



AGENDA

NOTICE OF REGULAR MEETING

TIME: 6 p.m.

DATE: Tuesday, April 3, 2018

PLACE: Regular Meeting Place
7051 Dublin Boulevard, Dublin, CA

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

1. CALL TO ORDER
2. PLEDGE TO THE FLAG
3. ROLL CALL – Members: Duarte, Halket, Howard, Misheloff, Vonheeder-Leopold
4. SPECIAL ANNOUNCEMENTS/ACTIVITIES
5. PUBLIC COMMENT (MEETING OPEN TO THE PUBLIC)

At this time audience members 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 the agenda. Comments should not exceed five minutes. Speaker 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.

6. REPORTS
 - 6.A. Reports by Staff
 - Event Calendar
 - Correspondence to and from the Board
 - 6.B. Joint Powers Authority and Committee Reports
DERWA – March 26, 2018
 - 6.C. Agenda Management (consider order of items)

7. CONSENT CALENDAR
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 or the public prior to the time the Board votes on the Motion to adopt.
 - 7.A. Approve Regular Meeting Minutes of March 20, 2018
Recommended Action: Approve by Motion

8. BOARD BUSINESS
 - 8.A. Second Reading: Adopt Ordinance Revising District Code Section 5.20.120 Regarding Discharge from Self-Regulating Water Softeners

Recommended Action: Waive Reading by Motion; Hold Public Hearing and Adopt by Ordinance

8.B. Receive Report on the Dougherty Valley Standby Charge District (Assessment District) and Provide Direction for Future Assessment/Funding Options

Recommended Action: Receive Report and Provide Direction

8.C. Support LAVWMA (Livermore-Amador Valley Water Management Agency) Operations and Maintenance Budget Submittal for Fiscal Year Ending 2019

Recommended Action: Approve by Motion

8.D. Receive Presentation on Responses to the *San Juan Capistrano* Decision

Recommended Action: Receive Presentation

8.E. Receive Update on Joint Potable Reuse Feasibility Study and Provide Direction

Recommended Action: Receive Presentation and Provide Direction

9. **BOARD MEMBER ITEMS**

- Submittal of Written Reports from Travel and Training Attended by Directors
- Request New Agenda Item(s) Be Placed on a Future Board or Committee Agenda

10. **CLOSED SESSION**

10.A. Conference with Legal Counsel – Existing Litigation Pursuant to Government Code Section 54956.9(d)(1)

Names of Cases: Hendrix and Cameron

11. **REPORT FROM CLOSED SESSION**

12. **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 SPECIAL MEETING OF THE BOARD OF DIRECTORS**

March 20, 2018

1. CALL TO ORDER

A Special meeting of the Board of Directors was called to order at 6:30 p.m. by President Vonheeder-Leopold.

2. PLEDGE TO THE FLAG

3. ROLL CALL

Boardmembers present at start of meeting:

President Georgean M. Vonheeder-Leopold, Vice President Madelyne A. (Maddi) Misheloff, Director D.L. (Pat) Howard, and Director Edward R. Duarte.

Director Richard M. Halket was absent.

District staff present: Dan McIntyre, General Manager; Carol Atwood, Administrative Services Manager/Treasurer; Judy Zavadil, Engineering Services Manager/District Engineer; Jeff Carson, Operations Manager; Carl P.A. Nelson, General Counsel; and Nicole Genzale, Executive Services Supervisor/District Secretary.

4. SPECIAL ANNOUNCEMENTS/ACTIVITIES

New Employee Introduction:

Dan Martin, Water/Wastewater Operations and Maintenance Supervisor

Megan Bucci, Administrative Assistant II

Mara Narciso, Administrative Assistant II

General Manager McIntyre reported that Zone 7 Water Agency will appoint its new General Manager, Valerie Pryor, tomorrow evening.

5. PUBLIC COMMENT (MEETING OPEN TO THE PUBLIC) – 6:36 p.m. No public comment was received.

6. REPORTS

6.A. Reports by General Manager and Staff

- Event Calendar – General Manager McIntyre reported on the following:
 - Alameda County Special District's Association will hold its annual dinner Thursday, March 22 in Castro Valley.
 - A retirement luncheon for Jill Duerig, Zone 7 Water Agency General Manager, will be held Friday, March 23 at the Shannon Community Center in Dublin.
 - The Dublin Mayor's State of the City Address will be held Wednesday, April 18 at the Shannon Community Center.
 - The WaterReuse conference will be held March 26 - 28 in Monterey. Interested Boardmembers should contact Rhodora Biagtan to register.

- o The spring ACWA conference will be held May 8 - 10 in Sacramento. Interested Boardmembers should contact Mr. McIntyre regarding registration.
- o DSRSD's 65th Birthday is Tuesday April 17. A celebratory reception will be held at 5 p.m. prior to the regular Board meeting.
- Correspondence to and from the Board on an Item not on the Agenda

Date	Format	From	To	Subject	Response
3/12/18	Email	Tegan McLane, City of Dublin	Madelyne Misheloff	Invitation to Fallon Sports Park Phase II Grand Opening	N/A
3/14/18	Email	Sandra Cole, P3 Water Summit	DSRSD Board	Invitation to 2018 P3 Water Summit	N/A

6.B. Joint Powers Authority and Committee Reports – None

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

7. APPROVAL OF MINUTES

7.A. Regular Meeting Minutes of March 6, 2018

Vice President Misheloff MOVED for the approval of the March 6, 2018 minutes. Director Duarte SECONDED the MOTION, which CARRIED with FOUR AYES and ONE ABSENT (Halket).

8. CONSENT CALENDAR

Director Howard MOVED for approval of the items on the Consent Calendar. Vice President Misheloff SECONDED the MOTION, which CARRIED with FOUR AYES and ONE ABSENT (Halket).

8.A. Advance the Foul Air Line Rehabilitation Project (CIP 15-P018) to Fiscal Year Ending 2018 – Approved – Resolution No. 17-18

8.B. Accept the Following Regular and Recurring Reports: Warrant List – Approved

9. BOARD BUSINESS

9.A. First Reading: Introduction of Ordinance Revising District Code Section 5.20.120 Regarding Discharge from Self-Regulating Water Softeners

President Vonheeder-Leopold read the title of the Ordinance: An Ordinance of Dublin San Ramon Services District Amending Section 5.20.120 of the District Code to Revoke the Prohibition on Waste Discharged from Nonresidential Water Softeners

Laboratory Supervisor Diane Griffin reviewed the item for the Board.

The Board and staff discussed the District's long-standing prohibition against nonresidential water softeners, the health and safety code standards that legislate

residential water softeners, and the efficiency of new water softeners that discharge less salt content. Water softeners technology is expected to evolve and is unlikely to be a concern regarding anticipated advanced treatment regulations.

President Vonheeder-Leopold solicited a Motion to Waive Reading of the Ordinance.

Director Howard MOVED to Waive Reading of Ordinance. Director Duarte SECONDED the MOTION, which CARRIED with FOUR AYES and ONE ABSENT (Halket).

There was no public comment received. The Board had no additional comments.

Director Howard MOVED to Schedule Adoption of Ordinance for April 3. Director Duarte SECONDED the MOTION, which CARRIED with FOUR AYES and ONE ABSENT (Halket).

- 9.B. Authorize Task Order No. 7 with City of Dublin under the Tri-Valley Intergovernmental Reciprocal Services Agreement

General Manager McIntyre reviewed the item for the Board.

The Board and staff discussed utilizing the services agreement to outsource landscape maintenance work for District locations to City of Dublin. The proposal would provide the District with increased services, such as irrigation repairs, and alleviate District staff of contract administration duties. The task order approves one-year of service and can be revisited for renewal at its conclusion. The Board was pleased this collaborative agreement was proving successful.

Director Howard MOVED to Authorize Task Order No. 7 with City of Dublin under the Tri-Valley Intergovernmental Reciprocal Services Agreement. Director Duarte SECONDED the MOTION, which CARRIED with FOUR AYES and ONE ABSENT (Halket).

- 9.C. Adopt Revised Purchasing Policy and Rescind Resolution No. 13-17

Financial Services Supervisor Karen Vaden reviewed the item for the Board.

The Board and staff briefly discussed the approved vendor lists that will be established in accordance with the newly adopted California Uniform Public Construction Cost Accounting Act. Current lists for on-call water/sewer repairs and on-call mechanical work at the treatment plant will be updated as well.

Vice President Misheloff MOVED to adopt Resolution No. 18-18, Revising the Purchasing Policy and Rescinding Resolution No. 13-17. Director Howard SECONDED the MOTION, which CARRIED with FOUR AYES and ONE ABSENT (Halket).

- 9.D. Adopt Revised Budget Accountability Policy and Rescind Resolution No. 16-17

Administrative Services Manager Atwood reviewed the item for the Board.

Vice President Misheloff MOVED to adopt Resolution No. 19-18, Revising the Budget Accountability Policy and Rescinding Resolution No. 16-17. Director Duarte SECONDED the MOTION, which CARRIED with FOUR AYES and ONE ABSENT (Halket).

9.E. Receive Report on Early Payoff of the East Bay Discharge Authority (EBDA) Debt by Livermore-Amador Valley Water Management Agency (LAVWMA)

Administrative Services Manager Atwood reviewed the item for the Board.

The Board conveyed its support for LAVWMA paying off its EBDA debt early.

9.F. Oppose Senate Bill 623 and Budget Trailer Bill Proposing the “Drinking Water Tax” and Approve a \$10,000 Contribution for the Association of California Water Agencies’ Educational Efforts Regarding Possible Negative Consequences of the Tax

Community Affairs Supervisor Sue Stephenson reviewed the item for the Board.

The Board and staff discussed aspects of the item pertaining to the negative impacts a water tax would produce, the existing funding sources that California could utilize instead, and ACWA’s goal to raise \$250,000 for educational efforts and outreach to challenge the proposed water tax. The Board conveyed its opposition to a water tax and agreed the services ACWA provides its member agencies are valuable.

