



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

**NOTICE OF REGULAR MEETING**

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

**DATE:** Tuesday, August 4, 2015

**AGENDA**

(NEXT RESOLUTION NO. 61-15)

(NEXT ORDINANCE NO. 338)

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

**BUSINESS:**

**REFERENCE**

<u>Recommended Action</u>	<u>Anticipated Time</u>
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1. CALL TO ORDER
2. PLEDGE TO THE FLAG
3. ROLL CALL – Members: Benson, Duarte, Halket, Howard, Vonheeder-Leopold
4. SPECIAL ANNOUNCEMENTS/ACTIVITIES
5. PUBLIC COMMENT (MEETING OPEN TO THE PUBLIC)

At this time those in the audience are encouraged to address the Board on any item of interest that is within the subject matter jurisdiction of the Board and not already included on tonight’s agenda. Comments should not exceed five minutes. Speakers’ cards are available from the District Secretary and should be completed and returned to the Secretary prior to addressing the Board. The President of the Board will recognize each speaker, at which time the speaker should proceed to the lectern, introduce him/herself, and then proceed with his/her comment.

6. REPORTS
  - A. Reports by General Manager and Staff
    - Event Calendar
    - Correspondence to and from the Board
  - B. Agenda Management (consider order of items)
  - C. Committee Reports  
Tri-Valley Water Policy Roundtable

July 22, 2015

7. APPROVAL OF MINUTES - Regular Meeting of  
*July 21, 2015*

District Secretary	Approve by Motion
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**BUSINESS:**

**REFERENCE**

<b><u>Recommended Action</u></b>	<b><u>Anticipated Time</u></b>
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8. **CONSENT CALENDAR**

Matters listed under this item are considered routine and will be enacted by one Motion, in the form listed below. There will be no separate discussion of these items unless requested by a Member of the Board of Directors or the public prior to the time the Board votes on the Motion to adopt.

- |    |                                                                                                                                                                                                         |                                 |                       |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-----------------------|
| A. | Award Construction Agreement for Component 2 of the Recycled Water Expansion Phase 1 Distribution to West Dublin - Onsite Conversions Project (CIP 15-R009) to Valley Crest Landscape Maintenance, Inc. | Engineering Services Manager    | Approve by Resolution |
| B. | Award Construction Agreement for the Secondary Clarifier No. 3 Rehabilitation Project (CIP 14-S013) to NMI Industrial Holdings, Inc.                                                                    | Engineering Services Manager    | Approve by Resolution |
| C. | Approve First Amendment to the 457(b) Plan Administration Agreement with Nationwide Retirement Solutions                                                                                                | Administrative Services Manager | Approve by Resolution |

9. **BOARD BUSINESS**

- |    |                                                                                                                                                                            |                                 |                                           |        |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-------------------------------------------|--------|
| A. | Review and Discuss Drought Management Program                                                                                                                              | General Manger                  | Discuss & Provide Direction               | 5 min  |
| B. | Public Hearing: Adopt Engineer's Report and Direct Levy of Annual Assessments in the Dougherty Valley Standby Charge District 2001-1 for Fiscal Year 2015-2016             | Administrative Services Manager | Hold Public Hearing: Adopt by Resolution  | 5 min  |
| C. | Approve an Operating Budget Increase and Updated Master Agreement with The Covello Group and Task Order for Construction Inspection Services                               | Engineering Services Manager    | Approve by Resolution & Approve by Motion | 10 min |
| D. | Discuss Tri-Valley Water Policy Roundtable Activities on Water Reliability and Water Recycling                                                                             | Engineering Services Manager    | Discuss & Provide Direction               | 10 min |
| E. | Approve Health Insurance Contribution for Calendar Year 2016 For Stationary Engineers Local 39, Professional, Mid-Management, Confidential and Senior Management Employees | Administrative Services Manager | Approve by Resolution                     | 5 min  |
| F. | Approve Health Insurance Contribution for Calendar Year 2016 for Board of Directors                                                                                        | Administrative Services Manager | Approve by Resolution                     | 5 min  |

**BUSINESS:**

**REFERENCE**

	<b><u>Recommended Action</u></b>	<b><u>Anticipated Time</u></b>
10. <u>BOARDMEMBER ITEMS</u>		
• Submittal of Written Reports from Travel and Training Attended by Directors		
11. <u>CLOSED SESSION</u>		
A. Public Employee Performance Evaluation – Pursuant to Government Code Section 54957 Title: General Manager		15 min
12. <u>REPORT FROM CLOSED SESSION</u>		
13. <u>ADJOURNMENT</u>		

**BOARD CALENDAR\***

<u>Committee &amp; Board Meetings</u>	<u>Date</u>	<u>Time</u>	<u>Location</u>
Regular Board Meeting	August 18, 2015	6:00 p.m.	District Office

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

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

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

**July 21, 2015**

A regular meeting of the Board of Directors was called to order at 6:00 p.m. by President Edward R. Duarte. Boardmembers present: President Edward R. Duarte, Vice President D.L. (Pat) Howard, Director Richard M. Halket, and Director Georgean M. Vonheeder-Leopold. Director Dawn L. Benson was absent. District staff present: Bert Michalczyk, General Manager; Dan McIntyre, Engineering Services Manager; John Archer, Administrative Services Manager/Treasurer; Dan Gallagher, Operations Manager; Carl P.A. Nelson, General Counsel; and Nicole Genzale, Executive Services Supervisor/District Secretary.

1. CALL TO ORDER
2. PLEDGE TO THE FLAG
3. ROLL CALL - Members: Benson, Duarte, Halket, Howard, Vonheeder-Leopold
4. SPECIAL ANNOUNCEMENTS/ACTIVITIES

Operations Supervisor Fuller introduced new employee Sinzee Tran, Wastewater Treatment Plant Operator I, hired June 2015. Sinzee was a District volunteer three years ago. He was a top student in the Solano Community College Water and Wastewater Technology program. He graduated from UC Davis and is a native of Oakland, CA.

Administrative Services Manager Archer introduced new employee Christina Casha, Customer Services Representative II, hired June 2015. Christina came to the District with over 15 years of customer service experience at AT&T. She is a Dublin resident.

5. PUBLIC COMMENT (MEETING OPEN TO THE PUBLIC) – 6:02 p.m.

Mr. Farzad Bozorgzad from Recycled Water Services made a presentation to the Board regarding a proposed partnership with the District to deliver recycled water. The Board directed staff to evaluate the proposal for further discussion by the Board at a later date.

6. REPORTS

A. Reports by General Manager and Staff

- Event Calendar – General Manager Michalczyk reported the following:
  - o Operations Supervisor Levi Fuller is attending for Operations Manager Dan Gallagher tonight.
  - o The Tri-Valley Water Policy Roundtable No. 5 will be held tomorrow night at 5:00 p.m. at the Robert Livermore Community Center in the Sycamore Room. Directors Halket and Vonheeder-Leopold will represent the District at the meeting. Mr. Michalczyk stated that if additional Directors want to attend and participate in the meeting, it would require noticing of a Special Board meeting.
  - o On Friday July 31, 2015 the District will host a meeting called by Congressman Eric Swalwell at the Wastewater Treatment Plant at 9:30 a.m.

General Managers from water agencies that provide services within his district have been invited to this regional cooperation opportunity. A tour of the Recycled Water Treatment Plant will be conducted prior to the meeting. Mr. Michalczyk and President Duarte will attend. Mr. Michalczyk stated that noticing per the Brown Act may be required if additional Boardmembers plan to attend.

- o On Saturday August 1, 2015 the District will host Congressman Eric Swalwell and the “Defeat the Drought Water Expo” at the District’s Dublin Residential Recycled Water Fill Station located at the Dublin Safety Complex at Dublin Blvd. and Clark Avenue at 9:00 a.m.-12:00 p.m. This event is open to the public and several vendor booths and water conservation information will be available.
  - o On Tuesday August 4, 2015 at 5:15 p.m. a meeting of the Financial Affairs Committee will be held.
  - o The CASA conference will be held August 19-21, 2015 in San Diego. Directors should notify Executive Services Supervisor Genzale or the General Manager if interested in attending.
  - o On Wednesday August 19, 2015 the Dublin Chamber of Commerce will host the 33rd annual BBQ at the Heritage Park & Museums. Directors should notify Executive Services Supervisor Genzale or the General Manager if interested in attending.
- Correspondence to and from the Board on an Item not on the Agenda

<b>Date</b>	<b>Format</b>	<b>From</b>	<b>To</b>	<b>Subject</b>	<b>Response</b>
6/17/15	Email	Marlene Massetti	Board of Directors	Recycled Water Service to Parks in West Dublin	7/21/15 via email

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

C. Committee Reports

LAVWMA

July 15, 2015

The Board did not make comments pertaining to the meeting held.

7. APPROVAL OF MINUTES – Regular Meeting of *June 16, 2015*

Director Vonheeder-Leopold MOVED for the approval of the June 16, 2015 minutes. V.P. Howard SECONDED the MOTION, which CARRIED with FOUR AYES and ONE ABSENT (Benson).

8. CONSENT CALENDAR

Director Howard MOVED for approval of the items on the Consent Calendar. Director Vonheeder-Leopold SECONDED the MOTION, which CARRIED with FOUR AYES and ONE ABSENT (Benson)

- A. Intention to Levy Annual Assessments in the Dougherty Valley Standby Charge District 2001-1 for Fiscal Year 2015 - 2016 – Approved – Resolution No. 57-15
- B. Authorize Workers' Compensation Insurance for District Volunteers – Approved – Resolution No. 58-15
- C. Accept the Following Regular and Recurring Reports: Warrant List, Upcoming Board Business, Strategic Work Plan Accomplishments, Employee Retention Statistics, Outstanding Receivables Report, and Annual Disclosure of Reimbursements Greater than \$100 – Approved

9. BOARD BUSINESS

- A. Discuss Drought Management Program

General Manager Michalczyk reported that this is a standing agenda item intended for discussion by the Board, staff and the public on the District's Drought Management Program.

No members of the public addressed the Board on this topic.

The Board did not direct staff to develop any changes to the program.

- B. Accept Water Supply and Demand and Drought Response Action Plan Status Reports and Find that the Need for the Community Drought Emergency Still Exists

General Manager Michalczyk reported that this is a standing agenda item. He directed the Board's attention to a slide titled DSRSD-SWRCB Water Conservation Compliance which graphically summarized the results of the District's Drought Management Program pertaining to water conservation in 2015 as compared to 2013 water use. He explained that on a volumetric basis, the District is consistently below target with SWRCB (State Water Resources Control Board) targets. He also expressed the District's Drought Management Program's effectiveness, with conservation levels currently running 30% - 40% water use reduction, due to great efforts being made by the community.

The Board discussed and commended the community for its response to the water conservations efforts. Director Halket inquired whether or not, given the "overachievement" in conservation levels City parks could be watered more. The Board and staff also discussed impact of the current Stage 2 water supply shortage rates on the District's Program results, and what results might look like if institutional users, like parks and schools, were watering to allowable levels. Administrative Services Manager Archer stated he could provide an analysis of both items, if desired.

Mr. Michalczyk explained that the Drought Response Action Plan adopted by the Board calls for the District to work with regional agencies on possible water transfers in 2016 and beyond. There is no certainty an El Nino will occur next year so it is prudent to set the stage for programmatic transfers in the future. He

stated that preliminary discussions are underway with other agencies, including East Bay Municipal Utility District (EBMUD).

No members of the public addressed the Board on this topic.

Director Halket MOVED to accept the Water Supply and Demand Report and the Drought Response Action Plan Status Report and find that the need for the Community Drought Emergency Still Exists. V.P. Howard SECONDED the MOTION, which CARRIED with FOUR AYES and ONE ABSENT (Benson).

C. Discuss Status of Long Term Alternative Water Supply Study and Water Supply and Conservation Policy

Engineering Services Manager McIntyre introduced the item and explained that since the presentation made to the Board in April, staff and consultant, RMC, are finalizing the formal written report for the Long Term Alternative Water Supply Study, and drafting an updated Water Supply and Conservation Policy. Staff recommends circulating the draft study and policy to stakeholders ahead of the Board review to solicit input from those who are interested. Preliminary Board review of these documents would then begin at the September 1, 2015 meeting, followed by final action taken at the September 15, 2015 meeting.

No members of the public addressed the Board on this topic.

The Board agreed with the proposed strategic approach and commented that it lines up well with pursuit of future endeavors and is consistent with the District's commitment to an open and transparent process.

D. Discuss Tri-Valley Water Policy Roundtable Activities on Water Reliability and Water Recycling

Engineering Services Manager McIntyre introduced the item and explained that the Tri-Valley Water Policy Roundtable Committee (TVWPR), comprised of several local agencies and water utilities, has conducted four meetings since last September to discuss water policy issues in the Tri-Valley. At the last meeting in May, discussion was held on recycled water policy, and a consensus was reached to study advanced recycling including indirect potable reuse (IPR). The time and scale of the study was not addressed at that meeting. District staff recommends a more detailed study, similar to a master plan, be conducted but a consensus on how to proceed has not been reached.

Mr. McIntyre stated the next TVWPR meeting will be held tomorrow, July 22, at the Robert Livermore Community Center at 5:00 p.m. The meeting agenda and staff's recommendation for a scope of work for an IPR study is included in this item for the Board's convenience. Agenda items include presentations regarding

Zone 7's Phase 1 study of IPR and desalinization, a conceptual work plan for a joint Phase 2 IPR study, and public outreach.

The Board and staff discussed the study including possible partnerships, reservoir storage versus ground storage, leveraging the existing joint services agreement, utilization of the District's reverse osmosis facilities, and clarification of water supply sources.

No members of the public addressed the Board on this topic.

The Board agreed with staff recommendations and supported District TVWPR representatives, Directors Halket and Vonheeder-Leopold, in strongly encouraging the Committee to take action at this point in the process since a consensus has been reached regarding what alternatives to pursue.

E. Appoint District Secretary, Revise Duties of District Secretary and Establish the Amount of the Monthly Stipend, if any, Payable to District Secretary

General Manager Michalczyk introduced the item reminding the Board that former District Secretary Nancy Gamble Hatfield retired in June. The District Secretary is an appointed position by the Board, traditionally an employee as was the appointment by the Board of Ms. Hatfield. The position's duties have been redefined per recent General Counsel review to distinguish them from the Executive Services Supervisor duties. The Board must also determine whether or not to include a stipend, which is purely discretionary. Mr. Michalczyk recommended the appointment of Nicole Genzale, acting interim Executive Services Supervisor, as the logical appointment. All actions decided by the Board on this matter would be retroactive to June 21, 2015.

Director Halket suggested a change in the order in which the Board takes up these matters so as to address District Secretary duties first, followed by determination of the stipend, and the appointment last. The Board agreed.

No members of the public addressed the Board on this topic.

Director Halket MOVED to adopt Resolution No. 59-15, revising the duties of the District Secretary. Director Vonheeder-Leopold SECONDED the MOTION, which CARRIED with FOUR AYES and ONE ABSENT (Benson).

V.P. Howard MOVED to adopt Resolution No. 60-15, which eliminated the current stipend paid for District Secretary duties and Rescinding Resolution No. 7-10. Director Halket SECONDED the MOTION, which CARRIED with FOUR AYES and ONE ABSENT (Benson).

V.P. Howard MOVED to appoint Ms. Nicole Genzale to the position of District Secretary effective June 21, 2015, which appointment shall remain effective until



another District Secretary is appointed by the Board. Director Vonheeder-Leopold SECONDED the MOTION, which CARRIED with FOUR AYES and ONE ABSENT (Benson).

10. BOARDMEMBER ITEMS

Director Vonheeder-Leopold submitted a written report to District Secretary Genzale for her attendance at the Alameda County California Special District Association meeting held at East Bay Regional Park District on July 8, 2015. Director Vonheeder-Leopold summarized the activities and discussions at the meeting.

President Duarte submitted a written report to District Secretary Genzale. For his attendance at the Contra Costa Special Districts Association held at the offices of Central Contra Costa Sanitation District in Martinez on July 20, 2015. President Duarte summarized the activities and discussions at the meeting.

11. CLOSED SESSION

At 6:51 p.m. the Board went into Closed Session.

- A. Public Employee Performance Evaluation to Pursuant to Government Code Section 54957  
Title: District General Counsel

12. REPORT FROM CLOSED SESSION

At 7:09 p.m. the Board came out of Closed Session. President Duarte announced that there was no reportable action.

13. ADJOURNMENT

President Duarte adjourned the meeting at 7:10 p.m.

Submitted by,

Nicole Genzale  
District Secretary



Reference Engineering Services Manager	Type of Action Award Agreement	Board Meeting of August 4, 2015
Subject Award Construction Agreement for Component 2 of the Recycled Water Expansion Phase 1 Distribution to West Dublin - Onsite Conversions Project (CIP 15-R009) to Valley Crest Landscape Maintenance, Inc.		
<input type="checkbox"/> Motion	<input type="checkbox"/> Minute Order	<input checked="" type="checkbox"/> Resolution
<input type="checkbox"/> Ordinance	<input type="checkbox"/> Informational	<input type="checkbox"/> Other
REPORT:	<input type="checkbox"/> Verbal	<input type="checkbox"/> Presentation
	<input checked="" type="checkbox"/> Staff	D. McIntyre
		<input type="checkbox"/> Board Member

**Recommendation:**

The Engineering Services Manager recommends the Board of Directors waive, by Resolution, all bid irregularities, and award the construction agreement for Component 2 of the Recycled Water Expansion Phase 1 Distribution to West Dublin – Onsite Conversions Project (CIP 15-R009) to Valley Crest Landscape Maintenance, Inc., in the amount of \$494,299.91.

**Summary:**

In July 2014, the Recycled Water Expansion Phase 1 – Distribution to Western Dublin project was added to the 2-Year CIP Budget to reduce potable water consumption in response to the ongoing drought. Component 1 of the project which provides recycled water to Alameda County facilities has been completed. Component 2 will install approximately 16,500 linear feet of 4, 6, and 8-inch pipe through west Dublin and will extend new recycled water irrigation services to 40 sites. This construction contract will complete the onsite conversions on the customer side of the meter for the customers that have chosen to convert. At the time of writing this item, 35 of the proposed sites have signed on. This project is partially funded by a \$2,000,000 grant through the Bay Area Integrated Regional Water Management Plan (IRWMP) funded through Proposition 84.

The project was advertised for bid on June 11, 2015. One bid of \$494,299.91 was received on July 21, 2015. The final Engineers’ Construction Cost Estimate was \$750,000. The apparent low bid was submitted by Valley Crest Landscape Maintenance, Inc., and contained one irregularity, but is otherwise in good order. The irregularity is in regard to their Workers’ Compensation Experience Modification Rate (EMR). The bid documents require an EMR of 1.0 or less and Valley Crest’s EMR is 1.04. Valley Crest submitted a complete bid packet which includes Section 00490, certifying that the contractor can and will conform to all safety requirements listed in the Contract Documents. Staff confirmed the EMR with their insurance company and noted that the EMR, which is a three year rolling average, is trending downward. Staff consulted with General Counsel and determined that the Board can waive the irregularity due to the fact that Valley Crest has certified that they can maintain safety standards per the Contract Documents. The alternative is to reject the bid and rebid the project. Staff is going to revisit and review the EMR requirements in the bid documents to determine if it continues to be a valid approach to determine a contractor’s safety rating.

Because this project involves construction on existing onsite irrigation systems with many unknowns, the contract resolution also authorizes the construction change order contingency of up to \$100,000 which is 20% of the construction cost. The contract time for this project is 200 calendar days and is estimated to be completed in spring 2016.

Committee Review			Legal Review	Staff Review		
COMMITTEE ---	DATE ---	RECOMMENDATION ---	Yes	ORIGINATOR S. Delight	DEPARTMENT Eng Services	REVIEWED BY
<b>ATTACHMENTS</b> <input type="checkbox"/> None						
<input checked="" type="checkbox"/> Resolution	<input type="checkbox"/> Minute Order	<input type="checkbox"/> Task Order	<input type="checkbox"/> Staff Report	<input type="checkbox"/> Ordinance		
<input checked="" type="checkbox"/> Cost \$494,299.91	<input checked="" type="checkbox"/> Funding Source A. Water Expansion (620) - 65% B. Water Replacement (610) - 35%		Attachments to S&R 1. 2. 3.			

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

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT APPROVING AND AUTHORIZING EXECUTION OF AGREEMENT WITH VALLEY CREST LANDSCAPE MAINTENANCE, INC., FOR CONSTRUCTION OF COMPONENT 2 OF THE RECYCLED WATER EXPANSION PHASE 1 DISTRIBUTION TO WEST DUBLIN – ONSITE CONVERSIONS PROJECT (CIP 15-R009)

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WHEREAS, on February 18, 2014 the Board of Directors declared a State of Community Drought Emergency due to extreme drought and uncertainty of the future water supply; and

WHEREAS, on May 19, 2015 the Board of Directors updated the State of Community Drought Emergency and approved the updated Drought Response Action Plan; and

WHEREAS, the Drought Response Action Plan included increased efforts to convert potable irrigation customers to recycled water; and

WHEREAS, Component 2 of the Recycled Water Expansion Phase 1 Distribution to West Dublin – Onsite Conversions Project (CIP 15-R009) will convert up to 40 existing potable irrigation services to recycled water; and

WHEREAS, on June 11, 2015 the District Secretary advertised for bid the Component 2 of the Recycled Water Expansion Phase 1 Distribution to West Dublin – Onsite Conversions Project (CIP 15-R009); and

WHEREAS, pursuant to said advertisement, one (1) bid was received for the performance of said work and filed with the District Secretary on July 21, 2015; and

WHEREAS, the contract documents specified that contract award is to be made based on the lowest responsive bid by a responsible bidder whose total Base Bid yields the lowest contract price; and

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

WHEREAS, Valley Crest Landscape Maintenance, Inc., is the lowest responsive, responsible bidder, and it is the intention and desire of this Board to accept said bid of \$494,299.91.

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

1. The Board hereby finds the CEQA requirements for this project were satisfied through an addendum to the San Ramon Valley Recycled Water Program EIR certified in December 1996, with the project specific addendum adopted by the Board on December 2, 2014.

2. Any and all informalities in the aforementioned bid of Valley Crest Landscape Maintenance, Inc., in regard to the Workers' Compensation Experience Modification Rate, are hereby waived.

