



DUBLIN SAN RAMON SERVICES DISTRICT
Board of Directors

NOTICE OF REGULAR MEETING

TIME: 6:00 p.m.
PLACE: Regular Meeting Place
7051 Dublin Boulevard, Dublin, CA

DATE: Tuesday, June 7, 2016

AGENDA

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

BUSINESS:

REFERENCE

	<u>Recommended Action</u>	<u>Anticipated Time</u>
1. <u>CALL TO ORDER</u>		
2. <u>PLEDGE TO THE FLAG</u>		
3. <u>ROLL CALL</u> – Members: Duarte, Halket, Howard, Misheloff, Vonheeder-Leopold		
4. <u>SPECIAL ANNOUNCEMENTS/ACTIVITIES</u>		
5. <u>PUBLIC COMMENT</u> (MEETING OPEN TO THE PUBLIC)		
<p>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.</p>		
6. <u>REPORTS</u>		
A. <u>Reports by General Manager and Staff</u>		
• Event Calendar		
• Correspondence to and from the Board		
B. Agenda Management (consider order of items)		
C. <u>Committee Reports</u>		
Finance and Personnel	May 31, 2016	
7. <u>APPROVAL OF MINUTES</u> - Regular Meeting of <i>May 17, 2016</i>	Executive Services Supervisor	Approve by Motion

BUSINESS:

REFERENCE

			<u>Recommended Action</u>	<u>Anticipated Time</u>
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. Authorize Consolidation of District Election with November 8, 2016 Statewide General Election	General Manager	Approve by Resolution	
	B. Adoption of Dublin San Ramon Services District 2015 Urban Water Management Plan and Water Shortage Contingency Plan	General Manager	Adopt by Resolutions (2)	
	C. Authorize General Manager to Execute an Increase to Purchase Order with Inland Potable Services for Potable and Recycled Water Reservoir Cleaning and Inspection Services	Operations Manager	Approve by Motion	
9.	<u>BOARD BUSINESS</u>			
	A. Review and Discuss State Water Resources Control Board Adjustment to Emergency Conservation Regulation	Operations Manager	Discuss & Provide Direction	10 min
	B. Consideration of Conditional Temporary Infrastructure Charge (TIC) Repayment for FYE 16 - Water Expansion Fund Management	Administrative Services Manager	Receive Report & Provide Direction	10 min
	C. Adopt Revised Rate Policies and Guidelines and Rescind Resolution No. 38-12	Administrative Services Manager	Adopt Policy by Resolution	5 min
	D. Adopt Revised Consolidated Water Enterprise Fund Policy and Rescind Resolution No. 45-12	Administrative Services Manager	Adopt Policy by Resolution	5 min
	E. Receive Strategic Plan Update on Rates and Fees	Administrative Services Manager	Receive Report & Provide Direction	10 min
10.	<u>BOARDMEMBER ITEMS</u>			
	• Submittal of Written Reports from Travel and Training Attended by Directors			
11.	<u>CLOSED SESSION</u>			
	A. Public Employee Performance Evaluation – Pursuant to Government Code Section 54957 Title: General Manager			15 min

12. REPORT FROM CLOSED SESSION
13. ADJOURNMENT

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**

May 17, 2016

1. CALL TO ORDER

A regular meeting of the Board of Directors was called to order at 6:00 p.m. by President D.L. (Pat) Howard.

2. PLEDGE TO THE FLAG

3. ROLL CALL

Boardmembers present at start of meeting:

President D.L. (Pat) Howard, Vice President Richard M. Halket, Director Edward R. Duarte and Director Georgean M. Vonheeder-Leopold.

Director Madelyne (Maddi) A. Misheloff entered the meeting at 6:05 p.m.

District staff present: Dan McIntyre, General Manager/District Engineer; John Archer, Administrative Services Manager/Treasurer; Dan Lopez, Interim Operations Manager; Carl P.A. Nelson, General Counsel; and Nicole Genzale, Executive Services Supervisor/District Secretary.

4. SPECIAL ANNOUNCEMENTS/ACTIVITIES

General Manager McIntyre announced that as a “Supervisor of the Year “award winner by the San Francisco Bay Section of the California Water Environmental Association (CWEA), Operations Supervisor Levi Fuller was automatically nominated for Statewide CWEA consideration, and he was recognized as the “runner up.”

5. PUBLIC COMMENT (MEETING OPEN TO THE PUBLIC) – 6:03 p.m.
– There was no public comment received.

6. REPORTS

A. Reports by General Manager and Staff

- Event Calendar – General Manager McIntyre reported on the following:
 - o East Bay Municipal Utility District Director John Coleman will hold a briefing Thursday May 26, 2016 at 7:30 a.m. at the Walnut Creek Library. Please notify the General Manager or District Secretary if interested in attending.
 - o The City of Pleasanton will hold its ribbon cutting for recycled water at Ken Mercer Sports Park, on Thursday May 26, 2016. Boardmembers are encouraged to attend to support Tri-Valley water efforts.
 - o Central Contra Costa Sanitary District is holding its annual “Briefing on the State of the Central Contra Costa Sanitary District.” This Briefing will be held at 8:30 a.m. in San Ramon. Please notify Executive Services Administrative Assistant Sherrie Weis if interested in attending.

- o Mr. McIntyre sent a letter dated April 11, 2016 to Senator Hannah-Beth Jackson/Chair, Senate Judiciary Committee in opposition to Senate Bill 885, related to contract indemnity.
- Correspondence to and from the Board on an Item not on the Agenda

Date	Format	From	To	Subject	Response
5/4/16	Email	Castro Valley Sanitary District	Alameda LAFCo Membership	LAFCo Election nomination of Ralph Johnson as a Regular Enterprise Seat Representative at District on the Alameda LAFCo	N/A

- B. Agenda Management (consider order of items) – General Manager McIntyre advised the Board that Closed Session Item 11.A will not be needed if Item 8.F is approved.

C. Committee Reports

LAVWMA

April 20, 2016

Special LAVWMA

May 2, 2016

President Howard invited comments on the recent LAVWMA meeting activities. President Howard and Director Duarte, representatives to LAVWMA, reported that a Resolution Awarding an Agreement for Construction of Medium Voltage Cable Replacement Project was approved at the Special meeting on May 2.

7. APPROVAL OF MINUTES – Regular Meeting of April 19, 2016

Director Vonheeder-Leopold MOVED for the approval of the April 19, 2016 minutes. Director Misheloff SECONDED the MOTION, which CARRIED with FIVE AYES.

8. CONSENT CALENDAR

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

- A. Authorize Task Order No. 1 with Hyland Software, Inc., for Purchase of the OnBase Agenda Management Solution and Related Services for the Trustworthy Electronic Content Management System Project (CIP 15-A006) – Approved
- B. Increase Change Order Contingency for Construction Agreement with NMI Industrial Holdings, Inc., for the Secondary Clarifier No. 3 Rehabilitation Project (CIP 14-S013) – Approved

- C. 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. 2-16 – Approved - Resolution No. 24-16
- D. Accept the Following Regular and Recurring Reports: District Financial Statements, Warrant List, Upcoming Board Business and Capital Outlay Budget Adjustment – Approved
- E. Approve the Successor Memorandum of Understanding between the District and the Stationary Engineers – Local 39 for the period May 17, 2016 through December 17, 2017 – Approved - Resolution No. 25-16
- F. Approve the Transfer of a Budgeted Capital Outlay Expenditure from FYE 2016 to FYE 2017 for the Upgrade of the Security System at the District Office – Approved - Resolution No. 26-16

9. BOARD BUSINESS

- A. Approve Mid-Cycle Budget Adjustments to the Capital Improvement Program (CIP) Ten-Year Plan for the Fiscal Years 2016 through 2025 and the Two-Year Budget for Fiscal years 2016 and 2017

General Manager McIntyre introduced Principal Engineer Judy Zavadil who reviewed the item and gave a presentation. She highlighted a few of the projects with a larger budgetary impact: DERWA Recycled Water Plant Phase II, Reservoir 10A, and Primary Sedimentation Basins. Ms. Zavadil also reported that no fund budget limits will require an increase as a result of the proposed adjustments, and noted the Water Expansion fund, which is currently over budget, will be made whole once state grant funds are received and credited for the Dublin recycled water project.

The Board and staff discussed various aspects of the proposed CIP Plan and Budget adjustments.

Director Duarte MOVED to adopt Resolution No. 27-16, approving Adjustments to the Capital Improvement Program Ten-Year Plan for Fiscal Years 2016 through 2025 and the Two-Year Budget for Fiscal Years 2016 and 2017. Director Misheloff SECONDED the MOTION, which CARRIED with FIVE AYES.

- B. Receive Presentation on Proposed Water Capacity Reserve Fee

Administrative Services Manager Archer reviewed the item for the Board. He and HDR consultant Shawn Koorn also gave a presentation including a review of the components and impact of the proposed water capacity reserve fee of \$12,762, benefit to ratepayers, and ongoing outreach efforts to developers. He also reported that staff held a meeting for developers on May 12 to discuss the proposed fee, though none attended. The proposed water capacity reserve fee, and an associated District Code update, will be presented to the Board on June 21 for adoption.

The Board and staff discussed various aspects of the presentation and directed staff to proceed with the proposed fee and related activities as recommended.

C. Find that the Need for a Community Drought Emergency Still Exists

General Manager McIntyre introduced Interim Operations Manager Dan Lopez who reviewed the item for the Board. He reported that Governor Brown issued Executive Order B-37-16 last week proposing changes to the state's emergency conservation regulations. He also noted the State Water Resources Control Board (SWRCB) will review and vote on an emergency regulation for water conservation at its meeting tomorrow, May 18. A draft framework for water use targets will be in place by January 2017. He stated that the District may need to make adjustments based on SWRCB's determination, but is well positioned to meet new standards based on its successful conservation efforts.

Vice President Halket MOVED to accept the Water Supply Report and Find that the Need for a Community Drought Emergency Still Exists. Director Vonheeder-Leopold SECONDED the MOTION, which CARRIED with FIVE AYES.

D. Hold Public Hearing for the Dublin San Ramon Services District Draft 2015 Urban Water Management Plan

General Manager McIntyre introduced Principal Engineer Rhodora Biagtan who will review the item for the Board.

President Howard declared the Public Hearing open.

Ms. Biagtan gave a presentation to the Board including the draft plan comment period, approval and posting of approved plan, service area population and projected demand, sources of potable and recycled water, and water reliability. Ms. Biagtan acknowledged consultant Elizabeth Drayer from West Yost Associates, Amparo Flores at Zone 7, and District Engineering Department staff Stan Kolodzie and Stefanie Olson for their contributions to this effort.

Hearing no comments from the public, Vice President Halket MOVED to CLOSE the Public Hearing. Director Vonheeder-Leopold SECONDED the MOTION, which CARRIED with FIVE AYES.

The Board and staff briefly discussed community outreach efforts and feedback regarding the draft Plan in regards to the ongoing drought. The Board directed staff to proceed with finalizing the 2015 Urban Water Management Plan with no changes.

E. Approve the Sole Source Purchase and Authorize the General Manager to Execute a Purchase Order with Kruger, Inc., for Actiflo Turbo Equipment for the DERWA Recycled Water Treatment Facility (RWTF) Improvements Phase 2 (CIP 16-R014)

General Manager McIntyre introduced the item and Principal Engineer Judy Zavadil, who further reviewed the item for the Board. She also reported the total cost will be

less than indicated in the item, as additional negotiating has been completed since the item was prepared.

The Board and staff discussed the background and experience of Kruger, Inc., as well as the pricing and additional cost savings achieved in the agreement negotiations.

Director Duarte MOVED to adopt Resolution No. 28-16, approving a Sole Source Purchase and Authorizing Execution of a Purchase Order with Kruger, Inc., for Procurement of Ballasted Flocculation Equipment for the DERWA Recycled Water Treatment Facility Phase 2 Improvements (CIP 16-R014). Director Misheloff SECONDED the MOTION, which CARRIED with FIVE AYES.

F. Adopt Proclamation Honoring May 15-21, 2016 as National Public Works Week

General Manager McIntyre reviewed the item for the Board.

Vice President Halket MOVED to accept the Proclamation Honoring May 15-21, 2016 as National Public Works Week. Director Vonheeder-Leopold SECONDED the MOTION, which CARRIED with FIVE AYES.

G. Affirm No Changes to District Election Dates Policy (P100-12-1)

General Manager McIntyre introduced District Secretary Nicole Genzale who reviewed the item for the Board, and noted that this regularly scheduled policy review coincides with this being an election year. Four of the five seats on the District's Board of Directors will be up for election.

The Board and staff briefly discussed the election filing period dates as confirmed by both Alameda and Contra Costa County Registrar of Voters-Election Departments.

Vice President Halket MOVED to approve No Changes to District Election Dates Policy (P100-12-1). Director Misheloff SECONDED the MOTION, which CARRIED with FIVE AYES.

H. Approve Revised Job Description for Operations Manager Classification

General Manager McIntyre reviewed the item for the Board.

The Board and staff briefly discussed the proposed job description revisions.

Vice President Halket MOVED to adopt Resolution No. 29-16, adopting Revised Certificate, License, and Registration Requirements for the Operations Manager. Director Duarte SECONDED the MOTION, which CARRIED with FIVE AYES.

I. Referral of Status Update on Staffing and Continuity Planning to the Finance and Personnel Committee

General Manager McIntyre reviewed the item for the Board and requested a Finance and Personnel Committee meeting be held ahead of the June 7 Board meeting.

The Finance and Personnel Committee members, Vice President Halket and Director Misheloff, agreed to hold a meeting, and directed staff to propose dates within the requested timeframe.

- J. Approve Sole Source Purchase and Authorize General Manager to Execute a Purchase Order with Convergent Technologies for Furnishing and Installing Security Access Control Systems Equipment for the Corporation Yard and Administrative Facilities (CIP 16-A005)

General Manager McIntyre introduced Principal Engineer Judy Zavadil who reviewed the item for the Board. She noted a substitute resolution has been provided to the Board for approval of this item. The substitute resolution includes language regarding proposal approval subject to District General Counsel approval of terms and conditions in the agreement.

Vice President Halket MOVED to adopt Resolution No. 30-16, in its substituted form, approving a Sole Source Purchase and Authorizing Execution of a Purchase Order with Convergent Technologies for Furnishing and Installing Security Systems Equipment for the Field Operations Offices and Corporation Yard Project (CIP 16-A005). Director Misheloff SECONDED the MOTION, which CARRIED with FIVE AYES.

- K. Approving Operation Budget Increase and Authorize Task Orders for Construction Inspection Services

General Manager McIntyre introduced Principal Engineer Rhodora Biagtan who reviewed the item for the Board.

Director Misheloff MOVED to adopt Resolution No. 31-16, approving an Operating Budget Adjustment for Fiscal Year Ending 2017 for Construction Inspection Services, and Authorizing the General Manager to Execute a Task Order with the Covello Group, Inc., and a Task Order with Mahler Consulting Services, LLC, for Development Project Supplemental Construction Inspection Services. Director Vonheeder-Leopold SECONDED the MOTION, which CARRIED with FIVE AYES.

10. BOARDMEMBER ITEMS

Director Misheloff reported that she attended the Association of California Water Agencies conference May 2-6, 2016 in Monterey. She summarized the activities and discussions at the meeting.

Director Vonheeder-Leopold submitted a written report to Executive Services Supervisor Genzale. She reported that she attended the Alameda County Special Districts Association chapter meeting May 11, 2016 hosted by East Bay Regional Park District. She summarized the activities and discussions at the meeting.

Director Duarte reported the San Ramon Royal Vista Golf Course was recently sold to a developer and has been closed down.

11. CLOSED SESSION

- A. NOT HELD - Conference with Labor Negotiators – Pursuant to Government Code Section 54957.6
Agency Negotiator: Dan McIntyre, General Manager
Employee Organizations: 1. Stationary Engineers Local 39
Additional attendees: General Counsel Carl P. A. Nelson
John Archer, Administrative Services Manager

12. REPORT FROM CLOSED SESSION

None

13. ADJOURNMENT

President Howard adjourned the meeting at 7:47 p.m.

Submitted by,

Nicole Genzale, CMC
Executive Services Supervisor



Reference General Manager	Type of Action Consolidate Election	Board Meeting of June 7, 2016
Subject Authorize Consolidation of District Election with November 8, 2016 Statewide General Election		
<input type="checkbox"/> Motion	<input type="checkbox"/> Minute Order	<input checked="" type="checkbox"/> Resolution
<input 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	D. McIntyre	<input type="checkbox"/> Board Member

Recommendation:

Staff recommends the Board of Directors authorize, by Resolution, the consolidation of the District's election with the Statewide General Election to be held on November 8, 2016 within the counties of Alameda and Contra Costa.

Summary:

The District is required to hold an election on November 8, 2016 for four seats on the Board of Directors. The four seats consist of three (3) "Full Term" seats (four-year term) and one (1) "Short Term" seat (two-year term) currently held by elected Directors Edward R. Duarte, Richard M. Halket, D.L. (Pat) Howard, and appointed Director Madelyne A. Misheloff, respectively.

In order to continue to minimize costs and for the ease of conducting the election, it is recommended the Board of Directors consolidate the District's election with the November 8, 2016 General Election and authorize their approval by adoption of a resolution. The approved resolution and the current Candidates' Statement Costs policy will be submitted to the Registrar of Voters-Election Departments in Alameda and Contra Costa Counties and their respective Boards of Supervisors. The Board updated the District's Candidates' Statement Costs policy on June 4, 2013 by Resolution No. 20-13 (attached as Exhibit A), and since reviewed and affirmed the policy with no changes needed on June 16, 2015 (current policy also attached for reference as Attachment 1).

Customarily, the District's four-year Board of Director terms are staggered, with two terms expiring in one set of even-numbered years and three terms expiring the following set of even-numbered years; however, four terms will expire in 2016 due to an appointment in 2015 to fill a vacancy created by the resignation of former Director Benson early in her term. The three "Full Term" seats (with a term of 2016-2020) and the one "Short Term" seat (with a term of 2016-2018) will be elected separately. In 2018, the "Short Term" seat will resume as a "Full Term" seat (with a term of 2018-2022).

In the case that current Directors decide to run for re-election, the Registrar of Voters-Election Departments in Alameda and Contra Costa Counties have advised it is permissible for each current Boardmember to seek a seat with a shorter or longer term than the seat he/she was elected or appointed to.

Committee Review			Legal Review	Staff Review		
COMMITTEE ---	DATE ----	RECOMMENDATION ---	Yes	ORIGINATOR N. Genzale	DEPARTMENT Executive	REVIEWED BY
ATTACHMENTS <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 Consolidation saves District money	<input type="checkbox"/> Funding Source A. B.		Attachments to S&R 1. Candidates' Statement Costs Policy (P100-15-4) 2. 3.			

RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT CALLING AND DIRECTING THAT NOTICE BE GIVEN OF AN ELECTION OF FOUR DIRECTORS ON NOVEMBER 8, 2016 AND REQUESTING THE BOARDS OF SUPERVISORS OF THE COUNTIES OF ALAMEDA AND CONTRA COSTA CONSOLIDATE THE DISTRICT'S GENERAL ELECTION WITH THE STATEWIDE GENERAL ELECTION TO BE HELD ON THE SAME DATE

WHEREAS, pursuant to the provisions of the Community Services District Law, the Elections Code, and District Resolution No. 2-87, an election is scheduled to be held within the Dublin San Ramon Services District on November 8, 2016 for the purpose of electing four (4) members to the District Board of Directors, consisting of three (3) "Full Term" seats with a four (4) year term from 2016-2020, and one (1) "Short Term" seat with a two (2) year term from 2016-2018; and

WHEREAS, it is desirable that the general District election be consolidated with the statewide general election to be held on the same date within the counties of Alameda and Contra Costa; and

WHEREAS, by District Resolution No. 20-13, which is attached hereto and incorporated herein as Exhibit "A," the District adopted policies and regulations pertaining to candidates' statements to be submitted to the voters at the District election, consistent with §13307 of the Elections Code.

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:

Section 1. A general election is hereby called to be held within Dublin San Ramon Services District, located in portions of Alameda and Contra Costa Counties, on November 8, 2016 for the purpose of electing four (4) members to the District Board of Directors, consisting of three (3) “Full Term” seats with a four (4) year term from 2016-2020, and one (1) “Short Term” seat with a two (2) year term from 2016-2018, and the District Secretary is hereby authorized and directed to give notice of said election in accordance with applicable provisions of law.