Director Duarte MOVED to adopt Resolution No. 20-18, Opposing a Tax on Drinking Water, and to Approve a \$10,000 Contribution for the Association of California Water Agencies’ Educational Efforts Regarding Possible Negative Consequences of the Tax. Vice President Misheloff SECONDED the MOTION, which CARRIED with FOUR AYES and ONE ABSENT (Halket).

9.G. Receive Presentation on Supervisory Control and Data Acquisition System

Engineering Services Manager Zavadil reported that the Supervisory Control and Data Acquisition System project has been completed and introduced District staff members to give a presentation. Rudy Portugal (Associate Civil Engineer/Project Manager), Aomar Bahloul (Information Technology Analyst II), Robert Brooks (Operations Control System Specialist), and Danny Leonardo (Water/Wastewater Systems Lead Operator) reviewed the project’s inception in 2015, its steady and within-budget progress, its uses and advantages, and its recent successful completion. They provided an overview of system network performance, redundancy and availability, enhanced security, remote access capabilities, data center virtualization, and monitoring. Staff reviewed the system dashboard and several screens utilized by District operators to observe the status of District facilities and systems, enabling the ability to respond more quickly and efficiently when needed. Staff reported they are pleased to have this enhanced tool to better perform the work of the District.

The Board and staff discussed some additional technical aspects and advantages of the system, the positive impacts on the District’s asset management program, and acknowledged that DSRSD continues to be a leader in technological innovation. The Board expressed delight that the project has been completed with such success and that

staff is happy with the outcome. The Board congratulated staff and thanked them for the presentation.

9.H. Support DERWA Operations and Maintenance Budget Submittal for Fiscal Year Ending 2019

Operations Manager Carson reviewed the item for the Board noting that DERWA's services are in high demand. He highlighted the proposed budget increases in the areas of labor, technical training, chemicals, mechanical and electrical work, and necessary support needed to sustain operations.

Director Howard MOVED to Support DERWA Operations and Maintenance Budget Submittal for Fiscal Year Ending 2019. Vice President SECONDED the MOTION, which CARRIED with FOUR AYES and ONE ABSENT (Halket).

9.I. Discuss Recycled Water Policy and Provide Direction

Engineering Services Manager Zavadil reviewed the item for the Board and gave a presentation that addressed the following areas for the Board to consider and discuss before the District updates its recycled water policy:

- Recycled Water Demand Versus Supply, Peak Days
- DERWA Agreement
- Supplemental Supplies
- Potable Addition Concept
- Potable Addition 2017 Demand Pattern
- Potable Addition Issues

At the conclusion of her presentation, Ms. Zavadil asked the Board to consider how the District might move forward, in the next five years and beyond, given recycled water supply uncertainties. The Board and staff held a discussion that included the following questions, comments and themes:

- The Board and staff agreed the District's recycled water program has been extremely successful yet is presenting other challenges due to increasing demand.
- Based on current levels of new development in Dublin, how would the District limit recycled water connections? The District can advise developers to connect to the potable water system instead due to lack of recycled water supply. It is a cost benefit to developers to install improvements (purple pipes) for recycled water.
- The District does not have much of a choice but to implement conservation and demand management. The District should certainly be thinking about this. A conservation program would need to be started and implemented in every year, not only during a drought.

- The District is out of options for the next 5-10 years other than conservation and demand management, as other options require time to build.
- The District achieved its goal of recycling all wastewater at the treatment plant, perhaps it is time to stop adding customers, not go any farther but to distribute what we have in summer. The District has used the treatment plant for recycling during the summer, now do that year-round? And should any of this supply be considered for a potable reuse project instead?
- Digging fringe wells are really expensive, though an option on the table.
- The District needs supply storage. Could more ways to save recycled water in the winter be considered, such as adding storage in another pond or tank? Staff looked at other options for storage at the treatment plant and the Dedicated Land Disposal areas, but they are not practical. Two lakes in the Chain of Lakes (Cope Lake and Lake I) were once considered for storage but are now being looked at for potable reuse, and is inconsistent with Zone 7's long-term use plan.
- Can recycled water conservation be implemented? Parks, schools, and fields need to cut back use as major waste has been observed by some users in the past. There needs to be a better stewardship of the available supply. Starting a conservation program is a step in the right direction.
- Is the District allowed to restrict recycled water supply? Yes, this is a classic example of a limited supply resulting in a water shortage. The District has never before had to contemplate a recycled water shortage as it was thought to be an endless supply.
- DERWA (DSRSD-EBMUD Recycled Water Authority) can lead the effort to place restrictions on recycled water customers via its partner agencies, but existing agreements would need to be rewritten to address this approach, as they were not written to grapple with the current challenges. The supply shortage will be discussed at the March 26 DERWA meeting.
- DERWA partner agencies (DSRSD, EBMUD and City of Pleasanton) have a firm grasp of their projected demand numbers based on build out and/or retrofits. Pleasanton has first right to the recycled water supply DERWA produces due to the wastewater Pleasanton provides.
- Customers believe using recycled water is a better way to conserve and that it is a never ending supply, but it really is a finite resource. California may establish a water budget for potable water, but it is unclear if agencies would be forced to conserve recycled water as well. The District may choose to go in that direction, but the state may mandate it anyway.

Ms. Zavadil stated staff will return to the Board in approximately six months to provide an update on how well the agencies did during the upcoming peak season and discuss the next season.

The Board expressed its hope that the discussion this evening proved helpful and concluded that investigating supplemental supply for both the short and long-term is imperative.

10. BOARDMEMBER ITEMS

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

President Vonheeder-Leopold submitted written reports to Executive Services Supervisor Genzale. She reported she attended an Alameda County Special Districts Association treasury meeting at Castro Valley Sanitation District March 15, and the California Association of Sanitation Agencies Board of Directors teleconference meeting March 19. She summarized the activities and discussions at the meetings.

- Request New Agenda Item(s) Be Placed on a Future Board of Committee Agenda – None

11. CLOSED SESSION

At 8:27 p.m. the Board went into Closed Session.

11.A. Conference with Legal Counsel –Anticipated Litigation. Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Government Code Section 54956.9: (Two cases.)

12. REPORT FROM CLOSED SESSION

At 9:06 p.m. the Board came out of Closed Session. President Vonheeder-Leopold announced that there was no reportable action.

13. ADJOURNMENT

President Vonheeder-Leopold adjourned the meeting at 9:07 p.m.

Submitted by,

Nicole Genzale, CMC
Executive Services Supervisor/District Secretary



TITLE: Second Reading: Adopt Ordinance Revising District Code Section 5.20.120 Regarding Discharge from Self-Regulating Water Softeners

RECOMMENDATION:

Staff recommends the Board of Directors waive, by Motion, the second reading of an Ordinance revising the provisions of District Code Section 5.20.120 that governs waste discharges into a sanitary sewer from the regeneration of nonresidential water softeners of any kind or description, and adopt the Ordinance.

SUMMARY:

This is a second reading of the proposed revision to the District Code Section 5.20.120 governing discharge from self-regulating water softeners. The Board introduced the Ordinance for the first reading during the March 20 Board meeting. The proposed revisions to the District Code are shown in Attachment 1.

District Code, Section 5.20.120 prohibits waste discharged into a sanitary sewer from the regeneration of nonresidential water softeners of any kind or description. Staff proposes to revoke the prohibition. It is difficult to enforce the prohibition as the water softeners are typically not included on the plumbing plans the district receives for project approval. District pre-treatment inspectors have discovered during inspections that water softeners have been installed in commercial facilities such as restaurants. The softeners are used to maintain and protect equipment such as cooling towers, boilers, dishwashers and laundry washers. Businesses argue that DSRSD water hardness causes frequent failure or replacement of equipment which increases costs, and that water softeners are essential to maintain proper operation and longevity of critical equipment.

It should be noted that even with this change, other Code sections will continue to ensure that the District is able to monitor and enforce wastewater discharge requirements. The District reserves the right to inspect (Sec 5.10.080(B)) and regulate commercial entities (Sec 5.10.030(B)) to ensure that discharges are conducted in a manner that it determines to be in the public interest. In addition, local limits apply to all discharges, as detailed in Sec 5.20.060.

Removal of the prohibition will be in effect as long as the District meets all state and local discharge limits on Total Dissolved Solids (TDS). If TDS limits are exceeded or water quality or public health are impacted by this change, the prohibition will be reinstated.

Originating Department: Operations	Contact: D. Griffin	Legal Review: Yes
Cost: \$0	Funding Source:	
Attachments: <input type="checkbox"/> None <input type="checkbox"/> Staff Report <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Task Order <input type="checkbox"/> Proclamation <input checked="" type="checkbox"/> Other (see list on right)	Attachment 1 – Redlined version of District Code Section 5.20.120	

ATTACHMENT 1 TO S&R – REDLINED VERSION OF PROPOSED CHANGE

PROPOSED CHANGES

5.20.120 Discharge from self-regulating water softeners.

A. ~~Residential~~ Waste discharged into a sanitary sewer from the regeneration of a residential water softener of any kind or description is prohibited, except that from a water softener that conforms to the requirements of Health and Safety Code Section 116785.

B. ~~Nonresidential. Waste discharged into a sanitary sewer from the regeneration of a nonresidential water softener of any kind or description is prohibited. [Ord. 298, 2003; Ord. 327, 2010.]~~

ORDINANCE NO. _____

AN ORDINANCE OF DUBLIN SAN RAMON SERVICES DISTRICT AMENDING SECTION 5.20.120 OF THE DISTRICT CODE TO REVOKE THE PROHIBITION ON WASTE DISCHARGED FROM NONRESIDENTIAL WATER SOFTENERS

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

WHEREAS, District Code Section 5.20.120, Discharge from self-regulating water softeners, prohibits waste from the regeneration of nonresidential water softeners of any kind or description from being discharged into a sanitary sewer; and

WHEREAS, District Code Sections 5.10.030(B), 5.10.080(B), and 5.20.060 includes provisions to monitor and enforce wastewater discharge requirements; and

WHEREAS, the Board wishes to update the District Code to revoke the prohibition of waste discharged into a sanitary sewer from the regeneration of a nonresidential water softener of any kind or description; and

WHEREAS, pursuant to Sections 25128 and 61060 of the Government Code, three copies of the proposed revised Section 5.20.120 of the District Ordinance Code have been on file in the office of the District Secretary since March 14, 2018 and available for use and examination by the public during regular business hours.