3. The bid of Valley Crest Landscape Maintenance, Inc., in the amount of \$494,299.91, computed in accordance with said bidder's proposal dated July 21, 2015 for the Component 2 of the Recycled Water Expansion Phase 1 Distribution to West Dublin – Onsite Conversions Project (CIP 15-R009) is hereby accepted, and said bidder is hereby found and declared to be the lowest responsible, responsive bidder for said work.

4. That certain agreement titled "Recycled Water Expansion Phase 1 Distribution to West Dublin – Onsite Conversions Project (CIP 15-R009) (Exhibit A), by and between Dublin San Ramon Services District, a California public agency and Valley Crest Landscape Maintenance, Inc., is hereby approved, and the General Manager and District Secretary are hereby authorized and directed to execute, and to attest thereto, respectively, said agreement for and on behalf of Dublin San Ramon Services District.

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

5. The General Manager is authorized to approve construction change orders for Component 2 of the Recycled Water Expansion Phase 1 Distribution to West Dublin – Onsite Conversions Project (CIP 15-R009) in an amount not to exceed \$100,000.

ADOPTED by the Board of Directors of Dublin San Ramon Services District, a public agency in the State of California, counties of Alameda and Contra Costa, at its regular meeting held on the 4th day of August 2015, and passed by the following vote:

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
Edward R. Duarte, President

ATTEST: \_\_\_\_\_  
Nicole Genzale, District Secretary

SECTION 00500

AGREEMENT FOR THE CONSTRUCTION OF

**Recycled Water Expansion Phase I**  
**Distribution to West Dublin – Onsite Conversions (CIP 15-R009)**

THIS AGREEMENT, made and concluded, in duplicate, this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_, between the Dublin San Ramon Services District (“District”), Dublin, California, and **Valley Crest Landscape Maintenance, Inc., 7039 Commerce Circle, Suite B, Pleasanton, CA 94588, (925) 924-8900** (“Contractor”).

WITNESSETH:

1. That for and in consideration of the payments and agreements hereinafter mentioned, to be made and performed by the District, and under the conditions expressed in the two bonds, bearing even date with these presents, and hereunto annexed, the Contractor agrees with the District, at his/her own proper cost and expense, to do all the work and furnish all the materials necessary to construct and complete in good workmanlike and substantial manner the project entitled: **Recycled Water Expansion Phase I Distribution to West Dublin – Onsite Conversions (CIP 15-R009)** in strict conformity with the Contract Documents (collectively defined in Section 01090-2.0), prepared therefor, which said plans and specifications are hereby specially referred to and by said reference made a part hereof.

2. Now, therefore, in consideration of the mutual covenants and agreements of the parties herein contained and to be performed, the Contractor hereby agrees to complete the work in accordance with the terms and conditions stipulated in the Contract Documents for the sum of **Four-Hundred Ninety-Four Thousand Two-Hundred Ninety-Nine dollars and Ninety-One cents (\$494,299.91)** computed in accordance with Contractor’s accepted proposal dated **July 21, 2015**, which accepted proposal is incorporated herein by reference thereto as if herein fully set forth. Compensation shall be based upon any lump sum bid items plus the unit prices stated in the Bid Schedule times the actual quantities or units of work and materials performed or furnished. The further terms, conditions, and covenants of this Agreement are set forth in the Contract Documents, each of which is by this reference made a part hereof. Payments are to be made to the Contractor in accordance with the provisions of the Contract Documents in legally executed and regularly issued warrants of the District, drawn on the appropriate fund or funds as required by law and order of the District thereof.

3. The District hereby promises and agrees with the Contractor to employ, and does hereby employ, the Contractor to provide the materials and to do the work according to the terms and conditions herein contained and referred to, for the prices aforesaid, and hereby contracts to pay the same at the time, in the manner and upon the conditions above set forth; and the said parties for themselves, their heirs, executors, administrators, successors and assigns, do hereby agree to the full performance of the covenants herein contained.

4. The Contractor and any subcontractor performing or contracting any work shall comply with all applicable provisions of the California Labor Code for all workers, laborers and mechanics of all crafts, classifications or types, including, but not limited to the following:

(a) The Contractor shall comply with all applicable provisions of Section 1810 to 1815, inclusive, of the California Labor Code relating to working hours. The Contractor shall, as a penalty to the District, forfeit the sum of twenty-five dollars (\$25) for each worker employed in the execution of the Contract by the Contractor or by any subcontractor for each calendar day during which such worker is required or permitted to work more than eight (8) hours in any one calendar day and forty (40) hours in any one calendar week, unless such worker receives compensation for all hours worked in excess of eight (8) hours at not less than 1-1/2 times the basic rate of pay.

(b) Pursuant to the provision of California Labor Code, Sections 1770 et. seq., the Contractor and any subcontractor under him shall pay not less than the prevailing rate of per diem wages as determined by the Director of the California Department of Industrial Relations. Pursuant to the provisions of California Labor Code Section 1773.2, the Contractor is hereby advised that copies of the prevailing rate of per diem wages and a general prevailing rate for holidays, Saturdays and Sundays and overtime work in the locality in which the work is to be performed for each craft, classification, or type of worker required to execute the Contract, are on file in the office of the District, which copies shall be made available to any interested party on request. The Contractor shall post a copy of said prevailing rate of per diem wages at each job site.

(c) As required by Section 1773.1 of the California Labor Code, the Contractor shall pay travel and subsistence payments to each worker needed to execute the Work, as such travel and subsistence payments are defined in the applicable collective bargaining agreements filed in accordance with this Section.

(d) To establish such travel and subsistence payments, the representative of any craft, classification, or type of workman needed to execute the contracts shall file with the Department of Industrial Relations fully executed copies of collective bargaining agreements for the particular craft, classification or type of work involved. Such agreements shall be filed within ten (10) days after their execution and thereafter shall establish such travel and subsistence payments whenever filed thirty (30) days prior to the call for bids.

(e) The Contractor shall comply with the provisions of Section 1775 of the California Labor Code and shall, as a penalty to the District, forfeit up to fifty dollars (\$50) for each calendar day, or portion thereof, for each worker paid less than the prevailing rate of per diem wages for each craft, classification, or type of worker needed to execute the Contract. The Contractor shall pay each worker an amount equal to the difference between the prevailing wage rates and the amount paid worker for each calendar day or portion thereof for which a worker was paid less than the prevailing wage rate.

(f) As required under the provisions of Section 1776 of the California Labor Code, Contractor and each subcontractor shall keep an accurate payroll record, showing the name, address, social security number, work classification, and straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by him or her in connection with the public work. Said payroll shall be certified and shall be available for inspection at all reasonable hours at the principal office of the Contractor on the following basis:

(1) A certified copy of an employee's payroll record shall be made available for inspection or furnished to the employee or his or her authorized representative on request.

(2) A certified copy of all payroll records enumerated in Paragraph 4(f), herein, shall be made available for inspection or furnished upon request to the District, the Division of Labor Standards Enforcement, and the Division of Apprenticeship Standards of the Department of Industrial Relations.

(3) A certified copy of all payroll records enumerated in Paragraph 4(f), herein, shall be made available upon request by the public for inspection or for copies thereof; provided, however, that a request by the public shall be made through either the District, the Division of Apprenticeship Standards, or the Division of Labor Standards Enforcement. If the requested payroll records have not been provided pursuant to subparagraph 4(f)(2) herein, the requesting party shall, prior to being provided the records, reimburse the costs of preparation by the Contractor, subcontractors, and the entity through which the request was made. The public shall not be given access to the records at the principal offices of the Contractor.

The certified payroll records shall be on forms provided by the Division of Labor Standards Enforcement or shall contain the same information as the forms provided by the division.

Each Contractor shall file a certified copy of the records, enumerated in Paragraph 4(f) with the entity that requested the records within ten (10) days after receipt of a written request. Any copy of records made available for inspection as copies and furnished upon request to the public or any public agency by the District, the Division of Apprenticeship Standards, or the Division of Labor Standards Enforcement shall be marked or obliterated in such a manner as to prevent disclosure of an individual's name, address, and social security number. The name and address of the Contractor awarded the Contract or performing the Contract shall not be marked or obliterated. The Contractor shall inform the District of the location of the records enumerated under Paragraph 4(f) including the street address, city and county, and shall, within five (5) working days, provide a notice of change of location and address. The Contractor shall have ten (10) days in which to comply subsequent to receipt of written notice specifying in what respects the Contractor must comply with this Paragraph 4(f). In the event that the Contractor fails to comply within the 10-day period, he or she shall, as a penalty to the state or the District, forfeit twenty-five dollars (\$25.00) for each calendar day, or portion thereof, for each worker, until strict compliance is effectuated. Upon the request of the Division of Apprenticeship Standards or the Division of Labor Standards Enforcement, these penalties shall be withheld from progress payments then due. Responsibility for compliance with Paragraph 4(f) lies with the Contractor.

(g) The Contractor and any subcontractors shall, when they employ any person in any apprenticeable craft or trade, apply to the joint apprenticeship committee administering the apprenticeship standards of the craft or trade in the area of the construction site for a certificate approving the Contractor or subcontractor under the apprenticeship standards for



the employment and training of apprentices in the area or industry affected; and shall comply with all other requirements of Section 1777.5 of the California Labor Code. The responsibility of compliance with California Labor Code Section 1777.5 during the performance of this Contract rests with the Contractor. Pursuant to California Labor Code Section 1777.7, in the event the Contractor willfully fails to comply with the provisions of California Labor Code Section 1777.5, the Contractor shall be denied the right to bid on any public works contract for up to three (3) years from the date noncompliance is determined and be assessed civil penalties.

(h) In accordance with the provisions of Article 5, Chapter 1, Part 7, Division 2 (commencing with Section 1860), and Chapter 4, Part 1, Division 4 (commencing with Section 3700) of the California Labor Code, the Contractor is required to secure the payment of compensation to its employees and for that purpose obtain and keep in effect adequate Workers' Compensation Insurance. If the Contractor, in the sole discretion of the District satisfies the District of the responsibility and capacity under the applicable Workers' Compensation Laws, if any, to act as self-insurer, the Contractor may so act, and in such case, the insurance required by this paragraph need not be provided.

The Contractor is advised of the provisions of Section 3700 of the California Labor Code, which requires every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code and shall comply with such provisions and have Employer's Liability Limits of \$1,000,000 per accident before commencing the performance of the Work of this Contract.

The Notice to Proceed with the Work under this Contract will not be issued, and the Contractor shall not commence work, until the Contractor submits written evidence that it has obtained full Workers' Compensation Insurance coverage for all persons whom it employs or may employ in carrying out the Work under this Contract. This insurance shall be in accordance with the requirements of the most current and applicable state Workers' Compensation Insurance Laws. In accordance with the provisions of Section 1861 of the California Labor Code, the Contractor in signing this Agreement certifies to the District as true the following statement: "I am aware of the provisions of Section 3700 of the Labor Code which requires every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and I will comply with such provisions before commencing the performance of the Work of this Contract."

A subcontractor is not allowed to commence work on the project until verification of Workers' Compensation Insurance coverage has been obtained and verified by the Contractor and submitted to the Construction Manager for the District's review and records.

(i) In accordance with the provisions of Section 1727 of the California Labor Code, the District, before making payment to the Contractor of money due under a contract for public works, shall withhold and retain therefrom all wages and penalties which have been forfeited pursuant to any stipulation in the Contract, and the terms of Chapter 1, Part 7, Division 2 of the California Labor Code (commencing with Section 1720). But no sum shall be withheld, retained or forfeited, except from the final payment, without a full investigation by either the Division of Labor Standards Enforcement or by the District.

(j) The District operates a Labor Compliance Program (“LCP”) pursuant to the Labor Code sections 1771.5 and 1771.7. Copies of the Labor Compliance Program are available upon request and are incorporated into this Agreement by reference. Strict adherence to all provisions of the LCP is mandatory. Attention is directed to the provisions of Sections 1776, 1777.5 and 1777.6 of the California Labor Code concerning employment of apprentices by the contractor or a subcontractor.

5. It is further expressly agreed by and between the parties hereto that should there be any conflict between the terms of this Agreement and the Bid Proposal of said Contractor, then this Agreement shall control, and nothing herein contained shall be considered as an acceptance of the said terms of said Proposal conflicting herewith.

6. The Contractor agrees to provide and maintain insurance coverage, and to indemnify and save harmless the parties named and in the manner set forth in Section 00800-2.0, **LIABILITY & INSURANCE**.

The duty of Contractor to indemnify and save harmless, as set forth herein, shall include a duty to defend as set forth in Section 2778 of the California Civil Code; provided, however, that nothing herein shall be construed to require Contractor to indemnify against any responsibility or liability in contravention of Section 2782 of the California Civil Code.

7. The Contractor shall diligently prosecute the Work so that it shall be substantially completed within the time specified in Section 00800-1.1, **Time Allowed for Completion**.

8. Except as otherwise may be provided in other provisions of the Contract Documents, Contractor hereby expressly guarantees for one (1) full year from the date of the Substantial Completion of the Work under this Agreement and acceptance thereof by the District, to repair or replace any part of the Work performed hereunder which constitutes a defect resulting from the use of inferior or defective materials, equipment or workmanship. If, within said period, any repairs or replacements in connection with the Work are, in the opinion of the District, rendered necessary as the result of the use of inferior or defective materials, equipment or workmanship, Contractor agrees, upon receipt of notice from District, and without expense to District, to promptly repair or replace such material or workmanship and/or correct any and all defects therein. If Contractor, after such notice, fails to proceed promptly to comply with the terms of this guarantee, District may perform the work necessary to effectuate such correction and recover the cost thereof from the Contractor and/or its sureties.

In special circumstances where a particular item of work or equipment is placed in continuous service before Substantial Completion of the Work, the correction period for that item may start to run from an earlier date. This date shall be agreed upon by the Contractor and District on or before the item is placed in continuous service.

Any and all other special guarantees which may be applicable to definite parts of the Work under this Agreement shall be considered as an additional guarantee and shall not reduce or limit the guarantee as provided by Contractor pursuant to this paragraph during the first year of the life of such guarantee.

9. The Contractor shall provide, on the execution of this Agreement, a good and sufficient corporate surety bond in the penal sum of one hundred percent (100%) of amount bid, which bond

shall be on the form provided by the District in Section 00610, **BOND OF FAITHFUL PERFORMANCE**, and be conditioned upon the faithful performance of all work required to be performed by the Contractor under this Agreement. Said bond shall be liable for any and all penalties and obligations which may be incurred by Contractor under this Agreement. The corporate surety bond shall be issued by a corporate surety approved by the District's counsel. The corporate surety shall be authorized to conduct business in California. At its discretion, the District may request that a certified copy of the certificate of authority of the insurer issued by the Insurance Commissioner of the State of California be submitted by the Surety to the District. At its discretion, the District may also require the insurer to provide copies of its most recent annual statement and quarterly statement filed with the Department of Insurance pursuant to Article 10 (commencing with Section 900) of Chapter 1 of Part 2 of Division 1 of the Insurance Code.

10. In addition to the bond required under Paragraph 9, hereof, Contractor shall furnish a good and sufficient corporate surety bond in the penal sum of one hundred percent (100%) of amount of Bid, which bond shall be on the form provided by the District in Section 00620, **PAYMENT BOND**, and conform strictly with the provisions of Chapter 7, Title 15, Part 4, Division 3, of the Civil Code of the State of California, and all amendments thereto. The corporate surety bond shall be issued by a corporate surety approved by the District's counsel. The corporate Surety shall be authorized to conduct business in California. At its discretion, the District may request that a certified copy of the certificate of authority of the insurer issued by the Insurance Commissioner of the State of California be submitted by the Surety to the District. At its discretion, the District may also require the insurer to provide copies of its most recent annual statement and quarterly statement filed with the Department of Insurance pursuant to Article 10 (commencing with Section 900) of Chapter 1 of Part 2 of Division 1 of the Insurance Code.

11. The Contractor may substitute securities for the amounts retained by the District to ensure performance of the work in accordance with the provisions of Section 22300 of the Public Contract Code.

12. Contractor covenants that Contractor is licensed in accordance with the provisions of the Contractors' License Law of California as provided in Section 00010, **NOTICE INVITING BIDS**.

13. The Contractor shall be provided the time period specified in Section 01340-2.0, **MATERIAL AND EQUIPMENT SUBSTITUTIONS**, for submission of data substantiating a request for a substitution of an "or equal" item.

14. As required by Section 6705 of the California Labor Code and in addition thereto, whenever work under the Contract involves the excavation of any trench or trenches five (5) feet or more in depth, the Contractor shall submit in advance of excavations, a detailed plan showing the design of shoring, bracing, sloping, or other provisions to be made for worker protection from the hazard of caving ground during the excavation of such trench or trenches. If such plan varies from the shoring system standards established by the Construction Safety Orders of the Division of Industrial Safety in Title 8, Subchapter 4, Article 6, California Code of Regulations, the plan shall be prepared by a registered civil or structural engineer employed by the Contractor, and all costs therefore shall be included in the price named in the Contract for completion of the Work as set forth in the Contract Documents. Nothing in this Section shall be deemed to allow the use of a shoring, sloping, or other protective system less effective than that required by the Construction Safety Orders. Nothing in this Section shall be construed to impose tort liability on the District, the Design Consultant, Construction

Manager nor any of their agents, consultants, or employees. The District's review of the Contractor's excavation plan is only for general conformance to the California Construction Safety Orders.

Prior to commencing any excavation, the Contractor shall designate in writing to the Construction Manager the "competent person(s)" with the authority and responsibilities designated in the Construction Safety Orders.

15. In accordance with Section 7104 of the Public Contract Code, whenever any work involves digging trenches or other excavations that extend deeper than four (4) feet below the surface, the provisions of Section 00700-7.2, **Differing Site Conditions**, shall apply.

16. In accordance with Section 7103.5 of the Public Contract Code, the Contractor and subcontractors shall conform to the following requirements. In entering into a public works contract or a subcontract to supply goods, services, or materials pursuant to a public works contract, the Contractor or subcontractor offers and agrees to assign to the District all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Section 15) or under the Cartwright Act [Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code], arising from purchases of goods, materials or services pursuant to this Contract or the subcontract. Such assignment shall be made and become effective at the time the District tenders final payment to the Contractor, without further acknowledgment by the parties.

17. In accordance with Section 4552 of the Government Code, the Contractor shall conform to the following requirements. In submitting a Bid to the District, the Contractor offers and agrees that if the Bid is accepted, it will assign to the District all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Section 15) or under the Cartwright Act [Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code], arising from purchase of goods, materials, or services by the Contractor for sale to the District pursuant to the Bid. Such assignment shall be made and become effective at the time the Authority tenders final payment to the Contractor.

18. Pursuant to Public Contract Code Section 7100, the acceptance by the Contractor of an undisputed payment made under the terms of the Contract shall operate as, and shall be, a release to the District, and their duly authorized agents, from all claim of and/or liability to the Contractor arising by virtue of the contract related to those amounts. Disputed contract claims in stated amounts may be specifically excluded by the Contractor from the operation of the release.

19. In accordance with California Business and Professions Code Section 7030, the Contractor is required by law to be licensed and regulated by the Contractors' State License Board which has jurisdiction to investigate complaints against contractors if a complaint regarding a patent act or omission is filed within four (4) years of the date of the alleged violation. A complaint regarding a latent act or omission pertaining to structural defects must be filed within ten (10) years of the date of the alleged violation. Any questions concerning the Contractor may be referred to the Registrar, Contractors' State License Board, P.O. Box 26000, Sacramento, California 95826.

IN WITNESS WHEREOF, the parties hereto have executed this agreement on the date first set forth above.

CONTRACTOR

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

Title: \_\_\_\_\_

Dublin San Ramon Services District

By: \_\_\_\_\_  
Bert Michalczyk, General Manager

ATTEST:

\_\_\_\_\_  
Nicole Genzale, District Secretary

**\*\*\* END OF SECTION \*\*\***



Reference Engineering Services Manager	Type of Action Award Agreement	Board Meeting of August 4, 2015
Subject Award Construction Agreement for the Secondary Clarifier No. 3 Rehabilitation Project (CIP 14-S013) to NMI Industrial Holdings, Inc.		
<input type="checkbox"/> Motion	<input type="checkbox"/> Minute Order	<input checked="" type="checkbox"/> Resolution
<input type="checkbox"/> Ordinance	<input type="checkbox"/> Informational	<input type="checkbox"/> Other
REPORT:	<input type="checkbox"/> Verbal	<input type="checkbox"/> Presentation
	<input checked="" type="checkbox"/> Staff	D. McIntyre
		<input type="checkbox"/> Board Member

**Recommendation:**

The Engineering Services Manager recommends the Board of Directors award, by Resolution, the construction agreement for the Secondary Clarifier No. 3 Rehabilitation Project (CIP 14-S013) to NMI Industrial Holdings, Inc., the lowest responsive, responsible bidder, in the amount of \$388,290.

**Summary:**

Secondary Clarifier No. 3 is over 30 years old, at the end of its service life, in poor condition, and in need of replacement. The Secondary Clarifier No. 3 Rehabilitation Project (CIP 14-S013) will replace the clarifier center column, launders, and all mechanical equipment. The Board approved pre-purchase of the clarifier equipment from Ovivo on June 2, 2015.

The contract to install the clarifier equipment was advertised for bid on May 19, 2015 and five (5) bids were received on July 2, 2015. The apparent low bid was received from NMI Industrial Holdings, Inc., in the amount of \$388,290 and contained no irregularities. The other bids ranged from \$436,470 to \$558,000. The Engineer’s Construction Cost estimate was \$400,000.

The Project is scheduled to be completed this fall before the wet weather season begins; as such the target date to complete construction is by late December, weather permitting. The bid price includes a bid alternate allowance of \$9,290 to delay the Project until spring 2016, if needed.

Committee Review			Legal Review	Staff Review		
COMMITTEE ---	DATE ---	RECOMMENDATION ---	Not Required	ORIGINATOR R. Portugal	DEPARTMENT Eng Services	REVIEWED BY
<b>ATTACHMENTS</b> <input type="checkbox"/> None						
<input checked="" type="checkbox"/> Resolution	<input type="checkbox"/> Minute Order	<input type="checkbox"/> Task Order	<input type="checkbox"/> Staff Report	<input type="checkbox"/> Ordinance		
<input checked="" type="checkbox"/> Cost \$388,920	<input checked="" type="checkbox"/> Funding Source A. Regional Sewer Replacement (310) B.		Attachments to S&R 1. Bid Results 2. 3.			