Section 2. Pursuant to §10403 of the Elections Code, the Boards of Supervisors of the Counties of Alameda and Contra Costa are hereby requested to consent and agree to the consolidation of said general District election to be held throughout the whole of the District with the statewide general election on Tuesday, November 8, 2016 for the purpose of the election of four members to the District Board of Directors.

Section 3. The respective Boards of Supervisors are hereby requested to issue instructions to their respective County Elections Departments to take any and all steps necessary for the holding of the consolidated election in accordance with the general elections law of the State of California.

Section 4. The respective County Elections Departments are hereby authorized and instructed to collect from each candidate, as appropriate, the deposit amount established in District Resolution No. 20-13, attached as Exhibit “A,” at the time a candidate statement is filed. Candidate statements shall adhere to the policies stated in District Resolution No. 20-13, including, but not limited to, a word count of no more than 200 words.

Res. No. _____

Section 5. The respective County Elections Departments are hereby authorized and instructed to canvass the returns of the District general election and submit a certified statement of the results of the election to the District as soon as the result of the canvass is determined.

Section 6. The District Secretary is hereby authorized and directed to file a certified copy of this Resolution with the Boards of Supervisors of the Counties of Alameda and Contra Costa and their respective County Elections Departments.

Section 7. The District recognizes that additional costs will be incurred by the Counties of Alameda and Contra Costa by reason of this consolidation and hereby agrees to reimburse the counties for such additional actual costs.

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 7th day of June 2016, and passed by the following vote:

AYES:

NOES:

ABSENT:

D.L. (Pat) Howard, President

ATTEST:

Nicole Genzale, District Secretary

EXHIBIT A

RESOLUTION NO. 20-13

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT ADOPTING REVISED CANDIDATES' STATEMENT COSTS POLICY REGARDING CANDIDATES' STATEMENTS TO BE FILED BY CANDIDATES FOR ELECTION TO THE DISTRICT BOARD AND AUTHORIZING THE BILLING FOR AND COLLECTION OF CERTAIN COSTS AND RESCINDING RESOLUTION NO. 34-11

WHEREAS, Section 13307 of the Elections Code authorizes the filing, at the time of filing nomination papers, of a candidate's statement of no more than 200 words by candidates for the District's Board of Directors and further authorizes the District to require each candidate who files such a statement to pay in advance a sum not greater than the estimated prorated costs of printing, handling, translating and mailing such statements, if any, incurred by the District; and

WHEREAS, it is in the best interests of the District to require non-indigent candidates who choose to file such a statement to deposit a reasonable sum for these services and for the District to pay the additional costs, if any, incurred as a result of providing such services; and

WHEREAS, Elections Code Section 13307(b), together with the federal Voting Rights Act of 1965, as amended (herein referred to as "the Act"), requires the County Elections Official in the Alameda County portion of the District's service area to provide Spanish, Chinese, Vietnamese, and Tagalog translation of any candidate's statement and further requires that in the Contra Costa County portion of the District's service area, the County Elections Official shall, upon a candidate's request, provide a Spanish translation of any candidate's statement.

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:

Section 1. General Provisions.

Each candidate at the General Election for the Office of Director of the District may file a candidate's statement, as provided for in Section 13307 of the Elections Code, with the Elections Official in either Alameda County or Contra Costa County from whom the candidate obtains the nomination papers and other forms required for nomination to the Office of Director. Additionally, each candidate may also file a candidate's statement in the alternate County subject to the same limitations, payment provisions, and policies detailed in this Resolution No. 20-13. The candidate's statement may include the name, age and occupation of the candidate and a brief description of no more than 200 words of the candidate's education and qualifications expressed by the candidate himself or herself. The statement shall not include the party affiliation of the candidate, nor membership or activity in partisan political organizations. The statement may be withdrawn, but not changed, during the period for filing nomination papers and until 5:00 p.m. of the next working day after the close of the nomination period.

Section 2. Foreign Language Policy.

A. The Elections Official shall provide a language translation of the candidate's statement when required by the Act, or Elections Code Section 13307(b).

Section 3. Advance Deposit and Payment.

A. Pursuant to Elections Code Section 13307(c), a local agency may estimate the total cost of printing, handling, translating, and mailing the candidate's statement filed pursuant to this section, including costs incurred as a result of complying with the Act.

B. The District Secretary is hereby authorized and directed to provide for collection, by the Elections Official in each County, from each non-indigent candidate who files such a statement, a deposit in the amount of \$450 to represent the candidate's pro rata share of the cost of printing, handling, translating, and mailing the candidate's statement, including costs incurred as a result of complying with the Act, and Elections Code Section 13307(b) and collection of such amount shall be a condition of having the candidate's statement included in the voter's pamphlet.

C. If the actual costs in either Contra Costa County or Alameda County exceeds \$450, for the printing, handling, translating, and mailing of the candidate's statement in said County, then the proper officers of the District are hereby authorized and directed to pay the difference between the \$450 and the required deposit in that County.

D. If the actual cost of the candidate's statement in either County is less than the \$450 deposit, the District Secretary is hereby authorized and directed to make necessary arrangements to refund the amount of the deposit which exceeds said actual cost to the candidate.

Section 4. Indigent Candidates.

A. As provided in Section 13309 of the Elections Code, a candidate who alleges to be indigent and unable to pay in advance the requisite deposit for submitting a candidate's statement shall submit a certified statement of financial worth, and such other verifying documentation as the District shall reasonably require, to be used by the District in determining whether or not he or she is eligible to submit a candidate's statement without payment of the deposit in advance. Upon receipt of a statement of financial worth, the District shall promptly determine, in its sole discretion, whether or not the candidate is indigent and shall notify the candidate in writing of its findings. If it is determined that the candidate is not indigent, the candidate shall, within three working days of the notification, either withdraw the candidate's statement or pay the requisite deposit in accordance with the provisions of this Resolution.

B. The proper officers of the District are hereby authorized and directed to pay the costs incurred by the District for printing, handling, translating, and mailing the statements for candidates determined by the District to be indigent.

Section 5. Additional Materials.

Other than the candidate's statement, no candidate will be permitted to include additional materials in the sample ballot package.

Section 6. Rescinding Previous Policy.

The revised policy on Candidates' Statement Costs, attached as "Exhibit A," is hereby adopted and Resolution No. 34-11, attached as "Exhibit B," is hereby rescinded and shall no longer be of any force and effect after the date of adoption hereof.

Section 7. Application.

The provisions of this Resolution shall govern all elections for the District's Board of Directors held after the adoption of this Resolution unless and until this Resolution is rescinded, superseded, or otherwise modified by an action taken by the Board.

Section 8. Certification and Notice to Counties.

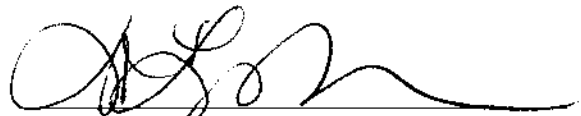
The District Secretary shall attest to passage and adoption of this Resolution and provide certified copies to the Elections Officials of the Counties of Alameda and Contra Costa.

ADOPTED by the Board of Directors of Dublin San Ramon Services District at its regular meeting held on the 4th of June 2013, and passed by the following vote:

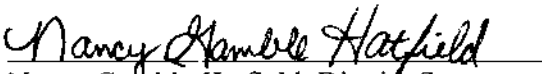
AYES: 5 - Directors Georgean M. Vonheeder-Leopold, Edward R. Duarte,
Richard M. Halket, D.L.(Pat) Howard, Dawn L. Benson

NOES: 0

ABSENT: 0


Dawn L. Benson, President

ATTEST:


Nancy Gamble Hatfield, District Secretary



POLICY

Dublin San Ramon Services District

Policy No.: Type of Policy:	P100-13-3	Board Business	
Policy Title:	Candidates' Statement Costs		
Policy Description:	Candidates' Statement to be Filed by Candidates for Election to the District Board		
Approval Date:	June 4, 2013	Last Review Date:	2013
Approval Resolution No.:	20-13	Next Review Date:	2017
Rescinded Resolution No.:	34-11	Rescinded Resolution Date:	July 19, 2011

It is the policy of the Board of Directors of Dublin San Ramon Services District:

Section I. General Provisions.

Each candidate at the General Election for the Office of Director of the District may file a candidate's statement, as provided for in Section 13307 of the Elections Code, with the Elections Official in either Alameda County or Contra Costa County from whom the candidate obtains the nomination papers and other forms required for nomination to the Office of Director. Additionally, each candidate may also file a candidate's statement in the alternate County subject to the same limitations, payment provisions, and policies detailed in this Resolution No. 20-13. The candidate's statement may include the name, age and occupation of the candidate and a brief description of no more than 200 words of the candidate's education and qualifications expressed by the candidate himself or herself. The statement shall not include the party affiliation of the candidate, nor membership or activity in partisan political organizations. The

statement may be withdrawn, but not changed, during the period for filing nomination papers and until 5:00 p.m. of the next working day after the close of the nomination period.

Section 2. Foreign Language Policy.

A. The Elections Official shall provide a language translation of the candidate's statement when required by the Act, or Elections Code Section 13307(b).

Section 3. Advance Deposit and Payment.

A. Pursuant to Elections Code Section 13307(c), a local agency may estimate the total cost of printing, handling, translating, and mailing the candidate's statement filed pursuant to this section, including costs incurred as a result of complying with the Act.

B. The District Secretary is hereby authorized and directed to provide for collection, by the Elections Official, from each non-indigent candidate who files such a statement, a deposit in the amount of \$450 to represent the candidate's pro rata share of the cost of printing, handling, translating, and mailing the candidate's statement, including costs incurred as a result of complying with the Act, and Elections Code Section 13307(b) and collection of such amount shall be a condition of having the candidate's statement included in the voter's pamphlet.

C. If the actual costs in either Contra Costa County or Alameda County exceeds \$450, for the printing, handling, translating, and mailing of the candidate's statement in said County, then the proper officers of the District are hereby authorized and directed to pay the difference between the \$450 and the required deposit in that County.

D. If the actual cost of the candidate's statement in either County is less than the \$450 deposit, the District Secretary is hereby authorized and directed to make necessary arrangements to refund the amount of the deposit which exceeds said actual cost to the candidate.

Section 4. Indigent Candidates.

A. As provided in Section 13309 of the Elections Code, a candidate who alleges to be indigent and unable to pay in advance the requisite deposit for submitting a candidate's statement shall submit a certified statement of financial worth, and such other verifying documentation as the District shall reasonably require, to be used by the District in determining whether or not he or she is eligible to submit a candidate's statement without payment of the deposit in advance. Upon receipt of a statement of financial worth, the District shall promptly determine, in its sole discretion, whether or not the candidate is indigent and shall notify the candidate in writing of its findings. If it is determined that the candidate is not indigent, the candidate shall, within three working days of the notification, either withdraw the candidate's statement or pay the requisite deposit in accordance with the provisions of this Resolution.

B. The proper officers of the District are hereby authorized and directed to pay the costs incurred by the District for printing, handling, translating, and mailing the statements for candidates determined by the District to be indigent.

Section 5. Additional Materials.

Other than the candidate's statement, no candidate will be permitted to include additional materials in the sample ballot package.

Section 6. Rescinding Previous Policy.

The revised policy on Candidates' Statement Costs, attached as "Exhibit A," is hereby adopted and Resolution No. 34-11, attached as "Exhibit B," is hereby rescinded and shall no longer be of any force and effect after the date of adoption hereof

Section 7. Application.

The provisions of this Resolution shall govern all elections for the District's Board of Directors held after the adoption of this Resolution unless and until this Resolution is rescinded, superseded, or otherwise modified by an action taken by the Board.

DSRSD Policy

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Policy No.: P100-13-3

Policy Title: Candidates' Statement Costs

Section 8. Certification and Notice to Counties.

The District Secretary shall attest to passage and adoption of this Resolution and provide certified copies to the Elections Officials of the Counties of Alameda and Contra Costa.

Policy No.: P100-15-4	Type of Policy: Board Business
Policy Title: Candidates' Statement Costs	
Policy Description: Candidates' Statement to be filed by Candidates for Election to the District Board.	
Approval Date: 6/4/2013	Last Review Date: 2015
Approval Resolution No.: 20-13	Next Review Date: 2019
Rescinded Resolution No.: 34-11	Rescinded Resolution Date: 7/19/2011

It is the policy of the Board of Directors of Dublin San Ramon Services District:

Section 1. General Provisions.

Each candidate at the General Election for the Office of Director of the District may file a candidate's statement, as provided for in Section 13307 of the Elections Code, with the Elections Official in either Alameda County or Contra Costa County from whom the candidate obtains the nomination papers and other forms required for nomination to the Office of Director. Additionally, each candidate may also file a candidate's statement in the alternate County subject to the same limitations, payment provisions, and policies detailed in this Resolution No. 20-13. The candidate's statement may include the name, age and occupation of the candidate and a brief description of no more than 200 words of the candidate's education and qualifications expressed by the candidate himself or herself. The statement shall not include the party affiliation of the candidate, nor membership or activity in partisan political organizations. The statement may be withdrawn, but not changed, during the period for filing nomination papers and until 5:00 p.m. of the next working day after the close of the nomination period.

Section 2. Foreign Language Policy.

A. The Elections Official shall provide a language translation of the candidate's statement when required by the Act, or Elections Code Section 13307(b).

Section 3. Advance Deposit and Payment.

A. Pursuant to Elections Code Section 13307(c), a local agency may estimate the total cost of printing, handling, translating, and mailing the candidate's statement filed pursuant to this section, including costs incurred as a result of complying with the Act.

Policy No.: P100-15-4**Policy Title:** Candidates' Statement Costs

B. The District Secretary is hereby authorized and directed to provide for collection, by the Elections Official, from each non-indigent candidate who files such a statement, a deposit in the amount of \$450 to represent the candidate's pro rata share of the cost of printing, handling, translating, and mailing the candidate's statement, including costs incurred as a result of complying with the Act, and Elections Code Section 13307(b) and collection of such amount shall be a condition of having the candidate's statement included in the voter's pamphlet.

C. If the actual costs in either Contra Costa County or Alameda County exceeds \$450, for the printing, handling, translating, and mailing of the candidate's statement in said County, then the proper officers of the District are hereby authorized and directed to pay the difference between the \$450 and the required deposit in that County.

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B. The proper officers of the District are hereby authorized and directed to pay the costs incurred by the District for printing, handling, translating, and mailing the statements for candidates determined by the District to be indigent.

Section 5. Additional Materials.

Other than the candidate's statement, no candidate will be permitted to include additional

Policy No.: P100-15-4**Policy Title:** Candidates' Statement Costs

materials in the sample ballot package.

Section 6. Rescinding Previous Policy.

The revised policy on Candidates' Statement Costs, attached as "Exhibit A," is hereby adopted and Resolution No. 34-11, attached as "Exhibit B," is hereby rescinded and shall no longer be of any force and effect after the date of adoption hereof.

Section 7. Application.

The provisions of this Resolution shall govern all elections for the District's Board of Directors held after the adoption of this Resolution unless and until this Resolution is rescinded, superseded, or otherwise modified by an action taken by the Board.

Section 8. Certification and Notice to Counties.

The District Secretary shall attest to passage and adoption of this Resolution and provide certified copies to the Elections Officials of the Counties of Alameda and Contra Costa.

Policy is current and no changes need to be adopted by the Board of Directors. <u>Status Quo Chronology:</u>	
Date Adopted:	
June 4, 2013	
Reviewed by Committee or Board:	Date:
Board	June 16, 2015



Reference General Manager	Type of Action Adopt 2015 UWMP	Board Meeting of June 7, 2016
Subject Adoption of Dublin San Ramon Services District 2015 Urban Water Management Plan and Water Shortage Contingency Plan		
<input type="checkbox"/> Motion	<input type="checkbox"/> Minute Order	<input checked="" type="checkbox"/> Resolution
<input 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	D. McIntyre
		<input type="checkbox"/> Board Member

Recommendation:

Staff recommends the Board of Directors adopt, by separate Resolutions, (a) the Dublin San Ramon Services District 2015 Urban Water Management Plan, and (b) the Water Shortage Contingency Plan.

Summary:

The District's 2015 Urban Water Management Plan (UWMP) is a water supply planning document, which identifies the District's total water supplies and total water demands to ensure adequate water supply to meet existing and future demands. The UWMP is updated once every five years and submitted to the California Department of Water Resources (DWR). Additionally, the Water Conservation Act of 2009 (Act, SB x7-7) requires urban water suppliers to report in their 2015 UWMPs the base daily per capita water use (baseline), urban water use target, interim urban water use target, and compliance daily per capita water use.

This UWMP was prepared in conformance with the UWMP Act as updated, Senate Bill (SB) 610 Water Supply Assessments, SB 221 Written Verifications of Water Supply, Assembly Bill (AB) 1420 (implementation of the Water Conservation Act of Water Demand Management Measures), and SB x7-7. The UWMP also includes a Water Shortage Contingency and Drought Plan.

The public review comment period for the draft 2015 UWMP was conducted from May 3 to May 17, 2016. A public hearing was held on May 17, 2016. No comments were received from the public.

The finalized District 2015 UWMP includes formatting and non-substantial changes that were made for consistency with Zone 7's finalized UWMP and for clarity and precision. The finalized 2015 UWMP has been posted on the District's website, www.dsrsd.com.

By July 1st, the District will submit this 2015 UWMP to the Department of Water Resources and the California State Library. The District will also provide copies to Zone 7 and the cities and counties where the District provides water service, including the City of Dublin, City of San Ramon, Alameda County, and Contra Costa County, in accordance with the requirements of the UWMP Act.

Committee Review			Legal Review	Staff Review		
COMMITTEE ---	DATE ---	RECOMMENDATION ---	Yes	ORIGINATOR S. Kolodzie	DEPARTMENT Eng Services	REVIEWED BY DM
ATTACHMENTS <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. 2. 3.				

RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT
ADOPTING THE 2015 URBAN WATER MANAGEMENT PLAN

WHEREAS, the California Legislature enacted Assembly Bill 797 (Water Code Section 10610 et seq., known as the Urban Water Management Planning Act [Act]) during the 1983-1984 Regular Session, and as amended subsequently, which mandates that every supplier providing water for municipal purposes to more than 3,000 customers or supplying more than 3,000 acre feet of water annually, prepare an Urban Water Management Plan, the primary objective of which is to plan for the conservation and efficient use of water; and

WHEREAS, Dublin San Ramon Services District (DSRSD) is an urban supplier of water to over 21,400 customers supplying approximately 7,500 acre-feet of potable water annually, and is therefore required to prepare and adopt an Urban Water Management Plan (UWMP); and

WHEREAS, the urban provisions of the Water Conservation Act of 2009, SBx7-7, direct urban retail water suppliers to review and update a method for determining urban water use targets, and to include the baseline daily per capita water use, urban water use target, and interim urban water use target in the 2015 UWMP; and

WHEREAS, pursuant to Water Code Section 10641 an UWMP shall be periodically reviewed at least once every five years; and

WHEREAS, DSRSD has engaged in a review of its Urban Water Management Plan; and

WHEREAS, DSRSD has prepared its 2015 UWMP in conformance with the Act as updated, Senate Bill (SB) 610 Water Supply Assessments and SB 221 Written Verifications of Water Supply, Assembly Bill (AB) 1420 (implementation of the Water Conservation Act of Water Demand Management Measures), and SBx7-7, the Water Conservation Act of 2009; and

WHEREAS, the DSRSD 2015 Urban Water Management Plan includes the baseline daily per capita water use, urban water use target, and interim urban water use target in the Urban Water Management Plan; and

Res. No. _____

WHEREAS, on March 30, 2016, DSRSD notified the cities and counties in its jurisdiction, along with interested parties, of the preparation of this 2015 UWMP, and coordinated with those agencies for its preparation; and

WHEREAS, from May 3, 2016 to May 17, 2016, DSRSD circulated its draft 2015 UWMP and made it available for public review and hearing; and

WHEREAS, the availability, public hearing and adoption of the DSRSD 2015 UWMP was properly noticed, and a public hearing was held by the Board of Directors at its regular meeting on May 17, 2016; and

WHEREAS, the DSRSD 2015 UWMP must be filed with the California Department of Water Resources within 30 days of adoption.

