



AGENDA

NOTICE OF REGULAR MEETING

TIME: 6 p.m.

DATE: Tuesday, October 18, 2022

PLACE: Regular Meeting Place

7051 Dublin Boulevard, Dublin, CA

The Boardroom is open to the public during open session. Due to the COVID-19 pandemic, meeting attendees are required to conduct a self-screening before entering District facilities. Face coverings are optional.

Our mission is to protect public health and the environment by providing reliable and sustainable water, recycled water, and wastewater services in a safe, efficient, and fiscally responsible manner.

1. CALL TO ORDER

2. PLEDGE TO THE FLAG

3. ROLL CALL – Members: Goel, Halket, Johnson, Rubio, Vonheeder-Leopold

4. SPECIAL ANNOUNCEMENTS/ACTIVITIES

5. PUBLIC COMMENT (MEETING OPEN TO THE PUBLIC)

At this time those in the audience are encouraged to address the Board on any item of interest that is within the subject matter jurisdiction of the Board and not already included on tonight's agenda. Comments should not exceed five minutes. Speaker cards are available from the 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. Written comments received by 3 p.m. on the day of the meeting will be provided to the Board.

6. 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 September 20, 2022

Recommended Action: Approve by Motion

7.B. Approve Special Meeting Minutes of September 27, 2022

Recommended Action: Approve by Motion

7.C. Accept Regular and Recurring Report: Quarterly Treasurer's Report

Recommended Action: Accept by Motion

7.D. Approve Amendment to the Capital Improvement Program Ten-Year Plan and Two-Year Budget to Increase the Pump Station 3A MCC Improvements Project (CIP 18-W004) Budget, and Award

Construction Agreement to Bockmon & Woody Electric Co., Inc. for the Pump Station 3A MCC Improvements Project (CIP 18-W004)

Recommended Action: Approve by Resolution and Approve by Motion

7.E. Affirm No Changes to the Surplus Personal Property Policy

Recommended Action: Approve by Motion

7.F. Affirm No Changes to the Risk Management for District Agreements with Contractors and Consultants Policy

Recommended Action: Approve by Motion

7.G. Oppose California Ballot Initiative 21-0042A1 Aimed for November 2024 Statewide General Election

Recommended Action: Adopt by Resolution

8. **BOARD BUSINESS**

8.A. Receive Presentation on District's Water Conservation Status

Recommended Action: Receive Presentation

8.B. Receive Presentation on Long-Term Water Conservation Framework

Recommended Action: Receive Presentation

8.C. Receive Report and Rescind the Water Expansion Fund Management Policy and Resolution No. 13-14

Recommended Action: Receive Report and Rescind Policy by Resolution

8.D. Receive Presentation on Proposed Emergency Intertie Maintenance Test with East Bay Municipal Utility District and Zone 7 Water Agency

Recommended Action: Receive Presentation

9. **REPORTS**

9.A. **Boardmember Items**

9.A.1. Joint Powers Authority and Committee Reports

DSRSD/Zone 7 Water Agency Liaison – October 5, 2022

9.A.2. Submittal of Written Reports for Day of Service Events Attended by Directors

9.A.3. Request New Agenda Item(s) Be Placed on a Future Board or Committee Agenda

9.B. **Staff Reports**

9.B.1. Event Calendar

9.B.2. Correspondence from the Board

10. **CLOSED SESSION**

10.A. Conference with Legal Counsel – Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(d)(2): (one case)

Receipt of Government Claim from California Utility Company Pursuant to the Government Claims Act

10.B. Conference with Labor Negotiators Pursuant to Government Code Section 54957.6

Agency Negotiators: Dan McIntyre, General Manager
Carol Atwood, Administrative Services Director

Employee Organizations: 1. Stationary Engineers, Local 39
2. Mid-Management Employees Bargaining Unit
3. IFPTE Local 21/Professional Employees
4. Unrepresented Employees

Additional Attendees: Douglas E. Coty, General Counsel
Dania Torres Wong, Sloan Sakai Yeung & Wong LLP

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 during business hours 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

September 20, 2022

1. CALL TO ORDER

A regular meeting of the Board of Directors was called to order at 6 p.m. by President Halket.

2. PLEDGE TO THE FLAG

3. ROLL CALL

Boardmembers present at start of meeting:

President Richard M. Halket, Vice President Marisol Rubio, Director Arun Goel, Director Georgean M. Vonheeder-Leopold, and Director Ann Marie Johnson.

District staff present: Dan McIntyre, General Manager; Jan Lee, Assistant General Manager; Carol Atwood, Administrative Services Director/Treasurer; Steve Delight, Engineering Services Director/District Engineer; Jeff Carson, Operations Director; Douglas E. Coty, General Counsel; and Nicole Genzale, Executive Services Supervisor/District Secretary.

4. SPECIAL ANNOUNCEMENTS/ACTIVITIES

5. PUBLIC COMMENT (MEETING OPEN TO THE PUBLIC) – 6:01 p.m. No public comment was received.

6. AGENDA MANAGEMENT (CONSIDER ORDER OF ITEMS) – General Manager McIntyre recommended the Board remove Item 7.D from the Consent Calendar as the item requests Board direction. The Board agreed to remove Item 7.D, and took Consent Calendar Items 7.A, 7.B, 7.C, 7.E, and 7.F and passed these Items first.

7. CONSENT CALENDAR

Vice President Rubio MOVED for approval of Items 7.A, 7.B, 7.C, 7.E, and 7.F. on the Consent Calendar. Director Goel SECONDED the MOTION, which CARRIED with FIVE AYES.

7.A. Approve Regular Meeting Minutes of August 16, 2022 – Approved

7.B. Approve Regular Meeting Minutes of September 6, 2022 – Approved

7.C. Approve Resolution Supporting the State's Proclamation Declaring October 1 to 9, 2022, as California's Water Professionals Appreciation Week – Approved – Resolution No. 51-22

7.D. REMOVED – Accept Regular and Recurring Reports: Treasurer's Report, Outstanding Receivables Report, and Employee Reimbursements Greater than \$100 and Provide Direction on Submittal of the Quarterly Treasurer's Reports

Administrative Services Director Atwood reviewed the item for the Board. She explained the Quarterly Treasurer's Report's 30-day submittal requirement per Government Code §53646 (1)(b). The Board directed staff to routinely present the report in the Regular and Recurring Reports agenda item, but further directed that if it is submitted instead

via the General Manager Report to Board in order to meet compliance, that staff also place the report in the next Board agenda packet.

Director Goel MOVED to Accept Regular and Recurring Reports: Treasurer's Report, Outstanding Receivables Report, and Employee Reimbursements Greater than \$100, and Provided Direction on Submittal of the Quarterly Treasurer's Reports to Place the Report in the Board Agenda Packet to Comply with Government Code §53646 (1)(b) or Include the Report in the Next Agenda Packet Following Compliant Submittal in the General Manager Report to Board. Director Vonheeder-Leopold SECONDED the MOTION, which CARRIED with FIVE AYES.

- 7.E. Revise Casting District Ballots Policy and Rescind Resolution No. 45-18 – Approved – Resolution No. 52-22
- 7.F. Approve Purchase with Napa Ford for Ford Fleet Vehicles and Authorize the General Manager to Execute a Purchase Order – Approved

8. BOARD BUSINESS

- 8.A. Public Hearing: Accept 2022 Report on Water Quality Relative to Public Health Goals

President Halket announced the item and declared the Public Hearing open. He asked for the staff presentation.

Water/Wastewater Systems Superintendent Clint Byrum reviewed the item and provided the Board a presentation which was added to the website as supplemental materials. The presentation reviewed DSRSD's drinking water sources, water composition, DSRSD's public water system and treatments (fluoride and chloramine), the public health goal requirements, and any findings of E.coli, bromate, lead, and uranium. The report found that DSRSD's drinking water meets all quality standards and no further actions are recommended. The report is required every three years and the next report will be presented in 2025.

President Halket inquired if there were any comments from the public. There was no public comment received. President Halket declared the Public Hearing closed.

Director Goel MOVED to Accept the 2022 Report on Water Quality Relative to Public Health Goals. Director Vonheeder-Leopold SECONDED the MOTION, which CARRIED with FIVE AYES.

- 8.B. Approve Corrected Water Supply Assessment and Water Supply Verification for SCS Dublin Development Project

Engineering Services Director Delight reviewed the item for the Board. He explained that the report approved by the Board on August 16 erroneously included recycled water totals as part of the development's overall water supply. The corrected report is based solely on potable water and indicates sufficient supply for the development. The report will be provided to City of Dublin upon Board approval.

Vice President Rubio MOVED to approve [Resolution No. 53-22](#), Approving the Corrected Water Supply Assessment and Water Supply Verification for SCS Dublin Development Project. Director Vonheeder-Leopold SECONDED the MOTION, which CARRIED with FOUR AYES and ONE NO (Goel).

8.C Receive Presentation on District's Water Conservation Status and Provide Direction

Senior Engineer Irene Suroso reviewed the item and provided the Board a presentation which was added to the website as supplemental materials. The Board and staff discussed District and Tri-Valley drought outreach efforts and acknowledged the positive effects seen in increased water savings and meeting conservation targets. Director Goel complimented staff for putting forth a quality outreach program. He suggested posting a community scorecard with memorable messaging in order for customers to see progress. He stressed the importance of keeping conservation efforts friendly, frequent, and front and center.

They also discussed the downtrend (24% reduction) of recycled water usage over the summer months, possibly due to the cooler summer months, permanent watering changes, and drought messaging, and the potential to realize long-lasting supply savings. Director Johnson requested that staff further explore the sustainability of the supply savings. The Board directed staff to continue its outreach efforts with emphasis on the shortened irrigation schedule regulation (three days to one day) effective November 1.

8.D. Receive Presentation on Per- and Polyfluoroalkyl Substances (PFAS) in Water and Wastewater

Laboratory & Environmental Compliance Manager Kristy Fournier reviewed the item for the Board. The Board and staff discussed certain aspects of the presentation. They noted the uncertainties regarding upcoming state regulations and the difficulties water agencies will face to implement them. They discussed treatment efforts and ground pumping strategies by Zone 7 Water Agency (the District's water wholesaler), to ensure PFAS levels remain below response levels and curb potential impacts to its retailers' supply and operations. They also discussed the importance of educating the public as the science improves and the study of possible effects on public health are made available.

9. REPORTS

9.A. Boardmember Items

9.A.1. Joint Powers Authority and Committee Reports – None

9.A.2. Submittal of Written Reports for Day of Service Events Attended by Directors

Director Vonheeder-Leopold submitted a written report to Executive Services Supervisor/District Secretary Genzale. She reported that she attended the Alameda County Special Districts Association Chapter meeting on September 14. She summarized the activities and discussions at the meeting.

Vice President Rubio presented the Special District Leadership Foundation District of Distinction accreditation that DSRSD was awarded at the California Special Districts Association's annual conference in August. The accreditation recognizes Districts that demonstrate sound governance in fiscal management and other key areas to effectively operate.

9.A.3. Request New Agenda Item(s) Be Placed on a Future Board or Committee Agenda

Director Johnson requested an item be scheduled for an upcoming meeting regarding potential long-term recycled water savings based on drought conservation trends and the current moratorium on recycled water connections.

9.B. Staff Reports

9.B.1. Event Calendar – General Manager McIntyre reported on the following:

- A Special Board meeting will be held on Tuesday, September 27, at 6 p.m.
- The ACWA Region 5 conference will be held on Thursday and Friday, October 6–7 in Monterey. Directors are encouraged to attend.
- The City of Pleasanton rescinded approval for the joint residential recycled water fill station at Zone 7 Water Agency's Parkside facility and informed its residents of the project's status. Other potential locations are being looked into for a project next year. Information has been added to the DSRSD website to inform residents of the project's history and status.

9.B.2. Correspondence from the Board – None

10. CLOSED SESSION

At 7:29 p.m. the Board went into Closed Session.

10.A. Public Employee Performance Evaluation Pursuant to Government Code Section 54957
Title: General Manager

10.B. Conference with Labor Negotiators Pursuant to Government Code Section 54957.6
Agency Designated Representative: Douglas E. Coty, General Counsel
Unrepresented Employee: General Manager

11. REPORT FROM CLOSED SESSION

At 7:36 p.m. the Board came out of Closed Session. President Halket announced that there was no reportable action.

12. ADJOURNMENT

President Halket adjourned the meeting at 7:36 p.m.

Submitted by,

Nicole Genzale, CMC
Executive Services Supervisor/District Secretary

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

September 27, 2022

1. CALL TO ORDER

A special meeting of the Board of Directors was called to order at 6:01 p.m. by President Halket.

2. PLEDGE TO THE FLAG

3. ROLL CALL

Boardmembers present at start of meeting:

President Richard M. Halket, Vice President Marisol Rubio, Director Arun Goel, Director Georgean M. Vonheeder-Leopold, and Director Ann Marie Johnson.

District staff present: Dan McIntyre, General Manager; Jan Lee, Assistant General Manager; Steve Delight, Engineering Services Director/District Engineer; Jeff Carson, Operations Director; and Nicole Genzale, Executive Services Supervisor/District Secretary.

4. PUBLIC COMMENT (MEETING OPEN TO THE PUBLIC) – 6:02 p.m. No public comment was received.

5. BOARD BUSINESS

5.A. Receive Presentation on the Energy Facilities Master Plan (CIP 22-P009) and Provide Direction

Senior Engineer Jason Ching reviewed the item for the Board. He introduced the project consultant team from Carollo Engineers, Inc.: Ms. Tanja Rauch-Williams (Project Manager), Mr. Richard Gutierrez, Ms. Sarah Deslauriers, and Mr. Paul Friedlander. Mr. Ching and Ms. Rauch-Williams provided a detailed presentation that covered the following:

- Project overview
- Review Energy and GHG (greenhouse gas) baseline for all DSRSD facilities
- Review preliminary energy opportunities assessment
- Solicit preferences on the Guiding Principles

The presentation was added to the website as supplemental materials due to numerous updates made since publication in the meeting's agenda packet.

The Board and staff discussed and clarified various aspects, information, and themes presented from the Energy Facilities Master Plan (Plan) presentation including:

- The District's energy data is reflective of just District facilities, not its contractors, sub-contractors, nor any other entities that work on the District's behalf
- The illustration of total number of average California households that equate to the District's electricity, thermal, and fuel energy demands
- Possible clean energy or carbon capture capabilities

- The District's standing compared to other wastewater agencies – the District's electricity demand is average in comparison
- The timeline and status of the District's FOG (fat, oil, and grease) facility permit application submitted in November 2021

The Board took a five-minute break at 6:50 p.m. Upon returning from the break, staff continued the presentation. The Board and staff discussed the following matters and preferences including:

- The timeframe to complete the Plan depends on the projects selected and implemented; of the 109 projects evaluated, the consultant team identified 67 projects that meet minimum requirements
- Focusing on projects at the wastewater treatment plant since it is the District's largest energy user
- Prioritizing biogas, solar, and co-generation project options; cannot waste resources as a resource recovery agency
- Obtaining ratepayer acceptance and willingness to invest
- Assessing new technologies that will not quickly become obsolete, and staff capacity and training to operate them
- Assessing the importance of stewardship, impacts to public, and efficiency

Speaker: Mr. Ryan Gunstream (Representative from Noresco) – Mr. Gunstream addressed the Board regarding Noresco's climate change mitigation project services and how the District could benefit from such services as it implements its Energy Facilities Master Plan.

