



**Dublin San Ramon
Services District**
Water, wastewater, recycled water



fiscal years ending
2022
and
2023

Adopted Operating Budget

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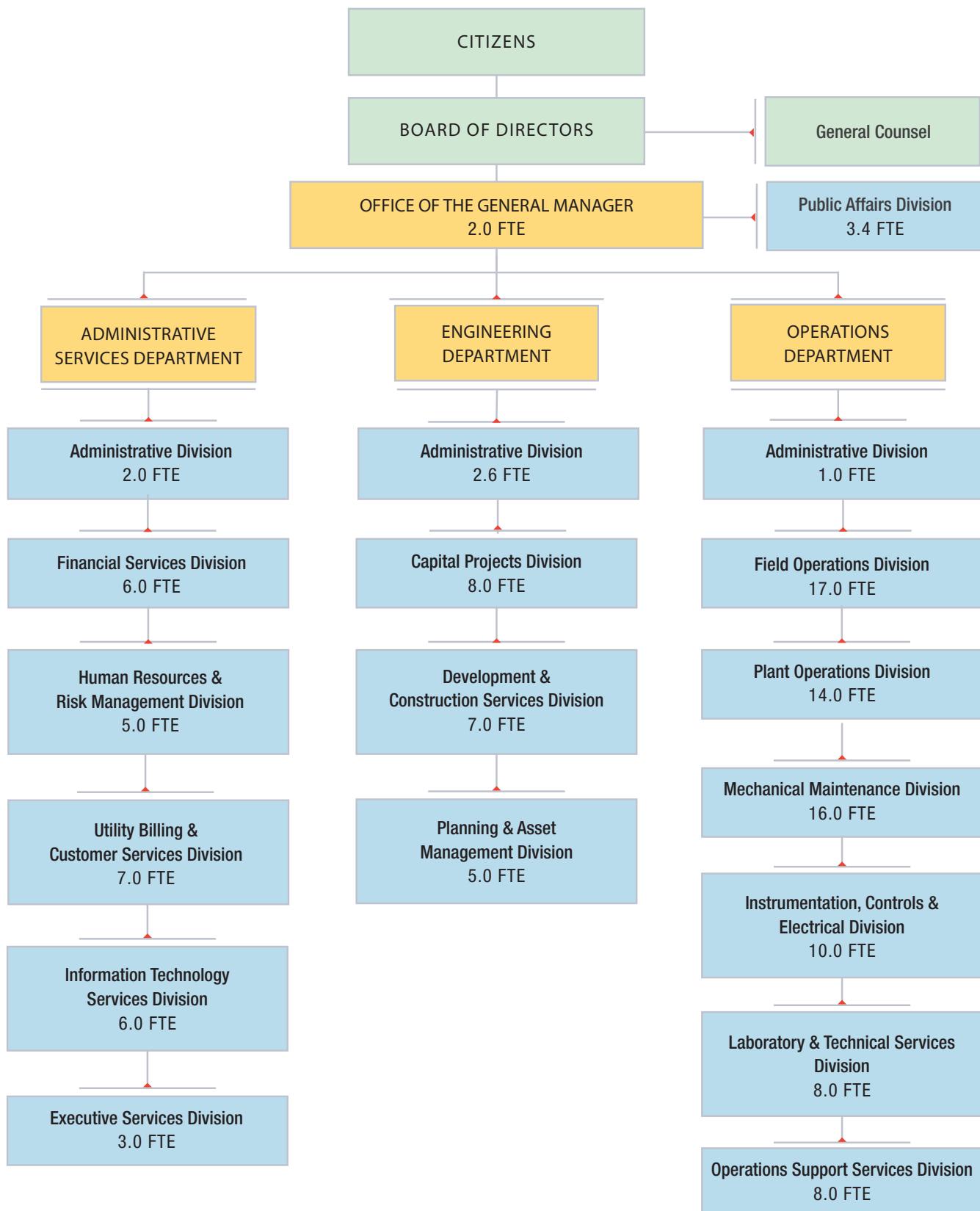
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ORGANIZATION CHART

Fiscal Years 2022-2023



BOARD OF DIRECTORS



ANN MARIE JOHNSON
President (At-Large)
Boardmember since 2018
Term expires December 2022



RICHARD HALKET
Vice President (Division 3)
Boardmember since 2004
Term expires December 2024



GEORGEAN VONHEEDER-LEOPOLD
Director (At-Large)
Boardmember since July 2009
Term expires December 2022
(Previously served 1992–2000)



MARISOL RUBIO
Director (Division 1)
Boardmember since 2020
Term expires December 2024



ARUN GOEL
Director (Division 5)
Boardmember since 2021
Term expires December 2022

SENIOR MANAGEMENT TEAM

DANIEL MCINTYRE *General Manager*

JAN LEE *Assistant General Manager*

CAROL ATWOOD *Administrative Services Director*

JEFF CARSON *Operations Director*

JUDY ZAVADIL *Engineering Services Director*



STRATEGIC PLAN

FYE 2022 - 2026
Updated April 2021

STRATEGIC GOALS AND ACTION ITEMS

Maintain our financial stability and sustainability

- Implement early preventative maintenance and rehabilitation measures to save on greater deferred costs long-term
- Strive to limit future utility rate increases to general inflation trends by responsibly managing District assets and costs
- Update the District's reserve policies

Make additional investment in information systems that provide a strong return on investment

- Expand the use of our electronic records management program
- Replace our finance, utility billing, human resources, and permitting software system by 2022
- Successfully transition to Microsoft 365 online environment
- Expand and enhance our Supervisory Control and Data Acquisition Systems (SCADA)
- Strengthen cybersecurity and network resiliency capabilities

Update our business practices and procedures

- Integrate our business enterprise systems (Geographic Information System, Computerized Maintenance and Management System, Laboratory Information Management System, SCADA, and Records Management System) to more effectively access and share data across the District
- Review and revise our Joint Powers Authority and other inter-agency agreements to address changing conditions
- Embrace a safety culture by updating the District's environmental health and safety programs
- Coordinate with neighboring agencies to provide more efficient and cost-effective services

Develop a fully integrated Asset Management Program to guide the District's business decisions

- Increase equipment inspections and document all corrective maintenance activities to improve scheduling of preventative maintenance and asset replacement
- Identify and assess the performance of critical assets in each business enterprise to prioritize capital projects
- Optimize efficient and effective use of capital replacement resources in the long term

Enhance the leadership, professional, and technical skills of the District's staff to meet the challenges of staffing transitions over the next five years

- Diversify and strengthen the skills of staff through multi-agency professional development programs, stretch assignments, and active employee engagement
- Develop a succession plan for key positions where feasible

Enhance our ability to respond to emergencies and maintain business continuity

- Complete and implement a comprehensive update of our Emergency Response Plan that builds an enduring emergency preparedness and response culture
- Create an inventory of emergency assets, equipment, and materials in stock
- Integrate ongoing emergency training into District operations and conduct District-wide Incident Command System exercises to assess and improve District capabilities
- Explore coordination of emergency planning with partner agencies and the cities we serve

Meet the objectives of the District's water supply policy by developing and implementing an integrated recycled and potable water program

- Pursue new supplies to meet long-term recycled water demands
- Work collaboratively with our Tri-Valley partners in the development of a more diversified and resilient water supply
- Build public awareness of long-term water supply challenges and opportunities

Develop a long-term strategy to ensure greater energy efficiency and reliability for the District

- Develop a District energy policy and District energy master plan that evaluates sustainable energy sources and a long-term fleet management program
- Develop phased targets for complying with State long-term greenhouse gas emissions mandates

Collaborate with partner agencies to monitor evolving regulatory requirements for constituents of emerging concern and explore potential compliance and mitigation strategies



MISSION

Protect public health and the environment by providing reliable and sustainable water, recycled water, and wastewater services in a safe, efficient, and fiscally responsible manner.

VISION

In our operations, financial practices, and public policies we always strive to be an effective and efficient organization. Our agency is nimble and resilient in navigating the challenges of our ever-changing industry. We relentlessly pursue incremental improvement, and to be seen as a leader of industry best management practices.



DISTRICT CORE VALUES

The core values are simple key words that describe the values of the agency; they are accompanied by questions that are to be asked when major policy decisions are being considered to ascertain if the decision is in conformance to the stated values.

CORE VALUE	CORE VALUE QUESTION
Protect Public Health and the Environment	Does the decision protect public health and the environment?
Sustain Financial Stability	Does the decision sustain or contribute to the financial stability of the District?
Be Open and Transparent	Is the decision being made in an appropriately open and transparent manner and has it considered public input?
Fairness, Respect, Honesty, and Ethics	Does the decision treat all concerned fairly, respectfully, honestly, and ethically?
Operate Safely	Does the decision promote a safe environment for the community and the workforce?
Provide High Quality Customer Service	Does the decision reflect high quality customer service?
Provide Sustainable, Efficient, Reliable, and Secure Services	Does the decision maintain or enhance the District's sustainability, efficiency, reliability, and security?
Perform at a High Standard	Does the decision or action lead to a high performing, highly qualified, motivated, safe, and innovative workforce and an adaptable organization?



In bestowing this award, CSMFO acknowledges the District for its outstanding presentation of financial and budgetary data.

The California Society of Municipal Finance Officers (CSMFO) issues annual awards for outstanding achievement and contributions to the profession. Dublin San Ramon Services District received the Operating Budget Excellence Award for its fiscal years ending (FYE) 2020 and 2021 Operating Budget.

The District's FYE 2022 and 2023 Operating Budget is intended to continue to meet the CSMFO's high standards and will be submitted again to determine eligibility.

RESOLUTION NO. 35-21**RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT APPROVING AND ADOPTING THE OPERATING BUDGET FOR FISCAL YEARS ENDING 2022 AND 2023**

WHEREAS, the District is required to adopt an operating budget by September 1; and

WHEREAS, on May 18, 2021, the Board was provided a comprehensive overview of the budget process and assumptions, a District-wide financial review, and fund financial allocations in the proposed operating budget for fiscal years ending 2022 and 2023; and

WHEREAS, on May 27, 2021, the Board was provided an updated budget reflecting a true-up for the adopted budgets of DERWA and LAVWMA, and recognizing the recently negotiated easement with Pleasanton for \$1.3 million dollars for FYE 2022; and

WHEREAS, the budget as presented provides a financial plan that supports the Board's policy objectives for the next two fiscal years as expressed in the District 2022-2026 Strategic Plan; and

WHEREAS, said budget is balanced and incorporates expenditures for the District to provide reliable and sustainable water, wastewater, and recycled water to the communities it serves in a safe, efficient, and environmentally responsible manner; and

WHEREAS, per California Government Code Section 61110(c), the District Secretary published the notice of public hearing on May 18, 2021, for the biennial Operating Budget for Fiscal Years Ending 2022 and 2023, which was more than fourteen (14) days prior to the public hearing for the operating budget.

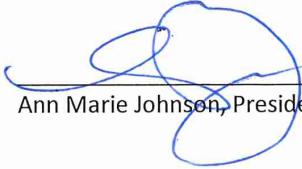
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT, a public agency located in the Counties of Alameda and Contra Costa, California, that the Proposed Operating Budget for Fiscal Years Ending 2022 and 2023, attached as Exhibit "A," modified as described above, including the revenues, expenditures, and transfers as described therein, is hereby adopted, and all expenditures made consistent therewith are hereby ratified and approved.

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 1st day of June, 2021, and passed by the following vote:

AYES: 5 – Directors Arun Goel, Marisol Rubio, Georgean M. Vonheeder-Leopold, Richard M. Halket, Ann Marie Johnson

NOES: 0

ABSENT: 0



Ann Marie Johnson, President

ATTEST: Nicole Genzale
Nicole Genzale, District Secretary



Reservoir 4A in Schaefer Ranch

► Executive Overview

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A LETTER FROM **THE GENERAL MANAGER**

April 28, 2021

Honorable President and District Directors:

I am pleased to submit the fiscal years ending (FYE) 2022 and 2023 operating budget for the Board's review and consideration. This operating budget highlights District accomplishments and challenges over the last two years, identifies major policy and operational issues facing the District over the next two years, and projects the financial condition of the District's three business enterprises over the next decade in an updated long-term Financial Planning Model. This operating budget describes detailed financial plans over the next two years from three perspectives - a fund basis, a category basis, and a department basis - to provide full transparency to the readers.

The District operates three main business enterprises: Local Wastewater for wastewater collection system services in Dublin and southwest San Ramon, Regional Wastewater for wastewater treatment and disposal services for Dublin, southwest San Ramon, and Pleasanton (by contract), and Water for potable and recycled water in Dublin and the Dougherty Valley region of San Ramon. Total operating expenditures for the three enterprises and the District's other funds for FYE 2022 are \$71,922,539. This amount is 4.9% more than updated estimated actual expenditures for FYE 2021 of \$68,556,680. Total expenditures are projected to remain flat in FYE 2023.

After extraordinarily strong growth in the Tri-Valley from 2010 to 2019, the region's pace of development has tapered off as a result of economic cycle effects compounded by the financial effects of the 2020-2021 COVID-19 pandemic crisis. However, the District's three main business enterprises continue to grow moderately during a period of slower development. The District's main challenges in the near term are: (1) managing the burden of burgeoning State regulation on the water and wastewater industries; (2) bolstering the District's regional emergency response capabilities, and (3) continuing to accelerate a proactive preventative maintenance and rehabilitation program.

With moderately increasing development in our service area from an expected nationwide economic recovery, the addition of new staff resources and contract services in certain key areas will have a modest impact on local wastewater collection, regional wastewater treatment, and water utility rates. Utility rates for the District's three utility enterprises are anticipated to increase at no more than general inflation (3.0% annually) over the next five years, while assuring appropriate funding for operations and robust funding of the District's long-term Asset Management Program.

Highlights and Review of FYE 2020 and FYE 2021

The District began the FYE 2020 and 2021 biennial budget cycle operating without use of its flood-damaged District Office, with staff relocated to the Field Operations Facility in Pleasanton, and Board meetings being held at the Shannon Community Center in Dublin. Our sister agencies: City of Dublin, City of Pleasanton, and Zone 7 Water Agency, graciously shared use of their facilities for various meetings, trainings, and candidate testing. Just as the District Office was ready for re-occupancy in March of 2020, the COVID-19 crisis struck, with the County Health Departments and Governor Newsom issuing shelter-in-place orders. District Office staff that had anticipated relocating in spring of last year from the Field Operations Facility back to the District Office were suddenly telecommuting in the pandemic emergency. Board meetings were transitioned to video conferences under a proclaimed emergency. Operations staff modified their operations and maintenance activities to implement enhanced safety practices to protect staff from the COVID-19 disease, while maintaining all utility services to the community at a high standard.

Additional emergencies faced by the District throughout FYE 2020 and FYE 2021 included PG&E's Public Safety Power Shutoff Program, and the continuing repair of a catastrophic failure of DERWA's electrical system for recycled water facilities. Combined with the COVID-19 crisis, the District has been continuously operating under either one or two proclaimed emergencies for the last two-and-a-half years, since November 11, 2018. Moreover, during this time, the District continued a period of transitional stresses caused by a surge of retirements that began a few years ago. In the last two years, the District hired 27 new staff.

Despite these many unprecedented challenges, the District has had many successes over the last two years. Most notably, the District adapted to the COVID-19 crisis by: (1) drafting and implementing a comprehensive Exposure Control Plan; (2) drafting a new Pandemic Action Plan as part of our Emergency Response Plan; (3) creating a number of interim rules and procedures to assure compliance with the federal Families First Coronavirus Response Act of 2020; and (4) implementing an emergency telecommuting program that allowed the District to sustain its most critical engineering, administrative, and support activities at an acceptable level during the pandemic. Moreover, we conducted a Virtual Citizens' Water Academy amidst the pandemic, which received a 2020 CASA Award of Public Outreach.

The District creatively operated its potable and recycled water pump stations and reservoirs through several extended Public Safety Power Shutoff events, continuously maintaining full service to water and recycled customers during all of these power losses. To address future power shutoff and emergency situations, the District installed standby emergency power at the Field Operations Facility, purchased five portable generators to power our pump stations, and executed a contract to install two new stationary generators to serve two key pump stations. Moreover, we began the design of water Turnout #6 to give the District greater water supply flexibility during major disasters.

To strengthen our ability to respond to and manage future regional emergencies, the District completed its Risk and Resiliency Assessment for the water system, as required by the 2018 American Water Infrastructure Act. Moreover, a comprehensive update of the District's 2004 Emergency Response Plan is nearing completion and expanded emergency planning and training activities have resumed District-wide.

Amidst the challenges of emergencies, staff turnover, and urgent business improvement efforts, the District has operated its water, wastewater collection, wastewater treatment, and recycled water systems without any permit violations, or any significant service shortcomings over the last two years. This is particularly remarkable, given that a major \$19 million, three-year upgrade of the Regional Wastewater Treatment Facility is nearing completion, requiring the Operations Department to operate and maintain the treatment facility with only three of four primary clarifiers in operation during a complicated construction process, as we renovate and expand to five primary clarifiers to meet growth demands. The performance of the entire District team has been superlative during this period of unprecedented difficulties.

The District's medium-term and long-term financial planning has improved considerably. The District developed enterprise fund 10-Year Financial Planning Models to assess the impact of long-term liabilities and guide medium-term financial decisions. In response to the economic pressures of the COVID-19 pandemic, long-term financial stress tests on each of the District's three enterprises and the District's six capital funds were presented to the Board, illustrating the strength of the District's conservative reserve policies and ongoing financial resiliency. Despite the flux in economic conditions, the District was able to restore minimum reserve funding to the weakened Local Wastewater Rate Stabilization Fund, pay off the Temporary Infrastructure Charge (TIC) program (\$3 million loan), and advance fund the Water Enterprise contribution to the Water Expansion Fund program (\$14 million obligation).

To address long-term water supply, conveyance, and storage uncertainty, the Board adopted a comprehensive Water Resiliency policy. As we enter a second year of drought, the District continues to work collaboratively with other Tri-Valley agencies to evaluate solutions to shared long-term water reliability challenges.

Major Operational and Policy Issues in FYE 2022 and FYE 2023

The District will address a number of operational and policy challenges in coming years. The recently adopted 2021 edition of the Five-Year Strategic Plan outlines an approach to managing many of these challenges. Early District actions requiring budgetary focus over the next two years are reflected in this operating budget. The most critical issues and budgetary responses are listed below.

- **Changing Regulatory Requirements** – There are a number of more stringent regulatory requirements recently adopted or pending that will require a substantial increase in District effort. These include new State Environmental Laboratory Accreditation Program

requirements, chemicals of emerging concern, evolving wastewater standards, new drinking water requirements, new air quality standards, new Cal-OSHA requirements, and more rigorous reporting requirements for many District activities. Over two years, an additional investment of \$443,000 for technical services is included to identify and meet these regulatory requirements.

- **Emergency Response** – Even with the pending completion of an update of the District's 2004 Emergency Response Plan, a second phase of updating will be necessary. The District will need to commit significant effort on training and exercises. The budget includes an extra \$190,000 for consultant services over the two years to help us achieve our goals. To support our emergency readiness, \$500,000 for acquisition of emergency equipment for Field Operations is budgeted.
- **Energy Uncertainty and Cost Control** – With the advent of the Public Safety Power Shutoff Program, there is greater energy uncertainty for our operations. Moreover, with changing State energy regulation, District energy costs are anticipated to increase. The budget anticipates an increase in baseline District energy costs of over 20%, including \$464,000 per year of extra costs for Regional Wastewater Treatment Facility operations costs and water pumping costs. Additional professional services in the amount of \$150,000 per year are included to assess and improve the reliability of our electrical systems. To further address rising costs and energy uncertainty, a District energy master plan and energy policy will be developed. This study effort will include planning for future District fleet replacements to be more energy efficient.
- **Financial Sustainability** – As part of fostering a more financially sustainable future for the District, a comprehensive cost of service study is needed to more effectively allocate central administrative costs attributable to new development and capital project construction. Additionally, new five-year rate studies are needed for our Local and Regional Wastewater programs in 2022. Additional consultant services in the amount of \$175,000 over two years are included for these and other study efforts. Further refinements to the District's long-term business plans are needed. A limited-term position from the Engineering Department has been reallocated to the Financial Services Division to support these efforts.
- **Update Interagency Agreements** – The District's operational and institutional agreements with DERWA, LAVWMA, and the City of Pleasanton need updating to address changing conditions. Part of the time of a new Management Analyst I will complement a major commitment of senior management resources over the next two to three years on these efforts.

Staffing Resources

The operating budget adds three Full-Time Equivalent (FTE) positions to the Operations Department, eliminates a limited-term Laboratory Technician position while creating a new permanent Laboratory Technician position, and extends the term of two existing limited-term positions. These latter two positions are in the Engineering Department and the Administrative Services Department. These staffing changes will bring the total FTE positions up from 128 to 131, still slightly below the District's peak of 134 FTE positions prior to the Great Recession of 2009. Of these 131 positions, 129 are permanent positions, and 2 are existing limited-term positions that are extended. It should be noted that 2.18 FTEs work on LAVWMA operations and 2.96 FTEs on DERWA operations exclusively.

A new Water/Wastewater Systems Operator is included for the Field Operations Division, to further accelerate the District's commitment to preventative maintenance efforts for expanded water distribution and wastewater collection systems. A Wastewater Treatment Plant Operator position is included in the budget to more effectively operate the increasingly complex wastewater treatment, wastewater disposal, and recycled water treatment facilities. Lastly, a Management Analyst I is included for the Operations Department to address an array of needs including: supporting an update of the environmental health and safety program, accelerating our emergency preparedness and training efforts, assisting in the creation of an inventory of emergency assets, preparing new documentation for most stringent regulatory reporting requirements, supporting the Asset Management Program, and helping revamp our inter agency operational agreements.

District Financial Issues

The resilient economy, reflected in slowing but continuing new development in Dublin and Dougherty Valley, continues to serve as a beneficial tailwind to the District's finances. Because many of the District's costs are fixed, additions to its customer base enhance the financial condition of the Local Wastewater Enterprise, the Regional Wastewater Enterprise, and the Water Enterprise. For the three enterprises, growth rates of 1.7% to 2.8% are assumed over the next two years.

The slowdown in development can be seen in the reduction of capacity reserve fees collected that are typically in the \$20 million to \$25 million range. These revenues include the “buy in” component into existing infrastructure which funds in part each enterprise’s replacement fund, and an “expansion” component that funds both new projects to serve new development and debt service for expansion projects previously constructed to serve new development. Total capacity reserve fees are anticipated to drop to \$7 million for FYE 2021, before rising to over \$15 million in FYE 2022 and a more traditional level of \$24 million in FYE 2023. Funds collected are sufficient to continue meeting expansion debt service obligations of \$7 million per year.

Despite the economic crisis arising from the COVID-19 pandemic, service charges for Local Wastewater, Regional Wastewater, and Water remain strong. For FYE 2021, total service charge revenues will be up 5.2%, before falling by 2.4% in FYE 2022, primarily because of anticipated water conservation in the second year of a major California drought. Revenues will increase by 5.4% in FYE 2023, as the economy rebounds. These revenue changes incorporate assumptions of customer base growth combined with annual inflationary adjustments to utility rates.

Revenues by Category	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Service Charges	54,992,658	61,338,555	64,498,928	62,979,805	66,357,836
Capacity Reserve Fees	27,667,385	14,631,801	7,087,697	15,665,369	24,135,485
Other Revenues	9,757,491	11,607,044	6,236,843	7,688,860	6,472,053
Interest	7,137,405	7,108,552	2,108,530	2,062,721	1,853,188
Total	99,554,938	94,685,952	79,931,998	88,396,756	98,818,562
% Change		-4.89%	-15.58%	10.59%	11.79%

On the expense side of the budget, budgeted expenses for FYE 2022 will be 4.9% higher than estimated actual expenses for FYE 2021, and flat in the second year of the budget. Despite additional expenditures for contract services and three new positions in the Operations Department, overall expenditure growth is moderate because of staff retirements, and the effect of newer employees entering the CalPERS system as less costly PEPRA members compared to Classic members. Lastly, earlier this year the Board suspended the accelerated prepayment plan toward the CalPERS Unfunded Actuarial Liability until after COVID-19, which has reduced the budgeted personnel costs by over \$500,000 per year.

