

AGENDA

NOTICE OF REGULAR MEETING

TIME: 6 p.m.

DATE: Tuesday, January 20, 2026

PLACE: Regular Meeting Place
7051 Dublin Boulevard, Dublin, CA
www.dsrsd.com

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

1. CALL TO ORDER
2. PLEDGE TO THE FLAG
3. ROLL CALL
4. SPECIAL ANNOUNCEMENTS/ACTIVITIES
 - 4.A. New Employee Introductions
5. PUBLIC COMMENT (MEETING OPEN TO THE PUBLIC)

At this time those in the audience are encouraged to address the Board on any item of interest that is within the subject matter jurisdiction of the Board and not already included on tonight's agenda. Comments should not exceed five minutes. Speaker cards are available from the District Secretary and should be completed and returned to the District Secretary prior to addressing the Board. The President of the Board will recognize each speaker, at which time the speaker should proceed to the lectern. Written comments received by 3 p.m. on the day of the meeting will be provided to the Board.
6. AGENDA MANAGEMENT (CONSIDER ORDER OF ITEMS)
7. CONSENT CALENDAR

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

 - 7.A. Approve Regular Meeting Minutes of January 6, 2026
Recommended Action: Approve by Motion
8. BOARD BUSINESS
 - 8.A. Adopt Revised Proposition 218 Receipt, Tabulation, and Validation of Written Protests Policy, Renamed to Proposition 218 Written Protests, Written Objections, and Exhaustion of Administrative Remedies Policy, and Rescind Resolution No. 37-19
Recommended Action: Adopt Policy by Resolution

Board of Directors

Division 1 ♦ Dinesh Govindarao | Division 2 ♦ Edward Duarte | Division 3 ♦ Richard Halket
Division 4 ♦ Georgean Vonheeder-Leopold | Division 5 ♦ Arun Goel

- 8.B. Receive Presentation on Draft 2026 Regional and Local Wastewater Cost of Service Study
Recommended Action: Receive Presentation

9. REPORTS

9.A. Boardmember Items

- 9.A.1. Joint Powers Authority and Committee Reports
9.A.2. Submittal of Written Reports for Day of Service Events Attended by Directors
9.A.3. Request New Agenda Item(s) Be Placed on a Future Board or Committee Agenda

9.B. Staff Reports

- 9.B.1. General Manager Monthly Report

10. CLOSED SESSION

- 10.A. Conference with Labor Negotiators Pursuant to Government Code Section 54957.6
Agency Negotiators: Jan Lee, General Manager
Michelle Gallardo, Administrative Services Director
Samantha Koehler, Human Resources and Risk Manager
Employee Organization: Stationary Engineers, Local 39
Additional Attendees: Cepideh Roufougar, Jackson Lewis P.C.
- 10.B. Public Employee Performance Evaluation Pursuant to Government Code Section 54957
Title: General Manager
- 10.C. Conference with Labor Negotiators Pursuant to Government Code Section 54957.6
Agency Designated Representative: Douglas E. Coty, General Counsel
Unrepresented Employee: General Manager

11. REPORT FROM CLOSED SESSION

12. ADJOURNMENT

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

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

January 6, 2026

1. CALL TO ORDER

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

2. PLEDGE TO THE FLAG

3. ROLL CALL

Boardmembers present at start of meeting: President Richard M. Halket, Vice President Dinesh Govindarao, Director Georgean M. Vonheeder-Leopold, and Director Edward R. Duarte.

Director Arun Goel entered the meeting at 6:04 p.m. after the roll call was done.

District staff present: Jan Lee, General Manager/Treasurer; Michelle Gallardo, Administrative Services Director; Steve Delight, Engineering Services Director/District Engineer; Dan Gill, Operations Director; Douglas E. Coty, General Counsel; and Nicole Genzale, Executive Services Supervisor/District Secretary.

4. SPECIAL ANNOUNCEMENTS/ACTIVITIES – None.

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

6. AGENDA MANAGEMENT (CONSIDER ORDER OF ITEMS) – No changes made.

7. CONSENT CALENDAR

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

7.A. Approve Regular Meeting Minutes of December 16, 2025 – Approved

7.B. Authorize Agreement for Consulting Services with Brown and Caldwell for Cogeneration Engine Replacement Project (CIP 26-P015) – Phase 1 – Approved

8. BOARD BUSINESS

8.A. Receive Fleet Management Program Update

Operations Director Gill reviewed the item for the Board and gave a presentation (posted to the website as supplemental materials). The Board and staff discussed aspects of the presentation regarding the District's current fleet management program and staff recommendations to update the program's maintenance, replacement, and regulatory compliance strategies. They also discussed staff's preliminary evaluation of conducting a project to pilot third-party fleet maintenance services as a possible long-term solution for the District's fleet management. The Board requested staff provide the Board the total replacement value of the District's current fleet as a follow-up to this

presentation. The Board thanked staff for the informative update and directed staff to proceed with the exploration of a third-party fleet maintenance program contract.

- 8.B. Approve Board Committee and Joint Powers Authority Assignments for Calendar Year 2026

President Halket reviewed the item for the Board.

Director Goel MOVED to Approve Board Committee and Joint Powers Authority Assignments for Calendar Year 2026. Vice President Govindarao SECONDED the MOTION, which CARRIED with FIVE AYES.

9. REPORTS

9.A. Boardmember Items

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

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

Director Vonheeder-Leopold submitted a written report to Executive Services Supervisor/District Secretary Genzale. She reported that she attended the virtual California Association of Sanitation Agencies Board of Directors meeting on December 17. She summarized the activities and discussions at the meeting.

9.A.3. Request New Agenda Item(s) Be Placed on a Future Board or Committee Agenda – None.

9.B. Staff Reports

General Manager Lee reported on the following items:

- The 2026 CASA Winter Conference will be held January 14–16 in Palm Desert.
- The District will be closed on Monday, January 19, in observance of the Martin Luther King, Jr. holiday.
- The next DSRSD Board meeting will be held on Tuesday, January 20, at 6 p.m.

10. CLOSED SESSION

At 6:27 p.m. the Board went into Closed Session.

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

11. REPORT FROM CLOSED SESSION

At 8:21 p.m. the Board came out of Closed Session. President Halket announced that there was no reportable action.

12. ADJOURNMENT

President Halket adjourned the meeting at 8:22 p.m.

Submitted by,

Nicole Genzale, CMC
Executive Services Supervisor/District Secretary



TITLE: Adopt Revised Proposition 218 Receipt, Tabulation, and Validation of Written Protests Policy, Renamed to Proposition 218 Written Protests, Written Objections, and Exhaustion of Administrative Remedies Policy, and Rescind Resolution No. 37-19

RECOMMENDATION:

Staff recommends the Board of Directors adopt, by Resolution, the revised Proposition 218 Receipt, Tabulation, and Validation of Written Protests Policy, renamed to the Proposition 218 Written Protests, Written Objections, and Exhaustion of Administrative Remedies Policy, and rescind Resolution No. 37-19.

SUMMARY:

A supplement to Proposition 218, Assembly Bill (AB) 2257 (2024), which added Sections 53759.1 and 53759.2 to the California Government Code, allows the District to opt-in to what are known as administrative exhaustion procedures used when contemplating new, increased, or extended property-related fees and charges. If a property owner or ratepayer fails to follow the adopted administrative exhaustion procedures for written objections that include a number of differences from existing majority protest procedures, they may not bring a judicial action or proceeding against the District to challenge an adopted property-related fee or charge. If the Board approves the revised policy pertaining to Proposition 218, the District will opt-in and implement these new procedures.

DISCUSSION:

District policies are generally reviewed every four years to ensure that they remain current. The current Proposition 218 Receipt, Tabulation, and Validation of Written Protests Policy ("Policy") was established in June 2012, last revised in October 2019, and last reviewed in September 2023. Staff recently reviewed the Policy and recommends the Board adopt substantial revisions to incorporate the provisions of AB 2257 ahead of scheduling a public hearing to consider adjustments to the District's wastewater rates. The marked-up Policy is included as Attachment 1.

Article XIII D of the California Constitution, commonly referred to as Proposition 218 imposes certain procedural and substantive requirements for imposing new, increased, or extended property-related fees and charges, including the requirement to conduct a public hearing and majority protest proceedings for consideration of proposed property-related fees or charges. Increasingly over the years, lawsuits and legal challenges have been filed challenging rates approved by public agencies and in many cases no comment or protest was submitted prior to adoption of the rate. If issues and concerns are not raised during the protest period, public agencies are not provided the opportunity to address or remedy the issue. Based on this understanding, AB 2257 was passed and signed into law effective January 1, 2025. The procedures provided in AB 2257 are intended to provide a meaningful opportunity for a ratepayer to present an objection to a proposed new or amended property-related fee or charge, or any special assessment, and allow the local agency the opportunity to resolve the objection, before resorting to litigation after the new or amended rate or special assessment is approved.

As a result of AB 2257, local agencies proposing to increase or extend rates for water or wastewater service will have an option to implement additional procedures to ensure that potential litigants have exhausted all administrative means prior to initiating a lawsuit or legal challenge. By following these optional procedures, only ratepayers who submitted timely written objections to the local agency's proposed rate are authorized to file a lawsuit to challenge the rate, and the evidence to be considered during litigation would be limited to the written record of the rate proceedings as defined by AB 2257. Regardless of whether an agency implements the new optional AB 2257 procedures, local agencies must still comply with the requirements of Proposition 218 for written protests when establishing new, increased, or extended rates.

Originating Department: Finance	Contact: K. Spray	Legal Review: Yes
Financial Review: Yes	Cost and Funding Source: N/A	
Attachments: <input type="checkbox"/> None <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Task Order <input type="checkbox"/> Proclamation <input checked="" type="checkbox"/> Other (see list on right)	Attachment 1 – Marked-up Proposition 218 Receipt, Tabulation, and Validation of Written Protests Policy Attachment 2 – Presentation Slides	

Generally, DSRSD utility rates are reviewed no less than once every five years with a cost of service study prepared to assess the rates and to ensure availability of necessary revenue for the District's financial needs. As a separate item on this same agenda, the Board will receive a presentation on the Draft 2026 Local and Regional Wastewater Cost of Service Study ("Draft Study"), initiating the wastewater rate adjustment process. Staff recommends incorporating the AB 2257 provisions into the revised policy so that the written objection and administrative exhaustion procedures can be in place for the Board's consideration of 2026 wastewater rates. The revised Policy makes technical and other revisions to the written protest procedures and provides the administrative exhaustion procedures for the District to follow when contemplating increased or extended water, wastewater, or recycled water rates. Some of the more significant procedures to follow include:

- Publish the cost of service study on the District website, and, on request, mail a copy of the study to a customer or property owner.
- Provide property owners and ratepayers with a public hearing notice pertaining to the proposed property-related fee, including the following statements:
 - Failure to timely object in writing bars a right to challenge the proposed property-related fee in a judicial action or legal proceeding;
 - Objections must be received before the deadline specified in the notice, must identify the subject property, and specify the grounds for alleging the proposed property-related fee does not comply with Proposition 218; and
 - That there is a 120-day statute of limitations for challenging any new, increased, or extended fee or charge.
- Provide a 45-day review period for the proposed adjustments and timely submittal of written objections, in addition to written protests.
- Respond in writing to each timely written objection and present the responses to the Board.

Following the above procedures, and others, will provide an opportunity for ratepayers to participate in the rate setting process, while providing DSRSD an opportunity to address or resolve objections before making a final decision on whether to establish new or amended rates pursuant to Proposition 218, and will provide that the evidence to be considered during litigation would be limited to the written record of the rate proceedings as defined by AB 2257.

NEXT STEPS:

If adopted, the revised Policy will be implemented for the upcoming rate adjustment process and public hearing and will be scheduled for review in 2030.



**Dublin San Ramon
Services District**

Water, wastewater, recycled water

Policy

Policy No.: <u>P100-23-3</u>	Type of Policy: Board Business
Policy Title: <u>Proposition 218 Receipt, Tabulation, and Validation of Written Protests, Written Objections, and Exhaustion of Administrative Remedies</u>	
Policy Description: <u>Defines Provides guidelines for receiving, tabulating, and validating processing written protests and written objections in compliance with Proposition 218 when considering adjustments of proposed changes to utility property-related fees and charges</u>	
Approval Date: <u>10/15/20191/20/2026</u>	Last Review Date: <u>20232026</u>
Approval Resolution No.: <u>37-19</u>	Next Review Date: <u>20272030</u>
Rescinded Resolution No.: <u>73-1537-19</u>	Rescinded Resolution Date: <u>9/1/201510/15/2019</u>

~~The purpose of this policy of the Board of Directors of Dublin San Ramon Services District is to define guidelines for receiving, tabulating, and validating written protests of proposed changes to utility charges in accordance with Section 6 of Article XIII D of the California Constitution, commonly referred to as "Proposition 218." The District provides water, wastewater, and recycled water services to customers within its boundary and areas served by contract and periodically updates and adjusts its utility rates based upon results of a cost-of-service study performed by a qualified utility rate consultant. When adjusting water, wastewater, or recycled water rates the District shall comply with all legal requirements applicable to the processing of written protests and written objections to adjustments and/or imposition of property-related fees and charges. The purpose of this policy is to provide guidelines to comply with California Constitution Article XIII D (i.e., Proposition 218) and the Proposition 218 Omnibus Implementation Act (California Government Code Sections 53750–53758), and California Government Code Sections 53759.1–53759.2 when considering proposed adjustments or imposition of any property-related fee or charge, including utility rates.~~

1. General

~~When notice of a public hearing with respect to a sewer service or water rate has been given by the District pursuant to Proposition 218, the following shall apply:~~

~~The District and its Board of Directors welcome and will consider input from the community at any time, including during the public hearing on the proposed charges. However, in accordance with Proposition 218 as described herein, only valid written protests that are timely received will be counted as formal protests of a proposed water or sewer charge.~~

~~Proposed adjustments to utility rates begin with a rate study and/or cost of service report and a notice to customers of a public hearing to consider the proposed imposition or adjustments and to respond to written protests or written objections submitted in conformance with this policy. These procedures provide for a 45-day period for review of the proposed adjustments and timely submittal of a written protest or written objection. In accordance with the legal requirements described herein, written protests and written objections must be~~

Policy No.: ~~P100-23-3~~Policy Title: Proposition 218 ~~Receipt, Tabulation, and Validation of~~ Written Protests, ~~Written Objections, and Exhaustion of Administrative Remedies~~

received by the applicable deadlines. Only timely received written protests and written objections will be accepted or considered. Tabulation and validation procedures are similar for both written protests and written objections, except as described in this policy.

The District Secretary is hereby appointed ~~as the recipient, tabulator, and validator of~~ to receive, tabulate, and validate written protests and/or written objections submitted pursuant to this policy; ~~†~~ The District Secretary may ~~at his or her in their~~ discretion, request the assistance of other DSRSD staff, consultants, and/or retain the services of a third party to assist ~~him or her~~ with receipt, tabulation, and validation duties.

