forth that DSRSD has the right to charge DERWA for Secondary Effluent beginning in Year 21 of the Water Supply Agreement, which has been suspended by the Agreement. The value of secondary effluent will be considered when the Parties discuss reconciling capital cost contributions and potential changes to facility capacity rights and allocation of costs.

EXHIBIT B

DEMAND MANAGEMENT AND RECYCLED WATER SHORTAGE ACTIONS

The Parties have developed the following demand management measures and process for implementing recycled water shortage actions to achieve reductions in recycled water deliveries that may be needed to address potential shortfalls in wastewater supply during the peak summer irrigation season. Exhibit B is intended to be a working document and may be changed from time to time by mutual written agreement of the Parties.

Part I – Demand Management

1. Demand Management Working Group. The Parties will establish a Demand Management Working Group to oversee implementation of demand management measures. The Demand Management Working Group will be comprised of representatives from EBMUD, DSRSD, and the City of Pleasanton¹. At least one member of the DSRSD Operations staff responsible for operating the DERWA system will be present at every meeting. The Demand Management Working Group will meet monthly from April through September, or at a frequency otherwise agreed to by the members, for the purposes of sharing and reviewing DERWA recycled water production, supply, and customer demand data, and evaluating the effectiveness of demand management measures and recycled water shortage actions.
2. Frequent Meter Data Output to Support Demand Management due to Limited Recycled Water Supply. EBMUD will provide DSRSD with more frequent meter data including, at a minimum, hourly data on its largest fourteen connected recycled water customers beginning during the 2022 irrigation season. EBMUD and DSRSD agree to share available hourly meter data for the purpose of improving and optimizing DERWA supply and demand operations.
3. Customer Communications, Monitoring, and Enforcement. The Parties agree to participate in joint messaging to customers about water-wise practices, monitor and inspect customer recycled water usage, and provide warnings to customers regarding potential leaks and/or excessive water use. EBMUD and DSRSD agree to assign a key contact for coordinating with customers. This key contact, or their back-up, must be available to communicate with customers 7 days a week.
4. Rebate Programs. The Parties agree to have the Demand Management Working Group evaluate the potential benefits and costs of a rebate program for recycled water customers. Such a program could include rebates for turf replacement and/or irrigation controllers and could be administered and funded by DERWA or separately by EBMUD and DSRSD.

¹ The City of Pleasanton is not a DERWA Member Agency and not subject to the demand management and recycled water supply shortage provisions in Article IV of the Sales Agreement. However, the City of Pleasanton will be encouraged to participate in the Demand Management Working Group.

Part II – Recycled Water Shortage Actions

Recycled water demands and supply can vary widely throughout the irrigation season due to a multitude of factors including weather, irrigation schedules, and drought conditions. The Parties acknowledge the complexity and challenges of implementing actions to curtail recycled water demands in real-time. On a short-term, daily basis, DSRSD can generally balance supplies and demands using operational storage. However, if peak irrigation demands stay above available wastewater supplies for extended periods of time, cutbacks in recycled water deliveries will be needed.

The Parties agree to undertake the following actions, if needed, to adjust or reduce recycled water demands to meet available supply:

1. Changes to Irrigation Watering Schedules. Upon request from DERWA and/or DSRSD Operations, EBMUD and DSRSD will work with customers to request feasible adjustments of irrigation schedules to better manage demand and supply. Requests could include asking customers to switch watering days and/or or adjust watering hours to maintain system pressures.
2. Recycled Water Shortage Actions. Upon execution of this Agreement, EBMUD and DSRSD will each develop recycled water shortage actions that can be implemented in their respective service areas to achieve five (5) percent and ten (10) percent reductions in total customer recycled water demands over a 7-day period, so that such actions can be promptly implemented when needed. Such actions could include limiting the number of days in a week that outdoor watering is allowed by a customer to the extent such measures may be imposed in accordance with any contract or permit applicable to that customer's receipt and use of recycled water.