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

1. Section 5.20.120 of the District Ordinance Code, entitled "Discharge from self-regulating water softeners" is hereby repealed and replaced by the new Section 5.20.120 entitled "Discharge from self-regulating water softeners" in the form in which it appears in Exhibit 1. Notwithstanding the preceding sentence, wherever a provision of the new Section 5.20.120 is substantially the same as the previous version of Section 5.20.120 the provision shall be deemed to be a continuation of the previous version of the provision and not a new enactment.
2. The General Manager, or the person or persons to whom such task may from time to time be delegated, is further authorized and directed to make further non-substantive administrative changes, as approved by District General Counsel, to Section 5.20.120, as respectively set forth in Exhibit 1 (including revisions in formatting as may be suggested by the publisher) for consistency and ease of reference within sixty (60) days from date of adoption.
3. This Ordinance shall become effective thirty (30) days after its adoption.

Ord. No. _____

The purpose of this Ordinance is to revoke the prohibition of waste discharged into a sanitary sewer from the regeneration of a nonresidential water softener of any kind or description found in District Code Section 5.20.120.

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 3rd day of April 2018, by the following vote:

AYES:

NOES:

ABSENT:

Georange M. Vonheeder-Leopold, President

ATTEST: _____
Nicole Genzale, District Secretary

EXHIBIT 1 TO ORDINANCE – REVISED CODE

5.20.120 Discharge from self-regulating water softeners.

Waste discharged into a sanitary sewer from the regeneration of a residential water softener of any kind or description is prohibited, except that from a water softener that conforms to the requirements of Health and Safety Code Section 116785.



TITLE: Receive Report on the Dougherty Valley Standby Charge District (Assessment District) and Provide Direction for Future Assessment/Funding Options

RECOMMENDATION:

Staff recommends the Board of Directors receive a report on the Dougherty Valley Standby Charge District (Assessment District) and direct staff to address the Department of Water Resources (DWR) pass-through to Dougherty Valley as a surcharge in conjunction with our water rate study process, to be effective for Fiscal Year Ending (FYE) 2019-20.

SUMMARY:

Each year the District levies a property tax assessment on the residents of Dougherty Valley to fund their share of the DWR charges billed to the Zone 7 Water Agency (Zone 7). This assessment amount is approaching a limit that will be insufficient to cover the recent DWR charges.

In Fiscal Year 2000, the District and Zone 7 signed an agreement to provide water to Dougherty Valley, a subdivision in Contra Costa County. As the water wholesaler, Zone 7 passes through annual charges from DWR to properties within their jurisdiction via the Alameda County property tax bills. Because Zone 7 has no jurisdiction in Contra Costa County, DSRSD established the Dougherty Valley Standby Charge District as a mechanism to pass through the DWR annual charges assessed to Zone 7.

A maximum assessment of \$170.75 per equivalent dwelling unit (EDU) was established to pay for the DWR charges and miscellaneous fees. These charges have grown from an original assessment of \$309,350 (\$38.17 per EDU) in FYE 2000 to the maximum annual assessment of \$1,575,943 (\$170.75 per EDU) in FYE 2018. Charges from the DWR for FYE 2018 were originally estimated by Zone 7 at \$2,227,320, which prompted staff to report at the December 5, 2017 Board meeting that the Assessment District Fund would end the fiscal year with a negative working capital. The District received the actual invoice for the surcharge last month in the amount of \$1,539,680 and received a "true up" credit for prior years in the amount of \$474,620. As there has been little consistency in the historic invoices and true up bills/credits to-date, it is difficult to predict the financial position of the Assessment District Fund at year-end. Given the most recent invoice, however, the Assessment District Fund should close out the year with a positive working capital balance. Decisions will need to be made for keeping this Fund solvent in FYE 2018-19.

Staff has analyzed what options the District has to collect the DWR pass-through charge and has identified three methods for Board consideration:

1. Retain the current assessment district structure;
2. Retain the current assessment district structure and address increases in DWR costs above the \$170.75 ceiling through a water rate surcharge; or
3. Eliminate the assessment district mechanism and address 100% of the DWR pass-through for Dougherty Valley as a water rate surcharge.

Staff is recommending option #3 to the Board. In addition, staff is recommending an alternative approach in accounting for the DSRSD administrative fees associated with the Assessment District.

Originating Department: Administrative Services	Contact: C. Atwood	Legal Review: Yes
Cost: \$0	Funding Source: N/A	
Attachments: <input type="checkbox"/> None <input checked="" type="checkbox"/> Staff Report <input type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Task Order <input type="checkbox"/> Proclamation <input type="checkbox"/> Other (see list on right)	15 of 44	

STAFF REPORT



District Board of Directors
April 3, 2018

Receive Report on the Dougherty Valley Standby Charge District (the Assessment District) and Provide Direction for Future Assessment/Funding Options.

BACKGROUND

Each year the District levies a property tax assessment on the property owners of Dougherty Valley to fund their share of the State Department of Water Resources (DWR) charges billed to the Zone 7 Water Agency (Zone 7). This maximum assessment amount allowed is approaching the level that it will be insufficient to cover the annual DWR charges.

In fiscal year 2000, the District and Zone 7 entered into an agreement to provide water to Dougherty Valley, a subdivision in Contra Costa County. As the water wholesaler, Zone 7 passes through annual charges from DWR to properties within their jurisdiction via the Alameda County property tax bills. Because Zone 7 has no jurisdiction in Contra Costa County, DSRSD established the Dougherty Valley Standby Charge District (Assessment District) in 2001; as a mechanism to pass through the DWR annual charges to property owners in Dougherty Valley.

A maximum assessment of \$170.75 per equivalent dwelling unit (EDU) was established to pay for the DWR charges and miscellaneous fees. These charges have grown from an original assessment of \$309,350 (\$38.17 per EDU) in FY 2000 to the maximum annual assessment of \$1,575,943 in FY 2018 (Attachment 1). Charges from the DWR for FY2018 were originally estimated by Zone 7 at \$2,227,320, which prompted staff to report at the December 5, 2017 Board meeting that the Assessment District Fund would end the fiscal year with negative working capital. The District received the actual invoice for the surcharge last month in the amount of \$1,539,680 and the “true up” credit for prior years in the amount of \$474,620. As there has been little consistency in the historic invoices and true-up bills to date, it is difficult to predict the financial position of the Fund at year end. Given the most recent invoice, however, the Assessment District Fund should close out the year with a positive working capital balance. The following discussion addresses options for keeping this Fund solvent in FY 2019 and beyond.

Upon review of *Amendment No. 1 to Contract Between Zone 7 Water Agency and Dublin San Ramon Services District for a Municipal & Industrial Water Supply, Appendix 1, Section 5 & 6*, (Attachment 2), staff has concluded that the District is responsible for initiating increases in the annual assessment to this subdivision. Zone 7 is only responsible for informing the District on the pass-through amount and subsequent true-up bill or credit.

DISCUSSION

Staff identified the following additional areas of consideration which impact the Fund:

- What should the District charge as an administration fee to assess, levy and collect these charges;
- How should the DWR pass through be collected – via the current assessment district mechanism or as a surcharge to the Dougherty Valley water rates; and
- What method should be used to estimate future charges?

Administrative Fees –

Our current agreement provides for a 15% administration fee to be charged by the District in conjunction with the assessment, levy and collection of these pass through charges. Although initially this amount appeared to be prudent, the pass through charges are now contributing to the need for the maximum assessment be levied, resulting in a very high administration fee of \$159,758.96 (15% x \$1,065,060; Zone 7 DWR charges net of credits). Staff recommends that we charge the Assessment District Fund based on time and materials, which per our estimate would not exceed \$10,000 per year. This change will reduce the charge to the Assessment District Fund and also reduce the revenue to the 900 Fund by approximately \$150,000 per year, starting in FY19/20.

Assessments versus Rate Charges –

Based on our research to date in regards to funding this pass-through from DWR, there are three options for increasing this amount, provided that the property owners consent (majority protest provisions) or approve by a majority vote (special assessment ballot proceeding). Those options include:

1. *Retain the current assessment district structure* - Utilize the Proposition 218 special assessment ballot proceeding process to notify all Dougherty Valley property owners within the assessment district boundaries of the current financial projections and necessary increases. Property owners will be mailed a ballot and have a weighted vote, based on their assigned EDUs. According to the law firm of Best, Best and Krieger, these ballots are not that successful in today's environment and involve a complex voting process. The customer base in Dougherty Valley is comprised of 7,181 accounts. Under this process, if 50%+1 of the returned ballots vote against the proposed increase, the increase cannot be assessed.
2. *Retain the current assessment district structure and address the increase in DWR costs through a water surcharge* – Retain the existing Assessment District limit which eliminates the need for a Proposition 218 special assessment ballot proceeding process on the \$170.75 assessment. Include the additional projected charges for DWR costs in the upcoming water rate study as a Dougherty Valley surcharge, similar to our current pumping charge. This eliminates the need for mail-in ballots as described in option #1. The District would consider protests received based on our entire customer base of 23,282 accounts. A majority protest provision under Proposition 218 procedures would still apply for new rates.
3. *Eliminate the Assessment District mechanism and address 100% of the DWR pass-through for Dougherty Valley as a surcharge* - Simplify the DWR charges by consolidating them into the Proposition 218 process for our five year water rate study timelines. Given the wide fluctuation of the pass-through and subsequent billing/credits, this amount could be re-evaluated once every five years providing an ability to adjust the pass-through charges as needed. As required under option #2, the District would consider protests received based on our entire customer base of 23,282 accounts.