Operating Expenses by Category	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Wages and Benefits	21,822,628	23,108,273	25,488,243	25,956,204	26,461,966
Materials	18,419,850	20,628,631	20,645,670	21,638,421	22,803,818
Contracts	5,925,183	8,130,434	6,872,495	8,104,870	7,957,528
Other Expenses / JPA / Debt Payments	18,563,513	14,652,905	14,825,773	14,520,373	14,403,861
Capital Outlay	83,489	925,922	724,500	1,702,670	380,000
Total	64,814,663	67,446,166	68,556,680	71,922,539	72,007,173
% Change		4.06%	1.65%	4.91%	0.12%

Enterprise Fund Reserve Levels

As part of developing the operating budget, staff undertook the first comprehensive update of staffing allocations across the three enterprises since the Great Recession. In many cases, individual staff provide support to more than one of the three enterprises, and the cost of this shared staff effort is allocated by formula to the three enterprises. This new reallocation of staff effort towards the enterprises has resulted in savings to the Local Wastewater Enterprise's financial condition. Thus, the Local Wastewater Enterprise has recovered sooner than expected. This enterprise will meet reserve policy goals for the enterprise fund in both budget years, and the rate stabilization fund will meet the target reserve level in the second year. Lastly, the suspension of capital rehabilitation funding can be reversed and funding partially reinstated in FYE 2023, with the transfer of \$800,000 from the enterprise fund to the capital replacement fund.

The Regional Wastewater program is extraordinarily well funded, with working capital levels at or near maximum reserve levels throughout both years of this operating budget cycle. Combined Regional enterprise and rate stabilization fund working capital levels will exceed \$20 million throughout the two-year budget cycle.

The Water program is also strong, with working capital reserve levels for combined Water enterprise and rate stabilization fund exceeding \$23 million throughout the two-year budget cycle. Both the enterprise fund and the rate stabilization fund will be above the target reserve level.

Long-term 10-Year Financial Planning Model

For the first time since FYE 2008, the operating budget includes 10-Year Financial Planning Models to illuminate the future financial path of the District's three utility enterprises. The initial 10-Year Financial Planning Models that were developed and presented to the Board over the last two years have been refined with updated assumptions and build on the latest operational and financial data. A chapter showing this "second generation" of the 10-Year Financial Planning Models immediately follows this budget message, and provides context for how the detailed two-year operating budget might be extrapolated into the future. The three enterprise funds are stable and sustainable throughout the 10-year horizon of the Financial Planning Models.

Asset Management Program / Capital Replacement

The District's Asset Management Program demonstrates that the three enterprise replacement funds are appropriately funded. The three enterprise operations funds contribute \$8 million of replacement allocations to the replacement funds in FYE 2022, rising to \$12.8 million annually in FYE 2031. Current replacement fund resources exceed \$62 million.

Concluding Comments

Despite all the adversity of the past two years, I am proud to report that the District has provided a high level of customer service, improved on best practices in the areas of water, recycled water, and wastewater, complied with constantly changing regulatory mandates, planned for a sustainable financial position across all the enterprise funds, and provided a long-term financial model that meets the Strategic Goal of financial stability and sustainability.

I would like to express my appreciation to the Board of Directors for their policy decisions at the District, and for the dedication and diligence of the members of the Senior Management Team during this period of extraordinary stress and expectation. I would also like to thank all of the division managers and supervisors who are the balance of the organization's Leadership Team for their perseverance, dedication, and efforts in planning the District's operating budget and capital budget. Lastly, special thanks to the staff of the Financial Services Division and Public Affairs Division for their work in updating the 10-year Financial Planning Models, comprehensively updating the presentation of the operating budget, and assembling this two-year financial plan.

Respectfully submitted,

Daniel McIntyre
General Manager

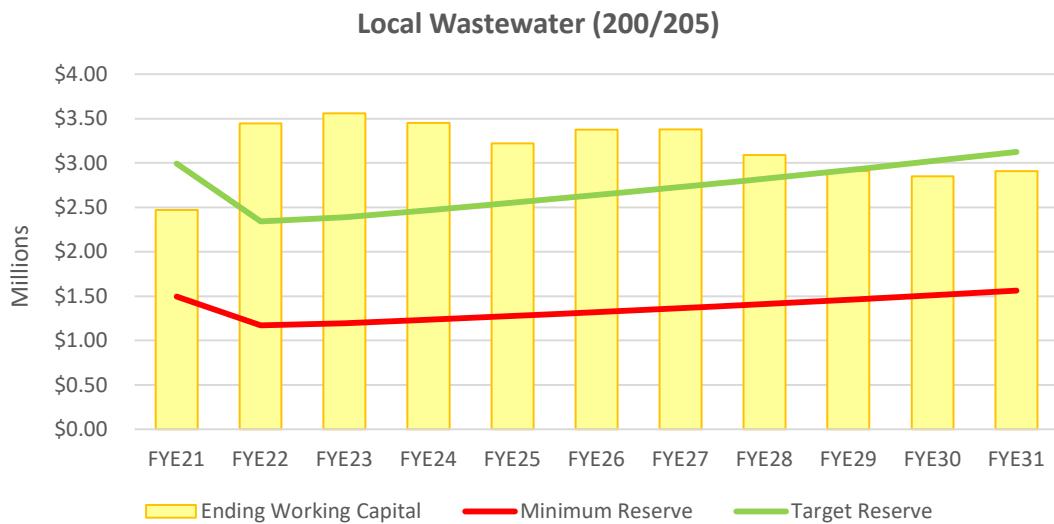
10-YEAR FINANCIAL PLANNING MODELS

The FYE 2022 and 2023 operating budget includes refined, second generation 10-year financial planning models, and reflects a number of assumptions such as 5.0% vacancy factors, targeted growth factors by revenue category, adjustments for one-time project costs, a more detailed analysis of cost allocations, and estimated beginning working capital. These models were modified to provide management a planning tool for forecasting long-term financial sustainability and to strategically evaluate policies that directly affect future rate and fee studies for the District. The operating budget focuses on the next two fiscal years revenue, expenditure and transfer needs. The models below present a big picture to ensure any needed course corrections are proactively discussed and addressed.

The Local Wastewater Model

The Local Wastewater Model has been the focus of concern for the past four years. In 2017, the Board received a report on some systemic financial challenges facing the Enterprise Fund, primarily due to a reduction of rates in 2004 that were not adequate to cover inflation growth and capital replacement needs in the ensuing years. To stabilize the Fund, the Board approved a significant rate adjustment for FYE 2018 - 2022 and deferred transfers to the Local Wastewater Replacement Fund. In addition, staff vacancies and other expenditure savings, augmented by a comprehensive analysis and reallocation of overhead charges as part of developing this two-year operating budget, has resulted in the projected working capital to be above targeted reserve levels through FYE 2028. FYE 2022 reflects the last of the five-year rate adjustments at 9.7%, with a 3.0% rate adjustment assumed for the remaining nine years of the model. The next Local Wastewater Rate Study is scheduled for the Spring of 2022. This 10-Year Financial Planning Model's assumptions and projections will be further refined in a third generation edition as part of that rate study.

The budget includes the reinstatement of transfers to the replacement reserve starting in FYE 2023. An additional 0.5 FTE has been added in the budget to accommodate the demands of increased growth in our service area and reflects costs for proactive subsurface sewer repairs.



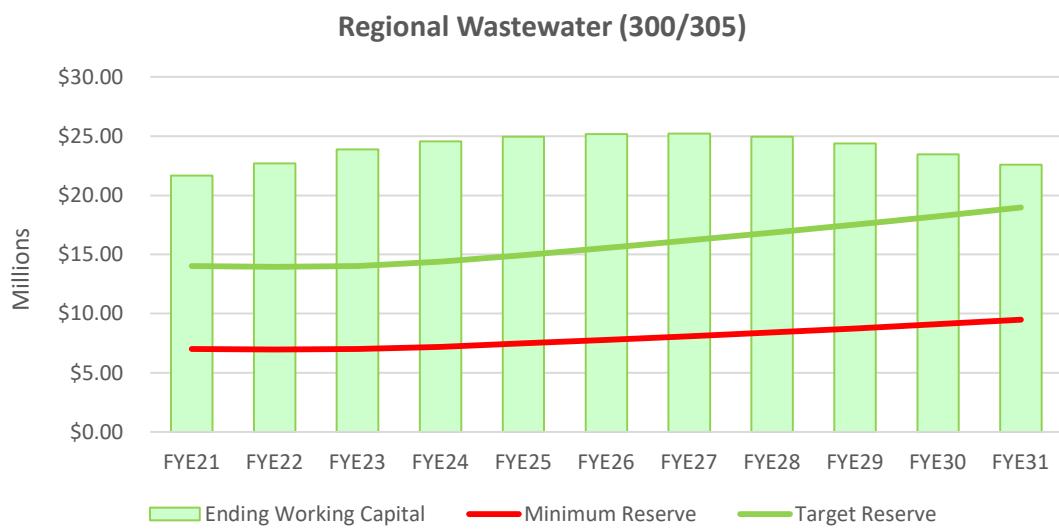


Regional Wastewater Model

The Regional Wastewater Model has been, and continues to be, in a strong financial position, with projected working capital above target reserve levels for all 10 years. Rate increases have been adjusted by CPI only since FYE 2019 as a result of the 2017 Regional Sewer Rate Study, with the next five-year study planned for FYE 2022. Based on the 10-year model below, the District anticipates similar CPI increases for the foreseeable future as a result of prudent cost controls and proactive maintenance efforts. A 1.6% increase is reflected for FYE 2022 (February 2021 Consumer Price Index) and a 3.0% rate adjustment is assumed for the remaining nine years of the model. This 10-Year Financial Planning Model's assumptions and projections will be further refined in a third generation edition as part of that rate study.

Growth in the Tri-Valley is also reflected in the revenue projections based on information from the cities within our service area. Other revenues for this Enterprise Fund include pretreatment and industrial waste lab fees, sampling, permits and interest. During the COVID-19 pandemic, revenues from the commercial and industrial sector decreased slightly as businesses were dealing with shutdowns or reductions in their service levels. These sectors will rebound as restrictions are lifted and businesses re-open in the summer of 2021.

This summer, LAVWMA (JPA comprised of the District and the cities of Livermore and Pleasanton) will be refunding its outstanding debt. Estimated annual savings from the refinancing are assumed in the model. The budget includes the addition of 1.5 FTE's charged to the regional wastewater program to accommodate the demands of increased growth and reflects increases in our emergency response efforts, energy costs, proactive maintenance of the facilities and growing regulatory requirements.

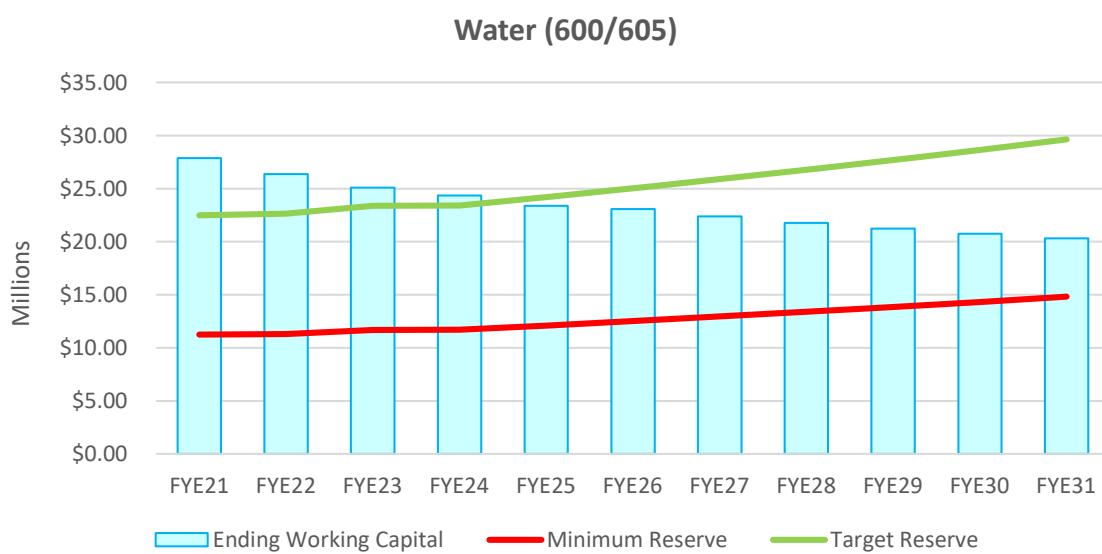


Water Model

The Water Model continues to be in good financial position projecting working capital reserves above target levels over the next three years and then keeping between the minimum and target range. A Comprehensive Water Cost of Service Study was completed in April 2019, which incorporated major policy decisions by the Board resulting in significant changes to the District's water rate structure. The budget assumes a 3.0% rate adjustment for both budget years. A Water Rate Study Addendum is anticipated for Fall 2021 to refine recycled water rates and State Water Project pass-through charges, and a full rate study is scheduled for FYE 2024. The 10-Year Financial Planning Model will be updated in 2023 as part of the next biennial budget process to reflect updated data and District experience.

During the COVID-19 pandemic, water demand from the commercial and industrial sectors decreased slightly while demand from the residential sector more than offset the decrease as people were sheltering in place. Projections account for the anticipated rebound in demand from the lifting of the COVID-19 restrictions and growth in our service area as the economy comes back on-line, tempered by the drought conservation measures starting in the summer of 2021. Expenditures include the addition of 1.0 FTE's to accommodate growth and new regulatory requirements in the area of water quality and for laboratory operations, gas and electric increases, and proactive subsurface repairs to our water system.

The 10-year model falls between target and minimum reserves starting in FYE 2025 primarily due to the funding of a large alternative water supply project in year ten in the Water Replacement Fund. Transfers from the Water Enterprise Fund to the Water Replacement Fund increase from \$6.2 million in FYE 2025 to \$7.2 million in FYE 2031. Management will be proposing the use of debt financing on major infrastructure projects with the revision to the Board's Capital Financing and Debt Management Policy next year, which will address this issue. Debt financing of such a large infrastructure project would directly affect the working capital projections in this Fund in a material and positive manner. Additionally, in FYE 2022 staff will undertake a new comprehensive permit/inspection fee study which will reevaluate how development processing and related overhead costs are recovered through current permit and inspection fees.





Jeffrey G. Hansen Water Recycling Plant

DISTRICT OVERVIEW AND ECONOMIC CONDITIONS

Overview

The District was formed in 1953 as the Parks Community Service District. The name was changed to Valley Community Services District (VCSD) in the early 1960s. VCSD became the vehicle for delivering local services before city governments existed, including water and wastewater services, recreation and parks, garbage collection, and fire protection. The name of the District was changed again in 1977 to Dublin San Ramon Services District (DSRSD) to reflect its service areas. By 1988, the cities of Dublin and San Ramon had incorporated and assumed responsibility for many of the services originally provided by the District, which allowed DSRSD to focus on water and wastewater services. In 1999, the District began providing a third service, recycled water. DSRSD currently provides water, recycled water, and wastewater services to more than 188,000 residents in Dublin, southern San Ramon, the Dougherty Valley area of San Ramon, and Pleasanton (by contract).

The District is governed by a Board of Directors that sets policy, adopts budgets, and appoints a general manager to run operations. In May 2019, the District established an area-based election system with five directors elected to overlapping four-year terms. Currently, three Directors represent specific divisions and two are at-large. Previously, all five Directors were chosen by constituents from the District's entire service area under an at-large election system.

Economic Conditions

In March 2020, the nation was hit with the rapid spread of COVID-19 causing the government to issue stay-at-home orders for non-essential workers and businesses. The economy slowed down rapidly, resulting in disruptions in supply chains and negatively impacting businesses and financial markets. COVID-19 also had significant impacts to households, as stay-at-home orders forced school closures, quarantines, and lock downs necessary to limit the spread of the virus.

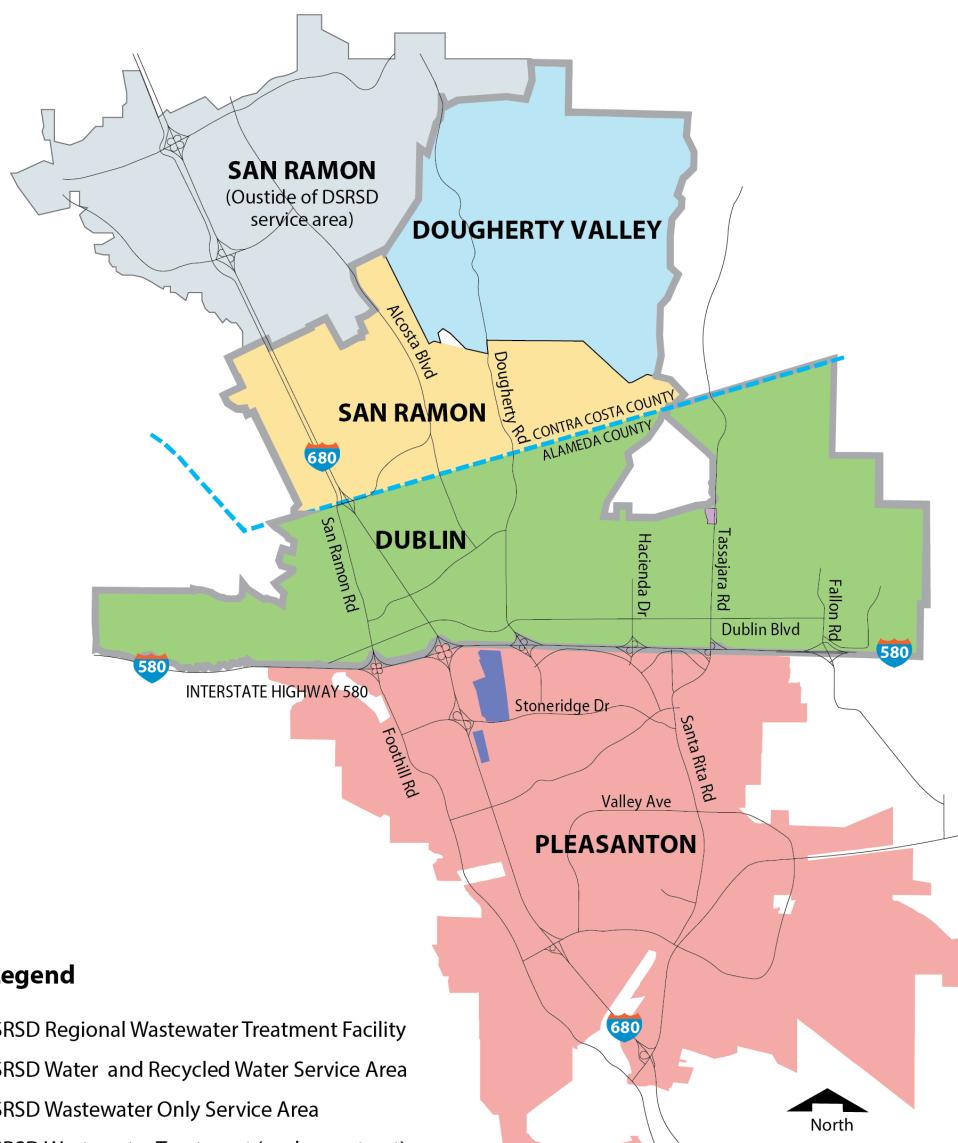
In January 2020, months prior to the major existence of COVID-19, unemployment rates in Alameda and Contra Costa counties were 3.1% and 3.2%, respectively. In contrast, at the peak of the COVID-19 outbreak in April 2020, unemployment rates for the two counties surged at unprecedented rates to 14.0% and 14.5%, respectively. Unemployment rates are slowly improving for the three cities within the district's service area. As of January 2021, unemployment rates for the cities of Dublin, San Ramon and Pleasanton, have reduced by 50.0% to 5.9%, 5.6%, and 5.4% respectively, compared to the rates at the start of the pandemic which were 11.0%, 10.8% and 10.1% respectively.

The housing market in the East Bay remains strong, with an increase of 7.1% in assessed property values over prior year for Alameda County.

Both Dublin and San Ramon anticipate continued growth in the coming years. Over the past decade, the population in the counties of Alameda and Contra Costa has grown significantly by an average of 11.0%. Projected population in the next decade for the two counties is estimated to increase by an average of 8.3%.

Service Area

The District's service area lies within the Tri-Valley, which is part of the East Bay region of the San Francisco Bay Area. The City of Dublin, located approximately 35 miles east of San Francisco and 35 miles north of San Jose, comprises the largest part of the service area. The service area also includes two portions of the City of San Ramon: the original "Village", which is located to the north of Dublin, and the newer Dougherty Valley, located northeast of Dublin. By contract, the District provides wastewater treatment services for the City of Pleasanton, located south of Dublin. Located within commuting distance of major employers throughout the Bay Area, the Tri-Valley offers many transportation options, including Interstates 580 and 680, Bay Area Rapid Transit (BART), Altamont Commuter Express (ACE), and Livermore Amador Valley Transit Authority (LAVTA).



Map Legend

- DSRSD Regional Wastewater Treatment Facility
- DSRSD Water and Recycled Water Service Area
- DSRSD Wastewater Only Service Area
- DSRSD Wastewater Treatment (under contract) and Recycled Water Service Area
- DSRSD Water, Wastewater and Recycled Water Service Area
- Alameda Contra Costa County Dividing Line
- DSRSD Boundary



Wastewater Treatment Plant Digesters

► Financial Overview

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ANNUAL BUDGET PROCESS

Dublin San Ramon Services District operates on a fiscal year which runs July 1 through June 30. In this document, if a year is used, it means the end of the fiscal year; for example, 2022 refers to the fiscal year ending June 30, 2022. "Fiscal year ending" is abbreviated as "FYE".

The FYE 2022 and 2023 budget was developed to address key issues and allow the Board to make the fundamental policy decisions. The Operating Budget provides the Board with prior year actual, current year estimated, and next year budget financial information, as well as trend analysis, past accomplishments, future goals, and other supplemental information.

The District's budget process typically starts at the January management retreat where the full management team develops strategic goals and objectives for the organization and discusses personnel, operational and capital needs of the District for the ensuing two fiscal years. The District's General Manager provides guidance to division management regarding the five-year strategic plan and budget development based on those goals and objectives. The budget is reviewed by both the Senior Managers and the General Manager before presentation to the Board.

All Board discussions are held in open session and all materials are made publicly available in accordance with the Brown Act. The Board received a detailed budget presentation at its May 18, 2021 meeting. In addition, a noticed public hearing was held on June 1, 2021 providing the public an opportunity to formally make comments regarding the budget directly to the Board prior to adoption.

BASIS OF ACCOUNTING/GANN LIMIT

Basis of Accounting

The District is in the business of providing potable and recycled water services and wastewater collection and treatment. The District accounts for these business activities in enterprise funds. Revenues are generated through service charges to customers. Expenses are charged to the appropriate fund to ensure that rates are established to recover those costs.

The District is a proprietary entity and uses an enterprise fund format to report its activities for financial statement purposes. Enterprise funds are used to account for operations financed and operated in a manner similar to a private business enterprise, but with the intent of the governing body to recover costs and expenses for providing goods and services to the general public on a continuing basis through user charges.

For enterprise funds, where the proper matching of revenues and costs is important, the District utilizes the full accrual basis of accounting for financial reporting. However, the budget shows items as expenses that normally would be recorded directly to the

balance sheet. This provides budgetary control throughout the year. Examples include:

- Principal payments of debt, which reduce the amount of debt owed on the balance sheet
- Purchases of capital outlay items (fixed assets), which are capitalized on the balance sheet

Non-cash items, such as depreciation, contributions of property, Governmental Accounting Standards Board (GASB) adjustments related to retirement, and compensated leave are not budgeted.

Article XIIIB Appropriations Limit (Gann Limit)

The Community Services District Law (Government Code §61000, et seq.) provides that any district that has previously transferred services and all of the property tax revenue allocation associated with those services to another agency does not need to establish an appropriations limit. The District transferred its property tax allocations to the cities of San Ramon and Dublin in 1988, so no appropriation limit is required.