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:

1. The DSRSD 2015 Urban Water Management Plan is hereby adopted and ordered filed with the District Secretary. This 2015 Urban Water Management Plan updates and supersedes all previous Urban Water Management Plans prepared by DSRSD;
2. Method 1, using 80 percent of the DSRSD's baseline per capita water use, is adopted for the determination of the District's urban water use target;
3. Pursuant to Water Code § 10643, the 2015 Urban Water Management Plan shall be implemented by DSRSD in accordance with the schedule laid out in that document;
4. The General Manager is hereby authorized and directed to file the DSRSD 2015 UWMP with the California Department of Water Resources within 30 days after this date;
5. The General Manager is hereby authorized and directed to deliver the finalized DSRSD 2015 UWMP to all holders of the public draft of the DSRSD 2015 UWMP;

Res. No. _____

6. The General Manager is hereby authorized and directed to implement the water conservation programs as set forth in the DSRSD 2015 UWMP, which includes water shortage contingency and drought planning and analysis, and to make recommendations to the Board of Directors regarding necessary procedures, rules, and regulations to carry out effective and equitable water conservation and water recycling programs;
7. The General Manager is hereby authorized and directed to implement the water conservation programs as set forth in the DSRSD 2015 UWMP to meet urban water targets as required by the Water Conservation Act of 2009, SBx7-7;
8. In a water shortage, the General Manager is hereby authorized to declare a Water Shortage Emergency according to the water shortage stages and triggers indicated in the DSRSD 2015 UWMP, and implement necessary elements; and
9. The General Manager shall recommend to the Board of Directors additional regulations to carry out effective and equitable allocation of water resources.

ADOPTED by the Board of Directors of the 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 7th day of June 2016, and passed by the following vote:

AYES:

NOES:

ABSENT:

D.L. (Pat) Howard, President

ATTEST: _____
Nicole Genzale, District Secretary

H:\Board\06-07-16\2010 UWMP Adoption\2015 UWMP Adoption RES.docx

RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT ADOPTING THE 2015 WATER SHORTAGE CONTINGENCY PLAN

WHEREAS, the California Legislature enacted Assembly Bill 797 (Water Code Section 10610 et seq., known as the Urban Water Management Planning Act [Act]) during the 1983-1984 Regular Session, and amended subsequently, which mandates that every supplier providing water for municipal purposes to more than 3,000 customers or supplying more than 3,000 acre feet of water annually, prepare an Urban Water Management Plan (UWMP), the primary objective of which is to plan for the conservation and efficient use of water; and

WHEREAS, Dublin San Ramon Services District (DSRSD) is an urban supplier of water to over 21,400 customers supplying approximately 7,500 acre-feet of potable water annually, and is therefore required to prepare and adopt an UWMP; and

WHEREAS, the Act requires the inclusion of analysis and planning for water shortage contingency; and

WHEREAS, Chapter 8 of the DSRSD 2015 UWMP, titled “Water Shortage Contingency Planning” describes in detail the stages of the water supply condition during which the supply of potable water available to DSRSD for distribution and sale does not meet ordinary water demands and thus said water supply is in a water shortage condition; and

WHEREAS, Chapter 8 of the DSRSD 2015 UWMP, titled “Water Shortage Contingency Planning” describes in detail the consumption reduction methods, prohibitions, penalties, charges and other enforcement methods to be used by the General Manager at his or her discretion to mitigate the water shortage condition for DSRSD; and

WHEREAS, California Water Code Section 10632(a)(8) requires that the DSRSD 2015 UWMP include a draft Water Shortage Contingency Plan resolution or ordinance.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF DUBLIN SAN

Res. No. _____

RAMON SERVICES DISTRICT, a public agency located in the counties of Alameda and Contra Costa as follows:

1. The 2015 Water Shortage Contingency Plan (Plan) as defined by Chapter 8 of the DSRSD 2015 UWMP is hereby adopted and ordered filed with the District Secretary. This 2015 Water Shortage Contingency Plan updates and supersedes all previous Water Shortage Contingency Plans prepared by DSRSD;
2. The General Manager is hereby authorized and directed to implement the Plan as set forth in the DSRSD 2015 UWMP, and to make recommendations to the Board of Directors regarding necessary procedures, rules, and regulations to carry out effective and equitable water conservation and water recycling programs during periods of water shortages;
3. In a water shortage, the General Manager is hereby authorized to declare a water shortage emergency according to the water shortage stages and triggers indicated in the Plan, and implement necessary elements of the Plan; and
4. The General Manager shall recommend to the Board of Directors additional regulations to carry out effective and equitable allocation of water resources.

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 7th day of June, 2016, and passed by the following vote:

AYES:

NOES:

ABSENT:

D.L. (Pat) Howard, President

ATTEST: _____
Nicole Genzale, District Secretary

H:\Board\2016\06-07-16\Adopt UWMP and Water Shortage Contingency Plan\Adopt Water Shortage Contingency Plan - Res.docx



Reference Operations Manager	Type of Action Increase Purchase Order	Board Meeting of June 7, 2016
Subject Authorize General Manager to Execute an Increase to Purchase Order with Inland Potable Services, Inc. for Potable and Recycled Water Reservoir Cleaning and Inspection Services		
<input checked="" type="checkbox"/> Motion	<input type="checkbox"/> Minute Order	<input type="checkbox"/> Resolution
<input 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	D. Lopez	<input type="checkbox"/> Board Member

Recommendation:

Staff recommends the Board of Directors authorize, by Motion, the General Manager to execute an increase in a purchase order with Inland Potable Services, Inc. (IPS) for Potable and Recycled Water Reservoir Cleaning and Inspection Services in a total amount not to exceed \$129,756.

Summary:

As part of the fiscal year end 2016 operating budget, the District Board approved \$48,000 for the cleaning and inspection of District potable and recycled water reservoirs. The DERWA Board also approved an operating budget of \$50,000 for the cleaning and inspection of the DERWA recycled water reservoirs. Reservoir cleaning and inspection is completed on a routine basis every three years. Cleaning of the potable reservoirs is required by the Division of Drinking Water. The recycled water reservoirs are cleaned at the same frequency as the potable reservoirs in order to prevent silt from building up.

Staff issued a request for proposals for reservoir cleaning and inspection services in February of this year. Three proposals were received. Staff selected IPS as the contractor to complete the work. A purchase order was issued to IPS in the amount of \$84,430.50 and work started in March. The contract documents required the contractor to base their price on the assumption that there was three inches of sediment in the reservoirs. IPS found more sediment than anticipated in the recycled water tanks, in some cases up to 14 inches. This required additional time to clean the recycled water tanks was performed on a time and materials basis. The extra cost for cleaning and repairing the tanks came to \$45,325.50, bringing the total contract price to \$129,756. Details of the extra work completed by IPS is attached.

This additional cost is shared by both the District and DERWA based on the amount of additional time spent removing the sediment from each reservoir.

Committee Review			Legal Review	Staff Review		
COMMITTEE ---	DATE ---	RECOMMENDATION ---	Not Required	ORIGINATOR S. Delight	DEPARTMENT Operations	REVIEWED BY
ATTACHMENTS <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 \$45,325.50	<input checked="" type="checkbox"/> Funding Source Fund 600	Attachments to S&R 1. Inland Potable Services, Inc. listing of additional work 2. 3.				

**Remittance Address:**

16297 E. Crestline Lane
Centennial, Colorado 80015
Phone: 303-400-4220

DATE: April 25, 2016

INVOICE NO.: B45-042016

NAME OF PROJECT:	Potable Water Tank Work
OWNER:	Dublin San Ramon SVCS DIST District Office 7051 Dublin Blvd. Dublin, CA 94568
CONTRACTOR:	Inland Potable Services, Inc. 16297 E. Crestline Lane Centennial, CO 80015
Federal ID #	14-2004675 (Copy Enclosed)

P.O. #: 01007818**Contact Person at site: Steve Delight****SERVICES PROVIDED:**

FYE 2016 – Potable and Recycled Water Reservoir Cleaning & Inspection.

Potable Water Reservoir 1A	\$ 4,567.50
Potable Water Reservoir 2A	\$ 2,677.50
Potable Water Reservoir 3A	\$ 2,835.00
Potable Water Reservoir 3B	\$ 1,890.00
Potable Water Reservoir 4A	\$ 2,677.50
Potable Water Reservoir 10B	\$ 6,930.00
Potable Water Reservoir 20A	\$ 7,560.00
Potable Water Reservoir 30A	\$ 3,465.00
Potable Water Reservoir 200A	\$ 6,457.50
Potable Water Reservoir 200B	\$ 3,465.00
Potable Water Reservoir 300A	\$ 6,142.50
Potable Water Reservoir 300B	\$ 4,410.00
Potable Water Reservoir R20	\$ 4,053.50
Potable Water Reservoir R100	\$ 8,475.50
Potable Water Reservoir R200	\$ 8,475.50
Potable Water Reservoir R300	\$ 3,316.50
Spot Repairs 77 patches at \$63 each	\$ 4,851.00
Mobilization and Demobilization	\$ 1,992.00
	\$84,241.50

Job Started: March 21, 2016 **Completion Date:** April 20, 2016 – did not work Saturdays or Sundays.

TOTAL DUE THIS INVOICE

\$84,241.50

THANK YOU FOR YOUR BUSINESS!

TERMS: 1% TEN DAYS, NET 30 DAYS

ALL INVOICES NOT PAID IN 30 DAYS WILL BE CHARGED AN INTEREST RATE OF 1 ½ %
PER MONTH



Remittance Address:
16297 E. Crestline Lane
Centennial, Colorado 80015
Phone: 303-400-4220

DATE: April 25, 2016

INVOICE NO.: B45AWA-042016

NAME OF PROJECT: ADDITIONAL WORK ON RECYCLE TANKS

OWNER: Dublin San Ramon SVCS DIST
District Office
7051 Dublin Blvd.
Dublin, CA 94568

CONTRACTOR: Inland Potable Services, Inc.
16297 E. Crestline Lane
Centennial, CO 80015

Federal ID # 14-2004675 (Copy Enclosed)

P.O. #: **Contact Person at site: Steve Delight**

SERVICES PROVIDED:

Additional work approved by Steven Delight, Project Engineer, and approved by David Hobart, NACE Inspector.

Tank R100: 7-8" average sediment depth with areas in quadrant 4 at 12-14".	12.0 hours
Tank R300: 4-5" average sediment depth uniformly on tank floor.	3.5 hours
Tank R20: 10" average sediment depth with perimeter floor area at 3-4"	18.0 hours
Tank R200: 8-9" average sediment depth with add'l 6" accumulation on column bases.	28.0 hours
	61.5 hours
61.50 hours at \$737 per hour	<u>\$45,325.50</u>

Job Started: March 21, 2016 **Completion Date:** April 20, 2016 – did not work Saturdays or Sundays.

TOTAL DUE THIS INVOICE **\$45,325.50**

THANK YOU FOR YOUR BUSINESS!
TERMS: 1% TEN DAYS, NET 30 DAYS
ALL INVOICES NOT PAID IN 30 DAYS WILL BE CHARGED AN INTEREST RATE OF 1 ½ %
PER MONTH



Home Office

16297 E. Crestline Lane
Centennial, Colorado 80015
Phone: 303-400-4220
Fax: 303-400-4215

DSRSD project

Epoxy Summary:

Three tanks required epoxy repairs to spot rusting in the form of rust nodules

Tank 1A: 13- 2"x2" patches performed, 1- 10"x18" patch performed.

Tank 20A: 11- 2"x2" patches performed

Tank 300A: 8- 2"x2" patches performed

The epoxy repairs were properly prepared before Aquatapoxy was applied. Quality control of all finished epoxy repairs was conducted upon conclusion of work performed and verified by on-site inspector.

Recycled Water Tanks

Additional sediment was found in all 4 recycled water tanks listed for cleaning by DSRSD. A summary of each tank is individually listed below with time spent and sediment depth.

Tank R100: 4 days total. 7-8" average sediment depth with areas in quadrant 4 at 12-14".

Tank R300: 1 day total. 4-5" average sediment depth uniformly on tank floor.

Tank R20: 3 days total. 10" average sediment depth with perimeter floor area at 3-4".

Tank R200: 5 days total. 8-9" average sediment depth with additional 6" accumulation on column bases.

Repairs and sediment findings verified and witnessed by on-site inspector

Inland Potable Representative:

Jeffrey Roberts 4, 20, 2016

Printed Name:

Jeffrey Roberts

Inspector provided by DSRSD:

DAVID LLOYD HOBART 4, 20/2016

Printed Name:

DAVID LLOYD HOBART

PURCHASE ORDER

Page 1 / 1

DATE
3/17/2016

PO NUMBER
01007818

This number must appear on all packages and invoices

VENDOR: 07531
INLAND POTABLE SERVICES, INC.
16297 E. CRESTLINE LANE
CENTENNIAL, CO 80015

Phone: (303) 400-4220
Terms: Net 30

DSRSD Contact: Steve Delight
Phone: (925) 846-4565

SHIP TO: DUBLIN SAN RAMON SVCS DIST
WASTEWATER TREATMENT PLANT
7399 JOHNSON DRIVE
PLEASANTON, CA 94588

BILL TO: DUBLIN SAN RAMON SVCS DIST
DISTRICT OFFICE
7051 DUBLIN BLVD
DUBLIN, CA 94568

[illegible]

Special Instructions:

SUBTOTAL	84,430.50
TAX	0.00
FREIGHT	0.00
TOTAL	84,430.50

This order is subject to Dublin San Ramon Services District Terms and Conditions provided on the reverse side

Project Number	Account Number	%	Amount
derwaop.transm.51	B 900.115.45	21	17,730.40
	E 600.50.51.000.3.340	79	66,700.10

Queue: 51fops

Group: ballestero

Requested for: Steve Delight

Request for Taxpayer Identification Number and Certification

Give Form to the
requester. Do not
send to the IRS.

Print or type See Specific Instructions on page 2.	1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank. Inland Potable Services, Inc.	
	2 Business name/disregarded entity name, if different from above Inland Potable Services, Inc.	
	3 Check appropriate box for federal tax classification; check only one of the following seven boxes: <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____ Note. For a single-member LLC that is disregarded, do not check LLC; check the appropriate box in the line above for the tax classification of the single-member owner. <input type="checkbox"/> Other (see instructions) ▶ _____	
	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ <i>(Applies to accounts maintained outside the U.S.)</i>	
	5 Address (number, street, and apt. or suite no.) 16297 E. Crestline Lane	Requester's name and address (optional)
	6 City, state, and ZIP code Centennial, CO 80015	
	7 List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the instructions for line 1 and the chart on page 4 for guidelines on whose number to enter.

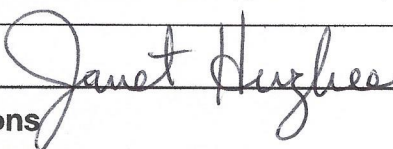
Social security number									
			-						
or									
Employer identification number									
1	4	-	2	0	0	4	6	7	5

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here	Signature of U.S. person ▶ 	Date ▶ 4-25-16
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. Information about developments affecting Form W-9 (such as legislation enacted after we release it) is at www.irs.gov/fw9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)

- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See *What is backup withholding?* on page 2.

By signing the filled-out form, you:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting?* on page 2 for further information.



Reference Operations Manager	Type of Action Discuss and Provide Direction	Board Meeting of June 7, 2016
Subject Review and Discuss State Water Resources Control Board Adjustment to Emergency Conservation Regulation		
<input type="checkbox"/> Motion	<input type="checkbox"/> Minute Order	<input type="checkbox"/> Resolution
<input type="checkbox"/> Ordinance	<input checked="" type="checkbox"/> Informational	<input type="checkbox"/> Other
REPORT:	<input checked="" type="checkbox"/> Verbal	<input type="checkbox"/> Presentation
	<input checked="" type="checkbox"/> Staff	D. Lopez
		<input type="checkbox"/> Board Member

Recommendation:

Staff recommends the Board of Directors discuss the State Water Resources Control Board modifications to the existing Emergency Water Conservation Regulation and, by Consensus, provide appropriate direction to staff for follow-up action at a future Board meeting.

Summary:

In alignment with the Governor's executive order B-36-15, the District most recently took action related to the ongoing drought on May 17, 2016, extending the State of Community Drought Emergency, and thereby extending the previously adopted elements of the District's Drought Management Plan through that date. Under Resolution No. 7-16 approved by the Board on February 16, 2016, the District is under a continuing State of Drought Emergency, with mandatory conservation including a local and State requirement for 12% conservation.

On May 18, 2016, due to improved winter 2016 hydrologic conditions in parts of California, the State Water Resources Control Board (SWRCB) adopted a statewide water conservation approach that replaces the prior percentage reduction-based water conservation standard with a locally driven, supply-based assessment that mandates urban water suppliers to ensure a three-year supply of water to their customers under drought conditions. This conservation approach will also make mandatory some items that are currently best management practices or mandates of various District drought stage levels. Staff will incorporate information from Zone 7 (expected to be made available mid-month) into the necessary supply-based assessment for the SWRCB. At the June 21 Board meeting, staff anticipates recommending rescinding the Declaration of Drought Emergency, terminating mandatory conservation, and implementing voluntary conservation at the 10% level.

With this new conservation approach, the District will need to make permanent some of the items identified in its Drought Management Plan and add some items not currently listed. To facilitate the Board's discussion, Attachment 1 contains elements of the SWRCB water conservation end-user requirements and their relationship to current District policy.

The Governor's Executive Order and the SWRCB Emergency Conservation Regulation are included as Attachments 2 and 3 respectively.

Committee Review			Legal Review	Staff Review		
COMMITTEE ---	DATE ---	RECOMMENDATION ---	Not Required	ORIGINATOR D. Lopez	DEPARTMENT Operations	REVIEWED BY
ATTACHMENTS <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 \$0	<input type="checkbox"/> Funding Source A. B.		Attachments to S&R 1. SWRCB Water Conservation End-User Requirements 2. Governor's Executive order B-37-16 3. SWRCB Emergency Conservation Regulation			

**CHANGES TO END-USER REQUIREMENTS IN PROMOTION OF WATER CONSERVATION
DUE TO STATE OF CALIFORNIA 2016 ACTIONS**

ITEM	SWRCB Order	Current DSRSD	Anticipated DSRSD Revisions
Runoff from landscape Irrigation	Prohibited	Prohibited under stage 1	Prohibited at all times
Car wash hose use	Prohibited for car wash unless equipped with quick-acting positive shutoff nozzles	Prohibited for any use unless equipped with quick-acting positive shutoff nozzles under stage 1	Prohibited for car wash unless equipped with quick-acting positive shutoff nozzles at all times
Driveway and Sidewalk Wash Down	Prohibited	Use of broom and bucket to wash private pavement required under stage 1. Use of potable water to wash hard surfaces prohibited under stage 3	Prohibited at all times
Non-recirculating decorative water features	Prohibited	Under stage 3 decorative water features cannot use potable water and must be equipped with a recirculating pump. Drain and fill only for health or structural needs	Prohibited at all times
Application of potable water to outdoor landscapes during and within 48 hours after measurable rainfall	Prohibited during and within 48 hours of rainfall	Sprinklers are to be turned off during and 48 hours following measurable precipitation under stage 1	Always prohibited during and within 48 hours of rainfall
Serving of drinking water other than upon request in eating or drinking establishments	Only when requested in restaurants, hotels, cafes, cafeterias, bars and all public places where food and drink are served and purchased	Restaurants may only serve when requested under stage 1	Only when requested in restaurants, hotels, cafes, cafeterias, bars and all public places where food and drink are served and purchased, at all times

Attachment 1 to S&R

ITEM	SWRCB Order	Current DSRSD	Anticipated DSRSD Revisions
Irrigation with potable water of ornamental turf on public street medians.	Prohibited		Prohibited at all times
Irrigation with potable water of landscapes outside of newly constructed homes or buildings unless with drip or micro spray	Prohibited if delivered in a manner inconsistent with regulations or other requirements established by the California Building Standards Commission		Prohibited at all times if delivered in a manner inconsistent with regulations or other requirements established by the California Building Standards Commission
Hotels and Motels – Linens and towels	Give option to guest to not have towels and linens laundered daily and prominently display this option		Give option to guest to not have towels and linens laundered daily and prominently display this option
Outdoor irrigation Frequency	All commercial, industrial and institutional properties -- two days per week or target potable water use reductions commensurate with those required of the nearest urban water supplier	Time of day limited under stage 1. Number of days and consecutive days limited under stage 2	TBD by BOD – Likely no restriction for residential. Per SWRCB Order for commercial, industrial and institutional properties

Executive Department

State of California

**EXECUTIVE ORDER B-37-16
MAKING WATER CONSERVATION A CALIFORNIA WAY OF LIFE**

WHEREAS California has suffered through a severe multi-year drought that has threatened the water supplies of communities and residents, devastated agricultural production in many areas, and harmed fish, animals and their environmental habitats; and

WHEREAS Californians responded to the drought by conserving water at unprecedented levels, reducing water use in communities by 23.9% between June 2015 and March 2016 and saving enough water during this period to provide 6.5 million Californians with water for one year; and

WHEREAS severe drought conditions persist in many areas of the state despite recent winter precipitation, with limited drinking water supplies in some communities, diminished water for agricultural production and environmental habitat, and severely-depleted groundwater basins; and

WHEREAS drought conditions may persist in some parts of the state into 2017 and beyond, as warmer winter temperatures driven by climate change reduce water supply held in mountain snowpack and result in drier soil conditions; and

WHEREAS these ongoing drought conditions and our changing climate require California to move beyond temporary emergency drought measures and adopt permanent changes to use water more wisely and to prepare for more frequent and persistent periods of limited water supply; and

WHEREAS increasing long-term water conservation among Californians, improving water use efficiency within the state's communities and agricultural production, and strengthening local and regional drought planning are critical to California's resilience to drought and climate change; and

WHEREAS these activities are prioritized in the California Water Action Plan, which calls for concrete, measurable actions that "Make Conservation a California Way of Life" and "Manage and Prepare for Dry Periods" in order to improve use of water in our state.