At the conclusion of the presentation, the Board directed staff to further evaluate the 67 projects presented and distill down to the top 2 or 3 for Board consideration. The Board expressed its general agreement with the sample guiding principles, but may wish to reorganize them. The Board directed staff to provide a status on Plan progress in a few months. Ms. Rauch-Williams stated she recorded the input received from the Board this evening and will incorporate it into the project team's work and preparation for the next Board update in early 2023.

6. REPORTS

6.A. Boardmember Items

6.A.1. Joint Powers Authority and Committee Reports DERWA – September 26, 2022

President Halket invited comments on recent JPA activities. Directors felt the available staff reports adequately covered the many matters considered at the JPA meetings and made a few comments about some of the JPA activities. They noted that DERWA honored retiring East Bay Municipal Utility District and DERWA Director Frank Mellon, former Authority Manager John Rossi, and long-time administrative support Sue Montague.

6.A.2. Submittal of Written Reports for Day of Service Events Attended by Directors –
None

7. ADJOURNMENT

President Halket adjourned the meeting at 8:20 p.m.

Submitted by,

Nicole Genzale, CMC
Executive Services Supervisor/District Secretary



TITLE: Accept Regular and Recurring Report: Quarterly Treasurer's Report

RECOMMENDATION:

Staff recommends the Board of Directors accept, by Motion, the regular and recurring report: Quarterly Treasurer's Report.

DISCUSSION:

To maximize openness and transparency and to allow the Board to be informed about key aspects of District business, the Board directed that various regular and recurring reports be presented for Board acceptance at regular intervals. The report presented this month for acceptance is noted below and submitted as part of Attachment 1:

Ref B: Treasurer's Report

The Treasurer's Report as of September 30, 2022, is attached as required under Government Code §53646. The District portfolio of \$235,442,937.69 is in conformity with the investment policy and provides sufficient cash flow liquidity to meet the next six month's expenses. This report is also available on the District's Financial Information page and was included in the General Manager Report to Board of October 7, 2022.

Originating Department: Administrative Services	Contact: C. Atwood	Legal Review: Not Required
Financial Review: Yes	Cost and Funding Source: N/A	
Attachments: <input type="checkbox"/> None <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 – Summary of Regular and Recurring Reports	

SUMMARY OF REGULAR AND RECURRING REPORTS

Ref	Description	Frequency	Authority	Last Acceptance	Acceptance at this Meeting?	Next Acceptance
A	Warrant List	Monthly	Board Direction	N/A	N/A – Posted monthly on website	N/A
B	Treasurer's Report ¹	Quarterly	CA Government Code 53646	September 2022	Yes (also included with 10/7/2022 GM Report)	January or February 2023
C	Quarterly Financial Report	Quarterly	Board Direction	September 2022		December 2022
D	Outstanding Receivables Report	Annually – Fiscal Year	District Code 1.50.050	September 2022		August 2023
E	Employee and Director Reimbursements greater than \$100 ²	Annually – Fiscal Year	CA Government Code 53065.5	September 2022		August 2023
F	Utility Billing Adjustments ³	Annually – Fiscal Year	Utility Billing Adjustment Policy	Total FYE 2022 credits below \$25,000		August 2023
G	Annual Rate Stabilization Fund Transfer Calculation	Annually – After Audit	Financial Reserves Policy	January 2022		January 2023
H	“No Net Change” Operating Budget Adjustments	As they occur but not more frequently than monthly	Board Direction Budget Accountability Policy (See table below)	November 2017		Before end of month after occurrence
I	Capital Outlay Budget Adjustments			June 2020		
J	Capital Project Budget Adjustments			April 2019		
K	Unexpected Asset Replacements			June 2019		

For the fiscal year ending 2023, the totals for these reports are as follows:

Ref	Category	YTD	This Meeting	Total
I	Capital Outlay Budget Adjustments	\$0	\$0	\$0
J	Capital Project Budget Adjustments	\$0	\$0	\$0
K	Unexpected Asset Replacements	\$0	\$0	\$0

¹ To meet the 30-day reporting requirement, the Quarterly Treasurer's Report (Ref B) could be included in (1) the General Manager Report to Board and the next Board meeting agenda packet, or (2) the next Board meeting agenda packet only. The report is also posted on the District website.

² Reimbursements also reported monthly in the Warrant List (Ref A).

³ Per Utility Billing Adjustments policy, a report will be presented to the Board if total credits in any fiscal year exceed \$25,000.

Dublin San Ramon Services District
Treasurer's Report - Portfolio Management Summary
As of: September 30, 2022

Description	Face Amount/ Par Value	Market Value	Book Value	% of Portfolio	Permitted by Policy	In Compliance	YTM @ Cost
CAMP	2,971,757.26	2,971,757.26	2,971,757.26	1.35%	100%	Yes	2.610%
Certificate of Deposit	5,500,000.00	5,267,981.05	5,500,000.00	2.50%	30%	Yes	2.130%
Corporate Bonds	41,500,000.00	38,586,553.12	41,487,353.21	18.83%	30%	Yes	1.858%
Federal Agency Callable	62,666,666.65	57,185,879.78	62,666,666.65	28.44%	100%	Yes	1.537%
LAIF - Operating	48,914,045.51	48,914,045.51	48,914,045.51	22.20%	100%	Yes	1.290%
Money Market Funds	9,016.37	9,016.37	9,016.37	0.005%	100%	Yes	2.930%
Municipals	33,800,000.00	31,005,534.78	33,799,598.76	15.34%	100%	Yes	1.942%
US Treasuries	25,000,000.00	23,941,444.65	25,000,000.00	11.34%	100%	Yes	3.015%
Total Investments	\$ 220,361,485.79	\$ 207,882,212.52	\$ 220,348,437.76	100.00%			1.686%
Bank of America	15,081,451.90	15,081,451.90	15,081,451.90				
Total Cash & Investments	\$ 235,442,937.69	\$ 222,963,664.42	\$ 235,429,889.66				1.686%

I certify that this report reflects all Government Agency pooled investments and is in conformity with the Investment Policy of The investment program herein shown provides sufficient cash flow liquidity to meet the next six month's expenses.

Market values for investments other than CAMP and LAIF were provided by Wells Fargo Securities, LLC.

Carol Atwood Digitally signed by Carol Atwood

Date: 2022.10.06 16:06:09 -07'00'

Carol Atwood, Treasurer

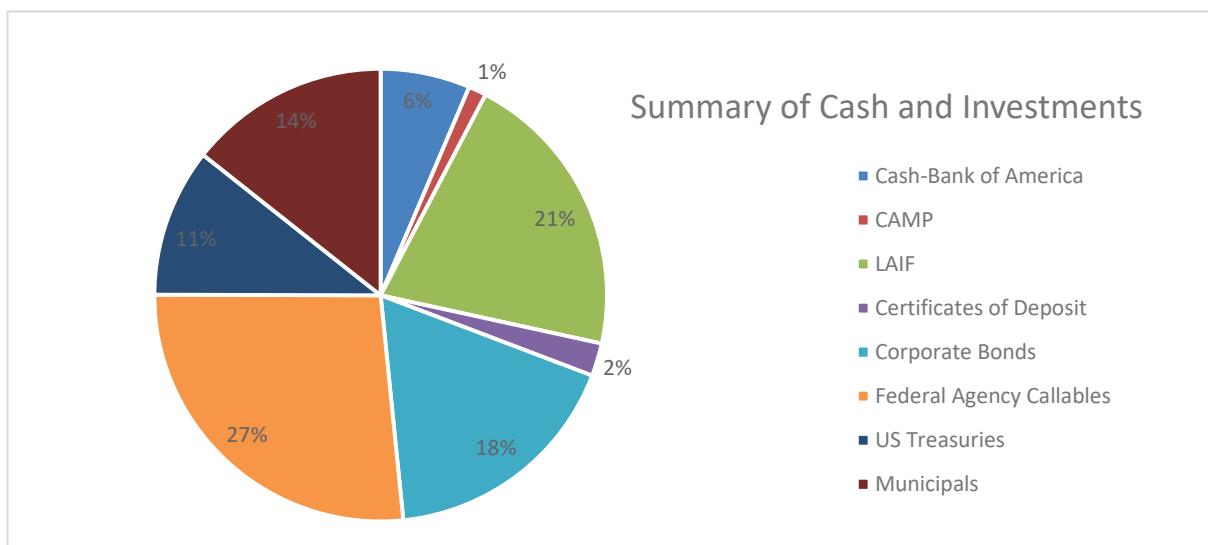
For comparison - prior quarter ending summary as of **6/30/2022**

Description	Face Amount/ Par Value	Market Value	Book Value	% of Portfolio	Permitted by Policy	In Compliance	YTM @ Cost
CAMP	2,956,490.69	2,956,490.69	2,956,490.69	1.34%	100%	Yes	1.140%
Certificate of Deposit	5,750,000.00	5,595,994.39	5,750,000.00	2.61%	30%	Yes	2.172%
Corporate Bonds	41,500,000.00	39,464,316.33	41,474,496.80	18.82%	30%	Yes	1.858%
Federal Agency Callable	62,666,666.65	59,365,441.10	62,666,666.65	28.43%	100%	Yes	1.537%
LAIF - Operating	58,787,730.76	58,787,730.76	58,787,730.76	26.67%	100%	Yes	0.990%
Municipals	33,800,000.00	31,842,238.93	33,799,598.76	15.33%	100%	Yes	1.942%
US Treasuries	15,000,000.00	14,457,031.20	15,000,000.00	6.80%	100%	Yes	2.477%
Total Investments	\$ 220,460,888.10	\$ 212,469,243.40	\$ 220,434,983.66	100.00%			1.512%
Bank of America	11,187,937.84	11,868,746.26	11,868,746.26				
Total Cash & Investments	\$ 231,648,825.94	\$ 224,337,989.66	\$ 232,303,729.92				1.512%

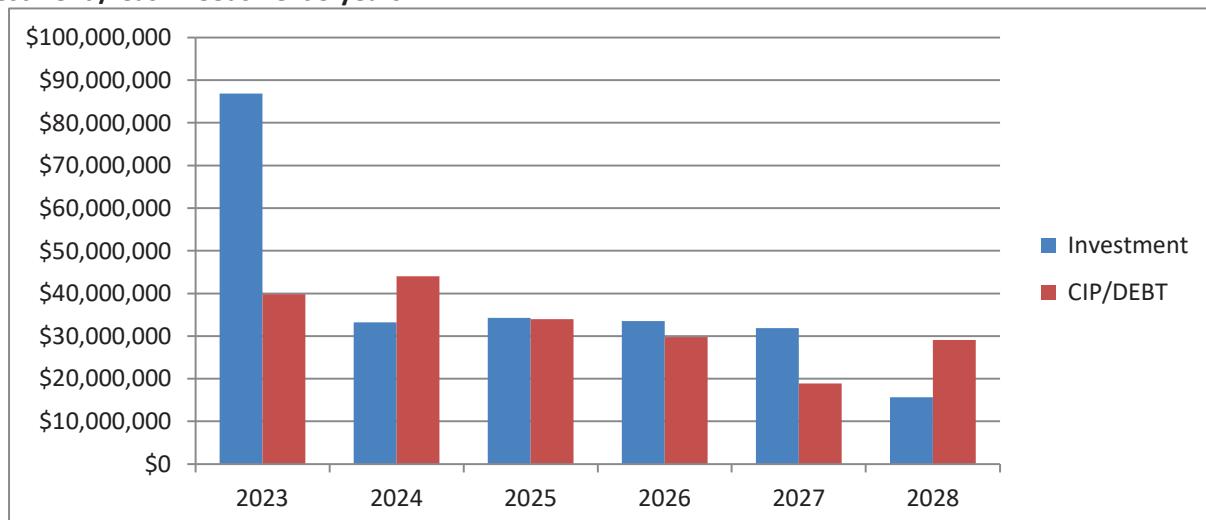
Investment Review for :
Summary of Current Investments

September 30, 2022

	Face Amount	% of Portfolio	Avg Maturity (in Years)	Avg Yield
Cash-Bank of America	\$ 15,081,451.90	6.41%		
CAMP	2,971,757.26	1.26%		2.610%
LAIF	48,914,045.51	20.78%		1.290%
Certificates of Deposit	5,500,000.00	2.34%	1.7	2.130%
Corporate Bonds	41,500,000.00	17.63%	2.5	1.858%
Federal Agency Callables	62,666,666.65	26.62%	3.1	1.537%
US Treasuries	25,000,000.00	11.34%	1.6	3.015%
Municipals	33,800,000.00	14.36%	3.1	1.942%
	\$ 235,433,921.32	100.73%	2.4	1.686%



Investment / Cash needs next 5 years



FYE	Investment	CIP/DEBT
2023	\$ 86,881,271.04	\$ 39,844,083.97
2024	33,250,000.00	\$ 44,054,380.95
2025	34,250,000.00	\$ 33,939,816.95
2026	33,500,000.00	\$ 29,751,048.33
2027	31,895,000.00	\$ 18,889,184.14
2028	15,666,666.65	\$ 29,064,474.67
	\$ 235,442,937.69	\$ 195,542,989.01

