



**TOWN OF DISCOVERY BAY**  
*A COMMUNITY SERVICES DISTRICT*



President – Bill Pease • Vice-President – Bob Leete • Director – Kevin Graves • Director – Mark Simon • Director – Chris Steele

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**TOWN OF DISCOVERY BAY  
COMMUNITY SERVICES DISTRICT  
AGENDA PACKET**

For the Regular Meeting of Wednesday

March 16, 2016

7:00 P.M. Regular Meeting

Community Center  
1601 Discovery Bay Boulevard



# TOWN OF DISCOVERY BAY

A COMMUNITY SERVICES DISTRICT



President – Bill Pease • Vice-President – Robert Leete • Director – Kevin Graves • Director – Mark Simon • Director – Chris Steele

**NOTICE OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
OF THE TOWN OF DISCOVERY BAY**  
Wednesday March 16, 2016  
**REGULAR MEETING 7:00 P.M.**  
Community Center  
1601 Discovery Bay Boulevard, Discovery Bay, California  
Website address: [www.todb.ca.gov](http://www.todb.ca.gov)

**REGULAR MEETING 7:00 P.M.**

**A. ROLL CALL AND PLEDGE OF ALLEGIANCE**

1. Call business meeting to order 7:00 p.m.
2. Pledge of Allegiance
3. Roll Call

**B. PUBLIC COMMENTS (Individual Public Comments will be limited to a 3-minute time limit)**

During Public Comments, the public may address the Board on any issue within the District's jurisdiction which is not on the agenda. The public may comment on any item on the Agenda at the time that item is before the Board for consideration. Any person wishing to speak must come up and speak from the podium. There will be no dialog between the Board and the commenter. Any clarifying questions from the Board must go through the Chair.

**C. PRESENTATIONS**

1. Veolia Report – Month of February 2016

**D. CONSENT CALENDAR**

All matters listed under the CONSENT CALENDAR are considered by the District to be routine and will be enacted by one motion.

1. Approval of DRAFT minutes of special meeting for March 2, 2016
2. Approval of DRAFT minutes of regular meeting for March 2, 2016
3. Approve Register of District Invoices

**E. BUSINESS AND ACTION ITEMS**

1. Audited Financial Statements: Receive report from the District's Auditor and consider approving the FY 2014-15 Audited Financial Statements
2. General Manager Recruitment: Provide input to Bob Murray and Associates regarding the Board's expectations for the new District General Manager
3. Contract with Veolia Water West Operating Services Inc.: Consider and approve the First Five-Year Extension to the contract for the operation and maintenance of the Town's water and wastewater facilities
4. Contract for raising sewer manholes and water valve lids: Consider approving a contract with J.W. Backhoe for \$11,350.00 to raise sewer manhole and water valve lids
5. Consider sending a letter of opposition to Senate Bill 885 (Duty to Defend Reform)

**F. INFORMATIONAL ITEMS ONLY (NO ACTION NECESSARY)**

**G. PRESIDENT REPORT AND DIRECTORS' COMMENTS**

1. Water Education Foundation – California Water Resources Event – Director Graves

**H. MANAGER'S REPORTS – Discussion and Possible Action**

**I. GENERAL MANAGER'S REPORT – Discussion and Possible Action**

1. Ground Water Sustainability Plan

**J. DISTRICT LEGAL COUNSEL REPORT**

**K. SUB-COMMITTEE UPDATES – Discussion and Possible Action**

1. Parks and Recreation Sub-Committee meeting

**L. CORRESPONDENCE – Discussion and Possible Action**

1. Contra Costa County Aviation Advisory Committee meeting minutes for 01-14-2016
2. Contra Costa County Aviation Advisory Committee meeting minutes for 02-11-2016
3. East Contra County Fire Protection District meeting minutes for 02-01-2016

**M. PUBLIC RECORD REQUESTS RECEIVED**

1. Public Records Request – Request from SmartProcure – Regarding PO/Vendor Information – Received on March 8, 2016

**N. FUTURE AGENDA ITEMS**

**O. ADJOURNMENT**

1. Adjourn to the next Regular meeting of April 6, 2016 starting at 7:00 p.m. at the Community Center located at 1601 Discovery Bay Boulevard.

“This agenda shall be made available upon request in alternative formats to persons with a disability, as required by the American with Disabilities Act of 1990 (42 U.S.C. § 12132) and the Ralph M. Brown Act (California Government Code § 54954.2). Persons requesting a disability related modification or accommodation in order to participate in the meeting should contact the Town of Discovery Bay, at (925)634-1131, during regular business hours, at least twenty-four hours prior to the time of the meeting.”

"Materials related to an item on the Agenda submitted to the Town of Discovery Bay CSD after distribution of the agenda packet are available for public inspection in the District Office located at 1800 Willow Lake Road during normal business hours."

# MONTHLY OPERATIONS REPORT

February 2016

Town of Discovery Bay, CA

**2373** Days of Safe Operations

**107,602** worked hours since last recordable incident

### TRAINING:

Safety, Operations, & Equipment

Safety	Hours
West Monthly Regional Safety Webinar	4.0
Weekly Safety Topics	
Lockout/Tagout	
Operations	

### REPORTS SUBMITTED TO REGULATORY AGENCIES

Monthly Discharge Monitoring Report (DMR) Monthly electronic State Monitoring Report (eSMR) Monthly Coliform Report, State Water Board (WD)
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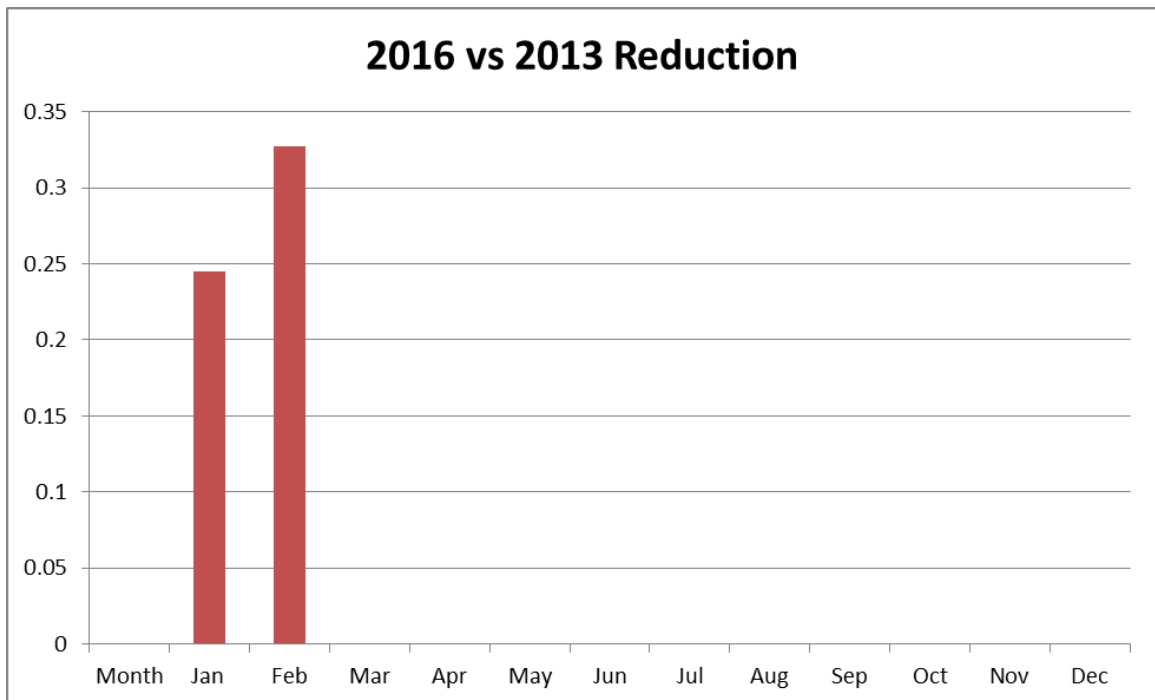
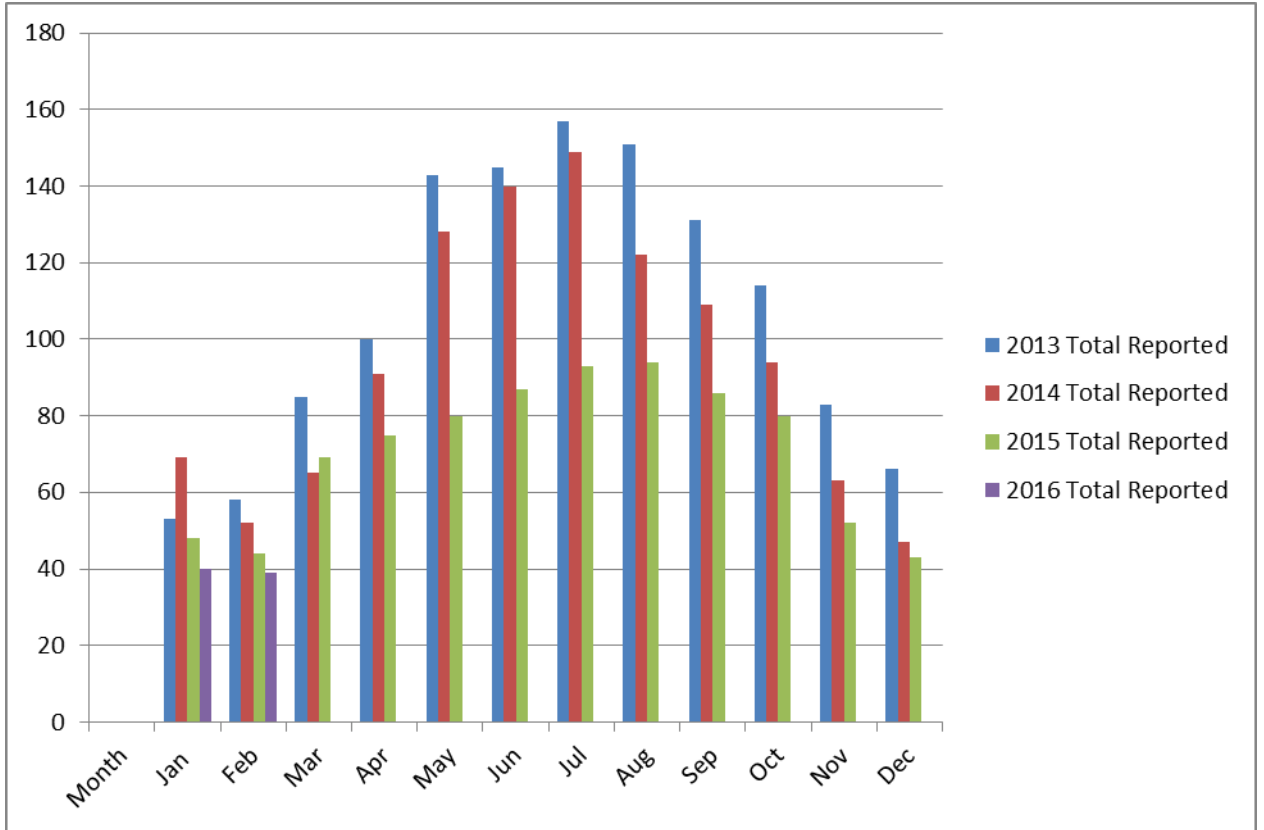
### WATER SERVICES

# of Active Wells	Water Produced (MG)	Chemical (Hypo) Delivered	Fire Hydrant Flushing
5	<b>39</b>	<b>895</b>	<b>0</b>

*Note: Well 5 is off line, Replaced by Well #7*

### 2016 Water Production Table (MG) by Month

January	February	March	April	May	June
<b>40</b>	<b>39</b>				
July	August	September	October	November	December



**Reused Water:**  
**2.0 MG – January**  
**2.2 MG- February**

**Bacteriological Test Results:**

Routine Bacteria Samples Collected	No. Total Coliform Positives	No. Fecal/E. coli Positives	Brown Water Calls
<b>16</b>	<b>0</b>	<b>0</b>	<b>0</b>

**WASTEWATER SERVICE**

**Wastewater Laboratory Analysis**

<i>WW Effluent Parameter</i>	<i>Permit Limits</i>	<i>January Lab Data</i>	<i>Febuary Lab Data</i>
Flow, MG Effluent, <b>monthly total</b>		36	<b>32</b>
Flow, MG Daily Influent Flow, <b>avg.</b>	N/A	1.3	<b>1.2</b>
Flow, MG Daily Discharge Flow, <b>avg.</b>	<b>2.1</b>	1.2	<b>1.1</b>
Effluent BOD <sub>5</sub> , lbs/d, <b>monthly avg.</b>	<b>350</b>	54	<b>46</b>
Effluent TSS, lbs/d, <b>monthly avg.</b>	<b>525</b>	57	<b>36</b>
Effluent BOD <sub>5</sub> , mg/L, <b>monthly avg.</b>	<b>20</b>	6	<b>5</b>
Effluent TSS, mg/L, <b>monthly avg.</b>	<b>30</b>	6	<b>4</b>
Total Coli form 7 day Median Max	<b>23</b>	8	<b>0</b>
Total Coli form Daily Maximum	<b>240</b>	5	<b>2</b>
% Removal BOD <sub>5</sub> , monthly avg.	<b>85% min.</b>	97	<b>98</b>
% Removal, TSS, monthly avg.	<b>85% min.</b>	93	<b>97</b>
Electrical Conductivity, umhos/cm <b>annual avg.</b>	<b>2100</b>	2060	<b>2060</b>

Blue – new parameter added

**National Pollution Discharge Elimination System (NPDES)**

NPDES Related Excursions	Permit Parameter	NPDES Parameter Limit	Actual Parameter Result
<b>0</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

**Bacteriological Test Results:**

Routine Bacteria Samples Collected	No. Total Coliform Positives	No. Fecal/E. coli Positives	7-Day Median Excursion
<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>

# of Active Lift Stations	# of Inactive Lift Stations	SSO	Wastewater Received (MG)
<b>15</b>	<b>0</b>	<b>0</b>	<b>32.3</b>

**COLLECTION:**

- Flushing resumed 21,315 ft.
- CCTV 34,086 ft.
- Inspected 77 manhole & covers.
- Performed weekly lift station inspections.

**MAINTENANCE:**

**Preventive and Corrective**

Total # of WO's Completed	Total Hours
<b>273</b>	<b>325</b>

**Work Order Back-Log**

Aging 8 - 30 Days	Aging > 30 Days
<b>28</b>	<b>7</b>

**Call & Emergency Responses**

Call Outs	Emergencies
<b>1</b>	<b>0</b>

**Personnel Hours & Overtime:**

Regular Hours	Overtime
<b>1344</b>	<b>37</b>

## TERMS

WWTP	WASTEWATER TREATMENT PLANT
WTP	WATER TREATMENT PLANT
WL	WILLOW LAKE
NP	NEWPORT
VFD	VARIABLE FREQUENCY DRIVE
WO	WORK ORDER
PLC	PROGRAMMABLE LOGIC CONTROLLER
L/S	LIFT STATION
SSO	SANITARY SEWER OVERFLOW
BOD	BIOLOGICAL OXYGEN DEMAND
TSS	TOTAL SUSPENDED SOLIDS
MGD	MILLION GALLONS PER DAY
mg/l	MILLIGRAMS PER LITRE
CCTV	CLOSED CIRCUIT TELEVISION
PPM	PARTS PER MILLION
RAS	RETURN ACTIVATED SLUDGE
WAS	WATSE ACTIVATED SLUDGE
UV	ULTRAVIOLET LIGHT





# TOWN OF DISCOVERY BAY

A COMMUNITY SERVICES DISTRICT



President – Bill Pease • Vice-President – Bob Leete • Director – Kevin Graves • Director – Mark Simon • Director – Chris Steele

## MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE TOWN OF DISCOVERY BAY CSD

Wednesday, March 2, 2016

**SPECIAL MEETING 6:30 P.M.**

Community Center

1601 Discovery Bay Boulevard, Discovery Bay, California

Website address: [www.todb.ca.gov](http://www.todb.ca.gov)

### SPECIAL MEETING AT 6:30 P.M.

#### A. ROLL CALL

Call business meeting to order 6:30 p.m. – 6:30 p.m. by President Pease

Roll Call – All Present with the exception of Director Graves

#### B. PUBLIC COMMENT

None

#### C. BUSINESS AND ACTION ITEMS

1. Tour of 1535 Discovery Bay Blvd. – Fire Station 58

The Board, staff and members of the public toured the fire station building led by Chief Henderson.

**President Pease** – The Board has reconvened from the tour at 7:00 p.m.

#### D. ADJOURNMENT

The meeting adjourned at 7:00 p.m. to the Regular Meeting on March 2, 2016 at 7:00 p.m. at the Community Center located at 1601 Discovery Bay Boulevard.

//sh – 03-04-16

<http://www.todb.ca.gov/agendas-minutes>



# TOWN OF DISCOVERY BAY

A COMMUNITY SERVICES DISTRICT



President – Bill Pease • Vice-President – Robert Leete • Director – Kevin Graves • Director – Mark Simon • Director – Chris Steele

## MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE TOWN OF DISCOVERY BAY

Wednesday March 2, 2016

REGULAR MEETING 7:00 P.M.

Community Center

1601 Discovery Bay Boulevard, Discovery Bay, California

Website address: [www.todb.ca.gov](http://www.todb.ca.gov)

### REGULAR MEETING 7:00 P.M.

#### A. ROLL CALL AND PLEDGE OF ALLEGIANCE

Call business meeting to order – 7:00 p.m. by President Pease

Pledge of Allegiance – Led by President Pease

Roll Call – All Present with the exception of Director Graves

#### B. PUBLIC COMMENTS (Individual Public Comments will be limited to a 3-minute time limit)

There was one Public Comment speaker who spoke about the safety surrounding incoming and exiting traffic at the entrance to Discovery Bay at Discovery Bay Blvd.. The Board asked that staff address this with the County.

#### C. AREA AGENCIES REPORTS / PRESENTATION

1. Sheriff's Office Report

**Deputy Allain** - Provided the law enforcement report for the month of February. There was discussion between the Deputy Allain and the Board.

2. CHP Report

**Officer Thomas** – Provided an update of the services to the Town of Discovery Bay. There was discussion between Officer Thomas and the Board.

3. East Contra Costa Fire Protection District Report

4. Supervisor Mary Piepho, District III Report

**Alicia Nuchols Field Representative** – Provided an update of several projects in Discovery Bay.

#### D. COMMITTEE/LIAISON REPORTS

1. Trans-Plan Report – No Report

2. County Planning Commission Report – No Report

3. Code Enforcement Report – Interim General Manager Kutsuris provided details of the Code Enforcement meeting on February 25, 2016.

4. Special Districts Report\*\* – No Report

\*\**These meetings are held Quarterly*

**Legal Counsel Attebery** – Provided information on potentially adding Item G-6 to the Agenda. There was discussion between the Board.

**Motion by:** Vice-President Leete for the Board to determine that the information came to the District after the posting of the Agenda, that there is a need for immediate action on this item and to add the Agenda Item (Special District Representation on LAFCO – Consider forwarding a nomination and designating the voting delegate) to the agenda.

**Second by:** Director Simon

**Vote:** Motion Carried – AYES: 4, NOES: 0, ABSENT: 1 – Director Graves

**E. PRESENTATIONS**

None

**F. CONSENT CALENDAR**

All matters listed under the CONSENT CALENDAR are considered by the District to be routine and will be enacted by one motion.

1. Approval of DRAFT minutes of special meeting for February 17, 2016
2. Approval of DRAFT minutes of regular meeting for February 17, 2016
3. Approve Register of District Invoices

**Motion by:** Director Steele to approve the Consent Calendar

**Second by:** Vice-President Leete

**Vote:** Motion Carried – AYES: 4, NOES: 0, ABSENT: 1 – Director Graves

**G. BUSINESS AND ACTION ITEMS**

1. Lease of closed fire station at 1535 Discovery Bay Boulevard

**Interim General Manager Kutsuris** – provided details of Item G-1. There was discussion between the Board and the Interim General Manager

**Motion by:** Director Steele to authorize the Interim General Manager to negotiate and sign a lease on behalf of the Town of Discovery Bay with the East Contra Costa Fire Protection District for the use of Fire District property at 1535 Discovery Bay Boulevard.

**Second by:** Director Simon

**Vote:** Motion Carried – AYES: 4, NOES: 0, ABSENT: 1 – Director Graves

2. Wastewater Master Plan Plant 1 Update - Award of Bid to Stantec Inc. in the amount of \$37,000

**Motion by:** Vice-President Leete to award a contract to (1) Stantec Inc, in the amount of \$37,000; (2) authorize the General Manager to approve Contract Change Orders up to 10% of the contracted bid price; and (3) authorize the General Manager to execute all contract documents.

**Second by:** Director Simon

**Vote:** Motion Carried – AYES: 4, NOES: 0, ABSENT: 1 – Director Graves

3. Update on Filtration Project - The purpose of this item to update the Board on the Filtration Project (CIP-5), the project schedule, and funding timeline

**Engineer Harris** – provided details of Item G-3. There was discussion between the Board, Engineer Harris and Interim General Manager Kutsuris.

4. Contract with Bob Murray and Associates for the recruitment of the District General Manager

**Interim General Manager Kutsuris** – provided details of Item G-4. There was discussion between Interim General Manager Kutsuris and the Board. There was one public speaker.

**Motion by:** Vice-President Leete to authorize the Interim General Manager to sign on behalf of the District a contract with Bob Murray and Associates for the recruitment of a District General Manager..

**Second by:** Director Simon

**Vote:** Motion Carried – AYES: 4, NOES: 0, ABSENT: 1 – Director Graves

5. Agency Comment Request – Discovery Bay Shopping Center Land Use Permit and Development Plan Application #LP16-2001

**Interim General Manager Kutsuris** – provided details of Item G-5. There was discussion between Interim General Manager Kutsuris and the Board.

**Motion by:** Director Simon to authorize the Interim General Manager to send a letter on behalf of the Town of Discovery Bay recommending approval of the proposed land use permit and development plan application.

**Second by:** Director Steele

**Vote:** Motion Carried – AYES: 4, NOES: 0, ABSENT: 1 – Director Graves

6. Special District Representation on LAFCO – Consider forwarding a nomination and designating the voting delegate

**Interim General Manager Kutsuris** – provided details of Item G-6.

**Motion by:** Director Simon to decline forwarding a nomination for the Special District's representation on LAFCO; and 2. Designate Bill Pease as the voting delegate for the District and Vice-President Leete as the alternate.

**Second by:** Director Steele

**Vote:** Motion Carried – AYES: 4, NOES: 0, ABSENT: 1 – Director Graves

**H. INFORMATIONAL ITEMS ONLY (NO ACTION NECESSARY)**

None

**I. PRESIDENT REPORT AND DIRECTORS' COMMENTS**

None

**J. MANAGER'S REPORT – Discussion and Possible Action**

None

**K. GENERAL MANAGER'S REPORT – Discussion and Possible Action**

1. Pickle Ball Court repair cost

**Interim General Manager Kutsuris** – provided details of Item K-1

2. Repair of sewer pipe on Beaver Lane

**Water & Wastewater Manager Koehne** – provided details of Item K-2

**L. DISTRICT LEGAL COUNSEL REPORT**

None

**M. SUB-COMMITTEE UPDATES – Discussion and Possible Action**

There have been no Sub-Committee meetings since the last Board meeting

**N. CORRESPONDENCE – Discussion and Possible Action**

1. Aviation Advisory Committee Meeting Minutes 12-10-15

2. State Route 4 Bypass Authority Minutes 01-14-16

**O. PUBLIC RECORD REQUESTS RECEIVED**

**P. FUTURE AGENDA ITEMS**

Director Simon requested that an update be provided on the community center surveillance security camera system and to provide information on adding a surveillance security camera system to the fire station at 1535 Discovery Bay Boulevard after the lease has been negotiated.

**Q. ADJOURNMENT**

The meeting adjourned at 7:52 p.m. to the next Regular meeting dated March 16, 2016 starting at 7:00 p.m. at the Community Center.

//sh – 03-04-16

<http://www.todb.ca.gov/agendas-minutes>



# Town of Discovery Bay

*"A Community Services District"*

## AGENDA REPORT

Meeting Date

March 16, 2016

**Prepared By:** Dina Breitstein, Finance Manager & Lesley Marable, Sr. Accounts Clerk  
**Submitted By:** Catherine Kutsuris, Interim General Manager *C. Kutsuris*

### Agenda Title

Approve Register of District Invoices

### Recommended Action

Staff recommends that the Board approve the listed invoices for payment

### Executive Summary

District invoices are paid on a regular basis, and must obtain Board authorization prior to payment. Staff recommends Board authorization in order that the District can continue to pay warrants in a timely manner.

