

**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, February 23, 2015

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. 15-1)

**Recommended
Action**

1. CALL TO ORDER
2. PLEDGE TO THE FLAG
3. ROLL CALL - Members: Coleman, Duarte, Mellon and Vonheeder-Leopold
Alternates: Howard and Young
4. BOARD REORGANIZATION
 - A. Election of Board Chair Approve
by Motion
 - B. Election of Board Vice Chair Approve
by Motion
 - C. Appointment of Secretary Approve
by Motion
5. SPECIAL ANNOUNCEMENTS/ACTIVITIES
6. 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.
7. APPROVE MINUTES
Regular Board Meeting of October 27, 2014 Approve
by Motion

*Recommended
Action*

8. CONSENT CALENDAR

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

- | | | |
|----|--|----------------------|
| A. | Treasurer's Reports for October 31, November 30, December 31, 2014 and January 31, 2015 | Approve
by Motion |
| B. | Quarterly Investment Report – December 31, 2014 | Approve
by Motion |
| C. | Authorization of Transfer of Capital Appropriation of \$70,000 from New/Replacement Capital <\$50,000 Project to the Reservoir R200 Security Fence Project | Approve
by Motion |

9. BOARD BUSINESS

- | | | |
|----|--|--------------------------|
| A. | Transmittal of the DERWA Independent Auditor's Report and Financial Statements for Years Ending June 30, 2014 and 2013 | Accept
by Motion |
| B. | Approve Amendment No. 5 to Agreement for Services as Authority Manager of the DSRSD-EBMUD Recycled Water Authority | Approve by
Resolution |

10. MANAGER'S REPORTS

- Capital Projects Update – None
- Confirm Next Meeting Date – April 27, 2015

11. BOARDMEMBER ITEMS

12. 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.

**DSRSD • EBMUD RECYCLED WATER AUTHORITY
(DERWA)
Board of Directors Regular Meeting Minutes
Monday, October 27, 2014**

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

1. CALL TO ORDER – Chair Howard called the DSRSD • EBMUD Recycled Water Authority (DERWA) meeting to order at 6:06 p.m. at the Dublin San Ramon Services District Boardroom.

2. PLEDGE TO THE FLAG

3. ROLL CALL – Directors present: Chair D.L. (Pat) Howard, Director Vonheeder-Leopold, and Director Frank Mellon. DERWA Staff present: James Bewley, Authority Manager; Richard Lou, Treasurer; Robert Maddow, General Counsel; and Nancy Gamble Hatfield, Authority Secretary.

4. SPECIAL ANNOUNCEMENTS/ACTIVITIES – None.

5. PUBLIC COMMENT – None received.

6. APPROVE MINUTES – Regular Meeting of *June 23, 2014*

Motion by Director Vonheeder-Leopold, Second by Director Mellon to approve the minutes from the Regular Meeting of June 23, 2014. Motion carried (3-0) by the following vote:

AYES: Vonheeder-Leopold, Mellon, Howard

NOES:

7. CONSENT CALENDAR

A. Treasurer's Reports for June, July, August and September 2014

B. Quarterly Investment Reports – June 30 and September 30, 2014

Motion by Mellon, Second by Vonheeder-Leopold to approve the Consent Calendar. Motion carried (3-0) by the following vote:

AYES: Mellon, Vonheeder-Leopold, Howard

NOES:

8. BOARD BUSINESS

A. Update on Pleasanton Recycled Water Program – Presentation

DRAFT

Authority Manager Bewley reviewed that an agreement was entered into between DERWA and the City of Pleasanton on January 7, 2014 and became effective on September 16, 2014, upon the City of Pleasanton's completion of their CEQA review. The City of Pleasanton is now moving rapidly to implement their recycled water program and have selected former DSRSD District Engineer Dave Requa to serve as their program manager. Mr. Bewley invited Mr. Requa to give the Board an update on the City's recycled water program and how that integrates with DERWA's.

Mr. Requa, representing the City of Pleasanton, addressed the Board and gave them a detailed update on Pleasanton's recycled water project. Their target is to have the sports grounds on-line with recycled water by June 21, 2015, which is an aggressive schedule requiring extensive retrofits. Mr. Requa showed some photos of the project and stated there are three design teams involved. They will convert the Tassajara Reservoir from potable water to recycled water storage. Pleasanton has an agreement with DSRSD to use the former Clean Water Revival section of pipeline to move water from DERWA to the Pleasanton system. This project is Phase 1A. All customers will be connected by spring 2016 because there are 120 retrofit customers in this project phase. By using Tassajara reservoir, the recycled water pressures will be similar to the potable water system making the transition to recycled water easier to manage. In Phase 1A, the City will be able to deliver a maximum of 3.35 mgd. There is no planned schedule for Phase 1B; that would provide an additional 0.9 mgd demand.

Mr. Requa discussed the impacts of the City of Pleasanton's project on DERWA. At this point in time, however, there is sufficient supply for the deliveries for Pleasanton, DSRSD, and EBMUD. Pleasanton is buying into the existing recycled water plant which will assist with additional expansions. Because of Pleasanton's participation in recycled water, the entire \$25 million CWR pipeline investment is now in use and operational. Mr. Bewley is having projections made to examine the next five years and future capacity for DERWA.

Director Mellon discussed that in the earlier days DERWA wondered how they would use all of the recycled water capacity and now that plan is coming to fruition.

Directors discussed ideas about obtaining additional wastewater supply for DERWA.

Chair Howard thanked Mr. Requa for his presentation.

9. MANAGER'S REPORT

- Capital Projects Update – None
- Confirm Cancellation of Next Regular Meeting December 22, 2014 – The Board meeting for December 22, 2014 will be canceled and the next regularly scheduled meeting after that will be Monday, February 23, 2015.

10. BOARDMEMBER ITEMS

Director Mellon reported he attended a recent conference in Boston and suggested Directors look at the upcoming Affordable Care Act changes.

11. CLOSED SESSION

The Board went into Closed Session at 6:27 p.m.

12. REPORT FROM CLOSED SESSION

At 6:54 p.m. the Board Came out of Closed Session. Chair Howard announced there was no reportable action.

13. ADJOURNMENT

Chair Howard adjourned the meeting at 6:55 p.m.

Submitted by,

Nancy Gamble Hatfield
Authority Secretary

Items 4. A, B, and C

DERWA Summary & Recommendation

Selection of Board Officers for 2015

Summary:

The DSRSD•EBMUD Joint Exercise of Powers Agreement (JPA) requires the election of Chair and Vice Chair by a majority vote of the Directors. The JPA provides that the officers of the Board hold office until the next election or relieved by their agency. The attached table summarizes the past DERWA officers.

In addition, the JPA provides that appointment of the DERWA Secretary follows the same procedure (method of appointment, time of appointment and term) as the Chair and Vice Chair. Thus, the appointment of the DERWA Secretary should also be considered. Nancy Hatfield has ably served as the DERWA Secretary since the inception of the agency. It would be appropriate to continue her appointment.

Recommendation:

In three separate motions it is recommended that the Board:

- Elect the officers of Chair and Vice Chair for 2015; and
- Appoint Nancy Hatfield to continue as DERWA Secretary for 2015.

February 23, 2015

Attachment

PAST DERWA OFFICERS

YEAR	CHAIR	VICE CHAIR
1995	John A. Coleman	Jeffrey G. Hansen
1996	Jeffrey G. Hansen	John M. Gioia
1997	John M. Gioia	Cynthia G. Jones
1998	Cynthia G. Jones	John A. Coleman
1999	John A. Coleman	Cynthia G. Jones/ G.T. (Tom) McCormick
2000	G.T. (Tom) McCormick	Frank Mellon
2001	Frank Mellon	Richard W. Rose
2002	Richard W. Rose	John A. Coleman
2003	John A. Coleman	Daniel J. Scannell
2004	Daniel J. Scannell	Frank Mellon
2005	Frank Mellon	Jeffrey G. Hansen
2006	Richard M. Halket	John A. Coleman
2007	John A. Coleman	Dan Scannell
2008	Dan Scannell	Frank Mellon
2009	Frank Mellon	Jeff Hansen
2010	Jeff Hansen	John A. Coleman
2011	John A. Coleman	Dwight "Pat" Howard
2012	Georgean Vonheeder-Leopold	Frank Mellon
2013	Frank Mellon	Rich Halket
2014	Dwight "Pat" Howard	John Coleman

In December 2014 the DSRSD Board appointed Georgean Vonheeder-Leopold and Ed Duarte as DSRSD representatives to the DERWA Board, and Dwight "Pat" Howard as DSRSD Alternative Representative.