Description	CUSIP/Ticker	FDIC ID	Settlement Date	Face Amount/Shares	Market Value	Book Value	Coupon Rate	YTM @ Cost	Next Call Date	Days To Call/Maturity	Days To Maturity	Maturity Date	Investment Held for LAVVMA Debt Reserve
Bank of America - Concentration													
Bank of America MM	MM0000		4/30/2017	15,081,451.90	15,081,451.90	15,081,451.90	0.000	0.000		1	1		
Sub Total / Average Bank of America - Concentration				15,081,451.90	15,081,451.90	15,081,451.90	0.000	0.000		1	1		0.00
CAMP													
CAMP LGIP	LGIP6300		6/30/2011	2,971,757.26	2,971,757.26	2,971,757.26	2.610	2.610		1	1	N/A	
Sub Total / Average CAMP				2,971,757.26	2,971,757.26	2,971,757.26	2.610	2.610		1	1		0.00
Certificate of Deposit													
AMEX NATIONAL CD 2.85 5/28/2024	02589ACT7	27471	5/25/2022	250,000.00	244,431.23	250,000.00	2.850	2.850		606	606	5/28/2024	
BANK HAPOALIM 0.5 12/15/2025	06251A2Q2	33686	12/14/2021	250,000.00	221,441.20	250,000.00	0.500	0.500		1,172	1,172	12/15/2025	
BANK OF BARCLAYS 3.3 9/28/2023	06082R4E9	33681	9/28/2018	250,000.00	247,955.35	250,000.00	3.300	3.300		363	363	9/28/2023	
BARCLAYS BANK 3.35 10/10/2023	06740KMG9	57203	10/10/2018	250,000.00	247,995.31	250,000.00	3.350	3.350		375	375	10/10/2023	
BMW BANK OF NO AMERICA 0.5 11/20/2025	05580AXU3	35141	11/20/2020	250,000.00	222,018.20	250,000.00	0.500	0.500		1,147	1,147	11/20/2025	
BRIDGEWATER BANCSHARES 0.45 11/28/2025	108622LL3	58210	11/30/2020	250,000.00	221,229.36	250,000.00	0.450	0.450		1,155	1,155	11/28/2025	
CAPITAL ONE BANK 0.45 11/28/2025	140427DM6	33954	4/15/2020	250,000.00	246,638.50	250,000.00	1.400	1.400		199	199	4/17/2023	
CAPITAL ONE N.A. BANK 1.4 4/17/2023	14042RPP0	4297	4/15/2020	250,000.00	246,638.50	250,000.00	1.400	1.400		199	199	4/17/2023	
CELTIC BANK 1.4 4/17/2024	15118RUV7	57056	4/17/2020	250,000.00	239,414.65	250,000.00	1.400	1.400		565	565	4/17/2024	
CENTRAL BANK CD 1.45 1/27/2026	15258RAV9	15555	1/27/2021	250,000.00	219,867.39	250,000.00	0.450	0.450		1,215	1,215	1/27/2026	
COMENITY CAPITAL 3.25 8/14/2023	20033AD37	57570	8/13/2018	250,000.00	248,306.39	250,000.00	3.250	3.250		318	318	8/14/2023	
DISCOVER BANK 3.1 5/27/2025	254673E69	56469	5/24/2020	250,000.00	242,323.29	250,000.00	3.100	3.100		970	970	5/27/2025	
GOLDMAN SACHS BANK USA 2.85 5/28/2024	38150VAT6	33124	5/25/2022	250,000.00	244,431.23	250,000.00	2.850	2.850		606	606	5/28/2024	
INDUS & COMM BANK 3.3 6/30/2023	45581EAX9	24387	8/30/2018	250,000.00	248,818.97	250,000.00	3.300	3.300		273	273	6/30/2023	
IOWA STATE BANK 1.9 2/28/2023	46256VAY5	15947	9/28/2018	250,000.00	247,592.71	250,000.00	3.150	3.150		363	363	9/28/2023	
MEDALLION BANK CD 0.45 1/29/2026	58440DJN2	57449	1/29/2021	250,000.00	219,797.22	250,000.00	0.450	0.450		1,217	1,217	1/29/2026	
NORTHWEST BANK 2.5 10/12/2023	66736ABN8	58752	10/12/2018	250,000.00	247,715.32	250,000.00	3.250	3.250		377	377	10/12/2023	
STATE BANK OF INDIA 0.55 11/24/2025	856283R57	33664	11/23/2020	250,000.00	222,290.22	250,000.00	0.550	0.550		1,151	1,151	11/24/2025	
UBS BANK USA 2.85 5/28/2024	90348J3L2	57565	5/25/2022	250,000.00	244,400.97	250,000.00	2.850	2.850		606	606	5/28/2024	
WELL'S FARGO BANK 3.35 10/12/2023	949763JUN4	35111	10/12/2018	250,000.00	247,967.75	250,000.00	3.350	3.350		377	377	10/12/2023	
WELL'S FARGO NATIONAL BANK 1.9 1/17/2023	949495AQ8	27389	1/17/2020	250,000.00	248,872.82	250,000.00	1.900	1.900		109	109	1/17/2023	
WEST TOWN BANK 3.25 9/28/2023	956310AH9	28151	9/28/2018	250,000.00	247,834.47	250,000.00	3.250	3.250		363	363	9/28/2023	
Sub Total / Average Certificate of Deposit				5,500,000.00	5,267,981.05	5,500,000.00	2.130	2.130		624	624		0.00
Corporate Bonds													
ALPHABET INC 0.45 8/15/2025-25	02079KAH0		9/16/2021	3,000,000.00	2,690,263.95	3,000,000.00	0.450	0.600	7/15/2025	1,019	1,050	8/15/2025	
BANK OF NY MELLON 1.6 4/24/2025-25	06406RANT		10/5/2020	5,000,000.00	4,618,821.50	5,000,000.00	1.600	0.618	3/24/2025	906	937	4/24/2025	
COSTCO COMPANIES 2.75 5/18/2024-20	22160KAL9		5/17/2019	3,500,000.00	3,407,457.90	3,500,000.00	2.750	2.527		596	596	5/18/2024	
EXXON MOB 2.76 3/11/2023-23	30231GAR3		5/14/2020	5,000,000.00	4,976,230.20	4,990,757.33	2.726	3.130	1/1/2023	93	152	3/12/2023	
Johnson & Johnson 2.05 3/1/2023-23	478160BT02		11/9/2018	4,000,000.00	3,966,004.08	4,000,000.00	2.050	3.135	1/1/2023	93	152	3/12/2023	
Johnson & Johnson 2.05 3/1/2023-23	478160BT01		3/16/2020	1,000,000.00	991,701.02	996,598.88	2.050	2.790	1/1/2023	93	152	3/12/2023	
PROCTER & GAMBLE 1.9 2/1/2027	742718FV6		2/10/2022	5,000,000.00	4,521,515.15	5,000,000.00	1.900	1.910		1,585	1,585	2/12/2027	
STANFORD UNIVERSITY 1.289 1/20/2027	855440KAC8		12/10/2021	5,000,000.00	4,300,479.50	5,000,000.00	1.288	1,475		1,705	1,705	6/12/2027	
TOYOTA MOTOR CREDIT CORP 0.8 1/9/2026-21	89236THWB		3/4/2021	2,000,000.00	1,761,576.94	2,000,000.00	0.800	0.902		1,197	1,197	1/9/2026	
TOYOTA MOTOR CREDIT CORP 2.625 1/10/2023-22	89233P7F7		2/14/2019	3,000,000.00	2,987,153.58	3,000,000.00	2.625	2.985	11/15/2022	46	102	1/10/2023	
WALMART INC 0.5 9/17/2026-26	931142PER0		9/17/2021	5,000,000.00	4,364,549.30	5,000,000.00	1.050	0.942	8/17/2026	1,417	1,448	9/17/2026	
Sub Total / Average Corporate Bonds				41,500,000.00	38,586,553.12	41,487,353.21	1,772	1,858		884	912		0.00
Federal Agency													
FFCB 0.8 3/9/2026-23	31334EMS7		3/9/2021	5,000,000.00	4,419,740.65	5,000,000.00	0.800	0.800	3/9/2023	160	1,256	3/9/2026	5,000,000.00
FFCB 0.9 8/19/2027-21	31334E4D3		8/19/2020	4,500,000.00	3,832,792.61	4,500,000.00	0.900	0.900		1,784	1,784	8/19/2027	
FFCB 1.5 12/14/2026-22	31334ENH41		12/14/2021	5,000,000.00	4,442,108.25	5,000,000.00	1.500	1,500	12/14/2022	75	1,536	12/14/2026	
FHLB 0.5 1/2/2026-22	31303AKN9		1/28/2021	5,000,000.00	4,382,459.25	5,000,000.00	0.500	0.500	1/28/2023	120	1,216	1/28/2026	5,000,000.00
FHLB 1.25 11/1/2026-22	31303APL84		11/10/2021	5,000,000.00	4,399,003.30	5,000,000.00	1,250	1,250	11/10/2022	41	1,502	11/10/2026	
FHLB 1.4 2/28/2024-23	31303AQX4		2/28/2022	5,000,000.00	4,783,551.30	5,000,000.00	1,400	1,401	2/28/2023	151	516	2/28/2024	
FHLB 1.5 3/30/2028-21	31303ALN95		3/30/2020	4,166,666.65	3,575,080.94	4,166,666.65	1,500	1,500		2,008	2,008	3/30/2028	
FHLB 1.55 8/28/2024-23	31303AQX32		2/28/2022	5,000,000.00	4,726,163.50	5,000,000.00	1,550	1,550	2/28/2023	151	698	8/28/2024	
FHLB 3.05 4/28/2025-23	31303ARUB2		4/29/2020	4,000,000.00	3,844,301.24	4,000,000.00	3,050	3,050	4/28/2023	210	941	4/28/2025	
FHLB 3.57 6/28/2024-23	31303ASH77		6/28/2022	5,000,000.00	4,910,074.90	5,000,000.00	3,570	3,570	6/23/2023	266	637	6/28/2024	
FHLMC 0.5 9/30/2025-21	3134GWWT9		10/2/2020	3,000,000.00	2,669,284.98	3,000,000.00	0.550	0.558	12/31/2022	92	1,096	9/30/2025	
FHLMC 3.15 3/27/2025-22	3134GXVP6		6/27/2020	5,000,000.00	4,874,811.60	5,000,000.00	3,150	3,150	12/27/2022	88	909	3/27/2025	
FNMA 0.5 2/18/2025-22	3135G4AW8		11/18/2020	5,000,000.00	4,450,111.10	5,000,000.00	0.500	0.500	11/18/2022	49	872	2/18/2025	
Sub Total / Average Federal Agency				62,666,666.65	57,185,879.78	62,666,666.65	1,536	1,537		370	1,139		10,000,000.00
LAIF - Operating													
LAIF LGIP	LGIP1001		6/30/2011	48,914,045.51	48,914,045.51	48,914,045.51	1,290	1,290		1	1		
Sub Total / Average LAIF - Operating				48,914,045.51	48,914,045.51	48,914,045.51	1,290	1,290		1	1		0.00
Money Market Fund													
Fidelity Treas Only Inst MM	31607A802		10/31/2018	9,016.37	9,016.37	9,016.37	2,930	2,930		1	1		
Sub Total / Average Money Market Fund				9,016.37	9,016.37	9,016.37	2,930	2,930		1	1		0.00
Municipals													
CA DWR CENTRAL VLY PROJ 1.051 12/1/2026-21	13067WSW3		5/2/2022	5,000,000.00	4,348,438.00	5,000,000.00	1,051	3,175		1,523	1,523	12/1/2026	
City of Los Angeles 3.11 9/1/2023	54435IMP1		7/16/2018	2,000,000.00	1,981,752.00	2,000,000.00	3,110	3,115		336	336	9/1/2023	
CITY OF OAKLAND 1.83 1/5/2027	672240WV6		3/18/2020	1,895,000.00	1,685,413.57	1,895,000.00	1,830	1,820		1,568	1,568	1/5/2027	
ORANGE UNIFIED SD 35.5/1/2026	684133LE9		12/19/2019	2,000,000.00	1,855,042.80	2,000,000.00	2,350	2,240		1,309	1,309	5/1/2026	
STATE OF ALABAMA 3.1 1/11/2022	010411CP9		3/										



TITLE: Approve Amendment to the Capital Improvement Program Ten-Year Plan and Two-Year Budget to Increase the Pump Station 3A MCC Improvements Project (CIP 18-W004) Budget, and Award Construction Agreement to Bockmon & Woody Electric Co., Inc. for the Pump Station 3A MCC Improvements Project (CIP 18-W004)

RECOMMENDATION:

Staff recommends the Board of Directors take the following actions:

1. Approve, by Resolution, an amendment to the Capital Improvement Program (CIP) Ten-Year Plan and Two-Year Budget for Fiscal Years 2022 and 2023 to increase the Pump Station 3A MCC Improvements Project (CIP 18-W004) budget by \$324,000 from \$693,000 to \$1,017,000.
2. Approve, by Motion, award of a construction agreement for the Pump Station 3A MCC Improvements Project (CIP 18-W004) to Bockmon & Woody Electric Co., Inc., the lowest responsive, responsible bidder, in the amount of \$754,000.

DISCUSSION:

Potable water Pump Station 3A (PS 3A) is located in the City of Dublin, near Creekside Drive and Rolling Hills Drive. The motor control center (MCC) and programmable logic controller (PLC) for PS 3A are located in a small underground vault. The MCC is over 30 years old, and replacement parts are no longer readily available. In addition, because these critical pieces of electrical equipment are located in an underground vault, they are difficult to access for routine maintenance, and could be damaged by potential flooding (see Figure 1 and Figure 2). The Pump Station 3A MCC Improvements Project (“Project”) will replace the aging electrical equipment with new equipment (new switchboard, MCC, transformer, portable generator tap box, and PLC panel) and relocate it to an easily accessible area aboveground on a new equipment pad adjacent to the existing pump station 3A vault.



Figure 1: Pump Station 3A vault at grade

Originating Department: Engineering and Technical Services	Contact: S. Mann/S. Delight	Legal Review: Yes
Financial Review: Not Required	Cost and Funding Source: Contract Award: \$754,000 from Water Replacement (Fund 610) Budget Adjustment: \$324,000 from Water Replacement (Fund 610)	
Attachments: <input type="checkbox"/> None <input checked="" 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 – Bid Results Attachment 2 – Letter from General Counsel to General Manager on bid protest	16 of 64



Figure 2: Existing Manual Transfer Switch Panel, Generator Receptacle, Lighting Control Panel, and MCC inside the vault

The Project will replace aging electrical equipment with new equipment that meets the current National Electric Code, better ensure the safety of maintenance staff, and protect critical pieces of electrical equipment from potential flooding within the underground vault. An aboveground portable generator connection will be installed with the Project to make it compatible with recently purchased mobile generators, which improves reliability in the event of a Pacific Gas and Electric system outage.

Award Construction Agreement:

The bid period for the Project began on August 18, 2022, and four bids ranging from \$754,000 to \$1,200,000 were received on September 20, 2022. The engineer's estimate was \$450,000. The apparent low bid was received from Bockmon & Woody Electric Co., Inc. (Bockmon & Woody), which contained one minor irregularity: In Section 00430, Designation of Subcontractors, Bockmon & Woody did not provide the "Amount of Work to be Performed" for one of its listed subcontractors. Bockmon & Woody subsequently provided the corrected information, and this deficiency may be considered a minor irregularity and waived. Section 00100 – Instructions to Bidders, of the Contract Documents stipulates that "The Owner also reserves the right to waive irregularities or informalities in a bid or bidding procedure, to the extent allowed by law." This irregularity is within the sole discretion of the District to waive, and staff recommends that it is in the best interest of the District to do so, and to award the construction contract for the Project to Bockmon & Woody Electric Co., Inc., in the amount of \$754,000. Attachment 1 provides a summary of the bid results.