### Fiscal Impact:

**Amount Requested** \$ 344,838.64

**Sufficient Budgeted Funds Available?:** Yes (If no, see attached fiscal analysis)

**Prog/Fund #** See listing of invoices. **Category:** Operating Expenses and Capital Improvements

### Previous Relevant Board Actions for This Item

### Attachments

Request For Authorization to Pay Invoices for the Town of Discovery Bay CSD 2015/2016  
Request For Authorization to Pay Invoices for the Discovery Bay Lighting & Landscape District # 8 2015/2016  
Request For Authorization to Pay Invoices for the Discovery Bay Lighting & Landscape District # 9 2015/2016

AGENDA ITEM: D-3

**Request For Authorization To Pay Invoices (RFA)  
For The Meeting On March 16, 2016  
Town of Discovery Bay CSD  
For Fiscal Year's 7/15 - 6/16**

<u>Vendor Name</u>	<u>Invoice Number</u>	<u>Description</u>	<u>Invoice Date</u>	<u>Amount</u>	
<b>Administration</b>					
Brentwood Ace Hardware	808/022916	Landscape Reimb (Z57,Z61)	02/29/16	\$399.12	
Bruce Jett Associates, Inc.	17217	Park Lighting Improvements (Z61)	02/29/16	\$905.12	
Bruce Jett Associates, Inc.	17219	Slifer Park Improvements (Z61)	02/29/16	\$2,000.69	
Commercial Tree Care	24251	Tree Work (Z61St)	02/17/16	\$6,480.00	
Robertson Industries, Inc.	PJ1004486	Slifer Park Play Area (Z61)	02/19/16	\$61,845.06	
Tee Janitorial & Maintenance	8173	Janitorial Service Feb 2016 (Z57,Z61)	02/17/16	\$80.00	
U.S. Bank Corporate Payment System	4246044555703473/216	Landscape Reimb (Z35,Z57,Z61)	02/25/16	\$2,802.87	
<b>Administration</b>				<b>Sub-Total</b>	<b>\$74,512.86</b>
<b>Water</b>					
Alhambra	13710019 021916	Bottle Water Service	02/19/16	\$20.39	
Anna Zheng	Otter Brook Loop	Closed Account, Refund Overpayment	03/02/16	\$9.11	
Big Dog Computer	BDC33192	System Remediation	02/17/16	\$119.98	
Big Dog Computer	BDC33193	Backup Assistance	02/23/16	\$35.10	
Big Dog Computer	BDC33194	New System Set Up	02/25/16	\$104.34	
Big Dog Computer	BDC33195	VOIP Employee Transfer	02/26/16	\$20.00	
Big Dog Computer	BDC33196	Connectivity Repair	03/04/16	\$101.84	
Big Dog Computer	BDC33197	Server Updates	03/05/16	\$53.84	
Brentwood Ace Hardware	808/022916	General Repairs	02/29/16	\$26.32	
Brentwood Ace Hardware	808/022916	Misc. Small Tools	02/29/16	\$29.25	
CaliforniaChoice Benefit Admin	2405456	Benefits April 2016	03/04/16	\$3,426.99	
Cintas	185545593	Uniforms	02/24/16	\$11.19	
Cintas	185546459	Uniforms	03/02/16	\$11.19	
County Of Contra Costa, Dept of Info Tec	10115	Data Processing Charges Jan 2016 & VPN Renewal	02/18/16	\$59.40	
Du-All Safety	17679	Monthly Safety Maintenance Feb 2016	02/29/16	\$1,160.00	
Express Labs Inc.	61992	DOT Compliance Testing	03/02/16	\$15.98	
Fastenal Company	CABRE14169	Misc. Small Tools	02/25/16	\$41.64	
Herwit Engineering	16-2	Vehicle Storage Facility	03/01/16	\$981.90	
J.W. Backhoe & Construction, Inc.	2543	Water Leak Pier Place	02/18/16	\$757.10	
J.W. Backhoe & Construction, Inc.	2550	Water Leak Cabrillo Place	02/29/16	\$1,203.03	
Lesley Marable	FEB 2016	Expense Report Feb 2015	02/29/16	\$45.89	
Luhdorff & Scalmanini	31543	Groundwater Sustainability Plan	01/31/16	\$810.50	
McFadden Construction, Inc.	15095/1	WWTP#2 Equipment Cover	03/01/16	\$8,246.76	
National Meter & Automation, Inc.	S1069114-001	Nicor Connector Meters	02/24/16	\$9,136.40	
Neopost (Postage Account)	7900044908384658/216	Postage	02/14/16	\$16.00	
Neumiller & Beardslee	275163	General Services Jan 2016	02/22/16	\$2,308.00	
Neumiller & Beardslee	275164	Pantages	02/22/16	\$43.00	
Office Depot	822013130001	Office Supplies	02/03/16	\$92.94	
Office Depot	822182163001	Office Supplies	02/05/16	\$36.19	
Office Depot	82218251001	Office Supplies	02/05/16	\$89.76	
Office Depot	822306710001	Office Supplies	02/04/16	\$28.44	
Office Depot	825293183001	Office Supplies	02/22/16	\$30.54	
Office Depot	826051821001	Office Supplies	02/25/16	\$11.41	
Office Depot	826051924001	Office Supplies	02/24/16	\$36.47	
Office Depot	826051926001	Office Supplies	02/24/16	\$9.10	
Office Depot	826170921001	Office Supplies	02/25/16	\$35.00	
ReliaStar Life Insurance Company	#JR52 457(B) 031516	457(b) 03/01/16-03/15/16	03/15/16	\$267.77	
Ricoh USA, Inc	5040604257	Photocopier Feb 2016	02/19/16	\$113.20	
Robert Leete	FEB 2016 2	Expense Report Feb 2016	02/29/16	\$435.23	
SDRMA	18724	Ancillary Benefits March 2016	02/25/16	\$433.04	
Shred-It USA-Concord	9409617766	Shredding Service Feb 2016	02/29/16	\$22.80	
TASC	450775312003/031616	IRS Sec 125 Health Savings Account	03/16/16	\$127.71	
Tee Janitorial & Maintenance	8173	Janitorial Service Feb 2016	02/17/16	\$316.00	
U.S. Bank Corporate Payment System	4246044555703473/216	Travel & Meetings	02/25/16	\$210.95	
U.S. Bank Corporate Payment System	4246044555703473/216	Training & Education	02/25/16	\$90.00	
U.S. Bank Corporate Payment System	4246044555703473/216	Telephone General	02/25/16	\$714.39	
U.S. Bank Corporate Payment System	4246044555703473/216	Telecom Networking	02/25/16	\$108.00	
U.S. Bank Corporate Payment System	4246044555703473/216	Vehicle & Equipment Fuel	02/25/16	\$425.61	
U.S. Bank Corporate Payment System	4246044555703473/216	Automotive Supplies & Repairs	02/25/16	\$38.00	
U.S. Bank Corporate Payment System	4246044555703473/216	General Repairs	02/25/16	\$62.48	
U.S. Bank Corporate Payment System	4246044555703473/216	Info System	02/25/16	\$139.52	
U.S. Bank Corporate Payment System	4246044555703473/216	Equipment Maintenance	02/25/16	\$166.82	
U.S. Bank Corporate Payment System	4246044555703473/216	Computer Equipment & Supplies	02/25/16	\$702.15	
U.S. Bank Corporate Payment System	4246044555703473/216	Misc. Small Tools	02/25/16	\$215.17	
U.S. Bank Corporate Payment System	4246044555703473/216	Office Supplies	02/25/16	\$55.22	
U.S. Bank Corporate Payment System	4246044555703473/216	Safety Equipment & Supplies	02/25/16	\$75.42	
U.S. Bank Corporate Payment System	4246044555703473/216	Special Expense	02/25/16	\$637.95	
Univar	SJ730231	Chemicals Delivered 02/12/16	02/12/16	\$188.71	
Univar	SJ730232	Chemicals Delivered 02/12/16	02/12/16	\$170.64	
Upper Case Printing, Ink.	10366	Office Supplies	02/24/16	\$24.88	

Veolia Water North America	56039	Monthly O&M Fee Mar 2016	03/01/16	\$41,384.36
Veolia Water North America	56077	Vehicle Lease Feb 2016	03/01/16	\$500.00
Zee Medical Service Company	724600537	Safety Supplies	03/02/16	\$21.80

**Water Sub-Total \$76,812.81**

**Wastewater**

1-800-Buy-Rack	0097100-IN	WWTP#1 Storage Rack	01/22/16	\$559.71
Alhambra	13710019 021916	Bottle Water Service	02/19/16	\$30.57
Big Dog Computer	BDC33192	System Remediation	02/17/16	\$179.97
Big Dog Computer	BDC33193	Backup Assistance	02/23/16	\$52.65
Big Dog Computer	BDC33194	New System Set Up	02/25/16	\$156.49
Big Dog Computer	BDC33195	VOIP Employee Transfer	02/26/16	\$30.00
Big Dog Computer	BDC33196	Connectivity Repair	03/04/16	\$152.74
Big Dog Computer	BDC33197	Server Updates	03/05/16	\$80.74
Brentwood Press & Publishing	183508	Public Notice	03/04/16	\$178.58
CaliforniaChoice Benefit Admin	2405456	Benefits April 2016	03/04/16	\$5,140.47
Cintas	185545593	Uniforms	02/24/16	\$16.78
Cintas	185546459	Uniforms	03/02/16	\$16.78
County Of Contra Costa, Dept of Info Tec	10115	Data Processing Charges Jan 2016 & VPN Renewal	02/18/16	\$89.10
Discovery Pest Control	174666	Pest Control WWTP#1	03/01/16	\$70.00
Du-All Safety	17679	Monthly Safety Maintenance Feb 2016	02/29/16	\$1,740.00
Express Labs Inc.	61992	DOT Compliance Testing	03/02/16	\$23.97
Herwit Engineering	16-2	Vehicle Storage Facility	03/01/16	\$1,472.84
Herwit Engineering	16-2	Professional Services Feb 2016	03/01/16	\$4,484.82
Herwit Engineering	DB-MP-5,6,7,12-14	Secondary Effluent Filters & Modifications	03/01/16	\$19,114.50
Herwit Engineering	DB-MP-5,6,7,12-14	Export Pump Station	03/01/16	\$660.00
J.W. Backhoe & Construction, Inc.	2547	Dug up Sewer Line Beaver Lane	02/29/16	\$6,150.00
Knapheide Truck Equipment Company	TCJ3694	V#112 2015 Ford Service Body	02/24/16	\$8,303.51
Lesley Marable	FEB 2016	Expense Report Feb 2015	02/29/16	\$68.82
McFadden Construction, Inc.	15095/1	WWTP#2 Equipment Cover	03/01/16	\$12,370.14
Neopost (Postage Account)	7900044908384658/216	Postage	02/14/16	\$24.00
Neumiller & Beardslee	275163	General Services Jan 2016	02/22/16	\$3,462.00
Neumiller & Beardslee	275164	Pantages	02/22/16	\$64.50
Office Depot	822013130001	Office Supplies	02/03/16	\$139.39
Office Depot	822182163001	Office Supplies	02/05/16	\$54.28
Office Depot	82218251001	Office Supplies	02/05/16	\$134.62
Office Depot	822306710001	Office Supplies	02/04/16	\$42.65
Office Depot	823063169001	Office Supplies	02/13/16	\$18.43
Office Depot	825293183001	Office Supplies	02/22/16	\$45.80
Office Depot	826051821001	Office Supplies	02/25/16	\$17.11
Office Depot	826051924001	Office Supplies	02/24/16	\$54.70
Office Depot	826170921001	Office Supplies	02/25/16	\$52.48
ReliaStar Life Insurance Company	#JRS2 457(B) 031516	457(b) 03/01/16-03/15/16	03/15/16	\$401.65
Ricoh USA, Inc	5040604257	Photocopier Feb 2016	02/19/16	\$169.78
Robert Leete	FEB 2016 2	Expense Report Feb 2016	02/29/16	\$652.83
S.D. Electric, Inc.	100-002	RAS Pump Control Panel WWTP#1 Install	12/21/15	\$1,650.00
SDRMA	18724	Ancillary Benefits March 2016	02/25/16	\$649.54
Shred-It USA-Concord	9409617766	Shredding Service Feb 2016	02/29/16	\$34.18
TASC	450775312003/031616	IRS Sec 125 Health Savings Account	03/16/16	\$191.56
Tee Janitorial & Maintenance	8173	Janitorial Service Feb 2016	02/17/16	\$474.00
U.S. Bank Corporate Payment System	4246044555703473/216	Travel & Meetings	02/25/16	\$274.22
U.S. Bank Corporate Payment System	4246044555703473/216	Training & Education	02/25/16	\$135.00
U.S. Bank Corporate Payment System	4246044555703473/216	Telephone General	02/25/16	\$1,410.19
U.S. Bank Corporate Payment System	4246044555703473/216	Telecom Networking	02/25/16	\$162.00
U.S. Bank Corporate Payment System	4246044555703473/216	Vehicle & Equipment Fuel	02/25/16	\$135.16
U.S. Bank Corporate Payment System	4246044555703473/216	Automotive Supplies & Repairs	02/25/16	\$57.00
U.S. Bank Corporate Payment System	4246044555703473/216	Info System	02/25/16	\$209.28
U.S. Bank Corporate Payment System	4246044555703473/216	Equipment Maintenance	02/25/16	\$250.22
U.S. Bank Corporate Payment System	4246044555703473/216	Computer Equipment & Supplies	02/25/16	\$1,053.22
U.S. Bank Corporate Payment System	4246044555703473/216	Office Supplies	02/25/16	\$82.83
U.S. Bank Corporate Payment System	4246044555703473/216	Safety Equipment & Supplies	02/25/16	\$113.12
U.S. Bank Corporate Payment System	4246044555703473/216	Special Expense	02/25/16	\$828.88
Upper Case Printing, Ink.	10366	Office Supplies	02/24/16	\$37.32
Veolia Water North America	56039	Monthly O&M Fee Mar 2016	03/01/16	\$62,076.55
Zee Medical Service Company	724600537	Safety Supplies	03/02/16	\$32.68

**Wastewater Sub-Total \$136,334.35**

**Community Center**

Home Front Heating And Air Conditioning	1	Heating And Air Conditioner	03/01/16	\$18,750.00
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**Community Center Sub-Total \$18,750.00**

**Grand Total \$306,410.02**



**Request For Authorization To Pay Invoices (RFA)**  
**For The Meeting On March 16, 2016**  
**Town of Discovery Bay, D.Bay L&L Park #8**  
**For Fiscal Year's 7/15 - 6/16**

<u>Vendor Name</u>	<u>Invoice Number</u>	<u>Description</u>	<u>Invoice Date</u>	<u>Amount</u>
Alhambra	13710019 021916	Community Center-Bottle Water Service	02/19/16	\$87.88
ASCAP	500750571/022016	Community Center-License Fee	02/20/16	\$5.30
Big Dog Computer	BDC33188	Community Center-Software Updates	02/05/16	\$367.50
Bill Brandt Ford	144453	Vehicle Repair & Maintenance	03/01/16	\$417.86
Brentwood Ace Hardware	808/022916	Special Equipment	02/29/16	\$319.59
Brentwood Ace Hardware	808/022916	Personal Protective Equipment	02/29/16	\$58.57
Cintas	185545593	Uniforms	02/24/16	\$39.09
Cintas	185545593	Community Center-Mats	02/24/16	\$40.44
Cintas	185546459	Uniforms	03/02/16	\$14.62
Cintas	185546459	Community Center-Mats	03/02/16	\$40.44
Comcast	8155400350238372/216	Internet Service	02/22/16	\$56.77
Comcast	8155400350238372/216	Community Center-Internet Service	02/22/16	\$56.77
Cory Cardwell	MAR 2016	Expense Report March 2016	03/07/16	\$25.00
Denalect Alarm Company	R30669	Community Center-Qrtly Alarm Charge	03/01/16	\$96.00
Discovery Bay Disposal	17-0001966/022916	Com 2 Yd Bin	02/29/16	\$300.53
Discovery Bay Disposal	17-0013218/022916	Community Center-Com 3 Yd Bin	02/29/16	\$419.77
Discovery Pest Control	167223	Community Center-Pest Control	12/23/15	\$79.00
Discovery Pest Control	172768	Community Center-Pest Control	02/23/16	\$79.00
Hydropoint Data Systems, Inc.	1028990/HR113913	WeatherTrak Service	02/15/16	\$225.00
Karina Dugand	29	Community Center-Program Fees	02/25/16	\$1,134.00
Lincoln Equipment, Inc.	SI284101	Community Center-Pool Maintenance	02/17/16	\$1,229.83
Lincoln Equipment, Inc.	SI284113	Community Center-Pool Maintenance	02/17/16	\$3,066.10
Office Depot	826293518001	Community Center-Office Supplies	02/25/16	\$99.63
Robertson Industries, Inc.	PJI004485	Landscape Maintenance Cornell Park	02/19/16	\$5,896.00
Tee Janitorial & Maintenance	8173	Janitorial Service Feb 2016	02/17/16	\$720.00
Tee Janitorial & Maintenance	8173	Community Center-Janitorial Service Feb 2016	02/17/16	\$260.00
Town Of Discovery Bay, CSD	435	Payroll Reimbursement Jan 2016	03/02/16	\$16,046.74
U.S. Bank Corporate Payment System	4246044555703473/216	Training & Education	02/25/16	\$35.00
U.S. Bank Corporate Payment System	4246044555703473/216	Telephone General	02/25/16	\$196.84
U.S. Bank Corporate Payment System	4246044555703473/216	Vehicle & Equipment Fuel	02/25/16	\$273.28
U.S. Bank Corporate Payment System	4246044555703473/216	Equipment Maintenance	02/25/16	\$131.06
U.S. Bank Corporate Payment System	4246044555703473/216	Landscape Maintenance	02/25/16	\$169.33
U.S. Bank Corporate Payment System	4246044555703473/216	Personal Protective Equipment	02/25/16	\$206.49
U.S. Bank Corporate Payment System	4246044555703473/216	Community Center-Telephone General	02/25/16	\$259.70
U.S. Bank Corporate Payment System	4246044555703473/216	Community Center-Monthly Software	02/25/16	\$329.62
U.S. Bank Corporate Payment System	4246044555703473/216	Community Center-Office Supplies	02/25/16	\$129.53
U.S. Bank Corporate Payment System	4246044555703473/216	Community Center-Landscape Maintenance	02/25/16	\$141.68
U.S. Bank Corporate Payment System	4246044555703473/216	Community Center-Building Maintenance	02/25/16	\$18.15
Zee Medical Service Company	724600536	Community Center-Safety Supplies	03/02/16	\$79.40
<b>Total</b>				<b>\$33,151.51</b>



**Request For Authorization To Pay Invoices (RFA)**  
**For The Meeting On March 16, 2016**  
**Town of Discovery Bay, D.Bay L&L Park #9 (Ravenswood)**  
**For Fiscal Year's 7/15 - 6/16**

<u>Vendor Name</u>	<u>Invoice Number</u>	<u>Description</u>	<u>Invoice Date</u>	<u>Amount</u>
Brentwood Ace Hardware	808/022916	Special Equipment	02/29/16	\$217.00
Brentwood Ace Hardware	808/022916	Equipment Maintenance	02/29/16	\$25.00
Brentwood Ace Hardware	808/022916	Misc. Small Tools	02/29/16	\$73.09
Cintas	185545593	Uniforms	02/24/16	\$38.48
Cintas	185546459	Uniforms	03/02/16	\$38.48
Comcast	8155400350238372/216	Internet Service	02/22/16	\$56.79
Ross Recreation Equipment Co., Inc.	98364	Ravenswood Park Receptacles	03/04/16	\$2,057.85
Tee Janitorial & Maintenance	8173	Janitorial Service Feb 2016	02/17/16	\$280.00
Town Of Discovery Bay, CSD	436	Payroll Reimbursement Jan 2016	03/02/16	\$1,630.01
U.S. Bank Corporate Payment System	4246044555703473/216	Training & Education	02/25/16	\$35.00
U.S. Bank Corporate Payment System	4246044555703473/216	Telephone General	02/25/16	\$204.21
U.S. Bank Corporate Payment System	4246044555703473/216	Vehicle & Equipment Fuel	02/25/16	\$180.06
U.S. Bank Corporate Payment System	4246044555703473/216	Equipment Maintenance	02/25/16	\$393.89
U.S. Bank Corporate Payment System	4246044555703473/216	Landscape Maintenance	02/25/16	\$47.25
			<b>Total</b>	<b>\$5,277.11</b>



# Town of Discovery Bay

"A Community Services District"

## AGENDA REPORT

Meeting Date

March 16, 2016

**Prepared By:** Dina Breitstein, Finance Manager  
**Submitted By:** Catherine Kutsuris, Interim General Manager *C.K.*

### Agenda Title

Audited Financial Statements: Receive report from the District's Auditor and consider approving the FY 2014-15 Audited Financial Statements

### Recommended Action

Staff recommends that the Board approve and accept the FY 2014-15 Audited Financial Statements

### Executive Summary

Pursuant to the requirements of California Government Code §26909(b), the Town of Discovery Bay CSD is required to conduct an annual audit of its financial statements. Additionally, the audit must also be provided to the State of California Controller's Office and the Contra Costa County Auditor's Office.

On March 16, 2016, Croce, Sanguinetti, and Vander Veen presents the DRAFT year-end audit for Fiscal Year 2014-15. The draft audit contained the findings and results from the audited financial statements for the period July 1, 2014 through June 30, 2015.

At this time, it is appropriate to accept the findings of the FY 2014-15 Audited Financial Statements and direct Croce, Sanguinetti, and Vander Veen to forward the final audit to the State Controller's Office and the Contra Costa County Auditor's Office.

### Fiscal Impact:

**Amount Requested**

**Sufficient Budgeted Funds Available?: (If no, see attached fiscal analysis)**

**Prog/Fund # Category:**

### Previous Relevant Board Actions for This Item

### Attachments

1. Final - Financial Statements & Independent Auditors' Report - Letter to the Board of Directors
2. Final - Financial Statements & Independent Auditors' Report

AGENDA ITEM: E-1

\_\_\_\_\_, 2015

Board of Directors  
**Town of Discovery Bay Community**  
**Services District**  
1800 Willow Lake Road  
Discovery Bay, California 94505

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the **Town of Discovery Bay Community Services District** for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the **Town of Discovery Bay Community Services District** are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2015. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

- Management's estimate of the allowance for doubtful accounts is based on prior years' experience and management's analysis of accounts receivable. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. We did not identify any sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Accordingly, the following material adjustments were identified during the audit and recorded by management:

#### General Fund

- Entries of \$97,373 to adjust accounts receivable as of June 30, 2015

#### Water Fund

- Entry to record \$210,826 of depreciation expense as of June 30, 2015

#### Sewer Fund

- Entries of \$84,133 to adjust accounts receivable as of June 30, 2015
- Entry to record \$1,284,834 of depreciation expense as of June 30, 2015
- Entry of \$6,197,067 to transfer assets from Financing Authority to Sewer Fund as of June 30, 2015

#### Lighting & Landscaping Zone 8

- Entry of \$164,230 of depreciation expense as of June 30, 2015

#### Lighting & Landscaping Zone 9

- Entry to record \$11,395 of depreciation expense as of June 30, 2015

#### Financing Authority Fund

- Entry of \$456,769 to adjust accounts payable as of June 30, 2015
- Entry to record \$17,426 of amortization expense relative to bond premium as of June 30, 2015
- Entry of \$6,197,067 to transfer assets from Financing Authority to Sewer Fund as of June 30, 2015

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 4, 2016.

### *Management Consultations with Other Independent Accountants*

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

### *Other Audit Findings or Issues*

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

### Restriction on Use

This information is intended solely for the use of the Board of Directors and management of **Town of Discovery Bay Community Services District** and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

CROCE, SANGUINETTI, & VANDER VEEN, INC.  
Certified Public Accountants



**TOWN OF DISCOVERY BAY  
COMMUNITY SERVICES DISTRICT**

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

**JUNE 30, 2015**

Working Draft



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**CROCE, SANGUINETTI, & VANDER VEEN**

INC.

**CERTIFIED PUBLIC ACCOUNTANTS**

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## **Independent Auditors' Report**

To the Board of Directors  
**Town of Discovery Bay Community  
Services District**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Town of Discovery Bay Community Services District** (District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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



## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Town of Discovery Bay Community Services District** as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

CROCE, SANGUINETTI, & VANDER VEEN, INC.  
Certified Public Accountants  
Stockton, California  
March 1, 2016

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Working Draft

# TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

## Management's Discussion and Analysis

June 30, 2015

This narrative overview and analysis of the Town of Discovery Bay Community Services District's (District) financial activities for the fiscal year ended June 30, 2015 has been provided by the management of the District. The management's discussion and analysis is intended to serve as an introduction to the District's financial statements which follow this section and is recommended to be reviewed in conjunction with them.