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

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT APPROVING AND AUTHORIZING EXECUTION OF AGREEMENT WITH NMI INDUSTRIAL HOLDINGS, INC., FOR CONSTRUCTION OF SECONDARY CLARIFIER NO. 3 REHABILITATION PROJECT (CIP 14-S013)

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WHEREAS, facility improvements are needed that serve current customers of Dublin San Ramon Services District (DSRSD); and

WHEREAS, on May 19, 2015 the District Secretary advertised for bid for Secondary Clarifier No. 3 Rehabilitation Project (CIP 14-S013); and

WHEREAS, pursuant to said advertisement, five (5) bids were received for the performance of said work and filed with the Interim Executive Services Supervisor; and

WHEREAS, NMI Industrial Holdings, Inc., is the lowest responsive, responsible bidder, and it is the intention and desire of this Board to accept said bid of \$388,290.

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

1. The CEQA requirements for this project were satisfied through categorical exemption, per CEQA Guideline 15302.

2. The bid of NMI Industrial Holdings, Inc., in the amount of \$388,290, is hereby accepted, and said bidder is hereby found and declared to be the lowest responsive, responsible bidder for said work.

3. That certain agreement titled "Agreement for the Construction of Secondary Clarifier No. 3 Rehabilitation Project (CIP 14-S013)" (Exhibit A), by and between Dublin San Ramon Services District, a California public agency, and NMI Industrial Holdings, Inc., is

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

hereby approved, and the General Manager and District Secretary are hereby authorized and directed to execute, and to attest thereto, respectively, said agreement for and on behalf of Dublin San Ramon Services District.

ADOPTED by the Board of Directors of Dublin San Ramon Services District, a public agency in the State of California, counties of Alameda and Contra Costa, at its regular meeting held on the 4th day of August 2015, and passed by the following vote:

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
Edward R. Duarte, President

ATTEST: \_\_\_\_\_  
Nicole Genzale, District Secretary



## SECTION 00500

## AGREEMENT FOR THE CONSTRUCTION OF

Secondary Clarifier No. 3 Rehabilitation (CIP 14-S013)

THIS AGREEMENT, made and concluded, in duplicate, this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_, between the Dublin San Ramon Services District ("District"), Dublin, California, and **NMI Industrial Holdings, Inc., 8503 Weyand Avenue, Sacramento, CA 94528, (916) 635-7030** ("Contractor").

## WITNESSETH:

1. That for and in consideration of the payments and agreements hereinafter mentioned, to be made and performed by the District, and under the conditions expressed in the two bonds, bearing even date with these presents, and hereunto annexed, the Contractor agrees with the District, at his/her own proper cost and expense, to do all the work and furnish all the materials necessary to construct and complete in good workmanlike and substantial manner the project entitled: **Secondary Clarifier No. 3 Rehabilitation (CIP 14-S013)** in strict conformity with the Contract Documents (collectively defined in Section 01090-2.0), prepared therefor, which said plans and specifications are hereby specially referred to and by said reference made a part hereof.
2. Now, therefore, in consideration of the mutual covenants and agreements of the parties herein contained and to be performed, the Contractor hereby agrees to complete the work in accordance with the terms and conditions stipulated in the Contract Documents for the sum of **Three-Hundred Eighty-Eight Thousand Two-Hundred Ninety dollars (\$388,290)** computed in accordance with Contractor's accepted proposal dated **July 2, 2015**, which accepted proposal is incorporated herein by reference thereto as if herein fully set forth. Compensation shall be based upon any lump sum bid items plus the unit prices stated in the Bid Schedule times the actual quantities or units of work and materials performed or furnished. The further terms, conditions, and covenants of this Agreement are set forth in the Contract Documents, each of which is by this reference made a part hereof. Payments are to be made to the Contractor in accordance with the provisions of the Contract Documents in legally executed and regularly issued warrants of the District, drawn on the appropriate fund or funds as required by law and order of the District thereof.
3. The District hereby promises and agrees with the Contractor to employ, and does hereby employ, the Contractor to provide the materials and to do the work according to the terms and conditions herein contained and referred to, for the prices aforesaid, and hereby contracts to pay the same at the time, in the manner and upon the conditions above set forth; and the said parties for themselves, their heirs, executors, administrators, successors and assigns, do hereby agree to the full performance of the covenants herein contained.
4. The Contractor and any subcontractor performing or contracting any work shall comply with all applicable provisions of the California Labor Code for all workers, laborers and mechanics of all crafts, classifications or types, including, but not limited to the following:

(a) The Contractor shall comply with all applicable provisions of Section 1810 to 1815, inclusive, of the California Labor Code relating to working hours. The Contractor shall, as a penalty to the District, forfeit the sum of twenty-five dollars (\$25) for each worker employed in the execution of the Contract by the Contractor or by any subcontractor for each calendar day during which such worker is required or permitted to work more than eight (8) hours in any one calendar day and forty (40) hours in any one calendar week, unless such worker receives compensation for all hours worked in excess of eight (8) hours at not less than 1-1/2 times the basic rate of pay.

(b) Pursuant to the provision of California Labor Code, Sections 1770 et. seq., the Contractor and any subcontractor under him shall pay not less than the prevailing rate of per diem wages as determined by the Director of the California Department of Industrial Relations. Pursuant to the provisions of California Labor Code Section 1773.2, the Contractor is hereby advised that copies of the prevailing rate of per diem wages and a general prevailing rate for holidays, Saturdays and Sundays and overtime work in the locality in which the work is to be performed for each craft, classification, or type of worker required to execute the Contract, are on file in the office of the District, which copies shall be made available to any interested party on request. The Contractor shall post a copy of said prevailing rate of per diem wages at each job site.

(c) As required by Section 1773.1 of the California Labor Code, the Contractor shall pay travel and subsistence payments to each worker needed to execute the Work, as such travel and subsistence payments are defined in the applicable collective bargaining agreements filed in accordance with this Section.

(d) To establish such travel and subsistence payments, the representative of any craft, classification, or type of workman needed to execute the contracts shall file with the Department of Industrial Relations fully executed copies of collective bargaining agreements for the particular craft, classification or type of work involved. Such agreements shall be filed within ten (10) days after their execution and thereafter shall establish such travel and subsistence payments whenever filed thirty (30) days prior to the call for bids.

(e) The Contractor shall comply with the provisions of Section 1775 of the California Labor Code and shall, as a penalty to the District, forfeit up to fifty dollars (\$50) for each calendar day, or portion thereof, for each worker paid less than the prevailing rate of per diem wages for each craft, classification, or type of worker needed to execute the Contract. The Contractor shall pay each worker an amount equal to the difference between the prevailing wage rates and the amount paid worker for each calendar day or portion thereof for which a worker was paid less than the prevailing wage rate.

(f) As required under the provisions of Section 1776 of the California Labor Code, Contractor and each subcontractor shall keep an accurate payroll record, showing the name, address, social security number, work classification, and straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by him or her in connection with the public work. Said payroll shall be certified and shall be available for inspection at all reasonable hours at the principal office of the Contractor on the following basis:

(1) A certified copy of an employee's payroll record shall be made available for inspection or furnished to the employee or his or her authorized representative on request.

(2) A certified copy of all payroll records enumerated in Paragraph 4(f), herein, shall be made available for inspection or furnished upon request to the District, the Division of Labor Standards Enforcement, and the Division of Apprenticeship Standards of the Department of Industrial Relations.

(3) A certified copy of all payroll records enumerated in Paragraph 4(f), herein, shall be made available upon request by the public for inspection or for copies thereof; provided, however, that a request by the public shall be made through either the District, the Division of Apprenticeship Standards, or the Division of Labor Standards Enforcement. If the requested payroll records have not been provided pursuant to subparagraph 4(f)(2) herein, the requesting party shall, prior to being provided the records, reimburse the costs of preparation by the Contractor, subcontractors, and the entity through which the request was made. The public shall not be given access to the records at the principal offices of the Contractor.

The certified payroll records shall be on forms provided by the Division of Labor Standards Enforcement or shall contain the same information as the forms provided by the division.

Each Contractor shall file a certified copy of the records, enumerated in Paragraph 4(f) with the entity that requested the records within ten (10) days after receipt of a written request. Any copy of records made available for inspection as copies and furnished upon request to the public or any public agency by the District, the Division of Apprenticeship Standards, or the Division of Labor Standards Enforcement shall be marked or obliterated in such a manner as to prevent disclosure of an individual's name, address, and social security number. The name and address of the Contractor awarded the Contract or performing the Contract shall not be marked or obliterated. The Contractor shall inform the District of the location of the records enumerated under Paragraph 4(f) including the street address, city and county, and shall, within five (5) working days, provide a notice of change of location and address. The Contractor shall have ten (10) days in which to comply subsequent to receipt of written notice specifying in what respects the Contractor must comply with this Paragraph 4(f). In the event that the Contractor fails to comply within the 10-day period, he or she shall, as a penalty to the state or the District, forfeit twenty-five dollars (\$25.00) for each calendar day, or portion thereof, for each worker, until strict compliance is effectuated. Upon the request of the Division of Apprenticeship Standards or the Division of Labor Standards Enforcement, these penalties shall be withheld from progress payments then due. Responsibility for compliance with Paragraph 4(f) lies with the Contractor.

(g) The Contractor and any subcontractors shall, when they employ any person in any apprenticeable craft or trade, apply to the joint apprenticeship committee administering the apprenticeship standards of the craft or trade in the area of the construction site for a certificate approving the Contractor or subcontractor under the apprenticeship standards for

the employment and training of apprentices in the area or industry affected; and shall comply with all other requirements of Section 1777.5 of the California Labor Code. The responsibility of compliance with California Labor Code Section 1777.5 during the performance of this Contract rests with the Contractor. Pursuant to California Labor Code Section 1777.7, in the event the Contractor willfully fails to comply with the provisions of California Labor Code Section 1777.5, the Contractor shall be denied the right to bid on any public works contract for up to three (3) years from the date noncompliance is determined and be assessed civil penalties.

(h) In accordance with the provisions of Article 5, Chapter 1, Part 7, Division 2 (commencing with Section 1860), and Chapter 4, Part 1, Division 4 (commencing with Section 3700) of the California Labor Code, the Contractor is required to secure the payment of compensation to its employees and for that purpose obtain and keep in effect adequate Workers' Compensation Insurance. If the Contractor, in the sole discretion of the District satisfies the District of the responsibility and capacity under the applicable Workers' Compensation Laws, if any, to act as self-insurer, the Contractor may so act, and in such case, the insurance required by this paragraph need not be provided.

The Contractor is advised of the provisions of Section 3700 of the California Labor Code, which requires every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code and shall comply with such provisions and have Employer's Liability Limits of \$1,000,000 per accident before commencing the performance of the Work of this Contract.

The Notice to Proceed with the Work under this Contract will not be issued, and the Contractor shall not commence work, until the Contractor submits written evidence that it has obtained full Workers' Compensation Insurance coverage for all persons whom it employs or may employ in carrying out the Work under this Contract. This insurance shall be in accordance with the requirements of the most current and applicable state Workers' Compensation Insurance Laws. In accordance with the provisions of Section 1861 of the California Labor Code, the Contractor in signing this Agreement certifies to the District as true the following statement: "I am aware of the provisions of Section 3700 of the Labor Code which requires every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and I will comply with such provisions before commencing the performance of the Work of this Contract."

A subcontractor is not allowed to commence work on the project until verification of Workers' Compensation Insurance coverage has been obtained and verified by the Contractor and submitted to the Construction Manager for the District's review and records.

(i) In accordance with the provisions of Section 1727 of the California Labor Code, the District, before making payment to the Contractor of money due under a contract for public works, shall withhold and retain therefrom all wages and penalties which have been forfeited pursuant to any stipulation in the Contract, and the terms of Chapter 1, Part 7, Division 2 of the California Labor Code (commencing with Section 1720). But no sum shall be withheld, retained or forfeited, except from the final payment, without a full investigation by either the Division of Labor Standards Enforcement or by the District.

5. It is further expressly agreed by and between the parties hereto that should there be any conflict between the terms of this Agreement and the Bid Proposal of said Contractor, then this Agreement shall control, and nothing herein contained shall be considered as an acceptance of the said terms of said Proposal conflicting herewith.

6. The Contractor agrees to provide and maintain insurance coverage, and to indemnify and save harmless the parties named and in the manner set forth in Section 00800-2.0, **LIABILITY & INSURANCE**.

The duty of Contractor to indemnify and save harmless, as set forth herein, shall include a duty to defend as set forth in Section 2778 of the California Civil Code; provided, however, that nothing herein shall be construed to require Contractor to indemnify against any responsibility or liability in contravention of Section 2782 of the California Civil Code.

7. The Contractor shall diligently prosecute the Work so that it shall be substantially completed within the time specified in Section 00800-1.1, **Time Allowed for Completion**.

8. Except as otherwise may be provided in other provisions of the Contract Documents, Contractor hereby expressly guarantees for one (1) full year from the date of the Substantial Completion of the Work under this Agreement and acceptance thereof by the District, to repair or replace any part of the Work performed hereunder which constitutes a defect resulting from the use of inferior or defective materials, equipment or workmanship. If, within said period, any repairs or replacements in connection with the Work are, in the opinion of the District, rendered necessary as the result of the use of inferior or defective materials, equipment or workmanship, Contractor agrees, upon receipt of notice from District, and without expense to District, to promptly repair or replace such material or workmanship and/or correct any and all defects therein. If Contractor, after such notice, fails to proceed promptly to comply with the terms of this guarantee, District may perform the work necessary to effectuate such correction and recover the cost thereof from the Contractor and/or its sureties.

In special circumstances where a particular item of work or equipment is placed in continuous service before Substantial Completion of the Work, the correction period for that item may start to run from an earlier date. This date shall be agreed upon by the Contractor and District on or before the item is placed in continuous service.

Any and all other special guarantees which may be applicable to definite parts of the Work under this Agreement shall be considered as an additional guarantee and shall not reduce or limit the guarantee as provided by Contractor pursuant to this paragraph during the first year of the life of such guarantee.

9. The Contractor shall provide, on the execution of this Agreement, a good and sufficient corporate surety bond in the penal sum of one hundred percent (100%) of amount bid, which bond shall be on the form provided by the District in Section 00610, **BOND OF FAITHFUL PERFORMANCE**, and be conditioned upon the faithful performance of all work required to be performed by the Contractor under this Agreement. Said bond shall be liable for any and all penalties and obligations which may be incurred by Contractor under this Agreement. The corporate surety bond shall be issued by a corporate surety approved by the District's counsel. The corporate surety shall be authorized to conduct business in California. At its discretion, the District may request that a certified copy of the certificate of authority of the insurer issued by the Insurance Commissioner of the State of California

be submitted by the Surety to the District. At its discretion, the District may also require the insurer to provide copies of its most recent annual statement and quarterly statement filed with the Department of Insurance pursuant to Article 10 (commencing with Section 900) of Chapter 1 of Part 2 of Division 1 of the Insurance Code.

10. In addition to the bond required under Paragraph 9, hereof, Contractor shall furnish a good and sufficient corporate surety bond in the penal sum of one hundred percent (100%) of amount of Bid, which bond shall be on the form provided by the District in Section 00620, **PAYMENT BOND**, and conform strictly with the provisions of Chapter 7, Title 15, Part 4, Division 3, of the Civil Code of the State of California, and all amendments thereto. The corporate surety bond shall be issued by a corporate surety approved by the District's counsel. The corporate Surety shall be authorized to conduct business in California. At its discretion, the District may request that a certified copy of the certificate of authority of the insurer issued by the Insurance Commissioner of the State of California be submitted by the Surety to the District. At its discretion, the District may also require the insurer to provide copies of its most recent annual statement and quarterly statement filed with the Department of Insurance pursuant to Article 10 (commencing with Section 900) of Chapter 1 of Part 2 of Division 1 of the Insurance Code.

11. The Contractor may substitute securities for the amounts retained by the District to ensure performance of the work in accordance with the provisions of Section 22300 of the Public Contract Code.

12. Contractor covenants that Contractor is licensed in accordance with the provisions of the Contractors' License Law of California as provided in Section 00010, **NOTICE INVITING BIDS**.

13. The Contractor shall be provided the time period specified in Section 01340-2.0, **MATERIAL AND EQUIPMENT SUBSTITUTIONS**, for submission of data substantiating a request for a substitution of an "or equal" item.

14. As required by Section 6705 of the California Labor Code and in addition thereto, whenever work under the Contract involves the excavation of any trench or trenches five (5) feet or more in depth, the Contractor shall submit in advance of excavations, a detailed plan showing the design of shoring, bracing, sloping, or other provisions to be made for worker protection from the hazard of caving ground during the excavation of such trench or trenches. If such plan varies from the shoring system standards established by the Construction Safety Orders of the Division of Industrial Safety in Title 8, Subchapter 4, Article 6, California Code of Regulations, the plan shall be prepared by a registered civil or structural engineer employed by the Contractor, and all costs therefore shall be included in the price named in the Contract for completion of the Work as set forth in the Contract Documents. Nothing in this Section shall be deemed to allow the use of a shoring, sloping, or other protective system less effective than that required by the Construction Safety Orders. Nothing in this Section shall be construed to impose tort liability on the District, the Design Consultant, Construction Manager nor any of their agents, consultants, or employees. The District's review of the Contractor's excavation plan is only for general conformance to the California Construction Safety Orders.

Prior to commencing any excavation, the Contractor shall designate in writing to the Construction Manager the "competent person(s)" with the authority and responsibilities designated in the Construction Safety Orders.

15. In accordance with Section 7104 of the Public Contract Code, whenever any work involves digging trenches or other excavations that extend deeper than four (4) feet below the surface, the provisions of Section 00700-7.2, **Differing Site Conditions**, shall apply.

16. In accordance with Section 7103.5 of the Public Contract Code, the Contractor and subcontractors shall conform to the following requirements. In entering into a public works contract or a subcontract to supply goods, services, or materials pursuant to a public works contract, the Contractor or subcontractor offers and agrees to assign to the District all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Section 15) or under the Cartwright Act [Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code], arising from purchases of goods, materials or services pursuant to this Contract or the subcontract. Such assignment shall be made and become effective at the time the District tenders final payment to the Contractor, without further acknowledgment by the parties.

17. In accordance with Section 4552 of the Government Code, the Contractor shall conform to the following requirements. In submitting a Bid to the District, the Contractor offers and agrees that if the Bid is accepted, it will assign to the District all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Section 15) or under the Cartwright Act [Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code], arising from purchase of goods, materials, or services by the Contractor for sale to the District pursuant to the Bid. Such assignment shall be made and become effective at the time the Authority tenders final payment to the Contractor.

18. Pursuant to Public Contract Code Section 7100, the acceptance by the Contractor of an undisputed payment made under the terms of the Contract shall operate as, and shall be, a release to the District, and their duly authorized agents, from all claim of and/or liability to the Contractor arising by virtue of the contract related to those amounts. Disputed contract claims in stated amounts may be specifically excluded by the Contractor from the operation of the release.

19. In accordance with California Business and Professions Code Section 7030, the Contractor is required by law to be licensed and regulated by the Contractors' State License Board which has jurisdiction to investigate complaints against contractors if a complaint regarding a patent act or omission is filed within four (4) years of the date of the alleged violation. A complaint regarding a latent act or omission pertaining to structural defects must be filed within ten (10) years of the date of the alleged violation. Any questions concerning the Contractor may be referred to the Registrar, Contractors' State License Board, P.O. Box 26000, Sacramento, California 95826.

IN WITNESS WHEREOF, the parties hereto have executed this agreement on the date first set forth above.

CONTRACTOR

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

Title: \_\_\_\_\_

Dublin San Ramon Services District

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

Bert Michalczyk, General Manager

ATTEST:

\_\_\_\_\_  
Nicole Genzale, District Secretary

**\*\*\* END OF SECTION \*\*\***





**Results of Bid Opening for  
Secondary Clarifier No. 3 Rehabilitation (CIP 14-S013)  
Thursday, July 2, 2015 – 2:00 p.m.**

**Engineer's Estimate: \$400,000**

No.	Name of Bidder	Bid Amount
1	NMI Industrial Holdings, Inc., Sacramento, CA	\$379,000 Base Bid \$9,290 Bid Alternate A
2	C. Overaa & Co., Richmond, CA	\$436,470 Base Bid \$0 Bid Alternate A
3	Monterey Mechanical Co., San Leandro, CA	\$443,500 Base Bid \$500 Bid Alternate A
4	Pacific Infrastructure Corp., Pleasanton, CA	\$463,000 Base Bid \$12,000 Bid Alternate A
5	D.W. Nicholson Corporation, Hayward, CA	\$544,100 Base Bid \$13,900 Bid Alternate A

Sub-Contractors	Description of Work	Amount of Work to be Performed
1. <b>NMI Industrial Holdings, Inc.</b> Elite Power Wunderlich-Malec	Electrical Controls	\$49,905 \$44,950
2. <b>C. Overaa &amp; Co.</b> H.G.H. Electric Wunderlich-Malec Jeffco Painting	Electrical Instrumentation & Controls Painting	\$32,000 \$44,950 \$15,590
3. <b>Monterey Mechanical Co.</b> H.G.H. Electric Jeffco Painting	Electrical Painting	\$76,000 \$15,590
4. <b>Pacific Infrastructure Corp.</b> Redwood Painting Wunderlich-Malec	Painting Electrical	\$25,000 \$70,000
5. <b>D.W. Nicholson Corporation</b> Redwood Painting Wunderlich-Malec	Painting Integration	\$27,900 \$50,220



Reference Administrative Services Manager	Type of Action Approve Plan Amendment	Board Meeting of August 4, 2015
Subject Approve First Amendment to the 457(b) Plan Administration Agreement with Nationwide Retirement Solutions		
<input type="checkbox"/> Motion	<input type="checkbox"/> Minute Order	<input checked="" type="checkbox"/> Resolution
<input type="checkbox"/> Ordinance	<input type="checkbox"/> Informational	<input type="checkbox"/> Other
REPORT:	<input type="checkbox"/> Verbal	<input type="checkbox"/> Presentation
	<input checked="" type="checkbox"/> Staff	J. Archer
		<input type="checkbox"/> Board Member

**Recommendation:**

The Administrative Services Manager and 457(b) Plan Trustee/Custodian recommends the Board of Directors approve, by Resolution, the First Amendment to the Deferred Compensation Plan Administration Agreement for Dublin San Ramon Services District.