2. ~~Receipt of~~ Written Protests

The following shall apply to Written Protests, whenever notice of a public hearing with respect to a proposed water, wastewater, or recycled water rate adjustment has been given by the District:

- a. Any record property owner or tenant-customer of a parcel receiving a property-related service desiring to submit a written protest shall submit that written protest to the District ~~Secretary~~.
- a.b. Protests may be submitted ~~by personal delivery, the U.S. Postal Service, or other delivery services addressed to the District Secretary at 7051 Dublin Boulevard, Dublin, CA 94568~~ the mailing address provided in the notice. Written protests ~~submitted in this fashion~~ should note on the envelope "Protest of Proposed Charge" so as to help ensure proper handling when received by the District. ~~Protests may also be submitted electronically, either in the form of a .pdf document attached to an email addressed to the email address provided in the notice of the proposed charge, or by fax sent to the fax number provided in the notice of proposed charge.~~
- b.c. The deadline for the receipt of hand-delivered protests shall be prior to the close of the ~~public comment period at the Board meeting at which the rate decision is made~~ public hearing.
- c.d. The deadline for the receipt of mailed ~~protests, delivered protests~~ or electronically sent protests (fax, .pdf documents, etc.) shall be 5 p.m. on the date of the ~~Board meeting at which the rate decision is made~~ public hearing. Postmarks or other similar indications of the date of mailing on which the protest was sent to the District will not be accepted as evidence of timely delivery.
- d.e. Any protest not actually received by the District before the deadlines identified above, whether or not placed in the mail or electronically transmitted prior to the deadline, shall not be counted.
- e.f. A valid protest must be in writing and:
 - Identify the affected property by either assessor's parcel number, street address, or customer account number;
 - Identify the name of the record property owner or tenant-customer;
 - Clearly state that the transmittal is a protest to the proposed charges;
 - Identify what proposed charges are being protested; and

Policy No.: ~~P100-23-3~~Policy Title: Proposition 218 ~~Receipt, Tabulation, and Validation of~~ Written Protests, ~~Written Objections, and Exhaustion of Administrative Remedies~~

- Bear the original signature of the record property owner or tenant-customer. In the case of electronically delivered protests, a scanned signature of the property owner or tenant-customer will be accepted, subject to later verification ~~if necessary for validation purposes~~ as described ~~below~~ herein.

~~f.g.~~ Only one protest will be counted per parcel served by the District. For a parcel of which there is a single owner and a single tenant-customer, only one protest will be counted, even if protests are received from both the property owner and tenant-customer. For a parcel owned by more than a single record property owner, or occupied by more than one tenant-customer, or both, each record property owner and each tenant-customer may submit a written protest in accordance with this policy, but only one protest will be counted for that parcel.

~~g.h.~~ ~~The p~~Protests may not be altered or withdrawn by anyone other than the signatory. Any person who submits a protest may withdraw it by submitting to the District Secretary a written request (in any of the formats specified above) that the protest be withdrawn before the deadline for receipt of the original protest. The withdrawal of a protest shall contain the same information as specified above for a valid protest.

~~i.~~ Unless and to the extent that the person submitting the written protest waives, in writing, the right to have ~~his or her~~ their personal information withheld from disclosure, protests received ~~by a public agency~~ pursuant to ~~Proposition 218 this policy~~ are ~~currently~~ not subject to disclosure without redaction of the ~~protestant's~~ submitter's personal information ~~because pursuant to California~~ Government Code Section ~~6254.16-7927.410~~ which bars ~~restricts~~ the disclosure of a utility customer's personal information ~~about utility customers~~, and because the requirements of Proposition 218 can be met without disclosing such information¹.

~~h.j.~~ Accordingly, all protests received by the District, except those that state on the face of the protest that the protestant waives the right to have ~~his or her~~ their personal information withheld from disclosure, shall be disclosed only after the protestant's personal information is redacted consistent with Section ~~6254.16-7927.410~~, which personal information shall be maintained in confidence and will not be open to public review.

3. Tabulation of Written Protests

- When directed by the Board and after the latest deadline for receipt of written protests, the District Secretary shall complete the tabulation of all protests received and shall report the results of the tabulation to the Board upon completion.
- If tabulation of the protests received demonstrates that the number received is less than one-half of the parcels served by the District with respect to the property-related fee or charge which is the subject of the protest, then the District Secretary shall advise the Board that there is an absence of a majority protest, and, therefore, there is no need to determine the validity of each individual ~~written~~ protest. For the purposes of this provision only, all timely submitted

¹ *Morgan v. Imperial Irrigation District* (2014) 223 Cal.App.4th 892, 920-922.

Policy No.: ~~P100-23-3~~Policy Title: Proposition 218 ~~Receipt, Tabulation, and Validation of~~ Written Protests, ~~Written Objections, and Exhaustion of Administrative Remedies~~

written protests will be presumptively assumed to be validly ~~submitted~~.

- c. If tabulation of the protests received demonstrates that the number received is greater than one-half of the parcels served by the District with respect to the property-related fee or charge which is the subject of the protest, then the District Secretary shall advise the Board that a validation of the written protests is required and when that validation will be completed. In conducting such validation, the District Secretary may, in ~~his or her~~ their discretion, require that the original of a written protest submitted electronically be produced in order to verify that the original signature is genuine.

4. Validation of Written Protests

- a. A majority protest exists if valid written protests are timely submitted and not withdrawn by the record property owners or tenant-customers of a majority of the parcels subject to the proposed property-related fee or charge, a majority being ~~equal to~~ greater than fifty percent (50%).
- b. In the event there is an apparently successful majority protest, the District Secretary, or ~~his or her~~ their designated representative, shall determine the validity of all protests. The District Secretary shall not determine as valid any written protest if the District Secretary determines that any of the following conditions exist:
- The protest is not in writing or does not contain all of the information specified ~~above~~ herein;
 - The protest was not received prior to the deadlines identified ~~above~~ herein;
 - A request to withdraw the protest was received prior to the deadlines identified ~~above~~ herein; or
 - The protest was altered by someone other than the record property owner or tenant-customer whose signature appears on it.
- c. The District Secretary's determination that a protest is not valid (or does not apply to a specific property-related fee or charge) shall constitute a final action of the District subject only to appropriate judicial review.

5. Written Objections

The following shall apply to Written Objections, whenever notice of a public hearing with respect to a water, wastewater, and/or recycled water rate adjustment has been given by the District:

- a. The District will publish the rate study or cost of service report on the District website. Upon request, the District will mail the rate study or cost of service report to any property owner or tenant customer.
- b. The District will provide all property owners and tenant customers with a notice pertaining to any proposed property-related fee or charge proposed for imposition or adjustment. Property owners and tenant customers shall be given at least 45 days to review and submit to the

Policy No.: ~~P100-23-3~~Policy Title: Proposition 218 ~~Receipt, Tabulation, and Validation of Written Protests,~~
Written Objections, and Exhaustion of Administrative Remedies

District a written objection to the proposed property-related fee or charge. All written objections must be submitted by the deadlines established by the District, which shall be no less than 45 days after the notice required herein was published on the District's website or mailed by the District.

6. Additional Notice of Public Hearing Requirements

The District shall include all the following required by California Government Code Section 53759.1 in the notice:

- a. A website link to the written basis for the proposed property-related fee or charge (i.e., the rate study or cost of service report).
- b. A statement that a failure to timely object in writing, as provided herein, bars any right to challenge the proposed property-related fee in a judicial action or legal proceeding.
- c. A statement that all written objections must:
 - Be received before the deadline specified in the notice;
 - Be mailed to or delivered by hand to the District at the mailing address provided in the notice;
 - Identify the subject property; and
 - Identify the specific grounds for alleging the proposed property-related fee or charge does not comply with Proposition 218 requirements.

7. Response to Written Objections

The District shall consider each written objection and shall respond in writing to each timely written objection in the following manner:

- a. The written response will be presented to the Board of Directors prior to the close of the public hearing;
- b. The written response will include a determination that the challenge will or will not result in amendments to the proposed property-related fee or charge, and the grounds for the determination; and
- c. The written response will include an explanation of the substantive basis for retaining or altering the proposed property-related fee or charge.

8. Findings and Determinations for Written Objections

At the public hearing, the Board of Directors shall consider all timely, valid written objections and the District written responses prior to approving any proposed property-related fee or charge and shall also make the following findings and determinations:

Policy No.: ~~P100-23-3~~Policy Title: Proposition 218 ~~Receipt, Tabulation, and Validation of~~ Written Protests,
Written Objections, and Exhaustion of Administrative Remedies

- a. Whether the written objections or the District's written responses warrant clarifications to the proposed property-related fee or charge;
- b. Whether to reduce the proposed property-related fee or charge;
- c. Whether further review is required before making a determination as to whether clarification or reduction is necessary; and
- d. Whether to proceed with the written protest or ballot tabulation hearing.

9. Written Objections as Written Protests

Should a written objection be determined to be invalidly submitted and no written protest was submitted for the parcel, the invalid written objection shall be considered as a written protest.

Policy is current and no changes need to be adopted by the Board of Directors. <u>Status Quo Chronology:</u>	
Date Adopted:	
October 15, 2019	
Reviewed by Committee or Board:	Date:
Board	September 5, 2023



Dublin San Ramon
Services District
Water, wastewater, recycled water

Prop 218 Policy

Incorporation of AB 2257 provisions

Board Meeting
January 20, 2026

Ken Spray, Finance Director

Background

Proposition 218 (Prop 218)

- California Constitution Article XIII D
- Public hearing for property related fees and charges
- Majority protest procedures

Assembly Bill 2257 (AB 2257)

- California Government Code Sections 53759.1–53759.2
- Optional administrative exhaustion procedures
 - Written objections to DSRSD
 - Written response to each written objection



Reasons for Policy Revisions

- Opt in to AB 2257 provisions
 - Procedures for written objections
 - Evidence limited to written record
- Revise policy ahead of adjustments to wastewater rates effective July 1, 2026



Proposed Policy Revisions

- Incorporate AB 2257 provisions
- Make technical revisions to written protest procedures
- Rename policy

Dublin San Ramon Services District
Water, wastewater, recycled water

Policy

Policy No.: P100-23-3	Type of Policy: Board Business
Policy Title: Proposition 218 Receipt, Tabulation, and Validation of Written Protests	
Policy Description: Defines guidelines for receiving, tabulating, and validating written protests of proposed changes to utility charges	
Approval Date: 10/15/2019	
Approval Resolution No.: 37-19	Last Review Date: 2023
Rescinded Resolution No.: 73-15	Next Review Date: 2027
	Rescinded Resolution Date: 9/1/2015

The purpose of this policy of the Board of Directors of Dublin San Ramon Services District is to define guidelines for receiving, tabulating, and validating written protests of proposed changes to utility charges in accordance with Section 6 of Article XIII D of the California Constitution, commonly referred to as "Proposition 218."

1. **General**

When notice of a public hearing with respect to a sewer service or water rate has been given by the District pursuant to Proposition 218, the following shall apply:

The District and its Board of Directors welcome and will consider input from the community at any time, including during the public hearing on the proposed charges. However, in accordance with Proposition 218 as described herein, only valid written protests that are timely received will be counted as formal protests of a proposed water or sewer charge.

The District Secretary is hereby appointed as the recipient, tabulator, and validator of written protests; the District Secretary may at his or her discretion retain the services of a third party to assist him or her with receipt, tabulation, and validation.

2. **Receipt of Written Protests**

a. Any record property owner or tenant-customer of a parcel receiving a property-related service desiring to submit a written protest shall submit that written protest to the District Secretary. Protests may be submitted by personal delivery, the U.S. Postal Service, or other delivery services addressed to the District Secretary at 7051 Dublin Boulevard, Dublin, CA 94568. Written protests submitted in this fashion should note on the envelope "Protest of Proposed Charge" so as to help ensure proper handling when received by the District. Protests may also be submitted electronically, either in the form of a .pdf document

Dublin San Ramon Services District Policy

Policy No.: P100-23-3	Policy Title:
-----------------------	---------------

attached to an email addressed charge, or by fax sent to the fax

b. The deadline for receipt of protests (fax, .pdf document) is the rate decision is made was sent to the District

c. The deadline for the receipt of protests (fax, .pdf document) is the rate decision is made was sent to the District

d. Any protest not received not placed in the mail counted.

e. A valid protest must include the following information:

- Identify the customer and address
- Identify the proposed charge
- Clearly state the protest
- Identify the protestor
- Bear the cost of delivery

f. Only one protest per customer per charge

g. If there is more than one protest per customer per charge, the protest will be considered invalid

h. Unless and to the extent that the protestor can demonstrate the right to have his or her personal information protected by a public agency pursuant to Proposition 218 are current



Added Elements in Prop 218 Timeline

	Board	Authorize public hearing notice
	Staff	Publish and mail public hearing notices
	Ratepayer	Submit written objections by established deadline, minimum 45 days after mailing
	Staff	Respond to each written objection
	Board	Conduct public hearing / adopt rates
	Ratepayer	Submit written protests before close of public hearing

Next Steps

- Adopt revised policy
- Incorporate new provisions into Prop 218 process for 2026 wastewater rate adjustments



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

Questions?

Ken Spray, Finance Director

kspray@dsrsd.com

RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT REVISING THE PROPOSITION 218 RECEIPT, TABULATION, AND VALIDATION OF WRITTEN PROTESTS POLICY, RENAMED TO PROPOSITION 218 WRITTEN PROTESTS, WRITTEN OBJECTIONS, AND EXHAUSTION OF ADMINISTRATIVE REMEDIES POLICY, AND RESCINDING RESOLUTION NO. 37-19

WHEREAS, Article XIII D of the California Constitution, commonly referred to as Proposition 218, imposes certain procedural and substantive requirements for imposing new, increased, or extended property-related fees and charges, including the requirement to conduct a public hearing and majority protest proceedings for consideration of proposed property-related fees or charges; and

WHEREAS, Government Code Sections 53759.1 and 53759.2 provide that the District may establish administrative exhaustion procedures that allow ratepayers to bring an objection regarding a new, increased, or extended property-related fee or charge to the District's attention early in the fee consideration process, and to provide an opportunity for the District to address or resolve any such objections before the District's Board of Directors makes a final decision on whether to adopt a proposed property-related fee or charge pursuant to Proposition 218; and

WHEREAS, under Government Code Section 53759.1, a person or entity shall be prohibited from bringing a judicial action or proceeding alleging noncompliance with Article XIII D of the California Constitution for any new, increased, or extended property-related fee or charge, unless that person or entity timely submits to the District a written objection to that fee or charge that specifies the grounds for alleging noncompliance; and

WHEREAS, if a ratepayer brings an objection regarding a new, increased, or extended property-related fee or charge to the Board of Director's attention prior to the deadline established by the Board as part of the ratemaking process, any judicial action or proceeding to review, invalidate, challenge, set aside, rescind, void, or annul the water, wastewater, or recycled water service rates shall be subject to the requirements set forth in Government Code Section 53759.2; and

WHEREAS, consistent with Article XIII D of the California Constitution and Government Code Sections 53759.1 and 53759.2, the District desires to adopt administrative exhaustion procedures for proposed increases or extensions to the District's water, wastewater, or recycled water service rates; and

WHEREAS, the District desires to update its current Proposition 218 Receipt, Tabulation, and Validation of Written Protests Policy to include the provisions of AB 2257, rename said policy to the

Res. No. _____

Proposition 218 Written Protests, Written Objections, and Exhaustion of Administrative Remedies Policy, and rescind Resolution No. 37-19.