Paragraph 4 of the DSRSD Board for Joint Powers Agency Rotation policy provides:

In the event that one new representative of the District is appointed to a JPA board and in the further event that the remaining District representative to that JPA board has previously served as President (Chair) of that JPA board, the new District representative shall first serve, when the opportunity arises, as President (Chair) or in a position which leads to President (Chair) of the JPA board.

Following the DERWA past practice of alternating positions of Chair and Vice Chair between the agencies, the Chair for 2015 should be an EBMUD representative, and the Vice Chair a DSRSD representative.

Dwight "Pat" Howard served as DERWA Chair in 2014 therefore, according to DERWA policy John Coleman should be nominated as DERWA Chair for 2015.

In accordance with DSRSD policy Ed Duarte should be nominated as DERWA Vice Chair for 2015.

Item 8.A

DERWA Summary & Recommendation

October 31, 2014 Treasurer's Report
November 30, 2014 Treasurer's Report
December 31, 2014 Treasurer's Report
January 31, 2015 Treasurer's Report

Summary:

Attached are the Treasurer's Reports for the months ending October 31, November 30, December 31, 2014 and January 31, 2015 submitted by Treasurer Richard Lou.

Recommendation:

The Treasurer recommends the Board approve, by Motion, the Treasurer's Reports for the months October 31, November 30, December 31, 2014 and January 31, 2015 submitted by Treasurer Richard Lou.

February 23, 2015

Attachments

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT FOR OCTOBER 31, 2014**

STAFF REPORT

Attached is the DERWA Treasurer's Report for the month ending October 31, 2014. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, agency reimbursements of \$252,302 were received. Fiscal year-to-date 2015 Revenues/Funding totaled \$834,762.

Expenses: Current month expenditures were \$184,806. Fiscal year-to-date expenditures for FY15 total \$483,360 of which \$450,270 were operating expenses and \$33,090 were capital expenses. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY15.

Cash: The cash balance at October 31, 2014 was (\$317,077).

Submitted by:



Richard Lou
Treasurer

Dated: November 4, 2014

Prepared by DG (D. Gulseth)
Reviewed by DJ (D. Fan)
Reviewed by SK (S. Klein)

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**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT
FOR THE PERIOD ENDED OCTOBER 31, 2014**

CAPITAL - PROJECT	Program Budget @ FY15	Expenditures FY 14 and Prior (a)	Expenditures Current Month	Expenditures FY 15 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	8,563,000	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	3,851,000	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	290,000	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	768,955	0	(36,104)	732,851	417,725	315,126
New/Replacement Capital <50K	1,278,000	136,936	449	69,194	206,130	117,494	88,636
MF/UV Control Programing Update	144,000	144,366	0	0	144,366	82,289	62,077
Program Planning & Air Relief	11,564,000	5,717,586	0	0	5,717,586	2,829,807	2,887,779
Planning Prior Years	1,680,000	3,585,898	0	0	3,585,898	1,757,090	1,828,808
Design Prior Years	0	79,432	0	0	79,432	38,922	40,510
Contingency	1,000,000	13,740	0	0	13,740	6,870	6,870
Capitalized Interest	2,000,000	1,960,872	0	0	1,960,872	960,827	1,000,045
Total Capital Impr. Proj. Element	86,960,000	78,497,360	449	33,090	78,530,450	40,269,204	38,261,246

OPERATING - ITEM	Budget FY 15	Expenditures FY 12 and Prior (a)	Expenditures Current Month	Expenditures FY 15 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
DERWA Program Manager	116,942	2,652,145	4,805	10,418	2,662,563	2,103,424	559,139
Treasurer	41,000	2,634,722	2,238	9,790	2,644,512	2,089,164	555,348
Legal Counsel	5,000	417,497	108	108	417,605	329,908	87,697
Secretary	6,150	189,047	65	2,573	191,620	151,380	40,240
Other	105,000	876,943	0	97,470	974,413	769,786	204,627
Operation and Maintenance Detail	1,802,514	9,111,239	177,141	329,911	9,441,150	7,458,509	1,982,641
Debt Service	1,645,513	15,447,000	0	0	15,447,000	12,203,130	3,243,870
Total Operating Program Element	3,722,119	31,328,593	184,357	450,270	31,778,863	25,105,301	6,673,562

PROJECT TOTALS	90,682,119	109,825,953	184,806	483,360	110,309,313	65,374,505	44,934,808
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REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution		
DSRSD	0	0
EBMUD	0	0
Agency Reimbursements - DSRSD	173,610	598,768
Agency Reimbursements - EBMUD	78,692	235,994
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	252,302	834,762

CASH AVAILABLE	Current Month	Fiscal Year
Beginning Cash	(384,573)	(459,517)
Beg. Balance Accrual Adj	0	(208,962)
LAIF Int Adjustment	0	0
Commercial Paper payoff	0	0
Total Revenues & Funding	252,302	834,762
Total Expenditures	(184,806)	(483,360)
Ending Cash	(317,077)	(317,077)

Prepared by Dana Gulseth Date: 11-3-14
 Reviewed by Dana Gulseth Date: 11/3/14
 Approved by Lawrence Fan Date: 11/3/14
Scott Klein

DERWA CASH REPORT

Cash Balance as of 09/30/14 (384,571.23) Reconciled to DERWA TR previous month

Add member agency's contribution:

LAIF Interest Income				
Loans				
DSRSD Contribution	EBM-DEO-00220	173,609.52	10/24/14	
EBMUD Contribution	EBM-DEO-00219	78,691.96	10/03/14	
Agency Reimbursements - DSRSD				
Agency Reimbursements - EBMUD				
State Grant				
LAVWMA				
Other Reimbursements- Misc				

Less invoice payments:

ICF International- Jones & Stokes	2441130	(1,795.00)	10/10/14	
DSRSD- August (& May)	2441081	(178,380.16)	10/10/14	
Office Team	2441539	(748.13)	10/17/14	
Bold, Polisner, Maddow, et al	2441385	(107.50)	10/17/14	
San Ramon Conference Center	2441576	(1,536.88)	10/17/14	
EBMUD- Acctg Sept	2441806	(2,237.84)	10/24/14	

Cash Balance as of 10/31/14 (317,075.26)

Rounding (1.74)

Cash Balance 10/31/14 (317,077.00)

Prepared by	<u><i>Dana Gulseth</i></u>	Date	<u>11-3-14</u>
Reviewed by	<u>Dana Gulseth</u> <i>for Lisa</i>	Date	<u>11/3/14</u>
Approved by	<u><i>Lawrence Fan</i></u> <u>Scott Klein</u>	Date	<u>11/3/14</u>