The Board of Directors previously adopted the Initial Study/Negative Declaration (IS/ND) for the Project at the March 2, 2021 Board meeting. The contract time for the Project is 280 calendar days and is estimated to be completed in April 2024.

Bid Protest:

The District received a bid protest from Blocka Construction Inc., asserting that the apparent low bid submitted by Bockmon & Woody should be rejected because their bid: (1) failed to list all its subcontractors in Section 00430 – Designation of Subcontractors; (2) contained an irregularity in Section 00430 – Designation of Subcontractors; (3) did not meet the minimum experience and qualifications requirements for Section 00460 – Certification of Bidder's Experience and Qualifications, and (4) contained an error in Section 00310 – Bid Schedule. Bockmon & Woody consequently provided additional information to address the bid irregularity in Section 00430 – Designation of Subcontractors, and additional clarifications on the work they intend to self-perform, their related work experience and qualifications that properly satisfy the requirements of Section 00460 – Certification of Bidder's Experience and Qualifications, and the pricing that was included in Section 00310 – Bid Schedule of their bid. Staff reviewed the additional information and clarifications received from Bockmon & Woody, and after consulting with General Counsel on the assertions of the bid protest and Bockmon & Woody's responses, determined that the bid protest lacked merit and, therefore, could be rejected (see Attachment 2). Staff and General Counsel recommends rejecting the bid protest submitted by Blocka Construction, Inc.

Budget Adjustment:

The lowest, responsible bid is higher than the current budgeted amount for the Project. Bidders indicated that electrical equipment and materials have experienced significant price increases over the last year due to global supply chain issues and labor shortages. The bids received for the Project are indicative of these inflationary pressures. Staff, therefore, recommends a budget increase of \$324,000 from the existing project budget of \$693,000 to \$1,017,000 to complete the Project. The increase will cover the cost for the construction of the Project, specialty inspection services, and staff time required to support the construction phase of the Project. The Project is 100% funded by Water Replacement (Fund 610).



**Dublin San Ramon
Services District**

Water, wastewater, recycled water

**Results of Bid Opening for
Pump Station 3A MCC Improvements (CIP 18-W004)
Tuesday, September 20, 2022 @ 2 p.m.**

Engineer's Estimate:	\$ 450,000
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No.	Name of Bidder	Bid Amount
1	Bockmon & Woody Electric Co., Inc., Stockton, CA	\$ 754,000
2	Blocka Construction, Inc., Pleasanton, CA	\$ 1,073,000
3	Lords Electric Inc., Sacramento, CA	\$ 1,194,000
4	ARAM Electric, Inc., San Leandro, CA	\$ 1,200,000

Contractor/Subcontractor	Contractor License No.	PWC Registration No.	Location	Trade	Amount of Work to be Performed
Bockmon & Woody Electric Co., Inc.					
Telstar Instruments	422364	1000000899	Sacramento, CA	System Integrator	\$ -
Blocka Construction, Inc.					
Tesco Controls	1092377	1000942924	Sacramento, CA	Integration	\$ 595,000
Power Systems Testing Co.	306378	1000000898	Livermore, CA	Testing	\$ 13,245
Dino's Concrete, Inc.	809325	1000630464	Manteca, CA	Civil & Concrete	\$ 44,292
Lords Electric Inc.					
None listed.					\$ -
ARAM Electric, Inc.					
Guerra Construction Group	915544	1000000330	Santa Clara, CA	Civil/Site Imp & Structural	7%
Tesco Controls	1092377	1000942924	Sacramento, CA	System Integrator	40%
Power Systems Testing Co.	306378	1000000898	Livermore, CA	Electrical Analysis	1%



Memorandum

TO: Daniel McIntyre, General Manager, Dublin San Ramon Services District
FROM: Andrew Ramos
THROUGH: Douglas Coty, General Counsel
DATE: October 3, 2022
RE: Rejection of Bid Protest for Pump Station 3A MCC Improvements Project

For the reasons discussed below, we recommend that the District award a contract for the proposed project to the apparent low bidder Bockmon & Woody Electric Co. ("BWE") and reject the bid protest submitted on September 26, 2022 by bidder Blocka Construction, Inc. ("Blocka").

Blocka submitted the bid protest on four alleged grounds: (1) BWE's C-10 electrical contractor's license does not authorize it to self-perform the project's concrete work; (2) BWE made an error in completing the "Amount of Work to be Performed" space for one subcontractor; (3) BWE did not list past projects totaling a minimum of \$1.0 million in total construction costs, and BWE's past projects do not qualify it to perform the project as a general contractor; and (4) for the Bid Item 11 line item, BWE's bid lists zero dollars, suggesting BWE made a bidding error.

Regarding Blocka's first argument, District staff have concluded that BWE possesses a valid license for the project's incidental concrete work. The bid specifications provided that the successful bidder must possess a valid Class A or C-10 contractor's license. BWE possesses a C-10 contractor's license. The project calls for a minor amount of structural concrete work incidental to the project's electrical work. BWE has proposed to self-perform this work, and District staff have concluded that BWE holds a sufficient license to perform the project's entire scope of work.

Regarding Blocka's second argument, District staff have concluded that BWE's failure to complete the "Amount of Work to be Performed" space in the subcontractor listing form was the result of a good faith error based on ambiguity in the form. The District's bid form could have been clearer that "Amount of Work to be Performed" requested the dollar value of the work to be performed by the listed subcontractor. Upon request by District staff, BWE submitted a corrected form that listed the dollar value of the work to be performed by BWE's proposed subcontractor. There was no impact on the bid price, and BWE's failure to list the subcontract's dollar value did not violate the Subcontractor Listing Law because that statute does not require subcontract dollar values to be listed in a bid. (See Public Contract Code, § 4104, subd. (b).) The District may choose to waive any minor bid discrepancies and it is authorized to waive the irregularity in this instance.

Regarding Blocka's third argument, Blocka has misinterpreted the experience requirements in the bid documents. The bid documents request that the bidder list no more than five projects with \$1 million in total construction cost *cumulatively*. BWE listed several projects that cumulatively total more than \$1 million in construction costs for the work performed by BWE. Therefore, BWE met the bid form's requirements. Blocka also argued that BWE's qualifications do not demonstrate it is qualified to perform in a general contractor role on this project. District staff have reviewed the qualifications submitted by BWE and conclude that BWE has shown it is qualified to perform the scope of work required for this project.

Regarding Blocka's fourth argument, Blocka has failed to show a material error in BWE's bid. District staff intended Bid Item 11 as an optional space for bidders to list any bid costs not captured by other line items. BWE has separately confirmed that it did not error in completing Bid Item 11. Furthermore, Blocka's own bid suggests any omission by BWE was not material. Blocka's bid states that Bid Item 11 is approximately \$8,000, a small fraction of its bid in excess of \$1 million.

For these reasons, the District may award the project to BWE and reject the bid protest by Blocka.

RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT APPROVING AN AMENDMENT TO THE CAPITAL IMPROVEMENT PROGRAM TEN-YEAR PLAN FOR FISCAL YEARS 2022 THROUGH 2031 AND TWO-YEAR BUDGET FOR FISCAL YEARS 2022 AND 2023 TO INCREASE THE PUMP STATION 3A MCC IMPROVEMENTS PROJECT (CIP 18-W004) BUDGET

WHEREAS, the Board of Directors approved the District's Capital Improvement Program ("CIP") Ten-Year Plan for Fiscal Years 2022 through 2031 ("CIP Plan") on June 1, 2021, to serve as a budgetary planning document providing direction and guidance, in accordance with District policies, for the replacement and improvement of existing District facilities and the construction of new facilities; and

WHEREAS, the Board of Directors adopted the current Capital Improvement Program ("CIP") Two-Year Budget for Fiscal Years Ending 2022 and 2023 ("CIP Budget") on June 1, 2021, authorizing project and fund budgets to meet the District's capital infrastructure needs; and

WHEREAS, the CIP Budget included the Pump Station 3A MCC Improvements Project (CIP 18-W004) ("Project") which includes replacing the aging electrical equipment with new equipment (new switchboard, motor control center, transformer, portable generator tap box, and programmable logic controller panel) and relocating it aboveground on a new equipment pad adjacent to the existing Pump Station 3A vault; and

WHEREAS, the CIP Budget included the Project with a budget of \$693,000; and

WHEREAS, staff recommends adjusting the CIP Budget by increasing the Project budget by \$324,000, from \$693,000 to \$1,017,000; and

WHEREAS, the Project is 100% funded by the Water Replacement (Fund 610) which contains sufficient funds to cover this project budget increase.

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:

Pump Station 3A MCC Improvements Project (CIP 18-W004) budget increase by \$324,000 from \$693,000 to \$1,017,000 is hereby approved and incorporated into the CIP Two-Year Budget for Fiscal Years Ending 2022 and 2023 in accordance with the project description sheet attached as Exhibit "A".

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 18th day of October, 2022, and passed by the following vote:

AYES:

NOES:

ABSENT:

Richard M. Halket, President

ATTEST: _____
Nicole Genzale, District Secretary

DSRSD CIP 10-Year Plan for FYEs 2022 through 2031**CATEGORY: WATER SYSTEM****Water Replacement (Fund 610)****CIP No. 18-W004 Pump Station 3A MCC Improvements****Funding Allocation:** 100% 610**Project Manager:** Sukhpreet Mann**Status:** Continuing Project**Project Summary:**

The existing motor control center (MCC) at potable water Pump Station 3A (PS 3A) is in a small underground vault along with the station programmable logic controller (PLC). The MCC and is over 30 years old and replacement parts are no longer readily available. The objective of the PS 3A MCC Improvements project is to install a new MCC, PLC and above ground portable generator connection to more quickly provide back-up power in the event of a Pacific Gas and Electric system outage. The remaining pump station equipment will remain inside the vault.

CEQA: Categorical Exemption [CEQA Guideline 15302].

Reference: None.

Fund Allocation Basis: Project is required to replace existing water fund assets.

10-Year Cash Flow and Estimated Project Cost:

Prior	FYE 22	FYE 23	FYE 24	FYE 25	FYE 26	FYE 27	FYE 28	FYE 29	FYE 30	FYE 31	Future
62,207	53,150	901,643	0	0	0	0	0	0	0	0	0

Total Estimated Project Cos **\$1,017,000**

Current Adopted Budget \$693,000

Increase/(Decrease) \$324,000



**TITLE:** Affirm No Changes to the Surplus Personal Property Policy**RECOMMENDATION:**

Staff recommends the Board of Directors approve, by Motion, affirmation of no changes to the Surplus Personal Property policy.

DISCUSSION:

All District policies are reviewed on a rotating four-year cycle to ensure that they remain current and that the Board seated at the time continues to concur with that policy. Staff recently reviewed the Surplus Personal Property policy (P500-18-2) and recommends no changes. For convenience of the Board, a copy of the current policy with updated review history is attached. If affirmed, the policy will be scheduled for subsequent review in 2026.

Originating Department: Administrative Services	Contact: C. Atwood	Legal Review: Not Required
Financial Review: Not Required	Cost and Funding Source: N/A	
Attachments: <input type="checkbox"/> None <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 – Marked-up Surplus Personal Property policy	25 of 64



Policy

Policy No. : <u>P500-18-2</u>	Type of Policy: Purchasing
Policy Title: Surplus Personal Property	
Policy Description: Determination and Disposal of Surplus Personal Property	
Approval Date: 7/17/2018	Last Review Date: <u>20182022</u>
Approval Resolution No.: 33-18	Next Review Date: <u>20222026</u>
Rescinded Resolution No.: 6-06	Rescinded Resolution Date: 2/21/2006

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

To dispose of surplus personal property in a manner that returns the value of that property to the associated rate payers in a way that is simple to administer. The disposal of surplus personal property shall be handled according to this policy.

Determination of Surplus Personal Property

The term “Surplus Personal Property” shall mean any personal property that no longer has a business purpose but is still usable. The General Manager has the authority to deem property surplus.

Methods of Disposition

The General Manager is responsible for the disposition of District surplus personal property. The General Manager shall determine which of the following methods of disposition to use; the priority for disposition shall be in the order listed below.

State law prohibits public employees from purchasing surplus personal property from their employer (Government Code Section 1090), so this is not allowed under the methods of sale.

1. Trade In – Property declared as surplus may be offered as a trade-in for credit toward the acquisition of new property.
2. Return to Manufacturer – Surplus property may, when possible, be returned to the manufacturer for buy-back or credit toward the purchase of new property.

Policy No.: **P500-18-2**

Policy Title: Surplus Personal Property

3. Donation – The District may donate usable items with a minimal fair market value (such as outdated computer equipment and furniture) to a charitable organization for use within the District's service area.
4. Sale – The District may offer surplus property for sale. All surplus property offered for sale shall be "as is" and "where is," with no warranty, guarantee, or representation of any kind, expressed or implied, as to the condition, utility or usability of the property offered for sale.

Appropriate methods of sale are as follows:

- a) Public Auction – Surplus property may be sold at public auction. The District may contract with a professional auctioneer.
- b) Sealed Bids – Sealed bids may be solicited for the sale of surplus property. Surplus property disposed of in this manner shall be sold to the highest responsible bidder.
- c) Selling for Scrap – Surplus property may be sold as scrap if it is deemed that the value of the raw material exceeds the value of the property as a whole.
- d) Negotiated Sale – Surplus property may be sold outright if it is determined that only one known buyer is available or interested in acquiring the property.

5. Disposal – When the cost of following the above methods exceeds the estimated sale price of surplus property, the property may be recycled, destroyed or disposed of as junk. If this determination is made, the property has zero value to the organization and can be offered to employees for disposal purposes.

Proceeds

Revenue from the sale or trade-in of surplus property shall be returned to the appropriate fund. All sales shall be paid to the District by certified check, money order, or in a manner agreeable to the General Manager. The General Manager is authorized to sign bills of sale and any other documents evidencing the transfer of title to such personal property by and on behalf of the District.

<u>Policy is current and no changes need to be adopted by the Board of Directors.</u>	
<u>Status Quo Chronology:</u>	
<u>Date Adopted:</u>	
<u>July 17, 2018</u>	
<u>Reviewed by Committee or Board:</u>	<u>Date:</u>
<u>Board</u>	<u>October 18, 2022</u>



TITLE: Affirm No Changes to the Risk Management for District Agreements with Contractors and Consultants Policy

RECOMMENDATION:

Staff recommends the Board of Directors approve, by Motion, affirmation of no changes to the Risk Management for District Agreements with Contractors and Consultants policy.

DISCUSSION:

All District policies are reviewed on a rotating four-year cycle to ensure that they remain current and that the Board seated at the time continues to concur with that policy. Staff recently reviewed the Risk Management for District Agreements with Contractors and Consultants policy (P100-18-2) and recommends no changes. For convenience of the Board, a copy of the current policy with updated review history is attached. If affirmed, the policy will be scheduled for subsequent review in 2026.