### Financial Highlights

- The District's net position increased by \$631,988 over the prior year, including a \$58,098 increase in net position of governmental activities, and a \$573,890 increase in net position of business-type activities. The District's net position is now \$43,939,601.
- Total assets of the District were \$59,171,229 with capital assets at \$45,570,691 net of accumulated depreciation. Current, non-current and other assets were \$13,600,538.
- Total liabilities were \$15,231,628 consisting of long-term liabilities of \$13,626,991 and other current liabilities of \$1,604,637.
- Assets of the District exceeded liabilities at the close of the most recent fiscal year by \$43,939,601 (net position). Of this amount, \$11,933,910 (unrestricted net position) may be used to meet the District's ongoing obligations, and \$32,005,691 is net investment in capital assets.
- On the current financial resources basis, the District's governmental fund revenues exceeded expenditures (including \$181,160 in capital outlay expenditures) by \$81,738. The proprietary fund revenues exceeded expenses by \$573,890.
- At year-end, there was \$1,190,542 in cash and investments to fund future governmental activities, and \$12,015,735 in cash and investments to fund future business-type activities.

### Overview of the Financial Statements

The District's financial statements are comprised of three components: government-wide financial statements, fund financial statements and notes to financial statements including required supplementary information.

Government-wide and fund financial statements present the results of operations for different functions of the District as follows:

1. **Government-wide financial statements** provide both long-term and short-term information about the District's overall financial position in a manner similar to private-sector business.

(Continued)

# TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

## Management's Discussion and Analysis

June 30, 2015

### Overview of the Financial Statements (Continued)

The **Statement of Net Position** displays all of the District's assets and liabilities, with the difference between the two reported as net position. The **Statement of Activities** provides all current year revenues and expenses on an accrual basis of accounting regardless of when cash is received or paid. These two government-wide statements report the District's net position and how they have changed during the fiscal year. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or weakening.

The government-wide financial statements separately present the District's functions as follows:

- **Governmental activities** include services financed mainly through property taxes. The District's general, lighting and landscaping and community center services comprise its governmental activities.
  - **Business-type activities** include services financed, in whole or in part, by fees paid by those who directly benefit from the service. The District's business-type activities include providing water and wastewater services to the residents of the District.
2. **Fund financial statements** focus on the individual functions of the District, and report the District's operations in more detail than the government-wide statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used by state and local governments to control their resources that are legally restricted or otherwise earmarked for special purposes. The District reports its fund financial statements in the following two categories:
- **Governmental funds** are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on 1) short-term inflows and outflows of expendable resources, and 2) the resources remaining at the end of the fiscal year that are available for future use. Because the focus of governmental funds is narrower than the government-wide financial statements, a reconciliation that explains the relationship (or differences) between them is presented following each of the governmental fund statements.
  - **Proprietary funds** are used to report the same functions presented as business-type activities in the government-wide financial statements in more detail.

**Notes to the financial statements** provide additional information that is essential to a full understanding of the data provided in the financial statements.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**

**Management's Discussion and Analysis**

June 30, 2015

**Financial Analysis of the Government-wide Financial Statements**

A review of net position over time may serve as a useful indicator of the District's financial position. Net position represents the difference between the District's assets and liabilities. As of June 30, 2015, the District's net position was \$43,939,601, an increase of \$631,988 from prior year. The following table outlines the District's net position by function for the current and prior fiscal years.

Town of Discovery Bay Community Services District Net Position  
(rounded to the nearest dollar)  
As of June 30, 2015 and 2014

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Variance</u> \$
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	
<b><u>Assets</u></b>							
Current and other assets	\$ 1,291,499	\$ 1,325,288	\$ 10,952,513	\$ 9,566,165	\$ 12,244,012	\$ 10,891,453	\$ 1,352,559
Restricted assets	-	-	1,299,917	7,685,328	1,299,917	7,685,328	(6,385,411)
Non-current assets	-	-	56,609	58,705	56,609	58,705	(2,096)
Capital assets, net	<u>2,469,313</u>	<u>2,464,607</u>	<u>43,101,378</u>	<u>38,092,313</u>	<u>45,570,691</u>	<u>40,556,920</u>	<u>5,013,771</u>
Total assets	<u>3,760,812</u>	<u>3,789,895</u>	<u>55,410,417</u>	<u>55,402,511</u>	<u>59,171,229</u>	<u>59,192,406</u>	<u>(21,177)</u>
<b><u>Liabilities</u></b>							
Current liabilities	113,921	197,426	1,490,716	1,759,687	1,604,637	1,957,113	(352,476)
Non-current liabilities	<u>3,565</u>	<u>7,241</u>	<u>13,623,426</u>	<u>13,920,439</u>	<u>13,626,991</u>	<u>13,927,680</u>	<u>(300,689)</u>
Total liabilities	<u>117,486</u>	<u>204,667</u>	<u>15,114,142</u>	<u>15,680,126</u>	<u>15,231,628</u>	<u>15,884,793</u>	<u>(653,165)</u>
<b><u>Net Position</u></b>							
Invested in capital assets	2,469,313	2,464,607	29,536,378	24,232,313	32,005,691	26,696,920	5,308,771
Unrestricted	<u>1,174,013</u>	<u>1,120,621</u>	<u>10,759,897</u>	<u>15,490,072</u>	<u>11,933,910</u>	<u>16,610,693</u>	<u>(4,676,783)</u>
Total net position	<u>\$ 3,643,326</u>	<u>\$ 3,585,228</u>	<u>\$ 40,296,275</u>	<u>\$ 39,722,385</u>	<u>\$ 43,939,601</u>	<u>\$ 43,307,613</u>	<u>\$ 631,988</u>

By far the largest portion of the District's net position (72%) reflects its net capital assets (e.g., land, buildings and improvements, equipment, etc.). The District uses its capital assets to provide the services it is responsible for and those assets don't represent future expendable resources. The second largest portion of the District's net position, approximately 28%, reflects its unrestricted net position, which may be used to meet the government's ongoing obligations.

(Continued)

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**

**Management's Discussion and Analysis**

June 30, 2015

**Financial Analysis of the Government-wide Financial Statements (Continued)**

The following table displays the change in the District's net position for the year ended June 30, 2015.

Town of Discovery Bay Community Services District Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 126,055	\$ 93,470	\$ 7,501,141	\$ 7,126,493	\$ 7,627,196	\$ 7,219,963
Operating grants and contributions	-	1,155	-	-	-	1,155
Capital grants and contributions	-	-	-	-	-	-
General revenues						
Property taxes	555,715	493,659	-	-	555,715	493,659
Assessments	119,076	110,814	-	-	119,076	110,814
Investment income	-	-	214	627	214	627
Other	<u>637,572</u>	<u>409,730</u>	<u>262,608</u>	<u>284,161</u>	<u>900,180</u>	<u>693,891</u>
Total revenues	<u>1,438,418</u>	<u>1,108,828</u>	<u>7,763,963</u>	<u>7,411,281</u>	<u>9,202,381</u>	<u>8,520,109</u>
<b>Expenses</b>						
General government	396,343	322,429	-	-	396,343	322,429
Community center	1,895	26,573	-	-	1,895	26,573
Lighting and landscaping						
Zone 8	880,572	844,983	-	-	880,572	844,983
Lighting and landscaping						
Zone 9	123,144	134,269	-	-	123,144	134,269
Water	-	-	2,340,562	2,399,050	2,340,562	2,399,050
Sewer	-	-	4,312,170	3,519,561	4,312,170	3,519,561
Financing authority	-	-	515,707	519,807	515,707	519,807
Total expenses	<u>1,401,954</u>	<u>1,328,254</u>	<u>7,168,439</u>	<u>6,438,418</u>	<u>8,570,393</u>	<u>7,766,672</u>
<b>Transfers</b>	<u>21,634</u>	-	<u>(21,634)</u>	-	-	-
Change in net position	58,098	(219,426)	573,890	972,863	631,988	753,437
<b>Net position, beginning of year</b>	<u>3,585,228</u>	<u>3,804,654</u>	<u>39,722,385</u>	<u>38,749,522</u>	<u>43,307,613</u>	<u>42,554,176</u>
<b>Net position, end of year</b>	<u>\$ 3,643,326</u>	<u>\$ 3,585,228</u>	<u>\$ 40,296,275</u>	<u>\$ 39,722,385</u>	<u>\$ 43,939,601</u>	<u>\$ 43,307,613</u>

The \$631,988 increase in net position is attributed to each function as follows:

**Governmental Activities**

- Charge for services increased by \$32,585 due to program fees and pool fees received as a result of the purchase of the community center.
- Property tax revenue increased by \$62,056 due to an increase in assessed values of properties during the year related to more positive economic conditions than in the past.
- Other revenue increased by \$227,842 due to an increase in reimbursements.
- Expenses increased \$73,700 (5%) due to an increase in salaries and wages.

(Continued)

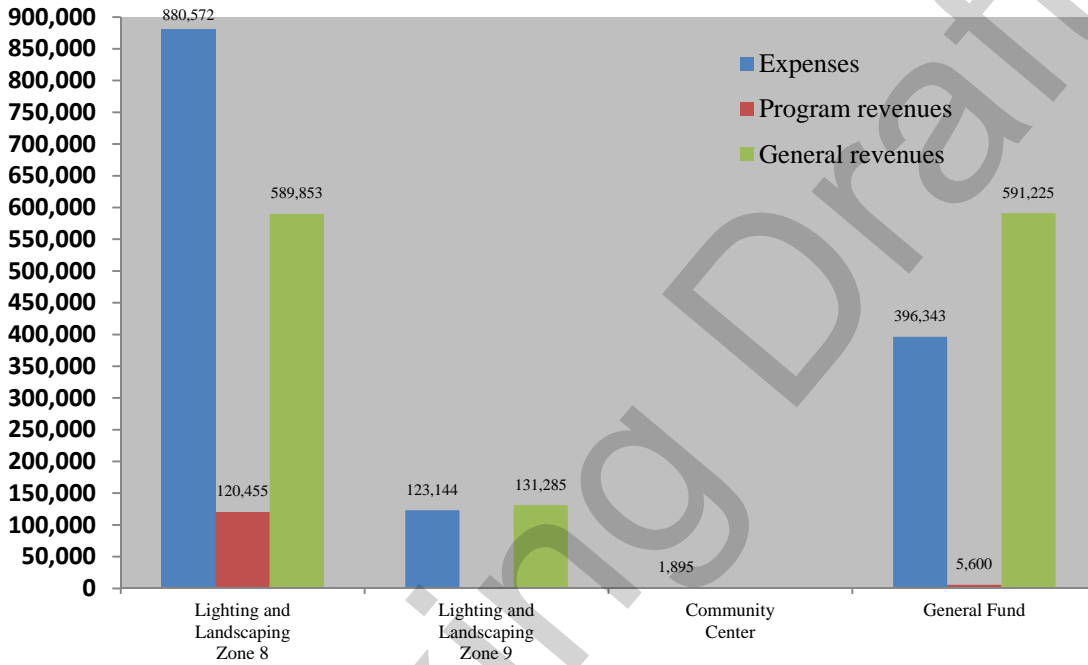
**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**

**Management's Discussion and Analysis**

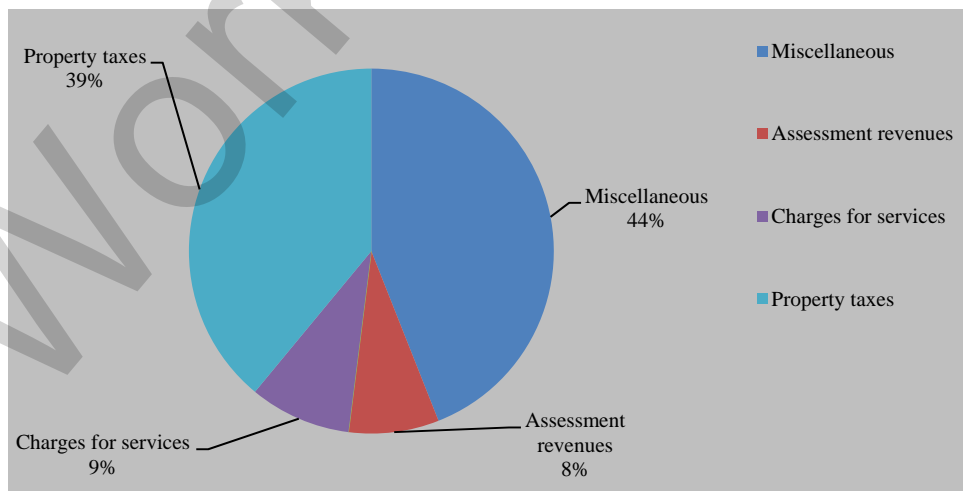
June 30, 2015

**Financial Analysis of the Government-wide Financial Statements (Continued)**

Expenses and Revenues - Governmental Activities



Revenues by Source - Governmental Activities



(Continued)

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**

**Management’s Discussion and Analysis**

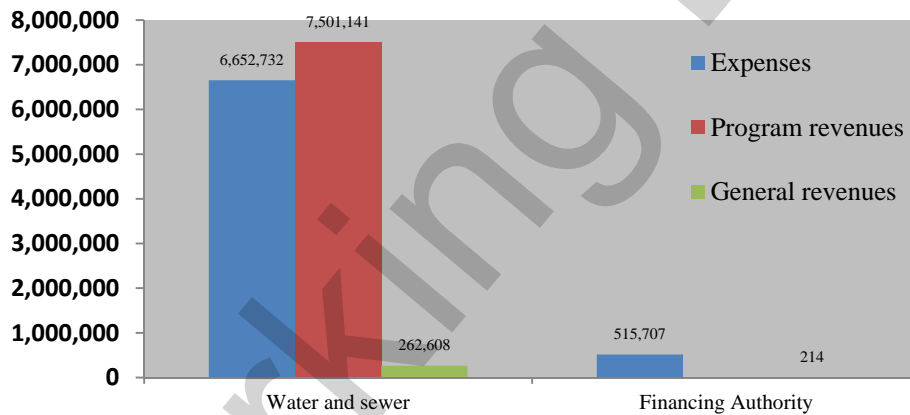
June 30, 2015

**Financial Analysis of the Government-wide Financial Statements (Continued)**

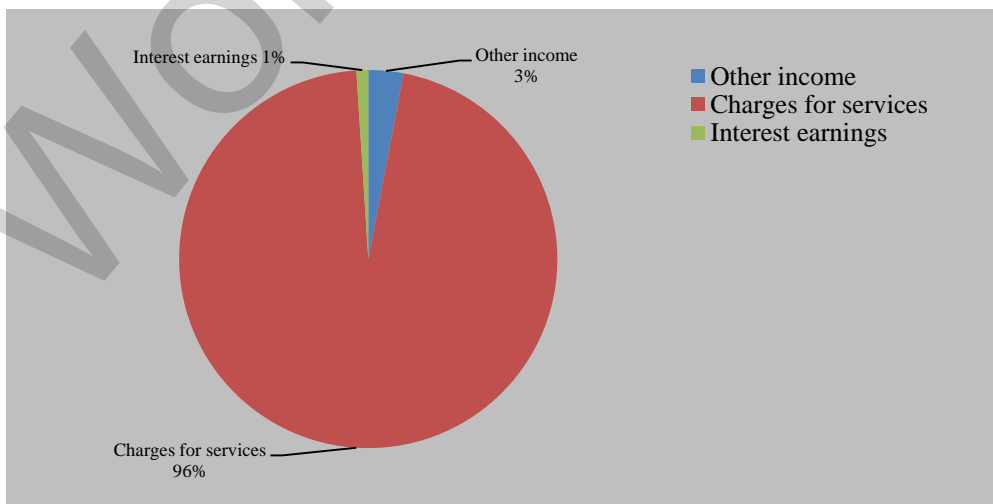
***Business-type Activities***

- Charges for services increased \$374,648 (4%) due to an increase in water and sewer rates.
- Other revenues decreased \$21,553 (8%) due to a decrease in reimbursement revenue.
- Expenses increased \$730,021 (11%) primarily due to higher contract services, payroll expenses, consulting services and depreciation.

**Expenses and Revenues - Business-type Activities**



**Revenues by Source - Business-type Activities**





# TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

## Management's Discussion and Analysis

June 30, 2015

### Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### *Governmental Funds*

The focus of the District's governmental funds is to provide information on the short-term inflows and outflows and balances of current expendable resources. In particular, the *unassigned fund balance* presented in the balance sheet may serve as a useful measure of the District's resources available for spending at the end of its fiscal year.

As of the end of the current fiscal year, the District's combined governmental fund revenues exceeded expenditures by \$81,738 primarily due to increased revenues and decreased expenditures. This resulted in a \$81,738 increase in the combined ending fund balance of the District's governmental funds. The fund balance of the Lighting and landscaping Zone 8 fund decreased by \$86,449, the fund balance of the Lighting and landscaping Zone 9 fund increased by \$29,183, the fund balance of the community center fund decreased by \$1,068, and the fund balance of the general fund increased by \$140,072. At year-end, the combined fund balance of the governmental funds was \$1,177,111, consisting of unassigned funds, which is available for spending at the government's discretion.

#### *Proprietary Funds*

The District's proprietary fund statements provide the same type of information, in more detail, on the business-type activities presented in the government-wide financial statements.

The net position of the proprietary funds increased by \$573,890 from \$39,722,385 to \$40,296,275. The net position included \$10,759,897 in unrestricted net position which has decreased by \$4,730,175 or 30% from the previous year. The increase in unrestricted net position is primarily due to an increase in operating revenues.

### Capital Asset and Debt Administration

#### *Capital Assets*

At the end of fiscal year 2015, the District's investment in capital assets amounted to \$32,005,691 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, vehicles, structures and improvements, and treatment and collection.

(Continued)

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**

**Management’s Discussion and Analysis**

June 30, 2015

**Capital Asset and Debt Administration (Continued)**

The District’s total investment in capital assets before depreciation increased by \$6,678,977 from \$51,663,107 to \$58,342,084. Significant additions to capital assets included:

- Influent pump station and pump station W project (\$232,460)
- Secondary process improvements - Plant #2 (\$4,396,183)
- Pump station F improvements (\$275,847)
- Well and pump station #7 (\$1,020,427)
- Community center improvements (\$155,979)

The following table displays the changes in District’s capital assets, net of accumulated depreciation.

Town of Discovery Bay Community Services District’s Capital Assets  
(net of depreciation, in rounded dollars)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 415,930	\$ 415,930	\$ 307,000	\$ 307,000	\$ 722,930	\$ 722,930
Buildings and improvements	2,985,329	2,817,767	1,432,489	1,386,202	4,417,818	4,203,969
Treatment and collection	-	-	34,967,011	30,905,120	34,967,011	30,905,120
Structure and improvements	-	-	9,094,472	6,689,926	9,094,472	6,689,926
Equipment	239,354	238,883	1,060,456	1,033,096	1,299,810	1,271,979
Office furniture and equipment	19,617	19,617	-	-	19,617	19,617
Vehicles	80,133	55,424	417,491	382,778	497,624	438,202
Construction in progress	-	11,582	7,322,802	7,399,782	7,322,802	7,411,364
Total	3,740,363	3,559,203	54,601,721	48,103,904	58,342,084	51,663,107
Less accumulated depreciation	(1,271,050)	(1,094,596)	(11,500,343)	(10,011,591)	(12,771,393)	(11,106,187)
Net capital assets	<u>\$ 2,469,313</u>	<u>\$ 2,464,607</u>	<u>\$43,101,378</u>	<u>\$38,092,313</u>	<u>\$45,570,691</u>	<u>\$40,556,920</u>

Additional information on the District’s capital assets can be found in Note E of the “Notes to Financial Statements” section.

**Debt Administration**

At June 30, 2015, the District had \$13,565,000 in debt outstanding as compared to \$13,860,000 for the prior year. During fiscal year 2014, the District received Series 2012 Enterprise Revenue Bonds to finance the acquisition and construction of certain improvements to the water and wastewater systems. Additional information regarding the District’s debt can be found in Note F of this report.

# **TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**

## **Management's Discussion and Analysis**

June 30, 2015

### **Economic Factors and Next Year's Budgets and Rates**

The District has experienced moderate growth which is expected to continue over the next 3-5 years as the economy recovers. This growth will further create demand for water and wastewater services and additional capital facilities. These demands have been addressed in the District's capital improvement program. The District is currently in the process of reviewing rates for water and wastewater services to evaluate the District's financial needs and rate structure.

### **Contacting the District's Financial Management**

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's financial accountability and compliance with applicable laws for all those with an interest in the District's finances. Questions concerning any of the information provided in this report, or requests for additional financial information can be addressed to Town of Discovery Bay Community Services District, Attention: General Manager, 1800 Willow Lake Road, Discovery Bay, California 94505.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**

**Statement of Net Position**

June 30, 2015

	<u>Governmental</u> <u>activities</u>	<u>Business-type</u> <u>activities</u>	<u>Total</u>
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 1,190,542	\$ 10,715,818	\$ 11,906,360
Cash and investments - restricted	-	1,299,917	1,299,917
Accounts receivable, net of allowance for doubtful accounts	93,605	235,863	329,468
Advances on taxes	2,773	832	3,605
Inventory	4,579	-	4,579
Non-current assets:			
Debt issuance costs-prepaid insurance, net	-	56,609	56,609
Capital assets, net of accumulated depreciation	<u>2,469,313</u>	<u>43,101,378</u>	<u>45,570,691</u>
Total assets	<u>3,760,812</u>	<u>55,410,417</u>	<u>59,171,229</u>
<b>Deferred outflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	86,667	1,116,585	1,203,252
Accrued payroll	27,254	32,233	59,487
Interest payable	-	43,918	43,918
Deferred revenue	-	2,980	2,980
Bonds payable-current	-	295,000	295,000
Non-current liabilities:			
Compensated absences	3,565	41,047	44,612
Bonds payable	-	13,270,000	13,270,000
Unamortized bond premium	<u>-</u>	<u>312,379</u>	<u>312,379</u>
Total liabilities	<u>117,486</u>	<u>15,114,142</u>	<u>15,231,628</u>
<b>Deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position</b>			
Net investment in capital assets	2,469,313	29,536,378	32,005,691
Unrestricted	<u>1,174,013</u>	<u>10,759,897</u>	<u>11,933,910</u>
Total net position	<u>\$ 3,643,326</u>	<u>\$ 40,296,275</u>	<u>\$ 43,939,601</u>

The accompanying notes are an integral part of this financial statement.