In the event DSRSD anticipates that recycled water supplies will be insufficient to meet demands for the upcoming 7-day period, DSRSD will notify DERWA and EBMUD of the need to implement recycled water shortage actions to achieve a specified reduction in demand (either 5% or 10%). EBMUD and DSRSD agree to immediately implement their respective recycled water shortage actions upon receiving such notice and until such time as DSRSD provides notification that a reduction in recycled water demand is no longer required.

The results and effectiveness of implementing recycled water shortage actions will be reviewed by the Demand Management Working Group at the next meeting, along with any recommendations for improving the process and adjustments, if needed, to an agency's recycled water shortage actions to achieve the desired level of reduction. This information will be summarized in a brief report to the DERWA Authority Manager who may take appropriate action, in accordance with Article IV, *Recycled Water Supply Shortage Provisions*, of the Sales Agreement, to ensure that both Member Agencies are reducing deliveries by the same percentage reduction so that total demand of the Member Agencies' connected customers equals the available supply.

DERWA
RESOLUTION NO. 24-4

RESOLUTION OF THE BOARD OF DIRECTORS OF THE DSRSD•EBMUD RECYCLED WATER AUTHORITY AUTHORIZING THE AUTHORITY MANAGER TO NEGOTIATE AND EXECUTE THE SECOND AMENDMENT TO THE INTERIM AGREEMENT RELATED TO THE SUPPLY AND SALE OF RECYCLED WATER BETWEEN THE DUBLIN SAN RAMON SERVICES DISTRICT•EAST BAY MUNICIPAL UTILITY DISTRICT RECYCLED WATER AUTHORITY, DUBLIN SAN RAMON SERVICES DISTRICT, AND EAST BAY MUNICIPAL UTILITY DISTRICT

WHEREAS, Dublin San Ramon Services District (DSRSD), East Bay Municipal Utility District (EBMUD), and the DSRSD-EBMUD Recycled Water Authority (DERWA) are parties to an Interim Agreement Related to the Supply and Sale of Recycled Water (“Interim Agreement”), which Interim Agreement was entered into on March 28, 2022; and

WHEREAS, the Interim Agreement addresses near-term issues, establishes a process for implementing demand management measures and allocating recycled water shortages, formalizes the connection moratorium to the recycled water system and articulates concepts that the parties have identified for inclusion in future negotiations regarding the various DERWA agreements that relate to the supply and sale of recycled water for the DERWA Program; and

WHEREAS, DERWA completed a Recycled Water Supply Plan in March 2024, which identified certain customer sites that could be served by existing infrastructure and are shown in Exhibit “A” as “Ready to Connect” customers; and

WHEREAS, DERWA, EBMUD, and DSRSD desire to amend the Interim Agreement to allow EBMUD and DSRSD to add the “Ready to Connect” customers listed in the table in Exhibit “A” to the recycled water subject to mutually agreeable terms and conditions.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF DSRSD•EBMUD RECYCLED WATER AUTHORITY, a public agency located in the counties of Alameda and Contra Costa, California, that the Authority Manager is hereby authorized to negotiate and execute for and on behalf of the DSRSD•EBMUD Recycled Water Authority the Second Amendment to the Interim Agreement Related to the Supply and Sale of Recycled Water Between the Dublin San Ramon Services District•East Bay Municipal Utility District Recycled Water Authority, Dublin San Ramon Services District, and East Bay Municipal Utility District, which would amend Section III. Connection Moratorium to allow EBMUD and DSRSD to add the “Ready to Connect” customers, listed in the table in Exhibit “A,” to the recycled water system, subject to mutually agreeable terms and conditions, and in a form approved by legal counsel.