Staff recommends option #3 above to eliminate the current, stand-alone assessment district, acquire the ability to revisit the charges every five years given the wide fluctuations that are occurring, and streamline and consolidate our billing for water rates and surcharges.

Methodology of Estimating Future Charges –

Staff will be evaluating past charges as well as future DWR expenses to develop charges and credit estimates to keep the fund solvent.

Staff will be starting the water rate study this month with the next rate increase scheduled for January 2019 or 2020, depending on the needs of the Water Fund Family. This strategy will let us capitalize on the following:

- Consider impacts from the Joint Potable Reuse Feasibility Study, especially in the areas of capital and operating cost recommendations;
- Monitor customer behavior changes in the post-drought period. We are currently seeing an increase in water usage and another year of data will confirm whether these trends are holding;
- Incorporate the Assessment District if the Board so desires; and
- Address the complexities of the San Juan Capistrano Case.

The timing of this study will provide the District the opportunity to streamline and consolidate the assessment district process if the Board so desires.

RECOMMENDATION

Staff recommends that the Board receive the report on the Dougherty Valley Standby Charge District (the Assessment District) and provide direction to:

1. Eliminate the 15% administration fee and charge based on actual staff time (approximately \$10,000 per year), and
2. Eliminate the current Assessment District assessments effective in FYE 2020 and incorporate the DWR charge into the Water Rate study (Option #3).

Dougherty Valley Standby Charge District (Fund 995)

	FY 2000 <u>Actual</u>	FY 2001 <u>Actual</u>	FY 2002 <u>Actual</u>	FY 2003 <u>Actual</u>	FY 2004 <u>Actual</u>	FY 2005 <u>Actual</u>	FY 2006 <u>Actual</u>	FY 2007 <u>Actual</u>	FY 2008 <u>Actual</u>	FY 2009 <u>Actual</u>	FY 2010 <u>Actual</u>	FY 2011 <u>Actual</u>	FY 2012 <u>Actual</u>	FY 2013 <u>Actual</u>	FY 2014 <u>Actual</u>
Assessment Pooled Interest			614,201.00	530,873.00	380,882.12	322,269.56	334,925.02	530,285.76	380,746.40	371,021.86	903,298.82	1,180,813.51	1,388,118.23	1,464,368.05	1,505,092.30
			3,643.00	9,795.00	2,569.32	20,701.37	16,361.10	36,706.79	39,083.48	16,094.66	3,196.43	5,058.54	4,673.35	1,849.43	9,284.53
Total Revenue	\$ -	\$ -	\$ 617,844.00	\$ 540,668.00	\$ 383,451.44	\$ 342,970.93	\$ 351,286.12	\$ 566,992.55	\$ 419,829.88	\$ 387,116.52	\$ 906,495.25	\$ 1,185,872.05	\$ 1,392,791.58	\$ 1,466,217.48	\$ 1,514,376.83
Zone 7 Billing State Adjustments	309,350.66	286,461.52	330,083.20	242,288.00	235,113.60	244,720.00	526,406.40	387,600.00	464,025.60	634,522.56	711,005.19	1,081,490.76	1,367,470.12	1,226,330.70	1,252,533.41
FY00				(71,814.80)	(4,121.96)										
FY01				(9,321.74)	(10,636.85)										
FY02					(49,725.67)	(7,424.15)									
FY03						(40,152.32)	(18,803.80)								
FY04							(21,008.80)	(17,380.20)	(20,011.03)						
FY05								3,575.97	(37,438.28)	(36,576.03)					
FY06									(75,377.34)	(48,594.21)					
FY07										(460.57)	516.83				
FY08										(26,940.03)	(40,662.19)	(17,582.74)			
FY09											14,305.46	(53,834.24)	(5,486.18)		
FY10											(51,625.25)	(115,949.12)	(63,682.52)	115,949.12	
FY11												54,650.38	(26,639.87)	(53,909.70)	
FY12													(26,533.63)	(77,734.50)	
FY13														(63,379.88)	
FY14															256.70
FY15															(76,631.54)
FY16															(39,086.90)
FY17															
State Adjustments				(81,136.54)	(64,484.48)	(68,585.27)	(32,608.03)	(132,826.65)	(124,124.74)	(26,817.30)	(122,525.40)	(67,804.95)	(45,947.25)	(74,860.34)	(115,461.74)
Zone 7 Net Adj.	309,350.66	286,461.52	330,083.20	161,151.46	170,629.12	176,134.73	493,798.37	254,773.35	339,900.86	607,705.26	588,479.79	1,013,685.81	1,321,522.87	1,151,470.36	1,137,071.67
Legal Fees															
Professional fees						7,895.78	10,227.28	12,667.33	15,712.68	19,097.07	20,000.14	8,000.00	8,228.84	8,361.90	8,618.35
DSRSD Admin Fee *						26,960.12	28,247.65	76,426.59	41,159.67	53,849.69	94,451.27	90,242.56	154,077.76	198,228.43	172,720.55
CoCo Collection Fee				52,600.00	79,898.54	1,131.25	1,955.67	2,927.44	3,911.75	4,820.63	4,934.88	4,979.37	5,115.22	5,412.78	5,640.22
Other fees						78.55		117.48			1,810.26	137.28	155.20	153.88	164.44
Total Expenditures	\$ 309,350.66	\$ 286,461.52	\$ 382,683.20	\$ 241,050.00	\$ 206,694.82	\$ 216,565.33	\$ 585,937.21	\$ 315,557.45	\$ 419,943.25	\$ 729,061.31	\$ 691,839.00	\$ 1,181,262.83	\$ 1,533,679.86	\$ 1,338,613.92	\$ 1,339,619.40
Net	(309,350.66)	(286,461.52)	235,160.80	299,618.00	176,756.62	126,405.60	(234,651.09)	251,435.10	(113.37)	(341,944.79)	214,656.25	4,609.22	(140,888.28)	127,603.56	174,757.43
Fund Balance			235,161.00	534,779.00	711,535.62	837,941.22	603,290.13	854,725.23	854,611.86	512,667.07	727,323.32	\$ 731,932.54	\$ 591,044.26	\$ 718,647.82	\$ 893,405.24

7's capital assets. The Facility Use Payments for New Connections of other sizes shall be adjusted by the "fee factor" contained in the Zone 7 Water Connection Charge Ordinance, Section III.

Zone 7 shall adjust the Facility Use Payments at the times specified in this section by multiplying \$1,850 by the Adjustment Index. The first adjustment to the Facility Use Payments shall go into effect no earlier than five years following issuance of the first building permit for development in the Dougherty Valley Service Area. Subsequent adjustments shall occur at five (5) year intervals thereafter. Payments to Zone 7 under this section shall be collected in the same manner and be due at the same time as payments due under Section D.2 (above).

4. Capital Expansion Water Facilities. Zone 7 shall keep Contractor apprised of Zone 7's progress in developing and constructing any capital water facilities that are necessary to provide service to Contractor for ultimate use in the Dougherty Valley Service Area. If Contractor determines, and Zone 7 concurs, that capital facilities required by Zone 7 to provide water to Contractor pursuant to this Amendment will not be available in time for Zone 7 to make requested deliveries under this Amendment, Contractor may elect to design and construct such capital facilities, and Zone 7 will reduce future connection payments pursuant to Paragraph D.2 (above) by the costs incurred by Contractor.

5. Surcharge for Water Service for Dougherty Valley Service Area. Contractor shall pay Zone 7 a surcharge for water service for the Dougherty Valley Service Area to compensate Zone 7 for additional State Water Project charges incurred by Zone 7 as a result of providing water to the Dougherty Valley Service Area. The surcharge shall equal the Dougherty Valley Service Area's proportionate share of the total Tax Override Charges, calculated as follows: (6,080 (the estimated amount of water entitlement necessary to supply the Dougherty Valley Service Area with 4,560 acre-feet of water per year given a State Water Project long-term yield of 75%)/Zone 7's total State Water Project entitlement) multiplied by the total Tax Override Charges.

$$\left(\frac{1}{4,560} \times \left(\text{factor used to determine SWP long-term yield} \right) \right) \times \left(\frac{\text{Total Tax Override Charges}}{\text{Zone 7's Total State Water Project entitlement (in acre-feet)}} \right) = \text{Annual surcharge per this paragraph}$$

Zone 7 receives a statement of charges from DWR on or about July 1st of the preceding calendar year for which the charges are payable. Zone 7 shall invoice the Contractor on or

about September 1st preceding the November 1st for which the surcharge shall be due. DWR may make subsequent adjustments to its statement of charges. Accordingly, Zone 7 will make revisions to said invoice by issuing an additional invoice or refund as appropriate.

If, at some future date, the Dougherty Valley Service Area is annexed to Zone 7 and Zone 7 levies the Tax Override Charges directly on Contractor's customers in the Dougherty Valley Service Area, the aforementioned surcharge shall automatically terminate and be of no further force and effect.

6. Other Charges. Zone 7 and Contractor acknowledge and agree that from time to time there may arise a need for the imposition of additional payments to ensure that the Dougherty Valley Service Area bears all costs associated with the provision of treated water thereto under this Amendment. However, Zone 7 shall not impose upon Contractor any payments or charges not imposed upon Zone 7's Other Contractors for any purposes other than to recover costs associated with delivering water to the Dougherty Valley Service Area pursuant to this Amendment.



TITLE: Support LAVWMA (Livermore-Amador Valley Water Management Agency) Operations and Maintenance Budget Submittal for Fiscal Year Ending 2019

RECOMMENDATION:

Staff recommends the Board of Directors, by Motion, direct the District's LAVWMA (Livermore-Amador Valley Water Management Agency) representatives to support the proposed Fiscal Year Ending (FYE) 2019 budget for the operations and maintenance of the LAVWMA facilities.

SUMMARY:

As the contract operator for LAVWMA, the District prepares and submits to LAVWMA an annual operations and maintenance (O&M) budget. The attached budget cover letter explains the assumptions that were used to prepare the proposed \$2,204,698 budget for FYE 2019. The proposed budget has been submitted to the LAVWMA General Manager for consideration for approval by the LAVWMA Board of Directors at the LAVWMA Board meeting on May 16, 2018.