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

That the revised Proposition 218 Receipt, Tabulation, and Validation of Written Protests Policy, attached as Exhibit "A," is hereby renamed to the Proposition 218 Written Protests, Written Objections, and Exhaustion of Administrative Remedies Policy, and is hereby adopted; and Resolution No. 37-19, attached as Exhibit "B," is hereby rescinded; and

That the Board of Directors authorizes District staff to take such other and additional actions as may be reasonably necessary to implement the purpose of this resolution and implement the administrative exhaustion procedures adopted herein.

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 20th day of January, 2026, and passed by the following vote:

AYES:

NOES:

ABSENT:

Richard M. Halket, President

ATTEST: _____
Nicole Genzale, District Secretary



Policy No.:	Type of Policy: Board Business
Policy Title:	Proposition 218 Written Protests, Written Objections, and Exhaustion of Administrative Remedies
Policy Description:	Provides guidelines for processing written protests and written objections in compliance with Proposition 218 when considering adjustments to property-related fees and charges
Approval Date: 1/20/2026	Last Review Date: 2026
Approval Resolution No.:	Next Review Date: 2030
Rescinded Resolution No.: 37-19	Rescinded Resolution Date: 10/15/2019

The District provides water, wastewater, and recycled water services to customers within its boundary and areas served by contract and periodically updates and adjusts its utility rates based upon results of a cost-of-service study performed by a qualified utility rate consultant. When adjusting water, wastewater, or recycled water rates the District shall comply with all legal requirements applicable to the processing of written protests and written objections to adjustments and/or imposition of property-related fees and charges. The purpose of this policy is to provide guidelines to comply with California Constitution Article XIII D (i.e., Proposition 218) and the Proposition 218 Omnibus Implementation Act (California Government Code Sections 53750–53758), and California Government Code Sections 53759.1–53759.2 when considering proposed adjustments or imposition of any property-related fee or charge, including utility rates.

1. General

Proposed adjustments to utility rates begin with a rate study and/or cost of service report and a notice to customers of a public hearing to consider the proposed imposition or adjustments and to respond to written protests or written objections submitted in conformance with this policy. These procedures provide for a 45-day period for review of the proposed adjustments and timely submittal of a written protest or written objection. In accordance with the legal requirements described herein, written protests and written objections must be received by the applicable deadlines. Only timely received written protests and written objections will be accepted or considered. Tabulation and validation procedures are similar for both written protests and written objections, except as described in this policy.

The District Secretary is hereby appointed to receive, tabulate, and validate written protests and/or written objections submitted pursuant to this policy. The District Secretary may in their discretion, request the assistance of other DSRSD staff, consultants, and/or retain the services of a third party to assist with receipt, tabulation, and validation duties.

2. Written Protests

The following shall apply to Written Protests, whenever notice of a public hearing with respect to a proposed water, wastewater, or recycled water rate adjustment has been given by the District:

Policy No.:

Policy Title: Proposition 218 Written Protests, Written Objections, and Exhaustion of Administrative Remedies

- a. Any record property owner or tenant-customer of a parcel receiving a property-related service desiring to submit a written protest shall submit that written protest to the District.
- b. Protests may be submitted to the District at the mailing address provided in the notice. Written protests should note on the envelope "Protest of Proposed Charge" so as to help ensure proper handling when received by the District.
- c. The deadline for the receipt of hand-delivered protests shall be prior to the close of the public hearing.
- d. The deadline for the receipt of mailed or electronically sent protests (fax, .pdf documents, etc.) shall be 5 p.m. on the date of the public hearing. Postmarks or other similar indications of the date of mailing will not be accepted as evidence of timely delivery.
- e. Any protest not actually received by the District before the deadlines identified above, whether or not placed in the mail or electronically transmitted prior to the deadline, shall not be counted.
- f. A valid protest must be in writing and:
 - Identify the affected property by either assessor's parcel number, street address, or customer account number;
 - Identify the name of the record property owner or tenant-customer;
 - Clearly state that the transmittal is a protest to the proposed charges;
 - Identify what proposed charges are being protested; and
 - Bear the original signature of the record property owner or tenant-customer. In the case of electronically delivered protests, a scanned signature of the property owner or tenant-customer will be accepted, subject to later verification for validation purposes as described herein.
- g. Only one protest will be counted per parcel served by the District. For a parcel of which there is a single owner and a single tenant-customer, only one protest will be counted, even if protests are received from both the property owner and tenant-customer. For a parcel owned by more than a single record property owner, or occupied by more than one tenant-customer, or both, each record property owner and each tenant-customer may submit a written protest in accordance with this policy, but only one protest will be counted for that parcel.
- h. Protests may not be altered or withdrawn by anyone other than the signatory. Any person who submits a protest may withdraw it by submitting to the District Secretary a written request (in any of the formats specified above) that the protest be withdrawn before the deadline for receipt of the original protest. The withdrawal of a protest shall contain the same information as specified above for a valid protest.
- i. Unless and to the extent that the person submitting the written protest waives, in writing, the right to have their personal information withheld from disclosure, protests received pursuant to

Policy No.:

Policy Title: Proposition 218 Written Protests, Written Objections, and Exhaustion of Administrative Remedies

this policy are not subject to disclosure without redaction of the submitter's personal information pursuant to California Government Code Section 7927.410 which restricts the disclosure of a utility customer's personal information, and because the requirements of Proposition 218 can be met without disclosing such information¹.

- j. Accordingly, all protests received by the District, except those that state on the face of the protest that the protestant waives the right to have their personal information withheld from disclosure, shall be disclosed only after the protestant's personal information is redacted consistent with Section 7927.410, which personal information shall be maintained in confidence and will not be open to public review.

3. Tabulation of Written Protests

- a. When directed by the Board and after the latest deadline for receipt of written protests, the District Secretary shall complete the tabulation of all protests received and shall report the results of the tabulation to the Board upon completion.
- b. If tabulation of the protests received demonstrates that the number received is less than one-half of the parcels served by the District with respect to the property-related fee or charge which is the subject of the protest, then the District Secretary shall advise the Board that there is an absence of a majority protest, and, therefore, there is no need to determine the validity of each individual protest. For the purposes of this provision only, all timely submitted written protests will be presumptively assumed to be valid.
- c. If tabulation of the protests received demonstrates that the number received is greater than one-half of the parcels served by the District with respect to the property-related fee or charge which is the subject of the protest, then the District Secretary shall advise the Board that validation of the written protests is required and when that validation will be completed. In conducting such validation, the District Secretary may, in their discretion, require that the original of a written protest submitted electronically be produced in order to verify that the original signature is genuine.

4. Validation of Written Protests

- a. A majority protest exists if valid written protests are timely submitted and not withdrawn by the record property owners or tenant-customers of a majority of the parcels subject to the proposed property-related fee or charge, a majority being greater than fifty percent (50%).
- b. In the event there is an apparently successful majority protest, the District Secretary, or their designated representative, shall determine the validity of all protests. The District Secretary shall not determine as valid any written protest if the District Secretary determines that any of the following conditions exist:

¹ *Morgan v. Imperial Irrigation District* (2014) 223 Cal.App.4th 892, 920-922.

Policy No.:

Policy Title: Proposition 218 Written Protests, Written Objections, and Exhaustion of Administrative Remedies

- The protest is not in writing or does not contain all of the information specified herein;
 - The protest was not received prior to the deadlines identified herein;
 - A request to withdraw the protest was received prior to the deadlines identified herein; or
 - The protest was altered by someone other than the record property owner or tenant-customer whose signature appears on it.
- c. The District Secretary's determination that a protest is not valid (or does not apply to a specific property-related fee or charge) shall constitute a final action of the District subject only to appropriate judicial review.

5. Written Objections

The following shall apply to Written Objections, whenever notice of a public hearing with respect to a water, wastewater, and/or recycled water rate adjustment has been given by the District:

- a. The District will publish the rate study or cost of service report on the District website. Upon request, the District will mail the rate study or cost of service report to any property owner or tenant customer.
- b. The District will provide all property owners and tenant customers with a notice pertaining to any proposed property-related fee or charge proposed for imposition or adjustment. Property owners and tenant customers shall be given at least 45 days to review and submit to the District a written objection to the proposed property-related fee or charge. All written objections must be submitted by the deadlines established by the District, which shall be no less than 45 days after the notice required herein was published on the District's website or mailed by the District.

6. Additional Notice of Public Hearing Requirements

The District shall include all the following required by California Government Code Section 53759.1 in the notice:

- a. A website link to the written basis for the proposed property-related fee or charge (i.e., the rate study or cost of service report).
- b. A statement that a failure to timely object in writing, as provided herein, bars any right to challenge the proposed property-related fee in a judicial action or legal proceeding.
- c. A statement that all written objections must:
 - Be received before the deadline specified in the notice;
 - Be mailed to or delivered by hand to the District at the mailing address provided in the notice;
 - Identify the subject property; and

Policy No.:**Policy Title:** Proposition 218 Written Protests, Written Objections, and Exhaustion of Administrative Remedies

- Identify the specific grounds for alleging the proposed property-related fee or charge does not comply with Proposition 218 requirements.

7. Response to Written Objections

The District shall consider each written objection and shall respond in writing to each timely written objection in the following manner:

- a. The written response will be presented to the Board of Directors prior to the close of the public hearing;
- b. The written response will include a determination that the challenge will or will not result in amendments to the proposed property-related fee or charge, and the grounds for the determination; and
- c. The written response will include an explanation of the substantive basis for retaining or altering the proposed property-related fee or charge.

8. Findings and Determinations for Written Objections

At the public hearing, the Board of Directors shall consider all timely, valid written objections and the District written responses prior to approving any proposed property-related fee or charge and shall also make the following findings and determinations:

- a. Whether the written objections or the District's written responses warrant clarifications to the proposed property-related fee or charge;
- b. Whether to reduce the proposed property-related fee or charge;
- c. Whether further review is required before making a determination as to whether clarification or reduction is necessary; and
- d. Whether to proceed with the written protest or ballot tabulation hearing.

9. Written Objections as Written Protests

Should a written objection be determined to be invalidly submitted and no written protest was submitted for the parcel, the invalid written objection shall be considered as a written protest.

RESOLUTION NO. 37-19

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT REVISING THE PROPOSITION 218 RECEIPT, TABULATION, AND VALIDATION OF WRITTEN PROTESTS POLICY AND RESCINDING RESOLUTION NO. 73-15

WHEREAS, on June 19, 2012, by Resolution No. 28-12, the Board adopted a Proposition 218 Receipt, Tabulation, and Validation of Written Protests policy; and

WHEREAS, on September 1, 2015, by Resolution No. 73-15, the Board adopted minor clarifying revisions to the policy; and

WHEREAS, the policy is revised to further improve clarity with inclusion of a purpose statement, use of standard formatting and consistent terms, and addition of language to reflect the District's practice of disclosing written protests subject to disclosure in redacted form because California Government Code Section 6254.16 bars the disclosure of personal information about utility customers.

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 revised Proposition 218 Receipt, Tabulation, and Validation of Written Protests policy, attached as Exhibit "A," be adopted; and Resolution No. 73-15, attached as Exhibit "B," is hereby rescinded.

ADOPTED by the Board of Directors of Dublin San Ramon Services District, a public agency in the State of California, Counties of Alameda and Contra Costa, at its regular meeting held on the 15th day of October, 2019, and passed by the following vote:

AYES: 3 - Directors Richard M. Halket, Georgean M. Vonheeder-Leopold,
Edward R. Duarte

NOES: 0

ABSENT: 2 - Directors Ann Marie Johnson, Madelyne A. Misheloff

Ed R Duarte

for

Madelyne A. Misheloff, President

ATTEST:

Nicole Genzale
Nicole Genzale, District Secretary



TITLE: Receive Presentation on Draft 2026 Regional and Local Wastewater Cost of Service Study

RECOMMENDATION:

Staff recommends the Board of Directors receive a presentation on the Draft 2026 Regional and Local Wastewater Cost of Service Study.

SUMMARY:

In support of the District's Strategic Plan Goal *"Long-Term Financial Stability and Sustainability: Manage the District's finances to meet funding needs and maintain fair and reasonable water and wastewater rates,"* DSRSD periodically conducts wastewater cost of service studies to ensure adequate revenues to fund operation, maintenance, and capital replacement needs for the Regional (treatment and disposal) and Local (collection) wastewater systems. The last study was completed in May 2023, with the Board adopting a five-year schedule of rate adjustments. Due to increasing financial pressures on the Regional and Local Wastewater Enterprises identified during preparation of the FY 2026 and FY 2027 Operating Budget, the Board directed staff in June 2025 to accelerate preparation of a new Regional and Local Wastewater Cost of Service Study (2026 Study) to review cost of service and revenue requirements, and propose rate adjustments needed to ensure long-term financial sustainability for the Regional and Local Wastewater Enterprises. The preliminary results of the Draft 2026 Study, including a five-year schedule of proposed rate increases for FY 2027 through FY 2031, are discussed in this staff report and will be reviewed with the Board on January 20. Based on feedback from the Board, staff will finalize the Draft 2026 Study for a second review with the Board on February 17. At the February 17 meeting, staff will request that the Board consider setting a public hearing for May 5, 2026, to consider adoption of proposed wastewater rate increases and authorize distribution of the Proposition 218 notice for the public hearing.

BACKGROUND:

DSRSD provides Regional (treatment and disposal) and Local (collection) and wastewater services for the City of Dublin and the southern portion of the City of San Ramon, and wastewater treatment and disposal for the City of Pleasanton by contract. DSRSD's residential wastewater charges are collected as a supplemental item on the annual county property tax bill. Multi-family residential and non-residential customers (e.g., commercial, institutional, and industrial) are billed directly by the District on a bimonthly basis.