DERWA
Res. No. 24-4

ADOPTED by the Board of Directors of the DSRSD•EBMUD Recycled Water Authority, a public agency located in the counties of Alameda and Contra Costa, California, at its Special Meeting held on the 1st day of July 2024, and passed by the following vote:

AYES:

NOES:

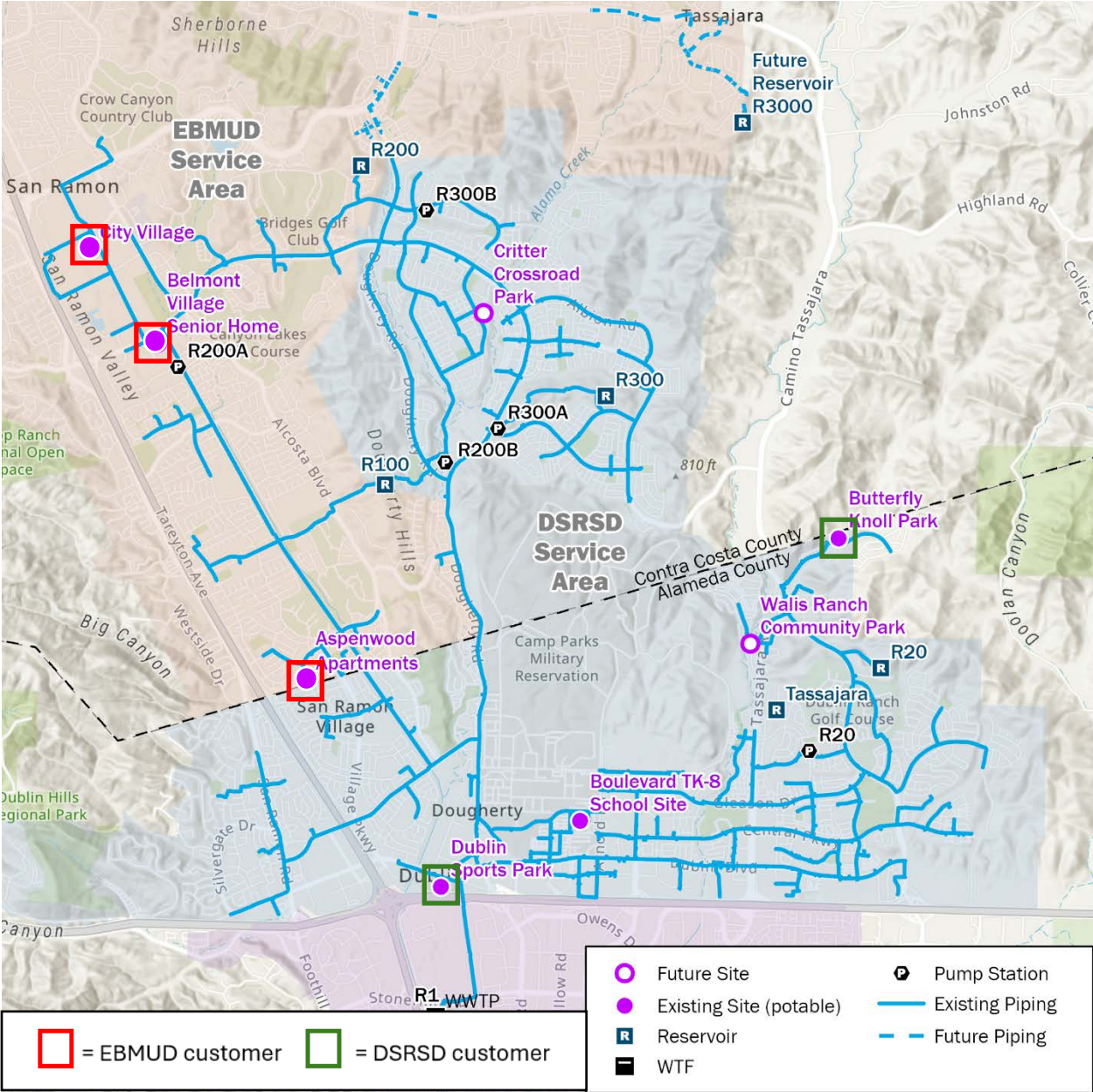
ABSENT:

Georgean Vonheeder-Leopold,
DERWA Chair

ATTEST:

Nicole Genzale, Authority Secretary

Proposed EBMUD and DSRSD “Ready to Connect” Recycled Water Customers



Member Agency	Customer Site	Owner	Estimated Connection Schedule	Estimated Average Demand (MGD)	Estimated Max Day Demand (MGD)
EBMUD	Aspenwood Apartments	Private	2025	0.000	0.001
EBMUD	Belmont Village Senior Home	Private	2025	0.001	0.002
EBMUD	City Village	Private	2025	0.015	0.038
DSRSD	Dublin Sports Grounds	City of Dublin	2024	0.043 (a)	0.11 (a)
DSRSD	Butterfly Knoll Park	City of Dublin	2024	0.004 (a)	0.01 (a)

(a) Recycled water demand to be offset by water efficiency measures implemented by City of Dublin

**SECOND AMENDMENT TO
INTERIM SUPPLY AGREEMENT
“Ready to Connect” Customers**

July 1, 2024

BACKGROUND

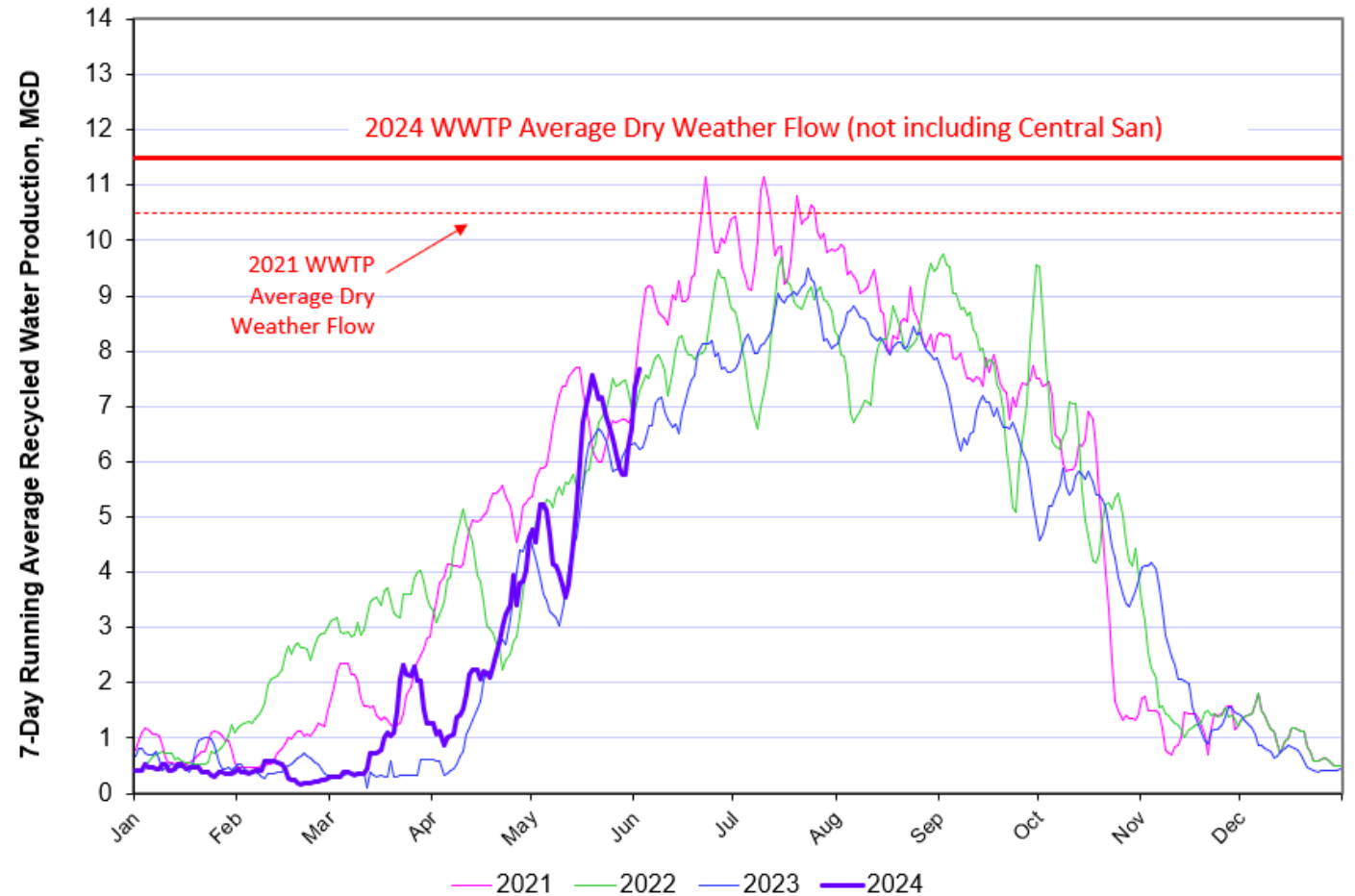
- March 2019 – DERWA requests member agencies implement connection moratorium
- March 2022 – Parties execute Interim Supply Agreement to formalize “pause period”
- March 2024 – DERWA completes Recycled Water Supply Management Plan