DSRSD/EBMUD RECYCLED WATER AUTHORITY
SUMMARY OF EXPENDITURES
FOR THE PERIOD ENDED
OCTOBER 31, 2014

Check Date	Check Number	Payee	Category	TOTAL Amount	DSRSD Amount	EBMUD Amount
10/10/14	2441130	ICF Jones & Stokes	Op-Public Info-Prgr Mgr (76/24)	1,795.00	1,364.20	430.80
10/10/14	2441081	DSRSR-August	Cap<\$50K (57/43 split)	449.40	256.16	193.24
10/10/14	2441081	DSRSR-August	Op-Prgr Mgr Other (76/24)	725.00	551.00	174.00
10/10/14	2441081	DSRSR-August	Op-Secr Salary(76/24)	62.73	47.67	15.06
10/10/14	2441081	DSRSR-August	Op-Secr Expense (76/24)	2.40	1.82	0.58
10/10/14	2441081	DSRSR-August (& May correction)	Op- Operations(76/24)	177,140.63	134,626.88	42,513.75
10/17/14	2441539	Office Team	Op- Operations(76/24)	748.13	568.58	179.55
10/17/14	2441385	Bold, Polisner, Maddow, et al	Op-Legal (76/24)	107.50	81.70	25.80
10/17/14	2441539	San Ramon Conf.Ct-SODEXO	Op- Program Mgr Public Info(49/51)	1,536.88	753.07	783.81
10/24/14	2441806	EBMUD- Sept Acctg	Op- Trea-Cost Acctg (76/24)	2,237.84	1,700.76	537.08
				184,805.51	139,951.85	44,853.66

	Operating	Capital	CK-OP		
O	1,795.00	0.00	1,795.00	76.0%	24.0%
C	0.00	449.40	449.40	57.0%	43.0%
O	725.00	0.00	0.00	76.0%	24.0%
O	62.73	0.00	62.73	76.0%	24.0%
O	2.40	0.00	2.40	76.0%	24.0%
O	177,140.63	0.00	177,140.63	76.0%	24.0%
O	748.13	0.00	748.13	76.0%	24.0%
O	107.50	0.00	107.50	76.0%	24.0%
O	1,536.88	0.00	1,536.88	49.0%	51.0%
O	2,237.84	0.00	2,237.84	76.0%	24.0%
	0.00	0.00	0.00	#DIV/0!	#DIV/0!
	0.00	0.00	0.00	#DIV/0!	#DIV/0!
	0.00	0.00	0.00	#DIV/0!	#DIV/0!
	0.00	0.00	0.00	#DIV/0!	#DIV/0!
	0.00	0.00	0.00	#DIV/0!	#DIV/0!
	184,356.11	449.40	184,080.51		

Wk Ending	Amount
10/3/14	\$ -
10/10/14	\$ 180,175.16
10/17/14	\$ 2,392.51
10/24/14	\$ 2,237.84
10/31/14	\$ -
\$	-
\$	-
\$	-
\$	-
\$	-
\$	184,805.51

- Reconciled
 - Reconciled
 (0.0) Reconciled

Prepared by Dana Gulseth Date: 11-3-14
 Reviewed by Lawrence Farn Date: 11/3/14
 Approved by Scott Klein Date: 11/3/14

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT FOR NOVEMBER 30, 2014**

STAFF REPORT

Attached is the DERWA Treasurer's Report for the month ending November 30, 2014. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, agency reimbursements of \$195,231 were received. Fiscal year-to-date 2015 Revenues/Funding totaled \$1,029,993.

Expenses: Current month expenditures were \$2,817. Fiscal year-to-date expenditures for FY15 total \$486,175 of which \$453,085 were operating expenses and \$33,090 were capital expenses. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY15.




Cash: The cash balance at November 30, 2014 was (\$124,663).

Submitted by:



Richard Lou
Treasurer

Dated: December 3, 2014

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 NOVEMBER 30, 2014**

CAPITAL - PROJECT	Program Budget @ FY15	Expenditures FY 14 and Prior (a)	Expenditures Current Month	Expenditures FY 15 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	8,563,000	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	3,851,000	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	290,000	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	768,955	0	(36,104)	732,851	417,725	315,126
New/Replacement Capital <50K	1,278,000	136,936	0	69,194	206,130	117,494	88,636
MF/UV Control Programing Update	144,000	144,366	0	0	144,366	82,289	62,077
Program Planning & Air Relief	11,564,000	5,717,586	0	0	5,717,586	2,829,807	2,887,779
Planning Prior Years	1,680,000	3,585,898	0	0	3,585,898	1,757,090	1,828,808
Design Prior Years	0	79,432	0	0	79,432	38,922	40,510
Contingency	1,000,000	13,740	0	0	13,740	6,870	6,870
Capitalized Interest	2,000,000	1,960,872	0	0	1,960,872	960,827	1,000,045
Total Capital Impr. Proj. Element	86,960,000	78,497,360	0	33,090	78,530,450	40,269,204	38,261,246

OPERATING - ITEM	Budget FY 15	Expenditures FY 12 and Prior (a)	Expenditures Current Month	Expenditures FY 15 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
DERWA Program Manager	116,942	2,652,145	1,354	11,771	2,663,916	2,104,493	559,423
Treasurer	41,000	2,634,722	624	10,414	2,645,136	2,089,657	555,479
Legal Counsel	5,000	417,497	839	946	418,443	330,570	87,873
Secretary	6,150	189,047	0	2,573	191,620	151,380	40,240
Other	105,000	876,943	0	97,470	974,413	769,786	204,627
Operation and Maintenance Detail	1,802,514	9,111,239	0	329,911	9,441,150	7,458,509	1,982,641
Debt Service	1,645,513	15,447,000	0	0	15,447,000	12,203,130	3,243,870
Total Operating Program Element	3,722,119	31,328,593	2,817	453,085	31,781,678	25,107,525	6,674,153

PROJECT TOTALS	90,682,119	109,825,953	2,817	486,175	110,312,128	65,376,729	44,935,399
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REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution		
DSRSD	0	0
EBMUD	0	0
Agency Reimbursements - DSRSD	139,952	738,720
Agency Reimbursements - EBMUD	55,279	291,273
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	195,231	1,029,993

CASH AVAILABLE	Current Month	Fiscal Year
Beginning Cash	(317,077)	(459,517)
Beg. Balance Accrual Adj	0	(208,964)
LAIF Int Adjustment	0	0
Commercial Paper payoff	0	0
Total Revenues & Funding	195,231	1,029,993
Total Expenditures	(2,817)	(486,175)
Ending Cash	(124,663)	(124,663)

Prepared by *Dana Gulseth* Date: 12-1-14
Reviewed by *Dana Gulseth* Date: 12/2/14
Approved by *Lawrence Fan* Date: 12/3
Scott Klein

DERWA CASH REPORT

Cash Balance as of 10/31/14 (317,075.26) Reconciled to DERWA TR previous month

Add member agency's contribution:

LAIF Interest Income				
Loans				
DSRSD Contribution				
EBMUD Contribution				
Agency Reimbursements - DSRSD	EBM-DEO-00223	139,951.85	11/21/14	
Agency Reimbursements - EBMUD	EBM-DEO-00221	55,278.80	11/14/14	
State Grant				
LAVWMA				
Other Reimbursements- Misc				

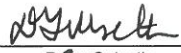


Less invoice payments:

Bold, Polisner, Maddow ,et al	2443254	(838.50)	11/21/14	
Office Team	2443441	(1,353.75)	11/21/14	
Maze & Associates	2443377	(624.00)	11/21/14	

Cash Balance as of 11/30/14 (124,660.86)

Rounding (2.14)

Cash Balance 11/30/14 (124,663.00)

Prepared by		Date	<u>12-1-14</u>
Reviewed by	 Lawrence Fan	Date	<u>12/2/14</u>
Approved by	 Scott Klein	Date	<u>12/1/14</u>

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT FOR DECEMBER 31, 2014**

STAFF REPORT

Attached is the DERWA Treasurer's Report for the month ending December 31, 2014. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, agency reimbursements of \$44,854 were received. Fiscal year-to-date 2015 Revenues/Funding totaled \$1,074,846.

Expenses: Current month expenditures were \$193,838. Fiscal year-to-date expenditures for FY15 total \$680,013 of which \$643,314 were operating expenses and \$36,699 were capital expenses. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY15.

Cash: The cash balance at December 31, 2014 was (\$273,648).