The District's [Rate Policies and Guidelines Policy](#) requires that water and wastewater rates be reviewed at least every five years to ensure adequate revenues to fund operations, maintenance, and capital replacement needs; maintain reserve target levels in accordance with the [District's Financial Reserves Policy](#); and reallocate costs among the classes of customers to reflect changes over time. This ensures that customers are equitably charged for the services they receive. As a public agency, DSRSD cannot collect more revenue than is necessary to recover the reasonable costs of providing services. Rates must recover proportional costs, comply with Article XIII D of the California Constitution (commonly referred to as Proposition 218), and be supported by a comprehensive cost of service study that evaluates revenue requirements, cost allocation among customer classes, and appropriate rate design consistent with industry best practices.

Originating Department: Finance	Contact: T. Lucero/K. Spray	Legal Review: Not Required
Financial Review: Yes	Cost and Funding Source: N/A	
Attachments: <input type="checkbox"/> None <input type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Task Order <input type="checkbox"/> Proclamation <input checked="" type="checkbox"/> Other (see list on right)	Attachment 1 – Presentation Slides	

The last comprehensive wastewater cost of service study was completed in 2023, with the Board adopting a five-year schedule of wastewater rates through FY 2028. During development of the FY 2026 and FY 2027 Operating Budget, the District projected a structural financial deficit in its Wastewater Enterprise Funds due primarily to increases in regulatory compliance, personnel, energy, and material costs, combined with more conservative projections of growth. The deficit was partially mitigated by a temporary reduction in replacement transfers to capital replacement funds and use of reserves. To address the emerging financial pressures on the Local and Regional Wastewater Enterprise Funds, the Board directed staff to accelerate preparation of a new wastewater cost of service study.

DISCUSSION:

In 2025, staff engaged HDR Engineering, Inc. (HDR) to review the District's Regional and Local wastewater rates and prepare the 2026 Study with these key objectives:

- Ensure that the revenues generated by the rates are adequate to maintain operations at current service levels and account for anticipated expense increases.
- Address the unfunded replacement transfers of infrastructure by incorporating reasonable projections for facility replacement within the revenue requirements and rate calculations based on the District's asset management models.
- Ensure that revenues are adequate to meet any future debt that may be needed to finance the Cogeneration Replacement Project, with construction anticipated to begin in FY 2031.
- Ensure that the proposed rates are in conformance with all applicable laws, including the provisions of Proposition 218 and the administrative exhaustion procedures under Assembly Bill (AB) 2257 (2024).

The Draft 2026 Study utilizes three interrelated analyses to address the adequacy and proportionality of the District's rates:

1. **Revenue requirement** – Compares revenues to expenses to determine the required rate revenue.
2. **Cost of service** – Distributes the revenue requirements to the customer classes in a proportional manner.
3. **Rate design** – Considers both the level and structure of the rate design to collect the target level of revenue.

The three analyses are performed on both the Regional and Local wastewater systems individually. Below is a discussion of the preliminary results of the Draft 2026 Study.

Regional Wastewater:

The Regional revenue requirement includes operating and maintenance expenses to treat and dispose of wastewater and capital replacement transfers to fund replacement of assets at the Regional Wastewater Treatment Plant. Based on the Draft 2026 Study, FY 2027 operating expenses and capital replacement transfers are estimated at a total of \$31.7 million and projected revenues at present rates are estimated at \$29.0 million, resulting in a \$2.7 million deficit. This deficit represents the required rate revenue to be recovered through rate adjustments.

The largest adjustment in the Regional revenue requirement is the restoration of annual replacement transfers from the Regional Wastewater Operating Fund to the Regional Capital Replacement Fund to support capital asset replacement needs. Table 1 shows the annual replacement transfer amounts reflected in the long-term financial models presented in the FY 2026 and FY 2027 Operating Budget compared to the Draft 2026 Study. Beginning in FY 2028, capital replacement transfers increase from \$1 million to \$2.775 million, escalating at 3% annually. In the five-year rate period (FY 2027 to FY 2031), the total transfer amount increases by approximately \$7.6 million, from \$5 million to \$12.6 million. Over the 10-year period, the total transfer amount increases by \$16.7 million, from \$9 million to \$25.7 million.

Table 1 – Comparison of Annual Capital Replacement Transfers

Fiscal Year	Adopted Budget Financial Model	Draft 2026 Study	Difference
2026	-	-	-
2027	\$1,000,000	\$1,000,000	-
2028	1,000,000	2,775,000	1,775,000
2029	1,000,000	2,858,250	1,858,250
2030	1,000,000	2,943,998	1,943,998
2031	1,000,000	3,032,317	2,032,317
2032	1,000,000	3,123,287	2,123,287
2033	1,000,000	3,216,986	2,216,986
2034	1,000,000	3,313,495	2,313,495
2035	1,000,000	3,412,900	2,412,900
	\$9,000,000	\$25,676,233	\$16,676,233

The Draft 2026 Study distributes the total revenue requirement among customer classes based on flow and strength data. Wastewater strength is measured by the degree of organic pollutant in the wastewater known as biological oxygen demand (BOD) and total suspended solids (TSS). Rates are higher for customers with a higher level of organic pollutants because it costs the District more to treat the wastewater. Rates are also higher for customers with a higher wastewater flow and volume.

The current and proposed Regional bimonthly rates for Residential and Non-Residential customers are shown in Tables 2 and 3, respectively.

Table 2 – Current and Proposed Regional Bimonthly Residential Rates

Bimonthly Per Living Unit	Current Rates	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Single-Family	\$61.58	\$65.58	\$69.52	\$73.69	\$77.37	\$81.24
Duplex	\$123.16	\$131.17	\$139.04	\$147.38	\$154.75	\$162.49
Townhome	\$61.58	\$65.58	\$69.52	\$73.69	\$77.37	\$81.24
Multi-Family / Condominium	\$46.69	\$51.16	\$54.22	\$57.48	\$60.35	\$63.37
Single-Family with 2nd Dwelling Unit	\$108.27	\$116.74	\$123.74	\$131.17	\$137.73	\$144.61

Table 3 – Current and Proposed Regional Bimonthly Non-Residential Rates

Non-Residential \$/CCF	Current Rates	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Less than or equal to 300 mg/L	\$3.48	\$3.80	\$4.14	\$4.51	\$4.74	\$4.98
Between 300 and 450 mg/L	\$4.45	\$4.85	\$5.29	\$5.77	\$6.06	\$6.36
Between 450 and 600 mg/L	\$5.41	\$5.92	\$6.49	\$7.11	\$7.46	\$7.83
Between 600 and 750 mg/L	\$6.38	\$6.98	\$7.64	\$8.37	\$8.78	\$9.22
Between 750 and 900 mg/L	\$7.34	\$8.01	\$8.75	\$9.55	\$10.03	\$10.53
Between 900 and 1,050 mg/L	\$8.30	\$9.06	\$9.90	\$10.81	\$11.35	\$11.92
Greater than 1,050 mg/L	To be determined by District					
DERWA						
Volume (\$/MG)	\$4,112.92	\$4,227.80	\$4,345.89	\$4,467.27	\$4,690.64	\$4,925.17
BOD (\$/lbs)	\$0.38	\$0.39	\$0.40	\$0.41	\$0.43	\$0.46
TSS (\$/lbs)	\$0.76	\$0.76	\$0.77	\$0.77	\$0.81	\$0.85
SFPUC (\$/Gallon)	\$0.0379	\$0.0050	\$0.0053	\$0.0056	\$0.0059	\$0.0062
Septic Haulers (\$/Gallon)	\$0.0379	\$0.0349	\$0.0370	\$0.0392	\$0.0412	\$0.0432

By the terms of the District's 1992 agreement with Pleasanton for wastewater treatment and disposal, Pleasanton is required to adopt the same Regional wastewater treatment rates as the District. The analysis and preliminary results of the 2026 Study have been reviewed with Pleasanton staff at two meetings during the last several months. Comments from Pleasanton staff have been incorporated into the Draft 2026 Study.

Local Wastewater:

The Local revenue requirement includes all expenses to operate and maintain the wastewater collection system and fund capital replacement needs. Based on the Draft 2026 Study, FY 2027 Local Enterprise revenues are estimated at \$5.7 million based on present rates, while expenses are estimated at \$5.8 million, resulting in a \$100,000 deficit. In FY 2028, the deficit grows to \$480,000 with the reintroduction of a \$350,000 capital replacement allocation transfer. This deficit represents the required rate revenue to be recovered through rate adjustments. The Draft 2026 Study does not incorporate any change to the annual \$350,000 replacement transfer from the previous long-term financial model for the Local wastewater system. The projected deficit is primarily due to increasing costs overall.

The current and proposed Local bimonthly rates for Residential and Non-Residential customers are shown in Table 4.

Table 4 – Current and Proposed Local Bimonthly Rates (Residential and Non-Residential)

	Current Rates	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Residential \$/Bimonthly						
Single-Family	\$26.76	\$27.60	\$28.43	\$29.28	\$30.16	\$31.06
Duplex	\$53.52	\$55.20	\$56.85	\$58.56	\$60.31	\$62.12
Townhome	\$26.76	\$27.15	\$27.96	\$28.80	\$29.66	\$30.55
Multi-Family / Condominium	\$19.58	\$19.05	\$19.62	\$20.21	\$20.81	\$21.44
Single-Family with 2nd Dwelling Unit	\$46.34	\$46.64	\$48.04	\$49.48	\$50.97	\$52.50
Commercial / Institutional / Industrial \$/CCF						
	\$1.42	\$1.58	\$1.63	\$1.68	\$1.73	\$1.78

Combined Regional and Local Wastewater Rates:

Based on the Draft 2026 Study, current and proposed combined Regional and Local wastewater rate increases are shown in Table 5. The proposed rate increased for single-family residential are 5.5% in FY 2027, 5.1% in FY 2028 and FY 2029, and 4.4% in FY 2030 and FY 2031. This equates to an average increase of \$4.79 per bimonthly bill or \$28.74 per year for a five-year period for a single-family residential home. Proposed rate increases for non-residential customers within the lowest strength band are 9.7% in FY 2027, 7.3% in FY 2028 and FY 2029, and 4.5% in FY 2030 and FY 2031.

Table 5 – Current and Proposed Combined Regional and Local Bimonthly Rates (Residential and Non-Residential)

Combined	Current Rates	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Residential \$/Bimonthly						
Single-Family	\$88.34	\$93.18	\$97.94	\$102.97	\$107.53	\$112.31
Duplex	\$176.68	\$186.36	\$195.89	\$205.94	\$215.06	\$224.61
Townhome	\$88.34	\$92.73	\$97.48	\$102.49	\$107.04	\$111.80
Multi-Family / Condominium	\$66.27	\$70.20	\$73.84	\$77.68	\$81.16	\$84.81
Single-Family with 2nd Dwelling Unit	\$154.61	\$162.27	\$171.19	\$180.65	\$188.70	\$197.11
Commercial / Institutional / Industrial \$/CCF						
Less than or equal to 300 mg/L	\$4.90	\$5.38	\$5.77	\$6.19	\$6.47	\$6.76
Between 300 and 450 mg/L	\$5.87	\$6.43	\$6.92	\$7.45	\$7.79	\$8.14
Between 450 and 600 mg/L	\$6.83	\$7.51	\$8.12	\$8.78	\$9.19	\$9.61
Between 600 and 750 mg/L	\$7.80	\$8.56	\$9.27	\$10.04	\$10.51	\$11.00
Between 750 and 900 mg/L	\$8.76	\$9.59	\$10.38	\$11.23	\$11.76	\$12.31
Between 900 and 1,050 mg/L	\$9.72	\$10.65	\$11.53	\$12.49	\$13.08	\$13.70

NEXT STEPS:

Staff will incorporate the Board's feedback into the Draft 2026 Study and include a full copy of the Draft 2026 Study in the February 17 Board agenda packet. On February 17, staff will formally present the Draft 2026 Study, and request that the Board consider setting a public hearing to consider adoption of the proposed rates on Tuesday, May 5, 2026 and authorize distribution of the Proposition 218 notice. If adopted, rates would become effective on July 1, 2026.



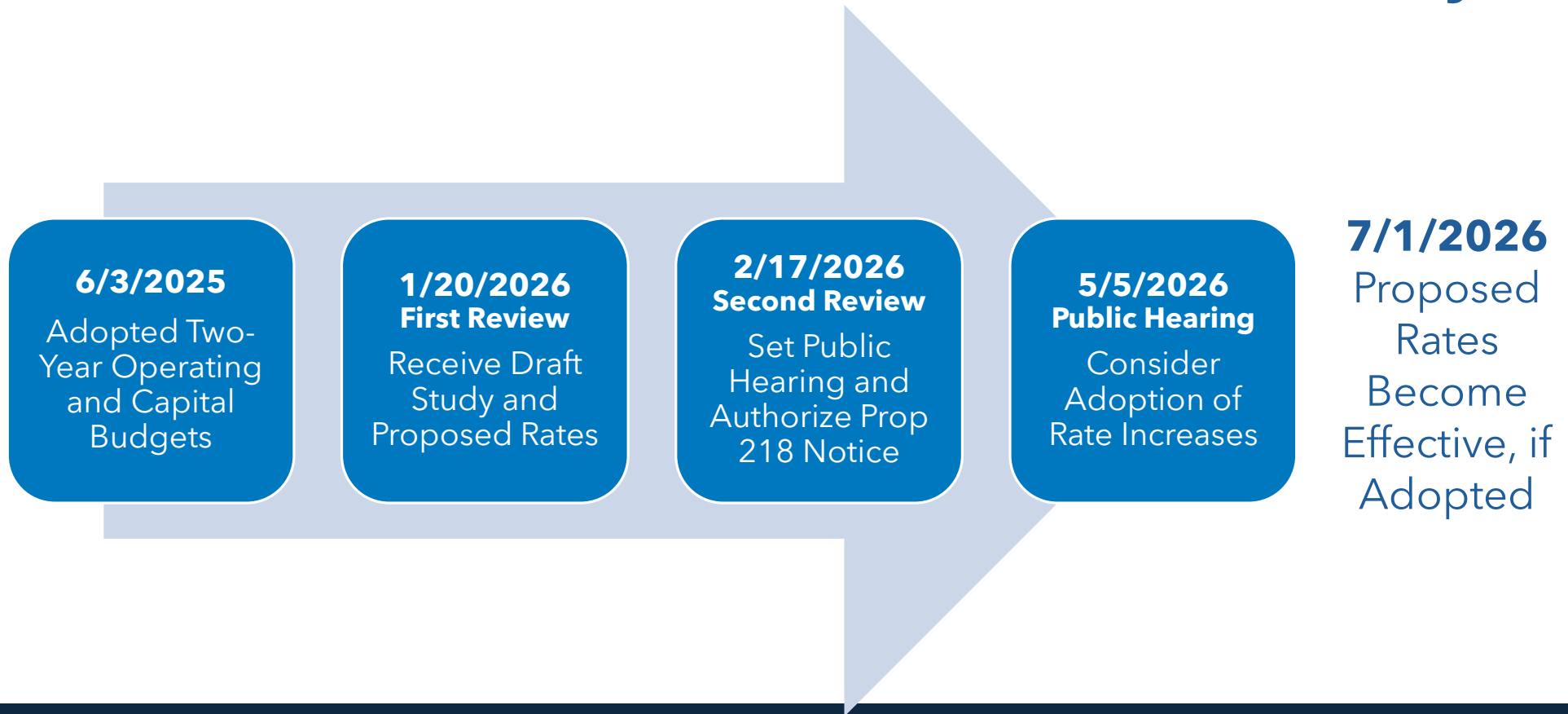
Dublin San Ramon
Services District
Water, wastewater, recycled water

Draft 2026 Regional and Local Wastewater Cost of Service Study

Board Meeting
January 20, 2026

Ken Spray, Finance Director
Kevin Lorentzen, Project Manager, HDR Engineering, Inc.