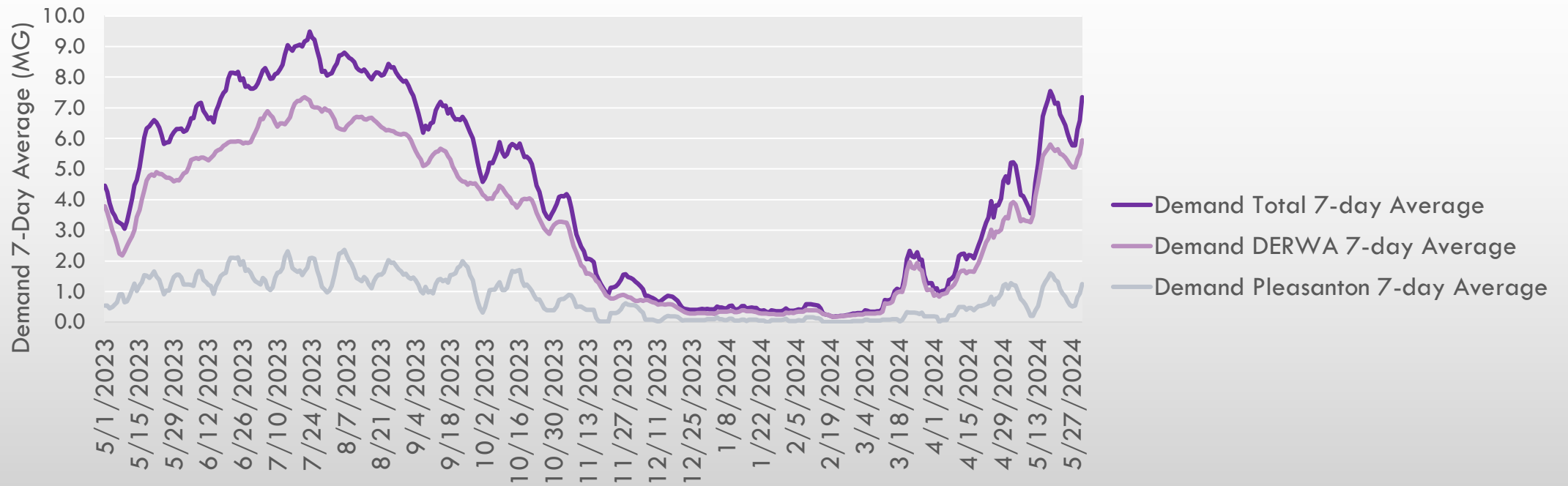
DERWA SUPPLY PLAN: NEAR-TERM STRATEGY

- **“Ready to connect” customers** – allow certain sites that can be served by existing infrastructure to be connected
 - Beyond this, new infrastructure is needed to connect new customers (5-10 years to construct)
- **City recycled water budgets** – could provide incentive for water use efficiency if water savings could be reallocated to new sites

