

**DUBLIN SAN RAMON SERVICES DISTRICT**  
**Board of Directors**

**NOTICE OF REGULAR MEETING**

**TIME:** 6:00 p.m.

**DATE:** Tuesday, November 19, 2013

**PLACE:** **Quorum will be present at:**

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

**PLACE:** **Alternate Teleconference Location:**

3585 Solano Avenue  
Napa, CA 94558

**PLACE:** **Alternate Teleconference Location:**

11689 Padre Way  
Dublin, CA 94568

**AGENDA**

(NEXT RESOLUTION NO. 51-13)

(NEXT ORDINANCE NO. 331)

**Our mission is to provide reliable water and wastewater services to the communities we serve in a safe, efficient and environmentally responsible manner.**

**BUSINESS:**

**REFERENCE**

	<b><u>Recommended Action</u></b>	<b><u>Anticipated Time</u></b>
1. <u>CALL TO ORDER</u>		
2. <u>PLEDGE TO THE FLAG</u>		
3. <u>ROLL CALL</u> – Members: Benson, Duarte, Halket, Howard, Vonheeder-Leopold		
4. <u>SPECIAL ANNOUNCEMENTS/ACTIVITIES</u>		
5. <u>PUBLIC COMMENT (MEETING OPEN TO THE PUBLIC)</u>		
At this time those in the audience are encouraged to address the Board on any item of interest that is within the subject matter jurisdiction of the Board and not already included on tonight's agenda. Comments should not exceed five minutes. Speakers' cards are available from the District Secretary and should be completed and returned to the Secretary prior to addressing the Board. The President of the Board will recognize each speaker, at which time the speaker should proceed to the lectern, introduce him/herself, and then proceed with his/her comment.		
6. <u>REPORTS</u>		
A. <u>Reports by General Manager and Staff</u>		
• Event Calendar		
• Correspondence to and from the Board		
B. <u>Committee Reports</u>		
External Affairs		

November 6, 2013

**BUSINESS:**

**REFERENCE**

		<b><u>Recommended Action</u></b>	<b><u>Anticipated Time</u></b>
C.	<u>Agenda Management</u> (consider order of items)		
7.	<u>APPROVAL OF MINUTES</u> - Regular Meeting of <i>November 5, 2013</i>	District Secretary	Approve by Motion
8.	<u>CONSENT CALENDAR</u>		
	Matters listed under this item are considered routine and will be enacted by one Motion, in the form listed below. There will be no separate discussion of these items unless requested by a Member of the Board of Directors or the public prior to the time the Board votes on the Motion to adopt.		
A.	Approve Field Operations Division Corporation Yard Lease Agreement between the Army and the District	Engineering Services Manager	Approve by Resolution
B.	Approve Amendment No. 1 to Personal Services Agreement between John Archer and Dublin San Ramon Services District	General Manager	Approve by Resolution
C.	Approve Amendment No. 1 to Personal Services Agreement between Michelle Gallardo and Dublin San Ramon Services District	General Manager	Approve by Resolution
D.	Approve Personal Services Agreement between the District and Rhodora N. Biagtan as Interim Engineering Services Manager	General Manager	Approve by Resolution
E.	Adopt Pay Schedule in Accordance with California Code of Regulations, Title 2, Section 570.5, Requirement for a Publicly Available Pay Schedule and Rescind Resolution No. 45-13	Organizational Services Manager	Approve by Resolution
F.	Upcoming Board Calendar	General Manager	Accept by Motion
9.	<u>BOARD BUSINESS</u>		
A.	Second Reading: Adopt Ordinance Incorporating Provisions for Eliminating Expiration of and Vesting of Capacity Rights and Establishing Time of Payment of Water and Wastewater Capacity Reserve Fees into District Code Chapters 3.10, 3.20, 3.50, 3.60, and 3.70	Engineering Services Manager	Waive Reading by Motion & Adopt by Ordinance 10 min
B.	Accept Financial Statements for Year Ended June 30, 2013 with Independent Auditors' Report	Treasurer	Accept by Motion 15 min

**BUSINESS:**

**REFERENCE**

			<b>Recommended Action</b>	<b>Anticipated Time</b>
C.	Select Investment Strategy - OPEB Biennial Valuation Report	Financial Services Manager	Approve by Motion	15 min
D.	Approve Public Facility Planning Agreement for Preparation of Out of Area Service Agreement with Robert Nielsen	Engineering Services Manager	Approve by Resolution	10 min
E.	Eligibility of the November 22, 2013 Meeting of the East Bay Leadership Council for Director Day of Service Payment and/or Reimbursement of Expenses	General Manager	Approve by Motion	5 min

**10. BOARDMEMBER ITEMS**

- Submittal of Written Reports from Travel and Training Attended by Directors

**11. CLOSED SESSION**

- |    |   |        |
|----|---|--------|
| A. | Public Employee Performance Evaluation – Pursuant to Government Code Section 54957<br>Title: Treasurer<br>Title: District Secretary   | 15 min |
| B. | Conference with Labor Negotiators – Pursuant to Government Code Section 54957.6<br>Agency Designated Representative: General Manager<br>Unrepresented Employee: Interim Engineering Services Manager<br>Unrepresented Employee: Interim Financial Services Manager<br>Unrepresented Employee: Interim Organizational Services Manager | 5 min  |

**12. REPORT FROM CLOSED SESSION**

**13. ADJOURNMENT**

**BOARD CALENDAR\***

<u>Committee &amp; Board Meetings</u>	<u>Date</u>	<u>Time</u>	<u>Location</u>
Regular Board Meeting	December 3, 2013	6:00 p.m.	District Office

\*Note: Agendas for regular meetings of District Committees are posted not less than 72 hours prior to each Committee meeting at the District Administrative Offices, 7051 Dublin Boulevard, Dublin, California

**All materials made available or distributed in open session at Board or Board Committee meetings are public information and are available for inspection at the front desk of the District Office at 7051 Dublin Blvd., Dublin, during business hours, or by calling the District Secretary at (925) 828-0515. A fee may be charged for copies. District facilities and meetings comply with the Americans with Disabilities Act. If special accommodations are needed, please contact the District Secretary as soon as possible, but at least two days prior to the meeting.**

**DUBLIN SAN RAMON SERVICES DISTRICT**  
**MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS**

**November 5, 2013**

A regular meeting of the Board of Directors was called to order at 6:00 p.m. by President Dawn L. Benson. Boardmembers present: President Dawn L. Benson, Vice President Georgean M. Vonheeder-Leopold, Director Edward R. Duarte, Director D.L. (Pat) Howard, and Director Richard M. Halket. District staff present: Bert Michalczyk, General Manager; Rhodora Biagtan, Principal Engineer - Supervisory; John Archer, Interim Financial Services Manager/Treasurer; Dan Gallagher, Operations Manager; Michelle Gallardo, Interim Organizational Services Manager; Carl P.A. Nelson, General Counsel; and Nancy Gamble Hatfield, District Secretary

1. **CALL TO ORDER**
2. **PLEDGE TO THE FLAG**
3. **ROLL CALL** - Members: Benson, Duarte, Halket, Howard, Vonheeder-Leopold
4. **SPECIAL ANNOUNCEMENTS/ACTIVITIES**
5. **PUBLIC COMMENT (MEETING OPEN TO THE PUBLIC)** – 6:01 p.m.
6. **REPORTS**
  - A. **Reports by General Manager and Staff**
    - Event Calendar – None.
    - Correspondence to and from the Board

<b>Date</b>	<b>Format</b>	<b>From</b>	<b>To</b>	<b>Subject</b>
10/24/13	Letter via USPS	John Garamendi, Member of Congress	Dawn Benson, President	A Water Plan for All of California

- B. **Committee Reports**

External Affairs	October 17, 2013
Wastewater	October 21, 2013

President Benson invited comments on recent committee activities. Directors felt the available staff reports adequately covered the many matters considered at committee meetings and made a few comments about some of the committee activities.

- C. **Agenda Management** (consider order of items) – No changes were made.

**DRAFT**

7. APPROVAL OF MINUTES – Regular Meeting of *October 15, 2013* and Special Meeting of *October 22, 2013*

V.P. Vonheeder-Leopold MOVED for the approval of the October 15, 2013 minutes. Director Duarte SECONDED the MOTION, which CARRIED with FIVE AYES.

Director Howard MOVED for the approval of the October 22, 2013 minutes. Director Halket SECONDED the MOTION, which CARRIED with FIVE AYES.

8. CONSENT CALENDAR

V.P. Vonheeder-Leopold MOVED for approval of the items on the Consent Calendar. Director Duarte SECONDED the MOTION, which CARRIED with FIVE AYES.

- A. Approve First Amendment to Agreement for Treasurer Services by and between Livermore-Amador Valley Water Management Agency (LAVWMA) and Dublin San Ramon Services District – Approved – Resolution No. 49-13
- B. DAFT Rehabilitation (CIP 06-3103): Approve Capital Improvement Program Budget Adjustment – Approved – Resolution No. 50-13
- C. Upcoming Board Calendar – Approved
- D. Report of Checks and Electronic Disbursements Made – Approved

Date Range	Amount
09/23/13 – 10/27/2013	\$ 6,763,487.49

9. BOARD BUSINESS

- A. First Reading: Introduction of Ordinance Incorporating Provisions for Eliminating Expiration of and Vesting of Capacity Rights and Establishing Time of Payment of Water and Wastewater Capacity Reserve Fees into District Code Chapters 3.10, 3.20, 3.50, 3.60, and 3.70

President Benson read aloud the title of the ordinance.

V.P. Vonheeder-Leopold MOVED to WAIVE the reading of the Ordinance Incorporating Provisions for Eliminating Expiration of and Vesting of Capacity Rights and Establishing Time of Payment of Water and Wastewater Capacity Reserve Fees into District Code Chapters 3.10, 3.20, 3.50, 3.60, and 3.70. Director Duarte SECONDED the MOTION, which CARRIED with FIVE AYES.

Principal Engineer Biagtan explained that to mitigate adverse impacts to the economic recovery, the District Board has expressed its desire to address the expiration of water and wastewater capacity rights. The District's Code currently

sets forth that capacity rights expire three years after issuance of the permit or purchase of the capacity and then the fees are forfeited if not connected to the system. The fees are collected prior to the issuance of the construction permit and normally that happens before the first building is constructed.

Ms. Biagtan stated that in October, 2013 the Board took the first step in a two-step process to eliminate the provision associated with the three-year expiration of capacity rights by approving a resolution that eliminated capacity rights expiration for builders who have purchased said rights in the past. In this second step, this addresses expiration of certificates of capacity rights that will be issued in the future. The ordinance will eliminate the three-year expiration provision so that capacity rights vest at building permit issuance or connection. The ordinance also changes the timing associated with payment for the capacity reserve fees so that it is at the time of building permit issuance instead of construction permit issuance. Finally, the ordinance includes language that allows the Board to set priorities if capacity is limited in the future. Ms. Biagtan stated that this ordinance has associated with it some impact to District finances. The revised payment timing will affect cash flow because fees will be collected in smaller increments and at a later time than under the current Code. Ms. Biagtan reported that all parties involved in active developments have been informed and invited to attend the meeting tonight.

President Benson invited public discussion. There was none.

Director Halket commented that he will support this action. He stated that he does not support reworking existing contracts “on the fly.” However, he stated that he has no problem with changing policy for the future. He agreed that this Code amendment makes sense.

President Benson stated that she believes that this process will work better for the District.

Director Howard expressed his support for the Code revision.

General Counsel Nelson called the Board’s attention to a typo on Exhibit 2, page 5 of 22, stating that the word “not” was missing on the second line. He noted that the sentence should read as follows to be consistent with the second reading of the Ordinance: “Notwithstanding any provision of this code to the contrary, no connection for any service provided by the District shall be made at any time the Board has determined that capacity is **not** available in its water system, its wastewater system, or both, or that such capacity will not be available at the time of vesting of capacity rights in accordance with Section 3.60.020.”

President Benson announced that this is the first reading of the Ordinance and that no action will be taken tonight.

General Manager Michalczyk stated that the second reading and the Board's consideration of the Ordinance will be scheduled for the November 19, 2013 meeting.

10. BOARDMEMBER ITEMS

Director Howard reported that he attended former Assistant General Manager/District Engineer Dave Requa's retirement party on October 24, 2013. He commented on the many people who worked with Dave over the span of his career and who expressed their appreciation.

Director Halket stated that DERWA gave a resounding applause for Mr. Requa and the Board approved a proclamation to present to him for his service.

Director Duarte reported that he attended his first Contra Costa County Special Districts Association meeting on October 21, 2013 at Central Contra Costa Sanitary District (CCCSD). He summarized the agenda items from the meeting.

V.P. Vonheeder-Leopold reported that she attended the Mayor's Summit in San Ramon on October 30, 2013. She commented on the several interesting projects underway in the Tri-Valley.

President Benson commented that she also attended the Mayor's Summit on October 30, 2013 and complimented the skillful moderator. She noted that the November Personnel and Wastewater Committee meetings are canceled.

11. ADJOURNMENT

President Benson adjourned the meeting at 6:14 p.m.

Submitted by,

Nancy Gamble Hatfield  
District Secretary

**Dublin San Ramon Services District  
Summary & Recommendation**

Reference Engineering Services Manager	Type of Action Approve Agreement	Board Meeting of November 19, 2013				
Subject Approve Field Operations Division Corporation Yard Lease Agreement Between the Army and the District						
<input type="checkbox"/> Motion	<input type="checkbox"/> Minute Order	<input checked="" type="checkbox"/> Resolution				
REPORT:	<input type="checkbox"/> Verbal	<input type="checkbox"/> Presentation	<input checked="" type="checkbox"/> Staff	R. Biagtan	<input type="checkbox"/> Other	<input type="checkbox"/> Board Member

**Recommendation:**

The Engineering Services Manager recommends that the Board approve, by Resolution, the Department of the Army Lease for the District's Field Operations Division Corporation Yard and authorize the General Manager to execute the lease agreement.

**Summary:**

In September 1997, the District and the Army executed a General Purpose License to allow the District to lease a 2.35-acre site in the Parks Reserve Forces Training Area (Camp Parks) for its Field Operations Division Corporation Yard (Corp Yard). The compensation to the Army was \$4,200 per year as credit against water bills at Camp Parks. The agreement is temporary until the Army develops a formal lease in accordance with the appropriate federal regulations.

The Army has developed such a lease and has requested that the District execute the lease, attached to the Resolution as Exhibit A. The lease is for the term of five (5) years in the amount of \$37,374 per year (\$3,114.50 per month). The rental amount is based on fair market rental value in the area. This lease is expected to cover the period that the Corp Yard is within Camp Parks, until the property is exchanged by the Army for the Dublin Crossing development.

The lease agreement has been reviewed by District General Counsel. The rental amount has been included in the District's Operating Budget.

Committee Review			Legal Review	Staff Review		
COMMITTEE ---	DATE ---	RECOMMENDATION ---	Yes	ORIGINATOR RNB	DEPARTMENT Engineering	REVIEWED BY
<b>ATTACHMENTS</b> <input type="checkbox"/> None						
<input checked="" type="checkbox"/> Resolution	<input type="checkbox"/> Minute Order	<input type="checkbox"/> Task Order	<input type="checkbox"/> Staff Report	<input type="checkbox"/> Ordinance		
<input checked="" type="checkbox"/> Cost \$37,374 annually	<input checked="" type="checkbox"/> Funding Source A. Water Operations Fund-600 (60%) B. Local Operations Fund-200 (40%)		Attachments to S&R 1. 2. 3.			

RESOLUTION NO. \_\_\_\_\_

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT APPROVING THE DEPARTMENT OF THE ARMY LEASE FOR THE FIELD OPERATIONS DIVISION CORPORATION YARD AT PARKS RESERVE FORCES TRAINING AREA

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WHEREAS, in September 1997, the District and the Army executed a General Purpose License to allow the District to lease a 2.35-acre site in Parks Reserve Forces Training Area for its Field Operations Division Corporation Yard (Corp Yard); and

WHEREAS, the agreement is temporary until the Army develops a formal lease in accordance with the appropriate federal regulations; and

WHEREAS, the Army has developed such a lease and has requested that the District execute the attached lease; and

WHEREAS, the District desires to maintain its Corp Yard in Parks Reserve Forces Training Area to effectively respond to the operational needs of its water distribution and wastewater collection system.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT, a public agency located in the counties of Alameda and Contra Costa as follows:

That certain agreement "Department of the Army Lease Parks Reserve Forces Training Area" by and between the Secretary of the Army and the District, marked Exhibit "A," incorporated herein by reference, is hereby approved, and General Manager is hereby authorized to execute said agreement for and on behalf of the District.

Res. No. \_\_\_\_\_

ADOPTED by the Board of Directors of Dublin San Ramon Services District, a public agency in the State of California, counties of Alameda and Contra Costa, at its regular meeting held on the 19th day of November 2013, and passed by the following vote:

AYES:

NOES:

ABSENT:

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Dawn L. Benson, President

ATTEST: \_\_\_\_\_  
Nancy G. Hatfield, District Secretary

Lease No. DACA05-1-13-509

**DEPARTMENT OF THE ARMY LEASE**  
**PARKS RESERVE FORCES TRAINING AREA**  
**ALAMEDA, CALIFORNIA**

**THIS LEASE**, made on behalf of the United States, between the **SECRETARY OF THE ARMY**, hereinafter referred to as the Secretary, and the **DUBLIN SAN RAMON SERVICES DISTRICT**, hereinafter referred to as the Lessee,

**WITNESSETH:**

That the Secretary, by the authority of Title 10, United States Code, Section 2667, and for the consideration hereinafter set forth, hereby leases to the Lessee the property identified in Exhibit "A", attached hereto and made a part hereof, hereinafter referred to as the premises, for operating and maintaining a Field Services Division Corporation Yard.

**THIS LEASE** is granted subject to the following conditions:

**1. TERM**

Said premises are hereby leased for a term of five (5) years, beginning with the date of the signing of this instrument, but revocable at will by the Secretary.

**2. CONSIDERATION**

**a.** The Lessee shall pay rental in advance to the United States in the amount of THIRTY SEVEN THOUSAND THREE HUNDRED SEVENTY FOUR DOLLARS AND NO/100 (\$37,374.00) per annum, payable on the anniversary of the date of execution, payable to the order of "FAO-USAED, SACRAMENTO", and delivered to Corps of Engineers, FAO-USAED-Sacramento, 1325 J Street, Sacramento, CA 95814-2922.

**b.** All rent and other payments due under the terms of this lease must be paid on or before the date they are due in order to avoid the mandatory sanctions imposed by the Debt Collection Act of 1982, (31 U.S.C. Section 3717). This statute requires the imposition of an interest charge for the late payment of debts owed to the United States; an administrative charge to cover the costs of processing and handling delinquent debts; and the assessment of an additional penalty charge on any portion of a debt that is more than 90 days past due. The provisions of the statute will be implemented as follows:

(1) The United States will impose an interest charge, the amount to be determined by law

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or regulation, on late payment of rent. Interest will accrue from (the due date) (the later of the due date or the date notification of the amount due is mailed to the Lessee). An administrative charge to cover the cost of processing and handling each late payment will also be imposed.

(2) In addition to the charges set forth above, the United States will impose a penalty charge of six percent (6%) per annum on any payment, or portion thereof, more than ninety (90) days past due. The penalty shall accrue from the date of delinquency and will continue to accrue until the debt is paid in full.

(3) All payments received will be applied first to any accumulated interest, administrative and penalty charges and then to any unpaid rental or other payment balance. Interest will not accrue on any administrative or late payment penalty charge.

### **3. NOTICES**

All correspondence and notices to be given pursuant to this lease shall be addressed, if to the Lessee, to Dublin San Ramon Services District, 7051 Dublin Boulevard, Dublin, California 94568, ATTN: General Manager and, if to the United States, to the District Engineer, Attention: Chief, Real Estate Division CESPK-RE-B, 1325 J Street, Sacramento, California 95814-2922, or as may from time to time otherwise be directed by the parties. Notice shall be deemed to have been duly given if and when enclosed in a properly sealed envelope, or wrapper, addressed as aforesaid, and deposited postage prepaid in a post office regularly maintained by the United States Postal Service.

### **4. AUTHORIZED REPRESENTATIVES**

Except as otherwise specifically provided, any reference herein to "Secretary", "District Engineer", or "said officer" shall include their duly authorized representatives. Any reference to "Lessee" shall include any sublessees, assignees, transferees, successors and their duly authorized representatives.

### **5. SUPERVISION BY THE INSTALLATION COMMANDER**

The use and occupation of the premises shall be subject to the general supervision and approval of the Installation Commander, Parks Reserve Forces Training Area, hereinafter referred to as said officer, and to such rules and regulations as may be prescribed from time to time by said officer.

### **6. APPLICABLE LAWS AND REGULATIONS**

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The Lessee shall comply with all applicable Federal, state, county and municipal laws, ordinances and regulations wherein the premises are located.

## **7. CONDITION OF PREMISES**

**a.** The Lessee acknowledges that it has inspected the premises, knows its condition, and understands that the same is leased without any representations or warranties whatsoever and without obligation on the part of the United States to make any alterations, repairs, or additions thereto.

## **8. TRANSFERS AND ASSIGNMENTS**

Without prior written approval of the District Engineer, the Lessee shall neither transfer nor assign this lease, nor sublet the premises or any part thereof, nor grant any interest, privilege or license whatsoever in connection with this lease. Failure to comply with this condition shall constitute a noncompliance for which the lease may be revoked immediately by the District Engineer.

## **9. COST OF UTILITIES**

The Lessee shall pay the cost, as determined by the officer having jurisdiction over the premises, of producing and/or supplying any utilities and other services furnished by the government or through government-owned facilities for the use of the Lessee, including the Lessee's proportionate share of the cost of operation and maintenance of the government-owned facilities by which such utilities or services are produced or supplied. The government shall be under no obligation to furnish utilities or services. Payment shall be made in the manner prescribed by the officer having such jurisdiction.

## **10. PROTECTION OF PROPERTY**

The Lessee shall keep the premises in good order and in a clean, safe condition by and at the expense of the Lessee. The Lessee shall be responsible for any damage that may be caused to property of the United States by the activities of the Lessee under this lease, and shall exercise due diligence in the protection of all property located on the premises against fire or damage from any and all other causes. Any property of the United States damaged or destroyed by the Lessee incident to the exercise of the privileges herein granted shall be promptly repaired or replaced by the Lessee to a condition satisfactory to said officer, or at the election of said officer, reimbursement made therefor by the Lessee in an amount necessary to restore or replace the property to a condition satisfactory to said officer.

## **11. INSURANCE**

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- a.** At the commencement of this lease, the Lessee shall obtain, from a reputable insurance company, or companies, liability insurance. The insurance shall provide an amount not less than that which is prudent, reasonable and consistent with sound business practices or a minimum combined single limit of ten million (\$10,000,000), whichever is greater, for any number of persons or claims arising from any one incident with respect to bodily injuries or death resulting therefrom, property damage, or both, suffered or alleged to have been suffered by any person or persons resulting from the operations of the Lessee under the terms of this lease. The Lessee shall require its insurance company to furnish to the District Engineer a copy of the policy or policies, or if acceptable to the District Engineer, certificates of insurance evidencing the purchase of such insurance. The minimum amount of liability insurance coverage is subject to revision by the District Engineer every three years or upon renewal or modification of this lease.
- b.** The insurance policy or policies shall be of comprehensive form of contract and shall specifically provide protection appropriate for the types of facilities, services and activities involved. The Lessee shall require that the insurance company give the District Engineer thirty (30) days written notice of any cancellation or change in such insurance. The District Engineer may require closure of any or all of the premises during any period for which the Lessee does not have the required insurance coverage.
- c.** As to those structures and improvements on the premises constructed by or owned by the United States, for such periods as the Lessee is in possession of the premises pursuant to the terms and conditions of this lease, the Lessee shall procure and maintain at the Lessee's cost a standard fire and extended coverage insurance policy or policies on the leased premises to the full insurable value thereof. The Lessee shall procure such insurance from a reputable company or companies. The insurance policy shall provide that in the event of loss thereunder, the proceeds of the policy or policies, at the election of the United States, shall be payable to the Lessee to be used solely for the repair, restoration or replacement of the property damaged or destroyed, and any balance of the proceeds not required for such repair, restoration or replacement shall be paid to the United States. If the United States does not elect by notice in writing to the insurer within sixty (60) days after the damage or destruction occurs to have the proceeds paid to the Lessee for the purposes hereinabove set forth, then such proceeds shall be paid to the United States, provided however that the insurer, after payment of any proceeds to the lessee in accordance with the provision of the policy or policies, shall have no obligation or liability with respect to the use or disposition of the proceeds by the lessee. Nothing herein contained shall be construed as an obligation upon the United States to repair, restore or replace the leased premises or any part thereof.

## **12. RIGHT TO ENTER**

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Alameda, CA

The right is reserved to the United States, its officers, agents, and employees to enter upon the premises at any time and for any purpose necessary or convenient in connection with government purposes; to make inspections, to remove timber or other material, except property of the Lessee, and/or to make any other use of the lands as may be necessary in connection with government purposes, and the Lessee shall have no claim for damages on account thereof against the United States or any officer, agent, or employee thereof.

### **13. INDEMNITY**

The United States shall not be responsible for damages to property or injuries to persons which may arise from or be incident to the exercise of the privileges herein granted, or for damages to the property of the Lessee, or for damages to the property or injuries to the person of the Lessee's officers, agents or employees or others who may be on the premises at their invitation or the invitation of any one of them, and the Lessee shall hold the United States harmless from any and all such claims not including damages due to the fault or negligence of the United States or its contractors.

### **14. RESTORATION**

On or before the expiration of this lease or its termination by the Lessee, the Lessee shall vacate the premises, remove the property of the Lessee, and restore the premises to a condition satisfactory to said officer. If, however, this lease is revoked, the Lessee shall vacate the premises, remove said property and restore the premises to the aforesaid condition within such time as the said officer may designate or as otherwise specified by the provisions of the condition on **RENTAL ADJUSTMENT**. In either event, if the Lessee shall fail or neglect to remove said property and restore the premises, then, at the option of the said officer, the property shall either become the property of the United States without compensation therefore, or the said officer may cause the property to be removed and no claim for damages against the United States or its officers or agents shall be created by or made on account of such removal and restoration work. The Lessee shall also pay the United States on demand any sum which may be expended by the United States after the expiration, revocation, or termination of this lease in restoring the premises.

### **15. NON-DISCRIMINATION**

The Lessee shall not discriminate against any person or persons or exclude them from participation in the Lessee's operations, programs or activities conducted on the leased premises, because of race, color, religion, sex, age, handicap or national origin. The Lessee will comply with the Americans with Disabilities Act and attendant Americans with Disabilities Act Accessibility Guidelines (ADAAG) published by the Architectural and Transportation Barriers Compliance Board.

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Parks Reserve Forces Training Area  
Alameda, CA

## **16. SUBJECT TO EASEMENTS**

This lease is subject to all existing easements, or those subsequently granted, as well as established access routes for roadways and utilities located, or to be located, on the premises, provided that the proposed grant of any new easement or route will be coordinated with the Lessee, and easements will not be granted that will, in the opinion of the District Engineer, interfere with the use of the premises by the Lessee.

## **17. SUBJECT TO MINERAL INTERESTS**

This lease is subject to all outstanding mineral interests. As to federally owned mineral interests, it is understood that they may be included in present or future mineral leases issued by the Bureau of Land Management (BLM), which has responsibility for mineral development on federal lands. The Secretary will provide lease stipulations to BLM for inclusion in said mineral leases which are designed to protect the premises from activities that would interfere with the lessee's operations or would be contrary to local law.

## **18. TERMINATION**

This lease may be terminated by the Lessee at any time by giving the Dublin San Ramon Services District Engineer at least thirty (30) days notice in writing provided that no refund by the United States of any rental previously paid shall be made, and provided further, that in the event that said notice is not given at least thirty (30) days prior to the rental due date, the Lessee shall be required to pay the rental for the period shown in the condition on **CONSIDERATION**.

## **19. RENTAL ADJUSTMENT**

In the event the United States revokes this lease or in any other manner materially reduces the leased area or materially affects its use by the Lessee prior to the expiration date, an equitable adjustment will be made in the rental paid or to be paid under this lease. Such adjustment of rental shall be evidenced by a supplemental agreement in writing; PROVIDED however, that none of the provisions of this paragraph shall apply in the event of revocation because of noncompliance by the Lessee with any of the terms and conditions of this lease.

## **20. PROHIBITED USES**

**a.** The Lessee shall not permit gambling on the premises or install or operate, or permit to be installed or operated thereon, any device which is illegal; or use the premises or permit them to be used for any illegal business or purpose. There shall not be conducted on or permitted upon

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the premises any activity which would constitute a nuisance. The Lessee shall not sell, store or dispense, or permit the sale, storage, or dispensing of beer or other intoxicating liquors on the premises.

**b.** The Lessee shall not construct or place any structure, improvement or advertising sign or allow or permit such construction or placement without prior written approval of the District Engineer.

## **21. NATURAL RESOURCES**

The Lessee shall cut no timber, conduct no mining operations, remove no sand, gravel, or kindred substances from the ground, commit no waste of any kind, nor in any manner substantially change the contour or condition of the premises except as authorized in writing by the District Engineer.

## **22. DISPUTES CLAUSE**

**a.** Except as provided in the Contract Disputes Act of 1978 (41 U.S.C. 601-613) (the Act), all disputes arising under or relating to this lease shall be resolved under this clause and the provisions of the Act.

**b.** "Claim", as used in this clause, means a written demand or written assertion by the Lessee seeking, as a matter of right, the payment of money in a sum certain, the adjustment of interpretation of lease terms, or other relief arising under or relating to this lease. A claim arising under this lease, unlike a claim relating to this lease, is a claim that can be resolved under a lease clause that provides for the relief sought by the Lessee. However, a written demand or written assertion by the Lessee seeking the payment of money exceeding \$100,000 is not a claim under the Act until certified as required by subparagraph c.(2) below. The routine request for rental payments that are not in dispute is not a claim under the Act. The request may be converted to a claim under the Act, by this clause, if it is disputed either as a liability or amount or is not acted upon in a reasonable time.

**c.** (1) A claim by the Lessee shall be made in writing and submitted to the District Engineer for a written decision. A claim by the Government against the Lessee shall be subject to a written decision by the District Engineer.

(2) For Lessee claims exceeding \$100,000, the Lessee shall submit with the claim a certification that--

(i) the claim is made in good faith;

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- (ii) supporting data are accurate and complete to the best of the Lessee's knowledge and belief; and
- (iii) the amount requested accurately reflects the lease adjustment for which the Lessee believes the Government is liable.

(3) If the Lessee is an individual, the certificate shall be executed by that individual. If the Lessee is not an individual, the certification shall be executed by --

- (i) a senior company official in charge of the Lessee's location involved; or
- (ii) an officer or general partner of the lessee having overall responsibility of the conduct of the Lessee's affairs.

**d.** For Lessee claims of \$100,000 or less, the District Engineer must, if requested in writing by the Lessee, render a decision within 60 days of the request. For Lessee-certified claims over \$100,000, the District Engineer must, within 60 days, decide the claim or notify the Lessee of the date by which the decision will be made.

**e.** The District Engineer's decision shall be final unless the Lessee appeals or files a suit as provided in the Act.

**f.** At the time a claim by the Lessee is submitted to the District Engineer or a claim by the Government is presented to the Lessee, the parties, by mutual consent, may agree to use alternative means of dispute resolution. When using alternate dispute resolution procedures, any claim, regardless of amount, shall be accompanied by the certificate described in paragraph c.(2) of this clause, and executed in accordance with paragraph c.(3) of this clause.

**g.** The Government shall pay interest or the amount found due and unpaid by the Government from (1) the date the District Engineer received the claim (properly certified if required), or (2) the date payment otherwise would be due, if that date is later, until the date of payment. Simple interest on claims shall be paid at the rate, fixed by the Secretary of the Treasury as provided in the Act, which is applicable to the period during which the District Engineer receives the claim and then at the rate applicable for each 6-month period as fixed by the Treasury Secretary during the pendency of the claim. Rental amounts due to the Government by the Lessee will have interest and penalties as set out in the condition on **CONSIDERATION**.

**h.** The Lessee shall proceed diligently with the performance of the lease, pending final resolution of any request for relief, claim, or action arising under the lease, and comply with any decision of the District Engineer.

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## **23. ENVIRONMENTAL PROTECTION**

- a.** Within the limits of their respective legal powers, the parties to this lease shall protect the premises against pollution of its air, ground, and water. The Lessee shall comply with any laws, regulations, conditions, or instructions affecting the activity hereby authorized if and when issued by the Environmental Protection Agency, or any Federal, state, interstate or local governmental agency having jurisdiction to abate or prevent pollution. The disposal of any toxic or hazardous materials within the premises is specifically prohibited. Such regulations, conditions, or instructions in effect or prescribed by said Environmental Protection Agency, or any Federal, State, interstate or local governmental agency are hereby made a condition of this lease. The Lessee shall not discharge waste or effluent from the premises in such a manner that the discharge will contaminate streams or other bodies of water or otherwise become a public nuisance.
- b.** The Lessee will use all reasonable means available to protect the environment and natural resources, and where damage nonetheless occurs from activities of the Lessee, the Lessee shall be liable to restore the damaged resources.
- c.** The Lessee must obtain approval in writing from said officer before any pesticides or herbicides are applied to the premises.

## **24. ENVIRONMENTAL BASELINE SURVEY**

An Environmental Baseline Survey (EBS) documenting the known history of the property with regard to the storage, release or disposal of hazardous substances thereon, is attached hereto and made a part hereof as Exhibit "B". Upon expiration, revocation or relinquishment of this lease another EBS shall be prepared which will document the environmental condition of the property at that time. A comparison of the two assessments will assist the said officer in determining any environmental restoration requirements. Any such requirements will be completed by the Lessee in accordance with the condition on **RESTORATION**.

## **25. HISTORIC PRESERVATION**

The Lessee shall not remove or disturb, or cause or permit to be removed or disturbed, any historical, archeological, architectural or other cultural artifacts, relics, remains or objects of antiquity. In the event such items are discovered on the premises, the Lessee shall immediately notify said officer and protect the site and the material from further disturbance until said officer gives clearance to proceed.

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## **26. SOIL AND WATER CONSERVATION**

The Lessee shall maintain, in a manner satisfactory to said officer, all soil and water conservation structures that may be in existence upon said premises at the beginning of or that may be constructed by the Lessee during the term of this lease, and the Lessee shall take appropriate measures to prevent or control soil erosion within the premises. Any soil erosion occurring outside the premises resulting from the activities of the Lessee shall be corrected by the Lessee as directed by the said officer.

## **27. TAXES**

Any and all taxes imposed by the state or its political subdivisions upon the property or interest of the Lessee in the premises shall be paid promptly by the Lessee. If and to the extent that the property owned by the Government is later made taxable by State or local governments under an Act of Congress, the lease shall be renegotiated.

## **28. COVENANT AGAINST CONTINGENT FEES**

The Lessee warrants that no person or selling agency has been employed or retained to solicit or secure this lease upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or established commercial or selling agencies maintained by the Lessee for the purpose of securing business. For breach or violation of this warranty, the United States shall have the right to annul this lease without liability or, in its discretion, to require the Lessee to pay, in addition to the lease rental or consideration, the full amount of such commission, percentage, brokerage, or contingent fee.

## **29. OFFICIALS NOT TO BENEFIT**

No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this lease or to any benefits to arise therefrom. However, nothing herein contained shall be construed to extend to any incorporated company if this lease is for the general benefit of such corporation or company.

## **30. SEVERAL LESSEES**

If more than one Lessee is named in this lease the obligations of said Lessees herein contained shall be joint and several obligations.

## **31. MODIFICATIONS**

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This lease contains the entire agreement between the parties hereto, and no modification of this agreement, or waiver, or consent hereunder shall be valid unless the same be in writing, signed by the parties to be bound or by a duly authorized representative and this provision shall apply to this condition as well as all other conditions of this lease.

## **32. DISCLAIMER**

This lease is effective only insofar as the rights of the United States in the premises are concerned; and the Lessee shall obtain any permit or license which may be required by Federal, state, or local statute in connection with the use of the premises. It is understood that the granting of this lease does not preclude the necessity of obtaining a Department of the Army permit for activities which involve the discharge of dredge or fill material or the placement of fixed structures in the waters of the United States, pursuant to the provisions of Section 10 of the Rivers and Harbors Act of 3 March 1899 (33 USC 403), and Section 404 of the Clean Waters Act (33 USC 1344).

## **33. ANTI-DEFICIENCY ACT NOTICE**

The obligation of the United States to perform, pay or reimburse any money under this lease is subject to the availability of appropriated funds, and nothing in this lease shall be interpreted to require obligations or payments by the United States in violation of the Anti-Deficiency Act, Public Law 97-258.

## **ADDITIONAL CONDITIONS**

- a) All individuals, vehicles, and buildings will be subject to safety and security search at any time by Parks Reserve Forces Training Area officials. The premises are within a military installation and access may be denied due to national emergency or other security issues. The Lessee shall comply with all Department of Defense force protection and anti-terrorism standards. An emergency contact list of Lessee's employees at the Maintenance Yard shall be furnished to Parks Reserve Forces Training Area Directorate of Emergency Services. Upon execution of this lease, all Lessee vehicles must be registered with the Parks Reserve Forces Training Area Police Department IAW AR 190-5, Motor Vehicle Traffic Supervision.
- b) The Lessee is placed on notice that premises are subject to a Real Property Exchange (RPX) agreement with terms regarding a phased property disposition (transfer of title). The subject premises are a portion of the Fourth Phase and this lease is subject to that agreement and terms referenced above. The phased schedule of land transfer calls for subject property to be transferred in approximately 5 years. Please note: the Exchange

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Partner has the right to accelerate the project schedule at his discretion. In the event termination is likely prior to the expiration of this lease, Lessee will be given (90) ninety days to vacate facility including all personal property. The Lessee will be required to relocate their facilities and equipment, at their own expense. If relocation to another area of the Parks Reserve Forces Training Area is desired, the Lessee must submit a written request for a new site for approval and subsequent execution of a Supplemental Agreement to the lease.

- c) The premises shall not be used as a dwelling place or as living quarters.
- d) The Lessee shall be responsible for vegetation control within the corporation yard to ensure against possible fire. The Lessee shall provide a list of emergency response contacts and phone numbers to the Parks Reserve Forces Training Area Fire Department. The Fire Chief may be contacted at (925) 875-4902.
- e) The Lessee shall park vehicles within the fence area of the corporation yard.
- f) Maintenance vehicles that are used by, belong to, or are stored at the Dublin San Ramon Services District Maintenance Yard may not be washed at the vehicle wash rack located west of Cromwell Avenue in Training Area L. Additionally, no vehicles may be washed within the boundaries of the maintenance yard.
- g) The Lessee shall follow the installation's National Pollutant Discharge Elimination System (NPDES) Storm Water permit requirements.
- h) The feeding of wild, feral or domestic animals (including, but not limited to, raccoons, skunks, cats, deer, rats, mice, rabbits, opossums, and coyotes) is prohibited.
- i) The Lessee shall provide a hazardous material inventory to the Environmental Office, Building 791, Parks Reserve Forces Training Area, annually on February 1<sup>st</sup>.
- j) The Lessee shall comply with the Emergency Planning and Community Right-to-Know Act. Any hazardous material over the quantity of 500 pounds, 55 gallons, 200 cubic feet, or for extremely hazardous substances (EHS) stored in quantities greater than federal threshold planning quantity (TPQ) must be documented annually on OES Form 2731 and submitted to the Parks Reserve Forces Training Area Environmental Office no later than February 1 of each year.
- k) The Lessee shall follow all requirements in the Parks Reserve Forces Training Area Integrated Natural Resources Management Plan, the Integrated Cultural Resources Management Plan, the Endangered Species Management Plan, the Integrated Pest

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Management Plan, the Hazardous Materials Business Plan, and the Pollution Prevention Plan. The Spill Prevention Control and Countermeasure Plan and the Hazardous Materials Business Plan are located in the Parks Reserve Forces Training Area Environmental Office, Building 791.

- l) Upon request of the Said Officer, the Lessee shall provide a participant in the Parks Reserve Forces Training Area Environmental Quality Control Committee at no cost to the United States.
- m) The Lessee's use of pesticides and herbicides shall be limited to Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) "general use" pesticides. Insecticide, fungicide, and/or Rodenticide use will be reviewed and approved by the Parks Reserve Forces Training Area Environmental Office (Building 791). All insecticide, fungicide, and rodenticides shall meet the requirements of Department of Defense and California Department of Pesticide Regulations. Pest control activities by a pest control contractor may include usage of the following FIFRA "restricted use" pesticides: Diuron, Glyphosate, Diphacinone, Fiprinil, and Phenothrin.
- n) The Lessee shall notify the Parks Reserve Forces Training Area Environmental Office, Building 791 (Mike Strauss, (925) 875-4685), two days in advance of applying and pesticides and/or herbicides. A report of all pesticide and herbicide applications, including the date of application, the chemical name, and the quantity applied in pounds of active ingredient, shall be submitted to the Parks Reserve Forces Training Area Environmental Office within a week after the application.
- o) A monthly report of all pesticide and herbicide applications, including the date of application, type (MSDS sheet if new), and the quantity applied in pounds of active ingredient, will be submitted to the Parks Reserve Forces Training Area Environmental Office, Building 781, no later than the 14<sup>th</sup> day of each month.
- p) Hazardous waste shall be processed and shipped in accordance with established Parks Reserve Forces Training Area procedures.

----- **NO CONDITIONS FOLLOW** -----

**THIS LEASE** is not subject to Title 10, United States Code, Section 2662, as amended.

**IN WITNESS WHEREOF**, I have hereunto set my hand by authority of the Secretary of

Lease No. DACA05-1-13-509  
Parks Reserve Forces Training Area  
Alameda, CA

the Army, this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

BY: \_\_\_\_\_

Sharon Caine  
Chief, Real Estate Division  
U.S. Army Engineer District, Sacramento

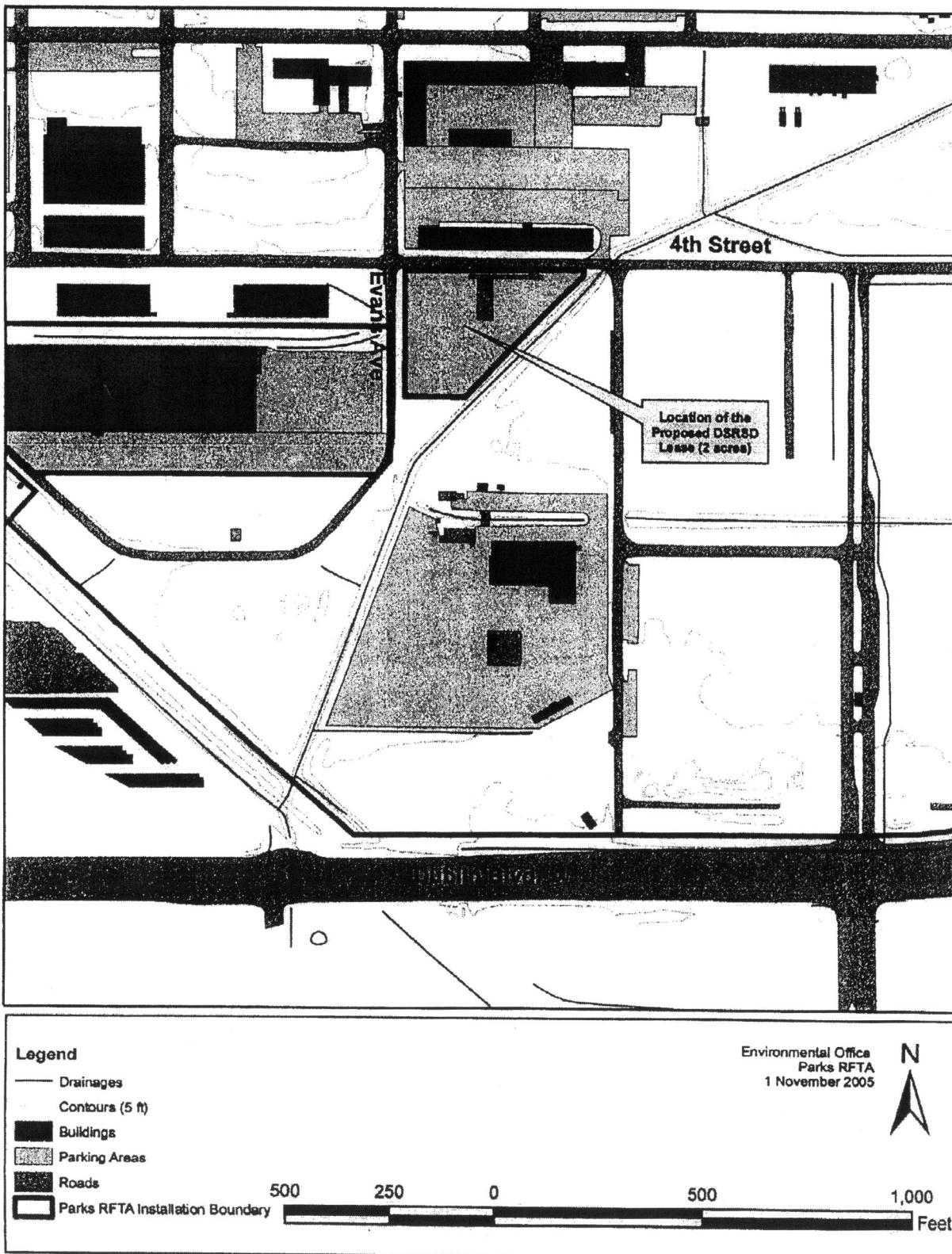
**THIS LEASE** is also executed by the Lessee this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

BY: \_\_\_\_\_

Bert Michalczyk  
General Manager  
Dublin San Ramon Services District

## EXHIBIT "A"

### Map 2: Proposed DSRSD Lease in the Cantonment Area at Parks Reserve Forces Training Area (Parks RFTA), Dublin, CA



## ***Environmental Review Report***

This report is provided by the Directorate of Public Works, Environmental Division (ENV) at the request of the project proponent. This review expires 12 months from the date of approval or if site conditions or project descriptions change. If archeological remains or evidence of endangered species are found during the course of a project, stop the activity and contact ENV at (831) 386-2763.

ENV Review No.

CP-12005

Project Summary:

Renew property lease for two acres at 4th and Evens Ave in the cantonment area of PRFTA to Dublin San Ramon Service District (DSRSD) for an existing field services corporation maintenance and storage yard at the site.

Work Order

Installation CP

Timeline

### ***National Environmental Policy Act Compliance Review***

The following summary includes proponent actions required for compliance with environmental laws, as well as actions ENV has taken. Failure to implement compliance requirements may result in the proponent violating federal or State law.

This review is for the project as described above and no additional actions. Activities not described in the project description will require an additional review.

NEPA Require CATEX Conclusion: Permit and consultation requirements are addressed - see Attachment 1.

AR 200-2 Text 651.30(f)(1): Grants or acquisitions of leases, licenses, easements, and permits for use of real property or facilities in which there is no significant change in land or facility use. Examples include, but are not limited to, Army controlled property and Army leases of civilian property to include leases of training, administrative, general use, special purpose, or warehouse space (REC required).

### ***Proponent Information***

Proponent (Real Property) POC Penny Kailer POC Phone 831-386-3567

### ***Environmental Chief Review and Signature***

Environmental Review has been completed with the above limitations and compliance actions:

Approved  This REC is reviewed and approved as meeting the standards of AR 200-2 (32CFR651).

Disapproved: Proceeding with the project as described places the Army at risk of violating federal or State laws and being subject to fines, injunctions, or other legal actions.

*[Signature]* *3/23/12* Date

### ***Proponent Signature (Record of Environmental Consideration)***

Signature of the proponent validates that screening criteria (AR 200-2: 32CFR651.29) have been met:

- The action has not been segmented (considers connected, cumulative, and similar actions).
- No exceptional circumstances exist. See Attachment 1 for ENV Program review.
- One (or more) CX encompass the proposed action. See NEPA review above.

*[Signature]*  
Proponent Signature (Required for REC)

*23 Mar 2012*

Date

ENV Review No.

CP-12005

Project Summary:

Renew property lease for two acres at 4th and Evens Ave in the cantonment area of PRFTA to Dublin San Ramon Service District (DSRSD) for an existing field services corporation maintainance and storage yard at the site.

***Environmental Review Report, Attachments Part 2******Correspondence Log***

Date	3/12/2012	Type	Info Requeste	POC	Penny kailer
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Comment

# RECORD OF ENVIRONMENTAL CONSIDERATION

U.S. Army - Combat Support Training Center, Camp Parks  
 791 5<sup>th</sup> STREET, ATTN: IMSW-PRK-EN, DUBLIN, CA 94568-5201

No. 2005-18

23 September 2005

1.0 Project Title: Grant a five (5)-year lease for 2 acres at 4<sup>th</sup> and Evans Street in the cantonment area of Camp Parks.  
 Anticipated Date and/or Duration of Proposed Action: October 2005.

2.0 Description of Proposed Action: Camp Parks is proposing to grant a five (5)-year lease for 2 acres at 4<sup>th</sup> Street and Evans Street in the cantonment area of Parks to the Dublin San Ramon Services District (DSRSD). DSRSD plans to maintain an existing field services corporation maintenance and storage yard at the site.

DSRSD is a utility district that serves Dublin and San Ramon, California. The Field Services Division corporation yard is responsible for operating and maintaining the DSRSD's functions of wastewater collection, water distribution, and water utility property management and maintenance. The location at Camp Parks is used to carry out the above three functions and accommodates an office trailer, a bulk storage area for pipes, soil, gravel, sand, and woodchips, employee parking, equipment parking, and storage units for supplies. The site is paved and provides utility access for electricity, telephone, water, and sewer. Currently, DSRSD is using approximately 2.0 acres at 4<sup>th</sup> and Evans Street. The entire area is fenced and gated for security purposes by DSRSD.

- 3.0 Environmental Considerations: The following is a list of environmental findings related to the project based on a review of environmental documentation.
- 3.1 An Environmental Baseline Study (EBS) for this action is:  Required and attached.  Not required.
  - 3.2 Potential Environmental Material/Waste Hazards: There is a potential for hazardous materials or waste located on the site. Camp Park's in cooperation with CHPPM-West are currently investigating this possibility. If there are any concerns then Parks Environmental will coordinate with DSRSD
  - 3.3 Historic Preservation: A determination letter stating that the Army believes no historic properties will be affected has been submitted to the SHPO and federally recognized tribes for comments.
  - 3.4 Endangered Species: No threatened or endangered (T&E) species were observed during a site visit on January 31, 2005. There are no records of any previous T&E species at the site either. DSRSD lease ESA coordination will be included as part of the master plan Biological Assessment.
  - 3.5 References: None.
  - 3.6 Summary: No environmental issues associated with this project were identified.

4.0 Conclusion: It is unlikely that this lease will significantly alter the land use and it is unlikely to have a significant environmental impact.

Reason for using a record of environmental consideration is that it has been determined that the action:

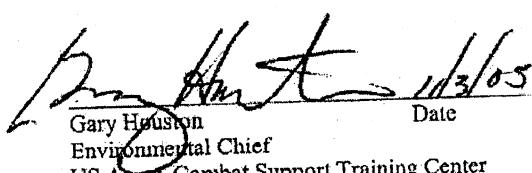
Is adequately covered in an existing EA/EIS entitled (name), (dated). The EA/EIS may be reviewed at (location).

Qualifies as a categorical exclusion under the provisions of CX # E-1 in AR 200-2 Appendix B Section II (29 March 2002) and meets the screening conditions including no exceptional circumstances exist as defined in Section 651.29(b), because: it is not anticipated that the proposed lease will cause a significant change in the cantonment area land use. This lease will allow a continuation of existing usage of this site.

Prepared By:

  
 Michael Strauss 11/05  
 Date  
 Environmental Scientist  
 Engineering & Environment Inc.,  
 US Army, Combat Support Training Center

Approved By:

  
 Gary Houston 11/3/05  
 Date  
 Environmental Chief  
 US Army, Combat Support Training Center

*APPENDIX A. U.S. Army Combat Support Training Center*  
*Environmental Review Request Form 2-226*

**I. General Information:**

1. Date of request: <u>9/20/05</u>	2. Project timeline:	3. Directorate or unit: <u>DSRSD</u>	4. DA Form 4283 No.: TSR No.:
5. Signature of requester/proponent:		6. POC name and phone: <u>Penny Kailer (831) 386-3567</u>	
7. Area of potential effect (APE - size of excavation or disturbance):			
8. Project description (Detailed locations and descriptions are required for items included in the Environmental Checklist, WCG Reg. 200-3.): <u>Dublin San Ramon Services District (DSRSD) to lease 2.0 acres at 4<sup>th</sup> and Evans St. The Field Services Division will use the space to operate and maintain the DSRSD's functions of wastewater management</u>			

**II. Training Exercises: N/A**

9. Number of track vehicles:	10. Number of personnel:	11. Number of wheeled vehicles:	12. Type of ammunition (specify if HE):
13. Organization/Unit:			
14. Name/rank of Project Officer:	15. Title/function:	16. Telephone number:	

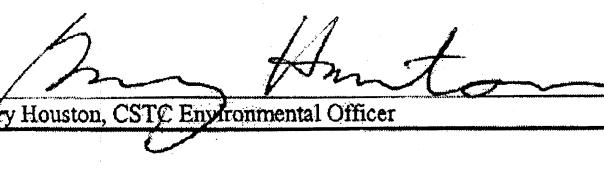
**III. Environmental Review & Restrictions:**

17. Nat. Res. Conservation:	<u>NO ISSUES</u>
18. Nat. Res. Compliance:	<u>DSRSD lease will be part of SEC. 7. Consultation of installation master plan</u>
19. Cult. Res. Compliance:	<u>No cultural concerns, but submitted SHPO/HPA letters</u>
20. Environ. Compliance:	<u>DSRSD needs to be made aware of potential asbestos contamination's, Y</u>
21. Air/Water Compliance:	<u>Yerba Buena must comply with NPDES Industrial Stormwater permit of the installation</u>  <u>Air. RONA completed, emissions fall below conformity threshold</u>

Environmental Review has been completed with the above restrictions:

NEPA Compliant:  F1 NEPA Non-compliant:

Attached is the activity clearance form with specific restrictions (if any) regarding this environmental review request. Contact U.S. Army Combat Support Training Center (CSTC) Environmental Office with any questions at (831) 386-2763.

  
Gary Houston, CSTC Environmental Officer

11/3/05  
Date

*proj*

7 October 2005

**PROPERTY INSPECTION CHECKLIST**  
**FOR**  
**ENVIRONMENTAL BASELINE STUDIES**

(The Proponent Agency is DCSENGR)

**PROJECT NAME:** Grant a five (5)-year lease for 2 Acres at 4<sup>th</sup> Street and Evans Street in Parks' Cantonment Area to Dublin San Ramon Services District (DSRSD)

**PROPOSED ACTION:** US Army, Combat Support Training Center (CSTC), Camp Parks is proposing to grant a five (5)-year lease of 2 Acres located at 4<sup>th</sup> Street and Evans Street in the cantonment area of Parks to Dublin San Ramon Services District. DSRSD plans to maintain a field services corporation maintenance and storage yard at the site. DSRSD is a utility district that serves Dublin and San Ramon, California. The Field Services Division corporation yard is responsible for operating and maintaining the DSRSD's functions of wastewater collection, water distribution, and water utility property management and maintenance. The location at Camp Parks is used to carry out the above three functions and accommodates an office trailer, a bulk storage area for pipes, soil, gravel, sand, and woodchips, employee parking, equipment parking, and storage units for supplies. The site is paved and provides utility access for electricity, telephone, water, and sewer. Currently, DSRSD is using approximately 2.0 acres at 4<sup>th</sup> and Evans Street. The entire area is fenced and gated for security purposes by DSRSD.