2026 Wastewater Cost of Service Study



Strategic Plan Alignment

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

Goal

Long-Term Financial Stability and Sustainability

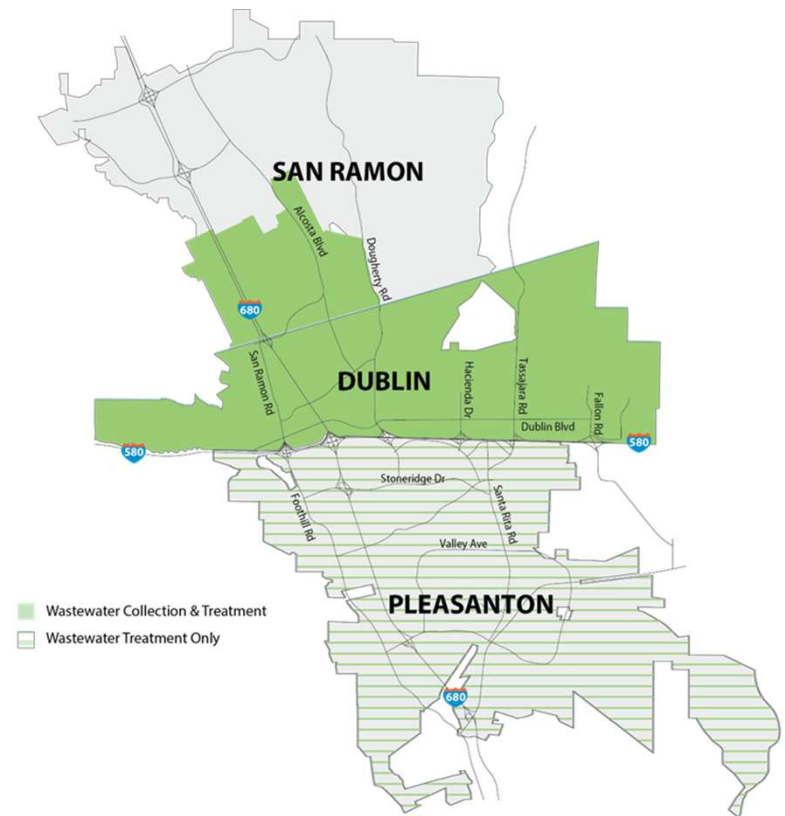
Manage the District's finances to meet funding needs and maintain fair and reasonable water and wastewater rates

Strategic Plan | FY 2026 – FY 2030



Purpose of the Study

- Develop an analysis to financially sustain **Local** Wastewater Collection and **Regional** Wastewater Treatment operating and capital needs
- Calculate proposed rates for the next five years
 - Reflect prudent financial planning criteria
- Use generally accepted methodologies
 - Reflect the District's unique system and known customer characteristics
- Meet the intent of the requirements laid out in Proposition 218
 - Develop proportional and cost-based rates
 - Provide administrative record

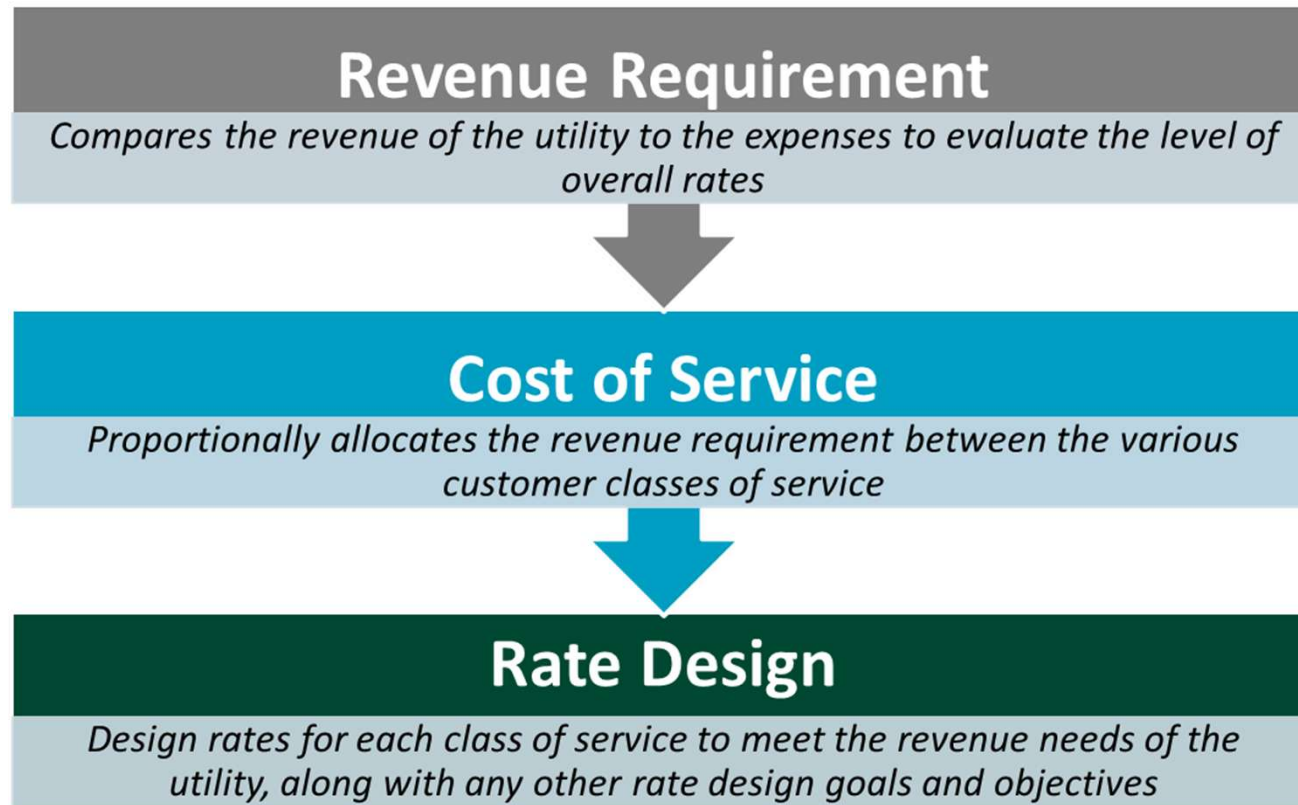


Proposition 218 – Setting Cost-Based Rates

- Proposition 218 is a California constitutional amendment, which required rates to be cost-based
- Proposition 218 requires fees not exceed the **reasonable and proportional cost** of providing the service
- Cost of service analysis results (average unit costs) are the foundation of the proposed rates



Setting Cost-Based Rates



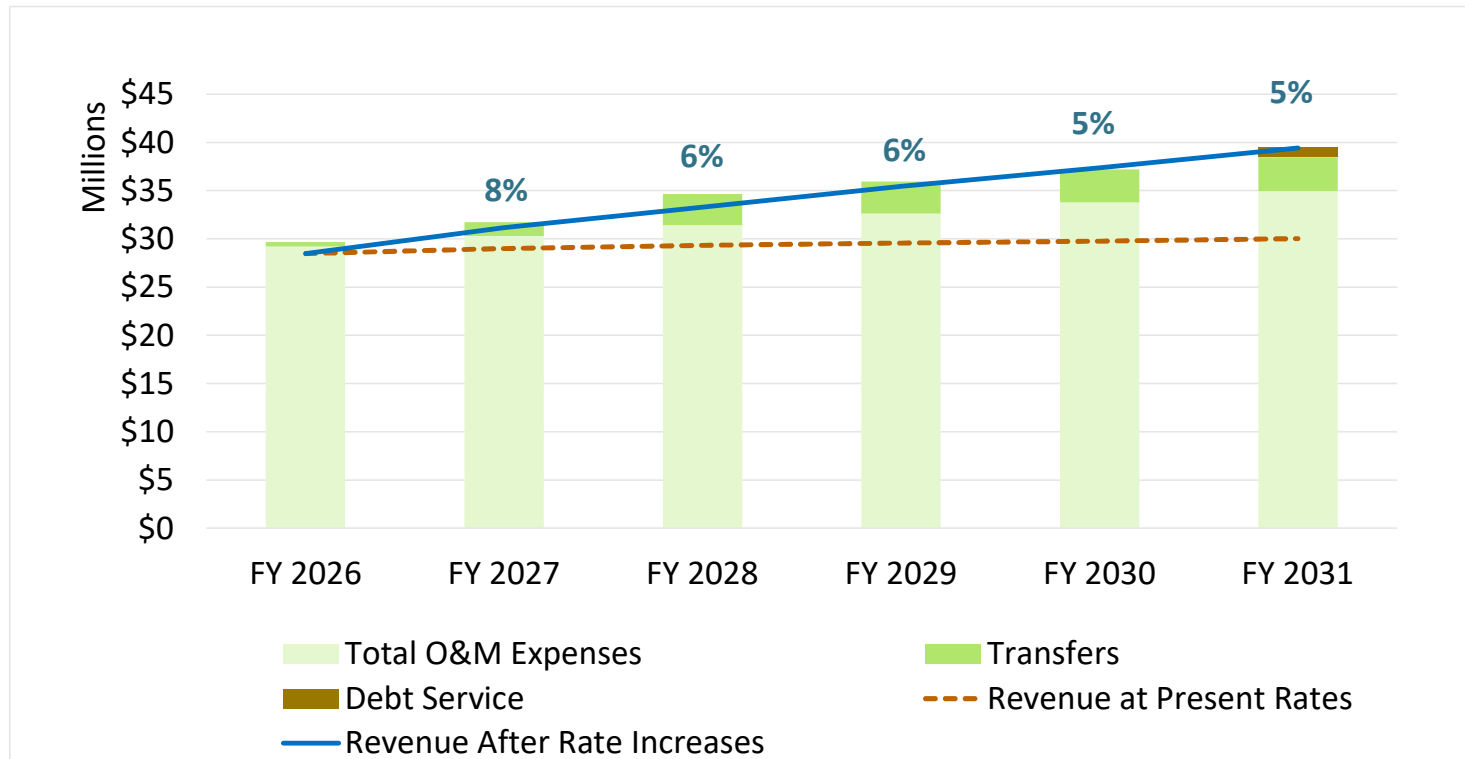
Overview of Revenue Requirement

- **Revenue projections** based on current rates and known customer characteristics
 - Number of customer accounts
 - Customer growth
- **O&M expenses** based on Adopted FY 2026 and FY 2027 Operating Budget
 - Projected through FY 2035 based on historical trends and projected inflationary levels
 - Pension and OPEB expenses are the only expenses adjusted
- **Capital funding** through allocations to the capital replacement funds
 - No change to **Local** capital replacement fund (\$350,000 annually)
 - Restored funding to **Regional** capital replacement fund (increase from \$1 million to \$2.8 million in FY 2028, escalating at 3% per year)