DESCRIPTION OF FUNDS

Enterprise Funds

Enterprise funds are self-supporting funds that cover the costs of operations and maintenance primarily through service charges. The District's core services are each accounted for in an enterprise fund.

- Local Wastewater Enterprise (Fund 200) – operations relating to wastewater collection. The service area consists of the southern part of San Ramon and the City of Dublin.
- Regional Wastewater Enterprise (Fund 300) – operations relating to wastewater treatment. The service area consists of southern part of San Ramon, the City of Dublin, and the City of Pleasanton (under contract).
- Water Enterprise (Fund 600) – operations relating to delivering potable and recycled water. The service area consists of the City of Dublin and the Dougherty Valley area of San Ramon.

Rate Stabilization Funds

Each enterprise fund is paired with a rate stabilization fund (RSF) to support the District's strategic goal of managing public funds to assure financial stability, including stability of revenues

and related rates and charges. In some years, there may be a surplus above the working capital target in one or more of the District's enterprise funds; in other years, unexpected events may cause a fund balance to fall below the target. Rate stabilization funds allow the District to properly manage these different circumstances to achieve the desired stability; avoiding wide fluctuations in rates to fund operations. Cell tower lease and property tax revenues are also recorded in the water rate stabilization fund.

Replacement Funds

Replacement funds receive non-operating revenue from developer capacity reserve fees ("buy-in" component) and replacement allocation transfers from enterprise funds. Replacement allocations are based upon funding requirements identified in the District's updated Asset Replacement Planning Model. The buy-in component represents the benefit developers receive from connecting to existing infrastructure that is maintained primarily by ratepayers. This long-term planning model ensures that sufficient funds will be available when capital assets need refurbishment or replacement.

Description of Funds (Cont'd)

In addition to capital projects, replacement funds also fund the District's capital outlay expenses. A "capital asset" is defined as any individual asset costing \$10,000 or more with a useful life of more than two years.

Expansion Funds

Expansion funds receive revenue from developer capacity reserve fees. These fees are designed to cover the cost of building expanded facilities for new development, including debt service for assets built to serve new development. Capacity reserve fees, which are considered "non-operating" revenue, are recognized upon receipt, but may not be used for many years until the need arises.

Costs for growth-related capital projects, including direct staff time and overhead, are charged to expansion funds.

Administrative Cost Center

The District uses the Administrative Cost Center to capture costs not specifically identifiable to any one of its enterprises. Costs for all of the District's administrative divisions are included in this fund. General administrative costs for services provided to two joint powers authorities (DERWA and LAVWMA) are also recorded in this fund.

Net fund costs are allocated based upon proportionate personnel costs across enterprise funds.

Other Post-Employment Benefits Fund

In August 2004, GASB issued Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions. Under the GASB 45 standard, retiree health care and other non-pension benefits for retirees must be paid for as the benefit is earned. In response to this requirement, the District hired an actuary to provide information on the costs of these benefits.

In 2007, the Other Post-Employment Benefits (OPEB) Fund was established to set aside monies for post-retirement insurance costs. The District transferred funds in 2007 from other funds into the OPEB Fund. In 2008, the District passed a resolution to participate in the California Employers' Retiree Benefit Trust (CERBT), an irrevocable trust established to fund OPEB and administered by CalPERS. Funds held by CERBT are managed by an appointed board not under control of the District Board. The OPEB fund records transactions between the District and CERBT.

Dougherty Valley Standby Assessment District Fund

The Dougherty Valley Standby Assessment District (DVSAD) Fund was established to collect assessments and pay ongoing costs associated with the State Water Project specifically tied to the Dougherty Valley. An assessment is levied each year after the Department of Water Resource budget is finalized. All assessments received for the DVSAD, as well as related expenses, are accounted for in this fund.

WORKING CAPITAL BY FUND FAMILIES

Working Capital Targets

The District funds operations from its enterprise and rate stabilization funds. Operating reserves, referred to as "working capital," are defined as current assets minus current liabilities and excludes non-cash items. Working capital is a measure of available resources to meet fluctuations in cash flow.

The Board of Directors establishes working capital targets to define the appropriate amount of operating reserves available in each fund to cover ongoing costs. These targets are defined in terms of "months of working capital," or the amount of cash needed to cover expenses for a set period.

For all three enterprise funds, the target is four months of working capital (or four months of that year's budgeted operating expenses). The working capital target is one of several measures the Board uses to determine when rate adjustments are needed.

The District's Financial Reserves Policy (P400-15-1) establishes reserve guidelines for enterprise, replacement, and expansion funds.

Working Capital by Fund Families

The following pages summarize the District's overall financial picture by individual fund, including revenue and expenses, as well as cash activity that is not accounted for as a revenue or expense (such as loans). The fund schedules are grouped by enterprise and its related rate stabilization fund, followed by the Administrative Cost Center, the Other Post-Employment Benefits Fund, and the Dougherty Valley Standby Assessment District Fund. Financial reserve/working capital targets are included for each funds.

Local Wastewater Operating Funds: Enterprise (200) and Rate Stabilization (205)

The Local Wastewater (WW) fund group provides sewer collection services in Dublin and southern San Ramon. The collection system consists of the sewer pipes that transmit wastewater from the residences and businesses to the Regional Wastewater Treatment Plant. Of the three DSRSD utility enterprises, Local Wastewater is the smallest, representing only about 5% of total operational costs.

In 2017, the Board received a report on some systemic financial challenges facing the Local WW Enterprise Fund, primarily due to a substantial reduction of the rates back in 2004. To stabilize the Fund, the Board approved a significant rate adjustment in FYE 2017 that would increase the local annual charge for residential users by over 94% over five years and deferred transfers to the Local Wastewater Replacement Fund. In addition, vacancies and expenditure reductions over the past four years have resulted in the working capital balance to rebound to minimum reserve policy levels faster than anticipated. Finally, a comprehensive review of allocation of administrative overhead costs has been completed, resulting in some transfer of costs from the Local WW Fund. As a result of all of the above actions, the Local WW Enterprise Fund currently shows a sustainable financial position.

The FYE 2023 Budget will ramp up funding to the Replacement Fund once again in order for the Local Replacement Fund to be properly funded. Staff will evaluate restoring full replacement allocations during the next Local Wastewater Rate Study, which is anticipated for Spring 2022. The Budget includes the addition of 3.0 FTEs of which 0.5 FTE are allocated to support local collection operations. FYE 2022 and 2023, combined local enterprise and rate stabilization funds are projected to be above reserve policy targets (four months of working capital).

Local Wastewater Operating Funds

OPERATING BUDGET	Local Enterprise (200)		Local Rate Stabilization (205)	
	FYE 2022	FYE 2023	FYE 2022	FYE 2023
(Estimated) Beginning Working Capital	1,727,693	1,752,172	743,787	1,694,455
Operating Revenues				
Total Service Charges	4,240,208	4,493,869	-	-
Other Revenues	335,001	81,300	-	-
Interest	15,111	17,522	7,438	13,304
<i>Total Operating Revenues</i>	<i>4,590,319</i>	<i>4,592,691</i>	<i>7,438</i>	<i>13,304</i>
Total Revenues	4,590,319	4,592,691	7,438	13,304
Operating Expenses				
Wages and Benefits	2,088,972	2,105,715	-	-
Unfunded Actuarial Liability (Pension/OPEB)	123,317	154,276	-	-
Materials & Supplies	90,528	88,034	-	-
Contracts	369,871	378,938	-	-
Other	27,120	27,120	9,000	9,000
Allocated Costs	804,536	818,789	-	-
<i>Total Operating Expenses</i>	<i>3,504,344</i>	<i>3,572,873</i>	<i>9,000</i>	<i>9,000</i>
Transfers Out				
Replacement Allocations	-	800,000		
Transfers Out - Others	109,267	110,936	-	-
<i>Total Transfers Out</i>	<i>109,267</i>	<i>910,936</i>	<i>-</i>	<i>-</i>
Total Expenses	3,613,611	4,483,809	9,000	9,000
Net increase (decrease) pre RSF	976,708	108,882	(1,562)	4,304
Ending Working Capital pre RSF transfers	2,704,402	1,861,054	742,225	1,698,759
RSF Transfer In (Out)	(952,230)	(74,617)	952,230	74,617
Ending Working Capital post RSF transfers	1,752,172	1,786,436	1,694,455	1,773,376
Target Reserve (4 months operating expenses)	1,168,115	1,190,958	1,168,115	1,190,958



Regional Wastewater Operating Funds: Enterprise (300) and Rate Stabilization (305)

The Regional Wastewater Fund group provides sewer treatment and disposal services in the City of Dublin, the south west part of the City of San Ramon, and the City of Pleasanton (by contract). The District's LAVWMA operations costs are funded through this fund.

The Regional Enterprise Fund continues to be in good financial condition with no rate increases implemented in FYE 2017 and FYE 2018, and inflationary adjustments from FYE 2018 through FYE 2022. A 1.6% rate adjustment (February 2021 Consumer Price Index) is reflected for FYE 2022 and a 3.0% rate adjustment is assumed for FYE 2023. The next Regional Rate Study is anticipated for Spring 2022.

The Budget includes the addition of 3.0 FTEs of which 1.5 FTEs are allocated to support regional treatment operations. For the budget period, combined regional enterprise and rate stabilization funds are projected to be near maximum reserve policy targets (six months of working capital), far exceeding the target reserve of four months of working capital.

Regional Wastewater Operating Funds

OPERATING BUDGET	Regional Enterprise (300) FYE2022	Regional Enterprise (300) FYE2023	Regional Rate Stabilization (305) FYE2022	Regional Rate Stabilization (305) FYE2023
(Estimated) Beginning Working Capital	9,726,066	10,459,022	11,950,251	12,243,851
Operating Revenues				
Total Service Charges	22,906,653	24,069,190	-	-
Other Revenues	1,727,900	1,156,873	-	-
Interest	101,056	103,289	108,118	112,704
<i>Total Operating Revenues</i>	<i>24,735,609</i>	<i>25,329,352</i>	<i>108,118</i>	<i>112,704</i>
Total Revenues	24,735,609	25,329,352	108,118	112,704
Operating Expenses				
Wages and Benefits	8,153,722	8,220,994	-	-
Unfunded Actuarial Liability (Pension/OPEB)	485,447	607,320	-	-
Materials & Supplies	3,142,025	3,135,865	-	-
Contracts	1,567,791	1,436,274	-	-
Other	243,894	250,894	9,000	9,000
5th Supplemental Agreement (Pleasanton)	123,600	123,600	-	-
Contribution to JPA	2,437,609	2,437,609	-	-
Debt Service	1,463,294	1,463,591	-	-
Allocated Costs	3,300,663	3,360,965	-	-
<i>Total Operating Expenses</i>	<i>20,918,045</i>	<i>21,037,112</i>	<i>9,000</i>	<i>9,000</i>
Transfers Out				
Replacement Allocations	1,800,000	2,100,000	-	-
5th Supplemental Agreement (to Fund 600)	660,000	680,000	-	-
Transfers Out- Others	430,125	436,694	-	-
<i>Total Transfers Out</i>	<i>2,890,125</i>	<i>3,216,694</i>	<i>-</i>	<i>-</i>
Total Expenses	23,808,170	24,253,807	9,000	9,000
Net increase (decrease) pre RSF	927,439	1,075,545	99,118	103,704
Ending Working Capital pre RSF transfers	10,653,505	11,534,568	12,049,369	12,347,555
RSF Transfer In (Out)	(194,483)	(1,016,011)	194,483	1,016,011
Ending Working Capital post RSF transfers	10,459,022	10,518,556	12,243,851	13,363,567
Target Reserve (4 months operating expenses)	6,972,682	7,012,371	6,972,682	7,012,371

Water Operating Funds: Enterprise (600) and Rate Stabilization (605)

The Water Fund Group supports the District's potable and recycled water system for the City of Dublin and the Dougherty Valley area of the City of San Ramon. The District has provided recycled water service since 1999, which currently represents 25.0% of total water sales.

The 2019 Comprehensive Water Rate Study was completed in April 2019 and incorporated significant changes to the District's water rates to more accurately reflect cost of service principles. To partially mitigate the impact of the restructured rates on lower water users, the District did not increase rates in FYE 2019 and 2020, and future rate adjustments were limited to inflation for FYE 2021 through 2023. The Budget assumes a 3.0% rate adjustment for both budget years. A Water Rate Study Addendum is anticipated for Fall 2021 to refine recycled water rates and pass-through charges from the State Water Project (SWP).

The Budget includes the addition of 3.0 FTEs of which 1.0 FTEs is allocated to support the Water Enterprise Fund operations. Efforts are underway to take District operations to a proactive versus reactive approach for maintenance of our water system, embracing current best practices in regards to water flushing, infrastructure maintenance and increased water flows throughout the system to enhance water quality. Those maintenance contracts are expected to continue until FYE 2024 as the district catches up on deferred maintenance activities.

Both the Water Enterprise and Rate Stabilization funds are projected to remain above reserve policy targets (four months of working capital).



Scheduled hydrant flushing maintains water quality.



Water Operating Funds

OPERATING BUDGET	Water Enterprise (600)		Water Rate Stabilization (605)	
	FYE2022	FYE2023	FYE2022	FYE2023
(Estimated) Beginning Working Capital	11,910,810	11,276,619	15,978,910	15,103,022
Operating Revenues				
Total Service Charges	35,832,945	37,794,779	-	-
Other Revenues	1,466,475	807,190	885,390	911,622
Interest	120,503	112,551	159,789	147,817
<i>Total Operating Revenues</i>	<i>37,419,923</i>	<i>38,714,519</i>	<i>1,045,179</i>	<i>1,059,439</i>
Transfers In				
5th Supplemental Agreement (from Fund 300)	660,000	680,000	-	-
<i>Total Transfers In</i>	<i>660,000</i>	<i>680,000</i>	<i>-</i>	<i>-</i>
Total Revenues	38,079,923	39,394,519	1,045,179	1,059,439
Operating Expenses				
Wages and Benefits	7,748,773	7,839,584	-	-
Unfunded Actuarial Liability (Pension/OPEB)	442,310	553,352	-	-
Materials & Supplies	2,028,039	2,041,036	-	-
Water Purchase	16,071,869	17,238,103	-	-
Contracts	2,040,707	1,703,749	-	-
Other	170,954	170,534	133,300	140,625
Contribution to JPA	2,343,689	2,343,689	-	-
Allocated Costs	2,983,517	3,038,224	-	-
<i>Total Operating Expenses</i>	<i>33,829,857</i>	<i>34,928,271</i>	<i>133,300</i>	<i>140,625</i>
Transfers Out				
Replacement Allocations	6,169,688	6,280,000	-	-
Transfers Out -Others	391,936	397,922	-	-
Cross-Connections	110,400	-	-	-
<i>Total Transfers Out</i>	<i>6,672,024</i>	<i>6,677,922</i>	<i>-</i>	<i>-</i>
Total Expenses	40,501,881	41,606,193	133,300	140,625
Net increase (decrease) pre RSF	(2,421,958)	(2,211,674)	911,879	918,814
Ending Working Capital pre RSF	9,488,852	9,064,945	16,890,789	16,021,836
RSF Transfer In (Out)	1,787,767	2,577,811	(1,787,767)	(2,577,811)
Ending Working Capital post RSF transfers (estimated)	11,276,619	11,642,757	15,103,022	13,444,024
Target Reserve (4 months operating expenses)	11,276,619	11,642,757	11,276,619	11,642,757

Internal Service Funds: Administrative Cost Center (900), Other Post-Employment Benefits (965), and Dougherty Valley Standby Assessment District Fund (995)

Administrative Cost Center

The Administrative Cost Center captures costs not specifically identifiable to any one of the District's operational activities. A majority of the cost for the Administrative Services Department and the Legislative & Office of the General Manager Department is included in this fund. Revenue is generated in the fund for general administrative services provided to the two joint powers authorities (DERWA and LAVWMA), the Dougherty Valley Standby Assessment District, and miscellaneous services to customers and other local agencies. The net fund costs are allocated across funds of the District's three main enterprises based upon proportionate personnel costs.

Other Post Employee Benefits (OPEB)

The Other Post-Employment Benefits (OPEB) Fund records transactions between the District and California Employers' Retiree Benefit Trust (CERBT), an irrevocable trust established to fund future OPEB costs. The fund reflects the costs of current retiree benefits and the amount that may be drawn from CERBT (\$215,416 and \$289,427) to cover these costs. The District is currently super-funded with a funded ratio of 118.0%.

Dougherty Valley Standby District Assessment (DVSAD)

The Zone 7 Water Agency (Zone 7) recovers State Water Project (SWP) costs through the Alameda County property tax roll and charges to Tri-Valley retailers. The DVSAD was established in 2000 to provide potable water service to the newly developed Dougherty Valley in the City of San Ramon, which is located in Contra Costa County (CCC). Since Zone 7 does not have jurisdiction to place assessments on the CCC property tax roll, DSRSD assessed the DVSAD a proportionate share of SWP costs on Zone 7's behalf. SWP costs have increased significantly over the years and have exceeded the DVSAD limit of \$1.6 million. Based on estimates from the Zone 7 Water Agency, an additional increment is now charged to recover SWP costs that exceed the DVSAD limit.



View of Dougherty Valley. Looking north you can see Mt. Diablo in the background.


Internal Service Operating Funds

OPERATING BUDGET	Administrative Cost Center (900)		OPEB (965)		DVSAD (995)	
	FYE2022	FYE2023	FYE2022	FYE2023	FYE2022	FYE2023
(Estimated) Beginning Working Capital	-	-	-	-	816,458	809,091
Operating Revenues						
Other Revenues	1,490,335	1,515,605	-	-	1,783,759	1,999,463
Interest	-	-	-	-	8,165	8,091
Total Operating Revenues	1,490,335	1,515,605	-	-	1,791,924	2,007,554
Transfers In						
Transfers In - Others	-	-	931,328	945,553	-	-
Total Transfers In	-	-	931,328	945,553	-	-
Total Revenues	1,490,335	1,515,605	931,328	945,553	1,791,924	2,007,554
Operating Expenses						
Wages and Benefits	5,980,736	6,033,555	1,146,744	1,234,980	-	-
Unfunded Actuarial Liability (Pension/OPEB)	1,600	1,618	(215,416)	(289,427)	-	-
Materials & Supplies	305,960	300,780	-	-	-	-
Contracts	2,203,610	2,310,486	-	-	1,799,291	2,004,481
Other	87,145	87,145	-	-	-	-
Allocated Costs	(7,088,715)	(7,217,979)	-	-	-	-
Total Operating Expenses	1,490,335	1,515,605	931,328	945,553	1,799,291	2,004,481
Total Expenses	1,490,335	1,515,605	931,328	945,553	1,799,291	2,004,481
Net increase (decrease)	-	-	-	-	(7,367)	3,073
Ending Working Capital	-	-	-	-	809,091	812,164
Target Reserve	n/a	n/a	n/a	n/a	n/a	n/a

OPERATING REVENUE

Service charges are the District's primary source of revenue. The District conducts periodic rate and fee studies to ensure financial sufficiency to meet operation and maintenance (O&M) and capital replacement costs, achieve policy reserve targets, realign rates/fees to more closely reflect costs incurred, and adequately recover the revenue requirements of each enterprise. The budget reflects adopted rates and fees, as well as anticipated annual adjustments based on the Consumer Price Index (CPI) or Construction Cost Index (CCI). Projections on customer consumption, account growth, and development forecast have been used to develop operating revenue budgets. DSRSD's current rates, fees, and charges are available on the District's website at www.dsrsd.com/your-account/rates-fees.

Revenues by Category	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Service Charges	54,992,658	61,338,555	64,498,928	62,979,805	66,357,836
Capacity Reserve Fees	27,667,385	14,631,801	7,087,697	15,665,369	24,135,485
Other Revenues	9,757,491	11,607,044	6,236,843	7,688,860	6,472,053
Interest	7,137,405	7,108,552	2,108,530	2,062,721	1,853,188
Total	99,554,938	94,685,952	79,931,998	88,396,756	98,818,562
% Change		-4.89%	-15.58%	10.59%	11.79%

Service Charges

Total Service Charge revenue is projected to decrease by 2.3% in FYE 2022 as a result of the COVID 19 restrictions but is expected to rebound 5.4% in FYE 2023 as the economy moves away from the pandemic business mandates and as growth in the District's customer base continues.

Local Wastewater: Local service charge revenue is projected to increase 11.0% in FYE 2022 based on the rates established by the *2017 Local Wastewater Rate Study*. Local rates had not kept pace with rising costs and reserves had fallen below policy minimum target levels resulting in the Study recommending an aggressive five-year rate adjustment plan to improve the fund's financial outlook. As a new study will not be conducted until Spring of 2022, the FYE 2023 budget reflects an assumed 3.0% inflation increase.

Regional Wastewater: Regional service charge revenue is projected to decrease by 1.7% in FYE 2022. Due to the good fiscal position of the Regional Operations Fund, the *2017 Regional Sewer Rate Study* recommended inflationary rate adjustments for the five-year rate study timeline. As a new study will not be conducted until Spring of 2022, the FYE 2023 budget reflects an assumed 3.0% inflation increase.

Water: Water service charge revenue is projected to decrease by 4.1% in FYE 2022 and increase 5.5% in FYE 2023. Projections reflect refinements to water demand, customer account growth, customer behavior changes with the COVID-19 restriction, and a reduction in water usage in 2022 as a result of water conservation measures.

Service Charge Revenues by Fund	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Local Wastewater Enterprise	3,082,734	3,514,768	3,821,529	4,240,208	4,493,869
Regional Wastewater Enterprise	21,457,680	22,969,168	23,311,552	22,906,653	24,069,190
Water Enterprise	30,452,244	34,854,619	37,365,847	35,832,945	37,794,778
Total	54,992,658	61,338,555	64,498,928	62,979,805	66,357,836
% Change		11.54%	5.15%	-2.36%	5.36%



Local Wastewater Service Charges

Local service charges fund the operation and maintenance of the District's wastewater collection system, and are billed to customers in Dublin and the southern part of San Ramon. Residential customers are primarily billed through county (Alameda and Contra Costa) property tax rolls. Multi-family and non-residential customers in Dublin are billed directly by the District. For south San Ramon, customers excluded from the Contra Costa County property tax roll, such as apartments and commercial accounts, are billed by the East Bay Municipal Utility District (EBMUD), and then remitted to DSRSD on a monthly basis.

The last Local study (*2017 Local Wastewater Rate Study*) was completed in June 2017. The Study determined that Local service charges had not kept pace with rising costs and projected that reserves would fall below policy minimum target levels. The Study recommended an aggressive five-year rate adjustment plan to improve the fund's financial outlook. The Budget reflects year five of the adopted rate plan from the five-year study and an inflation placeholder for FYE 2023. The next Local study is anticipated in Spring of 2022.

Below is a summary of the Local Wastewater Service Charge revenues for years 2019 through 2023. DSRSD rates have been historically low compared to other providers due to a rate decrease of approximately 20.0% in FYE 2008, followed by inflation increases until FYE 2016. Revenues dropped in the commercial sector in FYE 2021 due to COVID-19 restrictions which hit this sector hard and resulted in business shut downs. Due to rate increases and prior growth, however, total revenues increased by 8.7%. Detailed rates for customer classes are available at www.dsrsd.com/your-account/rates-fees/wastewater-rates

Local Wastewater Fund Service Charge Revenue	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Sewer Service Charges - Dublin	2,482,923	2,864,487	3,100,762	3,446,176	3,675,993
Sewer Service Charges - San Ramon	599,811	650,281	720,767	794,032	817,876
Total	3,082,734	3,514,768	3,821,529	4,240,208	4,493,869
% Change		14.01%	8.73%	10.96%	5.98%

Regional Wastewater Service Charge

Regional service charges fund the operation and maintenance of the District's wastewater treatment system, and are primarily billed via county (Alameda and Contra Costa) property tax rolls for residential customers in the City of Dublin and the southern part of the City of San Ramon. Multi-family and non-residential customers in Dublin are billed directly by the District based on actual water consumption. For south San Ramon customers excluded from the Contra Costa County property tax roll, EBMUD bills on behalf of the District. DSRSD also provides wastewater treatment to the City of Pleasanton, by contract. Pleasanton bills its customers and remits payment to the District once they receive payment from their customers.