**I. PROPERTY USE:****A. CHECK ALL THAT APPLY.**

<input type="checkbox"/> RESIDENTIAL	<input checked="" type="checkbox"/> INDUSTRIAL	<input type="checkbox"/> MIXED
<input type="checkbox"/> AGRICULTURAL	<input type="checkbox"/> COMMERCIAL	<input type="checkbox"/> OTHER

**B. ADJACENT PROPERTY USE AND TOPOGRAPHIC RELATIONSHIP:**

<input type="checkbox"/> NORTH: B792	<input type="checkbox"/> HIGHER	<input type="checkbox"/> LOWER
<input type="checkbox"/> SOUTH: B730	<input type="checkbox"/> HIGHER	<input checked="" type="checkbox"/> LOWER
<input type="checkbox"/> EAST: Ruderall Grass Land	<input type="checkbox"/> HIGHER	<input type="checkbox"/> LOWER
<input type="checkbox"/> WEST: B133	<input type="checkbox"/> HIGHER	<input type="checkbox"/> LOWER
	<input type="checkbox"/> SAME	<input checked="" type="checkbox"/> SAME
	<input type="checkbox"/> X	<input type="checkbox"/> X
	<input type="checkbox"/> SAME	<input type="checkbox"/> X
	<input type="checkbox"/> X	<input type="checkbox"/> X

**C. ATTACH COPY OF INSTALLATION MAP SHOWING FOOTPRINT OF AREA UNDER CONSIDERATION. (A MAP HAS BEEN ATTACHED)****II. SITE OWNERSHIP HISTORY AND USE:**

1. CURRENT OWNER: U.S. Army
2. CURRENT LAND USE: DSRSD Maintenance yard
3. PREVIOUS OWNER(S): U.S. Air Force
4. PREVIOUS LAND USE: Army Maintenance Yard and Wash Rack

**III. PROPOSED FUTURE USE(S):**

1. TYPE USE(S): Dublin San Ramon Services District Corporation Maintenance and Storage Yard
2. USER POPULATION: 14 full time people
3. ANY OBVIOUS USE RESTRICTIONS: \_\_\_\_\_

**IV. FEATURES / COMMENTS:**

\_\_\_\_\_

\_\_\_\_\_

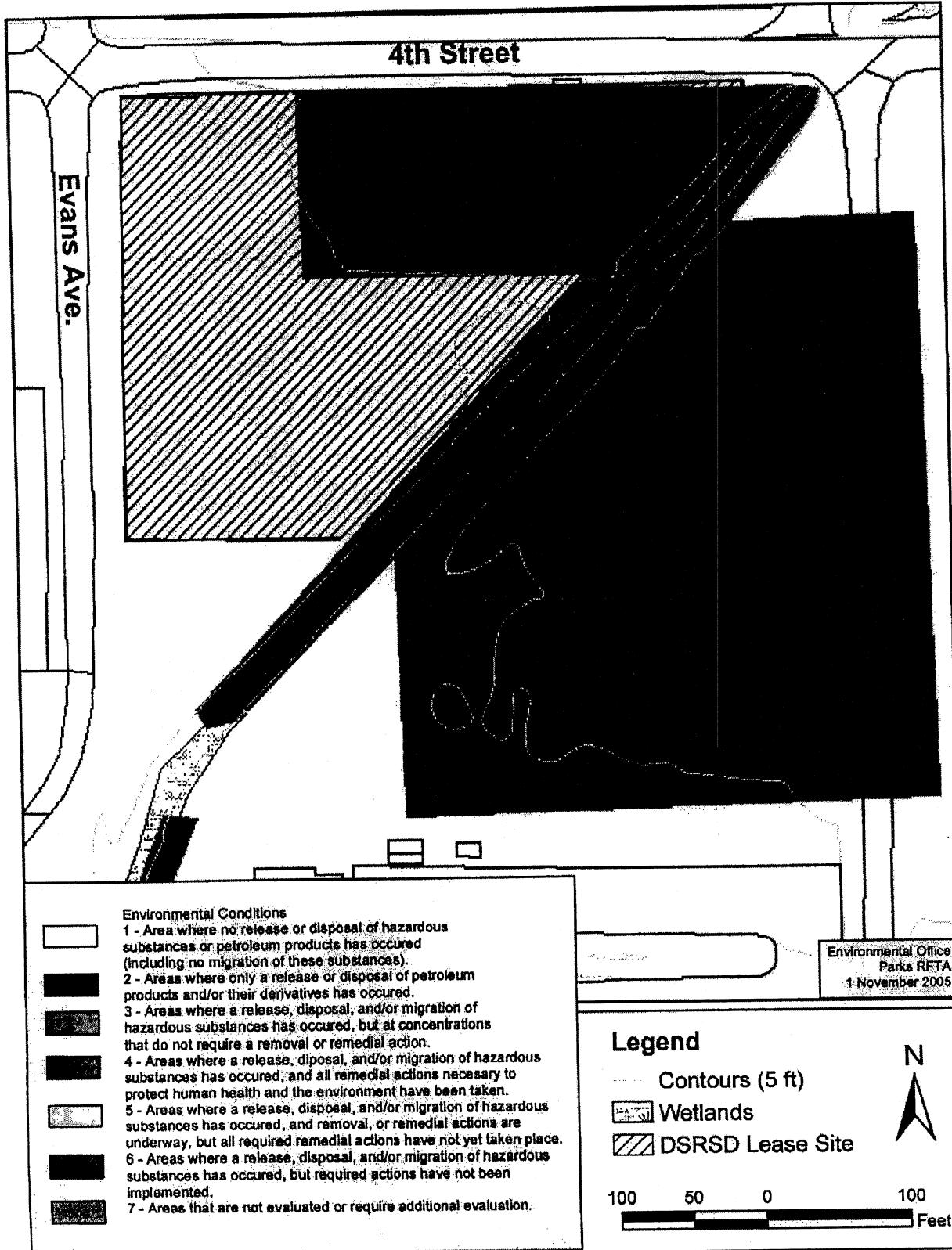
**V. SITE INSPECTION:****A. ENVIRONMENTAL CONDITIONS OBSERVED (SHOW LOCATION ON FACILITY MAPS)**

<input type="checkbox"/> YES	<input type="checkbox"/> NO	<input type="checkbox"/> N/A	<b>REMARKS</b>
------------------------------	-----------------------------	------------------------------	----------------

1. SUSPICIOUS/UNUSUAL ODORS        X
2. DISCOLORED SOILS        X

3. DISTRESSED VEGETATION		7 October 2005			
		YES	NO	N/A	REMARKS
4. DIRT / DEBRIS MOUNDS		X	—	—	Concrete, soil, sand, soil and materials for maintenance
5. GROUND DEPRESSIONS		—	X	—	
6. POL STAIN		X	—	—	Stains on parking area, possibly from cars and trucks
7. ASBESTOS CONTAINING MATERIALS		—	X	—	
8. ABOVE GROUND STORAGE TANKS		—	X	—	
LOCATION(S):					
SIZE/PRODUCT:					
9. UNDERGROUND STORAGE TANKS		—	X	—	
LOCATION(S):					
SIZE/PRODUCT:					
10. LANDFILLS / WASTE PILES		—	X	—	
11. IMPOUNDMENTS / LAGOONS		—	X	—	
12. INJECTION WELLS		—	X	—	
13. DRUM / CONTAINER STORAGE		—	X	—	
(PRODUCT):					
14. INCINERATOR		—	X	—	On utility pole on site.
15. ELECTRICAL TRANSFORMERS		X	—	—	No known Polychlorinated Biphenyl spills have occurred associated with the electrical transformers on this site.
16. STANDPIPES / VENT PIPES		—	X	—	
17. DISCHARGE TO SURFACE WATERS / DITCHES		X	—	—	Runoff directly to adjacent drainage Ditch.
18. POWER OR PIPE LINES		X	—	—	On utility pole adjacent to site. (maybe also underground power/pipe lines)
19. MINING / LOGGING ACTIVITY		—	X	—	
20. GROUNDWATER MONITORING WELLS		—	X	—	
21. OTHERS: Storage of materials for utility maintenance (gravel, sand, soil, etc.)					
B. CULTURAL RESOURCES: (HISTORIC PROPERTIES / ARCHEOLOGY)					
- No archaeological sites are known to exist in this area.					
C. ENDANGERED / THREATENED SPECIES: (STATE / FEDERAL LIST)					
- None are known to be present.					
D. HAS AN EBS, EA, OR EIS BEEN PREVIOUSLY COMPLETED?					
U.S. Army Center for Health Promotion and Preventive Medicine (USACHPPM). 2004. Draft Sampling Results Phase III, Environmental Baseline Survey No. 38-EH-003K-05, 187-acre real property exchange, Camp Parks, California, November 2004.					
USACHPPM Results of Environmental Sampling in the 187-Acre real Property Exchange, Camp Parks Dublin, (Alameda and Contra Costa Counties) CA #38-EH-003K-04, October 2003					
VI. MAPS					
- A map showing the location of the lease site is attached.					
VII. OTHER INFORMATION:					
Hazardous Materials are stored on this site. (Solvent based marking paint for utility locations). The USACHPPM EBS' found TPH-D in the surface soil of the adjacent ditch. It is possible that this residual contamination could be from the DSRSD lease site. Historically there was a DPW and Wash Rack on the DSRSD lease site.					
VIII. RECOMMENDATIONS:					
IX. PREPARED BY: <u>Markoff, Stansel</u>		APPROVED BY: <u>Long, M. A.</u>			
TITLE: Environmental Protection Specialist		TITLE: Environmental Protection Specialist			
DATE: 11/1/05		DATE: 11/13/05			

**Environmental Condition of the Property**  
**DSRSD Lease Site and Adjacent Areas - ECP Category 2**  
**at Parks Reserve Forces Training Area (Parks RFTA), Dublin, CA**



**GENERAL CONFORMITY/NSR – RECORD OF NON-APPLICABILITY**

Project/Action Name: DSRSD Maintenance Yard – 5 Year Lease

Project/Action Identification Number: 2005-18

Project/Action Point of Contact: Michael Parsons

Chief of Plans, Analysis, and Integration  
U.S. Army, Combat Support Training Center  
(925) 875-4625

Anticipated Begin Date: 10/3/05

Anticipated End Date: 10/3/10

General Conformity under the Clean Air Act, Section 176 and New Source Review under the Clean Air Act Section 111 have been evaluated for this project described above according to the requirements of 40 CFR 93, subpart B and 40 CFR 60. The requirements of these rules are not applicable to this project/action because:

The project results in an installation total of 17.991 TPY emission of NOx and 8.284 TPY emission of VOCs. These emissions do not trigger Major Source thresholds of 100 tons per year established in 40 CFR 51, subpart I.

Total direct and indirect emissions from this project/action have been estimated at .061 tons per year of VOCs, .394 tons per year of CO, and .056 tons per year of NOx; and are below the conformity threshold value established at 40 CFR 93.153 (b) of 50 tons per year for VOCs, 100 tons per year for CO, and 100 tons per year for NOx.

**AND**

The project/action is not considered regionally significant under 40 CFR 93.153 (i).

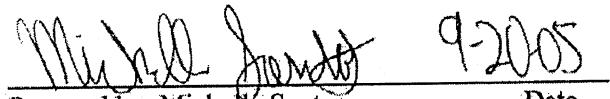
Supporting documentation and emission estimates are

ATTACHED

APPEAR IN THE NEPA DOCUMENTATION

OTHER.

  
Gary Houston 10/3/05  
Date  
Chief, Environmental Division  
U.S. Army, Combat Support Training Center

  
Prepared by: Michelle Santos 9-2005  
Date  
Engineering and Environment, Inc.

Rec # 2005-18

Project Title: DSRSD Maintenance Yard Lease

Estimated emission sources: 2 heavy duty diesel vehicles, 14 light duty gasoline vehicles, 1 backhoe

## Light Duty Diesel Trucks

emission	emission factor	miles/day	# of days	# of trucks	emissions (grams)	emissions (tons)
VOC	0.9	28.6			0	0
CO	1.8	28.6			0	0
NOx	1.4	28.6			0	0
PM <sub>10</sub>	1.59	28.6			0	0
PM <sub>2.5</sub>	0.48	28.6			0	0

Table 4-32

Table 4-33

Table 4-34

Table 4-50

Table 4-50

## Heavy Duty Diesel Vehicles

emission	emission factor	miles/day	# of days	# of trucks	emissions (grams)	emissions (tons)
VOC	2	28.6	60	2	6884	0.007566265
CO	11.5	28.6	60	2	39468	0.043506023
NOx	6.2	28.6	60	2	28142.4	0.031021686
PM <sub>10</sub>	7.73	28.6	60	2	26529.36	0.029243614
PM <sub>2.5</sub>	2.01	28.6	60	2	6898.32	0.007604096

Table 4-38

Table 4-39

Table 4-40

Table 4-50

Table 4-50

## Light Duty Gasoline Vehicles

emission	emission factor	miles/day	# of days	# of vehicles	emissions (grams)	emissions (tons)
VOC	2.5	28.6	30	14	30030	0.033102409
CO	26.3	28.6	30	14	315915.6	0.349237339
NOx	1.7	28.6	30	14	20420.4	0.022509638
PM <sub>10</sub>	0.71	28.6	30	14	8528.52	0.009401084
PM <sub>2.5</sub>	0.2	28.6	30	14	2402.4	0.002648193

Table 4-2

Table 4-3

Table 4-4

Table 4-50

Table 4-50

## Light Duty Gasoline Trucks

emission	emission factor	miles/day	# of days	# of vehicles	emissions (grams)	emissions (tons)
VOC	2.7	28.6			0	0
CO	28.6	28.6			0	0
NOx	1.9	28.6			0	0
PM <sub>10</sub>	1.08	28.6			0	0
PM <sub>2.5</sub>	0.29	28.6			0	0

Table 4-8

Table 4-9

Table 4-10

Table 4-50

Table 4-50

## Tractor/Loader/Backhoe (1)

emission	emission factors	load factor	HP	hours	# of days	# of vehicles	emissions (grams)	emissions (tons)
VOC	1.43	0.55	100	8	30	1	18876	0.020807228
CO	6.8	0.55	100	8	30	1	1632	0.001798972
NOx	10.1	0.55	100	8	30	1	2424	0.002672003
PM <sub>10</sub>	1.05	0.55	100	8	30	1	252	0.000277782
SO <sub>x</sub>	0.85	0.55	100	8	30	1	204	0.000224872

Table 7-1/7-7

Table 7-1/7-7

Table 7-1/7-7

Table 7-1/7-7

Table 7-1/7-7

## Tractor/Loader/Backhoe (2)

emission	emission factors	load factor	HP	hours	# of days	# of vehicles	emissions (grams)	emissions (tons)
VOC	1.43	0.55	250	8			0	0
CO	6.8	0.55	250	8			0	0
NOx	10.1	0.55	250	8			0	0
PM <sub>10</sub>	1.05	0.55	250	8			0	0
SO <sub>x</sub>	0.85	0.55	250	8			0	0

Table 7-1/7-7

Table 7-1/7-7

Table 7-1/7-7

Table 7-1/7-7

Table 7-1/7-7

50 to 100 hp Diesel Engines (industrial equipment/misc)								
emission	emission factors	load factor	HP	hours	# of days	# of engines	emissions (grams)	emissions (tons)
VOC	0.7	0.74	100	8			0	0
CO	1	0.74	100	8			0	0
NOx	6.9	0.74	100	8			0	0
PM <sub>10</sub>	0.72	0.74	100	8			0	0
SO <sub>2</sub>	1.19	0.74	100	8			0	0

Table 7-1/7-6

Table 7-1/7-6

Table 7-1/7-6

Table 7-1/7-6

Table 7-1/7-6

16 HP Gasoline Generator Set								
emission	emission factors	load factor	HP	hours	# of days	# of engines	emissions (grams)	emissions (tons)
VOC	9.6	0.68	16	8			0	0
CO	348	0.68	16	8			0	0
NOx	2.09	0.68	16	8			0	0
PM <sub>10</sub>	0.05	0.68	16	8			0	0
SO <sub>2</sub>	0.26	0.68	16	8			0	0

Table 7-1/7-3

Table 7-1/7-3

Table 7-1/7-3

Table 7-1/7-3

Table 7-1/7-3

Truck Mounted Diesel Bore/Drill Rig								
emission	emission factor	load factor	HP	hours	# of days	# of rigs	emissions (grams)	emissions (tons)
VOC	1.44	0.75	100	8			0	0
CO	9.2	0.75	100	8			0	0
NOx	11.01	0.75	100	8			0	0
PM	1.44	0.75	100	8			0	0
SO <sub>x</sub>	0.93	0.75	100	8			0	0

Table 7-1/7-7

Table 7-1/7-7

Table 7-1/7-7

Table 7-1/7-7

Table 7-1/7-7

General Construction PM Emissions - entire project (grading/ground disturbance)					
emission	emission factor	acres	# of days	emissions (grams)	emissions (tons)
PM	35790.302			0	0

AP-42

13.2.3.3

Prescribed Burning (grassland)					
emission	fire emission factor	area burned (acres)	kg/acre	total emissions (g)	emissions (tons)
PM <sub>10</sub>	12		1814.37	0	0
CO	175		1814.37	0	0

AP-42 13.1.3

AP-42 13.1.3

emission	VOC content (lbs/gal)	Gallons used	emissions (lbs)	emissions (tons)
VOC	1.3		0	0

Asphalt Paving	evaporation %	solvent density (kg/L)	Solvent % by volume	volume of asphalt (ft <sup>3</sup> )	emissions (kg)	emissions (tons)
VOC	25	0.7	0.5		0.00	0.000

Total Emissions	
VOC (tons)	0.061
CO (tons)	0.39354233
NOx (tons)	0.05620333
PM <sub>10</sub> (tons)	0.03892248
PM <sub>2.5</sub> (tons)	0.01025229
PM <sub>2.5-10</sub> (tons)	0.04917477
SO <sub>x</sub> (tons)	0.00022487

**Regional Emissions -Table III, 2003 BAAQMD Emissions Inventory**

VOC (HC): 181,405 TPY \* 10% = 18,141 TPY

CO: 956,300 TPY \* 10% = 95,630 TPY

NOx: 220,825 TPY \* 10% = 22,083 TPY

Assumptions: light duty diesel trucks - 1995 @ 50k miles, 28.6 miles/day; heavy duty diesel trucks - 1995 @ 100k miles, 28.6 miles/day; Light duty gasoline vehicles - 1995 @ 100k miles, 28.6 miles/day; engines used in off road equipment rated at 100 hp.

off-road equipment is 4 stroke

Emission factors for highway vehicles from AP-42. Emission factors for off-road engines from USEPA Report #NR-009A (Exhaust emission factors for non-road engines...)

**Dublin San Ramon Services District  
Summary & Recommendation**

Reference  General Manager	Type of Action  Approve Amendment	Board Meeting of  November 19, 2013				
Subject  Approve Amendment No. 1 to Personal Services Agreement between John Archer and Dublin San Ramon Services District						
<input type="checkbox"/> Motion	<input type="checkbox"/> Minute Order	<input checked="" type="checkbox"/> Resolution				
REPORT:	<input type="checkbox"/> Verbal	<input type="checkbox"/> Presentation	<input checked="" type="checkbox"/> Staff	B. Michalczyk	<input type="checkbox"/> Other	<input type="checkbox"/> Board Member

**Recommendation:**

The General Manager recommends the Board of Directors approve, by Resolution, Amendment No. 1 to the Personal Services Agreement (PSA) with John Archer.

**Summary:**

Following approval, by Resolution, of the PSA between the District and John Archer, Interim Financial Services Manager, on October 15, 2013, an administrative error was discovered in Exhibit B: Retirement, Insurance and Leave Benefits, Section 2.1.2: Health Care Insurance Premiums. The approved Exhibit contains a table with the 2013 District maximum contribution to employee health insurance premiums and erroneously refers to this table as the District “baseline” for use in calculating future District maximum contributions. Amendment No. 1 replaces the table in Section 2.1.2 with a corrected table showing the 2007 District maximum contribution which is used as the “baseline” for calculating District maximum contributions for all bargaining unit employees and in the PSAs with both Bert Michalczyk, and Dan Gallagher.

This Amendment No. 1 is non-substantive in nature, neither adding to nor reducing compensation or benefits. Rather, it is a correction that preserves the intent of the Board to maintain consistency in maximum health insurance contributions among all employees of the District. Further, this correction preserves contractual consistency between the PSAs and CalPERS health insurance employer contribution rates set by Board Resolution No. 38-13 on September 3, 2013.

If Amendment No. 1 is not approved, the District would be obligated to pay an additional \$122 per month at the family coverage rate if Mr. Archer took family coverage.

Mr. Archer has indicated his concurrence with Amendment No. 1.

Committee Review			Legal Review	Staff Review		
COMMITTEE	DATE ----	RECOMMENDATION ---	Yes	ORIGINATOR B. Michalczyk	DEPARTMENT Executive	REVIEWED BY
<b>ATTACHMENTS</b> <input type="checkbox"/> None						
<input checked="" type="checkbox"/> Resolution	<input type="checkbox"/> Minute Order	<input type="checkbox"/> Task Order	<input type="checkbox"/> Staff Report	<input type="checkbox"/> Ordinance		
<input checked="" type="checkbox"/> Cost Up to \$122 per month if NOT approved	<input checked="" type="checkbox"/> Funding Source A. 900 B.	Attachments to S&R 1. 2. 3.				

RESOLUTION NO. \_\_\_\_\_

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT APPROVING AND AUTHORIZING EXECUTION OF AMENDMENT NO. 1 TO THE AGREEMENT FOR PERSONAL SERVICES BETWEEN JOHN ARCHER AND DUBLIN SAN RAMON SERVICES DISTRICT

---

WHEREAS, pursuant to Resolution No. 44-13 adopted October 15, 2013, this Board approved and authorized execution of an agreement for personal services with John Archer as Interim Financial Services Manager (“The Agreement”); and

WHEREAS, the Agreement requires a revision at this time to ensure consistency in the calculation of the District Maximum Contribution for health insurance premiums.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT, a public agency in the counties of Alameda and Contra Costa, California, as follows:

That certain Agreement titled, “Amendment No. 1 to the Agreement for Personal Services between John Archer and Dublin San Ramon Services District,” a copy of which is attached hereto, marked Exhibit “A”, and by this reference incorporated herein, is hereby approved, and the President of this Board and District Secretary are hereby authorized and directed to execute, and to attest thereto, respectively, said amendment for and on behalf of the District.

ADOPTED by the Board of Directors of Dublin San Ramon Services District, a public agency in the State of California, counties of Alameda and Contra Costa, at its regular meeting held on the 19th day of November 2013, and passed by the following vote:

AYES:

NOES:

ABSENT:

---

Dawn L. Benson, President

Attest:

---

Nancy Gamble Hatfield, District Secretary

**AMENDMENT NO. 1 TO THE AGREEMENT FOR PERSONAL SERVICES  
BETWEEN JOHN ARCHER AND DUBLIN SAN RAMON SERVICES DISTRICT**

**THIS AMENDMENT NO. 1** to the Agreement for Personal Services between John Archer (“Interim Financial Services Manager”) and Dublin San Ramon Services District, a public agency of the State of California in the Counties of Alameda and Contra Costa (“District”), is made and entered into this 19th day of November, 2013.

**WITNESSETH :**

**WHEREAS**, the parties heretofore entered into that certain Agreement for Personal Services (Interim Financial Services Manager) dated October 15, 2013 (the “Agreement”) under which Interim Financial Services Manager has provided services for District; and

**WHEREAS**, the Board of Directors of the District (the “Board”) has determined that it is in the best interest of District to modify the Agreement with this Amendment No. 1.

**NOW, THEREFORE**, the parties hereto agree as follows:

**Article 1:** Beginning on the effective date of the AMENDMENT NO. 1 TO THE AGREEMENT FOR PERSONAL SERVICES BETWEEN JOHN ARCHER AND DUBLIN SAN RAMON SERVICES DISTRICT, Article 2.1 – HEALTH CARE INSURANCE – of the Agreement, is hereby revised to correct the table with the District Maximum Contribution “baseline” (attached as Exhibit “A”).

**Article 2:** After execution, this Amendment No. 1 shall become effective retroactive to October 15, 2013.

**Article 3:** In all other respects the Agreement, as amended, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 1 to the Agreement as of the day and date first hereinabove set forth.

DUBLIN SAN RAMON SERVICES DISTRICT,  
a public agency in the State of California

By: \_\_\_\_\_  
Dawn L. Benson, President

ATTEST:

\_\_\_\_\_  
Nancy Gamble Hatfield, District Secretary

INTERIM FINANCIAL SERVICES MANAGER

By: \_\_\_\_\_  
John Archer

## EXHIBIT A to Amendment No. 1

### INSURANCE BENEFITS

#### 2.1 Health Care Insurance

**2.1.1 Availability** The District is committed to provide health care (medical) insurance to Manager. The District currently obtains its health insurance through CalPERS and shall endeavor to continue that coverage through 2016. If it is unable to do so, the District will endeavor to obtain coverage that is comparable to the CalPERS program coverage. In that event, the District and Manager will negotiate in good faith an amendment to these health care insurance provisions in a manner that is essentially equivalent to the arrangement identified therein for CalPERS coverage. The District shall endeavor to provide a health care insurance program that has at least two choices for coverage for Health Maintenance Organizations (HMO) and two choices for Preferred Provider Organizations (PPO) Plans. The lowest cost HMO and lowest cost PPO shall be the “Base Plans.” In the event that this level of coverage does not remain reasonably available through 2016, the District and Manager shall negotiate in good faith an amendment to these health care insurance provisions.

**2.1.2 Premiums** District shall pay Manager’s Health Care Premiums up to a maximum amount not to exceed the District “Maximum Contribution” for each level (employee only, employee plus one dependent, and employee plus two or more dependents).

Payment by District shall be for employee or employee plus eligible dependents, whichever represents the employee’s situation. Manager shall pay the balance of the cost incurred in excess of the Health Care Premium Maximum Contribution, including any administrative fees or service charges.

The District Maximum Contribution health care baselines are as follows:

Employee	\$473
Employee + one	\$946
Employee+2 (Family)	\$1,230

Note: Baselines established using District maximum contributions in 2007.

Each year, upon notification of new premiums by the District’s health care provider, the District will identify the lowest cost HMO and PPO plans that are offered under the Bay Area Region plan or a successor provider and are available in Alameda County. The higher cost plan of the two (Base Plan) will form the basis for the calculation to determine the new District Health Care Premium Maximum Contribution for that plan year.

On January 1st of 2014, Manager shall continue to share in the cost of health care premium increases above the baseline as described in the example below. Cost increases will be shared 60% by the District and 40% by Manager, with Manager’s maximum share of the cost of the Base Plan limited to a 20% share. Each year’s Base Plan premium will be compared to the baselines established above. The new Maximum Contribution will be calculated by adding 60% of the increase to the baseline to establish the Maximum Contribution for that year. If at any time the calculated Maximum Contribution is less than 80% of the Base Plan cost, the Maximum Contribution will be 80% of the Base Plan for that year. This example is illustrated below in table form:

Example EE+2	Base Plan Premium	Increase from Base	DSRSD Share of Increase	Manager Share of Increase	District Maximum Contribution	District % of Base Plan Premium
Base amount	\$ 1,230					
2014	\$ 1,720	\$ 490	\$ 294	\$ 196	\$ 1,524	89%

Manager will pay those amounts in excess of the District Health Care Premium Maximum Contribution, and the premium of the plan they select. The District's Base Plan premium will always be greater than or equal to the baseline. Manager may select other health plans as they are made available and pay the additional amount between the Base Plan contribution and the premium for the selected alternative plan.

Base plan amounts will be rounded to the nearest dollar.

In the Fall of 2013 and upon notice of either party, the District or Manager shall negotiate in good faith an amendment to Agreement regarding the impact of health care premiums paid under this section (1) by either party if (1) the maximum projected Manager contribution in 2014 for plans available in the CalPERS Bay Area Region results in either: a) two HMOs with a cost of more than \$500 per month for EE+2 coverage, or, b) a cost of two PPOs with a cost of more than \$500 per month for EE+2 coverage (excluding PERSCare PPO) or, (2) there are projected to be significant impacts on either party related to the implementation of the Federal Health Care Act in 2014.



**Dublin San Ramon Services District**  
**Summary & Recommendation**

Reference  General Manager	Type of Action  Approve Amendment	Board Meeting of  November 19, 2013
Subject		
Approve Amendment No. 1 to Personal Services Agreement between Michelle Gallardo and Dublin San Ramon Services District		
<input type="checkbox"/> Motion	<input type="checkbox"/> Minute Order	<input checked="" type="checkbox"/> Resolution
REPORT:	<input type="checkbox"/> Verbal	<input type="checkbox"/> Presentation
		<input checked="" type="checkbox"/> Staff
		B. Michalczyk
		<input type="checkbox"/> Board Member

**Recommendation:**

The General Manager recommends the Board of Directors approve, by Resolution, Amendment No. 1 to the Personal Services Agreement (PSA) with Michelle Gallardo.

**Summary:**

Following approval, by Resolution, of the PSA between the District and Michelle Gallardo, Interim Organizational Services Manager, on July 16, 2013, an administrative error was discovered in Exhibit B: Retirement, Insurance and Leave Benefits, Section 2.1.2: Health Care Insurance Premiums. The approved Exhibit contains a table with the 2013 District maximum contribution to employee health insurance premiums and erroneously refers to this table as the District “baseline” for use in calculating future District maximum contributions. Amendment No.1 replaces the table in Section 2.1.2 with a corrected table showing the 2007 District maximum contribution which is used as the “baseline” for calculating District maximum contributions for all bargaining unit employees and in the PSAs with both Bert Michalczyk, and Dan Gallagher.

This Amendment No. 1 is non-substantive in nature, neither adding to nor reducing compensation or benefits. Rather, it is a correction that preserves the intent of the Board to maintain consistency in maximum health insurance contributions among all employees of the District. Further, this correction preserves contractual consistency between the PSAs and CalPERS health insurance employer contribution rates set by Board Resolution No. 38-13 on September 3, 2013.

If Amendment No. 1 is not approved, the District would be obligated to pay an additional \$122 per month at the family coverage rate if Ms. Gallardo took family coverage.

Ms. Gallardo has indicated her concurrence with Amendment No. 1.

Committee Review			Legal Review	Staff Review		
COMMITTEE	DATE ----	RECOMMENDATION ---	Yes	ORIGINATOR B. Michalczyk	DEPARTMENT Executive	REVIEWED BY
<b>ATTACHMENTS</b> <input type="checkbox"/> None						
<input checked="" type="checkbox"/> Resolution	<input type="checkbox"/> Minute Order	<input type="checkbox"/> Task Order	<input type="checkbox"/> Staff Report	<input type="checkbox"/> Ordinance		
<input checked="" type="checkbox"/> Cost Up to \$122 per month if NOT approved	<input checked="" type="checkbox"/> Funding Source A. 900 B.		Attachments to S&R 1. 2. 3.			

RESOLUTION NO. \_\_\_\_\_

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT APPROVING AND AUTHORIZING EXECUTION OF AMENDMENT NO. 1 TO THE AGREEMENT FOR PERSONAL SERVICES BETWEEN MICHELLE GALLARDO AND DUBLIN SAN RAMON SERVICES DISTRICT

---

WHEREAS, pursuant to Resolution No. 33-13 adopted July 16, 2013, this Board approved and authorized execution of an agreement for personal services with Michelle Gallardo as Interim Organizational Services Manager (“The Agreement”); and

WHEREAS, the Agreement requires a revision at this time to ensure consistency in the calculation of the District Maximum Contribution for health insurance premiums.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT, a public agency in the counties of Alameda and Contra Costa, California, as follows:

That certain Agreement titled, “Amendment No. 1 to the Agreement for Personal Services between Michelle Gallardo and Dublin San Ramon Services District,” a copy of which is attached hereto, marked Exhibit “A,” and by this reference incorporated herein, is hereby approved, and the President of this Board and District Secretary are hereby authorized and directed to execute, and to attest thereto, respectively, said amendment for and on behalf of the District.

ADOPTED by the Board of Directors of Dublin San Ramon Services District, a public agency in the State of California, counties of Alameda and Contra Costa, at its regular meeting held on the 19th day of November 2013, and passed by the following vote:

AYES:

NOES:

ABSENT:

---

Dawn L. Benson, President

Attest:

---

Nancy Gamble Hatfield, District Secretary

**AMENDMENT NO. 1 TO THE AGREEMENT FOR PERSONAL SERVICES  
BETWEEN MICHELLE GALLARDO AND DUBLIN SAN RAMON SERVICES  
DISTRICT**

**THIS AMENDMENT NO. 1** to the Agreement for Personal Services between Michelle Gallardo (“Interim Organizational Services Manager”) and Dublin San Ramon Services District, a public agency of the State of California in the Counties of Alameda and Contra Costa (“District”), is made and entered into this 19th day of November, 2013.

**WITNESSETH :**

**WHEREAS**, the parties heretofore entered into that certain Agreement for Personal Services (Interim Organizational Services Manager) dated July 16, 2013 (the “Agreement”) under which Interim Organizational Services Manager has provided services for District; and

**WHEREAS**, the Board of Directors of the District (the “Board”) has determined that it is in the best interest of District to modify the Agreement with this Amendment No. 1.

**NOW, THEREFORE**, the parties hereto agree as follows:

**Article 1:** Beginning on the effective date of the **AMENDMENT NO. 1 TO THE AGREEMENT FOR PERSONAL SERVICES BETWEEN MICHELLE GALLARDO AND DUBLIN SAN RAMON SERVICES DISTRICT**, Article 2.1 – HEALTH CARE INSURANCE – of the Agreement, is hereby revised to correct the table with the District Maximum Contribution “baseline” (attached as Exhibit “A”).

**Article 2:** After execution, this Amendment No. 1 shall become effective retroactive to July 16, 2013.

**Article 3:** In all other respects the Agreement, as amended, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 1 to the Agreement as of the day and date first hereinabove set forth.

DUBLIN SAN RAMON SERVICES DISTRICT,  
a public agency in the State of California

By: \_\_\_\_\_  
Dawn L. Benson, President

ATTEST:

\_\_\_\_\_  
Nancy Gamble Hatfield, District Secretary

INTERIM ORGANIZATIONAL SERVICES  
MANAGER

By: \_\_\_\_\_  
Michelle Gallardo

## EXHIBIT A to Amendment No. 1

### INSURANCE BENEFITS

#### 2.1 Health Care Insurance

**2.1.1 Availability** The District is committed to provide health care (medical) insurance to Manager. The District currently obtains its health insurance through CalPERS and shall endeavor to continue that coverage through 2016. If it is unable to do so, the District will endeavor to obtain coverage that is comparable to the CalPERS program coverage. In that event, the District and Manager will negotiate in good faith an amendment to these health care insurance provisions in a manner that is essentially equivalent to the arrangement identified therein for CalPERS coverage. The District shall endeavor to provide a health care insurance program that has at least two choices for coverage for Health Maintenance Organizations (HMO) and two choices for Preferred Provider Organizations (PPO) Plans. The lowest cost HMO and lowest cost PPO shall be the “Base Plans.” In the event that this level of coverage does not remain reasonably available through 2016, the District and Manager shall negotiate in good faith an amendment to these health care insurance provisions.

**2.1.2 Premiums** District shall pay Manager’s Health Care Premiums up to a maximum amount not to exceed the District “Maximum Contribution” for each level (employee only, employee plus one dependent, and employee plus two or more dependents).

Payment by District shall be for employee or employee plus eligible dependents, whichever represents the employee’s situation. Manager shall pay the balance of the cost incurred in excess of the Health Care Premium Maximum Contribution, including any administrative fees or service charges.

The District Maximum Contribution health care baselines are as follows:

Employee	\$473
Employee + one	\$946
Employee+2 (Family)	\$1,230

Note: Baselines established using District maximum contributions in 2007.

Each year, upon notification of new premiums by the District’s health care provider, the District will identify the lowest cost HMO and PPO plans that are offered under the Bay Area Region plan or a successor provider and are available in Alameda County. The higher cost plan of the two (Base Plan) will form the basis for the calculation to determine the new District Health Care Premium Maximum Contribution for that plan year.

On January 1st of 2014, Manager shall continue to share in the cost of health care premium increases above the baseline as described in the example below. Cost increases will be shared 60% by the District and 40% by Manager, with Manager’s maximum share of the cost of the Base Plan limited to a 20% share. Each year’s Base Plan premium will be compared to the baselines established above. The new Maximum Contribution will be calculated by adding 60% of the increase to the baseline to establish the Maximum Contribution for that year. If at any time the calculated Maximum Contribution is less than 80% of the Base Plan cost, the Maximum Contribution will be 80% of the Base Plan for that year. This example is illustrated below in table form:

Example EE+2	Base Plan Premium	Increase from Base	DSRSD Share of Increase	Manager Share of Increase	District Maximum Contribution	District % of Base Plan Premium
Base amount	\$ 1,230					
2014	\$ 1,720	\$ 490	\$ 294	\$ 196	\$ 1,524	89%

Manager will pay those amounts in excess of the District Health Care Premium Maximum Contribution, and the premium of the plan they select. The District's Base Plan premium will always be greater than or equal to the baseline. Manager may select other health plans as they are made available and pay the additional amount between the Base Plan contribution and the premium for the selected alternative plan.

Base plan amounts will be rounded to the nearest dollar.

In the Fall of 2013 and upon notice of either party, the District or Manager shall negotiate in good faith an amendment to Agreement regarding the impact of health care premiums paid under this section (1) by either party if (1) the maximum projected Manager contribution in 2014 for plans available in the CalPERS Bay Area Region results in either: a) two HMOs with a cost of more than \$500 per month for EE+2 coverage, or, b) a cost of two PPOs with a cost of more than \$500 per month for EE+2 coverage (excluding PERSCare PPO) or, (2) there are projected to be significant impacts on either party related to the implementation of the Federal Health Care Act in 2014.

**Dublin San Ramon Services District  
Summary & Recommendation**

Reference  General Manager	Type of Action  Approve Agreement	Board Meeting of  November 19, 2013
<b>Subject</b>		
Approve Personal Services Agreement between the District and Rhodora N. Biagtan as Interim Engineering Services Manager		
<input type="checkbox"/> Motion	<input type="checkbox"/> Minute Order	<input checked="" type="checkbox"/> Resolution
REPORT:	<input checked="" type="checkbox"/> Verbal	<input type="checkbox"/> Presentation
		<input checked="" type="checkbox"/> Staff
		B. Michalczyk
		<input type="checkbox"/> Board Member

**Recommendation:**

The General Manager recommends the Board of Directors approve, by Resolution, a Personal Services Agreement (PSA) with Rhodora N. Biagtan as Interim Engineering Services Manager for a period not to extend beyond June 30, 2014.

**Summary:**

The District's senior management team members are all unrepresented at-will employees retained by the District via Personal Services Agreements. With the retirement of Dave Requa, the position of Engineering Services Manager became vacant on October 28, 2013. The General Manager is considering, but has not yet finalized, changes to the District's staffing structure. In the interim, the General Manager has selected Rhodora N. Biagtan as Interim Engineering Services Manager effective November 11, 2013 for a period not to extend beyond June 30, 2014. A PSA has been negotiated with Ms. Biagtan based on direction received from the Board. This PSA is consistent with the PSAs of the permanent members of the senior management team, excepting only a special condition related to termination that reflects that at any time during the term of the PSA Ms. Biagtan's interim appointment may be terminated, at which time she would return to her previous position of Principal Engineer – Supervisory. There will be no backfilling of the Principal Engineer – Supervisory position during the term of the PSA; as such, Ms. Biagtan will be maintaining the duties and responsibilities of the Principal Engineer – Supervisory position, as well as taking on the duties and responsibilities of the Interim Engineering Services Manager position.

Compensation is specified in Exhibit A of the PSA, Benefits are specified in Exhibit B, and the Special Terms unique to Ms. Biagtan are specified in Exhibit C.

This interim appointment, and the PSA, is consistent with the actions approved by the Board in July 2013 related to Michelle Gallardo's appointment as Interim Organizational Services Manager and in October 2013 related to John Archer's appointment as Interim Financial Services Manager.

Attachment 1 presents the incremental cost of the proposed PSA; the PSA is also attached.

Committee Review			Legal Review	Staff Review		
COMMITTEE	DATE ----	RECOMMENDATION ---	Yes	ORIGINATOR B. Michalczyk	DEPARTMENT Executive	REVIEWED BY
<b>ATTACHMENTS</b> <input type="checkbox"/> None						
<input checked="" type="checkbox"/> Resolution	<input type="checkbox"/> Minute Order	<input type="checkbox"/> Task Order	<input type="checkbox"/> Staff Report	<input type="checkbox"/> Ordinance		
<input checked="" type="checkbox"/> Cost \$183,486 Savings	<input checked="" type="checkbox"/> Funding Source A. 10% - 200 Local Enterprise B. 40% - 300 Regional Enterprise C. 35% - 600 Water Enterprise D. 15% - 900 Administrative Overhead		Attachments to S&R 1. Summary of Cost of the Terms of PSA 2. 3.			

RESOLUTION NO. \_\_\_\_\_

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT APPROVING AND AUTHORIZING EXECUTION OF AN AGREEMENT FOR PERSONAL SERVICES BETWEEN RHODORA N. BIAGTAN AND DUBLIN SAN RAMON SERVICES DISTRICT

---

WHEREAS, District is a community services district established under the Community Services District Law (Govt. Code. § 61000 et seq.) governed by District's Board of Directors (the "Board"); and

WHEREAS, pursuant to Government Code Section 61050 (a) the Board is required and empowered to appoint a General Manager for District; and

WHEREAS, the Board has authorized General Manager to organize staff at all levels of the organization consistent with budgets and staffing limitations as adopted by the Board from time to time; and

WHEREAS, Section 61051 (b) of the Community Services District Law grants the General Manager the power and duty to appoint, supervise, discipline and dismiss District employees consistent with the employee relations system established by the Board; and

WHEREAS, the District Code exempts persons engaged under contract to supply expert, professional, technical or other services from the District's classified service as that service is defined in District Code Section 6.10.010 A; and

WHEREAS, through the approval and execution of the "Agreement for Personal Services between Rhodora N. Biagtan and Dublin San Ramon Services District," a copy of which is attached hereto, marked Exhibit "A," and by this reference incorporated herein ("Agreement"), Rhodora N. Biagtan (hereafter "Manager") and District will thereby agree that Manager is a person engaged under contract to supply expert, professional or other services and as such is and shall henceforth be exempt from the District's classified service upon and after the Effective Date of Agreement; and remain so during the term of the Agreement; and

WHEREAS, the General Manager desires to appoint and employ Manager to the job classification of Interim Engineering Services Manager and Manager desires to accept said appointment and employment subject to the terms and conditions of Agreement.

Res. No. \_\_\_\_\_

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT, a public agency in the counties of Alameda and Contra Costa, California, as follows:

That the appointment of Rhodora N. Biagtan to the position of Interim Engineering Services Manager and that certain Agreement titled, "Agreement for Personal Services between Rhodora N. Biagtan and Dublin San Ramon Services District," a copy of which is attached hereto, marked Exhibit "A," and by this reference incorporated herein, are hereby approved, and the General Manager and District Secretary are hereby authorized and directed to execute, and to attest thereto, respectively, said Agreement for and on behalf of the District. The General Manager, with the concurrence of General Counsel, is authorized to make non-substantive, non-economic revisions to Agreement before its execution for clarification purposes and for the purpose of consistency with agreements currently in effect with other senior managers.

ADOPTED by the Board of Directors of Dublin San Ramon Services District, a public agency in the State of California, counties of Alameda and Contra Costa, at its regular meeting held on the 19th day of November 2013, and passed by the following vote:

AYES:

NOES:

ABSENT:

---

Dawn L. Benson, President

Attest:

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Nancy Gamble Hatfield, District Secretary

**AGREEMENT FOR PERSONAL SERVICES**

(RHODORA N. BIAGTAN)

**THIS AGREEMENT FOR PERSONAL SERVICES** (“Agreement”) is made and entered into this 11th day of November, 2013 (the “Effective Date”) by and between the Dublin San Ramon Services District, a public agency of the State of California in the Counties of Alameda and Contra Costa (“District”), and Rhodora N. Biagtan (“Manager”).

**WITNESSETH:**

**WHEREAS**, District is a community services district established under the Community Services District Law (Govt. C. § 61000 et seq.) governed by District’s Board of Directors (the “Board”);

**WHEREAS**, pursuant to Government Code Section 61240 (a) the Board is required and empowered to appoint a General Manager for District;

**WHEREAS**, Board has authorized General Manager to organize staff at all levels of the organization consistent with Board adopted budgets and staffing limitations;

**WHEREAS**, the Community Services District Law grants the General Manager the power and duty to appoint, supervise, discipline and dismiss District employees consistent with the employee relations system established by the Board;

**WHEREAS**, the District Code exempts persons engaged under contract to supply expert, professional, technical or other services from the District’s classified service as that service is defined in District Code Section 6.10.010 A;

**WHEREAS**, with the approval and execution of this Agreement, Manager and District agree that Manager is a person engaged under contract to supply expert, professional or other services and as such is exempt from the District’s classified service upon the Effective Date of this Agreement; and

**WHEREAS**, the General Manager desires to appoint and employ Manager to the below referenced job classification and Manager desires to accept said appointment and employment subject to the terms and conditions of this Agreement.

**NOW, THEREFORE**, the District and Manager hereto agree as follows:

- SERVICES** From and after the Effective Date through the termination of this Agreement, Manager shall perform all duties, assume all obligations and constantly meet all qualifications of the District Engineer / Assistant General Manager job classification as that job classification exists as of the Effective Date but as modified by Exhibit C hereto and as it may, from time to time, be amended by the District. Manager shall also perform all duties and assume all obligations and constantly meet all qualifications of the District Engineer / Assistant General Manager job classification in accordance with the terms of this Agreement and as modified in Attachment C. During the term of this Agreement Manager shall not be a member of the Mid-Management Employees Bargaining Unit (“MEBU”) nor have any rights or remedies deriving from that bargaining unit or the associated Memorandum of Understanding between that bargaining unit and the District. Manager shall be subject to all pertinent

provisions of the ordinances, resolutions, rules, regulations and all other lawful orders and directives of the General Manager, the District, or the Board. Said duties and obligations shall be performed in an efficient and professional manner and in conformance with the standards generally prevailing for the performance of the duties and obligations pertaining to the position of similar managerial positions of public or private entities, including, but not limited to, community services districts.

**2. COMPENSATION** The District shall provide compensation to Manager in the form of Base Salary and Deferred Compensation as specified in "Exhibit A" attached hereto and by this reference made a part hereof.

**3. BENEFITS** The District shall provide a benefits package to Manager consisting of a retirement program, various types of insurance and various types of leave as specified in "Exhibit B" attached hereto and by this reference made a part hereof.

**4. SUPPLEMENTAL BENEFITS AND SPECIAL CONDITIONS OF EMPLOYMENT**

The District and Manager agree to the Supplemental Benefits and Special Conditions of Employment included in "Exhibit C" attached hereto and by this reference made a part hereof.

**5. TERMINATION**

**5.1 Service at Pleasure of the General Manager** It is understood and agreed that as of Effective Date Manager shall, and does, hold position of employment as such at the will and pleasure of the General Manager and shall not have nor acquire a property interest or right to continuing employment except as described below. Manager further agrees that Manager's employment as a person engaged under contract to supply expert, professional, technical or other services exempts them from the District's classified service as that service is defined in District Code Section 6.10.010 A.

**5.2 Termination of Agreement and Employment by District for Cause** Nothing herein provided shall be deemed to affect or limit the right of District to terminate this Agreement and Manager's employment for cause, or otherwise to exercise District's rights, whether in law or in equity, by reason of breach hereof by Manager. "Cause" as used herein shall include, but not necessarily be limited to: below standard performance, refusal of failure to act in accordance with a specific written directive or order of the General Manager provided that such directive or order is legal, malfeasance or misfeasance in office, conviction of any felony or any crime involving moral turpitude, unauthorized absence, incompetence or inefficiency, insubordination, performance of duties or obligations as Manager while intoxicated or under the influence of drugs, narcotics, other substances, the use, dispensing, or sale of which is prohibited or controlled by the State of California, neglect of duty, breach of this Agreement or any similar or like act or omission. Notwithstanding the use of the term "cause" herein, nothing herein contained shall be deemed to create or establish a property right or a right to continuing employment in the position of employment of Manager or affect District's right to terminate the employment of Manager with or without cause in accordance with this Agreement.

In the event of termination for cause, District shall not be obligated to compensate Manager in any amount except for services already rendered, including paid leave accrued in Manager's Employee Leave Bank, prior to the date of termination; provided that payment of such compensation shall not bar District's recovery of such damages as may accrue to District under the circumstances, nor shall termination for cause preclude District from exercising any other right or remedy it may have, whether in

law or equity, which may accrue to District under the circumstances giving rise to such termination, or otherwise.

**5.3 Termination of Agreement at Discretion of General Manager** At the General Manager's sole discretion, the General Manager may terminate this Agreement without cause and in accordance with this section and Exhibit C by giving written notice of intent thereof to Manager which notice shall specify the effective date on which Manager shall no longer act in said capacity. Any notice provided in accordance with this section shall be deemed given on the date it is given by General Manager. Nothing herein provided in this section or this agreement constitutes an appeal procedure for the Manager of termination in accordance with this section. There shall be no severance or other remuneration in any form related to termination in accordance with this section.

**5.4 Termination of Agreement by Manager** At Manager's sole discretion, Manager may terminate this Agreement by giving written notice of intent thereof to General Manager which notice shall specify the effective date on which Manager shall no longer act in said capacity. Any notice provided in accordance with this section shall be deemed given on the date it is given by Manager. There shall be no severance or other remuneration in any form related to termination in accordance with this section.

**5.5 Termination of Employment by Manager** At Manager's sole discretion, Manager may terminate Manager's employment with the District concurrent with the termination of this Agreement by giving written notice of intent thereof to General Manager which notice shall specify the effective date of termination of employment. Any notice provided in accordance with this section shall be deemed given on the date it is given by Manager. There shall be no severance or other remuneration in any form related to termination in accordance with this section. In the event Manager terminates Manager's employment in accordance with this section, Manager shall not be entitled to severance or other benefits or District paid COBRA payments beyond the date of termination but the District shall pay Manager for salary earned and accrued leave and accrued benefits through the effective date of termination.

**5.6 Termination is Final** Manager's employment and the District's obligations to compensate the Manager shall cease upon termination of this Agreement except as provided for in Exhibit C.

**5.7 Standing as Principal Engineer – Supervisory** District and Manager acknowledge that immediately prior to the Effective Date of this Agreement that Manager was employed by the District in the for-cause classification of Principal Engineer – Supervisory. Upon the Effective Date of Agreement Manager shall serve as Interim Engineering Services Manager on an acting, temporary basis in an at-will capacity. Notwithstanding other provisions in this Agreement, nothing herein eliminates Manager's for-cause status as Principal Engineer – Supervisory. Although the District may terminate this Agreement and thereby end Manager's tenure as Interim Engineering Services Manager with or without cause at any time, Manager will thereafter revert to Manager's for-cause position as Principal Engineer – Supervisory. If the District wishes to terminate Manager's employment as Principal Engineer – Supervisory it must do so in a manner which affords Manager appropriate due process rights as a for-cause employee.

**6. STATUS** Manager shall have the status of an employee of District, subject to all terms and conditions of employment pertaining to the job classification and position under the ordinances, resolutions, rules, regulations, or other lawful directives or orders of the General Manager or the Board; provided, however, that in the event of any conflict between such ordinances, resolutions, rules, regulations, directives or orders, and the provisions of this Agreement, the provisions of this Agreement shall prevail. To the extent not modified or otherwise provided in this Agreement, the District and

Manager hereto agree that the provisions of said ordinances, resolutions, rules, regulations, or other lawful directives or orders pertaining to the relationship of employment between the District and its employees, shall also pertain to Manager.

**7. APPEALS** Manager may appeal any action of the General Manager under Section 5.2 Termination for Cause to the District Board of Directors which may refer, but is not obligated to refer, the matter for investigation to a Board Committee. Said appeal shall be in writing and shall be timely filed within ten (10) calendar days of the General Manager's action that is being appealed. An untimely filing shall be deemed denied with no further right of appeal. Decisions by the Board of Directors shall be binding and final.

**8. NOTICES** All written notices required to be given hereunder shall be delivered personally or by depositing the same with the United States Postal Service, first class (or equivalent) postage prepaid, addressed, in the case of General Manager, to:

General Manager  
Dublin San Ramon Services District  
7051 Dublin Blvd.  
Dublin, CA 94568

and, in the case of Manager to the most recent address on record in the District's records.

**9. ORIGINAL COUNTERPARTS** This Agreement shall be executed in duplicate original counterparts, each of which, when executed, shall be deemed an original agreement.

**10. SECTION HEADINGS** Section headings and titles of attachments as used herein are for convenience only and shall not be deemed to alter or modify the provisions of the section headed thereby.

**11. TERM** The term of this Agreement shall be through and including June 30, 2014 subject to the provisions of Section 5 - Termination.

**12. AMENDMENT** This Agreement may be amended only by a written document executed by each party hereto.

**13. ENTIRE AGREEMENT** This Agreement integrates, includes, and supersedes all prior agreements, understandings, whether written or oral, whether mutual or unilateral on the part of either party. This Agreement constitutes the only and entire agreement between District and Manager. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, oral or otherwise, have been made by any party, or anyone acting on behalf of any party, that are not embodied herein, and that no agreement, statement, or promise not contained in this Agreement shall be valid or binding on either party.

**WITNESS WHEREOF**, the District and Manager hereto have executed this Agreement as of the Effective Date.

DUBLIN SAN RAMON SERVICES DISTRICT,

A public agency of the State of California

By: \_\_\_\_\_

Bert L. Michalczyk, General Manager

Attest: \_\_\_\_\_

Nancy G. Hatfield, District Secretary

By: \_\_\_\_\_

Rhodora N. Biagtan

## EXHIBIT A

### COMPENSATION

#### **1. BASE SALARY**

**1.1. Initial Base Salary** Commencing on the Effective Date of this Agreement District shall compensate Manager a base salary of \$14,912 per month, payable in installments in accordance with District's standard payroll procedures.

**1.2. Annual Base Salary Adjustment** Subject to satisfactory performance as determined by General Manager, Manager's base salary shall be adjusted effective on the first day of the first pay period of Calendar Years 2014 by the percent change in the CPI Index (Consumer Price Index – All Urban Wage Earners, Not Seasonally Adjusted, San Francisco-Oakland-San Jose, CA, All Items 1982-84=100, series ID CWURA422SAO) for the twelve (12) month period ending October with a zero percent floor.

#### **2. DEFERRED COMPENSATION**

**2.1. Plan Existence and Participation** The District and Manager acknowledge that as of the Effective Date the District provides a Deferred Compensation Plan (the "Plan") pursuant to an agreement or agreements with financial institution(s) qualified to provide such plans under the statutes of the United States Internal Revenue Code. Subject to the terms and conditions of such agreement(s) and the Deferred Compensation Plan collectively thereby established, the District and Manager acknowledge that Manager shall be eligible to participate in said Plan as Manager shall determine. Nothing herein contained shall be deemed to limit the Board's discretion to revise, amend, or terminate said Plan, nor shall District be deemed obligated to replace said Plan in the event of its termination.

**2.2. District Matching Contribution Calendar Year 2013** During calendar year 2013, the District will match one-hundred percent (100%) of the first \$2,500 that the Manager voluntary contributes to the Manager's account in the Plan. Said payment will be made on the same payday as the Manager elects to make voluntary contributions to the Plan. "Over Age 50" and "catch-up" contributions are not subject to a District match. The total match amount shall include matching contributions that the District made related to voluntary deferrals that Manager may have made from January 1, 2013 through the Effective Date or that the District may make after termination of this Agreement. In no event will the District contribute a matching amount for Manager that is greater than a total of \$2,500 during calendar year 2013 considering District matches made under both this Agreement and matches that may have been made in 2013 prior to the Effective Date of this Agreement while the Manager was a member of the Mid-Management Employees Bargaining Unit.

**2.3. District Matching Contribution Calendar Year 2014** During calendar year 2014, the District will match one-hundred percent (100%) of the first \$2,500 that the Manager voluntary contributes to the Manager's account in the Plan. Said payment will be made on the same payday as the Manager elects to make voluntary contributions to the Plan. "Over Age 50" and "catch-up" contributions are not subject to a District match. The total match amount shall include matching contributions related to voluntary deferrals that Manager may make after termination of this Agreement. In no event will the District contribute a matching amount for Manager that is greater than a total of \$2,500 during calendar year 2014 considering District matches made under both this Agreement and matches that will be made in 2014 after termination of this Agreement if the Manager once again becomes a member of the Mid-Management Employees Bargaining Unit.

## EXHIBIT B

### RETIREMENT, INSURANCE AND LEAVE BENEFITS

#### 1. RETIREMENT

**1.1 Program** District shall furnish Manager retirement benefits through the California Public Employees Retirement System (“PERS”) under contract with PERS entered into pursuant to Government Code Sections 20450 et seq. District shall provide a retirement plan with the following benefits: 2.7% at 55 benefit formula with modified social security coverage, 12 month final average compensation period, sick leave credit, standard non-industrial disability coverage, Optional Settlement 2W pre-retirement death benefits, \$500 lump sum post-retirement death benefits, and 2% COLA option.

**1.2 Manager’s Share** Manager shall pay the Manager’s seven (7.0) percent employee share plus the one (1.0) percent statutory employee contribution for the enhanced retirement formula plus an additional two (2.0) percent (total of 10.0%) from the Effective Date through the first pay period ending in 2025. After that date, Manager shall no longer pay the additional two (2.0) percent which percent shall be paid by the District. Manager and District acknowledge that substantially similar provisions are included in memoranda of understanding and contracts with all other District employees. If the District agrees to modify those provisions for any employee or employee group, Manager and District agree to similarly amend this Agreement.

**1.3 Program Revisions** In the event that the retirement program described in Section 1.1 of this Exhibit B is (a) modified or terminated by the District or (b) modified, terminated or no longer offered by the State, Manager and District shall negotiate in good faith an amendment to this Agreement.

**1.4 IRS 414(h)(2) Program** The District shall maintain an IRS 414(h)(2) Plan during the term of this Agreement.

#### 2. INSURANCE

##### 2.1 Health Care Insurance

**2.1.1 Availability** The District is committed to provide health care (medical) insurance to Manager. The District currently obtains its health insurance through CalPERS and shall endeavor to continue that coverage through 2016. If it is unable to do so, the District will endeavor to obtain coverage that is comparable to the CalPERS program coverage. In that event, the District and Manager will negotiate in good faith an amendment to these health care insurance provisions in a manner that is essentially equivalent to the arrangement identified therein for CalPERS coverage. The District shall endeavor to provide a health care insurance program that has at least two choices for coverage for Health Maintenance Organizations (HMO) and two choices for Preferred Provider Organizations (PPO) Plans. The lowest cost HMO and lowest cost PPO shall be the “Base Plans.” In the event that this level of coverage does not remain reasonably available through 2016, the District and Manager shall negotiate in good faith an amendment to these health care insurance provisions.