**Summary:**

In July 2014, Human Resources staff conducted an assessment of the District’s Defined Contribution, 457(b) Plan (Plan). The objectives of the assessment were to: a) determine and update Plan roles and responsibilities; b) ensure compliance with regulatory requirements; and c) ensure the Plan is competitive in the market and provides value to Plan participants. The findings of this assessment were presented in the 457 Plan Assessment staff report issued on March 5, 2015 and was presented at the Board of Directors meeting on March 17, 2015. With the help of benefits attorney Jeff Chang, attorney with Chang, Ruthenberg and Long, PC, staff found that the Plan documents and appointment of appropriate administrators were out-of-date, and that the Plan rates and fees were in need of a market comparison to ensure alignment with current market rates and products.

At the Board meeting of March 17, 2015, in accordance with staff recommendation, the Board appointed John Archer, the Administrative Services Manager, to act as the plan’s Trustee/Custodian and delegated authority to an Administrative Committee to administer the Plan. Following the board’s delegation of authority, and in accordance with the recommendations in the March 5th staff report, the Plan Administrative Committee took steps to review and renegotiate the Administrative Services Agreement with Nationwide Retirement Solutions (NRS). The Committee completed discussions with NRS and received an offer to reduce the annual administration fee charged to Plan participants, effective August 18, 2015. Acceptance of this offer requires that the Board approve the First Amendment to the Deferred Compensation Plan Administration Agreement for Dublin San Ramon Services District.

The Amendment, if approved, will reduce the annual administration fee charged to Plan participants from 0.28% to 0.22%, effective August 18, 2015, and will further reduce this fee to 0.20% if and when the District Plan assets reach \$20,000,000 or more at the end of two consecutive calendar quarters. As of June 30, 2015, Plan assets were approximately \$15,400,000.

Committee Review			Legal Review	Staff Review		
COMMITTEE ---	DATE ---	RECOMMENDATION ---	Yes	ORIGINATOR C. Hoffmann	DEPARTMENT Admin Services	REVIEWED BY M.Gallardo
<b>ATTACHMENTS</b> <input type="checkbox"/> None						
<input checked="" type="checkbox"/> Resolution	<input type="checkbox"/> Minute Order	<input type="checkbox"/> Task Order	<input checked="" type="checkbox"/> Staff Report	<input type="checkbox"/> Ordinance		
<input checked="" type="checkbox"/> Cost \$0	<input type="checkbox"/> Funding Source A. B.		Attachments to S&R 1. 2. 3.			

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

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT APPROVING THE FIRST AMENDMENT TO THE DUBLIN SAN RAMON SERVICES DISTRICT DEFINED CONTRIBUTION 457(B) ADMINISTRATION AGREEMENT WITH NATIONWIDE RETIREMENT SOLUTIONS

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WHEREAS, pursuant to Resolution No. 48-01, adopted on December 18, 2001 by the Board of Directors of Dublin San Ramon Services District (hereinafter “District”), employees and Boardmembers currently participate in an IRC 457(b) defined contribution retirement savings plan (hereinafter “Plan”), which Plan is administered by Nationwide Retirement Solutions (hereinafter “NRS”), in accordance with the restated and amended Plan document currently in effect; and

WHEREAS, the Board of Directors appointed a Trustee/Custodian for the Plan and created a Plan Administration Committee to serve as Plan Administrator by Resolution No. 17-15, adopted on March 17, 2015; and

WHEREAS, the Plan Administration Committee has negotiated with NRS to reduce administrative fees payable to NRS by District employees in accordance with the Committee’s fiduciary duty to act in the best interests of Plan participants.

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

That the document “First Amendment to the Deferred Compensation Plan Administration Agreement for the Dublin San Ramon Services District” (attached as “Exhibit A”) is hereby approved, and the Administrative Services Manager (Trustee/Custodian for the Plan) is hereby authorized and directed to execute, and the District Secretary is hereby authorized and directed to attest, said Amendment for and on behalf of Dublin San Ramon Services District.

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

ADOPTED by the Board of Directors of Dublin San Ramon Services District, a public agency located in the counties of Alameda and Contra Costa, California, at its regular meeting held on the 4th day of August 2015, and passed by the following vote:

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
Edward R. Duarte, President

ATTEST: \_\_\_\_\_  
Nicole Genzale, District Secretary

**FIRST AMENDMENT TO THE DEFERRED COMPENSATION PLAN**

**ADMINISTRATION AGREEMENT FOR THE DUBLIN SAN RAMON SERVICES DISTRICT**

This First Amendment to the Deferred Compensation Plan Administration Agreement (“Agreement”) by and between Nationwide Retirement Solutions, Inc., an affiliate and subsidiary of Nationwide Financial Services, Inc., a Delaware corporation (hereinafter “Nationwide”), and the Dublin San Ramon Services District, the Plan Sponsor (“Plan Sponsor”) is entered into and made effective on the \_\_\_\_\_ day of \_\_\_\_\_, 2015.

**WHEREAS**, Plan Sponsor currently maintains the Dublin San Ramon Services District, State of California 457(b) Deferred Compensation Plan (the “Plan”); and

**WHEREAS**, the original Agreement that is the subject of this First Amendment was executed between Great Western Bank (“Great Western”) and Plan Sponsor, with an effective date of the 1st day of May, 1995; and

**WHEREAS**, Washington Mutual, FA (“WaMu”) became the successor by merger to Great Western; and, as a result, the successor to Great Western as a party to the Agreement; and

**WHEREAS**, WaMu assigned the Agreement to National Deferred Compensation, Inc., as a successor party by merger to the Agreement between Great Western and Plan Sponsor (dated on or about the 1st day of May, 1995), by virtue of an Assignment of Deferred Compensation Plan Administration Agreement effective the 18th day of November, 1999; and

**WHEREAS**, Nationwide currently provides certain nondiscretionary administrative, recordkeeping, and reporting services to the Plan (hereinafter referred to as the “Administrative Services”) by virtue of an Assignment of Deferred Compensation Plan Administration Agreement to Nationwide from National Deferred Compensation, Inc., who was acquired by a wholly-owned subsidiary of Nationwide Financial Services, Inc., in 1998, which Assignment was executed on the 3rd day of May, 2005; and

**WHEREAS**, Plan Sponsor desires to continue to contract with Nationwide in connection with the administration of the Plan; and

**WHEREAS**, Nationwide desires to continue to provide the Administrative Services, subject to the terms and conditions set forth in the Agreement and this First Amendment.

**NOW THEREFORE**, in consideration of the mutual promises contained herein, Plan Sponsor and Nationwide hereby agree to amend the Agreement as follows:

1. Current Paragraphs A, B, C, D, E, F, and G of Section 9, titled “Fees and Expenses,” of the original Agreement are hereby deleted in their entirety.

2. The following new paragraphs are added to Section 9 of the original Agreement as follows:

A. Nationwide may receive compensation for providing the Administrative Services rendered to the Plan from a number of sources. Those may include product or contract charges, administrative fees, fee and charges applicable to Nationwide proprietary funds, and sales compensation and expense reimbursements from funds made available as investment options under the Plan. As part of its product offering, Nationwide will provide Plan Sponsor with information regarding the sources of revenue it may receive from the Plan upon Plan Sponsor’s written request. The Plan Sponsor may at any time request an estimate of the range of or weighted average compensation to be paid to Nationwide from the investment options offered under the Plan.

B. In addition to the compensation Nationwide receives from the revenue sources described in Paragraph A of this Section 9, Nationwide will also be entitled to any individual participant charges that are currently assessed against participant accounts for such services as participant loans, self-directed brokerage accounts, distribution fees, etc., when applicable given Plan terms, Plan Sponsor elections, standard individual participant charges assessed by Nationwide or by a third-party provider through separate agreements with Nationwide, or other agreements in place between Plan Sponsor and Nationwide. Nationwide will provide the Plan Sponsor with a list of these separate participant fees upon written request from the Plan Sponsor.

C. The Plan Sponsor may request Nationwide and/or its affiliates to provide additional services not described in the Agreement by making such a request in writing, which Nationwide may decide to perform for compensation to be negotiated by the parties prior to the commencement of the additional services.

D. A 0.22% (22 basis points) annual fee will be applied to the value of the participant accounts. The fee will be calculated and assessed on applicable participant account balances on the last day of each month.

E. Once the Plan's total assets being serviced by Nationwide reach \$20,000,000 or more at the end of two consecutive calendar quarters, a 0.20% (20 basis points) annual fee will be applied to the value of the participant accounts. The fee will be calculated and assessed on applicable participant account balances on the last day of each month. The fee reduction will take place at the next scheduled Nationwide price conversion date after the \$20,000,000 Plan balance has been attained for the period outlined above.

3. An Exhibit C, which has been attached hereto, is added to the Agreement and made a part hereof.

**IN WITNESS WHEREOF**, the parties hereto have executed this First Amendment effective on the date first written above.

Nationwide Retirement Solutions, Inc.:

Dublin San Ramon Services District, as Plan Sponsor:

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

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

Printed Name: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Attest:

\_\_\_\_\_  
Nicole Genzale, District Secretary

## Exhibit C

### Mutual Fund Payments Disclosure

#### *Our Relationships with the Mutual Funds*

Nationwide Retirement Solutions, Inc., offers a variety of unregistered group variable annuity contracts and mutual fund platforms (collectively referred to as "retirement products"). Those retirement products are sold exclusively in the public sector retirement markets through Nationwide's life insurance and trust company affiliates (collectively referred to as the "Nationwide companies")

The variable accounts, trust accounts, or custodial accounts (the "Accounts") that accompany the retirement products offer investment options, and purchase and sell shares of certain mutual funds in the aggregate each day so that the performance of the investment options corresponds to the performance of those mutual funds. When the Accounts aggregate these transactions, the mutual fund does not incur the expense of processing individual transactions that it would incur if it sold its shares to the public directly. This expense is instead incurred by the Nationwide companies.

Nationwide companies also incur the distribution costs associated with selling the retirement products, which benefits the mutual funds by providing contract owners and participants with investment options that correspond to the underlying mutual funds.

An investment adviser or subadviser of a mutual fund or its affiliates may provide the Nationwide companies with wholesaling services that assist in the distribution of the retirement products and may pay to participate in educational and/or marketing activities. These activities may provide the adviser or subadviser (or their affiliates) with increased exposure to persons involved in the distribution of the retirement products.

#### *Types of Payments the Nationwide Companies Receive*

In light of the above, certain mutual funds or their affiliates make payments to the Nationwide companies (the "payments"). The amount of these payments is typically based on an agreed upon percentage times the amount of assets that the Accounts invest in the mutual funds.

These payments may be used for any corporate purpose, which includes reducing the price of the retirement products, paying expenses that the Nationwide companies incur in promoting, marketing, and administering the retirement products, and achieving a profit.

The Nationwide companies receive the following types of payments:

- Mutual fund 12b-1 fees, which are deducted from mutual fund assets;
- Sub-transfer agent fees or fees pursuant to administrative service plans adopted by the mutual fund, which may be deducted from mutual fund assets; and
- Payments by a mutual fund's adviser or subadviser (or its affiliates). Such payments may be derived, in whole or in part, from the advisory fee that is deducted from mutual fund assets and reflected in the mutual fund charges.



Furthermore, the Nationwide companies benefit when assets are invested in Nationwide's affiliated mutual funds (i.e., Nationwide Variable Insurance Trust and/or Nationwide Mutual Funds) because their affiliates also receive compensation from the mutual funds for investment advisory, administrative, transfer agency, distribution, and/or other services. Thus, the Nationwide companies may receive more revenue with respect to affiliated mutual funds than unaffiliated mutual funds.

The Nationwide companies took these anticipated payments into consideration in determining the charges they impose under the retirement products (apart from fees and expenses imposed by the mutual funds). Without these payments, the Nationwide companies would have imposed higher charges on their retirement products.

*Amount of Payments the Nationwide Companies Receive*

For the year ended December 31, 2014, for public sector retirement products, the maximum payments that the Nationwide companies received from the mutual funds and their affiliates (as a percentage of the average daily net assets of the mutual funds attributable to the retirement products) and weighted average payments were:

	Maximum Percentage	Weighted Averages**
Public sector retirement products*	0.75%	0.246%

\*Excludes select public sector retirement plan assets where the Nationwide companies either do not have agreements to receive any payments from the mutual funds or do not retain payments from the mutual funds.

\*\* Weighted averages are the product of amounts the Nationwide companies earned, divided by annual average mutual fund assets (using quarter end average balances). All mutual funds available in a line of business are included when determining average mutual fund assets, regardless of whether the mutual funds or their affiliates actually made any payments to the Nationwide companies during the year, subject to the exclusion noted above.

Most mutual funds or their affiliates have agreed to make payments to the Nationwide companies, although the amount of the payment may vary from mutual fund to mutual fund. Some mutual funds may not make any payments at all.

The amount of the actual payments the Nationwide companies receive is based on an agreed upon percentage times the amount of assets invested by the Accounts in the mutual funds. As such, the Nationwide companies may receive higher payments from mutual funds that pay a lower percentage than from mutual funds that pay a higher percentage because of the level of assets invested by the Accounts.

Opportunities to participate in educational and/or marketing activities offered by investment advisers or subadvisers of the mutual funds or their affiliates to employees of the Nationwide companies are not taken into account in determining the amount of payments received.

### *Identification of Mutual Funds Offered in Our Retirement Products*

The Nationwide companies identify a menu of potential mutual funds that correspond to the investment options for their retirement products. They may consider several criteria when identifying those mutual funds, including some or all of the following: investment objectives, investment process, investment performance, risk characteristics, investment capabilities, experience and resources, investment consistency, and fund expenses.

In some cases, the Nationwide companies identify mutual funds based on requests and recommendations made by retirement plan sponsors and/or their advisors. Another factor the Nationwide companies consider during this process is whether the mutual fund's adviser or subadviser is one of their affiliates or whether the mutual fund, its adviser, its subadviser(s), or an affiliate will make payments such as those described above.

The Plan Sponsor should consider all of the fees and charges of a retirement product in relation to the features and benefits of that product when deciding which investment options to offer for the Plan. The fees of the mutual funds being offered as part of the overall retirement product should also be considered in the Plan Sponsor's decision. Plan Sponsor understands that higher product and mutual fund fees and charges have a direct effect on the investment performance of the Plan's investment options.

(Additional information is available through "Fund Payments Made to Nationwide" link on [www.nrsforu.com](http://www.nrsforu.com)).

# STAFF REPORT



Prepared by: Michelle Gallardo, Interim Organizational Services Manager

Date: March 5, 2015

## 457(b) Deferred Compensation Plan - Administration Review

### EXECUTIVE SUMMARY

Human Resources staff conducted an assessment of the District's deferred compensation, 457(b) plan (Plan) in July 2014. The objectives of the assessment were to: a) determine and update Plan roles and responsibilities, b) ensure compliance with regulatory requirements, and c) ensure the plan is competitive in the market and provides value to Plan participants. With the help of benefits attorney Jeff Chang, staff discovered that the Plan documents and delegation of authority is sorely out of date and that the plan requires realignment with current market rates. This review provides background on the history of the 457 Plan since it was established in 1983, a review of the Plan's required roles and responsibilities, and recommendations for Plan administration updates and delegation of authority as required.

### STRATEGIC PLAN 2014-2018

This item supports the Strategic Plan Objective No. 4, Personnel/Organization – Sustain a high-performing, highly qualified, motivated, safe and innovative workforce and an adaptable organization, to address appropriate and sustainable compensation and benefits, in support of Work Plan items 4.1.1, 4.1.3, and 4.3.11 in the 2014-2018 Dublin San Ramon Services District Strategic Plan.

### BACKGROUND

In July 2014, staff began the process of conducting a historical review of the District's deferred compensation plan, a governmental (IRS 457(b)) defined contribution retirement savings plan sponsored by the District. The plan was initially adopted by the Board of Directors on April 1, 1983. Since that time, the plan has been amended and restated several times as a result of organizational changes, vendor/company changes, and regulatory changes (**Attachment A**, history of 457 plan changes since 1983). The plan is currently administered by Nationwide Retirement Solutions (NRS).

Staff was asked to conduct an assessment of the District's plan to determine:

- a) current roles and responsibilities (i.e. designated plan custodian/trustee, other fiduciary responsibility);
- b) regulatory updates which may be required to comply with federal/state regulations;
- c) Plan design changes which may be required to align with the market.

After discussion with NRS representatives, and a legal review conducted by Jeff Chang, attorney with Chang, Ruthenberg and Long, in October 2014, staff learned that the plan documents, as well as the plan design and structure, are quite out of date and in need of update and alignment to the current market and regulatory standards. The following discussion outlines what was discovered in this assessment, and suggested action to be taken to bring the plan into alignment and to meet regulatory compliance guidelines.

# DISCUSSION

## Roles and Responsibilities

In review of the plan roles and responsibilities prepared by Jeff Chang, the following are the current and recommended role assignments for the District’s plan with NRS:

Roles	Responsibilities	Current	Recommended
a. Sponsor or employer	The entity that establishes and maintains a plan. It also employs the employees who are covered by a plan. The employer (i.e., its governing body) has the authority to establish a plan for its employees. It also has the responsibility for determining the terms of the plan and whether to modify it or it.	DSRSD	<i>No change</i>
b. Participants and beneficiaries	The employees of the Employer who are eligible to participate in a plan (along with their spouses and beneficiaries).	DSRSD Employees and Board Members	<i>No change</i>
c. Trustees/custodian	The person(s) or entity(ies) with responsibility for holding title to the plan's assets. Trustees can either be: discretionary, having the ability to make decisions with respect to the investment and distribution of plan assets; or nondiscretionary, subject to the direction of others such as the employer or the participants.	Administrative Services Manager/Finance Officer	<b>DECIDE:</b> Initially appoint John Archer (as District Treasurer [bonded for fiduciary duties]); consider appointment of an institutional trustee/custodian as part of a new recordkeeping arrangement.
d. Plan administrator	The person(s) or entity responsible for the day to day administration of the plan. Not to be confused with the "third party administrator" or TPA.	Michelle Gallardo (currently named in NRS records)	<b>DECIDE:</b> Appoint administrative committee as "plan administrators" -Admin Services Manager -HR Supervisor -HR Analyst -Financial Analyst
e. Investment provider(s)	This can be one or more mutual fund companies, insurance companies, bank collective trusts, etc. In many "bundled" arrangements, the investment provider also serves as the record-keeper.	NRS	<b>A new investment provider will likely be selected by the Plan Administrator based on recommendations from counsel and the new investment advisor to be selected (see below)</b>
f. Record-keeper	The entity responsible for keeping track of the respective account balance or accrued benefit of each participant.	NRS	<b>A new record-keeper will likely be selected by the Plan Administrator based on recommendations from counsel and the new investment advisor to be selected (see below)</b>
g. Third party administrator (TPA)	A contracted entity that "assists" the plan administrator in fulfilling some of its duties with respect to the administration of the plan.	None	<i>No change</i>
h. Investment consultant or advisor	The person or entity that provides investment advice to the plan Sponsor, the Plan Administrator, the Investment Committee, and/or the Participants. An investment consultant and advisor can be a non-fiduciary, co-fiduciary or an independent fiduciary. The Government Code specifically authorizes the hiring of	NRS	<b>A new investment advisor will be selected by the Plan Administrator from a limited list of qualified registered investment advisors identified and</b>

	investment advisors. Mr. Chang strongly recommends that the District hire an investment advisor who will contractually accept all of the District's responsibility for selecting and monitoring the investment line-up.		<b>preliminarily vetted with the help of legal counsel</b>
i. Investment Committee (if separate from the Plan Administrator)	Many plan structures provide for an investment committee that is separate from the person or staff responsible for plan administration.	None	<b>Administrative Committee will also be responsible for overseeing plan investments and any consultants or advisors hired for this purpose.</b>

**Trustee/Custodian**

The District’s plan document currently designates the duty of Trustee/Custodian to the Administrative Services Manager/Finance Officer. Although this title was recently updated to just Administrative Services Manager, since it is unclear, and for clarity in assignment of role responsibilities, best practice would be to designate this role by name of the person or entity to act. Staff is recommending the appointment of John Archer as Trustee/Custodian. This appointment and delegation of authority would be accomplished through the adoption of appropriate board resolution and a plan amendment. Mr. Chang recommends in his legal review that this step be done first because someone needs to have the legal ability to transfer plan assets and investments to a new investment provider and recordkeeper.

**Plan Administrator**

The District’s Plan currently specifies that Michelle Gallardo, HR Supervisor (Interim Organizational Services Manager) is acting as the plan administrator. With the recent reorganization of the Organizational Services Department (including Human Resources) and the Financial Services Department, the responsibility for all contract approvals is assigned internally to the Department Manager or designee.

Mr. Chang advised that it is critical to clarify who the "plan administrator" of the plan is. Without adequate clarity, the District's board might be held responsible as plan fiduciaries. This is because the plan administrator is the main plan fiduciary and is held to high standards of care in connection with the operation and investment of the plan as set forth in the California Constitution and the Government Code. Mr. Chang recommends that a new "plan administrator" immediately be appointed by the Board which would consist of an administrative committee (typically between 3 -5 mid-level to senior level staff members) who work with the plan on a regular basis and who understand all of the various servicing relationships necessary to the operation of the plan. This arrangement is similar to having multiple check signers, and internal policy will still require that any policy interpretations or changes be approved by the appropriate manager/supervisor. The new administrative committee would, among other things, be responsible for:

- a. Overseeing the administration and operation of the plan;
- b. Interpreting and construing the terms of the plan as necessary;
- c. The hiring and replacing all service providers to the plan (i.e., investment advisors, record-keepers, investment providers, third party administrators, etc.);
- d. Establishing and maintaining all appropriate policies and procedures to facilitate the proper administration of the plans (i.e., QDRO, loan, hardship, investment policies, as appropriate);
- e. Selecting and monitoring of the plan's investment line-up (this responsibility can and should be delegated by contract to a registered investment advisor); and
- f. Monitoring of services and fees provided to the plan and its participants – to make sure that the fees charged are reasonable and appropriate.