Originating Department: Operations	Contact: J. Carson	Legal Review: Not Required
Cost: \$0	Funding Source: N/A	
Attachments: <input type="checkbox"/> None <input type="checkbox"/> Staff Report <input type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Task Order <input type="checkbox"/> Proclamation <input checked="" type="checkbox"/> Other (see list on right)	Attachment 1 – LAVWMA FYE 2019 Proposed O&M Budget	



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March 26, 2018

Mr. Chuck Weir
LAVWMA General Manager
7051 Dublin Blvd.
Dublin, CA 94568

Subject: Proposed LAVWMA FY 2018-2019 Operations & Maintenance Budget

Dear Chuck:

As you know, we previously submitted in February 2017 proposed budgets for the operation and maintenance of the LAVWMA Facilities during FY 2017-2018 and FY 2018-2019 to coincide with the District's two-year budget cycle.

The original proposed budget for FY 2018-2019 submitted last year was \$2,145,585. There have been some changes over the past year, so for your reference attached please find a copy of the updated O&M budget for FY 2018-2019 with a revised total of \$2,204,698. The budget details are identical to the budget that we submitted previously for this time period except for the \$59,113 increase in the following items:

- Labor hour for Operator II was originally 772 hours at \$242,790 budget. This was increased by 384 hours for the additional one day each week (8 hours) every Friday for an Operator II to now provide a full week coverage to increase the best management practices due to recent SLSS events. This increased the proposed budget by \$52,613.
- SCADA PLC: \$4,500 was added to SCADA parts budget for redundancy of equipment operation.
- Cathodic protection contractual services: \$2,000 was added in anticipation of increased contractual support needed to complete some recommended Corrpro findings.

The \$2,204,698 proposed budget for FY 2018-2019 includes labor, utilities, materials, supplies, laboratory analysis, contractual services, and non-routine expenditures.

These are "not-to-exceed" budgets submitted in accordance with the Maintenance Agreement, and the total budget for each fiscal year cannot be increased without the approval of the LAVWMA Board. However, the "not to exceed" amount applies only to DSRSD's labor, materials, and supplies, per the terms of the Maintenance Agreement. The "not to exceed" amount does not apply to utilities, laboratory analysis, and contractual services (Article 3, Paragraph F). Utility rates and costs in particular are essentially beyond the control of the District, and utility costs could vary substantially depending upon utility rate initiatives and higher than normal flows resulting from above normal wet weather conditions.

Labor costs are based on DSRSD's burden labor rates, which are adjusted annually. Not included in this budget amount are EBDA's charges, permit fees, environmental mitigation, insurance, debt service, Director's fees, and expenditures for the LAVWMA General Manager, Treasurer, Counsel, Auditor, and administrative staff.

Attachment 5 shows the breakdown of labor hours used to estimate labor costs for the FY 2018-2019 which is identical to the FY 2017-2019 budget, except for the added 384 hours for Operator II as mentioned above. Approximately 2.72 FTE will continue to be provided in the overhead rates via non-billable administrative support.

Attachment 6 shows the proposed FY 2018-2019 O&M budget of \$2,204,698 in detail. This amount will convey treated wastewater to the discharge point in San Francisco Bay for Livermore, Pleasanton, Dublin, and San Ramon customers at a rate of approximately \$549 per million gallons during FY 2018-2019, based on an estimated export flow of 4,015 million gallons. For your convenience the expenses are separated by pumping costs (\$1,817,893 or \$453 per million gallons) and pipeline maintenance costs (\$386,805 or \$96 per million gallons).

Attachment 7 summarizes the proposed FY 2018-2019 budget as compared to the current FY 2017-2018 budget and actual FY 2017-2018 expenses to date. Overall, the proposed FY 2018-2019 budget is 6% higher than the current FY 2017-2018 budget of \$2,079,028.

Electric costs are expected to increase by about 2%, reflecting slightly lower export flows and expected increase in PG&E rates.

The budget includes several significant factors as follows:

- Labor – Estimated labor hours are based on burden labor rates, as agreed by the LAVWMA Board on April 18, 2007. For FY 2018-2019, the burden labor rates assumed a 3.5% CPI increase in salaries effective January 1, 2019
- Utilities – The LAVWMA pumping station is enrolled in PG&E's Peak Daily Power (PDP) Program, a demand response program, which provides a small savings for power used during summer partial-peak and off-peak periods. Since CY 2012, DSRSD staff began implementing creative strategies for pumping that maximize the efficiency of the pumping system and reduce electric costs. These strategies match combinations of pumps with the desired flow rate, time of day electric rates, and storage capacity that result in the lowest combined electric cost based on both demand charges and usage. Staff is currently testing the three (3) newly received pumps and rebuilt motors. Once the pumps are approved and certified they should further improve pumping efficiency.

Capital Improvement and replacement budget items have been submitted separately for consideration in the budget proposal that will be forwarded to the LAVWMA Board.

DSRSD staff is available at your convenience to discuss the proposed operating and maintenance budgets.

Sincerely,



Jeff Carson
Operations Manager

Enclosures

cc:

Dan McIntyre, DSRSD General Manager
Judy Zavadil, DSRSD Engineering Services Manager
Levi Fuller, DSRSD Treatment Plant Operations Supervisor
Maurice Atendido, DSRSD Electrical & Instrumentation Supervisor
Shawn Quinlan, DSRSD Maintenance Supervisor
Diane Griffin, DSRSD Laboratory Supervisor
Dan Martin, DSRSD Water/Wastewater Systems Operations & Maintenance Supervisor
Dan Lopez, DSRSD Operations Support Services Supervisor
Gemma Lathi, Administrative Analyst II – Operations
Helen Ling, Water Resources Division Manager
Kathleen Yurchak, Director of Operations and Water Utilities
Sue Montague, Administrative Assistant LAVWMA

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Attachment 5 - Revised March 2018 for Proposed FYE 2019

FY 2018-2019 LAVWMA PERSONNEL ESTIMATING

		Hours
PERSONNEL		
Division 51 - Field Services		
Water-Wastewater Sys OP IV	TV inspection of export pipe, 1/2 day/year, 2 Operators	16
Water-Wastewater Sys OP IV	Traffic control for vault entries, misc	16
Maintenance Worker II	Traffic control for vault entries, misc	16
Supervisor	Inspections/coordination/direction of staff and related activities	4
Division 52 - Treatment Operations		
Process Lead Operator V	Pump efficiency testing and SOP's, planning, inspections	200
Senior WWTP Operator	Spot checks on off-shifts and weekends + hours for storms	590
Operator II	Daily pump station operation/monitoring, 3 hrs/day 5 days per week	1,000
Operator II (see note below)	San Leandro Sample Station checks, pipeline inspections, flapper valve testing	1,156
Supervisor	Inspections/direction of staff and activities, 2 hours/week	50
<i>Note: Originally 772 hours, added 384 hours (addtl 1 day/week at sample station = 8 hrs/wk x 4 wks/mo x 12 mos/yr)</i>		
Division 53 - Mechanical		
Senior Mechanic-Crane Cert	Regular maintenance, 4 hrs/day, 2 days per week	380
Senior Mechanic	USA Marking, when other trained employees are not available	82
Mechanic II	PM's and misc repairs, as needed	400
Mechanic II	USA Marking, 1 hour per day, 5 days per week	140
Mechanic II	Confined space entries, 4 weeks/year, 2 employees	560
Supervisor	Inspections/direction of staff and activities, 1 hour/week	50
Division 54 - Electrical		
Senior Instrument/Controls Tech	Instrument replacement/SCADA troubleshooting	8
Instrument Tech	Instrument checks/calibration 7 hr per week	260
OPS Control Sys Spec	SCADA system repairs/programming, 3.75 hr per week	250
Senior Electrician	Switchgear & electrical inspections and repair	108
Electrician	Switchgear & electrical inspection/repairs, 5.75 hr per week	200
Supervisor	Inspections/direction of staff and activities, 1 hour/week	24
Division 56 - Safety		
Safety Officer	Special safety inspections of LAVWMA facilities	48
Division 40 - Engineering		
Senior Civil Engineer-SME	Assistance with engineering, maintenance, and bidding issues	100
TOTAL BILLABLE LABOR HOURS		5,658
FTE's		2.72

FY 2018-2019 LAVVMA OPERATION & MAINTENANCE BUDGET

	<u>Hours</u>	<u>Rate</u>	<u>Labor</u>	<u>Pumping</u>	<u>Pipeline</u>
<u>LABOR</u>					
DIVISION 51 - Field Operations					
Water-Wastewater Sys OP IV	32	\$147	\$4,720		\$4,720
Maintenance Worker II	16	\$119	\$1,897		\$1,897
Supervisor	4	\$200	<u>\$800</u>		<u>\$800</u>
Subtotal	52		\$7,416	\$0	\$7,416
DIVISION 52 - WWTP					
Process Lead Operator V	200	\$166	\$33,232	\$33,232	
Senior WWTP Operator	590	\$151	\$88,917	\$88,917	
Operator II	2,156	\$137	\$295,403	\$147,702	\$147,702
Supervisor	50	\$251	<u>\$12,557</u>	<u>\$6,279</u>	<u>\$6,279</u>
Subtotal	2,996		\$430,110	\$276,129	\$153,980
DIVISION 53 - Mechanical					
Senior Mechanic-Crane Cert	462	\$174	\$80,183	\$40,092	\$40,092
Mechanic II	1,100	\$154	\$169,309	\$118,718	\$50,592
Supervisor	50	\$254	<u>\$12,699</u>	<u>\$8,904</u>	<u>\$3,795</u>
Subtotal	1,612		\$262,192	\$167,714	\$94,478
DIVISION 54 - Electrical					
Senior Instrument/Controls Tech	8	\$186	\$1,484	\$742	\$742
Instrument Tech	260	\$158	\$41,089	\$20,544	\$20,544
OPS Control Sys Spec	250	\$169	\$42,158	\$31,618	\$10,539
Senior Electrician	108	\$170	\$18,361	\$18,361	
Electrician	200	\$155	\$30,912	\$30,912	
Supervisor	24	\$234	<u>\$5,627</u>	<u>\$2,814</u>	<u>\$2,814</u>
Subtotal	850		\$139,631	\$104,991	\$34,639
DIVISION 56 - Safety					
Safety Officer	48	\$113	<u>\$5,440</u>	<u>\$2,720</u>	<u>\$2,720</u>
Subtotal	48		\$5,440	\$2,720	\$2,720
DIVISION 40 - Engineering					
Senior Civil Engineer-SME	100	\$197	<u>\$19,678</u>	<u>\$7,871</u>	<u>\$11,807</u>
Subtotal	100		\$19,678	\$7,871	\$11,807
Total Labor	5,658	\$153	\$864,466	\$559,425	\$305,040

Note: Labor rates shown are estimated staff billing rates effective 1-1-2017 multiplied by 1.0525 to reflect an anticipated 3.5% CPI increase on January 1, 2018, and a 3.5% CPI increase on January 1, 2019.