**STATEMENT OF ACTIVITIES**

Working Draft

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**

**Statement of Activities**

For the year ended June 30, 2015

		Program revenues		
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions
<b>Governmental activities</b>				
General government	\$ 396,343	\$ 5,600	\$ -	\$ -
Community center	1,895	-	-	-
Lighting and landscaping Zone 8	880,572	120,455	-	-
Lighting and landscaping Zone 9	123,144	-	-	-
	1,401,954	126,055	-	-
<b>Business-type activities</b>				
Water	2,340,562	2,960,070	-	-
Sewer	4,312,170	4,541,071	-	-
Financing Authority	515,707	-	-	-
	7,168,439	7,501,141	-	-
<b>Total government</b>	\$ 8,570,393	\$ 7,627,196	\$ -	\$ -

**General revenues**

Taxes

    Property taxes

    Homeowners property tax relief

Assessments

Investment income

Other income

**Transfers**

Total general revenues and transfers

**Change in net position**

**Net position, beginning of year**

**Net position, end of year**

Net (expense) revenue and changes in net position

<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Totals</u>
\$ (390,743)	\$ -	\$ (390,743)
(1,895)	-	(1,895)
(760,117)	-	(760,117)
<u>(123,144)</u>	<u>-</u>	<u>(123,144)</u>
<u>(1,275,899)</u>	<u>-</u>	<u>(1,275,899)</u>
-	619,508	619,508
-	228,901	228,901
<u>-</u>	<u>(515,707)</u>	<u>(515,707)</u>
<u>-</u>	<u>332,702</u>	<u>332,702</u>
<u>(1,275,899)</u>	<u>332,702</u>	<u>(943,197)</u>
551,143	-	551,143
4,572	-	4,572
119,076	-	119,076
-	214	214
637,572	262,608	900,180
<u>21,634</u>	<u>(21,634)</u>	<u>-</u>
<u>1,333,997</u>	<u>241,188</u>	<u>1,575,185</u>
58,098	573,890	631,988
<u>3,585,228</u>	<u>39,722,385</u>	<u>43,307,613</u>
<u>\$ 3,643,326</u>	<u>\$ 40,296,275</u>	<u>\$ 43,939,601</u>

The accompanying notes are an integral part of this financial statement.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**

**Balance Sheet  
Governmental Funds**

June 30, 2015

	General fund	Special revenue funds			Total governmental funds
		Community center	Lighting and landscaping Zone 8	Lighting and landscaping Zone 9	
<b>Assets</b>					
Cash and investments	\$ 30,405	\$ 450,187	\$ 531,453	\$ 178,497	\$ 1,190,542
Accounts receivable	93,138	-	-	-	93,138
Advances on taxes	-	-	2,773	-	2,773
Inventory	-	4,579	-	-	4,579
Total assets	<u>\$ 123,543</u>	<u>\$ 454,766</u>	<u>\$ 534,226</u>	<u>\$ 178,497</u>	<u>\$ 1,291,032</u>
<b>Liabilities and Fund Balances</b>					
Liabilities					
Accounts payable	\$ 6,622	\$ -	\$ 70,267	\$ 9,778	\$ 86,667
Accrued payroll	1,426	-	24,811	1,017	27,254
Total liabilities	<u>8,048</u>	<u>-</u>	<u>95,078</u>	<u>10,795</u>	<u>113,921</u>
Fund balances					
Committed to:					
Community center	-	454,766	-	-	454,766
Lighting and landscaping Zone 8	-	-	439,148	-	439,148
Lighting and landscaping Zone 9	-	-	-	167,702	167,702
Unassigned	115,495	-	-	-	115,495
Total fund balances	<u>115,495</u>	<u>454,766</u>	<u>439,148</u>	<u>167,702</u>	<u>1,177,111</u>
Total liabilities and fund balances	<u>\$ 123,543</u>	<u>\$ 454,766</u>	<u>\$ 534,226</u>	<u>\$ 178,497</u>	<u>\$ 1,291,032</u>

**Reconciliation to statement of net position**

Total governmental fund balances	\$ 1,177,111
Amounts reported for governmental activities in the statement of net position are different because:	
Accounts receivable in governmental funds are not available to pay for current period expenditures	467
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	2,469,313
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the balance sheet of governmental funds	<u>(3,565)</u>
Net position of governmental activities	<u>\$ 3,643,326</u>

The accompanying notes are an integral part of this financial statement.



**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**

**Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds**

For the year ended June 30, 2015

		Special revenue funds			
	General fund	Community center	Lighting and landscaping Zone 8	Lighting and landscaping Zone 9	Total governmental funds
<b>Revenues</b>					
Reimbursements	\$ 622,750	\$ -	\$ 25,821	\$ 8,174	\$ 656,745
Property taxes	-	-	547,827	3,316	551,143
Other	6,097	-	132,088	252	138,437
Assessment income	-	-	-	119,076	119,076
Homeowners property tax relief	-	-	4,572	-	4,572
<b>Total revenues</b>	<b>628,847</b>	<b>-</b>	<b>710,308</b>	<b>130,818</b>	<b>1,469,973</b>
<b>Expenditures</b>					
Payroll	176,403	-	311,796	30,742	518,941
Repairs and maintenance	-	-	114,659	50,386	165,045
Utilities	-	-	149,720	13,093	162,813
Other	219,938	1,068	124,730	13,696	359,432
Professional fees	-	-	10,775	2,413	13,188
Insurance	-	-	7,987	1,303	9,290
Capital outlay	-	-	181,160	-	181,160
<b>Total expenditures</b>	<b>396,341</b>	<b>1,068</b>	<b>900,827</b>	<b>111,633</b>	<b>1,409,869</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>232,506</b>	<b>(1,068)</b>	<b>(190,519)</b>	<b>19,185</b>	<b>60,104</b>
<b>Other financing sources (uses)</b>					
Operating transfers in	-	-	104,070	9,998	114,068
Operating transfers out	(92,434)	-	-	-	(92,434)
<b>Total other financing sources (uses)</b>	<b>(92,434)</b>	<b>-</b>	<b>104,070</b>	<b>9,998</b>	<b>21,634</b>
<b>Net change in fund balances</b>	140,072	(1,068)	(86,449)	29,183	81,738
<b>Fund balances, beginning of year</b>	<b>(24,577)</b>	<b>455,834</b>	<b>525,597</b>	<b>138,519</b>	<b>1,095,373</b>
<b>Fund balances, end of year</b>	<b>\$ 115,495</b>	<b>\$ 454,766</b>	<b>\$ 439,148</b>	<b>\$ 167,702</b>	<b>\$ 1,177,111</b>

(Continued)

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**

**Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds (Continued)**

For the year ended June 30, 2015

**Reconciliation to statement of activities**

Net change in fund balances - governmental funds	\$ 81,738
Amounts reported for governmental activities in the statement of net position are different because of the following:	
Depreciation expense related to capital assets is recognized in the statement of activities, but is not reported in the funds	(176,454)
Governmental funds report capital outlays as expenditures while governmental activities record depreciation expense to allocate those expenditures over the life of the assets	181,160
Change in compensated absences is recorded as an expense in the statement of activities	3,677
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	<u>(32,023)</u>
Change in net position of governmental activities	<u>\$ 58,098</u>

The accompanying notes are an integral part of this financial statement.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**

**Statement of Net Position  
Proprietary Funds**

June 30, 2015

	<u>Water fund</u>	<u>Sewer fund</u>	<u>Financing Authority fund</u>	<u>Total</u>
<b><u>Assets and Deferred Outflows of Resources</u></b>				
<b>Current assets</b>				
Cash and investments	\$ 4,286,363	\$ 6,429,455	\$ -	\$10,715,818
Cash and investments - restricted	-	-	1,299,917	1,299,917
Accounts receivable, net	151,103	84,760	-	235,863
Advances on taxes	<u>333</u>	<u>499</u>	-	<u>832</u>
Total current assets	<u>4,437,799</u>	<u>6,514,714</u>	<u>1,299,917</u>	<u>12,252,430</u>
<b>Non-current assets</b>				
Debt issuance cost - prepaid insurance	-	-	56,609	56,609
Debt service - installment receivable	-	-	6,219,317	6,219,317
Capital assets, net of accumulated depreciation	<u>5,858,052</u>	<u>30,074,458</u>	<u>7,168,868</u>	<u>43,101,378</u>
Total non-current assets	<u>5,858,052</u>	<u>30,074,458</u>	<u>13,444,794</u>	<u>49,377,304</u>
<b>Deferred outflows of resources</b>	-	-	-	-
Total assets and deferred outflows of resources	<u>\$10,295,851</u>	<u>\$36,589,172</u>	<u>\$ 14,744,711</u>	<u>\$61,629,734</u>
<b><u>Liabilities, Deferred Inflows of Resources and Net Position</u></b>				
<b>Current liabilities (payable from current assets)</b>				
Accounts payable	337,278	192,512	586,795	1,116,585
Accrued payroll	13,669	18,564	-	32,233
Interest payable	-	-	43,918	43,918
Deferred revenue	2,980	-	-	2,980
Bonds payable - current	-	-	<u>295,000</u>	<u>295,000</u>
Total current liabilities	<u>353,927</u>	<u>211,076</u>	<u>925,713</u>	<u>1,490,716</u>
<b>Non-current liabilities</b>				
Debt service - installment payable	-	6,219,317	-	6,219,317
Compensated absences	26,140	14,907	-	41,047
Bonds payable	-	-	13,270,000	13,270,000
Unamortized bond premium	-	-	<u>312,379</u>	<u>312,379</u>
Total non-current liabilities	<u>26,140</u>	<u>6,234,224</u>	<u>13,582,379</u>	<u>19,842,743</u>
<b>Deferred inflows of resources</b>	-	-	-	-
<b>Net Position</b>				
Net investment in capital assets	5,858,052	30,074,458	(6,396,132)	29,536,378
Unrestricted				
Board designated	2,488,110	3,543,450	-	6,031,560
Undesignated	<u>1,569,622</u>	<u>(3,474,036)</u>	<u>6,632,751</u>	<u>4,728,337</u>
Total net position	<u>9,915,784</u>	<u>30,143,872</u>	<u>236,619</u>	<u>40,296,275</u>
Total liabilities, deferred inflows of resources and net position	<u>\$10,295,851</u>	<u>\$36,589,172</u>	<u>\$ 14,744,711</u>	<u>\$61,629,734</u>

The accompanying notes are an integral part of this financial statement.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**

**Statement of Revenues, Expenses and Change in Net Position  
Proprietary Funds**

For the year ended June 30, 2015

	<u>Water fund</u>	<u>Sewer fund</u>	<u>Financing Authority fund</u>	<u>Total</u>
<b>Operating revenues</b>				
Charges for services	\$ 2,792,567	\$ 4,118,612	\$ -	\$ 6,911,179
Connection fees	167,503	422,409	-	589,912
Other	<u>98,742</u>	<u>163,851</u>	-	<u>262,593</u>
Total operating revenues	<u>3,058,812</u>	<u>4,704,872</u>	-	<u>7,763,684</u>
<b>Operating expenses</b>				
Depreciation	210,826	1,284,834	-	1,495,660
Contract services	534,440	739,128	-	1,273,568
Repairs and maintenance	546,240	473,562	-	1,019,802
Professional fees	186,378	752,884	1,500	940,762
Utilities	343,206	348,643	-	691,849
Payroll	235,086	315,041	-	550,127
Miscellaneous	110,935	174,287	64	285,286
Insurance	55,652	83,580	2,097	141,329
Telephone and communications	21,512	35,670	-	57,182
Permits and fees	26,385	30,516	-	56,901
Supplies	21,467	22,058	-	43,525
Chemicals	13,186	22,505	-	35,691
Directors' expenses	12,548	18,981	-	31,529
Public communication	13,032	-	-	13,032
Memberships	5,732	6,646	-	12,378
Staff training	<u>3,936</u>	<u>3,773</u>	-	<u>7,709</u>
Total operating expenses	<u>2,340,561</u>	<u>4,312,108</u>	<u>3,661</u>	<u>6,656,330</u>
<b>Operating income (loss)</b>	<u>718,251</u>	<u>392,764</u>	<u>(3,661)</u>	<u>1,107,354</u>
<b>Nonoperating revenues (expenses)</b>				
Investment income	-	-	214	214
Interest expense	-	-	<u>(512,044)</u>	<u>(512,044)</u>
Total nonoperating revenues (expenses)	-	-	<u>(511,830)</u>	<u>(511,830)</u>
<b>Operating transfers in (out)</b>	<u>(707,485)</u>	<u>(140,611)</u>	<u>826,462</u>	<u>(21,634)</u>
<b>Change in net position</b>	10,766	252,153	310,971	573,890
<b>Net position, beginning of year</b>	<u>9,905,018</u>	<u>29,891,719</u>	<u>(74,352)</u>	<u>39,722,385</u>
<b>Net position, end of year</b>	<u>\$ 9,915,784</u>	<u>\$ 30,143,872</u>	<u>\$ 236,619</u>	<u>\$ 40,296,275</u>

The accompanying notes are an integral part of this financial statement.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**

**Statement of Cash Flows  
Proprietary Funds**

For the year ended June 30, 2015

	Water <u>fund</u>	Sewer <u>fund</u>	Financing Authority <u>fund</u>	<u>Total</u>
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 3,124,839	\$ 4,801,377	\$ -	\$ 7,926,216
Payments to vendors and suppliers	(1,787,252)	(2,646,844)	(415,649)	(4,849,745)
Payments to employees and directors	(237,897)	(323,999)	-	(561,896)
Receipts from other funds for services	<u>48,184</u>	<u>72,276</u>	<u>-</u>	<u>120,460</u>
Net cash provided by (used in) operating activities	<u>1,147,874</u>	<u>1,902,810</u>	<u>(415,649)</u>	<u>2,635,035</u>
<b>Cash flows from non-capital financing activities</b>				
Principal payments on bonds payable	-	-	(295,000)	(295,000)
Interest payments on bonds payable	-	-	(529,961)	(529,961)
Transfers in (out)	<u>(707,485)</u>	<u>(140,611)</u>	<u>826,462</u>	<u>(21,634)</u>
Net cash (used in) provided by non-capital financing activities	<u>(707,485)</u>	<u>(140,611)</u>	<u>1,501</u>	<u>(846,595)</u>
<b>Cash flows from capital and related financing activities</b>				
Acquisition of capital assets	<u>(318,239)</u>	<u>(215,009)</u>	<u>(5,971,477)</u>	<u>(6,504,725)</u>
Net cash used in capital and related financing activities	<u>(318,239)</u>	<u>(215,009)</u>	<u>(5,971,477)</u>	<u>(6,504,725)</u>
<b>Cash flows from investing activities</b>				
Interest income	<u>-</u>	<u>-</u>	<u>214</u>	<u>214</u>
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>214</u>	<u>214</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	122,150	1,547,190	(6,385,411)	(4,716,071)
<b>Cash and cash equivalents, beginning of year</b>	<u>4,164,213</u>	<u>4,882,265</u>	<u>7,685,328</u>	<u>16,731,806</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 4,286,363</u>	<u>\$ 6,429,455</u>	<u>\$ 1,299,917</u>	<u>\$12,015,735</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ 718,251	\$ 392,764	\$ (3,661)	\$ 1,107,354
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	210,826	1,284,834	-	1,495,660
Change in assets and liabilities				
Accounts receivable	66,027	96,505	-	162,532
Due from other funds	48,184	72,276	-	120,460
Debt issuance costs - prepaid insurance	-	-	2,096	2,096
Accounts payable	94,849	46,408	(414,084)	(272,827)
Accrued payroll	(1,139)	5,486	-	4,347
Compensated absences	<u>10,876</u>	<u>4,537</u>	<u>-</u>	<u>15,413</u>
Net cash provided by (used in) operating activities	<u>\$ 1,147,874</u>	<u>\$ 1,902,810</u>	<u>\$ (415,649)</u>	<u>\$ 2,635,035</u>

The accompanying notes are an integral part of this financial statement.

# TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

## Notes to Financial Statements

June 30, 2015

### Note A - Summary of Significant Accounting Policies

This summary of significant accounting policies of the Town of Discovery Bay Community Services District (the District) is presented to assist in understanding the District's financial statements.

#### Description of the reporting entity

The Town of Discovery Bay Community Services District, formerly known as Discovery Bay Community Services District was formed by the residents of Discovery Bay under the authority of the Cortese-Knox Act (Gov. C. Sec. 56000). This newly formed special district was formed as a result of a petition of residents to provide services to the residents of Discovery Bay. Effective July 1, 1998, the District assumed the responsibilities, funding, and assets previously held by the dissolved Sanitation District #19. During November 1998, the residents of Discovery Bay voted to activate the latent powers of the District to include recreation; specifically, to acquire, fund, and operate a Community Center.

Effective August 13, 2003, the Local Agency Formation Commission (LAFCO) of Contra Costa County dissolved County Service Area M-8 and annexed the territory to the Town of Discovery Bay Community Services District. The District is responsible for maintaining the lighting, landscaping, and parks within Service Area M-8 of the Town of Discovery Bay.

The Town of Discovery Bay Community Services District formed an assessment district known as Ravenswood Improvement District - Discovery Bay Lighting and landscaping Zone 9 for the purpose of providing for the operation and maintenance of landscaping, parks and open space in the subdivision known as Ravenswood.

The purpose of the Town of Discovery Bay Community Services District, a multipurpose independent district, is to represent the residents of Discovery Bay in any matters covered under the California Government Code relating to a Community Services District. In addition to the purposes listed in the Government Code, the District has been ordered by LAFCO and the Board of Supervisors to perform an advisory role for the residents of Discovery Bay. This role includes, but is not limited to, advising the County in matters of land use planning, zoning, compliance, roads and streets, lighting, landscaping, parks and public safety services. The District also provides water and sewer services to the Town of Discovery Bay.

As required by accounting principles generally accepted in the United States of America and the Governmental Accounting Standards Board, these financial statements present the government and its component units, entities for which the government is considered to be

(Continued)

# TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

## Notes to Financial Statements

June 30, 2015

### Note A - Summary of Significant Accounting Policies (Continued)

financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government.

The District's financial reporting entity is composed of the following:

Primary Government:	Town of Discovery Bay Community Services District
Blended Component Unit:	Discovery Bay Public Financing Authority

In determining the financial reporting entity, the District complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

#### Blended Component Units

The Town of Discovery Bay Community Services District (the District) and the Byron Bethany Irrigation District entered into a Joint Exercise of Powers Agreement dated July 1, 2012, forming the Discovery Bay Public Financing Authority (the Authority). The Authority is authorized to borrow money for the purpose of assisting the District in financing various public capital improvements and facilities. The Authority issued revenue bonds in order to fund such expenditures. The Authority is controlled by the District and has the same governing body as the District, which also performs all accounting and administrative functions for the Authority. The financial activities of the Authority have been included (termed "blended") in these financial statements in the business-type activities.

#### Government-wide financial statements

The Statement of Net Position and Statement of Activities display information about the primary government, the District and its blended component unit. These statements include the financial activities of the overall District government, except for fiduciary activities.

Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function

(Continued)

# TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

## Notes to Financial Statements

June 30, 2015

### Note A - Summary of Significant Accounting Policies (Continued)

of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program, and (c) fees, grants, and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

#### Fund financial statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The District presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and enterprise categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

#### Governmental Funds

The General Fund is the primary operating fund of the District and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the District. The reporting entity includes the following special revenue funds, all of which are reported as major funds:

(Continued)



**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**

**Notes to Financial Statements**

June 30, 2015

**Note A - Summary of Significant Accounting Policies (Continued)**

<u>Fund</u>	<u>Brief description</u>
Community Center	Accounts for revenues and expenditures of acquiring, funding, and operating a community center.
Lighting and landscaping Zone 8	Accounts for revenues and expenditures related to maintenance of street lighting and landscaping facilities and services; local parks and recreation facilities and services; parkway facilities and services; and open space facilities and services Zone 8.
Lighting and landscaping Zone 9	Accounts for revenues and expenditures related to operation and maintenance of landscaping, parks and open space in the subdivision known as Ravenswood.

Proprietary Funds

Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise funds, all of which are reported as major funds:

<u>Fund</u>	<u>Brief description</u>
Water Fund	Accounts for the activities of providing water services to the residents of the District. All activities necessary to provide such services are accounted for in this fund, including administration, operations, capital improvements, maintenance, financing and related debt service, and billing and collection.
Sewer Fund	Accounts for the activities associated with operating and maintaining the Districts collection and treatment of wastewater. All activities necessary to provide such services are accounted for in this fund, including administration, operations, capital improvements, maintenance, financing and related debt service, and billing and collection.
Financing Authority Fund	Accounts for facilitating the financing of public capital improvements and facilities for the District's water and wastewater system. All activities necessary to provide such services are accounted for in this fund, including administration, operations, capital improvements, maintenance, financing and related debt, and billing and collection.

(Continued)

# TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

## Notes to Financial Statements

June 30, 2015

### Note A - Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The District's operating revenues include all revenues derived from water and sewage services. The enterprise funds also recognize as operating revenue, the portion of tap fees, connection fees and impact fees intended to recover the cost of connecting new customers to the system. Operating expenses include all costs related to water and sewage services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses, except for capital contributions, which represent capital contributions collected for the acquisition or construction of capital assets.

In accordance with GASB Statement No. 62, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the District applies all GASB pronouncements currently in effect as well as FASB Statements and Interpretations, APB Opinions, and ARBs of the Committee on Accounting Procedures issued on or before November 30, 1989.

#### Measurement focus

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

(Continued)

# TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

## Notes to Financial Statements

June 30, 2015

### Note A - Summary of Significant Accounting Policies (Continued)

#### Basis of accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

All proprietary funds utilize the *accrual basis of accounting*. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

#### Cash and investments

For the purpose of financial reporting “cash and cash equivalents” includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

Restricted cash and cash equivalents includes proceeds from the 2012 enterprise revenue bonds related to special projects, which are estimated for capital projects and repayment of bonds.

(Continued)

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**

**Notes to Financial Statements**

June 30, 2015

**Note A - Summary of Significant Accounting Policies (Continued)**

Accounts receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The District provides for losses on accounts receivable using the allowance method. The allowance is based on historical experience and management's evaluation of outstanding accounts receivable.

Debt service installment receivable

The District and the Authority have installment sale agreements whereby the District is obligated to pay to the Authority installment payments equal to the debt service requirements of the Authority's long-term debt. The debt service installment receivable represents the amount due from the District to meet the Authority's debt service requirements, which includes principal and accrued interest.

Inventory

Inventory held in the special revenue fund is carried at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital assets

Capital assets are reported in the applicable governmental or business-type activities columns of the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost. The District's policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

Depreciation has been provided on capital assets and is charged as an expense against operations each year. The total amount of depreciation taken over the years is reported on the statement of net position as a reduction in the book value of capital assets.

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

Buildings and improvements	7-40 years
Equipment	5-25 years
Structures and improvements	10-50 years
Treatment and collection	5-40 years
Vehicles	5 years

(Continued)

# TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

## Notes to Financial Statements

June 30, 2015

### Note A - Summary of Significant Accounting Policies (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

#### Compensated absences

Compensated absences are accrued as earned by employees, and consist of accruals for vacation time. The District's liability for compensated absences is reported in the Statement of Net Position for governmental activities in the government-wide financial statements.

#### Net position

Equity in the financial statements is classified as net position and displayed in three components as follows:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to these assets.
- c. Unrestricted - Amounts not required to be reported in other components of net position.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

#### Fund balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - Amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

(Continued)

# TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

## Notes to Financial Statements

June 30, 2015

### Note A - Summary of Significant Accounting Policies (Continued)

Restricted - Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the District's highest level of decision making authority.

Assigned - Amounts constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the Board of Directors, District manager or their designee.

Unassigned - Amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the District's policy to use committed resources first, then assigned, and then unassigned as they are needed.

#### Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans - Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.

(Continued)

# TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

## Notes to Financial Statements

June 30, 2015

### Note A - Summary of Significant Accounting Policies (Continued)

3. Interfund reimbursements - Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances - Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities - Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

#### Property taxes

Property taxes and property assessments were levied January 1, 2014, assessed July 1, 2014 and were payable in two installments on December 10, 2014 and April 10, 2015. The County of Contra Costa bills and collects property taxes on behalf of the District.

#### Utility sales

Utility sales are billed on a monthly basis. Estimated unbilled utility revenue through June 30 has been accrued at year-end for the enterprise funds.

#### Contributed capital

Effective August 13, 2003, the District recorded contributed capital to transfer funds from County Service M-8 to Lighting and landscaping Zone 8. The Lighting and landscaping Zone 8 district became the responsibility of the District on August 13, 2003. The contributed capital represents all capital assets and assets transferred to the District.

The District has received \$18,757,813 of noncash capital contributions from developers consisting of water and sewer infrastructure.

(Continued)

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**

**Notes to Financial Statements**

June 30, 2015

**Note A - Summary of Significant Accounting Policies (Continued)**

Estimates

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

Budgetary accounting

The District does not adopt appropriated budgets. However, the District does adopt non-appropriated budgets annually, which are approved by the Board of Directors.

Long-lived assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

**Note B - Cash and Investments**

Cash and investments as of June 30, 2015 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments	\$ 11,899,578
Restricted cash and investments	<u>1,299,917</u>
Total cash and investments	<u>\$ 13,199,495</u>

Cash and investments as of June 30, 2015 consist of the following:

Deposits with financial institutions	\$ 2,483,151
Contra Costa County Treasurer	9,409,645
Investments	<u>1,306,699</u>
	<u>\$ 13,199,495</u>

(Continued)



**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**

**Notes to Financial Statements**

June 30, 2015

**Note B - Cash and Investments (Continued)**

<u>Investment Type</u>	<u>Carrying value</u>	<u>Fair value</u>
Certificate of Deposit	\$ 6,782	\$ 6,782
Mutual Funds	<u>1,299,917</u>	<u>1,299,917</u>
	<u>\$ 1,306,699</u>	<u>\$ 1,306,699</u>

The District maintains a cash and investment pool that is available for use by all funds except for the Lighting and landscaping fund whose investments were directed by Contra Costa County. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as "cash and investments". Cash balances from all participating funds are combined and invested to the extent possible, pursuant to the Board of Directors approved Investment Policy and guidelines, and the California Government Code Section 53600.