**2.1.2 Premiums** District shall pay Manager’s Health Care Premiums up to a maximum amount not to exceed the District “Maximum Contribution” for each level (employee only, employee plus one dependent, and employee plus two or more dependents).

Payment by District shall be for employee or employee plus eligible dependents, whichever represents the employee's situation. Manager shall pay the balance of the cost incurred in excess of the Health Care Premium Maximum Contribution, including any administrative fees or service charges.

The District Maximum Contribution health care baselines are as follows:

Employee	\$473
Employee + one	\$946
Employee+2 (Family)	\$1,230

Note: Baselines established using District maximum contributions in 2007.

Each year, upon notification of new premiums by the District's health care provider, the District will identify the lowest cost HMO and PPO plans that are offered under the Bay Area Region plan or a successor provider and are available in Alameda County. The higher cost plan of the two (Base Plan) will form the basis for the calculation to determine the new District Health Care Premium Maximum Contribution for that plan year.

On January 1st of 2014, Manager shall continue to share in the cost of health care premium increases above the baseline as described in the example below. Cost increases will be shared 60% by the District and 40% by Manager, with Manager's maximum share of the cost of the Base Plan limited to a 20% share. Each year's Base Plan premium will be compared to the baselines established above. The new Maximum Contribution will be calculated by adding 60% of the increase to the baseline to establish the Maximum Contribution for that year. If at any time the calculated Maximum Contribution is less than 80% of the Base Plan cost, the Maximum Contribution will be 80% of the Base Plan for that year. This example is illustrated below in table form:

Example EE+2	Base Plan Premium	Increase from Base	DSRSD Share of Increase	Manager Share of Increase	District Maximum Contribution	District % of Base Plan Premium
Base amount	\$ 1,230					
2014	\$ 1,720	\$ 490	\$ 294	\$ 196	\$ 1,524	89%

Manager will pay those amounts in excess of the District Health Care Premium Maximum Contribution, and the premium of the plan they select. The District's Base Plan premium will always be greater than or equal to the baseline. Manager may select other health plans as they are made available and pay the additional amount between the Base Plan contribution and the premium for the selected alternative plan.

Base plan amounts will be rounded to the nearest dollar.

In the Fall of 2013 and upon notice of either party, the District or Manager shall negotiate in good faith an amendment to Agreement regarding the impact of health care premiums paid under this section (1) by either party if (1) the maximum projected Manager contribution in 2014 for plans available in the CalPERS Bay Area Region results in either: a) two HMOs with a cost of more than \$500 per month for EE+2 coverage, or, b) a cost of two PPOs with a cost of more than \$500 per

month for EE+2 coverage (excluding PERSCare PPO) or, (2) there are projected to be significant impacts on either party related to the implementation of the Federal Health Care Act in 2014.

#### **2.1.3 Employer Contribution for Post-Employment Health Benefits in Retirement**

District shall provide health care (medical) insurance to Manager if Manager retires from the District prior to the termination of this Agreement. District shall contract with CalPERS to provide post-employment health benefits in retirement through the CalPERS Vesting Program for Retiree Health Care. Manager certifies that Manager has vested in the CalPERS Program as of the Effective Date.

#### **2.1.4 Changes to the Law** In the event Federal or State legislation that provides health care coverage for Manager is enacted into law during the term of this Agreement, and such legislation has an adverse impact on either party, the District and Manager shall negotiate in good faith an amendment to Agreement related to the impact of such legislation on the Agreement.

#### **2.1.5 Waiver of Coverage** Manager may elect in writing to forgo medical coverage through the District and receive in cash via the payroll system the amount listed in the table below for the coverage Manager is eligible to receive from the District and in accordance with the Public Employees' Medical and Hospice Care Act Program. Said election must be made for the Manager as well as for Manager's dependents.

Monthly Amount	Calendar Year 2013	Calendar Year 2014
Employee	\$235.54	\$205.07
Employee + 1	\$471.07	\$410.15
Employee +2	\$612.75	\$533.50

#### **2.2 Dental** The District shall provide dental care benefits covering Manager, spouse, and eligible dependents. The District shall provide retiree dental care benefits for Manager (and eligible dependents) provided that Manager retires from the District during the term of this Agreement.

#### **2.3 Vision** The District shall provide Manager with vision care benefits covering Manager, spouse, and eligible dependents. Vision care will not be provided to Manager in retirement.

#### **2.4 Basic Term Life Insurance**

##### **2.4.1 Amount** The District shall provide Manager with Life Insurance. The amount of the life insurance to be provided shall be equal to two (2) times Manager's annual salary, rounded up to the nearest \$1,000 to a maximum of \$400,000. The imputed cost of coverage in excess of \$50,000 will be included in Employee's income, using the IRS Premium Table, and are subject to applicable Federal and State taxes.

##### **2.4.2 Additional Coverage** In addition to the life insurance provided at District expense, the District shall make arrangements for Manager to purchase additional life insurance for themselves or their dependents at Manager's cost.

##### **2.4.3 Life Insurance During Retirement** Life Insurance will not be provided to Manager in retirement.

**2.5 Short Term Disability** The District shall provide Manager with Short-Term Disability Insurance. The Short-Term Disability Insurance shall provide for sixty percent (60%) of regular weekly salary, to a maximum of \$1,667 weekly benefit, after a 29-day waiting period. Benefits continue for a maximum of one year, if totally disabled. Integration of short-term insurance benefits and sick leave is to be automatic; the District may not waive integration. Short Term Disability Insurance benefits cease the day the termination of Manager occurs.

**2.6 Long Term Disability** The District shall provide Manager with Long -Term Disability Insurance. Long Term Disability Insurance shall provide 70% of regular monthly salary, to a maximum of \$10,000 monthly benefit, after 365 calendar days of short term disability coverage. Long Term Disability Insurance benefits cease the day the termination of employment occurs.

**2.7 Changes to Providers of Employee Benefit Plans** The District intends to periodically evaluate the Health and Welfare plans currently available to employees to determine if similar or better coverage may be available at lower cost to the District. The District may substitute new insurance carriers or arrange for self-insurance provided that the overall coverage is similar or better as specified in this Agreement.

### **3. FLEXIBLE BENEFITS/IRS SECTION 125 PLAN**

District shall provide a Flexible Benefits Plan in accordance with IRS Section 125. The District shall allow employee contributions by the Manager to the maximum extent permitted by law as well as allowable pre-tax deductions for employee-paid premiums associated with eligible health care costs.

### **4. LEAVE BENEFITS**

#### **4.1 Employee Leave Bank**

**4.1.1 Prior Accrued Leave** Manager shall carry forward under this Agreement all accrued leave that accrued prior to the Effective Date.

**4.1.2 Employee Leave Bank Accrual Rate** From the Effective Date of this Agreement through the termination of this Agreement, Manager shall accrue additional time in the Employee Leave Bank at the rate of 12.31 hours each biweekly pay period (40 days per year based on eight hour work days).

**4.1.3 Maximum Leave Bank Accrual** The maximum amount of leave in the Employee Leave Bank shall no greater than an amount representing two years of leave accrual at any given time.

**4.1.4 Employee Leave Bank Sell Back** Manager shall have an option to annually sell back up to 80 hours of leave from Manager's Employee Leave Bank; said option shall be exercised no more than one time in a calendar year provided that there are at least eighty (80) hours remaining after such sell back.

**4.1.5 Use of Employee Leave Bank** All Employee Leave Bank Leave shall be scheduled at the discretion of the General Manager; approval will not be unreasonably withheld.

**4.2 Holidays** Manager shall be entitled to eight days holiday leave (based on eight hour work days) in accordance with District's personnel rules and regulations pertaining to holidays, as may be amended from time to time.

#### **4.3 Sick Leave**

**4.3.1 Benefits** Manager shall carry forward under this Agreement all accrued sick leave that accrued prior to the Effective Date. Manager shall accrue sick leave at the rate of eight (8) hours per month credited in hours per pay period. Sick leave usage shall not be considered as a privilege which Manager may use at Manager's discretion, but shall be allowed only in case of necessity of actual sickness or disability in accordance with state law and the District Personnel Rules, or for Manager's dental, eye, or other physical or medical examination or treatment by a licensed practitioner.

**4.3.2 Use of Sick Leave** Manager may use sick leave on an hour for hour basis (or fraction thereof) in any pay period that they have not worked their scheduled hours. Sick leave may not be used before it is credited.

**4.3.3 Physician's Certificate or Other Proof** At the discretion of the General Manager, a physician's certificate or personal affidavit may be required for any period of absence for which sick leave is claimed; however, when absence is for more than five (5) consecutive workdays, Manager shall file a physician's certificate or a personal affidavit with the General Manager stating the cause of the absence.

**4.3.4 Illness in the Immediate Family** Leaves for illness in the immediate family are limited to six (6) workdays each calendar year in accordance with State regulations and are for the sole purpose of providing necessary care for an ill or injured member of the immediate family. Absences of more than three (3) workdays require a physician's statement indicating that the Manager's presence was required at home. Immediate family shall be defined as spouse, child, parent, brother, sister, or any individual whose relationship to the Manager is that of a dependent. In the case of the dependent, the General Manager shall grant such sick leave only when, in his or her opinion, the relationship of the sick or disabled person to the employee warrants such use of sick leave.

**4.3.5 Family and Medical Care Leave** Family and Medical Care leave shall be administered in accordance with State and Federal Law.

**4.4 Jury Duty Leave** If Manager is summoned to jury duty, Manager shall notify General Manager and if required to report and/or serve, may be absent from duty with full pay only for those hours required to report and/or serve.

**4.5 Bereavement Leave** In the event of a death in the immediate family of Manager, Manager shall, upon request, be granted such time off with pay as is necessary to make arrangements for the funeral and attend same, not to exceed three (3) regularly scheduled workdays. The immediate family shall be restricted to father, mother, brother, sister, spouse, child, mother-in-law, father-in-law, grandparents, grandchildren, and stepchild in those cases where a direct child-rearing-parental relationship may be demonstrated. At the request of the General Manager, Manager shall furnish a death certificate and proof of relationship. Sick leave shall not be used in lieu of Bereavement Leave.

## EXHIBIT C

### **SUPPLEMENTAL BENEFITS AND SPECIAL CONDITIONS OF EMPLOYMENT**

Notwithstanding other provisions of the Agreement, including Exhibits A and B, the following Supplemental Benefits and Special Conditions of Employment shall apply. In the event of a conflict between this Exhibit C and other provisions of the Agreement, including Exhibits A and B, Exhibit C shall govern.

#### **1. RETURN TO PRIOR JOB CLASSIFICATION UPON TERMINATION OF AGREEMENT**

Unless the Manager is terminated for cause in accordance with Section 5.2 of this Agreement or unless the Manager terminates their employment in accordance with Section 5.5 of this Agreement, Manager shall be re-assigned to the job classification that Manager held immediately prior to the Effective Date of this Agreement and afforded all the compensation and benefits in accordance with the Memorandum of Understanding in effect between the District and the Mid-Management Employees' Bargaining Unit (the "MEBU MOU") except as may be otherwise limited by this Agreement or which may be duplicative through operation of this Agreement together with the MEBU MOU.

#### **2. ADJUSTMENT OF MAXIMUM LEAVE ACCRUED AT TERMINATION OF AGREEMENT**

At the time of termination of the Agreement, provided that Manager is re-assigned to the job classification that Manager held immediately prior to the Effective Date of this Agreement, if Manager has more accrued leave than would be allowed under the MEBU MOU, District shall pay Manager the difference between the value of the leave Manager has accrued as of that time and the maximum amount of leave allowed under the MEBU MOU. The value of the leave so paid shall be at the rate of pay in this Agreement.

#### **3. MODIFICATIONS TO DISTRICT ENGINEER / ASSISTANT GENERAL MANAGER JOB CLASSIFICATION AS ENGINEERING SERVICES MANAGER**

**3.1 General** The basis for the Engineering Services Manager job description shall be the currently authorized District Engineer / Assistant General Manager job description adopted on September 4, 2001 and last revised on February 17, 2009. The Engineering Services Manager job description shall differ from the job description of the District Engineer / Assistant General Manager as identified herein.

**3.2 Title** The Job Title shall be "Engineering Services Manager" which Manager will occupy on an interim basis in accordance with the terms of Agreement.

**3.3 Distinguishing Characteristics** The Distinguishing Characteristics shall be as follows: "This is a senior management level classification responsible for directing a wide variety of comprehensive functions and/or programs related to Engineering including the design, planning, and construction of water, recycled water and sewer facilities; engineering; construction management; construction inspection and drafting and surveying activities. The incumbent receives administrative direction from the General Manager; and exercises direct supervision over supervisory, professional, technical, and administrative support staff."

**3.4 Education and Experience (Third paragraph)** The experience paragraph shall be as follows: "Ten years of increasingly responsible professional engineering experience in the planning,

design and construction of large water distribution, wastewater collection and wastewater treatment systems; supervisory experience in the public sector is highly desirable.”

**3.5 No Other Changes** Unless specifically identified in Agreement all other aspects of the District Engineer / Assistant General Manager job description shall remain unchanged and shall apply to the Engineering Services Manager job description.

**ATTACHMENT 1 to S&R**  
**SUMMARY OF COST OF THE TERMS OF PERSONAL SERVICES AGREEMENT**

No.	Item	Detail	Incremental Cost or (Saving) <sup>1</sup>	Comments
1	Salary	Current at \$14,202 per month; proposed at \$14,912 per month	\$5,099	5.0% GREATER than budgeted salary of employee
2	Employment Status	Interim appointment is at the will of the General Manager; interim appointment ends no later than June 30, 2014, can be terminated at any time and manager returned to prior Engineering Services Supervisor classification with no severance		12.8% LESS than budgeted salary of District Engineer
<b>Benefits<sup>2</sup></b>				
3	Retirement	• 2.7% at 55 Plan • Employee paid - 10.0% of salary • Employer paid - 13.7% of salary	\$1,360	These benefits have an incremental cost related to higher salary. Incremental cost shown is also related to greater employer paid payroll costs for FICA and Medicare for the seven month period.
4	Retiree Health Insurance	0% vested before 10 years 50% vesting starting at 10 years 100% vested after 20 years		
5	Short Term Disability	60% of salary to maximum of \$1,667 per week; 29 day wait		
6	Long Term Disability	70% of salary to maximum of \$10,000 per month; 365 day wait; conforms to Senior Manager PSAs		
7	Basic Life Insurance	Two times salary		
8	Deferred Compensation	Maximum match of \$2,500 per calendar year		
9	Health Insurance	District Contribution: • CY 2013 = \$1,535 / Mo. (EE+2) • CY 2014 = \$1,524/mo. (EE+2)		
10	Share the Savings	If employee waives health insurance: • CY 2013 = \$ 613/mo. (EE+2) • CY 2014 = \$ 533/mo. (EE+2)	\$0	These benefits have no incremental cost related to higher salary
11	Dental Premiums	Paid		
12	Vision Care	Paid		
13	Leave Bank	Conforming to senior manager accrual schedule given actual tenure of selected individual		
<b>Sub-Total</b>				<b>\$6,459</b>
Savings from staffing reduction during interim appointment				(\$189,945)
<b>TOTAL</b>				<b>(\$183,486)</b>
				<b>Net Savings</b>

<sup>1</sup> Between appointee's current position (Principal Engineer – Supervisory) and proposed Interim Engineering Services Manager. For simplicity sake the analysis assumes appointee holds position for seven months of the fiscal year; if the appointment is terminated before June 30, 2014 the additional cost would be proportionately less. Includes effect of CPI increase scheduled for 1-1-14.

<sup>2</sup> Benefit program is same as current position of employee except as noted.

**Agenda Item 8E****Dublin San Ramon Services District  
Summary & Recommendation**

Reference Organizational Services Manager	Type of Action Adopt Pay Schedule	Board Meeting of November 19, 2013
<b>Subject</b>		
Adopt Pay Schedule in Accordance with California Code of Regulations, Title 2, Section 570.5, Requirement for a Publicly Available Pay Schedule and Rescind Resolution No. 45-13		
<input type="checkbox"/> Motion	<input type="checkbox"/> Minute Order	<input checked="" type="checkbox"/> Resolution
<input type="checkbox"/> REPORT:	<input type="checkbox"/> Verbal	<input type="checkbox"/> Presentation
		<input checked="" type="checkbox"/> Staff
		M. Gallardo
		<input type="checkbox"/> Board Member

**Recommendation:**

The Organizational Services Manager recommends the Board of Directors adopt, by Resolution, the District Pay Schedule in accordance with California Code of Regulations (CCR), Title 2, Section 570.5, Requirement for a Publicly Available Pay Schedule and rescind Resolution No. 45-13.

**Summary:**

Per Resolution No. 45-13, the Board of Directors adopted the publicly available pay schedule in accordance with California Code of Regulations (CCR), Title 2, Section 570.5, Requirement for a Publicly Available Pay Schedule.

With the Board's approval of the Resolution and Personal Services Agreement for the Interim Engineering Services Manager on November 19, 2013, the pay schedule has been updated with the corresponding base salary and effective date for this interim assignment as required by CCR, Title 2, Section 570.5.

The regulation specifies that compensation earnable is defined in statute and further clarified by CCR, Title 2, Section 570.5, and that salaries shall be "duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws." Therefore, only those pay amounts that meet the definition of compensation earnable can be used when calculating retirement benefits. This regulation applies to all employers reporting compensation to CalPERS.

This pay schedule shall reflect salaries currently in place and previously agreed to by the District in accordance with the various Memoranda of Understanding and Personal Services Agreements.

Committee Review			Legal Review	Staff Review		
COMMITTEE ---	DATE ---	RECOMMENDATION ---	Yes	ORIGINATOR M. Gallardo	DEPARTMENT Organizational Services	REVIEWED BY
<b>ATTACHMENTS</b> <input type="checkbox"/> None						
<input checked="" type="checkbox"/> Resolution		<input type="checkbox"/> Minute Order	<input type="checkbox"/> Task Order	<input type="checkbox"/> Staff Report	<input type="checkbox"/> Ordinance	
<input checked="" type="checkbox"/> Cost \$0						
<input type="checkbox"/> Funding Source A. B.		Attachments to S&R 1.				

RESOLUTION NO. \_\_\_\_\_

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT  
ADOPTING A PAY SCHEDULE IN ACCORDANCE WITH CALIFORNIA CODE OF REGULATIONS,  
TITLE 2, SECTION 570.5, AND RESCINDING RESOLUTION NO. 45-13

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WHEREAS, the California Code of Regulations, Title 2, Section 570.5 requires the District's Board of Directors approve and adopt all pay schedules; and

WHEREAS, the Regulations require that the pay schedule be made public without reference to another document in disclosure of the pay rate; and

WHEREAS, by Resolution No. 45-13, the Board-adopted pay schedule was approved on October 15, 2013; and

WHEREAS, the pay schedule now requires an update to reflect the recently approved base salary for the Interim Engineering Services Manager.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT, a public agency in the counties of Alameda and Contra Costa, California, as follows:

- (1) That the attached revised pay schedule titled DSRSD Pay Schedule, set forth in Exhibit "A" attached hereto and incorporated herein by reference is approved and adopted, and Resolution No. 45-13 is hereby rescinded and attached as Exhibit "B."
- (2) That the pay schedule approved and adopted by this resolution shall be periodically updated by the Board of Directors, in accordance with the California Code of Regulations requirements.

ADOPTED by the Board of Directors of Dublin San Ramon Services District, a public agency in the State of California, counties of Alameda and Contra Costa, at its regular meeting held on the 19th day of November 2013, and passed by the following vote:

AYES:

NOES:

ABSENT:

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Dawn L. Benson, President

ATTEST:

Nancy G. Hatfield, District Secretary

H:\Board\11-19-13\Adopt Pay Schedule\Res Adopt Pay Schedule.docx

# DSRSD Pay Schedule

Pursuant to CCR Title 2 570.5

EXHIBIT "A"

In accordance with Board-approved resolutions and the District's established payroll procedures (26 pay periods per year, 14 days per pay period).

Time base for each pay rate: Full time employee (1.0 FTE), 40 hours per work week.

Job Classification	Job Code	Effective	Resolution#	MONTHLY SALARY					HOURLY PAY RATE				
				STEP A	STEP B	STEP C	STEP D	STEP E	STEP A	STEP B	STEP C	STEP D	STEP E
ACCOUNT CLERK I	CACCK1	12/24/12	73-11	4,337	4,554	4,781	5,021	5,271	25.0212	26.2731	27.5827	28.9673	30.4096
ACCOUNT CLERK II	CACCK2	12/24/12	73-11	4,770	5,009	5,260	5,523	5,800	27.5192	28.8981	30.3462	31.8635	33.4615
ACCOUNTANT I	PACCT1	12/24/12	74-11	6,644	6,976	7,325	7,691	8,076	38.3308	40.2462	42.2596	44.3712	46.5923
ACCOUNTING TECHNICIAN I	CACTC1	12/24/12	73-11	5,290	5,555	5,833	6,125	6,430	30.5192	32.0481	33.6519	35.3365	37.0962
ACCOUNTING TECHNICIAN II	CACTC2	12/24/12	73-11	5,818	6,109	6,415	6,737	7,073	33.5654	35.2442	37.0096	38.8673	40.8058
ADMINISTRATIVE ANALYST I	PADAN1	12/24/12	74-11	7,274	7,637	8,020	8,421	8,842	41.9654	44.0596	46.2692	48.5827	51.0115
ADMINISTRATIVE ASSISTANT I	CADAS1	12/24/12	73-11	4,386	4,604	4,836	5,078	5,330	25.3038	26.5615	27.9000	29.2962	30.7500
ADMINISTRATIVE ASSISTANT I - CONFIDENTIAL	HADAS1	12/24/12	76-11	5,038	5,289	5,554	5,831	6,121	29.0654	30.5135	32.0423	33.6404	35.3135
ADMINISTRATIVE ASSISTANT II	CADAS2	12/24/12	73-11	4,825	5,068	5,320	5,586	5,865	27.8365	29.2385	30.6923	32.2269	33.8365
ADMINISTRATIVE ASSISTANT II - CONFIDENTIAL	HADAS2	12/24/12	76-11	5,538	5,815	6,106	6,412	6,733	31.9500	33.5481	35.2269	36.9923	38.8442
ADMINISTRATIVE TECHNICIAN	CADMTC	12/24/12	73-11	5,668	5,953	6,250	6,563	6,891	32.7000	34.3442	36.0577	37.8635	39.7558
ADMINISTRATIVE TECHNICIAN - CONFIDENTIAL	HADMTC	12/24/12	76-11	5,903	6,199	6,506	6,833	7,176	34.0558	35.7635	37.5346	39.4212	41.4000
CO-GENERATION SPECIALIST	CCOGSP	12/24/12	73-11	7,609	7,992	8,390	8,811	9,250	43.8981	46.1077	48.4038	50.8327	53.3654
COMMUNITY AFFAIRS SPECIALIST I	PCAFS1	12/24/12	74-11	6,972	7,320	7,687	8,071	8,475	40.2231	42.2308	44.3481	46.5635	48.8942
CONSTRUCTION INSPECTOR I	CCOIN1	12/24/12	73-11	6,513	6,837	7,180	7,539	7,915	37.5750	39.4442	41.4231	43.4942	45.6635
CONSTRUCTION INSPECTOR II	CCOIN2	12/24/12	73-11	7,162	7,520	7,899	8,292	8,705	41.3192	43.3846	45.5712	47.8385	50.2212
CUSTOMER FIELD REPRESENTATIVE I	CCFDR1	12/24/12	73-11	4,933	5,181	5,440	5,712	5,996	28.4596	29.8904	31.3846	32.9538	34.5923
CUSTOMER FIELD REPRESENTATIVE II	CCFDR2	12/24/12	73-11	5,425	5,697	5,984	6,283	6,596	31.2981	32.8673	34.5231	36.2481	38.0538
CUSTOMER SERVICES REPRESENTATIVE I	CCSRP1	12/24/12	73-11	4,309	4,525	4,751	4,989	5,238	24.8596	26.1058	27.4096	28.7827	30.2192
CUSTOMER SERVICES REPRESENTATIVE II	CCSRP2	12/24/12	73-11	4,741	4,979	5,225	5,485	5,761	27.3519	28.7250	30.1442	31.6442	33.2365
CUSTOMER SERVICES REPRESENTATIVE III	CCSRP3	12/24/12	73-11	5,969	6,268	6,582	6,912	7,256	34.4365	36.1615	37.9731	39.8769	41.8615
ELECTRICIAN	CELECT	12/24/12	73-11	7,000	7,350	7,718	8,103	8,509	40.3846	42.4038	44.5269	46.7481	49.0904
ENGINEERING TECHNICIAN / GIS SPECIALIST I	CENTC1	12/24/12	73-11	5,962	6,261	6,574	6,903	7,247	34.3962	36.1212	37.9269	39.8250	41.8096
ENGINEERING TECHNICIAN / GIS SPECIALIST II	CENTC2	12/24/12	73-11	6,559	6,886	7,231	7,592	7,971	37.8404	39.7269	41.7173	43.8000	45.9865
ENVIRONMENTAL CHEMIST I	PENCH1	12/24/12	74-11	6,848	7,190	7,549	7,928	8,324	39.5077	41.4808	43.5519	45.7385	48.0231
ENVIRONMENTAL COMPLIANCE INSPECTOR I - CLEAN WATER	CECIC1	12/24/12	73-11	6,301	6,614	6,946	7,295	7,659	36.3519	38.1577	40.0731	42.0865	44.1865
ENVIRONMENTAL COMPLIANCE INSPECTOR I - PRE-TREATMENT	CECIP1	12/24/12	73-11	6,301	6,614	6,946	7,295	7,659	36.3519	38.1577	40.0731	42.0865	44.1865
ENVIRONMENTAL COMPLIANCE INSPECTOR II - CLEAN WATER	CECIC2	12/24/12	73-11	6,933	7,278	7,642	8,024	8,424	39.9981	41.9885	44.0885	46.2923	48.6000
ENVIRONMENTAL COMPLIANCE INSPECTOR II - PRE-TREATMENT	CECIP2	12/24/12	73-11	6,933	7,278	7,642	8,024	8,424	39.9981	41.9885	44.0885	46.2923	48.6000
FLEET MECHANIC	CFMECH	12/24/12	73-11	6,236	6,548	6,876	7,219	7,580	35.9769	37.7769	39.6692	41.6481	43.7308
GIS ANALYST I	PGISA1	12/24/12	74-11	7,680	8,064	8,469	8,892	9,335	44.3077	46.5231	48.8596	51.3000	53.8558
HUMAN RESOURCES ANALYST I	HHRAN1	12/24/12	76-11	7,334	7,701	8,086	8,490	8,914	42.3115	44.4288	46.6500	48.9808	51.4269
HUMAN RESOURCES TECHNICIAN	HHRTC	12/24/12	76-11	5,903	6,199	6,506	6,833	7,176	34.0558	35.7635	37.5346	39.4212	41.4000
INFORMATION SYSTEMS TECHNICIAN I	CISTC1	12/24/12	73-11	5,684	5,967	6,266	6,579	6,909	32.7923	34.4250	36.1500	37.9558	39.8596
INFORMATION SYSTEMS TECHNICIAN II	CISTC2	12/24/12	73-11	6,250	6,563	6,891	7,237	7,599	36.0577	37.8635	39.7558	41.7519	43.8404
INFORMATION TECHNOLOGY ANALYST I	PITAN1	12/24/12	74-11	7,840	8,231	8,642	9,075	9,529	45.2308	47.4865	49.8577	52.3558	54.9750
INSTRUMENTATION TECHNICIAN	CINSTC	12/24/12	73-11	7,155	7,514	7,888	8,284	8,698	41.2788	43.3500	45.5077	47.7923	50.1808
JUNIOR ENGINEER	PJRENG	12/24/12	74-11	7,282	7,646	8,028	8,429	8,851	42.0115	44.1115	46.3154	48.6288	51.0635
JUNIOR PLANNER	PJRPLN	12/24/12	74-11	6,858	7,200	7,560	7,938	8,335	39.5654	41.5385	43.6154	45.7962	48.0865
LABORATORY TECHNICIAN	CLABTC	12/24/12	73-11	5,991	6,291	6,605	6,936	7,282	34.5635	36.2942	38.1058	40.0154	42.0115
MAINTENANCE WORKER I	CMTWK1	12/24/12	73-11	5,073	5,325	5,592	5,871	6,165	29.2673	30.7212	32.2615	33.8712	35.5673
MAINTENANCE WORKER II	CMTWK2	12/24/12	73-11	5,578	5,859	6,151	6,459	6,780	32.1808	33.8019	35.4865	37.2635	39.1154
MECHANIC I	CMECH1	12/24/12	73-11	5,852	6,144	6,452	6,773	7,113	33.7615	35.4462	37.2231	39.0750	41.0365
MECHANIC II	CMECH2	12/24/12	73-11	6,435	6,757	7,095	7,451	7,823	37.1250	38.9827	40.9327	42.9865	45.1327
MECHANIC II - CRANE CERTIFIED													

# DSRSD Pay Schedule

Pursuant to CCR Title 2 570.5

EXHIBIT "A"

Job Classification	Job Code	Effective	Resolution#	MONTHLY SALARY					HOURLY PAY RATE				
				STEP A	STEP B	STEP C	STEP D	STEP E	STEP A	STEP B	STEP C	STEP D	STEP E
OPERATOR IN TRAINING	CWTPOT	12/24/12	73-11	4,989	5,238	5,500	5,775	6,063	28.7827	30.2192	31.7308	33.3173	34.9788
PROCESS LEAD WWTP OPERATOR IV	CWTPO4	12/24/12	73-11	7,289	7,654	8,035	8,437	8,859	42.0519	44.1577	46.3558	48.6750	51.1096
PROCESS LEAD WWTP OPERATOR V	CWTPO5	12/24/12	73-11	7,654	8,035	8,437	8,859	9,302	44.1577	46.3558	48.6750	51.1096	53.6654
SAFETY TECHNICIAN	CSAFTE	12/24/12	73-11	5,991	6,291	6,605	6,936	7,282	34.5635	36.2942	38.1058	40.0154	42.0115
SENIOR ACCOUNTING TECHNICIAN	CSACTC	12/24/12	73-11	6,402	6,722	7,057	7,410	7,780	36.9346	38.7808	40.7135	42.7500	44.8846
SENIOR ELECTRICAL/ELECTR TECHNICIAN	CSEETC	12/24/12	73-11	7,873	8,267	8,679	9,112	9,567	45.4212	47.6942	50.0712	52.5692	55.1942
SENIOR ELECTRICIAN	CSRELECT	12/24/12	73-11	7,701	8,086	8,489	8,914	9,360	44.4288	46.6500	48.9750	51.4269	54.0000
SENIOR ENG TECH / GIS SPECIALIST	CSENTC	12/24/12	73-11	7,213	7,575	7,952	8,352	8,768	41.6135	43.7019	45.8769	48.1846	50.5846
SENIOR ENVIR COMPL INSPECTOR	CSRECI	12/24/12	73-11	7,626	8,006	8,407	8,825	9,268	43.9962	46.1885	48.5019	50.9135	53.4692
SENIOR INSTRUMENTATION/CONTROLS TECHNICIAN	CSRICTECH	12/24/12	73-11	8,400	8,821	9,262	9,725	10,212	48.4615	50.8904	53.4346	56.1058	58.9154
SENIOR MECHANIC	CSRMEC	12/24/12	73-11	7,081	7,433	7,807	8,196	8,604	40.8519	42.8827	45.0404	47.2846	49.6385
SENIOR MECHANIC - CRANE CERTIFIED	CSRMC	12/24/12	73-11	7,256	7,619	8,000	8,400	8,820	41.8615	43.9558	46.1538	48.4615	50.8846
SENIOR WWTP OPERATOR III	CSWTP0	12/24/12	73-11	6,941	7,289	7,654	8,035	8,437	40.0442	42.0519	44.1577	46.3558	48.6750
WATER/WW SYSTEMS OPERATOR I	CWWSO1	12/24/12	73-11	4,989	5,238	5,500	5,775	6,063	28.7827	30.2192	31.7308	33.3173	34.9788
WATER/WW SYSTEMS OPERATOR II	CWWSO2	12/24/12	73-11	5,738	6,023	6,324	6,641	6,973	33.1038	34.7481	36.4846	38.3135	40.2288
WATER/WW SYSTEMS OPERATOR III	CWWSO3	12/24/12	73-11	6,311	6,627	6,957	7,305	7,670	36.4096	38.2327	40.1365	42.1442	44.2500
WATER/WW SYSTEMS OPERATOR IV	CWWSO4	12/24/12	73-11	6,941	7,289	7,654	8,035	8,437	40.0442	42.0519	44.1577	46.3558	48.6750
WATER/WW SYSTEMS OPERATOR IV - ON CALL	CWW4OC	12/24/12	73-11	7,115	7,470	7,845	8,237	8,648	41.0481	43.0962	45.2596	47.5212	49.8923
WATER/WW SYSTEMS OPERATOR V	CWWSO5	12/24/12	73-11	7,470	7,845	8,237	8,648	9,079	43.0962	45.2596	47.5212	49.8923	52.3788
WATER/WW SYSTEMS OPERATOR VI	CWWSO6	12/24/12	73-11	7,845	8,237	8,648	9,079	9,533	45.2596	47.5212	49.8923	52.3788	54.9981
WWTP OPERATOR I	CWTPO1	12/24/12	73-11	5,738	6,023	6,324	6,641	6,973	33.1038	34.7481	36.4846	38.3135	40.2288
WWTP OPERATOR II	CWTPO2	12/24/12	73-11	6,311	6,627	6,957	7,305	7,670	36.4096	38.2327	40.1365	42.1442	44.2500
MONTHLY SALARY													
BI-WEEKLY PAY RATE													
Job Classification	Job Code	Effective	Resolution#	STEP A	STEP B	STEP C	STEP D	STEP E	STEP A	STEP B	STEP C	STEP D	STEP E
ACCOUNTANT II	PACCT2	12/24/12	74-11	7,252	7,615	7,996	8,395	8,815	3,347.08	3,514.62	3,690.46	3,874.62	4,068.46
ADMINISTRATIVE ANALYST II	PADAN2	12/24/12	74-11	7,946	8,343	8,761	9,199	9,659	3,667.38	3,850.62	4,043.54	4,245.69	4,458.00
ASSISTANT ENGINEER	PASENG	12/24/12	74-11	7,956	8,353	8,770	9,208	9,669	3,672.00	3,855.23	4,047.69	4,249.85	4,462.62
ASSISTANT PLANNER	PASPLN	12/24/12	74-11	7,488	7,862	8,256	8,668	9,102	3,456.00	3,628.62	3,810.46	4,000.62	4,200.92
ASSOCIATE CIVIL ENGINEER - SME	PAESME	12/24/12	74-11	9,064	9,517	9,992	10,492	11,017	4,183.38	4,392.46	4,611.69	4,842.46	5,084.77
ASSOCIATE ENGINEER-SUPERVISOR	MASENG	12/24/12	75-11	9,655	10,137	10,644	11,177	11,737	4,456.15	4,678.62	4,912.62	5,158.62	5,417.08
ASSOCIATE PLANNER	PASOPL	12/24/12	74-11	8,183	8,592	9,021	9,472	9,946	3,776.77	3,965.54	4,163.54	4,371.69	4,590.46
BUYER	PBUYER	12/24/12	74-11	6,837	7,179	7,538	7,914	8,310	3,155.54	3,313.38	3,479.08	3,652.62	3,835.38
CLEAN WATER PROGRAMS SPECIALIST	PCWPSP	12/24/12	74-11	8,170	8,578	9,006	9,456	9,928	3,770.77	3,959.08	4,156.62	4,364.31	4,582.15
COMMUNITY AFFAIRS SPECIALIST II	PCAFS2	12/24/12	74-11	7,614	7,995	8,394	8,814	9,255	3,514.15	3,690.00	3,874.15	4,068.00	4,271.54
COMMUNITY AFFAIRS SUPERVISOR	MCASUP	12/24/12	75-11	9,692	10,176	10,686	11,221	11,782	4,473.23	4,696.62	4,932.00	5,178.92	5,437.85
CUSTOMER SERVICES SUPERVISOR	MCSSUP	12/24/12	75-11	8,723	9,158	9,616	10,098	10,603	4,026.00	4,226.77	4,438.15	4,660.62	4,893.69
ELECTRICAL AND INSTRUMENTATION SUPERVISOR	MEISUP	12/24/12	75-11	8,626	9,057	9,510	9,986	10,487	3,981.23	4,180.15	4,389.23	4,608.92	4,840.15
EMPLOYEE DEVELOPMENT SPECIALIST	PEEDSP	12/24/12	74-11	8,019	8,419	8,840	9,282	9,746	3,701.08	3,885.69	4,080.00	4,284.00	4,498.15
ENGINEERING SERVICES MANAGER (Interim)	pending	11/19/13	pending										
ENVIRONMENTAL CHEMIST II				7,477	7,850	8,243	8,655	9,088	3,450.92	3,623.08	3,804.46	3,994.62	4,194.46
ENVIRONMENTAL SERVICES ADMINISTRATOR	MESADM	12/24/12	75-11	11,568	12,146	12,754	13,390	14,060	5,339.08	5,605.85	5,886.46	6,180.00	6,489.23
EXECUTIVE SERVICES SUPERVISOR	MESSUP	12/24/12	75-11	10,341	10,858	11,400	11,969	12,569	4,772.77	5,011.38	5,261.54	5,524.15	5,801.08
FIELD OPERATIONS SUPERVISOR	MFOSUP	12/24/12	75-11	9,408	9,876	10,372	10,889	11,433	4,342.15	4,558.15	4,787.08	5,025.69	5,276.77
FINANCIAL ANALYST	PFINAN	12/24/12	74-11	8,224	8,636	9,068	9,521	9,996	3,795.69	3,985.85	4,185.23		

# DSRSD Pay Schedule

Pursuant to CCR Title 2 570.5

EXHIBIT "A"

Job Classification	Job Code	Effective	Resolution#	MONTHLY SALARY					BI-WEEKLY PAY RATE				
				STEP A	STEP B	STEP C	STEP D	STEP E	STEP A	STEP B	STEP C	STEP D	STEP E
HUMAN RESOURCES ANALYST II	HHRAN2	12/24/12	76-11	8,013	8,414	8,835	9,275	9,740	3,698.31	3,883.38	4,077.69	4,280.77	4,495.38
HUMAN RESOURCES SUPERVISOR	MHRSUP	12/24/12	75-11	10,182	10,689	11,223	11,785	12,373	4,699.38	4,933.38	5,179.85	5,439.23	5,710.62
INFORMATION SERVICES SUPERVISOR	MISSUP	12/24/12	75-11	11,259	11,821	12,413	13,034	13,686	5,196.46	5,455.85	5,729.08	6,015.69	6,316.62
INFORMATION TECHNOLOGY ANALYST II	PITAN2	12/24/12	74-11	8,568	8,996	9,446	9,919	10,414	3,954.46	4,152.00	4,359.69	4,578.00	4,806.46
LABORATORY SUPERVISOR	MLBSUP	12/24/12	75-11	9,492	9,965	10,465	10,986	11,537	4,380.92	4,599.23	4,830.00	5,070.46	5,324.77
MECHANICAL SUPERVISOR	MMESUP	12/24/12	75-11	8,440	8,862	9,304	9,771	10,258	3,895.38	4,090.15	4,294.15	4,509.69	4,734.46
OPERATIONS MANAGER	OM	12/24/12	79-11										7,501.38
ORGANIZATIONAL SERVICES MANAGER ( <i>Interim</i> )	HRMPIO	07/09/13	33-13										6,171.23
PRINCIPAL ENGINEER - SME	PPESME	12/24/12	74-11	10,851	11,393	11,963	12,561	13,189	5,008.15	5,258.31	5,521.38	5,797.38	6,087.23
PRINCIPAL ENGINEER-SUPERVISOR	MPRENG	12/24/12	75-11	11,685	12,268	12,881	13,526	14,202	5,393.08	5,662.15	5,945.08	6,242.77	6,554.77
SAFETY OFFICER	PSAFOF	12/24/12	74-11	8,443	8,865	9,308	9,774	10,262	3,896.77	4,091.54	4,296.00	4,511.08	4,736.31
SENIOR CIVIL ENGINEER - SME	PSESME	12/24/12	74-11	9,914	10,409	10,929	11,477	12,051	4,575.69	4,804.15	5,044.15	5,297.08	5,562.00
SENIOR CIVIL ENGINEER-SUPERVISOR	MSCESU	12/24/12	75-11	10,621	11,153	11,710	12,296	12,909	4,902.00	5,147.54	5,404.62	5,675.08	5,958.00
SENIOR ELECTRICAL ENG - SUPERVISOR	MSREES	12/24/12	75-11	10,621	11,153	11,710	12,296	12,909	4,902.00	5,147.54	5,404.62	5,675.08	5,958.00
SENIOR ENVIRONMENTAL CHEMIST	PSRECH	12/24/12	74-11	8,170	8,578	9,006	9,456	9,928	3,770.77	3,959.08	4,156.62	4,364.31	4,582.15
SENIOR MECHANICAL ENG - SUPERVISOR	MSRMES	12/24/12	75-11	10,621	11,153	11,710	12,296	12,909	4,902.00	5,147.54	5,404.62	5,675.08	5,958.00
SENIOR PLANNER	PSRPLN	12/24/12	74-11	8,944	9,392	9,862	10,354	10,872	4,128.00	4,334.77	4,551.69	4,778.77	5,017.85
WWTP OPERATIONS SUPERVISOR	MWTPPOS	12/24/12	75-11	11,568	12,146	12,754	13,390	14,060	5,339.08	5,605.85	5,886.46	6,180.00	6,489.23

RESOLUTION NO. 45-13

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT  
ADOPTING A PAY SCHEDULE IN ACCORDANCE WITH CALIFORNIA CODE OF REGULATIONS, TITLE  
2, SECTION 570.5, AND RESCINDING RESOLUTION NO. 39-13

WHEREAS, the California Code of Regulations, Title 2, Section 570.5 requires the District's Board of Directors approve and adopt all pay schedules; and

WHEREAS, the Regulations require that the pay schedule be made public without reference to another document in disclosure of the pay rate.

WHEREAS, by Resolution No. 39-13, the Board-adopted pay schedule was approved on September 3, 2013; and

WHEREAS, the pay schedule now requires an update to reflect the recently approved base salary for the Interim Financial Services Manager.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT, a public agency in the counties of Alameda and Contra Costa, California, as follows:

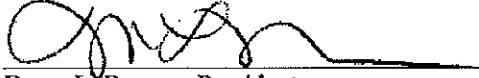
- (1) That the attached revised pay schedule titled DSRSD Pay Schedule, set forth in Exhibit "A" attached hereto and incorporated herein by reference is approved and adopted, and Resolution No. 39-13 is hereby rescinded and attached as Exhibit "B,"
- (2) That the pay schedule approved and adopted by this resolution shall be periodically updated by the Board of Directors, in accordance with the California Code of Regulations requirements.

ADOPTED by the Board of Directors of Dublin San Ramon Services District, a public agency in the State of California, counties of Alameda and Contra Costa, at its regular meeting held on the 15th day of October 2013, and passed by the following vote:

AYES: 5 - Directors D.L. (Pat) Howard, Georgean M. Vonheeder-Leopold, Edward R. Duarte, Richard M. Halket, Dawn L. Benson

NOES: 0

ABSENT: 0



Dawn L. Benson, President

ATTEST:   
Nancy G. Hatfield, District Secretary

**Dublin San Ramon Services District  
Summary & Recommendation**

Reference  General Manager	Type of Action  Accept Report	Board Meeting of  November 19, 2013				
Subject  Upcoming Board Calendar						
<input checked="" type="checkbox"/> Motion	<input type="checkbox"/> Minute Order	<input type="checkbox"/> Resolution				
REPORT:	<input type="checkbox"/> Verbal	<input type="checkbox"/> Presentation	<input checked="" type="checkbox"/> Staff	B. Michalczyk	<input type="checkbox"/> Other	<input type="checkbox"/> Board Member

**Recommendation:**

The General Manager recommends that the Board of Directors accept, by Motion, the attached upcoming Board calendar.

**Summary:**

The attached Board calendar presents items anticipated by staff to be presented to the Board at the next two Board meetings. This report represents the most current information available to staff as of the preparation of this agenda. Items that are listed may be deferred or eliminated for various reasons including but not limited to staff work not being fully complete, the need for further management, Committee and/or legal review, needed material or information not being received by the District in a timely fashion, etc. Furthermore, matters not listed may be placed on the Board agenda.

This report should be used only as a general guide of what business the District Board will be considering in the near future. The District Secretary should be contacted to confirm the contents of specific agendas. Agendas will be finalized in accordance with the requirements of the Brown Act (generally 72 hours for regular meetings and 24 hours for special meetings).

Committee Review			Legal Review	Staff Review		
COMMITTEE ---	DATE ---	RECOMMENDATION ---	Not Required	ORIGINATOR BLM	DEPARTMENT Executive	REVIEWED BY
<b>ATTACHMENTS</b> <input type="checkbox"/> <i>None</i>						
<input type="checkbox"/> Resolution	<input type="checkbox"/> Minute Order	<input type="checkbox"/> Task Order	<input type="checkbox"/> Staff Report	<input type="checkbox"/> Ordinance		
<input checked="" type="checkbox"/> Cost \$0	<input type="checkbox"/> Funding Source A. B.		Attachments to S&R 1. Upcoming Board Calendar 2. 3.			

# TENTATIVE BOARD ITEMS

11/13/2013 11:21:47 AM

Board Mtg	Agenda Item	Water	WWC	Finance	Personnel	Ext. Aff.
12/3/2013	Modify City of Dublin Unused Sewer Capacity Program					
	Approve Power Sharing Agreement with AT&T for R300					
	Approve Lease Agreement with AT&T for Cell Tower at Reservoir 1A					
	Annual Board Reorganization (Select President/Vice President)					
12/17/2013	Standing Committees of the Board-Calendar Year 2014					
	Approve Director Reimbursements for Certain Meetings for 2014					
	Notification of Ethics Training Requirement for Directors and Senior Staff					
	Approval of Director Attendance at 2014 Meetings and Conferences					
	Approve Increasing the FYE 2014 Capital Outlay Budget for a Replacement Aeration Blower Control Panel			12/11/2013		
	Discuss Policy - Board Correspondence					11/6/2013
	Discuss Policy - Guidelines for Conducting District Business					11/6/2013

**Dublin San Ramon Services District  
Summary & Recommendation**

Reference Engineering Services Manager	Type of Action Second Reading/Adopt Ordinance	Board Meeting of November 19, 2013
<b>Subject</b>		
Second Reading: Adopt Ordinance Incorporating Provisions for Eliminating Expiration of and Vesting of Capacity Rights and Establishing Time of Payment of Water and Wastewater Capacity Reserve Fees into District Code Chapters 3.10, 3.20, 3.50, 3.60, and 3.70		
<input type="checkbox"/> Motion	<input type="checkbox"/> Minute Order	<input type="checkbox"/> Resolution
<input checked="" type="checkbox"/> Ordinance	<input type="checkbox"/> Informational	<input type="checkbox"/> Other
REPORT:	<input type="checkbox"/> Verbal	<input type="checkbox"/> Presentation
	<input checked="" type="checkbox"/> Staff	R. Biagtan
		<input type="checkbox"/> Board Member

**Recommendation:**

The Engineering Services Manager recommends the Board of Directors waive, by Motion, the second reading of an Ordinance incorporating provisions for eliminating expiration of and vesting of water and wastewater capacity rights into the District Code and making water and wastewater capacity reserve fees generally due and payable at time of building permit issuance where applicable, and adopt the Ordinance.

**Summary:**

The first reading of this Ordinance was conducted at the November 5, 2013 Board meeting. To mitigate adverse impact to the economic recovery in our service area and ensure that the District collects the appropriate fee associated with capacity rights, the Board adopted Resolution No. 41-13 on October 1, 2013. As part of that resolution, staff was directed to develop and propose revisions to the District Code to make water and wastewater capacity reserve fees generally due and payable at time of building permit issuance where applicable. This is the second step to address issues pertaining to expiring capacity rights.

Current District Code Section 3.60.020.A. states that certificates of capacity rights and associated capacity rights expire three years after their issuance unless a connection has been made or a building permit is obtained. District Code Section 3.70.050 states that capacity reserve fees paid for the capacity rights are forfeited in their entirety upon expiration of the certificate of capacity rights. The intent of these sections was to avoid the ability of any one group of builders to hoard capacity rights thereby limiting others' ability to build, particularly in cases when capacities are limited. It also allowed the District to collect the appropriate fee associated with the capacity rights at or near the time of connection to District facilities. Based on existing language in the District Code, once the capacity rights expire, the fees are forfeit. Should the builder wish to move forward with their projects, staff would need to collect full capacity reserve fees at fees in effect at time of connection. At today's fees, the total fees to be collected would exceed \$10 million.

Included as Attachment 1 is the original language of pertinent sections of the District Code with markups of the proposed revisions shown. The proposed revisions eliminate the expiration of capacity rights and the payment of water and wastewater capacity reserve fees at the time a District construction permit is issued. Instead, the fee will be payable at the time of building permit issuance or meter set if a building permit is not required. However, if the capacity is not utilized within three years of purchase (i.e. if the building permit lapses), a capacity reserve fee payment in the amount of the difference in capacity reserve fees at the original time of payment and at the time of connection or building permit issuance will be due. This approach will make for smaller but more frequent fee payments. Overall, while cash flow will be spread out, total revenue will be increased.

The proposed revisions also allow the Board to set priorities for allocating capacity rights and vesting of capacity rights, which is particularly important when capacity rights are limited. If the Board does not set criteria, capacity rights would be vested on a first-come/first-serve basis, allowing builders who are ready to proceed with their projects to move forward.

Active development project applicants have been notified of these proposed revisions to the District Code.

Committee Review		Legal Review	Staff Review	
COMMITTEE Finance	DATE 9/23/13	RECOMMENDATION Approve	Yes	ORIGINATOR R. Biagtan
<b>ATTACHMENTS</b> <input type="checkbox"/> None				
<input type="checkbox"/> Resolution	<input type="checkbox"/> Minute Order	<input type="checkbox"/> Task Order	<input type="checkbox"/> Staff Report	<input checked="" type="checkbox"/> Ordinance
<input checked="" type="checkbox"/> Cost \$0	<input type="checkbox"/> Funding Source A. B.		Attachments to S&R 1. Original Code language with proposed revision markups 2. 3.	

**ORDINANCE NO. \_\_\_\_**

**ORDINANCE OF DUBLIN SAN RAMON SERVICES DISTRICT MODIFYING  
SECTIONS 3.10.010, 3.20.030, 3.50.020, 3.60.010, 3.60.020, 3.60.030, 3.60.090,  
3.70.010, 3.70.050 and 3.70.080 OF ITS DISTRICT ORDINANCE CODE TO  
ELIMINATE EXPIRATION, AND TO PROVIDE FOR VESTING, OF WATER  
AND WASTEWATER CAPACITY RIGHTS**

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WHEREAS, the District Ordinance Code was recodified on November 2, 2010 in its entirety; and

WHEREAS, Section 3.20.030 of the District Ordinance Code provides that water and wastewater capacity are available prior to connection and priority for capacity allocation shall be made at the discretion of the Board; and

WHEREAS, Chapters 3.60 and 3.70 of the District Ordinance Code, respectively, include provisions for allocating water and wastewater service capacity and payment of capacity reserve fees for such capacity; and

WHEREAS, Section 3.60.020 of the District Ordinance Code currently provides that the water and wastewater capacity right shall expire, and Section 3.70.050 of the Code provides the fees paid therefore shall be forfeited, if no connection is made or building permit issued within three years of purchase; and

WHEREAS, one of the primary purposes of Sections 3.60.020 and 3.70.050 of the District Ordinance Code is to protect the District from the speculative purchase and/or hoarding of unused water and wastewater capacities by purchasers in times when available capacity is limited; and

WHEREAS, on October 1, 2013 the Board adopted Resolution No. 41-13 to implement a revised Economic Stimulus Water Capacity Rights Extension Program for capacity rights purchased prior to January 1, 2014, and extending the duration of capacity rights currently in existence; and

WHEREAS, Resolution No. 41-13 directs the General Manager to develop and propose revisions to the District Code to make Water and Wastewater Capacity Reserve Fees generally due and payable at time of building permit issuance where applicable; and

WHEREAS, the Board wishes to eliminate the automatic expiration of capacity rights, but maintain the primary purpose of Section 3.60.020 through other means, and to provide for the collection of capacity fees closer to the actual time of connection; and

WHEREAS, pursuant to Sections 25128 and 61060 of the Government Code, three (3) copies of the proposed revised Sections 3.10.010, 3.20.030, 3.50.020, 3.60.010, 3.60.020, 3.60.030, 3.60.090, 3.70.010, 3.70.050 and 3.70.080 of the District Ordinance Code have been on file in the office of the District Secretary since October 28, 2013 and available for use and examination by the public during regular business hours.

NOW, THEREFORE, BE IT ORDAINED by the Board of Directors of Dublin San Ramon Services District as follows:

**SECTION 1.** Section 3.10.010 of the District Ordinance Code, titled “Definitions,” is hereby repealed and replaced by the new Section 3.10.010, titled “Definitions,” in the form in which each appears in Exhibit 1. Notwithstanding the preceding sentence, wherever a provision of the new Section 3.10.010 is substantially the same as the previous version of Section 3.10.010, the provision shall be deemed to be a continuation of the previous version of the provision and not a new enactment.

**SECTION 2.** Section 3.20.030 of the District Ordinance Code, titled “Requirement of capacity—Priorities for capacity allocation,” is hereby repealed and replaced by the new Section 3.20.030, titled “Requirement of capacity—Priorities for capacity allocation,” in the form in which each appears in Exhibit 2. Notwithstanding the preceding sentence, wherever a provision of the new Section 3.20.030 is substantially the same as the previous version of Section 3.20.030, the provision shall be deemed to be a continuation of the previous version of the provision and not a new enactment.

**SECTION 3.** Section 3.50.020 of the District Ordinance Code, titled “Issuance of construction permit,” is hereby repealed and replaced by the new Section 3.50.020, titled “Issuance of construction permit,” in the form in which each appears in Exhibit 3. Notwithstanding the preceding sentence, wherever a provision of the new Section 3.50.020 is substantially the same as the previous version of Section 3.50.020, the provision shall be deemed to be a continuation of the previous version of the provision and not a new enactment.

**SECTION 4.** Section 3.60.010 of the District Ordinance Code, titled “Capacity rights allocation – Issuance of certificate of capacity rights,” is hereby repealed and replaced by the new Section 3.60.010, titled “Capacity rights allocation – Issuance of certificate of capacity rights,” in the form in which each appears in Exhibit 4. Notwithstanding the preceding sentence, wherever a provision of the new Section 3.60.010 is substantially the same as the previous version of Section 3.60.010, the provision shall be deemed to be a continuation of the previous version of the provision and not a new enactment.

**SECTION 5.** Section 3.60.020 of the District Ordinance Code, titled “Expiration of certificate of capacity rights,” is hereby repealed and replaced by the new Section 3.60.020, titled “Vesting of certificate of capacity rights,” in the form in which each appears in Exhibit 5. Notwithstanding the preceding sentence, wherever a provision of the new Section 3.60.020 is substantially the same as the previous version of Section 3.60.020, the provision shall be deemed to be a continuation of the previous version of the provision and not a new enactment.

**SECTION 6.** Section 3.60.030 of the District Ordinance Code, titled “Reserved,” is hereby repealed and replaced by the new Section 3.60.030, titled “Limitations on vesting of certificate of capacity rights,” in the form in which it appears in Exhibit 6.

**SECTION 7.** Section 3.60.090 of the District Ordinance Code, titled “Priority for certain governmental connections,” is hereby repealed and replaced by the new Section 3.60.090, titled “Priority for certain governmental connections,” in the form in which each appears in Exhibit 7. Notwithstanding the preceding sentence, wherever a provision of the new Section 3.60.090 is substantially the same as the previous version of Section

Ord. No. \_\_\_\_

3.60.090, the provision shall be deemed to be a continuation of the previous version of the provision and not a new enactment.

**SECTION 8.** Section 3.70.010 of the District Ordinance Code, titled “Capacity reserve fee,” is hereby repealed and replaced by the new Section 3.70.010, titled “Capacity reserve fee,” in the form in which each appears in Exhibit 8. Notwithstanding the preceding sentence, wherever a provision of the new Section 3.70.010 is substantially the same as the previous version of Section 3.70.010, the provision shall be deemed to be a continuation of the previous version of the provision and not a new enactment.

**SECTION 9.** Section 3.70.050 of the District Ordinance Code, titled “Partial refund of capacity reserve fees,” is hereby repealed and replaced by the new Section 3.70.050, titled “Partial refund of capacity reserve fees,” in the form in which each appears in Exhibit 9. Notwithstanding the preceding sentence, wherever a provision of the new Section 3.70.050 is substantially the same as the previous version of Section 3.70.050, the provision shall be deemed to be a continuation of the previous version of the provision and not a new enactment.

**SECTION 10.** Section 3.70.080 of the District Ordinance Code, titled “Time of Payment,” is hereby repealed and replaced by the new Section 3.70.080, titled “Time of Payment,” in the form in which each appears in Exhibit 10. Notwithstanding the preceding sentence, wherever a provision of the new Section 3.70.080 is substantially the same as the previous version of Section 3.70.080, the provision shall be deemed to be a continuation of the previous version of the provision and not a new enactment.