Given the current functional responsibility for employee benefits administration and financial analysis charged to the Human Resources and Finance Divisions, staff recommends the following employees to be appointed to the administrative committee:

- a. Administrative Services Manager, John Archer
- b. Financial Analyst, Herman Chen
- c. Human Resources Supervisor, Michelle Gallardo (Interim Organizational Services Manager)
- d. Human Resources Analyst II, Christine Hoffmann

**Investment Provider(s)**

The District currently relies on NRS to provide investment options available under the District’s Plan. As the Plan contract specifies, the responsibility and discretion to make changes in Plan investment options is a responsibility of the Trustee/Custodian, which may or may not be the appropriate assignment for the investment and distribution duties going forward.

Mr. Chang recommends the District consider contracting with an independent mutual fund company, insurance company, bank collective trust, etc., to provide the investment options recommended by and in conjunction with the plan's new investment advisor.

**Independent Investment Advisor**

The District also relies on NRS to provide investment information and recommendations for the funds made available to plan participants. As the District’s plan currently specifies, the responsibility and discretion to make changes is a responsibility of the Trustee/Custodian, which may or may not be the appropriate assignment for the investment and distribution duties going forward.

Mr. Chang recommends that the District contract with an independent registered investment advisor to be responsible for the selection and monitoring of the District’s investment choices. This will relieve the District of this responsibility (and the potential liability). Part of this process is evaluating the investment alternatives and fees and costs of providing a “best in class” investment environment for the District’s plan participants while keeping all fees to a fair and reasonable level. The independent registered investment advisor would contractually agree to assume the fiduciary duty for selecting and monitoring the Plan’s investments.

The engagement of any advisor should be conditioned on the negotiation and execution of an appropriate service agreement.

**Recordkeeper**

The District’s current Plan record-keeper is Nationwide. This service is provided by payment of fees (which are paid by plan participants). Mr. Chang recommends that the District select a new “unbundled” record-keeper arrangement. With the record-keeper services separate from the investment services, this provides participants with greater transparency in costs and reduces conflict of interest in services which are intended to provide a benefit to plan participants. The engagement of any record-keeper service provider should be conditioned on the negotiation and execution of an appropriate service agreement and would in part be based upon the recommendations of the plan's new investment advisor.

### **Third-Party Administrator**

Currently, the District processes all enrollments, changes, payroll deductions, and other day-to-day Plan administration using internal staff. This level of support is currently sufficient to meet the District's transactional administration needs; therefore, no changes are being recommended.

### **Investment Committee**

The District currently does not have a designated Investment Committee to review 457 Plan investments. Mr. Chang believes that it is not necessary to establish a separate Investment Committee. He recommends that these functions can easily be handled by the new Administrative Committee – particularly if it is hiring a new investment advisor that will assume much of the Committee's investment responsibilities.

## **RECOMMENDATION**

In consideration of the findings from this assessment, and in review of the assessment objectives, to review:

- a) current roles and responsibilities (i.e. designated plan custodian/trustee, other fiduciary responsibility);
- b) regulatory updates which may be required to comply with federal/state regulations;
- c) Plan design changes which may be required to align with the market.

Staff recommends the following actions:

1. Delegate authority (by resolution of the Board of Directors) to John Archer, Administrative Services Manager/District Treasurer, as Trustee/Custodian. Since it is not clear who the current trustee/custodian of the plan is, the board is being asked to appoint John Archer to serve as the trustee/custodian under the current Nationwide Retirement Services (NRS) arrangement. This appointment is necessary to facilitate any future transfer of assets from the current plan to a new platform. On a more permanent basis, the District may find it in its best interest to utilize an institutional trustee/custodian. This can be done as part of any new recordkeeping and investment arrangement the District may move to.
2. Delegate authority (by resolution of the Board of Directors) to an administrative committee as the "plan administrator" of the plan. Given that the plan administrator is considered to be the main plan fiduciary and is held to high standards of care in connection with the operation and investment of the plan as set forth in the California Constitution and the Government Code, it is important to clarify and appoint this role. Staff recommends the following employees to be appointed to the administrative committee:
  - a. Administrative Services Manager
  - b. Financial Analyst
  - c. Human Resources Supervisor
  - d. Human Resources Analyst
3. Attempt to renegotiate the Administrative Services Agreement (ASA), last updated in May 1995. This document specifies the fee structure paid by plan participants, and was designed specific to the plan (as designed) 20 years ago. In an effort to realign the District's plan with current market rates, staff recommends that the newly-designated administrative committee immediately begin working with NRS to renegotiate a new agreement. Counsel has cautioned that NRS may not be willing to do a

substantive renegotiation if it knows that the District may switch investment providers and recordkeepers.

4. Begin targeted search for the following services:
  - a. Independent investment advisor
  - b. Investment provider (mutual fund company, etc.)
  - c. Record-keeping services

To ensure the District obtains the specific plan compliance and investment advice contemplated by this review and the most cost-effective arrangement for plan participants, staff recommends that the newly-appointed administrative committee work with benefits counsel to review and hire an independent investment advisor, investment provider (such as a mutual fund company, etc.) and a record-keeping service – all of whom will be able to work together in a seamless and transparent manner.

Attachment



History of 457 Plan Changes  
1983 to 2014

Attachment A to Staff Report

Resolution	Rescinded By	Date	Plan	Service Provider	Designated Plan Admin/Signers	Notes
15-83		4/1/1983	457(b)	Glendale Federal Savings and Loan Association	Assistant to the GM	CASA Deferred Compensation Investment Agreement
30-84		5/1/1984	Amendment	Glendale Federal Savings and Loan Association	Assistant to the GM	CASA Deferred Compensation Investment Agreement
25-85	44-97	4/16/1985	457(b)	Great Western Savings	General Manager	Terminate Glendale Federal Eff: 5/15/85; authorized signers Assistant to the GM and
		4/21/1986	Plan Doc	Great Western Bank		
36-89		7/27/1989	Amendment	Great Western Bank	Acting GM	include new mutual funds
28-90		5/1/1990	New plan agreement	Great Western Bank	President of the Board	
25-95		5/1/1995	New plan agreement	Great Western Bank	President of the Board	
44-97		8/19/1997	Adopt Plan Doc	Great Western Bank	Admin Services Mgr and Finance Officer	Admin Services Mgr and Finance Officer to serve as trustee/custodian
		6/1/1998	Admin Agreement	Great Western Bank		
81-98		12/15/1998	Adopt amended Plan & Custodial Doc	Name changed to Washington Mutual Bank	Designated officer	Name eventually changed to Nationwide Financial Services
48-01		1/1/2002	Restated & Amended Plan and Custodial Doc	WaMu to Nationwide Financial	Designated officer	
		5/3/2005	Assignment of 457 Admin Agreement	WaMu to Nationwide Financial	General Manager	
67-05		1/1/2006	Restated & Amended Plan and Custodial Doc	Nationwide Retirement Solutions	General Manager & District Secretary	Implement final regs for IRC 457
4-11		2/15/2011	Restated & Amended Plan and Custodial Doc	Nationwide Retirement Solutions	General Manager & District Secretary	Amend to allow participant loans
45-11		8/16/2011	457(b)	Nationwide Retirement Solutions		Provide matching contributions for Board Members, to max of \$10/month.



Reference General Manager	Type of Action Discuss and Provide Direction	Board Meeting of August 4, 2015
Subject Review and Discuss Drought Management Program		
<input type="checkbox"/> Motion	<input type="checkbox"/> Minute Order	<input type="checkbox"/> Resolution
<input type="checkbox"/> Ordinance	<input type="checkbox"/> Informational	<input checked="" type="checkbox"/> Other
REPORT:	<input checked="" type="checkbox"/> Verbal	<input type="checkbox"/> Presentation
	<input checked="" type="checkbox"/> Staff	B. Michalczyk
		<input type="checkbox"/> Board Member

**Recommendation:**

The General Manager recommends the Board of Directors receive comments from the public related to the District’s Drought Management Program, discuss those as appropriate and, by Consensus, provide appropriate direction to staff and/or Board Committees for follow-up or action at this or a future Board meeting.

**Summary:**

On May 19, 2015 the Board updated the District’s Drought Management Program by taking various actions that will run through the end of the State of Community Drought Emergency on February 29, 2016. The elements of the current program include the following:

- Extended the Community Drought Emergency;
- Established Water Use Curtailment Goals;
- Adopted Water Use Limitations;
- Adopted Penalties and Enforcement Provisions;
- Adopted Water Shortage Rate Stage 2;
- Approved a Wise Water User Credit for FYE 2016;
- Approved an Enhanced Rebate Program (amended on June 16, 2015);
- Endorsed the FYE 2016 Drought Response Action Plan; and
- Approved budget amendments for FYE 2016 related to Drought Management Activities.

The various aspects of the Drought Management Program affect all customers of the District in various ways. To be as open and transparent as possible, the Board wishes to allow the public an opportunity to address the Board on the various aspects of the Drought Management Program in a manner that can lead to a productive outcome. The public may always address the Board under the “Public Comment” portion of the Board agenda. However, for public comment made at that time, the Board is precluded from having substantive discussions in response to the public comment received. This agenda item allows the Board to engage in a substantive discussion of issues that may be raised by the public and also to provide staff or a Board Committee appropriate direction related to the Drought Management Program in a timely fashion. This item will be a standing item on the Board agenda throughout the duration of the Community Drought Emergency which is currently scheduled to expire on February 29, 2016.

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



Reference Administrative Services Manager	Type of Action Public Hearing/Adopt Resolution	Board Meeting of August 4, 2015
Subject Public Hearing: Adopt Engineer's Report and Direct Levy of Annual Assessments in the Dougherty Valley Standby Charge District 2001-1 for Fiscal Year 2015-2016		
<input type="checkbox"/> Motion	<input type="checkbox"/> Minute Order	<input checked="" type="checkbox"/> Resolution
<input type="checkbox"/> Ordinance	<input type="checkbox"/> Informational	<input type="checkbox"/> Other
REPORT:	<input type="checkbox"/> Verbal	<input type="checkbox"/> Presentation
	<input checked="" type="checkbox"/> Staff	J. Archer
		<input type="checkbox"/> Board Member

**Recommendation:**

The Administrative Services Manager recommends the Board of Directors hold a public hearing and adopt, by Resolution, the Engineer's Report and direct staff to levy the annual assessments in the Dougherty Valley Standby Charge District 2001-1 for Fiscal Year 2015-2016.

**Summary:**

This action must be taken by the Board in order to levy assessments in the Dougherty Valley Standby Charge District 2001-1 for Fiscal Year 2015-2016. The Board adopted the Resolution of Intent on July 21, 2015, which is required prior to adopting the Engineer's Report and directing the levy.

Each year, Zone 7 provides estimated costs associated with the State Department of Water Resources (DWR) specifically tied to providing water service to Dougherty Valley. An updated Engineer's Report is prepared that shows a projection of the costs expected to be incurred in the upcoming fiscal year and the allocation of those costs based upon equivalent dwelling units ("EDU's"). The Board initially adopts a resolution of intention to levy annual assessments, followed by a public hearing at the next Board meeting. After the public hearing, the Board adopts the Engineer's Report and directs the levy of the assessment. These assessments are then placed on the tax roll.

The annual assessment for FY2016 is \$1,547,074.14 or \$170.75 per EDU.

Committee Review			Legal Review	Staff Review		
COMMITTEE ---	DATE -	RECOMMENDATION ---	Not Required	ORIGINATOR J. Archer	DEPARTMENT Admin Services	REVIEWED BY
<b>ATTACHMENTS</b> <input type="checkbox"/> None						
<input checked="" type="checkbox"/> Resolution	<input type="checkbox"/> Minute Order	<input type="checkbox"/> Task Order	<input type="checkbox"/> Staff Report	<input type="checkbox"/> Ordinance		
<input checked="" type="checkbox"/> Cost \$0	<input type="checkbox"/> Funding Source A. B.	Attachments to S&R 1. Final Engineer's Report 2. 3.				

RESOLUTION NO. \_\_\_\_

A RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT ADOPTING ENGINEER'S REPORT AND DIRECTING THE LEVY OF ANNUAL ASSESSMENTS IN THE DUBLIN SAN RAMON SERVICES DISTRICT DOUGHERTY VALLEY STANDBY CHARGE DISTRICT 2001-1 FOR FISCAL YEAR 2015-2016

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**RESOLVED** by the Board of Directors (the "Board") of the Dublin San Ramon Services District (the "District"), County of Contra Costa (the "County"), State of California, as follows:

**WHEREAS**, this Board has previously completed its proceedings in accordance with and pursuant to Article XIII D of the California Constitution and the Uniform Standby Charge Procedures Act, Sections 54984 *et seq.*, of the California Government Code (together, the "Act") to establish the District's Dougherty Valley Standby Charge District 2001-1 (the "Assessment District"); and

**WHEREAS**, under the Act, this Board is authorized to levy assessments each year for the Assessment District and on July 21, 2015, this Board adopted Resolution No. 57-15, A Resolution of the Board of Directors of the Dublin San Ramon Services District of Intention to Levy Annual Assessments for the Dublin San Ramon Services District Dougherty Valley Standby Charge District 2001-1 for Fiscal Year 2015-2016 (the "Intention Resolution") and preliminarily approved a special Engineer's Report (the "Engineer's Report") prepared pursuant to the Act for purposes of the levy of assessments for Fiscal Year 2015-2016 (the "Next Fiscal Year"); and

**WHEREAS**, as specified in the Intention Resolution, and upon notice as required by the Act, this Board held a Public Hearing August 4, 2015, on the issue of the levy of the assessments for the Next Fiscal Year, and all persons desiring to be heard were given an opportunity to be heard, and all objections to the assessment were considered by this Board.

**NOW, THEREFORE, IT IS ORDERED** as follows:

**1. Objections and Protests.** No objections or protests against the annual levy of assessments for the Assessment District, as a whole or as to any part thereof, or against the estimate of costs and the assessments, in whole or in part, were received prior to or at the Public Hearing.

**2. Public Interest.** The public interest, convenience and necessity require the levy of annual assessments for the Assessment District.

**3. District Described.** The Assessment District specially benefited and to be assessed to pay the costs and expenses thereof, and the exterior boundaries thereof, are as shown by the assessment diagram thereof filed in the offices of the District, which map is made a part hereof by reference thereto.

**4. Engineer's Report Approved.** The Engineer's Report, in the form on file with the District and to which reference is hereby made for further particulars, including the estimates of costs and expenses, the apportionment of assessments and the assessment diagram contained in the Engineer's Report, is hereby approved and confirmed and shall stand as the Engineer's Report for the Next Fiscal Year.

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

**5. Benefits Determined.** Based on the oral and documentary evidence, including the Engineer's Report, offered and received at the public hearing, this Board expressly finds and determines that each of the several subdivisions of land in the Assessment District will be specially benefited.

**6. Collection of Assessments.** The assessments herein confirmed shall be collected in accordance with the provisions of Resolution No. 20-01. The Finance Director (as therein defined) is hereby authorized and directed to cause such collections to be made for the Next Fiscal Year.

**7. Effective Date.** This resolution shall be effective upon the date of its adoption.

ADOPTED by the Board of Directors of Dublin San Ramon Services District, a public agency in the State of California, counties of Alameda and Contra Costa, at its regular meeting held on the 4th day of August, 2015, and passed by the following vote:

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
Edward R. Duarte, President

ATTEST:

By: \_\_\_\_\_  
Nicole Genzale, District Secretary



**Dublin San Ramon Services District**

**Dougherty Valley Standby Charge District 2001-1**

**Engineer's Report Fiscal Year 2015/16**

**Main Office**

32605 Temecula Parkway, Suite 100  
Temecula, CA 92592  
Toll free: 800.676.7516 Fax: 951.296.1998

**Regional Office**

870 Market Street, Suite 1223  
San Francisco, CA 94102  
Toll free: 800.434.8349 Fax: 415.391.8439

# **DUBLIN SAN RAMON SERVICES DISTRICT**

**7051 Dublin Boulevard  
Dublin, California 94568  
Phone - (925) 828-0515**

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## **DISTRICT BOARD**

Edward (Ed) R. Duarte, President

D.L. (Pat) Howard, Vice President

Richard M. Halket, Director

Dawn L. Benson, Director

Georgian M. Vonheeder-Leopold, Director

## **DISTRICT STAFF**

Daniel McIntyre, PE, Engineering Services Manger

John Archer, Administrative Services Manager

## **NBS**

Pablo Perez, Client Services Director

Kristin Harvey, Project Manager

Jason Roth, Consultant

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# 1. ENGINEER'S LETTER

**WHEREAS**, on May 1, 2001, the Board of Directors (the "Board") of the Dublin San Ramon Services District (the "District"), County of Contra Costa, State of California, under the Uniform Standby Charge Procedures Act, being Chapter 12.4 (commencing with Section 54984) of Part 1, Division 2 of Title 5 of the California Government Code (the "Act"), adopted its Resolution to Initiate Proceedings to Fix Standby Charges (the "Resolution to Initiate") for the fixing of Standby Charges to pay certain costs of the District incurred or to be incurred by the District as of certain agreements between the District and Alameda County Flood Control and Water Conservation District, Zone 7 to serve California State Water Project to the Dougherty Valley; and

**WHEREAS**, the Board desires to fix a maximum Standby Charge for each Equivalent Dwelling Unit (EDU) of the Dougherty Valley Service area; and

**WHEREAS**, the District's cost obligation to Zone 7 includes the annual payments to Zone 7 for 6,080 acre feet of State Water Project water for Zone 7 and annual payments to Zone 7 for 43,000 acre feet of water storage in Semitropic Water Storage Directory ("Semitropic"); and

**WHEREAS**, the Board desires to collect the money necessary to make required Zone 7 payments under provisions of the Act; and

**WHEREAS**, the Resolution to Initiate directed the undersigned to make and file a report presenting those materials specified in Section 54984.3 of the Act, to which Resolution to Initiate reference is hereby made for further particulars; and

**WHEREAS**, the Act provides that any Standby Charges imposed thereunder are deemed to be assessments and this Report presents such Standby Charges as and denominates them as "Assessments";

**NOW, THEREFORE**, the following Assessment is made to cover the annual costs of the charges and the costs and expenses incidental thereto:

## SUMMARY OF ASSESSMENT

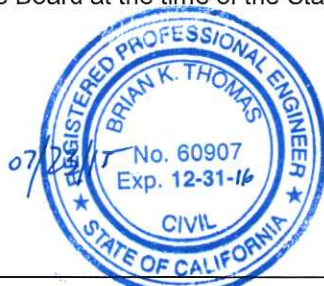
Description	As Originally Approved	As Confirmed by the Board
<b>Charges</b>		
State Water Project	\$1,521,620.00	\$1,521,620.00
Semitropic Water Storage	0.00	0.00
<i>Subtotal</i>	\$1,521,620.00	\$1,521,620.00
<b>Administration</b>		
Total Administration Costs	\$329,540.20	\$329,540.20
<b>Carryover Contribution</b>	(\$0.00)	(\$0.00)
<b>Total Costs</b>	<b>\$1,851,160.20</b>	<b>\$1,851,160.20</b>
Maximum Assessment	\$1,547,130.91	\$1,547,130.91
Rounding Adjustment	(56.77)	(56.77)
<b>Total Assessment</b>	<b>\$1,547,074.14</b>	<b>\$1,547,074.14</b>

I, the undersigned, do hereby assess and apportion the total assessment of the total cost of the acquisitions, work and improvements upon the several lots, pieces or parcels or portions of lots or subdivisions of land liable therefore and benefited thereby, and hereinafter numbered to correspond with the numbers upon the attached assessment diagram, upon each, severally and respectively, in accordance with the benefits to be received by such subdivisions, respectively, from the Assessments, and more particularly set forth in the list hereto attached and by reference made a part hereof.

The Assessment is made upon the several subdivisions of land within the Dougherty Valley Standby Charge District 2001-1 (the "Standby Charge District") in proportion to the estimated benefits to be received by the subdivisions, respectively, from the Assessments. An Assessment Diagram for the Standby Charge District has been submitted to the District Secretary in the format required under the provisions of the Act. The lines and dimensions shown on maps of the County Assessor of the County of Contra Costa for the current year are incorporated by reference herein and made part of this Report.

Each subdivision of land assessed is described in the Assessment Roll by reference to its parcel number as shown on the Assessor's Maps of the County of Contra Costa for Fiscal Year 2015/16 and includes all of such parcel excepting those portions thereof within existing public roads or right of way to be acquired in these proceedings for public road purposes. For a more particular description of said property, reference is hereby made to the deeds and maps on file and of record in the office of the County Recorder of the County of Contra Costa.

The assessment has been levied in accordance with the assessment methodology adopted and approved by the Board at the time of the Standby Charge District formation.



Dated: July 23, 2015

By: [Signature]

## 2. ESTIMATE OF COSTS

The cost of servicing, maintaining, repairing, and replacing the actual improvements as described in the plans and specifications are summarized as follows.

### 2.1. Dougherty Valley Standby Charge District 2001-1 Budget

The budget for the Standby Charge District is outlined in the following table. The total annual assessment per EDU is described in Section 3.1.

<b>Engineer's Cost Estimate</b>	
Description	Budget
<b>Charges</b>	
State Water Project Costs (Zone 7)	\$1,521,620.00
<b>Administrative Charges &amp; Fees</b>	
Engineer's Report	10,000.00
District Administration Charge (15%), (1)	228,243.00
Notice, Recording, Miscellaneous Contingencies (1%), (2)	15,216.20
Contingency (5%), (3)	76,081.00
<i>Subtotal</i>	\$329,540.20
<b>Total Cost</b>	<b>\$1,851,160.20</b>
<b>Less: Carryover Contribution (estimated)</b>	<b>(\$0.00)</b>
<b>Maximum Assessment for Fiscal Year 2015/16</b>	<b>\$1,547,130.91</b>
Rounding Adjustment	(56.77)
<b>Total Levy for Fiscal Year 2015/16</b>	<b>\$1,547,074.14</b>
<b>Assessable EDU for Fiscal Year 2015/16</b>	<b>9,060.796</b>
<b>Assessment Per EDU for Fiscal Year 2015/16</b>	<b>\$170.75</b>
Maximum Assessment Per EDU, Per Original Formation, (4)	\$170.75

(1) Annual Administration Charge – 15% of combined Water and Storage Charges.