NOW, THEREFORE, I, EDMUND G. BROWN JR., Governor of the State of California, in accordance with the authority vested in me by the Constitution and statutes of the State of California, in particular California Government Code sections 8567 and 8571, do hereby issue this Executive Order, effective immediately.

IT IS HEREBY ORDERED THAT:

The orders and provisions contained in my January 17, 2014 Emergency Proclamation, my April 25, 2014 Emergency Proclamation, Executive Orders B-26-14, B-28-14, B-29-15, and B-36-15 remain in full force and in effect except as modified herein.

State agencies shall update temporary emergency water restrictions and transition to permanent, long-term improvements in water use by taking the following actions.

USE WATER MORE WISELY

1. The State Water Resources Control Board (Water Board) shall, as soon as practicable, adjust emergency water conservation regulations through the end of January 2017 in recognition of the differing water supply conditions across the state. To prepare for the possibility of another dry winter, the Water Board shall also develop, by January 2017, a proposal to achieve a mandatory reduction in potable urban water usage that builds off of the mandatory 25% reduction called for in Executive Order B-29-15 and lessons learned through 2016.
2. The Department of Water Resources (Department) shall work with the Water Board to develop new water use targets as part of a permanent framework for urban water agencies. These new water use targets shall build upon the existing state law requirements that the state achieve a 20% reduction in urban water usage by 2020. (Senate Bill No. 7 (7th Extraordinary Session, 2009-2010).) These water use targets shall be customized to the unique conditions of each water agency, shall generate more statewide water conservation than existing requirements, and shall be based on strengthened standards for:
 - a. Indoor residential per capita water use;
 - b. Outdoor irrigation, in a manner that incorporates landscape area, local climate, and new satellite imagery data;
 - c. Commercial, industrial, and institutional water use; and
 - d. Water lost through leaks.

The Department and Water Board shall consult with urban water suppliers, local governments, environmental groups, and other partners to develop these water use targets and shall publicly issue a proposed draft framework by January 10, 2017.

3. The Department and the Water Board shall permanently require urban water suppliers to issue a monthly report on their water usage, amount of conservation achieved, and any enforcement efforts.

ELIMINATE WATER WASTE

4. The Water Board shall permanently prohibit practices that waste potable water, such as:
 - Hosing off sidewalks, driveways and other hardscapes;
 - Washing automobiles with hoses not equipped with a shut-off nozzle;
 - Using non-recirculated water in a fountain or other decorative water feature;
 - Watering lawns in a manner that causes runoff, or within 48 hours after measurable precipitation; and
 - Irrigating ornamental turf on public street medians.
5. The Water Board and the Department shall direct actions to minimize water system leaks that waste large amounts of water. The Water Board, after funding projects to address health and safety, shall use loans from the Drinking Water State Revolving Fund to prioritize local projects that reduce leaks and other water system losses.
6. The Water Board and the Department shall direct urban and agricultural water suppliers to accelerate their data collection, improve water system management, and prioritize capital projects to reduce water waste. The California Public Utilities Commission shall order investor-owned water utilities to accelerate work to minimize leaks.
7. The California Energy Commission shall certify innovative water conservation and water loss detection and control technologies that also increase energy efficiency.

STRENGTHEN LOCAL DROUGHT RESILIENCE

8. The Department shall strengthen requirements for urban Water Shortage Contingency Plans, which urban water agencies are required to maintain. These updated requirements shall include adequate actions to respond to droughts lasting at least five years, as well as more frequent and severe periods of drought. While remaining customized according to local conditions, the updated requirements shall also create common statewide standards so that these plans can be quickly utilized during this and any future droughts.
9. The Department shall consult with urban water suppliers, local governments, environmental groups, and other partners to update requirements for Water Shortage Contingency Plans. The updated draft requirements shall be publicly released by January 10, 2017.

10. For areas not covered by a Water Shortage Contingency Plan, the Department shall work with counties to facilitate improved drought planning for small water suppliers and rural communities.

IMPROVE AGRICULTURAL WATER USE EFFICIENCY AND DROUGHT PLANNING

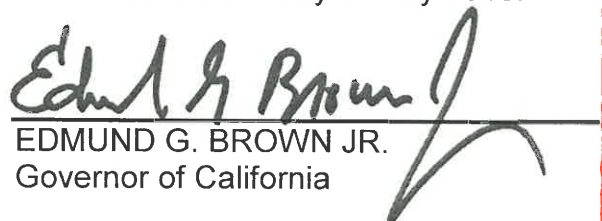
11. The Department shall work with the California Department of Food and Agriculture to update existing requirements for Agricultural Water Management Plans to ensure that these plans identify and quantify measures to increase water efficiency in their service area and to adequately plan for periods of limited water supply.
12. The Department shall permanently require the completion of Agricultural Water Management Plans by water suppliers with over 10,000 irrigated acres of land.
13. The Department, together with the California Department of Food and Agriculture, shall consult with agricultural water suppliers, local governments, agricultural producers, environmental groups, and other partners to update requirements for Agricultural Water Management Plans. The updated draft requirements shall be publicly released by January 10, 2017.

The Department, Water Board and California Public Utilities Commission shall develop methods to ensure compliance with the provisions of this Executive Order, including technical and financial assistance, agency oversight, and, if necessary, enforcement action by the Water Board to address non-compliant water suppliers.

This Executive Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

I FURTHER DIRECT that as soon as hereafter possible, this order be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this order.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 9th day of May 2016.


EDMUND G. BROWN JR.
Governor of California

ATTEST:

ALEX PADILLA
Secretary of State

ADOPTED TEXT OF EMERGENCY REGULATION

Article 22.5. Drought Emergency Water Conservation.

Sec. 863. Findings of Drought Emergency.

(a) The State Water Resources Control Board finds as follows:

(1) On January 17, 2014, the Governor issued a proclamation of a state of emergency under the California Emergency Services Act based on drought conditions;

(2) On April 25, 2014, the Governor issued a proclamation of a continued state of emergency under the California Emergency Services Act based on continued drought conditions;

(3) On April 1, 2015, the Governor issued an Executive Order that, in part, directs the State Board to impose restrictions on water suppliers to achieve a statewide 25 percent reduction in potable urban usage through February, 2016; require commercial, industrial, and institutional users to implement water efficiency measures; prohibit irrigation with potable water of ornamental turf in public street medians; and prohibit irrigation with potable water outside newly constructed homes and buildings that is not delivered by drip or microspray systems;

(4) On November 13, 2015, the Governor issued an Executive Order that directs the State Board to, if drought conditions persist through January 2016, extend until October 31, 2016 restrictions to achieve a statewide reduction in potable usage;

(5) On May 9, 2016, the Governor issued an Executive Order that directs the State Board to adjust and extend its emergency water conservation regulations through the end of January 2017 in recognition of the differing water supply conditions for many communities;

~~(56)~~ The drought conditions that formed the basis of the Governor's emergency proclamations continue to exist; and

~~(67)~~ The drought conditions will likely continue for the foreseeable future and additional action by both the State Water Resources Control Board and local water suppliers will likely be necessary to prevent waste and unreasonable use of water and to further promote conservation.

Authority: Section 1058.5, Water Code.

References: Article X, Section 2, California Constitution; Sections 102, 104, 105, and 275, Water Code; *Light v. State Water Resources Control Board* (2014) 226 Cal.App.4th 1463.

Sec. 864. End-User Requirements in Promotion of Water Conservation.

(a) To prevent the waste and unreasonable use of water and to promote water conservation, each of the following actions is prohibited, except where necessary to address an immediate health and safety need or to comply with a term or condition in a permit issued by a state or federal agency:

(1) The application of potable water to outdoor landscapes in a manner that causes runoff such that water flows onto adjacent property, non-irrigated areas, private and public walkways, roadways, parking lots, or structures;

(2) The use of a hose that dispenses potable water to wash a motor vehicle, except where the hose is fitted with a shut-off nozzle or device attached to it that causes it to cease dispensing water immediately when not in use;

(3) The application of potable water to driveways and sidewalks;

(4) The use of potable water in a fountain or other decorative water feature, except where the water is part of a recirculating system;

(5) The application of potable water to outdoor landscapes during and within 48 hours after measurable rainfall;

(6) The serving of drinking water other than upon request in eating or drinking establishments, including but not limited to restaurants, hotels, cafes, cafeterias, bars, or other public places where food or drink are served and/or purchased;

(7) The irrigation with potable water of ornamental turf on public street medians; and

(8) The irrigation with potable water of landscapes outside of newly constructed homes and buildings in a manner inconsistent with regulations or other requirements established by the California Building Standards Commission and the Department of Housing and Community Development.

(b) To promote water conservation, operators of hotels and motels shall provide guests with the option of choosing not to have towels and linens laundered daily. The hotel or motel shall prominently display notice of this option in each guestroom using clear and easily understood language.

(c) ~~Immediately upon~~ Upon this subdivision taking effect, all commercial, industrial and institutional properties that use a water supply, any portion of which is from a source other than a water supplier subject to section 864.5 or 865 of this article, shall either:

(1) Limit outdoor irrigation of ornamental landscapes or turf with potable water to no more than two days per week; or

(2) Target potable water use reductions commensurate with those required of the nearest urban water supplier under section 864.5 or, if applicable, section 865. Where this option is chosen, these properties shall implement the reductions on or before July 1, 2016.

~~— (2) Reduce potable water usage supplied by sources other than a water supplier by 25 percent for the months of June 2015 through October 2016 as compared to the amount used from those sources for the same months in 2013.~~

(d) The taking of any action prohibited in subdivision (a) or (e), or the failure to take any action required in subdivision (b) or (c), is an infraction punishable by a fine of up to five hundred dollars (\$500) for each day in which the violation occurs. The fine for the infraction is in addition to, and does not supersede or limit, any other remedies, civil or criminal.

(e)(1) To prevent the waste and unreasonable use of water and to promote water conservation, any homeowners' association or community service organization or similar entity is prohibited from:

(A) Taking or threatening to take any action to enforce any provision of the governing documents or architectural or landscaping guidelines or policies of a common interest development where that provision is void or unenforceable under section 4735, subdivision (a) of the Civil Code; or

(B) Imposing or threatening to impose a fine, assessment, or other monetary penalty against any owner of a separate interest for reducing or eliminating the watering of vegetation or lawns during a declared drought emergency, as described in section 4735, subdivision (c) of the Civil Code.

(2) As used in this subdivision:

(A) "Architectural or landscaping guidelines or policies" includes any formal or informal rules other than the governing documents of a common interest development.

(B) "Homeowners' association" means an "association" as defined in section 4080 of the Civil Code.

(C) "Common interest development" has the same meaning as in section 4100 of the Civil Code.

(D) "Community service organization or similar entity" has the same meaning as in section 4110 of the Civil Code.

(E) "Governing documents" has the same meaning as in section 4150 of the Civil Code.

(F) "Separate interest" has the same meaning as in section 4185 of the Civil Code.

(3) If a disciplinary proceeding or other proceeding to enforce a rule in violation of subdivision (e)(1) is initiated, each day the proceeding remains pending shall constitute a separate violation of this regulation.

Authority: Section 1058.5, Water Code.

References: Article X, Section 2, California Constitution; Sections 4080, 4100, 4110, 4150, 4185, and 4735, Civil Code; Sections 102, 104, 105, 275, 350, and 10617, Water Code; *Light v. State Water Resources Control Board* (2014) 226 Cal.App.4th 1463.

Sec. 864.5. Self-Certification of Supply Reliability for Three Additional Years of Drought.

(a) To prevent the waste and unreasonable use of water and to meet the requirements of the Governor's May 9, 2016 Executive Order, each urban water supplier shall:

(1) Identify and report no later than June 22, 2016, on a form provided by the Board, the conservation standard that the supplier will be required to meet under this section;

(2) Identify and report no later than June 22, 2016, on a form provided by the Board, the data and underlying analysis relied upon by the supplier to determine the conservation standard reported pursuant to this subdivision including, but not limited to identification of each source of supply the supplier intends to rely on and the quantity of water available under that source of supply given the assumptions of this section;

(3) Certify, no later than June 22, 2016, that the conservation standard reported pursuant to this subdivision is based on the information and assumptions identified in this section;

(4) Post, within two weeks of submittal to the board, the data and underlying analysis relied upon by the supplier to determine the conservation standard reported pursuant to this subdivision to a publicly-accessible webpage; and

(5) Beginning June 1, 2016, reduce its total potable water production by the percentage identified as its conservation standard in this section each month, compared to the amount used in the same month in 2013.

(b) Each urban water supplier's conservation standard pursuant to this section shall be the percentage by which the supplier's total potable water supply is insufficient to meet the total potable water demand in the third year after this section takes effect under the following assumptions:

(1) The next three years' precipitation is the same as it was in water years 2013-2015;

(2) No temporary change orders that increase the availability of water to any urban water supplier are issued in the next three years;

(3) The supplier's total potable water demand for each of the next three years will be the supplier's average annual total potable water production for the years 2013 and 2014;

(4) The supplier's total potable water supply shall include only water sources of supply available to the supplier that could be used for potable drinking water purposes;

(5) Each urban water supplier's conservation standard shall be calculated as a percentage and rounded to the nearest whole percentage point.

(c) The Board will reject conservation standards that do not meet the requirements of this section.

(d) Beginning June 1, 2016, each urban water supplier shall comply with the conservation standard it identifies and reports pursuant to this section.

(e) Compliance with the conservation standard reported pursuant to this section shall be measured monthly and assessed on a cumulative basis through January 2017.

(f) If a wholesaler and all of its urban water supplier customers agree, in a legally-binding document, those suppliers and wholesaler may submit to the board, in lieu of the individualized self-certified conservation standard applicable pursuant to section 864.5 or section 865, an aggregated conservation standard, with all supporting documentation required for individualized self-certified conservation standards by section 864.5.

(g) Each urban water wholesaler shall calculate, to the best of its ability, and no later than June 15, 2016, the volume of water that it expects it would deliver to each urban water supplier in each of the next three years under the assumptions identified in subdivision (b), and post that calculation, and the underlying analysis, to a publicly-accessible webpage.

(h) Submitting any information pursuant to this section that the person who submits the information knows or should have known is materially false is a violation of this regulation, punishable by civil liability of up to five hundred dollars (\$500) for each day in which the violation occurs. Every day that the error goes uncorrected constitutes a separate violation. Civil liability for the violation is in addition to, and does not supersede or limit, any other remedies, civil or criminal.

(i) Any urban water supplier that does not comply with this section shall comply with the applicable conservation standard identified in section 865.

Authority: Section 1058.5, Water Code.

References: Article X, Section 2, California Constitution; Sections 102, 104, 105, 275, 350, 1846, 10617 and 10632, Water Code; *Light v. State Water Resources Control Board* (2014) 226 Cal.App.4th 1463.

Sec. 865. Mandatory Actions by Water Suppliers.

(a) As used in this ~~section~~article:

(1) “Distributor of a public water supply” has the same meaning as under section 350 of the Water Code, except it does not refer to such distributors when they are functioning solely in a wholesale capacity, but does apply to distributors when they are functioning in a retail capacity.

(2) “R-GPCD” means residential gallons per capita per day.

(3) “Total potable water production” means all potable water that enters into a water supplier’s distribution system, excluding water placed into storage and not withdrawn for use during the reporting period, or water exported outside the supplier’s service area.

(4) “Urban water supplier” means a supplier that meets the definition set forth in Water Code section 10617, except it does not refer to suppliers when they are functioning solely in a wholesale capacity, but does apply to suppliers when they are functioning in a retail capacity.

(5) “Urban water wholesaler” means a wholesaler of water to more than one urban water supplier.

(6) “Water year” means the period from October 1 through the following September 30. Where a water year is designated by year number, the designation is by the calendar year number in which the water year ends.

(b) In furtherance of the promotion of water conservation each urban water supplier shall:

(1) Provide prompt notice to a customer whenever the supplier obtains information that indicates that a leak may exist within the end-user’s exclusive control.

(2) Prepare and submit to the State Water Resources Control Board by the 15th of each month a monitoring report on forms provided by the Board. The monitoring report shall include the amount of potable water the urban water supplier produced, including water provided by a wholesaler, in the preceding calendar month and shall compare that amount to the amount produced in the same calendar month in 2013. The monitoring report shall specify the population served by the urban water supplier, the percentage of water produced that is used for the residential sector, descriptive statistics on water conservation compliance and enforcement efforts, the number of days that outdoor irrigation is allowed, and monthly commercial, industrial and institutional sector use. The monitoring report shall also estimate the gallons of water per person per day used by the residential customers it serves.

(c)(1) To prevent the waste and unreasonable use of water and to meet the requirements of the Governor’s ~~November 13, 2015~~May 9, 2016 Executive Order, each urban water supplier that fails to identify a conservation standard as required under section 864.5, or that has a conservation standard rejected by the Board under section

864.5, shall reduce its total potable water production by the percentage identified as its conservation standard in this ~~subdivision~~section. Each urban water supplier's conservation standard considers its service area's relative per capita water usage.

~~(2) Each urban water supplier whose source of supply does not include groundwater or water imported from outside the hydrologic region in which the water supplier is located, and that has a minimum of four years' reserved supply available, may submit to the Executive Director for approval a request that, in lieu of the reduction that would otherwise be required under paragraphs (3) through (10), the urban water supplier shall reduce its total potable water production by 4 percent for each month as compared to the amount used in the same month in 2013. Any such request shall be accompanied by information showing that the supplier's sources of supply do not include groundwater or water imported from outside the hydrologic region and that the supplier has a minimum of four years' reserved supply available.~~

(32) Each urban water supplier whose average July-September 2014 R-GPCD was less than 65 shall reduce its total potable water production by 8 percent for each month as compared to the amount used in the same month in 2013.

(43) Each urban water supplier whose average July-September 2014 R-GPCD was 65 or more but less than 80 shall reduce its total potable water production by 12 percent for each month as compared to the amount used in the same month in 2013.

(54) Each urban water supplier whose average July-September 2014 R-GPCD was 80 or more but less than 95 shall reduce its total potable water production by 16 percent for each month as compared to the amount used in the same month in 2013.

(65) Each urban water supplier whose average July-September 2014 R-GPCD was 95 or more but less than 110 shall reduce its total potable water production by 20 percent for each month as compared to the amount used in the same month in 2013.

(76) Each urban water supplier whose average July-September 2014 R-GPCD was 110 or more but less than 130 shall reduce its total potable water production by 24 percent for each month as compared to the amount used in the same month in 2013.

(87) Each urban water supplier whose average July-September 2014 R-GPCD was 130 or more but less than 170 shall reduce its total potable water production by 28 percent for each month as compared to the amount used in the same month in 2013.

(98) Each urban water supplier whose average July-September 2014 R-GPCD was 170 or more but less than 215 shall reduce its total potable water production by 32 percent for each month as compared to the amount used in the same month in 2013.

~~(109)~~ Each urban water supplier whose average July-September 2014 R-GPCD was 215 or more shall reduce its total potable water production by 36 percent for each month as compared to the amount used in the same month in 2013.

(d)(1) Beginning June 1, 2015, each urban water supplier that does not submit a self-certification in compliance with section 864.5 shall comply with the conservation standard specified in subdivision (c), with any modifications to the conservation standard pursuant to subdivision (f) applying beginning March 1, 2016.

(2) Compliance with the requirements of this subdivision shall be measured monthly and assessed on a cumulative basis through ~~October 2016~~January 2017.