The Government Code and the District's Investment Policy allow investments in the following instruments:

<u>Investment Type</u>	<u>Maximum Maturity</u>	<u>Authorized Limit%</u>	<u>Required Rating</u>
Local Agency Bonds	N/A	None	None
U.S. Treasury Bills, Notes or Bonds	N/A	None	None
State Registered Warrants, Notes, or Bonds	N/A	None	None
Notes and bonds of other Local California Agencies including pooled investment accounts	N/A	None	None
U.S. Agencies	N/A	None	None
Bankers Acceptances	270 days	40%	None
Prime Commercial Paper	180 days	15% or 30%	A1/P1
Negotiable Certificates of Deposit	N/A	30%	None
Repurchase and Reverse Repurchase Agreements	N/A	None/20%	None
Medium Term Corporate Notes	5 years	30%	A
Money Market Mutual Funds	N/A	15%	2-AAA
Collateralized Bank Deposits	N/A	None	None
Mortgage Pass-Through Securities	5 years	30%	AA
Funds held under the Terms of a Trust Indenture or other contract	*	*	*

\*Such funds may be invested according to the provisions of those indentures or agreements.

(Continued)

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**

**Notes to Financial Statements**

June 30, 2015

**Note B - Cash and Investments (Continued)**

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities as necessary to provide the cash flow and liquidity needed for operations.

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

<u>Investment Type</u>	<u>Totals</u>	<u>12 months or less</u>	<u>13 - 24 months</u>	<u>25-36 months</u>	<u>37 - 48 months</u>	<u>49 - 60 months</u>	<u>More than 60 months</u>
Certificate of Deposit	\$ 6,782	\$ -	\$ 6,782	\$ -	\$ -	\$ -	\$ -
Mutual Funds	<u>1,299,917</u>	<u>1,299,917</u>	-	-	-	-	-
<b>Total</b>	<b><u>\$ 1,306,699</u></b>	<b><u>\$ 1,299,917</u></b>	<b><u>\$ 6,782</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Fiscal Year End</u>				
				<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Not Rated</u>	<u>As of Investment</u>
Certificate of Deposit	\$ 6,782	N/A	\$ -	\$ -	\$ -	\$ -	\$ 6,782	1%
Mutual Funds	<u>1,299,917</u>	<u>N/A</u>	-	<u>1,299,917</u>	-	-	-	<u>99%</u>
<b>Total</b>	<b><u>\$ 1,306,699</u></b>	<b><u>N/A</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,299,917</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 6,782</u></b>	<b><u>100%</u></b>

Concentration of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in certain types of investments.

(Continued)

# TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

## Notes to Financial Statements

June 30, 2015

### Note B - Cash and Investments (Continued)

#### Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

#### Deposits with financial institutions and Contra Costa County Treasurer

Cash on deposit in commercial accounts is insured by the Federal Deposit Insurance Corporation (FDIC). Cash held by the Contra-Costa County Treasury is pooled with other County deposits for investment purposes by the County Treasurer in accordance with the investment policy of the County Treasurer (see County Treasurer's investment policy at <http://www.co.contra-costa.ca.us/>). The Pool has established a treasury oversight committee to monitor and review the management of public funds maintained in the Pool.

Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed investment income. Investment income is prorated to individual funds based on their average daily cash balances. The value of the District shares in the Pool, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the District's position in the Pool. The District's investment in the Pool is unrated, stated at cost which approximates fair value, available upon demand and considered cash equivalents.

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**

**Notes to Financial Statements**

June 30, 2015

**Note C - Accounts Receivable, Net**

The accounts receivable, net balance consists of the following balances as of June 30, 2015:

	<u>General</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Accounts receivable	\$ 93,605	\$ 166,346	\$ 87,535	\$ 347,486
Allowance for uncollectible	<u>          -</u>	<u>      (15,243)</u>	<u>      (2,775)</u>	<u>      (18,018)</u>
Accounts receivable, net	<u>\$ 93,605</u>	<u>\$ 151,103</u>	<u>\$ 84,760</u>	<u>\$ 329,468</u>

**Note D - Interfund Transactions**

Interfund transactions consist of the following:

Transfers between funds

Resources may be transferred from one District fund to another with approval. The purpose of the majority of transfers is to reimburse a fund which has made an expenditure on behalf of another fund. Less often, a transfer may be made to open or close a fund.

Transfers between funds during the year ended June 30, 2015 were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds		
General fund	\$ -	\$ 92,434
Lighting and landscaping zone 8	104,070	-
Lighting and landscaping zone 9	9,997	-
Major Proprietary Funds		
Water fund	-	707,484
Sewer fund	-	140,611
Financing authority	<u>826,462</u>	<u>-</u>
Total interfund transfers	<u>\$ 940,529</u>	<u>\$ 940,529</u>

In general, the District uses interfund transfers to:

- Transfer unrestricted revenues collected in the water and sewer fund to help finance various programs and capital projects accounted for in other funds
- Fund operations (move revenues from the funds that collect them to the funds that statute or budget requires to expend them)
- Fund interdepartmental cost reimbursement
- Fund capital projects

(Continued)

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**

**Notes to Financial Statements**

June 30, 2015

**Note D - Interfund Transactions (Continued)**

The effect of the interfund activity has not been eliminated from the government-wide financial statements as the amounts relate to transfers between governmental and business-type activities. The transfers have resulted from deposits made by Contra Costa County into the Sewer and Water Fund for revenues of the General Fund.

**Note E - Capital Assets**

Capital asset activity for the year ended June 30, 2015, is as follows:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>Governmental activities</b>					
Nondepreciable capital assets					
Land	\$ 415,930	\$ -	\$ -	\$ -	\$ 415,930
Construction in progress	<u>11,582</u>	<u>-</u>	<u>-</u>	<u>(11,582)</u>	<u>-</u>
Total nondepreciable capital assets	<u>427,512</u>	<u>-</u>	<u>-</u>	<u>(11,582)</u>	<u>415,930</u>
Depreciable capital assets					
Equipment	238,883	471	-	-	239,354
Buildings and improvements	2,817,767	155,980	-	11,582	2,985,329
Office furniture and equipment	19,617	-	-	-	19,617
Vehicles	<u>55,424</u>	<u>24,709</u>	<u>-</u>	<u>-</u>	<u>80,133</u>
Total depreciable capital assets	3,131,691	181,160	-	11,582	3,324,433
Less accumulated depreciation	<u>(1,094,596)</u>	<u>(176,454)</u>	<u>-</u>	<u>-</u>	<u>(1,271,050)</u>
Net depreciable capital assets	<u>2,037,095</u>	<u>4,706</u>	<u>-</u>	<u>11,582</u>	<u>2,053,383</u>
Net capital assets	<u>\$ 2,464,607</u>	<u>\$ 4,706</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,469,313</u>
<b>Business-type activities</b>					
Nondepreciable capital assets					
Land	\$ 307,000	\$ -	\$ -	\$ -	\$ 307,000
Construction in progress	<u>7,399,782</u>	<u>6,125,410</u>	<u>-</u>	<u>(6,202,390)</u>	<u>7,322,802</u>
Total nondepreciable capital assets	<u>7,706,782</u>	<u>6,125,410</u>	<u>-</u>	<u>(6,202,390)</u>	<u>7,629,802</u>
Depreciable capital assets					
Buildings and improvements	1,386,202	24,871	-	21,416	1,432,489
Treatment and collection	30,905,120	292,371	(6,908)	3,776,428	34,967,011
Structures and improvements	6,689,926	-	-	2,404,546	9,094,472
Equipment	1,033,096	27,360	-	-	1,060,456
Vehicles	<u>382,778</u>	<u>34,713</u>	<u>-</u>	<u>-</u>	<u>417,491</u>
Total depreciable capital assets	40,397,122	379,315	(6,908)	6,202,390	46,971,919
Less accumulated depreciation	<u>(10,011,591)</u>	<u>(1,495,660)</u>	<u>6,908</u>	<u>-</u>	<u>(11,500,343)</u>
Net depreciable capital assets	<u>30,385,531</u>	<u>(1,116,345)</u>	<u>-</u>	<u>6,202,390</u>	<u>35,471,576</u>
Net capital assets	<u>\$ 38,092,313</u>	<u>\$ 5,009,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,101,378</u>

(Continued)

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**

**Notes to Financial Statements**

June 30, 2015

**Note E - Capital Assets (Continued)**

Depreciation expense was charged to function and programs based on their usage of the related assets. The amounts allocated to each function or program were as follows:

Governmental activities:

Lighting and landscaping Zone 8	\$ 164,231
Lighting and landscaping Zone 9	11,395
Community center	<u>828</u>
Total depreciation expense - Governmental activities	<u>\$ 176,454</u>

Business-type activities:

Water	\$ 210,826
Sewer	<u>1,284,834</u>
Total depreciation expense - Business-type activities	<u>\$ 1,495,660</u>

**Note F - Long-Term Debt**

The District generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt.

**Government-Wide Financial Statements**

Long-term debt and other financial obligations are reported as liabilities in the appropriate activities. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method.

**Fund Financial Statements**

The Governmental Fund Financial Statements do not include the long-term debt, as this liability is not payable in the current period. The face amount of debt issued and any premiums received are reported as other financing sources.

Proprietary Fund Financial Statements use the same principles as those used in the Government-Wide Financial Statements.

(Continued)

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**

**Notes to Financial Statements**

June 30, 2015

**Note F - Long-Term Debt** (Continued)

**Bond Issuance Costs and Premiums**

For proprietary fund types, bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium. With the implementation of Government Accounting Standards Board (GASB) Statement No. 65, the bond issuance costs, other than prepaid insurance, are required to be expensed in the year incurred.

Current year business-type transactions and balances

The District's debt issues and transactions are summarized below and discussed in detail thereafter:

	<u>Original Amount</u>	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2015</u>	<u>Due within one year</u>
Business-type Activity Debt						
Discovery Bay Public Financing Authority Series 2012 Enterprise Revenue Bonds	\$ 14,150,000	\$ 13,860,000	\$ -	\$ (295,000)	\$ 13,565,000	\$ 305,000
Unamortized Premium	<u>362,346</u>	<u>329,805</u>	<u>-</u>	<u>(17,426)</u>	<u>312,379</u>	<u>-</u>
Totals	<u>\$ 14,512,346</u>	<u>\$ 14,189,805</u>	<u>\$ -</u>	<u>\$ (312,426)</u>	<u>\$ 13,877,379</u>	<u>\$ 305,000</u>

2012 Enterprise Revenue Bonds

In August 2012, the Discovery Bay Public Financing Authority issued \$14,150,000 in enterprise revenue bonds Series 2012 to finance the acquisition and construction of certain improvements to the water and wastewater systems.

Pursuant to an Installment Purchase Agreement between the Authority and the District, the District has pledged the net revenues of the District's municipal water enterprise and wastewater enterprise.

The bonds carry coupon interest rates ranging from 1.00%-5.00% and are scheduled to mature in fiscal year 2043. Interest is payable semi-annually on December 1<sup>st</sup> and June 1<sup>st</sup> each year, while principal installments ranging from \$290,000 to \$805,000 are payable each year on December 1<sup>st</sup>.

(Continued)

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**

**Notes to Financial Statements**

June 30, 2015

**Note F - Long-Term Debt** (Continued)

Annual debt service requirements for business-type debt are shown below:

<u>For the year ending June 30,</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 305,000	\$ 521,675
2017	310,000	516,054
2018	310,000	512,502
2019	315,000	508,131
2020	320,000	502,429
2021-2025	1,790,000	2,328,815
2026-2030	2,125,000	1,996,531
2031-2035	2,570,000	1,548,593
2036-2040	3,210,000	902,683
2041-2043	2,310,000	153,863
Total	\$ 13,565,000	\$ 9,491,276

**Note G - Deferred Compensation Plan**

Employees of the District may participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan is available to all full-time employees of the District. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency. Total employee contributions to the plan during the year ended June 30, 2015 were \$26,763.

**Note H - Compensated Absences**

Employees accrue vacation leave based on length of service. Accumulated vacation leave is subject to maximum accruals for all employees. As of June 30, 2015, the District's accrued liability for accumulated unused vacation leave is \$44,612. Employees are paid for their accumulated unused vacation leave upon separation from service. The liability is expected to be liquidated with future resources and not with expendable available financial resources.



# TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT

## Notes to Financial Statements

June 30, 2015

### Note I - Joint Venture (Joint Powers Agreement)

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; risk of loss to employees; and natural disasters.

In order to insure for risks of loss, the District participates in a joint venture under a joint powers agreement with the Special Districts Risk Management Authority (SDRMA). The relationship between the District and the SDRMA is such that the SDRMA is not a component unit of the District for financial reporting purposes.

The SDRMA arranges for and provides property, liability and worker's compensation coverage for its member districts. The Town of Discovery Bay Community Services District participates in all programs.

Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the SDRMA. The District's share of surpluses and deficits cannot be determined, although District management does not expect such amounts, if any, to be material in relation to the financial statements.

The District is covered by the following types of insurance through the SDRMA as of June 30, 2015:

<u>Coverage</u>	<u>Limits of liability</u>
General liability	\$ 10,000,000
Public officials and employees errors	10,000,000
Personal liability coverage for board members	500,000
Employment practices liability	10,000,000
Employee benefits liability	10,000,000
Employee dishonesty coverage	400,000
Auto liability	10,000,000
Uninsured/underinsured motorists	1,000,000
Property coverage	1,000,000,000
Boiler and machinery	100,000,000
Statutory workers' compensation	Statutory

**TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT**

**Notes to Financial Statements**

June 30, 2015

**Note J - Governing Board**

The powers of the District are exercised by a Board of Directors consisting of five directors each elected for a term of four years by the qualified electors within the District.

As of June 30, 2015, the members of the District's Board of Directors were as follows:

<u>Director</u>	<u>Term expires</u>
Kevin Graves	November 2018
Chris Steele	November 2018
Robert Leete	November 2018
Bill Pease	December 2016
Mark Simon	December 2016

**Note K - Contingencies and Commitments**

The District is involved in litigation arising in the ordinary course of operations that, in the opinion of management, will not have a material effect on the financial condition of the District. In addition, the District has entered into construction and service contracts with various companies. Many of the contracts are considered fixed fee arrangements. However, work under these contracts could be discontinued at the direction of the District. Therefore, it is the opinion of management that a fixed commitment does not exist.



# Town of Discovery Bay

*"A Community Services District"*

## AGENDA REPORT

Meeting Date  
March 16, 2016

**Prepared By:** Catherine Kutsuris, Interim General Manager  
**Submitted By:** Catherine Kutsuris, Interim General Manager *Cate*

**Agenda Title:** General Manager Recruitment Input to Bob Murray Associates

**Recommended Action:** Provide input to Bob Murray and Associates regarding the background, experience, and leadership that you are seeking in candidates for the position of General Manager.

**Executive Summary:**

At the March 2, 2016 meeting, the Board approved the proposal from Bob Murray and Associates for the General Manager recruitment. Mr. Murray and Mr. Gary Phillips will be attending the meeting to hear from the Board the perspective on the current issues and challenges facing the District both now and during the upcoming five to ten years, the personal characteristics that the Board is looking for in the new General Manager, and the expectations regarding the background, education and experience you hope to find in the candidates.

Prior to Rick Howard's departure, he submitted to Bob Murray and Associates, a completed questionnaire which provides his answers to these questions. This one-page questionnaire has been attached for your review. Also attached is the recruitment information utilized for the 2009 General Manager Recruitment. The "Ideal Candidate" section (found on page 2 as well as the back cover) provides a wide range of competencies and characteristics that are relevant today.

**Fiscal Impact:**

Amount Requested \$  
Sufficient Budgeted Funds Available?: (If no, see attached fiscal analysis)  
Prog/Fund # Category: Pers. Optg. Cap. -or- CIP# Fund#

**Previous Relevant Board Actions for This Item**

**Attachments**

1. March 9, 2016 letter from Bob Murray and Associates
2. Outgoing General Manager Questionnaire submitted by Rick Howard
3. 2009 Recruitment Brochure



March 9, 2016

President Bill Pease and Members of the Board of Directors  
Town of Discovery Bay  
1800 Willow Lake Road  
Discovery Bay, CA 94505-9376

Dear President Pease and Board Members:

Thank you for selecting Bob Murray & Associates to assist you in conducting your search for a new General Manager. We are excited about the prospect of working with you. Discovery Bay will be a priority client and we will spend a significant portion of our time ensuring that you have a quality group of candidates from which to select your new General Manager.

As you know, a successful search begins by clearly defining the Board's expectations regarding a new General Manager. I look forward to meeting with you to learn about your expectations. When we meet I will be asking you:

- ◆ What are the current issues, opportunities, and challenges facing the Town of Discovery Bay, the community, and the organization? What will they be five and ten years from now?
- ◆ What are the personal characteristics you are looking for in a new General Manager, in particular what are the leadership style and management approach you seek?
- ◆ What background, experience, and education are appropriate for the position? Should the ideal candidate have been a General Manager previously? Should candidates have direct line experience? Should they come from a District or other general government?

I look forward to working with you during the course of this recruitment. Should you have any questions in the meantime, please do not hesitate to contact me.

Sincerely,

Bob Murray  
President

1544 Eureka Road,  
Suite 280  
Roseville, CA 95661  
Phone (916) 784-9080  
Fax (916) 784-1985  
[apply@bobmurrayassoc.com](mailto:apply@bobmurrayassoc.com)

What are the current issues and challenges facing the District and the organization? What will they be five and ten years from now?

- Continuing to maintain water and wastewater processes through buildout. 0-10
- Construction and funding sources for the upcoming denitrification project. 0-7
- Ensuring ongoing support of Community Center and Hofmann commitment of funds. 0-1 for Hofmann, 0-ongoing for ops.

What are the personal characteristics you are looking for in a new General Manager, in particular what are the leadership style and management approach you seek?

- Personable, good communicator, willing to adapt, must buy-in to community, not be a micromanager, operate as the QB on a team (the BOD are the coaches, so to speak), clean background, approachable, up-to-date technologically, must not be afraid of doing it all.

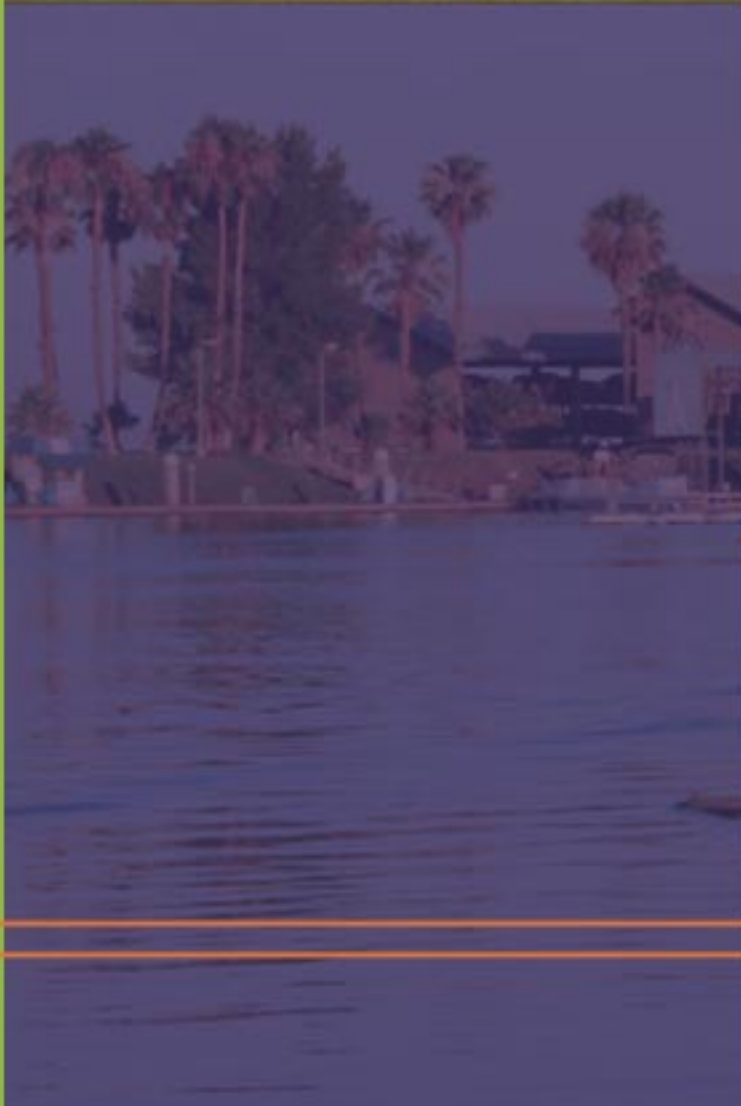
What background, experience and education are appropriate for the position? Should the ideal candidate have been a General Manager? Should candidates have direct line experience? Should they come from an organization of similar size?

- The ideal candidate must have at least 5 years of senior level municipal management experience, proven upward mobility, and a successful track record in their current/past positions.
- The ideal candidate does not necessarily have to have been a General Manager, yet the ideal candidate must have a firm grasp of municipal operations, governance, program oversight, and have managed a diverse staff of professionals and subordinates. An ideal candidate is a city manager of assistant city manager, Director of Administrative Services, finance manager, or community development director/manager. It is not critical that the successful candidate know anything about the functions of the Town, but more importantly, the operations of how the *structure* of the town is operated, including governance, basic HR knowledge, and know how to put together an agenda and draft agenda reports.
- It is critical that candidates should have direct line experience.
- The size of the organization is irrelevant, yet the functions that they performed are particularly relevant.
- Candidates are required to be degreed in the usual and customary local government fields, a Master's in Public Administration is a plus, however not necessarily critical.





**Discovery Bay  
Community Services  
District  
General Manager**





## THE COMMUNITY

Located just off Highway 4, on the Sacramento/San Joaquin Delta and connected to over one-thousand miles of waterway as well as the San Francisco Bay, Discovery Bay was established in the 1970's as a mostly weekend and summer recreational boating community. Today, this burgeoning unincorporated community of 15,000 has evolved into one of Contra Costa County's most sought after places to live boasting small town charm, big city conveniences, and an easy commute to employment centers in the Bay Area, Pleasanton and Livermore.

Discovery Bay offers three public and one private K-6 school with one middle school located in nearby Byron. High school students attend Liberty High School in Brentwood. In addition to the myriad of water sports available, fishing, waterskiing, wakeboarding and the like, other amenities include a full-service marine and yacht harbor with launching and storage facilities, four public parks, and a world class private golf course. Housing options include two new master planned communities, which are currently under development, and gated and non-gated 'off-water' communities in addition to the communities' signature waterfront homes.

## THE DISTRICT

Formed in 1997, the Discovery Bay Community Services District (District) provides water, wastewater, recreation, and lighting and landscaping services. The District is supported by a dedicated full-time staff of 7 and an annual budget of about \$6 million. The District is an independent, special district governed by an elected five-member Board of Directors who also act as an Advisory Committee to the Contra Costa County Board of Supervisors on matters ranging from General Plan, Public Safety and sphere of influence issues to community development and any other areas that are not "Latent Powers" to the

District, etc. The General Manager plays a key role in this relationship acting as a liaison between the County and the District's Board of Directors.

The District's primary functions include:

**Water** – The District's water is supplied from four groundwater wells that are treated at two plants constructed in 2003 for \$7 million. Currently, a majority of all Discovery Bay residential property owners pay for their water and sewer usage on their property tax bill based on a flat rate according to their parcel size. Most commercial establishments and a third of residential owners are on water meters. The District's deadline for converting all residential properties to water metering and appropriate per usage billing is 2024.

**Wastewater** – In 2004, the District completed construction of a state of the art wastewater treatment, solar sludge drying facility. The majority of the water and wastewater infrastructure is three to 15 years of age. The District outsources the operation and maintenance of their water and wastewater facilities to Veolia Water.

**Recreation** – As a condition of development of Discovery Bay and Discovery Bay West, Contra Costa County and a development company have an agreement to provide the Town of Discovery Bay CSD a plot of land and half of the development costs of a Community Center building. The funds for the building do not have to be provided until the District has secured its half of the funding. The Board of Directors and Community Center Committee are continuing negotiations with several developers to locate an appropriate building site and secure additional funding.

**Lighting and Landscaping** – The District has four public parks and many acres of "common landscape areas" within five assessment districts, which are maintained under a multi-year landscape maintenance contract with two private vendors.







## CURRENT ISSUES & PRIORITIES

The new General Manager will be joining a fiscally-sound District with a recently completed infrastructure. Priorities will include addressing the wastewater quality issues faced by most communities in California, but per the District's recently renewed NPDES permit, most specifically the reduction of salinity and participation in the Central Valley Salinity Coalition; construction of the new Community Center; the continuing conversion to water meters, and; building relationships within the community, region and state.

The Board of Directors is also currently soliciting the public's input on their proposed Mission Statement.