The *2017 Regional Sewer Rate Study* was completed in June 2017. Due to the strong fiscal position in Regional Operation Funds, the Study recommended no increase in FYE 2018, followed by inflationary rate adjustments for the next four years. Based on the February 2021 Consumer Price Index, a 1.6% rate adjustment is reflected for FYE 2022 and a 3.0% rate adjustment is assumed for FYE 2023. The next Regional study is anticipated in Spring of 2022. This fund also experienced a drop in revenues during FYE 2021 from the commercial sector during COVID-19 as reflected in the chart below. The current study is available at www.dsrsd.com/home/showdocument?id=5330

Regional Wastewater revenues have increased annually by a combination of an adjustment to the rates by the CPI factor and growth, with the exception of FYE 2021 where the COVID-19 crisis directly affected revenues from our commercial and industrial sectors. Detailed rates for customer classes are available at www.dsrsd.com/your-account/rates-fees/wastewater-rates

Regional Wastewater Fund Service Charge Revenue	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Sewer Service Charges - Dublin	9,248,229	9,666,235	9,736,327	9,777,629	10,528,862
Sewer Service Charges - Pleasanton	10,109,279	11,173,522	11,473,839	10,899,061	11,243,642
Sewer Service Charges - San Ramon	1,925,190	1,985,571	2,023,726	2,077,578	2,139,883
Sewer Service Charges - Industrial Waste (all others)	96,710	69,566	32,659	71,994	74,081
Sewer Service Charges - Industrial Waste (Pleasanton)	78,271	74,274	45,000	80,391	82,721
Total	21,457,680	22,969,168	23,311,552	22,906,653	24,069,190
% Change		7.04%	1.49%	-1.74%	5.08%

Potable Water Service Charge

The District provides potable water service to the City of Dublin and the Dougherty Valley area in the City of San Ramon. The District's potable water supply is primarily through purchases from the Zone 7 Water Agency, which represents the largest expense in the Water Enterprise Fund. To recover the costs of water purchases, the District established a pass-through charge based on the wholesale rate charged by Zone 7. The wholesale rate is adjusted by Zone 7 annually, typically in January, and is not directly controlled by the District. Revenue from the Zone 7 Cost of Water charge is intended to fully offset water purchases.

The 2019 Comprehensive Water Rate Study was completed in April 2019. The Study incorporated a number of major policy decisions resulting in significant changes to the District's water rates to better address cost of service principles. To partially mitigate the impact of the restructured rates on our lower water rate users, the Board deferred rate increases for FYE 2019 and 2020, with future rate adjustments limited to inflation for FYE 2021 through 2023. Revenues increased 16.1% in FYE 2020 due to increased user demand and growth. The Budget assumes a 3.0% rate adjustment for FYE 2022 and 2023, with anticipated drought conditions reflected in the FYE 2022 water demand projections. The next comprehensive water rate study is anticipated in FYE 2024. The current study is available at www.dsrsd.com/home/showdocument?id=6831. Detailed rates for customer classes are available at www.dsrsd.com/your-account/rates-fees/water-rates.

Water Fund Service Charge Revenue	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Water Service Charges - Potable Water	24,708,782	28,687,492	30,836,528	29,400,944	31,144,885
Total	24,708,782	28,687,492	30,836,528	29,400,944	31,144,885
% Change		16.10%	7.49%	-4.66%	5.93%



Recycled Water Service Charge

Water recycling continues to be a prime focus for the District. With California's water supply situation, recycled water is becoming increasingly critical to water resource conservation. DSRSD has worked many years in partnership with East Bay Municipal Utility District (EBMUD) to develop a comprehensive recycled water program for Dublin and San Ramon Valley customers. This effort is represented through the DSRSD-EBMUD Recycled Water Authority (DERWA) Joint Powers Authority (JPA). DERWA is currently providing recycled water for irrigation customers in Dublin, Pleasanton and the Dougherty Valley portion of San Ramon.

The 2019 *Comprehensive Water Cost of Service Study* revised the Recycled Water Charge to be based on the District's contribution to JPA costs for DERWA. The Recycled Water Charge is adjusted annually in January based on the Consumer Price Index for the San Francisco-Oakland-Hayward, CA area. The Budget assumes a 3.0% CPI for FYE 2022 and 2023, offset by anticipated 2022 drought conservation measures.

Detailed rates for customer classes are available at www.dsrsd.com/your-account/rates-fees/water-rates.

Water Fund Service Charge Revenue	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Water Service Charges - Recycled	4,966,095	5,362,533	5,678,499	5,602,658	5,772,733
Total	4,966,095	5,362,533	5,678,499	5,602,658	5,772,733
% Change		7.98%	5.89%	-1.34%	3.04%

Power Charge

A power charge applies to service locations in Pressure Zones 2 – 4, where water must be pumped above 389 feet in elevation. The 2019 *Comprehensive Water Cost of Service Study* recommended a slight decrease based on projected power costs. The Power Charge is typically adjusted annually in January based on the Consumer Price Index (CPI) for the San Francisco-Oakland-Hayward, CA area. The Budget assumes a 3.0% CPI in FYE 2022 and 2023, reduction in water usage and thus power charges for drought conditions in FYE 2022, and a modest recovery in water demand in FYE 2023.

Water Fund Service Charge Revenue	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Water Service Charges - Power	777,368	804,593	850,821	829,342	877,161
Total	777,368	804,593	850,821	829,342	877,161
% Change		3.50%	5.75%	-2.52%	5.77%

Capacity Reserve Fees

Capacity Reserve Fees fund the cost of new or expanded District infrastructure to support growth and contribute toward the benefit received through connection to existing infrastructure. The revenue from the “buy-in” component is to contribute a proportionate share of the benefit received from rehabilitation and replacement of existing infrastructure maintained by ratepayers. Fees are comprised of the following components:

- **Expansion** – Funds new or expanded facilities needed to support growth from planned development.
- **Debt** – Principal and interest costs associated with the “expansion” portion of facilities built to support growth (projects are allocated between current and future customers when built; only the “future” portion of those facilities funded by debt are included)
- **Buy-in** – “Buy-in” to available capacity of existing infrastructure (net of the principal on any related debt) to serve development

Capacity Reserve Fee revenue is non-cyclical and tied to new building activity. Revenue will decline as the District reaches build out and developable land in the service area is exhausted. A Local and Regional Capacity Fee study was conducted in FYE 2019 which changed the “buy-in” and “expansion” component calculations significantly, resulting in a reduction of 11.0% to the rates effective January 2019. The Total Capacity Reserve Fee in FYE 2020 and 2021 continued to decrease as a result of a general development slow down in the Tri-Valley, followed by COVID-19 restrictions in 2020 and 2021. Increases are projected in FYE 2022 and 2023 as restrictions are lifted and as the economy expands and delayed projects come back on line. Revenues are calculated using growth estimates and fee adjustments based on a change in the construction cost index. The District works closely with the cities of Dublin, San Ramon, and Pleasanton planning departments to estimate the anticipated development activity included in these projections.

Capacity Reserve Fees by Fund	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Local Wastewater Replacement	1,091,368	861,350	394,625	1,075,668	1,422,509
Local Wastewater Expansion	429,144	44,473	12,037	32,811	43,391
Regional Wastewater Replacement	2,630,188	1,659,180	854,699	2,000,231	3,302,790
Regional Wastewater Expansion	10,722,405	4,795,579	2,344,757	5,390,728	8,746,658
Water Replacement	3,920,991	2,301,768	1,078,230	2,238,643	3,346,116
Water Expansion	8,873,289	4,969,452	2,403,348	4,927,288	7,274,021
Total	27,667,385	14,631,801	7,087,697	15,665,369	24,135,485
% Change		-47.12%	-51.56%	121.02%	54.07%

Interest

The District uses a pooled interest allocation method for all funds; any unrestricted interest earned is allocated each month based upon the cash balances in each fund. COVID-19 resulted in a significant decrease to the percentage of return on investment portfolios. Although improving, investment rates remain low. These rates are not expected to increase materially during the budget cycle. For the next two fiscal years, a 1.0% interest rate is assumed as the economy transitions back to pre-COVID-19 conditions. Interest revenue is based on projected cash balances in each fund and a low interest rate environment.



Other Revenue

Other revenues include inspection and plan check fees, administrative fees charged by the District to the DERWA and LAVWMA JPAs, Dougherty Valley Standby Assessments, developer non-cash contributions and other miscellaneous items. Inspection and plan check fees declined approximately 20.0% in FYE 2021 due to COVID-19 restrictions, with future revenue based on city permit projections. A cost allocation study is planned in 2022 to ensure fees are appropriately capturing all cost of service. The Dougherty Valley Standby Assessment continues to increase each year, but these costs are controlled by the State and are a pass-through only for DSRSD. Finally, miscellaneous revenue increased in FYE 2020 due to the adjustment of a long-term liability and in FYE 2022 due to a one-time easement.

Other Revenues by Category	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Administrative Fees	1,584,465	1,447,881	880,000	1,333,035	1,353,646
Backflow Prevention	215,641	223,257	208,957	232,000	190,914
Fireline Service	235,140	237,382	195,376	185,851	185,851
Inspections	705,925	295,559	200,410	388,000	99,000
Meter Assemblies	349,911	163,848	350,200	140,000	140,000
Penalties	165,730	142,164	166,823	156,800	161,459
Plan Check Fees	400,001	189,817	126,991	116,000	94,000
Property Tax	727,849	766,723	761,086	774,390	797,622
DV Standby Charge District	1,576,112	1,458,434	2,077,106	1,783,759	1,999,463
Miscellaneous Revenue	3,796,718	6,681,979	1,269,894	2,579,025	1,450,098
Total	9,757,491	11,607,044	6,236,843	7,688,860	6,472,053
% Change		18.96%	-46.27%	23.28%	-15.83%

Other Revenues by Fund	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Local Wastewater Enterprise	1,000,619	481,828	119,415	335,001	81,300
Local Wastewater Replacement	-	-	1,222	-	-
Local Wastewater Expansion	395,352	-	-	-	-
Regional Wastewater Enterprise	965,255	1,127,635	1,123,178	1,727,900	1,156,873
Regional Wastewater Replacement	3,270	-	14,909	-	-
Regional Wastewater Expansion	43,063	-	75,672	-	-
Water Enterprise	2,039,042	2,429,233	1,011,337	1,466,475	807,190
Water Rate Stabilization	811,258	866,844	761,086	885,390	911,622
Water Replacement	9,782	-	23,218	-	-
Water Expansion	1,055,761	3,488,325	-	-	-
Administrative Cost Center	1,857,978	1,754,746	1,029,700	1,490,335	1,515,605
DV Standby Charge District	1,576,112	1,458,434	2,077,106	1,783,759	1,999,463
Total	9,757,491	11,607,044	6,236,843	7,688,860	6,472,053
% Change		18.96%	-46.27%	23.28%	-15.83%

OPERATING EXPENSES

The Board approves the operating budget at the fund level, providing resources for the General Manager to run the District while ensuring it maintains overall control of rates and fees. By Board Policy, the General Manager is authorized to make "no net change" budget adjustments within a fund.

The following charts summarize District operating expenses by fund and by category (expense type). The changes driving expense increases by expenditure category are discussed in more detail on the following pages. Additional departmental detail is included in the Department Operating Budget section.

Operating Expenses by Fund	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Local Wastewater Enterprise	2,646,256	3,190,920	3,229,834	3,504,344	3,572,873
Local Wastewater Rate Stabilization	-	1,411	4,100	9,000	9,000
Local Wastewater Replacement	31,766	-	-	550,900	43,000
Local Wastewater Expansion	714,222	33,020	-	-	-
Regional Wastewater Enterprise	16,709,506	19,434,914	19,452,132	20,918,045	21,037,112
Regional Wastewater Rate Stabilization		1,411	4,100	9,000	9,000
Regional Wastewater Replacement	35,995	1,095,735	823,600	953,694	403,600
Regional Wastewater Expansion	8,107,320	4,319,754	4,313,654	4,310,354	4,311,229
Water Enterprise	26,233,515	31,561,699	32,380,163	33,829,857	34,928,271
Water Rate Stabilization	46,213	57,884	88,800	133,300	140,625
Water Replacement	66,320	119,036	358,620	763,796	386,880
Water Expansion	5,728,116	3,551,074	3,755,110	2,719,295	2,699,945
Administrative Cost Center	1,830,814	1,488,616	1,029,700	1,490,335	1,515,605
Other Post-Employment Benefits	859,824	981,328	1,064,867	931,328	945,553
DV Standby Charge District	1,804,794	1,609,364	2,052,000	1,799,291	2,004,481
Total	64,814,663	67,446,166	68,556,680	71,922,539	72,007,173
% Change		4.06%	1.65%	4.91%	0.12%

Operating Expenses by Category	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Wages and Benefits	21,822,628	23,108,273	25,488,243	25,956,204	26,461,966
Materials	18,419,850	20,628,631	20,645,670	21,638,421	22,803,818
Contracts	5,925,183	8,130,434	6,872,495	8,104,870	7,957,528
Other Expenses / JPA / Debt Payments	18,563,513	14,652,905	14,825,773	14,520,373	14,403,861
Capital Outlay	83,489	925,922	724,500	1,702,670	380,000
Total	64,814,663	67,446,166	68,556,680	71,922,539	72,007,173
% Change		4.06%	1.65%	4.91%	0.12%



PERSONNEL TABLE BY DEPARTMENT

Div		FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
BOARD OF DIRECTORS AND OFFICE OF THE GENERAL MANAGER						
12	Office of the General Manager	1.00	2.00	2.00	2.00	2.00
14	Public Affairs	3.50	3.50	3.40	3.40	3.40
15	Executive Services ¹	4.00	-	-	-	-
		8.50	5.50	5.40	5.40	5.40
ADMINISTRATIVE SERVICES						
30	Administrative Services Administration	1.50	1.00	2.00	2.00	2.00
31	Financial Services	4.00	5.00	6.00	6.00	6.00
32	Human Resources & Risk Management	4.50	5.50	5.00	5.00	5.00
33	Utility Billing & Customer Service	8.00	7.00	7.00	7.00	7.00
34	Information Technology Services	6.00	6.00	6.00	6.00	6.00
35	Executive Services ¹		4.00	3.00	3.00	3.00
		24.00	28.50	29.00	29.00	29.00
ENGINEERING						
40	Engineering Services Administration	2.50	2.00	2.60	2.60	2.60
41	Capital Projects	7.00	10.00	8.00	8.00	8.00
42	Development & Construction Services ²	11.00	11.00	7.00	7.00	7.00
43	Planning & Asset Management ²	-	-	5.00	5.00	5.00
		20.50	23.00	22.60	22.60	22.60
OPERATIONS						
50	Operations Administration	1.00	1.00	1.00	1.00	1.00
51	Field Operations	16.00	17.00	16.00	17.00	17.00
52	Plant Operations	12.00	14.00	13.00	14.00	14.00
53	Mechanical Maintenance	15.00	17.00	16.00	16.00	16.00
54	Instrumentation, Controls, & Electrical	10.00	10.00	10.00	10.00	10.00
55	Laboratory & Technical Services	7.00	8.00	8.00	8.00	8.00
56	Operations Support Services	7.00	4.00	7.00	8.00	8.00
		68.00	71.00	71.00	74.00	74.00
Total		121.00	128.00	128.00	131.00	131.00
Change		-	7.00	-	3.00	-

NOTES

1 In FYE2020, Executive Division moved to Administrative Services Department

2 In FYE2021, Planning & Permitting Divisions split into two separate divisions

Personnel Costs

The Board reviews all new position requests, authorizes total full time equivalent (FTE) positions, and approves salary ranges for positions. Below is a summary of current and projected staffing levels. The adopted budget reflects the addition of three new FTE positions and extends two limited-term FTEs. Of the 131 approved employee count, 2.2 FTE are dedicated to LAVWMA, 3.0 FTE to DERWA, and 125.8 FTE are exclusive to DSRSD.

Staffing Overview and Salaries

The District decreased staffing levels in conjunction with the Great Recession in 2009 by approximately 20.0% and kept at those levels until FYE 2017. Over that period, DSRSD experienced a significant growth in the customer base and new infrastructure was added to maintenance efforts as follows:

- Potable water lines increased by 14.2%, from 281 miles to 321 miles;
- Sewer lines increased by 11.6%, from 185.5 miles to 207 miles;
- Recycled water lines increased by 33.3%, from 51 miles to 68 miles; and
- Recycled water production capacity increased by 70.0%.

To meet growing regulatory requirements and continued service level increases, the adopted budget included three new positions. Not only will these positions place the District in a solid maintenance mode, but will provide additional resources to meet new regulatory requirements and focus on District priorities in the Strategic Plan. Position detail by division can be found on the preceding page and in each division operating budget.

As in most service industries, wages and benefits are the District's largest expense category, representing approximately 36.1% of the total District operating expenditures. Negotiations were completed with four bargaining groups in late 2017 which provided for modest cost-of-living adjustments (COLA) and increased medical benefits. The contracts will expire in late 2021. The District will adjust the budget for salary and benefit impacts once the Memorandums of Understanding are approved.



Dublin's continued development fuels expansion and demand for DSRSD services.

Retirement Benefits: CalPERS & UAL

All regular and limited-term employees who work more than 1,000 hours per fiscal year are enrolled as "classic members" in the California Public Employees Retirement System (CalPERS) 2.7% at age 55 retirement program if employed by the District prior to January 1, 2013, or, if hired after January 1, 2013, was a member of a public retirement system within 6 months of hire date with DSRSD. New employees not qualifying as classic members are designated as "new members" or "PEPRA members," and are enrolled in the CalPERS 2.0% at age 62 plan in accordance with state law. Classic employees contribute 10.0% of salary toward their retirement (8.0% is the employee's portion and 2.0% is paid by the employees on behalf of the employer, as negotiated in exchange for the current retirement plan). PEPRA members contribute 50.0% of the total normal cost of benefits (currently 6.3% of salary) toward retirement. The District's employer contribution varies from year to year. Based on the most recent actuarial valuation (2019), the budget assumes net employer contributions of 12.0% (14.0%-2.0%) of salary in FYE 2022 and 12.0% in FYE 2023 for classic members. Employer contributions for PEPRA members are 7.59% and 7.6% of salary in FYE 2022 and 2023, respectively.



Other Employee Benefits (OPEB)

All full-time employees and Board members are eligible to receive medical, dental, and vision benefits. Part-time employees receive prorated benefits. Health premiums paid by the District are set forth in a cost sharing agreement in each of the labor contracts. Per negotiated labor agreements in 2017, the maximum monthly District contribution for medical is set at \$2,072 (Kaiser family rate) per month. Increases in medical costs are shared by the District and the employees.

The District provides retiree medical coverage subject to a vesting schedule established by CalPERS. Retiree dental coverage is provided to employees hired prior to July 1, 2014. Funding of these benefits is from the Other Post-Employment Benefits (OPEB) fund.

The table below summarizes all personnel and benefit costs. Cost fluctuations are explained below.

Wages increased in FYE 2020 and 2021 as a result of seven new positions added to the District, offset by a large vacancy factor for most of each fiscal year. FYE 2022 denotes full salary projections including the addition of three new positions, with benefits following this trend.

In FYE 2019, the District charged unfunded actuarial liability (UAL) costs directly to the divisions, thus showing only year-end adjustments in this category. In FYE 2020 and 2021, all UAL costs were consolidated, and the Board approved an accelerated 15-year pay down schedule to tackle this liability. In FYE 2022 and 2023, UAL budgets decreased as the Board held off funding accelerated payments until the effects of COVID-19 are behind us.

Finally, as the percentage of our workforce began to fall under the CalPERS Public Employees' Pension Reform Act (PEPRA) benefits (30.0%), normal costs of retirement will start to decline as payments into that plan are substantially less than the CalPERS Classic benefit plan, as shown in our FYE 2022 and 2023 retirement projections.

Personnel Costs	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Wages	13,352,183	13,133,635	14,089,150	16,323,643	16,605,908
Benefits	2,342,140	2,420,217	3,020,601	3,230,798	3,300,800
Retirement	4,283,688	4,487,756	4,683,431	3,342,793	3,386,115
Pension-Unfunded Actuarial Liability (UAL) & Advance Funding	198,695	1,301,508	1,566,198	1,052,674	1,316,565
Other Post-Employment Benefits (OPEB)	859,824	981,328	1,064,867	931,328	945,553
Other Personnel Costs	786,098	783,830	1,063,997	1,074,969	907,025
Total	21,822,628	23,108,273	25,488,243	25,956,204	26,461,966
% Change		5.89%	10.30%	1.84%	1.95%

Materials

Water Purchase

All of the District's potable water is purchased from Zone 7 Water Agency, which represents the largest District materials expense. The Zone 7 component of water rates is designed to cover the full cost of water and is adjusted based upon the rate established by Zone 7, generally effective January 1 of each year. The Zone 7 wholesale water rate remained flat in FYE 2021 due to the Zone 7's deferral of rate increases during COVID-19. Water purchase costs are mainly driven by Zone 7 rate adjustments, customer growth, and water demand. Water purchases are projected to increase 2.3% and 7.3% in FYE 2022 and 2023, respectively. Although drought conservation is expected in FYE 2022, the projections show a slight increase for purposes of conservatism and additional growth in the Tri-Valley.

The District continues to focus on identifying and minimizing water that is used but not billed for. Some reasons for unbilled water include inaccurate data (under-reading) from water meters, flushing fire hydrants, and testing new water lines. The budget assumes a 4.6% rate of unbilled water.

Gas & Electric

Gas and electric charges were slightly lower in FYE 2021 due to COVID-19 restrictions and the fact that the District Office was closed for most of the year due to renovations from a fire service break in the building. In FYE 2022 and 2023, increases are expected as PG&E expands peak hours for higher rates in California, thus directly affecting the District's pumping costs for our water and wastewater systems.

Chemicals

To curtail the rise in chemical costs, the District formed the Bay Area Chemical Consortium (BACC), which is managed by Bay Area Clean Water Agencies (BACWA). BACC is an informal cooperative of 68 water and wastewater agencies in the Bay Area working together to purchase chemicals in higher volume at lower cost. With the consortium, chemical costs are projected to be flat over the next two years.

Materials	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Water Purchase	13,679,135	15,174,032	15,716,711	16,071,869	17,238,103
Gas & Electric	2,077,411	2,592,871	2,250,319	2,703,006	2,704,406
General Supplies	1,378,056	1,624,961	1,221,850	1,470,732	1,496,844
Chemicals	422,851	484,555	506,368	496,136	497,736
Meter Equipment	374,940	254,786	345,000	277,000	277,000
Equipment Under \$10,000	262,760	260,474	319,359	321,194	296,669
Fuel	85,387	94,146	117,643	112,116	112,934
Tools	73,215	49,943	55,748	67,148	63,056
Office Supplies/Services	58,738	50,819	64,172	70,720	68,570
Fluids	7,357	42,044	48,500	48,500	48,500
Total	18,419,850	20,628,631	20,645,670	21,638,421	22,803,818
% Change		11.99%	0.08%	4.81%	5.39%



Contract Services

Contract expenses are projected to increase 17.9% in FYE 2022 and decrease 1.8% in FYE 2023. Insurance costs have increased approximately 22.0% for general liability and 35.0% for property insurance as a result of increased claim experience with our risk pool provider, California Sanitation Risk Management Authority (CSRMA). Other Services - District Office Flood expenses are due to a fire service break, which caused major portions of the building to be renovated.

Professional Services

Professional services expenses are for various consultants to assist with long-range financial planning and capital planning and ongoing system support. FYE 2022 will increase 57.7% for the budget period, primarily due to a Water Capacity Reserve Fee Study, Local and Regional Wastewater Rate Study, support for the Electronic Management System (EMS), Microsoft 365 Implementation, Emergency Response Program, Electrical Engineering consultants, and an update of the District's laboratory to meet new compliance standards. FYE 2023 professional services expenses will decrease 15.8% as these projects are completed.