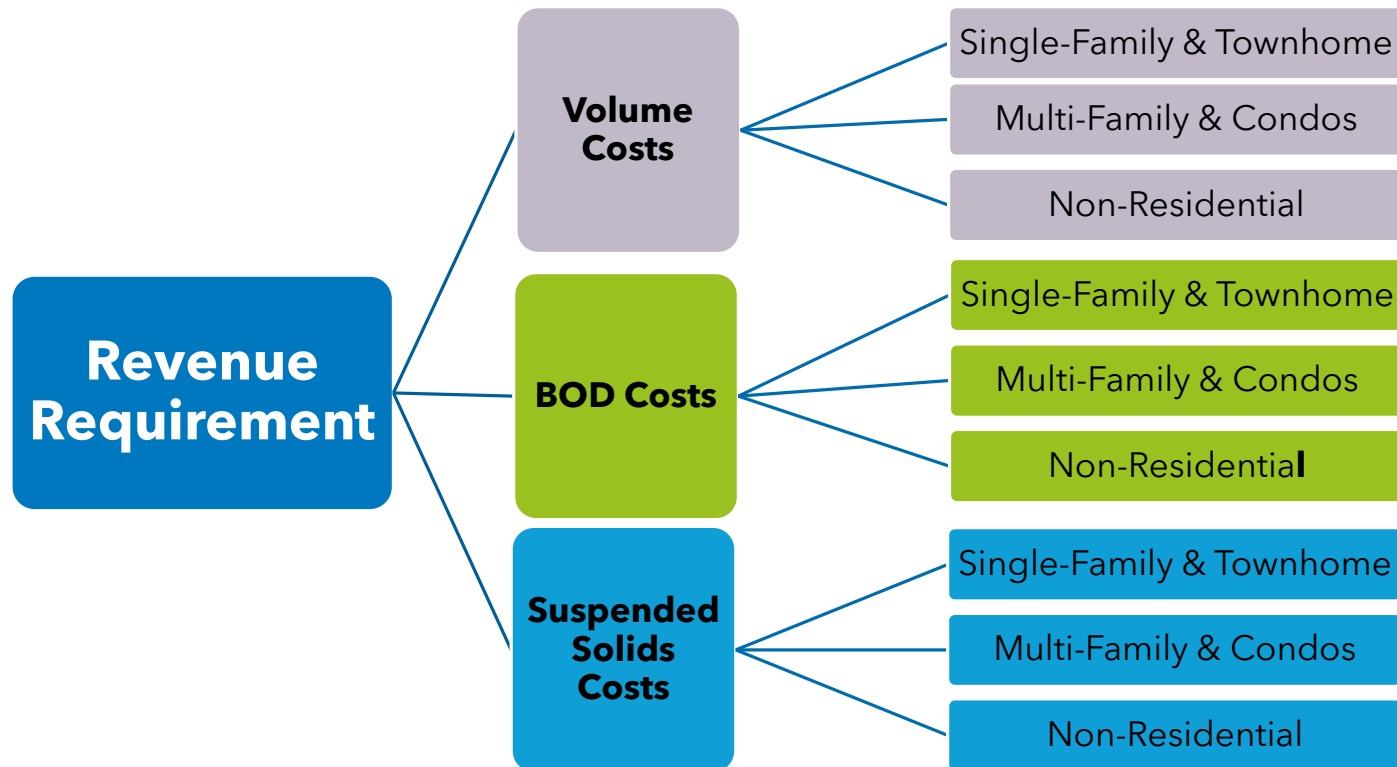
Regional Wastewater



Regional - Revenue Requirement



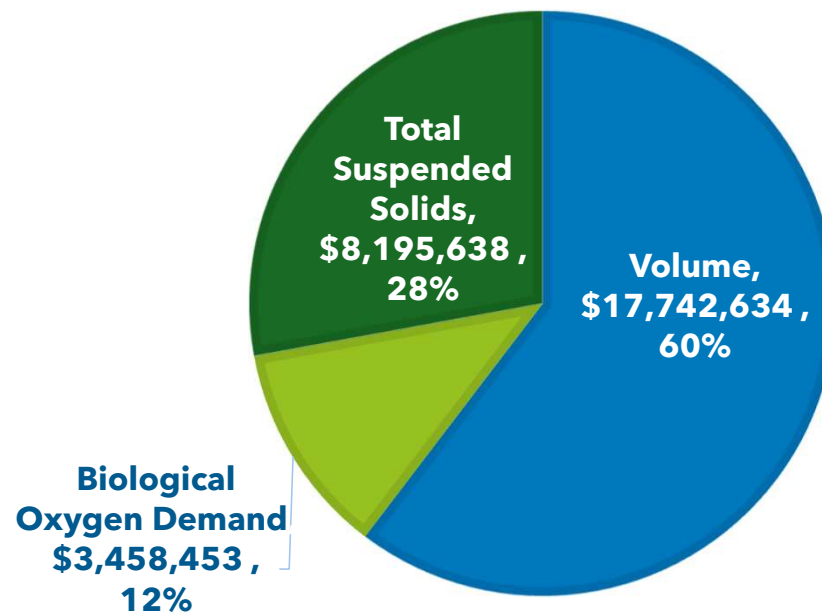
Regional - Cost of Service Process



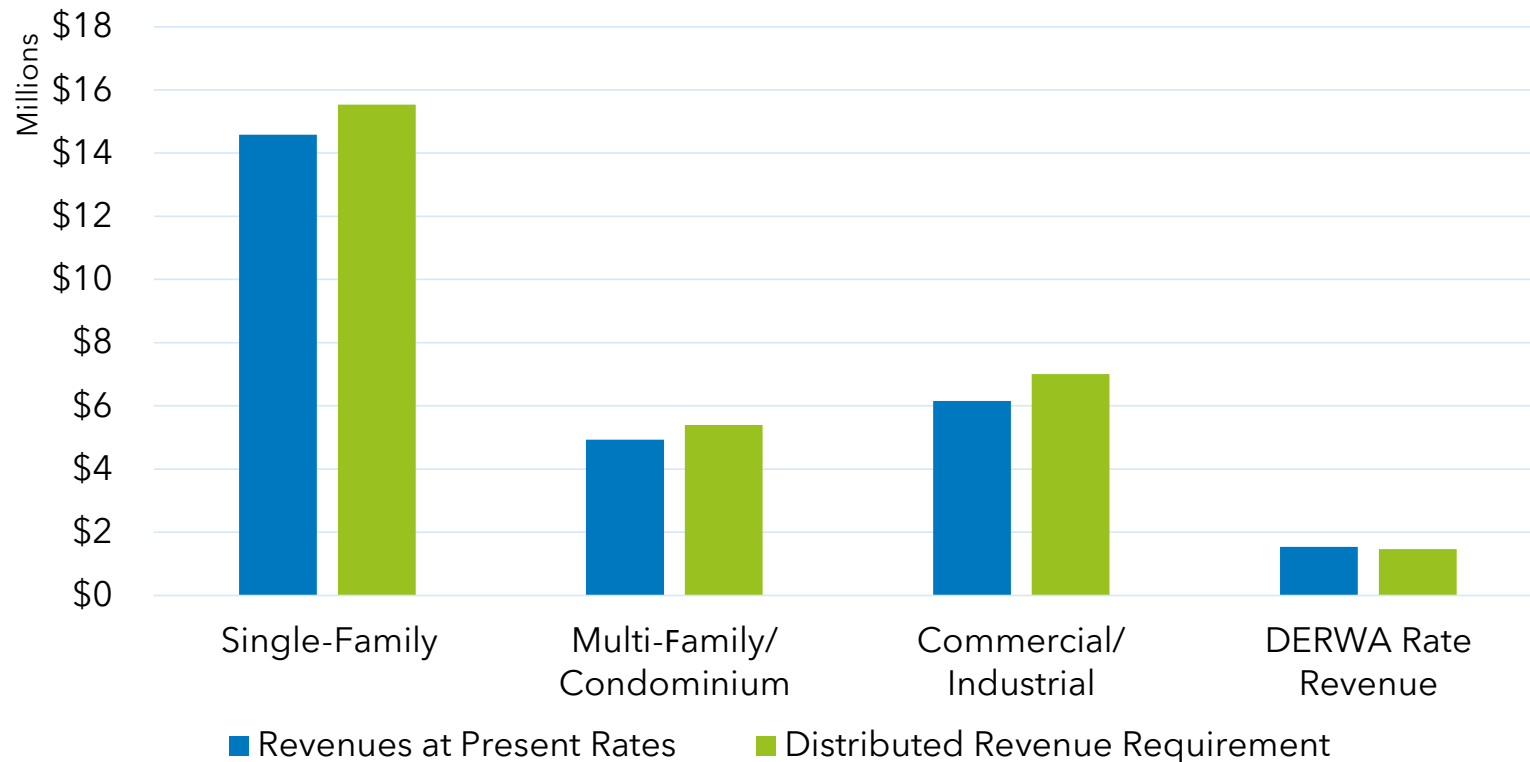
Regional - Expense Allocation

2027 EXPENSE ALLOCATION

Based on assessment of wastewater treatment plant functional purposes by individual plant component



Regional - Cost of Service Results

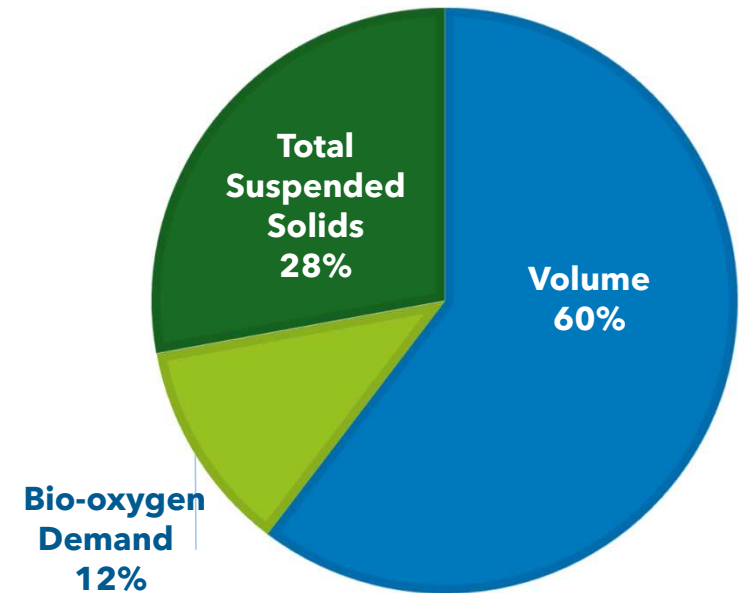


Regional - Calculation of Unit Costs

(Allocated Cost/Unit = Unit Cost)

2027 EXPENSE ALLOCATION

	2027		
	Cost Allocation	Units	Cost per Unit
Volume	\$17,742,634	5,860,142	\$3.03
BOD	\$3,458,453	9,386,843	\$0.37
TSS	\$8,195,638	11,915,067	\$0.69



Rate Design Assumptions

- Rates are designed using unit costs developed in the cost of service and known customer characteristics
- **Residential:** Maintain current approach, fixed bimonthly charge
- **Commercial, Institutional, and Industrial customers:** Maintain 6 existing strength bands
- **DERWA:** Maintain current structure (\$/MG, \$/lbs BOD, \$/lbs TSS)
- **SFPUC and Septic Hauler:** Maintain current rate structure (\$/gallon), but separate to reflect more accurate strength levels



Regional – Current and Proposed Residential Rates

		Current Rates	2027	2028	2029	2030	2031
Single-Family	\$/Bimonthly	\$61.58	\$65.58	\$69.52	\$73.69	\$77.37	\$81.24
Duplex	\$/Bimonthly	\$123.16	\$131.17	\$139.04	\$147.38	\$154.75	\$162.49
Townhome	\$/Bimonthly/LU	\$61.58	\$65.58	\$69.52	\$73.69	\$77.37	\$81.24
Multi-Family / Condominium	\$/Bimonthly/LU	\$46.69	\$51.16	\$54.22	\$57.48	\$60.35	\$63.37
Single-Family with 2nd Dwelling Unit	\$/Bimonthly	\$108.27	\$116.74	\$123.74	\$131.17	\$137.73	\$144.61



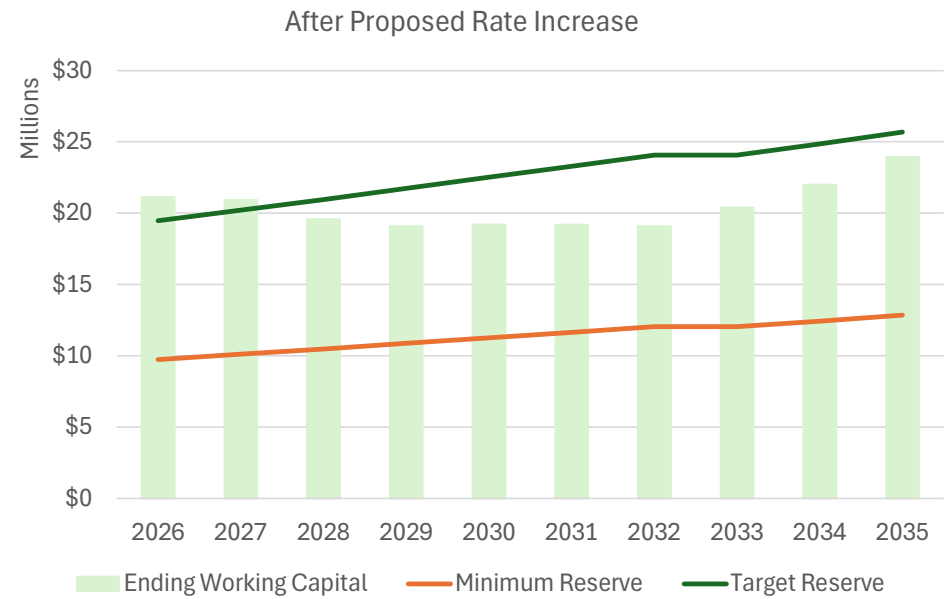
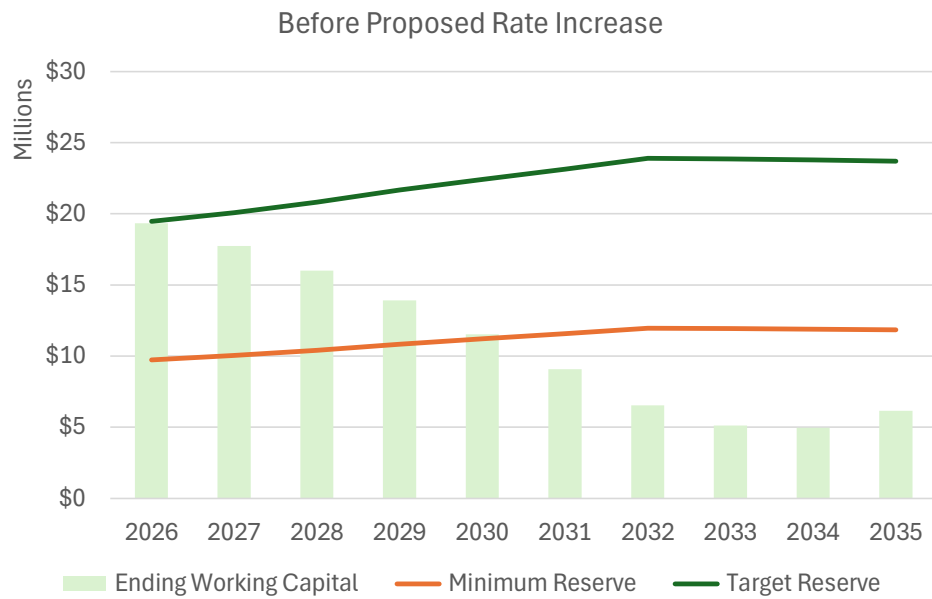
Regional – Current and Proposed Non-Residential Rates

		Current Rates	2027	2028	2029	2030	2031
Commercial / Institutional / Industrial							
Less than or equal to 300 mg/L	\$/CCF	\$3.48	\$3.80	\$4.14	\$4.51	\$4.74	\$4.98
Between 300 and 450 mg/L	\$/CCF	4.45	4.85	5.29	5.77	6.06	6.36
Between 450 and 600 mg/L	\$/CCF	5.41	5.92	6.49	7.11	7.46	7.83
Between 600 and 750 mg/L	\$/CCF	6.38	6.98	7.64	8.37	8.78	9.22
Between 750 and 900 mg/L	\$/CCF	7.34	8.01	8.75	9.55	10.03	10.53
Between 900 and 1,050 mg/L	\$/CCF	8.30	9.06	9.90	10.81	11.35	11.92
Greater than 1,050 mg/L		To Be Determined By District					
DERWA							
Volume	\$/MG	\$4,112.92	\$4,227.80	\$4,345.89	\$4,467.27	\$4,690.64	\$4,925.17
BOD	\$/LBS	\$0.38	\$0.39	\$0.40	\$0.41	\$0.43	\$0.46
TSS	\$/LBS	0.76	0.76	0.77	0.77	0.81	0.85
SFPUC	\$/Gal	\$0.0379	\$0.0050	\$0.0053	\$0.0056	\$0.0059	\$0.0062
Septic Haulers	\$/Gal	\$0.0379	\$0.0349	\$0.0370	\$0.0392	\$0.0412	\$0.0432