FY 2018-2019 LAVWMA OPERATION & MAINTENANCE BUDGET

	Expense	Pumping	Pipeline
<u>MATERIALS & SUPPLIES</u>			
Operations Supplies			
Calcium Thiosulfate	\$14,000	\$7,000	\$7,000
Supplies/Expenses (misc)	<u>\$200</u>	<u>\$100</u>	<u>\$100</u>
Subtotal	\$14,200	\$7,100	\$7,100
Mechanical Supplies			
Materials and supplies	\$10,000	\$9,000	\$1,000
Pump & equip repair parts	\$7,500	\$7,500	
Water Cannons	\$0		
Air relief valve parts	\$5,000		\$5,000
Oils, lubricants	<u>\$2,500</u>	<u>\$2,500</u>	
Subtotal	\$25,000	\$19,000	\$6,000
Electrical Supplies			
Instrument parts	\$2,000	\$1,000	\$1,000
Analyzer parts	\$2,000	\$1,000	\$1,000
MCC equipment/parts	\$2,000	\$2,000	
Vibration sensors	\$7,000	\$7,000	
SCADA parts	\$9,000	\$7,000	\$2,000
Motor/soft-start parts	\$1,000	\$1,000	
Motor repair parts	<u>\$1,500</u>	<u>\$1,500</u>	
Subtotal	\$24,500	\$20,500	\$4,000
Total Materials & Supplies	\$63,700	\$46,600	\$17,100
<u>LABORATORY ANALYSIS</u>			
Compliance Testing	\$18,000	\$15,480	\$2,520
Operational Support Testing	\$3,700		\$3,700
Special Sampling	<u>\$5,000</u>		<u>\$5,000</u>
Total Laboratory Analysis	\$26,700	\$15,480	\$11,220
<u>CONTRACTUAL SERVICES</u>			
Sub-surface Repairs	\$5,000		\$5,000
Street Sweeping	\$5,000	\$5,000	
Cathodic Protection	\$26,000		\$26,000
Underground Service Alert	\$1,140		\$1,140
SCADA//POwerXpert software support	\$10,000	\$10,000	
HVAC Maintenance/Repairs	\$750	\$500	\$250
Termite/Pest Control	\$900	\$900	
Landscape/weed maintenance	\$8,500	\$5,780	\$2,720
Fire Extinguisher Maint	\$200	\$200	
Postage/Shipping Charges	\$250	\$250	
Professional Services, misc	<u>\$10,000</u>	<u>\$5,000</u>	<u>\$5,000</u>
Total Contractual Services	\$67,740	\$27,630	\$40,110
<u>UTILITIES</u>			
Electricity (PG&E)	\$1,157,313	\$1,152,063	\$5,250
Water & Sewer (Pleasanton)	\$1,000	\$1,000	
Water (EBMUD)	\$880		\$880
Telephone/communications/T-1	\$4,500	\$2,295	<u>\$2,205</u>
WW Treatment (DSRSD)	<u>\$2,500</u>	<u>\$2,500</u>	
Total Utilities	\$1,166,193	\$1,157,858	\$8,335
<u>NON-ROUTINE</u>			
Pump Efficiency Testing	\$0		
Corrosion Studies/Inspections	\$5,000		<u>\$5,000</u>
Med voltage switchgear 3-yr PM	<u>\$10,900</u>	\$10,900	
Total Non-Routine	\$15,900	\$10,900	\$5,000

FY 2018-2019 LAVWMA OPERATION & MAINTENANCE BUDGET

	Total	Pumping	Pipeline
TOTAL BUDGET	\$2,204,698	\$1,817,893	\$386,805

Assumptions:

	Total
Days of operation =	365
Annual acre feet =	12,321
Annual million gallons =	4,015

Unit Costs:

	Pumping	Pipeline
Cost/AF =	\$148	\$31
Cost/MG=	\$453	\$96

Attachment 7**Proposed Budget Summary FY 2018-2019**

	Approved Budget FY 2017-18	Actual Expenses Thru Jan'18 FY 2017-18	% Change	
			Proposed Budget FY 2018-19	Budget 17-18 vs. Budget 18-19
DSRSD Labor	\$784,903	\$386,288	\$864,466	10.1%
Materials & Supplies	\$65,200	\$66,967	\$63,700	-2.3%
Laboratory Analysis	\$26,700	\$15,928	\$26,700	0.0%
Contractual Services	\$57,740	\$31,636	\$67,740	17.3%
Utilities	\$1,144,485	\$516,938	\$1,166,193	1.9%
Non-Routine	<u>\$0</u>	<u>\$297</u>	<u>\$15,900</u>	<u>0.0%</u>
Total	\$2,079,028	\$1,018,054 (49% of budget)	\$2,204,698	6.0%



TITLE: Receive Presentation on Responses to the *San Juan Capistrano* Decision

RECOMMENDATION:

Staff recommends the Board of Directors receive a presentation about Responses to the *San Juan Capistrano* decision.

SUMMARY:

The Board requested more information about the *San Juan Capistrano* decision and what has happened during the nearly three years that have passed since that decision was first issued. Several “copycat” lawsuits have been filed with mixed success, many of which are now pending in California courts of all levels. Legislative solutions have been proposed – constitutional and statutory – but not yet adopted, and state agencies and rate consultants have weighed in.

The presentation from Legal Counsel will briefly refresh the Board on what was decided in the *San Juan Capistrano* decision regarding tiered water rates and charges for recycled water, identify some of the responses to that decision by local agencies, plaintiff’s attorneys, rate consultants, and courts facing challenges to tiered water rates, and mention electoral, legislative, and constitutional approaches to provide an enduring legal basis for maintaining tiered rates without the strict tier-by-tier cost basis stated in the decision.

Originating Department: Executive Services	Contact: C. Nelson	Legal Review: Yes
Cost: \$0	Funding Source: N/A	
Attachments: <input checked="" type="checkbox"/> None <input type="checkbox"/> Staff Report <input type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Task Order <input type="checkbox"/> Proclamation <input type="checkbox"/> Other (see list on right)	31 of 44	



TITLE: Receive Update on Joint Potable Reuse Feasibility Study and Provide Direction

RECOMMENDATION:

Staff recommends the Board of Directors receive a presentation on the current status of the Regional Potable Reuse Feasibility Study and provide direction to staff on further review of the Regional Potable Reuse Study.

SUMMARY:

The Tri-Valley Water Liaison Committee met on March 1, 2018, to receive a report on the Tri-Valley Joint Feasibility Study for Potable Reuse. The Liaison Committee consisted of elected officials from DSRSD, City of Pleasanton, City of San Ramon, City of Livermore, the California Water Service Company, and the Zone 7 Water Agency. A copy of the draft minutes from the meeting are attached. A copy of the PowerPoint presentation on the joint feasibility study is also attached.

Staff will give a verbal briefing on next steps, and ask the Board for direction on further information about the Regional Potable Reuse Feasibility Study. A full presentation to the DSRSD Board is anticipated in May.

Originating Department: Executive Services	Contact: D. McIntyre	Legal Review: Not Required
Cost: \$0	Funding Source: N/A	
Attachments: <input type="checkbox"/> None <input type="checkbox"/> Staff Report <input type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Task Order <input type="checkbox"/> Proclamation <input checked="" type="checkbox"/> Other (see list on right)	<p>Attachment 1 – Draft minutes from March 1, 2018 Water Liaison meeting</p> <p>Attachment 2 – March 1, 2018 Presentation on Potable Reuse</p>	



*California Water Service Company / Dublin San Ramon Services
District / City of Livermore / Zone 7 Water Agency / City of
Pleasanton / City of San Ramon / City of Dublin*

TRI-VALLEY WATER LIAISON MEETING
March 1, 2018
MINUTES

On Thursday, March 1, 2018, The Tri-Valley Water Liaison met from 4:00 p.m. to 6:00 p.m. at the Civic Center Library Community Rooms at 1088 S. Livermore Avenue, Livermore, CA.

Agencies represented included the Cities of Livermore, Pleasanton, and San Ramon; Zone 7 Water Agency; Dublin San Ramon Services District (DSRSD); and the California Water Service Company.

Elected Officials Present

Georgean Vonheeder-Leopold, Board President, DSRSD
Richard Halket, Board Director, DSRSD
John Marchand, Mayor, Livermore
Bob Woerner, Vice Mayor, Livermore
Karla Brown, Council Member, Pleasanton
Kathy Narum, Council Member, Pleasanton
Harry Sachs, Council Member, San Ramon
Sarah Palmer, Director, Zone 7
Bill Stevens, Director, Zone 7

Staff Present

Dan McIntyre, General Manager, DSRSD
Marc Roberts, City Manager, Livermore
Darren Greenwood, Public Works Director, Livermore
Nelson Fialho, City Manager, Pleasanton
Kathleen Yurchak, Operations Services Director, Pleasanton
Frank Vallejo, District Manager, Cal Water
Michael Hurley, Water Resource Manager, Cal Water
Jill Duerig, General Manager, Zone 7
Amparo Flores, Joint Project Team Project Manager, Zone 7

1. WELCOME AND INTRODUCTIONS

Livermore Mayor John Marchand welcomed everyone to the meeting, and thanked them for their participation.