### Vision

- Full service and sustainable community
- Grow in harmony with the environment and the Delta
- Provide the highest quality of life now and for future generations

### Mission

- Provide effective and fiscally responsible municipal services in a manner which promotes a high standard of community life with a focus on the environment and the Delta in partnership with the community

### Goals

- Responsible management of public funds
- Balance economic prosperity and the preservation of our neighborhoods and natural resources
- Timely communication between government and citizens
- Continually improve the quality of our services
- Stewards of the environment
- Pride in community assets
- Provide leadership while considering all points of view, to ultimately set policy and make decisions based on what is in the best interest of the entire community
- Recognize pioneers of the community

### Values

- Innovation
- Accountability
- Respect
- Integrity

## THE POSITION

The General Manager is expected to plan, organize, coordinate and supervise all District functions and activities. The General Manager receives policy direction from the Board of Directors and works closely with them on a variety of issues.

## THE IDEAL CANDIDATE

The ideal candidate will join a fiscally sound District ready to build on its successes since its establishment in 1997. They will bring a desire to become a visible and collaborative member of the community in addition to providing strong leadership for the District. The diverse nature of the District provides great opportunities for those who enjoy multi-tasking and being hands-on. The ability to communicate effectively and work collaboratively with the Board of Directors, regionally and statewide, coupled with a professional demeanor and a proven track record of sound fiscal, technical and personnel management will be expected. A progressively responsible management background and a Bachelor's degree is required. A Master's degree is desirable. Commensurate experience will be considered in lieu of education.

### Desired Competencies/Characteristics:

- Background in municipal government with the know how to take District to the 'next level'
- Experience with the Regional Water Quality Control Board
- Familiarity with CEQA
- Ability to appropriately budget for and grow operations
- Ability to make well-thought out, 'bullet-proof' recommendations
- Committed to staff development/training and retention







- Good listener; respects and fosters employee input
- Independent manager; delegates effectively without micro-managing
- Analytical/critical thinker
- Sense of humor
- Thorough understanding of GM vs. Board roles
- Apolitical but astute
- Proactive
- Open and transparent communication style
- Tactful, 'bridge builder', able to collaborate and forge relationships regionally, statewide, and with public and media
- Dedicated to community
- Knowledge of construction management
- Attention to detail
- Broad range of skills – human resources, finance, technical
- A 'rainmaker' – willing to think creatively/innovatively regarding revenues, resources and grants
- Big picture thinker; visionary



## COMPENSATION

The salary range and benefits package for this position are open and negotiable.

## APPLICATION AND SELECTION PROCESS

The filing deadline is **Monday, October 12, 2009**. Please submit a resume, cover letter, five work-related references and current salary to:



Pam Derby  
CPS EXECUTIVE SEARCH  
241 Lathrop Way  
Sacramento, CA 95815  
Phone: (916) 263-1401  
Fax: (916) 561-7205  
Email: [resumes@cps.ca.gov](mailto:resumes@cps.ca.gov)  
Website: [www.cps.ca.gov/search](http://www.cps.ca.gov/search)

Resumes will be screened based on the criteria outlined in this brochure. Candidates with the most relevant qualifications will be given preliminary interviews by the consultant. CPS Executive Search will report the results to the District. The District will then select candidates to be invited to participate in interviews in Discovery Bay. An offer of appointment is expected following comprehensive reference and background checks.



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# TOWN OF DISCOVERY BAY

*A COMMUNITY SERVICES DISTRICT*



President – Bill Pease • Vice-President – Robert Leete • Director – Kevin Graves • Director – Mark Simon • Director – Chris Steele

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## **The staff report will be provided prior to the Meeting for Agenda Item No. E-3**

**E-3** Contract with Veolia Water West Operating Services Inc.: Consider and approve the First Five-Year Extension to the contract for the operation and maintenance of the Town's water and wastewater facilities



# Town of Discovery Bay


"A Community Services District"

## AGENDA REPORT

Meeting Date

March 16, 2016

**Prepared By:** Virgil Koehne, Water and Wastewater Manager

**Submitted By:** Catherine Kutsuris, Interim General Manager 

### Agenda Title

Consider Authorizing a Contract for Raising Various Sewer Manholes and Water Valve Lids

### Recommended Action

Authorize the Interim General Manager, or designee, to sign a \$11,350.00 contract with J.W. Backhoe and Construction to raise selected sewer manhole covers and water valve covers

### Executive Summary

As part of the ongoing infrastructure maintenance, the District tries every year to raise several sewer manhole covers and water valve covers to about a ½-inch above current street grade. We try to first raise the ones that are mainly in high traffic areas, and then work back to ones that are in either non-traffic lanes or low traffic lanes. The sloped finished asphalt allows vehicles to drive over these, rather than to drop on top of these lids. Two bids were received for this project: \$23,250.00 and \$11,350.00.

The CIP budget allocated \$10,000.00 for this project, as well as \$18,000.00 for the rehabilitation of manholes. The total cost of this project, including the cost for encroachment permits, is \$12,000.00. The District staff will cover the additional \$2,000.00 by ensuring that any future expenditures for the manhole rehabilitation remains below \$16,000.00. The Town staff will be responsible for obtaining the encroachment permit for the project.

**Fiscal Impact:** \$12,000.00

**Amount Requested**

**Sufficient Budgeted Funds Available?:** Yes (If no, see attached fiscal analysis)

**Prog/Fund #** 21-1170-40/41. **Category:**

### Previous Relevant Board Actions for This Item

### Attachments:

1. Bid from J.W. Backhoe;
2. Bid from G&S Paving
3. 2016 List of Water Valves and Sewer Manholes to Raise

AGENDA ITEM: E-4

JW Backhoe & Construction, Inc.  
PO Box 722  
Knightsen, CA 94548  
(925) 516-1266

February 12<sup>th</sup>, 2016

**To:** Town of Discovery Bay  
**Attn:** Virgil Koehne  
**Job:** Raising water valve boxes and sewer manholes in varies locations in Discovery Bay

### PROPOSAL

This bid is to raise various sewer manholes and water valve boxes throughout the Town of Discovery Bay. To brake out existing asphalt and concrete around the manhole castings and valve boxes. To raise sewer manhole casting and G-5 boxes approximately 1/2" higher than the existing Asphalt, per Virgil's direction. To install new G-5 water boxes over the water valve. To use the existing sewer manhole casting. To repour concrete around the manhole castings and valve boxes. To pave back the top 2" with asphalt. This proposal includes the equipment, labor and material needed to finish the proposed.

<u>Type of Cover</u>	<u>Quantity</u>	<u>Price per Item</u>	<u>Total Price Per Item</u>
Sewer	7	\$1,300	\$9,100
Water	5	\$450	\$2,250

**Total \$11,350.00**

(Bid price good for 30 days)

**EXCLUSIONS:**

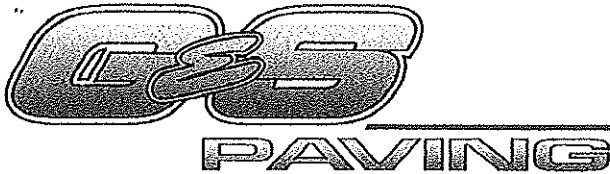
1. No permits, no bonds, no fees
2. No handling of or off hauling of hazardous material
3. No compaction tests (sub grade or finished grade)
4. No engineering
5. No engineered traffic control plan
6. No slurry seal of street area
7. No installing of new sewer manhole casting
8. No weekend, holiday or night work
9. No SWPPP

**Note:**

Should any legal action be necessary to collect payment, principal sum of this bid and any expenses to JW Backhoe & Construction, Inc. legal or otherwise, to be compensated in full by the customer and/or owner of the project.

  
Bobby Williamson  
JW Backhoe & Construction, Inc.

I, \_\_\_\_\_ accept this proposal on this date \_\_\_\_\_



February 26, 2016

PROPOSAL/CONTRACT

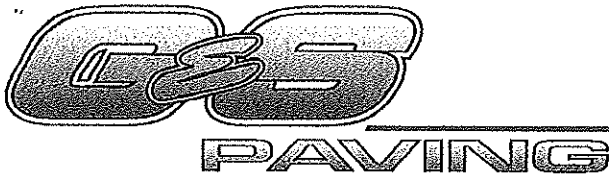
State License #961703

To: **Town of Discovery Bay**  
**Mr. Virgil Koehne, Water & Wastewater Manager**  
**1800 Willow Lake Road, Discovery Bay, CA 94505-9376**  
**Phone: (925) 634-1131 Cell: (925) 683-3619 Fax: (925) 513-2705**  
**Email: vkoehne@todb.ca.gov**

Re: 2016 Water Valves and Sewer Manholes Raising

THE FOLLOWING **TERMS AND CONDITIONS** TERM A PART OF THE AGREEMENT ON PAGE 1 OF THIS PROPOSAL, TO WHICH THE CUSTOMER AGREES BY HIS/THEIR SIGNATURE(S);

1. **EXTRAS:**  
DETERMINED BY SPECIFIC UNIT PRICES TO INSTALL.
2. **GUARANTEE:**  
ALL MATERIALS AND WORKMANSHIP ARE GUARANTEED BY THE CONTRACTOR FOR A PERIOD OF ONE YEAR WITH THE FOLLOWING EXCEPTED CONDITIONS:
  - A. AVAILABLE SLOPE: NOT RESPONSIBLE FOR DRAINAGE WHERE AVAILABLE SLOPE OF PAVING IS LESS THAN 1%.
  - B. EXISTING CONDITIONS: G&S PAVING NOT RESPONSIBLE FOR DEFECTS IN THE PAVING DUE TO EXISTING CONDITIONS SUCH AS SETTLEMENT, SLIDES, SPRINGS, OLD PAVING OR BASE ROCK, WEEDS OR TREE ROOTS.
  - C. G&S PAVING ASSUMES NO RESPONSIBILITY FOR STRUCTURAL INTEGRITY OF SUBGRADE DUE TO NO SOILS REPORT BEING PROVIDED.
  - D. G&S PAVING NOT RESPONSIBLE FOR DEFECTS IN WORK CAUSED BY IMPROPER CARE BY OWNER. IE: DRIPPING OF PETROLEUM PRODUCTS, STATIC LOADS, POWER STEERING, ETC, BEFORE PAVING IS COMPLETELY CURED.
  - E. SHOULD OWNER DESIRE INSTALLATION OF PAVING DURING WEATHER CONDITIONS NOT ACCEPTABLE FOR STATE HIGHWAY WORK, OWNER BEARS RESPONSIBILITY FOR OUTCOME.
3. **NON-RESPONSIBILITY:**
  - A. G&S PAVING IS NOT RESPONSIBLE FOR THE DAMAGE OF ANY UTILITY LINE, PIPE, CONDUIT, OR OTHER SERVICE DURING PAVING PROCESS OF EXCAVATING OR PAVING WHICH IS NOT EXPOSED IN AT LEAST ONE SPOT EVERY TWENTY FEET AND PLAINLY MARKED.
  - B. G&S PAVING SHALL NOT BE LIABLE FOR ANY CHARGES FOR LIQUIDATED DAMAGES RESULTING FROM DELAY ON COMPLETION OF WORK CAUSED BY FACTORS BEYOND HIS CONTROL.
4. **PAYMENTS:**  
THE CUSTOMER AGREES TO MAKE ALL PAYMENTS ACCORDING TO TERMS LISTED, AND THAT HE WILL PAY INTEREST FOR EACH MONTH OR FRACTION THERE OF AT THE RATE OF 1 ½% PER MONTH PLUS ANY REASONABLE ATTORNEYS FEES OR COURT COSTS FOR SUIT TO RECOVER SUCH PAYMENT.
5. **NOTICE:**  
UNDER THE MECHANICS LIEN LAW (CALIFORNIA CIVIL CODE OF PROCEDURE, SECTION 1181 ET SEQ) ANY CONTRACTOR, LABORER, SUPPLIER OR ANY OTHER PERSON WHO HELPS TO IMPROVE YOUR PROPERTY BUT IS NOT PAID FOR HIS/HER WORK OR SUPPLIES, HAS A RIGHT TO ENFORCE A CLAIM AGAINST YOUR PROPERTY. THIS MEANS THAT AFTER A COURT HEARING, YOUR PROPERTY COULD BE SOLD BY A COURT OFFICER AND THE PROCEEDS OF THE SALE USED TO SATISFY THE INDEBTEDNESS. THIS CAN OCCUR EVEN IF YOU HAVE PAID YOUR OWN CONTRATOR IN FULL, IF THE SUBCONTRACTOR, LABORER TO SUPPLIER REMAINS UNPAID.



February 26, 2016

State License #961703

To: **Town of Discovery Bay**  
**Mr. Virgil Koehne, Water & Wastewater Manager**  
 1800 Willow Lake Road, Discovery Bay, CA 94505-9376  
 Phone: (925) 634-1131 Cell: (925) 683-3619 Fax: (925) 513-2705  
 Email: vkoehne@todb.ca.gov

Re: 2016 Water Valves and Sewer Manholes Raising

We propose to furnish all materials and labor to complete the following: **Included in Base Bid:**

Item:	Unit Type:	Scope of Work:
1.	LS	Mobilization of trucks, machinery, tools, materials and supplies.
2.	12 Each	Saw-cut, demolish, remove, load, off-haul and dispose of the existing asphalt around each of the 5 valves (4' X 4') and 7 manholes (10' X 10') to existing underlying base rock or concrete.
3.	12 Each	Adjust valves or manholes upward to desired height at 1/2" inch above surrounding asphalt grades with risers or spacers as needed.
4.	LS	Furnish and install asphalt at needed depths to blend asphalt paving back into existing surrounding asphalt grade perimeters from new utility elevations.
5.	LS	Furnish and install traffic control as needed
		All of the above work to be completed and material supplied in a manner according to standard industry practices for a total sum of: <b>Twenty three thousand two hundred fifty dollars and.....00/100.</b>
		<b>\$23,250.00</b>

**NOTE:** Additional dump fees will be applied if existing asphalt contains Petromat or other fabric interlayer membranes.  
 Price is good for 7 days. Any questions please call: (925) 679-1940.  
 Price includes one (1) move-in / mobilization only.  
 Price DOES NOT include weekend work.

DIR Registration Number: 1000004524.  
 G&S Paving Small Business Certification Number 1003154, Expires 11/30/2017

**Exclusions / Not Included in Bid:**

1. Engineering, compaction test, staking, subsidence, permits, fees, bonds, prevailing wage, temporary facilities, handling of contaminated unsuitable material, trench plate removal, cold patch removal, cold patch disposal, erosion control, de-watering, prime coat, weekend work.
2. Any discount coupon if not presented at time of bid meeting or job walk. Any discount coupon for commercial projects. Price includes 20% discount. Not valid with any other offer.
3. Damage to irrigation systems, sod and/or landscaping unless specifically addressed in proposal/contract.

Please Note: Due to energy crisis and market instability, any price increase in fuel, trucking or material will be passed on.

**Terms:**

1. 10 % down due upon acceptance of contract.
2. Monthly progress payments if applicable.
3. Balance due upon completion of project.
4. Any alterations or additions to the above scope of work involving extra cost of materials and labor will only be executed upon written orders for the same and will become an extra charge over the sum mentioned in this contract. All agreements must be in writing.

RESPECTFULLY SUBMITTED,

BY: \_\_\_\_\_  
 Owner: Jerry R. Stanley  
 February 26, 2016

Acceptance of proposal - the above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payments will be made as outlined above.

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

DATE: \_\_\_\_\_

## 2016 - List of Water Valves & Sewer Manholes to Raise

1. S -- @ Willow Lake / Marlin Ct
2. S- @Willow Lake / Marina Rd
3. S -- In front of 5435 Riverlake Rd
4. S -- In front of 5270 Riverlake Rd
5. w/v -- @ Riverlake Rd./Sail Ct
6. w/v -- @ D.B. Blvd / Riverlake Rd
7. S- @ End of Drakes Ct
8. S- @Willow Lake / Drakes Ct
9. S -- In front of 5360 Willow Lake Ct.
10. w/v In front of 5391 Willow Lake Ct
11. 2-w/v @ Willow Lake / Starboard Ct

S = Sewer Manhole    W/V = Water Valve Box

Raise each ½-inch above existing road grade, and final pave to existing grade

Contractor shall be responsible to comply with Contra Costa County Encroachment Permit regulations, regarding paving and traffic control for the above street locations.

Contractor has comply with Diablo Water District spec's for all water valves -- see attached dwg

Contractor shall comply with Central Sanitary District spec's for sewer manholes -- see attached dwg

Contractor must pay prevailing wages for this project.





# Town of Discovery Bay

"A Community Services District"

## AGENDA REPORT

Meeting Date  
March 16, 2016

Prepared By: Catherine Kutsuris, Interim General Manager  
Submitted By: Catherine Kutsuris, Interim General Manager *CK*

**Agenda Title:** Position on Senate Bill 885 (Duty to Defend Reform) by Senator Lois Wolk

**Recommended Action:** Consider sending a letter opposing Senate Bill 885 as recommended by the California Special Districts Association

### Executive Summary:

Senate Bill 885 was introduced by Senator Lois Wolk (Davis) on January 19, 2016. The Bill prohibits contracts that require state licensed design professional, including engineers and architects, to defend claims made against other persons or entities involved in construction projects. According to the Senator's office, this Bill is intended to address the challenge faces by design professionals attempting to purchase insurance.

The California Special Districts Association has taken a position of "Oppose-As Introduced". The Association's March 9<sup>th</sup> letter (a copy of which is attached) explains that SB 885 would eliminate the ability of a public agency to place a clause in contracts with design professionals that would require them to legally defend the public agency if a claim or lawsuit directly related to the design services work was filed against the agency. The Association believes that this Bill would transfer to public agencies the responsibility and risk for a project's design work – thus increasing the cost of public works projects.

The recommended letter from the California Special District's Association is attached for your consideration, along with the full text of Senate Bill 885.

### Fiscal Impact:

Amount Requested \$

Sufficient Budgeted Funds Available?: (If no, see attached fiscal analysis)

Prog/Fund # Category: Pers. Optg. Cap. -or- CIP# Fund#

### Previous Relevant Board Actions for This Item

### Attachments

1. Senate Bill 885 (Wolk)
2. March 9, 2016 letter from the California Special Districts Association regarding SB 885
3. Bill Summary from Senator Lois Wolk
4. Draft letter as recommended by the California Special Districts Association

AGENDA ITEM: E-5



**Introduced by Senator Wolk**

January 19, 2016

An act to amend Section 2782 of the Civil Code, relating to contracts.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 885, as introduced, Wolk. Construction contracts: indemnity.

Existing law makes specified provisions in construction contracts void and unenforceable, including provisions that purport to indemnify the promisee against liability for damages for death or bodily injury to persons, injury to property, or any other loss arising from the sole negligence or willful misconduct of the promisee or the promisee's agents who are directly responsible to the promisee, or for defects in design furnished by those persons.

This bill would specify, for construction contracts entered into on or after January 1, 2017, that a design professional, as defined, only has the duty to defend claims that arise out of, or pertain or relate to, negligence, recklessness, or willful misconduct of the design professional. Under the bill, a design professional would not have a duty to defend claims against any other person or entity arising from a construction project, except that person or entity's reasonable defense costs arising out of the design professional's degree of fault, as specified. The bill would prohibit waiver of these provisions and would provide that any clause in a contract that requires a design professional to defend claims against other persons or entities is void and unenforceable. The bill would provide Legislative findings and declarations in support of these provisions.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. The Legislature finds and declares all of the  
2 following:

3 (a) Errors and omissions insurance for design professionals does  
4 not provide coverage for the defense of claims against other persons  
5 and other entities involved in construction projects.

6 (b) Requiring design professionals to defend claims against  
7 other persons or other entities involved in construction projects  
8 when insurance coverage is not available is unfair and contrary to  
9 sound public policy.

10 (c) It is sound public policy for all persons and entities in  
11 projects to defend themselves against claims of negligence or error.

12 (d) It is the intent of the Legislature in enacting this act to  
13 prohibit indemnity agreements that require design professionals  
14 to defend claims made against other persons or other entities  
15 involved in construction projects.

16 SEC. 2. Section 2782 of the Civil Code is amended to read:

17 2782. (a) Except as provided in Sections 2782.1, 2782.2,  
18 2782.5, and 2782.6, provisions, clauses, covenants, or agreements  
19 contained in, collateral to, or affecting any construction contract  
20 and that purport to indemnify the promisee against liability for  
21 damages for death or bodily injury to persons, injury to property,  
22 or any other loss, damage or expense arising from the sole  
23 negligence or willful misconduct of the promisee or the promisee's  
24 agents, servants, or independent contractors who are directly  
25 responsible to the promisee, or for defects in design furnished by  
26 those persons, are against public policy and are void and  
27 unenforceable; provided, however, that this section shall not affect  
28 the validity of any insurance contract, workers' compensation, or  
29 agreement issued by an admitted insurer as defined by the  
30 Insurance Code.

31 (b) (1) Except as provided in Sections 2782.1, 2782.2, and  
32 2782.5, provisions, clauses, covenants, or agreements contained  
33 in, collateral to, or affecting any construction contract with a public  
34 agency entered into before January 1, 2013, that purport to impose  
35 on the contractor, or relieve the public agency from, liability for  
36 the active negligence of the public agency are void and  
37 unenforceable.

1 (2) Except as provided in Sections 2782.1, 2782.2, and 2782.5,  
2 provisions, clauses, covenants, or agreements contained in,  
3 collateral to, or affecting any construction contract with a public  
4 agency entered into on or after January 1, 2013, that purport to  
5 impose on any contractor, subcontractor, or supplier of goods or  
6 services, or relieve the public agency from, liability for the active  
7 negligence of the public agency are void and unenforceable.

8 (c) (1) Except as provided in subdivision (d) and Sections  
9 2782.1, 2782.2, and 2782.5, provisions, clauses, covenants, or  
10 agreements contained in, collateral to, or affecting any construction  
11 contract entered into on or after January 1, 2013, with the owner  
12 of privately owned real property to be improved and as to which  
13 the owner is not acting as a contractor or supplier of materials or  
14 equipment to the work, that purport to impose on any contractor,  
15 subcontractor, or supplier of goods or services, or relieve the owner  
16 from, liability are unenforceable to the extent of the active  
17 negligence of the owner, including that of its employees.

18 (2) For purposes of this subdivision, an owner of privately  
19 owned real property to be improved includes the owner of any  
20 interest therein, other than a mortgage or other interest that is held  
21 solely as security for performance of an obligation.

22 (3) This subdivision shall not apply to a homeowner performing  
23 a home improvement project on his or her own single family  
24 dwelling.

25 (d) For all construction contracts, and amendments thereto,  
26 entered into after January 1, 2009, for residential construction, as  
27 used in Title 7 (commencing with Section 895) of Part 2 of  
28 Division 2, all provisions, clauses, covenants, and agreements  
29 contained in, collateral to, or affecting any construction contract,  
30 and amendments thereto, that purport to insure or indemnify,  
31 including the cost to defend, the builder, as defined in Section 911,  
32 or the general contractor or contractor not affiliated with the  
33 builder, as described in subdivision (b) of Section 911, by a  
34 subcontractor against liability for claims of construction defects  
35 are unenforceable to the extent the claims arise out of, pertain to,  
36 or relate to the negligence of the builder or contractor or the  
37 builder's or contractor's other agents, other servants, or other  
38 independent contractors who are directly responsible to the builder,  
39 or for defects in design furnished by those persons, or to the extent  
40 the claims do not arise out of, pertain to, or relate to the scope of

1 work in the written agreement between the parties. This section  
2 shall not be waived or modified by contractual agreement, act, or  
3 omission of the parties. Contractual provisions, clauses, covenants,  
4 or agreements not expressly prohibited herein are reserved to the  
5 agreement of the parties. Nothing in this subdivision shall prevent  
6 any party from exercising its rights under subdivision (a) of Section  
7 910. This subdivision shall not affect the obligations of an  
8 insurance carrier under the holding of *Presley Homes, Inc. v.*  
9 *American States Insurance Company* (2001) 90 Cal.App.4th 571.  
10 Nor shall this subdivision affect the obligations of a builder or  
11 subcontractor pursuant to Title 7 (commencing with Section 895)  
12 of Part 2 of Division 2.