Submitted by:



Richard Lou
Treasurer

Dated: January 2, 2015

Prepared by DG (D. Gulseth)
Reviewed by DJ (L. Fan) D Singh/L Fan
Reviewed by SK (S. Klein) WDA SKlein

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**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT
FOR THE PERIOD ENDED DECEMBER 31, 2014**

CAPITAL - PROJECT	Program Budget @ FY15	Expenditures FY 14 and Prior (a)	Expenditures Current Month	Expenditures FY 15 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	8,563,000	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	3,851,000	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	290,000	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	768,955	0	(36,104)	732,851	417,725	315,126
New/Replacement Capital <50K	1,278,000	136,936	3,609	72,803	209,739	119,551	90,188
MF/UV Control Programing Update	144,000	144,366	0	0	144,366	82,289	62,077
Program Planning & Air Relief	11,564,000	5,717,586	0	0	5,717,586	2,829,807	2,887,779
Planning Prior Years	1,680,000	3,585,898	0	0	3,585,898	1,757,090	1,828,808
Design Prior Years	0	79,432	0	0	79,432	38,922	40,510
Contingency	1,000,000	13,740	0	0	13,740	6,870	6,870
Capitalized Interest	2,000,000	1,960,872	0	0	1,960,872	960,827	1,000,045
Total Capital Impr. Proj. Element	86,960,000	78,497,360	3,609	36,699	78,534,059	40,271,261	38,262,798

OPERATING - ITEM	Budget FY 15	Expenditures FY 12 and Prior (a)	Expenditures Current Month	Expenditures FY 15 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
DERWA Program Manager	116,942	2,652,145	11,423	23,193	2,675,338	2,113,516	561,822
Treasurer	41,000	2,634,722	1,151	11,565	2,646,287	2,090,566	555,721
Legal Counsel	5,000	417,497	0	946	418,443	330,570	87,873
Secretary	6,150	189,047	0	2,573	191,620	151,380	40,240
Other	105,000	876,943	0	97,470	974,413	769,786	204,627
Operation and Maintenance Detail	1,802,514	9,111,239	177,655	507,567	9,618,806	7,598,857	2,019,949
Debt Service	1,645,513	15,447,000	0	0	15,447,000	12,203,130	3,243,870
Total Operating Program Element	3,722,119	31,328,593	190,229	643,314	31,971,907	25,257,805	6,714,102

PROJECT TOTALS	90,682,119	109,825,953	193,838	680,013	110,505,966	65,529,066	44,976,900
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REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution		
DSRSD	0	0
EBMUD	0	0
Agency Reimbursements - DSRSD	0	738,720
Agency Reimbursements - EBUD	44,854	336,126
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	44,854	1,074,846

CASH AVAILABLE	Current Month	Fiscal Year
Beginning Cash	(124,664)	(459,517)
Beg. Balance Accrual Adj	0	(208,964)
LAIF Int Adjustment	0	0
Commercial Paper payoff	0	0
Total Revenues & Funding	44,854	1,074,846
Total Expenditures	(193,838)	(680,013)
Ending Cash	(273,648)	(273,648)

Prepared by Dana Gulseth Date: 12-29-14
Reviewed by Dana Gulseth Date: 12/29/14
Approved by Lawrence Fan Date: 12/29/14
Scott Klein
WDL: SKLEIN

DSRSD/EBMUD RECYCLED WATER AUTHORITY
SUMMARY OF EXPENDITURES
FOR THE PERIOD ENDED
DECEMBER 31, 2014

Check Date	Check Number	Payee	Category	TOTAL Amount	DSRSD Amount	EBMUD Amount
12/19/14	2444882	DSRSD-Sept	Cap-new cap <\$50K Constr	3,609.39	2,057.35	1,552.04
12/19/14	2444882	DSRSD-Sept	OP-Prgm Manager other (76/24)	725.00	551.00	174.00
12/19/14	2444882	DSRSD-Sept	Op-Operations (76/24)	177,655.95	135,018.52	42,637.43
12/19/14	2444882	DSRSD-Sept	Op-Public Info (49/51)	162.23	79.49	82.74
12/19/14	2444888	EBMUD-WS	OP- Trea-Cost Acctg (76/24)	1,150.88	874.67	276.21
12/19/14	2444932	ICF Jones & Stokes Oct +Nov	Op-Public Info (49/51)	9,091.22	4,454.70	4,636.52
12/19/14	2445108	WateReuse	Op-Prgm Manager other (76/24)	945.50	718.58	226.92
12/19/14	2445016	Office Team	OP-Prgm Manager Staff (76/24)	498.75	379.05	119.70
				-	-	-
				-	-	-
				-	-	-
				-	-	-
				-	-	-
				-	-	-
				193,838.92	144,133.36	49,705.56

Wk Ending	Amount
12/5/14	\$ -
12/12/14	\$ -
12/19/14	\$ 193,838.92
12/26/14	\$ -
\$	-
\$	-
\$	-
\$	-
\$	-
\$	-
\$	-
\$	193,838.92

	Operating	Capital	CK-OP		
C	0.00	3,609.39	0.00	57.0%	43.0%
O	725.00	0.00	725.00	76.0%	24.0%
O	177,655.95	0.00	177,655.95	76.0%	24.0%
O	162.23	0.00	162.23	49.0%	51.0%
O	1,150.88	0.00	1,150.88	76.0%	24.0%
O	9,091.22	0.00	9,091.22	49.0%	51.0%
O	945.50	0.00	945.50	76.0%	24.0%
O	498.75	0.00	498.75	76.0%	24.0%
	0.00	0.00	0.00	#DIV/0!	#DIV/0!
	0.00	0.00	0.00	#DIV/0!	#DIV/0!
	0.00	0.00	0.00	#DIV/0!	#DIV/0!
	0.00	0.00	0.00	#DIV/0!	#DIV/0!
	0.00	0.00	0.00	#DIV/0!	#DIV/0!
	0.00	0.00	0.00	#DIV/0!	#DIV/0!
	0.00	0.00	0.00	#DIV/0!	#DIV/0!
	190,229.53	3,609.39	190,229.53		

- Reconciled
- Reconciled
0.0 Reconciled

Prepared by *Dana Gulseth* Date: 12-29-14
Reviewed by *L. Si-John* Date: 12/26/14
Approved by *Lawrence Fan* Date: 12/29/14
Scott Klein
woc sklein

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT FOR JANUARY 31, 2015**

STAFF REPORT

Attached is the DERWA Treasurer's Report for the month ending January 31, 2015. A summary of transactions and recommendation follows.

Revenues/Funding: During the month, agency reimbursements of \$146,950 were received. Fiscal year-to-date 2015 Revenues/Funding totaled \$1,221,796.

Expenses: Current month expenditures were \$258,204. Fiscal year-to-date expenditures for FY15 total \$938,216 of which \$891,353 were operating expenses and \$48,863 were capital expenses. Expenditures do not reflect all staff and consultant costs incurred but not yet billed to DERWA in FY15.

Cash: The cash balance at January 31, 2015 was (\$384,902).

Submitted by:



Richard Lou
Treasurer

Dated: February 10, 2015

Prepared by DSG (D. Gulseth)
Reviewed by DS (L. Fan)
Reviewed by J. Klein (J. Klein)

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**DSRSD/EBMUD RECYCLED WATER AUTHORITY
TREASURER'S REPORT
FOR THE PERIOD ENDED JANUARY 31, 2015**

CAPITAL - PROJECT	Program Budget @ FY15	Expenditures FY 14 and Prior (a)	Expenditures Current Month	Expenditures FY 15 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	8,563,000	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	3,851,000	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	290,000	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	768,955	3,922	(30,323)	738,632	421,020	317,612
New/Replacement Capital <50K	1,278,000	136,936	(117)	72,686	209,622	119,485	90,137
MF/UV Control Programing Update	144,000	144,366	0	0	144,366	82,289	62,077
Program Planning & Air Relief	11,564,000	5,717,586	4,500	4,500	5,722,086	2,832,372	2,889,714
Planning Prior Years	1,680,000	3,585,898	0	0	3,585,898	1,757,090	1,828,808
Design Prior Years	0	79,432	0	0	79,432	38,922	40,510
Contingency	1,000,000	13,740	0	0	13,740	6,870	6,870
Capitalized Interest	2,000,000	1,960,872	0	0	1,960,872	960,827	1,000,045
Total Capital Impr. Proj. Element	86,960,000	78,497,360	8,305	46,863	78,544,223	40,277,055	38,267,168