**SECTION 11.** The General Manager, or the person or persons to whom such task may from time to time be delegated, is authorized and directed to make further non-substantive administrative changes, as approved by District General Counsel, to the revised Sections 3.10.010, 3.20.030, 3.50.020, 3.60.010, 3.60.020, 3.60.030, 3.60.090, 3.70.010, 3.70.050 and 3.70.080 of District Ordinance Code as set forth in Exhibits 1 through 10 (including revisions in formatting as may be suggested by the publisher) for consistency and ease of reference from the date of adoption until February 28, 2014.

**SECTION 12.** In the event that any section, sub-section, sentence, clause or phrase of this Ordinance, or the amendments to the District Ordinance Code enacted hereby, shall be adjudged or declared unconstitutional, illegal, and/or invalid by a court of competent jurisdiction, all other sections, sub-sections, sentences, clauses, or phrases hereof not so adjudged or declared shall remain in full force and effect.

**SECTION 13.** This Ordinance will be effective January 1, 2014.

Ord. No. \_\_\_\_

ADOPTED by the Board of Directors of Dublin San Ramon Services District at its regular meeting held on the 19th day of November 2013, by the following vote:

AYES:

NOES:

ABSENT:

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Dawn L. Benson, President

ATTEST:

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Nancy G. Hatfield, District Secretary

H:\Board\11-19-13\Code Revision-Capacity Rights 2nd Reading\Ordinance-Revisions to Title 3 R.docx

**EXHIBIT 1. PROPOSED SECTION 3.10.010**

**3.10.010 Definitions.**

In the construction of this title, the general definitions set forth in DSRSDC 1.20.080, Definitions, shall apply except where contrary definitions are set forth in this title or as otherwise stated in DSRSDC 1.20.080, Definitions. The following definitions shall apply to this title, unless such definitions would be inconsistent with the manifest intent of the Board or the context clearly requires otherwise.

**“Approved plans”** means plans approved by the District Engineer.

**“Building permit”** means a permit or other official document, or certificate or permit issued by the City or County having jurisdiction which authorizes the construction of a building or other structure that will receive water or wastewater service from the District. “Building permit” also means a permit or other official document, or certificate or permit issued by the City or County having jurisdiction which authorizes modifications to or within an existing building or structure to facilitate an intensification of use that will require additional water or wastewater service capacity rights from the District in accordance with Section 3.60.050. Any other permit, regardless of what it is called by the City or County issuing it, including a permit issued for the installation of Plumbing, Mechanical, Electrical, Retaining Walls or Site Work is not a Building Permit for purposes of this Title.

**“Final improvement plan”** means plans prepared by a California-registered civil engineer, which consist of (1) a final plan showing the boundaries of the area for which service is requested, (2) a plot plan showing the location and sizes of all potable water, recycled water, and sewer lines to be constructed and the number, size and location of dwelling units or commercial, institutional, or industrial structures to be served by the District in sufficient detail to allow the District Engineer to determine the size and number of water meters and/or the maximum amount of wastewater capacity required by the intended use of the parcel, (3) construction drawings in accordance with the standard procedures, specifications and drawings of the District, and (4) such other information which may be required by the District Engineer.

**“High Strength Dischargers/Users”** means any of the following wastewater categories encompassing high strength institutional, intermediate industrial and commercial uses:

1. Bakery. Primarily engaged in baking of products which may include breads, cakes, pastries, cookies, doughnuts, bagels, biscuits, rolls or other related confections.
2. Car Wash with Steam Cleaning. Primarily engaged in mechanical and hydraulic washing, rinsing, cleaning and drying of mobile equipment including steam cleaning. May be performed by on-site personnel or coin-operated public devices.

3. Fast Food Restaurant. Primarily engaged in cooking and serving of food utilizing disposable serving products (i.e., styrofoam, plastic or paper). May perform limited baking activities relative to foods which are served with the meal and are generally not sold separately.
4. Full Service Restaurant, Cafeteria and Banquet Facilities. Primarily engaged in cooking and serving of meals utilizing flatware, silverware, glasses, dishwashing and limited baking activities for on-site use.
5. Market. Primarily engaged in selling of goods and food products that are not dry goods, where food products are prepared on site.
6. Mortuary. Primarily engaged in handling and storing of the dead until burial.
7. Other uses as determined by the District Engineer.

**"Recycled water use license"** means a license issued by the District to the customer, which outlines monitoring, self-inspection, reporting, and site-specific requirements. This license is required by the California Regional Water Quality Control Board. This license allows the customer to use recycled water in accordance with District standards, codes, ordinances, policies, and guidelines and all applicable regulatory agency requirements.

**"Recycled Water Use Guidelines"** means the Recycled Water Use Guidelines and Requirements prepared, maintained and updated from time to time by the District Engineer to implement the rules and regulations in this code, and other regulatory agencies, including the California Department of Public Health, the San Francisco Bay Regional Water Quality Control Board, and County Environmental Management Department. The Recycled Water Use Guidelines establish requirements and standards for the planning, design, construction, operation, maintenance, and use of public recycled water systems and customer-owned recycled water systems.

**"Regular strength, nonresidential user"** means a user primarily engaged in activities including, but not limited to, gas stations, hotels, private office complexes, schools, retail and wholesale stores, bars, etc. (all excluding dining facilities), and who introduces wastewater that is determined by the District Engineer to consist primarily of sewage into the District's wastewater facilities. Classification includes all users not defined in another classification.

**"Residential user"** means a resident of a single- or multiple-family dwelling receiving District services at his or her place of residence. "Residential unit" means one unit in any of the classes of residences that are generally defined in subsections (1) through (4) of this definition, and the District Engineer shall have discretion to determine which class is applicable to a particular residential user or unit where that user or unit shares some characteristics of more than one class. In the absence of a determination to the contrary, each residential user shall be deemed to be residing in a single-family dwelling unit (or residence).

1. **“Multifamily residence”** (or **“multiple-family residence”**) means a residential unit (other than a second dwelling unit) attached to one or more other residential units, with one or more adjacent common areas irrigated through a separate irrigation water meter. This includes apartments, condominiums, and townhomes as further described in subsections (1)(a) through (1)(c) of this definition. Neither a single-family dwelling nor a second dwelling unit is a multifamily residence.
  - a. **“Apartment”** means a multifamily residence that is owned in common with one or more other apartments, along with the underlying land and one or more adjacent common areas. Apartments are intended to be rented to a tenant or other occupant.
  - b. **“Condominium”** means a multifamily residence that is individually owned, where the underlying land and one or more adjacent common areas are under common ownership.
  - c. **“Townhome”** means a multifamily residence that is individually owned along with the underlying land, but adjacent to common areas under separate or common ownership.
2. **“Second dwelling unit”** means a residential unit, no larger than the maximum size authorized for such use by the local agency with land use authority, with a separate entrance, kitchen, sleeping, and bathroom facilities, which receives water service through the same water meter as, and which is located on the same individual parcel of land with the same numerical street address as the single-family dwelling unit, but which is smaller than (or otherwise subservient to) the single-family dwelling unit, that serves as the principal residence on the parcel of land.
3. **“Single-family dwelling unit (or residence)”** means a residential unit located on its own individual parcel of land (with or without a second dwelling unit) and designed to house one family and which is not attached to another dwelling (other than a second dwelling unit).
  - a. Single-family dwelling unit (or residence) includes each mobile home located on its own individual parcel of land and not in a mobile home park.
  - b. Single-family dwelling unit (or residence) also includes each residential dwelling unit attached to one or more other residential units where each unit is located on its own individual parcel of land, but without an adjacent common area irrigated through a separate irrigation water meter.
4. Notwithstanding the foregoing, each mobile home located in a mobile home park is also defined as a multifamily residence, subject to the District Engineer’s discretion to determine that another class is more appropriate.

**“Significant industrial user”** means a significant industrial user defined in 40 CFR Section 403.3(v) as:

1. Any categorical industrial user; or

2. Any other industrial user that:

- a. Discharges 25,000 gallons or more per day of process wastewater to the District's treatment works (excluding sanitary, noncontact cooling and boiler blow-down water);
- b. Contributes a process waste stream which comprises five percent or more of the average dry weather hydraulic or organic capacity of the District's treatment plant; or
- c. Is designated as such by the District based on a finding that the industrial user's activities or operations have a reasonable potential for adversely affecting the operation of the District's treatment works or for violating any categorical pretreatment standard, national pretreatment standard or pretreatment standard or requirement (in accordance with 40 CFR Section 403.8(f)(6)).

**"Standard Specifications"** means the Standard Procedures, Specifications and Drawings for Design and Installation of Potable Water, Recycled Water, and Wastewater Facilities prepared, maintained and updated from time to time by the District Engineer to implement the rules and regulations in this code, and to establish requirements and standards for the planning, design, construction, operation, and maintenance of public potable and recycled water systems and wastewater systems, and customer-owned recycled water systems.

**"Subscribing agency"** means a public agency that contributes wastewater from its wastewater collection system to a wastewater system operated by the District. [Ord. 327, 2010; Ord. \_\_\_, 2013.]

**EXHIBIT 2. PROPOSED SECTION 3.20.020**

**3.20.030 Requirement of capacity – Priorities for capacity allocation.**

Notwithstanding any provision of this code to the contrary, no connection for any service provided by the District shall be made at any time the Board has determined that capacity is not available in its water system, its wastewater system, or both, or that such capacity will not be available at the time of vesting of capacity rights in accordance with Section 3.60.020. Priorities for allocation of available capacity rights shall be made from time to time based on the public health, welfare, safety, necessity and convenience at the discretion of the Board. [Ord. 157, 1980; Ord. 216, 1988; Ord. 273, 1997; Ord. 327, 2010; Ord. \_\_\_, 2013.]

**EXHIBIT 3. PROPOSED SECTION 3.50.020**

**3.50.020 Issuance of construction permit.**

A construction permit may be issued only after all of the following actions have been completed:

- A. The applicant has filed a complete application for service in compliance with Chapter [3.40](#) DSRSDC, Application for Services;
- B. The applicant is in possession of a final improvement plan approved in writing by the District Engineer;
- C. All fees and charges required by or pursuant to Chapter [3.70](#) DSRSDC, Fees and Charges, have been paid, except that capacity reserve fees pursuant to Sections 3.70.010 through 3.70.030, shall be paid later in accordance with Section 3.70.080. Fees paid shall be in the amount of the fees in effect at time of payment, as the time of payment is described in DSRSDC [3.70.080](#), Time of payment;
- D. A copy of the approved final map, parcel map or master map has been filed with the District;
- E. Submission of proof of liability insurance in an amount set by the District on a form satisfactory to the District Engineer, naming the District as an additional insured by policy endorsement. Proof of liability insurance shall be accompanied by a statement of endorsement from the insuring firm;
- F. Submission of bonds and securities in compliance with DSRSDC [3.50.030](#), Bonds and other security;
- G. Where off-site easements are required for facilities to be dedicated to the District, submission of irrevocable offers of dedication in recordable form (with notary acknowledgments), duly executed by the record owner of fee title, and current preliminary title reports, all in a form approved by the District, for each of the properties on which the off-site facilities are located;
- H. Where on-site easements are required for facilities to be dedicated to the District and easements are not dedicated on final map or parcel map, submission of irrevocable offers of dedication in recordable form (with notary acknowledgments), duly executed by the record owner of fee title, and current preliminary title reports, all in a form approved by the District, for each of the properties on which the on-site facilities are located;
- I. In lieu of an offer of dedication as described in either of subsections (H) and (I) of this section, an applicant may submit, and the District may accept, deeds or grants of easement in recordable form (with notary acknowledgments), duly executed by the record owner of fee title, and current preliminary title reports, all in a form approved by the District, for each of the properties on which the facilities are located; and
- J. Submission of such other relevant information that may be required by the District Engineer.

K. Notwithstanding anything to the contrary, issuance of a construction permit after December 2, 2010 shall not be deemed to be a certificate of capacity rights of any kind, nor shall it be deemed to imply or otherwise give rise to an entitlement of any kind to a capacity rights allocation, or any reasonable expectation thereof, for the recipient of such construction permit. [Ord. 69, 1969; Ord. 90, 1971; Ord. 118, 1975; Ord. 212, 1987; Ord. 273, 1997; Ord. 327, 2010.]

**EXHIBIT 4. PROPOSED SECTION 3.60.010**

**3.60.010 Capacity rights allocation – Issuance of certificate of capacity rights.**

Prior to connection to District facilities, applicants shall obtain from the District sufficient water and/or wastewater capacity rights, as determined by the District Engineer, for the property upon which they have proposed a development. Capacity rights provide the property the conditional right to obtain service from and use of the District's water and wastewater systems. Allocation of capacity for water and/or wastewater service to a property shall be issued through a certificate of capacity rights, which shall remain conditional until such time, if ever, it vests in accordance with DSRSDC 3.60.020, Vesting of certificate of capacity rights. No certificate of capacity rights shall be issued until the applicant has paid capacity reserve fees (formerly known as connection fees) and the District Engineer has approved the application therefor in accordance with Chapter [3.40](#) DSRSDC, Application for Services. Unless the Board has determined that sufficient capacity is not available to allow additional connections to its water system, its wastewater system, or both, a certificate of capacity rights shall issue as of the date of payment of the capacity reserve fees.

A certificate of capacity rights, if required for a development, shall be obtained by the applicant within thirty (30) calendar days prior to issuance of a building permit, if a building permit is required by the City or County having jurisdiction, or within 30 calendar days prior to installation of a water meter, if a building permit is not required by the City or County having jurisdiction. , or, if neither a building permit nor a water meter is required, within 30 calendar days prior to an application for service submitted pursuant to Section 3.40.030. For an application for service submitted pursuant to Section 3.40.040, the certificate of capacity rights shall be obtained within 30 calendar days prior to the first use of the additional capacity required as a result of the expansion of any building or structure, or of the intensification of use, or of the initiating of service to a new building or structure not subject to the provisions of Section 3.40.030.

The quantity of capacity right allocation required for a development or property shall be determined by the District Engineer. If the Board has determined that sufficient capacity is not available to allow additional connections to its water system, its wastewater system or both, the District may deny such connections notwithstanding the issuance of certificates of capacity rights.

A sewer permit issued to an applicant prior to December 2, 2010, shall be deemed to be a certificate of capacity rights for sewer capacity, and shall be subject to all of the provisions of this chapter. However, issuance of a construction permit after December 2, 2010 shall not be deemed to be a certificate of capacity rights of any kind, nor shall it be deemed to imply or otherwise give rise to an entitlement of any kind to a capacity rights allocation, or any reasonable expectation thereof, for the recipient of such construction permit.

The District reserves the right to make additional changes to capacity rights allocation and charge associated fees for existing water and wastewater service connections to the District's systems, for which certificates of capacity rights have been previously issued, if significant changes in service demands,

within the area served by the District or within a specified portion thereof in which the connection is located, makes the additional changes necessary.

A. Water. Unless otherwise determined by the District Engineer, capacity rights to service from and use of the District's potable water and recycled water distribution systems shall be a multiple representing the approximate ratio between the maximum rate of continuous flow through the water meter(s) required on a property and the maximum rate of continuous flow through a 5/8-inch water meter, which shall be the unit of measurement.

B. Wastewater. Capacity rights to service from and use of the District's regional wastewater treatment plant shall be determined by the District Engineer based on the average daily flow, BOD, and SS of the proposed or actual discharge into the wastewater system within the area served by the District, or a specified portion thereof, as estimated by the District Engineer. Capacity rights to service from and use of the District's local wastewater collection system shall be determined by the District Engineer based on the average daily flow of the property's discharge into the wastewater system within the area served by the District, or a specified portion thereof, as estimated by the District Engineer.

1. Nonresidential Users. For nonresidential users, if, in the discretion of the District Engineer, no wastewater flow information can be provided by the applicant, the initial determination of the capacity rights shall be based on the average daily flow, BOD, and SS discharged into the wastewater system by all uses of the same category or use classification as the proposed use, as estimated by the District Engineer in accordance with DSRSDC [3.30.010\(C\)](#), Wastewater Capacity Demand Estimates. The appropriate category or use classification for this determination shall be selected by the District Engineer in his or her sole discretion.

The District Engineer may, using appropriate means within the sole and absolute discretion of the District, review capacity rights for nonresidential users upon request submitted either pursuant to DSRSDC [3.60.060](#), Adjustment to allocated capacity – Modification of certificate of capacity rights, or at any time after an appropriate period as determined by the District Engineer to represent normalized wastewater usage based upon any additional information that becomes available about average daily flow, BOD, and SS actually being discharged into the wastewater system.

2. Residential Users. For residential users, a standard regional wastewater capacity allocation shall be used for each single-family dwelling unit equivalent based upon the average daily flow, BOD and SS discharged by all single-family dwelling units within the area served by the District or a specified portion thereof, as determined from time to time by the District Engineer. A standard local wastewater capacity allocation shall be used for each single-family dwelling unit based upon the average daily flow discharged by all single-family dwelling units within the area served by the District or a specified portion thereof, as determined from time to time by the District Engineer.

Unless otherwise determined by the District Engineer, capacity rights for second dwelling units and each class of multiple-family dwelling units to service from and use of the District's regional wastewater

treatment plant shall be a multiple representing the approximate ratio between the average daily flow, BOD and SS from said class of dwelling units within the area served by the District or a specified portion thereof, as estimated by the District Engineer, and a single-family dwelling unit equivalent. Unless otherwise determined by the District Engineer, capacity rights for second dwelling units and each class of multiple-family dwelling units to service from and use of the District's local wastewater collection system shall be a multiple representing the approximate ratio between the average daily flow from said class of dwelling units within the area served by the District or a specified portion thereof as estimated by the District Engineer, and a single-family dwelling unit equivalent. [Ord. 69, 1969; Ord. 90, 1971; Ord. 118, 1975; Ord. 147, 1979; Ord. 157, 1980; Ord. 159, 1980; Ord. 190, 1984; Ord. 216, 1988; Ord. 273, 1997; Ord. 327, 2010; Ord. \_\_\_, 2013.]

**EXHIBIT 5. PROPOSED SECTION 3.60.020**

**3.60.020 Vesting of certificate of capacity rights.**

A. The certificate of capacity rights and rights associated therewith are conditional and shall vest only after the applicant has paid all capacity reserve fees (formerly known as connection fees) in effect at the date of vesting and either (1) an authorized connection has been made to District facilities, if a building permit is not required by the city or county having jurisdiction; or (2) the building permits are obtained and building structures, for which all or a substantial portion (as determined by the District Engineer) of the certificate of capacity rights is issued, are constructed and connected to District facilities,

Where a building permit is required by the city or county having jurisdiction, the certificate of capacity rights and rights associated therewith shall lapse and not be vested , if either the building permits expire before the building structures for which all or a substantial portion (as determined by the District Engineer) of the certificate of capacity rights is issued are constructed and connected to District facilities, or no building permits are obtained within 30 days after payment of the capacity reserve fees pursuant to Section 3.70.080. However, upon either the actual issuance of the building permit, or the issuance of a new building permit to replace the expired building permit, whichever is applicable, , and after the building structures for which all or a substantial portion (as determined by the District Engineer) of the certificate of capacity rights is issued are constructed and connected to District facilities, and additional capacity reserve fees are paid in accordance with Section 3.70.010.D, the certificate of capacity rights and rights associated therewith shall vest.

Notwithstanding the preceding two paragraphs, if changes have been made to the development upon which the District based its determination of capacity rights under DSRSDC [3.60.010](#), Capacity rights allocation – Issuance of certificate of capacity rights, or if changes have been made to affect the amount of capacity needed for the property upon which the development was proposed, as determined by the District Engineer, certificate of capacity rights shall be modified in accordance with DSRSDC [3.60.050](#), Additional capacity – Intensification or modification of use, or 3.60.060, Adjustment to allocated capacity – Modification of certificate of capacity rights, and appropriate fees shall be paid (or refunded, but only to the extent a refund is required under DSRSDC [3.70.050](#), Partial refund of capacity reserve fees).

Notwithstanding the foregoing, the District may, from time to time, adopt a policy by resolution establishing criteria for expiration of capacity rights based on its determination that sufficient capacity is not available in its water system, its wastewater system, or both, to meet anticipated demands, or that such capacity will not be available at the time of vesting of capacity rights in accordance with Section 3.60.020, and/or an unprecedented severe reduction in economic development.

B. Nothing in the provisions of subsection (A) of this section shall be deemed to prevent the District from exercising its discretion, or to permit the vesting of any certificate of capacity rights in a manner contrary to, or in a manner that would in any way constrain the District's discretion under, DSRSDC

3.20.030, Requirement of capacity – Priorities for capacity allocation, DSRSDC 3.20.120, Priority for affordable or low income housing developments, or DSRSDC 3.20.120, 3.60.090, Priority for certain governmental connections [Ord. 69, 1969; Ord. 118, 1975; Ord. 157, 1980; Ord. 159, 1980; Ord. 190, 1984; Ord. 216, 1988; Ord. 273, 1997; Ord. 327, 2010; Ord. \_\_\_, 2013.]

**EXHIBIT 6. PROPOSED SECTION 3.60.030**

**3.60.030 Limitations on vesting of certificate of capacity rights.**

If the Board has determined, consistent with DSRSDC 3.20.030, Requirement of capacity – Priorities for capacity allocation, DSRSDC 3.20.120, Priority for affordable or low income housing developments, or DSRSDC 3.20.120, 3.60.090, Priority for certain governmental connections, that capacity is not available for the use sought by a holder of a certificate of capacity right, the certificate of capacity rights and rights associated therewith will vest, if at all, only in accordance with subsections (A) and (B) of this Section.

A. If the Board has determined that sufficient capacity is not available in its water system, its wastewater system, or both, to meet anticipated demands, or that such capacity will not be available at the time of vesting of capacity rights in accordance with Section 3.60.020, it may specify such criteria that, in its discretion, best serve the public health, welfare, safety, necessity and convenience, for determining the sequence in which connections will be allowed. If no criteria are specified, the certificates shall vest, if at all, only upon connection to District facilities as specified in DSRSDC 3.60.020, Vesting of certificate of capacity rights.

B. Notwithstanding the foregoing, the District may decline to issue a certificate of water capacity rights and may deny a connection to its water system based on its determination that it lacks available capacity in its wastewater system. [Ord. 327, 2010; Ord. \_\_\_, 2013.]

**EXHIBIT 7. PROPOSED SECTION 3.60.090**

**3.60.090 Priority for certain governmental connections.**

Upon finding that: (A) the public health, welfare, safety, necessity and convenience require the allocation of water or wastewater connections and the related capacity rights to a governmental or quasi-governmental agency or other public institution in order to perform necessary governmental functions or services under its jurisdiction; (B) the functions or services do not include the granting of entitlements for the development or use of privately or publicly owned property for private use; (C) the agency or institution requires not less than 0.025 MGD flow capacity rights; and (D) sufficient treatment capacity exists in the District's treatment works for allocation to the agency or institution in the amount specified by the Board without impairing the rights of others under certificate of capacity rights or agreements previously issued or entered; the Board may enter into an agreement with the governing body of the agency or institution allocating certificate of capacity rights and the related capacity rights, having priority over all other pending applications and future demand in the amount as the Board, in its discretion, determines. Such an agreement shall be the exclusive method by which certificate of capacity rights and corresponding capacity rights may be allocated under this section. It shall include, but not be limited to: provisions for payment of all applicable fees and charges specified in this chapter for connection to and use of the District's wastewater facilities; that the certificates shall vest as specified in DSRSDC 3.60.020, Vesting of certificate of capacity rights, and, if DSRSDC 3.60.030, Limitations on vesting of certificate of capacity rights, is applicable, the certificates shall vest as specified therein unless otherwise specified in the agreement; the governmental use to be served by the connection(s) to the District's water and/or wastewater facilities permitted thereunder; and other terms and conditions as the District deems necessary or appropriate. Except as provided to the contrary in the agreement, all provisions of this code governing connection to and use of the District's water and wastewater facilities shall govern permits and certificates issued under the agreement. [Ord. 201, 1985; Ord. 273, 1997; Ord. 327, 2010; Ord. \_\_\_, 2013.]

**EXHIBIT 8. PROPOSED SECTION 3.70.010**

**3.70.010 Capacity reserve fee.**

A capacity reserve fee shall be assessed for each new system user, or for an existing system user who is expanding use of services, for the right to connect to and receive new or expanded service from the District's water and wastewater facilities. Said fee shall consist of the amounts determined by the District to be necessary to recover the estimated reasonable cost of providing the services taking into account an equitable portion of the costs of improvements, replacements, and expansions of the District facilities used to provide the service(s). Upon payment of capacity reserve fees, the applicant/user may obtain a certificate of capacity rights in accordance with Chapter [3.60](#) DSRSDC, Service Capacity Allocation. Modifications to capacity rights obtained herein shall be in accordance with DSRSDC [3.60.050](#), Additional capacity – Intensification or modification of use, and 3.60.060, Adjustment to allocated capacity – Modification of certificate of capacity rights.

A. Potable Water. The capacity reserve fee for connection of property to the District's potable water supply facilities shall be as established by separate ordinance or resolution duly adopted from time to time by the Board, based on the size and capacity of the water meter and the pressure zone and the county in which the water meter is to be installed; provided, that said fee for a residential unit, including but not limited to a single-family dwelling, requiring a one-inch water meter or smaller water meter, at the discretion of the District Engineer, for fire sprinkler systems shall be that established for a 5/8-inch water meter, as determined by the Board from time to time.

1. The District's capacity reserve fee shall be a multiple representing the approximate ratio between the maximum rate of continuous flow operation of the water meter being installed and the maximum rate of continuous flow through a 5/8-inch water meter.
2. In addition to the fee described in subsection (A)(1) of this section, for the District's water service area, the capacity reserve fee for potable water shall also include an amount established by Zone 7 for water supply connections pursuant to Zone 7 Resolution No. 00-2206, or any future amendment or restatement thereof, as may from time to time be adopted by Zone 7.
3. In addition to the fees described in subsections (A)(1) and (A)(2) of this section, an additional one percent of the Zone 7 fees shall be assessed on new connections within Contra Costa County to collect the costs incurred by the District to administer the collection of fees for Zone 7.
4. The District, at the discretion of the District Engineer, may add an additional amount or amounts when the incremental costs of providing water service to the property for which application for connection is made exceed the revenues that would be derived from the minimum capacity reserve fee. Such additional amount or amounts shall be determined by the District Engineer, using standard marginal cost-pricing techniques.

B. Recycled Water. The capacity reserve fee for connection of property to the District's recycled water supply facilities shall be as established by separate ordinance or resolution duly adopted from time to time by the Board, based on the size and capacity of the water meter. This capacity reserve fee shall be a multiple representing the approximate ratio between the maximum rate of continuous flow operation of the water meter being installed and the maximum rate of continuous flow through a 5/8-inch water meter. The capacity reserve fee for a recycled water connection shall not include the Zone 7 fees or the one percent surcharge thereon, as described in subsections (A)(2) and (A)(3) of this section.

C. Wastewater. The capacity reserve fees for connection of property to the District's wastewater facilities shall be as established by separate ordinance or resolution duly adopted from time to time by the Board. The applicant/user shall pay both the regional and local wastewater reserve fees as follows:

1. Regional wastewater capacity reserve fees for service from and use of the District's regional wastewater treatment plant, as determined by the District Engineer, based on the average daily flow, BOD and SS proposed to be discharged to the wastewater system within the area served by the District or a specified portion thereof as estimated by the District Engineer.

a. Residential Users. A standard regional wastewater capacity reserve fee shall be charged for each single-family dwelling unit equivalent based upon the average daily flow, BOD and SS discharged to the wastewater system by all single-family dwelling units within the area served by the District or a specified portion thereof, as determined from time to time by the District Engineer.

Regional wastewater capacity reserve fees for second dwelling units and each class of residences (other than single-family dwellings) shall be a fraction representing the approximate ratio between the average daily flow, BOD and SS from said class of residences within the area served by the District or a specified portion thereof, as estimated by the District Engineer, and a single-family dwelling unit equivalent within the area served by the District or a specified portion thereof.

b. Nonresidential Users. Except as the District Engineer may otherwise determine, the regional wastewater capacity reserve fee for nonresidential users shall be calculated based on the average daily flow, BOD and SS discharged into the wastewater system by all uses of the same category or use classification as the proposed use, each of which shall be estimated by the District Engineer.

2. Local wastewater capacity reserve fees for service from and use of the District's wastewater collection system, based on average daily flow proposed to be discharged to the wastewater system, within the area served by the District or a specified portion thereof, as estimated by the District Engineer.

a. Residential. A local wastewater capacity reserve fee shall be charged for each single-family dwelling unit equivalent based upon the average daily flow discharged by all single-

family residential units within the area served by the District or a specified portion thereof, as determined from time to time by the District Engineer.

Local wastewater capacity reserve fees for second dwelling units and each class of residences (other than single-family dwellings) shall be based on a fraction representing the approximate ratio between the average daily flow from said class of residences within the area served by the District or a specified portion thereof to the flow from one standard single-family dwelling unit within the area served by the District or a specified portion thereof, as estimated by the District Engineer.

b. Nonresidential Users. A local wastewater capacity reserve fee shall be charged to all nonresidential users based on average daily flow proposed to be discharged to the wastewater system, which shall be estimated by the District Engineer.

D. Connections After Failure to Obtain Building Permit or Expiration of Initial Building Permits. If building permits for the building structure(s) associated with a certificate of capacity rights are not obtained within 30 calendar days after payment of the capacity reserve fees pursuant to Section 3.70.080, or the building permits for the building structure(s) associated with a certificate of capacity rights expire before conditions for vesting of the certificate of capacity rights and rights associated therewith as described in DSRSDC 3.60.020.A are met, additional capacity reserve fees comprised of the difference between the capacity reserve fees paid at issuance of the lapsed certificate of capacity rights and the capacity reserve fees in effect within 30 calendar days prior to either the actual issuance of the building permit, or the issuance of the new building permits to replace the expired building permit, whichever is applicable, shall be paid in full to perfect the certificate of capacity rights and as a condition precedent to connecting to District facilities.

E. Special Arrangements. In addition to the applicable fee specified in this section:

1. A special capacity reserve fee shall be paid for improvements, as defined in DSRSDC [2.50.040](#), Definitions, subject to a reimbursement agreement entered into under Chapter [2.50](#) DSRSDC, Reimbursement Agreements. The amount of the special capacity reserve fee shall be determined in accordance with the terms and conditions of the reimbursement agreement.
2. Notwithstanding any provision of this code to the contrary, the District may, by special contract, ordinance, or resolution, require an additional payment to reimburse the District for an equitable portion of the costs of existing capital facilities and equipment that will be used to provide water and/or wastewater services to the new system user, or existing system user who is expanding its use of services, which costs will not, due to unusual or extraordinary circumstances as determined by the District Engineer, be fully reimbursed through the applicable capacity reserve fees. [Ord. 69, 1969; Ord. 118, 1975; Ord. 133, 1978; Ord. 136, 1978; Ord. 137, 1978; Ord. 142, 1978; Ord. 146, 1979; Ord. 147, 1979; Ord. 153, 1980; Ord. 159, 1980; Ord. 165, 1981; Ord. 171, 1982; Ord. 172,

1982; Ord. 174, 1982; Ord. 175, 1982; Ord. 182, 1983; Ord. 184, 1983; Ord. 185, 1983; Ord. 188, 1984; Ord. 190, 1984; Ord. 191, 1984; Ord. 192, 1984; Ord. 197, 1985; Ord. 200, 1985; Ord. 203, 1986; Ord. 216, 1988; Ord. 218, 1988; Ord. 223, 1989; Ord. 226, 1989; Ord. 232, 1990; Ord. 233, 1990; Ord. 234, 1990; Ord. 240, 1991; Ord. 241, 1991; Ord. 250, 1992; Ord. 270, 1996; Ord. 273, 1997; Ord. 274, 1997; Ord. 278, 1997; Ord. 291, 2003; Ord. 301, 2004; Ord. 327, 2010; Ord. \_\_\_, 2013.]

**EXHIBIT 9. PROPOSED SECTION 3.70.050**

**3.70.050 Partial refund of capacity reserve fees.**

Except as noted to the contrary in this section, capacity reserve fees paid under this chapter are nonrefundable. A partial refund may be issued upon reduction in capacity rights only if, following the process set forth in accordance with DSRSDC [3.60.060](#), Adjustment to allocated capacity – Modification of certificate of capacity rights, the District determines that the capacity used is less than the capacity granted in the certificate of capacity rights. [Ord. 69, 1969; Ord. 118, 1975; Ord. 159, 1980; Ord. 190, 1984; Ord. 273, 1997; Ord. 327, 2010; Ord. \_\_\_, 2013.]

**EXHIBIT 10. PROPOSED SECTION 3.70.080**

**3.70.080 Time of payment.**

Construction permits shall not be issued until all District fees have been paid, except for capacity reserve fees pursuant to Sections 3.70.010 through 3.70.030, to be paid later in accordance with Section 3.70.080. Certificates of capacity rights shall not be issued until all District fees associated therewith have been paid in full except for payment of the portion of the regional wastewater capacity reserve fee eligible for installment payments pursuant to an agreement duly executed by the applicant and the District as provided in DSRSDC [3.70.040](#), Installment payment of regional wastewater capacity reserve fees. Zone 7 wholesale fees shall be collected at the time the water meter is set pursuant to the agreement between Zone 7 and the District.

- A. Capacity Reserve Fee. No connection to the facilities of the District shall be made, certificate of capacity rights issued, building permit issued, nor water meter installed until the capacity reserve fees are paid except as otherwise provided in DSRSDC [3.70.040](#), Installment payment of regional wastewater capacity reserve fees. The capacity reserve fees shall be paid within thirty (30) calendar days prior to water meter installation, if no building permit is required by the City or County of jurisdiction, or within 30 calendar days prior to issuance of building permit if a building permit is required by the City or County of jurisdiction, or if neither a building permit nor a water meter is required, within 30 calendar days prior to an application for service submitted pursuant to Section 3.40.030.
- B. Project Planning and Review Fees. Project planning and review fees pursuant to DSRSDC [3.70.070](#), Inspection and project review fees – Miscellaneous fees, shall be due and payable upon the initial submittal of plans for review. Project planning and review fees assume review of two iterations of improvement plans for which the fees are charged; review of additional iterations is beyond typical services and will require additional payments. Payment for additional plan review services shall be made prior to approval of plans if no construction permit is required, and prior to issuance of a construction permit if a construction permit is required.
- C. Inspection Fees. Inspection fees pursuant to DSRSDC [3.70.070](#), Inspection and project review fees – Miscellaneous fees, shall be due and payable prior to issuance of a construction permit. In the event that the construction permit expires per DSRSDC [3.50.040](#), Expiration of construction permit, and an extension is not granted per DSRSDC [3.50.050](#), Extension of construction permit, inspection fees paid in advance under this section may be refunded, prorata, based upon services rendered by the District.
- D. Miscellaneous Fees and Charges. Other fees and charges established by the Board from time to time shall be due and payable as specified in the ordinance or resolution establishing such fees or charges.

E. Failure to Timely Pay Fees and Charges. Failure to pay for fees or charges incurred during construction and prior to project acceptance may result in halt in construction inspection, or provision of services that the District provides until such fees or charges are paid in full. [Ord. 69, 1969; Ord. 107, 1974; Ord. 118, 1975; Ord. 133, 1978; Ord. 142, 1978; Ord. 146, 1979; Ord. 170, 1981; Ord. 190, 1984; Ord. 216, 1988; Ord. 247, 1992; Ord. 249, 1992; Ord. 270, 1996; Ord. 273, 1997; Ord. 327, 2010.]

**ATTACHMENT 1 to S&R**  
**ORIGINAL DSRSD CODE LANGUAGE WITH PROPOSED REVISIONS**  
**FOR SELECT SECTIONS IN TITLE 3**

**CHAPTER 3.10 DEFINITIONS, SCOPE AND PURPOSE**

**3.10.010 Definitions.**

In the construction of this title, the general definitions set forth in DSRSDC 1.20.080, Definitions, shall apply except where contrary definitions are set forth in this title or as otherwise stated in DSRSDC 1.20.080, Definitions. The following definitions shall apply to this title, unless such definitions would be inconsistent with the manifest intent of the Board or the context clearly requires otherwise.

“Approved plans” means plans approved by the District Engineer.

“Building permit” means a permit or other official document, or certificate or permit issued by the City or County having jurisdiction which authorizes the construction of a building or other structure that will receive water or wastewater service from the District. “Building permit” also means a permit or other official document, or certificate or permit issued by the City or County having jurisdiction which authorizes modifications to or within an existing building or structure to facilitate an intensification of use that will require additional water or wastewater service capacity rights from the District in accordance with Section 3.60.050. Any other permit, regardless of what it is called by the City or County issuing it, including a permit issued for the installation of Plumbing, Mechanical, Electrical, Retaining Walls or Site Work is not a Building Permit for purposes of this Title.

“Final improvement plan” means plans prepared by a California-registered civil engineer, which consist of (1) a final plan showing the boundaries of the area for which service is requested, (2) a plot plan showing the location and sizes of all potable water, recycled water, and sewer lines to be constructed and the number, size and location of dwelling units or commercial, institutional, or industrial structures to be served by the District in sufficient detail to allow the District Engineer to determine the size and number of water meters and/or the maximum amount of wastewater capacity required by the intended use of the parcel, (3) construction drawings in accordance with the standard procedures, specifications and drawings of the District, and (4) such other information which may be required by the District Engineer.

“High Strength Dischargers/Users” means any of the following wastewater categories encompassing high strength institutional, intermediate industrial and commercial uses:

1. Bakery. Primarily engaged in baking of products which may include breads, cakes, pastries, cookies, doughnuts, bagels, biscuits, rolls or other related confections.

2. Car Wash with Steam Cleaning. Primarily engaged in mechanical and hydraulic washing, rinsing, cleaning and drying of mobile equipment including steam cleaning. May be performed by on-site personnel or coin-operated public devices.
3. Fast Food Restaurant. Primarily engaged in cooking and serving of food utilizing disposable serving products (i.e., styrofoam, plastic or paper). May perform limited baking activities relative to foods which are served with the meal and are generally not sold separately.
4. Full Service Restaurant, Cafeteria and Banquet Facilities. Primarily engaged in cooking and serving of meals utilizing flatware, silverware, glasses, dishwashing and limited baking activities for on-site use.
5. Market. Primarily engaged in selling of goods and food products that are not dry goods, where food products are prepared on site.
6. Mortuary. Primarily engaged in handling and storing of the dead until burial.
7. Other uses as determined by the District Engineer.

**"Recycled water use license"** means a license issued by the District to the customer, which outlines monitoring, self-inspection, reporting, and site-specific requirements. This license is required by the California Regional Water Quality Control Board. This license allows the customer to use recycled water in accordance with District standards, codes, ordinances, policies, and guidelines and all applicable regulatory agency requirements.

**"Recycled Water Use Guidelines"** means the Recycled Water Use Guidelines and Requirements prepared, maintained and updated from time to time by the District Engineer to implement the rules and regulations in this code, and other regulatory agencies, including the California Department of Public Health, the San Francisco Bay Regional Water Quality Control Board, and County Environmental Management Department. The Recycled Water Use Guidelines establish requirements and standards for the planning, design, construction, operation, maintenance, and use of public recycled water systems and customer-owned recycled water systems.

**"Regular strength, nonresidential user"** means a user primarily engaged in activities including, but not limited to, gas stations, hotels, private office complexes, schools, retail and wholesale stores, bars, etc. (all excluding dining facilities), and who introduces wastewater that is determined by the District Engineer to consist primarily of sewage into the District's wastewater facilities. Classification includes all users not defined in another classification.

**"Residential user"** means a resident of a single- or multiple-family dwelling receiving District services at his or her place of residence. "Residential unit" means one unit in any of the classes of residences that are generally defined in subsections (1) through (4) of this definition, and the District Engineer shall have discretion to determine which class is applicable to a particular residential user or unit where that user or

unit shares some characteristics of more than one class. In the absence of a determination to the contrary, each residential user shall be deemed to be residing in a single-family dwelling unit (or residence).

1. **“Multifamily residence”** (or **“multiple-family residence”**) means a residential unit (other than a second dwelling unit) attached to one or more other residential units, with one or more adjacent common areas irrigated through a separate irrigation water meter. This includes apartments, condominiums, and townhomes as further described in subsections (1)(a) through (1)(c) of this definition. Neither a single-family dwelling nor a second dwelling unit is a multifamily residence.
  - a. **“Apartment”** means a multifamily residence that is owned in common with one or more other apartments, along with the underlying land and one or more adjacent common areas. Apartments are intended to be rented to a tenant or other occupant.
  - b. **“Condominium”** means a multifamily residence that is individually owned, where the underlying land and one or more adjacent common areas are under common ownership.
  - c. **“Townhome”** means a multifamily residence that is individually owned along with the underlying land, but adjacent to common areas under separate or common ownership.
2. **“Second dwelling unit”** means a residential unit, no larger than the maximum size authorized for such use by the local agency with land use authority, with a separate entrance, kitchen, sleeping, and bathroom facilities, which receives water service through the same water meter as, and which is located on the same individual parcel of land with the same numerical street address as the single-family dwelling unit, but which is smaller than (or otherwise subservient to) the single-family dwelling unit, that serves as the principal residence on the parcel of land.
3. **“Single-family dwelling unit (or residence)”** means a residential unit located on its own individual parcel of land (with or without a second dwelling unit) and designed to house one family and which is not attached to another dwelling (other than a second dwelling unit).
  - a. Single-family dwelling unit (or residence) includes each mobile home located on its own individual parcel of land and not in a mobile home park.
  - b. Single-family dwelling unit (or residence) also includes each residential dwelling unit attached to one or more other residential units where each unit is located on its own individual parcel of land, but without an adjacent common area irrigated through a separate irrigation water meter.
4. Notwithstanding the foregoing, each mobile home located in a mobile home park is also defined as a multifamily residence, subject to the District Engineer’s discretion to determine that another class is more appropriate.

**“Significant industrial user”** means a significant industrial user defined in 40 CFR Section 403.3(v) as:

1. Any categorical industrial user; or
2. Any other industrial user that:
  - a. Discharges 25,000 gallons or more per day of process wastewater to the District's treatment works (excluding sanitary, noncontact cooling and boiler blow-down water);
  - b. Contributes a process waste stream which comprises five percent or more of the average dry weather hydraulic or organic capacity of the District's treatment plant; or
  - c. Is designated as such by the District based on a finding that the industrial user's activities or operations have a reasonable potential for adversely affecting the operation of the District's treatment works or for violating any categorical pretreatment standard, national pretreatment standard or pretreatment standard or requirement (in accordance with 40 CFR Section 403.8(f)(6)).

**“Standard Specifications”** means the Standard Procedures, Specifications and Drawings for Design and Installation of Potable Water, Recycled Water, and Wastewater Facilities prepared, maintained and updated from time to time by the District Engineer to implement the rules and regulations in this code, and to establish requirements and standards for the planning, design, construction, operation, and maintenance of public potable and recycled water systems and wastewater systems, and customer-owned recycled water systems.

**“Subscribing agency”** means a public agency that contributes wastewater from its wastewater collection system to a wastewater system operated by the District. [Ord. 327, 2010; Ord. \_\_\_, 2013.]

## **CHAPTER 3.20 BASIS OF SERVICE**

### **3.20.030 Requirement of capacity – Priorities for capacity allocation.**

Notwithstanding any provision of this code to the contrary, no connection for any service provided by the District shall be made at any time unless, in the opinion of the Board has determined that, capacity is not available in its water system, its wastewater system, or both, or that such capacity will not be available at the time of vesting of capacity rights in accordance with Section 3.60.020~~available~~. Priorities for allocation of available capacity rights shall be made from time to time based on the public health, welfare, safety, necessity and convenience at the discretion of the Board. [Ord. 157, 1980; Ord. 216, 1988; Ord. 273, 1997; Ord. 327, 2010; Ord. \_\_\_, 2013.]

## **CHAPTER 3.50 CONSTRUCTION PERMIT**

**3.50.020 Issuance of construction permit.-**

A construction permit may be issued only after all of the following actions have been completed:

A. The applicant has filed a complete application for service in compliance with Chapter [3.40](#) DSRSDC, Application for Services;

B. ~~The applicant is in possession of a certificate of capacity rights issued in compliance with Chapter [3.60](#) DSRSDC, Service Capacity Allocation, if the applicant's project requires capacity rights for water or wastewater service;~~

C. The applicant is in possession of a final improvement plan approved in writing by the District Engineer;

DC. All fees and charges required by or pursuant to Chapter [3.70](#) DSRSDC, Fees and Charges, have been paid, except that capacity reserve fees pursuant to Sections 3.70.010 through 3.70.030, shall be paid later in accordance with Section 3.70.080. Fees paid shall be in the amount of the fees in effect at time of payment, as the time of payment is described in DSRSDC 3.70.080, Time of payment;

ED. A copy of the approved final map, parcel map or master map has been filed with the District;

FE. Submission of proof of liability insurance in an amount set by the District on a form satisfactory to the District Engineer, naming the District as an additional insured by policy endorsement. Proof of liability insurance shall be accompanied by a statement of endorsement from the insuring firm;

GF. Submission of bonds and securities in compliance with DSRSDC [3.50.030](#), Bonds and other security;

HG. Where off-site easements are required for facilities to be dedicated to the District, submission of irrevocable offers of dedication in recordable form (with notary acknowledgments), duly executed by the record owner of fee title, and current preliminary title reports, all in a form approved by the District, for each of the properties on which the off-site facilities are located;

HI. Where on-site easements are required for facilities to be dedicated to the District and easements are not dedicated on final map or parcel map, submission of irrevocable offers of dedication in recordable form (with notary acknowledgments), duly executed by the record owner of fee title, and current preliminary title reports, all in a form approved by the District, for each of the properties on which the on-site facilities are located;

JI. In lieu of an offer of dedication as described in either of subsections (H) and (I) of this section, an applicant may submit, and the District may accept, deeds or grants of easement in recordable form (with notary acknowledgments), duly executed by the record owner of fee title, and current preliminary title reports, all in a form approved by the District, for each of the properties on which the facilities are located; and

**KJ.** Submission of such other relevant information that may be required by the District Engineer.

**K.** Notwithstanding anything to the contrary, issuance of a construction permit after December 2, 2010 shall not be deemed to be a certificate of capacity rights of any kind, nor shall it be deemed to imply or otherwise give rise to an entitlement of any kind to a capacity rights allocation, or any reasonable expectation thereof, for the recipient of such construction permit. -[Ord. 69, 1969; Ord. 90, 1971; Ord. 118, 1975; Ord. 212, 1987; Ord. 273, 1997; Ord. 327, 2010.]

## **Chapter 3.60 Service Capacity Allocation**

### **3.60.010 Capacity rights allocation – Issuance of certificate of capacity rights.**

Prior to connection to District facilities, applicants shall obtain from the District sufficient water and/or wastewater capacity rights, as determined by the District Engineer, for the property upon which they have proposed a development. Capacity rights provide the property the conditional right to obtain service from and use of the District's water and wastewater systems. Allocation of capacity for water and/or wastewater service to a property shall be issued through a certificate of capacity rights, which shall remain conditional until such time, if ever, it vests in accordance with DSRSDC 3.60.020, Vesting of certificate of capacity rights. No certificate of capacity rights shall be issued until the applicant has paid capacity reserve fees (formerly known as connection fees) and the District Engineer has approved the application therefor in accordance with Chapter 3.40 DSRSDC, Application for Services. Unless the Board has determined that sufficient capacity is not available to allow additional connections to its water system, its wastewater system, or both, a certificate of capacity rights shall issue as of the date of payment of the capacity reserve fees.

A certificate of capacity rights, if required for a development, shall be obtained by the applicant within thirty (30) calendar days prior to approval of plans, if no construction issuance of a building permit, if a building permit is required by the City or County having jurisdiction, or within 30 calendar days prior to installation of a water meter, if a building issuance of a construction permit if a construction permit is not required by the City or County having jurisdiction. , or, if neither a building permit nor a water meter is required, within 30 calendar days prior to an application for service submitted pursuant to Section 3.40.030. For an application for service submitted pursuant to Section 3.40.040, the certificate of capacity rights shall be obtained within 30 calendar days prior to the first use of the additional capacity required as a result of the expansion of any building or structure, or of the intensification of use, or of the initiating of service to a new building or structure not subject to the provisions of Section 3.40.030.

The quantity of capacity right allocation required for a development or property shall be determined by the District Engineer. If the Board has determined that sufficient capacity is not available to allow additional connections to its water system, its wastewater system or both, the District may deny such connections notwithstanding the issuance of certificates of capacity rights.

A sewer permit issued to an applicant prior to December 2, 2010, shall be deemed to be a certificate of capacity rights for sewer capacity, and shall be subject to all of the provisions of this chapter. However, issuance of a construction permit after December 2, 2010 shall not be deemed to be a certificate of capacity rights of any kind, nor shall it be deemed to imply or otherwise give rise to an entitlement of any kind to a capacity rights allocation, or any reasonable expectation thereof, for the recipient of such construction permit.

The District reserves the right to make additional changes to capacity rights allocation and charge associated fees for existing water and wastewater service connections to the District's systems, for which certificates of capacity rights have been previously issued, if significant changes in service demands, within the area served by the District or within a specified portion thereof in which the connection is located, makes the additional changes necessary.

A. Water. Unless otherwise determined by the District Engineer, capacity rights to service from and use of the District's potable water and recycled water distribution systems shall be a multiple representing the approximate ratio between the maximum rate of continuous flow through the water meter(s) required on a property and the maximum rate of continuous flow through a 5/8-inch water meter, which shall be the unit of measurement.

B. Wastewater. Capacity rights to service from and use of the District's regional wastewater treatment plant shall be determined by the District Engineer based on the average daily flow, BOD, and SS of the proposed or actual discharge into the wastewater system within the area served by the District, or a specified portion thereof, as estimated by the District Engineer. Capacity rights to service from and use of the District's local wastewater collection system shall be determined by the District Engineer based on the average daily flow of the property's discharge into the wastewater system within the area served by the District, or a specified portion thereof, as estimated by the District Engineer.

1. Nonresidential Users. For nonresidential users, if, in the discretion of the District Engineer, no wastewater flow information can be provided by the applicant, the initial determination of the capacity rights shall be based on the average daily flow, BOD, and SS discharged into the wastewater system by all uses of the same category or use classification as the proposed use, as estimated by the District Engineer in accordance with DSRSDC 3.30.010(C), Wastewater Capacity Demand Estimates. The appropriate category or use classification for this determination shall be selected by the District Engineer in his or her sole discretion.

The District Engineer may, using appropriate means within the sole and absolute discretion of the District, review capacity rights for nonresidential users upon request submitted either pursuant to DSRSDC 3.60.060, Adjustment to allocated capacity – Modification of certificate of capacity rights, or at any time after an appropriate period as determined by the District Engineer to represent

normalized wastewater usage based upon any additional information that becomes available about average daily flow, BOD, and SS actually being discharged into the wastewater system.

2. Residential Users. For residential users, a standard regional wastewater capacity allocation shall be used for each single-family dwelling unit equivalent based upon the average daily flow, BOD and SS discharged by all single-family dwelling units within the area served by the District or a specified portion thereof, as determined from time to time by the District Engineer. A standard local wastewater capacity allocation shall be used for each single-family dwelling unit based upon the average daily flow discharged by all single-family dwelling units within the area served by the District or a specified portion thereof, as determined from time to time by the District Engineer.

Unless otherwise determined by the District Engineer, capacity rights for second dwelling units and each class of multiple-family dwelling units to service from and use of the District's regional wastewater treatment plant shall be a multiple representing the approximate ratio between the average daily flow, BOD and SS from said class of dwelling units within the area served by the District or a specified portion thereof, as estimated by the District Engineer, and a single-family dwelling unit equivalent. Unless otherwise determined by the District Engineer, capacity rights for second dwelling units and each class of multiple-family dwelling units to service from and use of the District's local wastewater collection system shall be a multiple representing the approximate ratio between the average daily flow from said class of dwelling units within the area served by the District or a specified portion thereof as estimated by the District Engineer, and a single-family dwelling unit equivalent. [Ord. 69, 1969; Ord. 90, 1971; Ord. 118, 1975; Ord. 147, 1979; Ord. 157, 1980; Ord. 159, 1980; Ord. 190, 1984; Ord. 216, 1988; Ord. 273, 1997; Ord. 327, 2010; Ord. \_\_\_\_\_, 2013.]

### **3.60.020 Expiration Vesting of certificate of capacity rights.**

A. The certificate of capacity rights and rights associated therewith are conditional and shall vest only after the applicant has paid all capacity reserve fees (formerly known as connection fees) in effect at the date of vesting~~shall expire three years after the date of issuance unless a District facilities construction permit has been issued, and~~ either (1) an authorized connection has been made to District facilities ~~within said period~~, if a building permit is not required by the city or county having jurisdiction; or (2) the building permits are obtained and building structures, for which all or a substantial portion (as determined by the District Engineer) of the certificate of capacity rights is issued, are constructed and connected to District facilities,

Where a building permit is required by the city or county having jurisdiction, the certificate of capacity rights and rights associated therewith shall lapse and not be vested , if either the building permits expire before the building structures for which all or a substantial portion (as determined by the District Engineer) of the certificate of capacity rights is issued are constructed and connected to District facilities, or no building permits are obtained within 30 days after payment of the capacity reserve fees pursuant to Section 3.70.080. However, upon either the actual issuance of the building permit, or the issuance of a new building permit to replace the expired building permit, whichever is applicable, , and after the building structures for which all or a substantial portion (as determined by the District Engineer) of the certificate of

capacity rights is issued are constructed and connected to District facilities, and additional capacity reserve fees are paid in accordance with Section 3.70.010.D, the certificate of capacity rights and rights associated therewith shall vest.

~~are constructed and connected to District facilities within said period.~~

Notwithstanding the preceding two paragraphs, if changes have been made to the development upon which the District based its determination of capacity rights under DSRSDC 3.60.010, Capacity rights allocation – Issuance of certificate of capacity rights, or if changes have been made to affect the amount of capacity needed for the property upon which the development was proposed, as determined by the District Engineer, certificate of capacity rights shall be modified in accordance with DSRSDC 3.60.050, Additional capacity – Intensification or modification of use, or 3.60.060, Adjustment to allocated capacity – Modification of certificate of capacity rights, and appropriate fees shall be paid (or refunded, but only to the extent a refund is required under DSRSDC 3.70.050, Partial refund of capacity reserve fees).

Notwithstanding the foregoing, the District may, from time to time, adopt a policy by resolution establishing ~~different~~ criteria for expiration of capacity rights based on its determination that sufficient capacity is not available in its water system, its wastewater system, or both, to meet anticipated demands, or that such capacity will not be available at the time of vesting of capacity rights in accordance with Section 3.60.020, capacity limitations and/or an unprecedented severe reduction in economic development. ~~Such policy shall have a duration no longer than the exigency that it is intended to address.~~

B. Nothing in the provisions of subsection (A) of this section shall be deemed to prevent the District from ~~exercising its discretion, or to permit the vesting of any certificate of capacity rights in a manner contrary to, or in a manner that would in any way constrain the District's discretion under, DSRSDC 3.20.030, Requirement of capacity – Priorities for capacity allocation, DSRSDC 3.20.120, Priority for affordable or low income housing developments, or DSRSDC 3.20.120, 3.60.090, Priority for certain governmental connections, on or before December 31, 2013, selling certificates of capacity rights, otherwise in full compliance with this code, that do not expire three years after the date of issuance or upon expiration of project entitlements conferred by the city or county of jurisdiction.~~ [Ord. 69, 1969; Ord. 118, 1975; Ord. 157, 1980; Ord. 159, 1980; Ord. 190, 1984; Ord. 216, 1988; Ord. 273, 1997; Ord. 327, 2010; Ord.       , 2013.]

#### **3.60.030 Limitations on vesting of certificate of capacity rights** ~~Reserved.~~

~~If the Board has determined, consistent with DSRSDC 3.20.030, Requirement of capacity – Priorities for capacity allocation, DSRSDC 3.20.120, Priority for affordable or low income housing developments, or DSRSDC 3.20.120, 3.60.090, Priority for certain governmental connections, that capacity is not available for the use sought by a holder of a certificate of capacity right, the certificate of capacity rights and rights associated therewith will vest, if at all, only in accordance with subsections (A) and (B) of this Section.~~

A. If the Board has determined that sufficient capacity is not available in its water system, its wastewater system, or both, to meet anticipated demands, or that such capacity will not be available at the time of

vesting of capacity rights in accordance with Section 3.60.020, it may specify such criteria that, in its discretion, best serve the public health, welfare, safety, necessity and convenience, for determining the sequence in which connections will be allowed. If no criteria are specified, the certificates shall vest, if at all, only upon connection to District facilities as specified in DSRSDC 3.60.020, Vesting of certificate of capacity rights.

B. Notwithstanding the foregoing, the District may decline to issue a certificate of water capacity rights and may deny a connection to its water system based on its determination that it lacks available capacity in its wastewater system. [Ord. 327, 2010; Ord. \_\_\_, 2013.]