Originating Department: Administrative Services	Contact: C. Atwood	Legal Review: Not Required
Financial Review: Not Required	Cost and Funding Source: N/A	
Attachments: <input type="checkbox"/> None <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 – Marked-up Risk Management for District Agreements with Contractors and Consultants policy	



Policy No.: P100-18-2	Type of Policy: Board Business
Policy Title: Risk Management for District Agreements with Contractors and Consultants	
Policy Description:	Risk management system that provides for the required types of insurance, limits of coverage and other provisions for agreements with contractors and consultants who do business with the District
Approval Date: 9/18/2018	Last Review Date: <u>2018</u> <u>2022</u>
Approval Resolution No.: 46-18	Next Review Date: <u>2022</u> <u>2026</u>
Rescinded Resolution No.: 46-14	Rescinded Resolution Date: 8/19/2014

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

The District requires that all contractors and consultants have appropriate insurance in place before the District can do business with them. Current insurance coverage requirements include general liability, auto and workers compensation, and other specialized policies as needed. Confirmation of appropriate insurance coverage protects the District against liabilities arising in the general course of business.

The District is a member of the California Sanitation Risk Management Authority (CSRMA), an association of wastewater agencies joined to protect member resources by providing broad coverage and quality risk management services that stabilize risk cost in a reliable, economical and beneficial manner. To that end, CSRMA has issued a Procedure Manual for the Insurance Requirements in Contracts (IRIC) which recommends the following guidelines for requirements and limits to its member agencies:

- Establish minimum levels of coverage for different types of agreements (Construction Projects, Services Agreements, Professional/Consultant Services, Environmental Risks, Tenants including office space tenants such as LAVWMA, and Community Use);
- Establish insurance types necessary for each agreement; and
- Conform to CSRMA's suggested guidelines for best management practices.

The requirements, insurance limits and other provisions contained in the IRIC shall be the District standard in regards to the District's procurement and contracting procedures, standard agreements, standard specifications and similar documents routinely used by the District. District staff will follow the recommendations of CSRMA as set forth in their IRIC document (available at: [www.csirma.org](http://www.csрма.org)) to ensure best practice in the risk management arena.

When special circumstances present special or extraordinary risks, the Administrative Services Manager, or designee, shall evaluate the need for additional or reduced levels of coverage and recommend coverage commensurate with the risk to the General Manager for approval. However, under no circumstance will the

Policy No.: ~~P100-18-2~~

Policy Title: Risk Management for District Agreements with Contractors and Consultants

insurance requirements be reduced below \$1 million for general liability coverage and the State minimum for automobile liability coverage, without prior approval of the Board of Directors.

The General Manager is authorized and directed to make all necessary changes to conform the District's Standard Specifications, Standard Agreements, and the District's Purchasing Procedures to this Risk Management for District Agreements with Contractors and Consultants policy.

Policy is current and no changes need to be adopted

by the Board of Directors.

Status Quo Chronology:

Date Adopted:

September 18, 2018

Reviewed by
Committee or Board:

Date:

Board

October 18, 2022



TITLE: Oppose California Ballot Initiative 21-0042A1 Aimed for November 2024 Statewide General Election

RECOMMENDATION:

Staff recommends the Board of Directors adopt, by Resolution, opposition to California Ballot Initiative 21-0042A1 aimed for the November 2024 statewide general election.

SUMMARY:

On August 17, 2022, the California Special Districts Association (CSDA) reached out to the District to provide an update on the purported “Taxpayer Protection and Government Accountability Act,” a statewide initiative measure, and to urge the Board to adopt a resolution in opposition to the initiative that would limit the ability of the state and local governments to enact, modify, or expand taxes, assessments, fees, and property-related charges. If enacted, public agencies would face a drastic rise in litigation that could severely restrict their ability to meet essential services and infrastructure needs. If passed, the initiative infers a higher burden of proof for rates adopted by the District, which could eliminate the use of indices currently utilized in years two to five of the rate studies and replace the indices with annual rate studies for wastewater, water, and capacity reserve fees.

DISCUSSION:

Initiative 21-0042A1 is sponsored by the California Business Roundtable, an organization that advocates on behalf of the largest and wealthiest corporations in California, to amend the California Constitution. The initiative would result in the loss of billions of dollars annually in critical state and local funding, restricting the ability of local agencies and the State of California to fund services and infrastructure by:

- Adopting new and stricter rules for raising taxes, fees, assessments, and property-related fees.
- Amending the State Constitution, including portions of Propositions 13, 218, and 26 among other provisions, to the advantage of the initiative’s proponents and plaintiffs; creating new grounds to challenge these funding sources and disrupting fiscal certainty.
- Restricting the ability of local governments to issue fines and penalties to those who violate local environmental, water quality, public health, public safety, fair housing, nuisance, and other laws and ordinances.

The initiative includes provisions that would retroactively void all state and local taxes or fees adopted after January 1, 2022, if they did not align with the provisions of this initiative. This may also affect indexed fees that adjust over time for inflation or other factors. Effectively, it would allow voters throughout California to invalidate the prior actions of local voters, undermining local control and voter-approved decisions about investments needed in their communities.

Impacts on the District:

Initiative 21-0042A1 adopts new and stricter rules for raising taxes, fees, assessments, and property-related fees. Most typically, the District performs a rate study once every five years which results in an administrative record denoting the actual costs of providing the product or service for the first year of the study, with Consumer Price Index (CPI) escalators applied to calculate amounts for years two through five. Under this current rate scenario, this initiative would result in the rate and fee calculations to become “at risk” in years two through five of the studies as they are based on estimates and not actual data. To ensure that the rates and fees would withstand public scrutiny, be calculated with actual cost data, and meet the new definitions of actual costs, rate and fee studies would need to be performed and noticed annually instead of every five years. Net additional costs of consultants and outreach for this increased volume of work is approximated at \$400,000/year. In addition, current staffing levels can only accommodate one to two studies per

Originating Department: Administrative Services	Contact: V. Chiu/C. Atwood	Legal Review: Not Required
Financial Review: Yes	Cost and Funding Source N/A	
Attachments: <input type="checkbox"/> None <input checked="" 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 – CSDA Analysis of Initiative 21-0042A1 Attachment 2 – Official Title and Summary by Attorney General Attachment 3 – Fiscal Impact Estimate Report by Legislative Analyst's Office	

year. Finance staff would need to increase by two full-time equivalents (FTEs) for this level of analysis for an additional \$400,000/year. These costs would be passed directly onto the District's customers.

Information from CSDA:

The pertinent information regarding this initiative is summarized above and included as attachments from CSDA's dedicated webpage (<https://csda.net/advocate/take-action/voterlimitations>):

- CSDA's analysis dated August 16, 2022 (Attachment 1)
- Official title and summary by the Attorney General of California dated February 3, 2022 (Attachment 2)
- Fiscal impact estimate report by the Legislative Analyst's Office of the California Legislature dated January 19, 2022 (Attachment 3)

Proponents of the initiative submitted the requisite number of signatures by the August 2 deadline to the county elections officials. If at least 997,139 of the signatures (8% of the total votes cast for the office of Governor at the last gubernatorial election) are confirmed valid, the initiative will be placed on the November 2024 statewide ballot.

According to CSDA's most recent analysis (Attachment 1), over 150 local agencies, including over 50 special districts, are in opposition to the initiative. By adopting the proposed resolution, the District declares opposition to the initiative and joins the No on Initiative 21-0042A1 coalition comprised of local governments, local government associations, labor and public safety leaders, and infrastructure advocates.



**California Special
Districts Association**
CSDA *Districts Stronger Together*

BALLOT INITIATIVE #21-0042A1

LIMITS ABILITY OF VOTERS AND STATE AND LOCAL GOVERNMENTS TO RAISE REVENUES FOR GOVERNMENT SERVICES. INITIATIVE CONSTITUTIONAL AMENDMENT.

November 2024 Statewide Ballot Pending Signature Verification by Elections Officials

BACKGROUND

The purported “Taxpayer Protection and Government Accountability Act,” a statewide initiative measure to amend the California Constitution sponsored by the [California Business Roundtable](#) (“CBRT”), is the most consequential proposal to limit the ability of the state and local governments to enact, modify, or expand taxes, assessments, fees, and property-related charges since the passage of Proposition 218 (1996) and Proposition 26 (2010). If enacted, public agencies would face a drastic rise in litigation that could severely restrict their ability to meet essential services and infrastructure needs.

Proponents of Initiative 21-0042A1 submitted 1,429,529 signatures by the August 2 deadline to qualify the constitutional amendment for voter consideration. Should county elections officials confirm the validity of at least 997,139 signatures, the initiative will be placed on the November 2024 statewide ballot.

SUMMARY

Ballot Initiative [21-0042A1](#) would result in the loss of billions of dollars annually in critical state and local funding, restricting the ability of local agencies and the State of California to fund services and infrastructure by:

- Adopting new and stricter rules for raising taxes, fees, assessments, and property-related fees.
- Amending the State Constitution, including portions of Propositions 13, 218, and 26 among other provisions, to the advantage of the initiative’s proponents and plaintiffs; creating new grounds to challenge these funding sources and disrupting fiscal certainty.
- Restricting the ability of local governments to issue fines and penalties to corporations and property owners that violate local environmental, water quality, public health, public safety, fair housing, nuisance and other laws and ordinances.

The initiative includes provisions that would retroactively void *all* state and local taxes or fees adopted after January 1, 2022 if they did not align with the provisions of this initiative. This may also affect indexed fees that adjust over time for inflation or other factors. Effectively, it would



allow voters throughout California to invalidate the prior actions of local voters, undermining local control and voter-approved decisions about investments needed in their communities.

Specifically, among other provisions effecting the state government, the initiative would impact local agencies through changes to the California Constitution as follows:

Restricting Local Tax and Fee Authority to Provide Local Services

Fees:

- With few exceptions, fees and charges shall not exceed the “actual cost” of providing the product or service for which the fee is charged.
 - “Actual cost” is defined as the “...*minimum amount necessary...less other sources of revenue including, but not limited to taxes, other exempt charges, grants, and state or federal funds...*”
- The burden on the local government to prove the fee or charge does not exceed “actual cost” is heightened from a “*preponderance of the evidence*” to “*clear and convincing evidence*”.
- In addition to limiting fees and charges to the actual cost to the local government for providing the service, fees and charges must also be “reasonable” to the payor themselves; no definition is provided for this new subjective reasonableness test that is separate and apart from the test as to how closely the fee or charge is related to the cost of service.
- Defines *all* sources of revenue as either taxes or “exempt charges.”
- Includes Article XIIIID charges in Proposition 218 under the definition of “exempt” charges subjecting them to potential litigation.
- Exposes previously established fees indexed to inflation or other metrics to new standards and legal challenges.
- Adds to the Constitution a requirement for a board action to adopt, enact, create, establish, collect, increase, or extend any and all fees.

Taxes:

- Increases the threshold for voters to pass a local special tax initiative placed on the ballot by voters from a simple majority to a two-thirds majority, likely to address concerns over the 2017 California Supreme Court decision in *California Cannabis Coalition v. City of Upland*.
- Requires voter approval when an expansion of boundaries extends existing taxes or fees to new territory.
- New taxes can be imposed only for a specific duration.

Fines and Levees:

- Interferes with local enforcement efforts, by making it more difficult to impose fines and penalties for state and local law violations related to activities such as water discharge, waste recycling, weed abatement, fireworks, and housing code violations and unlawful commercial marijuana sales, just to name a few. The measure converts administratively



imposed fines and penalties into taxes unless a new, undefined, and ambiguous “adjudicatory due process” is followed.

Increasing Litigation Exposure

- Significantly increases a public agency's burden of proof from “preponderance of evidence” to “clear and convincing evidence” to prove compliance with the new fee requirements. By changing evidence standards to favor corporations suing public agencies, the initiative will promote costly litigation.
- The local government would bear the burden of proving by clear and convincing evidence that a levy, charge or exaction is an “exempt charge” and not a tax. Moreover, the local government would bear the burden of proving by clear and convincing evidence that the amount of the exempt charge is *both* “reasonable” to the payor and that the amount charged does not exceed the “actual cost” of providing the service or product to the payor.
- By enacting a new requirement that all fees must be “reasonable” to the payor but offering no definition as to what “reasonable” means, the initiative provides a new avenue to challenge fees by enabling a plaintiff to claim a fee is not reasonable even if the fee meets the actual costs of service.
- Prop. 218 currently requires fees cover the *reasonable* cost of service. This initiative amends Prop. 218 to require the near-impossible standard of predicting *actual* costs years into the future. To compound this challenge, the new standard also factors in the receipt of external revenues that are constantly shifting and typically outside the control of the local agency. It defines “actual costs” as:
 - “(i) the minimum amount necessary to reimburse the government for the cost of providing the service or product to the payor, and (ii) where the amount charged is not used by the government for any purpose other than reimbursing that cost. In computing “actual cost” the maximum amount that may be imposed is the actual cost less all other sources of revenue including, but not limited to taxes, other exempt charges, grants, and state or federal funds received to provide such service or product.”
- Fosters endless litigation challenging local fees claiming they are not the “minimum amount necessary”. For instance:
 - Do roads need to be paved every 10 years or 50 years?
 - Does infrastructure need to be upgraded or replaced or not improved at all?
 - What is the minimum emergency response time necessary?

IMPACTS

- Could prevent virtually any new fees or assessments to fund water, sewer, trash, fire protection, parks and recreation, and other essential services and infrastructure.
 - Places over \$20 billion of local government fee and charge revenues over 10 years at heightened legal peril.



- Jeopardizes the public health and safety of communities by cutting off new revenue intended to pay for essential local services and infrastructure.
 - Substantially increases the legal and administrative cost of public infrastructure financing.
- With billions of dollars in deferred maintenance and unmet needs for California's infrastructure, exacerbates the neglect and deterioration of our roads, dams, waterways, and other facilities.
- By limiting revenues to the "minimum amount necessary", imposes a "race-to-the-bottom" in California that will halt investment in technological advancements that future generations will depend upon.
- Prevents critical investments in climate adaptation and community resilience to address drought, flooding, and wildfire as well as reduce emissions and harmful pollutants.
- Exposes taxpayers to a new wave of costly litigation, limits the discretion and flexibility of locally elected boards to respond to the needs of their communities, and injects uncertainty into the financing and sustainability of critical infrastructure.
- Restricting local services and infrastructure to the lowest and minimum amount possible will disproportionately impact the most underserved communities the hardest.