Other Services - Dougherty Valley Standby Charge District (DVSCD)

DSRSD's largest contractual services expense under Other Services is the remittance of standby charges from the DVSAD Fund to Zone 7. In order for DSRSD to provide water services to Dougherty Valley, DSRSD must collect a proportionate share of State Water Project (SWP) costs charged to Zone 7 and then reimburse Zone 7 for these costs. SWP costs are projected at \$1.8 million in FYE 2022 and \$2 million in FYE 2023. In addition, due to the District's aging infrastructure, on-call subsurface and after-hours repairs have increased to approximately \$600,000 annually. Finally, the FYE 2023 budget also includes \$200,000 for board election costs.

Contracts	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Insurance	340,062	216,498	251,552	492,271	581,202
Legal Services	263,873	182,769	235,000	275,000	255,000
Professional Services	841,313	717,003	1,130,705	1,780,030	1,499,180
Advertising	35,817	58,624	59,830	88,500	55,500
Equipment Lease/Rental	124,047	115,271	156,585	116,980	117,980
Maintenance Contracts	646,027	644,551	815,808	855,366	881,572
Monitoring & Testing Services	33,191	48,182	58,500	107,500	107,500
Other Services	3,941,576	4,683,080	3,928,865	4,128,773	4,216,144
Other Services - District Office Flood	(502,828)	1,260,857	-	-	-
Printing Services	97,794	112,786	117,150	136,950	119,950
Telecommunication Services	104,310	90,811	118,500	123,500	123,500
Total	5,925,183	8,130,434	6,872,495	8,104,870	7,957,528
% Change		37.22%	-15.47%	17.93%	-1.82%

Other Expenses/JPA/Debt Payments

Debt Payments

Per the District's Capital Financing and Debt Management policy, the District may use debt financing only to purchase or build capital assets that cannot be acquired from either current revenues or replacement reserves and to fund capital improvements and additions. Debt for operating and maintenance costs is not allowed. See Appendix for Consolidated Debt Service schedule.

2017 Water Revenue Refunding Bonds

The District refinanced the outstanding \$33,590,000 bonds, as 2017 Water Revenue Refunding Bonds on December 1, 2017. Proceeds of the issuance were used to refund the outstanding portion of the 2011 Water Revenue Refunding Bonds and pay costs of issuance. Interest rates range from 2.0% to 4.0%. Principal payments are due annually beginning August 1, 2018 through August 1, 2041.

Debt expenses shown below are budgeted for both principal and interest to ensure the working capital by fund is accurately reflected for forecasting purposes.

Other Expenses	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Debt Payments	1,877,175	1,873,820	1,880,513	1,880,438	1,877,188
Total	1,877,175	1,873,820	1,880,513	1,880,438	1,877,188
% Change		-0.18%	0.36%	-0.00%	-0.17%

In addition to the debt service mentioned above, the District also pays its proportionate share of the 2011 LAVWMA Pledge Obligation through as Contribution to Joint Powers Authorities (JPA) expense, which is detailed later in this budget document.

2011 LAVWMA Pledge Obligation

On September 28, 2011, LAVWMA issued \$105,345,000 of 2011 Sewer Revenue Refunding Bonds (2011 LAVWMA Bonds) to refund and retire its Series A Sewer Revenue Bonds and to pay costs of issuance. As a member of LAVWMA, the District has pledged its regional service charges to a portion of the 2011 LAVWMA Bonds. DSRSD's portion of the original debt issue was \$40,975,094, the annual payment is approximately \$3.1 million, and the debt will be retired in 2031. The Budget also includes approximately \$2.7 million for the City of Pleasanton's share of the LAVWMA debt which is paid by DSRSD on Pleasanton's behalf under terms of the Pleasanton-DSRSD agreements. LAVWMA intends to refinance this debt in FYE 2022 to take advantage of the current bond market interest rates.



Contributions to Joint Powers Authorities

The District is a member agency in two JPAs: the Livermore Amador Valley Water Management Agency (LAVWMA) and the Dublin San Ramon Services District - East Bay Municipal Utility District Recycled Water Authority (DERWA). Each JPA Board of Directors is comprised of representatives of their respective member agencies and adopt operating and capital budgets independently. Budgeted Contributions to JPAs are based on the adopted budget of each JPA. Debt for each JPA is based on the debt service schedule for each offering. DSRSD is the contractual operator of both the LAVWMA and DERWA facilities. The District directly budgets for expenditures for operating the JPA facilities, and is reimbursed by the JPAs for the operations and maintenance costs.

LAVWMA

Formed in 1974, member agencies of LAVWMA are comprised of the District and the Cities of Livermore and Pleasanton. The authority operates an export pumping facility through which secondary effluent is discharged. DSRSD is the contract operator under a 1980 Maintenance Agreement. Contributions to LAVWMA for operations and maintenance expenses is funded by the Regional Enterprise Fund. As the JPA budget is adopted annually, the FYE 2022 O&M budget has been reflected in both years, with the FYE 2023 budget modified through a mid-cycle adjustment once approved by the JPA Board. LAVWMA's replacement capital projects are funded through the Regional Replacement Fund. LAVWMA debt is funded by the Regional Enterprise Fund (repair portion) and the Regional Expansion Fund (expansion portion). Under terms of agreements with the City of Pleasanton, DSRSD's Regional Wastewater Program funds Pleasanton's share of all LAVWMA costs.

DERWA

DSRSD and East Bay Municipal Utility District (EBMUD) are the member agencies that comprise DERWA, a JPA formed in 2006 to provide recycled water service. DSRSD is the contract operator under a 2005 Maintenance Agreement. Contributions to DERWA for operations and maintenance are funded by the Water Enterprise Fund. As the JPA budget is adopted annually, the FYE 2022 O&M budget has been reflected in both years, with the FYE 2023 budget modified through a mid-cycle adjustment once approved by the JPA Board. DERWA also holds debt for recycled water infrastructure, and annual debt payments are included in the contributions to DERWA from the Water Expansion Fund. Replacement capital projects are funded by the Water Replacement Fund and expansion capital projects are funded by the Water Expansion Fund. DERWA state loan repayments are also funded by the Water Expansion Fund.

Contribution to JPA	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
DERWA - O&M Expense	2,068,175	2,310,658	2,170,731	2,343,689	2,343,689
DERWA - Capital Expense/Replacement Funding	1,679,954	828,200	1,229,960	302,220	173,880
DERWA - Debt Expense	810,087	810,087	822,757	822,757	822,757
LAVWMA - O&M Expense	2,175,635	2,219,963	2,073,734	2,437,609	2,437,609
LAVWMA - Capital Expense/Replacement Funding	3,685,835	279,600	279,600	279,600	279,600
LAVWMA - Debt Expense	5,776,444	5,777,707	5,778,068	5,773,648	5,774,821
Total	16,196,130	12,226,215	12,354,850	11,959,523	11,832,356
% Change		-24.51%	1.05%	-3.20%	-1.06%

Other Expenses

Costs that cannot be classified in other categories are budgeted to other expenses. Low income credits for fixed charges continue to grow, especially during the COVID-19 crisis. Meeting expense is expected to increase as travel restrictions are lifted, and subscriptions have increased as a means to keep abreast of the growing compliance requirements and legal mandates imposed on the District. Credit card transaction fees were absorbed by the District in FYE 2020 to encourage electronic payments and has been widely received by our customer base, as reflected in the additional budget costs.

Other Expenses	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Permits, Licenses & Memberships	400,340	434,128	433,892	473,815	480,815
Low Income Credit (UB)	46,213	46,598	56,000	61,300	68,625
Meetings	22,842	19,812	33,450	32,450	32,030
Prior Year Adjustments	11,498	26,337	-	-	-
Subscriptions & Publications	7,587	10,137	26,068	22,848	22,848
Bond Issuance Costs	1,750	1,750	-	-	-
Credit Card Transaction Fees	-	14,108	41,000	90,000	90,000
Utility Billing Balance Write-Offs	(23)	-	-	-	-
Total	490,207	552,870	590,410	680,413	694,318
% Change		12.78%	6.79%	15.24%	2.04%



The District implemented electronic payment.



Capital Outlay

Capital outlay assets, generally vehicles and equipment, are assets costing \$10,000 or more per item with an estimated useful life of over two years. The following is the list of new and replacements assets to be purchased in FYE 2022 and FYE 2023. Capital Outlay expenses vary from year to year depending on District needs and fleet replacement schedules.

During FYE 2022 a total of six vehicles will be purchased and 18 obsolete vehicles sent to auction. During FYE 2023 a total of four vehicles will be purchased. This downsizes the fleet, reduces fuel consumption and the District's overall carbon footprint.

The Fleet Division will consider the District's Green Business Policy, current available technology, and business need when updating or replacing fleet vehicles with the goal of replacing higher fuel-consumption vehicles with lower fuel-consumption ones when available. Unfortunately, technology has not kept pace with green initiatives, so electric/hybrid replacements of the District's larger vehicles are not available. In an effort to move in that direction, however, the District will be replacing the following with more energy efficient assets:

- 2 full-size F-150 pickups will be replaced with 2 Ranger Supercab 4x4.
- 2 full-size F-150 pickups will be replaced with small transit minivans.
- 1 mid-size S-10 pickup will be replaced with a Transit Connect minivan.

Guidance for future purchases of replacement vehicles will be presented in an updated Energy Master Plan and new Board Energy Policy that will be prepared during this two year budget cycle.

CAPITAL OUTLAY

Div	Asset Description	Fund 210	Fund 310	Fund 610	Budget FYE22	Budget FYE23
34	Vehicle - Ford Escape Hybrid	20%	30%	50%	\$35,000	
42	Vehicle - Ranger Supercab 4x4 (Qty 2)	35%	5%	60%	\$74,000	
51	Vehicle - Ford F-250 Trucks (FYE22: Qty 2/FYE23: Qty 4)	10%		90%	\$110,000	\$220,000
51	Vehicle - Transit Connect	20%	30%	50%	\$35,000	
51	Closed-Circuit Television (CCTV) Truck	100%			\$500,000	
51	Valve Truck			100%	\$200,000	
53	Long Reach Forklift		100%		\$150,000	
53	Influent Gate Control		100%		\$120,000	
53	Environmental Compliant Blasting/Removal System		100%		\$50,000	
53	Pump Station 20A Pump #1 and #3 Replacement			100%	\$60,000	
53	D7 Tractor for Bio-Solids Harvesting (carryover)		100%		\$303,210	
53	Facultative Sludge Lagoon Surface Mixers		100%			\$100,000
54	Vehicle - Ford Transit Connect Van	20%	30%	50%		\$30,000
55	Ion Chromatography Unit		40%	60%	\$65,460	
55	Vehicle - Van	50%	50%			\$30,000
Total					\$1,702,670	\$380,000

INTERFUND TRANSFERS

Transfers are transactions that are used to move money from one fund to another for specified purposes. Transfers are included in both the revenue and expense sections of the District budget. Each enterprise fund contributes money to its respective replacement fund for the future repair and replacement of its facilities and infrastructure. Amounts are determined each budget cycle based on the fund balance and future projected expenses. As stated earlier, Local Replacement Fund transfers were deferred and will commence in FYE 2023, representing the majority of the increase.

On May 4, 2021, the Board approved the payoff of the Temporary Infrastructure Charge (TIC) in the amount of \$2.9 million dollars from the Water Expansion Fund to the Water Enterprise Fund. In addition, the Board approved the payoff of the ratepayer debt to the Water Expansion Fund from the Water Enterprise Fund, thus eliminating an \$14.0 million liability funded over 20 years. The corresponding annual transfer payment of \$675,000 will no longer appear in the budget.

On May 2, 2017, the Board approved an interfund loan from Local Wastewater Expansion to Local Wastewater Replacement of \$5 million for a six-year term with interest rates reflective of the District's investment portfolio. This loan paid for the Dublin Trunk Sewer Rehabilitation and the Sewer Lift Station Relocation projects and will help pay for the other projects until transfers from the Local Wastewater Enterprise Fund are sufficient to cover the costs. The sixth and final installment of the replacement funds transfer approved by Resolution #23-17 is scheduled for FYE 2024.

Replacement Allocations	FY22		FY23	
	From	To	From	To
Local Wastewater Enterprise			800,000	
Local Wastewater Replacement				800,000
Regional Wastewater Enterprise	1,800,000		2,100,000	
Regional Wastewater Replacement		1,800,000		2,100,000
Water Enterprise	6,169,688		6,280,000	
Water Replacement		6,169,688		6,280,000
Total	7,969,688	7,969,688	9,180,000	9,180,000



Transfers Out-Other	From	FYE22	To	From	FYE23	To
Local Wastewater Replacement	895,833			875,000		
Local Wastewater Expansion		895,833			875,000	
Local Wastewater Enterprise	109,267			110,936		
Regional Wastewater Enterprise	430,125			436,694		
Water Enterprise	391,936			397,922		
Other Post-Employment Benefits		931,328			945,553	
Total	1,827,161		1,827,161		1,820,553	

Cross-Connections	From	FYE22	To	From	FYE23	To
Water Enterprise	110,400			-		
Water Replacement		110,400				-
Total	110,400		110,400		-	-

Interfund Transfers for 5th Supplemental Agreement (Pleasanton)	From	FYE22	To	From	FYE23
Regional Enterprise	660,000			680,000	
Water Enterprise		660,000			680,000
Total	660,000		660,000		680,000



The new primaries are shown here (top center).

CAPITAL IMPROVEMENT PROGRAM (CIP)

The Capital Improvement Program (CIP) is a capital investment plan to maintain and enhance the DSRSD infrastructure. The CIP serves as a guide for identifying current and future projects in support of the District's mission to protect public health and the environment by providing reliable and sustainable water, recycled water, and wastewater services in a safe, efficient, and fiscally responsible manner.

The CIP consists of the Ten-Year Capital Improvement Plan and the Two-Year Capital Improvement Budget. The first two years of expenditures in the Capital Improvement Plan comprise of the District's Two-Year Capital Improvement Budget for Fiscal Years 2022 and 2023.

The two-year capital improvement budget authorizes replacement and expansion projects based on a ten-year plan.

Expand and Improve

- \$8.9M to construct Turnout 6 (17-W003)
- \$8.9M to expand Reservoir 10A from 3.0 million-gallon with a new 4.1 million-gallon reservoir
- \$4.6M to construct Reservoir 20B to increase storage capacity for Eastern Dublin (14-W008)
- \$2.3M to improve the Biogas Treatment System (16-P028)

Repair

- \$1.3M to replace the East Amador Lift Station for the City of Pleasanton (21-P009)
- \$1.0M to rehabilitate concrete sewer pipelines in East Dublin (20-S013)

Replace

- \$6.6M to replace 10,900 feet of water pipelines in the Wineberry and Canterbury Area (16-W017)
- \$3.2M to replace 4,610 feet of the Camp Parks Water Main (20-W024)

For further detail on capital project expenditures, as well as, the Ten-Year Capital Improvement Plan, the complete CIP Ten-Year Plan for FYEs 2022 through 2031, and the Two-Year Budget for FYEs 2022 and 2023 are available at www.dsrsd.com/about-us/library/financial-information

Capital Improvement Program Expenditures

The CIP Ten-Year Plan for FYE 2022 through 2031 includes 113 projects and programs totaling \$281.2 million. The CIP Two-Year Budget includes 66 projects and programs totaling \$72.9 million. The following table provides a ten-year summary of CIP expenditures for each capital replacement and expansion funds. All expenditures are shown in current dollars.

10-YEAR CAPITAL IMPROVEMENT PLAN (IN THOUSANDS OF \$)

Fund	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	10 Year Total
210	1,655	1,325	1,172	1,284	1,097	3,572	859	1,569	399	399	13,329
220	-	100	830	1,300	175	500	-	-	275	2,557	5,737
310	9,902	6,557	3,795	10,017	4,624	3,574	6,789	7,674	13,074	14,474	80,479
320	4,934	1,166	661	-	2,358	2,525	12,120	-	6,094	3,000	32,858
610	11,310	13,223	6,760	8,553	3,393	10,958	9,705	8,743	12,193	21,543	106,379
620	8,701	14,049	13,087	965	125	720	375	625	625	3,125	42,397
Total	36,502	36,420	26,305	22,119	11,772	21,849	29,848	18,610	32,659	45,097	281,179

The Local Wastewater Replacement Fund (210) is to replace and improve local sewer facilities that transfer wastewater from the point of origin to the regional wastewater treatment facility. The service area consists of the southern part of San Ramon and the City of Dublin with revenues from capacity reserve fees, interest and replacement funding.

The Local Wastewater Expansion Fund (220) accounts for projects that expand or add local sewer facilities to accommodate increased wastewater flows from new development. Revenues consist of capacity reserve fees and interest earned.

The Regional Wastewater Replacement Fund (310) funds projects which replace and improve the existing Regional Wastewater Treatment Plant processes and facilities. The Regional Wastewater service area consists of the City of Dublin and the southern part of the City of San Ramon and the City of Pleasanton by contract. Revenues consists of capacity charges, interest and replacement funding.

The Regional Wastewater Replacement Fund (320) funds projects which expand or add to the wastewater treatment process to accommodate future wastewater flows, ultimately conveyed through the LAVWMA pipeline to the San Francisco Bay for disposal. Revenues come from capacity reserve fees and interest earned.

The Water Replacement Fund (610) funds projects which replace and improve facilities to treat recycled water, as well as the pipelines, pump stations, reservoirs, and related appurtenances to distribute potable water and recycled water. The service area consists of the City of Dublin and the Dougherty Valley area of San Ramon with revenues from capacity reserve fees, interest and replacement allocations.

The Water Expansion Fund (620) funds projects which expand or add facilities to treat recycled water and to distribute potable and recycled water. Revenues come from capacity reserve fees and interest earned.

For more information on the Capital improvement Program, please refer to the DSRSD Ten-Year Capital Improvement Plan and Two-Year Capital Improvement Budget.

Capital Funds-Replacement & Expansion Fund

OPERATING BUDGET	FYE 2022					
	Fund 210	Fund 220	Fund 310	Fund 320	Fund 610	Fund 620
(Estimated) Beginning Working Capital	4,117,198	7,585,333	32,272,598	42,061,722	26,581,086	41,636,229
Capacity Reserve Fees	1,075,668	32,811	2,000,231	5,390,728	2,238,643	4,927,288
Interest	41,172	75,853	322,726	420,617	265,811	416,362
<i>Total Revenues</i>	1,116,840	108,664	2,322,957	5,811,345	2,504,454	5,343,650
Transfers In:						
Replacement Allocations	-	-	1,800,000	-	6,169,688	-
Interfund Loan Repaid	-	895,833	-	-	-	-
Transfers In-Cross Connections	-	-	-	-	110,400	-
Total Transfers In	-	895,833	1,800,000	-	6,280,088	-
<i>Total Revenue</i>	1,116,840	1,004,497	4,122,957	5,811,345	8,784,542	5,343,650
Operating Expenses:						
Staff Time Charged to Projects/JPAs	-	-	279,600	-	286,120	16,100
Debt Service	-	-	-	4,310,354	-	2,703,195
Capital Outlay	550,900	-	674,094	-	477,676	
<i>Total Operating Expenses</i>	550,900	-	953,694	4,310,354	763,796	2,719,295
Capital Projects - Adopted Fund Limits	1,654,986	-	9,902,013	4,934,286	11,309,711	8,700,706
Transfers Out:						
Interfund Loan Repayment	895,833	-	-	-	-	-
<i>Total Transfers Out</i>	895,833	-	-	-	-	-
Total Expenses	3,101,719	-	10,855,707	9,244,640	12,073,507	11,420,001
Net increase (decrease)	(1,984,879)	1,004,497	(6,732,750)	(3,433,295)	(3,288,965)	(6,076,350)
(Estimated) Ending Working Capital	\$2,132,319	\$8,589,830	25,539,847	38,628,427	23,292,121	35,559,879


Capital Funds-Replacement & Expansion Fund

OPERATING BUDGET	FY 2023					
	Fund 210	Fund 220	Fund 310	Fund 320	Fund 610	Fund 620
(Estimated) Beginning Working Capital	2,132,319	8,589,830	25,539,847	38,628,427	23,292,121	35,559,879
Capacity Reserve Fees	1,422,509	43,391	3,302,790	8,746,658	3,346,116	7,274,021
Interest	21,323	85,898	255,398	386,284	233,547	355,460
<i>Total Revenues</i>	<i>1,443,832</i>	<i>129,289</i>	<i>3,558,188</i>	<i>9,132,942</i>	<i>3,579,663</i>	<i>7,629,481</i>
Transfers In:						
Replacement Allocations	800,000	-	2,100,000	-	6,280,000	-
Interfund Loan Repaid	-	875,000	-	-	-	-
Transfers In-Cross Connections	-	-	-	-	-	-
<i>Total Transfers In</i>	<i>800,000</i>	<i>875,000</i>	<i>2,100,000</i>	<i>-</i>	<i>6,280,000</i>	<i>-</i>
<i>Total Revenue</i>	<i>2,243,832</i>	<i>1,004,289</i>	<i>5,658,188</i>	<i>9,132,942</i>	<i>9,859,663</i>	<i>7,629,481</i>
Operating Expenses:						
Staff Time Charged to Projects/JPAs	-	-	279,600	-	173,880	-
Debt Service	-	-	-	4,311,229	-	2,699,945
Capital Outlay	43,000	-	124,000	-	213,000	
<i>Total Operating Expenses</i>	<i>43,000</i>	<i>-</i>	<i>403,600</i>	<i>4,311,229</i>	<i>386,880</i>	<i>2,699,945</i>
Capital Projects - Proposed Fund Limits	1,325,400	100,000	6,557,063	1,165,640	13,223,130	14,048,725
Transfers Out:						
Interfund Loan Repayment	875,000	-	-	-	-	-
<i>Total Transfers Out</i>	<i>875,000</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Total Expenses	2,243,400	100,000	6,960,663	5,476,869	13,610,010	16,748,670
Net increase (decrease)	432	904,289	(1,302,475)	3,656,072	(3,750,347)	(9,119,189)
(Estimated) Ending Working Capital	\$2,132,751	\$9,494,119	24,237,373	42,284,499	19,541,774	26,440,690

NOTES

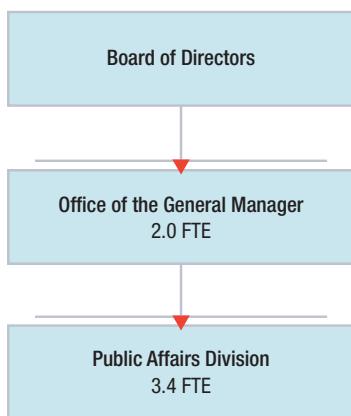
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Wastewater Treatment Plant Secondary Clarifiers 1 and 2



Department Overview



Board of Directors and Office of the General Manager Department

Board of Directors and Office of the General Manager Department consists of three divisions including Legislative, the Office of the General Manager, and Public Affairs. The department is responsible for directing policy, providing executive leadership to the District, and managing public affairs and community outreach.

DIVISION INTRODUCTORY/OVERVIEW

10 - Legislative

The Dublin San Ramon Services District Board of Directors is an independently elected legislative body consisting of five Directors. The Directors govern the District by setting policies and hiring and overseeing the District's General Manager. The Board exercises these powers under the authority of the Community Services District Law (California Government Code section 61000 et seq.) and is ultimately responsible and accountable to the people of the District.

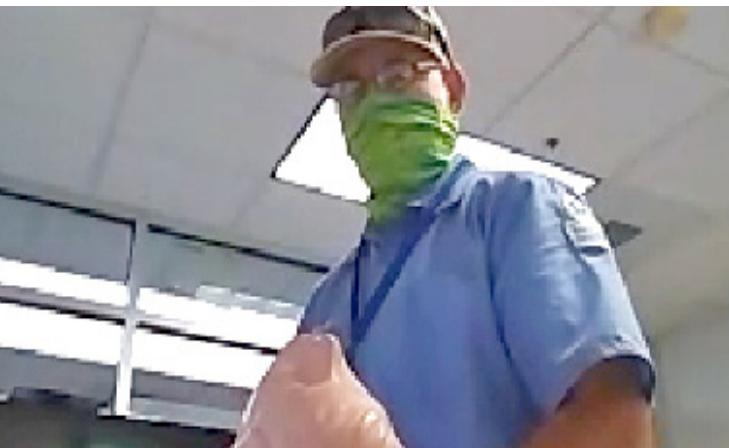
The Board of Directors' budget includes Boardmember travel and training costs at industry conferences, meetings, and community events, as well as the consolidated election held every two years with the statewide general election.