OPERATING - ITEM	Budget FY 15	Expenditures FY 12 and Prior (a)	Expenditures Current Month	Expenditures FY 15 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
DERWA Program Manager	116,942	2,652,145	2,946	24,281	2,676,426	2,114,376	562,050
Treasurer	41,000	2,634,722	1,863	13,428	2,648,150	2,092,037	556,113
Legal Counsel	5,000	417,497	0	946	418,443	330,570	87,873
Secretary	6,150	189,047	1,065	3,638	192,685	152,221	40,464
Other	105,000	876,943	0	97,470	974,413	769,786	204,627
Operation and Maintenance Detail	1,802,514	9,111,239	244,025	751,590	9,862,829	7,791,635	2,071,194
Debt Service	1,645,513	15,447,000	0	0	15,447,000	12,203,130	3,243,870
Total Operating Program Element	3,722,119	31,328,593	249,899	891,353	32,219,946	25,453,755	6,766,191

PROJECT TOTALS	90,682,119	109,825,953	258,204	938,216	110,764,169	65,730,810	45,033,359
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REVENUES & FUNDING	Current Month	Fiscal Year
Agency Contribution		
DSRSD	0	0
EBMUD	0	0
Agency Reimbursements - DSRSD	146,274	884,994
Agency Reimbursements - EBMUD	676	336,802
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	146,950	1,221,796

CASH AVAILABLE	Current Month	Fiscal Year
Beginning Cash	(273,648)	(459,517)
Beg. Balance Accrual Adj	0	(208,965)
LAIF Int Adjustment	0	0
Commercial Paper payoff	0	0
Total Revenues & Funding	146,950	1,221,796
Total Expenditures	(258,204)	(938,216)
Ending Cash	(384,902)	(384,902)

Prepared by Dana Gulseth Date: Feb 9, 2015
Reviewed by Dana Gulseth Date: 2/9/15
Approved by Scott Klein Date: 2/9/15

**DSRSD/EBMUD RECYCLED WATER AUTHORITY
MANAGEMENT REPORT
FOR THE PERIOD ENDED JANUARY 31, 2015**

CAPITAL - PROJECT	Program Budget @ FY 15	Expenditures FY14 and Prior (a)	Expenditures Current Month	Expenditures FY15 YTD (b)	Expenditures Grand Total (a+b)	DSRSD EXP Grand Total	EBMUD EXP Grand Total
<i>Other</i>							
Lab Charges (Watershed Monitoring)	0	7,985	0	0	7,985	6,308	1,677
Insurance	105,000	882,292	0	97,470	979,762	774,012	205,750
Other Expenses	0	(13,334)	0	0	(13,334)	(10,534)	(2,800)
Total	105,000	876,943	0	97,470	974,413	769,786	204,627
<i>Operation and Maintenance Detail</i>							
Pleasanton	0	0	3,691	3,691	3,691	2,916	775
Permitting	0	264	0	0	264	209	55
Capital Reserve Account	125,000	0	0	0	0	0	0
DSRSD Operations	1,677,514	9,110,975	240,333	747,899	9,858,874	7,788,510	2,070,364
Total	1,802,514	9,111,239	244,024	751,590	9,862,829	7,791,635	2,071,194
<i>Debt Service</i>							
Commercial Paper Interest	0	4,894,680	0	0	4,894,680	3,866,797	1,027,883
Loan Payments	1,645,513	10,552,320	0	0	10,552,320	8,336,333	2,215,987
Total	1,645,513	15,447,000	0	0	15,447,000	12,203,130	3,243,870
Total Operating Program Element	3,722,119	31,328,593	249,898	891,353	32,219,946	25,453,755	6,766,191
PROJECT TOTALS	90,682,119	109,825,953	258,204	938,216	110,764,169	65,730,811	45,033,358

REVENUES & FUNDING	Current Month	Fiscal Year 15 To Date	Annual Budget FY15
Agency Contribution	0	0	0
DSRSD	0	0	0
EBMUD	0	0	0
Agency Reimbursements - DSRSD	146,274	884,994	2,429,000
Agency Reimbursements - EBMUD	676	336,802	1,287,000
Pleasanton Payment	0	0	6,000
USACE Rev./Dept of Army Inv. Pipeline 2,3,4	0	0	0
Grants	0	0	0
Loans	0	0	0
Interest Income	0	0	0
Misc Income	0	0	119
TOTAL REVENUES & FUNDING	146,950	1,221,796	3,722,119

CASH AVAILABLE	Current Month	Fiscal Year
Beginning Cash	(273,648)	(459,517)
Beg. Balance Accrual Adj	0	(208,965)
Total Revenues & Funding	146,950	1,221,796
Total Expenditures	(258,204)	(938,216)
Ending Cash	(384,902)	(384,902)

Date: Feb. 9, 2015

Prepared by Dana Gulseith
Dana Gulseith

Date: 2/19/15

Reviewed by D.S. for Lawrence Fan

Date: 2/9/15

Approved by Scott Klein
Scott Klein

DERWA CASH REPORT

Cash Balance as of 12/31/14 (273,646.12) Reconciled to DERWA TR previous month

Add member agency's contribution:

LAIIF Interest Income				
Loans				
DSRSD Contribution				
EBMUD Contribution				
Agency Reimbursements - DSRSD	EBM-DEO-00225 & 227	146,273.71	1/12 & 1/20/15	
Agency Reimbursements - EBMUD	EBM-DEO-0024	675.90	01/23/15	
State Grant				
LAVWMA				
Other Reimbursements- Misc				


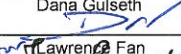
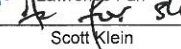
Less invoice payments:

Office Team	2445684	(783.75)	01/02/15	
Dublin San Ramon Services District- Oct	2445870	(137,575.00)	01/09/15	
EBMUD-Acctg- Nov	2445873	(1,862.93)	01/09/15	
Robert Half- Office Team	2445976	(142.50)	01/09/15	
Dublin San Ramon Services District- Nov	2446663	(117,268.95)	01/23/15	
Robert Half- Office Team	2446778	(570.00)	01/23/15	

Cash Balance as of 01/31/15 (384,899.64)

Rounding (2.36)

Cash Balance 01/31/15 (384,902.00)

Prepared by	 Dana Gulseth	Date	<u>Feb. 9, 2015</u>
Reviewed by	 Lawrence Fan	Date	<u>2/6/15</u>
Approved by	 Scott Klein	Date	<u>2/19/15</u>

Item 8.B

DERWA Summary & Recommendation

Quarterly Investment Report – December 31, 2014

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 December 31, 2014 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 the Board approve, by Motion, the Quarterly Investment Report.

February 23, 2015

Item 8.C

DERWA Summary & Recommendation

Authorization of Transfer of Capital Appropriation of \$70,000 from New/Replacement Capital <\$50,000 Project to the Reservoir R200 Security Fence Project

Summary:

Reservoir R200B is a 4.5 million gallon buried concrete reservoir located in a remote location not visible from the near-by residential areas. Over the years there have been numerous events where the access and ventilation hatches to the reservoir have been vandalized. Locks have been broken in apparent attempts to gain access to the reservoir. Frequently, the vandalism is accompanied by litter of beer and liquor bottles and fast food containers. It would be very dangerous if someone were to accidentally fall into an open hatch as the reservoir is 37 feet deep and there is no way to get out of the tank without specialty safety equipment.

DSRSD operating staff has recommended that a security fence be installed at R200. DSRSD has prepared plans and specification for the fence project, advertised and received bids, and plans to award the construction contract in March.