(2) Contingencies – 1% of combined Water and Storage Charges.

(3) Contingencies – 5% of combined Water and Storage Charges.

(4) \$170.75 is the maximum allowable rate per EDU.

## 3. ASSESSMENTS

The actual assessment and the amount of the Assessment for Fiscal Year 2015/16 apportioned to each parcel as shown on the latest equalized roll at the County Assessor's office are listed in Section 5 of this Report. The description of each lot or parcel is part of the records of the County Assessor of the County of Contra Costa and such records are, by reference, made part of this Report.

### 3.1. Method of Apportionment

---

The Assessments are apportioned according to the special benefits received by the lots, pieces, and parcels of land within the Standby Charge District. The proportionate benefit derived by each parcel is determined in relationship to the entirety of the Standby Charges. No assessment has been apportioned on any parcel that exceeds the reasonable cost of the proportional benefit conferred on that parcel.

Under this Report the Assessments for the Standby Charge District are apportioned in accordance with the foregoing and using the following criteria.

The Assessments for each parcel of land were apportioned based on the number of projected EDUs for build-out within that parcel.

For this purpose, a single family detached dwelling unit is equal to 1.0 EDU, a multi-family attached dwelling unit is equal to .40 EDU, and each acre of commercial land is equal to 4.0 EDU.

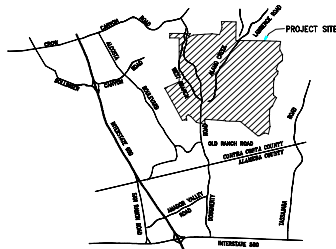
With respect to Windemere Ranch, the number of EDUs per parcel were originally determined at the time of district formation from the approved tentative subdivision maps for Phase 1, and for future phases, the number of EDUs per parcel were estimated by evenly distributing the remaining approved dwelling units within the project per the Dougherty Valley Specific Plan over the developable acreage within each parcel because the zoning is the same. No EDUs were assigned to parks, schools or open space areas. For this Report, the estimate of EDUs per parcel was updated based on current development for parcels that were subdivided.

With respect to Gale Ranch, the number of EDUs per parcel was originally determined at the time of district formation from the approved tentative subdivision map for Phase 2, and the tentative subdivision map dated May 27, 2001, submitted to the Contra Costa County for review for Phase 3. For the remaining areas of Gale Ranch (Phase 4), the number of EDUs was estimated based on the total approved dwelling units and non-residential land uses per the Dougherty Valley Specific Plan. No EDUs were assigned to parks, schools, or open space areas. For this Report, there have been no subdivisions or changes to the assumptions.

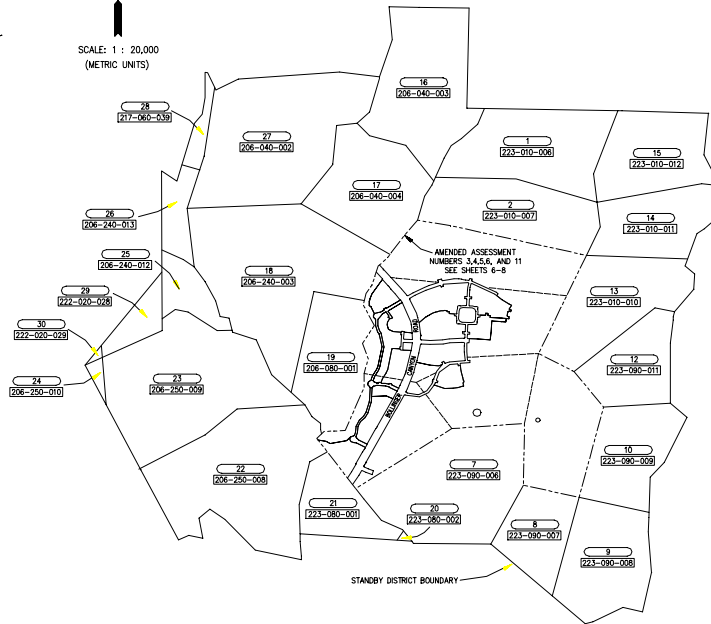
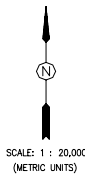
(Note: Phase 1 of Gale Ranch is not included in the Standby Charge District)

## 4. ASSESSMENT BOUNDARY MAP

An Assessment Diagram for the Standby Charge District has been submitted to the Secretary of the Board in the format required under the provisions of the Act. The lines and dimensions shown on maps of the County Assessor of the County of Contra Costa for the current year are incorporated by reference herein and made part of this Report. A reduced copy is attached.



VICINITY MAP  
NOT TO SCALE



AMENDED ASSESSMENT DIAGRAM  
DOUGHERTY VALLEY  
STANDBY CHARGE DISTRICT 2001-1  
DUBLIN SAN RAMON SERVICES DISTRICT  
COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA  
AUGUST 6, 2002



- FILED IN THE OFFICE OF THE AGENCY SECRETARY, DUBLIN SAN RAMON SERVICES DISTRICT, THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 2002.  
SECRETARY  
DUBLIN SAN RAMON SERVICES DISTRICT  
BY: \_\_\_\_\_
- RECORDED IN THE OFFICE OF THE DISTRICT ENGINEER, DUBLIN SAN RAMON SERVICES DISTRICT, THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 2002.  
SECRETARY  
DUBLIN SAN RAMON SERVICES DISTRICT  
BY: \_\_\_\_\_
- AN ASSESSMENT WAS LEVIED BY THE DISTRICT BOARD OF DIRECTORS ON THE LOTS, PIECES AND PARCELS OF LAND SHOWN ON THIS ASSESSMENT DIAGRAM. SAID ASSESSMENT WAS LEVIED ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_ 2002; THE ASSESSMENT DIAGRAM AND THE ASSESSMENT ROLL WERE RECORDED IN THE OFFICE OF THE ENGINEER OF WORK OF THE DUBLIN SAN RAMON SERVICES DISTRICT ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_ 2002. REFERENCE IS MADE TO THE ASSESSMENT ROLL RECORDED IN THE OFFICE OF THE ENGINEER OF WORK FOR THE EXACT AMOUNT OF EACH ASSESSMENT LEVIED AGAINST EACH PARCEL OF LAND SHOWN ON THIS ASSESSMENT DIAGRAM.  
SECRETARY  
DUBLIN SAN RAMON SERVICES DISTRICT  
BY: \_\_\_\_\_
- FILED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 2002, AT THE HOUR OF \_\_\_\_\_ O'CLOCK \_\_\_\_\_ M., IN BOOK \_\_\_\_\_ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE \_\_\_\_\_, IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA.  
COUNTY RECORDER IN AND FOR  
THE COUNTY OF CONTRA COSTA,  
STATE OF CALIFORNIA  
BY: \_\_\_\_\_  
COUNTY RECORDER
- I, THE COUNTY SURVEYOR OF THE COUNTY OF CONTRA COSTA, CALIFORNIA, HEREBY CERTIFY THAT A CERTIFIED COPY OF THE ASSESSMENT DIAGRAM AND THE ASSESSMENT ROLL RECORDED IN MY OFFICE ON \_\_\_\_\_ DAY OF \_\_\_\_\_ 2002.  
BY: \_\_\_\_\_  
COUNTY SURVEYOR

## 5. ASSESSMENT ROLL

The entire list of parcels on the assessment roll may be reviewed at the District's office during regular business hours at 7051 Dublin Boulevard, Dublin, CA 94568

The following pages show the assessment roll for Fiscal Year 2015/16.



Reference Engineering Services Manager	Type of Action Approve Budget Increase and Agreement and Authorize Task Order	Board Meeting of August 4, 2015
Subject Approve an Operating Budget Increase and Updated Master Agreement with The Covello Group, Inc., and Task Order No. 1 for Construction Inspection Services		
<input type="checkbox"/> Motion	<input type="checkbox"/> Minute Order	<input checked="" type="checkbox"/> Resolution
<input type="checkbox"/> Ordinance	<input type="checkbox"/> Informational	<input type="checkbox"/> Other
REPORT:	<input type="checkbox"/> Verbal	<input type="checkbox"/> Presentation
	<input checked="" type="checkbox"/> Staff	D. McIntyre
		<input type="checkbox"/> Board Member

**Recommendation:**

The Engineering Service Manager recommends the Board of Directors approve, by Resolution, (a) an adjustment to the 2016 Operating Budget revenue Fund for Construction Inspection by \$568,000 (60% Fund 620; 40% Fund 220) and Construction Inspection expense by \$447,000 (60% Fund 620; 40% Fund 220); (b) an updated Master Agreement with The Covello Group, Inc., for construction management and inspection services extending the term of their service by one (1) year; and (c) authorizing the General Manager to execute the Task Order No. 1 with The Covello Group, Inc., in an amount not to exceed \$447,000.

**Summary:**

In accordance with the District Code, developers are responsible for the installation of potable water and recycled water distribution systems and wastewater collection systems in order for their projects to obtain services from the District. Those facilities must be inspected by a District Construction Inspector to ensure that they are in conformance with the District’s Standard Procedures, Specifications and Drawings. The cost of District construction inspection services is the responsibility of the developers. Construction Inspection Fees are collected at the time that staff issue construction permits for the project. Inspection services for development projects may have a term of several months for smaller projects, or years for larger projects.

The District currently has two Construction Inspectors who were, in the past, supplemented by Field Operations staff or by engineering services consultants for short periods of time. The Construction Inspection Fees that the District has collected in recent months and new development project projections show that demand for construction inspection services this year and further into the future will be greater than the services they can provide. The Board will revisit this issue in spring of 2016 to confirm that inspection fees and inspection costs remain properly balanced for FYE 2017, based on further data and budget adjustments.

Staff requests that the Board adjust the operating budget, approve an updated Master Agreement with The Covello Group, Inc., and approve Task Order No. 1 to supplement construction inspection services during the period of high service demand. This request is discussed in the attached staff report.

Committee Review			Legal Review	Staff Review		
COMMITTEE ---	DATE ---	RECOMMENDATION ---	Not Required	ORIGINATOR R. Biagtan	DEPARTMENT Eng Services	REVIEWED BY DM
<b>ATTACHMENTS</b> <input type="checkbox"/> None						
<input checked="" type="checkbox"/> Resolution	<input type="checkbox"/> Minute Order	<input checked="" type="checkbox"/> Task Order	<input checked="" type="checkbox"/> Staff Report	<input type="checkbox"/> Ordinance		
<input checked="" type="checkbox"/> Cost \$121,000 (surplus net of new fee revenue)	<input checked="" type="checkbox"/> Funding Source A. Water Expansion Fund 620 (60%) B. Local Expansion Fund 220 (40%)		Attachments to S&R 1. 2. 3.			



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

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT APPROVING AN OPERATING BUDGET ADJUSTMENT FOR FISCAL YEAR ENDING 2016 FOR CONSTRUCTION INSPECTION SERVICES, APPROVING A MASTER AGREEMENT FOR CONSULTING SERVICES WITH THE COVELLO GROUP, INC., AND AUTHORIZING THE GENERAL MANAGER TO EXECUTE A TASK ORDER WITH THE COVELLO GROUP, INC. FOR DEVELOPMENT PROJECT SUPPLEMENTAL CONSTRUCTION INSPECTION SERVICES

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WHEREAS, in accordance with District Code Chapter 3.40, developers are responsible for the installation of potable water and recycled water distribution systems and wastewater collection systems in order to obtain services from the District; and

WHEREAS, the District Standard Procedures, Specifications and Drawings require that potable water and recycled water distribution systems and wastewater collection systems to be dedicated to the District be inspected by a District Construction Inspector to ensure that the District is able to provide reliable water and wastewater services to our customers, and that the District receives water and wastewater facilities that can be maintained reliably and cost effectively; and

WHEREAS, the cost of District construction inspection services are the responsibility of the developers; and

WHEREAS, the construction inspection fees that the District has collected and new development project projections show that that construction inspection services demand this year and further into the future will be greater than the services that the District's two construction inspectors can provide; and

WHEREAS, the availability of construction inspection services affect the construction schedule of development projects, which in turn affects the economy of the cities and counties that the District serves; and

WHEREAS, the District has an existing Master Agreement for Consulting Services with The Covello Group, Inc. (TCG); and

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

WHEREAS, the current agreement with TCG expires August 7, 2015, but may be extended with a Task Order; and

WHEREAS, the current agreement contains outdated District requirements and the District wishes to enter into an updated agreement with TCG; and

WHEREAS, the District wishes to obtain supplemental construction inspection services from TCG for development projects.

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

1. A budget adjustment to increase Local Sewer Expansion – Inspection Revenue Account Number 220.1.310.10 to a total of \$442,000, Water Expansion – Inspection Revenue Account Number 620.1.310.10 to a total of \$978,000, Local Sewer Expansion – Professional Services Expense Account Number 220.40.42.000.3.312 to a total of \$388,800, and Water Expansion – Professional Services Expense Account Number 620.40.42.000.3.312 to a total of \$898,200 for Fiscal Year Ending 2016 is hereby approved and adopted; and,
2. That certain “Master Agreement for Consulting Services” (Exhibit A) by and between Dublin San Ramon Services District and The Covello Group, Inc., is hereby approved, and the General Manager and District Secretary are hereby authorized and directed to execute, and to attest thereto, respectively, said agreement for and on behalf of Dublin San Ramon Services District; and,
3. That Task Order No. 1 for Development Project Supplemental Field Observation Support Services with The Covello Group, Inc., (Exhibit B) is hereby approved, and the General

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

Manager is hereby authorized and directed to execute said Task Order for and on behalf of  
Dublin San Ramon Services District.

ADOPTED by the Board of Directors of Dublin San Ramon Services District, a public agency  
in the State of California, Counties of Alameda and Contra Costa, at its regular meeting held on the 4th  
day of August 2015, and passed by the following vote:

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
Edward R. Duarte, President

ATTEST: \_\_\_\_\_  
Nicole Genzale, District Secretary

MASTER AGREEMENT for CONSULTING SERVICES  
WITH  
The Covello Group, Inc.

THIS AGREEMENT, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between DUBLIN SAN RAMON SERVICES DISTRICT, a public agency in the counties of Alameda and Contra Costa, California (“District”) and The Covello Group, Inc. (“Consultant”), 1660 Olympic Blvd., Ste. 300, Walnut Creek, CA 94596, (925) 933-2300.

WHEREAS, District requires professional Construction Management and Engineering consulting services; and

WHEREAS, Consultant’s principals are duly licensed Engineers and Construction Managers in the State of California and Consultant represents that it is experienced in performing, and uniquely qualified to perform, the professional Construction Management and Engineering consulting services; and

WHEREAS, District desires to engage Consultant for such services; and

NOW, THEREFORE, the parties hereto agree as follows:

1. SERVICES. Consultant shall perform assignments in accordance with the terms and conditions of this Agreement and written Task Orders issued from time to time by District to Consultant and accepted by Consultant. Each such Task Order shall include, but not be limited to: (i) a description of the services to be performed by Consultant, and the key personnel to be assigned by Consultant to the performance of the specific Task (who shall not be replaced without the prior written approval of the District, which shall not be unreasonably withheld); (ii) the time of performance for providing such services; (iii) maximum compensation payable for providing such services, provided that such compensation shall be payable pursuant to Paragraph 2 hereof unless otherwise expressly provided in the Task Order; (iv) District’s source of funding; and (v) such other provisions as the parties deem appropriate or necessary to accomplish the purpose of the Task Order. To the extent not expressly modified by Task Order, all other terms and conditions of this Agreement shall be deemed incorporated in each Task Order.

*Consultant is expressly authorized to continue, complete, and shall be compensated by District for all work authorized, approved and performed, prior to the effective date of this Agreement, under any prior agreement(s) or any Task Orders issued by the District pursuant thereto.*

2. COMPENSATION. District shall compensate Consultant for all services performed by Consultant pursuant to Paragraph 1 in an amount equal to Consultant’s hourly rates of charge for Consultant’s personnel times the number of hours, or portions thereof, of services correspondingly performed by said personnel. Said rates of charge are set forth in Exhibit “A” hereof, attached hereto, and by reference incorporated herein. Said rates may be adjusted, from

time to time, upon written approval of the District.

District shall reimburse Consultant for other expenses directly incurred in performing services hereunder, if any, described in Exhibit "A."

Compensation and reimbursement of expenses shall be payable by District within thirty (30) days upon receipt of billing by Consultant. Billing by Consultant to District shall not be more often than monthly for services corresponding to each Task Order. The billing shall include an itemized statement briefly describing the services rendered and costs incurred and the authorized amount remaining.

3. RECORDS. Consultant shall keep and maintain accurate records of all time expended and costs and expenses incurred relating to services to be performed by Consultant hereunder. Said records shall be available to District for review and copying during regular business hours at Consultant's place of business, or as otherwise agreed upon by the parties.

4. NON-ASSIGNABILITY. Consultant shall not subcontract, assign, sell, mortgage, hypothecate or otherwise transfer its interest or obligations in this agreement or any Task Order issued hereunder in any manner, without the express prior written consent of District, which consent shall not be unreasonably withheld. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement. Nothing contained in this paragraph shall prevent Consultant, upon District's written consent, from employing such independent consultants, associates, and subcontractors as may be necessary to assist in the performance of the services hereunder. Nothing herein shall be construed to give any rights or benefits to anyone other than District and Consultant.

5. STATUS. In the performance of services hereunder, Consultant shall be, and is, an independent contractor, and shall not be deemed to be an employee or agent of District. All services provided pursuant to this Agreement shall be authorized by Task Order issued by the District's General Manager or his or her designated representative and signed by the Consultant.

6. PERIOD OF SERVICE. Unless extended by Task Order, this Master Agreement shall expire on August 7, 2016.

7. PERFORMANCE STANDARDS. In performing services hereunder, Consultant shall adhere to the standards generally prevailing for the performance of expert technical and consulting services similar to those to be performed by Consultant hereunder, shall exercise the same degree of care, skill, and diligence in the performance of the Services as is ordinarily provided by a professional under similar circumstances, and shall, at no cost to District, re-perform services which fail to satisfy the foregoing standard of care. All drawings and specifications requiring certification by a Professional Engineer shall bear the stamp and signature of a registered engineer in the State of California.

Any costs incurred by the District (including but not limited to additional design costs, construction costs, and construction management costs, to the extent that any such costs are recoverable under California law) and used to correct deficiencies caused by Consultant's negligent errors and omissions

or willful misconduct shall be borne solely by the Consultant. The District is relying upon the Consultant's qualifications concerning the services furnished hereunder and, therefore, the fact that the District has accepted or approved the Consultant's work shall in no way relieve the Consultant of these responsibilities.

8. TERMINATION. Either party may terminate this Agreement without cause by giving the other party written notice thereof not less than sixty (60) days in advance of the effective date of termination, which date shall be included in said notice.

In the event of such termination, District shall compensate Consultant for services rendered to the date of termination, as the case may be, calculated in accordance with the provisions of Paragraph 2. In ascertaining services actually rendered to the date of termination, consideration shall be given both to work completed and work in process of completion. Nothing herein contained shall be deemed a limitation upon the exercise of the right of District to terminate this Agreement for cause, or otherwise to exercise such legal or equitable rights, and to seek such remedies as may accrue to District, or to authorize Consultant to terminate this Agreement for cause.

9. TITLE TO, POSSESSION OF, AND RELIANCE UPON DOCUMENTS. All documents, work products, plans, specifications, negatives, drawings, computer disks, electronic tapes, renderings, data reports, files, estimates and other such papers, information and materials (collectively, "materials"), or copies thereof (except proprietary computer software purchased or developed by Consultant) obtained or prepared by Consultant pursuant to the terms of this Agreement, shall become the property of District. District and Consultant shall, from time to time pursuant to Task Orders, specify which materials Consultant shall deliver to District ("Deliverables"). Deliverables are intended to, and may, be relied upon by District, or others designated by District, where appropriate, for those purposes for which District requested their preparation, or for use in connection with planning-level activities including, without limitation, the preparation of environmental documentation pursuant to the California Environmental Quality Act ("CEQA") or the National Environmental Policy Act ("NEPA") or similar statutes. Consultant will not be responsible for use of Deliverables, or portions thereof, for any purpose other than those specified in the preceding sentence.

Materials not delivered to District ("Non-Deliverables") shall be retained by Consultant, but Consultant shall provide District access to such Non-Deliverables at all reasonable times upon District's request. District may make and retain copies of all Non-Deliverables, at District's expense, for information and reference. Unless otherwise specified in writing by Consultant, use thereof for any purpose other than the purpose for which the Non-Deliverables were prepared, or for use in connection with planning-level activities including, without limitation, the preparation of environmental documentation pursuant to CEQA or NEPA or similar statutes, shall be at the user's sole risk.

10. COMPLIANCE WITH LAWS. In performance of this Agreement, Consultant shall exercise due professional care in compliance with all applicable federal, state and local laws, rules, regulations, orders, codes, criteria and standards. Consultant shall procure all permits, certificates, and licenses necessary to allow Consultant to perform the Services specified herein. Consultant shall not be responsible for procuring permits, certificates, and licenses required for any

construction unless such responsibilities are specifically assigned to Consultant under a Task Order.

Consultant shall comply at all times with California Occupational Safety and Health Act (“OSHA”) regulations regarding necessary safety equipment or procedures and shall take all necessary precautions for safe operation of its work, and the protection of its personnel and the public from injury and damage from such work.

11. NON-DISCLOSURE OF PROPRIETARY INFORMATION. Consultant shall consider and treat all drawings, reports, studies, design calculations, specifications, and other documents and information provided to Consultant by District in furtherance of this Agreement to be the District’s proprietary information, unless said information is available from public sources other than District. Consultant shall not publish or disclose District’s proprietary information for any purpose other than in the performance of services hereunder without the prior written authorization of District or in response to legal process. Nothing herein contained shall be deemed to abrogate compliance with the California Public Records Act (Government Code Section 6250, et seq.); provided that District shall determine and advise Consultant which documents, if any, are required to be disclosed under said Act.

12. INSURANCE. Consultant shall procure and maintain for the duration of this Agreement, and any Task Orders issued hereunder, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees.