12 - Office of the General Manager

The Office of the General Manager provides executive leadership and management of the District's business, including oversight to the three main operating departments (Operations, Administrative Services, and Engineering). The General Manager is the primary liaison between the Board of Directors and the staff of the District and is responsible for interagency coordination and collaborations.

14 - Public Affairs

The Public Affairs communicates priorities, initiatives, and maximizes public awareness and understanding of the District and its services. Engages with customers, stakeholders, agencies, legislators, and elected officials, which encompasses government relations, advocacy, community outreach, media relations, emergency communications, public events, and student educational programs.



To protect staff during the COVID outbreak, scheduled training was conducted via video.



DSRSD's COVID Task Force responded to continually evolving county and state regulations.

ACCOMPLISHMENTS, FYE 2020 AND 2021

BOARD ACCOMPLISHMENTS

- Continued conducting District business and policy development by meeting remotely throughout the COVID-19 crisis.
- Comprehensively updated the Water Recycling Policy.
- Approved a "Water Resiliency Policy."
- Approved streamlining of purchasing policy to allow for informal bidding procedures and flexibility.
- Encouraged public participation in the election process by increasing the District's contribution for candidate statements.
- Provided leadership in the industry with Boardmembers serving on the CASA Board of Directors, the CSDA Alameda County Chapter Board of Director, and the CSDA Contra Costa County Chapter Board of Directors.
- Paid off the Temporary Infrastructure Charge (TIC) loan.

OTHER ACCOMPLISHMENTS

- Created a COVID-19 Task Force to coordinate interdepartmental response efforts and on-site safety practices and implement a practical telecommuting program that complies with the Alameda County Shelter-in-Place Orders.
- Initiated a comprehensive review and update of the DERWA water sales, water supply and operations agreements.
- Assisted in the negotiation of an extension to the LAVWMA-East Bay Discharge Authority (EBDA) Master Agreement.
- Completed the 2021 Alternative Water Supply Study that evaluates and recommends both near-term and long-term options for improving long-term water supply reliability.
- Initiated a comprehensive phase one re-write of the 2004 District Emergency Response Plan.
- Provided leadership in the industry by serving as a Director on the East Bay Leadership Council and as the Co-Chairperson of the Water & Environment Task Force.
- Conducted a virtual Citizens Water Academy to educate 20 residents on the essential water and wastewater services DSRSD provides to the community and received the California Association of Sanitation Agencies' *Excellence in Public Outreach and Education* award for the virtual Citizens Water Academy.
- Provided leadership in the water industry by serving on the Association of California Water Agencies Board of Directors and in the local community by serving on the Dublin Chamber of Commerce Board of Directors.

BUDGET SUMMARY

Operating Expenses by Fund	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Local Wastewater Enterprise	14,244	26,007	12,700	31,725	31,725
Regional Wastewater Enterprise	242,442	288,648	284,942	269,802	272,279
Water Enterprise	298,441	291,742	461,852	447,722	450,373
Administrative Cost Center	1,007,242	994,734	1,122,169	1,319,820	1,378,460
Total	1,562,368	1,601,130	1,881,663	2,069,068	2,132,837
% Change		2.48%	17.52%	9.96%	3.08%

Div	Operating Expenses by Division	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
10	Board of Directors	289,439	158,373	154,444	268,035	371,407
12	Office of the General Manager	570,173	673,941	943,607	944,518	962,545
14	Public Affairs	702,756	768,816	783,613	856,515	798,885
Total		1,562,368	1,601,130	1,881,663	2,069,068	2,132,837
% Change			2.48%	17.52%	9.96%	3.08%

Operating Expenses by Category	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Wages and Benefits	1,113,493	1,239,955	1,498,526	1,473,338	1,503,107
Materials	5,413	1,797	12,300	10,300	10,300
Contracts	280,895	196,427	168,100	407,600	441,600
Other Expenses	162,568	162,951	202,737	177,830	177,830
Total	1,562,368	1,601,130	1,881,663	2,069,068	2,132,837
% Change		2.48%	17.52%	9.96%	3.08%



BUDGET TRENDS, FYE 2022 AND 2023

The Board of Directors' adopted budget for FYE 2022 and FYE 2023 is a status quo budget with the exception of bi-annual elections and re-districting costs. In FYE 2019, costs were incurred for the election and to convert from an at-large to an area-based election process. No election costs were incurred in FYE 2020 or 2021. For FYE 2022, \$100,000 has been budgeted to complete the realignment process for the District's election divisions using the 2020 Census results. In FYE 2023, the budget includes \$200,000 for the Board bi-annual election involving three districts.

The Office of the General Manager's adopted budget is status quo with the exception of the addition of the Assistant General Manager position, which was added in FYE 2020 and fully staffed in FYE 2021, and the addition of \$75,000 each year starting in FYE 2022 to accommodate unanticipated consulting services.

Public Affairs added two audiovisual/public relations interns at approximately \$50,000 per year starting in FYE 2022. In addition, costs have increased this year to prepare and distribute the annual report to all customers, for a "live" citizen water academy and for a marketing wrap for the new closed circuit television (CCTV) truck that uses remote controlled cameras to inspect pipelines.

TOP DEPARTMENT GOALS, FYE 2022 AND 2023

BOARD GOALS

- Build consensus with Tri-Valley partners on the importance of diversification and local control of water supplies.
- Represent the District at industry conferences, meetings and community events.
- Obtain the CSDA "District of Distinction Accreditation" whereby DSRSD would be recognized for their prudent fiscal practices along with other areas important to effectively operate and govern a special district.

OTHER GOALS

- Integrate on-going emergency training into District operations and conduct a District-wide Incident Command System exercise to assess and improve District capabilities.
- Work collaboratively with our Tri-Valley partners in the development of a more diversified and resilient water supply.

- Review, propose and negotiate revisions to our joint powers authority and City of Pleasanton agreements to address changing conditions.
- Complete a second phase update of the Emergency Response Plan.
- Implement the new Strategic Plan adopted in April 2021.
- Build public awareness of long-term water supply challenges and opportunities.
- Produce the District's annual report.
- Work with Tri-Valley partners to develop a public outreach program on water supply alternatives.
- Facilitate the Citizens Water Academy in 2022 to educate residents on our industry and the role DSRSD plays in the Tri-Valley.
- Implement quality recording and live streaming of Board meetings with the new audio and video hardware/software.

PERFORMANCE MEASURES

Legislative and Office of the GM	Objective	FYE23 Target	FYE22 Target	FYE21 Estimates	FYE20 Actual
Office of the GM	Conduct District-wide emergency exercise to assess District capabilities	one drill	one drill	*new	n/a
	% of staff that have completed at least two NIMS/ICS training courses	95%	75%	*new	n/a



The Administrative Services Department

The Administrative Services Department consists of six divisions including Administration, Financial Services, Human Resources & Risk Management, Utility Billing & Customer Service, Information Technology Services and Executive Services. These divisions provide all internal support functions for the District including financial management, human resource management, utility billing information technology services and administrative support to the Board and General Manager.

DIVISION INTRODUCTORY/OVERVIEW

30 - Administrative Services

The Administration Division sets the priorities and provides overall management for the Administrative Services Department. The division ensures the internal service divisions are operating efficiently and effectively to provide timely, quality service to the Board, our citizens and the other departments.

31 - Financial Services

The Financial Services Division coordinates the District's annual audit, produces the Comprehensive Annual Financial Report (CAFR) and the biennial budget, performs various rate studies, and prepares long- term financial projections. This division maintains the District's financial records, pays vendors, processes payroll, invests District funds, and prepares reports, financial statements, and statutory filings.

32 - Human Resources and Risk Management

The Human Resources and Risk Management Division conducts recruitment and selection processes, maintains classification and compensation structure, and coordinates employee benefits, employee relations, organizational personnel planning, and policy development. The Division also supports labor relations and administers employee engagement programs, including employee feedback, coaching, and recognition, as well as District-wide training and development, and the District's pooled insurance programs, including liability, property and workers compensation.

33 - Utility Billing & Customer Services

The Utility Billing & Customer Service Division manages all aspects of customer service including utility billing,

communications, remittance processing, debt collections, equipment installation and maintenance, and monitoring of the District's advanced metering infrastructure (AMI). This division has been instrumental in educating customers on the use of the AquaHawk portal so customers have 24/7 feedback on their water usage, eBills, and payments.

34 - Information Technology Services

Information Technology Services provides strategic IT vision, planning, and enterprise solutions to assist in achieving DSRSD's strategic plan, goals, and objectives. Collaborating with other District divisions, they provide innovative, secure, reliable, technology solutions that add value to key business processes. This division helps keep the organization operating by maintaining critical servers, key software and administering and maintaining the IT infrastructure on a day-to-day basis. This division also maintains and makes continuous improvements to the District cyber posture and policy.

35 - Executive Services

The Executive Services Division provides administrative services in support of the Board of Directors, General Manager's Office and the public. The division performs District Secretary duties and facilitates Board and Committee meetings (including packets, noticing, and minutes), provides timely responses to Public Records Act requests, facilitates the Board of Directors elections and appointments, manages mandatory Fair Political Practices Commission (FPPC) filings and tracks Boardmember compliance trainings, oversees records management, facilitates district noticing requirements, manages contract and recordation processes, and maintains the District Code and District policies.

ACCOMPLISHMENTS, FYE 2020 AND 2021

- Continued District services for internal and external customers throughout the COVID pandemic through the use of technology and telecommuting strategies. Developed District COVID-19 response matrix and reporting guidelines, and administered new federal and state benefit programs related to the pandemic. Worked successfully with customers to maintain consistency in outstanding utility billing payments during COVID-19.
- Rolled-out key technology to enhance telecommuting/social distancing possibilities including TEAMS, Planner, and Forms.
- Promoted Employee Engagement via the Employee Academy, the Virtual Bring your Kids to Work Day, the monthly Supervisor Training Series and our Annual Management Retreat.
- Received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the 20th year in a row for the FYE 2020 CAFR.
- Received the California Society of Municipal Finance Officers (CSMFO) Operating Budget Excellence Award for Fiscal Year 2019-2020.
- Updated the District's purchasing regulations including code revisions and purchasing guidelines.
- Developed 10-year financial planning modules.
- Began implementation of a new Enterprise Resource Planning system for Finance, HR and Utility Billing.
- Completed 26 recruitments.
- Completed a District-wide Classification Study and Compensation Study, and implemented the Classification Study.
- Updated seven personnel rules, including the Anti-Harassment, Retaliation and Discrimination Rule.
- Increased on-line customer payments in conjunction with changing the credit card fee structure.
- Increased users on the self-monitoring AquaHawk system to proactively manage abnormal water usage patterns.
- Initiated phishing campaigns, cybersecurity awareness training, and migrated antivirus to a cloud based platform for additional protection against ransomware and cyber security threats.
- Implemented a desktop firewall policy to contain ransomware and limit lateral movement on the network.
- Created an online application for service via our website.
- Implemented Governance Planning for the District's secure use of the M365 online environment and transitioned from Exchange to M365.
- Identified a solution for virtual Board meetings to ensure meetings meet quality standards for audio/video.
- Completed the first District General Election by the new area-based Division voting system in November, 2020. Facilitated the Division 5 vacancy appointment process in February 2021.
- Implemented an electronic filing system for FPPC Form 700.
- Expanded our electronic content management system with scanning of easements, as-builts, record drawings, resolutions and agreements.
- Implemented eSignatures for virtual document approval.
- Revised key Board policies including Day of Service, Director Travel and Expenses, and Candidates' Statement Costs.



BUDGET SUMMARY

Operating Expenses by Fund	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Local Wastewater Enterprise	137,358	102,268	149,664	137,261	146,316
Local Wastewater Replacement	-	-	-	7,000	-
Regional Wastewater Enterprise	138,076	101,861	149,666	138,461	176,316
Regional Wastewater Replacement	-	-	-	10,500	-
Regional Wastewater Expansion	26,297	785,592	-	-	-
Water Enterprise	1,033,655	-	1,146,863	1,054,693	964,008
Water Replacement	-	-	-	17,500	-
Administrative Cost Center	4,763,429	4,616,080	5,291,671	5,330,433	5,370,045
Total	6,098,815	5,605,800	6,737,865	6,695,846	6,656,684
% Change		-8.08%	20.19%	-0.62%	-0.58%

Div.	Operating Expenses by Division	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
30	Administrative Services Administration	349,345	382,982	383,412	428,711	433,796
31	Financial Services	983,417	1,062,382	1,058,097	1,269,627	1,299,381
32	Human Resources & Risk Management	1,147,157	1,119,869	1,160,462	1,269,921	1,267,203
33	Utility Billing & Customer Services	1,231,621	963,801	1,447,486	1,233,414	1,221,639
34	Information Technology Services	1,629,212	1,407,614	1,925,993	1,798,833	1,732,120
35	Executive Services	758,064	669,152	762,415	695,341	702,545
Total		6,098,815	5,605,800	6,737,865	6,695,846	6,656,684
% Change		-8.08%	20.19%	-0.62%	-0.58%	

Operating Expenses by Category	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Wages and Benefits	5,083,942	4,681,768	5,422,983	5,230,737	5,274,931
Materials	29,362	39,516	47,812	45,280	36,423
Contracts	979,800	878,347	1,242,800	1,365,279	1,325,780
Other Expenses	5,711	6,168	24,270	19,550	19,550
Capital Outlay	-	-	-	35,000	-
Total	6,098,815	5,605,800	6,737,865	6,695,846	6,656,684
% Change		-8.08%	20.19%	-0.62%	-0.58%



BUDGET TRENDS, FYE 2022 AND 2023

The Administrative Services Department experienced a high turnover rate due to retirements in FYE 2020 which led to a decrease in salary and benefit costs. For FYE 2021, vacancies were filled and a full year of salary and benefit cost is reflected for a new Accountant position. In addition, a three-year limited term Finance Analyst position has been added starting in FYE 2022. The department is converting from an old Finance, Human Resource, and Utility Billing system to a more modern and robust enterprise resource planning system. Approximately \$110,000 has been added for overtime and temporary staffing during this process and additional costs are reflected for the new Tyler-Munis software maintenance agreements. Another \$30,000 per year represents the addition of a part-time position in the Executive division. Finally, professional fees have increased in FYE 2022 to reflect costs associated with upcoming negotiations, rate studies and additional consultant costs associated with expanded IT programs including MS 365 governance, continued transition of physical records into our electronic records management platform and current costs associated with telecommuting needs.



The District equipped office employees, enabling them to telecommute and meet via Teams.



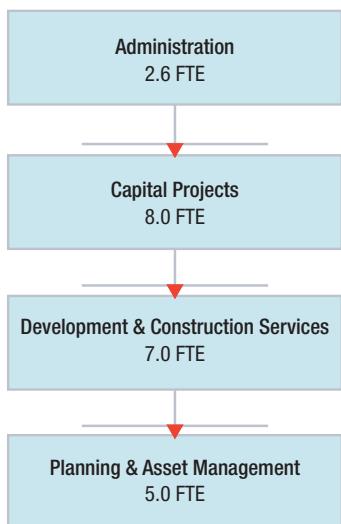
TOP DEPARTMENT GOALS, FYE 2022 AND 2023

- Prepare a two-year operating budget and create a streamlined document for enhanced use.
- Review and update the District's reserve policies.
- Facilitate the refunding of the LAVWMA debt in 2021.
- Support the Office of the General Manager in revisions to City of Pleasanton agreements.
- Implement the new Enterprise Resource Planning System for Finance, Human Resources, Utility Billing and Planning, including integration with other systems of record.
- Finalize the Water Capacity Reserve Fee Study.
- Complete an addendum to the 2018 Water Rate Study to Update Recycled Water Rates and the Dougherty Valley Incremental Assessment.
- Perform an overhead and indirect cost allocation study and cost of service study in 2022.
- Perform a local and regional Wastewater Rate Study in 2022.
- Explore a debt financing policy for equitable funding of new and replacement infrastructure.
- Negotiate the 2021 labor negotiations for four successor Memorandums of Understanding (MOUs).
- Update and implement employee engagement programs including coaching and feedback, employee recognition, and training and development.
- Continue to educate our customers on the use of the AMI system and promote e-Bills, Automated payments and AquaHawk monitoring to all customers.
- Implement a new collection policy for the District.
- Identify areas of investment in information systems to optimize operations and enhance business processes.
- Enhance the functionality of Lucity, the District's maintenance and asset management system.
- Link and provide integrated platform access to all document systems (Sharepoint/Office365/OnBase) to deliver relevant information as needed by staff,
- Continue to build and expand the use of the Electronic Content Management System (ECMS) including JPA agreements and all District contract management.
- Further strengthen our cybersecurity and network resiliency capabilities.
- Facilitate adjustment of election district boundaries once 2020 Federal census data becomes available, in preparation for 2022 Board elections.
- Update the Board Guidelines Policy.
- Renew the Transparency Certification.



PERFORMANCE MEASURE

Administrative Services	Objective	FYE23 Target	FYE22 Target	FYE21 Estimates	FYE20 Actual
Executive Services	Respond to public records requests within initial 10-day requirement	100%	100%	100%	100%
	Post agendas and publish agenda packets for regular meetings earlier than the 72-hour requirement	100%	100%	100%	100%
	Ensure annual filing requirements for Form 700 Statement of Economic Interests are adhered to	100%	100%	100%	100%
Human Resources & Risk Management	Average number of days to fill external recruitments from requisition to hire	145	145	145	143
	% of employees current on AB1825, workplace violence prevention and diversity compliance training	100%	100%	97%	98%
Utility Billing & Customer Service	Mail bills within five days of the first or 15th of each month	100%	95%	95%	100%
	Provide error free bills	98%	95%	95%	95%
Information Technology Services	Provide full network connectivity	99%	99%	99%	99%
	Block all SPAM email messages	99%	99%	99%	99%
	Perform regular third party penetration testing	100%	100%	100%	100%
	Perform daily backups of critical systems to ensure business continuity	100%	100%	100%	100%
Financial Services	Maintain good credit rating and debt service coverage	AA+	AA+	AA+	AA+



The Engineering Department

The Engineering Department consists of four divisions that ensure District infrastructure is planned, designed, and constructed in accordance with the District's ordinances, specifications, policies, and all applicable laws and regulations.

The department leads the efforts in support of the Asset Management/GIS Program and oversees the Capital Improvement Program Ten-Year Plan and Two-Year budget. In addition, the department provides planning and permitting services, construction inspection and the Clean Water Program.

DIVISION INTRODUCTORY/OVERVIEW

40 - Engineering Services Administration

The Engineering Services Division sets the priorities and provides overall management for the Engineering Department, which includes the Capital Projects Division, the Development and Construction Services Division, and the Planning and Asset Management Division. The division ensures district infrastructure is planned, designed, funded and constructed in accordance with District's ordinances, specifications, policies and all applicable laws and regulations. The division coordinates execution of District Strategic Plan goals with other departments and represents the District at an executive level with other agencies and professional organizations.

41 - Capital Projects

The Capital Improvement Projects Division prepares and administers two elements of the Capital Improvement Program (CIP): 1) the CIP ten-year plan and 2) the CIP two-year budget. Following the guidance of Master Plans and Asset Rehabilitation and Replacement Models, the division administers, plans, designs, and manages the construction of all of the District's CIP projects. The division supports the Wastewater Treatment Plant (WWTP) and Field Operations by evaluating processes and operations to improve efficiency and resolve issues, designing equipment and facility improvements, and procuring specialty equipment and services.

42 - Development & Construction Services

The Development and Construction Services Division oversees the expansion and construction of the District's water and sewer systems through development projects. The Division reviews plans, provides permits and inspections to conform to the latest DSRSD standards in coordination with the associated cities. The division also provides construction inspection services for District repairs and small capital improvement projects.

43 - Planning & Asset Management

The Planning and Asset Management Division manages the long term utility planning activities and leads the Asset Management Program, including developing and maintaining asset rehabilitation and replacement models integral to the development of capital improvement and capital outlay budgets. Through the Clean Water Section, the Division monitors the water and wastewater users for water conservation, pollution prevention, and State Water Resources Control Board Division of Drinking Water Regulatory requirements for backflow prevention. The GIS Section maintains the water and wastewater collection system mapping and hydraulic models.



ACCOMPLISHMENTS, FYE 2020 AND 2021

- Revamped the District Water Recycling Policy to reflect the increasing value of wastewater as a water supply.
- Prepared CIP 10-Year Plan in Fiscal Year 2021.
- Purchased five mobile generators as part of the Potable Water Pump Station Standby Generators/Emergency Response project, bid Phase II of the project to continue assuring emergency standby power and reliability, and installed a standby generator at the Field Operations Facility.
- Created and implemented the ability for customers to apply and pay for Limited Construction Permits online.
- Updated electronic construction project tracking to facilitate construction project acceptance and warranty review in a timely fashion.
- Provided technical support to the LAVWMA/EBDA contract negotiations.
- Worked with the development community and the Regional Water Quality Control Board to resolve compliance issues.
- Provided comments and edits on the Alameda County Local Agency Formation Commission Municipal Services review, emphasizing the need for coordination between water and wastewater agencies to maximize water recycling.
- Provided presentations on water supply and diversity.
- Completed construction of District Office renovation, including the Board Room Audio/Video Improvements.
- Initiated planning and design of Reservoir 20B, Turnout 6, WWTP SCADA, Camp Parks Water Main Replacements, East Dublin Trunk Sewer Rehabilitation, Biogas Skid and Flare Replacement, Alum Addition, Pump Station 3A MCC Replacement, Water Line Replacements in the Wineberry & Canterbury areas, Pump Station 1A Rehabilitation, Reservoir 2A Recoating and Reservoir 20A roof recoating.
- Designed/constructed facilities to divert 1 mgd of untreated wastewater as recycled water supplemental supply to DERWA.
- Reviewed and updated DSRSD Standards and Specifications.
- Performed over 200 plan reviews and 105 Commercial and Institutional Site inspections.
- Incorporated plan review software to communicate more efficiently with developers and designers.
- Established an electronic repository of approved project drawings for use by field operations staff prior to streamline management of underground service alerts in new developments.
- Completed the 2019 Annual Water Loss Audit and the 2020 Urban Water Management Plan
- Assisted in the Tri-Valley Water Demand Study.
- Coordinated completion of the American Water Infrastructure Act – Risk and Resilience Assessment certification.
- Monitored and maintained regulatory compliance for 337 recycled water irrigation users, 18 recycled water construction meters, 4 recycled water commercial fill station users, 3,632 back-flow preventers and 112 dental facilities.
- Supported a California Association of Sanitation Agencies study on wastewater flows and loads.
- Completed Business Risk Evaluation (BRE) for WWTP Equipment.
- Automated the process for new assets/updates into GIS and remote field entry of work orders.
- Assisted in the update of the District's purchasing regulations, including code revisions and guidelines.