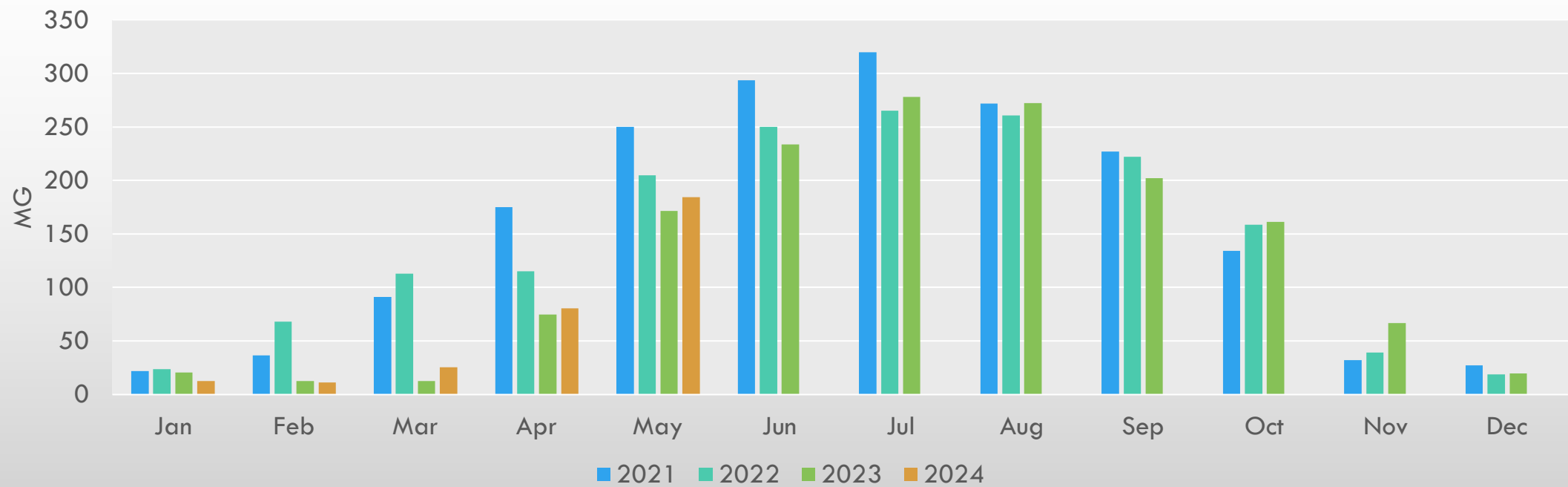
NEAR-TERM SUPPLY AVAILABILITY

- Supply has increased due to growth in service area and metering improvements
- Use of storage basins to meet peak summer day demands
- Trend of lower recycled water demands due to weather and improved customer water use efficiency