### **3.60.090 Priority for certain governmental connections.**

Upon finding that: (A) the public health, welfare, safety, necessity and convenience require the allocation of water or wastewater connections and the related capacity rights to a governmental or quasi-governmental agency or other public institution in order to perform necessary governmental functions or services under its jurisdiction; (B) the functions or services do not include the granting of entitlements for the development or use of privately or publicly owned property for private use; (C) the agency or institution requires not less than 0.025 MGD flow capacity rights; and (D) sufficient treatment capacity exists in the District's treatment works for allocation to the agency or institution in the amount specified by the Board without impairing the rights of others under certificate of capacity rights or agreements previously issued or entered; the Board may enter into an agreement with the governing body of the agency or institution allocating certificate of capacity rights and the related capacity rights, having priority over all other pending applications and future demand in the amount as the Board, in its discretion, determines. Such an agreement shall be the exclusive method by which certificate of capacity rights and corresponding capacity rights may be allocated under this section. It shall include, but not be limited to: provisions for payment of all applicable fees and charges specified in this chapter for connection to and use of the District's wastewater facilities; that the certificates shall vest as specified in DSRSDC 3.60.020, Vesting of certificate of capacity rights, and, if DSRSDC 3.60.030, Limitations on vesting of certificate of capacity rights, is applicable, the certificates shall vest as specified therein unless otherwise specified in the agreement; the term of the certificates (which term shall expire three years from the date of the agreement unless otherwise specified in the agreement); the governmental use to be served by the connection(s) to the District's water and/or wastewater facilities permitted thereunder; and other terms and conditions as the District deems necessary or appropriate. Except as provided to the contrary in the agreement, all provisions of this code governing connection to and use of the District's water and wastewater facilities shall govern permits and certificates issued under the agreement. [Ord. 201, 1985; Ord. 273, 1997; Ord. 327, 2010; Ord. \_\_\_, 2013.]

## **Chapter 3.70 Fees and Charges**

### **3.70.010 Capacity reserve fee.**

A capacity reserve fee shall be assessed for each new system user, or for an existing system user who is expanding use of services, for the right to connect to and receive new or expanded service from the

District's water and wastewater facilities. Said fee shall consist of the amounts determined by the District to be necessary to recover the estimated reasonable cost of providing the services taking into account an equitable portion of the costs of improvements, replacements, and expansions of the District facilities used to provide the service(s). Upon payment of capacity reserve fees, the applicant/user may obtain a certificate of capacity rights in accordance with Chapter [3.60](#) DSRSDC, Service Capacity Allocation. Modifications to capacity rights obtained herein shall be in accordance with DSRSDC [3.60.050](#), Additional capacity – Intensification or modification of use, and 3.60.060, Adjustment to allocated capacity – Modification of certificate of capacity rights.

A. Potable Water. The capacity reserve fee for connection of property to the District's potable water supply facilities shall be as established by separate ordinance or resolution duly adopted from time to time by the Board, based on the size and capacity of the water meter and the pressure zone and the county in which the water meter is to be installed; provided, that said fee for a residential unit, including but not limited to a single-family dwelling, requiring a one-inch water meter or smaller water meter, at the discretion of the District Engineer, for fire sprinkler systems shall be that established for a 5/8-inch water meter, as determined by the Board from time to time.

1. The District's capacity reserve fee shall be a multiple representing the approximate ratio between the maximum rate of continuous flow operation of the water meter being installed and the maximum rate of continuous flow through a 5/8-inch water meter.
2. In addition to the fee described in subsection (A)(1) of this section, for the District's water service area, the capacity reserve fee for potable water shall also include an amount established by Zone 7 for water supply connections pursuant to Zone 7 Resolution No. 00-2206, or any future amendment or restatement thereof, as may from time to time be adopted by Zone 7.
3. In addition to the fees described in subsections (A)(1) and (A)(2) of this section, an additional one percent of the Zone 7 fees shall be assessed on new connections within Contra Costa County to collect the costs incurred by the District to administer the collection of fees for Zone 7.
4. The District, at the discretion of the District Engineer, may add an additional amount or amounts when the incremental costs of providing water service to the property for which application for connection is made exceed the revenues that would be derived from the minimum capacity reserve fee. Such additional amount or amounts shall be determined by the District Engineer, using standard marginal cost-pricing techniques.

B. Recycled Water. The capacity reserve fee for connection of property to the District's recycled water supply facilities shall be as established by separate ordinance or resolution duly adopted from time to time by the Board, based on the size and capacity of the water meter. This capacity reserve fee shall be a multiple representing the approximate ratio between the maximum rate of continuous flow operation of the water meter being installed and the maximum rate of continuous flow through a 5/8-inch water meter.

The capacity reserve fee for a recycled water connection shall not include the Zone 7 fees or the one percent surcharge thereon, as described in subsections (A)(2) and (A)(3) of this section.

C. Wastewater. The capacity reserve fees for connection of property to the District's wastewater facilities shall be as established by separate ordinance or resolution duly adopted from time to time by the Board. The applicant/user shall pay both the regional and local wastewater reserve fees as follows:

1. Regional wastewater capacity reserve fees for service from and use of the District's regional wastewater treatment plant, as determined by the District Engineer, based on the average daily flow, BOD and SS proposed to be discharged to the wastewater system within the area served by the District or a specified portion thereof as estimated by the District Engineer.

a. Residential Users. A standard regional wastewater capacity reserve fee shall be charged for each single-family dwelling unit equivalent based upon the average daily flow, BOD and SS discharged to the wastewater system by all single-family dwelling units within the area served by the District or a specified portion thereof, as determined from time to time by the District Engineer.

Regional wastewater capacity reserve fees for second dwelling units and each class of residences (other than single-family dwellings) shall be a fraction representing the approximate ratio between the average daily flow, BOD and SS from said class of residences within the area served by the District or a specified portion thereof, as estimated by the District Engineer, and a single-family dwelling unit equivalent within the area served by the District or a specified portion thereof.

b. Nonresidential Users. Except as the District Engineer may otherwise determine, the regional wastewater capacity reserve fee for nonresidential users shall be calculated based on the average daily flow, BOD and SS discharged into the wastewater system by all uses of the same category or use classification as the proposed use, each of which shall be estimated by the District Engineer.

2. Local wastewater capacity reserve fees for service from and use of the District's wastewater collection system, based on average daily flow proposed to be discharged to the wastewater system, within the area served by the District or a specified portion thereof, as estimated by the District Engineer.

a. Residential. A local wastewater capacity reserve fee shall be charged for each single-family dwelling unit equivalent based upon the average daily flow discharged by all single-family residential units within the area served by the District or a specified portion thereof, as determined from time to time by the District Engineer.

Local wastewater capacity reserve fees for second dwelling units and each class of residences (other than single-family dwellings) shall be based on a fraction representing the

approximate ratio between the average daily flow from said class of residences within the area served by the District or a specified portion thereof to the flow from one standard single-family dwelling unit within the area served by the District or a specified portion thereof, as estimated by the District Engineer.

b. Nonresidential Users. A local wastewater capacity reserve fee shall be charged to all nonresidential users based on average daily flow proposed to be discharged to the wastewater system, which shall be estimated by the District Engineer.

D. Connections After Failure to Obtain Building Permit or Expiration of Initial Building Permits. If building permits for the building structure(s) associated with a certificate of capacity rights are not obtained within 30 calendar days after payment of the capacity reserve fees pursuant to Section 3.70.080, or the building permits for the building structure(s) associated with a certificate of capacity rights expire before conditions for vesting of the certificate of capacity rights and rights associated therewith as described in DSRSDC 3.60.020.A are met, additional capacity reserve fees comprised of the difference between the capacity reserve fees paid at issuance of the lapsed certificate of capacity rights and the capacity reserve fees in effect within 30 calendar days prior to either the actual issuance of the building permit, or the issuance of the new building permits to replace the expired building permit, whichever is applicable, shall be paid in full to perfect the certificate of capacity rights and as a condition precedent to connecting to District facilities.

E. Special Arrangements. In addition to the applicable fee specified in this section:

1. A special capacity reserve fee shall be paid for improvements, as defined in DSRSDC 2.50.040, Definitions, subject to a reimbursement agreement entered into under Chapter 2.50 DSRSDC, Reimbursement Agreements. The amount of the special capacity reserve fee shall be determined in accordance with the terms and conditions of the reimbursement agreement.
2. Notwithstanding any provision of this code to the contrary, the District may, by special contract, ordinance, or resolution, require an additional payment to reimburse the District for an equitable portion of the costs of existing capital facilities and equipment that will be used to provide water and/or wastewater services to the new system user, or existing system user who is expanding its use of services, which costs will not, due to unusual or extraordinary circumstances as determined by the District Engineer, be fully reimbursed through the applicable capacity reserve fees. [Ord. 69, 1969; Ord. 118, 1975; Ord. 133, 1978; Ord. 136, 1978; Ord. 137, 1978; Ord. 142, 1978; Ord. 146, 1979; Ord. 147, 1979; Ord. 153, 1980; Ord. 159, 1980; Ord. 165, 1981; Ord. 171, 1982; Ord. 172, 1982; Ord. 174, 1982; Ord. 175, 1982; Ord. 182, 1983; Ord. 184, 1983; Ord. 185, 1983; Ord. 188, 1984; Ord. 190, 1984; Ord. 191, 1984; Ord. 192, 1984; Ord. 197, 1985; Ord. 200, 1985; Ord. 203, 1986; Ord. 216, 1988; Ord. 218, 1988; Ord. 223, 1989; Ord. 226, 1989; Ord. 232, 1990; Ord. 233, 1990; Ord. 234, 1990; Ord. 240, 1991; Ord. 241, 1991; Ord. 250, 1992; Ord. 270, 1996; Ord. 273,

1997; Ord. 274, 1997; Ord. 278, 1997; Ord. 291, 2003; Ord. 301, 2004; Ord. 327, 2010; [Ord. \\_\\_\\_\\_\\_, 2013.](#)]

### **3.70.050 Partial refund of capacity reserve fees.**

Except as noted to the contrary in this section, capacity reserve fees paid under this chapter are nonrefundable. ~~The fee shall be forfeited in its entirety upon expiration of certificate of capacity rights per DSRSDC 3.60.020, Expiration of certificate of capacity rights.~~ A partial refund may be issued upon reduction in capacity rights only if, following the process set forth in accordance with DSRSDC [3.60.060](#), Adjustment to allocated capacity – Modification of certificate of capacity rights, the District determines that the capacity used is less than the capacity granted in the certificate of capacity rights. [Ord. 69, 1969; Ord. 118, 1975; Ord. 159, 1980; Ord. 190, 1984; Ord. 273, 1997; Ord. 327, 2010; [Ord. \\_\\_\\_\\_\\_, 2013.](#)]

### **3.70.080 Time of payment.**

~~At the earliest, the District may accept an applicant's payment of District fees and charges upon submittal of application form pursuant to Chapter 3.50 DSRSDC, Construction Permit, and such other evidence or plans satisfactory to the District Engineer, from which District fees may be reasonably calculated; at the latest, the District may accept an applicant's payment of District fees and charges prior to approval of the applicant's plans, if no construction permit is required, or prior to issuance of construction permit if construction permit is required. Construction permits shall not be issued until all District fees have been paid, except for capacity reserve fees pursuant to Sections 3.70.010 through 3.70.030, to be paid later in accordance with Section 3.70.080.~~ [and c](#)ertificates of capacity rights shall not be issued until all District fees associated [therewith](#) ~~each document~~ have been paid in full except for payment of the portion of the regional wastewater capacity reserve fee eligible for installment payments pursuant to an agreement duly executed by the applicant and the District as provided in DSRSDC [3.70.040](#), Installment payment of regional wastewater capacity reserve fees. Zone 7 wholesale fees shall be collected at the time the water meter is set pursuant to the agreement between Zone 7 and the District.

A. Capacity Reserve Fee. No connection to the facilities of the District shall be made, certificate of capacity rights issued, ~~or construction building~~ permit issued, ~~nor water meter installed~~ until the capacity reserve fees are paid except as otherwise provided in DSRSDC [3.70.040](#), Installment payment of regional wastewater capacity reserve fees. ~~At the latest, T~~he capacity reserve fees shall be paid [within thirty \(30\) calendar days](#) prior to ~~approval of the applicant's plans~~ [water meter installation](#), if no ~~construction building~~ permit is required [by the City or County of jurisdiction](#), or [within 30 calendar days](#) prior to issuance of ~~construction building~~ permit if a ~~construction building~~ permit is required [by the City or County of jurisdiction](#), or if neither a building permit nor a water meter is required, [within 30 calendar days](#) prior to an application for service submitted pursuant to Section [3.40.030](#). ~~At the earliest, capacity reserve fees may be paid after the following conditions are satisfied:~~

~~1. Submission of evidence that the local agency having planning jurisdiction over the property has made a determination of the final use of the property. Such evidence may be a tentative subdivision map, parcel map or master final map, or similar entitlement satisfactory to the District Engineer, or~~

~~proof that the local agency having land use jurisdiction over the property has issued a final permit for the expansion, alteration or change of use; and~~

~~2. Such evidence or plans satisfactory to the District Engineer which indicate the water or wastewater capacity needs of the project.~~

B. Project Planning and Review Fees. Project planning and review fees pursuant to DSRSDC [3.70.070](#), Inspection and project review fees – Miscellaneous fees, shall be due and payable upon the initial submittal of plans for review. Project planning and review fees assume review of two iterations of improvement plans for which the fees are charged; review of additional iterations is beyond typical services and will require additional payments. Payment for additional plan review services shall be made prior to approval of plans if no construction permit is required, and prior to issuance of a construction permit if a construction permit is required.

C. Inspection Fees. Inspection fees pursuant to DSRSDC [3.70.070](#), Inspection and project review fees – Miscellaneous fees, shall be due and payable prior to issuance of a construction permit. In the event that the construction permit expires per DSRSDC [3.50.040](#), Expiration of construction permit, and an extension is not granted per DSRSDC [3.50.050](#), Extension of construction permit, inspection fees paid in advance under this section may be refunded, prorata, based upon services rendered by the District.

D. Miscellaneous Fees and Charges. Other fees and charges established by the Board from time to time shall be due and payable as specified in the ordinance or resolution establishing such fees or charges.

E. Failure to Timely Pay Fees and Charges. Failure to pay for fees or charges incurred during construction and prior to project acceptance may result in halt in construction inspection, or provision of services that the District provides until such fees or charges are paid in full. [Ord. 69, 1969; Ord. 107, 1974; Ord. 118, 1975; Ord. 133, 1978; Ord. 142, 1978; Ord. 146, 1979; Ord. 170, 1981; Ord. 190, 1984; Ord. 216, 1988; Ord. 247, 1992; Ord. 249, 1992; Ord. 270, 1996; Ord. 273, 1997; Ord. 327, 2010.]

**Dublin San Ramon Services District  
Summary & Recommendation**

Reference  Treasurer	Type of Action  Accept Financial Statements	Board Meeting of  November 19, 2013				
Subject  Accept Financial Statements for Year Ended June 30, 2013 with Independent Auditors' Report						
<input checked="" type="checkbox"/> Motion	<input type="checkbox"/> Minute Order	<input type="checkbox"/> Resolution				
REPORT:	<input checked="" type="checkbox"/> Verbal	<input type="checkbox"/> Presentation	<input checked="" type="checkbox"/> Staff	J. Archer	<input type="checkbox"/> Other	<input type="checkbox"/> Board Member

**Recommendation:**

The Treasurer recommends that the Board accept, by Motion, the Financial Statements for the year ended June 30, 2013 with Independent Auditors' Report.

**Summary:**

Maze and Associates has audited the financial statements of Dublin San Ramon Services District. Their audit report of the District's Basic Financial Statements for the Year Ended June 30, 2013 is attached. The primary financial statements show the water and sewer enterprises as a whole with supplementary statements showing each of the District's funds individually. These individual fund statements give a better picture of how each of the District's enterprise (or operations) funds did over the last year.

The Memorandum on Internal Control is also attached.

Committee Review			Legal Review	Staff Review		
COMMITTEE ---	DATE ---	RECOMMENDATION ---	Not Required	ORIGINATOR J. Archer	DEPARTMENT Fin Serv	REVIEWED BY
<b>ATTACHMENTS</b> <input type="checkbox"/> <i>None</i>						
<input type="checkbox"/> Resolution	<input type="checkbox"/> Minute Order	<input type="checkbox"/> Task Order	<input type="checkbox"/> Staff Report	<input type="checkbox"/> Ordinance		
<input checked="" type="checkbox"/> Cost \$0.00	<input type="checkbox"/> Funding Source A. B.		Attachments to S&R 1. Financial Statements for Year Ended June 30, 2013 with Independent Auditors' Report 2. Memorandum on Internal Control and Required Communications 3.			
H:\Board\11-19-13\FYE 2013 Audit and MOIC\Audit S&R.docx			115 of 246			

**DUBLIN SAN RAMON SERVICES DISTRICT  
BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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**DUBLIN SAN RAMON SERVICES DISTRICT  
BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

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**DUBLIN SAN RAMON SERVICES DISTRICT  
BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Dublin San Ramon Services District  
Dublin, California

### *Report on Financial Statements*

We have audited the accompanying financial statements of the business-type activities, and each major fund of the Dublin San Ramon Services District (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents. Comparative data for the year ended June 30, 2012 has been summarized from the prior year financial statements, audited by us where, we expressed an unqualified opinion dated September 28, 2012.

### *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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District'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 opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the business-type activities and each major fund of the District as of June 30, 2013, and the respective changes in the financial positions and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter***

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 63-*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which became effective during the year ended June 30, 2013 and required certain title changes to the Statement of Net Position and Statement of Changes in Net Position. See Note 1J to the financial statements for relevant disclosures.

The emphasis of this matter does not constitute a modification to our opinion

### ***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 the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The Supplementary Section as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated in all material respects in relation to the financial statements as a whole.

*Maze & Associates*

Pleasant Hill, California  
October 9, 2013

## DUBLIN SAN RAMON SERVICES DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF BASIC FINANCIAL STATEMENTS Fiscal Years Ended June 30, 2013 and 2012

#### Financial Highlights for Fiscal Year 2013

- ✓ Total assets increased by \$10.6 million or 2.4%
- ✓ Total liabilities decreased by \$3.2 million or 2.9%
- ✓ The District's net position increased \$13.7 million or 4.0%.
- ✓ Total revenues increased \$2.5 million or 3.7%
- ✓ Total expenses decreased \$1.5 million or 2.6%

#### Overview of the Financial Statements

The following overview of the financial activities of Dublin San Ramon Services District summarizes changes in the District's basic financial statements. Basic financial statements consist of the Statement of Net Position, Statement of Revenues and Expenses and Changes in Fund Net Position, Statement of Cash Flows and Notes to Financial Statements. The main purpose of these statements is to provide the reader with sufficient information to assess whether or not the District's overall financial position has improved or deteriorated. Increases or decreases in net position over time are an indicator of the District's overall financial health and should be considered together with management's short and long-term plans for prospectively financing operations and programs.

The Statement of Net Position includes all District assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). These Statements provide data for calculating analytical review measures such as rate of return, capital structure, and liquidity. Revenues and expenses are accounted for in the Statement of Revenues and Expenses and Changes in Fund Net Position. These statements measure the success of District operations for the year and determine cost recovery through user fees and other charges, profitability, and credit worthiness. The Statement of Cash Flows provide information about District cash receipts and disbursements and net changes in cash that result from operating activities, non-capital financing activities, capital financing activities and investing activities. Thus, the Statement of Cash Flows shows sources and uses of cash.

The format of the District's financial statements is in accordance with business-type activities known as enterprise funds. Enterprise funds are self-supporting funds that charge fees to users to cover the costs of operation, maintenance and recurring capital replacement (OM&R) similar to the accounting used by private sector companies. Enterprise funds report on the accrual basis of accounting recognizing all assets, liabilities, revenues and expenses applicable as of the financial statement date. The District is governed by a Board of Directors, which sets policy, adopts budgets and appoints a General Manager to direct operations. There are five Directors elected at-large to overlapping four-year terms.

#### Changes in Net Position

The following condensed Statement of Net Position – Table 1 and Statement of Revenues and Expenses and Changes in Fund Net Position – Table 2 are presented in a comparative format together with dollar and percentage of change from the previous year to help facilitate analysis of financial activity.

**DUBLIN SAN RAMON SERVICES DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
BASIC FINANCIAL STATEMENTS**  
Fiscal Years Ended June 30, 2013 and 2012

**TABLE 1**

**Condensed Statement of Net Position**

	Fiscal Year Ended 2013	Fiscal Year Ended 2012	Increase (Decrease)	% Change	Fiscal Year Ended 2011	% Change
Current and restricted assets	\$ 125,399,268	\$ 114,814,273	\$ 10,584,995	9.2%	\$ 103,138,592	11.3%
Capital assets	321,292,876	322,653,837	(1,360,961)	-0.4%	284,923,744	13.2%
Other assets	13,848,924	12,491,402	1,357,522	10.9%	12,763,930	-2.1%
<b>Total assets</b>	<b>460,541,068</b>	<b>449,959,512</b>	<b>10,581,556</b>	<b>2.4%</b>	<b>400,826,266</b>	<b>12.3%</b>
Current and restricted liabilities	13,546,277	12,805,610	740,667	5.8%	10,074,437	27.1%
Long-term liabilities	93,813,534	97,708,098	(3,894,564)	-4.0%	60,984,570	60.2%
<b>Total liabilities</b>	<b>107,359,811</b>	<b>110,513,708</b>	<b>(3,153,897)</b>	<b>-2.9%</b>	<b>71,059,007</b>	<b>55.5%</b>
<b>Net position</b>						
Net investment in capital assets	233,439,184	231,488,157	1,951,028	0.8%	233,124,109	-0.7%
Restricted for expansion	47,665,749	43,200,700	4,465,049	10.3%	34,254,947	26.1%
Restricted for debt service	-	2	(2)	-100.0%	102,368	-100.0%
Restricted for assessment district	718,648	789,272	(70,624)	-8.9%	731,932	7.8%
Unrestricted	71,357,676	63,967,673	7,390,003	11.6%	61,553,903	3.9%
<b>Total net position</b>	<b>\$ 353,181,257</b>	<b>\$ 339,445,804</b>	<b>\$ 13,735,454</b>	<b>4.0%</b>	<b>\$ 329,767,259</b>	<b>2.9%</b>

During the fiscal year ended June 30, 2013 (FY 2013) total assets increased a moderate 2.4% or \$10.6 million. This increase was primarily in cash and investments of \$9.6 million, plus an increase of \$1 million in receivables. The increase in cash and investments is primarily from capacity reserve fees received from developers during the fiscal year, while the increase in accounts receivable is due to the accrual of tax roll revenues and revenues from operating agreements with joint power authorities for FYE 2013 received after June 30, 2013.

Total liabilities decreased \$3.1 million or 2.9% during the fiscal year. This is primarily due to pay down of long term debt of \$3.3 million; see Financial Statement Note 7 – Long-term debt.

Overall the District's total Net Position increased \$13.7 million or 4.0% during FYE 2013, the increase was principally split between Restricted for expansion and Unrestricted. Net Position restricted for expansion increased \$4.5 million primarily due to Sewer capacity reserve fees received in FYE 2013. Unrestricted Net Position increased \$7.4 million due to a combination of increased rates and customer growth.

**DUBLIN SAN RAMON SERVICES DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF**  
**BASIC FINANCIAL STATEMENTS**  
**Fiscal Years Ended June 30, 2013 and 2012**

**TABLE 2**

**Condensed Statement of Revenues and Expenses and Changes in Fund Net Position**

	Fiscal Year Ended 2013	Fiscal Year Ended 2012	Increase (Decrease)	% Change	Fiscal Year Ended 2011	% Change
Operating revenues - sewer	\$20,112,373	\$18,969,087	\$ 1,143,286	6.0%	\$16,884,902	12.3%
Operating revenues - water	23,255,332	21,640,712	1,614,620	7.5%	20,891,831	3.6%
Other revenues	7,888,376	6,702,916	1,185,460	17.7%	7,172,830	-6.6%
Investment income	149,815	625,049	(475,234)	-76.0%	488,302	28.0%
Connection fees	18,786,036	18,752,586	33,450	0.2%	28,393,312	-34.0%
Contributions	1,294,145	2,261,767	(967,622)	-42.8%	2,524,855	-10.4%
<b>Total revenues</b>	<b>71,486,077</b>	<b>68,952,117</b>	<b>2,533,960</b>	<b>3.7%</b>	<b>76,356,032</b>	<b>-9.7%</b>
Operating expenses - sewer	21,714,869	23,868,358	(2,153,489)	-9.0%	19,353,144	23.3%
Operating expenses - water	22,720,553	22,823,640	(103,087)	-0.5%	19,184,045	19.0%
Depreciation	10,760,074	9,944,178	815,896	8.2%	8,640,393	15.1%
Non-operating expenses	2,555,128	2,637,397	(82,269)	-3.1%	2,043,651	29.1%
<b>Total expenses</b>	<b>57,750,624</b>	<b>59,273,573</b>	<b>(1,522,949)</b>	<b>-2.6%</b>	<b>49,221,233</b>	<b>20.4%</b>
<b>Increase in fund net position</b>	<b>\$ 13,735,453</b>	<b>\$ 9,678,544</b>	<b>\$ 4,056,909</b>	<b>41.9%</b>	<b>\$ 27,134,799</b>	<b>-64.3%</b>

In FYE 2013 the District had an increase in Total revenues of \$2.5 million in FYE 2013 compared to FYE 2012. The District saw a \$2.8 million increase in operating revenues due to rate increases and customer growth, plus an increase of \$1.2 million in Other revenues due to increase in Administrative fees collected from JPA's and construction projects and Federal grant money received. These increases were offset by a \$1.0 million decrease in Contributions as developers build smaller projects where most infrastructure is already in place. Interest income decreased \$0.5 million due to an unrealized reduction in market value that was recorded at year-end.

Total expenses decreased \$1.5 million during FYE 2013. The decrease in Personnel expenses of \$4.2 million due to the onetime payment to CalPERS in FYE 2012 to pay off the District's side fund balance was offset by increases of \$1.0 million in water purchase and materials, and \$1.0 million in contract services and other operating costs and an increase of \$0.8 million in Depreciation.

**DUBLIN SAN RAMON SERVICES DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
BASIC FINANCIAL STATEMENTS**  
Fiscal Years Ended June 30, 2013 and 2012

**Capital Assets and Debt**

Changes in District-wide capital assets and accumulated depreciation are as follows:

	Balance at 06/30/12	Additions	Disposals	Transfers	Balance at 06/30/13
<b>Capital assets being depreciated:</b>					
Land Improvements	\$ 8,499,341	\$ -	\$ -	\$ 27,128	8,526,469
Buildings	129,795,324				129,795,324
Equipment	66,988,646	670,734	(187,195)	114,939	67,587,124
Sub-surface lines	126,380,183	1,294,145		311,531	127,985,859
Intangibles	64,975,880	-			64,975,880
<b>Total capital assets being depreciated:</b>	<b>396,639,374</b>	<b>1,964,879</b>	<b>(187,195)</b>	<b>453,598</b>	<b>398,870,656</b>
<b>Less:</b>					
Improvements	(3,563,854)	(393,238)			(3,957,092)
Buildings	(28,229,293)	(2,788,718)			(31,018,011)
Equipment	(29,631,631)	(2,266,989)	183,910		(31,714,710)
Sub-surface lines	(32,814,481)	(2,676,989)			(35,491,470)
Intangibles	(1,902,455)	(2,634,140)			(4,536,595)
<b>Total accumulated depreciation</b>	<b>(96,141,714)</b>	<b>(10,760,074)</b>	<b>183,910</b>	<b>-</b>	<b>(106,717,878)</b>
<b>Net capital assets being depreciated</b>	<b>\$300,497,660</b>	<b>\$ (8,795,195)</b>	<b>\$ (3,285)</b>	<b>\$ 453,598</b>	<b>\$292,152,778</b>
<b>Capital assets not being depreciated:</b>					
Land	7,712,945	-	-	-	7,712,945
Construction in progress	14,443,232	7,437,519		(453,598)	21,427,153
<b>Total capital assets, net</b>	<b>\$322,653,837</b>	<b>\$ (1,357,676)</b>	<b>\$ (3,285)</b>	<b>\$ -</b>	<b>\$321,292,876</b>

During FYE 2013 the District purchased, had contributed, or constructed the following assets:

Contributed sub-surface lines	\$1,294,145
Operations equipment and site improvements	\$541,620
Constructed sub-surface lines	311,531
Wastewater treatment plant equipment	246,242
Computer network equipment	24,940
	<b><u>\$2,418,477</u></b>

For additional information see Financial Statement Note 4 – Capital Assets

In FYE 2013 the District had the following additions to construction in progress:

Recycled water system improvements	\$3,032,566
Potable water system improvements	2,257,847
Wastewater treatment plant improvements	1,574,258
Local sewer system improvements	265,475
Improvements to emergency preparedness	183,335
Various improvement projects for communications	124,038
	<b><u>\$7,437,519</u></b>

**DUBLIN SAN RAMON SERVICES DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF**  
**BASIC FINANCIAL STATEMENTS**  
**Fiscal Years Ended June 30, 2013 and 2012**

The changes in long-term debt are as follows:

Debt Payable	Balance at 6/30/2012	Additions	Principal Payments	Balance at 6/30/2013
Bank Note - Sewer	\$14,570,586		\$1,680,297	\$12,890,289
Water Revenue Refunding Bonds	35,620,000			35,620,000
LAVWMA Obligation	40,975,094		1,631,691	39,343,403
	<u>\$91,165,680</u>	<u>\$ -0-</u>	<u>\$3,311,988</u>	<u>\$87,853,692</u>

In FYE 2013 there were no additions to debt and total principal repaid was \$3.3 million, for additional information on the Districts debt obligations, see Financial Statement Note 7 – Long-term debt.

**Other Post Employment Benefits(OPEB)**

The District recognizes its responsibility to fund the liabilities for employee's retirement benefits. In 2008, the District entered into an agreement with CalPERS to participate in the California Employer's Retiree Benefit Trust Program (CERBT). Since, then the staff has taken aggressive steps to fund retirement benefits currently to avoid unduly burdening future generations of ratepayers. As of June 30, 2013 the District has funded substantially all of its current OPEB liability. A brief history of the OPEB Liability and the fund balance at CERBT is as summarized below, see Financial Statement Note 11 – Post Employment Health Care Benefits.

Date	Entry Age Actuarial Accrued Liability	CERBT Fund Balance	Percentage of Liability
6/30/07	\$11,170,000	0	0.00%
7/1/2009	12,177,427	\$7,247,589	59.52%
7/1/2011	17,793,420	14,661,042	82.40%
6/30/2013	17,793,420 <sup>(1)</sup>	17,609,190	98.96%

*(1) Revised valuation will be issued effective July 1, 2013*

**Rates and Other Economic Factors**

The District is not subject to general economic conditions such as increases or declines in property tax values or other types of revenues that vary with economic conditions such as sales taxes. Accordingly, the District sets its rates to cover the costs of operations, maintenance, replacement (OM&R) and debt-financed capital improvements.

**Contacting the District**

This financial report is designed to provide our customers, investors and creditors with a general overview of the District's finances and to show accountability for the money it receives. If you have questions about this report, or need any additional financial information, contact the Financial Services Department at 7051 Dublin Blvd., Dublin, California 94568.

DUBLIN SAN RAMON SERVICES DISTRICT  
COMPARATIVE STATEMENTS OF NET POSITION  
JUNE 30, 2013  
WITH SUMMARIZED TOTALS AS OF JUNE 30, 2012

	2013			2012	
	Sewer	Water	Totals		
<b>ASSETS</b>					
Current assets:					
Pooled cash	\$4,501,423	\$2,152,314	\$6,653,737	\$11,848,154	
Pooled investments	73,538,302	35,380,876	108,919,178	94,076,769	
Restricted investments	327,352		327,352	317,720	
Accounts receivable	3,707,455	5,076,209	8,783,664	7,888,315	
Receivable from Water Fund	207,834		207,834	203,759	
Interest receivable	112,331	54,096	166,427	133,411	
Employee notes receivable	7,293		7,293		
Deferred capacity reserve fees receivable	331,443		331,443	329,192	
Prepaid expenses	1,446	894	2,340	16,953	
<b>Total current assets</b>	<b>82,734,879</b>	<b>42,664,389</b>	<b>125,399,268</b>	<b>114,814,273</b>	
Non-current assets:					
Capital assets:					
Property, plant and equipment	230,141,543	168,729,113	398,870,656	396,639,374	
Less accumulated depreciation	68,494,870	38,223,008	106,717,878	96,141,714	
<b>Net property, plant and equipment</b>	<b>161,646,673</b>	<b>130,506,105</b>	<b>292,152,778</b>	<b>300,497,660</b>	
Land and construction in progress	13,337,803	15,802,295	29,140,098	22,156,177	
<b>Total capital assets</b>	<b>174,984,476</b>	<b>146,308,400</b>	<b>321,292,876</b>	<b>322,653,837</b>	
Other assets:					
Receivable from Water Fund	428,220		428,220	636,055	
Net OPEB asset	8,228,289	3,823,867	12,052,156	10,150,674	
Deferred charges	78,003	497,115	575,118	606,140	
Deferred capacity reserve fees receivable - long term	793,430		793,430	1,098,533	
<b>Total other assets</b>	<b>9,527,942</b>	<b>4,320,982</b>	<b>13,848,924</b>	<b>12,491,402</b>	
<b>Total non-current assets</b>	<b>184,512,418</b>	<b>150,629,382</b>	<b>335,141,800</b>	<b>335,145,239</b>	
<b>Total assets</b>	<b>267,247,297</b>	<b>193,293,771</b>	<b>460,541,068</b>	<b>449,959,512</b>	

(Continued)

DUBLIN SAN RAMON SERVICES DISTRICT  
COMPARATIVE STATEMENTS OF NET POSITION  
JUNE 30, 2013  
WITH SUMMARIZED TOTALS AS OF JUNE 30, 2012

	2013			2012	
	Sewer	Water	Totals		
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	\$1,237,900	\$3,761,358	\$4,999,258	\$4,542,875	
Contractor bonds and deposits	414,741	400,980	815,721	762,254	
Accrued expenses	1,180,064		1,180,064	1,029,319	
Accrued compensated absences	804,115	468,336	1,272,451	1,148,650	
Interest payable	188,198	816,529	1,004,727	1,029,260	
Payable to Sewer Fund		207,834	207,834	203,759	
Current portion of long-term debt	3,042,160	260,000	3,302,160	3,311,988	
Unearned revenue and other liabilities	764,062		764,062	777,505	
 Total current liabilities	 7,631,240	 5,915,037	 13,546,277	 12,805,610	
Long term liabilities:					
Long-term debt					
less current portion	49,191,532	35,360,000	84,551,532	87,853,692	
Payable to Sewer Fund		428,220	428,220	636,055	
DLD remediation reserve	663,000		663,000	653,000	
Unearned revenue	793,430	7,377,352	8,170,782	8,565,351	
 Total long term liabilities	 50,647,962	 43,165,572	 93,813,534	 97,708,098	
 Total liabilities	 58,279,202	 49,080,609	 107,359,811	 110,513,708	
<b>NET POSITION</b>					
Net investment in capital assets	122,750,784	110,688,400	233,439,184	231,488,157	
Restricted for:					
Expansion	41,064,212	6,601,537	47,665,749	43,200,700	
Debt service				2	
Assessment district		718,648	718,648	789,272	
Unrestricted	45,153,099	26,204,577	71,357,676	63,967,673	
 Total net position	 \$208,968,095	 \$144,213,162	 \$353,181,257	 \$339,445,804	

See accompanying notes to basic financial statements

**DUBLIN SAN RAMON SERVICES DISTRICT**  
**COMPARATIVE STATEMENTS OF REVENUES AND EXPENSES**  
**AND CHANGES IN FUND NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2012**

	2013			2012
	Sewer	Water	Total	
<b>OPERATING REVENUES</b>				
Wastewater service charges	\$20,112,373		\$20,112,373	\$18,969,087
Water sales		\$23,255,332	23,255,332	21,640,712
Other revenues	<u>2,586,322</u>	<u>5,302,054</u>	<u>7,888,376</u>	<u>6,702,916</u>
<b>Total operating revenues</b>	<b><u>22,698,695</u></b>	<b><u>28,557,386</u></b>	<b><u>51,256,081</u></b>	<b><u>47,312,715</u></b>
<b>OPERATING EXPENSES</b>				
Personnel	10,337,421	6,414,535	16,751,956	21,076,414
Materials	2,135,130	11,114,627	13,249,757	12,169,667
Contractual services	9,066,545	5,065,882	14,132,427	13,108,236
Other	175,773	125,509	301,282	337,680
Depreciation	<u>6,623,720</u>	<u>4,136,354</u>	<u>10,760,074</u>	<u>9,944,178</u>
<b>Total operating expenses</b>	<b><u>28,338,589</u></b>	<b><u>26,856,907</u></b>	<b><u>55,195,496</u></b>	<b><u>56,636,175</u></b>
<b>OPERATING INCOME (LOSS)</b>	<b><u>(5,639,894)</u></b>	<b><u>1,700,479</u></b>	<b><u>(3,939,415)</u></b>	<b><u>(9,323,460)</u></b>
<b>NONOPERATING REVENUES (EXPENSE)</b>				
Investment income	84,552	65,263	149,815	625,049
Interest expense	<u>(595,459)</u>	<u>(1,959,669)</u>	<u>(2,555,128)</u>	<u>(2,637,397)</u>
<b>Total non-operating revenues (expense), net</b>	<b><u>(510,907)</u></b>	<b><u>(1,894,406)</u></b>	<b><u>(2,405,313)</u></b>	<b><u>(2,012,348)</u></b>
<b>(LOSS) BEFORE CONTRIBUTIONS</b>	<b><u>(6,150,801)</u></b>	<b><u>(193,927)</u></b>	<b><u>(6,344,728)</u></b>	<b><u>(11,335,808)</u></b>
Non-cash contributions	271,560	1,022,585	1,294,145	2,261,767
Capital contributions - capacity reserve fees	<u>14,533,570</u>	<u>4,252,466</u>	<u>18,786,036</u>	<u>18,752,586</u>
<b>Changes in net position</b>	<b><u>8,654,329</u></b>	<b><u>5,081,124</u></b>	<b><u>13,735,453</u></b>	<b><u>9,678,545</u></b>
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>	<b><u>200,313,766</u></b>	<b><u>139,132,038</u></b>	<b><u>339,445,804</u></b>	<b><u>329,767,259</u></b>
<b>TOTAL NET POSITION, END OF YEAR</b>	<b><u>\$208,968,095</u></b>	<b><u>\$144,213,162</u></b>	<b><u>\$353,181,257</u></b>	<b><u>\$339,445,804</u></b>

See accompanying notes to basic financial statements

**DUBLIN SAN RAMON SERVICES DISTRICT  
STATEMENTS OF CASH FLOWS  
PROPRIETARY FUNDS - ENTERPRISE  
FOR THE YEAR ENDED JUNE 30, 2013**  
WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	Sewer	Water	Total	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers, users and joint powers authorities	\$22,197,239	\$28,178,106	\$50,375,345	\$47,955,191
Payments for services and supplies	(11,130,888)	(15,881,983)	(27,012,871)	(24,541,634)
Payments to or on behalf of employees	(10,346,239)	(8,190,691)	(18,536,930)	(21,282,820)
Net Cash Provided (Used) by Operating Activities	<u>720,112</u>	<u>4,105,432</u>	<u>4,825,544</u>	<u>2,130,737</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Due to other funds		(203,760)	(203,760)	(222,192)
Due from other funds	<u>203,760</u>		<u>203,760</u>	<u>222,192</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>203,760</u>	<u>(203,760)</u>		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal paid on long-term debt	(3,311,988)		(3,311,988)	(1,609,049)
Interest paid on long-term debt	(606,992)	(1,941,647)	(2,548,639)	(2,679,764)
Acquisition and construction of capital assets	(2,602,926)	(5,502,042)	(8,104,968)	(4,437,409)
Capacity reserve fees collected	14,517,876	4,163,000	18,680,876	18,309,124
Net Cash Provided (Used) by Financing Activities	<u>7,995,970</u>	<u>(3,280,689)</u>	<u>4,715,281</u>	<u>9,582,902</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	59,348	57,451	116,799	602,711
Purchase of investment securities	(31,812,750)	(15,317,250)	(47,130,000)	(56,500,000)
Redemptions of investment securities	13,640,008	9,804,876	23,444,884	31,814,410
Proceeds (purchase) of other investments	(9,634)	2	(9,632)	(131,408)
Proceeds of LAIF investments	5,968,827	2,873,880	8,842,707	12,358,128
Net Cash Provided (Used) by Investing Activities	<u>(12,154,201)</u>	<u>(2,581,041)</u>	<u>(14,735,242)</u>	<u>(11,856,159)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(3,234,359)</u>	<u>(1,960,058)</u>	<u>(5,194,417)</u>	<u>(142,520)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>7,735,782</u>	<u>4,112,372</u>	<u>11,848,154</u>	<u>11,990,674</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$4,501,423</u>	<u>\$2,152,314</u>	<u>\$6,653,737</u>	<u>\$11,848,154</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	(\$5,639,894)	\$1,700,479	(\$3,939,415)	(\$9,323,461)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	6,623,720	4,136,354	10,760,074	9,944,178
(Increase) decrease in accounts receivable	(512,910)	(382,439)	(895,349)	496,195
(Increase) decrease in employees notes receivable	(7,293)		(7,293)	4,440
(Increase) decrease in prepaid expenses	11,454	3,159	14,613	146,281
(Increase) decrease in net OPEB asset	(81,524)	(1,819,958)	(1,901,482)	(308,074)
Increase (decrease) in accounts payable	70,283	386,100	456,383	674,097
Increase (decrease) in contractor bonds and deposits payable	15,532	37,935	53,467	(70,182)
Increase (decrease) in accrued expenses	150,745		150,745	437,035
Increase (decrease) in compensated absences	79,999	43,802	123,801	97,228
Increase (decrease) in DLD remediation reserve	10,000		10,000	33,000
Total adjustments	<u>6,360,006</u>	<u>2,404,953</u>	<u>8,764,959</u>	<u>11,454,198</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$720,112</u>	<u>\$4,105,432</u>	<u>\$4,825,544</u>	<u>\$2,130,737</u>
<b>NON CASH TRANSACTIONS:</b>				
Fair market value adjustment increase	\$131,345	\$63,337	\$194,682	\$8,308
Contributed assets	271,560	1,022,585	1,294,145	2,261,767

See accompanying notes to basic financial statements

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# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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### *NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

#### A. General

Dublin San Ramon Services District (the District) is organized under the Community Services District Act provisions of the general laws of the State of California and is governed by a five-member Board of Directors. The District, which was established in 1953 and became active in 1960, provides water, recycled water and wastewater collection and treatment services. The District's jurisdiction is approximately 26 square miles in the counties of Alameda and Contra Costa, California.

#### B. Basis of Accounting

The District is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent of the governing body is that the costs and expenses, including depreciation, and providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges.

An enterprise fund is used to account for activities similar to those in the private sector, where the proper matching of revenues and costs is important and the full accrual basis of accounting is required. With this measurement focus, all assets and all liabilities of the enterprise are recorded on its statement of net position, and under the full accrual basis of accounting all revenues are recognized when earned and all expenses, including depreciation, are recognized when incurred.

A Major Fund is a fund whose revenues, expenditures/expenses, assets or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all funds.

The District reports the following major Proprietary Funds:

Water Enterprise – This enterprise accounts for the operation, maintenance and capital improvement projects of the water system, which is funded by user charges and other fees.

Sewer Enterprise – This enterprise accounts for the operation, maintenance and capital improvement projects of the sewer system which are funded by user charges and other fees.

#### C. Measurement Focus

Enterprise funds are accounted for on a cost of services or *economic resources* measurement focus, which means that all assets and all liabilities associated with their activity are included on their balance sheets. Enterprise fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

## DUBLIN SAN RAMON SERVICES DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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#### *NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*

##### **D. Reporting Entity**

In evaluating how to define the government for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria prescribed by Generally Accepted Accounting Principles (GAAP). As required by GAAP, these financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. Financial accountability is interpreted to mean appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that there is a financial benefit or burden on the primary government.

In evaluating the financial reporting entity for purpose of preparing the basic financial statements, the District has determined it is financially accountable for the DSRSD Financing Corporation. The Corporation is a separate government entity whose purpose is to assist with the financing certain public capital facilities for the District through the issuance of bonds or other forms of debt. The Corporation is controlled by the District and has the same governing body as the District, which also performs all accounting and administrative functions for the Corporation. The Corporation is included as a blended component unit in these basic financial statements.

##### **E. Capital Assets**

Capital assets, which include property, plant, and equipment are recorded at historical costs or estimated historical cost, if actual cost is not available. Contributed assets are recorded at estimated fair value on the date of contribution.

The District defines capital assets as assets with an initial, individual cost of \$10,000 and an estimated useful life in excess of one year.

Depreciation is computed by the straight-line method based on the estimated useful lives of related asset classifications. The District has assigned the useful lives listed below to capital assets:

Land Improvements	15-25 years
Buildings	10-50 years
Equipment	5-25 years
Sub-surface lines	25-50 years
Intangibles - Reclaimed Water Rights	41 years
Intangibles – Sewer Capacity Rights	20 years

##### **F. Cash Flows Defined**

For purpose of the statements of cash flows the District defines cash and cash equivalents to include all cash in deposit accounts and cash on hand but does not include cash held in escrow for restricted purposes.

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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### *NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*

#### G. Accounts Receivable

The District bills its water consumption and sewer usage on a cycle billing method. Cycle billing results in an amount of services rendered but not yet billed at year-end. The District has recorded this revenue by estimating the unbilled amount. The estimate was calculated by using the billing subsequent to the balance sheet date (June 30) and calculating the amount of service provided prior to June 30. This calculated amount is included in accounts receivable.

#### H. Accrued Compensated Absences

The liability for vested vacation pay is calculated and accrued on an annual basis. The amount is computed using current employee accumulated leave hours (excluding sick leave which does not vest) at current pay rates.

	Business Type Activities		
	Sewer	Water	Total
Summary of Activity:			
Beginning Balance	\$724,116	\$424,534	\$1,148,650
Additions	849,369	497,257	1,346,626
Payments	(769,370)	(453,455)	(1,222,825)
Ending Balance - Due within one year	<u>\$804,115</u>	<u>\$468,336</u>	<u>\$1,272,451</u>

#### I. Use of Estimates

The District's management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses and the disclosure of contingent liabilities to prepare these financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Actual results could differ from those estimates.

#### J. Deferred Outflows/Inflows of Resources

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources expense until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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### *NOTE #1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. This Statement changed certain financial statement titles and nomenclature on the District's financial statements for fiscal year ending June 30, 2013.

### *NOTE #2 - CASH AND INVESTMENTS*

#### **A. Policies**

California Law generally requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the District's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the District's name and places the District ahead of general creditors of the institution. As of June 30, 2013, the District's cash in bank was insured or collateralized as discussed above.

The District invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable securities instruments, or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. In order to increase security, the District employs the Trust Department of a bank as the custodian of certain District managed investments, regardless of their form.

The District's investments are carried at fair value, as required by generally accepted accounting principles. The District 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.

#### **B. Classification**

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of District debt instruments or Agency agreements.

Cash and cash equivalents	\$6,653,737
Investments	108,919,178
Restricted investments	327,352
Total cash and investments	<u><u>\$115,900,267</u></u>

## DUBLIN SAN RAMON SERVICES DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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#### *NOTE #2 – CASH AND INVESTMENTS (Continued)*

##### C. Investments Authorized by the California Government Code and the District's Investment Policy

The District's Investment Policy and the California Government Code allow the District to invest in the following provided the credit ratings of the issuers are acceptable to the District; and approved percentages and maturities are not exceeded.

The table below identifies those investments authorized by the Board of Directors in the District's investment policy, which was last adopted May 1, 2012. With the exception of Negotiable CDs, there are no restrictions on the maximum amount invested in each security type or issuer. Maturities on investments are limited to five years except that up to 10% of the portfolio is deemed the "long-term" portfolio and may be invested up to ten years.

#### Authorized Investment Type

Bonds issued by the District

United States Treasury notes, bonds, bills, or certificates of indebtedness

Registered state warrants or treasury notes or bonds of this state

Registered treasury notes or bonds of any of the other 49 United States

Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state

Federal agency or United States government-sponsored enterprise obligations

Negotiable certificates of deposit issued by a nationally or state-chartered bank or a savings association or federal association or a state or federal credit union or by a state-licensed branch of a foreign bank (limited to 30% of the portfolio).

Medium-term notes, defined as all corporate and depository institution debt securities (limited to 30% of surplus money).

Deposits with bank and savings and loan associations, including certificates of deposit, where the deposits are insured by FDIC

The Local Agency Investment Fund (LAIF)

Shares in California Asset Management Program (CAMP)

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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### *NOTE #2 – CASH AND INVESTMENTS (Continued)*

#### **D. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District generally manages its interest rate risk by holding investments to maturity.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity or earliest call date:

Investment Type	12 Months or less	13 - 24 Months	25 - 60 Months	Total
U.S. Agency Securities:				
Callable	\$31,967,943	\$2,369,230		\$34,337,173
Non-Callable		3,009,300	\$6,192,767	9,202,067
California Local Agency Investment Fund	40,429,788			40,429,788
Negotiable Certificates of Deposit	2,496,536	1,005,078	988,028	4,489,642
Medium Term Notes	2,013,652	5,055,728	13,385,315	20,454,695
California Asset Management Program	5,813			5,813
<b><i>Total Unrestricted Investments</i></b>	<b><u>76,913,732</u></b>	<b><u>11,439,336</u></b>	<b><u>20,566,110</u></b>	<b><u>108,919,178</u></b>
Escrow Deposits	327,352			327,352
<b><i>Total Restricted Investments</i></b>	<b><u>327,352</u></b>			<b><u>327,352</u></b>
<b><i>Total Investments</i></b>	<b><u>\$77,241,084</u></b>	<b><u>\$11,439,336</u></b>	<b><u>\$20,566,110</u></b>	<b><u>\$109,246,530</u></b>

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2013, these investments matured in an average of 278 days.

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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### NOTE #2 – CASH AND INVESTMENTS (Continued)

The District is a voluntary participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the “Act”) for the purpose of exercising the common power of its Participants to invest certain proceeds of debt issues and surplus funds. The Pool’s investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The District reports its investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share. At June 30, 2013, the fair value approximated is the District’s cost. At June 30, 2013, these investments have an average maturity of 53 days.

The District first purchased medium term notes in fiscal year 2012 and at June 30, 2013 those bonds had an average maturity of 971 days. The District also purchased Negotiable Certificates of Deposit (CDs) in fiscal year 2012 and at June 30, 2013, CDs had an average maturity of 512 days.

#### E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2013 for each investment type as provided by Standard and Poor’s.

Investment Type	AAA	AA+	AA	AA-	A	Total
U.S. Agency Securities:						
Callable		\$34,337,173				\$34,337,173
Non-Callable		9,202,067				9,202,067
California Asset Management Program	\$5,813					5,813
Medium Term Notes		7,879,760	\$2,038,828	\$7,069,380	\$3,466,727	20,454,695
<i>Not rated:</i>						
California Local Agency Investment Fund						40,429,788
Negotiable Certificates of Deposit						4,489,642
<b>Total Unrestricted Investments</b>	<b>5,813</b>	<b>51,419,000</b>	<b>2,038,828</b>	<b>7,069,380</b>	<b>3,466,727</b>	<b>108,919,178</b>
<i>Not rated:</i>						
Escrow Deposits						327,352
<b>Total Restricted Investments</b>	<b></b>	<b></b>	<b></b>	<b></b>	<b></b>	<b>327,352</b>
<b>Total Investments</b>	<b>\$5,813</b>	<b>\$51,419,000</b>	<b>\$2,038,828</b>	<b>\$7,069,380</b>	<b>\$3,466,727</b>	<b>\$109,246,530</b>

## DUBLIN SAN RAMON SERVICES DISTRICT

# **NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013**

*NOTE #2 - CASH AND INVESTMENTS (Continued)*

## F. Concentration Risk

Significant District investments in the securities of any individual issuers, other than U.S. Treasury securities, LAIF, and mutual funds, are set forth below:

<u>Reporting Unit</u>	<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
District-Wide			
	Federal National Mortgage Association	Federal Agency Securities	\$17,789,805
	Federal Home Loan Bank	Federal Agency Securities	10,268,083
	Federal Home Loan Mortgage Association	Federal Agency Securities	9,225,010
	Federal Farm Credit Bank	Federal Agency Securities	6,256,342
	General Electric Corporation	Corporate Bonds	7,879,760

### NOTE #3 – RESTRICTED ASSETS AND RESTRICTED NET POSITION

The District has restricted its net position for capital expansion, asset replacement and other purposes in the amounts set forth below:

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### NOTE #4 – CAPITAL ASSETS

Changes in capital assets accounts are summarized below:

	Balance at June 30, 2012	Additions	Retirements	Transfers	Balance at June 30, 2013
Capital assets being depreciated:					
Improvements	\$8,499,341			\$27,128	\$8,526,469
Buildings	129,795,324				129,795,324
Equipment	66,988,646	\$670,734	(\$187,195)	114,939	67,587,124
Sub-surface lines	126,380,183	1,294,145		311,531	127,985,859
Intangibles	64,975,880				64,975,880
Total capital assets being depreciated:	<u>396,639,374</u>	<u>1,964,879</u>	<u>(187,195)</u>	<u>453,598</u>	<u>398,870,656</u>
Less accumulated depreciation for:					
Improvements	(3,563,854)	(393,238)			(3,957,092)
Buildings	(28,229,293)	(2,788,718)			(31,018,011)
Equipment	(29,631,631)	(2,266,989)	183,910		(31,714,710)
Sub-surface lines	(32,814,481)	(2,676,989)			(35,491,470)
Intangibles	(1,902,455)	(2,634,140)			(4,536,595)
Total accumulated depreciation	<u>(96,141,714)</u>	<u>(10,760,074)</u>	<u>183,910</u>		<u>(106,717,878)</u>
Net capital assets being depreciated	<u>300,497,660</u>	<u>(8,795,195)</u>	<u>(3,285)</u>	<u>453,598</u>	<u>292,152,778</u>
Capital assets not being depreciated:					
Land	7,712,945				7,712,945
Construction in progress	<u>14,443,232</u>	<u>7,437,519</u>		<u>(453,598)</u>	<u>21,427,153</u>
Total capital assets not being depreciated	<u>22,156,177</u>	<u>7,437,519</u>		<u>(453,598)</u>	<u>29,140,098</u>
Total capital assets, net	<u><u>\$322,653,837</u></u>	<u><u>(\$1,357,676)</u></u>	<u><u>(\$3,285)</u></u>		<u><u>\$321,292,876</u></u>

As a result of the District's pledge of its regional service charges, the District is considered to be obligated in some manner for its portion of the 2011 LAVWMA Bonds and accordingly has recorded its share of those bonds as the LAVWMA Pledge Obligation. Concurrently, the District has also recorded its transmission rights provided to it under the terms of the Amended and Restated Sewer Service Contract (See Note 7) as an intangible asset in the above table.

The District had outstanding construction commitments on capital projects totaling \$1,925,434 at June 30, 2013.

### NOTE #5 – DEFERRED CAPACITY RESERVE FEES RECEIVABLE

In fiscal year ended June 30, 1997, the District implemented a deferred payment program for regional sewer capacity reserve fees as a means to attract new business to the area. The program was modified in subsequent years and is now designed for commercial and affordable housing with regional sewer capacity reserve fees owed between \$25,000 and \$100,000. Loans bear an interest rate of 5%.

Customers make a twenty percent down payment of regional sewer capacity reserve fees owed and enter into an agreement with the District to pay the balance over a maximum of ten years. The capacity reserve fee revenue is recognized as it is received. The portions outstanding are recorded as deferred capacity reserve fees receivable, which amounted to \$1,124,873 at June 30, 2013, of which \$331,443 is the current portion.

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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### *NOTE #6 – JOINT POWERS AUTHORITIES*

#### **A. LAVWMA**

The District is one of three participants in the Livermore Amador Valley Water Management Agency (LAVWMA), a joint powers authority formed in 1974, which constructed and operates an export pumping facility through which all wastewater in the area is discharged. The other two participants are the Cities of Livermore and Pleasanton, each also having a one-third representation in LAVWMA's Board of Directors, composed of two representatives from each participating agency. The LAVWMA's Board of Directors approves LAVWMA's annual budget, which is prepared by LAVWMA's general manager. The Agency charges its members for project costs in proportion to their rights to the Agency's capacity.

The District contracts with the City of Pleasanton ("City") to provide wastewater treatment. The District establishes user charges for these wastewater services. The City then establishes those same charges in its service area and remits the charges they collect to the District on a monthly basis. A portion of the user charge is for the services provided by LAVWMA. LAVWMA bills the District for both the District's and Pleasanton's share of these costs (which includes both operations and debt service). Financial statements for LAVWMA may be obtained from DSRSD, 7051 Dublin Boulevard, Dublin, California 94568.

During the year ended June 30, 2012, LAVWMA issued \$105,345,000 principal amount of 2011 Sewer Revenue Refunding Bonds on September 28, 2011. Proceeds of the issuance were used to refund and retire the Series A Sewer Revenue Bonds and to pay costs of issuance. Under the Amended And Restated Sewer Service Contract dated October 1, 2011, between LAVWMA and Members, the Members pledged and created, in favor of LAVWMA and the Trustee for the 2011 Bonds, a lien on the Net Revenues of their respective wastewater systems (the "Sewer Systems"), to pay to LAVWMA the amounts owed in order for LAVWMA to pay debt service on the 2011 Bonds. (See Note 7.)

Effective July 1, 2011, the LAVWMA Board entered into an agreement to retain the District's Finance Manager as LAVWMA's Treasurer.

#### **B. DERWA**

The District is also a participant (along with East Bay Municipal Utility District) in the DSRSD/EBMUD Recycled Water Authority (DERWA), a joint powers authority formed in 1995 to plan, design, construct, own and operate various facilities which together will maximize the volume of recycled water deliveries while recovering its costs. Each member provides two representatives to DERWA's Board of Directors which approves the annual budget prepared by DERWA's treasurer. The Authority began its operations on June 28, 1995.

