



Policy No.: P400-17-5	Type of Policy: Finance
Policy Title: Project Cost Allocation	
Policy Description: Basis for determining how the cost of projects should be allocated between funds	
Approval Date: 10/20/2009	Last Review Date: 2017
Approval Resolution No.: 57-09	Next Review Date: 2021
Rescinded Resolution No.: N/A	Rescinded Resolution Date: N/A

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

To allocate project costs in proportion to the benefits that accrue to existing and future customers of each enterprise of the District. In carrying out this policy and depending on the nature of the project, allocation of a project cost may be to more than one enterprise and/or to more than one fund within the enterprise. Procedures for implementing this policy shall be developed and administered by the General Manager to reflect the following guidelines:

1. Project costs are to be equitably allocated to the enterprise (water, local sewer, and regional sewer) in proportion to the benefits derived by that enterprise from the project.
2. Project costs are to be equitably allocated within each enterprise in proportion to the benefits derived by each customer class in proportion to the benefits derived from the project. Projects that provide facilities and capacity to accommodate future customers shall be allocated to expansion funds. Projects that replace and/or enhance an existing facility shall be allocated to replacement and improvement funds.
3. The basis for the allocation of benefits for each capital project shall be documented in the project budget approved by the Board and is to be equitably based upon parameters identifiable to the benefits received. The types of allocations may be Flow based, Product based, Employee based or Customer based. Examples of parameters that are identifiable to the benefit of a project are:
 - a. Flow based – Example: A new biosolids dewatering technology will be installed at the Wastewater Treatment Plant to accommodate 10 mgd of current flow and an additional 6 mgd of future flow – split 62.5%/37.5% replacement/expansion.
 - b. Product based – Example: A new generator may be installed to use excess gas available from the anaerobic digesters as a fuel supply; the excess originates as 500 cubic feet per day

Policy No.: P400-17-5	Policy Title: Project Cost Allocation
------------------------------	--

digester gas from existing users (replacement and improvement funds) and 9,500 cubic feet per day from future users (expansion funds) – split 5%/95% Regional replacement/expansion.

- c. Employee based – Example: A new maintenance facility to accommodate eight existing staff (replacement and improvement funds) and three staff will be added as the District grows (expansion funds) – split 72.7%/27.3% to replacement/expansion in the appropriate enterprise or enterprises.
 - d. Customer Based – Example: A project to support the general administration of the District and/or that provide a general benefit to all customers of the District-split based upon the number of customers served by each enterprise.
4. If the above guidelines do not represent an equitable allocation of costs due to the specific circumstances associated with that project, the General Manager may propose an alternative allocation methodology for the Board’s consideration.
 5. All project allocations shall be approved by the Board at the time it approves and/or modifies project budgets.

Policy is current and no changes need to be adopted by the Board of Directors. <u>Status Quo Chronology:</u>	
Date Adopted:	
October 20, 2009	
Reviewed by Committee or Board:	Date:
Finance	April 30, 2013
Board	November 7, 2017