SUPPORT

- California Business Roundtable (CBRT) – Sponsor
 - Financial contributors to the initiative and CBRT Issues PAC include, but are not limited to:
 - Aera Energy
 - Albertsons Safeway
 - AMR Holdco Inc.
 - Blackstone Real Estate Partners
 - California Business PAC, Sponsored by CalChamber
 - CJ Segerstrom & Sons
 - Cypress Management Company
 - Dart Container
 - Douglas Emmett Properties
 - Enterprise Rental Car
 - Five Point Operating Company
 - Grimmway Enterprises
 - Howard Jarvis Taxpayers Association
 - Kilroy Realty
 - Majestic Realty
 - Michael K. Hayde
 - Pacific Ethanol
 - PEPSICO
 - Pharmaceutical Research and Manufacturers of America
 - Sempra Energy



- State Farm Insurance
- Sutter Health
- 7-Eleven
- In addition to the CBRT Issues PAC, direct contributors to the initiative include, but are not limited to:
 - AMR Holdco, Inc.
 - Michael K. Hayde, Including Western National Group and Affiliated Entities
 - Kilroy Realty
 - Hudson Pacific Properties and Affiliated Entities
 - Douglas Emmett Properties, LP and Affiliated Entities
 - Shorenstein Realty Services and Affiliated Entities

OPPOSITION

- AFSCME California
- CalCities (League of California Cities)
- California Alliance for Jobs
- California Contract Cities Association
- California Professional Firefighters
- California Special Districts Association
- California State Association of Counties
- California State Council of Laborers
- Rebuild SoCal Partnership
- SEIU California
- Over 150 local agencies, including over 50 special districts

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

**LIMITS ABILITY OF VOTERS AND STATE AND LOCAL GOVERNMENTS TO
RAISE REVENUES FOR GOVERNMENT SERVICES. INITIATIVE**

CONSTITUTIONAL AMENDMENT. For new or increased state taxes currently enacted by two-thirds vote of Legislature, also requires statewide election and majority voter approval. Limits voters' ability to pass voter-proposed local special taxes by raising vote requirement to two-thirds. Eliminates voters' ability to advise how to spend revenues from proposed general tax on same ballot as the proposed tax. Expands definition of "taxes" to include certain regulatory fees, broadening application of tax approval requirements. Requires Legislature or local governing body set certain other fees. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local governments: **Lower annual state and local revenues, potentially substantially lower, depending on future actions of the Legislature, local governing bodies, voters, and the courts.** (21-0042A1.)



January 19, 2022

21-0042 Amdt. 1

Hon. Rob Bonta
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Anabel Renteria
Initiative Coordinator

Dear Attorney General Bonta:

Pursuant to Elections Code Section 9005, we have reviewed the proposed constitutional Taxpayer Protection and Government Accountability Act initiative (A.G. File No. 21-0042, Amendment #1).

Background

State Government

Taxes and Fees. This year's state budget spends over \$255 billion in state funds. Over 90 percent of the state budget is funded with revenues from taxes. These include, for example, sales taxes paid on goods and income taxes paid on wages and other sources of income. Much of the rest of the state budget is funded by fees and other charges. Examples include: (1) charges relating to regulatory activities; (2) charges for specific government services or products, like fees charged to drivers to improve roads; (3) charges for entering state property, such as a state park; and (4) judicial fines, penalties, and other charges. The State Constitution requires the state to set fees at a reasonable level, generally reflecting the costs of the services or benefits provided. The state uses revenue from taxes and fees to fund a variety of programs and services, including education, health care, transportation, and housing and homelessness services.

Current Requirements to Approve Taxes and Fees. Under the State Constitution, state tax increases require approval by two-thirds of each house of the Legislature or a majority vote of the statewide electorate. The Legislature can reduce taxes with a majority vote of each house, provided the change does not result in an increase in taxes paid by any single taxpayer. In many cases, the Legislature has enacted statutes that delegate its authority to adjust fees and other

charges to administrative entities, like state departments. In these cases, these charges can be increased or changed by the department within certain limits.

Local Government

Taxes and Fees. The largest local government tax is the property tax, which raises roughly \$75 billion annually. Other local taxes include sales taxes, utility taxes, and hotel taxes. In addition to these taxes, local governments levy a variety of fees and other charges. Examples include parking meter fees, building permit fees, regulatory fees, and judicial fines and penalties. In order to be considered a fee, the charge cannot exceed the reasonable costs to the local government of providing the associated product or service. Local governments use revenues from taxes and fees to fund a variety of services, like fire and police, public works, and parks.

Current Requirements to Approve Taxes and Fees. State law requires increases in local taxes to receive approval of the local governing body—for example, a city council or county board of supervisors—as well as approval of voters in that local jurisdiction. Most proposed taxes require a two-thirds vote of the local governing board before being presented to the voters. Special taxes (those used for a specific purpose) require a two-thirds vote of the electorate while other types of taxes require a majority vote of the electorate. The majority-vote general taxes can be used for any purpose. Recent case law suggests that citizen initiative special taxes may be approved by majority vote, rather than a two-thirds vote. Currently, local governing bodies have the ability to delegate their authority to adjust fees and other charges to administrative entities, like city departments. In these cases, these charges can be increased or changed by the department within certain limits.

Proposal

This measure amends the State Constitution to change the rules for how the state and local governments can impose taxes, fees, and other charges.

State and Local Government Taxes

Expands Definition of Tax. The measure amends the State Constitution to expand the definition of taxes to include some charges that state and local governments currently treat as fees and other charges. For example, certain charges imposed for a benefit or privilege granted to a payer but not granted to those not charged would no longer be considered fees. As a result, the measure could increase the number of revenue proposals subject to the higher state and local vote requirements for taxes discussed below.

Requires Voter Approval for State Taxes. The measure increases the vote requirements for increasing state taxes. Specifically, the measure requires that legislatively proposed tax increases receive approval by two-thirds of each house *and* a majority vote of the statewide electorate. Voters would still be able to increase taxes by majority vote of the electorate without legislative action, however. Any state tax approved between January 1, 2022 and the effective date of this measure would be nullified unless it fulfills the requirements of the measure.

Requirements for Approving Local Taxes. Whether sought by the local governing body or the electorate, the measure establishes the same approval requirements for increasing local

special taxes. Any local tax approved between January 1, 2022 and the effective date of this measure would be nullified unless it fulfills the requirements of the measure.

Allowable Uses and Duration of State and Local Tax Revenues Must Be Specified. The measure requires state and local tax measures to identify the type and amount (or rate) of the tax and the duration of the tax. State and local government general tax measures must state that the revenue can be used for general purposes.

State and Local Government Fees

Requires the Legislature and Local Government Bodies to Impose State and Local Fees.

Fees would have to be imposed by a majority vote of both houses of the Legislature or local governing bodies. The measure would restrict the ability of state and local governments to delegate fee changes to administrative entities. The extent of these restrictions would depend on future court decisions. Any fee approved between January 1, 2022 and the effective date of this measure would be nullified unless it fulfills the requirements of the measure.

Some New State and Local Fees Could Not Exceed Actual Costs. For some categories of fees, if the Legislature or a local governing body wished to impose a new fee or make changes to an existing fee, the measure generally would require that the charge be both reasonable and reflect the actual costs to the state or local government of providing the service. The measure also specifies that actual cost should not exceed “the minimum amount necessary.” In many cases, existing fees already reflect the government’s actual costs. In other cases, some fees would have to more closely approximate the payer’s actual costs in order to remain fees. If a fee payer challenged the charge, the state or local government would need to provide clear and convincing evidence that the fee meets this threshold. State and local governments also would bear the burden of providing clear and convincing evidence that the levy is a fee—which is not subject to a vote by the electorate—and not a tax under the new definition.

Fiscal Effects

Lower State Tax and Fee Revenue. By expanding the definition of a tax, increasing the vote requirements for approving taxes, and restricting administrative changes to fees, the measure makes it harder for the Legislature to increase nearly all types of state revenues. The extent to which revenues would be lower under the measure would depend on various factors, most notably future decisions made by the Legislature and voters. For example, requirements for legislative approval of fee increases currently set administratively could result in lower fee revenues, depending on future votes of the Legislature. That lower revenue could be particularly notable for some state programs largely funded by fees. Due to the uncertainty of these factors, we cannot estimate the amount of reduced state revenue, but it could be substantial.

Lower Local Government Tax and Fee Revenue. Compared to the state, local governments generally face greater restrictions to raising revenue. By expanding the definition of taxes and restricting administrative changes to fees, the measure would make it somewhat harder for local governments to raise revenue. Consequently, future local tax and fee revenue could be lower than they would be otherwise. The extent to which revenues would be lower is unknown, but

fees could be more impacted. The actual impact on local government revenue would depend on various factors, including future decisions by the courts, local governing bodies, and voters.

Possible Increased State and Local Administrative Costs to Change Some Fee Levels. In some cases, state and local departments would need to develop methods for setting fees to reflect actual costs if the Legislature or local governing bodies wanted to change those fees in the future. Estimating actual costs by program and fee source could involve some added workload for those state and local departments, which likely would be supported by fee revenue. The extent of these administrative costs would depend on (1) whether the state and local governments determine a fee increase is needed in order to maintain their current level of programs and services funded through fee revenue and (2) future court decisions.

Summary of Fiscal Effects. We estimate that this measure would have the following major fiscal effects:

- Lower annual state and local revenues, potentially substantially lower, depending on future actions of the Legislature, local governing bodies, voters, and the courts.

Sincerely,



for Gabriel Petek
Legislative Analyst



for Keely Martin Bosler
Director of Finance

RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT OPPOSING CALIFORNIA BALLOT INITIATIVE 21-0042A1 TITLED “LIMITS ABILITY OF VOTERS AND STATE AND LOCAL GOVERNMENTS TO RAISE REVENUES FOR GOVERNMENT SERVICES”

WHEREAS, an association representing California’s wealthiest corporations and developers is spending millions to push a deceptive proposition aimed for the November 2024 statewide ballot; and

WHEREAS, the proposed proposition, Initiative 21-0042A1, has received the official title: “LIMITS ABILITY OF VOTERS AND STATE AND LOCAL GOVERNMENTS TO RAISE REVENUES FOR GOVERNMENT SERVICES. INITIATIVE CONSTITUTIONAL AMENDMENT”; and

WHEREAS, the measure includes provisions that would make it more difficult for local voters to pass measures needed to fund local services and infrastructure, and would limit voter input by prohibiting local advisory measures where voters provide direction on how they want their local tax dollars spent; and

WHEREAS, the measure exposes taxpayers to new costly litigation, limits the discretion and flexibility of locally elected boards to respond to the needs of their communities, and injects uncertainty into the financing and sustainability of critical infrastructure; and

WHEREAS, the measure severely restricts state and local officials’ ability to protect our environment, public health and safety, and our neighborhoods against those who violate the law; and

WHEREAS, the measure creates new constitutional loopholes that would allow corporations to pay less than their fair share for the impacts they impose on our communities, including local infrastructure, our environment, water quality, air quality, and natural resources; and

WHEREAS, the measure threatens billions of dollars currently dedicated to state and local services, could force increased costs for water and wastewater rate studies and capacity reserve fee studies, and could result in cuts to public schools, fire and emergency response, law enforcement, public health, parks, libraries, affordable housing, services to address homelessness, mental health services, and more; and

WHEREAS, the measure would also reduce funding for critical infrastructure such as streets and roads, public transportation, ports, drinking water, sanitation, utilities, and more.

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:

Res. No. _____

1. The Dublin San Ramon Services District opposes Initiative 21-0042A1.
2. The Dublin San Ramon Services District will join the No on Initiative 21-0042A1 coalition, a growing coalition of public safety, labor, local government, infrastructure advocates, and other organizations throughout the state.
3. The District Secretary shall email a copy of this adopted resolution to the California Special Districts Association at advocacy@csda.net.

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 18th day of October, 2022, and passed by the following vote:

AYES:

NOES:

ABSENT:

Richard M. Halket, President

ATTEST: _____
Nicole Genzale, District Secretary



TITLE: Receive Presentation on District's Water Conservation Status

RECOMMENDATION:

Staff recommends the Board of Directors receive a presentation on the District's water conservation status.

SUMMARY:

Per the Board of Directors' declaration of Stage 2 Water Shortage Emergency, the District has a target of 15 percent water conservation on an annualized basis. This report highlights recent activities and actions in response to the emergency declaration. The District's potable water use in September 2022 was 17.8 percent lower than in September 2020. The cumulative District's potable water reduction since the Board of Directors adopted the emergency declaration (from September 2021 to September 2022) is 8 percent.

DISCUSSION:

DSRSD continues implementing water demand reduction measures to meet the District's Stage 2 Water Shortage Emergency regulations adopted by the Board on September 21, 2021, which called for a mandatory 15-percent demand reduction District-wide. These water demand reduction measures are consistent with the District's Water Shortage Contingency Plan (WSCP) and regulations on water use per District Code Chapter 4.20 as amended by Ordinance No. 350.

Staff presented the District's conservation status to the Board of Directors on September 20, 2022. Below is a summary of the conservation program efforts since the last update.

District Water Conservation Messaging and Program:

Drought outreach in September began to focus on the changing seasons with shorter, cooler days and reduced need for irrigation. Public outreach on water conservation in September included:

- Mailing a large postcard (5.5 by 11 inches) to all customers with information on autumn irrigation, plus water conservation regulations for homeowner associations (see Attachment 1);
- Adding a main slide on the District's website homepage reminding customers that irrigation is limited to three days per week, linking to the Water Use Rules webpage;
- Delivering DSRSD *Pipeline eNewsletter* articles, with topics including highlights from a Bay Area media event in partnership with Save Our Water on August 30, the DSRSD Demonstration Garden, lawn conversion rebates, and promotion of the Zone 7 Water Agency's "Lawn-to-Garden Party" event on September 25 in Pleasanton;
- Posting on social media for hot weather irrigation tips: using the cycle and soak method (during the September heat wave), promoting "Saving Your Trees During the Drought" webinar, encouraging water and energy conservation during the heat wave by only doing full loads of laundry and dishes, dialing back irrigation for fall, and turning off irrigation during and within 48 hours after rainfall (during September's rainy days);
- Participating in Zone 7 Water Agency's "Saving Your Trees During the Drought" webinar on September 27, with DSRSD staff sharing tips for customers on water use rules, using AquaHawk to find leaks, and informing about water conservation device giveaways availability at the District Office; and

Originating Department: Engineering and Technical Services	Contact: I. Suroso/S. Delight	Legal Review: Not Required
Financial Review: Not Required	Cost and Funding Source: N/A	
Attachments: <input type="checkbox"/> None <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 – Autumn Irrigation Postcard	

- Ongoing water conservation advertising in September:
 - Wheels bus ads throughout the Tri-Valley (in partnership with the City of Pleasanton and City of Livermore)
 - Digital kiosks at City Center Bishop Ranch in San Ramon (in partnership with East Bay Municipal Utility District).

Rebates Program:

Staff continued to receive rebate applications for the Weather-Based Irrigation Control (Smart Controller) and High-Efficiency Washer (HEW). Two applications were for the Smart Controller rebate and ten were for the HEW rebate.