*Minimum Scope and Limit of Insurance.* Coverage shall be at least as broad as:

A. Commercial General Liability (CGL): Insurance Services Office Form CG 00 01 covering CGL on an “occurrence” basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than \$1,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

B. Automobile Liability: Insurance Services Office Form Number CA 0001 covering, Code 1 (any auto), or if Consultant has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than \$1,000,000 per accident for bodily injury and property damage.

C. Workers’ Compensation insurance as required by the State of California, with Statutory Limits, and Employer’s Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease. *(Not required if consultant provides written verification it has no employees)*

D. Professional Liability (Errors and Omissions) Insurance appropriate to the Consultant’s profession, with limit no less than \$1,000,000 per occurrence or claim, \$2,000,000 aggregate.

If the Consultant maintains higher limits than the minimums shown above, the District requires and shall be entitled to coverage for the higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the District.

*Other Insurance Provisions.* The insurance policies are to contain, or be endorsed to contain, the following provisions:

A. **Additional Insured Status:** The District, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Consultant including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Consultant's insurance (at least as broad as ISO Form CG 20 10 11 85 or both CG 20 10 and CG 20 37 forms if later revisions used).

B. **Primary Coverage:** For any claims related to this contract, the Consultant's insurance coverage shall be primary insurance as respects the District, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the District, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

C. **Notice of Cancellation:** Each insurance policy required above shall state that coverage shall not be canceled, except with notice to the District.

D. **Waiver of Subrogation:** Consultant hereby grants to District a waiver of any right to subrogation which any insurer of said Consultant may acquire against the District by virtue of the payment of any loss under such insurance. Consultant agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the District has received a waiver of subrogation endorsement from the insurer.

E. **Deductibles and Self-Insured Retentions:** Any deductibles or self-insured retentions must be declared to and approved by the District. The District may require the Consultant to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

F. **Acceptability of Insurers:** Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the District.

G. **Claims Made Policies:** If any of the required policies provide coverage on a claims-made basis:

i. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.

ii. Insurance must be maintained and evidence of insurance must be provided *for at least five (5) years after completion of the contract of work.*



iii. If coverage is canceled or non-renewed, and not *replaced with another claims-made policy form with a Retroactive Date* prior to the contract effective date, the Consultant must purchase “extended reporting” coverage for a minimum of *five (5)* years after completion of contract work.

H. Verification of Coverage: Consultant shall furnish the District with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the District before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Consultant’s obligation to provide them. The District reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

I. Subcontractors: Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Contractor shall ensure that District is an additional insured on insurance required from subcontractors.

J. Special Risks or Circumstances: District reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

13. INDEMNIFICATION. Consultant shall hold harmless, indemnify and defend District, its governing Board of Directors, other boards, commissions, committees, officers, officials, employees, volunteers, and agents (collectively, “Indemnities”) from and against all claims for liability, losses, damages, expenses, costs (including, without limitation, costs and fees of litigation) of every nature, kind and description, which may be brought against or suffered or sustained by Indemnities, to the extent caused in whole or in part by the negligence, intentional tortuous acts or omissions, or willful misconduct of Consultant, its officers, employees or agents, in the performance of any services or work pursuant to this Agreement or any Task Order issued hereunder. Consultant’s duty to indemnify and save harmless shall include the duty to defend as set forth in California Civil Code Section 2778; provided, that nothing herein contained shall be construed to require Consultant to indemnify Indemnities against any responsibility or liability in contravention of California Civil Code Section 2782.

A. In the event Consultant provides a defense pursuant to this Paragraph and such action or other claim is resolved by a final judicial determination, which includes a finding that there was no negligence on the part of Consultant, its officers, employees or agents, District shall refund to Consultant all defense costs, judgments and/or amounts paid by Consultant on behalf of Indemnities.

B. In the event Consultant provides a defense pursuant to this Paragraph and such action or other claim is resolved by a final judicial determination which includes a finding as to the respective negligence of Consultant, its officers, employees or agents and any Indemnities(s), then District shall be responsible to pay that portion of the judgment attributed to Indemnities(s), and shall refund to Consultant a pro rata share of any defense costs expended on behalf of

Indemnities.

C. In the event Consultant provides a defense pursuant to this Paragraph and such action or other claim is finally resolved by any other means than those stated in Paragraphs 13(a) and 13(b), or in the event Consultant fails to provide a defense to Indemnities, Consultant and District shall meet and confer in an attempt to reach a mutual agreement regarding the apportionment of costs (including attorneys' fees), judgments and/or amounts paid by Consultant and/or Indemnities. In the event Consultant and District are unable to reach agreement regarding such an apportionment, said dispute shall be submitted to arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association in effect on the date a demand for arbitration is submitted. The arbitration panel shall award the prevailing party its costs (including attorneys' fees) incurred in the arbitration.

14. COVENANT AGAINST CONTINGENCY FEES. Consultant hereby warrants that Consultant has not employed or retained any company or person, other than a *bona fide* employee working for Consultant, to solicit or secure this Agreement, and Consultant has not paid or agreed to pay any company or person, other than a *bona fide* employee, any fee, commission, percentage, brokerage fees, gifts or any other consideration, contingent upon or resulting from the award or formation of this Agreement. For breach or violation of this warranty, District shall have the right to annul this Agreement without liability or at District's discretion, to deduct from the Agreement price or consideration or otherwise recover the full amount of such fee, commission, percentage, brokerage fees, gifts or contingent fee.

15. ECONOMIC DISCLOSURE. Upon District's determination that the services provided through this Agreement involve making, or participation in making, decisions which may foreseeably have a material effect on a financial interest, Consultant and/or any of its employees identified by District shall prepare and file an Economic Disclosure Statement(s) consistent with District's local conflict of interest code and the Political Reform Act.

16. PARAGRAPH HEADINGS. Paragraph headings as used herein are for convenience only and shall not be deemed to be a part of any such paragraph and shall not be construed to change the meaning thereof.

17. WAIVER. A waiver by either District or Consultant of any breach of this Agreement shall not be binding upon the waiving party unless such waiver is in writing. In the event of a written waiver, such a waiver shall not affect the waiving party's rights with respect to any other or further breach.

18. SURVIVABILITY. The invalidity, illegality, or unenforceability of any provision of this Agreement, or the occurrence of any event rendering any portion or provision of this Agreement void, shall in no way affect the validity or enforceability of any other portion or provision of this Agreement. Any void provision shall be deemed severed from this Agreement and the balance of this Agreement shall be construed and enforced as if this Agreement did not contain the particular portion or provision held to be void.

19. INTEGRATION AND MODIFICATION. This Agreement, together with the

Compensation Schedule setting forth Consultant's rates and charges and compensable expenses, attached hereto as Exhibit "A," is adopted by District and Consultant as a complete and exclusive statement of the terms of this Agreement between District and Consultant, except to the extent revised and/or implemented through issuance of Task Orders hereunder. This Agreement supersedes all prior agreements, contracts, proposals, representations, negotiations, letters, or other communications between the District and Consultant, whether written or oral; *provided, however, that Consultant is expressly authorized to continue, complete, and be fully compensated by District for all work authorized, approved and begun, prior to the effective date of this Agreement, according to the terms of said agreement and/or any Task Orders issued by the District pursuant thereto.*

20. AMENDMENTS. This Agreement may be amended or supplemented by the parties by written agreement approved and executed in the same manner as this Agreement.

21. SUCCESSORS AND ASSIGNS. This agreement shall be binding upon the respective successors, executors, administrators, assigns, and legal representatives to the parties.

22. GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California.

23. NOTICES. All notices to be given hereunder shall be written, and shall be sent by certified or registered mail, postage prepaid, addressed as follows:

To District:                   General Manager  
Dublin San Ramon Services District  
7051 Dublin Boulevard  
Dublin, CA 94568

To Consultant:               Chris Davenport  
The Covello Group, Inc.  
1660 Olympic Blvd., Ste. 300  
Walnut Creek, CA 94596

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the date and year first written.

DUBLIN SAN RAMON SERVICES DISTRICT, a  
public agency

By \_\_\_\_\_  
Bert Michalczyk, General Manager

Attest:

---

Nicole Genzale, District Secretary

THE COVELLO GROUP, INC.

---

Chris Davenport, Principal

H:\Board\2015\08-04-15\Covello Group Agmt & TO\Exhibit A to Res - Master Agmt for Consulting Services The Covello Group.docx



July 27, 2015

Ms. Rhodora Biagtan  
 Dublin San Ramon Services District  
 7051 Dublin Boulevard  
 Dublin, CA 94568

Subject: The Covello Group's 2015-2016 Billing Rates

Dear Rhodora:

Our Hourly billing rates for the fiscal year 2015-2016 are,

<u>CLASSIFICATION</u>	<u>RATE</u>
Principal	\$205-\$230
Construction Manager	\$120-165
Field/Office Engineer	\$90-\$130
Field Observation	\$140
Administrative Assistant	\$90

These rates are effective for all work with the District on all existing and future task orders starting July 1 2015. Our rates include all office expenses for home office telephone, facsimile, computers, in-house reproduction, travel in the Bay Area in personal vehicles, etc. We also charge for all Bay Area travel for work involving less than eight hours billed in one day. Extraordinary expenses, such as travel outside the Bay Area, outside reproduction, delivery services, etc are invoiced at cost.

Subconsultants, if required, will be invoiced at cost plus five percent. Temporary and contract employees, if required, will be invoiced at cost plus 25 percent.

We appreciate and trust that you understand the confidential and personal nature of these billing rates and will treat them as such.

If you have any questions on the above, please feel free to call me. We look forward to continuing to work with the District over the coming year.

Sincerely,  
**The COVELLO GROUP, Inc.**

  
 Christopher Davenport, P.E.

cc: L. Gale

**The Covello Group**  
**Task Order No. 1 to Agreement dated August \_\_\_\_, 2015**

Issue Date:	August 4, 2015
Project Name and Number:	Development Projects Inspection
Task Title:	Field Observation Support Services
Project Manager Name & Signature:	Rhodora Biagtan_____
Source of Funds:	60% - 620.40.42.000.3.312, 40% - 220.40.42.000.3.312
Board Review Committee:	<a href="#">Click here to enter text.</a>
Account Number:	See Above
Authorization Amount:	Not to Exceed \$447,000
Purchase Order Number:	TBD
Return Purchase Order to:	Sara Tom
Compensation Method:	Time and materials as per Agreement
Completion Date:	June 30, 2016
Insurance Requirements:	As per Agreement; no special requirements
Work Product:	See Attachment "A"
Digital Drawings, if applicable:	Digital files shall be in AutoCAD 2010 or higher drawing format. Drawing units shall be decimal with a precision of 0.00. Angles shall be in decimal degrees with a precision of 0. All objects and entities in layers shall be colored by layer. All layers shall be named in English. Abbreviations are acceptable. All submitted map drawings shall use the Global Coordinate system of USA, California, NAD 83 California State Planes, Zone III, U. S. foot.
Scope of Work:	See Attachment "A"
Economic Disclosure:	<input type="checkbox"/> Required – Need to include Attachment B <input checked="" type="checkbox"/> Not Required
Recommended by:	Board of Directors by Resolution No.

<b>Accepted by:</b>	Chris Davenport The Covello Group	Date
<b>Authorized by:</b>	Bert Michalczyk, General Manager Dublin San Ramon Services District	Date

## **SCOPE OF WORK**

### **FIELD OBSERVATION SUPPORT SERVICES THE COVELLO GROUP, INC.**

#### **A. CONSTRUCTION PHASE**

##### **1. Field Reports**

- a. The scope of our services includes field presence and written report. The field observation report will document all field activities, field crews, Contractor equipment, and field problems.
- b. Covello will complete field reports of construction activities using Covello's online document tracking system, Procore. The District will have access to the reports during construction and will receive an electronic copy at the end of the project.
- c. Covello will maintain the master file of all reports.

##### **2. Field Observation Activities**

- a. Covello will provide field observation services to monitor compliance with District Standards and if for a Capitol Improvement Project, in accordance with the plans and specifications.
- b. Covello will take photographs of field activities, which will be uploaded to Covello's online document tracking system.
- c. Covello will provide and maintain photographs for status monitoring of the project.
- d. Specialty Inspections, testing and surveying services will be provided by others.
- e. Covello will schedule and coordinate the specialty inspections, testing and surveying.

##### **3. Coordination with Outside Agencies and Public**

- a. Outside Agency Coordination: The District shall take lead and provide field coordination with the agencies. Covello will support as requested by the District.

##### **4. Public Information Program**

- a. The District will have primary responsibility for preparation and coordination of the distribution of information to the public.
- b. Covello will furnish technical information and input for the public information program.

##### **5. Progress Payment**

- a. If applicable, Covello will verify the quantity and acceptability of stored materials.
- b. If applicable, Covello will verify the Contractor's construction progress as it relates to the progress billing procedure.

##### **6. Final Inspection and Deficiency Lists**

- a. The District will have primary responsibility for conducting the final inspection and shall have the authority to delegate it to Covello.
- b. If the District retains primary responsibility, Covello will participate and provide input on final inspection and assist in preparing the list of outstanding deficiencies.
- c. The District will prepare and issue the list of deficiencies to the Contractor.
- d. The District will have primary responsibility for verifying that punchlist work is complete. Covello will support the District as needed and will have secondary responsibility.

**Budget**  
**Dublin San Ramon Services District**  
**Field Observation Support Services**

	Budget															
	Hours	Rate	Amount	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	
<b>Covello Labor</b>																
Field Observation	3,024	\$ 140	\$423,360	168	336	336	336	168	168	168	168	168	336	336	336	
Overtime Allowance	168	\$ 140	\$ 23,520	12	24	24	24	12					24	24	24	
<b>Total</b>	3,192		\$446,880													

**Note and Assumptions:**

- 1 All work to be paid at current prevailing wage rates
- 2 All overtime work shall be coordinated with District Project Engineer



# STAFF REPORT



District Board of Directors  
August 4, 2015

## **OPERATING BUDGET INCREASE AND APPROVAL OF MASTER AGREEMENT AND TASK ORDER WITH THE COVELLO GROUP FOR CONSTRUCTION INSPECTION SERVICES**

### **BACKGROUND**

In accordance with the District Code, developers are responsible for the installation of potable water and recycled water distribution systems and wastewater collection systems in order for their projects to obtain services from the District. Those facilities must be inspected by a District Construction Inspector to ensure that they are in conformance with the District's Standard Procedures, Specifications and Drawings. This process ensures that the District is able to provide reliable water and wastewater services to our customers. It also ensures that the District receives water and wastewater facilities that can be maintained reliably and cost effectively.

The cost of District construction inspection services is the responsibility of the developers. Construction Inspection Fees are collected at the time that staff issue construction permits for the project. After payment of fees and obtaining construction permits, the developer commences construction of potable water and recycled water distribution systems and wastewater collection systems under the watchful eyes of the construction inspectors.

The District currently has two construction inspectors. The construction inspectors monitor the work and ensure that the facilities are installed safely and in accordance with District specifications. They ensure that the work is conducted safely and that the environment and public health are protected. They conduct testing and coordinate tie-ins to the District's existing water and wastewater systems while ensuring that existing customers are minimally affected by the developers' work. The construction inspectors also inspect every building's connection to the potable water and recycled water distribution main pipeline and wastewater collection main pipeline. They conduct cross-connection testing between potable water and recycled water systems. Upon satisfactory inspection, the construction inspectors coordinate the setting of water meters and provide District approval for occupancy of buildings.

Inspection services for development projects may have a term of several months for smaller projects, or years for larger projects. The inspection fees collected prior to construction cover future work that the inspectors conduct. The District's two construction inspectors have been supplemented by Field Operations staff or by engineering services consultants in the past for short periods of time. The availability of construction inspection services affect the construction schedule of development projects, which in turn affects the economy of the cities and counties that the District serves.

Demand this year for construction inspection services is greater than the services the District's two construction inspectors can provide, even with supplemental services. Staff proposes to adjust the operating budget, approve an updated Master Agreement with The Covello Group, Inc., and authorize a Task Order to supplement construction inspection services during the period of high service demand.

## **DISCUSSION**

### **Operating Budget Increase**

Staff projects fee revenue for the operating budget. Staff coordinates with the cities and the counties to ensure that the District projections are consistent with theirs. These projections have historically been reflected in the District's operating budget.

In Attachment 1, staff shows budgeted inspection fees, actual inspection fees, and projected inspection fees. At the end of Fiscal Year 2015 (June 30, 2015), the District collected \$1.671 million in construction inspection fees, \$829,000 (98%) more than the \$842,000 budgeted. Furthermore, meetings with several developers and city representatives these past several weeks indicate that several projects anticipated to be phased for a number of years (5-10 years) will be accelerated to occur within the two to five year period. Based on this additional information, staff anticipates \$1.408 million in construction inspection revenues for Fiscal Year 2016, \$568,000 (67%) more than the projected \$840,000. By the end of July 2015, the District will have collected almost \$620,000 in inspection fees; the District has already collected 73% of the budgeted construction inspection fees 8% into Fiscal Year 2016.

The District has collected and will collect more revenue to support a longer period of supplemental construction inspection assistance. Staff proposes to adjust the 2016 Operating Budget Revenue for Construction Inspection by \$548,000 (60% 620; 40% 220) and Construction Inspection expenses by \$447,000 and (60% 620; 40% 220).

### **Supplemental Construction Inspection Services**

Staff expects that construction inspection services demand this year and further into the future will be greater than the services the District's two construction inspectors and occasional supplemental staff can provide. The District's two construction inspectors have been supplemented by Field Operations staff or by engineering services consultants in the past for short periods of time. The availability of construction inspectors affects the construction schedule of development projects, which in turn affects the economy of the cities and counties that the District serves. Because of the accelerated demand for construction inspection services, staff proposes to obtain the services of TCG to supplement construction inspection services during the fiscal year.

The District has an existing Master Agreement for Consulting Services with The Covello Group Inc., (TCG). TCG was selected through a competitive process in 2012 to provide construction management and inspection services for the District's Pump Station 4B and Water Main to Schaefer Ranch Project (CIP 620C520) and other projects for which the District needs construction management and inspection needs. TCG has provided supplemental construction inspection services for development projects in the past. As those services were for shorter periods of time, the Task Orders were within staff authority.

Staff has requested a scope of work for supplemental construction inspection and an estimate for the fiscal year from TCG. The estimated cost is approximately \$447,000. The Task Order is above the General Manager's authority. Staff requests that the Board approve a Task Order not to exceed this amount. Actual cost to the District will be based on labor and time that TCG provides the District.

The current agreement with TCG expires August 7, 2015, but may be extended with a Task Order. The current agreement contains outdated District requirements. Staff is requesting that the Board approve an updated agreement, which incorporates the District's new insurance requirements and economic disclosure requirements. The proposed agreement will expire in August 2016.

Before the end of this fiscal year, staff will conduct a competitive selection process for future construction management and inspection services. Staff will also review development project projections and determine if a mid-year budget adjustment is required for construction inspection services.

## **RECOMMENDATION**

Staff recommends that the Board approve an operating budget adjustment for the 2016 Operating Budget Revenue for Construction Inspection by \$568,000 (60% 620; 40% 220) and Construction Inspection expenses by \$447,000 (60% 620; 40% 220). Staff also recommends that the Board approve an updated Master Agreement for Consulting Services with The Covello Group, Inc., along with a Task Order for development project supplemental construction inspection services in the amount not to exceed \$447,000.

Attachment

Attachment 1. District Development Inspection Needs



	Actual Water DUEs	Projected Water DUEs	Actual Water Fees (\$1,000s)	Actual Sewer DUEs	Projected Sewer DUEs	Actual Sewer Fees (\$1,000s)	Total DUEs Purchased	Projected Total DUEs	Inspection Fees (\$1,000s)	Budgeted Inspection Fees (\$1,000s)
2013	440		\$ 2,123	655		\$ 6,887	1032		\$ 807	\$ 729
2014	340		\$ 4,050	299		\$ 4,948	639		\$ 774	\$ 842
2015	538		\$ 6,523	603		\$ 9,764	1141		\$ 1,671	\$ 842
2016		933			752			1685	\$ 1,408	\$ 840
2017		450			460			910	\$ 320	\$ 840
2018		450			460			910	\$ 840	\$ 840



Reference Engineering Services Manager	Type of Action Discuss and Provide Direction	Board Meeting of August 4, 2015
Subject Discuss Tri-Valley Water Policy Roundtable Activities on Water Reliability and Water Recycling		
<input type="checkbox"/> Motion	<input type="checkbox"/> Minute Order	<input type="checkbox"/> Resolution
<input type="checkbox"/> Ordinance	<input checked="" type="checkbox"/> Informational	<input type="checkbox"/> Other
REPORT:	<input checked="" type="checkbox"/> Verbal	<input type="checkbox"/> Presentation
	<input checked="" type="checkbox"/> Staff	D. McIntyre
		<input type="checkbox"/> Board Member

**Recommendation:**

The Engineering Services Manager recommends the Board of Directors discuss the July 22, 2015 Tri-Valley Water Policy Roundtable #5 meeting and, by Consensus, provide appropriate direction.

**Summary:**

In the face of 2014’s worsening drought, the agencies of the Tri-Valley agreed to conduct a series of Water Policy Roundtables to discuss water policy issues of concern in the Tri-Valley. The Tri-Valley Water Policy Roundtable Committee consists of elected (or corporate) officials of the following agencies (and investor owned utility): DSRSD, City of Pleasanton, City of Dublin, City of San Ramon, Zone 7 Water Agency, California Water Service Company, and City of Livermore. Five meetings have been held thus far. At the most recent meeting on July 22, the Roundtable Committee received a status report on Zone 7’s Water Supply Evaluation, received an overview on the outlines of a potential Joint Indirect Potable Reuse Master Plan, and received a presentation on community outreach strategies for indirect potable reuse programs.

By consensus, the Roundtable Committee expressed an interest in receiving more information on indirect potable reuse and desalination from Zone 7’s Water Supply Evaluation when that document is available in the fall. Secondly, the Committee felt that a community survey was appropriate to assess baseline community support for indirect potable reuse. The Committee suggested that this community survey begin soon, and the City of Pleasanton offered to be the lead agency to expedite that process. Thirdly, some members of the subcommittee requested a preliminary work program for a community outreach process on indirect potable reuse. Staff has determined that providing the requested information is feasible, and staff from the agencies are working collaboratively through the Tri-Valley Water Retailers Group to address these requests.