BUDGET SUMMARY

Operating Expenses by Fund	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Local Wastewater Enterprise	292,592	693,616	664,864	724,609	710,974
Local Wastewater Replacement	16,678	-	-	25,900	-
Local Wastewater Expansion	586,308	-	-	-	-
Regional Wastewater Enterprise	705,411	808,383	924,366	946,783	960,578
Regional Wastewater Replacement	7,617	-	-	3,700	-
Regional Wastewater Expansion	56,391	-	-	-	-
Water Enterprise	1,221,004	2,064,164	2,183,929	2,340,273	2,295,168
Water Replacement	30,096	-	-	44,400	-
Water Expansion	747,433	-	-	-	-
Administrative Cost Center	75,960	156,518	123,774	194,168	168,055
Total	3,739,491	3,722,680	3,896,933	4,279,832	4,134,776
% Change		-0.45%	4.68%	9.83%	-3.39%

Div	Operating Expenses by Division	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
40	Engineering Services Administration	545,233	565,167	564,188	631,963	608,491
41	Capital Projects	1,091,551	1,277,822	1,467,994	1,051,438	1,071,711
42	Development and Construction Services	2,102,707	1,879,691	1,864,751	1,430,188	1,365,725
43	Planning and Asset Management	-	-	-	1,166,243	1,088,849
	Total	3,739,491	3,722,680	3,896,933	4,279,832	4,134,776
	% Change		-0.45%	4.68%	9.83%	-3.39%

Operating Expenses by Category	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Wages and Benefits	3,324,759	3,520,139	3,711,268	3,814,482	3,784,146
Materials	19,979	28,293	30,920	37,470	30,170
Contracts	337,042	172,519	149,745	347,680	314,680
Other Expenses	3,320	1,730	5,000	6,200	5,780
Capital Outlay	54,391	-	-	74,000	-
Total	3,739,491	3,722,680	3,896,933	4,279,832	4,134,776
% Change		-0.45%	4.68%	9.83%	-3.39%



BUDGET TRENDS, FYE 2022 AND 2023

One limited-term engineering position transferred to the Administrative Services Department to cover the need for a limited-term Finance Analyst. In addition, staffing increased by 0.6 FTE in FYE 2022 due to the addition of a shared administrative assistant position to support all department functions while focusing primarily on supporting the recycled water, water conservation, and backflow programs. The FYE 2022 budget also includes additional temporary support to assist in the conversion of the department records to the electronic content management system and to support staff during the conversion to the new enterprise resource planning system (ERP).

The increase in professional services is due to a deferred need to enhance the Facilities and Regional Wastewater Treatment Facility asset management replacement model, which is estimated to cost approximately \$100,000. In addition, the department has budgeted to update the District's standard specifications and perform a higher level water loss report in FYE 2022.

Finally, the department incurred capital outlay expenditures for FYE 2019 and FYE 2022 for replacement of a pool car and two construction inspection vehicles.



Engineering planned and directed the post flood remodeling of the District Office.



TOP DEPARTMENT GOALS, FYE 2022 AND 2023

- Update the District's procedures to conform to the California Environmental Quality Act.
- Propose a District Energy Policy.
- Develop wastewater process engineering expertise within the department to assist with day-to-day operational issues and to evaluate facilities to address effluent nutrient and biosolids disposal regulations.
- Support Financial Services Division in developing water rate and fee studies.
- Support Office of the General Manager in revisions to our joint powers authority and City of Pleasanton agreements.
- Prepare Capital Improvement Program Two-Year Budget for FYE 2022 and 2023 and Ten-Year Plan for FYE 2022-2031.
- Prepare an Energy Master Plan and Electrical System Master Plan Update for Wastewater Treatment Plant.
- Evaluate biosolids dewatering options and determine a preferred option with preliminary design.
- Complete design, bid, and initiate construction of key water expansion projects, including Reservoir 20B, and Turnout 6.
- Secure necessary property rights and begin design of Reservoir 10A.
- Complete design, bid, and initial construction of the East Dublin Trunk Sewer Rehabilitation project.
- Complete WWTP SCADA replacement project.
- Bid and construct high-priority waterline replacement projects, including the first phase of Camp Parks water main replacements and water line replacements in the Wineberry and Canterbury area.
- Design and bid the Bio-Gas Treatment System Improvements.
- Migrate historic development plan paper files to electronic content management system.
- Implement permitting software that will create a customer portal to submit plans to streamline the development review and inspection process.
- Update plan check and inspection fees to ensure direct, indirect and overhead costs are fully recovered through fees.
- Incorporate purchased capacity information by parcel into the Geographic Information System.
- Prepare the Water System Master Plan Update and Operations Plan Update.
- Collaborate with Field Operations to complete a pilot study on leak detection program for the potable water distribution system.
- Complete Business Risk Evaluation for potable water system assets to inform maintenance strategies and replacement planning and avoid unscheduled or costly system outages.
- Develop a replacement plan for WWTP process pipelines, based on material, age, process, surrounding environment, and criticality.
- Review and update the estimated asset life cycle and replacement costs in the asset replacement models for each business enterprise in conjunction with the Capital Improvement Program 2022-2023 Two-Year Budget and 2022-2031 Ten-Year Plan.

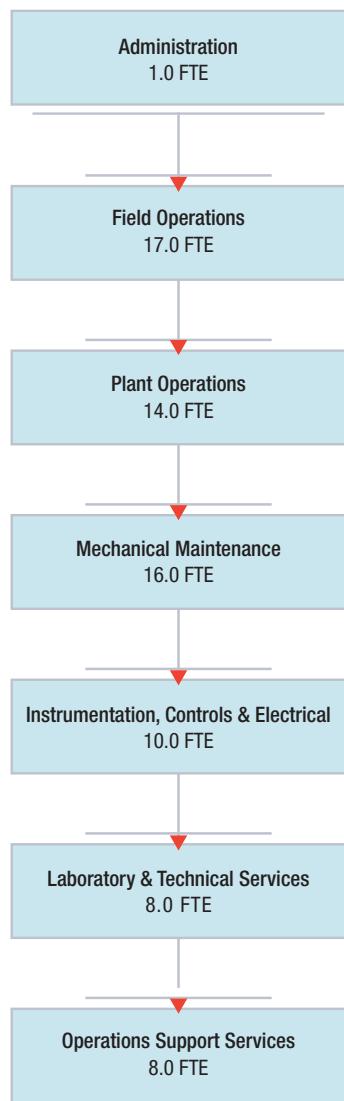


PERFORMANCE MEASURE

Engineering Department	Objective	FYE23 Target	FYE22 Target	FYE21 Estimates	FYE20 Actual
Capital Improvement Projects	1 mile of water pipeline replaced per year	100%	100%	*new	*new
	Spot repair fifty sewer pipe segments every two years	100%	0% (Yr 1 of a 2 Yr Metric)	*new	*new
Permitting & Construction Services	Review planning applications on or before due dates	80%	80%	80%	77%
	Return review comments of improvement plan submittals within 15 days for first submittal and 10 days for second submittal	90%	90%	90%	86%
Planning & Asset Management	District staff complete 75 recycled water site inspections per year	75	75	*new	*new
	Incorporate final project drawing in GIS within 1 month of project acceptance	100%	100%	*new	*new



Florence Khaw, Environmental Compliance Inspector II-Clean Water, performs a recycled water irrigation system inspection.



The Operations Department

The Operations Department is the District's largest department with over half of the staff, and consists of seven divisions providing customers with planned, uninterrupted and responsive water, recycled water, and wastewater collection and treatment services. The Department also provides the Operations and Maintenance (O&M) oversight of DERWA's recycled water facility and LAVWMA's pump station and export transport pipeline to EBDA.

DIVISION INTRODUCTORY/OVERVIEW

50 - Operations Administration

The Operations Administration Division provides operational and regulatory direction. Responsible for the overall permits, obligations for water, wastewater, biosolids, recycled water, laboratory, air boards, and safety.

51 - Field Operations

The Field Operations Division (FOD) operates the District's potable water distribution, recycled water distribution, and wastewater collection systems. The division's personnel also conduct scheduled, unscheduled, and emergency maintenance and repairs of those facilities. FOD operation and maintenance activities meet or exceed the regulatory requirements and best practices recommendations of the State Water Resources Control Board (SWRCB).

52 - Plant Operations

The Plant Operations Division operates the wastewater and recycled water treatment, biosolids treatment and final effluent disposal facilities for DSRSD, LAVWMA and DERWA. Currently, the DSRSD wastewater plant has a designed treatment capacity of 17 million gallons per day (mgd) with an average dry weather flow of 10.3 mgd. The recycled water treatment facilities consist of a newly expanded 16.2 mgd continuous backwash sand filtration plant.

53 - Mechanical Maintenance

The Mechanical Maintenance Division repairs and maintains mechanical systems for the wastewater treatment plant, potable water distribution system, recycled water treatment and distribution system, and LAVWMA and DERWA facilities. The division also maintains the District's fleet of vehicles and mobile support equipment, as well as buildings and facilities at the District Office and Field Operations. The division performs routine preventative, predictive, corrective, and emergency maintenance around the clock.



54 - Instrumentation, Controls and Electrical

The instrumentation, Controls and Electrical (ICE) Division provides corrective and preventative maintenance, and executes projects in order to enhance processes. The Division supports electrical, instrumentation, and Supervisory Control and Data Acquisition (SCADA) for the DSRSD, LAVWMA, and DERWA facilities. Division staff also assists with the design and construction of new facilities.

55 - Laboratory & Technical Services

The Laboratory & Technical Services Division monitors drinking water, wastewater, groundwater, and biosolids to ensure compliance with regulatory standards and to optimize process controls. The Laboratory is the primary point of contact for District customers to answer questions on water quality and is certified by the State Water Board Environmental Laboratory Accreditation Program (ELAP). The Environmental Compliance Section implements the District's Pre-treatment Program, as required by the Wastewater Treatment Plant NPDES permit.

56 - Operations Support Services

The Operations Support Services (OSS) Division provides administrative support to the Operations Department and manages safety, environmental protection, regulatory compliance, and emergency response. OSS manages over 20 safety and environmental programs including compliance with air quality permits, hazardous materials and waste management, petroleum storage (aboveground and underground), and spill response for all District facilities and personnel.



Two 275kW portable standby generators for the Potable Water Pump Station Emergency Response CIP.



ACCOMPLISHMENTS, FYE 2020 AND 2021

- Sustained full operations without permit violations and while assuring a safe work environment for Operations staff during the COVID-19 crisis.
- Restructured work schedules to minimize COVID exposure risk.
- Facilitated relocation of skeleton staff and equipment back into the renovated District Office.
- Continued to aggressively reduce the frequency of water quality events, averaging one annual bacteriological detection over the last two years compared to an average of four annual detections in FY18-19 and an average of 13 annual detections in FY16-17.
- Added more advanced pump station operational controls which allow for new options, including pumping to ideal volumetric targets or only during specific optimal time windows.
- Flushed an annual average of 80% of the system dead-ends.
- Received regulatory approval to operate recycled water sand filtration process at 16.2 mgd.
- Cleaned the anaerobic digester #3 - 1,000,000 gallon capacity.
- Cleaned the facultative sludge lagoon #4.
- Began a pilot test of predictive maintenance and vibration monitoring of critical plant and field assets.
- Inspected 28,000 feet of LAVWMA pipeline.
- Rehabilitated building A locker room sewer line and remodeled the locker room.
- Purchased and upgraded two Environmental Compliance (EC) Trailers for septic and future Fat, Oil and Grease (FOG) haulers.
- Replaced air handler system for the influent pump room.
- Built specialized decontamination response trailer for emergency cleaning.
- Started to repaint the plant process piping to identify area specific color codes.
- Installed chilled water system on Dissolved Air Flow Thickener (DAFT)/plant air compressor system.
- Re-piped building #S.
- Installed power to Water Reservoir 200B.
- Upgraded the electrical instrumentation for the mixers in the facultative sludge lagoons.
- Completed electrical repairs and improvements for WWTP Building Q and the WWTP Emergency Standby 750kW generator.
- Installed improved air valve monitoring at the aeration basins.
- Renewed our application for the Environmental Laboratory Accreditation Program (ELAP).
- Maintained compliance for both the Environmental Compliance Program and the Laboratory throughout COVID-19.
- Developed a permitting mechanism so the plant can receive hauled FOG waste.
- Participated in required regional per and polyfluoroalkyl substances (PFAS) monitoring program with San Francisco Estuary Institute.
- Joined BACWA and UC Berkeley's Wastewater surveillance efforts with Alameda County Public Health for COVID-19 identification project.
- Facilitated the COVID-19 Task Force which included implementing the District-wide Exposure Control Plan, managing Personal Protective Equipment (PPE) supplies and distribution, developing a Site Specific Plan, and overseeing the COVID-19 compliance contractor.
- Update of the District's 2004 Emergency Response Plan.
- Overhauled new employee safety orientation program.
- Successfully led Bay Area Air Quality Management District (BAAQMD) and California Unified Program Agencies (CUPA) inspections for environmental compliance with no violation.



BUDGET SUMMARY

Operating Expenses by Fund	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Local Wastewater Enterprise	1,552,615	1,210,439	1,353,383	1,681,197	1,709,093
Local Wastewater Replacement	2,248	-	-	518,000	43,000
Regional Wastewater Enterprise	9,587,709	10,340,065	10,253,928	11,533,687	11,410,155
Regional Wastewater Replacement	(19,538)	816,135	544,000	659,894	124,000
Water Enterprise	6,111,458	7,111,488	6,724,930	7,816,085	7,715,653
Water Replacement	46,388	109,787	180,500	415,776	213,000
Water Expansion	13,357	-	-	-	-
Administrative Cost Center	857,952	641,306	978,371	829,410	820,853
Total	18,152,190	20,229,220	20,035,113	23,454,049	22,035,754
% Change		11.44%	-0.96%	17.06%	-6.05%

Div.	Operating Expenses by Division	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
50	Operations Administration	571,409	704,768	745,599	776,538	744,128
51	Field Operations	5,713,884	6,080,414	5,508,839	6,877,782	6,216,170
52	Plant Operations	3,973,367	4,666,459	4,666,489	4,712,194	4,680,711
53	Mechanical Maintenance	2,943,629	3,785,380	3,600,788	4,668,996	4,061,455
54	Instrumentation, Controls & Electrical	2,329,984	2,652,568	2,646,531	2,849,603	2,879,218
55	Laboratory and Technical Services	1,513,872	1,572,164	1,848,103	1,869,217	1,743,889
56	Operations Support Services	1,106,045	767,466	1,018,763	1,699,718	1,710,184
Total	18,152,190	20,229,220	20,035,113	23,454,049	22,035,754	
% Change		11.44%	-0.96%	17.06%	-6.05%	

Operating Expenses by Category	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Wages and Benefits	11,434,648	11,464,650	12,216,101	13,445,345	13,629,364
Materials	4,151,762	4,968,964	4,283,213	4,996,502	5,010,822
Contracts	2,278,089	2,576,555	2,549,896	3,092,999	2,683,035
Other Expenses	258,593	293,129	261,403	325,533	332,533
Capital Outlay	29,098	925,922	724,500	1,593,670	380,000
Total	18,152,190	20,229,220	20,035,113	23,454,049	22,035,754
% Change		11.44%	-0.96%	17.06%	-6.05%



BUDGET TRENDS, FYE 2022 AND 2023

The department's budget continues to reflect the increase in service area size and growing state and federal regulatory requirements. To accommodate this additional workload, the adopted budget approves three positions: a management analyst, wastewater operator in training, and water/wastewater operator.

Increases in total pumping demand, water and wastewater quality requirements, and the reopening of our District Office will impact PG&E costs over the next two years. As a result, the materials and supplies budget has increased approximately \$350,000. The District will be monitoring the new PG&E peak demand charges and their effect on our power costs. In addition, the need to catch up on a backlog of electrical projects has increased this budget category by an additional \$150,000 for each of the next two years.

The contracts and other expense categories increased in FYE 2022 by approximately \$500,000 due to the District's Emergency Response Initiative (\$300,000) and increased compliance for new Water Board standards and purchasing updated equipment to increase testing capabilities (\$200,000). The budget continues our commitment to a five-year water subsurface repair program, root evasion maintenance, reservoir cleanings, and other key proactive maintenance efforts. In addition, a new vibration monitoring system is being installed to proactively identify pump failures.

Finally, the capital outlay budget fluctuates widely from year to year based on District needs for replacement and new equipment. The increase over prior years for FYE 2022 include a tractor for bio-solids harvesting (\$303,000), Laboratory improvements (\$65,000), and forklift and valve truck (\$350,000).

PERFORMANCE MEASURES

Operations Department	Objective	FYE23 Target	FYE22 Target	FYE21 Estimates	FYE20 Actual
Water Distribution	Bacteriological Positive Samples	0	0	1	1
Collections System	Sanitary Sewer Overflows	0	0	1	4
BAAQMD/Facility Compliance	Program Compliance/ Inspections	100%	100%	100%	100%
WWTP Self-Generation Power	Power 70% of annual electrical demand	70%	70%	70%	69%
Diverted WWTP Effluent from LAVWMA	Annual diversion of 40%	40%	40%	40%	38%

TOP DEPARTMENT GOALS, FYE 2022 AND 2023

- Review and amend operational agreements for DERWA and LAVWMA.
- Monitor evolving regulatory requirements for constituents of emerging concerns.
- Incorporate innovative forecasting technology for operational process/ water quality data.
- Perform annual hydro cleaning of 150,000 feet of the wastewater collection system using frequencies and priorities established by the asset management program.
- Flush approximately 700 dead-end mains in the water distribution system annually.
- Exercise 25% of system valves in the water distribution system annually.
- Record 50,000 feet of closed circuit television (CCTV) to view the wastewater collection system using frequencies and priorities established by the asset management program.
- Perform preventative maintenance on at least 20% of the 3500 fire hydrants in the system.
- Update the Water System Distribution Operations and Maintenance Plan in FYE 2023.
- Harvest biosolids from facultative lagoon #6.
- Update electronic operations and maintenance manual.
- Obtain regulatory approval to chlorinate wastewater effluent after DERWA during peak recycled water irrigation season in order to save on chemical and power costs.
- Achieve at least 60% of preventive maintenance work orders for the fiscal year.
- Create an inventory of emergency assets, equipment, and materials.
- Assign and complete all preventive maintenance work orders using desk top computers or mobile devices, thereby eliminating the use of paper.
- Complete vendor choice on vibration equipment and installation on critical assets and start machine predictive health monitoring.
- Complete compliance upgrades for cogeneration equipment.
- Complete the Wastewater Treatment and Recycled Water Treatment SCADA system upgrade.
- Complete WWTP Electrical Master Plan.
- Support electronic records management efforts by capturing record drawings and O&M shop drawings into OnBase.
- Create SOPs, worksheets, work instructions, and document control compliant with the 2016 TNI Standards which the accreditation body CA Environmental Laboratory Accreditation Program (ELAP) has adopted.
- Implement the 2022 Third Party Assessment and the 2016 National Environmental Laboratories Accreditation Conference (TNI) Standards before the end of 2023.
- Improve reporting efficiency and accuracy by working with IT to pull data from multiple systems into a report for compliance and monitoring.
- Review and improve the pre-treatment program by updating the Pre-Treatment Program's Administrative Manual, review/ make updates to permits, enforcement and sampling.
- Ensure compliance with CUPA program reporting and implementation requirements (fire safety, hazardous materials, hazardous waste, aboveground and underground storage tanks).
- Ensure compliance with BAAQMD and California Air Resources Board (CARB) program reporting and implementation requirements.
- Update the District's Environmental Health and Safety Program and foster a District-wide safety culture.
- Update the Emergency Response Plan and the Emergency Operations Center (EOC).

Non-Departmental

Non-Departmental consists of account groups used for costs that are not specifically related to any one department. Expenses in this group are overseen by the Administrative Services Department. Expenses include personnel costs (retiree medical and dental, unemployment payments, medical insurance administration fees, pension/Other Post-Employment Benefits (OPEB) Unfunded Actuarial Liability (UAL) funding), materials (meters for new accounts, wholesale water purchases from Zone 7 Water Agency, replacement of smaller computer equipment), contract services (liability insurance, legal services, general maintenance contracts, bond administration) and other costs (payments to joint powers authorities, debt payments and bond issuance costs).

BUDGET TRENDS, FYE 2022 AND 2023

This budget is basically a status quo budget. Variations from FYE 2020 include the following: increases of 30-35% for property insurance and 22% for general liability insurance (approximately \$240,000 in FYE 2022 and another \$90,000 in FYE 2023); a policy decision to not accelerate payment of the District's Unfunded Actuarial Liability (UAL) starting in FYE 2022 until economic recovery from COVID-19 (\$-300,000) is reflected in our revenue base; additional credit card fee absorption to encourage our customers to auto pay their bills (\$50,000); and general inflation. Variations in the other expense category are generally due to contributions to our Joint Powers Authorities, including capital projects which can vary by year, and the fluctuations in the Dougherty Valley State Water Project pass-through charges.

Debt expenses are budgeted for principal and interest payments to adjust working capital for forecasting needs. Upon actual payment however, expenditures reflect interest only while actual principal paydowns are deducted from the outstanding debt liability accounts.



BUDGET SUMMARY

Operating Expenses by Fund	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Local Wastewater Enterprise	(13,370)	174,111	260,178	125,017	155,976
Local Wastewater Rate Stabilization	-	1,411	4,100	9,000	9,000
Local Wastewater Replacement	12,839	-	-	-	-
Local Wastewater Expansion	(4,545)	33,020	-	-	-
Regional Wastewater Enterprise	3,623,545	4,380,613	4,527,995	4,728,650	4,856,820
Regional Wastewater Rate Stabilization	-	1,411	4,100	9,000	9,000
Regional Wastewater Replacement	47,916	279,600	279,600	279,600	279,600
Regional Wastewater Expansion	7,999,178	2,897,298	4,313,654	4,310,354	4,311,229
Water Enterprise	15,792,961	18,837,525	18,905,629	19,187,568	20,464,844
Water Rate Stabilization	46,213	57,884	88,800	133,300	140,625
Water Replacement	(10,163)	9,249	178,120	286,120	173,880
Water Expansion	4,781,881	5,477,033	3,755,110	2,719,295	2,699,945
Administrative Cost Center	320,725	1,740,866	570,954	905,221	996,170
Other Post-Employment Benefits	859,824	981,328	1,064,867	931,328	945,553
DV Standby Assessment District	1,804,794	1,415,988	2,052,000	1,799,291	2,004,481
Total	35,261,799	36,287,335	36,005,106	35,423,743	37,047,123
% Change		2.91%	-0.78%	-1.61%	4.58%

Div.	Operating Expenses by Division	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
70	Non-Departmental	35,261,799	36,287,335	36,005,106	35,423,743	37,047,123
	Total	35,261,799	36,287,335	36,005,106	35,423,743	37,047,123
	% Change		2.91%	-0.78%	-1.61%	4.58%

Operating Expenses by Category	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Wages and Benefits	865,785	2,201,761.53	2,639,365	1,992,302	2,270,418
Materials	14,213,336	15,590,060.88	16,271,425	16,548,869	17,716,103
Contracts	2,049,357	4,306,585.82	2,761,954	2,891,312	3,192,433
Other Expenses	18,133,321	14,188,927.10	14,332,363	13,991,260	13,868,168
Total	35,261,799	36,287,335.28	36,005,106	35,423,743	37,047,123
% Change		2.91%	-0.78%	-1.61%	4.58%



Other Expenses by Category	FYE19 Actual	FYE20 Actual	FYE21 Estimated	FYE22 Budget	FYE23 Budget
Contribution to JPA - O&M	4,243,810	4,530,621	4,244,465	4,781,298	4,781,298
Contribution to JPA - Capital Expenses	5,365,789	1,107,800	1,509,560	581,820	453,480
Contribution to JPA - Debt Expenses	6,586,531	6,587,794	6,600,825	6,596,405	6,597,578
Debt Expenses	1,878,925	1,875,570	1,880,513	1,880,438	1,877,188
Miscellaneous Expenses	58,266	87,142	97,000	151,300	158,625
Total	18,133,321	14,188,927	14,332,363	13,991,260	13,868,168
% Change		-21.75%	1.01%	-2.38%	-0.88%



► Appendix

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DISTRICT POLICIES

Financial Policies

District management is responsible for establishing and maintaining an internal control structure that protects the assets of the District from loss, theft, or misuse. Recognizing the critical importance of financial planning and controls, the District has developed comprehensive financial policies based on industry best practices. The policies guide long-term planning and ensure that financial decisions are analyzed and applied in a consistent manner.