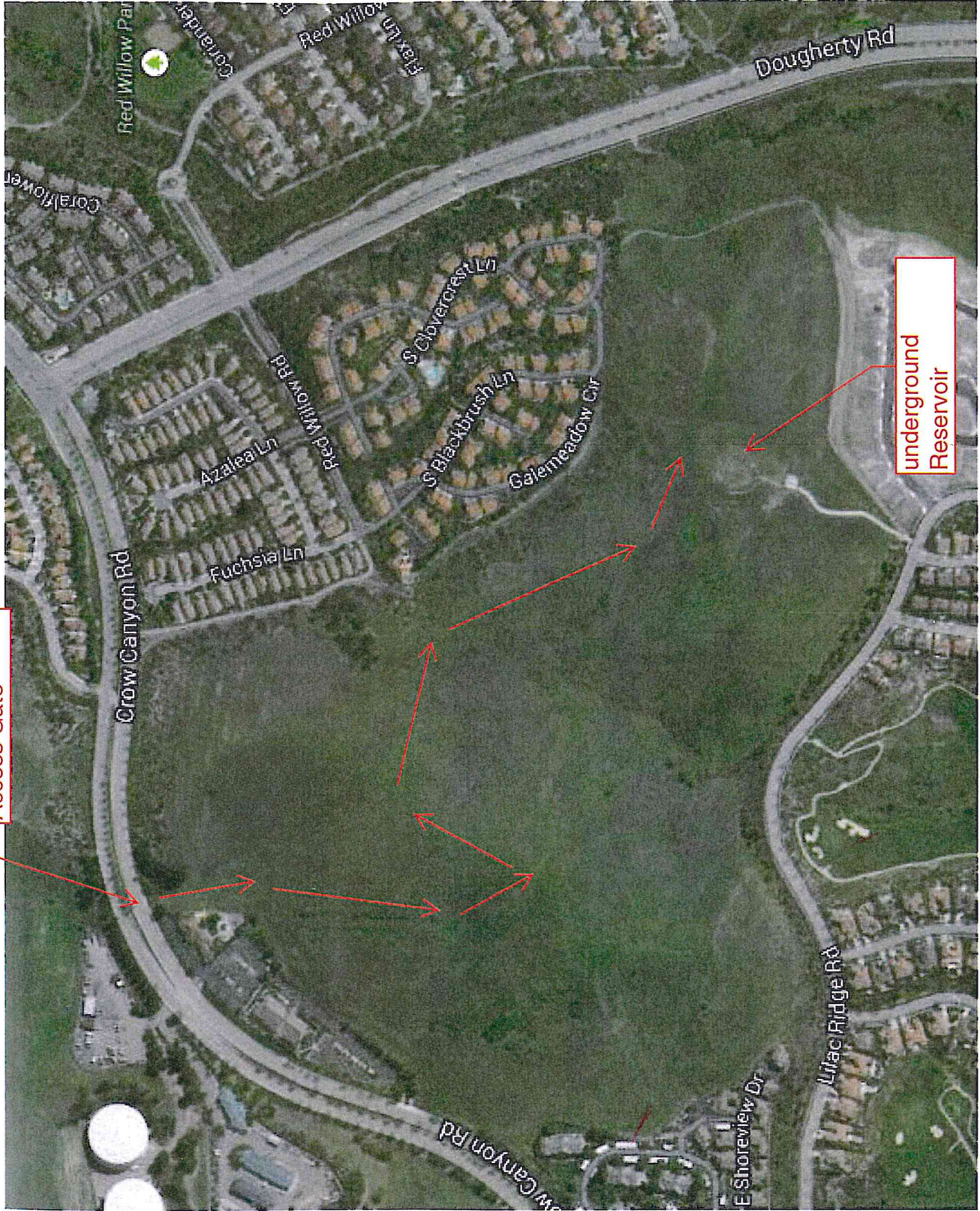
Recommendation:

The Authority Manager and Treasurer recommend the Board authorize, by Motion, the transfer of capital appropriation of \$70,000 from the New/Replacement Capital <\$50,000 Project to the Reservoir R200 Security Fence Project.

February 23, 2015

Attachment

City of San Ramon
Access Gate



underground
Reservoir

Potential Access provided by the City of San Ramon and utilizing their existing fire break. Note, this is not an actual access roadway. If the contractor would like to use this access then coordination shall be done through DSRSD to request access from the City of San Ramon.

Item 9.A

DERWA Summary & Recommendation

Transmittal of the DERWA Independent Auditor's Report and Financial Statements for Years Ending June 30, 2014 and 2013

Summary:

Attached are the report on the audited DERWA Financial Statements as of June 30, 2014 and 2013 and the Memorandum on Internal Control Structure. The audit did not find any issues, deficiencies, material weaknesses or findings with the DERWA accounting practices and internal controls.

Recommendation:

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

February 23, 2015

Attachment

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

BASIC FINANCIAL STATEMENTS

June 30, 2014 and 2013

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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, 2014 and 2013**

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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, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2014 and 2013, and changes in financial position and, cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2014 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
October 6, 2014

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

Management's Discussion and Analysis

June 30, 2014 and 2013

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, 2014 and 2013. 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, 2014 and 2013

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, 2014 and 2013, and Table 2 summarizes revenues, expenses and changes in net position for the years ended June 30, 2014 and 2013. Both tables also include variances from the prior year.

Table 1
Summary of Net Position
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>	<u>Variance</u>
Assets:			
Current assets	\$ 192,497	\$ (76,968)	\$ 269,465
Capital assets	<u>64,930,332</u>	<u>66,509,133</u>	<u>(1,578,801)</u>
Total assets	<u>65,122,829</u>	<u>66,432,165</u>	<u>(1,309,336)</u>
Liabilities:			
Current liabilities	1,722,168	1,565,066	157,102
Long-term liabilities	<u>14,895,976</u>	<u>16,138,039</u>	<u>(1,242,063)</u>
Total liabilities	<u>16,618,144</u>	<u>17,703,105</u>	<u>(1,084,961)</u>
Net position:			
Net investment in capital assets	48,792,293	49,159,325	(367,032)
Unrestricted	<u>(287,608)</u>	<u>(430,265)</u>	<u>142,657</u>
Total net position	<u>\$ 48,504,685</u>	<u>\$ 48,729,060</u>	<u>\$ (224,375)</u>

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

Management's Discussion and Analysis

June 30, 2014 and 2013

Table 2
Summary of Revenues, Expenses and Changes in Net Position
Years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>	<u>Variance</u>
Operating revenues	\$ 3,579,699	\$ 3,544,197	\$ 35,502
Operating expenses:			
Professional services	(5,886)	(4,670)	(1,216)
General and administrative	(233,686)	(288,702)	55,016
Operation and maintenance	(1,434,772)	(1,512,568)	77,796
Depreciation	<u>(1,695,985)</u>	<u>(1,691,500)</u>	<u>(4,485)</u>
Total operating expenses	(3,370,329)	(3,497,440)	127,111
Nonoperating income (expenses):			
Interest on state loan	<u>(433,745)</u>	<u>(463,300)</u>	<u>29,555</u>
Total other income (expenses)	(433,745)	(463,300)	29,555
Change in net position	(224,375)	(416,543)	192,168
Total net position - beginning	<u>48,729,060</u>	<u>49,145,603</u>	<u>(416,543)</u>
Total net position - ending	<u>\$ 48,504,685</u>	<u>\$ 48,729,060</u>	<u>\$ (224,375)</u>

- The net position of the Authority in 2014 decreased by \$0.2 million from the prior year. The primary reason for this decrease was a \$0.004 depreciation decrease, a \$0.03 interest decrease and a \$0.08 operation and maintenance expense decrease for the year.
- Current liabilities as of June 30, 2014 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, 2014 decreased by \$1.6 million primarily due to the recording of \$1.7 depreciation expense for the year.
- Long term liabilities outstanding decreased by \$1.2 million from prior 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 eighth installment of \$1.2 million for fiscal year 2014, the long term liability outstanding is \$14.9 million.
- Operating revenue from member agencies in 2014 remained in line with prior year with a \$0.04 million increase.
- General and administrative costs remained in line with prior year with a \$0.06 million decrease.
- Operating and maintenance costs in 2014 remained in line with prior year with a \$0.08 million decrease