(e)(1) Each urban water supplier that provides potable water for commercial agricultural use meeting the definition of Government Code section 51201, subdivision (b), may subtract the amount of water provided for commercial agricultural use from its

potable water production total, provided that any urban water supplier that subtracts any water provided for commercial agricultural use from its total potable water production shall:

(A) Impose reductions determined locally appropriate by the urban water supplier, after considering the applicable urban water supplier conservation standard specified in subdivision (c), for commercial agricultural users meeting the definition of Government Code section 51201, subdivision (b) served by the supplier;

(B) Report its total potable water production pursuant to subdivision (b)(2) of this section, the total amount of water supplied for commercial agricultural use, and shall identify the reduction imposed on its commercial agricultural users and each recipient of potable water for commercial agricultural use;

(C) Certify that the agricultural uses it serves meet the definition of Government Code section 51201, subdivision (b); and

(D) Comply with the Agricultural Water Management Plan requirement of paragraph 12 of the April 1, 2015 Executive Order for all commercial agricultural water served by the supplier that is subtracted from its total potable water production.

(2) Submitting any information pursuant to subdivision (e)(1)(B) or (C) of this section that is found to be materially false by the Board is a violation of this regulation, punishable by civil liability of up to five hundred dollars (\$500) for each day in which the violation occurs. Every day that the error goes uncorrected constitutes a separate violation. Civil liability for the violation is in addition to, and does not supersede or limit, any other remedies, civil or criminal.

(f) In consideration of the differences in climate affecting different parts of the state, growth experienced by urban areas and significant investments that have been made by some suppliers towards creating new, local, drought-resilient sources of potable water supply, an urban water supplier's conservation standard identified in subdivision (c) shall be reduced by an amount, not to exceed eight (8) percentage points total, as follows:

(1) For an urban water supplier whose service area evapotranspiration (ET_o) for the months of July through September exceeds the statewide average evapotranspiration, as determined by the Board, for the same months by five (5) percent or more, the supplier's conservation standard identified in subdivision (c) shall be reduced:

(A) By two (2) percentage points if the supplier's service area evapotranspiration exceeds the statewide average by five (5) percent or more but less than ten (10) percent;

(B) By three (3) percentage points if the supplier's service area evapotranspiration exceeds the statewide average by ten (10) percent or more but less than twenty (20) percent;

(C) By four (4) percentage points if the supplier's service area evapotranspiration exceeds the statewide average by twenty (20) percent or more.

(D) Statewide average evapotranspiration is calculated as the arithmetic mean of all urban water suppliers' service area default evapotranspiration values for the months of July through September. Default service area evapotranspiration will be based on the California Irrigation Management System (CIMIS) ET_o Zones Map zone for which the supplier's service area has the greatest area of overlap. In lieu of applying its default service area evapotranspiration, a supplier may use specific data from CIMIS stations within its service area that have at least a five-year period of record, or a three year continuous period of record, to identify a more specifically-applicable evapotranspiration

for its service area. If no CIMIS station exists within the supplier's service area, a weather station of comparable accuracy, meeting the preceding period of record requirements, may be used. To qualify for the in-lieu climate adjustment, the supplier shall submit the following data to the Board by March 15, 2016 for each station: station ID; station location; and monthly average evapotranspiration, in inches per month, for July, August, and September for either the five-year period of record or the three-year continuous period of record.

(2) To account for water efficient growth experienced in the state since 2013, urban water suppliers' conservation standards shall be reduced by the product of the percentage change in potable water production since 2013 and the percentage reduction in potable water use required pursuant to subdivision (c), rounded to the nearest whole percentage point. Change in potable water production since 2013 shall be calculated as the sum of the following:

(A) The number of additional permanent residents served since January 1, 2013, multiplied by the average residential water use per person for that supplier's service area during the months of February through October, 2015, in gallons; and

(B) The number of new commercial, industrial and institutional connections since January 1, 2013, multiplied by the average commercial, industrial and institutional water use per connection for that supplier's service area during the months of February through October, 2015, in gallons.

(C) To qualify for the growth credit the supplier shall submit to the Board the following data by March 15, 2016: the number of additional permanent residents served since January 1, 2013 and the number of new commercial, industrial and institutional connections since January 1, 2013.

(3) For an urban water supplier that supplies, contracts for, or otherwise financially invests in, water from a new local, drought-resilient source of supply, the use of which does not reduce the water available to another legal user of water or the environment, the conservation standard identified in subdivision (c) shall be reduced:

(A) By one (1) percentage point if the supplier's qualifying source of supply is one (1) percent or more but less than two (2) percent of the supplier's total potable water production;

(B) By two (2) percentage points if the supplier's qualifying source of supply is two (2) percent or more but less than three (3) percent of the supplier's total potable water production;

(C) By three (3) percentage points if the supplier's qualifying source of supply is three (3) percent or more but less than four (4) percent of the supplier's total potable water production;

(D) By four (4) percentage points if the supplier's qualifying source of supply is four (4) percent or more but less than five (5) percent of the supplier's total potable water production;

(E) By five (5) percentage points if the supplier's qualifying source of supply is five (5) percent or more but less than six (6) percent of the supplier's total potable water production;

(F) By six (6) percentage points if the supplier's qualifying source of supply is six (6) percent or more but less than seven (7) percent of the supplier's total potable water production;

(G) By seven (7) percentage points if the supplier's qualifying source of supply is seven (7) percent or more but less than eight (8) percent of the supplier's total potable water production;

(H) By eight (8) percentage points if the supplier's qualifying source of supply is eight (8) percent or more of the supplier's total potable water production.

(I) To qualify for this reduction the supplier must certify, and provide documentation to the Board upon request demonstrating, the percent of its total potable water production that comes from a local, drought-resilient source of supply developed after 2013, the supplier's investment in that local, drought-resilient source of supply, and that the use of that supply does not reduce the water available to another legal user of water or the environment. To qualify for this reduction an urban water supplier shall submit the required certification to the Board by March 15, 2016.

(J) Certifications that do not meet the requirements of subdivision (f)(3)(I), including certifications for which documentation does not support that the source of supply is a local, drought-resilient source of supply, the use of which does not reduce the water available to another legal user of water or the environment, will be rejected. Submitting a certification or supporting documentation pursuant to subdivision (f)(3)(I) that is found to be materially false by the Board is a violation of this regulation, punishable by civil liability of up to five hundred dollars (\$500) for each day in which the violation occurs. Every day that the error goes uncorrected constitutes a separate violation. Civil liability for the violation is in addition to, and does not supersede or limit, any other remedies, civil or criminal.

(4) No urban water supplier's conservation standard pursuant to this section shall drop below eight (8) percent as a consequence of the reductions identified in this subdivision. ~~No reduction pursuant to this subdivision shall be applied to any urban water supplier whose conservation standard is four (4) percent based on subdivision (e)(2).~~

~~(g)(4)~~ To prevent waste and unreasonable use of water and to promote water conservation, each distributor of a public water supply that is not an urban water supplier shall ~~take one or more of the following actions:~~

(1) Provide prompt notice to a customer whenever the supplier obtains information that indicates that a leak may exist within the end-user's exclusive control; and

~~——— (A) Limit outdoor irrigation of ornamental landscapes or turf with potable water by the persons it serves to no more than two days per week; or~~

~~——— (B) Reduce by 25 percent its total potable water production relative to the amount produced in 2013.~~

~~(2) Each distributor of a public water supply that is not an urban water supplier shall submit~~ Submit a report by ~~September~~ December 15, 2016, on a form provided by the Board, that ~~either confirms compliance with subdivision (g)(1)(A) or identifies total~~ potable water production, by month, from December, 2015 through ~~August~~ November, 2016, ~~and total potable water production, by month, for the same months in 2013, and~~ any actions taken by the supplier to encourage or require its customers to conserve water.

Authority: Section 1058.5, Water Code.

References: Article X, Section 2, California Constitution; Sections 102, 104, 105, 275, 350, 1846, 10617 and 10632, Water Code; *Light v. State Water Resources Control Board* (2014) 226 Cal.App.4th 1463.

Sec. 866. Additional Conservation Tools.

(a)(1) To prevent the waste and unreasonable use of water and to promote conservation, when a water supplier does not meet its conservation standard required by section 864.5 or section 865 the Executive Director, or the Executive Director's designee, may issue conservation orders requiring additional actions by the supplier to come into compliance with its conservation standard.

(2) A decision or order issued under this article by the Board or an officer or employee of the Board is subject to reconsideration under article 2 (commencing with section 1122) of chapter 4 of part 1 of division 2 of the Water Code.

(b) The Executive Director, or his designee, may issue an informational order requiring water suppliers, or commercial, industrial or institutional properties that receive any portion of their supply from a source other than a water supplier subject to section 864.5 or 865, to submit additional information relating to water production, water use or water conservation. The failure to provide the information requested within 30 days or any additional time extension granted is a violation subject to civil liability of up to \$500 per day for each day the violation continues pursuant to Water Code section 1846.

(c) Orders issued under previous versions of this ~~subdivision~~section shall remain in effect and shall be enforceable as if adopted under this version. Changes in the requirements of this article do not operate to void or excuse noncompliance with orders issued before those requirements were changed.

Authority: Section 1058.5, Water Code.

References: Article X, Section 2, California Constitution; Sections 100, 102, 104, 105, 174, 186, 187, 275, 350, 1051, 1122, 1123, 1825, 1846, 10617 and 10632, Water Code; *Light v. State Water Resources Control Board* (2014) 226 Cal.App.4th 1463.



Reference	Type of Action	Board Meeting of
Administrative Services Manager	Receive Report and Provide Direction	June 7, 2016
Subject		
Consideration of Conditional Temporary Infrastructure Charge (TIC) Repayment for FYE 2016 – Water Expansion Fund Management		
<input type="checkbox"/> Motion	<input type="checkbox"/> Minute Order	<input type="checkbox"/> Resolution
<input type="checkbox"/> Ordinance	<input type="checkbox"/> Informational	<input type="checkbox"/> Other
REPORT:	<input checked="" type="checkbox"/> Verbal	<input type="checkbox"/> Presentation
	<input checked="" type="checkbox"/> Staff	J. Archer
		<input type="checkbox"/> Board Member

Recommendation:

In accordance with the Water Expansion Fund Management policy (P400-14-1), the Administrative Services Manager will provide a report to the Board of Directors. Staff recommends that no Temporary Infrastructure Charge (TIC) repayment be made in FYE 2016 (Staff Report option #1).

Summary:

On March 4, 2014 the Board adopted the Water Expansion Fund Management policy. The policy established the prioritization of obligations for the Water Expansion Fund (Fund). The Temporary Infrastructure Charge (TIC) was the result of ratepayers' contributions of \$8.2M toward debt incurred to develop potable and recycled water facilities to serve growth in the District. As of May 31, 2016, \$4.212M of that amount has been "repaid," leaving \$3.994M still to be addressed. Although the policy called for the conditional repayment of the TIC as Priority VI, it also directed staff to annually evaluate the Fund's working capital balance, starting in FYE 2014, to determine whether all, some or none of the TIC should be repaid based on the following criteria:

- Conditionally repay the TIC provided that other obligations of the Fund have been and can continue to be satisfied.
- Projected Fund balances should be at or above target levels based on development as planned scenario for the ensuing three-year period.
- Projected Fund balances should be no more than 15% below Fund target level based on development as planned scenario during years four through ten and in no more than one such year.
- Projected Fund balances should never be negative under the stressed development scenario (60% of the planned development after three years).
- The amount to be transferred from the Water Expansion Fund to the Water Rate Stabilization Fund will be determined so that the above policy criteria are satisfied.
- The transfer amount is not to be budgeted but is to be decided each year.
- The approach is guidance and shall not be binding and would only be done upon approval by the Board of Directors.

Committee Review			Legal Review	Staff Review		
COMMITTEE ---	DATE ---	RECOMMENDATION ---	Not Required	ORIGINATOR J. Archer	DEPARTMENT Admin Services	REVIEWED BY
ATTACHMENTS <input type="checkbox"/> None						
<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	<input type="checkbox"/> Funding Source A. Water Expansion Fund (Fund 620)		Attachments to S&R			

STAFF REPORT

BOARD OF DIRECTORS

June 07, 2016



Water Expansion Fund Management Policy – Conditional TIC Repayment

BACKGROUND

On March 4, 2014, the Board adopted the *Water Expansion Fund Management* policy (P400-14-1). The policy established the prioritization of obligations for the Water Expansion Fund (Fund). There are six items that represent financial obligations of the Water Expansion Fund ranked in order of priority. (See below)

The Temporary Infrastructure Charge (TIC) was the result of ratepayer's contributions of \$8.2M towards debt incurred to develop potable and recycled water facilities to serve growth in the District. As of May 31, 2016, \$4.212M of that amount has been "repaid," leaving \$3.994 still to be addressed. Although the policy called for the conditional repayment of the TIC as Priority VI, it also directed staff, beginning in FYE 2014, to annually evaluate the Fund's working capital balance, to determine whether all, some or none of the TIC should be repaid.

DISCUSSION

Staff has reviewed the activity in the Fund, updated the preliminary working capital balance as of June 30, 2015 and projected activity through the end of FYE 2025. The attached presentation is in the same format as presented to the Board in previous years.

Per the Water Expansion Fund Management policy, repayment will be determined based on the following criteria:

- Conditionally repay the TIC provided that other obligations of the Fund have been and can continue to be satisfied.
- Projected Fund balances should be at or above target levels based on development as planned scenario for the ensuing three-year period.
- Projected Fund balances should be no more than 15% below fund target level based on development as planned scenario during years four through ten and in no more than one such year.
- Projected Fund balances should never be negative under the stressed development scenario (60% of the planned development after 3 years).
- The amount to be transferred from the Water Expansion Fund to the Water Rate Stabilization Fund will be determined so that the above policy criteria are satisfied.
- The transfer amount is not to be budgeted but is to be decided each year.

- The approach is guidance and shall not be binding and would only be done upon approval by the Board of Directors.

Future connections are based on the Draft 2016 Water Capacity Reserve Fee Report (final approval is scheduled for June 21, 2016). The Capital Improvements Program (CIP) and projected future connections were also evaluated as part of the completion of the Water Master Plan Update.

Please note that revenue was adjusted for consideration of obtaining approximately \$20M in loans to offset capital spending in the DERWA Recycled Water Plant Project and the project for the improvements to increase water supply. It should be noted that the current Water Capacity Reserve Fee includes the impact of a loan for the upgrades of the DERWA recycled water. Borrowing approximately \$10 million related to the Improvement of Future Potable Reuse project would be added to the next study once the project is further developed. It should be noted that the primary factor in declining Water Expansion Fund balances is the prioritization of key recycled water expansion projects. The upgrades of the DERWA recycled water production facilities total \$9.6 million over a three-year period. The West Dublin Recycled Water Extension utilizes over \$2 million of Water Expansion funds. Costs for the Phase 2 Improvement of Future Potable Reuse project expends \$10M of the Water Expansion funds. Storage improvement costs to construct two (2) new reservoirs totaling over \$15M are scheduled between FYE 2017 and FYE 2021.

Staff has prepared a Planned Development Scenarios through FYE 2025. The analysis was prepared using no assumed TIC repayment. Based on the assumptions previously used and no TIC repayment the reports show the following:

- Analysis of the Planned Development Scenario, Attachment 1, shows the Fund will remain at or above policy minimums in FYE 2016 and FYE 2017 and from FYE 2022 through FYE 2025. While the budget in FYE 2017 is 92% of the minimum, after consideration of the mid-cycle-budget adjustments to the 10-year CIP that shifted CIP projects out, the projected working capital balance is above the minimum.
- FYE 2018 through FYE 2021 shows the Fund falling below the minimum at 60%, 48%, 77% and 65% respectively, due to multiple capital projects causing higher than normal capital spending and higher minimum targets.
- Increased capital spending in aggregate of \$32.86M within the 4-year span (FYE 2018 through FYE 2021) causes the Fund to be well below minimum reserve requirements. However, the decrease is temporary, and the Fund once again exceeds the reserve policy in FYE 2022 through FYE 2025.
- Notwithstanding nonconformance to the Minimum Reserve Policy, the Fund retains a positive fund balance and maintains a substantial working capital throughout the 10-year plan.

The minimum target levels in FYE 2018-2021 are well below the minimum allowable target and would not allow for repayment of the TIC in accordance with the terms of this board policy. Some other considerations:

1. It should be noted that based on current projections, funds to repay the TIC will be available in years 2022 and beyond. The reality is that that may be appropriate timing to increase funding to the Replacement and Improvement fund, which would benefit from the transfer of funds at that time.
2. There has been some concern over time that the TIC will be “forgotten” if not repaid. That will not happen as the Board has memorialized this debt with this very policy that requires annual evaluation of the repayment. In addition, the amount is also included in the current Water Capacity Reserve Fee, which lists the amount as a specific debt of the Water Expansion Fund.

There are three (3) options for addressing the FYE 2016 TIC repayment:

1. Direct staff to comply with terms of the policy as written and make zero TIC repayment in FYE 2016.
2. Direct staff to make a transfer to the Water Rate Stabilization Fund as a partial TIC repayment for FYE 2022, in an amount the Board deems appropriate. Acknowledge that the Policy guideline will not be met without significant project deferrals. While, the presented development plans do not meet all policy targets; fund balances are deemed sufficient to support this payment. Staff does not recommend this option.
3. Direct staff to make project deferrals such that Capital spending is more allocated to the future to allow some TIC repayment in the current FYE 2016 and return to the Board at a future date for further direction. Staff does not recommend taking this action at this time. Rather, changing the timing of capital projects should be addressed comprehensively with the development of the updated 10-Year Capital Improvement Plan scheduled for 2017.

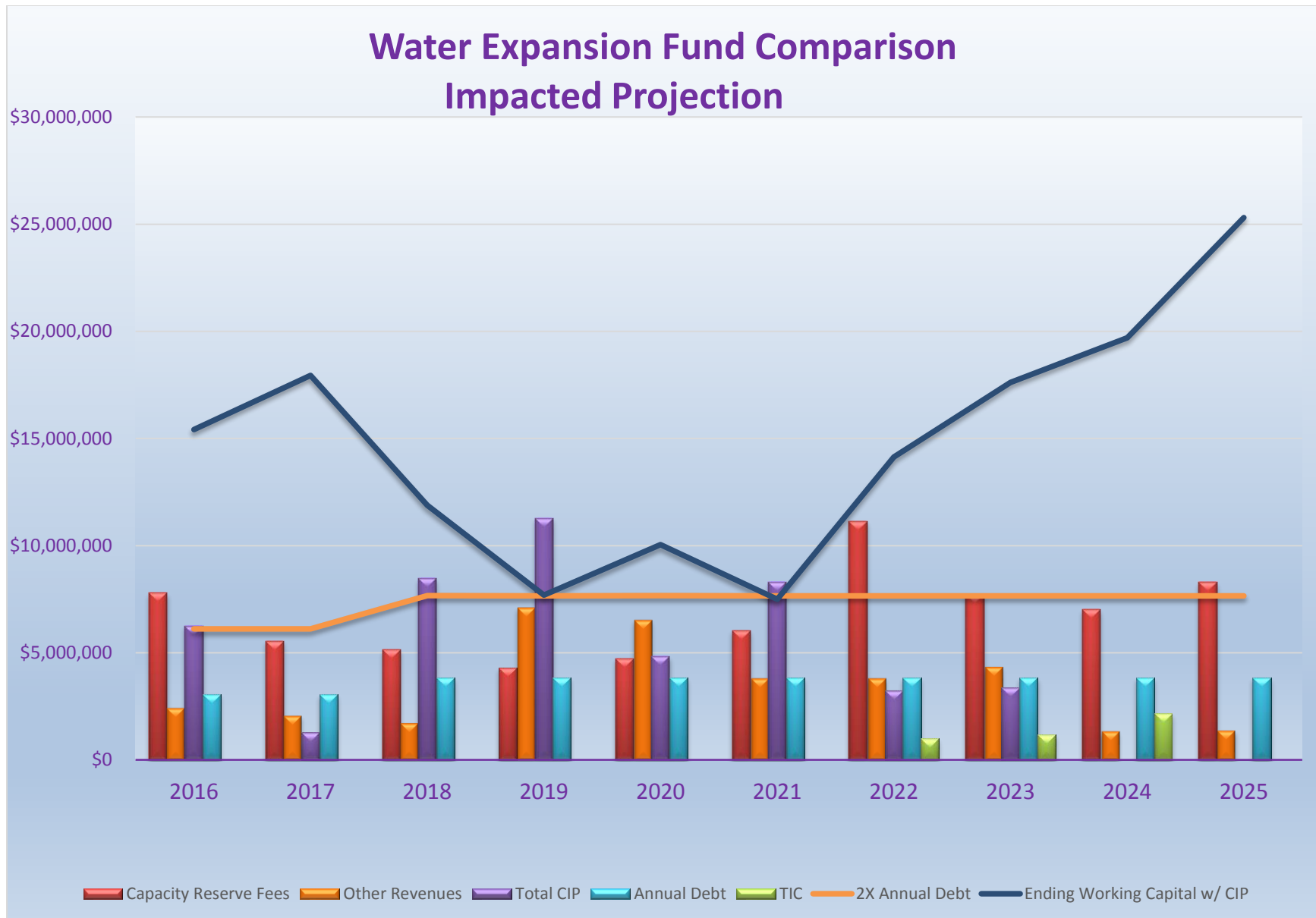
RECOMMENDATION

Based on the projected fund balances through FYE 2025, staff recommends Option 1 above and that no TIC repayment be made in FYE 2016. The other options discussed above should only be considered after a comprehensive update of the Ten-Year CIP in 2017 (as scheduled).