Regional 10-Year Financial Models

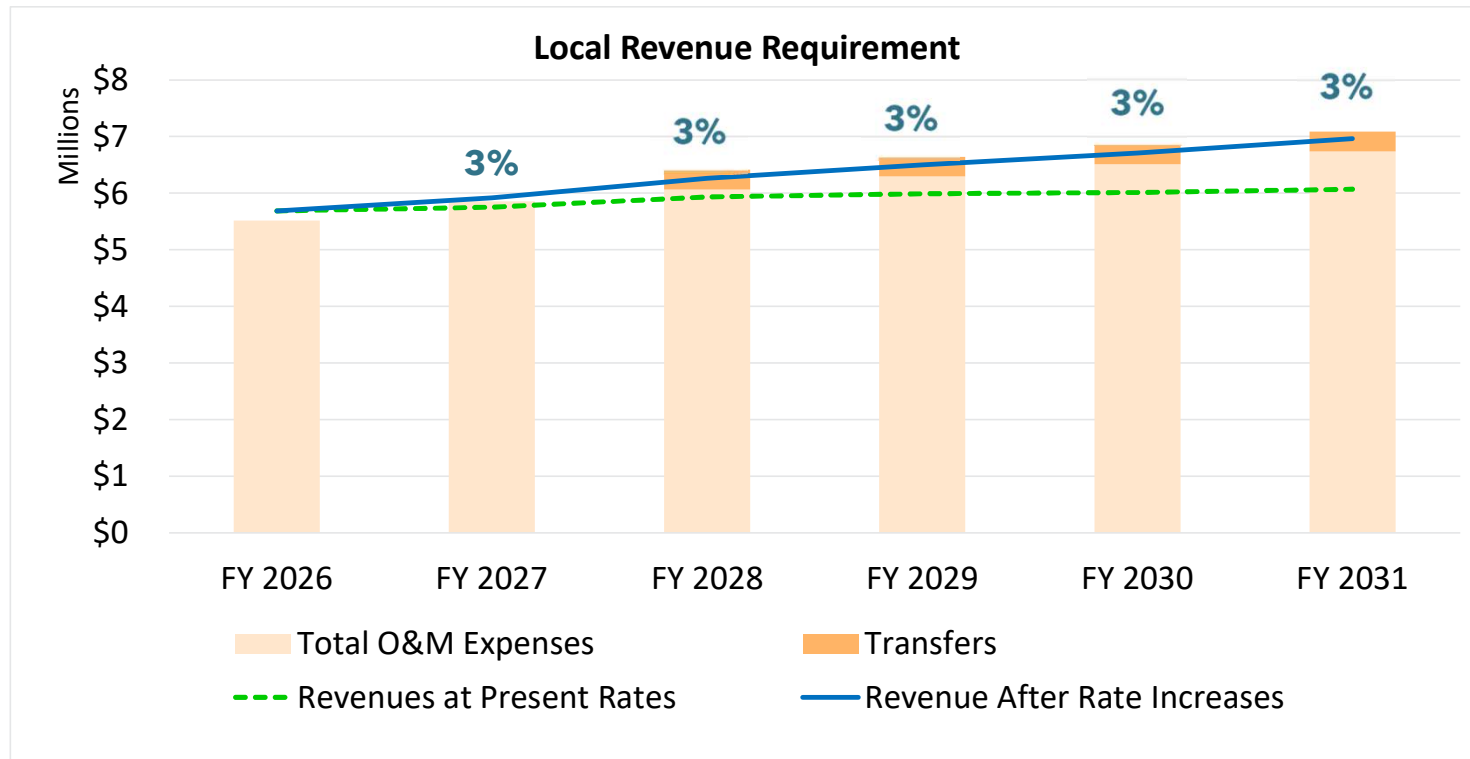
Compare the projected working capitals before and after proposed rate increase (Funds 300/305)



Local Wastewater



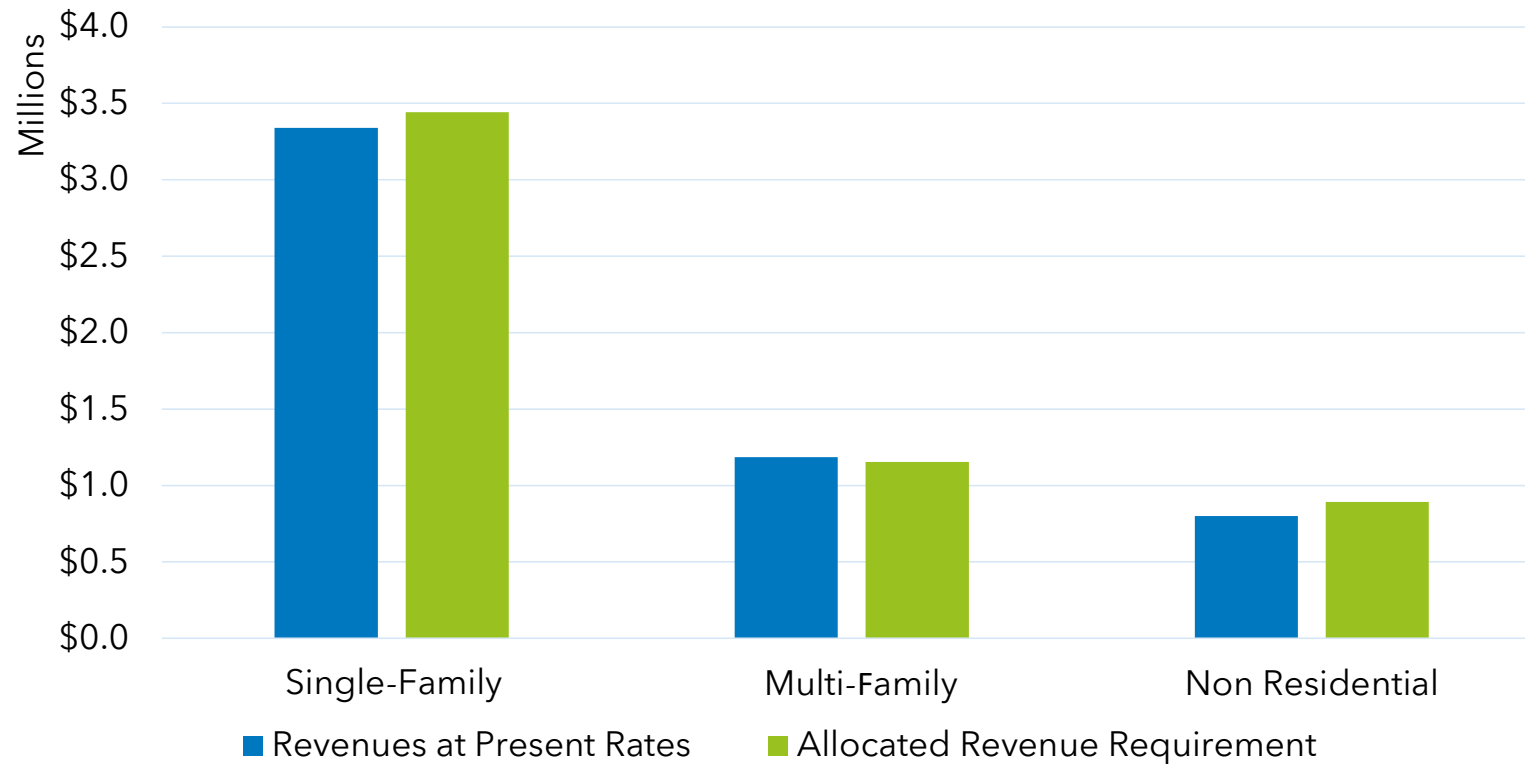
Local – Revenue Requirement



Local - Cost of Service Process



Local - Cost of Service Results



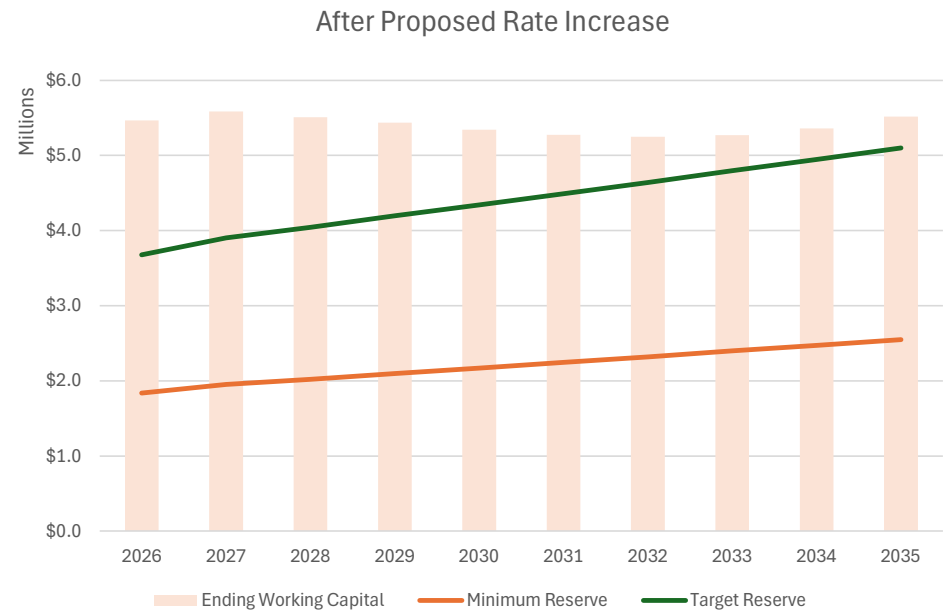
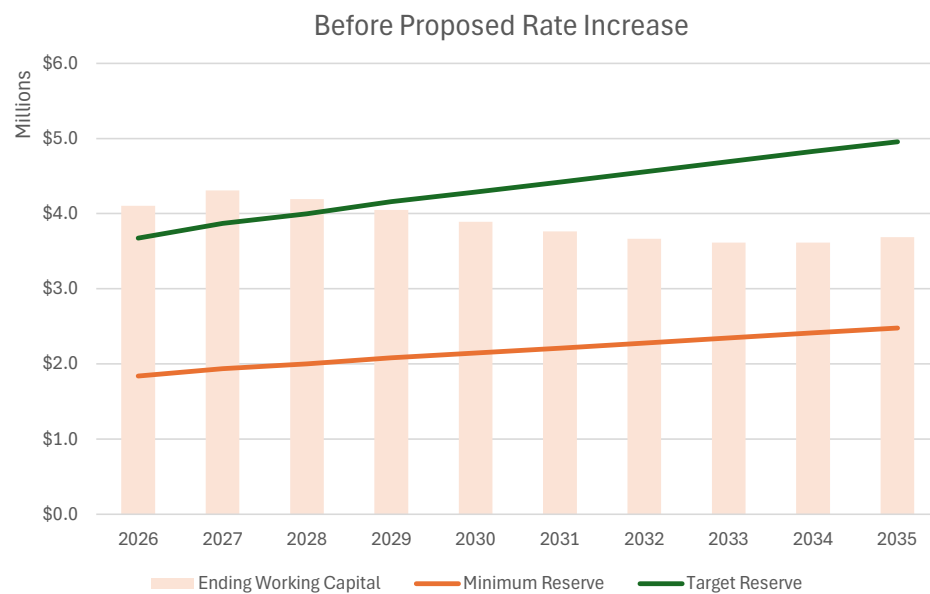
Local - Current And Proposed Rates

		Current Rates	2027	2028	2029	2030	2031
Single-Family	\$/Bimonthly	\$26.76	\$27.60	\$28.43	\$29.28	\$30.16	\$31.06
Duplex	\$/Bimonthly	\$53.52	\$55.20	\$56.85	\$58.56	\$60.31	\$62.12
Townhome	\$/Bimonthly/LU	\$26.76	\$27.15	\$27.96	\$28.80	\$29.66	\$30.55
Multi-Family / Condominium	\$/Bimonthly/LU	\$19.58	\$19.05	\$19.62	\$20.21	\$20.81	\$21.44
Single-Family with 2nd Dwelling Unit	\$/Bimonthly	\$46.34	\$46.64	\$48.04	\$49.48	\$50.97	\$52.50
Commercial / Institutional / Industrial	\$/CCF	\$1.42	\$1.58	\$1.63	\$1.68	\$1.73	\$1.78



Local 10-year Financial Models

Compare the projected working capitals before and after proposed rate increase (Funds 200/205)

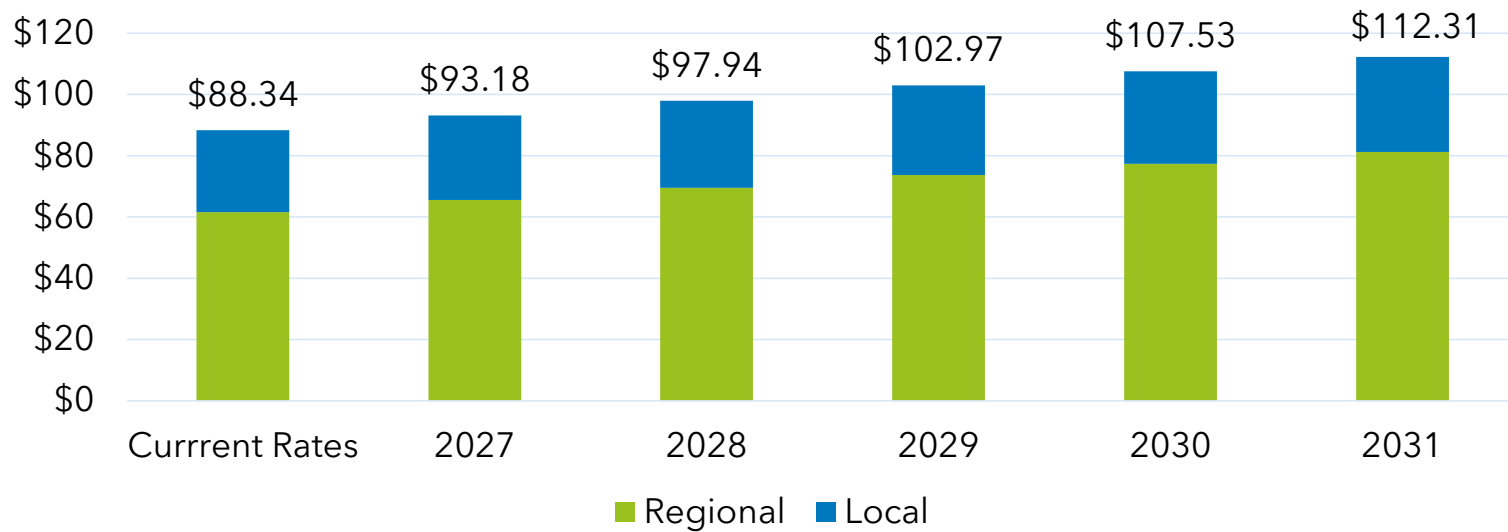


Combined Regional and Local Rate Impacts



Dublin San Ramon Services District
Water, wastewater, recycled water

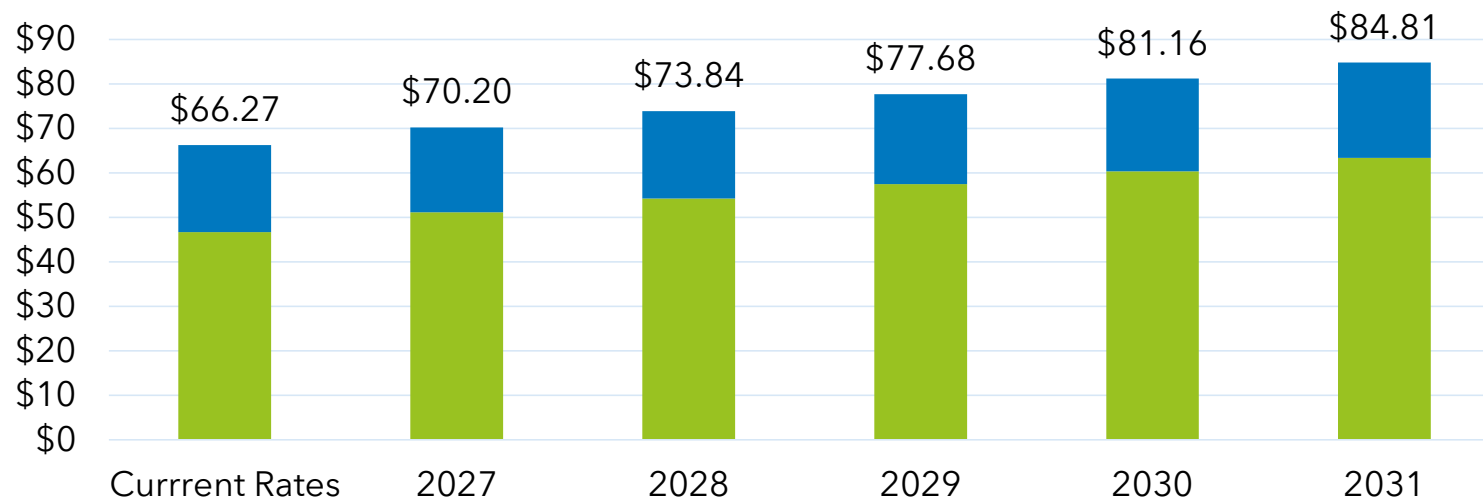
Combined Regional and Local Single-Family Bimonthly Rate