District Potable Water Use and Conservation Target:

District water conservation in September was 17.8 percent compared to 2020 (see Figure 1), which is greater than the previous month's savings. September was a wetter-than-average month, with total precipitation of 0.8 inches, which may have helped the water conservation effort.

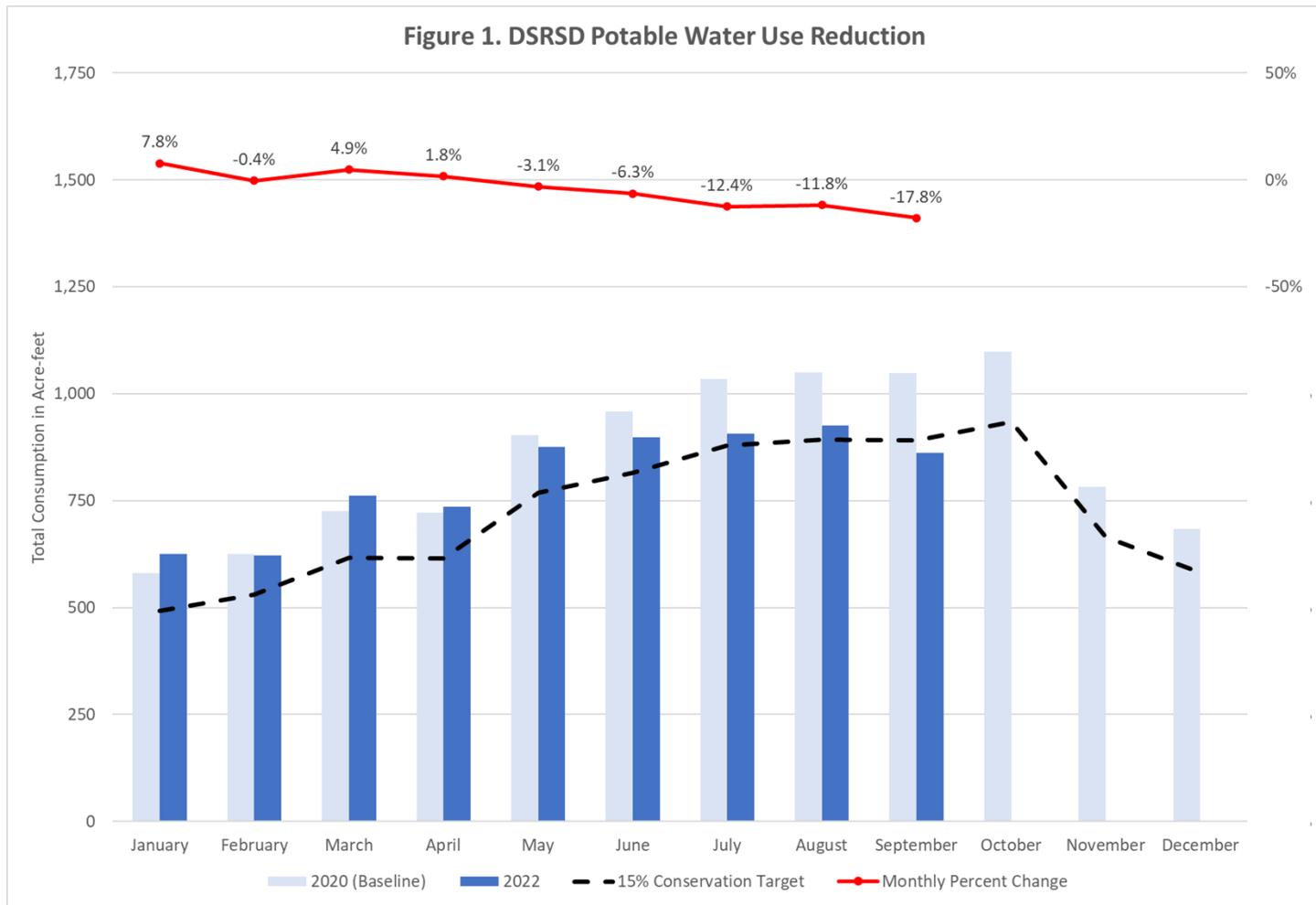
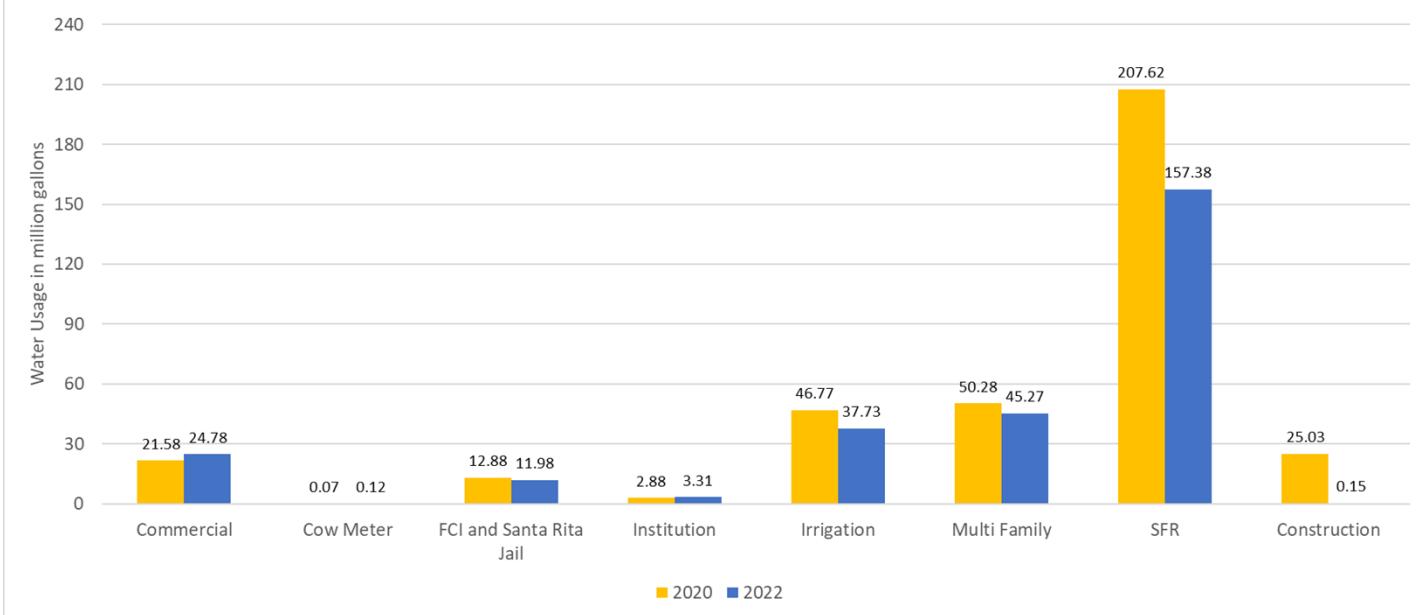


Figure 2 presents the September water usage by customer type in 2022 compared to 2020. Residential and potable irrigation (through dedicated meter) customers used less water in September compared to the baseline year, with single-family residential (SFR) using 24.2 percent less water, multi-family using 10 percent less water, and irrigation using 19.3 percent less water. The Federal Correctional Institution (FCI) and Alameda County Jail (Santa Rita) also used 7 percent less water in September compared to the baseline year.

Figure 2. Potable Water Use by Customer Types for September



Water usage for commercial and institutional customers was higher in September 2022 compared to the baseline year. Water usage for these customer types is mainly domestic use with almost all outdoor water use separated as dedicated irrigation. The 2020 water use for commercial and institutional customers was lowered because of the pandemic shelter-in-place restriction.

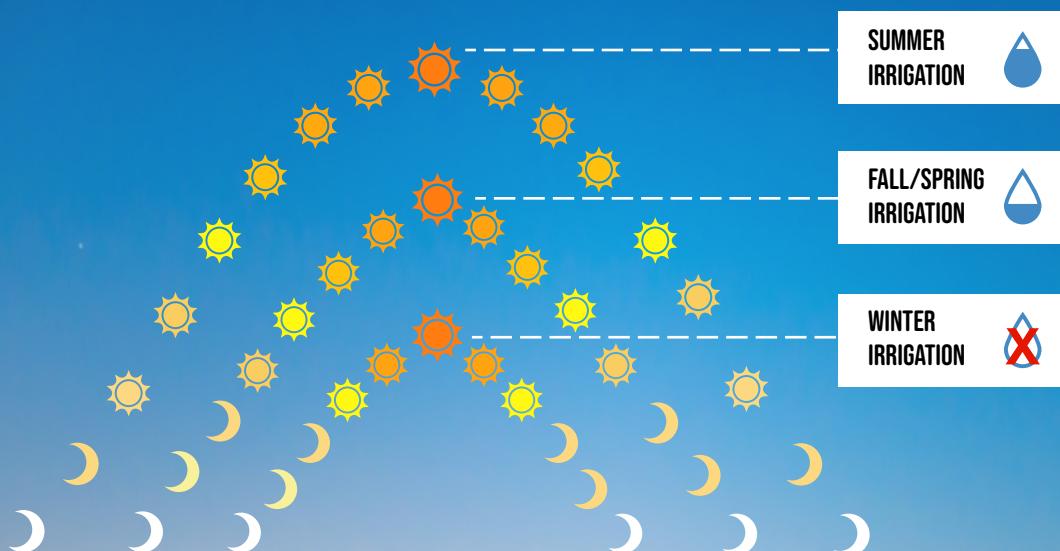
Next Steps:

Staff will continue monitoring customers' water use in the coming months and messaging customers to change the irrigation schedule from three days per week to one day per week, starting November 1. With the possibility of another dry year for the water year 2023, staff will follow the State's drought update and actions closely.



SHORTER DAYS = SHORTER WATERING CYCLES

AS DAYLIGHT HOURS DECREASE, THE SUN'S INTENSITY DECREASES
ALONG WITH THE NEED FOR WATER

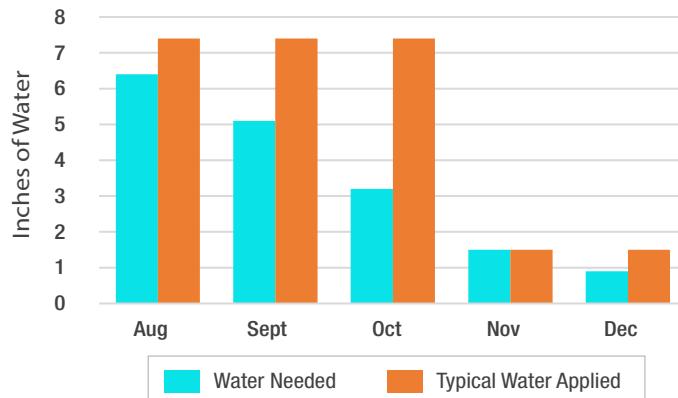


STARTING NOVEMBER 1- IRRIGATION LIMITED TO ONE DAY PER WEEK

FALL OUTDOOR WATER CONSERVATION TIP

If you're still using a summer watering schedule, **dial it back NOW!**
Irrigation can be reduced as early as mid-September. Although fall weather can be warm, evening temperatures drop rapidly—decreasing the need for water.

Consumer Irrigation Habits
Watering Too Much Late in the Year



Take advantage of rebates and upgrade to a weather-based smart irrigation controller. Learn about rebates, drought rules, and more: www.dsrsd.com/drought



IMPORTANT INFORMATION FOR ALL WATER CUSTOMERS:

STARTING NOVEMBER 1 - IRRIGATION LIMITED TO ONE DAY PER WEEK
WATER CONSERVATION TIPS EVERYONE CAN USE (SEE OTHER SIDE)

STATE LAWS GOVERNING HOMEOWNER ASSOCIATIONS (HOAS)

- Assembly Bill 1881: An HOA cannot prohibit low water use plants from landscape designs.
- Assembly Bill 2104: Prevents HOAs from prohibiting replacement of turf with low water use plants.
- Assembly Bill 1061: HOAs cannot prohibit or restrict residents' compliance with local water-efficient landscape ordinances and local water use restrictions.
- Assembly Bill 2100: Prohibits HOAs from imposing fines or assessments on property owners for reducing or eliminating watering of plants and lawns if the governor or local water agency has declared a drought emergency.
- Senate Bill 992: Prohibits HOAs from requiring power washing of exterior surfaces during a governor or local government declared drought. HOAs cannot penalize property owners for reducing or eliminating watering of plants and lawns during a drought emergency unless the development uses recycled water for irrigation.



TITLE: Receive Presentation on Long-Term Water Conservation Framework

RECOMMENDATION:

Staff recommends the Board of Directors receive a presentation on the long-term water conservation framework.

DISCUSSION:

In May 2016, as a response to the drought, Governor Brown issued Executive Order B-37-16 directing state agencies to establish a long-term framework for water conservation and drought planning. The final framework report titled *"Making Water Conservation a California Way of Life, Implementing Executive Order B-37-16"* was released on April 7, 2017. The report addressed requirements in the Executive Order and provided information to the California State Legislature and other interested parties on the proposed framework for efficient water use, including a proposed implementation timeline.

In May 2018, Governor Brown signed Senate Bill 606 (Hertzberg) and Assembly Bill 1668 (Friedman) into law to establish a new foundation for long-term improvements in water conservation and drought planning to adapt to climate change and the resulting longer and more intense droughts in California. Senate Bill 606 and Assembly Bill 1668 are direct outcomes of Governor Brown's Executive Order B-37-16 and the recommendations in the 2017 report. These bills provide a framework for setting water use targets, as well as implementing and enforcing the new water use requirements. While many details for implementing the new water use requirements are still being developed, the overall framework includes:

- A standard for indoor residential water use
- A standard for outdoor water use based upon the amount of irrigable landscaped area for a residential or dedicated irrigation commercial account and the community's climate
- A standard for water loss due to leaks in water system pipes

These three standards will be calculated and added together to represent an overall water use objective (in gallons) for the water provider. The framework also provides for approved variances and a bonus incentive for potable water reuse that can be used to adjust the overall water use objective.

Beginning November 2023, each urban retail water agency will annually calculate and report its water use objective. Water agencies must achieve their urban water use objective by January 1, 2027, or they may be required by the State Water Board to enact additional policies and projects to achieve water savings.

Staff will provide a presentation on the long-term water conservation framework and the specific impacts and requirements for the District.

Originating Department: Engineering and Technical Services	Contact: I. Suroso/S. Delight	Legal Review: Not Required
Financial Review: Not Required	Cost and Funding Source: N/A	
Attachments: <input checked="" type="checkbox"/> None <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)		



TITLE: Receive Report and Rescind the Water Expansion Fund Management Policy and Resolution No. 13-14

RECOMMENDATION:

Staff recommends the Board of Directors receive a report and rescind the Water Expansion Fund Management policy and Resolution No. 13-14.