Attachments:

1. Planned Development Scenario
2. Graph
3. Water Expansion Fund Management Policy P400-14-1

DEVELOPMENT AS PLANNED SCENARIO				
	Base		Water Expansion Fund Management Policy Priorities	
Case	<i>Budget as Accepted</i>	<i>Cash Flows as Adjusted (Beginning Fund Balance and "CPI")</i>	<i>Priorities I through V Satisfied</i>	<i>Priority VI - FYE16 \$0.00 TIC Repayment</i>
Policy Criteria for Development as Planned Scenario				
At or Above Targets for First Three Years				
Funds below 15% Below Targets				
No more than 15% Below Target for Years 4 to 10				
Percent of Minimum				
FYE 2016	101%	214%	205%	205%
FYE 2017	92%	198%	184%	184%
FYE 2018	176%	70%	60%	60%
FYE 2019	233%	61%	48%	48%
FYE 2020	155%	93%	77%	77%
FYE 2021	297%	84%	65%	65%
FYE 2022	401%	261%	228%	213%
FYE 2023	507%	576%	518%	460%
FYE 2024	368%	689%	630%	515%
FYE 2025	166%	837%	778%	661%
In Conformance with Water Expansion Fund Management Policy				
NOT in Conformance with Water Expansion Fund Management Policy				





POLICY

Dublin San Ramon Services District

Policy No.:	P400-14-1	Type of Policy:	Finance
Policy Title:	Water Expansion Fund Management		
Policy Description:	The obligations of the Water Expansion Fund are to be prioritized according to the direction provided in this policy		
Approval Date:	March 4, 2014	Last Review Date:	2014
Approval Resolution No.:	13-14	Next Review Date:	2018
Rescinded Resolution No.:	N/A	Rescinded Resolution Date:	N/A

It is the Policy of the Board of Directors of Dublin San Ramon Services District that the obligations of the Water Expansion fund (Fund) are to be prioritized according to the direction provided in this policy:

BACKGROUND, DEFINITIONS AND BASIS FOR POLICY

The District's Water Expansion fund is dedicated to paying for the expansion of water facilities to serve growth (and to pay a share of debt related to facilities that have been already built to serve growth). The facilities funded by the Water Expansion fund were required to be built well in advance of the projected development and resultant capacity fee revenue required to pay for the facilities. The District secured funding for these projects in a variety of manners – traditional debt via the capital markets, loans from the State and advances in the form of developer construction or debts to be repaid by future connection revenue to be received over many years.

This fund remains one of the most critically funded of the various funds maintained by the District. The Water Expansion fund would have depleted its working capital in FYE 2010 had the District not taken the unprecedented step of instituting a Temporary Infrastructure Charge, as well as administratively suspending several “credit against fee” arrangements with developers. In the intervening years, the Board has taken various actions to significantly strengthen the Fund (refinanced District and some JPA debt and delayed many capital expenditures) so that, at the moment, the Fund has a working capital balance that meets debt covenants and Board established policy targets.

The Water Expansion fund faces a number of ongoing “issues” that will have a material bearing on the fund balance. How these issues are handled and their priority for resolution is critical to being able to

manage the Fund in accordance with the Financial Reserve policy. It should be noted that this Water Expansion Fund Management policy is intended to be used in conjunction with the Financial Reserves policy for setting of targeted fund levels and is intended to ensure compliance with that primary policy. Also, in no way is this policy intended to supersede the District obligations in its various indentures and loans documents.

FUND MANAGEMENT ISSUES

While a number of emerging issues have already been resolved, a listing and brief explanation of those issues which continue to have impact on the Water Expansion fund are as follows:

- **Windemere BLC Closeout** Windemere BLC is one of the two organizations having major interests in the Dougherty Valley. Their portion of that development is now essentially complete. The District and Windemere BLC entered into a development agreement under which Windemere BLC directly funded some of the major infrastructure for the District of a size sufficient for the then-planned level of development. The District was obligated to provide credits to Windemere BLC for their capacity right payments in accordance with the development agreement. That agreement is now being closed out and it has become apparent that the process for extending the credits was not precisely followed in all instances due to the complexity associated with that project.
- **Other Reimbursements** The District has entered into development agreements with various other developers. These include Shapell / Lin and Pinn Brothers¹. The projects associated with those agreements have not yet been completed so the agreements are still active. The agreements allow the District, at its discretion, to administratively suspend providing credits against payments for capacity rights when the Water Expansion Fund's balance is insufficient. The credits were suspended in FYE 2010 and have remained suspended. The District has been asked to resume the crediting program. Doing so will affect future cash flows in that the connection fees received from those developments will be about fifty percent of the full price until the reimbursement amounts are fully satisfied. The recent Code revision to make payments for capacity rights payable at building permit also had the effect of deferring the crediting of these reimbursements.
- **Regional Wastewater Disposal Credits for Recycling** Given the size of the District's current and Pleasanton's planned recycled water programs, there is some degree of recycling that occurs year-round. Year-round recycling benefits the Wastewater Enterprise fund which is approximately 3 mgd short of the disposal capacity needed for build-out of the general plans of Dublin, San Ramon and Pleasanton. That deficiency arose when the District abandoned² its indirect potable reuse project (Clean Water Revival) in the face of litigation initiated by Pleasanton and Zone 7. Very preliminary analyses indicate that the value to the District's Water Expansion fund would be approximately \$1.0M. This value would arise as a transfer

¹ Pinn Brothers is no longer in business; their interest is now with Tralee.

² Per Board Policy P300-11-1 (Operations) adopted by Resolution No. 56-11

from the Regional Expansion fund to the Water Expansion fund (in essence a “purchase” of the winter time disposal capacity that is embedded in the recycled water programs).

- **New Water Master Plan** The District’s Water Master Plan dates to 2005. Best practice is that master plans should be reviewed and updated every five years to keep them current. The District’s Water Master Plan was scheduled to be updated in FYE 2010. That effort was deferred at that time in response to the then reeling economy. The balance in the Water Expansion Fund in future years are heavily driven by anticipated CIP capital expenditures. The District’s Water Master Plan, which at the time represented a 15-year planning horizon, is out of date and does not project beyond FYE 2021. Funding is provided in the CIP for an update to the Water Master Plan. Earlier, more or larger facilities will affect the Fund. Later, fewer or smaller facilities will improve the Fund’s health. The update to the Water Master Plan is scheduled to be initiated in the second half of FYE 2014 and be completed in FYE 2015. The impact of the “updated Water Master Plan issue” is difficult to predict at the present time³ and is the single most critical piece of information needed to analyze the long-term health of the Water Expansion fund.
- **“Repayment” of Temporary Infrastructure Charge** During the four fiscal years during which the Temporary Infrastructure Charge was in place, the District ratepayers contributed \$8.2M towards obligations that were properly the responsibility of new growth. As of the date of adoption of this policy, \$3.3M of that amount has been “repaid,” leaving \$4.9M still to be addressed.

FUND MANAGEMENT GUIDELINES

Fund Management Guidelines in the following priority order:

- Priority I. **Pay Bonds, Meet Terms of Debt Covenants and Maintain Reserves** Payment of debt obligations and ensuring compliance with contractual debt covenants is a primary concern. It is a priority not only that funds be available to make all scheduled debt payments, but that the District comply with all contractual debt covenants including reserve and coverage ratios.
- Priority II. **Fund Approved CIP Expenditures** Undertake projects in furtherance of the Mission of the District to provide a safe, reliable water supply for the communities it serves and do so in accordance with the Board approved Capital Improvement Budget, including proceeding with the Water Master Plan in Fiscal Year Ending 2014 and Fiscal Year Ending 2015 CIP as approved by the Board in the Capital Improvement Budget.

³ It is anticipated that costs will go up for the anticipated facilities for inflationary reasons and that perhaps one additional water reservoir may be needed as driven by development at Camp Parks. Tempering this may be a slower pace needed for the facilities given the slow-down in building that has occurred over the last several years and which is expected to continue (at least as compared to the 2005-era pace of development).

- Priority III. **Windemere BLC Closeout** Equitable close-out the reimbursement agreement with Windemere BLC in general accordance with direction given by the Board.
- Priority IV. **Other Reimbursements** Conditionally, un-suspend the reimbursements to developers with whom the District has other reimbursement agreements. The need to re-impose suspension shall be considered annually at the start of each fiscal year when analyzing the fund status and development projections.
- Priority V. **Regional Wastewater Disposal Credits for Recycling** Equitably, ensure that the Regional fund contributes toward the cost of the District and Pleasanton's recycled water programs in an amount that is related to the benefit those recycled water programs provide to the Water Expansion fund because of the recycled water program's year round recycling in general accordance with the prior direction given by the Board.
- Priority VI. **Conditional TIC Repayment** Equitably reimburse District ratepayers for obligations that were properly the responsibility of new growth and that were paid for by ratepayers through the imposition of the Temporary Infrastructure Charge (TIC). The repayment shall be done in accordance with the following principles until the outstanding amount is satisfied:
- A. Conditionally repay the TIC provided that the priorities above have been satisfied.
 - B. At the end of each fiscal year, commencing with FYE 2014, the Board will review the Water Expansion fund balance and any surplus for the fiscal year. Based on the Board's assessment of the projected health of the Water Expansion fund over the ensuing ten-year period, the Board will use its best business judgment to repay all, some or none of the TIC each year in consideration of the following parameters:
 - a. Board established financial policies;
 - b. Fund balances as compared to fund reserve targets are the key decision making tool;
 - c. Contractual obligations;
 - d. District's infrastructure needs;
 - e. Projected fund balances should be at or above target levels based on development as planned scenario for the ensuing three-year period;
 - f. Projected fund balances should be no more than 15% below fund target level during years 4 through 10 and in no more than one such year; and
 - g. Projected fund balances should never be negative under the stressed development scenario (60% of the planned development after 3 years).
 - C. An amount as decided above will be transferred from the Water Expansion fund to the Water Rate Stabilization fund. It is the intent to keep that amount in the Rate Stabilization fund, only to be used should Water Expansion fund balances

drop, so as to offset, as much as possible, any potential need for the re-imposition of a TIC.

- D. The transfer amount would not be budgeted but is to be decided each year.
- E. This approach is guidance and shall not be binding and would only be done provided the targeted Fund balance can be maintained as described herein and upon approval by the Board of Directors.



Reference Administrative Services Manager	Type of Action Adopt Revised Policy	Board Meeting of June 7, 2016
Subject Adopt Revised Rate Policies and Guidelines Policy and Rescind Resolution No. 38-12		
<input type="checkbox"/> Motion	<input type="checkbox"/> Minute Order	<input checked="" type="checkbox"/> Resolution
<input 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	J. Archer	<input type="checkbox"/> Board Member

Recommendation:

Staff recommends the Board of Directors adopt, by Resolution, the revised Rate Policies and Guidelines policy and rescind Resolution No. 38-12.

Summary:

The Rate Policies and Guidelines policy was most recently adopted by the Board on August 21, 2012. This policy has served the District well for the past four years and staff recommends no major changes to the policy. However, staff does recommend that the policy be revised to add an area of emphasis in the 1.1 Revenue Requirements. The District and ratepayers have benefited for many years from the “buy-in” component of Capacity Fees. This revenue reduces the rate revenue required to annually fund the Replacement and Improvement (R&I) allowance. The District recognizes that it is starting to approach “buildout” at which time the “buy-in” component will cease and rates will be required to fund the full amount of the annual R&I allowance. It is critical to long-term rate planning and stability that this impact be included in all future rate evaluations.

To ensure that this critical and material rate component is properly vetted and evaluated staff recommends that the policy be amended to include a provision that the rate revenue requirements eliminate the **rate** impact of the “buy-in” component over the planning horizon. The proposed revised wording relates only to the development of rates. Staff recognizes that Asset Management will identify additional spending requirements as District assets age. This policy is not intended to eliminate or redirect the “buy-in” component of the Capacity Fee that currently funds the Replacement and Improvement fund. All funds collected from the “buy-in” component will continue to be used to fund each R&I fund and the fund balances will continue to be evaluated in light of periodic asset management evaluations and the Financial Reserves policy. The anticipated impact of the actions will increase overall funding to the R&I while increasing the rate component to a level adequate to support increased R&I needs, all while minimizing the annual increase to ratepayers. The attached staff report discusses the long-term financial impacts of such actions.

Staff recommends the Board adopt the resolution approving the revised Rate Policies and Guidelines policy.

Committee Review			Legal Review	Staff Review		
COMMITTEE ---	DATE ---	RECOMMENDATION ---	Not Required	ORIGINATOR J. Archer	DEPARTMENT Admin Services	REVIEWED BY
ATTACHMENTS <input type="checkbox"/> None						
<input checked="" 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	<input type="checkbox"/> Funding Source A. B.		Attachments to S&R 1. Track Changes Version of Policy 2. 3.			

STAFF REPORT



District Board of Directors
June 7, 2016

Rate Policy

BACKGROUND

The District's Rate Policies and Guidelines policy was updated and adopted in August of 2012. The policy has served the District well for many years. A buy in component of each Capacity Reserve fee has been integral to the funding of the District Replacement and Improvements funds. Staff does not propose the elimination of the source of revenue that is material to the individual funds; however, staff does recognize that this source of funding will be eliminated once the District reaches buildout. Based on the recent water master plan build out may occur during the next 10-year planning horizon.

DISCUSSION

The impact of the revenue for Replacement and Improvement funds are analyzed in the attached table. The contribution of the buy in revenue has a significant impact for the Replacement and Improvement allowance of the operating funds. The average buy in component for local collection system is 67% of funding, while regional is 46% of funding, and water is 37% of Replacement and Improvement funding. It should be noted that while the revenue is significant if rates are planned appropriately, the annual impact to customers can be minimized. The intent of the proposed policy change is to recognize the change and plan appropriately for the long term. The rate policy already requires that the District review the potential impacts on the rate and minimize the annual impact on ratepayers.

If the District plans for the gradual elimination of the buy in revenue over a ten-year time frame and raises rates accordingly the annual impact, expressed as a percentage, is 2.3%, 1.1% and 0.9% for Local, Regional and Water respectively. Utilizing this approach and using rate stabilization funds will allow the Board to minimize the impact of the proposed increases over time.

RECOMMENDATION

The recommended policy changes are in section 1.1 Revenue Requirements and capture the concepts included above. Staff recommends that the policy be revised to reflect this change.

Attachment: Rate and Fee Impact of "Buy In" Component Elimination

Rate and Fee Impact of Buy-in Component Elimination

Attachment to Staff Report

Fund	Fund No.	Annual Rate revenue	Current Replacement Funding from Rates	Average buy in component	Immediate Impact on Rate	Impact over 5 Years	Impact over 10 Years
Local Collection System	200	2,408,528	287,000	556,000	23%	4.6%	2.3%
Regional Treatment	300	20,103,000	2,574,461	2,234,000	11%	2.2%	1.1%
Water	600	27,580,000	4,000,000	2,365,000	9%	1.7%	0.9%

AnnualCustomer impact in dollars	\$ Per billing cycle
\$ 27.80	\$ 4.63
\$ 54.49	\$ 9.08
\$ 118.25	\$ 19.71

Rate revenue per 2017 Budget Rate revenue only

Average Buy In Component based on 10 Yr CIP plans (NOT updated for revision to DUE for Water CRF)

Water includes \$1,500,000 in additional funding in Budget years 2016 and 2017

RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT ADOPTING THE REVISED RATE POLICIES AND GUIDELINES POLICY AND RESCINDING RESOLUTION NO. 38-12

WHEREAS, on August 21, 2012, the Board adopted the revised Rate Policies and Guidelines policy; and

WHEREAS, the Board recognizes that the policy has been working for the benefit of the District and its customers through the development of equitable costs based rates for many years; and

WHEREAS, the Board recognizes that policies are intended to change with changes in the business environment; and

WHEREAS, the Board recognizes the significance on customer rates of the buy-in component of the system capacity fees; and

WHEREAS, the Board recognizes that development within the District may approach buildout during the next ten year planning window, revenue from the buy-in component will cease with buildout and the impact on customer rates could be significant if not planned appropriately; and

WHEREAS, the Board recognizes the need for the Rate Policies and Guidelines policy to memorialize the significance of these anticipated changes and to ensure the District continues to develop rates that are stable over time.

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 the revised Rate Policies and Guidelines policy, attached as Exhibit “A” be adopted, and Resolution No. 38-12 is hereby rescinded and attached as Exhibit “B.”

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 7th day of June 2016, and passed by the following vote:

AYES:

NOES:

ABSENT:

D. L. (Pat) Howard, President

ATTEST: _____
Nicole Genzale, District Secretary



POLICY

Dublin San Ramon Services District

Policy No.:		Type of Policy:	Finance
Policy Title:	Rate Policies and Guidelines		
Policy Description:	Provides guidance and consistency in decision-making for developing and adopting rates		
Approval Date:		Last Review Date:	2016
Approval Resolution No.:		Next Review Date:	2020
Rescinded Resolution No.:	38-12	Rescinded Resolution Date:	August 21, 2012

It is the policy of the Board of Directors of Dublin San Ramon Services District:

To ensure that rates are developed using a generally-accepted methodology, to provide financial stability, to achieve rate stability, to ensure public well-being and safety and with consideration of the rate impact as outlined in the following guidelines.

The Rate Policies and Guidelines are attached hereto and made a part hereof as if written in full in this policy.

The following rate policies and guidelines have been developed to provide guidance and consistency in decision-making for the District's management team. These policies and guidelines will assist the District in achieving financial and rate stability from year-to-year for the water and wastewater Enterprises. The proposed policies and guidelines should be reviewed periodically to determine if they are still relevant and appropriate. The policies framework is shown below:

- 1. Rate Setting Methodology**
 - 1.1 Revenue Requirements
 - 1.2 Cost of Service
 - 1.3 Rate Design
- 2. Financial Stability**
 - 2.1 Reserves
 - 2.2 Cash Flow
 - 2.3 Debt Service Coverage

Dublin San Ramon Services District

Rate Policies and Guidelines

2.4 Capital Improvement Funding From Rates

3. Rate Stability

4. Public Well-Being and Safety

5. Rate Impacts

Rate Setting Methodology

1. Rates Should Be Established Utilizing a “Generally Accepted” Rate Setting Methodology.

First and foremost, rate setting must conform to all legal constraints established for the District. In addition, when reviewing rates it is important to use a methodology that is “generally accepted” in the financial and rate setting community as well as the water and wastewater industries. This will assure a legally defensible approach as well as consistency of the analysis over time.

1.1 It is recommended the District use the following “generally accepted” approaches to establish rates.

- Revenue requirement analysis
- Cost of service analysis
- Rate design analysis

REVENUE REQUIREMENTS:

1.1.1 Revenue requirements will be established on a “cash basis” approach. The “cash basis” approach includes operation & maintenance (O&M) expenses, taxes/transfer payments, debt service (P&I) and funding for replacement of capital assets. The revenue requirements, as defined herein, are the basic components. Revenue requirements should also include any other cost items requiring funding (e.g. bond reserves) or needed to operate the Enterprise on a financially stable basis (e.g. accumulation or reduction in working capital).

1.1.2 Currently, revenue requirements include the impact of capacity fee “buy in” revenue. This “buy in” will be eliminated at District buildout. The District should plan accordingly and gradually eliminate the impact of the revenue from the “buy in” component on revenue requirements. The funding for asset replacements should be 100% funded by rate revenue by the end of the 10 year planning period (2027).

Dublin San Ramon Services District

Rate Policies and Guidelines

- 1.1.3 Costs associated with each of the District's funds (i.e. Enterprise, replacement, expansion, etc.), for both water and wastewater, shall be tracked and budgeted separately for use within the revenue requirements.
- 1.1.4 At a minimum, revenues and costs will be projected for a six-year projected test period.
- 1.1.5 Projections of O&M costs should include any estimated incremental O&M costs associated with future capital improvements.
- 1.1.6 Costs associated with mandated program requirements will be identified and included within the cash basis approach.