DERWA constructed a water recycling system, including treatment, conveyance, pumping and storage facilities which became operational on February 1, 2006. Operation and maintenance expenses are allocated based on each member's actual usage. Capital costs, including debt service, are allocated based on each member's proportional share of capital assets.

Financial statements may be obtained from DERWA, P.O. Box 24055 Oakland, California 94623.

DERWA has outstanding state loans totaling \$17,349,808. The District's share of the total debt is 52.4% or \$9,091,299.

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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### NOTE #7 – LONG-TERM DEBT

	Original Issue Amount	Balance June 30, 2012	Retirements	Balance June 30, 2013	Amount due within one year
2009 Refunding Note 4.38%, due 09/01/2019	\$18,486,000	\$14,570,586	\$1,680,297	\$12,890,289	\$1,754,699
2011 LAVWMA Obligation 2% - 5%, due 8/1/31	40,975,094	40,975,094	1,631,691	39,343,403	1,287,461
2011 Water Revenue Refunding Bonds 4%-6%, due 8/1/2041	35,620,000	35,620,000		35,620,000	260,000
Total Long-Term Debt		<u>\$91,165,680</u>	<u>\$3,311,988</u>	<u>\$87,853,692</u>	<u>\$3,302,160</u>

#### A. 2009 Refunding Note

The District entered into a Refunding Note with Bank of America, N.A., on September 1, 2009, for the purpose of refinancing and retiring the District's 2000 Series COPs/Bank Certificates. The Note amount totals \$18,486,000 with a stated interest rate of 4.38% per annum. Principal payments are due semi-annually beginning in March 1, 2010 through September 1, 2019.

Debt service on the Note plus the District's contribution toward debt service due on debt issued by LAVWMA (see Note 6) are payable from draws from a Rate Stabilization Fund (Regional Expansion fund). At the end of each fiscal year, if the balance in the District's Regional Expansion fund is in excess of two times maximum annual debt service on the 2009 Refunding Note and the District's contribution toward LAVWMA's debt, then the total amount paid from that fund towards debt service is considered a draw from reserves. Debt service not covered from the draw is included in Rate Covenant Debt Service subject to a coverage requirement of 1.1 times debt service. This coverage calculation is shown below.

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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### NOTE #7 – LONG-TERM DEBT (Continued)

#### Rate Stabilization Fund/Regional Expansion Fund

Maximum Annual Debt Payments payable from the Rate Stabilization Fund:

2009 Refunding Loan	\$ 2,300,289
2011 LAVWMA Bonds	4,854,511
	<hr/>
	\$ 7,154,800
Target Level of Rate Stabilization Fund (2X)	<hr/>
	\$ 14,309,600
Working Capital at June 30, 2013	<hr/>
	\$ 33,311,695

Actual Debt Paid from the Rate Stabilization Fund:

2009 Refunding Loan	\$ 2,300,289
LAVWMA 2011 Bonds	4,854,511
	<hr/>
	\$ 7,154,800

If the Working Capital balance exceeds the Target Level, all debt paid from the Rate Stabilization Fund is considered a draw and is excluded from the coverage requirement shown below.

Coverage Calculation (Total Sewer):

Sewer Operating Revenues	\$ 22,698,695
Sewer Non-Operating Revenues	84,552
Capacity Reserve Fees	14,533,570
Less Regional Expansion Capacity Reserve Fees	(11,556,903)
Total Available Revenues	<hr/>
	25,759,914

Sewer Operating Expenses	28,338,589
Less Regional Expansion Costs for:	
Debt Payments to LAVWMA	(4,854,511)
Other Operating Costs	(3,928,641)
Less Depreciation	<hr/>
Operations & Maintenance Costs	(6,623,720)
Net Available Revenue	<hr/>
	12,931,717
	<hr/>
	\$ 12,828,197

Rate Covenant Debt Service:

LAVWMA 2011 Bonds (repair portion)	\$ 1,648,026
	<hr/>
	\$ 1,648,026
	<hr/>
Coverage on Rate Covenant Debt Service	7.8

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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### NOTE #7 – LONG-TERM DEBT (Continued)

#### B. 2011 Water Revenue Refunding Bonds

The District issued \$35,620,000 of 2011 Water Revenue Refunding Bonds on January 6, 2011. Proceeds of the issuance were used to fund a contribution to DERWA which it used to retire its commercial paper obligations (Note 6), to refund and retire the WaterReuse Finance Authority Obligation, and to pay costs of issuance. Interest rates range from 4% to 6%. Principal payments are due annually beginning August 1, 2013 through August 1, 2041.

The issuance is payable from a pledge of fees, charges and other amounts received from the available Net Revenue of the water enterprise. The pledge of future Water Fund Revenues ends upon repayment of the \$77,673,902 in remaining debt service on the bonds that is scheduled to occur in 2041. Pursuant to the official statement, the District is required to set rates to achieve coverage of 1.2 times debt service. The computation of the Net Revenue and coverage amount is presented below.

#### WATER REVENUES:

Water Sales	\$ 23,255,332
Other Revenues (1)	5,302,054
Interest Income	65,263
Capacity Reserve Fees	4,252,466
Less Assessment District (2)	<u>(1,466,218)</u>
<b>TOTAL WATER REVENUES</b>	<b><u>31,408,897</u></b>

#### WATER OPERATION & MAINTENANCE COSTS:

Operating Expense	26,856,907
Less DERWA Debt (3)	(845,811)
Less Depreciation	(4,136,354)
Less Assessment District (2)	<u>(1,536,842)</u>
<b>TOTAL WATER OPERATION &amp; MAINTENANCE COSTS</b>	<b><u>20,337,900</u></b>
<b>NET WATER REVENUES</b>	<b><u>\$ 11,070,997</u></b>

#### DEBT SERVICE:

DERWA Debt	\$ 845,811
2011 Water Bonds	<u>1,959,669</u>
<b>TOTAL DEBT SERVICE</b>	<b><u>\$ 2,805,480</u></b>

#### DEBT SERVICE COVERAGE

3.95

(1) Includes Tax Revenues

(2) Assessments levied in the Dougherty Valley Standby Assessment District can be used only to pay for costs related to the Assessment District and are not available to pay debt service on the Bonds.

(3) The DERWA Payments are payable as Operation and Maintenance Costs prior to payment of debt service on the Bonds pursuant to the Indenture and the Recycled Water Sales Agreement. For purposes of the rate covenant established by the Indenture, the DERWA Payments will be excluded from Operation and Maintenance Costs, but included as Debt Service on Parity Debt.

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

### NOTE #7 – LONG-TERM DEBT (Continued)

#### C. Segment Reporting

The Regional Sewer Expansion Fund and Water Fund represent segments reported within the Sewer Enterprise Fund and Water Enterprise Fund, respectively, which had debt outstanding, with the revenue pledge streams discussed above. In addition, the Regional Sewer Expansion Fund's and Water Enterprise Fund's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. Condensed financial information for each segment is presented below:

	Regional Sewer Expansion	Water
<b>Condensed Statement of Net Position</b>		
Assets:		
Current	\$36,640,685	\$41,837,715
Capital	34,010,206	146,308,400
Other non current	<u>1,126,476</u>	<u>497,115</u>
Total assets	<u>71,777,367</u>	<u>188,643,230</u>
Liabilities:		
Current liabilities	3,328,990	5,755,774
Long term liabilities	<u>43,025,898</u>	<u>43,260,448</u>
Total liabilities	<u>46,354,888</u>	<u>49,016,222</u>
Net position:		
Net investment in capital assets	(11,032,364)	110,688,400
Restricted	36,454,843	6,601,537
Unrestricted		22,337,071
Total net position	<u>\$25,422,479</u>	<u>\$139,627,008</u>
<b>Condensed Statement of Revenues, Expenses and Changes in Net Position</b>		
Operating revenue	\$38,297	\$26,304,688
Operating expenses	<u>(5,415,627)</u>	<u>(24,542,678)</u>
Operating loss (gain)	<u>(5,377,330)</u>	<u>1,762,010</u>
Nonoperating revenues (expenses):		
Interest income	46,224	63,435
Interest expense	(595,459)	(1,959,669)
Non-cash contributions		1,022,585
Capital contributions - capacity reserve fees	11,556,903	4,252,466
Transfers in		2,365,464
Transfers out		(4,182,800)
Change in net position	5,630,338	3,323,491
Beginning net position	19,792,141	136,303,517
Ending net position	<u>\$25,422,479</u>	<u>\$139,627,008</u>
<b>Condensed Statement of Cash Flows</b>		
Net cash provided (used) by:		
Operating activities	(\$5,534,356)	\$1,790,329
Noncapital financing activities	(32,087)	(2,066,240)
Capital financing activities	9,546,056	945,131
Investing activities	<u>(5,489,828)</u>	<u>(2,607,201)</u>
Net cash flows	<u>(1,510,215)</u>	<u>(1,937,981)</u>
Beginning cash and cash equivalents	3,608,372	4,104,340
Ending cash and cash equivalents	<u>\$2,098,157</u>	<u>\$2,166,359</u>

## DUBLIN SAN RAMON SERVICES DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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#### *NOTE #7 – LONG-TERM DEBT (Continued)*

##### D. LAVWMA Pledge Obligation

As discussed in Note 6, the District is a member of LAVWMA and during the year ended June 30, 2013, LAVWMA issued \$105,345,000 of 2011 Sewer Revenue Refunding Bonds (2011 LAVWMA Bonds) on September 28, 2011. Proceeds of the issuance were used to refund and retire the Series A Sewer Revenue Bonds and to pay costs of issuance. Principal payments are due annually beginning August 1, 2012 through August 1, 2031.

Debt service on the 2011 LAVWMA Bonds is payable from Agency Net Revenues which are defined as Gross Revenues less Maintenance and Operations costs, excluding in all cases depreciation, replacement and obsolescence charges or reserves thereon, debt service, amortization of intangibles or other book-keeping entries of a similar nature, and costs paid out of the Sole-Use, Dual-Use and Joint-Use Replacement Funds.

**Member Liens for Repayment of 2011 Bonds:** Under an amended and restated Amended And Restated Sewer Service Contract dated October 1, 2011, between the Agency and Members, the Members pledged and created, in favor of LAVWMA and the Trustee for the 2011 LAVWMA Bonds, a lien on the Net Revenues of their respective wastewater systems (the “Sewer Systems”), to pay to LAVWMA the amounts owed in order for LAVWMA to pay debt service on the 2011 LAVWMA Bonds. There are three important limitations with respect to this pledge of Net Revenues. First, this lien is subordinate to the Members’ existing obligations payable from their Net Revenues, as well as obligations payable from their Net Revenues to be issued in the future by the Members to finance or refinance improvements to their respective Sewer System. Second, for DSRSD and Pleasanton, “Net Revenues” are not defined in the Sewer Service Contract to include all of the fees, rates and charges collected by DSRSD and Pleasanton in connection with their Sewer System; DSRSD and Pleasanton have only pledged regional service charges as security for their obligation to make the Payments. Third, Pleasanton, in its capacity as the largest customer of DSRSD’s Sewer System, is only obligated to levy regional charges and fees established by DSRSD and to transfer the amount collected to DSRSD.

As a result of the District’s pledge of its regional service charges, the District is considered to be obligated in some manner for its portion of the 2011 LAVWMA Bonds and accordingly has recorded its share of those bonds as the LAVWMA Pledge Obligation. Concurrently, the District has also recorded its transmission rights provided to it under the terms of the Amended and Restated Sewer Service Contract (See Note 4).

Pursuant to the official statement, each member agency is required to set rates to achieve coverage of 1.1 times debt service.

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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### *NOTE #7 – LONG-TERM DEBT (Continued)*

#### E. Repayment Schedule

Shown below are maturities for the District's debt issues:

For The Year Ending June 30	Principal	Interest	Total
2014	\$3,302,160	\$4,329,572	\$7,631,732
2015	3,457,926	4,175,400	7,633,326
2016	3,617,132	4,013,985	7,631,117
2017	3,785,765	3,845,027	7,630,792
2018	3,967,040	3,668,123	7,635,163
2019-2023	14,192,454	15,918,423	30,110,877
2024-2028	15,182,706	12,876,707	28,059,413
2029-2033	19,358,509	8,481,091	27,839,600
2034-2038	10,340,000	5,018,975	15,358,975
#NAME?	10,650,000	1,644,000	12,294,000
Total payments due	<u>\$87,853,692</u>	<u>\$63,971,303</u>	<u>\$151,824,995</u>

### *NOTE #8 – INTERFUND TRANSACTIONS*

Prior to June 2005, the District allocated a fixed portion of capacity reserve fees collected toward general administrative costs. In June 2005, the District adopted the practice of transferring a certain percentage of budgeted capacity reserve fees toward general administrative costs as part of its plan to phase out this practice over six years while minimizing the impacts to its rates and fees. Transferring the budgeted rather than actual amounts resulted in some funds paying too much and others paying too little toward administrative costs. Therefore, the District has recorded an interfund payable/receivable between the various funds to repay the amounts over the next three years.

### *NOTE #9 – DEFERRED REVENUE AND OTHER LIABILITIES*

Deferred revenue and other liabilities for the year ended June 30, 2013 totaled \$8,934,844.

As of June 30, 2013, the Water Fund recorded \$7,377,352 from developers for future capacity reserve fee credits. When utilized in the future, 50% of the cost of the current capacity reserve fee will be paid for with the credit and the revenue will be recorded at that time.

As of June 30, 2013, the Sewer Fund recorded \$432,619 from developers for future capacity reserve fee credits. When utilized in the future, 100% of the cost of the current capacity reserve fee will be paid for with the credit and the revenue will be recorded at that time.

Sewer Fund deferred revenue for the Deferred Capacity Reserve Fee Program was also recorded in the amount of \$1,124,873 (see Note 5). The current portion of this balance at June 30, 2013 is \$331,443.

## DUBLIN SAN RAMON SERVICES DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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#### *NOTE #10 – PENSION PLAN*

##### **A. Plan Description**

The District's defined benefit pension plan, (Miscellaneous Plan), provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous Plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), a cost sharing multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance or resolution. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS's annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

##### **B. Funding Policy**

Active plan members in the Miscellaneous Plan (Tier 1 for members hired before January 1, 2013 and Tier 2 for members hired on or after January 1, 2013) are required to contribute 8% and 6.25%, respectively, of their annual covered salary. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

For Tier 1 members, on November 16, 2004, the Board of Directors approved a resolution authorizing an amendment to the contract between PERS and the Dublin San Ramon Services District. Prior to the amendment, the Retirement Plan formula was 2.0% at 55. The new formula of 2.7% at 55 formula provides local miscellaneous members 2.7% of pay at age 55 for each year of service credited with the employer. If retirement is earlier than 55, the percentage of final compensation decreases for each quarter of age to 2% at age 50. Former DSRSD employees' service credit will not be affected by this change and the change became effective in November 2004.

The District has agreed to a cost sharing with employees to implement the new retirement formula. The increased cost on an annual basis to implement the program is approximately 7% and is spread over the next 19 years, which is the period over which PERS allows an agency to satisfy the increased liability. The cost sharing was negotiated with all employee bargaining groups and continues the employer-employee partnership of jointly funding retirement benefits.

For Tier 2 members, the benefit formula is 2% at age 62, based on the member's final three years' compensation. The District's contribution rate is 6.25% of reportable compensation, which is effective until June 30, 2015.

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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### NOTE #10 – PENSION PLAN (*Continued*)

#### C. Annual Pension Cost

For fiscal year 2013, the District's annual pension cost was \$1,445,286 and was equal to the District's required and actual contributions. The required contribution for fiscal year 2012-2013 was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.30% to 14.20% for miscellaneous members; and (c) 3.00% cost-of-living adjustment. Both (a) and (b) include an inflation component of 2.75%. The actuarial value of Miscellaneous Plan's assets was determined using a technique that smoothes the affect of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. Miscellaneous Plan's unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis.

Annual Pension Costs for the last three years are presented below:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2013	\$1,445,286	100%	-
6/30/2012	1,612,230	100%	-
6/30/2011	1,508,895	100%	-

#### D. Funded Status of Plan

Audited annual financial statements are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

#### E. Three Year Trend Information for Miscellaneous Plan Cost Sharing Pool

CALPERS' latest available actuarial value (which differs from market value) and funding progress for all members of the cost sharing pool are set forth below at their actuarial valuation date of June 30, 2011.

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Asset	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) as % of Payroll
2009	\$2,140,438,884	\$1,674,260,302	\$466,178,582	78.2%	\$440,071,499	105.9%
2010	2,297,871,345	1,815,671,616	482,199,729	79.0%	434,023,381	111.1%
2011	2,486,708,579	1,981,073,089	505,635,490	79.7%	427,300,410	118.3%

According to the June 30, 2011 CALPERS actuarial report, the District's annual covered payroll amounted to \$11,384,470 which represented 2.6% of the total pooled annual covered payroll.

## DUBLIN SAN RAMON SERVICES DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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#### *NOTE #11 – POST EMPLOYMENT HEALTH CARE BENEFITS*

The District provides medical and dental benefits for employees that retire from the District and their families under third-party insurance plans. While the District participates in the Cal-PERS medical plan, they are required to pay the same amounts for retiree medical insurance as they do for active employees. The Board sets the benefit amounts by resolution each year for each bargaining group and in accordance with current employee contracts.

Prior to 2004, the District paid these benefits regardless of the employee's length of service. Currently, all new employees are automatically enrolled in a medical vesting program where they are eligible for benefits based upon amounts set by Cal-PERS and length of service. Employees under the vesting program are not eligible to receive any medical benefits without accumulating at least ten years of PERS service with at least five of those years as a DSRSD employee.

As of June 30, 2013, 64 retirees are receiving medical benefits and 66 are receiving dental benefits, and there are 108 active participants eligible for future benefits.

#### **Funding Policy and Actuarial Assumptions**

The annual required contribution (ARC) was determined as part of a July 2011 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 7.61% investment rate of return, (b) 3.25% projected annual salary increase and inflation rate, and (c) 4.5% - 9.0% health inflation increases. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The District's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30 year closed amortization period.

In accordance with the District's budget, the annual required contribution (ARC) is to be funded throughout the year as a percentage of payroll. The District Board passed a resolution to participate in the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT is administered by CalPERS, and is managed by an appointed board not under the control of the District Board. This Trust is not considered a component unit by the District and has been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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### *NOTE #11 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)*

#### **Funding Progress and Funded Status**

Generally accepted accounting principles permit contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such contributions are placed in an irrevocable trust or equivalent arrangement. As a result, the District has recorded the Net OPEB Asset, representing the difference between the ARC, the amortization of the Net OPEB Asset and actual contributions, as presented below:

Net OPEB Asset at June 30, 2012	<u>\$10,150,674</u>
Annual required contribution (ARC)	949,057
Interest on net OPEB asset	(756,454)
Adjustment to annual required contribution	<u>672,534</u>
Annual OPEB cost	<u>865,137</u>
Contributions made:	
Retiree premiums paid by the District	671,729
Contributions to CERBT	<u>2,094,890</u>
Total contributions	<u>2,766,619</u>
Change in net OPEB Asset	<u>1,901,482</u>
<b>Net OPEB Asset at June 30, 2013</b>	<b><u>\$12,052,156</u></b>

The Plan's annual OPEB cost and actual contributions for the prior three fiscal years are set forth below:

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
6/30/2011	\$791,226	\$3,060,938	387%	\$9,842,600
6/30/2012	824,309	1,132,383	137%	10,150,674
6/30/2013	865,137	2,766,619	320%	12,052,156

## DUBLIN SAN RAMON SERVICES DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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#### *NOTE #11 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)*

The Schedule of Funding Progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the actuarial studies is presented below:

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
6/30/2007		\$11,170,000	\$11,170,000	0.00%	\$9,376,000	119%
7/1/2009	\$7,247,589	12,177,427	4,929,838	59.52%	10,995,921	45%
7/1/2011	14,661,042	17,793,420	3,132,378	82.40%	11,146,385	28%

As of June 30, 2013, the fund balance in the California Employer's Retiree Benefit Trust Program (CERBT) was \$17,609,190.

#### *NOTE #12 - RISK MANAGEMENT*

The District is exposed to various risks of loss related to torts: theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disaster. The District joined together with other entities to form the California Sanitation Risk Management Authority (CSRMA), a public entity risk pool currently operating as a common risk management and insurance program for 54 member entities. The purpose of CSRMA is to spread the adverse effects of losses among the member entities and to purchase excess insurance as a group, thereby reducing its cost. The District pays annual premiums to CSRMA for its general, liability, property damage and workers compensation insurance.

CSRMA is governed by a Board comprised of one representative from each member agency. The Board controls the operations of CSRMA including selection of management and approval of operating budgets, independent of any influence by member entities.

In addition to the primary insurance types provided for through CSRMA listed above, the District also maintains commercial fidelity bonds, a public employee dishonesty and public official bonds, to protect against employee theft or defalcation. Settled claims for CSRMA or commercial fidelity bonds have not exceeded coverage in any of the past three fiscal years.

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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### *NOTE #12 - RISK MANAGEMENT (Continued)*

The following is a summary of the insurance policies carried by the District as of June 30, 2013:

Company Name	Insurance Program Type of Coverage	Limits	Deductibles
Ironshore Specialty Insurance Co.	Excess Liability	\$10,000,000	none
Public Entity Property Insurance Program	Special form property	150,613,864	\$25,000
Illinois Union Insurance Company	Public Entity Pollution Liability	25,000,000	none
Lloyds's of London	Cyber Liability Coverage	20,000,000	none
Travelers Property and Casualty	Public official bond	100,000	none
Travelers Property and Casualty	Employee dishonesty	100,000	1,000
Travelers Property and Casualty	Forgery	100,000	1,000
Safety National Casualty Corporation	Excess workers' compensation	Statutory	none
<hr/> <u>Pooled Insurance Program</u>			
CSRMA Pooled	Bodily injury and property damage-auto, errors and omissions	15,500,000	100,000
CSRMA Pooled Workers' Compensation	Workers' compensation	750,000	none

Prior to July 1, 1994, the District was self-insured for workers' compensation and will continue to be responsible for any claims existing as of that date.

Claims and judgments, including provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. As discussed above, the District has coverage for such claims, but it had retained the risk for the deductible or uninsured portion of these claims.

## DUBLIN SAN RAMON SERVICES DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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#### NOTE #12 - RISK MANAGEMENT (*Continued*)

The District's liability for uninsured claims is limited to workers' compensation and general liability claims, as discussed above, and was estimated by a third party claims administrator based on prior years claims experience as follows:

	2013	2012
Balance at July 1	\$484,882	\$86,664
Net change in liability for claims and claims incurred but not reported	436,971	717,810
Claims paid	(392,663)	(319,592)
Balance at June 30	<u><u>\$529,190</u></u>	<u><u>\$484,882</u></u>

The District has not exceeded its insurance coverage limits in any of the last three years. The District liability is included in accrued expenses on the financial statements.

#### NOTE #13 - COMMITMENTS AND CONTINGENT LIABILITIES

The District purchases water from the Alameda County Flood Control and Water Conservation District (Zone 7) under a thirty-year contract, which expires August 23, 2024. Under the terms of the contract, subject to various exceptions, the District is required to purchase all of its water from Zone 7. During fiscal year ended June 30, 2013, the District's water purchases from Zone 7 amounted to \$9,206,901.

The District is a defendant in a number of lawsuits, which have arisen in the normal course of business. In the opinion of the District, these actions when finally adjudicated will not have a material adverse effect on the financial position of the District.

The District operates a Dedicated Land Disposal site upon which the District processes biosolids produced by the District's wastewater treatment plant. On August 8, 2007, the San Francisco Bay Regional Water Quality Control Board issued Waste Discharge Requirements, which require the District to perform corrective actions for known and reasonably foreseeable releases from the Dedicated Land Disposal site. At this time, the Regional Board and the District expect that the most likely corrective action, if any is needed, would be related to the potential impact to groundwater quality and resulting closure and post-closure activities. The District prepared an analysis in December 2007 to determine the estimated costs of these corrective actions which comprise drilling two extraction wells and constructing a conveyance pipeline for discharge of potentially impacted ground water into the District's collection system. The Study also included estimated costs of operation, maintenance and monitoring of the above facilities for a ten year period after closure of the site which is expected to occur within thirty to fifty years. Actual closure and post-closure care costs may be higher, lower, or even not required due to inflation variances, changes in technology, or changes in State or Federal regulations.

The present value of these closure and post closure costs, discounted at 5 percent amounted to \$663,000 as of June 30, 2013. The District is required by State and federal laws and regulations to make annual funding contributions to finance closure and post-closure care. The District is in compliance with these requirements for the year ended June 30, 2013 with the establishment of the fully-funded liability for this purpose.

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***SUPPLEMENTARY INFORMATION***

DUBLIN SAN RAMON SERVICES DISTRICT  
SEWER OPERATIONS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2013

	Regional Sewer Total	Local Sewer Total	Allocation	Allocation OPEB Fund	Sewer Total
<b>ASSETS</b>					
Current assets:					
Pooled cash	\$3,639,232	\$944,032	(\$88,631)	\$6,790	\$4,501,423
Pooled investments	58,221,449	15,193,865		122,988	73,538,302
Restricted investments	327,352				327,352
Accounts receivable	3,270,499	206,535	230,421		3,707,455
Receivable from Water Fund	125,366	7,972	74,496		207,834
Interest receivable	88,939	23,205		187	112,331
Employee notes receivable	7,293				7,293
Deferred capacity reserve fees receivable	331,443				331,443
Prepaid expense			1,446		1,446
Total current assets	<u>66,011,573</u>	<u>16,375,609</u>	<u>217,732</u>	<u>129,965</u>	<u>82,734,879</u>
Non-current assets:					
Capital assets:					
Property, plant and equipment	180,044,171	50,097,372			230,141,543
Less accumulated depreciation	48,242,189	20,252,681			68,494,870
Net property, plant and equipment	<u>131,801,982</u>	<u>29,844,691</u>			<u>161,646,673</u>
Construction in progress	12,243,164	1,094,639			13,337,803
Total capital assets	<u>144,045,146</u>	<u>30,939,330</u>			<u>174,984,476</u>
Other assets:					
Receivable from Water Fund	258,305	16,425	153,490		428,220
Deferred charges	78,003				78,003
Net OPEB asset				8,228,289	8,228,289
Deferred capacity reserves receivable - long term	793,430				793,430
Total other assets	<u>1,129,738</u>	<u>16,425</u>	<u>153,490</u>	<u>8,228,289</u>	<u>9,527,942</u>
Total non-current assets	<u>145,174,884</u>	<u>30,955,755</u>	<u>153,490</u>	<u>8,228,289</u>	<u>184,512,418</u>
Total assets	<u>211,186,457</u>	<u>47,331,364</u>	<u>371,222</u>	<u>8,358,254</u>	<u>267,247,297</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	1,143,464	52,179	83,169	(40,912)	1,237,900
Contractor bonds and deposits	407,470	7,271			414,741
Accrued expenses	1,180,064				1,180,064
Accrued compensated absences	441,965	74,097	288,053		804,115
Interest payable	188,198				188,198
Current portion of long-term debt	3,042,160				3,042,160
Unearned revenue	331,443	432,619			764,062
Total current liabilities	<u>6,734,764</u>	<u>566,166</u>	<u>371,222</u>	<u>(40,912)</u>	<u>7,631,240</u>
Long term liabilities:					
Long-term debt					
less current portion	49,191,532				49,191,532
DLD remediation reserve	663,000				663,000
Unearned revenue	793,430				793,430
Total long term liabilities	<u>50,647,962</u>				<u>50,647,962</u>
Total liabilities	<u>57,382,726</u>	<u>566,166</u>	<u>371,222</u>	<u>(40,912)</u>	<u>58,279,202</u>
<b>NET POSITION</b>					
Net investment in capital assets	91,811,454	30,939,330			122,750,784
Restricted for:					
Expansion	36,454,843	4,609,369			41,064,212
Unrestricted	25,537,434	11,216,499		8,399,166	45,153,099
Total net position	<u>\$153,803,731</u>	<u>\$46,765,198</u>		<u>\$8,399,166</u>	<u>\$208,968,095</u>

DUBLIN SAN RAMON SERVICES DISTRICT  
SEWER OPERATIONS  
COMBINING STATEMENT OF REVENUES AND EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013

	Regional Sewer Total	Local Sewer Total	Allocation OPEB Fund	Eliminations	Sewer Total
<b>OPERATING REVENUES</b>					
Wastewater service charges	\$18,042,061	\$2,070,312			\$20,112,373
Other revenues	697,784	556,239	\$1,259,322	\$72,977	2,586,322
<b>Total operating revenues</b>	<b>18,739,845</b>	<b>2,626,551</b>	<b>1,259,322</b>	<b>72,977</b>	<b>22,698,695</b>
<b>OPERATING EXPENSES</b>					
Personnel	6,220,660	1,379,115	2,737,646		10,337,421
Materials	1,980,092	70,598	84,440		2,135,130
Contractual services	8,324,036	144,692	597,817		9,066,545
Other	147,265	14,490	14,018		175,773
Overhead Charges	1,787,227	387,372	(2,174,599)		
Depreciation	5,609,771	1,013,949			6,623,720
<b>Total operating expenses</b>	<b>24,069,051</b>	<b>3,010,216</b>	<b>1,259,322</b>		<b>28,338,589</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(5,329,206)</b>	<b>(383,665)</b>		<b>72,977</b>	<b>(5,639,894)</b>
<b>NONOPERATING REVENUES (EXPENSE)</b>					
Investment income	64,994	19,705	(147)		84,552
Interest (expense)	(595,459)				(595,459)
<b>Total non-operating revenues (expense), net</b>	<b>(530,465)</b>	<b>19,705</b>		<b>(147)</b>	<b>(510,907)</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>(5,859,671)</b>	<b>(363,960)</b>		<b>72,830</b>	<b>(6,150,801)</b>
Non-cash contributions		271,560			271,560
Capital contributions - capacity reserve fees	13,299,548	1,234,022			14,533,570
Transfers in	2,483,896				2,483,896
Transfers (out)	(2,483,896)				(2,483,896)
<b>Changes in net position</b>	<b>7,439,877</b>	<b>1,141,622</b>		<b>72,830</b>	<b>8,654,329</b>
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>	<b>146,363,854</b>	<b>45,623,576</b>		<b>8,326,336</b>	<b>200,313,766</b>
<b>TOTAL NET POSITION, END OF YEAR</b>	<b>\$153,803,731</b>	<b>\$46,765,198</b>		<b>\$8,399,166</b>	<b>\$208,968,095</b>

**DUBLIN SAN RAMON SERVICES DISTRICT  
REGIONAL SEWER OPERATIONS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2013**

	Regional Sewer Enterprise	Regional Sewer RSF	Regional Sewer Replacement	Regional Sewer Expansion	Total
<b>ASSETS</b>					
Current assets:					
Pooled cash	\$549,712	\$291,977	\$699,386	\$2,098,157	\$3,639,232
Pooled investments	8,690,325	4,666,890	11,199,536	33,664,698	58,221,449
Restricted investments			327,352		327,352
Accounts receivable	2,843,623		56,989	369,887	3,270,499
Receivable from Water Fund				125,366	125,366
Interest receivable	13,255	7,132	17,114	51,438	88,939
Employee notes receivable	7,293				7,293
Deferred capacity reserve fees receivable			304	331,139	331,443
Total current assets	12,104,208	4,965,999	12,300,681	36,640,685	66,011,573
Non-current assets:					
Capital assets:					
Property, plant and equipment	146,558,437			33,485,734	180,044,171
Less accumulated depreciation	45,730,826			2,511,363	48,242,189
Net property, plant and equipment	100,827,611			30,974,371	131,801,982
Land and construction in progress	56,014		9,151,315	3,035,835	12,243,164
Total capital assets	100,883,625		9,151,315	34,010,206	144,045,146
Other assets:					
Receivable from Water Fund				258,305	258,305
Deferred charges				78,003	78,003
Deferred capacity reserves receivable - long term			3,262	790,168	793,430
Total other assets			3,262	1,126,476	1,129,738
Total non-current assets	100,883,625		9,154,577	35,136,682	145,174,884
Total assets	112,987,833	4,965,999	21,455,258	71,777,367	211,186,457
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	600,297		542,743	424	1,143,464
Contractor bonds and deposits	405,981			1,489	407,470
Accrued expenses	1,180,064				1,180,064
Accrued compensated absences	441,065			900	441,965
Interest Payable				188,198	188,198
Current portion of long-term debt	235,320			2,806,840	3,042,160
Unearned revenue			304	331,139	331,443
Total current liabilities	2,862,727		543,047	3,328,990	6,734,764
Long term liabilities:					
Long-term debt					
less current portion	6,955,802			42,235,730	49,191,532
DLD remediation reserve	663,000				663,000
Unearned revenue			3,262	790,168	793,430
Total long term liabilities	7,618,802		3,262	43,025,898	50,647,962
Total liabilities	10,481,529		546,309	46,354,888	57,382,726
<b>NET POSITION</b>					
Net investment in capital assets	93,692,503		9,151,315	(11,032,364)	91,811,454
Restricted for:					
Expansion				36,454,843	36,454,843
Unrestricted	8,813,801	4,965,999	11,757,634		25,537,434
Total net position	\$102,506,304	\$4,965,999	\$20,908,949	\$25,422,479	\$153,803,731

DUBLIN SAN RAMON SERVICES DISTRICT  
 REGIONAL SEWER OPERATIONS  
 COMBINING STATEMENT OF REVENUES AND EXPENSES  
 AND CHANGES IN FUND NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2013

	Regional Sewer Enterprise	Regional Sewer RSF	Regional Sewer Replacement	Regional Sewer Expansion	Total
<b>OPERATING REVENUES</b>					
Wastewater service charges	\$18,042,061				\$18,042,061
Other revenues	659,487			\$38,297	697,784
Total operating revenues	18,701,548			38,297	18,739,845
<b>OPERATING EXPENSES</b>					
Personnel	6,177,256		(\$2,991)	46,395	6,220,660
Materials	1,955,082		25,010		1,980,092
Contractual services	4,174,287		291,144	3,858,605	8,324,036
Other	134,265			13,000	147,265
Overhead Charges	1,776,586			10,641	1,787,227
Depreciation	4,122,785			1,486,986	5,609,771
Total operating expenses	18,340,261		313,163	5,415,627	24,069,051
<b>OPERATING INCOME (LOSS)</b>	361,287		(313,163)	(5,377,330)	(5,329,206)
<b>NONOPERATING REVENUES (EXPENSE)</b>					
Investment income	(4,312)	\$6,809	16,273	46,224	64,994
Interest expense				(595,459)	(595,459)
Total non-operating revenues	(4,312)	6,809	16,273	(549,235)	(530,465)
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	356,975	6,809	(296,890)	(5,926,565)	(5,859,671)
Capital contributions - capacity reserve fees			1,742,645	11,556,903	13,299,548
Residual equity transfer	686,579		(686,579)		
Transfers in		23,896		2,460,000	2,483,896
Transfers out	(2,483,896)				(2,483,896)
Changes in net position	(1,440,342)	30,705	3,219,176	5,630,338	7,439,877
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>	103,946,646	4,935,294	17,689,773	19,792,141	146,363,854
<b>TOTAL NET POSITION, END OF YEAR</b>	<u>\$102,506,304</u>	<u>\$4,965,999</u>	<u>\$20,908,949</u>	<u>\$25,422,479</u>	<u>\$153,803,731</u>

**DUBLIN SAN RAMON SERVICES DISTRICT  
LOCAL SEWER OPERATIONS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2013**

	<u>Local Sewer Enterprise</u>	<u>Local Sewer RSF</u>	<u>Local Sewer Replacement</u>	<u>Local Sewer Expansion</u>	<u>Total</u>
<b>ASSETS</b>					
Current assets:					
Pooled cash	\$54,521	\$33,951	\$563,583	\$291,977	\$944,032
Pooled investments	832,834	534,672	9,097,351	4,729,008	15,193,865
Accounts receivable	206,535				206,535
Receivable from other funds				7,972	7,972
Interest receivable	1,268	818	13,896	7,223	23,205
Total current assets	<u>1,095,158</u>	<u>569,441</u>	<u>9,674,830</u>	<u>5,036,180</u>	<u>16,375,609</u>
Non-current assets:					
Capital assets:					
Property, plant and equipment	50,097,372				50,097,372
Less accumulated depreciation	20,252,681				20,252,681
Net property, plant and equipment	29,844,691				29,844,691
Land and construction in progress	850,893		238,609	5,137	1,094,639
Total capital assets	<u>30,695,584</u>		<u>238,609</u>	<u>5,137</u>	<u>30,939,330</u>
Receivable from Water Fund				16,425	16,425
Total non-current assets	<u>30,695,584</u>		<u>238,609</u>	<u>21,562</u>	<u>30,955,755</u>
Total assets	<u>31,790,742</u>	<u>569,441</u>	<u>9,913,439</u>	<u>5,057,742</u>	<u>47,331,364</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	14,265		32,251	5,663	52,179
Contractor bonds and deposits	2,940		4,331		7,271
Accrued compensated absences	69,139		4	4,954	74,097
Unearned revenue				432,619	432,619
Total current liabilities	<u>86,344</u>		<u>36,586</u>	<u>443,236</u>	<u>566,166</u>
Total liabilities	<u>86,344</u>		<u>36,586</u>	<u>443,236</u>	<u>566,166</u>
<b>NET POSITION</b>					
Net investment in capital assets	30,695,584		238,609	5,137	30,939,330
Restricted for:					
Expansion				4,609,369	4,609,369
Unrestricted	<u>1,008,814</u>	<u>569,441</u>	<u>9,638,244</u>		<u>11,216,499</u>
Total net position	<u>\$31,704,398</u>	<u>\$569,441</u>	<u>\$9,876,853</u>	<u>\$4,614,506</u>	<u>\$46,765,198</u>

DUBLIN SAN RAMON SERVICES DISTRICT  
 LOCAL SEWER OPERATIONS  
 COMBINING STATEMENT OF REVENUES AND EXPENSES  
 AND CHANGES IN FUND NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Local Sewer Enterprise	Local Sewer RSF	Local Sewer Replacement	Local Sewer Expansion	Total
<b>OPERATING REVENUES</b>					
Wastewater service charges	\$2,070,312				\$2,070,312
Other revenues	15,035			\$541,204	556,239
Total operating revenues	<u>2,085,347</u>			<u>541,204</u>	<u>2,626,551</u>
<b>OPERATING EXPENSES</b>					
Personnel	1,126,160		\$21	252,934	1,379,115
Materials	64,423		5,265	910	70,598
Contractual services	65,326		73,120	6,246	144,692
Other	14,490				14,490
Overhead charges	326,666			60,706	387,372
Depreciation	1,013,949				1,013,949
Total operating expenses	<u>2,611,014</u>		<u>78,406</u>	<u>320,796</u>	<u>3,010,216</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(525,667)</u>		<u>(78,406)</u>	<u>220,408</u>	<u>(383,665)</u>
<b>NONOPERATING REVENUES</b>					
Investment income	274	\$789	12,725	5,917	19,705
Total non-operating revenues	<u>274</u>	<u>789</u>	<u>12,725</u>	<u>5,917</u>	<u>19,705</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>(525,393)</u>	<u>789</u>	<u>(65,681)</u>	<u>226,325</u>	<u>(363,960)</u>
Non-cash contributions	271,560				271,560
Capital contributions - capacity reserve fees			629,280	604,742	1,234,022
Residual equity transfer	197,707		(197,707)		
Transfers in					
Transfers (out)	(287,000)		287,000		
Changes in net position	(343,126)	789	652,892	831,067	1,141,622
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>	<u>32,047,524</u>	<u>568,652</u>	<u>9,223,961</u>	<u>3,783,439</u>	<u>45,623,576</u>
<b>TOTAL NET POSITION, END OF YEAR</b>	<u>\$31,704,398</u>	<u>\$569,441</u>	<u>\$9,876,853</u>	<u>\$4,614,506</u>	<u>\$46,765,198</u>

**DUBLIN SAN RAMON SERVICES DISTRICT  
WATER OPERATIONS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2013**

	Water Total	Dougherty Valley Asmnt Dist	Allocation	Allocation OPEB Fund	Eliminations	Total
<b>ASSETS</b>						
Current assets:						
Pooled cash	\$2,166,359	\$40,741	(\$54,786)			\$2,152,314
Pooled investments	34,684,548	676,867		\$19,461		35,380,876
Accounts receivable	4,933,780		142,429			5,076,209
Receivable from other funds			46,047		(\$46,047)	
Interest receivable	53,028	1,040		28		54,096
Prepaid expenses			894			894
Total current assets	<u>41,837,715</u>	<u>718,648</u>	<u>134,584</u>	<u>19,489</u>	<u>(46,047)</u>	<u>42,664,389</u>
Non-current assets:						
Capital assets:						
Property, plant and equipment	168,729,113					168,729,113
Less accumulated depreciation	38,223,008					38,223,008
Net property, plant and equipment	<u>130,506,105</u>					<u>130,506,105</u>
Land and construction in progress	15,802,295					15,802,295
Total capital assets	<u>146,308,400</u>					<u>146,308,400</u>
Other assets:						
Receivable from Water Fund			94,876		(94,876)	
Deferred charges	497,115					497,115
Net OPEB asset			3,823,867			3,823,867
Total other assets	<u>497,115</u>		<u>94,876</u>	<u>3,823,867</u>	<u>(94,876)</u>	<u>4,320,982</u>
Total non-current assets	<u>146,805,515</u>		<u>94,876</u>	<u>3,823,867</u>	<u>(94,876)</u>	<u>150,629,382</u>
Total assets	<u>188,643,230</u>	<u>718,648</u>	<u>229,460</u>	<u>3,843,356</u>	<u>(140,923)</u>	<u>193,293,771</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	3,734,100		51,408	(24,150)		3,761,358
Contractor bonds and deposits	400,980					400,980
Accrued compensated absences	290,284		178,052			468,336
Interest payable	816,529					816,529
Bonds payable - current portion	260,000					260,000
Payable to Sewer Fund	253,881			(46,047)		207,834
Total current liabilities	<u>5,755,774</u>		<u>229,460</u>	<u>(24,150)</u>	<u>(46,047)</u>	<u>5,915,037</u>
Long term liabilities:						
Bonds payable - less current portion	35,360,000					35,360,000
Payable to Sewer Fund	523,096			(94,876)		428,220
Unearned revenue	7,377,352					7,377,352
Total long term liabilities	<u>43,260,448</u>			<u>(94,876)</u>		<u>43,165,572</u>
Total liabilities	<u>49,016,222</u>		<u>229,460</u>	<u>(24,150)</u>	<u>(140,923)</u>	<u>49,080,609</u>
<b>NET POSITION</b>						
Net investment in capital assets	110,688,400					110,688,400
Restricted for:						
Expansion	6,601,537					6,601,537
Debt service						
Assessment district						
Unrestricted						
Total net position	<u>\$139,627,008</u>	<u>\$718,648</u>		<u>3,867,506</u>		<u>\$144,213,162</u>

DUBLIN SAN RAMON SERVICES DISTRICT  
 WATER OPERATIONS  
 COMBINING STATEMENT OF REVENUES AND EXPENSES  
 AND CHANGES IN FUND NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2013

	Water Total	Dougherty Valley Asmnt Dist	Allocation	Allocation OPEB Fund	Eliminations	Total
<b>OPERATING REVENUES</b>						
Wastewater service charges						
Water sales	\$23,255,332					\$23,255,332
Other revenues	3,049,356	\$1,464,368	\$777,387	\$10,943		5,302,054
Total operating revenues	26,304,688	1,464,368	777,387	10,943		28,557,386
<b>OPERATING EXPENSES</b>						
Personnel	4,722,333		1,692,202			6,414,535
Materials	11,062,432		52,195			11,114,627
Contractual services	3,159,516	1,536,842	369,524			5,065,882
Other	116,844		8,665			125,509
Overhead charges	1,345,199		(1,345,199)			
Depreciation	4,136,354					4,136,354
Total operating expenses	24,542,678	1,536,842	777,387			26,856,907
<b>OPERATING INCOME (LOSS)</b>	<b>1,762,010</b>	<b>(72,474)</b>		<b>10,943</b>		<b>1,700,479</b>
<b>NONOPERATING REVENUES (EXPENSE)</b>						
Investment income	63,435	1,850		(22)		65,263
Interest (expense)	(1,959,669)					(1,959,669)
Total non-operating revenues (expenses), net	(1,896,234)	1,850		(22)		(1,894,406)
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>(134,224)</b>	<b>(70,624)</b>		<b>10,921</b>		<b>(193,927)</b>
Non-cash contributions	1,022,585					1,022,585
Capital contributions - capacity reserve fees	4,252,466					4,252,466
Transfers in	2,365,464		1,817,336			4,182,800
Transfers (out)	(4,182,800)					(4,182,800)
Changes in net position	3,323,491	(70,624)		1,828,257		5,081,124
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>	<b>136,303,517</b>	<b>789,272</b>		<b>2,039,249</b>		<b>139,132,038</b>
<b>TOTAL NET POSITION, END OF YEAR</b>	<b>\$139,627,008</b>	<b>\$718,648</b>		<b>\$3,867,506</b>		<b>\$144,213,162</b>

DUBLIN SAN RAMON SERVICES DISTRICT  
WATER FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2013

	Water Enterprise	Water RSF	Water Replacement	Water Expansion	Total
<b>ASSETS</b>					
Current assets:					
Pooled cash	\$597,833	\$210,495	\$360,000	\$998,031	\$2,166,359
Pooled investments	9,581,175	3,323,224	7,670,475	14,109,674	34,684,548
Accounts receivable	4,837,259	35,133		61,388	4,933,780
Interest receivable	14,663	5,083	11,716	21,566	53,028
Total current assets	15,030,930	3,573,935	8,042,191	15,190,659	41,837,715
Non-current assets:					
Capital assets:					
Property, plant and equipment	144,728,327			24,000,786	168,729,113
Less accumulated depreciation	36,759,545			1,463,463	38,223,008
Net property, plant and equipment	107,968,782			22,537,323	130,506,105
Land and construction in progress	6,806,038		6,429,866	2,566,391	15,802,295
Total capital assets	114,774,820		6,429,866	25,103,714	146,308,400
Other assets:					
Deferred charges				497,115	497,115
Total other assets				497,115	497,115
Total non-current assets	114,774,820		6,429,866	25,600,829	146,805,515
Total assets	129,805,750	3,573,935	14,472,057	40,791,488	188,643,230
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	3,266,403		364,539	103,158	3,734,100
Contractor bonds and deposits	400,980				400,980
Accrued compensated absences	278,044		19	12,221	290,284
Interest Payable				816,529	816,529
Bonds payable - current portion				260,000	260,000
Payable to Sewer Fund				253,881	253,881
Total current liabilities	3,945,427		364,558	1,445,789	5,755,774
Long term liabilities:					
Bonds payable - less current portion				35,360,000	35,360,000
Payable to Sewer Fund				523,096	523,096
Unearned revenue				7,377,352	7,377,352
Total long term liabilities				43,260,448	43,260,448
Total liabilities	3,945,427		364,558	44,706,237	49,016,222
<b>NET POSITION</b>					
Net investment in capital assets	114,774,820		6,429,866	(10,516,286)	110,688,400
Restricted for:					
Expansion				6,601,537	6,601,537
Debt service					
Unrestricted	11,085,503	3,573,935	7,677,633		22,337,071
Total net position	\$125,860,323	\$3,573,935	\$14,107,499	(\$3,914,749)	\$139,627,008

DUBLIN SAN RAMON SERVICES DISTRICT  
WATER FUNDS  
COMBINING STATEMENT OF REVENUES AND EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013

	Water Enterprise	Water RSF	Water Replacement	Water Expansion	Total
<b>OPERATING REVENUES</b>					
Water sales	\$21,881,865			\$1,373,467	\$23,255,332
Other revenues	526,827	\$800,176	\$370,596	1,351,757	3,049,356
Total operating revenues	<u>22,408,692</u>	<u>800,176</u>	<u>370,596</u>	<u>2,725,224</u>	<u>26,304,688</u>
<b>OPERATING EXPENSES</b>					
Personnel	4,335,848		(1,393)	387,878	4,722,333
Materials	10,582,767		281,566	198,099	11,062,432
Contractual services	2,115,641		133,589	910,286	3,159,516
Other	85,178	12,744		18,922	116,844
Overhead Charges	1,243,215			101,984	1,345,199
Depreciation	3,550,969			585,385	4,136,354
Total operating expenses	<u>21,913,618</u>	<u>12,744</u>	<u>413,762</u>	<u>2,202,554</u>	<u>24,542,678</u>
<b>OPERATING INCOME (LOSS)</b>	<b>495,074</b>	<b>787,432</b>	<b>(43,166)</b>	<b>522,670</b>	<b>1,762,010</b>
<b>NONOPERATING REVENUES (EXPENSE)</b>					
Investment income	20,880	3,722	10,260	28,573	63,435
Interest expense				(1,959,669)	(1,959,669)
Total non-operating revenues (expenses)	<u>20,880</u>	<u>3,722</u>	<u>10,260</u>	<u>(1,931,096)</u>	<u>(1,896,234)</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>515,954</b>	<b>791,154</b>	<b>(32,906)</b>	<b>(1,408,426)</b>	<b>(134,224)</b>
Non-cash contributions	1,022,585				1,022,585
Capital contributions - capacity reserve fees			1,092,455	3,160,011	4,252,466
Residual equity transfer	240,046		(212,918)	(27,128)	
Transfers in		673,464	1,692,000		2,365,464
Transfers out	(2,365,464)			(1,817,336)	(4,182,800)
Changes in net position	(586,879)	1,464,618	2,538,631	(92,879)	3,323,491
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>	<b>126,447,202</b>	<b>2,109,317</b>	<b>11,568,868</b>	<b>(3,821,870)</b>	<b>136,303,517</b>
<b>TOTAL NET POSITION, END OF YEAR</b>	<b><u>\$125,860,323</u></b>	<b><u>\$3,573,935</u></b>	<b><u>\$14,107,499</u></b>	<b><u>(\$3,914,749)</u></b>	<b><u>\$139,627,008</u></b>

**DUBLIN SAN RAMON SERVICES DISTRICT  
ALLOCATIONS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2013**

	<u>Administrative Cost Center</u>	<u>OPEB Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Pooled cash	(\$143,417)	\$6,790	(\$136,627)
Pooled investments	372,850	142,449	372,850
Accounts receivable	120,543	215	120,543
Receivable from Water Fund	2,340	215	2,340
Interest receivable			
Prepaid expense	352,316	149,454	501,770
Other assets:			
Receivable from Water Fund	248,366	248,366	248,366
Net OPEB asset	12,052,156	12,052,156	12,052,156
Total other assets	248,366	12,052,156	12,300,522
Total non-current assets	248,366	12,052,156	12,300,522
Total assets	600,682	12,201,610	12,802,292
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	134,577	(65,062)	69,515
Accrued compensated absences	466,105		466,105
Total current liabilities	600,682	(65,062)	535,620
Total liabilities	600,682	(65,062)	535,620
<b>NET POSITION</b>			
Unrestricted		12,266,672	12,266,672
Total net position		\$12,266,672	\$12,266,672

DUBLIN SAN RAMON SERVICES DISTRICT  
ALLOCATIONS  
COMBINING STATEMENT OF REVENUES AND EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013

	Administrative Cost Center	OPEB Fund	Total
<b>OPERATING REVENUES</b>			
Other revenues	<u>\$2,036,708</u>	<u>\$83,920</u>	<u>\$2,120,628</u>
<b>Total operating revenues</b>	<u>2,036,708</u>	<u>83,920</u>	<u>2,120,628</u>
<b>OPERATING EXPENSES</b>			
Personnel	4,429,848	4,429,848	
Materials	136,635	136,635	
Contractual services	967,341	967,341	
Other	22,683	22,683	
Overhead charges	<u>(3,519,799)</u>		<u>(3,519,799)</u>
<b>Total operating expenses</b>	<u>2,036,708</u>		<u>2,036,708</u>
<b>OPERATING INCOME</b>		<u>83,920</u>	<u>83,920</u>
<b>NONOPERATING REVENUES</b>			
Investment income		(169)	(169)
<b>Total non-operating revenues</b>		<u>(169)</u>	<u>(169)</u>
<b>INCOME BEFORE TRANSFERS</b>		83,751	83,751
Transfers in		<u>1,817,336</u>	<u>1,817,336</u>
Changes in net position		1,901,087	1,901,087
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>		<u>10,365,585</u>	<u>10,365,585</u>
<b>TOTAL NET POSITION, END OF YEAR</b>		<u>\$12,266,672</u>	<u>\$12,266,672</u>

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**DUBLIN SAN RAMON SERVICES DISTRICT  
MEMORANDUM ON INTERNAL CONTROL  
AND  
REQUIRED COMMUNICATIONS**

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

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**DUBLIN SAN RAMON SERVICES DISTRICT  
MEMORANDUM ON INTERNAL CONTROL  
AND  
REQUIRED COMMUNICATIONS**

**For the Year Ended June 30, 2013**

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## MEMORANDUM ON INTERNAL CONTROL

Board of Directors  
Dublin San Ramon Services District,  
Dublin California

We have audited the financial statements of the Dublin San Ramon Services District (District) for the year ended June 30, 2013, and have issued our report thereon dated October 9, 2013. In planning and performing our audit of the financial statements of the District as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe to be of potential benefit to the District.

The District's written responses included in this report have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 generally accepted government auditing standards, and is not intended to be and should not be used by anyone other than these specified parties.



October 9, 2013

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**DUBLIN SAN RAMON SERVICES DISTRICT  
MEMORANDUM ON INTERNAL CONTROL**

**SCHEDULE OF CURRENT YEAR OTHER MATTERS**

There are a number of new accounting and financial reporting pronouncements that have been issued by the Governmental Accounting Standards Board, the authoritative standard setting body in the United States. We have included the one effective in the next fiscal year below to keep you informed about these developments on a proactive basis.

**The following pronouncements are effective in fiscal year 2014/15:**

**2013-01 GASB 68 - Accounting and Financial Reporting for Pensions (an amendment of GASB 27)**

This Statement will have a material impact on the District's financial statement. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared.

The following are the major impacts:

- This Statement requires the liability of employers and nonemployer contributing entities to employees for defined benefit pensions (**net pension liability**) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (**total pension liability**), less the amount of the pension plan's **fiduciary net position**.
- Actuarial valuations of the total pension liability are required to be performed at least every two years, with more frequent valuations encouraged. If a valuation is not performed as of the measurement date, the total pension liability is required to be based on update procedures to roll forward amounts from an earlier actuarial valuation (performed as of a date no more than 30 months and 1 day prior to the employer's most recent year-end).
- The actuarial present value of projected benefit payments is required to be attributed to periods of employee service using the entry age actuarial cost method with each period's service cost determined as a level percentage of pay. The actuarial present value is required to be attributed for each employee individually, from the period when the employee first accrues pensions through the period when the employee retires.

**DUBLIN SAN RAMON SERVICES DISTRICT  
MEMORANDUM ON INTERNAL CONTROL**

**SCHEDULE OF CURRENT YEAR OTHER MATTERS**

**GASB 68 - Accounting and Financial Reporting for Pensions (an amendment of GASB 27)  
(Continued)**

**Single and Agent Employers**

- In financial statements prepared using the economic resources measurement focus and accrual basis of accounting, a single or agent employer that does not have a special funding situation is required to recognize a liability equal to the net pension liability. The net pension liability is required to be measured as of a date no earlier than the end of the employer's prior fiscal year (the measurement date), consistently applied from period to period.
- The pension expense and deferred outflows of resources and deferred inflows of resources related to pensions that are required to be recognized by an employer primarily result from changes in the components of the net pension liability—that is, changes in the total pension liability and in the pension plan's fiduciary net position.
- This Statement requires that most changes in the net pension liability be included in pension expense in the period of the change. For example, changes in the total pension liability resulting from current-period service cost, interest on the total pension liability, and changes of benefit terms are required to be included in pension expense immediately. Projected earnings on the pension plan's investments also are required to be included in the determination of pension expense immediately.
- The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), beginning with the current period. The effect on the net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. Changes in the net pension liability not included in pension expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to pensions.
- Employer contributions subsequent to the measurement date of the net pension liability are required to be reported as deferred outflows of resources.

**DUBLIN SAN RAMON SERVICES DISTRICT  
MEMORANDUM ON INTERNAL CONTROL**

**SCHEDULE OF CURRENT YEAR OTHER MATTERS**

**GASB 68 - Accounting and Financial Reporting for Pensions (an amendment of GASB 27)**  
**(Continued)**

- **In governmental fund financial statements:** A net pension liability should be recognized to the extent the liability is normally expected to be liquidated with expendable **available** financial resources. Pension expenditures should be recognized equal to the total of (1) amounts paid by the employer to the pension plan and (2) the change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources.
- **Notes to financial statements** of single and agent employers include descriptive information, such as the types of benefits provided and the number and classes of employees covered by the benefit terms. Single and agent employers also should disclose the following information:
  - For the current year, sources of changes in the net pension liability
  - Significant assumptions and other inputs used to calculate the total pension liability, including those about inflation, salary changes, ad hoc postemployment benefit changes (including ad hoc COLAs), and inputs to the discount rate, as well as certain information about mortality assumptions and the dates of experience studies.
  - The date of the actuarial valuation used to determine the total pension liability, information about changes of assumptions or other inputs and benefit terms, the basis for determining employer contributions to the pension plan, and information about the purchase of allocated insurance contracts, if any.
  - **Required Supplementary Information:** Single and agent employers are required to present in required supplementary information the following information, determined as of the measurement date, for each of the 10 most recent fiscal years:
    - Sources of changes in the net pension liability
    - The components of the net pension liability and related ratios, including the pension plan's fiduciary net position as a percentage of the total pension liability, and the net pension liability as a percentage of covered-employee payroll.
    - Schedule covering each of the 10 most recent fiscal years that includes information about the actuarially determined contribution, contributions to the pension plan, and related ratios. If the contributions of a single or agent employer are not actuarially determined but are established in statute or by contract, the employer should present a schedule covering each of the 10 most recent fiscal years that includes information about the statutorily or contractually required contribution rates, contributions to the pension plan, and related ratios.