2. PRESENTATION AND DISCUSSION OF TRI VALLEY JOINT FEASIBILITY STUDY FOR POTABLE REUSE AND

COMMUNITY SURVEY ON POTABLE REUSE.

Introduction on Tri-Valley joint effort to date

Amparo Flores gave the committee a brief overview on the motivation for the Joint Feasibility Study for Potable Reuse. She explained that the valley is seeking long-term water supply reliability. Zone 7 prepared a Water Supply Evaluation that analyzed the various water supply options. These include the California WaterFix, desalination and potable reuse. Of these options, potable reuse is drought tolerant, and the only option that can be controlled locally. All other options were based on importing water. Based on this, the Committee suggested that the agencies conduct a feasibility study on potable reuse. Financial participation was approved by the respective agencies.

Feasibility Study Presentation – Carollo Engineers

The agencies project management team chose Carollo Engineers to conduct the study to see if potable reuse is feasible in the Tri-Valley. The study began in December of 2016 and was completed in February 2018, with the final report expected in March 2018. The goal of the study was to identify ways to improve and protect water quality, and be fiscally responsible. Six options were studied. All of them have the potential to increase water supply quality and reliability, yielding 5,500-10,000 acre feet per year. The costs range between \$2,200-\$2,500/acre ft., which works out to a \$10-\$15 per month increase in water rates. No fatal flaws were identified in this study, and based on these evaluations, potable reuse is technically feasible in the valley. Carollo laid out the next steps, should the agencies decide to move forward, and said that overall, it could take 8-9 years to implement the project.

2018 Community Survey on Water Issues

The water agencies hired FM3 & Associates to conduct a second water supply reliability survey. The survey objectives were to find out general perceptions of water suppliers and job performance, assess the comfort with various uses of recycled water, measure support for a proposal to supplement drinking water before and after messaging supporting and opposing a project, and determining the willingness to pay (in both dollar and percentage terms). The first survey was conducted in 2015 and was updated for 2018, and the results of both were then compared. The key findings showed a decrease in concerns about water shortages, and an increase in concerns about water bills. The biggest increase in concern was with too much growth and development and the quality of drinking water. The majority of respondents support supplementing existing water supplies with purified recycled water. Of those, the majority would support a \$5 monthly increase in their water bills, or a 5% increase. Of those that oppose using purified recycled water, cost increases and concerns over the safety of the water were the main reasons given.

Committee Discussion

DSRSD General Manager Dan McIntyre opened the discussion with an overview of the two presentations and suggested meeting again in two to three months.

DSRSD Director Halket proposed that the agencies move forward with all water supply options and mentioned that potable reuse is the only option that can be locally controlled.

Pleasanton Councilmember Karla Brown mentioned the Los Vaqueros Reservoir Expansion (LVE) Project and asked about the possibility of participating in that Project. Livermore Councilmember Woerner also mentioned participating. Zone 7 Director Bill Stevens said that the LVE project is a storage expansion project, not a water supply project.

Several members raised concerns about the cost of potable reuse and how it would be shared, as well as the schedule for the project and when rates would need to be raised. These depend on when the agencies make their decisions and who participates in the project. All agreed that any rate increases would need to be gradual, rather than one large increase. The Committee asked to discuss the financial aspect of the project at the next meeting.

The Committee discussed the need for more public outreach. Some City representatives were worried about how to answer residents' questions about continued development with our limited water supply during drought years, as well

as reliability and quality of water. They asked that the survey results be broken down by agency so they would have a better understanding of how to address concerns.

All of the members will now take the technical feasibility study and survey information back to their respective agencies to review it in greater detail. They agreed they should have another meeting to discuss the next steps in the process.

3. APPROVE MINUTES FROM APRIL 26, 2017.

On a motion from Zone 7 Director Bill Stevens, second by DSRSD Board President Georangean Vonheeder-Leopold, carried on a 10-0 vote, the April 26, 2017 minutes were approved as submitted.

4. PUBLIC COMMENTS/CITIZEN'S FORUM

No Public Comment.

5. ADJOURNMENT

The meeting was adjourned at 6:00 p.m.

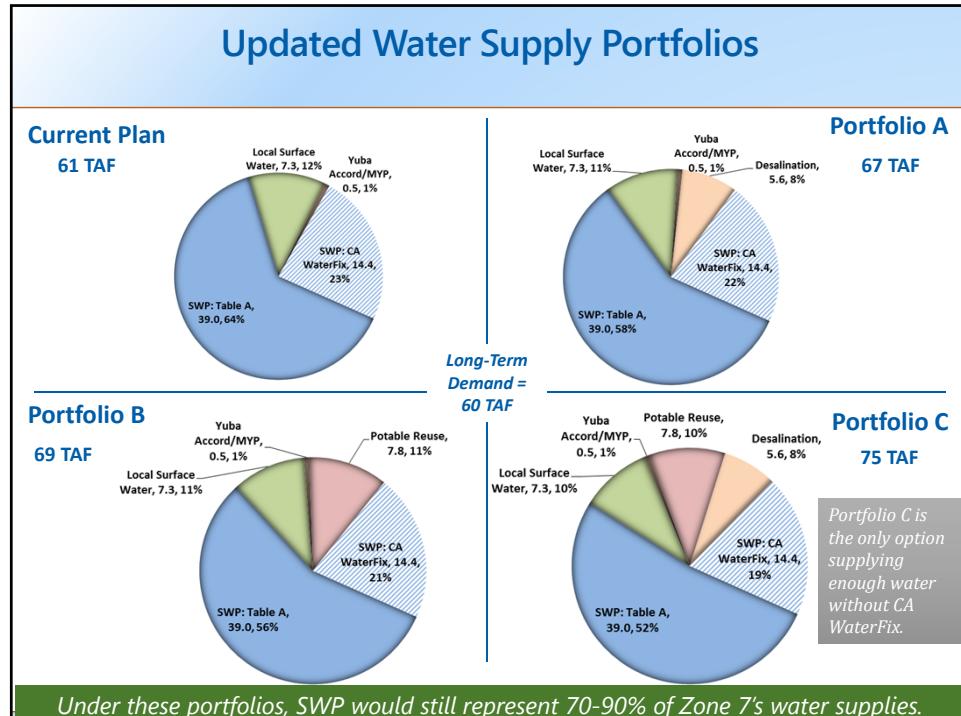


Motivation for the Feasibility Study

- Need to pursue water supply options to enhance long-term water supply reliability for the Livermore-Amador Valley.
- Potential options identified in the 2016 WSE Update include the California WaterFix, desalination, and potable reuse ("purified recycled water").
- Potential benefits of potable reuse: drought-resistant and local.

February 11, 2016: Liaison Committee supported a more detailed study of potable reuse options including groundwater recharge/injection, surface water augmentation, and connection upstream of the Zone 7 WTPs. (No direct connection to the transmission system.)

Water Supply Evaluation Update



Project Contract, Budget, and Schedule

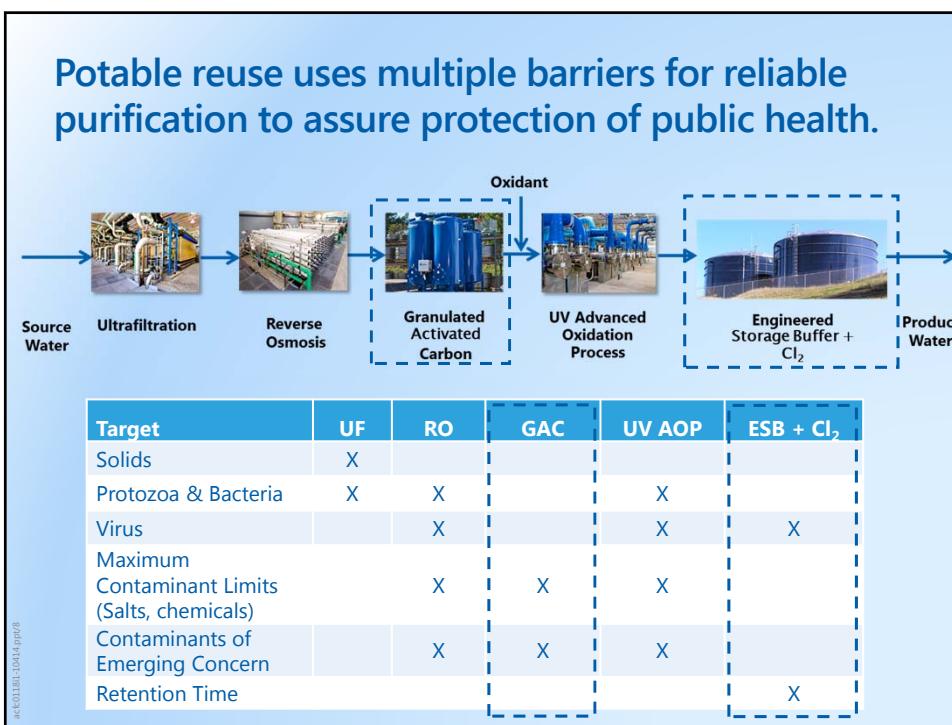
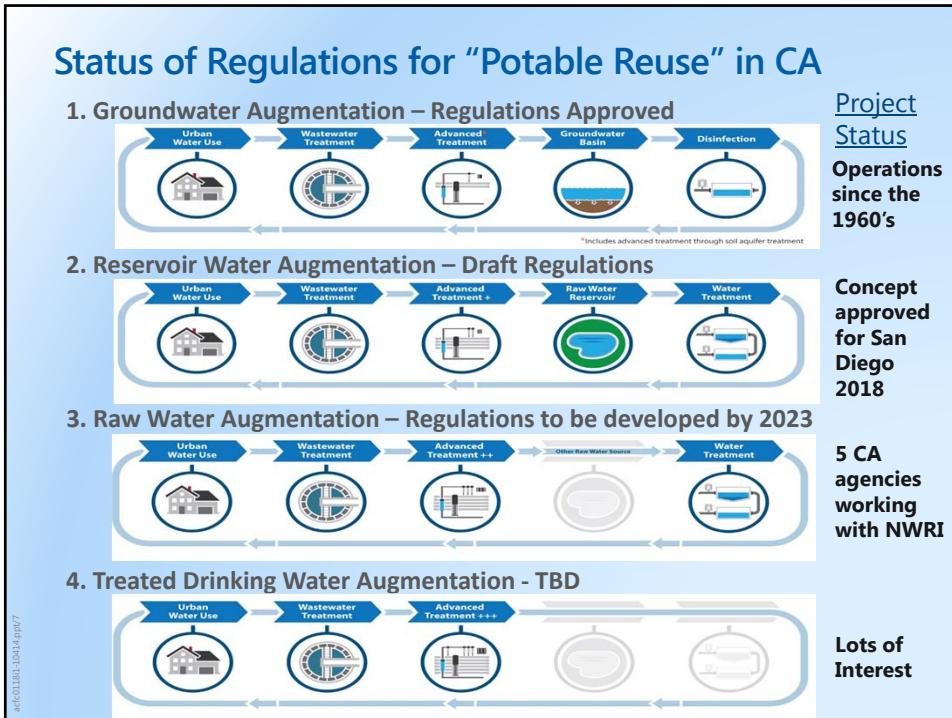
- Task Order issued under the Tri-Valley Intergovernmental Reciprocal Services Master Agreement for multi-agency participation and equal cost-share.
- Project budget:
 - \$850,000, including a \$95,000 contingency (13%)
 - Spent as of January 31, 2018: \$665,000; project expected to be completed within budget.
- Project Schedule:
 - Project Kick-off: October 2016
 - Liaison Committee presentations: September 2016, April 2017, March 2018
 - Final Report: Expected March 2018