COST OF SERVICE:

- 1.2.1 A cost of service study will be utilized to allocate costs equitably to customer classifications of service.
- 1.2.2 The cost allocation methodology will utilize techniques that are "generally accepted" by the industry (e.g. American Water Works Association, American Public Works Association, etc.).
- 1.2.3 The water cost of service will, at a minimum, consider the following cost components:
 - ✓ *Commodity costs* – those costs that vary with the total amount, or flow of water consumed by a customer over an extended period of time (e.g. electricity and chemicals).
 - ✓ *Capacity costs* – those costs that vary with maximum demand, or the maximum rates of flow to customers (e.g. sizing facilities to meet peak demands).
 - ✓ *Public fire protection costs* – those costs related to the public fire protection function (e.g. hydrants and over-sizing of mains).
 - ✓ *Customer related costs* – those costs that vary with the number of customers on the system (e.g. postage, meter maintenance expense).

Dublin San Ramon Services District

Rate Policies and Guidelines

- ✓ *Revenue related costs* – those costs associated with the amount of revenue received by the water enterprise fund (e.g. a gross proceeds tax, delinquent fees).

1.2.4 The wastewater cost of service will, at a minimum, consider the following cost components:

- ✓ *Volume costs* – those costs that vary with the total flow of wastewater contributed by a customer over an extended period of time.
- ✓ *Strength costs* – those treatment-related costs associated with the strength of wastewater (e.g. biochemical oxygen demand and suspended solids) will be determined separately and will depend on the class of service and type of service provided (local vs. regional).
- ✓ *Customer related costs* – those costs that vary with the number of customers on the system (e.g. postage).
- ✓ *Revenue related costs* – those costs associated with the amount of revenue received by the wastewater enterprise fund (e.g. a gross proceeds tax, delinquent fees).

RATE DESIGN:

1.3.1 Rate designs will be reflective of the District's needs and also reflect the greater public purpose and policy goals of the District's Board (e.g. economic development, conservation, ability to pay, etc.).

1.3.2 Rate structures will recognize the appropriateness of both a fixed charge and a variable charge in order to provide the correct price signal to the District's customers. Fixed charges provide the District with a level of revenue stability and they are preferred by rating agencies as the method to best ensure debt coverage, while customers generally prefer variable charges, which allow them to control the amount of their bill. The balancing of these two competing rate components should be considered when reviewing rate structures. For water rates, variable rates will be established at no less than 70% of the total revenue requirement while the District remains subject to CUWCC BMP 11.

Dublin San Ramon Services District

Rate Policies and Guidelines

- 1.3.3 Rates will be set at a level that recovers necessary costs, by classification, yet flexible enough to accomplish the District's objectives (e.g. public purpose programs).
- 1.3.4 Rates should be designed to be equitable and detailed to a level to reflect the service provided (e.g., private fire protection, multi-family services, etc.).
- 1.3.5 Rates will be set at a level to ensure that bond covenants are met without reliance on capacity fees.

Financial Stability

2. The District Should Continue to be Managed to Maintain Financial Stability Over Time.

The District, like any other business, should strive to maintain financial stability over time, as it has done in the past. Financial stability is not only a prudent financial management goal; it can also minimize financial costs in the long-term (e.g. unnecessary borrowing). Above all, financial stability will provide the community with the confidence of knowing a strong, consistent management team is managing the Enterprise.

2.1 Financial Policies and Measures Will be Developed to Measure, Manage, and Achieve Financial Stability.

RESERVES:

- 2.1.1 The minimum and target reserve levels in the Enterprise funds (as defined in the Financial Reserves policy) are indicators of the financial health of the Enterprise and will be used to determine when certain actions should be taken.

✓ **Fund is below the target working capital level** - If the Enterprise fund's working capital is projected to go below the minimum reserve level and stay below that level in the subsequent year, a rate increase shall be considered in order to maintain the financial stability of that fund.

✓ **Fund is above the target working capital level and revenues exceed expenses** - If the Enterprise fund's working capital is projected to be in excess of the working capital target and the rate revenues in the fund exceed the sum of the O&M expenses and replacement transfer, a rate decrease shall be considered to bring the working capital target between the minimum and target levels.

Dublin San Ramon Services District

Rate Policies and Guidelines

- ✓ **Fund is above the target working capital level and expenses exceed revenues** - If the Enterprise fund's working capital is projected to be in excess of the working capital target and the rate revenues in the fund are less than the sum of the O&M expenses and replacement transfer, the excess reserves will be used to cover expenses. In these circumstances, current rates are not covering current costs, and it is likely that a rate increase will be needed in future periods.

CASH FLOW:

- 2.2.1 Except as noted in section 2.1, each Enterprise should have annual net income (total revenue less O&M, taxes, debt service and replacement funding) greater than or equal to zero unless the Board has made a policy decision to utilize Rate Stabilization Reserves.

DEBT SERVICE COVERAGE:

- 2.3.1 The Debt Service Coverage Ratio is an important financial measure that is reviewed by banks and bond companies to show the Enterprise's ability to make debt payments. The ratio is the Enterprise's Net Operating Income over the Total Debt service. Net Operating Income is gross income less operating and maintenance expense. For financial planning purposes, the annual debt service coverage ratio shall be the highest ratio, by Enterprise, for the District's current debt covenants.
- 2.3.2 For all debt issues with a legal bond covenant, when the debt service coverage ratio falls below the legal requirement the District's Board will abide by the specific covenants related to the bond issue.
- 2.3.3 While rates will be developed to achieve contractual debt coverage levels, the overall target for debt service coverage is 1.60, and will include revenue received from capacity reserve fees.

CAPITAL IMPROVEMENT FUNDING FROM RATES:

- 2.4.1 Each Enterprise should adequately fund through its rates, an amount sufficient for the replacement of District assets.

Dublin San Ramon Services District

Rate Policies and Guidelines

- 2.4.2 Replacement funding is determined based upon capital asset replacement needs and Capital Projects to be in compliance with Financial Revenues Policy P400-15-1.

Rate Stability

3. Rates Should be Stable Over Time.

Financial stability of an Enterprise also provides rate stability. Rate stability reinforces that costs are being managed and controlled, thereby gaining customers' confidence of the management team's credibility.

Dublin San Ramon Services District

Rate Policies and Guidelines

3.1 Rates Should Not Only be Stable in Their Ability to Generate Sufficient Revenues, but also in the Customer's Perception of the Rate Changes from Year to Year.

- 3.1.1 The District should review rates during the biennial budget process to assure that they provide sufficient revenues. This does not imply that rates must be adjusted, simply that the rates are reviewed in the context of these policies to assure that they are adequately funding each Enterprise.
- 3.1.2 Rate reviews will consider a six-year projected period to attempt to stabilize and minimize rates over time.
- 3.1.3 The District will attempt to minimize impacts to customers when rate adjustments are needed.
- 3.1.4 A comprehensive rate study will be conducted at least every five years in order to assess the fairness of the rates to the District's ratepayers and to ensure that the necessary revenue is available for the District's operating and replacement needs.

Public Well-Being and Safety

4. The District will maintain its facilities at a level that will provide for the public well-being and safety of the residents.

The District's facilities will be maintained at a level that assures system reliability and efficiency. A well thought out renewal and replacement program will extend the life of the system that will in turn reduce infrastructure costs in the long-term.

- 4.1 Sufficient funding should be made available to provide for adequate renewal and replacement of capital assets and equipment.
- 4.2 The District will adequately fund costs for meeting current industry standards and regulations (e.g. Safe Drinking Water Act, Clean Water Act, NPDES II, etc.).
- 4.3 The District will fund improvements according to an adopted Capital Improvement Program.

Dublin San Ramon Services District

Rate Policies and Guidelines

Rate Impacts

5. The District will consider the impacts of rates on their customers and financial and operating needs will be balanced against the rates and financial impacts.

Rates are one of the most important ways in which the District communicates with its customers, and should follow these guiding principles.

- 5.1 Rates will be easy to understand and the District will attempt to keep the frequency and magnitude of rate adjustments to a minimum.
- 5.2 Rates will be reviewed for their overall competitiveness.
- 5.3 Rates will be balanced to meet the varying competing needs.

RESOLUTION NO. 38-12

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT ADOPTING THE REVISED RATE POLICIES AND GUIDELINES POLICY AND RESCINDING RESOLUTION NO. 19-12

WHEREAS, on May 1, 2012, the Board adopted the revised Rate Policies and Guidelines policy; and

WHEREAS, the Board asked the Committee to further evaluate some elements of the revised policy; and

WHEREAS, the Finance Committee completed its review and is recommending additional changes to the Rate Policies and Guidelines policy.

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 the revised Rate Policies and Guidelines policy, attached as Exhibit "A" be adopted, and Resolution No. 19-12 is hereby rescinded and attached as Exhibit "B."

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 21st day of August 2012, and passed by the following vote:

AYES: 4 - Directors D.L. (Pat) Howard, Georgean M. Vonheeder-Leopold,
Dawn L. Benson, Richard M. Halket

NOES: 0

ABSENT: 0



Richard M. Halket, President

ATTEST: 
Nancy G. Hatfield, District Secretary

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POLICY

Dublin San Ramon Services District

Policy No.:	P400-12-5	Type of Policy:	Finance
Policy Title:	Rate Policies and Guidelines		
Policy Description:	Provides guidance and consistency in decision-making for developing and adopting rates		
Approval Date:	August 21, 2012	Last Review Date:	201216
Approval Resolution No.:	38-12	Next Review Date:	201620
Nov			
Rescinded Resolution No.:	38-1219-12	Rescinded Resolution Date:	August 21, 2012May 1, 2012

It is the policy of the Board of Directors of Dublin San Ramon Services District:

To ensure that rates are developed using a generally-accepted methodology, to provide financial stability, to achieve rate stability, to ensure public well-being and safety and with consideration of the rate impact as outlined in the following guidelines.

The Rate Policies and Guidelines are attached hereto and made a part hereof as if written in full in this policy.

The following rate policies and guidelines have been developed to provide guidance and consistency in decision-making for the District's management team. These policies and guidelines will assist the District in achieving financial and rate stability from year-to-year for the water and wastewater Enterprises. The proposed policies and guidelines should be reviewed periodically to determine if they are still relevant and appropriate. The policies framework is shown below:

1. **Rate Setting Methodology**
 - 1.1 Revenue Requirements
 - 1.2 Cost of Service
 - 1.3 Rate Design
2. **Financial Stability**
 - 2.1 Reserves
 - 2.2 Cash Flow
 - 2.3 Debt Service Coverage

Dublin San Ramon Services District

Rate Policies and Guidelines

2.4 Capital Improvement Funding From Rates

3. Rate Stability
4. Public Well-Being and Safety
5. Rate Impacts

Rate Setting Methodology

1. Rates Should Be Established Utilizing a “Generally Accepted” Rate Setting Methodology.

First and foremost, rate setting must conform to all legal constraints established for the District. In addition, when reviewing rates it is important to use a methodology that is “generally accepted” in the financial and rate setting community as well as the water and wastewater industries. This will assure a legally defensible approach as well as consistency of the analysis over time.

1.1 It is recommended the District use the following “generally accepted” approaches to establish rates.

- Revenue requirement analysis
- Cost of service analysis
- Rate design analysis

REVENUE REQUIREMENTS:

1.1.1 Revenue requirements will be established on a “cash basis” approach. The “cash basis” approach includes operation & maintenance (O&M) expenses, taxes/transfer payments, debt service (P&I) and funding for replacement of capital assets. The revenue requirements, as defined herein, are the basic components. Revenue requirements should also include any other cost items requiring funding (e.g. bond reserves) or needed to operate the Enterprise on a financially stable basis (e.g. accumulation or reduction in working capital).

1.1.2 Currently, revenue requirements include the impact of capacity fee “buy in” revenue. This “buy in” will be eliminated at District buildout. The District should plan accordingly and gradually eliminate the impact of the revenue from the “buy in” component on revenue requirements. The funding for asset replacements should be 100% funded by rate revenue by the end of the 10 year planning period (2027).

Dublin San Ramon Services District

Rate Policies and Guidelines

- 1.1.3 Costs associated with each of the District's funds (i.e. Enterprise, replacement, expansion, etc.), for both water and wastewater, shall be tracked and budgeted separately for use within the revenue requirements.
- 1.1.4 At a minimum, revenues and costs will be projected for a six-year projected test period.
- 1.1.5 Projections of O&M costs should include any estimated incremental O&M costs associated with future capital improvements.
- 1.1.6 Costs associated with mandated program requirements will be identified and included within the cash basis approach.

COST OF SERVICE:

- 1.2.1 A cost of service study will be utilized to allocate costs equitably to customer classifications of service.
- 1.2.2 The cost allocation methodology will utilize techniques that are "generally accepted" by the industry (e.g. American Water Works Association, American Public Works Association, etc.).
- 1.2.3 The water cost of service will, at a minimum, consider the following cost components:
 - ✓ *Commodity costs* – those costs that vary with the total amount, or flow of water consumed by a customer over an extended period of time (e.g. electricity and chemicals).
 - ✓ *Capacity costs* – those costs that vary with maximum demand, or the maximum rates of flow to customers (e.g. sizing facilities to meet peak demands).
 - ✓ *Public fire protection costs* – those costs related to the public fire protection function (e.g. hydrants and over-sizing of mains).
 - ✓ *Customer related costs* – those costs that vary with the number of customers on the system (e.g. postage, meter maintenance expense).

Dublin San Ramon Services District

Rate Policies and Guidelines

- ✓ *Revenue related costs* – those costs associated with the amount of revenue received by the water enterprise fund (e.g. a gross proceeds tax, delinquent fees).

1.2.4 The wastewater cost of service will, at a minimum, consider the following cost components:

- ✓ *Volume costs* – those costs that vary with the total flow of wastewater contributed by a customer over an extended period of time.
- ✓ *Strength costs* – those treatment-related costs associated with the strength of wastewater (e.g. biochemical oxygen demand and suspended solids) will be determined separately and will depend on the class of service and type of service provided (local vs. regional).
- ✓ *Customer related costs* – those costs that vary with the number of customers on the system (e.g. postage).
- ✓ *Revenue related costs* – those costs associated with the amount of revenue received by the wastewater enterprise fund (e.g. a gross proceeds tax, delinquent fees).

RATE DESIGN:

- 1.3.1 Rate designs will be reflective of the District's needs and also reflect the greater public purpose and policy goals of the District's Board (e.g. economic development, conservation, ability to pay, etc.).
- 1.3.2 Rate structures will recognize the appropriateness of both a fixed charge and a variable charge in order to provide the correct price signal to the District's customers. Fixed charges provide the District with a level of revenue stability and they are preferred by rating agencies as the method to best ensure debt coverage, while customers generally prefer variable charges, which allow them to control the amount of their bill. The balancing of these two competing rate components should be considered when reviewing rate structures. For water rates, variable rates will be established at no less than 70% of the total revenue requirement while the District remains subject to CUWCC BMP 11.

Dublin San Ramon Services District

Rate Policies and Guidelines

- 1.3.3 Rates will be set at a level that recovers necessary costs, by classification, yet flexible enough to accomplish the District's objectives (e.g. public purpose programs).
- 1.3.4 Rates should be designed to be equitable and detailed to a level to reflect the service provided (e.g., private fire protection, multi-family services, etc.).
- 1.3.5 Rates will be set at a level to ensure that bond covenants are met without reliance on capacity fees.

Financial Stability

2. The District Should Continue to be Managed to Maintain Financial Stability Over Time.

The District, like any other business, should strive to maintain financial stability over time, as it has done in the past. Financial stability is not only a prudent financial management goal; it can also minimize financial costs in the long-term (e.g. unnecessary borrowing). Above all, financial stability will provide the community with the confidence of knowing a strong, consistent management team is managing the Enterprise.

2.1 Financial Policies and Measures Will be Developed to Measure, Manage, and Achieve Financial Stability.

RESERVES:

- 2.1.1 The minimum and target reserve levels in the Enterprise funds (as defined in the Financial Reserves policy) are indicators of the financial health of the Enterprise and will be used to determine when certain actions should be taken.

- ✓ **Fund is below the target working capital level** - If the Enterprise fund's working capital is projected to go below the minimum reserve level and stay below that level in the subsequent year, a rate increase shall be considered in order to maintain the financial stability of that fund.

- ✓ **Fund is above the target working capital level and revenues exceed expenses** - If the Enterprise fund's working capital is projected to be in excess of the working capital target and the rate revenues in the fund exceed the sum of the O&M expenses and replacement transfer, a rate decrease shall be considered to bring the working capital target between the minimum and target levels.

Dublin San Ramon Services District

Rate Policies and Guidelines

- ✓ **Fund is above the target working capital level and expenses exceed revenues** - If the Enterprise fund's working capital is projected to be in excess of the working capital target and the rate revenues in the fund are less than the sum of the O&M expenses and replacement transfer, the excess reserves will be used to cover expenses. In these circumstances, current rates are not covering current costs, and it is likely that a rate increase will be needed in future periods.

CASH FLOW:

- 2.2.1 Except as noted in section 2.1, each Enterprise should have annual net income (total revenue less O&M, taxes, debt service and replacement funding) greater than or equal to zero unless the Board has made a policy decision to utilize Rate Stabilization Reserves.

DEBT SERVICE COVERAGE:

- 2.3.1 The Debt Service Coverage Ratio is an important financial measure that is reviewed by banks and bond companies to show the Enterprise's ability to make debt payments. The ratio is the Enterprise's Net Operating Income over the Total Debt service. Net Operating Income is gross income less operating and maintenance expense. For financial planning purposes, the annual debt service coverage ratio shall be the highest ratio, by Enterprise, for the District's current debt covenants.
- 2.3.2 For all debt issues with a legal bond covenant, when the debt service coverage ratio falls below the legal requirement the District's Board will abide by the specific covenants related to the bond issue.
- 2.3.3 While rates will be developed to achieve contractual debt coverage levels, the overall target for debt service coverage is 1.60, and will include revenue received from capacity reserve fees.

CAPITAL IMPROVEMENT FUNDING FROM RATES:

- 2.4.1 Each Enterprise should adequately fund through its rates, an amount sufficient for the replacement of District assets.

Dublin San Ramon Services District

Rate Policies and Guidelines

2.4.2 Replacement funding is determined based upon capital asset replacement needs and Capital Projects to be in compliance with Financial Revenues Policy P400-15-1.~~budgeted for the next six years.~~

Rate Stability

3. Rates Should be Stable Over Time.

Financial stability of an Enterprise also provides rate stability. Rate stability reinforces that costs are being managed and controlled, thereby gaining customers' confidence of the management team's credibility.

Dublin San Ramon Services District

Rate Policies and Guidelines

3.1 Rates Should Not Only be Stable in Their Ability to Generate Sufficient Revenues, but also in the Customer's Perception of the Rate Changes from Year to Year.

- 3.1.1 The District should review rates during the biennial budget process to assure that they provide sufficient revenues. This does not imply that rates must be adjusted, simply that the rates are reviewed in the context of these policies to assure that they are adequately funding each Enterprise.
- 3.1.2 Rate reviews will consider a six-year projected period to attempt to stabilize and minimize rates over time.
- 3.1.3 The District will attempt to minimize impacts to customers when rate adjustments are needed.
- 3.1.4 A comprehensive rate study will be conducted at least every five years in order to assess the fairness of the rates to the District's ratepayers and to ensure that the necessary revenue is available for the District's operating and replacement needs.

Public Well-Being and Safety

4. The District will maintain its facilities at a level that will provide for the public well-being and safety of the residents.

The District's facilities will be maintained at a level that assures system reliability and efficiency. A well thought out renewal and replacement program will extend the life of the system that will in turn reduce infrastructure costs in the long-term.

- 4.1 Sufficient funding should be made available to provide for adequate renewal and replacement of capital assets and equipment.
- 4.2 The District will adequately fund costs for meeting current industry standards and regulations (e.g. Safe Drinking Water Act, Clean Water Act, NPDES II, etc.).
- 4.3 The District will fund improvements according to an adopted Capital Improvement Program.

Dublin San Ramon Services District

Rate Policies and Guidelines

Rate Impacts

5. The District will consider the impacts of rates on their customers and financial and operating needs will be balanced against the rates and financial impacts.

Rates are one of the most important ways in which the District communicates with its customers, and should follow these guiding principles.