13 (e) Subdivision (d) does not prohibit a subcontractor and builder  
14 or general contractor from mutually agreeing to the timing or  
15 immediacy of the defense and provisions for reimbursement of  
16 defense fees and costs, so long as that agreement does not waive  
17 or modify the provisions of subdivision (d) subject, however, to  
18 paragraphs (1) and (2). A subcontractor shall owe no defense or  
19 indemnity obligation to a builder or general contractor for a  
20 construction defect claim unless and until the builder or general  
21 contractor provides a written tender of the claim, or portion thereof,  
22 to the subcontractor which includes all of the information provided  
23 to the builder or general contractor by the claimant or claimants,  
24 including, but not limited to, information provided pursuant to  
25 subdivision (a) of Section 910, relating to claims caused by that  
26 subcontractor's scope of work. This written tender shall have the  
27 same force and effect as a notice of commencement of a legal  
28 proceeding. If a builder or general contractor tenders a claim for  
29 construction defects, or a portion thereof, to a subcontractor in the  
30 manner specified by this provision, the subcontractor shall elect  
31 to perform either of the following, the performance of which shall  
32 be deemed to satisfy the subcontractor's defense obligation to the  
33 builder or general contractor:

34 (1) Defend the claim with counsel of its choice, and the  
35 subcontractor shall maintain control of the defense for any claim  
36 or portion of claim to which the defense obligation applies. If a  
37 subcontractor elects to defend under this paragraph, the  
38 subcontractor shall provide written notice of the election to the  
39 builder or general contractor within a reasonable time period  
40 following receipt of the written tender, and in no event later than

1 90 days following that receipt. Consistent with subdivision (d),  
2 the defense by the subcontractor shall be a complete defense of  
3 the builder or general contractor of all claims or portions thereof  
4 to the extent alleged to be caused by the subcontractor, including  
5 any vicarious liability claims against the builder or general  
6 contractor resulting from the subcontractor's scope of work, but  
7 not including claims resulting from the scope of work, actions, or  
8 omissions of the builder, general contractor, or any other party.  
9 Any vicarious liability imposed upon a builder or general contractor  
10 for claims caused by the subcontractor electing to defend under  
11 this paragraph shall be directly enforceable against the  
12 subcontractor by the builder, general contractor, or claimant.

13 (2) Pay, within 30 days of receipt of an invoice from the builder  
14 or general contractor, no more than a reasonable allocated share  
15 of the builder's or general contractor's defense fees and costs, on  
16 an ongoing basis during the pendency of the claim, subject to  
17 reallocation consistent with subdivision (d), and including any  
18 amounts reallocated upon final resolution of the claim, either by  
19 settlement or judgment. The builder or general contractor shall  
20 allocate a share to itself to the extent a claim or claims are alleged  
21 to be caused by its work, actions, or omissions, and a share to each  
22 subcontractor to the extent a claim or claims are alleged to be  
23 caused by the subcontractor's work, actions, or omissions,  
24 regardless of whether the builder or general contractor actually  
25 tenders the claim to any particular subcontractor, and regardless  
26 of whether that subcontractor is participating in the defense. Any  
27 amounts not collected from any particular subcontractor may not  
28 be collected from any other subcontractor.

29 (f) Notwithstanding any other provision of law, if a  
30 subcontractor fails to timely and adequately perform its obligations  
31 under paragraph (1) of subdivision (e), the builder or general  
32 contractor shall have the right to pursue a claim against the  
33 subcontractor for any resulting compensatory damages,  
34 consequential damages, and reasonable attorney's fees. If a  
35 subcontractor fails to timely perform its obligations under  
36 paragraph (2) of subdivision (e), the builder or general contractor  
37 shall have the right to pursue a claim against the subcontractor for  
38 any resulting compensatory and consequential damages, as well  
39 as for interest on defense and indemnity costs, from the date  
40 incurred, at the rate set forth in subdivision (g) of Section 3260,

1 and for the builder's or general contractor's reasonable attorney's  
2 fees incurred to recover these amounts. The builder or general  
3 contractor shall bear the burden of proof to establish both the  
4 subcontractor's failure to perform under either paragraph (1) or  
5 (2) of subdivision (e) and any resulting damages. If, upon request  
6 by a subcontractor, a builder or general contractor does not  
7 reallocate defense fees to subcontractors within 30 days following  
8 final resolution of the claim as described above, the subcontractor  
9 shall have the right to pursue a claim against the builder or general  
10 contractor for any resulting compensatory and consequential  
11 damages, as well as for interest on the fees, from the date of final  
12 resolution of the claim, at the rate set forth in subdivision (g) of  
13 Section 3260, and the subcontractor's reasonable attorney's fees  
14 incurred in connection therewith. The subcontractor shall bear the  
15 burden of proof to establish both the failure to reallocate the fees  
16 and any resulting damages. Nothing in this section shall prohibit  
17 the parties from mutually agreeing to reasonable contractual  
18 provisions for damages if any party fails to elect for or perform  
19 its obligations as stated in this section.

20 (g) A builder, general contractor, or subcontractor shall have  
21 the right to seek equitable indemnity for any claim governed by  
22 this section.

23 (h) Nothing in this section limits, restricts, or prohibits the right  
24 of a builder, general contractor, or subcontractor to seek equitable  
25 indemnity against any supplier, design professional, or product  
26 manufacturer.

27 (i) As used in this section, "construction defect" means a  
28 violation of the standards set forth in Sections 896 and 897.

29 (j) (1) *Commencing with contracts entered into on or after*  
30 *January 1, 2017, a design professional, as defined in paragraph*  
31 *(2) of subdivision (c) of Section 2782.8, shall only have the duty*  
32 *to defend claims that arise out of, pertain to, or relate to, the*  
33 *negligence, recklessness, or willful misconduct of the design*  
34 *professional. A design professional shall have no duty to defend*  
35 *claims against other persons or entities. A design professional*  
36 *shall be obligated to reimburse reasonable defense costs incurred*  
37 *by other persons or entities, limited to the design professional's*  
38 *degree of fault, as determined by a court or arbitration.*

39 (2) *The provisions of this subdivision shall not be waived or*  
40 *modified by contract. Contract provisions in violation of this*

- 1 *subdivision are void and unenforceable. The duty of a design*
- 2 *professional to defend is limited as provided in this subdivision.*

O



**California Special  
Districts Association**

*Districts Stronger Together*

March 9, 2016

The Honorable Hannah-Beth Jackson  
Chair, Senate Judiciary Committee  
State Capitol  
Sacramento, CA 95814

**Re: Senate Bill 885 (Wolk) – Oppose [As Introduced]**

Dear Senator Jackson:

The California Special Districts Association (CSDA), representing over 1,000 special districts and affiliate organizations throughout the state, must respectfully oppose SB 885 related to contract indemnity. CSDA represents all types of special districts, which provide millions of Californians with essential local services such as fire protection, water, health care, sanitation, and parks and recreation.

SB 885 eliminates the ability of a public agency to contract with engineers and architects, known as design professionals, for upfront legal defense costs against claims related to a project's design work. When contracting with a design professional, public agencies often place a clause in the agreement requiring the design professional to legally defend the public agency if a claim or lawsuit directly related to the design services work is filed against the agency. This current practice fosters an environment of collaboration between the public agency and the design professional who both have the same incentive to resolve the lawsuit or claim.

This bill instead imposes a "one size fits all" constraint on contractual negotiations by prohibiting a public agency from requiring the design professional to defend a claim directly connected to the work of the design professional. Requiring the public agency to defend the actions of the design professional creates a "reimbursement only" process that results in the public agency defending the actions of the design professional and shouldering upfront all of the associated costs. The public agency would then have to seek reimbursement from the design professional, to the extent the design professional is found negligent, once the claim is fully litigated and a court or arbitrator renders a final decision. This process not only requires a public entity to front the costs for a private entity, it also creates conflict within the public-private partnership, effectually eliminating the incentive to work together towards a settlement, rather than the more costly process of litigation.

**Requires Taxpayers to Defend Private Companies**

SB 885 forces taxpayers and ratepayers to front the legal costs to defend the private sector, even for claims where the design professional is 100 percent at fault. The bill is currently crafted in a manner that would result in special districts and other local agencies covering the upfront legal costs of a dispute where the design professional has liability exposure and/or the design professional has some responsibility to defend. Instead of receiving an upfront defense, public agencies will have to first wait for a judgement by the court and then ask for reimbursement for the defense costs from the design professional. In these circumstances, which we fear will arise more often than not, the burden will be placed on the local agency to substantiate that the design professional must reimburse the local agency for their share of the legal costs, even when there is clearly a shared duty to defend.

The new process proposed by this bill will tie-up public dollars in the legal system until an official judgement is made. This will further increase the enormous backlog of deferred maintenance public agencies face and restrict investment in new infrastructure projects. It is well documented that California is in dire need of hundreds of billions of dollars in infrastructure investment, whether it be for water, roads, hospitals, or

**California Special Districts Association**

1112 I Street, Suite 200  
Sacramento, CA 95814  
toll-free: 877.924.2732  
t: 916.442.7887  
f: 916.442.7889  
www.csdanet

*A proud California Special Districts Alliance partner*

Special District Risk Management Authority  
1112 I Street, Suite 300  
Sacramento, CA 95814  
toll-free: 800.537.7790  
f: 916.231.4111

CSDA Finance Corporation  
1112 I Street, Suite 200  
Sacramento, CA 95814  
toll-free: 877.924.2732  
f: 916.442.7889



schools. This bill will have a major chilling effect on public improvements as state and local agencies become more vulnerable to litigation and are forced to devote scarce public resources to defending private entities.

**Favors Litigation Over Negotiation**

SB 885 encourages new litigation, rather than the current focus on resolution, and manufactures unnecessary conflict in public works project. Because this bill would create a reimbursement only system that hinges upon an official adjudication, settling a lawsuit or claim would become an unviable option in most cases. Currently, it is common practice for all affected parties to come to the table and enter into a settlement, avoiding a long, drawn-out lawsuit that could cost all parties significant legal fees. This bill removes the incentive for settlement because design professionals would only be liable for defense costs after a full trial or arbitration process. In effect, this bill will force the public agency to side with the claimant against the design professional, rather than working with the design professional to disprove or settle the claim.

**Restricts Contract Flexibility**


Local agencies include indemnity agreements in contracts because they ultimately protect the taxpayer against expensive litigation costs, oftentimes litigation arising from circumstances in which the agency was not at fault. Parties to a contract should have the flexibility to tailor the requirements to meet the needs of the specific project, including the ability to allocate responsibilities as most appropriate. Long-standing practice when negotiating contract terms is to include indemnification provisions. SB 885 would stifle the flexibility inherent in current law and require public agencies to shoulder the burden of legal fees to protect private sector design professionals against claims that may result from inadequate plans and specifications.

**Reverses Course on Previous Compromise**

SB 885 seeks to reverse a unanimous 2008 California Supreme Court decision, *Crawford v Weathershield*, on an indemnification statute that has changed very little since 1872. The decision confirmed the ability of public agencies to place indemnification clauses in public works contracts that require the design professional to defend the public agency when a lawsuit directly related to the design services is filed. In 2010, SB 972 (Wolk) originally sought to overturn the court's decision, similar to SB 885. Ultimately, public agencies and the design professional community agreed to a compromise on this issue, creating Civil Code Section 2782.8. This code section protects design professionals from unreasonable liability requirements placed upon them by public agencies, while protecting taxpayers from defending lawsuits related to the work of design professionals. SB 885 moves well beyond 2010's compromise and would undo all previous negotiations.

In conclusion, SB 885 removes contract flexibility from special districts, while, in effect, transferring responsibility and risk for a project's design work from design professionals to the public. This will result in taxpayer dollars funding litigation related to the negligence of the design professionals, increasing the costs of public works projects, and limiting available resources for services and other infrastructure. For these reasons, CSDA respectfully opposes SB 885. Please do not hesitate to contact me if you have any questions regarding our position.

Sincerely,



Jimmy MacDonald  
Legislative Representative

cc: The Honorable Lois Wolk  
Honorable Members, Senate Judiciary Committee  
Tobias Halverson, Counsel, Senate Judiciary Committee  
Mike Petersen, Consultant, Senate Republican Caucus

# California State Senate

SENATOR  
LOIS WOLK  
MAJORITY WHIP  
THIRD SENATE DISTRICT



## Senate Bill 885 Duty to Defend Reform *By Senator Lois Wolk*

### **Bill Summary**

Senate Bill 885 prohibits contracts that require state licensed design professionals, including engineers, land surveyors, architects, and landscape architects, to defend claims made against other persons or entities involved in construction projects.

### **Bill Details**

- Maintains the current requirement that design professionals have the duty to defend claims that are the result of their misconduct.
- Specifies that design professionals do not have an immediate and uninsurable duty to defend claims against other persons or entities with whom they contract.
- Requires that design professionals reimburse reasonable defense costs incurred by other persons or entities with whom they contract, tied directly to the design professional's degree of fault.

### **Background**

The purpose of SB 885 is to address uninsurable risk shifting in indemnity agreements, in the context of construction contracts.

A design professional's Errors & Omissions professional liability insurance does not provide coverage for the defense of claims against other persons and entities involved in construction projects. It only covers claims related to the negligent acts of the design professional. A first-dollar expense obligation essentially converts the design professional's firm into the functional equivalent of an unlicensed insurance company.

It is in the public's best interest for all persons and entities in projects to defend themselves against claims of negligence or error. Design professionals will pay their proportional share of defense costs. However, when insurance coverage is not available, it is unfair to obligate them to defend lawsuits against other persons or entities.

### **Support**

American Council of Engineering Companies of California (Sponsor)  
American Institute of Architects California Council  
Structural Engineers Association of California

### **Staff contact**

Michael Erke, (916) 651-4003



# TOWN OF DISCOVERY BAY

A COMMUNITY SERVICES DISTRICT



President – Bill Pease • Vice-President – Bob Leete • Director – Kevin Graves • Director – Mark Simon • Director – Chris Steele

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March 17, 2016

The Honorable Hannah-Beth Jackson  
Chair, Senate Judiciary Committee  
State Capitol  
Sacramento, CA 95814

Re: Senate Bill 885 (Wolk)—Oppose [As Introduced]

Dear Senator Jackson:

On behalf of the Board of Directors, Town of Discovery Bay, I am writing to respectfully oppose Senate Bill 885 (Wolk), related to contract indemnity.

SB 885 eliminates the ability of a public agency to contract with engineers and architects, known as design professionals, for upfront legal defense costs against claims related to a project's design work. When contracting with a design professional, public agencies often place a clause in the agreement requiring the design professional to legally defend the public agency if a claim or lawsuit directly related to the design services work is filed against the agency. This current practice fosters an environment of collaboration between the public agency and the design professional who both have the same incentive to resolve the lawsuit or claim.

This bill instead imposes a "one size fits all" constraint on contractual negotiations by prohibiting a public agency from requiring the design professional to defend a claim directly connected to the work of the design professional. Requiring the public agency to defend the actions of the design professional creates a "reimbursement only" process that results in the public agency defending the actions of the design professional and shouldering upfront all of the associated costs. The public agency would then have to seek reimbursement from the design professional, to the extent the design professional is found negligent, once the claim is fully litigated and a court or arbitrator renders a final decision. This process not only requires a public entity to front the costs for a private entity, it also creates conflict within the public-private partnership, effectually eliminating the incentive to work together towards a settlement, rather than the more costly process of litigation.

The Town of Discovery Bay Community Services District, respectfully opposes SB 885. Thank you for your consideration of our concerns.

Sincerely,

Catherine Kutsuris, Interim General Manager  
Town of Discovery Bay

CC: State Senate (District 7) Senator Steven M. Glazer  
State Assembly (District 11) Assembly Member Jim Frazier  
The Honorable Lois Wolk [fax: 916-651-4903]  
Tobias Halverson, Counsel, Senate Judiciary Committee [fax: 916-403-7394]  
California Special Districts Association [fax: 916-520-2466]



# TOWN OF DISCOVERY BAY

*A COMMUNITY SERVICES DISTRICT*



President – Bill Pease • Vice-President – Robert Leete • Director – Kevin Graves • Director – Mark Simon • Director – Chris Steele

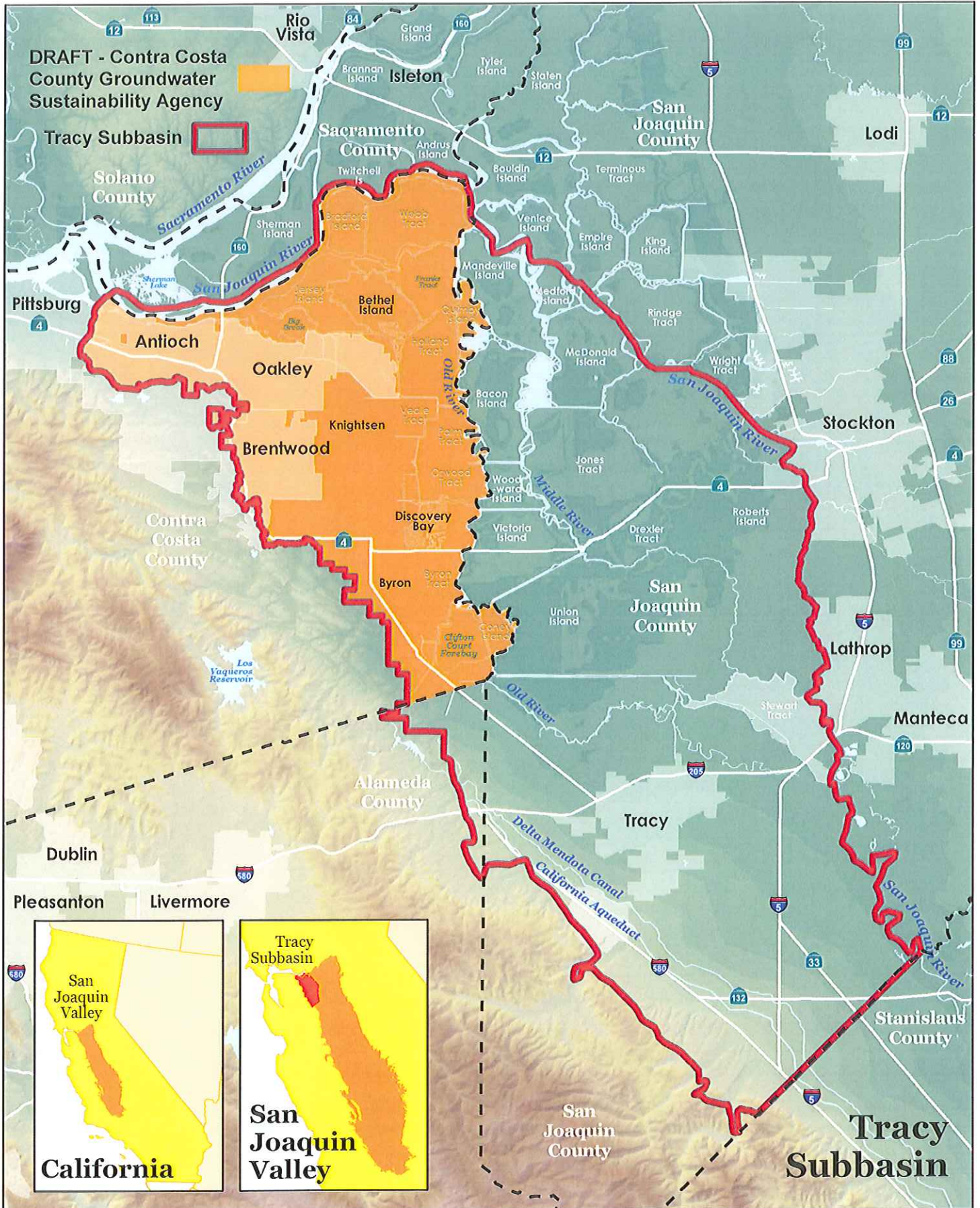
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## **There is no back up documentation for agenda items listed below:**

- F. INFORMATIONAL ITEMS ONLY (NO ACTION NECESSARY)
- G. PRESIDENT REPORT AND DIRECTORS' COMMENTS  
Water Education Foundation – California Water Resources Event – Director Graves
- H. MANAGER'S REPORTS – Discussion and Possible Action
- J. DISTRICT LEGAL COUNSEL REPORT
- K. SUB-COMMITTEE UPDATES – Discussion and Possible Action  
Parks and Recreation Sub-Committee meeting



# DRAFT - Contra Costa County Groundwater Sustainability Agency Formation

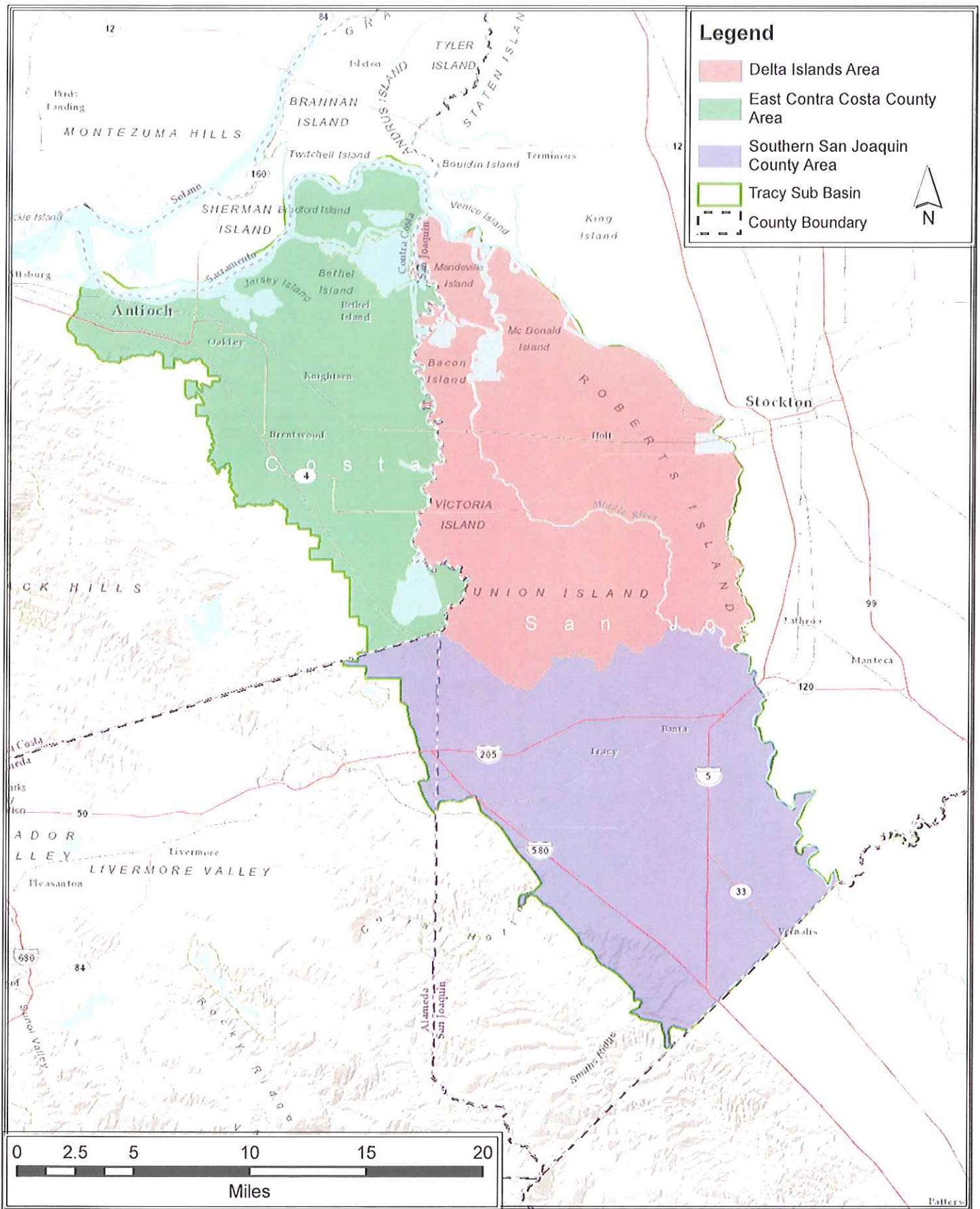


Map created 01/21/2015  
 by Contra Costa County Department of  
 Conservation and Development, GIS Group  
 30 Muir Road, Martinez, CA 94553  
 37.59.41.791N 122.07.03.756W

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**FINAL**



**CONTRA COSTA COUNTY  
AVIATION ADVISORY COMMITTEE  
MINUTES OF MEETING  
January 14, 2016**

**MEETING CALLED:** Chair Ronald Reagan called the meeting to order at 10:00 a.m.

**PRESENT:** **Roger Bass**, District II  
**Mike Bruno**, Vice Chair, CCC Airports Business Association  
**Maurice Gunderson**, Member at Large  
**DeWitt Hodge**, Secretary, Member at Large  
**Keith McMahon**, City of Concord  
**Derek Mims**, City of Pleasant Hill  
**Rudi Raab**, District I  
**Ronald Reagan**, Chair, District III  
**Tom Weber**, District IV

**ABSENT:** **Tina Dodson**, DVC  
**Russell Roe**, District V

**STAFF:** Keith Freitas, Director of Airports  
Beth Lee Assistant Director of Airports

**OPENING COMMENTS  
BY CHAIR:** Ronald Reagan expressed his appreciation to those present and asked for introductions.

**PUBLIC COMMENT  
PERIOD:** Duane Allen thanked and commended Keith Freitas for attending the MDPA meetings.

**APPROVAL OF  
MINUTES:** **Moved by Maurice Gunderson; seconded by Mike Bruno. Approved unanimously. Yes: Roger Bass, Mike Bruno, Maurice Gunderson, DeWitt Hodge, Keith McMahon, Derek Mims, Rudi Raab, Ronald Reagan, and Tom Weber. No: None. Abstained: None. Absent: Tina Dodson and Russell Roe.**

**APPROVAL OF  
CONSENT ITEMS:**

Moved by Mike Bruno; seconded by Tom Weber. Approved unanimously. Yes: Roger Bass, Mike Bruno, Maurice Gunderson, DeWitt Hodge, Keith McMahon, Derek Mims, Rudi Raab, Ronald Reagan, and Tom Weber. No: None. Abstained: None. Absent: Tina Dodson and Russell Roe.