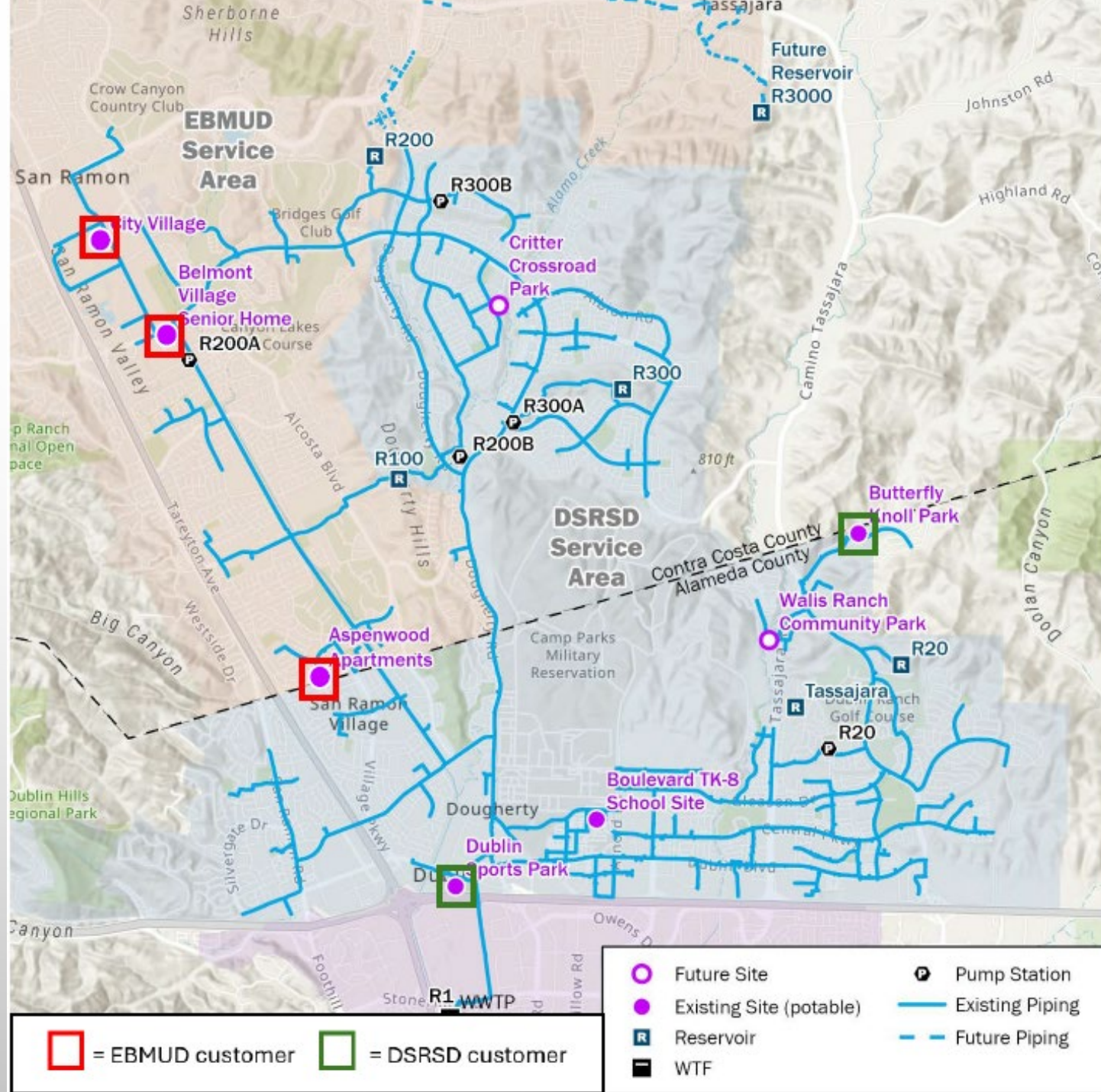
DEMAND – 7 DAY AVERAGE



PRODUCTION

PROPOSED “READY TO CONNECT” CUSTOMERS

- Customer sites that can be served by existing infrastructure
- Existing City of Dublin parks already plumbed to receive recycled water



PROPOSED “READY TO CONNECT” CUSTOMERS

Member Agency	Name	Owner	Feasible Timing for Connection	Estimated Demand, Average (MGD)	Estimated Demand, Max Day (MGD)
EBMUD	Aspenwood Apartments	Private	2025	0.000	0.001
EBMUD	Belmont Village Senior Home	Private	2025	0.001	0.002
EBMUD	City Village	Private	2025	0.015	0.038
DSRSD	Dublin Sports Grounds	City of Dublin	2024	0.043 (a)	0.11 (a)
DSRSD	Butterfly Knoll Park	City of Dublin	2024	0.004 (a)	0.01 (a)
TOTAL				0.063 (a)	0.161 (a)

(a) Recycled water demand to be offset by water efficiency measures implemented by City of Dublin

SECOND AMENDMENT KEY TERMS

- Revise Section III. Connection Moratorium of Interim Agreement to allow member agencies to add “Ready to Connect” customers to recycled water system
- No conditions for connecting EBMUD recycled water customers
- Conditions for connecting DSRSD recycled water customers
 - No adverse impact to existing DERWA customers
 - DSRSD to take immediate corrective action to remedy supply deficiency if caused by addition of DSRSD “ready to connect customers”
 - Prior to connection, DSRSD and Dublin shall execute agreement requiring Dublin to offset added demand through implementation of water efficiency measures

NEXT STEPS

- Authorize Authority Manager to negotiate and execute Second Amendment with member agencies
- DSRSD to execute agreement with City of Dublin
- DSRSD and EBMUD to proceed with “Ready to Connect” customers after execution of agreement