- 5.1 Rates will be easy to understand and the District will attempt to keep the frequency and magnitude of rate adjustments to a minimum.
- 5.2 Rates will be reviewed for their overall competitiveness.
- 5.3 Rates will be balanced to meet the varying competing needs.



Reference General Manager	Type of Action Adopt Revised Policy	Board Meeting of June 7, 2016
Subject Adopt Revised Consolidated Water Enterprise Fund Policy and Rescind Resolution No. 45-12		
<input type="checkbox"/> Motion	<input type="checkbox"/> Minute Order	<input checked="" type="checkbox"/> Resolution
<input 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	D. McIntyre	<input type="checkbox"/> Board Member

Recommendation:

Staff recommends the Board of Directors adopt, by Resolution, the revised Consolidated Water Enterprise Fund policy and rescind Resolution No. 45-12.

Summary:

In November 1997, the Board of Directors, after considerable discussion, adopted a policy to consolidate the accounting for the potable and recycled water enterprises. The Board last reviewed the policy in 2012, at which time it reaffirmed its commitment to maintaining a consolidated water enterprise. The key reasons for consolidating the water enterprise remain as valid today as they were in 1997 and 2012:

- Recognizes that the District has fully integrated the planning of potable and recycled water resources (supply and demand) and facilities;
- Allows the establishment of a uniform connection fee so as not to penalize either the potable or recycled water customer for the value that the recycled water operation brings to the community;
- Provides for better financial management of the water enterprise as a whole;
- Spreads the benefit of the recycled water enterprise and the increased reliability it creates for the potable water system to the entire community; and
- Allows the District to price its services in a way that encourages recycled water service and at the same time tempers the cost of potable water service.

This policy is being reviewed as part of the District's program to review all policies on a regular basis. There are no substantive changes proposed by this action. The only change that is proposed is:

- (1) Reference the District's new Water Supply, Storage, Conveyance, Quality and Conservation policy (P300-15-1)

A "Track Changes" version of the policy showing revisions is presented as Attachment 1.

Committee Review			Legal Review	Staff Review		
COMMITTEE ---	DATE ---	RECOMMENDATION ---	Not Required	ORIGINATOR J. Archer	DEPARTMENT Admin Services	REVIEWED BY
ATTACHMENTS <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. Track changes version of revised policy 2. 3.				

RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT ADOPTING THE REVISED CONSOLIDATED WATER ENTERPRISE FUND POLICY AND RESCINDING RESOLUTION NO. 45-12

WHEREAS, the mission of Dublin San Ramon Services District (“District”) is to provide reliable water and wastewater services in a safe, efficient, and environmentally responsible manner; and

WHEREAS, in support of this mission, the District is committed to planning, designing, constructing, operating and maintaining the District’s water system so that it meets all legal and regulatory requirements and contractual obligations; and

WHEREAS, in order to do so, it is imperative that sufficient revenue be collected and appropriate reserves maintained for both the potable and recycled water systems (collectively the “Water System”); and

WHEREAS, the District commenced deliveries of recycled water to its service area in 1999 and has commenced operation of the DERWA recycled water facilities in 2006; and

WHEREAS, recycled water is fully integrated into the District’s total water supply management planning; and

WHEREAS, it is more efficient and effective to maintain a consolidated and coordinated fund structure for the District’s water enterprise; and

WHEREAS, this Board has previously acted via Resolution No. 45-12 reaffirming its decision to consolidate potable water and recycled water planning, budgeting and accounting; and

WHEREAS, that policy has served the District well since its adoption; and

WHEREAS, the District periodically reviews all its policies and as a result desires to reaffirm and revise its policy related to the consolidation of the water enterprise.

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, that the revised Consolidated Water Enterprise Fund policy is hereby

Res. No. _____

adopted and attached as Exhibit “A,” and Resolution No. 45-12 is hereby rescinded and attached as Exhibit “B.”

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 7th day of June 2016, and passed by the following vote:

AYES:

NOES:

ABSENT:

D.L. (Pat) Howard, President

Attest:

Nicole Genzale, District Secretary

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POLICY

Dublin San Ramon Services District

Policy No.:		Type of Policy:	Finance
Policy Title:	Consolidated Water Enterprise Fund		
Policy Description:	Potable Water and Recycled Water to be Managed as a Consolidated Funds for Operations, Replacement and Expansion		
Approval Date:		Last Review Date:	2016
Approval Resolution No.:		Next Review Date:	2020
Rescinded Resolution No.:	45-12	Rescinded Resolution Date:	Nov 6, 2012

It is the policy of the Board of Directors of Dublin San Ramon Services District that potable and recycled water operations shall be managed as consolidated funds for operations, replacement and expansion.

Background, Definitions and Basis for Policy

In support of the District's Mission¹, the District is committed to planning, designing, constructing, operating and maintaining the District's water system so that it meets all legal and regulatory requirements and contractual obligations. In order to do so, it is imperative that sufficient revenue be collected and appropriate reserves maintained for both the potable and recycled water systems (collectively the "**Water System**"). It is equally important that an appropriate financial structure and reporting system be maintained to account for the cost of providing potable and recycled water service (collectively, "**Water Service**") and the investments made by the District into the Water System.

The District has been providing potable water service since the 1960's and started deliveries of recycled water within its service area in the 1990's. The District anticipates a steady and continued expansion of those distribution systems. Recycled water is integrated into the District's water supply and distribution system planning. The District's recycled water system benefits all customers of the District by improving the reliability of the potable supply. The integration of the systems also supports the Water Supply, Storage, Conveyance, Quality and Conservation Policy No. P300-15-1. Experience has also shown that it is more efficient and effective to maintain a consolidated and coordinated fund structure for the District's water services.

Accordingly, it is the policy of the District:

¹ The District's Mission is to efficiently provide high quality wastewater and water services to the communities we serve in an environmentally and fiscally responsible manner. (Strategic Plan FY 2012 – 2016)

1. To maintain a consolidated fund structure for the potable and recycled enterprises (collectively, the “**Water Enterprise**”), the fund structure shall include but not be limited to an enterprise Fund for ongoing operations and maintenance, an expansion fund for increasing the capacity of the system and a replacement fund for renewing and replacing assets; and
2. To charge equivalent system capacity fees in a given area (also known as connection fees) for all new potable and recycled water connections to the **Water System** (as well as connections for which the capacity is increased); and
3. To impose on all users of the **Water System** quantity charges for water and recycled water usage. The quantity charges for recycled water may be established by the Board to be less than the quantity charges for potable water so as to provide an incentive for recycled water use provided that in setting the recycled water rate the Board shall not establish a rate that is less than the cost of potable water that the District purchases from Zone 7. Fixed (meter) charges may be established by the Board and shall be the same for potable and recycled water for a given meter size.

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RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT ADOPTING THE REVISED CONSOLIDATED WATER ENTERPRISE FUND POLICY AND RESCINDING RESOLUTION NO. 30-06

WHEREAS, the mission of Dublin San Ramon Services District ("District") is to efficiently provide high quality wastewater and water services to the communities we serve in an environmentally and fiscally responsible manner; and

WHEREAS, in support of this mission, the District is committed to planning, designing, constructing, operating and maintaining the District's water system so that it meets all legal and regulatory requirements and contractual obligations; and

WHEREAS, in order to do so, it is imperative that sufficient revenue be collected and appropriate reserves maintained for both the potable and recycled water systems (collectively the "Water System"); and

WHEREAS, the District commenced deliveries of recycled water to its service area in 1999 and has commenced operation of the DERWA recycled water facilities in 2006; and

WHEREAS, recycled water is fully integrated into the District's total water supply management planning; and

WHEREAS, it is more efficient and effective to maintain a consolidated and coordinated fund structure for the District's water enterprise; and

WHEREAS, this Board has previously acted via Resolution No. 30-06 reaffirming its decision to consolidate potable water and recycled water planning, budgeting and accounting; and

WHEREAS, that policy has served the District well since its adoption; and

WHEREAS, the District periodically reviews all its policies and as a result desires to reaffirm and revise its policy related to the consolidation of the water enterprise.

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, that the revised Consolidated Water Enterprise Fund

RCS. NO. 45-12

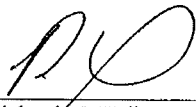
policy is hereby adopted and attached as Exhibit "A," and Resolution No. 30-06 is hereby rescinded and attached as Exhibit "B."

Adopted by the Board of Directors of Dublin San Ramon Services District at its regular meeting held on the 6th day of November 2012, and passed by the following vote:

AYES: 4 - Directors D.L. (Pat) Howard, Georgean M. Vonheeder-Leopold,
Dawn L. Benson, Richard M. Halket


NOES: 0

ABSENT: 0



Richard M. Halket, President

Attest:


Nancy Gamble Hatfield, District Secretary

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POLICY

Dublin San Ramon Services District

Policy No.:	P400-12-6	Type of Policy:	Finance
Policy Title:	Consolidated Water Enterprise Fund		
Policy Description:	Potable Water and Recycled Water to be Managed as a Consolidated Funds for Operations, Replacement and Expansion		
Approval Date:	Nov 6, 2012	Last Review Date:	201 6 2
Approval Resolution No.:	45-12	Next Review Date:	20 20 16
Rescinded Resolution No.:	45-1230-06	Rescinded Resolution Date:	Nov 6, 2012 July 18, 2006

It is the policy of the Board of Directors of Dublin San Ramon Services District that potable and recycled water operations shall be managed as consolidated funds for operations, replacement and expansion.

Background, Definitions and Basis for Policy

In support of the District's Mission¹, the District is committed to planning, designing, constructing, operating and maintaining the District's water system so that it meets all legal and regulatory requirements and contractual obligations. In order to do so, it is imperative that sufficient revenue be collected and appropriate reserves maintained for both the potable and recycled water systems (collectively the "**Water System**"). It is equally important that an appropriate financial structure and reporting system be maintained to account for the cost of providing potable and recycled water service (collectively, "**Water Service**") and the investments made by the District into the Water System.

The District has been providing potable water service since the 1960's and started deliveries of recycled water within its service area in the 1990's. The District anticipates a steady and continued expansion of those distribution systems. Recycled water is integrated into the District's water supply and distribution system planning. The District's recycled water system benefits all customers of the District by improving the reliability of the potable supply. The integration of the systems also supports the Water Supply, Storage, Conveyance, Quality and Conservation Policy No. P300-15-1. Experience has also shown that it is more efficient and effective to maintain a consolidated and coordinated fund structure for the District's ~~w~~Water ~~s~~Services.

Accordingly, it is the policy of the District:

¹ The District's Mission is to efficiently provide high quality wastewater and water services to the communities we serve in an environmentally and fiscally responsible manner. (Strategic Plan FY 2012 – 2016)

1. To maintain a consolidated fund structure for the potable and recycled enterprises (collectively, the “**Water Enterprise**”), the fund structure shall include but not be limited to an enterprise Fund for ongoing operations and maintenance, an expansion fund for increasing the capacity of the system and a replacement fund for renewing and replacing assets; and
2. To charge equivalent system capacity fees in a given area (also known as connection fees) for all new potable and recycled water connections to the **Water System** (as well as connections for which the capacity is increased); and
3. To impose on all users of the **Water System** quantity charges for water and recycled water usage. The quantity charges for recycled water may be established by the Board to be less than the quantity charges for potable water so as to provide an incentive for recycled water use provided that in setting the recycled water rate the Board shall not establish a rate that is less than the cost of potable water that the District purchases from Zone 7. Fixed (meter) charges may be established by the Board and shall be the same for potable and recycled water for a given meter size.

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Reference Administrative Services Manager	Type of Action Receive Report and Provide Direction	Board Meeting of June 7, 2016
Subject Receive Strategic Plan Update on Rates and Fees		
<input type="checkbox"/> Motion	<input type="checkbox"/> Minute Order	<input type="checkbox"/> Resolution
<input type="checkbox"/> Ordinance	<input type="checkbox"/> Informational	<input type="checkbox"/> Other
REPORT:	<input type="checkbox"/> Verbal	<input checked="" type="checkbox"/> Presentation
	<input checked="" type="checkbox"/> Staff	J. Archer
		<input type="checkbox"/> Board Member

Recommendation:

In accordance with the District's Rate Policies and Guidelines policy and the Strategic Plan, staff recommends the Board of Directors receive a report on the Status of Rates and Fees and direct staff to leave current service rates in place without adjustment.

Summary:

The District's Rate Policies and Guidelines policy and the Strategic Plan identifies a schedule for updates to all rates and fees. Rates and fees are adopted in a manner that provides for annual updates that allow for increases to offset the impact of inflation. Typically, between periodic comprehensive studies, rates are increased according to increases in the Consumer Price Index (CPI) and fees are increased in accordance with changes in the Engineering News Record (ENR) Index for construction costs. Rates and Fees are increased to ensure that revenue keeps pace with costs and that the related funds maintain strong reserve balances. The strategic work plan lists specific actions to be taken annually. Actions 1.01.03 and 1.01.04 called for the 2016 update of the Regional and Local rates in accordance with an updated rate study. The Water Rate study is not scheduled until 2017 (to be effective in 2018).

The Operating Funds for the Water, Regional Wastewater, and Local Wastewater Rates are above the breakeven point or above the targeted minimums with operating surplus. The related Rate Stabilization Funds for each Operating Fund are carrying very healthy reserves. In FY 2017 and FY 2018 Water Rates will be automatically adjusted by the Consumer Price Index (CPI). A Water Rate study is planned for FY 2018. Regional and Local Rates also have large reserves to cover short-term needs. The rates for these funds will be evaluated in FY 2017. Immediate rate increases for all three (3) are not necessary at this time, as they have been operating with a surplus for several years.

A Water Capacity Reserve Fee study has recently been conducted and the fee will increase by approximately 3%, which will be effective in June 2016. The Regional Wastewater and Local Wastewater Capacity Reserve Fees will be evaluated in conjunction to the Regional Master Plan, which is currently planned for October 2016. Currently, the reserves for these funds are all very strong.

This report will provide the Board with an update of the status of all rates and fees.

Committee Review			Legal Review	Staff Review		
COMMITTEE ---	DATE ---	RECOMMENDATION ---	Not Required	ORIGINATOR J. Archer	DEPARTMENT Admin Services	REVIEWED BY
ATTACHMENTS <input type="checkbox"/> None						
<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	<input checked="" type="checkbox"/> Funding Source A. Water, 600, 605 & 620 B. Regional, 300, 305 & 320 C. Local, 200, 205 & 220		Attachments to S&R 1. 2. 3.			

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STAFF REPORT



District Board of Directors
June 7, 2016

Strategic Plan Update on Rates and Fees

BACKGROUND

The District's Rate Policy and the Strategic Plan identifies schedules for updates to all rates and fees. Rates and fees are adopted in a manner that allows for increases to offset the impact of inflation. Rates (services) are increased according to increases in the Consumer Price Index (CPI) and Fees (connections) are increased in accordance with changes in the Engineering News Record (ENR) Index for construction costs. Rates and Fees are increased to ensure that revenue keeps pace with increased costs and that the related funds maintain adequate reserve balances. The strategic work plan lists specific actions to be taken annually. Action item 1.01.03 and 1.01.04 called for the update of the Regional and Local sewer rates in accordance with an updated rate study. The Water Rate study is not scheduled until 2018.

Capacity Reserve Fees are updated in accordance with changes to the related master plan and the work is coordinated with the Engineering Department. On March 2016, the Water Master Plan was completed and the Water Capacity Reserve Fee is in the process of being finalized in June 2016.

DISCUSSION

The strategic work plan did note that the Regional and Local rates should be updated this year. Rate Policies and Guideline (#P400-12-5) section 2.1.1 provides the following direction for evaluating the adequacy of reserves and the need for potential rate adjustments.

2.1.1 The minimum and target reserve levels in the Enterprise funds (as defined in the Financial Reserves policy) are indicators of the financial health of the Enterprise and will be used to determine when certain actions should be taken.

Fund is above the target working capital level and revenues exceed expenses - If the Enterprise fund's working capital is projected to be in excess of the working capital target and the rate revenues in the fund exceed the sum of the O&M expenses and replacement transfer, a rate decrease shall be considered to bring the working capital target between the minimum and target levels.

A table outlining the current status of each rate and fee and its related fund is attached to this report. There are several factors why it was not appropriate to complete this task this year and staff has extended the completion of the study to 2017.

Regional Treatment Rates

This rate impacts all customers in the District's sewer service area and the City of Pleasanton. Work on the rate was started over a year ago. However, due to the drought conditions and the City of Pleasanton action to overhaul all of their rates, work on the project was deferred. The City of Pleasanton by terms of the Financing and Administration Agreement (FAA) must adopt the same rates as the District. In addition, the following facts about the health of the Regional Operations fund should be noted:

- The Fund is projected to have an operating surplus for 2017 and therefore does not require a rate increase to meet operational needs.
- The reserve levels for the Regional funds are very healthy (\$13.7 Million).
- Rates when developed must project costs over a five to ten year horizon and the largest unknown at the current time is the replacement and improvement allowance. Engineering staff is currently completing their evaluation of the asset management system for Regional, which will allow critical evaluation of the number to be used for planning purposes.
- District staff remains in communication with staff at the City of Pleasanton and the development of the new rates will be developed in 2017 and Pleasanton staff have been supportive of the process.

Local Collection

Rates were deferred as this fund has been operating with a surplus for several years. There are two major expenses in this small fund. Staff has been evaluating the need for additional staff to perform sewer cleaning and pipeline evaluations for asset management. The new Field Operations Supervisor recently completed his evaluation of staffing needs which is being evaluated by management. Additionally, the amount of annual allowance required to fund the Replacement and Improvement fund has been under evaluation for the last few years. Engineering staff are now completing a major evaluation of several key sections of the collection system and will update the asset management modeling. This will be used to plan for funding over the five to ten year planning horizon. Also, impacting the Replacement and Improvement allowance is consideration of the use of the buy-in component in offsetting rate contributions to the fund. This is being considered tonight as a separate policy level decision to determine long-term funding needs.

The local collection system has a total revenue of approximately \$2.3 Million dollars so the overall impact of major changes can be significant, but the rate impact is small compared to Water and Regional Treatment. In addition, the fund has reserves of \$1.74 Million to help offset short term needs.

Water

Rates were all updated in January in coordination with Zone 7 increases.

All Operating Funds are above the targeted minimums and also have healthy Rate Stabilization Funds (RSF) funds. As all funds are operating at or above breakeven, section 2.1.1 of the Rate Policies and Guidelines indicates a rate reduction should be considered. However, due to the potential impact of increases to Replacement and Improvement funding from Asset management evaluation and the elimination of the buy in component of capacity fees (see separate board item consideration); no decrease in the rates is proposed at this time.

Strategic projects to evaluate rates will be advanced to fiscal year 2017 to allow for timely update with the information mentioned above.

Fees

The Water System Capacity Reserve Fee is scheduled to be updated in June 2016. The Regional Capacity Reserve fee will be updated in conjunction with the Regional Master Plan, which is expected to be completed in October 2016. The Local Collection System Fee is deemed adequate based on current anticipated projects which are not expected to be required in the near future.

All Fees are updated annually each July with ENR increases.

All Rates and Fees are updated and posted on our Internet page in advance of the effective date.

RECOMMENDATION

Staff recommends the Board receive this update and direct staff to leave the current service rates in place without adjustment.

Attachment 1: Summary of Rates and Fees

DSRSD								
Review of Rates and Fees								
	Fund No.	Current Rate (SFR) or DUE	CPI status	Last increase	Next Study	Fund Condition	Working Capital	Notes
<u>Service Charges</u>								
Water Rates	600	\$34.31 fixed charge	January 2 more years	1/1/2016	In FY 2018 for rate effective date of Jan 2019	Operating Surplus	\$ 17,292,383	As of April 2016, including RSF
Regional Treatment	300	\$52.09	No additional CPI per Prop 218	7/1/2015	In FY17 for rate effective date of Jul 2018	Operating Surplus	\$ 13,696,196	As of April 2016, including RSF
Local Collection	200	\$11.64	No additional CPI per Prop 218	7/1/2015	In FY17 for rate effective date of Jul 2018	Operating Breakeven	\$ 1,740,175	As of April 2016, including RSF
<u>Capacity Reserve Fees</u>								
Water	620	\$ 12,407.00	Pending New Fee	est. 06/2016	Draft study completed May 2016	Very Strong	\$ 17,631,649	New fee \$ to be considered 6/21/16
Regional	320	\$ 15,384.00	Ongoing	7/1/2016	Master Plan in Process (Oct 2016)	Very Strong	\$ 44,313,837	
Local Collection	220	\$ 1,945.00	Ongoing	7/1/2016	Nothing scheduled	Strong	\$ 6,944,247	No major increases anticipated