**PRESENTATION/SPECIAL REPORTS: None**

**DISCUSSION/ACTION ITEMS:**

**a. Items Pulled from Consent**

None

**b. Byron Construction**

Keith Freitas reported that the first phase of construction, which included crack-seal, rejuvenation and remarking of the pavement, was completed late last year. Phase II (replacement of signs) has started, but inclement weather is impacting the work schedule. They expect another 30 working days.

**c. Airport Strategic Planning Process**

Keith Freitas explained that the Airport has gone through this process many times; past process focused on the internal mission statement and goals for Airports staff.

Beth Lee reported that the Airport met or exceeded all goals from the last Strategic Plan. Going through the Economic Development Incentive Program (EDIP) process it became clear that stakeholder insight and involvement would help to make sure that the Airports Division's direction and priorities are consistent with others on the field. The process will begin in the next few months and will include reviewing and/or revising the Airport's mission and values.

Ronald Reagan asked if it would be advantageous for someone from a State office to participate in the process. Ms. Lee responded that it would be County level involvement as this is a more internal directive document. Mr. Freitas clarified that the Strategic Planning process is driven by the people who use the Airport facility.

DeWitt Hodge asked to what extent Airport staff is reaching out to the general community. Ms. Lee explained that this is an internal process that Airports staff is choosing to make more external to ensure a more collective approach with tenants and stakeholders. Mr. Freitas explained that the completed Master Plan, that had community involvement, and this document, will help us define the best path(s) to implement it.

Derek Mims asked how long it has been since the last Strategic Planning process. Mr. Freitas responded that it has been about 10 years.

**d. Bylaws**

DeWitt Hodge reported that he, Derek Mims, and Tom Weber have proposed edits to the AAC Bylaws once the Board of Supervisors determines that the DVC seat will become an At Large position.



Derek Mims added that once they present the proposed amendments to the AAC it will have to be received and approved by the Airport Committee, Internal Operations Committee (IOC), and the Board of Supervisors. Since the AAC is going through this process, he asked if there is anything else in the Bylaws that should be amended to more accurately reflect what the AAC does now.

Tom Weber explained that there have been two fundamental changes in the AAC's environment that need to be reflected in the Bylaws. The first is the DVC seat change and the second is the At Large process. Since the last amendment to the Bylaws, the Board of Supervisors changed the At Large interview process.

Mr. Hodge commented that as a relatively new committee member he was surprised by some of the things he was unaware of that should be done on an annual basis, and that the group should have operating procedures to make sure they are in compliance with the Bylaws. Keith McMahan expressed his agreement with Mr. Hodge.

Ronald Reagan cautioned the group to stay on track with the Bylaws and not overstep the authority of the Board of Supervisors.

**e. Super Bowl 50 Update – FAA Flight Slots/Increased Operations**

Keith Freitas reported that there could be up to 1,200 additional aircraft in the Bay Area during the Super Bowl. Security measures will be the highest ever to date. There will be slot allocations at Buchanan Field and most other Bay Area airports due to the increased volume of air traffic. An email will be sent to tenants regarding the reservation process. The County will have reservations and the FBOs will have their own reservations.

Derek Mims asked whether there is anything being done to attract people to come here. Mike Bruno responded that not knowing who will be playing in the Super Bowl until 2 weeks prior to the event inhibits planning because it is unknown who will be coming and from what location. Mr. Bruno agreed with Mr. Freitas that advertising is not necessary because of the limited number of available slots. Mr. Bruno explained that they are intensely planning and preparing and contacting other FBOs that have experienced a Super Bowl in the past. He also said that it is up to the FBOs to manage the process and ensure that every aircraft that lands at Buchanan Field has the best experience.

Mr. Freitas reported that San Jose Airport will handle approximately 150 additional aircraft, Oakland will take about 350, but San Francisco will not take many because their commercial operations are too busy. That leaves approximately 800 aircraft to be divided between the other Bay Area airports. Buchanan Field is expecting to see around 100 additional aircraft. There will be potential noise issues at the end of Super Bowl when aircraft will be departing after the event through the next day. Mr. Freitas added that this is an opportunity to promote our facility. He also mentioned that the Airport has rented out several vacant areas to the FBOs to maximize their operation and attract as many people as possible.

Ronald Reagan asked how information is being disseminated to the public. Beth Lee responded that an email has been sent to the cities, Claycord, and other websites, and to the Supervisor's offices with a request to distribute this information to the municipal advisory councils and town councils and County Public Information Officer for media coverage regarding the event and lay out expectations.

Derek Mims recommended outreach to neighboring businesses so they are prepared for the event.

Keith McMahon suggested meeting with local business associations to maximize this business opportunity and make good connections for the future. He also advised positive messages to the public to get them excited about the event.

f. **Rates and Charges – Hangar/Tie-down Rates/CPI Waiver**

Beth Lee referred to the "Economic Development Incentive Program (EDIP) priorities and hangar rate comparisons attachments. One recurring topic has been Buchanan Field rates as compared with other airports in the area (a difficult comparison to make as there are many factors). Buchanan's rates are in the higher range, and although hangar occupancy is at 100%, the Airport is seeking to position itself for the future. A three (3) year CPI waiver for all aviation businesses and hangar tenants is being recommended to the Board of Supervisors as an initial step towards this goal. This item will go to the Board of Supervisors on February 9<sup>th</sup> for an effective date of April 1, 2016 through March 31, 2019. Airports staff will also assess other rates and charges.

Keith Freitas reminded the group that while lowering rates makes the Airport competitive, it also reduces the quantity of and speed to make other desired improvements.

Maurice Gunderson requested clarification on how the hangar waiting list process works. Conversation then turned to Byron Airport and how interest there can be increased. Cheryl Clarke explained that when making a choice between Buchanan Field, Byron Airport, and Rio Vista, she chose Buchanan because of the location and availability of services not only at the airport itself but in the surrounding area. She stated that Byron Airport lacks services and there is nothing in Byron itself which influenced her decision not to rent a hangar there.

Keith McMahon suggested that as painful as it might be, a CPI increase would be helpful for future development. Ms. Lee explained that the rationale for the CPI waiver was to stay competitive to retain existing and attract new tenants.

## **UPDATES/ANNOUNCEMENTS**

a. **What is happening at Buchanan Field & Byron Airports/Other Airports**

Beth Lee announced that Jake Allred, Environmental and Community Relations, is no longer with the County.

Tom Weber recommended that AAC staff be more visible at flight club meetings. Maurice Gunderson said he will have the MDPA calendar for the next meeting and agreed that it would be great if AAC members could attend some meetings. There

has been significant improvement since Airports staff has started to attend club meetings to erase the “us versus them” mentality.

**b. Airport Land Use Commission (ALUC) Update**

Tom Weber gave a brief update on the following items:

- The 50 ft. Pylon sign has been approved.
- Chevron is vacating the building on Diamond Blvd. and a shopping center will be going in there.
- The Triennial Review of the AAC is coming up and the Board of Supervisors has requested input from the ALUC and the Airport Committee to advise them regarding the usefulness of the AAC.

**c. AAC Announcements**

None

**d. Airport Staff Announcements**

Cheryl Clarke expressed her appreciation for the new asphalt. She said the fire extinguishers have been removed and asked if they are going to be replaced. Keith Freitas responded that they were just delivered and will be replaced.

**e. Copy of Last Month’s Noise Presentation**

No comments

**FUTURE AGENDA ITEMS/COMMENTS**

- Update on the Bylaws
- Outreach from AAC to the flying clubs
- Super Bowl 50 debrief and review

**ADJOURNMENT:** The meeting was adjourned by the Chair at 11:20 a.m.

**DRAFT**



**CONTRA COSTA COUNTY  
AVIATION ADVISORY COMMITTEE  
MINUTES OF MEETING  
February 11, 2016**

**MEETING CALLED:** Chair Ronald Reagan called the meeting to order at 10:01 a.m.

**PRESENT:** **Roger Bass, District II**  
**Mike Bruno, Vice Chair, CCC Airports Business Association**  
**Maurice Gunderson, Member at Large**  
**DeWitt Hodge, Secretary, Member at Large**  
**Derek Mims, City of Pleasant Hill**  
**Rudi Raab, District I**  
**Ronald Reagan, Chair, District III**

**ABSENT:** **Tina Dodson, DVC**  
**Keith McMahon, City of Concord**  
**Russell Roe, District V**  
**Tom Weber, District IV**

**STAFF:** **Keith Freitas, Director of Airports**  
**Beth Lee Assistant Director of Airports**

**OPENING COMMENTS  
BY CHAIR:** Ronald Reagan thanked those present.

**PUBLIC COMMENT  
PERIOD:** None

**APPROVAL OF  
MINUTES:** **Moved by Maurice Gunderson; seconded by DeWitt Hodge.**  
**Approved unanimously. Yes: Roger Bass, Mike Bruno, Maurice**  
**Gunderson, DeWitt Hodge, Derek Mims, Rudi Raab, and Ronald**  
**Reagan. No: None. Abstained: None. Absent: Tina Dodson,**  
**Keith McMahon, Russell Roe, and Tom Weber.**

**APPROVAL OF  
CONSENT ITEMS:**

Moved by Roger Bass; seconded by DeWitt Hodge. Approved unanimously. Yes: Roger Bass, Mike Bruno, Maurice Gunderson, DeWitt Hodge, Derek Mims, Rudi Raab, and Ronald Reagan. No: None. Abstained: None. Absent: Tina Dodson, Keith McMahon, Russell Roe and Tom Weber.

**PRESENTATION/SPECIAL REPORTS: None**

**DISCUSSION/ACTION ITEMS:**

**a. Items Pulled from Consent**

None

**b. Byron Construction**

Keith Freitas reported that the second phase of the Byron construction project started in January and includes new signs and electrical upgrades. Runway 5/23 has been completed as of February 10<sup>th</sup> and Runway 12/30 should be completed the following week. This project has not inconvenienced the tenants because one runway has always been open during the week and both runways have been open on the weekends. Tenant feedback has been positive. It is a \$1.1 million dollar project and is 95% funded by the FAA.

**c. Brown Act Training**

Beth Lee referred to the County's training certification form for County advisory bodies. She explained that new members need to take the training within 30 days of appointment and existing members should be certified every two (2) years. Two videos are available on the County's website. Members should watch the videos, sign the certification form and submit it to Airports staff.

**d. Bylaws**

Ronald Reagan thanked DeWitt Hodge, Derek Mims, and Tom Weber for their work on the AAC Bylaws. He suggested moving this item to the next AAC meeting in order to have another month to review the Bylaws prior to it going in front of the Airport Committee.

DeWitt Hodge suggested that the AAC members review the amended Bylaws that are attached to the packet prior to the next meeting so they can be finalized at that time.

Roger Bass asked if the draft of the Bylaws has been submitted to the Supervisors. Dominic Aliano confirmed that they have seen the draft.

Derek Mims explained that the DVC appointed member change drove the process to amend the Bylaws, but he suggested AAC members take this opportunity to make the Bylaws as accurate as possible.

**e. AAC Term Expirations**

Mike Bruno, Tina Dodson, and Keith McMahon's terms are expiring as of March 1, 2016. Term expiration letters were sent in November 2015.

**f. Outreach from AAC to Flying Clubs**

Maurice Gunderson referred to the letter in the AAC packet inviting AAC members to attend MDPA meetings. He reported that the Economic Development Incentive Program (EDIP) group was exploring what actions Airport management could take to improve dialogue between pilots and the Airport. Keith Freitas, Beth Lee, and Dominic Aliano have all attended some MDPA meetings to great success. Mr. Gunderson explained that MDPA is a pilot's club and does not own or rent out planes like some of the other clubs. It is a social organization and promotes safety in flight and relationships with other constituencies around the airport, the general community, and Airport management. MDPA holds two events per month: a dinner meeting on the third Friday of each month often with a speaker, and a breakfast meeting on the first Saturday of every month which includes a safety briefing and a fly-out to local airports to have lunch. Mr. Gunderson will email a sign-up sheet for the Saturday fly-outs. Keith Freitas cautioned that only five AAC members can attend any one event at a time in order to remain in compliance with the Brown Act.

**g. Super Bowl 50 Debrief**

Keith Freitas reported that anticipated air traffic fell well below projections and that approximately ten aircraft flew into Buchanan Field between the three FBOs. This was due in part because there are sixteen (16) airports (as well as 3 international airports) to choose from in the Bay Area. However, airport operations went smoothly.

Mike Bruno expressed his disappointment in the low turnout, but commended Airports staff for the support they provided to the FBOs in order to be well-prepared.

Maurice Gunderson asked whether the low turn-out was due to fewer jets or because they were spread out between multiple airports. Mr. Bruno believed it was a combination of reasons. He commented that many pilots disliked the reservation system implemented last year and that may have driven them to fly commercially instead. Jet owners enjoy the freedom of coming and going freely and they may have found the reservation system to be too restricting and too much like commercial service for the money, in which case they would be better off flying commercially. There were also issues with amending flight plans. All these things could have had an impact on the air traffic.

Roger Bass added that the TFR which was in place during the Super Bowl may have impacted air traffic as well.

**h. Potential Scheduled Charter Service**

This agenda item was moved to the beginning of the meeting.

Keith Freitas reported that Airports staff was approached by JetSuite, the fourth largest jet charter company in the U.S., to discuss the possibility of scheduled charter service out of Buchanan Field. He introduced Chris Bernabe of JetSuite.

Mr. Bernabe reported that JetSuite is looking into scheduled charter service out of certain areas and explained that Buchanan Field is one being considered because it is a highly underserved market. There are many businesses and communities north

of Walnut Creek and east of the Concord area. However, business travelers and families must endure large amounts of traffic and time to travel to Oakland or San Francisco. Airport security (TSA) is necessary, but it is an onerous process and the experience as a whole is long and inconvenient.

JetSuite is proposing private terminals, planes with no more than 30 seats, and scheduled charter service, initially between Concord and Burbank and Las Vegas, potentially 4 to 5 days a week out of Concord and 3 to 4 flights per day each way. JetSuite must operate out of a Part 139 airport, which is why they are looking at Buchanan Field. They hope to start charter service sometime in April of this year.

DeWitt Hodge asked who JetSuite's competition is in the scheduled charter business in Northern California. Mr. Bernabe responded that Surf Air is their only competition and they run 8-seater planes in Northern and Southern California, but no one else is offering flights with over 8 seats and JetSuite would be the only scheduled charter on the west coast.

Mr. Hodge asked where on the airport they are planning on operating. Mr. Bernabe replied that they are considering operating out of an FBO initially and then possibly operating out of the Terminal Building in which they would potentially participate in renovations. Ronald Reagan brought up the CPI waiver and the potential cost involved in renovations.

Mike Bruno asked what aviation process model will be used. Mr. Bernabe explained that JetSuite will offer at-will tickets. Tickets will cost approximately \$249-\$299 per seat, per hour (about \$250 one way from Concord to Orange County) and will be all inclusive. The price is competitive with a Southwest walk-up fare. The biggest advantage to this model is the private terminal and not having to go through TSA. They will have their own security process.

Mr. Hodge asked if JetSuite has a cooperative relationship with other airlines so that customers can get to a destination other than Burbank or Las Vegas. Mr. Bernabe said they are establishing a relationship with JetBlue for points, but a connection partnership has not yet been established.

Maurice Gunderson asked if JetSuite is looking at other airports. JetSuite will have flights from San Jose International Airport (Silicon Valley market) to Big Sky Montana (near Bozeman for skiing).

Roger Bass stated that scheduled charter service is a great idea. He also requested that Civil Air Patrol (CAP), the current user of the Terminal Building, be given as much notice as possible if they will need to vacate the Terminal Building. Keith Freitas reported that Airports staff has already met with leaders of the CAP regarding this issue.

Mr. Freitas said that Airports staff will provide information to the community and assuage their fears regarding the potential of increased flights. There are already approximately 300 flights per day flying in and out of Buchanan Field and JetSuite would increase that by approximately 10 flights per day.

Derek Mims asked about the status of the Part 139 certificate. Mr. Freitas reported that Buchanan Field just completed its annual FAA Part 139 certification inspection and passed.

## **UPDATES/ANNOUNCEMENTS**

### **a. What is happening at Buchanan Field & Byron Airports/Other Airports**

Keith Freitas announced that the 8<sup>th</sup> annual Tenant Appreciation BBQ will be Thursday, May 5, 2016. Buchanan Field Taxiway Echo and Kilo are in the design phase which includes lighting of the taxiways and pilot-controlled lighting. They are 95% through the design phase and next steps will be to put out to bid (March/April), await FAA funding, and begin the project over the summer.

Beth Lee announced that the Board of Supervisors approved the three (3)-year CPI waiver for all aviation tenants at Buchanan Field and Byron Airports. Mr. Freitas pointed out that this was one of the first items to come out of the EDIP process.

Ms. Lee reported that a letter of interest was received to build an industrial Business Park on the 3-acre parcel on Sally Ride Drive at Marsh Drive.

### **b. Airport Land Use Commission (ALUC) Update**

Ronald Reagan reported that the ALUC lifted restrictions on 80 acres of land near the Byron Airport because the owner has been unable to put a price on the land to sell. Restrictions were initially placed on the land in order to provide pilots a place for emergency landings. However, these restrictions impeded the owner's ability to sell his land.

### **c. AAC Announcements**

None

### **d. Airport Staff Announcements**

None

## **FUTURE AGENDA ITEMS/COMMENTS**

- Bylaws
- Scheduled Charter Service

**ADJOURNMENT:** The meeting was adjourned by the Chair at 11:06 a.m.





## EAST CONTRA COSTA FIRE PROTECTION DISTRICT

Meeting Minutes  
Board of Directors Regular Meeting

**Monday February 1, 2016 – 6:30 P.M.**

Meeting Location: 3231 Main Street, Oakley

<b>BOARD OF DIRECTORS</b>		
Steve Barr	Joel Bryant-President	Randy Pope
Robert Kenny	Ronald Johansen-Vice	Erick Stonebarger
Jonathan Michaelson	President	Joe Young
	Cheryl Morgan	

**CALL TO ORDER:** (6:30 P.M.)

**PLEDGE OF ALLEGIANCE:** (6:30 P.M.)

**ROLL CALL:** (6:31 P.M.)

Directors Present: Barr, Bryant, Kenny, Morgan, Pope, Stonebarger, Young

Directors Absent: Johnansen, Michaelson,

**COMMENDATION:** (6:32 P.M.)

Captain Ross Macumber, Captain Jeremy Copple, Engineer Sam Somerhalder and AMR crew of Paramedic Steven Curry and EMT Iris Nahm were commended for a CPR save that occurred on October 26, 2015.

*On the morning of October 26<sup>th</sup>, 2015 Engine 52 responded to an unconscious person in front of the Les Schwab tire store on Lone Tree Way in Brentwood. While E52 was en route, the call was changed to a male in cardiac arrest.*

*As E52 pulled into the scene, an AMR ambulance was already on scene and treating the patient. A bystander, Mr. Randy Mass, was assisting in providing CPR. E52 crew then took over CPR duties and applied the LUCAS device to perform mechanical CPR. E52's crew then assisted AMR in providing additional patient care including providing a King Tube airway to provide oxygen to the patient and assisting with getting the patient ready for transport.*

*After applying multiple shocks from the AMR portable cardiac monitor/ defibrillator that the patient was hooked up to, the patient regained his pulse. At this point the patient*

*was quickly transported to Sutter Delta Medical Center. One firefighter from E52 was sent in the ambulance to the hospital to assist AMR with continued patient care. It should be noted that the AMR crew of Paramedic Steven Curry and EMT Iris Nahm provided outstanding care to the patient and had the scene running so smoothly that the E52 crew was able to fold into incident with ease. It should also be noted that Mr. Randy Mass provided excellent bystander CPR and, without his help and action, the outcome of this incident would have turned out differently.*

**PUBLIC COMMENTS:** (6:35 P.M.)

There were no (0) Public Speakers

**CONSENT CALENDAR:** (6:35 P.M.)

**C.1** Approve Minutes from January 4, 2016 Regular Board of Directors Meeting

**Motion by: Director Barr to approve consent item C.1**

**Second by: Director Young**

**Vote: Motion carried: 7:0:0**

**Ayes: Barr, Bryant, Kenny, Morgan, Pope, Stonebarger, Young**

**Noes:**

**Absent: Johansen, Michaelson**

**PUBLIC HEARINGS:** (6:36 P.M.)

**PH.1** Hold a Public Hearing On Proposed Schedule of Fees and Adopt Ordinance Determining a Schedule of Fees for the Recovery of Emergency Medical First-Responder Service Costs, and Adopt Resolution Establishing the Policy for Waivers and Appeals of Emergency Medical First-Responder Fees

Chief Henderson presented the Proposed Schedule of Fees and Adopt Ordinance Determining a Schedule of Fees for the Recovery of Emergency Medical First-Responder Service Costs.

The hearing was opened and there were four (4) public speakers – Mike Burkholder, Steven Smith, Vince Wells, Mark Whitlock

**The hearing was closed.**

**Motion by: Director Young to Adopt Ordinance 2016-01 determining a Schedule of Fees for the Recovery of Emergency Medical First-Responder Service Costs,**

**Second by: Director Kenny**

**Vote: Motion carried: 7:0:0**

**Ayes: Barr, Bryant, Kenny, Morgan, Pope, Stonebarger, Young**

**Noes:**

**Abstained:**  
**Absent: Johansen, Michaelson**

## **DISCUSSION ITEMS**

- D.1** Authorize Execution of Memorandum of Understanding with Cities of Brentwood and Oakley and Contra Costa County to Implement Recommendations of Fire and Medical Services Task Force: (6:56 P.M.)

**Motion by: Director Stonebarger motion to approve Resolution 2016-03**

**Second by: Director Young**

**Vote: Motion carried: 7:0:0**

**Ayes: Barr, Bryant, Kenny, Morgan, Pope, Stonebarger, Young**

**Noes:**

**Abstained:**

**Absent: Johansen, Michaelson**

- D.2** Receive Operational Update for January 2016: (7:04 P.M.)

## **INFORMATIONAL STAFF REPORTS: (7:10 P.M.)**

1. Receive Update on Firefighter Recruitment

Chief Henderson gave an update on the firefighter recruitment process.

## **DIRECTORS' COMMENTS: (7:11 P.M.)**

Director Pope would like to see the District correct the inaccuracies in the Shea Homes letter that was received on November 9<sup>th</sup>, regarding the representations of the Ad-Hoc Committee that met with the developer.

Director Morgan gave an update that the Diablo Firesafe Council should be releasing a final draft Clayton Morgan Territory Fire Action Plan shortly.

## **INFORMATIONAL REPORTS AND REQUESTS FOR FUTURE AGENDA ITEMS FROM BOARD MEMBERS: (7:14 P.M.)**

None

## **WORKSHOP/TRAINING: (7:15 P.M.)**

Brown Act Training was conducted by District counsel Shayna van Hoften.

**RECESS TO CLOSED SESSION ON THE FOLLOWING MATTERS: (7:30 P.M.)**

1. Conference With Labor Negotiator Pursuant to Government Code Section 54957.6 Agency Designated Representatives: Fire Chief and Glenn Berkheimer  
Employee Organization: East Contra Costa Battalion Chiefs Association

**REPORT ON THE CLOSED SESSIONS: (8:30 P.M.)**

Direction was provided to Labor Negotiator

**ADJOURN TO THE REGULAR BOARD MEETING SCHEDULED: March 7, 2016:  
(8:30 P.M.)**