**DUBLIN SAN RAMON SERVICES DISTRICT  
MEMORANDUM ON INTERNAL CONTROL**

**SCHEDULE OF CURRENT YEAR OTHER MATTERS**

**GASB 68 - Accounting and Financial Reporting for Pensions (an amendment of GASB 27)  
(Continued)**

- Significant methods and assumptions used in calculating the actuarially determined contributions, if applicable, should be presented as notes to required supplementary information. In addition, the employer should explain factors that significantly affect trends in the amounts reported in the schedules, such as changes of benefit terms, changes in the size or composition of the population covered by the benefit terms, or the use of different assumptions.

**Cost-Sharing Employers**

- Government-wide and accrual basis of accounting financial statements: A cost-sharing employer that does not have a special funding situation is required to recognize a liability for its **proportionate** share of the net pension liability (of all employers for benefits provided through the pension plan)—the collective net pension liability. An employer's proportion is required to be determined on a basis that is consistent with the manner in which contributions to the pension plan are determined, and consideration should be given to separate rates, if any, related to separate portions of the collective net pension liability. The use of the employer's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers as the basis for determining an employer's proportion is encouraged.
- A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions.
- In addition, the effects of (1) a change in the employer's proportion of the collective net pension liability and (2) differences during the measurement period between the employer's contributions and its proportionate share of the total of contributions from employers included in the collective net pension liability are required to be determined. These effects are required to be recognized in the employer's pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees). The portions of the effects not recognized in the employer's pension expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to pensions. Employer contributions to the pension plan subsequent to the measurement date of the collective net pension liability also are required to be reported as deferred outflows of resources related to pensions.

**DUBLIN SAN RAMON SERVICES DISTRICT  
MEMORANDUM ON INTERNAL CONTROL**

**SCHEDULE OF CURRENT YEAR OTHER MATTERS**

**GASB 68 - Accounting and Financial Reporting for Pensions (an amendment of GASB 27)  
(Continued)**

- In governmental fund financial statements, the cost-sharing employer's proportionate share of the collective net pension liability is required to be recognized to the extent the liability is normally expected to be liquidated with expendable available financial resources. Pension expenditures should be recognized equal to the total of (1) amounts paid by the employer to the pension plan and (2) the change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources.
- Notes to financial statements of cost-sharing employers include descriptive information about the pension plans through which the pensions are provided. Cost-sharing employers should identify the discount rate and assumptions made in the measurement of their proportionate shares of net pension liabilities, similar to the disclosures about those items that should be made by single and agent employers. Cost-sharing employers, like single and agent employers, also should disclose information about how their contributions to the pension plan are determined.
- This Statement requires cost-sharing employers to present in required supplementary information 10-year schedules containing (1) the net pension liability and certain related ratios and (2) if applicable, information about statutorily or contractually required contributions, contributions to the pension plan, and related ratios.

**Management Response:**

The District intends to implement upon its effective date.

**DUBLIN SAN RAMON SERVICES DISTRICT  
MEMORANDUM ON INTERNAL CONTROL**

**SCHEDULE OF CURRENT YEAR OTHER MATTERS**

**GASB 69 – *Government Combinations and Disposals of Government Operations***

This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* include a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

- The distinction between a government merger and a government acquisition is based upon whether an exchange of significant consideration is present within the combination transaction. Government mergers include combinations of legally separate entities without the exchange of significant consideration. This Statement requires the use of carrying values to measure the assets and liabilities in a government merger. Conversely, government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. This Statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This Statement defines the term *operations* for purposes of determining the applicability of this Statement and requires the use of carrying values to measure the assets and liabilities in a transfer of operations.
- A disposal of a government's operations results in the removal of specific activities of a government. This Statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold.
- This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions.

Applied on a prospective basis. Earlier application is encouraged.

**Management Response:**

The District intends to implement upon its effective date.

**DUBLIN SAN RAMON SERVICES DISTRICT  
MEMORANDUM ON INTERNAL CONTROL**

**SCHEDULE OF CURRENT YEAR OTHER MATTERS**

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

Some governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a nonexchange transaction. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows related to the guarantee expected to be incurred. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range.

This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units.

This Statement specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. In addition, this Statement requires new information to be disclosed by governments that receive nonexchange financial guarantees.

**Management Response:**

The District intends to implement upon its effective date.

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## REQUIRED COMMUNICATIONS

To the Board of Directors of  
the Dublin San Ramon Services District  
Dublin, California

We have audited the basic financial statements of the Dublin San Ramon Services District for the year ended June 30, 2013. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards.

### **Significant Audit Findings**

#### *Accounting Policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District 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 the financial statements:

Statement 60 - *Accounting and Financial Reporting for Service Concession Arrangement*.

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

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

Statement 64 - *Derivative Instruments: Application of Hedge Accounting Termination Provisions, an amendment of GASB Statement No. 53*.

#### *Unusual Transactions, Controversial or Emerging Areas*

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

#### *Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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. The most sensitive estimates affecting the District's financial statements are depreciation and claims liability.

Management's estimate of depreciation is based on the estimated useful lives of the capital assets, and its estimate of claims is based on the District Attorney's estimates of current and potential litigation provided for the District as of June 30, 2013. We evaluated the key factors and assumptions used to develop the depreciation expense and claims liability balances and determined that they are reasonable in relation to the basic financial statements taken as a whole.

#### ***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 9, 2013.

#### ***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 governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings 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***

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

\*\*\*\*\*

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.

Very truly yours,

*Maze & Associates*

October 9, 2013

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**Dublin San Ramon Services District  
Summary & Recommendation**

Reference Financial Services Manager	Type of Action Select Investment Strategy	Board Meeting of November 19, 2013				
Subject Select Investment Strategy - OPEB Biennial Valuation Report						
<input checked="" type="checkbox"/> Motion	<input type="checkbox"/> Minute Order	<input type="checkbox"/> Resolution				
REPORT:	<input checked="" type="checkbox"/> Verbal	<input type="checkbox"/> Presentation	<input checked="" type="checkbox"/> Staff	J. Archer	<input type="checkbox"/> Other	<input type="checkbox"/> Board Member

**Recommendation:**

The Financial Services Manager recommends that the Board approve, by Motion, to select investment Strategy 1 offered by California Employers' Retiree Benefit Trust Program (CERBT) for the purposes of finalizing the biennial actuarial valuation report for Other Post-Employment Benefits (OPEB).

**Summary:**

The District is currently working with actuaries at Bickmore Risk Services to complete the required biennial actuarial valuation report for OPEB. Part of the valuation process is determining how funds in CERBT should be invested over the next valuation period. A staff report outlining the invest strategies offered by CERBT is attached, along with a draft actuarial valuation report assuming the District stays with investment Strategy 1. The Board last considered this matter on March 19, 2013 at which time the Treasurer was authorized to select the investment strategy, provided that the matter be brought to the Board every two years for review and information. The proposed report for July 1, 2013 is attached for review and information.

The following table summarizes the investment alternatives offered by CERBT and the impact on the District:

Strategy	Assumed Interest Rate %	Actuarial Accrued Liability	Actuarial Value of Assets	Over (Under) Funded	% Funded	Annual Required Contribution
1	7.61%	\$17,356,805	\$17,609,101	\$252,296	101%	\$719,186
2	7.06%	18,564,648	17,609,101	(955,547)	95%	877,391
3	6.39%	20,221,795	17,609,101	(2,612,694)	87%	1,084,843

Committee Review			Legal Review	Staff Review		
COMMITTEE ---	DATE ---	RECOMMENDATION ---	Not Required	ORIGINATOR J. Archer	DEPARTMENT Fin Serv	REVIEWED BY
<b>ATTACHMENTS</b> <input type="checkbox"/> <i>None</i>						
<input type="checkbox"/> Resolution	<input type="checkbox"/> Minute Order	<input type="checkbox"/> Task Order	<input checked="" type="checkbox"/> Staff Report	<input type="checkbox"/> Ordinance		
<input checked="" type="checkbox"/> Cost \$0.00	<input type="checkbox"/> Funding Source A. B.		Attachments to S&R 1. 2. 3.			



## STAFF REPORT

Board of Directors  
November 19, 2013

Other Post-Employment Benefits (OPEB) Biennial valuation –  
Investment Strategy

### BACKGROUND

In 2007, Dublin San Ramon Services District (the District) completed an actuarial valuation of retiree medical benefit obligations to determine the unfunded liabilities of the District for OPEB costs. In 2008, the District Board of Directors authorized entering into an agreement with CalPERS to participate in the California Employers' Retiree Benefit Trust Program (CERBT). CERBT is an irrevocable trust fund that administers and invests the funds contributed by the District to cover OPEB costs. In 2008, the District transferred \$9.1 million to CERBT as the initial contribution to the CERBT trust fund for OPEB costs. Since then the District has made annual contributions to CERBT based on actuarial valuation reports that are prepared every two years by an actuary.

### **OPEB Biennial Valuation Report – Investment Strategy**

The District is currently working with actuaries at Bickmore Risk Services to complete the required biennial actuarial valuation report for OPEB. Part of the valuation process is determining how funds in CERBT should be invested over next valuation period. Initially, CERBT offered only one investment strategy for investing fund assets; they have since expanded the investment options offered and now offer three investment strategies. The strategies vary based on a level of risk the District chooses to take. In order for the actuary to complete the valuation report, the District must choose which investment strategy that CERBT will utilize for the next two year cycle.

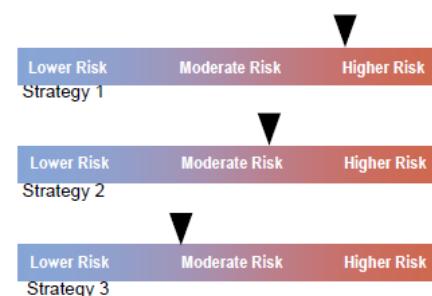
Investments for the three strategies vary based on the level of risk chosen. Strategy 1 has a greater potential return but also has higher risk and potential volatility because it invests 66% of the money in Global equities (corporate stocks) with the balance invested in interest income, real estate and commodities. Strategy 2 decreases the percentage of investment in stocks to 50% with a corresponding increase in fixed income investments; this strategy is considered to be moderate risk. The lowest risk option is Strategy 3 which allocates 32% to stocks with the corresponding increase in fixed income investments. In all three options the real estate and commodities allocation remain the same. Strategy 1 has the highest risk and the highest potential returns while Strategy 3 has the lowest risk but also has the lowest expected return rate.

Below is a recap of the investment allocation for each strategy offered by CERBT. The comments to the right indicate the risk/volatility for each option.

### CERBT Strategy Risk Levels

CalPERS offers employers the choice of one of three investment strategies. Risk levels among strategies vary, depending upon the target asset class allocations. Generally, equities carry more risk than fixed income securities.

Asset Class Target Allocations	Strategy 1	Strategy 2	Strategy 3
Global Equity	66%	50%	32%
U.S Fixed Income	18%	24%	42%
TIPS	5%	15%	15%
REITs	8%	8%	8%
Commodities	3%	3%	3%



Below is a summary of the returns (before expenses) for each strategy:

Performance as of September 30, 2013

Strategy	Fiscal YTD	1 year	3 year	5 year	Since Inception	Inception
Strategy 1	5.85%	11.64%	9.90%	7.95%	7.95%	06/01/07
Strategy 2	4.62%	8.15%	--	--	12.33%	10/01/11
Strategy 3	3.16%	3.80%	--	--	7.75%	01/01/12

Since the District has been with CERBT, the funds have been invested under Strategy 1 which has had the highest return in the last year and has had decent returns over our investment period. Strategy 3 on the other extreme is heavily focused on fixed income investments which generates a lower yield.

Because anticipated investment returns (strategies) directly impact the required annual contribution, it is important to understand the impact of the investment strategy selected. The higher the potential return the lower the required annual payment. It should also be understood that the higher risk strategy can also produce increased volatility and the losses in a down market can be greater than strategy 3. Based on the significant number of covered District employees (active and retired), plus the value of assets in CERBT as of June 30, 2013 we requested that the actuary prepare a comparison of what the projected unfunded liability would be for the District under the three different investment strategies.

Bickmore has provided the following estimate of the impacts of the three strategies for consideration. District funds at CERBT are currently invested using Strategy 1. Under Strategy 1, the actuarial value of the accrued liability is \$17.4 million and the actuarial value of the assets \$17.6 million represents an over funding of \$252,296. Strategy 2 assumes a return of 7.06% therefore the unfunded liability increases to \$0.955 million and Strategy 3 assumes a return of 6.39% and results in an unfunded liability of \$2.6 million.



Dublin San Ramon Services District

Comparison of July 1, 2013 OPEB Valuation Results for Different CERBT Asset Allocation Strategies  
Applied to Fiscal Year Ending June 30, 2014

	Current Rate	Strategy 2		Strategy 3	
Discount Rate (with no Margin)	7.61%	7.06%	Increase from 7.61%	6.39%	Increase from 7.61%
<b>Actuarial Present Value of Future Benefits</b>					
Actives	\$ 13,501,169	\$ 14,934,102	11%	\$ 16,976,696	26%
Retirees	8,540,977	9,002,963	5%	9,627,882	13%
Total	22,042,146	23,937,065	9%	26,604,578	21%
<b>Actuarial Accrued Liability</b>					
Actives	8,815,828	9,561,685	8%	10,593,913	20%
Retirees	8,540,977	9,002,963	5%	9,627,882	13%
Total	17,356,805	18,564,648	7%	20,221,795	17%
<b>Actuarial Value of Assets</b>	17,609,101	17,609,101		17,609,101	
<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	(252,296)	955,547		2,612,694	
Amortization factor *	15.5345	16.3234		17.3735	
Normal Cost	684,567	760,994	11%	869,301	27%
Amortization of UAAL	(16,241)	58,538		150,384	
Interest to fiscal year end	50,860	57,859		65,158	
<b>Annual Required Contribution (ARC)</b>	719,186	877,391		1,084,843	
<b>Estimated retiree benefits - Range From</b>	693,391	693,391		693,391	
<b>To</b>	755,549	755,549		755,549	
<b>Estimated Contributions to CERBT - From</b>	25,795	184,000		391,452	
<b>To</b>	(36,363)	121,842		329,294	

\* Amortization payments were developed with 24 years remaining, with payments determined on a level percent of pay basis

**Glossary:**

**Actuarial Present Value of Future Benefits** = total dollars needed today to fully fund the current benefits of current active employees and retirees.

**Actuarial Accrued Liability** = the value of benefits earned to date by current active employees and retirees.

**Actuarial Value of Assets** = value of assets as of June 30, 2013 being held in the District's CERBT account.

**Unfunded Actuarial Accrued Liability** = the difference between actuarial value of assets and accrued liabilities

**Normal Cost** = Annual cost associated with one year of service accrual

**Annual Required Contribution** = the periodic required contribution to fund the OPEB plan.

Bickmore has prepared a draft of the proposed report using Strategy 1 as the assumed investment strategy. A copy of the draft report is attached for your review. The final report will be finalized and issued once the investment strategy is selected.

## **Recommendation: OPEB Biennial Valuation Report – Investment Strategy**

Based on the projected results noted above, Strategy 1 results in the lowest Annual Required Contribution for FYE2014, \$719,186, while investment strategies 2 and 3 result in annual contributions of \$877,391 and \$1,084,843 respectively.

Based on the results noted above staff recommends that Investment Strategy 1 is selected for the upcoming two year valuation period. While staff seeks board support of their recommendation no formal action by the board is required.

Attachment 1: Bickmore Actuarial Report (Draft - OPEB biennial valuation report)

H:\Board\11-19-13\OPEB\Opeb Biennial Valuation - Investment Strategy Staff Report.Doc



November 4, 2013

Mr. John Archer  
Financial Services Supervisor  
Dublin San Ramon Services District  
7051 Dublin Blvd.  
Dublin, CA 84568

Re: July 1, 2013 Actuarial Report on GASB 45 Retiree Benefit Valuation

Dear John:

We are pleased to enclose our report providing the results of the July 1, 2013 actuarial valuation of "other post-employment benefits" (OPEB) liabilities for the Dublin San Ramon Services District (the District). The report's text describes our analysis and assumptions in detail. *This report should be considered a draft until the District has had an opportunity to review and comment. Once any issues have been resolved, we will issue our final report.*

The primary purposes of the report are to develop:

- The value of future OPEB expected to be provided by the District, and
- The current OPEB liability and the annual OPEB expense to be reported in the District's financial statements for the fiscal years ending June 30, 2014 and 2015.
- To provide information required to be submitted to the California Employers' Retiree Benefit Trust (CERBT).

This valuation was prepared with the understanding that the District will continue to follow its previously established policy of prefunding OPEB liabilities through CERBT. Exhibits in this *draft* report were prepared based on the District's stated intent to continue with CERBT asset allocation Strategy 1, with no Margin for Adverse Deviation. Accordingly, liabilities were calculated based on a 7.61% discount rate.

We have based our valuation on employee data and plan information provided by the District, including the most recent PEMHCA resolutions on file with CalPERS. We encourage the District to review our summary of the benefits described in Table 3A to be comfortable that we have captured these provisions correctly.

We appreciate the opportunity to work on this analysis and acknowledge the efforts of the District's staff, who provided valuable information and assistance to enable us to perform this valuation. Please let us know if we can be of further assistance.

Sincerely,

Catherine L. MacLeod, FSA, EA, MAAA  
Director, Health and Benefit Actuarial Services

Enclosure

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## A. Executive Summary

This report presents the results of the July 1, 2013 actuarial valuation of the Dublin San Ramon Services District (the District) other post-employment benefit (OPEB) programs. Briefly, benefits include subsidized medical and dental insurance coverage for eligible retirees. The purpose of this valuation is to assess the OPEB liabilities and provide disclosure information as required by Statement No. 45 of the Governmental Accounting Standards Board (GASB 45).

How much the District contributes each year affects the calculation of liabilities. The District has been prefunding its OPEB obligations by consistently making contributions greater than or equal to the Annual Required Contribution (ARC) each year. Trust assets are currently invested in the California Employers' Retiree Benefit Trust (CERBT) with Asset Allocation Strategy 1. At the time the 2011 valuation was prepared, a discount rate of 7.61% was used. *For purposes of this draft report*, this valuation was also prepared using a 7.61% discount rate. Use of this rate is not a guarantee of future investment performance, but rather an assumption about the expected long term rate of return.

Exhibits presented in this report reflect our understanding that the results of this July 1, 2013 valuation will be applied in determining the annual OPEB expense for the fiscal years ending June 30, 2014 and 2015. We have included a summary of the information we anticipate will be reported for the District's fiscal year ended June 30, 2013 in Appendix 3 of this report, anticipating that the District will report a net OPEB obligation (asset) of (\$12,052,156) on June 30, 2013.

We calculate the GASB 45 actuarial accrued liability (AAL) to be \$17,356,805 and the normal cost to be \$684,567 as of July 1, 2013. The District reported assets in CERBT as of June 30, 2013 of \$17,609,101 to offset these liabilities. Thus, the unfunded accrued liability as of this date is \$(252,296), and the funded ratio is 101.5%.

*The following summarizes results for the fiscal year ending June 30, 2014:*

- We calculate the annual required contribution (ARC) to be \$719,186.
- District contributions are assumed to equal the ARC. It is expected that the District will pay its portion of retiree premiums during the period (estimated to range from \$693,000 to \$755,000), and contribute the balance of the ARC, in any, to CERBT.
- Based on the calculations and contributions described above, we project a net OPEB asset in excess of \$12 million on June 30, 2014.

These results are shown in tables beginning on page 11. Projected results for the fiscal year ending June 30, 2015 are also shown in these tables.

The liabilities shown in the report reflect assumptions regarding continued future employment, rates of retirement and survival, and elections by future retirees to retain coverage for themselves and their dependents. To the extent that actual experience is not what we assumed, future results will be different. We also note that this valuation has been prepared on a closed group basis; no provision is made for new employees.

## Executive Summary (Concluded)

Details of our valuation process and the various disclosures required by GASB 45 are provided on the succeeding pages.

The next valuation is scheduled to be prepared as of July 1, 2015 as required for continued participation in CERBT. If there are any significant changes in the employee data, benefits provided or the funding policy, please contact us to discuss whether an earlier valuation is appropriate.

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## B. Requirements of GASB 45

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. We understand that the District implemented GASB 45 for the fiscal year ended June 30, 2008.

For agencies with less than 200 members covered by or eligible for plan benefits, GASB 45 requires that a valuation be prepared no less frequently than every three years. GASB 45 disclosures include the determination of an annual OPEB cost. For the first year, the annual OPEB cost is equal to the annual required contribution (ARC) as determined by the actuary.

- If the District's OPEB contributions equal the ARC each year, the net OPEB obligation will equal \$0.
- If the District's actual contribution is less than (greater than) the ARC, then a net OPEB obligation (asset) amount is established. In subsequent years, the annual OPEB expense will reflect adjustments made to the net OPEB obligation, in addition to the ARC (see Table 1C).

GASB 45 provides for recognition of payments as contributions if they are made (a) directly to retirees or beneficiaries, (b) to an insurer, e.g., for the payment of premiums, or (c) to an OPEB fund set aside toward the cost of future benefits. Funds set aside for future benefits should be considered contributions to an OPEB plan only if the vehicle established is one that is capable of building assets that are separate from and independent of the control of the employer and legally protected from its creditors. Furthermore, the sole purpose of the assets should be to provide benefits under the plan. These conditions generally require the establishment of a legal trust, such as the District's OPEB trust account with CERBT. Earmarked assets or reserves may be an important step in financing future benefits, but they may not be recognized as an asset for purposes of reporting under GASB 45.

The decision whether or not to prefund, and at what level, is at the discretion of the District, as are the manner and term for paying down the unfunded actuarial accrued liability. Once a funding policy has been established, however, the District's auditor may have an opinion as to the timing and manner of any change to such policy in future years. The level of prefunding also affects the selection of the discount rate used for valuing the liabilities.

We note that various issues in this report may involve legal analysis of applicable law or regulations. The District should consult counsel on these matters; Bickmore does not practice law and does not intend anything in this report to constitute legal advice. In addition, we recommend the District consult with their internal accounting staff or external auditor or accounting firm about the accounting treatment of OPEB liabilities.

## C. Sources of OPEB Liabilities

Post-employment benefits other than pensions (OPEB) comprise a part of compensation that employers offer for services received. The most common OPEB are:

- Medical
- Dental
- Prescription drug
- Vision
- Life insurance

Other possible post-employment benefits may include outside group legal, long-term care, or disability benefits outside of a pension plan. OPEB does not generally include vacation, sick leave<sup>1</sup> or COBRA benefits, which fall under other GASB accounting statements.

A direct employer payment toward the cost of OPEB is referred to as an “explicit” subsidy and should be included in the determination of OPEB liabilities. In addition, if claims experience of employees and retirees are pooled when determining premiums, the retirees pay a premium based on a pool of members that, on average, are younger and healthier. For certain types of coverage, such as medical, payment of the same premium rate results in an “implicit” subsidy of retiree claims by active employee premiums since the retiree premiums are lower than they would have been if the retirees were insured separately. GASB 45 generally requires an implicit subsidy of retiree premium rates be valued as an OPEB liability.

Exceptions may exist when the plan is part of a “community-rated” program. Current GASB guidance<sup>2</sup> indicates that an agency whose membership is a small portion (in the neighborhood of 1%) of the total coverage of a multiple employer plan, may reasonably conclude that any change in their group’s mix of retirees and active employees would not affect the premium rates for the plan. In those circumstances, while an implicit subsidy may exist, it is not required to be disclosed.

### OPEB Obligations of the District

The District provides continuation of medical and dental coverage to its retiring employees. For retirees and their dependent(s) who have chosen to retain this coverage:

- The District contributes directly toward retiree medical and dental premiums. These benefits are described in Table 3 and liabilities have been included in this valuation.
- We believe no *implicit subsidy* exists with respect to dental benefits provided to retirees, i.e., that retirees, as a group, are being charged an adequate premium for the dental coverage they receive.
- Employees are covered by the CalPERS medical program. The experience of public agency employer membership in this program is community-rated and the District’s membership in this program is incidental relative to the total number of members covered. This report, therefore, does not make age-related premium adjustments or compute an implicit rate subsidy for employees covered under this program.

<sup>1</sup> When a terminating employee’s unused sick leave credits are converted to provide or enhance a defined benefit OPEB, e.g., healthcare benefits, such converted sick leave credits should be valued under GASB 45.

<sup>2</sup> GASB is currently reviewing disclosure requirements for other post employment benefit programs and a new standard is likely to be released in the next couple of years. One possible change in a new OPEB reporting standard is elimination of the exception for disclosing the implicit subsidy liability for community rated plans. If implemented, this change would impact the OPEB liability to be reported by the District.

## D. Valuation Process

The valuation has been based on employee census data initially submitted to us by the District in July 2013 and clarified in various related communications. Summaries of that data are provided in Table 2. While the individual employee records have been reviewed to verify that it is reasonable in various respects, the data has not been audited and we have otherwise relied on the District as to its accuracy. A summary of the benefits provided under the Plan is provided in Table 3, based on information supplied to Bickmore by the District. The valuation described below has been performed in accordance with the actuarial methods and assumptions described in Table 4.

In the specific development of the projected benefit values and liabilities, we first determine an expected premium or benefit stream over the employee's future retirement. We then calculate a present value of these benefits as of the valuation date.

- These present value determinations discount the value of each future expected benefit payment back to the valuation date, using the discount rate. The present value calculations also reflect assumptions for the likelihood that an employee may not continue in service with the District to receive benefits.
- For those that do continue in service with the District, assumptions are made regarding the probability of retirement at various ages.
- After adjustments for the probabilities of whether and when an employee may retire from the District, we then apply an assumption about whether or not the retiree will elect coverage for themselves and/or dependents.
- To the extent an employee is assumed to qualify and elect coverage in retirement, the calculated liability reflects expected trends in the cost of those benefits and the assumptions as to the expected date(s) those benefits will cease.
- These benefit projections and liabilities have a very long time horizon. The final payments for currently active employees may not be made for 60 years or more.

The resulting present value for each employee is allocated as a level percent of payroll each year over the employee's career using the entry age normal cost method. This creates a cost expected to increase each year as payroll increases. Amounts attributed to prior fiscal years form the "actuarial accrued liability" (AAL). The amount of future OPEB cost allocated to the current year is referred to as the "normal cost". The remaining cost to be assigned to future years is called the "present value of future normal costs".

In summary:

Actuarial Accrued Liability	Past Years' Costs	\$ 17,356,805
<i>plus</i> Normal Cost	Current Year's Cost	684,567
<i>plus</i> Present Value of Future Normal Costs	Future Years' Costs	4,000,774
<i>equals</i> Present Value of Future Benefits	Total Benefit Costs	\$22,042,146

Where contributions have been made to an irrevocable OPEB trust, the accumulated value of trust assets is applied to offset the AAL. The value of assets invested in the District's CERBT account on June 30, 2013 was reported to be \$17,609,101. The portion of the AAL not covered by assets is referred to as the unfunded actuarial accrued liability (UAAL).

## E. Basic Valuation Results

The following chart compares the results of the July 1, 2013 valuation of OPEB liabilities to the results of the July 1, 2011 valuation.

Valuation date	Prefunding Basis	
	7/1/2011	7/1/2013
Discount rate	7.61%	7.61%
<b>Number of Covered Employees</b>		
Actives	108	107
Retirees	64	68
Total Participants	172	175
<b>Actuarial Present Value of Projected Benefits</b>		
Actives	\$ 12,432,442	\$ 13,501,169
Retirees	8,837,284	8,540,977
Total APVPB	21,269,726	22,042,146
<b>Actuarial Accrued Liability (AAL)</b>		
Actives	7,686,747	8,815,828
Retirees	8,837,284	8,540,977
Total AAL	16,524,031	17,356,805
<b>Actuarial Value of Assets</b>	13,422,427	17,609,101
<b>Unfunded AAL (UAAL)</b>	3,101,604	(252,296)
<b>Normal Cost</b>	666,023	684,567
<b>Benefit Payments</b>		
Actives (in retirement)	-	62,158
Retirees	646,183	693,391
Total	646,183	755,549

The funded ratio (the ratio of the Actuarial Value of Assets divided by the Actuarial Accrued Liability) is 101.5% as of July 1, 2013. Covered payroll as of July 1, 2013 was reported to be \$11,865,168. The Unfunded Actuarial Accrued Liability, expressed as a percentage of payroll, is (2.1)% as of this date.

### Changes Since the Prior Valuation

Even if all of our previous assumptions were met exactly as projected, liabilities generally increase over time as active employees get closer to the date their benefits are expected to begin. Of course, due to the uncertainties involved and the long term nature of these projections, our prior assumptions were *not* and are likely never to be exactly realized. Nonetheless, it is helpful to review why results are different than we anticipated.

In comparing results shown in the exhibit above, we can see that the *actual* increase in the AAL over the two year period between July 1, 2011 and July 1, 2013 was approximately \$833,000. We *expected* the AAL to increase by \$2,582,000 from new costs accrued and the passage of time, offset by benefits expected to be paid to retirees. The actual AAL is \$1,749,000 lower than expected, primarily as a result of the following:

## Basic Valuation Results (Concluded)

- A decrease in the AAL from plan experience, relative to prior assumptions;
- An increase in the AAL due to the projection of future improvements in retiree mortality, i.e., longer life expectancies;
- An increase in the AAL from updates to the assumed future increases in medical premium levels between 2012 and 2019.
- An increase in the AAL resulting from a modest change in benefits for Classified employees hired prior to June 1, 2006.

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## F. Funding Policy

The specific calculation of the ARC and annual OPEB expense for an employer depends on how the employer elects to fund these benefits. Contributing an amount greater than or equal to the ARC each year is referred to as "prefunding". Prefunding generally allows the employer to have the liability calculated using a higher discount rate, which in turn lowers the liability. In addition, following a prefunding policy does not build up a net OPEB obligation because the contribution equals or exceeds the annual OPEB cost each year.

### Determination of the ARC

The Annual Required Contribution (ARC) consists of two basic components, which have been adjusted with interest to the District's fiscal year end:

- The amounts attributed to service performed in the current fiscal year (the normal cost) and
- Amortization of the unfunded actuarial accrued liability (UAAL).

The ARCs for the fiscal years ending June 30, 2014 and June 30, 2015 are developed in Table 1B.

### Decisions Affecting the Amortization Payment

The period and method for amortizing the AAL can significantly affect the ARC. GASB 45:

- Prescribes a maximum amortization period of 30 years and requires no minimum amortization period (except 10 years for certain actuarial gains). Immediate full funding of the liability is also permitted, where the expected employer contribution is shown as the interest-adjusted sum of the normal cost and the entire amount of the unfunded accrued liability. Expected contributions in future years are then reduced to the expected normal cost plus amortization of any new changes in the unfunded AAL.
- Allows amortization payments to be determined (a) as a level percentage of payroll, designed to increase over time as payroll increases, or (b) as a level dollar amount much like a conventional mortgage, so that this component of the ARC does not increase over time. Where a plan is closed and has no ongoing payroll base, a level percent of payroll basis is not permitted.
- Allows the amortization period to decrease annually by one year (closed basis) or to be maintained at the same number of years (open basis).

### Funding Policy Illustrated in This Report

It is our understanding that the District's prefunding policy includes amortization of the unfunded AAL over a closed 30-year period initially established for the fiscal year ending June 30, 2008. The remaining period in determining the ARC for the fiscal year ending June 30, 2014 is 24 years. Amortization payments are determined on a level percent of pay basis.

## **G. Choice of Actuarial Funding Method and Assumptions**

The ultimate real cost of an employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These expenditures are dependent only on the terms of the plan and the administrative arrangements adopted, and as such are not affected by the actuarial funding method. The actuarial funding method attempts to spread recognition of these expected costs on a level basis over the life of the plan, and as such sets the “incidence of cost”. Methods that produce higher initial annual (prefunding) costs will produce lower annual costs later. Conversely, methods that produce lower initial costs will produce higher annual costs later relative to the other methods. GASB 45 allows the use of any of six actuarial funding methods; a brief description of each is in the glossary.

### **Factors Impacting the Selection of Funding Method**

While the goal of GASB 45 is to match recognition of retiree medical expense with the periods during which the benefit is earned, the funding methods differ because they focus on different financial measures in attempting to level the incidence of cost. Appropriate selection of a funding method contributes to creating intergenerational equity between generations of taxpayers. The impact of potential new employees entering the plan may also affect selection of a funding method, though this is not a factor in this plan.

We believe it is most appropriate for the plan sponsor to adopt a theory of funding and consistently apply the funding method representing that theory. This valuation was prepared using the entry age normal cost method with normal cost determined on a level percent of pay basis. The entry age normal cost method often produces initial contributions between those of the other more common methods and is generally regarded by pension actuaries as the most stable of the funding methods and is one of the most commonly used methods for GASB 45 compliance. In addition, it is the method required for plans participating in the CalPERS prefunding vehicle for OPEB liabilities, the California Employers Retiree Benefit Trust (CERBT).

### **Factors Affecting the Selection of Assumptions**

Special considerations apply to the selection of actuarial funding methods and assumptions for the District. The actuarial assumptions used in this report were chosen, for the most part, to be the same as the actuarial assumptions used for the most recent actuarial valuations of the retirement plans covering District employees. CalPERS has previously issued a set of standardized actuarial methods and assumptions to be used by entities participating in CERBT and many assumptions used in this report for GASB 45 analysis are also consistent with that assumption model. Other assumptions were selected based on demonstrated plan experience and/or our best estimate of expected future experience.

In selecting an appropriate discount rate, GASB states that the discount rate should be based on the expected long-term yield of investments used to finance the benefits. CERBT provides participating employers with three possible asset allocation strategies; a maximum discount rate is assigned to each of these strategies, which may be rounded or reduced to include a margin for adverse deviation. As requested by the District and permitted by CERBT where its asset allocation Strategy #1 is employed, the discount rate used in this valuation is 7.61%.

## H. Certification

This report presents the results of our actuarial valuation of the other post employment benefits provided by the Dublin San Ramon Services District. The purpose of this valuation was to provide the actuarial information required for the District's reporting under Statement 45 of the Governmental Accounting Standards Board. The calculations were focused on determining the plan's funded status as of the valuation date, developing the Annual Required Contribution and projecting the Net OPEB Obligations for the years to which this report is expected to be applied.

We certify that this report has been prepared in accordance with our understanding of GASB 45. To the best of our knowledge, the report is complete and accurate, based upon the data and plan provisions provided to us by the District. We believe the assumptions and method used are reasonable and appropriate for purposes of the financial reporting required by GASB 45. The results may not be appropriate for other purposes.

Each of the undersigned individuals is a Fellow in the Society of Actuaries and Member of the American Academy of Actuaries who satisfies the Academy Qualification Standards for rendering this opinion.

Signed: November 4, 2013

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Catherine L. MacLeod, FSA, EA, MAAA

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Francis M. Schauer Jr., FSA, FCA, EA, MAAA

**Table 1A**  
**Summary of Valuation Results**  
**Prefunding Basis**

The following summarizes the results of our valuation of OPEB liabilities for the District calculated under GASB 45 for the fiscal year ending June 30, 2014 as well as projected amounts for the fiscal year ending June 30, 2015.

Valuation date	Prefunding Basis	
	7/1/2013	
For fiscal year beginning	7/1/2013	7/1/2014
For fiscal year ending	6/30/2014	6/30/2015
Discount rate	7.61%	7.61%
<b>Number of Covered Employees*</b>		
Actives	107	107
Retirees	68	68
Total Participants	175	175
<b>Actuarial Present Value of Projected Benefits</b>		
Actives	\$ 13,501,169	\$ 14,466,450
Retirees	8,540,977	8,497,554
Total APVPB	22,042,146	22,964,004
<b>Actuarial Accrued Liability (AAL)</b>		
Actives	8,815,828	10,161,217
Retirees	8,540,977	8,497,554
Total AAL	17,356,805	18,658,771
<b>Actuarial Value of Assets</b>	17,609,101	18,912,790
<b>Unfunded AAL (UAAL)</b>	(252,296)	(254,019)
<b>Normal Cost</b>	684,567	706,816
<b>Benefit Payments</b>		
Actives (in retirement)	62,158	128,075
Retirees	693,391	695,494
Total	755,549	823,569

\* The numbers of active employees and retirees shown above are as of the valuation date and are not necessarily the number expected in the following year. Because this valuation has been prepared on a closed group basis, no potential future employees are included and, based on assumptions outlined in Table 4, we recognize the possibility that active employees may leave employment, some may retire and elect benefits and that coverage for some of the retired employees may cease.

**Table 1B**  
**Calculation of the Annual Required Contribution**

The following exhibit calculates the amortization payments and the annual required contribution (ARC) on a prefunding basis for the fiscal years ending June 30, 2014 and June 30, 2015.

Fiscal Year End	Prefunding Basis	
	6/30/2014	6/30/2015
<b>Funding Policy</b>		
Discount rate	7.61%	7.61%
Amortization method	Level % of Pay	Level % of Pay
Initial amortization period (in years)	30	30
Remaining period (in years)	24	23
<b>Determination of Amortization Payment</b>		
UAAL	\$ (252,296)	\$ (254,019)
Factor	15.5345	15.1482
Payment	(16,241)	(16,769)
<b>Annual Required Contribution (ARC)</b>		
Normal Cost	684,567	706,816
Amortization of UAAL	(16,241)	(16,769)
Interest to 06/30	50,860	52,513
<b>Total ARC at fiscal year end</b>	<b>719,186</b>	<b>742,560</b>

While the following is not intended to be used to determine the normal cost or ARC in future years, this information may be of value for planning purposes:

Valuation date	7/1/2013	
Fiscal Year End	6/30/2014	6/30/2015
Projected covered payroll	\$ 11,865,168	\$ 12,648,937
Normal Cost as a percent of payroll	5.8%	5.6%
ARC as a percent of payroll	6.1%	5.9%
ARC per active ee	6,721	6,940

**Table 1C**  
**Expected OPEB Disclosures**

The exhibit below develops the annual OPEB expense, estimates the expected OPEB contributions and projects the net OPEB obligation for the fiscal years ending June 30, 2014 and June 30, 2015. The calculations assume the District continues to follow the prefunding approach outlined on the prior page.

<b>Fiscal Year End</b>	<b>6/30/2014</b>	<b>6/30/2015</b>
<b>1. Calculation of the Annual OPEB Expense</b>		
a. ARC for current fiscal year	\$ 719,186	\$ 742,560
b. Interest on Net OPEB Obligation (Asset) at beginning of year	(917,169)	(923,432)
c. Adjustment to the ARC	834,873	862,007
d. <b>Annual OPEB Expense (a. + b. + c.)</b>	636,890	681,135
<b>2. Calculation of Expected Contribution</b>		
a. Estimated payments on behalf of retirees	755,549	823,569
b. Estimated contribution to OPEB trust	(36,363)	(81,009)
c. <b>Total Expected Employer Contribution</b>	719,186	742,560
<b>3. Change in Net OPEB Obligation (1.d. minus 2.c.)</b>	(82,296)	(61,425)
Net OPEB Obligation (Asset), beginning of fiscal year	(12,052,156)	(12,134,452)
<b>Net OPEB Obligation (Asset) at fiscal year end</b>	(12,134,452)	(12,195,877)

Please note that the expected payments to retirees for the fiscal year ending June 30, 2014 and 2015 shown above are projections and should be replaced with the actual payments in order to determine the portion of the ARC to be contributed to the OPEB trust.

**Table 2**  
**Summary of Employee Data**

The District reported 107 active employees; of these, 80 are currently participating in the medical program while 27 employees were waiving coverage as of the valuation date. Age and service information for the reported individuals is provided below:

Distribution of Benefits-Eligible Active Employees								
Current Age	Years of Service						Total	Percent
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 & Up		
Under 25							0	0%
25 to 29							0	0%
30 to 34	3	2	1				6	6%
35 to 39	3	6	5				14	13%
40 to 44	2	7	3	1			13	12%
45 to 49	1	2	9	7	2	1	22	21%
50 to 54	1	1	13	3	4	3	25	23%
55 to 59	1	1	6	3		2	13	12%
60 to 64			4	4		2	10	9%
65 to 69			2		1	1	4	4%
70 & Up							0	0%
<b>Total</b>	3	12	49	26	8	9	<b>107</b>	<b>100%</b>
<b>Percent</b>	3%	11%	46%	24%	7%	8%		

(Percentages adjusted to total 100%)

Annual Covered Payroll	\$11,865,168
Average Attained Age for Actives	49.3
Average Years of Service	10.0

There are also 67 retirees or their beneficiaries receiving benefits, whose ages are summarized in the chart below.

Retirees by Age		
Current Age	Number	Percent
Below 50	0	0%
50 to 54	3	4%
55 to 59	10	15%
60 to 64	14	21%
65 to 69	13	19%
70 to 74	12	18%
75 to 79	8	12%
80 & up	8	12%
<b>Total</b>	<b>68</b>	<b>100%</b>
Average Attained Age for Retirees:		68.6

**Table 2 – Summary of Employee Data  
(Concluded)**

The following exhibit summarized pertinent participant data by employee group and status:

Group	Covered Actives	Actives Waiving Medical	Retired	Surviving Spouses	Retirees w/ Dental Only	Total
Confidential	3	1	1	0	0	5
Classified	48	19	41	3	2	113
Mid Management	12	2	5	0	1	20
Professional	13	5	4	0	0	22
Senior Management	4	0	5	0	1	10
Board	0	0	5	0	0	5
<b>Total</b>	<b>80</b>	<b>27</b>	<b>61</b>	<b>3</b>	<b>4</b>	<b>175</b>
Tier 1*	26	10	38	3	3	80
Tier 2*	54	17	23	0	1	95

\* See page 16 for a description of which employees are in Tier 1 and Tier 2.

Average Age	50.10	46.89	67.93	89.36	67.37	56.70
Avg DSRSD Service	10.34	9.00	16.76	9.02	12.60	12.42
Avg PERS Service	13.24	11.42	Not available			12.33
Number Married	60	27	49	0	2	138
Percentage Married	75%	100%	80%	0%	50%	79%

The frequency of medical plans selected by active and retired employees is shown below:

Medical Plan Selected	Actives	Pre-65 Retirees	Post-65 Retirees	Total
BlueShield HMO Bay	12	4	2	18
BlueShield HMO NoCal	2	-	1	3
BlueShield NetValue Bay	3	1	1	5
Kaiser Bay	43	9	-	52
Kaiser LA	-	1	-	1
Kaiser NoCal	1	-	-	1
Kaiser Mcare Supplement	-	-	16	16
PERS Care Bay	-	1	-	1
PERS Care Mcare Supplement	-	-	9	9
PERS Choice Bay	18	6	7	31
PERS Choice OOS	-	2	3	5
PERS Choice Sac	-	1	-	1
PERS Select Bay	1	-	-	1
Waiving Medical	27	2	2	31
<b>Total</b>	<b>107</b>	<b>27</b>	<b>41</b>	<b>175</b>

Participants by Tier							
Tier	Conf	Class	Mid Mgmt	Prof	Sr Mgmt	Board	Total
Tier 1	2	53	12	5	4	4	80
Tier 2	3	60	8	17	6	1	95
<b>Total</b>	<b>5</b>	<b>113</b>	<b>20</b>	<b>22</b>	<b>10</b>	<b>5</b>	<b>175</b>

**Table 3A**  
**Summary of Retiree Benefit Provisions**

**OPEB provided:** The District has indicated that the only OPEB provided are medical and dental insurance coverage.

**Access to coverage:** Medical coverage is currently provided through CalPERS as permitted under the Public Employees' Medical and Hospital Care Act (PEMHCA).

- This coverage requires the employee to satisfy the requirements for retirement under CalPERS. CalPERS retirement requires attainment of age 50 (age 52 for a new miscellaneous member on or after January 1, 2013) with 5 years of State or public agency service or approved disability retirement.
- If an eligible employee is not already enrolled in the medical plan, he or she may enroll within 60 days of retirement or during any future open enrollment period.
- Coverage may be continued at the retiree's option for his or her lifetime. A surviving spouse and other eligible dependents may also continue coverage.
- Unless covered by a vesting resolution, the employee must commence his or her retirement warrant within 120 days of terminating employment with the District to be eligible to continue medical coverage through the District and be entitled to the employer subsidy described below.
- Unless covered by a vesting resolution with at least 20 years of service for the District or qualifying for a disability retirement, an employee cannot terminate employment before meeting the age condition and be entitled to receive benefits.

**Benefits paid by the District:** As a condition of participation in the CalPERS medical program, the District is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued. A surviving spouse and other eligible dependents may also be entitled to a District contribution.

The District currently maintains two different types of resolutions with CalPERS defining the level of the District's contribution. The resolutions apply to those eligible for coverage (as described above) based on an employee's hire date and employment group as follows:

Group	Change Date
Confidential	9/24/2007
Classified	6/1/2006
Mid Management	8/7/2007
Professional	1/1/2004
Senior Management	1/1/2004
Board Members	7/18/2006

- Retirees hired before the change dates (Tier 1 retirees) are covered by an 'equal contribution method' resolution, i.e., the District contributes the same amount for retirees as is contributed for similarly situated active employee coverage.

**Table 3A- Summary of Retiree Benefit Provisions  
(Continued)**

For Tier 1 retirees, the District contributes:

- 100% of the medical premiums for employees and their eligible covered dependents, *but not more than*
- The base plan premiums set in 2007 plus 60% of the increase in premiums between the 2007 base plan premiums and the current year's base plan premiums,

Regardless of the result above, all Tier 1 retirees receive a minimum District contribution equal to 80% of the current year's base plan premiums. The base plan premiums are *the greater of*:

- a) the lowest cost HMO; and
- b) The lowest cost PPO plan, offered by CalPERS and available in Alameda County (in 2014, the PERS Select PPO plan is the "base plan").

The maximum amounts paid per month for 2014 are shown in the chart below:

Tier 1 Caps by Coverage Level for 2014			
Year	Employee	Employee + 1	Family
2014	586.00	1,172.00	1524.00

- Retirees hired on or after the change dates (Tier 2 retirees) are covered by PEMHCA 'vesting' resolutions. Under these resolutions, the District's contribution toward retiree medical benefits is determined as *the lesser of*:
  - 100% of the medical plan premiums for the retiree and his or her eligible dependents; and
  - The vesting formula maximum benefits (caps) *multiplied by* the vested percent, based on the retiree's years of CalPERS membership. The vesting formula (Tier 2) caps and the vested percentages are shown below.

Tier 2 Caps by Coverage Level for 2014			
Year	Employee	Employee + 1	Family
2014	642.00	1218.00	1559.00

Years of Qualifying Service	Vested Percent	Years of Qualifying Service	Vested Percent
Less than 10	0%	15	75%
10	50%	16	80%
11	55%	17	85%
12	60%	18	90%
13	65%	19	95%
14	70%	20 or more	100%

### Table 3A- Summary of Retiree Benefit Provisions (Concluded)

- Unlike retirees hired prior to the change date, those covered by the vesting resolution who complete at least 20 years of service with the District are entitled to these subsidized medical benefits even if they terminate employment prior to reaching age 50.
- Employees hired prior to the change dates may make a one-time irrevocable election to be covered by the vesting resolution in lieu of the equal contribution resolution.
- The District covers 100% of the dental premiums for all retirees. The 2013 monthly dental plan premium rates for active and retired employees are shown below:

Monthly Dental Premiums			
Year	Employee Only	Employee + One	Employee + Two or More
2013	\$ 62.40	\$ 113.06	\$ 182.60

**Current premium rates:** The 2014 CalPERS monthly medical plan rates in the Bay Area rate group are shown in the table below. If different rates apply where the member resides outside of this area, those rates are reflected in the valuation, but not listed here.

Bay Area 2014 Health Plan Rates						
Plan	Actives and Pre-Med Retirees			Medicare Eligible		
	Ee Only	Ee & 1	Ee & 2+	Ee Only	Ee & 1	Ee & 2+
Blue Shield Access/ Adv HMO	\$836.59	\$1,673.18	\$2,175.13	\$298.21	\$596.42	\$1,098.37
Blue Shield NetValue/ Adv HMO	704.01	1408.02	1830.43	298.21	596.42	1018.83
Kaiser HMO	742.72	1485.44	1931.07	294.97	589.94	1035.57
PERS Choice PPO	690.77	1381.54	1796.00	307.23	614.46	1028.92
PERS Select PPO	661.52	1323.04	1719.95	307.23	614.46	1011.37
PERSCare PPO	720.04	1440.08	1872.10	327.36	654.72	1086.74

Note that the additional CalPERS administration fee is not included in this valuation.

**Table 3B**  
**General CalPERS Annuitant Eligibility Provisions**

The content of this section has been drawn from Section C, Summary of Plan Provisions, of the State of California OPEB Valuation as of June 30, 2012, issued February 2013, to the State Controller from Gabriel Roeder & Smith. It is provided here as a brief summary of general annuitant and survivor coverage.

**Health Care Coverage**

*Retired Employees*

A member is eligible to enroll in a CalPERS health plan if he or she retires within 120 days of separation from employment and receives a monthly retirement allowance. If the member meets this requirement, he or she may continue his or her enrollment at retirement, enroll within 60 days of retirement, or enroll during any Open Enrollment period. If a member is currently enrolled in a CalPERS health plan and wants to continue enrollment into retirement, the employee will notify CalPERS and the member's coverage will continue into retirement.

**Eligibility Exceptions:** Certain family members are not eligible for CalPERS health benefits:

- Children age 26 or older
- Children's spouses
- Former spouses
- Never enrolled or disabled children over age 26
- Grandparents
- Parents
- Children of former spouses
- Other relatives

*Coordination with Medicare*

CalPERS retired members who qualify for premium-free Part A, either on their own or through a spouse (current, former, or deceased), must sign up for Part B as soon as they qualify for Part A. A member must then enroll in a CalPERS sponsored Medicare plan. The CalPERS-sponsored Medicare plan will pay for costs not paid by Medicare, by coordinating benefits.

*Survivors of an Annuitant*

If a CalPERS annuitant satisfied the requirement to retire within 120 days of separation, the survivor may be eligible to enroll within 60 days of the annuitant's death or during any future Open Enrollment period. Note: A survivor cannot add any new dependents; only dependents that were enrolled or eligible to enroll at the time of the member's death qualify for benefits.

Surviving registered domestic partners who are receiving a monthly annuity as a surviving beneficiary of a deceased employee or annuitant on or after January 1, 2002, are eligible to continue coverage if currently enrolled, enroll within 60 days of the domestic partner's death, or enroll during any future Open Enrollment period.

Surviving enrolled family members who do not qualify to continue their current coverage are eligible for continuation coverage under COBRA.

**Table 4**  
**Actuarial Methods and Assumptions**

Valuation Date	July 1, 2013
Funding Method	Entry Age Normal Cost, level percent of pay <sup>3</sup>
Asset Valuation Method	Market value of assets
Long Term Return on Assets	7.61%
Discount Rate	7.61%
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.25% per year, used only to allocate the cost of benefits between service years
Assumed Increase for Amortization Payments	3.25% per year where determined on a percent of pay basis
General Inflation Rate	3.0% per year

*The demographic actuarial assumptions used in this valuation are based on the (demographic) experience study of the California Public Employees Retirement System using data from 1997 to 2007. Rates for selected age and service are shown below and on the following pages.*

Mortality Before Retirement	Mortality rates described below were then projected by applying Scale AA on a fully generational basis.
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CalPERS Public Agency Miscellaneous Non- Industrial Deaths only		
Age	Male	Female
15	0.00045	0.00006
20	0.00047	0.00016
30	0.00053	0.00036
40	0.00087	0.00065
50	0.00176	0.00126
60	0.00395	0.00266
70	0.00914	0.00649
80	0.01527	0.01108

<sup>3</sup> The level percent of pay aspect of the funding method refers to how the normal cost is determined. Use of level percent of pay cost allocations in the funding method is separate from and has no effect on a decision regarding use of a level percent of pay or level dollar basis for determining amortization payments.

**Table 4 - Actuarial Methods and Assumptions  
(Continued)**

**Mortality After Retirement** Mortality rates in each of the tables below were projected by applying Scale AA on a fully generational basis.

Healthy Lives			Disabled Lives		
CalPERS Public Agency Miscellaneous, Police & Fire Post Retirement Mortality Disabled Lives (continued)			CalPERS Public Agency Disabled Miscellaneous Post Retirement Mortality		
Age	Male	Female	Age	Male	Female
40	0.00093	0.00062	20	0.00664	0.00478
50	0.00239	0.00125	30	0.00790	0.00512
60	0.00720	0.00431	40	0.01666	0.00674
70	0.01675	0.01244	50	0.01632	0.01245
80	0.05270	0.03749	60	0.02293	0.01628
90	0.16747	0.12404	70	0.03870	0.03019
100	0.34551	0.31876	80	0.08388	0.05555
110	1.00000	1.00000	90	0.21554	0.14949

**Termination Rates**

*For miscellaneous Tier 1 employees: sum of CalPERS Terminated Refund and Terminated Vested rates for miscellaneous employees – Illustrative rates*

Attained Age	Years of Service					
	0	3	5	10	15	20
15	0.1812	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.1742	0.1193	0.0946	0.0000	0.0000	0.0000
25	0.1674	0.1125	0.0868	0.0749	0.0000	0.0000
30	0.1606	0.1055	0.0790	0.0668	0.0581	0.0000
35	0.1537	0.0987	0.0711	0.0587	0.0503	0.0450
40	0.1468	0.0919	0.0632	0.0507	0.0424	0.0370
45	0.1400	0.0849	0.0554	0.0427	0.0347	0.0290

*For miscellaneous Tier 2 employees: sum of Terminated Refund and Terminated Vested rates for miscellaneous employees until 20 years of service; refund rates only after 20 years of service – Illustrative Rates*

Attained Age	Years of Service					
	0	5	10	20	25	30
15	0.1812	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.1742	0.0946	0.0000	0.0000	0.0000	0.0000
25	0.1674	0.0868	0.0749	0.0000	0.0000	0.0000
30	0.1606	0.0790	0.0668	0.0000	0.0000	0.0000
35	0.1537	0.0711	0.0587	0.0045	0.0000	0.0000
40	0.1468	0.0632	0.0507	0.0037	0.0024	0.0000
45	0.1400	0.0554	0.0427	0.0029	0.0017	0.0011

**Table 4 - Actuarial Methods and Assumptions  
(Continued)**

## Service Retirement Rates

*For Classic miscellaneous employees:*  
CalPERS Public Agency 2.7% @ 55 – Illustrative rates

Attained Age	Years of Service					
	5	10	15	20	25	30
50	0.0275	0.0350	0.0425	0.0500	0.0575	0.0650
55	0.0908	0.1155	0.1403	0.1650	0.1898	0.2145
60	0.0880	0.1120	0.1360	0.1600	0.1840	0.2080
65	0.1458	0.1855	0.2253	0.2650	0.3048	0.3445
70	0.1288	0.1638	0.1990	0.2340	0.2692	0.3042
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

*For PEPRA miscellaneous employees:*  
CalPERS Public Agency 2.0% @ 62 – Illustrative rates

Attained Age	Years of Service					
	5	10	15	20	25	30
50	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
55	0.0440	0.0560	0.0680	0.0800	0.0920	0.1040
60	0.0616	0.0784	0.0952	0.1120	0.1288	0.1456
65	0.1287	0.1638	0.1989	0.2340	0.2691	0.3042
70	0.1254	0.1596	0.1938	0.2280	0.2622	0.2964
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

## Disability Retirement Rates

Illustrative rates:

CalPERS Public Agency Miscellaneous Disability		
Age	Male	Female
25	0.00010	0.00010
30	0.00021	0.00020
35	0.00063	0.00088
40	0.00145	0.00164
45	0.00252	0.00243
50	0.00331	0.00311
55	0.00366	0.00306
60	0.00377	0.00253

## Medicare Eligibility

Absent contrary data, all individuals assumed eligible for Medicare Parts A and B at 65.

## Healthcare Trend

Dental premiums are assumed to increase by 4.5% annually. Medical plan premiums and increases in the PEMHCA vesting caps are assumed to increase once each year. The increases over the prior year's levels are assumed to be effective on the dates shown in the chart at the top of the following page.

**Table 4 - Actuarial Methods and Assumptions  
(Concluded)**

Medical trend (continued)

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2014	Actual	2020	6.00%
2015	8.50%	2021	5.50%
2016	8.00%	2022	5.00%
2017	7.50%	2023	4.50%
2018	7.00%	2024	4.50%
2019	6.50%	2025 & later	4.64%

Participation Rate

*Active employees:* 100% of eligible employees are assumed to elect medical coverage in retirement, regardless of whether they have medical or dental coverage through the District currently. Those currently participating are assumed to remain in the current plan selected; those not yet participating are assumed to elect coverage in the Kaiser Bay Area region plan.

*Retired participants:* Existing medical plan elections are assumed to be maintained until the retiree's death.

Spouse Coverage

*Active employees:* 85% are assumed to be married and elect coverage for their spouse in retirement. Surviving spouses are assumed to retain coverage until their death. Husbands are assumed to be 3 years older than their wives.