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

Management's Discussion and Analysis

June 30, 2014 and 2013

Request for Information

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

**DUBLIN SAN RAMON SERVICES DISTRICT/
EAST BAY MUNICIPAL UTILITY DISTRICT
RECYCLED WATER AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2014 AND 2013**

ASSETS	2014	2013
Current Assets:		
Bank overdraft (Note 2)	\$ (188,351)	\$ (229,844)
Receivables:		
East Bay Municipal Utility District	154,954	37,390
Dublin San Ramon Services District	225,894	115,486
Total Current Assets	192,497	(76,968)
Capital Assets (Note 3):		
Structures, buildings, and equipment	76,471,632	75,851,747
Less accumulated depreciation	(13,565,257)	(11,869,272)
Subtotal	62,906,375	63,982,475
Land and rights-of-way	1,890,977	1,890,977
Construction in progress	132,980	635,681
Total Capital Assets, Net of Accumulated Depreciation	64,930,332	66,509,133
Total Assets	65,122,829	66,432,165
LIABILITIES		
Current Liabilities:		
Current portion of State loan payable (Note 5)	1,242,063	1,211,769
Accounts payable	2,087	6,529
Payable to members:		
East Bay Municipal Utility District	3,159	3,916
Dublin San Ramon Services District	474,859	342,852
Total Current Liabilities	1,722,168	1,565,066
Non-Current Liabilities:		
State loan payable (Note 5)	14,895,976	16,138,039
Total Noncurrent Liabilities	14,895,976	16,138,039
Total Liabilities	16,618,144	17,703,105
NET POSITION (Note 1)		
Net investment in capital assets	48,792,293	49,159,325
Unrestricted	(287,608)	(430,265)
Total Net Position	\$ 48,504,685	\$ 48,729,060

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
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Operating Revenues:		
Contributions from members	\$ 3,579,699	\$ 3,544,197
Operating (Expenses):		
Professional services	(5,886)	(4,670)
General and administrative	(233,686)	(288,702)
Operation and maintenance	(1,434,772)	(1,512,568)
Depreciation (Note 3)	(1,695,985)	(1,691,500)
Total Operating (Expenses)	<u>(3,370,329)</u>	<u>(3,497,440)</u>
Net Operating Income	<u>209,370</u>	<u>46,757</u>
Nonoperating (Expense):		
Interest on state loan	<u>(433,745)</u>	<u>(463,300)</u>
Total Nonoperating (Expenses)	<u>(433,745)</u>	<u>(463,300)</u>
Changes in Net Position	(224,375)	(416,543)
Total Net Position - Beginning	<u>48,729,060</u>	<u>49,145,603</u>
Total Net Position - Ending	<u>\$ 48,504,685</u>	<u>\$ 48,729,060</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, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Cash received from members for sales of water	\$ 3,482,977	\$ 3,504,098
Cash (paid) received from bank overdrafts	(41,493)	(169,384)
Cash paid for supplies and services	<u>(1,678,786)</u>	<u>(1,467,258)</u>
Net cash provided by operating activities	<u>1,762,698</u>	<u>1,867,456</u>
Cash flows from capital and related financing activities:		
Cash paid for interest	(433,745)	(463,300)
Cash paid on State loan	(1,211,769)	(1,182,214)
Cash paid for construction of capital assets	<u>(117,184)</u>	<u>(221,942)</u>
Net cash (used in) capital and related financing activities	<u>(1,762,698)</u>	<u>(1,867,456)</u>
Net change in cash and cash equivalents	-	-
Cash and investments at beginning of period	<u>-</u>	<u>-</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	\$ 209,370	\$ 46,757
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation	1,695,985	1,691,500
Changes in operating assets and liabilities:		
Accounts receivable	(227,972)	169,367
Accounts payable	126,808	129,216
Bank Overdraft	<u>(41,493)</u>	<u>(169,384)</u>
Net cash provided by operating activities	<u><u>\$ 1,762,698</u></u>	<u><u>\$ 1,867,456</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 BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 1 –NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. *Description of Reporting Entity*

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

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

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

B. *Basis of Accounting*

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

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

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

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

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

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

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

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

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

C. *Use of Estimates*

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

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

D. Capital Assets

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

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

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

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

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

E. Preoperating Costs

In accordance with accounting principles generally accepted in the United States of America, preoperating costs which have no discernible future economic benefit are expensed as incurred.

F. Cash and Cash Equivalents

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

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:

	2014	2013
Bank overdraft	\$ (188,351)	\$ (229,844)

B. *Collateralization of Cash and Cash Equivalents*

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 3 – CAPITAL ASSETS

A. Additions and Retirements

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance at June 30, 2013	Additions	Transfers and Adjustments	Balance at June 30, 2014
Capital assets not being depreciated:				
Land and rights-of-way	\$ 1,890,977			\$ 1,890,977
Construction in progress	635,681	\$ 117,184	\$ (619,885)	132,980
Total capital assets not being depreciated	2,526,658	117,184	(619,885)	2,023,957
Capital assets, being depreciated:				
Water treatment	19,977,100		9,772	19,986,872
Pumping plants	13,789,550		2,642	13,792,192
Reservoirs	14,407,086		1,781	14,408,867
Pipelines	27,678,011		605,690	28,283,701
Total capital assets being depreciated	75,851,747		619,885	76,471,632
Less accumulated depreciation for:				
Water treatment	(3,644,334)	(502,019)		(4,146,353)
Pumping plants	(2,087,207)	(345,552)		(2,432,759)
Reservoirs	(2,101,743)	(288,703)		(2,390,446)
Pipelines	(4,035,988)	(559,711)		(4,595,699)
Total accumulated depreciation	(11,869,272)	(1,695,985)		(13,565,257)
Net capital assets being depreciated	63,982,475	(1,695,985)	619,885	62,906,375
Capital assets, net	\$ 66,509,133	\$ (1,578,801)		\$ 64,930,332

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, 2014, there were no commercial paper notes outstanding under this program.

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

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 4 - COMMERCIAL PAPER NOTES PAYABLE (Continued)

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, 2014 and 2013.

NOTE 5 – STATE WATER RESOURCES CONTROL BOARD LOAN

A. Composition and Change

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

The following is the activity in the State Loan Program during the fiscal year ended June 30, 2014:

	<u>Balance</u> <u>June 30, 2013</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2014</u>
2006 State Water Resource Loan			
2.5%, due 07/25/2025	\$ 17,349,808	\$ 1,211,769	\$ 16,138,039
Less amount due within one year	<u>1,211,769</u>		<u>1,242,063</u>
Noncurrent portion	<u>\$ 16,138,039</u>	<u>\$ 1,211,769</u>	<u>\$ 14,895,976</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

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

B. Debt Service Requirements

Annual debt service requirements are shown below for the loan:

Year ending June 30	Principal	Interest	Total
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	1,371,005	274,509	1,645,514
2020-2024	7,386,614	840,954	8,227,568
2025-2026	2,222,733	71,390	2,294,123
Totals	<u>\$ 16,138,039</u>	<u>\$ 2,611,222</u>	<u>\$ 18,749,261</u>

NOTE 6 – RELATED PARTY TRANSACTIONS

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

	<u>2014</u>	<u>2013</u>
DSRSD	\$ 1,521,104	\$ 1,383,411.00
EBMUD	<u>34,882</u>	<u>48,339</u>
	<u>\$ 1,555,986</u>	<u>\$ 1,431,750</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 7 – RISK MANAGMENT

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

Selected insurance coverages include:

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government* Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (Authority), as of and for the year ended June 30, 2014 and the related notes to the financial statements, and have issued our report thereon dated October 6, 2014.

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 October 6, 2014 which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

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

Maze & Associates

Pleasant Hill, California
October 6, 2014

**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, 2014**

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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, 2014

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MEMORANDUM ON INTERNAL CONTROL

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

We have audited the financial statements of the Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (Authority) for the year ended June 30, 2014, and have issued our report thereon dated October 6, 2014. In planning and performing our audit of the financial statements of the Authority' as of and for the year ended June 30, 2014, 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 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.