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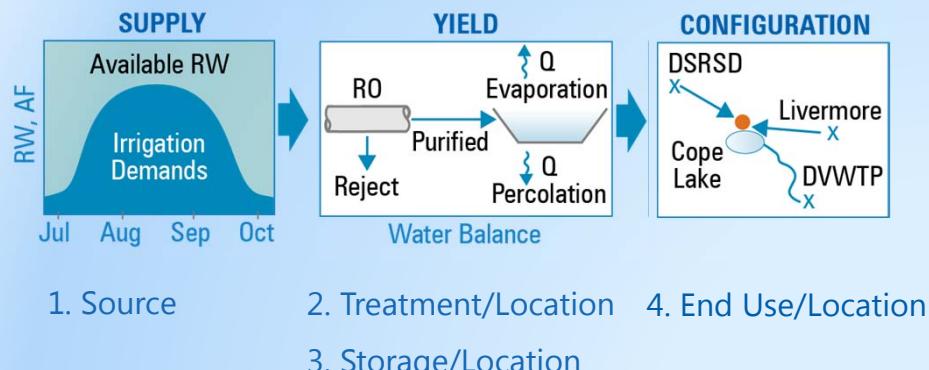
Project Objectives and Goals

- Objective:
 - Determine if potable reuse is a technically feasible option in the Tri-Valley.
- Goals:
 - Improve supply reliability
 - Protect water quality
 - Be fiscally responsible

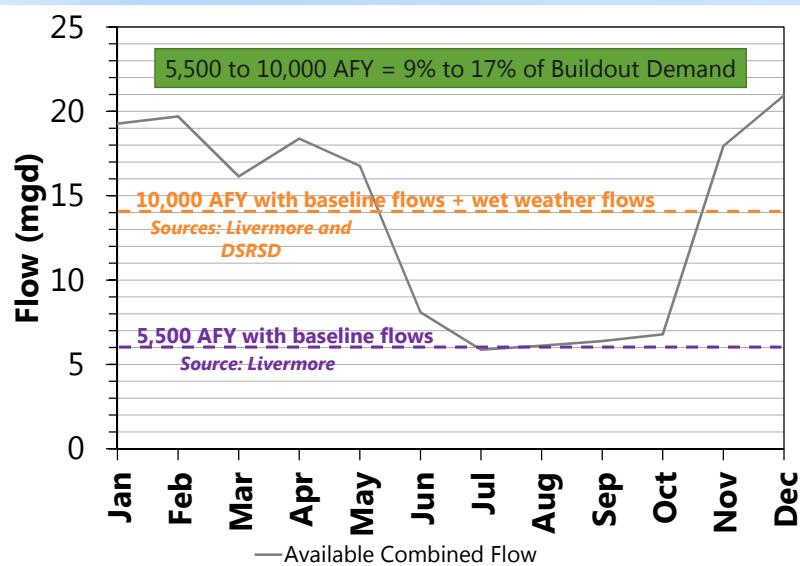
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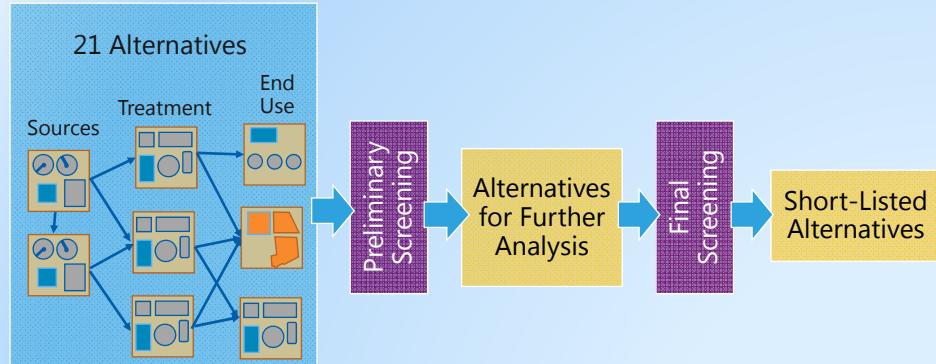
Alternatives analysis incorporates source, treatment, storage, and end use (supply destination) options.



Sources evaluated to consider potential lowest and highest purified water supply yields.



Alternatives analysis used to develop short list/bookends.



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Alternatives use different combinations of sources, sites, and end use.

Short-Listed Alternatives:
2 WWTPs, 4 Purification Sites, 4 End Uses



Comparison of Alternatives: Evaluation Criteria

Yield (AFY)
Cost (M\$)
Improve Supply Reliability
Improved Delivered Water Quality
Improve Groundwater Basin Quality
Clear Regulatory Pathway
Minimizes Neighborhood Impacts
Ability to Phase the Project
Operational Flexibility
Ease of Construction

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Qualitative Comparison of Alternatives

- All alternatives increase water supply reliability.
 - Degree of impact varies depending on yield (5,500 – 10,000 AFY)
- All alternatives improve water quality.
 - Some directly improve groundwater quality, others surface water supply.
- Siting Issues – Good options available for purified water facility.
- Regulatory pathways exist for all options.
- Some variability in operational flexibility and constructability.
- No fatal flaws identified.

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Summary of Study Findings

- Potable reuse is technically feasible in the Tri-Valley (i.e., no fatal flaws identified), based on evaluation of book-end options.
- Might be able to supplement water supplies by 5,500 to 10,000 acre-ft/year and increase supply reliability.
- Costs range:
 - Capital cost: \$112 M - \$222 M
 - O&M cost: \$6.5M-9M/year
 - Overall unit cost: \$2,200 – \$2,500/acre-ft

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Conclusions/Next Steps

- Finding: Potable reuse is feasible.
- Next Steps:
 - Partners decide whether to continue efforts.
 - Potential additional studies/investigations:
 - Further technical analysis.
 - Further economic/financial analysis.
 - CEQA.

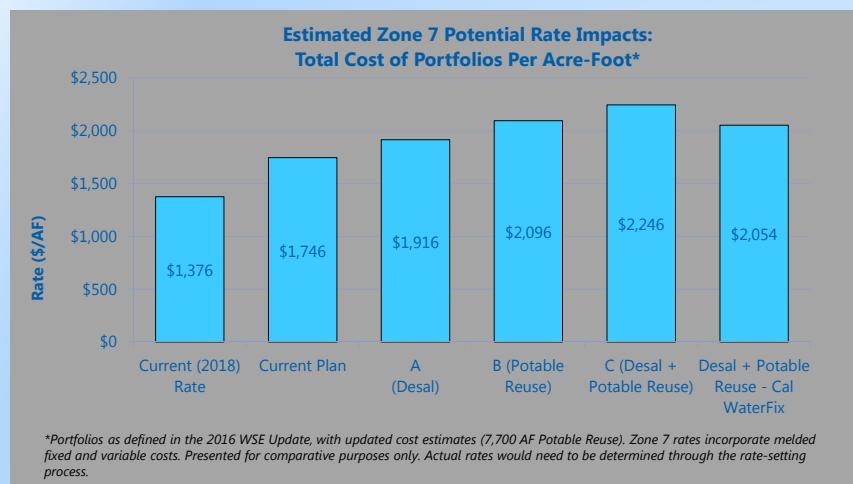
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Potable Reuse Conceptual Timeline for Implementation

Phase / Activity	Description	Timeline
Tri-Valley Potable Reuse Water Master Plan (and associated Technical Studies)	Further evaluate areas not completely studied in the Feasibility Study, including groundwater management, brine disposal, operational, financial, and institutional considerations.	2 years
Potable Water Programmatic Environmental Impact Report (EIR)	Evaluate the impacts of two or more options suggested in the Potable Reuse Water Master Plan, including 10% preliminary design.	2 years
Potable Reuse Project Design	Final design of a project (100% design)	2 years
Potable Reuse Bid/Construction	Bid and construct project	2 – 3 years
Final Commissioning	-	TBD

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Potential Zone 7 Rate Impacts



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