*Retired participants:* Existing elections for spouse coverage are assumed to be maintained until the spouse's death. Actual spouse ages are used, where known; if not, husbands are assumed to be 3 years older than their wives.

Dependent Coverage

An existing election for coverage of dependent children is assumed to continue until the youngest child is age 26.

**Changes Since the Prior Valuation:**

Discount rate

To be determined.

Mortality

Future improvement in mortality was projected by applying Scale AA on a fully generational basis to the rates published in the 1997-2007 CalPERS Experience Study.

Healthcare trend

Medical plan premiums are assumed to increase at slightly higher rates between 2014 and 2023 than were assumed in the prior valuation.

**Table 5**  
**Projected Benefit Payments**

The following is an estimate of other post-employment benefits to be paid on behalf of current retirees and current employees expected to retire from the District.

- No benefits expected to be paid on behalf of current active employees prior to retirement are considered in this projection.
- No benefits for potential future employees have been included.

Expected annual benefits have been projected on the basis of the actuarial assumptions outlined in Table 4.

Fiscal Year Ending June 30	Projected Annual Benefit Payments						Total	
	Medical Subsidy			Dental Subsidy				
	Current Retirees	Future Retirees	Total	Current Retirees	Future Retirees	Total		
2014	\$ 615,398	\$ 56,111	\$ 671,509	\$ 77,993	\$ 6,047	\$ 84,040	\$ 755,549	
2015	615,582	115,596	731,178	79,912	12,479	92,391	823,569	
2016	631,434	194,795	826,229	81,800	20,507	102,307	928,536	
2017	632,044	275,523	907,567	83,653	29,246	112,899	1,020,466	
2018	630,770	360,548	991,318	85,468	38,137	123,605	1,114,923	
2019	618,434	457,733	1,076,167	87,226	48,758	135,984	1,212,151	
2020	613,622	556,291	1,169,913	88,908	58,995	147,903	1,317,816	
2021	619,304	655,934	1,275,238	90,495	69,697	160,192	1,435,430	
2022	626,141	758,734	1,384,875	91,968	81,307	173,275	1,558,150	
2023	623,888	870,027	1,493,915	93,316	92,341	185,657	1,679,572	

## Appendix 1A

### Breakout of the District Plan Results by Group: Medical

The tables beginning on this page break out the medical benefit liability results for each group on a prefunded basis.

Group	Confidential	Classified	MidMgmt	Professional	SrMgmt	Board	Total
<b>Number of Covered Employees</b>							
Actives	3	48	12	13	4	-	80
Retirees	1	44	5	4	5	5	64
Total Participants	4	92	17	17	9	5	144
<b>Actuarial Present Value of Projected Benefits</b>							
Actives	317,557	7,775,070	1,612,743	1,776,357	492,295	-	11,974,022
Retirees	115,157	4,471,986	821,837	734,070	614,370	687,266	7,444,686
Total APVPB	432,714	12,247,056	2,434,580	2,510,427	1,106,665	687,266	19,418,708
<b>Actuarial Accrued Liability</b>							
Actives	194,142	5,082,867	982,380	1,157,720	408,411	-	7,825,520
Retirees	115,157	4,471,986	821,837	734,070	614,370	687,266	7,444,686
Total AAL	309,299	9,554,853	1,804,217	1,891,790	1,022,781	687,266	15,270,206
<b>Normal Cost</b>	14,514	376,924	110,435	86,559	16,551	-	604,983
<b>Expected Benefit Payments</b>							
Actives	92	30,015	12,612	8,522	4,870		56,111
Retirees	7,374	374,171	70,898	55,872	51,812		560,127
Total Expected Benefit Payments	7,466	404,186	83,510	64,394	56,682	-	616,238

## Appendix 1B

### Breakout of the District Plan Results by Group: Dental

The tables beginning on this page break out the dental benefit liability results for each group on a prefunded basis.

Group	Confidential	Classified	MidMgmt	Professional	SrMgmt	Board	Total
<b>Number of Covered Employees</b>							
Actives	4	67	14	18	4	-	107
Retirees	1	46	6	4	6	5	68
Total Participants	5	113	20	22	10	5	175
<b>Actuarial Present Value of Projected Benefits</b>							
Actives	30,530	983,602	221,032	220,888	71,095	-	1,527,147
Retirees	18,892	670,925	124,806	91,827	91,564	98,277	1,096,291
Total APVPB	49,422	1,654,527	345,838	312,715	162,659	98,277	2,623,438
<b>Actuarial Accrued Liability</b>							
Actives	15,570	631,722	147,212	140,113	55,692	-	990,309
Retirees	18,892	670,925	124,806	91,827	91,564	98,277	1,096,291
Total AAL	34,462	1,302,647	272,018	231,940	147,256	98,277	2,086,600
<b>Normal Cost</b>	1,832	50,067	12,394	12,280	3,013	-	
<b>Expected Benefit Payments</b>							
Actives	40	3,017	1,286	1,156	549	-	6,048
Retirees	1,357	49,969	7,532	5,427	6,924	6,784	77,993
Total Expected Benefit Payments	1,397	52,986	8,818	6,583	7,473	6,784	84,041

**Appendix 2**  
**Updated Net OPEB Obligation**  
**For the Fiscal Year Ending June 30, 2013**

The annual OPEB expense and net OPEB obligation (asset) for the fiscal years ending June 30, 2013 were projected in the July 1, 2011 valuation and reflected Bickmore's projection of retiree benefits at that time.

The District's actual contributions were considerably higher than projected for the fiscal year ending June 30, 2013. The following exhibit updates the development of the annual OPEB expense and net OPEB obligation, providing the information assumed to be reported in the District's financial statement for the fiscal years ending June 30, 2013, based on this updated information.

<b>Fiscal Year End</b>	<b>6/30/2013</b>
<b>1. Calculation of the Annual OPEB Expense</b>	
a. ARC for current fiscal year	\$ 949,057
b. Interest on Net OPEB Obligation (Asset) at beginning of year	(756,454)
c. Adjustment to the ARC	672,534
d. <b>Annual OPEB Expense (a. + b. + c.)</b>	865,137
<b>2. Calculation of Expected Contribution</b>	
a. Estimated payments on behalf of retirees	671,729
b. Estimated contribution to OPEB trust	2,094,890
c. <b>Total Expected Employer Contribution</b>	2,766,619
<b>3. Change in Net OPEB Obligation (1.d. minus 2.c.)</b>	(1,901,482)
Net OPEB Obligation (Asset), beginning of fiscal year	(10,150,674)
<b>Net OPEB Obligation (Asset) at fiscal year end</b>	(12,052,156)

### Appendix 3

#### OPEB Disclosure Information

The Information necessary to complete the OPEB footnote in the District's financial reports is summarized below, or we note the location of the information contained elsewhere in this report:

Summary of Plan Provisions:	See Table 3A
OPEB Funding Policy:	See Section F; details are provided also at the top of the exhibit in Table 1B
Annual OPEB Cost and Net OPEB Obligation:	See Table 1C
Actuarial Methods and Assumptions:	See Table 4.
Funding Status and Funding Progress:	See Section E – Basic Valuation Results

#### Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2011	\$ 13,422,427	\$ 16,524,031	\$ 3,101,604	81%	\$ 10,795,530	28.73%
7/1/2013	\$ 17,609,101	\$ 17,356,805	\$ (252,296)	101%	\$ 11,865,168	-2.13%

Required Supplementary Information: Three Year History of Amounts Funded  
See chart below:

*This section left intentionally blank for the draft report.*

*Italicized values above represent projected values.*

## Glossary

Actuarial Accrued Liability (AAL) – Total dollars required to fund all plan benefits attributable to service rendered as of the valuation date for current plan members and vested prior plan members; see “Actuarial Present Value”

Actuarial Funding Method – A procedure which calculates the actuarial present value of plan benefits and expenses, and allocates these expenses to time periods, typically as a normal cost and an actuarial accrued liability

Actuarial Present Value (APV) – The amount presently required to fund a payment or series of payments in the future, it is determined by discounting the future payments by an appropriate interest rate and the probability of nonpayment.

Aggregate – An actuarial funding method under which the excess of the actuarial present value of projected benefits over the actuarial accrued liability is levelly spread over the earnings or service of the group forward from the valuation date to the assumed exit date, based not on individual characteristics but rather on the characteristics of the group as a whole

Annual Required Contribution (ARC) – The amount the employer would contribute to a defined benefit OPEB plan for a given year, it is the sum of the normal cost and some amortization (typically 30 years) of the unfunded actuarial accrued liability

Annual OPEB Expense – The OPEB expense reported in the Agency’s financial statement, which is comprised of three elements: the ARC, interest on the net OPEB obligation at the beginning of the year and an ARC adjustment.

Attained Age Normal Cost (AANC) – An actuarial funding method where, for each plan member, the excess of the actuarial present value of benefits over the actuarial accrued liability (determined under the unit credit method) is levelly spread over the individual’s projected earnings or service forward from the valuation date to the assumed exit date

CalPERS – Many state governments maintain a public employee retirement system; CalPERS is the California program, covering all eligible state government employees as well as other employees of other governments within California who have elected to join the system

Defined Benefit (DB) – A pension or OPEB plan which defines the monthly income or other benefit which the plan member receives at or after separation from employment

Defined Contribution (DC) – A pension or OPEB plan which establishes an individual account for each member and specifies how contributions to each active member’s account are determined and the terms of distribution of the account after separation from employment

Entry Age Normal Cost (EANC) – An actuarial funding method where, for each individual, the actuarial present value of benefits is levelly spread over the individual’s projected earnings or service from entry age to assumed exit age

## Glossary (Continued)

Frozen Attained Age Normal Cost (FAANC) – An actuarial funding method under which the excess of the actuarial present value of projected benefits over the actuarial accrued liability (determined under the unit credit method) is levelly spread over the earnings or service of the group forward from the valuation date to the assumed exit date, based not on individual characteristics but rather on the characteristics of the group as a whole

Frozen Entry Age Normal Cost (FEANC) – An actuarial funding method under which the excess of the actuarial present value of projected benefits over the actuarial accrued liability (determined under the entry age normal cost method) is levelly spread over the earnings or service of the group forward from the valuation date to the assumed exit date, based not on individual characteristics but rather on the characteristics of the group as a whole

Financial Accounting Standards Board (FASB) – A private, not-for-profit organization designated by the Securities and Exchange Commission (SEC) to develop generally accepted accounting principles (GAAP) for U.S. public corporations

Government Accounting Standards Board (GASB) – A private, not-for-profit organization which develops generally accepted accounting principles (GAAP) for U.S. state and local governments; like FASB, it is part of the Financial Accounting Foundation (FAF), which funds each organization and selects the members of each board

Net OPEB Obligation (Asset) - The net OPEB obligation (NOO) represents the accumulated shortfall of OPEB funding since GASB 45 was implemented. If cumulative contributions have exceeded the sum of the prior years' annual OPEB expenses, then a net OPEB asset results.

Non-Industrial Disability (NID) – Unless specifically contracted by the individual Agency, PAM employees are assumed to be subject to only non-industrial disabilities.

Normal Cost – Total dollar value of benefits expected to be earned by plan members in the current year, as assigned by the chosen funding method; also called current service cost

Other Post-Employment Benefits (OPEB) – Post-employment benefits other than pension benefits, most commonly healthcare benefits but also including life insurance if provided separately from a pension plan

Pay-As-You-Go (PAYGO) – Contributions to the plan are made at about the same time and in about the same amount as benefit payments and expenses coming due

PEMHCA – The Public Employees' Medical and Hospital Care Act, established by the California legislature in 1961, provides community-rated medical benefits to participating public employers. Among its extensive regulations are the requirements that medical insurance contributions for retired annuitants and paid for by a contracting Agency be equal to the medical insurance contributions paid for its active employees, and that a contracting Agency file a resolution, adopted by its governing body, with the CalPERS Board establishing any new contribution.

## Glossary (Concluded)

Projected Unit Credit (PUC) – An actuarial funding method where, for each individual, the projected plan benefit is allocated by a consistent formula from entry date to assumed exit date

Public Agency Miscellaneous (PAM) – Actuarial assumptions used by CalPERS for most non-safety public employees.

Select and Ultimate – Actuarial assumptions which contemplate rates which differ by year initially (the select period) and then stabilize at a constant long-term rate (the ultimate rate)

Trend – The healthcare cost trend rate, defined as the rate of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments

Unfunded Actuarial Accrued Liability (UAAL) – The excess of the actuarial accrued liability over the actuarial value of plan assets

Unit Credit (UC) -- An actuarial funding method where, for each individual, the unprojected plan benefit is allocated by a consistent formula from entry date to assumed exit date

Vesting – As defined by the plan, requirements which when met make a plan benefit nonforfeitable on separation of service before retirement eligibility

**Dublin San Ramon Services District  
Summary & Recommendation**

Reference Engineering Services Manager	Type of Action Approve Planning Agreement	Board Meeting of November 19, 2013				
Subject Approve Public Facility Planning Agreement for Preparation of Out of Area Service Agreement with Robert Nielsen						
<input type="checkbox"/> Motion	<input type="checkbox"/> Minute Order	<input checked="" type="checkbox"/> Resolution				
REPORT:	<input type="checkbox"/> Verbal	<input type="checkbox"/> Presentation	<input checked="" type="checkbox"/> Staff	R. Biagtan	<input type="checkbox"/> Other	<input type="checkbox"/> Board Member

**Recommendation:**

The Engineering Services Manager recommends the Board of Directors approve, by Resolution, a Public Facility Planning Agreement for preparation of an Out of Area Service Agreement for the Nielsen Property in west Dublin (APN 941-0100-007-54).

**Summary:**

Mr. Robert Nielsen, the owner of property outside the District's service area west of Dublin has requested sanitary sewer service to the District for its operations. Mr. Nielsen's property is outside the District's service area boundary and the City of Dublin's city limits, and is within the District's sphere of influence. Mr. Nielsen proposes to connect his operations buildings to the District's sanitary sewer collection system. A copy of the letter of request and the property map is attached (Attachment 1).

Providing sanitary sewer service to the property is physically feasible. District Code Section 3.20.010, Service Area Requirement, provides that the District may serve the Property with the approval of the Local Agency Formation Commission and under a service agreement. The *Amended and Restated Joint Exercise of Powers Agreement* for the Livermore-Amador Valley Water Management Agency (LAVWMA), executed July 21, 1997 by and between the District and the Cities of Livermore and Pleasanton, allow wastewater treatment and disposal service to unincorporated areas in the interest of protecting public health and safety if the cumulative amount of proposed service is less than ten equivalent residential connections without LAVWMA Board approval.

The attached PFPA is substantially the standard form of agreement that General Counsel has reviewed. Mr. Nielsen has agreed to the provisions in this PFPA and submitted payment for the Planning Agreement Application. Under this agreement, Mr. Nielsen will be responsible for the cost of preparation of the Out of Area Service Agreement, including the District's cost for staff, and legal counsel.

Committee Review			Legal Review	Staff Review		
COMMITTEE -----	DATE ----	RECOMMENDATION -----	Yes	ORIGINATOR R. Biagtan	DEPARTMENT Engineering	REVIEWED BY
<b>ATTACHMENTS</b> <input type="checkbox"/> None						
<input checked="" type="checkbox"/> Resolution	<input type="checkbox"/> Minute Order	<input type="checkbox"/> Task Order	<input type="checkbox"/> Staff Report	<input type="checkbox"/> Ordinance		
\$0.00 to District	<input checked="" type="checkbox"/> Funding Source A. All costs to be funded by the Owner B.		Attachments to S&R 1. Letter of Request from Owner 2. 3.			

RESOLUTION NO. \_\_\_\_\_

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT APPROVING A PUBLIC FACILITY PLANNING AGREEMENT FOR PREPARATION OF AN OUT OF AREA SERVICE AGREEMENT FOR THE NIELSEN PROPERTY WEST OF DUBLIN

---

WHEREAS, Mr. Robert Nielsen (Owner) owns property adjacent to the District's western service area boundary and the City of Dublin city limits, and within the District's sphere of influence (Property); and

WHEREAS, the Owner has requested service from the District and proposes to connect his operations buildings on the Property to the District's sanitary sewer collection system; and

WHEREAS, sanitary sewer service to the Property is physically feasible; and

WHEREAS, the District Code Section 3.20.010, Service Area Requirement, provides that the District may serve the Property with the approval of the Local Agency Formation Commission and under a service agreement; and

WHEREAS, the *Amended and Restated Joint Exercise of Powers Agreement* for the Livermore-Amador Valley Water Management Agency (LAVWMA), executed July 21, 1997 by and between the District and the Cities of Livermore and Pleasanton, allow wastewater treatment and disposal service to unincorporated areas in the interest of protecting public health and safety if the cumulative amount of proposed service is less than ten equivalent residential connections without LAVWMA Board approval; and

WHEREAS, the Owner has requested that the District approve a Public Facility Planning Agreement for the purpose of preparing an Out of Area Service Agreement (Agreement); and

WHEREAS, the request has been made in accordance with District policy on Annexation and Utility Extension (Resolution No. 17-10, adopted May 4, 2010); and

WHEREAS, District Code Chapter 2.30 provides a mechanism for undertaking such Advanced Planning Studies at no cost to the District; and

Res. No. \_\_\_\_\_

WHEREAS, the Owner has paid the non-refundable fee of \$3,260 required by District Code Section 2.30.050 for processing the Agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT, a public agency located in the Counties of Alameda and Contra Costa, California, as follows:

That a Public Facility Planning Agreement by and between Dublin San Ramon Services District and Robert Nielsen, pursuant to which this District shall perform certain planning period services related to provision of water and wastewater services for the Owner, is hereby approved, and the General Manager and the District Secretary are hereby authorized and directed to execute said Agreement for and on behalf of the District (Exhibit A).

ADOPTED by the Board of Directors of Dublin San Ramon Services District, a public agency in the State of California, counties of Alameda and Contra Costa, at its regular meeting held on the 19th day of November 2013, and passed by the following votes:

AYES:

NOES:

ABSENT:

---

Dawn L. Benson, President

ATTEST:

---

Nancy G. Hatfield, District Secretary

DUBLIN SAN RAMON SERVICES DISTRICT  
PUBLIC FACILITY PLANNING AGREEMENT  
Nielsen Property West of Dublin

THIS AGREEMENT, entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2013, by and between the DUBLIN SAN RAMON SERVICES DISTRICT, a public agency (“District”) and Robert J. Nielsen, Jr., Thomas Nielsen, Jeff Nielsen and the N. Dublin Family Partnership (“Owners”).

W I T N E S S E T H:

WHEREAS, the Owners desires to obtain Services from District for the Nielsen Property west of Dublin (APN 941-0100-007-54) (“Property”), hereinafter described; and

WHEREAS, the Property is outside the District’s Service Area Boundary and within its Sphere of Influence; and

WHEREAS, District Code Section 3.20.010, Service Area Requirement, provides that the District may serve the Property with the approval of the Local Agency Formation Commission and under a service agreement; and

WHEREAS, the Amended and Restated Joint Exercise of Powers Agreement for the Livermore-Amador Valley Water Management Agency (LAVWMA), executed July 21, 1997 by and between the District and the Cities of Livermore and Pleasanton, allow, without LAVWMA Board approval, wastewater treatment and disposal service to unincorporated areas in the interest of protecting public health and safety if the cumulative amount of proposed service is less than ten equivalent residential connections; and,

WHEREAS, the Owners has requested to enter into an Out of Area Service Agreement with the District; and

WHEREAS, an Out of Area Service Agreement requires collecting information and preparation of the agreement by District staff and General Counsel; and

WHEREAS, the Owners desires that District conduct, or cause to be conducted, pursuant to District’s regulations hereinafter referenced, such studies and other services, at Owners’ cost and expense.

NOW, THEREFORE, the parties hereto agree as follows:

1. AUTHORITY. This agreement is entered into pursuant to the provisions of Chapter 2.30 (Planning Services Agreements) of Title 2 of the District Code of Dublin San Ramon Services District (the “District Code”).
2. DEFINITIONS. As used in this agreement, the following words and terms have the meaning respectively ascribed thereto:

- (a) Administrative Fee – a sum paid by Owners to District for processing the application for this agreement pursuant to the provisions of Section 2.30.050 of the District Code.
- (b) Consultant or Consultants - any person, partnership, association, corporation or other business or professional entity who or which enters into an agreement with the District and performs services pursuant to this Agreement.
- (c) District - (defined hereinabove)
- (d) District (or District's) Expenses - costs and expenses incurred by District either directly or indirectly on behalf of Owners pursuant to this Agreement including, without limitation, salaries (including benefits) and overhead allocated to District's employees in processing the application for this agreement and in performing services pursuant to, and administering, this agreement.
- (e) Facilities and Services - any public facility or service which may be provided or furnished by District to or for Owners' Property.
- (f) Planning Expenses - the sum of District Expenses and payments made by District to Consultants performing services pursuant to this agreement.
- (g) Planning Deposit – a sum, to be paid concurrently with the execution of any task order to be executed pursuant to this agreement, equal to the amount of the task order plus an additional 15% for the anticipated DSRSD staffing costs as a component of total Planning Expenses.
- (h) Project – Owners' proposed Project to which this agreement pertains, generally described as follows:

Nielsen Property West of Dublin, Service to Operations Buildings

- (j) Property - The Property to which the services herein provided pertain, generally described as follows:

Nielsen Property West of Dublin, APN 941-0100-007-54

A plat showing the general location of the property is attached hereto, marked

Exhibit "1", and by this reference incorporated herein.

3. **SERVICES.** District shall conduct through staff or cause to be conducted by or through Consultants, activities or studies to determine the feasibility of, and requirements for, providing Facilities and Services to the Property for the Project. Such studies and activities shall generally include, but are not limited to, attending meetings and conferring with engineers and other experts engaged as Consultants hereunder, representatives of other governmental agencies which do, or may have, approval authority over the Project, and other persons or agencies serving as sources of information or providing other services regarding the Project. District shall enter, and is hereby authorized, subject to the terms and conditions hereof, to enter into contracts or subcontracts with Consultants for the performance of professional services (including, but not limited to, engineering consulting services), collection of data and information, and performance of other activities necessary or appropriate to provide information for the aforementioned determination of feasibility. Specific tasks to be performed hereunder shall be described with more particularity in task orders pursuant to the provisions of Paragraph 4.

4. **TASK ORDERS.** Services to be performed, by or for District hereunder shall be authorized by written task order approved in advance of the performance thereof in accordance with this paragraph. Each such task order shall include a description of the services to be performed, the estimate of Planning Expenses to be incurred, and the time of performance of services thereunder, and such other matters as the parties deem appropriate for the accomplishment of each such task. To the extent not modified by express terms or conditions of a task order, all other terms and conditions of this agreement shall be deemed incorporated in each such task order.

All task orders shall be subject to approval as follows:

(i) District's General Manager may approve task orders issued hereunder for expenditures of no greater than Fifteen Thousand Dollars (\$15,000); provided, that additional expenditures subsequently approved pursuant to this agreement shall not exceed the aggregate amount of One Hundred Thousand Dollars

(\$100,000); and

(ii) All additional task orders issued hereunder shall be subject to approval of District's Board of Directors, evidenced by motion duly made and carried.

5. **FUNDING; DEPOSITS.** All Planning Expenses to be incurred hereunder shall be paid by Owners. District hereby acknowledges receipt of the sum of Three Thousand Two Hundred Sixty Dollars (\$3,260) paid by Owners pursuant to the provisions of Section 2.30.050 of the District Code as the Administrative Fee for processing the application for this agreement. Concurrent with the execution of the first task order pursuant to this agreement, Owners shall pay a Planning Deposit of Fifteen Thousand Dollars (\$15,000).

From time to time during the term of this agreement, upon demand of District, Owners shall deposit further sums corresponding to estimated amounts of Planning Expenses for the performance of further services under any task order (if additional funding shall be deemed necessary) and/or succeeding task orders. Funds remaining on deposit upon the completion of services described in a task order shall, if further tasks are to be accomplished, be retained by District and credited toward the expenditure of funds under a succeeding task order or orders. Any deposited funds remaining with District upon completion of services hereunder and after payment of all of Planning Expenses, shall be returned to Owners.

6. **EXPENDITURE LIMITATIONS.** No task order shall be approved which would provide for the expenditure of funds in advance of the deposit of Planning Expenses estimated to be made thereunder or which would provide for the expenditure of funds in excess of deposited funds then in the possession of District. No services shall be performed pursuant to a task order approved hereunder which would cause Planning Expenses to exceed funds on deposit for such purpose.

7. **ACCOUNTABILITY.** District shall periodically provide Owners with written statements of receipts of deposits and disbursements for Planning Expenses made therefrom. Funds deposited with District hereunder may be commingled with other funds of District, but shall be accounted for separately. Funds deposited pursuant hereto shall not accrue interest and

District shall not be obligated to pay interest thereon to Owners. District shall not be responsible or accountable for the use or expenditure of funds after payment has been made by District to a Consultant or Consultants pursuant hereto. District's obligation for the administration of funds deposited by Owners shall be limited solely to the retention and use thereof by District for payment of the Planning Expenses relating to services performed by District and to the disbursement of funds to others for payment of the Planning Expenses relating to services performed by Consultants.

8. COOPERATION. Owners shall furnish District with current factual information regarding the Project and Property necessary for utility planning purposes including, without limitation, Owners' estimated requirements for water, recycled water, wastewater collection, transmission or treatment, and other needs pertaining to Facilities and Services proposed to be furnished by District. Owners shall provide copies of all prior studies, maps, or other documentary material (including, without limitation, information retained on computer disks, magnetic tape recordings, or other electronic information retention devices) in the possession, or under the control, of Owners pertaining to the Project and deemed necessary or convenient by District for the performance of services hereunder.

9. NON-ASSIGNABILITY. Owners shall not subcontract, assign, sell, mortgage, hypothecate or otherwise transfer Owners' interests or obligations in this agreement in any manner, without the express prior written consent of District. Nothing herein contained shall be deemed to prohibit District from subcontracting or assigning duties and obligations hereunder pursuant to a task order or task orders.

10. STATUS. The parties hereunder shall be deemed, and are, independent contractors, and neither shall be deemed to be an officer, employee or agent of the other.

11. CONSULTANTS. District shall not be responsible or liable for the acts, or omissions to act, of Consultants retained or employed by District pursuant to task orders issued hereunder, and such Consultants shall be deemed independent contractors with respect to District.

12. TITLE TO DOCUMENTS. All documents, plans, drawings, studies, reports,

photographs, computer disks, electronic tapes, renderings, and other papers ("Documents", as used hereinafter shall include all such physical or tangible matters), or copies thereof, as finally rendered and prepared by or for District pursuant hereto or pursuant to a task order shall, upon final preparation, become the property of District. Notwithstanding the foregoing, District shall provide Owners copies of, or access to, all such Documents; provided, that provision of such copies or access shall be subject to copyrights, requests for confidentiality, or proprietary interests asserted by the provider thereof.

13. TERMINATION. Either party may terminate this agreement, or any task order issued hereunder, without cause by giving written notice thereof to the other party not less than ten (10) days prior to the effective date of termination, which date shall be included in said notice. In the event of such termination, District shall discharge all outstanding obligations incurred, or to be incurred, by District to the effective date of termination. Such outstanding obligations shall include payment of all the Planning Expenses for services and reimbursement of expenses provided and incurred to the effective date of termination. In ascertaining services actually rendered to such date, consideration shall be given both to completed work and work in process of completion. Upon satisfaction of all such outstanding obligations from funds deposited by Owners pursuant hereto, District shall remit to Owners such balance remaining, if any. In the event District requires sums in addition to funds on deposit with District as of the effective date of termination, upon demand of District, Owners shall promptly remit to District such additional funds as may be required by District to satisfy all such outstanding obligations.

Nothing herein contained shall be deemed a limitation upon the right of District to terminate this agreement for cause, or otherwise to exercise such rights or pursue such remedies as may accrue to District hereunder.

14. TERM. The estimated time for completion of services to be rendered hereunder is 12 months, upon the completion of which services the term hereof shall expire. Notwithstanding the foregoing, the term of this agreement shall continue for such period of time as may be necessary or appropriate for the completion of all services hereunder and the satisfaction of all Planning Expenses.

15. NOTICES. Written notices required or convenient hereunder shall be delivered personally or by depositing the same with the United States Postal Service, first class (or equivalent) postage prepaid and addressed,

in the case of Owners to: Robert J. Nielsen, Jr.  
6407 Tassajara Road  
Dublin, CA 94568

and in the case of District to: General Manager  
Dublin San Ramon Services District  
7051 Dublin Boulevard  
Dublin, CA 94568

16. ATTORNEY FEES. In the event of litigation between the parties herein, the prevailing party shall be entitled to attorney fees and cost.

17. PARAGRAPH HEADINGS. Paragraph headings as used herein are for convenience only, and shall not be deemed to be a part of any paragraph headed thereby and shall not be construed to change the meaning thereof.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the date first hereinabove written.

DUBLIN SAN RAMON SERVICES DISTRICT,  
a public agency of the State of California

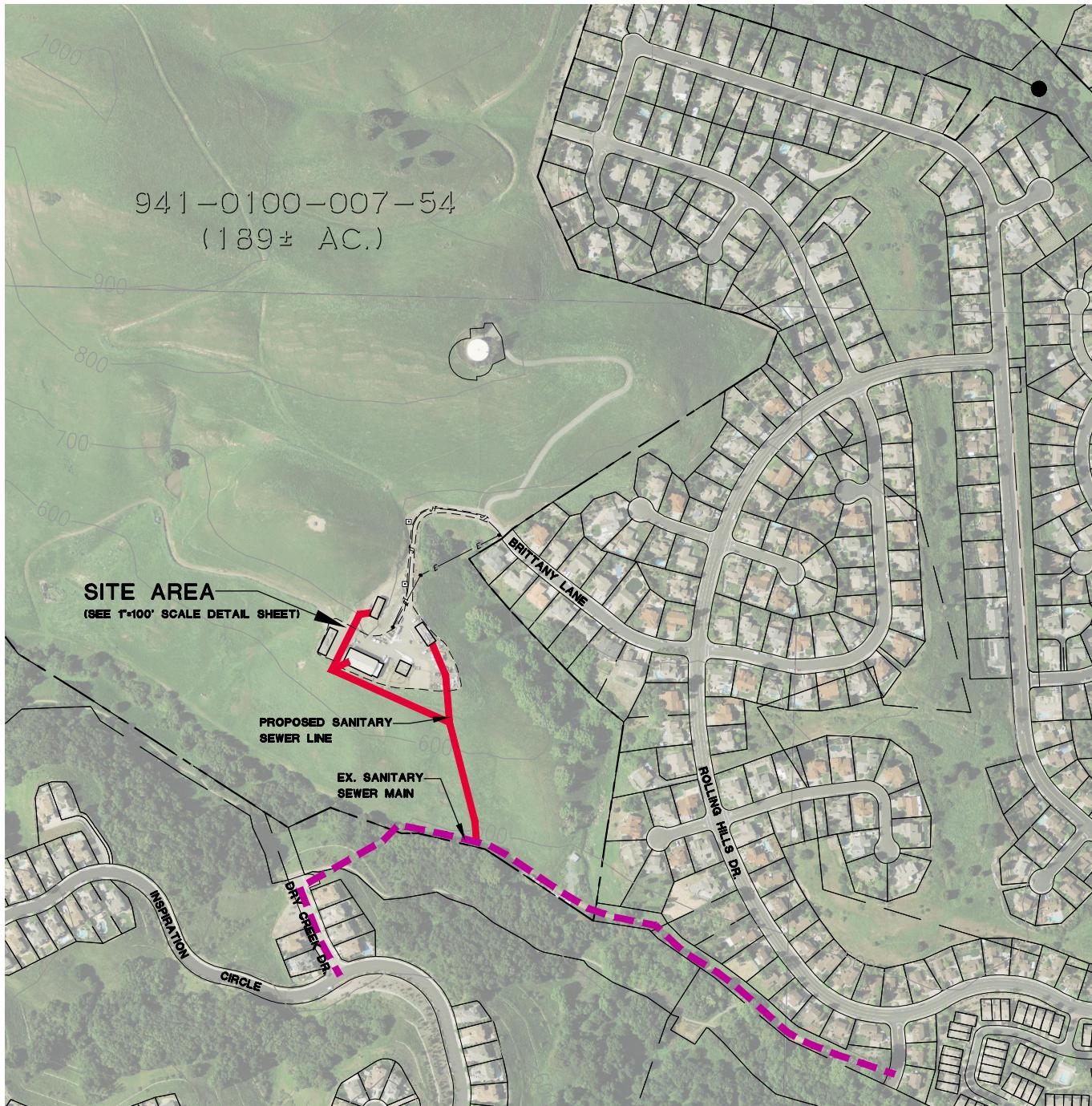
By \_\_\_\_\_  
Bert Michalczyk, General Manager

Attest:

\_\_\_\_\_  
Nancy G. Hatfield, District Secretary

Authorized Owners' Representative:

\_\_\_\_\_  
Robert J. Nielsen, Jr.

**LEGEND:**

- Existing sanitary sewer main
- Proposed sanitary sewer line
- - - Limit of ex. gravel areas
- Electric service (above ground option)
- Electric service (underground option)

**NIELSEN PROPERTY  
WEST DUBLIN  
SITE PLAN  
(APN 941-0100-007-54)**



0 250 500 1000

SCALE: 1" = 500'

**MACKAY & SOMPS**  
ENGINEERS PLANNERS SURVEYORS  
5142B FRANKLIN DR, PLEASANTON, CA 94588 (925)225-0690



November 13, 2013

Dublin San Ramon Services District  
 Attn: Bert Michalczky, PE, General Manager  
 7051 Dublin Blvd.  
 Dublin, CA 94568

Re: Out of Area Sewer Service  
 Nielsen Property, West Dublin (APN: 941-0100-007-54)

Dear Mr. Michalczky:

With recent changes in our overall operations in Dublin we have been working with the County on modifications to our operation on our West Dublin property. As part of that process we will need to install sewer service. We have attached a basic map of the generally proposed use of the property, the units to be connected and a proposed location for the connection. We believe that the best method to do this, both in terms of efficiency and the environment, would be to connect to the nearby existing sanitary sewer main. We believe that we may need to enter into an out of area service agreement so we need to understand the process that will be involved.

We need to move as quickly as possible, therefore, we would appreciate it if you could provide us with some direction as to the approval process as soon as possible.

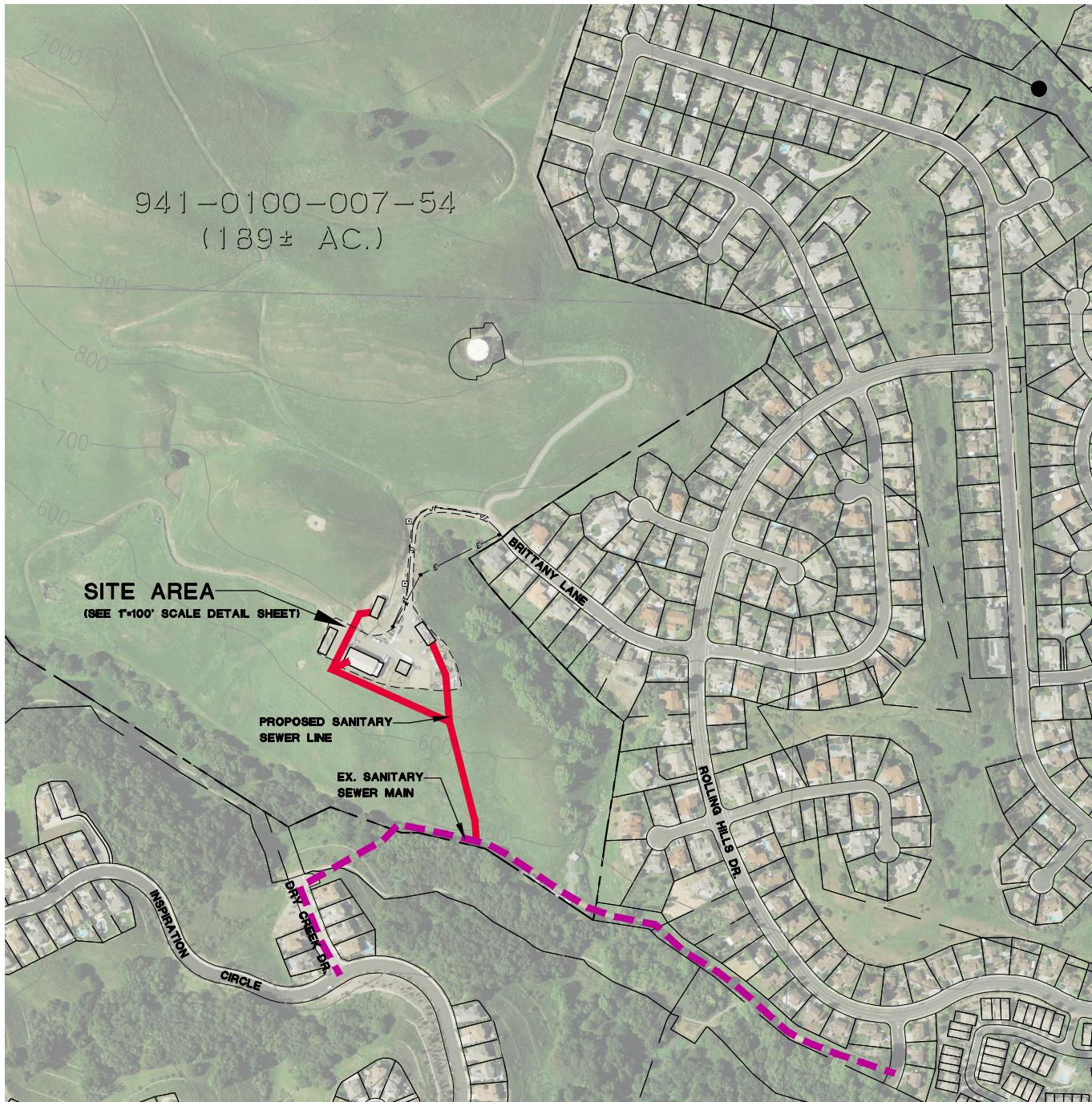
The property is owned by Robert J. Nielsen, Jr., Tom Nielsen and Jeff Nielsen (collectively 50%) and the N Dublin Family Partnership (50%) (collectively the "Ownership Group"). I, the undersigned, am the authorized representative of the Ownership Group for this process.

Thank you for your time.

Very truly yours,

Robert J. Nielsen, Jr.

Enc.

**LEGEND:**

- Existing sanitary sewer main
- Proposed sanitary sewer line
- - - Limit of ex. gravel areas
- Electric service (above ground option)
- Electric service (underground option)

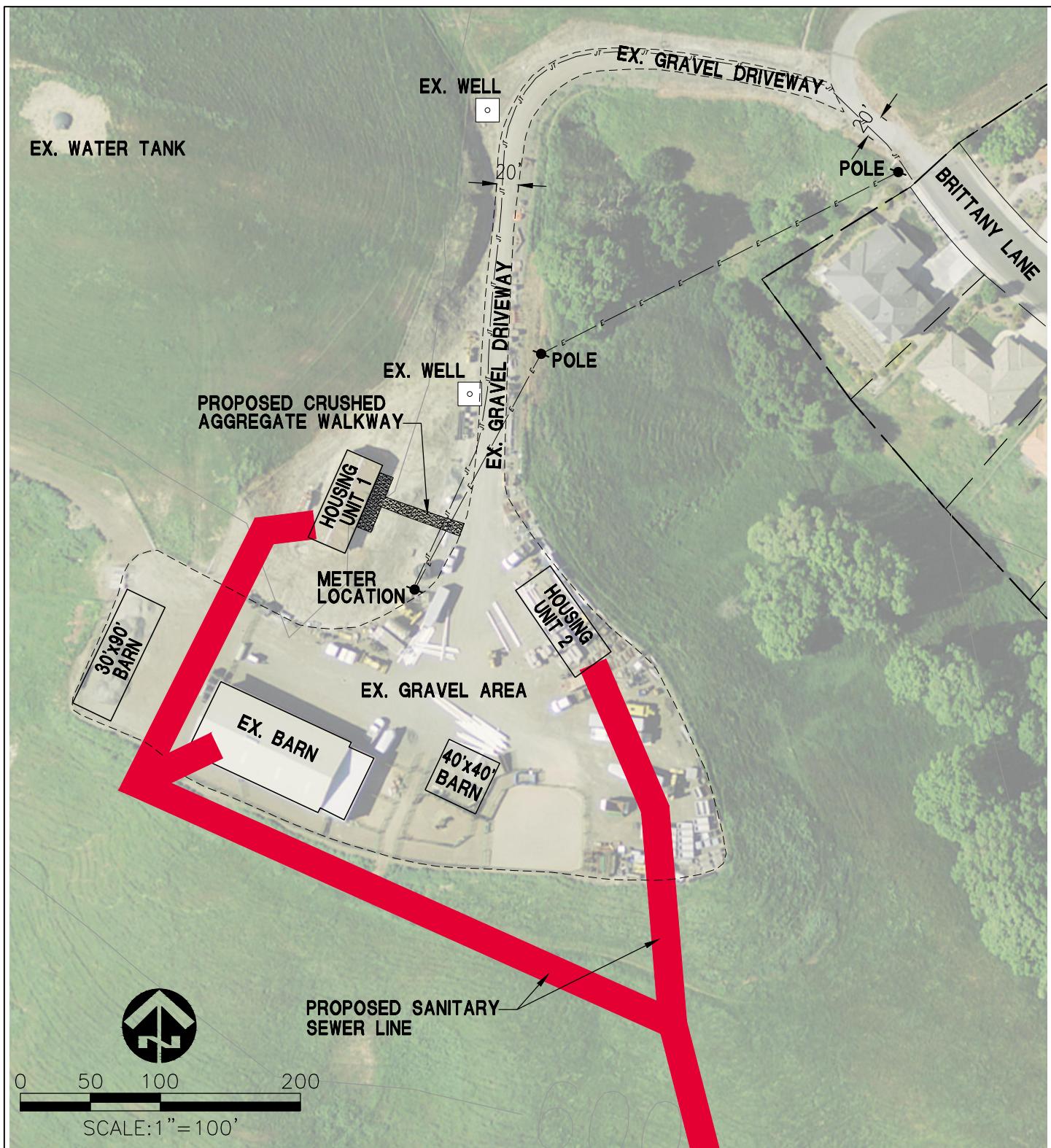
**NIELSEN PROPERTY  
WEST DUBLIN  
SITE PLAN  
(APN 941-0100-007-54)**



0 250 500 1000

SCALE: 1" = 500'

**MACKAY & SOMPS**  
ENGINEERS PLANNERS SURVEYORS  
5142B FRANKLIN DR, PLEASANTON, CA 94588 (925)225-0690



**NIELSEN PROPERTY**  
**WEST DUBLIN**  
**SITE PLAN**

(APN 941-0100-007-54)

**MACKAY & SOMPS**

ENGINEERS  
5142B FRANKLIN DR, PLEASANTON, CA 94588

PLANNERS

SURVEYORS  
(925)225-0690

PHOTO: USGS 2011

19328900 of 246

**Dublin San Ramon Services District  
Summary & Recommendation**

Reference  General Manager	Type of Action  Authorize Day of Service and/or Expense Reimbursements	Board Meeting of  November 19, 2013				
<b>Subject</b>  Eligibility of the November 22, 2013 Meeting of the East Bay Leadership Council for Director Day of Service Payment and/or Reimbursement of Expenses						
<input checked="" type="checkbox"/> Motion	<input type="checkbox"/> Minute Order	<input type="checkbox"/> Resolution				
REPORT:	<input type="checkbox"/> Verbal	<input type="checkbox"/> Presentation	<input checked="" type="checkbox"/> Staff	B. Michalczyk	<input type="checkbox"/> Other	<input type="checkbox"/> Board Member

**Recommendation:**

The General Manager recommends the Board of Directors, by separate Motion, consider whether Director attendance at the November 22, 2013 luncheon meeting of the East Bay Leadership Council at which Congressman Eric Swalwell is speaking is in the best interest of the District and therefore is eligible for (A) a day of service payment, and (B) expense reimbursement.

**Summary:**

In response to the passage of SB 135 (Kehoe) and AB 1234 (Salinas), the Board has adopted a Director Day of Service policy and a Director Travel and Expenses policy. Payment to a Director for a day of service for a non-Brown Act noticed event is only allowed if the attendance at the meeting is preapproved. Reimbursement of expenses for such meetings also must be approved by the Board.

In December of each year, the Board programmatically considers which events will be eligible for a Day of Service payment and for expense reimbursement in the ensuing calendar year. The District only recently (July 2013) joined the East Bay Leadership Council. As a result, attendance at meetings of that organization and reimbursement of expenses related to those meetings has not been considered by the Board in its December 2012 actions for calendar year 2013.

President Benson, Vice President Vonheeder-Leopold and Director Duarte have expressed an interest in attending.

The Director Travel and Expenses and the Day of Service policies are attached for reference purposes.

Depending on the outcome of the Board's deliberation on this matter, staff will conform the 2014 approval (to be presented to the Board on December 17, 2013) with the decision of the Board on this matter at this meeting.

Committee Review			Legal Review	Staff Review		
COMMITTEE ---	DATE ---	RECOMMENDATION ---	Not Required	ORIGINATOR B. Michalczyk	DEPARTMENT Executive	REVIEWED BY
<b>ATTACHMENTS</b> <input type="checkbox"/> None						
<input type="checkbox"/> Resolution	<input type="checkbox"/> Minute Order	<input type="checkbox"/> Task Order	<input type="checkbox"/> Staff Report	<input type="checkbox"/> Ordinance		
<input checked="" type="checkbox"/> Cost Approx. \$190 per Director as: \$146 Day of Service Approx. \$45 Expense Reimbursement	<input checked="" type="checkbox"/> Funding Source A. 900 B.		Attachments to S&R 1. Director Travel and Expenses policy 2. Day of Service policy 3.			
						240 of 246



# POLICY

## Dublin San Ramon Services District

<b>Policy No.:</b>	P100-13-2		Board Business
<b>Type of Policy:</b>	Director Travel and Expenses		
<b>Policy Description:</b>	Reimbursement of travel and related expenses incurred by Directors while on District business		
<b>Approval Date:</b>	February 19, 2013	<b>Last Review Date:</b>	2013
<b>Approval Resolution No.:</b>	4-13	<b>Next Review Date:</b>	2017
<b>Rescinded Resolution No.:</b>	18-09	<b>Rescinded Resolution Date:</b>	June 16, 2009

It is the policy of the Board of Directors of the Dublin San Ramon Services District:

1. That each Director shall exhibit good judgment in the matter of travel and incidental expenses, and shall have proper regard for the propriety and economy of conducting District business;
2. To reimburse reasonable and actual travel and/or incidental expenditures of Directors incurred when they are on District business.
3. That travel to and attendance at conferences and meetings by Directors shall be consistent with the approved budget of the District.
4. That all travel by Directors on District business shall be pre-approved by the Board. Travel on District business within the States of California and Nevada is pre-approved by adoption of this policy; expenses associated with pre-approved travel is subject to the separate approval, limitations and guidelines of this policy
5. That expenses incurred in connection with activities and/or events that are not eligible for compensation under the Day of Service policy may, with prior Board approval, qualify for reimbursement under this policy. Such events include activities of civic and charitable organizations that are determined by the Board to be in the best interest of the District. Expenses incurred in connection with partisan or nonpartisan political activities or events are not eligible for reimbursement.
6. That expenditures of Directors for travel shall be allowed in general accordance with the following criteria:

- Registration Fees: A registration or similar fee charged by the organizers of any conference, convention, or meeting is allowable.
- Lodging: Amounts equivalent to the cost of (conference rate if available at the time of booking and if one has been established) a standard single occupancy room at the hotel or motel at which the conference or meeting is held or comparable nearby lodging are allowable.
- Transportation:
  - Air Travel: Amounts equivalent to the cost of coach class round-trip airfare from Oakland, San Jose, Sacramento or San Francisco to an airport reasonably near the destination are allowable.
  - Rental Cars: The cost of a mid-size rental car at a destination is allowable.
  - Private Automobiles: Travel to and from a destination more than 15 miles from the District office using private automobiles is allowable at the IRS mileage rate. This applies so long as the amount so calculated does not exceed the cost of pre-purchased round-trip coach class airfare plus ground transportation that would be incurred for the same trip. If that is the case, the expense shall be limited to the cost of pre-purchased round-trip coach class airfare plus estimated ground transportation. When more than one District official travels in the same private automobile, allowance will be made to only the owner or lessor of the vehicle used. No credit for airfare or the avoided cost of a second automobile shall be paid to the second person. If the General Manager determines that air transportation is not feasible due to work schedules, time involved or other similar reasons, an allowance for the use of a private automobile shall be determined on the basis of the IRS mileage rate and shall not be subject to the limitation specified herein.
  - Tolls and Parking: Tolls, parking and other similar charges are allowable; parking shall be at "non-valet" and "long term" rates when available.
  - Public Transportation / Taxis: Expenses for public transportation or private "for hire" ground transportation at the destination, to and/or from the destination and/or to or from the departure airport are allowable.
- Meals: Actual and reasonable costs of meals while traveling are allowable up to the limits set herein. Directors shall exercise discretion in the selection of restaurants and when incurring costs for meals. No costs for any alcoholic beverages shall be eligible for reimbursement. A maximum daily reimbursement for meals while traveling is hereby established at \$62. Actual reimbursement including tax and tips will be based upon actual receipts submitted. The maximum daily reimbursement will be reduced in the following amounts to reflect pre-paid meals: \$12 for breakfast, \$16 for lunch and \$34 for dinner. The maximum daily reimbursement shall also be reduced by the amount associated with the meals that a Director would normally have taken on his or her personal behalf before departure or after their return. Receipts for meals shall provide a detailed listing of the charges.
- Incidental Expenses: Reasonable incidental expenditures related to travel or the conduct of District business in amounts less than \$10.00 per item are allowable without receipt. These include items such as parking at meters, baggage handling, use of hotel fax services, phone charges, etc., and other similar expenses.

7. If a receipt is lost, the Director shall so note that on their expense report along with a brief explanation and their estimate of the expense; in such cases copies of credit card statements and/or checking account charges that show the date and amount of the charge and the payee are acceptable

substitutes. The General Manager shall apply reasonable discretion, as supported by the evidence of the situation, and determine the actual amount to be reimbursed. (Example: a Director parks at the Oakland Airport for a three day trip but loses the parking receipt and paid cash. A reasonable estimate would be parking in Long Term Parking for a period from 90 minutes before scheduled departure of the flight to 60 minutes after actual arrival.)

8. That no reimbursement is allowed for any direct or incremental expenses of family members or guests traveling with a Director. An example of an unallowable incremental expense is the added cost of upgrading a room or a rental car to accommodate a non-District traveling companion.
9. That allowable expenses as specified herein are only reimbursable for the time while the conference, business meeting, or other District business activity is occurring, with reasonable allowance for the need to arrive in advance of or depart after a conference or business meeting.
10. Receipts must be provided prior to reimbursement unless otherwise provided herein.
11. That the principal responsibility for compliance with this policy rests with each Director. The General Manager shall review all expenses submitted for reimbursement for conformance with this policy prior to approving payment. When necessary, the General Manager may exercise reasonable discretion in approving reimbursements related to unusual circumstances that are not in strict accordance with this policy but that in his judgment were necessary and prudent and were incurred while furthering the interests of the District. If a Director disagrees with the General Manager's determination, the Director submitting the reimbursement request shall refer the matter to the President of the Board (or Vice President if the expense sheet is that of the President) for consideration. A Director's reimbursement request shall be deemed an acknowledgement by that Director that the request, in the exercise of his or her judgment, complies with the terms of this policy, that any required approval of the Board was obtained in a timely manner, and that the Director has considered any issues that the General Manager has identified. If the matter is referred to the Board President (or the Vice President as the case might be), they shall approve the request unless they believe it substantially deviates from this policy. Directors may appeal any disapproved reimbursement by the President or Vice President by submitting the matter to the Board as an agenda item at a regular meeting not later than 60 days after the day for which reimbursement is requested.
12. That the General Manager shall administer this policy and shall institute appropriate accounting and control procedures to ensure the policy is being followed.
13. This policy supersedes all previously adopted District policies related to reimbursement for travel and incidental expenses.



# POLICY

## Dublin San Ramon Services District

<b>Policy No.:</b>	P100-13-1		Board Business
<b>Type of Policy:</b>			
<b>Policy Title:</b>	Day of Service		
<b>Policy Description:</b>	Definition of a Compensable Day of Service for a Director		
<b>Approval Date:</b>	February 19, 2013	<b>Last Review Date:</b>	2013
<b>Approval Resolution No.:</b>	3-13	<b>Next Review Date:</b>	2017
<b>Rescinded Resolution No.:</b>	17-09	<b>Rescinded Resolution Date:</b>	June 16, 2009

It is the policy of the Board of Directors of Dublin San Ramon Services District:

That each Director shall exhibit good judgment in the matter of compensation for service, and shall have proper regard for the propriety and economy of conducting District business.

### 1. Compensation for Days of Service

Directors may, upon submittal of the District's monthly Board of Director's Timesheet, receive an amount of compensation not to exceed that approved by the Board of Directors. The amount of compensation shall be set in accordance with Water Code section 20200 *et seq.*, as amended. Compensation shall be earned for each day's service rendered as a member of the Board, and cannot exceed a total of ten [10] days in any calendar month. Except for the Board and Committee meetings described in subsections 2 a and b of this policy, in order to be eligible for compensation for a day of service, the Board must have previously approved the Director's representation of the District, and the Director must deliver a written report to the Board regarding his or her attendance at a qualifying event at a Board meeting within 30 days following the event. Payment for a Day of Service may be submitted and approved in advance of the submittal of the Director's written report. If payment is made but a written report is not submitted within the required time frame, the General Manager shall report such situation to the Board.

### 2. Services Eligible for Compensation

The following activities are eligible for compensation as a day of service:

- a. Attendance in a policy maker role at District meetings noticed in accordance with the Brown Act (Government Code sec. 54950 *et seq.*). This is specifically limited to:
  - Regular Board Meetings
  - Special Board Meetings
  - Adjourned Regular Board Meetings
  - Regular, Adjourned, and Special Meetings of Board Standing Committees, including Liaison Committees
  - Emergency Meetings of the Board or a Standing Committee
- b. Attendance in a policy maker role at meetings of a Joint Powers Authority (JPA) of which the District is a Member and that have been noticed in accordance with the Brown Act (Government Code sec. 54950 *et seq.*), including:
  - Regular JPA Meetings
  - Special JPA Meetings
  - Adjourned Regular JPA Meetings
  - Regular, Adjourned, and Special Meetings of Standing Committees of the JPA, including Liaison Committees
  - Emergency Meetings of the JPA or a Standing Committee of the JPA

JPA's, include but are not limited to LAVWMA, DERWA, WateReuse Finance Authority, Union Sanitary District Financing Authority, or CSRMA.
- c. Attendance at professional, technical, and trade association meetings, conferences, (and the board and/or committee meetings of these groups for which the Director is a member of the board and/or a committee) activities, and organized educational activities, training sessions and events, including but not limited to ethics training pursuant to Government Code section 53234 *et seq.*, as it may be amended from time to time, including but not limited to CASA, CSRMA, ACWA, CSDA, Sanitation and Water Agencies of Contra Costa County, EDAB, WateReuse and NWRI. Travel on the day before or the day after the activity shall not be eligible for compensation as a day of service.
- d. As a principal speaker, panel member or representing the District in an official capacity at a public event, service club, homeowner association, chamber of commerce or other business or neighborhood group including meetings with neighbors of the wastewater treatment facilities (when those meetings are open and held at the wastewater treatment plant).
- e. Representation of the District at a public meeting or public hearing of another public agency (e.g., Board of Supervisors, City Council, LAFCO, SWRCB, RWQCB, BAAQMD) at which that agency has agendized business that involves the District.

### **3. Activities and/or Events Ineligible for Compensation**

- a. Compensation will only be paid for one day of service if a Director attends two or more meetings or activities on one day which meetings are otherwise separately eligible for compensation.
- b. Compensation will not be paid for attendance at a meeting of an ad hoc or advisory committee of the Board that does not have a continuing subject matter jurisdiction or a meeting schedule fixed by formal action of the Board.
- c. Compensation will not be paid for attendance at meeting of a Standing or Liaison Committee of the Board on which the Director does not serve.
- d. Compensation will not be paid for any meeting with District staff unless the meeting is a Board or Committee meeting noticed pursuant to the Brown Act.

### **4. Review and Approval**

Principal responsibility for compliance with this policy rests with each Director. The General Manager shall review Director's timesheets for conformance with this prior to approving payment. If a Director disagrees with the General Manager's determination, the Director submitting the timesheet shall refer the matter to the President of the Board (or Vice President if the timesheet is that of the President) for consideration. The submittal of a timesheet by a Director shall be deemed an acknowledgement by that Director that the timesheet, in the exercise of his or her judgment, complies with the terms of this policy, that any required approval of the Board was obtained in a timely manner, that any required written report has been submitted, and that the Director has considered any issues that the General Manager has identified. If the matter is referred to the Board President (or the Vice President as the case might be), they shall approve the timesheet unless they believe it substantially deviates from this policy. Directors may appeal any disapproved timesheet by the President or Vice President by submitting the matter to the Board as an agenda item at a regular meeting not later than 60 days after the day for which reimbursement is requested.

### **5. Administration**

The General Manager shall administer this policy and shall institute appropriate accounting and control procedures to ensure the policy is being followed.

### **6. Previous Policies Superseded**

This policy supersedes all previously adopted District policies related to compensation for a day of service by a Director.