SUMMARY:

The Board adopted the Water Expansion Fund Management policy in 2014 as a result of the issues facing the Water Expansion (Fund 620) (Fund) during and after the Great Recession. Today, the Fund has approximately \$48.7 million in working capital as compared to a minimum reserve requirement of \$27.1 million, has paid the Temporary Infrastructure Charge (TIC) obligation in full, and has refinanced its debt to an average fixed interest rate of 4.39%. Due to these stabilizing actions and the current long-term financial health of the Fund, staff is recommending rescinding the Water Expansion Fund Management policy because it is no longer needed to guide District actions during a period of financial distress and uncertainty.

DISCUSSION:

The District's Water Expansion (Fund 620) 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 Fund were required to be built well in advance of the projected development and resultant capacity reserve 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 capacity reserve fee revenue to be received over many years.

The Great Recession of 2008–2009 had a critical effect on this Fund. The capacity reserve fee revenue had not been sufficient to handle the annual debt payments, and there was no visibility in predicting when this revenue stream would return to normal levels. In addition, the Fund had an outstanding variable rate debt obligation which left the District at risk from rising interest rates without the adequate cash flow to pay for an escalating obligation. The Fund balance had fallen sharply to \$15 million and was projected to deplete its working capital in fiscal year ending (FYE) 2010.

The Fund faced a number of ongoing issues that had a material bearing on the working capital balance. How these issues were handled and their priority for resolution were critical to being able to manage the Fund in accordance with the District's Financial Reserve policy. The Water Expansion Fund Management policy was established in 2014 to be used in conjunction with the Financial Reserves policy for setting targeted fund levels to ensure compliance with that primary policy and to pay District obligations on its various indentures and loans documents. To reverse the trend in working capital, the Board authorized a Temporary Infrastructure Charge (TIC), administratively suspended several "credit against fee" arrangements with developers, refinanced the water debt in 2011, and delayed many capital expenditures.

The Water Expansion Fund Management policy provided Fund Management Guidelines in the following priority order:

Priority I	<u>Pay Bonds, Meet Terms of Debt Covenants and Maintain Reserves</u> – to address legal compliance
Priority II	<u>Fund Approved CIP Expenditures</u> – to address safe and reliable water supply projects
Priority III	<u>Windemere BLC Closeout</u> – to equitably close out the reimbursement agreement
Priority IV	<u>Other Reimbursements</u> – to un-suspend reimbursement of various developer agreements
Priority V	<u>Regional Wastewater Disposal Credits for Recycling</u> – to pay for benefits derived from the recycled water program

Originating Department: Administrative Services	Contact: C. Atwood	Legal Review: Not Required
Financial Review: Yes	Cost and Funding Source: N/A	
Attachments: <input type="checkbox"/> None <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Task Order <input type="checkbox"/> Proclamation <input type="checkbox"/> Other (see list on right)		

Priority VI Conditional TIC Repayment – to equitably reimburse District ratepayers

The issues necessitating the original Water Expansion Fund Management policy are either ongoing obligations of the District (legal compliance and capital project projects for safe and reliable water) or have been resolved, paid off, or reorganized to a manageable level. A listing with brief explanation of those issues and their current status are discussed below.

- **Windemere BLC Closeout**

Windemere BLC was one of the two organizations having major interests in the Dougherty Valley. 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 was reviewed in 2015 with a detailed closeout analysis presented to Windemere BLC.

- **Other Reimbursements**

The District entered into development agreements with various other developers, including Shapell/Lin, Pinn Brothers, and Lund. The agreements allowed the District, at its discretion, to administratively suspend providing credits against payments for capacity rights when the Water Expansion Fund's balance was insufficient. The credits were suspended in FYE 2010, and the District resumed the crediting program in 2013. The Shapell/Toll Brothers and Lin agreements are still outstanding while the Lund agreement has been fully credited against fees. Finance and Engineering are reviewing all credits remaining at this time

- **Regional Wastewater Disposal Credits for Recycling**

Given the size of DSRSD and City of Pleasanton's recycled water programs, some degree of recycling occurs year-round. In 2014, this value was incorporated into the 5th supplemental agreement to the 1992 Agreement for Wastewater Disposal Services with Pleasanton and has been paid though a transfer from the Regional Expansion (Fund 320) to the Water Expansion (Fund 620) and the City of Pleasanton on an annual basis.

- **New Water Master Plan**

When the Water Expansion Fund Management policy was adopted, the Water Master Plan needed a review and update. Updated and adopted by the Board in March 2016, the Water Master Plan provides critical information to analyze the long-term health of the Water Expansion Fund. A Water Capacity Reserve Fee Study was performed in 2016 as well which addressed the expansion fee required to fully fund all improvements identified in the Water Master Plan.

- **Temporary Infrastructure Charge (TIC)**

The TIC represents ratepayers' contributions of \$8.2 million toward debt incurred to develop potable and recycled water facilities to serve growth in the District. The Board authorized payment in full of the remaining TIC obligation of \$2.9 million at the May 4, 2021, regular Board meeting.

The review of the Water Expansion Fund Management policy has demonstrated that the acute financial stresses that existed at adoption of the policy no longer exist. The Fund is in a healthy financial position, and obligations have been refinanced to a reasonable and predictable cash flow level or paid off. Moreover, the 10-year financial model for the Fund reflected in the adopted 10-Year Capital Improvement Program demonstrates that the Fund will meet all its financial obligations and remain above the minimum fund reserve level for the next decade. Today, the Fund has approximately \$48.7 million in working capital as compared to a minimum reserve requirement of \$27.1 million. Projected capacity reserve fee revenue is \$63.3 million over the next 10 years, offset by a projected \$30.7 million in capital project needs and \$26.6 million in debt payments during the same timeframe.

Based on the above, staff is recommending that the Board rescind the Water Expansion Fund Management policy and address any future working capital concerns in conjunction with the biennial budget process and the water capacity reserve fee studies.

RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT RESCINDING THE WATER EXPANSION FUND MANAGEMENT POLICY AND RESOLUTION NO. 13-14

WHEREAS, the Water Expansion (Fund 620) (Fund) is dedicated to pay for the expansion of the District and to pay a share of the debt related to facilities already built to serve growth of the District; and

WHEREAS, on March 4, 2014, by Resolution No. 13-14, the Board of Directors adopted the Water Expansion Fund Management policy (P400-14-1) as a result of issues facing the Fund after the great recession, and to guide future decisions related to the Fund so that it was prudently and consistently managed over the long term; and

WHEREAS, the District has resolved the majority of the issues existing in 2014 for the Fund; and

WHEREAS, it has been determined by management that the need for the Water Expansion Fund Management policy no longer exists and that the Board of Directors can continue to monitor the financial health of the Fund in conjunction with the biennial Operating Budget, the 10-year Capital Improvement Program process, and the 5-year Capacity Reserve Fee Rate Study process.

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 Water Expansion Fund Management policy, attached as Exhibit "A," and Resolution No. 13-14, attached as Exhibit "B," are hereby rescinded.

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 18th day of October, 2022, and passed by the following vote:

AYES:

NOES:

ABSENT:

Richard M. Halket, President

ATTEST: _____
Nicole Genzale, District Secretary



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.

RESOLUTION NO. 13-14RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON
SERVICES DISTRICT APPROVING THE WATER EXPANSION FUND MANAGEMENT
POLICY

WHEREAS, The Water Expansion fund (Fund) is dedicated to pay for the expansion of the District and to paying a share of the debt related to facilities already built to serve growth of the District; and

WHEREAS, the Fund faces a number of issues that will have a material bearing on the fund balance; and

WHEREAS, the District recognizes the significance of debt service and contractual obligations and they are to be given primary importance when determining payment priorities; and

WHEREAS, the District wishes to establish policy to guide future decisions related to the Fund so that it is prudently and consistently managed over the long term; and

WHEREAS, the Finance Committee of the Board of Directors has endorsed the priorities of the issues to be resolved when evaluating payments and obligations from the Fund; and

WHEREAS, this Water Expansion Fund Management policy is consistent with the priorities endorsed by the Board of Directors.

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:

The new policy titled "Water Expansion Fund Management" is hereby adopted by the Board of Directors of Dublin San Ramon Services District and is attached as "Exhibit A".

Res. No. 13-14

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 4th day of March 2014 and passed by the following vote:

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

NOES: 0

ABSENT: 0


Georgean M. Vonheeder-Leopold
Georgean M. Vonheeder-Leopold, President

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



TITLE: Receive Presentation on Proposed Emergency Intertie Maintenance Test with East Bay Municipal Utility District and Zone 7 Water Agency

RECOMMENDATION:

Staff recommends the Board of Directors receive a presentation on the proposed Emergency Intertie Maintenance Test (Intertie Test) with East Bay Municipal Utility District (EBMUD) and Zone 7 Water Agency (Zone 7).

SUMMARY:

In mid-2022, DSRSD, EBMUD, and Zone 7 began collaborating on a proposal to conduct a maintenance test of two EBMUD-DSRSD emergency interties using transfer water available to Zone 7 under the Yuba Accord water transfer program. Under the proposed Intertie Test, Zone 7's water would be diverted by EBMUD at the Freeport Regional Water Authority intake on the Sacramento River, wheeled through EBMUD's water system, and used for testing of the emergency interties, before ultimately being delivered for use by DSRSD within Zone 7's service area. The proposed Intertie Test was scheduled to occur in October 2022, subject to completion of all necessary environmental reviews and approvals. However, staff recently learned that it will not be possible to secure all approvals in time to conduct the Intertie Test this year. On October 18, staff will update the DSRSD Board on the work completed this year and future opportunities to complete the proposed Intertie Test.

The Intertie Test is included in the District's Ten-Year Capital Improvement Program (CIP No. 22-W020) and supports Strategic Plan Goal #6 - *Enhance our ability to respond to emergencies and maintain business continuity* and Strategic Plan Goal #8 Action Item - *Work collaboratively with our Tri-Valley partners in the development of a more diversified and resilient water supply*.

DISCUSSION:

DSRSD has three emergency interties with EBMUD at the boundary of DSRSD's and EBMUD's water service areas. Two of the intertie locations (Davona Drive and Southwick Drive) are designed to move water from EBMUD to DSRSD's water system. The third location (Dougherty Valley) can move water from DSRSD to EBMUD's water system. Under the 1990 Agreement for Emergency Water Service between DSRSD and EBMUD, the interties were constructed to maintain public safety during a critical water shortage caused by a major pipeline failure, earthquake, or fire.

The last maintenance test of the EBMUD-DSRSD emergency interties was performed in 2014 and involved testing of the Davona Drive and Dougherty Valley emergency interties. The Davona test was limited in duration and utilized a temporary 6-inch hose to connect DSRSD's 10-inch water main to EBMUD's existing 12-inch water main. This temporary setup constrained the ability for the parties to collect accurate flow and pressure data to understand how much water could be moved from EBMUD into DSRSD/Zone 7's system in the event of an emergency, such as a Delta outage.

Proposed Intertie Test:

In mid-2022, EBMUD, DSRSD, and Zone 7 began discussing the potential to conduct a more robust maintenance test of the Davona Drive and Southwick Drive emergency interties. The proposed setup involves hard piping the connection between the EBMUD and DSRSD systems and taking flow and pressure readings throughout the duration of the test to be able to model future emergency operation of the interties. Hard piping the connection would also allow EBMUD and

Originating Department: Office of the General Manager	Contact: J. Lee	Legal Review: Not Required
Financial Review: Not Required	Cost and Funding Source: \$200,000 with \$150,000 (75%) from Water Replacement (Fund 610) and \$50,000 (25%) from Water Expansion (Fund 620)	
Attachments: <input checked="" type="checkbox"/> None <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)	61 of 64	

DSRSD to test the maximum flow that could be delivered from EBMUD to DSRSD's system in the event of an actual emergency.

Due to ongoing drought conditions, the parties proposed using Yuba Accord transfer water available to Zone 7 to conduct the proposed Intertie Test. The Department of Water Resources purchases transfer water from Yuba County Water Agency under the Yuba Accord water transfer program for allocation to State Water Project contractors, including Zone 7. Under the proposed Intertie Test, up to 100 acre-feet of Zone 7's Yuba Accord water would be diverted by EBMUD directly from the Sacramento River through the Freeport Regional Water Authority intake in-lieu of being delivered to Zone 7 through the Delta and South Bay Aqueduct. After being diverted at Freeport, the test water would travel through Freeport Project facilities, the Bureau of Reclamation's Folsom South Canal, and EBMUD's raw water and treated water systems before ultimately being delivered to Zone 7's service area via the EBMUD-DSRSD emergency interties. See Figures 1 and 2 for routing of test water and location of the EBMUD-DSRSD emergency interties.

The objectives of the Intertie Test include promoting emergency preparedness by moving water between EBMUD's water system and DSRSD's water system under a range of simulated emergency scenarios to ensure that the interties are operational and to determine if there are any maintenance needs. The Intertie Test also supports Bay Area regional reliability efforts and assists Zone 7 in understanding any institutional and operational issues that could affect possible future initiatives to construct a larger capacity intertie between Zone 7 and EBMUD. For these reasons, the Intertie Test was one of the recommended near-term actions identified in DSRSD's *2021 Alternative Water Supply Study: A Framework for a Resilient and Sustainable Water Future* (June 2021) and included in the Ten-Year Capital Improvement Program.

Current Status:

In mid-September 2022, EBMUD, DSRSD, and Zone 7 staff completed negotiations on a final draft of a three-party agreement and developed an Operations Plan to implement the proposed Intertie Test. The agreement set forth roles, responsibilities, terms, and conditions for the proposed Intertie Test, including provisions for reimbursable expenses and water payments. The Zone 7 Board approved the Intertie Test agreement on September 21, 2022, and EBMUD and DSRSD staff were planning to take the agreement to their respective Boards for consideration in early October 2022.

The Intertie Test was scheduled to occur during the last week of October 2022, before EBMUD ends operation of the Freeport Project for this year. EBMUD only utilizes the Freeport Project to take supplemental water supplies during droughts. Over the last several months, EBMUD, DSRSD, and Zone 7 staff have been diligently working to secure all approvals needed to implement the Intertie Test. However, the parties recently learned that it will not be possible for the Bureau of Reclamation to complete the federal environmental review and approve use of the Folsom South Canal for the Intertie Test before EBMUD shuts down Freeport operations. Therefore, the Intertie Test cannot take place in 2022.

Next Steps:

Although the Intertie Test cannot be completed this year, DSRSD staff and contractors, in coordination with EBMUD, are planning to complete the preparation work of exercising valves and assembling the intertie connections at Southwick Drive and Davona Drive. In order to meet the tight timeline for the Intertie Test and ensure that materials are available in the event of an actual emergency, DSRSD staff purchased the piping, valves, and appurtenances for the intertie connections. Completing this preparation work supports the District's emergency preparedness efforts by testing that the intertie connections can be readily assembled during emergencies.

The Intertie Test could potentially be implemented next year, depending on water supply conditions and whether EBMUD is operating the Freeport Project.