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 material weaknesses. 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. 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.

This communication is intended solely for the information and use of management, Board of Directors, others within the organization, and agencies and pass-through entities requiring compliance with *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 blue ink that reads 'Maze & Associates'.

Pleasant Hill, California
October 6, 2014

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REQUIRED COMMUNICATIONS

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

We have audited the basic financial statements of the Dublin San Ramon Services District/East Bay Municipal Utility District Recycled Water Authority (Authority) for the year ended June 30, 2014. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards and *Government Audit 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 included 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 financial statements:

GASB 70 – *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

Unusual Transactions, Controversial or Emerging Areas

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

Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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

We have requested certain representations from management that are included in a management representation letter dated October 6, 2014.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

Other Information Accompanying the Financial Statements

With respect to the required supplementary information accompanying the financial statements, we applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not express an opinion nor 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.

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

Maze & Associates

Pleasant Hill, California
October 6, 2014

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Item 9.B

DERWA Summary & Recommendation

Approve Amendment No. 5 to Agreement for Services as Authority Manager of the DSRSD-EBMUD Recycled Water Authority

Summary:

At their March 13, 2013 special meeting, the DERWA Board approved Amendment No. 4 for Services as Authority Manager revising the rate of compensation and extending the term through December 31, 2014. At their regular meeting on October 27, 2014 the Board met in closed session and provided direction to the Authority General Counsel to negotiate the terms of Amendment No. 5 with the Authority Manager.

Recommendation:

The Authority General Counsel and Authority Manager recommend the Board, by Resolution, approve Amendment No. 5 to the Agreement for Services as Authority Manager of the DSRSD-EBMUD Recycled Water Authority.

February 23, 2015

Attachments

DERWA
RESOLUTION NO. ____

RESOLUTION OF THE BOARD OF DIRECTORS OF DSRSD•EBMUD RECYCLED WATER AUTHORITY APPROVING AND AUTHORIZING EXECUTION OF AMENDMENT NO. 5 TO AGREEMENT FOR SERVICES AS AUTHORITY MANAGER OF THE DSRSD•EBMUD RECYCLED WATER AUTHORITY

WHEREAS, the DSRSD•EBMUD Recycled Water Authority (“Authority”) requires the services of an Authority Manager who shall function as the chief executive officer of the Authority; and

WHEREAS, James B. Bewley has admirably served as Authority Manager since January 24, 2006; and

WHEREAS, the term of the Agreement for Services of Authority Manager of the DSRSD•EBMUD Recycled Water Authority was to end January 23, 2008; and

WHEREAS, on October 15, 2007 the Board of the Authority approved Amendment No. 1 to the agreement which among other changes extended the term of the Agreement to December 31, 2009; and

WHEREAS, on November 30, 2009 the Board of the Authority approved Amendment No. 2 to the agreement which among other changes extended the term of the Agreement to September 30, 2010; and

WHEREAS, on September 20, 2010 the Board of the Authority approved Amendment No. 3 to the agreement which among other changes extended the term of the Agreement to December 31, 2012; and

WHEREAS, on March 13, 2013 the Board of the Authority approved Amendment No. 4 to the agreement which among other changes extended the term of the Agreement to December 31, 2014; and

WHEREAS, in closed session at their regular meeting of October 27, 2014, the Board of the Authority provided direction to the Authority General Counsel to negotiate an amendment to the Agreement for Services of Authority Manager.

DERWA
Res. No. ____

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

The Chair of this Board and the Authority Secretary are hereby authorized and directed to execute for and on behalf of the Authority, and to attest thereto, respectively, Amendment No. 5 to the Agreement for Services as Authority Manager of the DSRSD•EBMUD Recycled Water Authority, in a form approved, marked Exhibit "A," by the Authority's General Counsel.

ADOPTED by the Board of Directors of the DSRSD•EBMUD Recycled Water Authority at its Regular Meeting held on the 23rd day of February 2015, and passed by the following vote:

AYES:

NOES:

Chair

ATTEST: _____
Nancy G. Hatfield, Authority Secretary

AMENDMENT NO. 5 TO
AGREEMENT FOR SERVICES AS AUTHORITY MANAGER
OF THE DSRSD-EBMUD RECYCLED WATER AUTHORITY

This Amendment No. 5 to the Agreement for Services as Authority Manager, entered into this ____ day of _____, 2015 (“Amendment No. 5”), by and between the DSRSD-EBMUD Recycled Water Authority (“DERWA”), a public agency organized and existing pursuant to the Joint Powers Act (Government Code sec. 6500 *et seq.*), and located in the Counties of Alameda and Contra Costa, California (“Authority” or “DERWA”), and James B. Bewley (“Manager”).

WITNESSETH:

WHEREAS, DERWA requires services of an Authority Manager to serve as its chief executive officer to conduct the day-to-day business of the Authority, and to carry out DERWA’s recycled water program and related activities, and DERWA and Manager entered into an Agreement for Services As Authority Manager on January 24, 2006 (“Agreement”); and

WHEREAS, the DERWA Board of Directors approved Amendments Nos. 1, 2, 3, and 4 to the Agreement on October 15, 2007, November 30, 2009, September 20, 2010, and March 13, 2013, respectively, and said Amendment No. 4 to the Agreement, among other changes, extended the term of the Agreement to December 31, 2014; and

WHEREAS, the DERWA Board of Directors has reviewed the performance of Manager, and the Board’s representative has met and conferred with Manager, and the parties have mutually determined that the Agreement should be amended.

NOW, THEREFORE, the parties hereto agree as follows:

1. After execution, this Amendment shall become effective January 1, 2015. Except as herein expressly amended, the Agreement shall otherwise remain in full force and effect.

2. Article 5 of the Agreement, entitled “Compensation” is hereby amended to read in its entirety as follows: Total compensation per contract year pursuant to this Agreement shall not exceed \$100,000. The first contract year shall commence on the day after the day and year first above written. DERWA shall compensate Manager for all services performed pursuant to this Agreement at the hourly rate of \$190.00 per hour. Compensation hereunder shall be payable upon monthly billing therefor by Manager, and each such bill shall show the time expended during the month in question and during the contract year. “Full time” for the purposes of this Agreement means 2080 hours

per year, less 120 hours vacation and 96 hours for holidays. Manager shall work not more than 50% of full time, to be calculated on an annual basis.

3. Article 8 of the Agreement, entitled "Effective Date; Term; Termination" is hereby amended to read in its entirety as follows: This Agreement, as amended by Amendment No. 5, shall become effective as of January 1, 2015, and shall continue in effect until June 30, 2016, unless terminated by either of the parties hereto. Notwithstanding the foregoing, DERWA may terminate this Agreement at any time for any reason, without prior notice. In the event that DERWA exercises this termination right, Manager will be paid \$8,333.33 (one twelfth of \$100,000.00) as severance pay. Manager may terminate this Agreement at any time for any reason; provided, however, that Manager shall be obligated to provide a minimum of thirty days written notice prior to the effective date of any such termination. Upon receipt of such notice from Manager, DERWA may determine, in its sole discretion, that Manager's services shall be continued for an additional thirty days to adequately transition any ongoing work to DERWA's new Authority Manager. Manager shall, during such continuation period, perform sufficient work pursuant to the terms and conditions of this Agreement, to provide for an orderly transition.

IN WITNESS WHEREOF, the parties have executed this Amendment No. 5 on the day and year first above written.

James B. Bewley
Authority Manager

DSRSD-EBMUD RECYCLED WATER
AUTHORITY,
a political subdivision of the State of
California

By: _____
James B. Bewley

By: _____
Chair

APPROVED AS TO FORM:

ATTEST:

Robert B. Maddow, Authority
General Counsel

Nancy G. Hatfield, Authority Secretary

ITEM 10

MANAGER'S REPORTS

1. Capital Projects Update – None
2. Confirm Next Meeting – April 27, 2014