Policies are not permanent documents but may be modified or rescinded in whole or in part at any time by the Board. District policies are reviewed on a regular basis and are adopted by resolution at a duly noticed meeting of the Board of Directors. The District has a number of financial policies, some of which are summarized below. The following policies can be found in their entirety on our website at www.dsrsd.com/about-us/district-policies

Auditor Selection and Services

This policy establishes guidelines to obtain auditing services from a highly-qualified firm, and to ensure there are no financial incentives that would jeopardize that firm from maintaining their independence. The Policy states the auditor may not perform other consulting services for the District and requires a full-scale competitive bidding process to be conducted at least every five years.

DSRSD prepares and submits its Comprehensive Annual Financial Report (CAFR) to the Governmental Finance Officers Association (GFOA) for inclusion in its awards program. The District has received the association's Certificate of Achievement for Excellence in Financial Reporting each time it has submitted a report. The District's current and past CAFRs are available online at www.dsrsd.com/about-us/library/financial-information

Budgeting Accountability

This policy provides operations and capital improvement program (CIP) budget controls. The General Manager is accountable to the Board of Directors for meeting the budgetary objectives set by the Board. The Board approves the operating budget at the total fund level, ensuring that it maintains control of rates and fees. In addition, the Board approves the maximum number of full time equivalent (FTE) staff positions as well as the number of those FTEs that are limited-term positions.

In adopting the CIP budget, the Board authorizes new projects and programs, and approves total project and program budgets. Expenses are controlled at the project level and project managers are responsible for their assigned projects. The General Manager is responsible for ensuring that the individual project appropriations and total fund appropriations are not exceeded, except as otherwise permitted by other policies.

DSRSD prepares and submits its operating budget to the California Society of Municipal Finance Officers (CSMFO) for inclusion in its awards program. The District has received the association's Operating Budget Excellence Award each time it has submitted a report. The District's current and past operating and CIP budgets are available online at www.dsrsd.com/Home>ShowDocument?id=298

Capital Financing and Debt Management

This policy establishes parameters for issuing and managing debt. The District will only use debt financing to purchase or build capital assets that cannot be acquired from either current revenues or replacement reserves and to fund capital improvements and additions; it will not be used for operating and maintenance costs. Lease/Purchase agreements for the purchase of vehicles, equipment and other capital assets shall generally be avoided, particularly if smaller quantities of the asset can be purchased on a pay-as-you-go basis. Visit www.dsrsd.com/Home>ShowDocument?id=300

Consolidated Water Enterprise Fund

This policy directs potable water and recycled water to be managed as consolidated funds for operations, replacement, and expansion. In support of its mission, the District is committed to planning, designing, constructing, operating and maintaining the District's water system to meet all legal and regulatory requirements and contractual obligations. In order to do so, it is imperative that sufficient revenue be collected and appropriate reserves be maintained for both the potable and recycled water systems (collectively the "Water System"). It is equally important that an appropriate financial structure and reporting system be maintained to account for the cost of providing potable and recycled water service (collectively, "Water Service") and the investments made by the District into the Water System. Visit www.dsrsd.com/Home>ShowDocument?id=302

Debt Disclosure

This policy ensures the District is in compliance with all applicable federal and state securities laws related to debt issuances. This policy also provides internal control procedures to assure disbursements are issued with appropriate documentation and approval. Additionally, this policy provides guidance on reviewing and approving, official statements, filing continuing disclosures and managing financial information released to the public. Visit www.dsrsd.com/home/showpublisheddocument/2248/637054461350370000

Financial Reserves

This policy guides the prudent accumulation and management of designated reserves. Designated reserves are earmarked by the Board of Directors for purposes such as funding new capital facilities, construction, repair, replacement or refurbishment of existing facilities, rate stabilization, emergency and operating reserves. These funds can be utilized at the discretion of the District. The Board can change fund designations at any time. Visit www.dsrsd.com/Home>ShowDocument?id=304

Investment

This policy directs public funds to be invested in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the District's investment policy. Visit www.dsrsd.com/Home>ShowDocument?id=306

Project Cost Allocation

This policy establishes the basis for determining how the cost of projects should be allocated between funds. Project costs are to be allocated 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. Visit www.dsrsd.com/Home>ShowDocument?id=308

Rate Policies and Guidelines

This policy guides decision-making for developing and adopting rates using a generally-accepted methodology that provides financial stability, achieves rate stability, ensures public well-being and safety, and considers rate impacts. Visit www.dsrsd.com/Home>ShowDocument?id=310

All current District policies are available online at www.dsrsd.com/about-us/district-policies

GLOSSARY

AMI	Advanced Metering Infrastructure
ACWA	Association of California Water Agencies
BACWA	Bay Area Clean Water Agencies
CAFR	Comprehensive Annual Financial Report
CalPERS	California Public Employees' Retirement System
CIP	Capital Improvement Projects
CASA	California Association of Sanitation Agencies
CERBT	California Employers' Retiree Benefit Trust
CMMS	Computerized Maintenance Management System
COLA	Cost of Living Adjustment
CPI	Consumer Price Index
CSDA	California Special Districts Association
DERWA	DSRSD-EBMUD Recycled Water Authority
DSRSD	Dublin San Ramon Services District
DVSAD	Dougherty Valley Standby Assessment District
EBDA	East Bay Dischargers Authority
EBMUD	East Bay Municipal Utility District
FSL	Facultative Sludge Lagoon
FTE	Full-Time Equivalent
FYE	Fiscal Year Ending
GASB	Governmental Accounting Standards Board
GIS	Geographic Information System

JPA	Joint Powers Authority
LAVWMA	Livermore-Amador Valley Water Management Agency
MGD	Million Gallons per Day
MOU	Memorandum of Understanding
OPEB	Other Post-Retirement Employment Benefits
PEPRA	Public Employees' Pension Reform Act
PMIA	Pooled Money Investment Account
RPM	Replacement Planning Model
SCADA	Supervisory Control and Data Acquisition
SWP	State Water Project
TIC	Temporary Infrastructure Charge
UAL	Unfunded Actuarial Liability
USA	Underground Service Alert
UWMP	Urban Water Master Plan
WWTP	Wastewater Treatment Plant

CONSOLIDATED DEBT SCHEDULE

	LAWMA (1) 2011 Sewer Revenue Refunding Bonds (DSRSD & City of Pleasanton Portion)			DERWA State Loan (DSRSD Portion)			2017 Water Revenue Refunding Bonds		
Fiscal Year	Principal Due	Interest Due	Total Debt Service	Principal Due	Interest Due	Total Debt Service	Principal Due	Interest Due	Total Debt Service
2021-22	\$3,565,239	\$2,208,409	\$5,773,648	\$758,881	\$86,913	\$845,794	\$455,000	\$1,425,438	\$1,880,438
2022-23	\$3,749,274	\$2,025,546	\$5,774,820	\$777,853	\$67,941	\$845,794	\$475,000	\$1,402,188	\$1,877,188
2023-24	\$3,940,527	\$1,862,855	\$5,803,382	\$797,300	\$48,495	\$845,794	\$500,000	\$1,377,813	\$1,877,813
2024-25	\$4,084,869	\$1,691,774	\$5,776,643	\$817,232	\$28,562	\$845,794	\$525,000	\$1,352,188	\$1,877,188
2025-26	\$4,294,164	\$1,482,298	\$5,776,462	\$325,253	\$8,131	\$333,384	\$550,000	\$1,325,313	\$1,875,313
2026-27	\$4,510,676	\$1,284,731	\$5,795,407				\$1,020,000	\$1,286,063	\$2,306,063
2027-28	\$4,698,321	\$1,077,059	\$5,775,380				\$1,360,000	\$1,226,563	\$2,586,563
2028-29	\$4,940,093	\$836,099	\$5,776,192				\$1,420,000	\$1,157,063	\$2,577,063
2029-30	\$5,192,691	\$602,252	\$5,794,943				\$1,495,000	\$1,084,188	\$2,579,188
2030-31	\$5,420,029	\$373,344	\$5,793,373				\$1,570,000	\$1,007,563	\$2,577,563
2031-32	\$5,661,801	\$127,391	\$5,789,192				\$1,645,000	\$927,188	\$2,572,188
2032-33							\$1,725,000	\$842,938	\$2,567,938
2033-34							\$1,815,000	\$754,438	\$2,569,438
2034-35							\$1,905,000	\$661,438	\$2,566,438
2035-36							\$1,995,000	\$563,938	\$2,558,938
2036-37							\$2,100,000	\$461,563	\$2,561,563
2037-38							\$2,200,000	\$354,063	\$2,554,063
2038-39							\$2,290,000	\$263,281	\$2,553,281
2039-40							\$2,355,000	\$190,703	\$2,545,703
2040-41							\$2,425,000	\$116,016	\$2,541,016
2041-42							\$2,500,000	\$39,063	\$2,539,063
Total	\$50,057,682	\$13,571,759	\$63,629,441	\$3,476,519	\$240,042	\$3,716,561	\$32,325,000	\$17,819,000	\$50,144,000

Footnote:

DSRSD budgets for both the District's and Pleasanton's share of debt because the District collects the regional sewer service charge and the capacity fee revenues.

NOTES

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FYE 2022 OPERATING BUDGET	Local Watewater Enterprise	Local Wastewater RSF	Local Wastewater Replacement	Local Wastewater Expansion	Regional Wastewater Enterprise	Regional Wastewater RSF	Regional Wastewater Replacement	Regional Wastewater Expansion	Water Enterprise	Water RSF	Water Replacement	Water Expansion	Administrative Cost Center	OPEB	DV Standby District		
	200	205	210	220	300	305	310	320	600	605	610	620	900	965	995	Total	
Beginning Working Capital (ESTIMATED)	1,727,693	743,787	4,117,198	7,585,333	9,726,066	11,950,251	32,272,598	42,061,722	11,910,810	15,978,910	26,581,086	41,636,229	-	-	816,458	207,108,140	
Revenues:																	
Zone 7 Revenue (600.1.150.10)	-	-	-	-	-	-	-	-	16,294,603	-	-	-	-	-	-	16,294,603	
DSRSD Fixed Charge (600.1.150.10)	-	-	-	-	-	-	-	-	7,562,632	-	-	-	-	-	-	7,562,632	
DSRSD Potable Revenue (600.1.150.10)	-	-	-	-	-	-	-	-	5,543,709	-	-	-	-	-	-	5,543,709	
DSRSD Recycled Revenue (600.1.150.30)	-	-	-	-	-	-	-	-	5,602,658	-	-	-	-	-	-	5,602,658	
Power Charge Revenue (600.1.150.35)	-	-	-	-	-	-	-	-	829,342	-	-	-	-	-	-	829,342	
Dublin Sewer Service Charge (1.110.10)	3,446,176	-	-	-	-	9,777,629	-	-	-	-	-	-	-	-	-	13,223,804	
San Ramon Sewer Service Charge (1.110.30)	794,032	-	-	-	-	2,077,578	-	-	-	-	-	-	-	-	-	2,871,610	
Pleasanton Sewer Service Charge (1.110.15)	-	-	-	-	-	10,899,061	-	-	-	-	-	-	-	-	-	10,899,061	
Miscellaneous Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Pretreatment/Lab Tests- DSRSD (1.110.40)	-	-	-	-	-	71,994	-	-	-	-	-	-	-	-	-	71,994	
Pretreatment/Lab Tests- Pleasanton (1.110.45)	-	-	-	-	-	80,391	-	-	-	-	-	-	-	-	-	80,391	
Total Service Charges	4,240,208	-	-	-	-	22,906,653	-	-	35,832,945	-	-	-	-	-	-	62,979,805	
Capacity Reserve Fees	-	-	1,075,668	32,811	-	-	2,000,231	5,390,728	-	2,238,643	4,927,288	-	-	-	-	15,665,369	
Other Revenues	335,001	-	-	-	-	1,727,900	-	-	1,466,475	885,390	-	-	1,490,335	-	1,783,759	7,688,860	
Interest	15,111	7,438	41,172	75,853	101,056	108,118	322,726	420,617	120,503	159,789	265,811	416,362	-	-	8,165	2,062,721	
Total Revenues	4,590,319	7,438	1,116,840	108,664	24,735,609	108,118	2,322,957	5,811,345	37,419,923	1,045,179	2,504,454	5,343,650	1,490,335.0	-	1,791,924	88,396,756	
Transfers In:																	
Replacement Allocations	-	-	-	-	-	-	1,800,000	-	-	-	6,169,688	-	-	-	-	7,969,688	
Transfers In-Cross Connections	-	-	-	-	-	-	-	-	-	110,400	-	-	-	-	-	110,400	
Transfers In-Other	-	-	-	-	895,833	-	-	-	-	-	-	-	-	931,328	-	1,827,161	
5th Supplement Agreement (Regional to Water)	-	-	-	-	-	-	-	-	660,000	-	-	-	-	-	-	660,000	
Total Transfers In	-	-	-	-	895,833	-	-	1,800,000	-	660,000	-	6,280,088	-	-	931,328	-	10,567,249
Total Revenue	4,590,319	7,438	1,116,840	1,004,497	24,735,609	108,118	4,122,957	5,811,345	38,079,923	1,045,179	8,784,542	5,343,650	1,490,335	931,328	1,791,924	98,964,005	
Operating Expenses:																	
Operating																	
Wages and Benefits	2,041,072	-	-	-	-	8,373,636	-	-	7,569,050	-	-	-	5,634,661	-	-	23,618,419	
Unfunded Actuarial Liability (Pension/OPEB)	123,317	-	-	-	-	485,447	-	-	442,310	-	-	-	1,600	(215,416)	-	837,258	
Staff Time Charged to Projects/JPAs	(44,951)	-	-	-	-	(1,033,758)	-	-	(480,395)	-	-	-	(15,869)	-	-	(1,574,973)	
Other Personnel Costs	92,852	-	-	-	-	813,843	-	-	660,118	-	-	-	361,943	1,146,744	-	3,075,500	
Chemicals, Gas & Electric	6,600	-	-	-	-	2,001,042	-	-	1,125,500	-	-	-	66,000	-	-	3,199,142	
Other Materials	83,928	-	-	-	-	1,140,983	-	-	902,539	-	-	-	239,960	-	-	2,367,410	
Water Purchase	-	-	-	-	-	-	-	-	16,071,869	-	-	-	-	-	-	16,071,869	
Contracts	369,871	-	-	-	-	1,567,791	-	-	2,040,707	-	-	-	2,203,610	-	1,799,291	7,981,270	
5th Supplement Agreement (Regional to Pleasanton)	-	-	-	-	-	123,600	-	-	-	-	-	-	-	-	-	123,600	
Other	27,120	9,000	-	-	-	243,894	9,000	-	170,954	133,300	-	-	87,145	-	-	680,413	
Contribution to JPA	-	-	-	-	-	2,437,609	-	279,600	-	2,343,689	-	286,120	16,100	-	-	5,363,118	
Debt Service	-	-	-	-	-	1,463,294	-	-	4,310,354	-	-	2,703,195	-	-	-	8,476,842	
Capital Outlay	-	-	-	550,900	-	-	-	674,094	-	-	477,676	-	-	-	-	1,702,670	
Allocated Costs	804,536	-	-	-	-	3,300,663	-	-	-	2,983,517	-	-	(7,088,715)	-	-	-	
Total Operating Expenses	3,504,344	9,000	550,900	-	20,918,045	9,000	953,694	4,310,354	33,829,857	133,300	763,796	2,719,295	1,490,335	931,328	1,799,291	71,922,539	
Capital Projects - Proposed Fund Limits	-	-	-	1,654,986	-	-	-	9,902,013	4,934,286	-	-	11,309,711	8,700,706	-	-	36,501,702	
Transfers Out:																	
Replacement Allocations	-	-	-	-	-	1,800,000	-	-	6,169,688	-	-	-	-	-	-	7,969,688	
Transfers Out - Cross Connections	-	-	-	-	-	-	-	-	110,400	-	-	-	-	-	-	110,400	
Transfers Out - Other	109,267	-	895,833	-	-	430,125	-	-	391,936	-	-	-	-	-	-	1,827,161	
5th Supplement Agreement (Regional to Water)	-	-	-	-	-	660,000	-	-	-	-	-	-	-	-	-	660,000	
Total Transfers Out	109,267	-	895,833	-	-	2,890,125	-	-	6,672,024	-	-	-	-	-	-	10,567,249	
Total Expenses	3,613,611	9,000	3,101,719	-	23,808,170	9,000	10,855,707	9,244,640	40,501,881	133,300	12,073,507	11,420,001	1,490,335.0	931,328	1,799,291	118,991,490	
Net increase (decrease) pre RSF transfers	976,708	(1,															

FY 2023 OPERATING BUDGET	Local Watewater Enterprise	Local Wastewater RSF	Local Wastewater Replacement	Local Wastewater Expansion	Regional Wastewater Enterprise	Regional Wastewater RSF	Regional Wastewater Replacement	Regional Wastewater Expansion	Water Enterprise	Water RSF	Water Replacement	Water Expansion	Administrative Cost Center	OPEB	DV Standby District	
	200	205	210	220	300	305	310	320	600	605	610	620	900	965	995	Total
Beginning Working Capital (ESTIMATED)	1,752,172	1,694,455	2,132,319	8,589,830	10,459,022	12,243,851	25,539,847	38,628,427	11,276,619	15,103,022	23,292,121	35,559,879	-	-	809,091	187,080,654
Revenues:																-
Zone 7 Revenue (600.1.150.10)	-	-	-	-	-	-	-	-	17,383,582	-	-	-	-	-	-	17,383,582
DSRSD Fixed Charge (600.1.150.10)	-	-	-	-	-	-	-	-	7,929,806	-	-	-	-	-	-	7,929,806
DSRSD Potable Revenue (600.1.150.10)	-	-	-	-	-	-	-	-	5,831,497	-	-	-	-	-	-	5,831,497
DSRSD Recycled Revenue (600.1.150.30)	-	-	-	-	-	-	-	-	5,772,733	-	-	-	-	-	-	5,772,733
Power Charge Revenue (600.1.150.35)	-	-	-	-	-	-	-	-	877,161	-	-	-	-	-	-	877,161
Dublin Sewer Service Charge (1.110.10)	3,675,993	-	-	-	10,528,862	-	-	-	-	-	-	-	-	-	-	14,204,855
San Ramon Sewer Service Charge (1.110.30)	817,876	-	-	-	2,139,883	-	-	-	-	-	-	-	-	-	-	2,957,759
Pleasanton Sewer Service Charge (1.110.15)	-	-	-	-	11,243,642	-	-	-	-	-	-	-	-	-	-	11,243,642
Miscellaneous Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pretreatment/Lab Tests- DSRSD (1.110.40)	-	-	-	-	74,081	-	-	-	-	-	-	-	-	-	-	74,081
Pretreatment/Lab Tests- Pleasanton (1.110.45)	-	-	-	-	82,721	-	-	-	-	-	-	-	-	-	-	82,721
Total Service Charges	4,493,869	-	-	1,422,509	43,391	24,069,190	-	-	37,794,779	-	-	-	-	-	-	66,357,837
Capacity Reserve Fees	-	-	-	-	-	3,302,790	8,746,658	-	-	3,346,116	7,274,021	-	-	-	-	24,135,485
Other Revenues	81,300	-	-	-	1,156,873	-	-	-	807,190	911,622	-	-	1,515,605	-	1,999,463	6,472,052
Interest	17,522	13,304	21,323	85,898	103,289	112,704	255,398	386,284	112,551	147,817	233,547	355,460	-	-	8,091	1,853,188
Total Revenues	4,592,691	13,304	1,443,832	129,289	25,329,352	112,704	3,558,188	9,132,942	38,714,519	1,059,439	3,579,663	7,629,481	1,515,605	-	2,007,554	98,818,562
Transfers In:																
Replacement Allocations	-	-	800,000	-	-	2,100,000	-	-	-	6,280,000	-	-	-	-	-	9,180,000
Transfers In-Other	-	-	-	875,000	-	-	-	-	-	-	-	-	945,553	-	-	1,820,553
5th Supplement Agreement (Regional to Water)	-	-	-	-	-	-	-	-	680,000	-	-	-	-	-	-	680,000
Total Transfers In	-	-	800,000	875,000	-	-	2,100,000	-	680,000	-	6,280,000	-	-	945,553	-	11,680,553
Total Revenue	4,592,691	13,304	2,243,832	1,004,289	25,329,352	112,704	5,658,188	9,132,942	39,394,519	1,059,439	9,859,663	7,629,481	1,515,605	945,553	2,007,554	110,499,115
Operating Expenses:																
Wages and Benefits	2,078,140	-	-	-	8,530,348	-	-	-	7,711,211	-	-	-	5,718,599	-	-	24,038,298
Unfunded Actuarial Liability (Pension/OPEB)	154,276	-	-	-	607,320	-	-	-	553,352	-	-	-	1,618	(289,427)	-	1,027,138
Staff Time Charged to Projects/JPAs	(45,906)	-	-	-	(1,049,400)	-	-	-	(489,716)	-	-	-	(16,729)	-	-	(1,601,750)
Other Personnel Costs	73,481	-	-	-	740,045	-	-	-	618,088	-	-	-	331,686	1,234,980	-	2,998,280
Chemicals, Gas & Electric	6,800	-	-	-	2,001,242	-	-	-	1,127,100	-	-	-	67,000	-	-	3,202,142
Other Materials	81,234	-	-	-	1,134,623	-	-	-	913,936	-	-	-	233,780	-	-	2,363,573
Water Purchase	-	-	-	-	-	-	-	-	17,238,103	-	-	-	-	-	-	17,238,103
Contracts	378,938	-	-	-	1,436,274	-	-	-	1,703,749	-	-	-	2,310,486	-	-	7,833,928
5th Supplement Agreement (Regional to Pleasanton)	-	-	-	-	123,600	-	-	-	-	-	-	-	-	-	-	123,600
Other	27,120	9,000	-	-	250,894	9,000	-	-	170,534	140,625	-	-	87,145	-	-	694,318
Contribution to JPA	-	-	-	-	2,437,609	-	279,600	-	2,343,689	-	173,880	-	-	-	-	5,234,778
Debt Service	-	-	-	-	1,463,591	-	-	4,311,229	-	-	-	2,699,945	-	-	-	8,474,765
Capital Outlay	-	-	43,000	-	-	124,000	-	-	-	-	213,000	-	-	-	-	380,000
Allocated Costs	818,789	-	-	-	3,360,965	-	-	-	3,038,224	-	-	-	(7,217,979)	-	-	-
Total Operating Expenses	3,572,873	9,000	43,000	-	21,037,112	9,000	403,600	4,311,229	34,928,271	140,625	386,880	2,699,945	1,515,605	945,553	2,004,481	72,007,173
Capital Projects - Proposed Fund Limits	-	-	1,325,400	100,000	-	-	6,557,063	1,165,640	-	-	13,223,130	14,048,725	-	-	-	36,419,958
Transfers Out:																
Replacement Allocations	800,000	-	-	-	2,100,000	-	-	-	6,280,000	-	-	-	-	-	-	9,180,000
Transfers Out - Other	110,936	-	875,000	-	436,694	-	-	-	397,922	-	-	-	-	-	-	1,820,553
5th Supplement Agreement (Regional to Water)	-	-	-	-	680,000	-	-	-	-	-	-	-	-	-	-	680,000
Total Transfers Out	910,936	-	875,000	-	3,216,694	-	-	-	6,677,922	-	-	-	-	-	-	11,680,553
Total Expenses	4,483,809	9,000	2,243,400	100,000	24,253,807	9,000	6,960,663	5,476,869	41,606,193	140,625	13,610,010	16,748,670	1,515,605	945,553	2,004,481	120,107,684
Net increase (decrease) pre RSF transfers	108,882	4,304	432	904,289	1,075,545	103,704	(1,302,475)	3,656,072	(2,211,674)	918,814	(3,750,347)	(9,119,189)	-	-	3,073	(9,608,569)
Ending Working Capital pre RSF transfers	1,861,054	1,698,759	2,132,751	9,494,119	11,534,568	12,347,555	24,237,373	42,284,499	9,064,945	16,021,836	19,541,774	26,440,690</td				

IN MEMORY OF



Madelyne "Maddi" Misheloff
Director
Dublin San Ramon Services District
Served from 2015 ~ 2020



**Dublin San Ramon
Services District**

Water, wastewater, recycled water

7051 Dublin Blvd.
Dublin, CA 94568

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