If, in response to information from the Water Supply Evaluation and the community survey, there is full agency support for proceeding with a community outreach process and/or indirect potable reuse master plan, staff will bring to the Board a Task Order under the existing Reciprocal Services Agreement to begin work.

Committee Review			Legal Review	Staff Review		
COMMITTEE ---	DATE ---	RECOMMENDATION ---	Not Required	ORIGINATOR D. McIntyre	DEPARTMENT Eng Services	REVIEWED BY
<b>ATTACHMENTS</b> <input checked="" type="checkbox"/> None						
<input type="checkbox"/> Resolution	<input type="checkbox"/> Minute Order	<input type="checkbox"/> Task Order	<input type="checkbox"/> Staff Report	<input type="checkbox"/> Ordinance		
<input checked="" type="checkbox"/> Cost \$0	<input type="checkbox"/> Funding Source		Attachments to S&R			



Reference Administrative Services Manager	Type of Action Approve Insurance Premium	Board Meeting of August 4, 2015
Subject Approve Health Insurance Contribution for Calendar Year 2016 For Stationary Engineers Local 39, Professional, Mid-Management, Confidential and Senior Management Employees		
<input type="checkbox"/> Motion	<input type="checkbox"/> Minute Order	<input checked="" type="checkbox"/> Resolution
<input type="checkbox"/> Ordinance	<input type="checkbox"/> Informational	<input type="checkbox"/> Other
REPORT:	<input type="checkbox"/> Verbal	<input type="checkbox"/> Presentation
	<input checked="" type="checkbox"/> Staff	J. Archer
		<input type="checkbox"/> Board Member

**Recommendation:**

The Administrative Services Manager recommends the Board of Directors approve, by Resolution, a health insurance premium contribution for the period of January 1, 2016 to December 31, 2016 for Stationary Engineers Local 39 (Local 39), Professional Employees Bargaining Unit (PEBU), Mid-Management Employees Bargaining Unit (MEBU), Confidential Employees Bargaining Unit (CEBU), and Senior Management employees.

**Summary:**

In mid-June of 2015, CalPERS notified contracting agencies of medical premium increases effective January 1 of the following calendar year. In accordance with contractual requirements of existing labor contracts and Personal Services Agreements, and Section 22892 of the Public Employees, Medical and Hospital Care Act, on an annual basis, the Board adopts a resolution to revise the employer contribution towards health insurance premiums and a copy of the resolution must be sent to CalPERS. On August 5, 2014, the Board adopted a resolution to set the employer contribution rate beginning January 1, 2015 for health insurance for Local 39, CEBU, PEBU, MEBU, Senior Managers and Board of Directors. All employees currently have the same employer contribution toward medical insurance, which is the District Maximum Contribution amount (cost-sharing of increases over the 2007 baseline amounts at 60% District-paid and 40% Employee-paid), with the Employee-paid share of the base plan at no more than 20%. The maximum District monthly contribution rate for health insurance premiums would increase to the amounts as follows, effective January 1, 2016:

For Stationary Engineers Local 39, Professional, Mid-Management, Confidential, and Senior Management employees:

Employee Only:	\$627
Employee + One:	\$1,254
Employee + Family:	\$1,631

There is no budgetary action required of the Board, as the budgeted amount for the employer’s contribution towards health insurance premiums is estimated to be sufficient to cover these costs. The District has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above. Staff has also reviewed the requirements of the employer mandate under the Patient Protection and Affordable Care Act (PPACA) and has determined that the District meets compliance requirements.

Committee Review			Legal Review	Staff Review		
COMMITTEE ---	DATE ---	RECOMMENDATION ---	Not Required	ORIGINATOR C. Hoffmann	DEPARTMENT Admin Services	REVIEWED BY M. Gallardo
<b>ATTACHMENTS</b> <input type="checkbox"/> None						
<input checked="" type="checkbox"/> Resolution	<input type="checkbox"/> Minute Order	<input type="checkbox"/> Task Order	<input checked="" type="checkbox"/> Staff Report	<input type="checkbox"/> Ordinance		
<input checked="" type="checkbox"/> Cost Current budget sufficient to cover costs	<input type="checkbox"/> Funding Source A. B.	Attachments to S&R 1. 2. 3.				

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

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT APPROVING THE EMPLOYER'S CONTRIBUTION UNDER THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT FOR STATIONARY ENGINEERS LOCAL 39, PROFESSIONAL, MID-MANAGEMENT, CONFIDENTIAL, AND SENIOR MANAGEMENT EMPLOYEES

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WHEREAS, Government Code Section 22892(a) provides that a local agency contracting under the Public Employees' Medical and Hospital Care Act shall fix the amount of the employer's monthly contribution at an amount not less than the amount required under Section 22892(b)(1) of the Act; and

WHEREAS, Dublin San Ramon Services District ("District") is a local agency contracting with the Public Employees' Retirement System under the Act; and

WHEREAS, the Stationary Engineers, Local 39 (Local 39), Professional Employees Bargaining Unit (PEBU) and Mid-Management Employees Bargaining Unit (MEBU) have met in good faith and agreed to labor contracts effective December 26, 2011 through December 18, 2016; and

WHEREAS, the Confidential Employees Bargaining Unit (CEBU) have met in good faith and agreed to labor contracts effective December 26, 2011 through April 30, 2017; and

WHEREAS, the Senior Management employees have Personal Services Agreements in place effective calendar years 2012 through 2016; and

WHEREAS, the specific language of these contracts establish the employer's monthly health benefit contribution effective January 1, 2016 through December 31, 2016.

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

- (a) The employer's monthly contribution for each employee or annuitant shall be the amount

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

necessary to pay the cost\* of his/her enrollment, including the enrollment of his/her family members, in a health benefits plan or plans, effective January 1, 2016 up to a maximum of:

PERS Code	Bargaining Unit	Employee Only	Employee and One Family Member	Employee and Two or More Family Members
02	Mid-Management Monthly	\$627.00	\$1,254.00	\$1,631.00
03	Senior Management Monthly	\$627.00	\$1,254.00	\$1,631.00
04	Confidential Monthly	\$627.00	\$1,254.00	\$1,631.00
05	Local 39 Monthly	\$627.00	\$1,254.00	\$1,631.00
011	Professional Monthly	\$627.00	\$1,254.00	\$1,631.00
07	Mid-Management Hourly	\$313.50	\$627.00	\$815.50
08	Senior Management Hourly	\$313.50	\$627.00	\$815.50
09	Confidential Hourly	\$313.50	\$627.00	\$815.50
010	Local 39 Hourly	\$313.50	\$627.00	\$815.50
012	Professional Hourly	\$313.50	\$627.00	\$815.50

\*Plus administrative fees and contingency fund assessment

(b) Dublin San Ramon Services District has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above.

ADOPTED by the Board of Directors of Dublin San Ramon Services District, a public agency in the State of California, counties of Alameda and Contra Costa, at its regular meeting held on the 4th day of August 2015, and passed by the following vote:

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
Edward R. Duarte, President

ATTEST: \_\_\_\_\_  
Nicole Genzale, District Secretary





## STAFF REPORT

Human Resources

July 15, 2015

# 2016 Medical Rate Changes

## Background

Each year, per the requirements of Section 22892 of the California Government Code, and in accordance with established labor agreements and employment contracts, the Board of Directors of the Dublin San Ramon Services District (District) sets the annual maximum contribution toward employee medical premiums for the following year. The calculation for this contribution is determined by Memoranda of Understanding (MOU), by Personal Services Agreements (PSA), and the amount paid for Board members is determined annually, by resolution, at the discretion of the Board, traditionally set at the same amount as for employees.

## Discussion

### Overview

The maximum District contribution toward monthly health premiums will increase in 2016 (see attached, Tables 1 & 2). This amount is calculated based on the Base Plan, which is defined by labor agreements as the higher of the lowest cost HMO and PPO offered by CalPERS in the Bay Area region.<sup>1</sup> Per the labor agreements, any increase in cost of the base plan above the District maximum contribution from 2007 is shared 60% by the employer and 40% by employees, with employees then paying 100% of the premium rate above the District maximum contribution.

From 2015 to 2016, premiums for CalPERS Bay Area basic healthcare plan premiums on average rose 9.55% for HMO plans and 11.46% for PPO plans, which CalPERS staff attributed primarily to prescription drug cost and utilization.<sup>2</sup> See Table 3 for plan-specific premium changes ranging from a low of 3.37% for Anthem Traditional to 18.75% for Blue Shield Netvalue.

Based on participation, plan selection, and coverage level, as of June 2015, the District has sufficient funds budgeted for health benefits for CY 2016. The District budgeted \$1,636,030, and projected District contributions based on known factors are \$1,372,468, leaving a positive balance of \$263,562.

### Health Plan Changes

CalPERS Board of Directors eliminated HMO Medicare plans Anthem Blue Cross, Blue Shield, Health Net, and Sharp. For 2016, Medicare plans offered in the Bay Area are Kaiser, UnitedHealthcare, and PERS Choice/Select/Care. The United Healthcare Medicare plan in 2016 will also include the Silver Sneakers exercise program and optional, retiree-paid dental and vision coverage.<sup>3</sup>

<sup>1</sup> The 2016 Base Plan is PERS Select PPO

<sup>2</sup> <http://www.latimes.com/business/la-fi-calpers-health-rates-20150618-story.html>

<sup>3</sup> Bartel Associates <http://bartel-associates.com/news/2015/06/18/2016-and-historical-calpers-medical-premiums>

A new HMO plan is being offered to Bay Area active employees, HealthNet SmartCare. This plan has no deductible, requires a \$15 co-pay for office and urgent care visits, and has a \$1,500 calendar year maximum out-of-pocket limit per member and \$3,000 per family. The addition of this new HMO plan brings the total number of HMO plans (7) and PPO plans (3) offered in the Bay Area up to ten (10) starting in 2016.

### ***Active Employee Impact***

Since 2014, there have been no health plans available to employees that are 100% District-paid; all plans require some contribution toward the cost of premiums by employees. The employee share of the premium for all CalPERS plans will increase in 2016 ranging from a low of 1.8% (Anthem HMO Traditional) to a high of 75.7% (PERS Choice PPO) at the family coverage level (see attached, Table 4).

For 2016, the employee share of the monthly premium at the family rate will range from a minimum of \$245.65 (Anthem HMO Select) to a maximum of \$1,057.04 (Blue Shield NetValue). Of the ten plans offered, the District pays greater than 80% of the family coverage level for plans: Anthem HMO Select (83.6%); Kaiser (80.8%); and PERS Select (82.7%).

Due to premium increases, and while difficult to predict, the District may expect to see movement of participants between plans during the 2016 Open Enrollment period from September 14, 2015 to October 9, 2015 in an effort to reduce costs.

### ***Affordable Care Act Compliance***

Staff has reviewed the requirements under Section 4980H of the IRS Code of Regulations, pertaining to the Employer Shared Responsibility under Section 1513 of the Patient Protection and Affordable Care Act (PPACA) and has determined that:

- The District offers health insurance coverage to 100% of District employees;
- All CalPERS health plans offered in plan year 2016 provide minimum essential coverage and meet the minimum value standard under the law;
- The employee-only share of the premium for the lowest-cost plan offered through CalPERS meets the affordability standard safe harbor; and
- The District's contracting third-party agencies offer compliant health insurance coverage to temporary staff assigned to the District.

Based upon the above analysis, staff determined that the District is compliant with the employer mandate under the PPACA.

### ***Attached Tables:***

- Table 1: CY 2016 Maximum Contribution Rate Calculation
- Table 2: District Maximum Contribution since 2007
- Table 3: CalPERS Bay Area Region Basic Plan Monthly Premium Rates
- Table 4: CalPERS Bay Area Region Basic Plan Monthly Premium Rates –Employee Cost-Share Impact Analysis

## Attachments

**Table 1: CY 2016 Maximum Contribution Rate Calculation**

	Single	2-Party	Family
2007 Baseline	\$473	\$946	\$1,230
2016 Base Plan Premium (PERS Select)	\$730	\$1,460	\$1,898
60% of Difference	\$154	\$308	\$401
<b>2016 Maximum District Contribution*</b>	<b>\$627</b>	<b>\$1,254</b>	<b>\$1,631</b>

\* 2007 Baseline Amount + 60% of the difference in cost of 2016 Base Plan

**Table 2: District Maximum Contribution since 2007**

Calendar Year	Single	EE+1	Family	% Chg
2007	\$473	\$946	\$1,230	
2008	\$479	\$958	\$1,245	1.2%
2009	\$494	\$989	\$1,285	3.2%
2010	\$509	\$1,017	\$1,323	3.0%
2011	\$531	\$1,061	\$1,380	4.3%
2012	\$555	\$1,111	\$1,444	4.6%
2013	\$591	\$1,181	\$1,535	6.3%
2014	\$586	\$1,172	\$1,524	-0.7%
2015	\$603	\$1,207	\$1,569	3.0%
<b>2016</b>	<b>\$627</b>	<b>\$1,254</b>	<b>\$1,631</b>	<b>4.0%</b>

**Table 3: CalPERS Bay Area Region Basic Plan Monthly Premium Rates**

Type	Plan	2015 Rates			2016 Rates			% Change Premium	% District Paid (2016 Family Rate)
		Single	2-Party	Family	Single	2-Party	Family		
HMO	Anthem HMO Select	\$662.41	\$1,324.82	\$1,722.27	<b>\$721.79</b>	<b>\$1,443.58</b>	<b>\$1,876.65</b>	9.0%	83.6%
HMO	Anthem HMO Traditional	\$827.57	\$1,655.14	\$2,151.68	<b>\$855.42</b>	<b>\$1,710.84</b>	<b>\$2,224.09</b>	3.4%	70.5%
HMO	Blue Shield Access+	\$928.87	\$1,857.74	\$2,415.06	<b>\$1,016.18</b>	<b>\$2,032.36</b>	<b>\$2,642.07</b>	9.4%	59.4%
HMO	Blue Shield NetValue	\$870.60	\$1,741.20	\$2,263.56	<b>\$1,033.86</b>	<b>\$2,067.72</b>	<b>\$2,688.04</b>	18.8%	58.4%
HMO	Health Net SmartCare				<b>\$808.44</b>	<b>\$1,616.88</b>	<b>\$2,101.94</b>	n/a	77.6%
HMO	Kaiser CA	\$714.45	\$1,428.90	\$1,857.57	<b>\$746.47</b>	<b>\$1,492.94</b>	<b>\$1,940.82</b>	4.5%	80.8%
HMO	UnitedHealthcare	\$850.67	\$1,701.34	\$2,211.74	<b>\$955.44</b>	<b>\$1,910.88</b>	<b>\$2,484.14</b>	12.3%	63.2%
PPO	PERS Choice	\$700.84	\$1,401.68	\$1,822.18	<b>\$798.36</b>	<b>\$1,596.72</b>	<b>\$2,075.74</b>	13.9%	75.6%
PPO	PERS Select	\$690.43	\$1,380.86	\$1,795.12	<b>\$730.07</b>	<b>\$1,460.14</b>	<b>\$1,898.18</b>	5.7%	82.7%
PPO	PERS Care	\$775.08	\$1,550.16	\$2,015.21	<b>\$889.27</b>	<b>\$1,778.54</b>	<b>\$2,312.10</b>	14.7%	67.9%

\* Anthem HMO Select is the 2016 lowest cost HMO

\*\* PERS Select is the 2016 lowest cost PPO, and as the higher of the two lowest cost plans, is the Base Plan for calculating District maximum contribution

**Table 4: CalPERS Bay Area Region Basic Plan Monthly Premium Rates –Employee Cost-Share Impact Analysis**

Plan	2015 Employee Share			2016 Employee Share			Analysis of Employee Share	
	Emp Only	2-PARTY	FAM	Emp Only	2-PARTY	FAM	# Emp Enrolled*	% Increase in Family Rate 2015 to 2016
<b>Anthem HMO Select</b>	\$59.41	\$117.82	\$153.27	<b>\$94.79</b>	<b>\$189.58</b>	<b>\$245.65</b>	<b>10</b>	<b>60.3%</b>
<b>Anthem HMO Traditional</b>	\$224.57	\$448.14	\$582.68	<b>\$228.42</b>	<b>\$456.84</b>	<b>\$593.09</b>	<b>7</b>	<b>1.8%</b>
<b>Blue Shield Access+</b>	\$325.87	\$650.74	\$846.06	<b>\$389.18</b>	<b>\$778.36</b>	<b>\$1,011.07</b>	<b>2</b>	<b>19.5%</b>
<b>Blue Shield NetValue</b>	\$267.60	\$534.20	\$694.56	<b>\$406.86</b>	<b>\$813.72</b>	<b>\$1,057.04</b>	<b>0</b>	<b>52.2%</b>
<b>Health Net SmartCare</b>				<b>\$181.44</b>	<b>\$362.88</b>	<b>\$470.94</b>	n/a	n/a
<b>Kaiser CA</b>	\$111.45	\$221.90	\$288.57	<b>\$119.47</b>	<b>\$238.94</b>	<b>\$309.82</b>	<b>44</b>	<b>7.4%</b>
<b>United Healthcare</b>	\$247.67	\$494.34	\$642.74	<b>\$328.44</b>	<b>\$656.88</b>	<b>\$853.14</b>	<b>0</b>	<b>32.7%</b>
<b>PERS Choice</b>	\$97.84	\$194.68	\$253.18	<b>\$171.36</b>	<b>\$342.72</b>	<b>\$444.74</b>	<b>16</b>	<b>75.7%</b>
<b>PERS Select</b>	\$87.43	\$173.86	\$226.12	<b>\$103.07</b>	<b>\$206.14</b>	<b>\$267.18</b>	<b>1</b>	<b>18.2%</b>
<b>PERS Care</b>	\$172.08	\$343.16	\$446.21	<b>\$262.27</b>	<b>\$524.54</b>	<b>\$681.10</b>	<b>0</b>	<b>52.6%</b>

\* Employee enrollment and plan selection as of June 2015



Reference Administrative Services Manager	Type of Action Approve Insurance Premium	Board Meeting of August 4, 2015
Subject Approve Health Insurance Contribution for Calendar Year 2016 for Board of Directors		
<input type="checkbox"/> Motion	<input type="checkbox"/> Minute Order	<input checked="" type="checkbox"/> Resolution
<input type="checkbox"/> Ordinance	<input type="checkbox"/> Informational	<input type="checkbox"/> Other
REPORT:	<input type="checkbox"/> Verbal	<input type="checkbox"/> Presentation
	<input checked="" type="checkbox"/> Staff	J. Archer
		<input type="checkbox"/> Board Member

**Recommendation:**

The Administrative Services Manager recommends the Board of Directors approve, by Resolution, a health insurance premium contribution for the period of January 1, 2016 to December 31, 2016 for active Board Members and annuitants.

**Summary:**

In mid-June of 2015, CalPERS notified contracting agencies of medical premium increases effective January 1 of the following calendar year. In the immediately prior agenda item, the Board is scheduled to set the health insurance premium contribution for all employees at the District which contribution amount is governed by the terms of existing labor agreements.

There is no comparable documents (policy or otherwise) that establish the health insurance premium contribution amount for Board Members. Historically, the Board has approved premium contributions for active Board Members similar to those adopted for employees. However, the Board has the discretion to set the contribution at any amount of its choosing. Current (calendar year 2015) monthly premium contributions are: \$603, \$1,207 and \$1,569 for each of the three coverage categories below, respectively.

Health insurance premium contributions for calendar year 2016 should be established for the following coverage categories as required by CalPERS:

- Employee Only
- Employee + One
- Employee + Family

“Employee” is a term specified in the California Government Code; for the purposes of this action it operatively means “Board Member”.

It should be noted that per California Government Code 22892 of the Public Employees’ Medical and Hospital Care Act (PEMHCA), whatever premium contribution amount is set for active Board Members will be the amount for retired Board Members. The District has six retired Board Members. Four of those have elected some level of coverage through the District. One retired Board Member chose to participate in the retiree medical vesting program; the premium contributions for participants in the retiree medical vesting program are separately set by the State of California and are not the subject of this action.

No action maintains the current health care premium contributions, as noted above, in place.

Committee Review			Legal Review	Staff Review		
COMMITTEE ---	DATE ---	RECOMMENDATION ---	Yes	ORIGINATOR C. Hoffmann	DEPARTMENT Admin Services	REVIEWED BY M. Gallardo
<b>ATTACHMENTS</b> <input type="checkbox"/> None						
<input checked="" type="checkbox"/> Resolution	<input type="checkbox"/> Minute Order	<input type="checkbox"/> Task Order	<input type="checkbox"/> Staff Report	<input type="checkbox"/> Ordinance		
<input checked="" type="checkbox"/> Cost TBD	<input type="checkbox"/> Funding Source A. B.		Attachments to S&R 1. 2. 3.			

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

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT APPROVING THE EMPLOYER'S CONTRIBUTION UNDER THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT FOR BOARD OF DIRECTORS

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WHEREAS, Government Code Section 22892(a) provides that a local agency contracting under the Public Employees' Medical and Hospital Care Act shall fix the amount of the employer's monthly contribution at an amount not less than the amount required under Section 22892(b)(1) of the Act; and

WHEREAS, Dublin San Ramon Services District ("District") is a local agency contracting with the Public Employees' Retirement System under the Act; and

WHEREAS, the Board of Directors' monthly health benefit contribution amounts are set annually by resolution.

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

- (a) The employer's monthly contribution for each employee or annuitant shall be the amount necessary to pay the cost\* of his/her enrollment, including the enrollment of his/her family members, in a health benefits plan or plans, effective January 1, 2016 up to a maximum of:

PERS Code 06	Bargaining Unit Board of Directors	Employee Only	Employee and One Family Member	Employee and Two or More Family Members
		_____	_____	_____

\*Plus administrative fees and contingency fund assessment

- (b) Dublin San Ramon Services District has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above.

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

ADOPTED by the Board of Directors of Dublin San Ramon Services District, a public agency in the State of California, counties of Alameda and Contra Costa, at its regular meeting held on the 4th day of August 2015, and passed by the following vote:

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
Edward R. Duarte, President

ATTEST: \_\_\_\_\_  
Nicole Genzale, District Secretary