Percentage change 5.5% 5.1% 5.1% 4.4% 4.4%

Average increase of \$4.79 bimonthly (\$28.74 per year)

Combined Regional and Local Multi-Family Bimonthly Rate



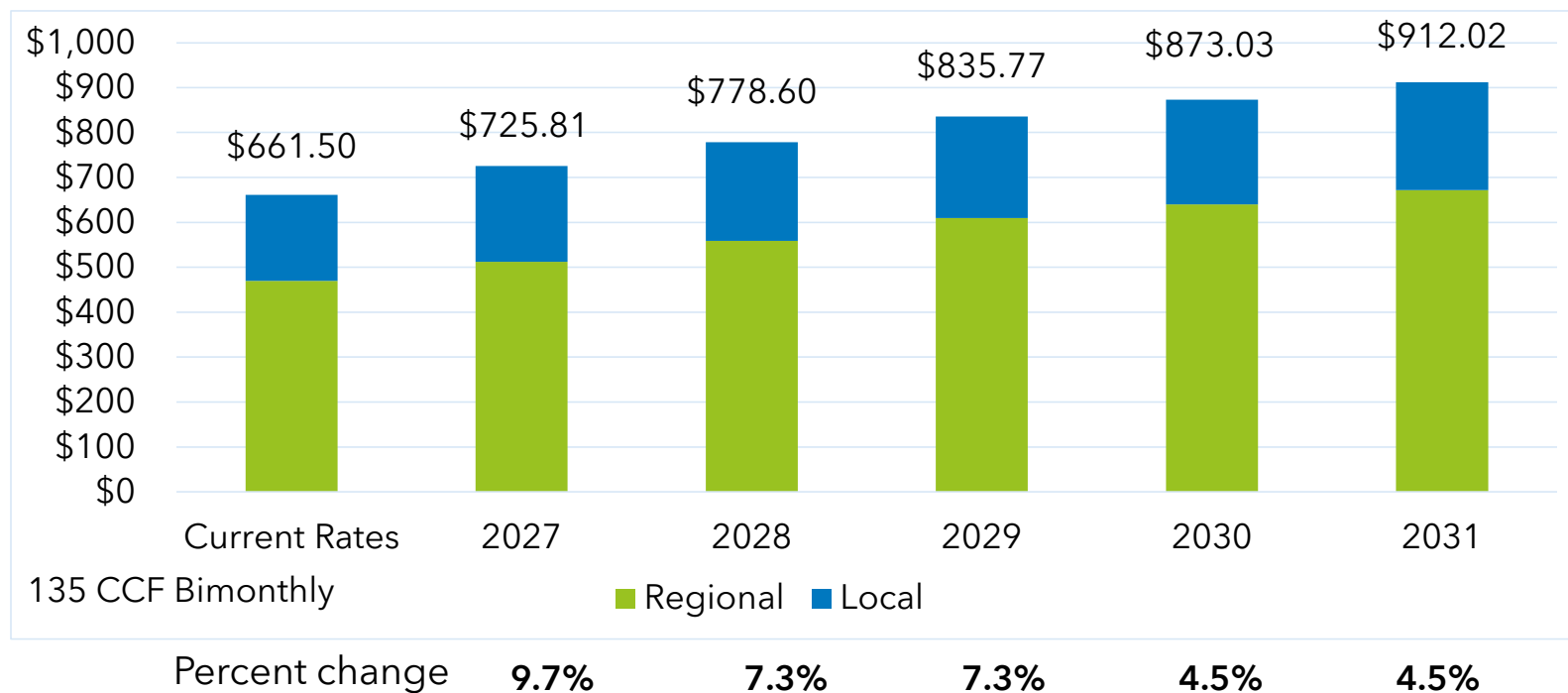
■ Regional ■ Local

Percentage change **5.9%** **5.2%** **5.2%** **4.5%** **4.5%**

Average increase of \$3.71 bimonthly /living unit (\$22.26 per year)

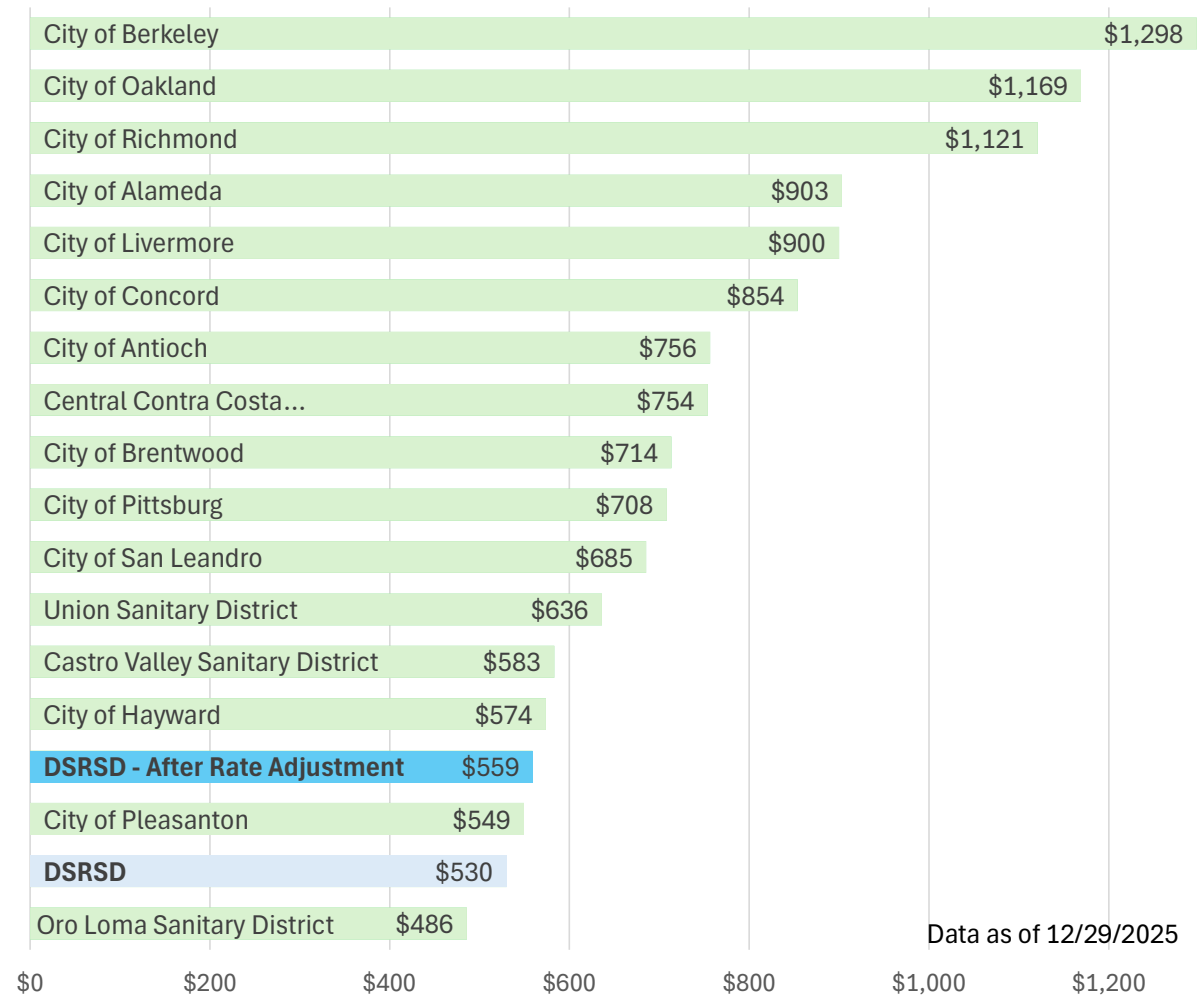


Combined Regional and Local Non-Residential Less than or equal to 300 mg/L

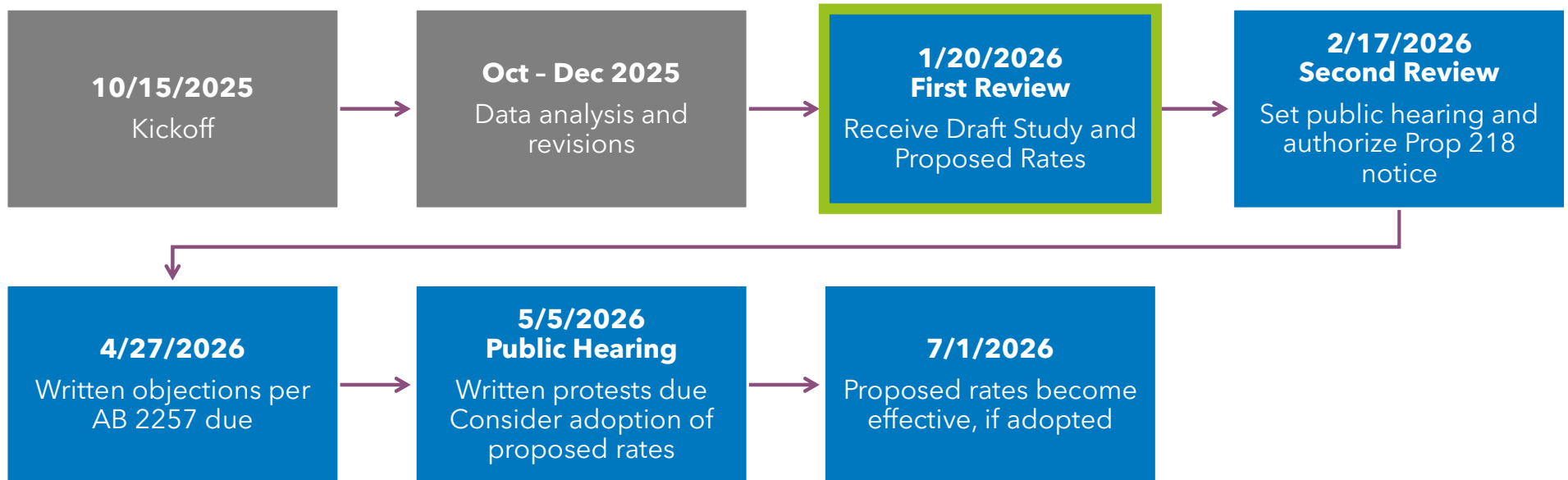


Rate Comparison

- Annual single-family wastewater service charges 2025-2026
- Alameda and Contra Costa County agencies with at least 100 miles of collection system and/or 5 million gallons per day of treatment



Schedule



Next Steps

- Receive Board feedback
- Incorporate changes to analysis
- Finalize Draft 2026 Regional and Local Wastewater Study and Proposition 218 notice



Discussion





To: Board of Directors

From: Jan R. Lee, General Manager 

Date: January 20, 2026

Subject: **General Manager Monthly Report for December 2025**

This report highlights DSRSD's key activities and progress made on major projects in the previous month, December 2025.

ADMINISTRATION AND FINANCE

Annual Capacity Reserve Fee (CRF) Report – The Annual Capacity Reserve Fee Report for Fiscal Year (FY) 2025 is now available at [Financial Information | DSRSD](#). California Government Code Section 66013 imposed specific accounting and reporting requirements for the water and sewer connection fees or capacity charges. The fees are collected into separate water and sewer replacement and expansion capital funds. Reporting of these funds must be publicly available within 180 days after the last day of each fiscal year. The annual report shows the beginning and ending balances of each of the six capital funds, amount of capacity charges collected, how the charges are expended, and the capital improvement projects planned for the next fiscal year. The combined capital fund balance at the end of FY 2025 is \$213.5 million. The planned capital projects for FY 2026 total \$46.6 million.

Monthly Warrant List – For the period of December 1–31, 2025, Accounts Payable issued 268 checks totaling \$7.0 million. Notable payments this period include \$1.9 million to Zone 7 Water Agency and \$1.1 million to DERWA . Current warrant lists are available at [Financial Information | DSRSD](#).

DSRSD in the News – On December 4, the Livermore Independent featured an [article](#) celebrating DSRSD's water recycling program and the District's recent recognition as a *Utility of the Future Today*.

ENGINEERING

AWIA Risk and Resilience Assessment (CIP 25-W012) – The America's Water Infrastructure Act of 2018 (AWIA) requires water utilities serving over 3,300 people to: (1) complete risk and resilience assessments (RRAs) to regularly assess their risks, including cyber threats and natural disasters, and (2) revise emergency response plans (ERPs) that incorporates the RRA findings. The last RRA and ERP update was completed in 2020. In June 2025, West Yost was selected to complete a five-year review and update of the District's RRA and ERP. The RRA assessed critical assets, evaluated potential threats to the drinking water system to establish a baseline for risk and resilience, and developed mitigation strategies to reduce vulnerabilities and enhance system resilience. Staff certified the RRA as complete on December 22, 2025. The next step is to prepare or update an ERP for the water system, which must be completed within six months of certifying the RRA.

Urban Water Use Objective and Water Loss Audit Reports – DSRSD submitted the FY 2025 Urban Water Use Objectives (UWUO) and Water Loss Audit reports to the Department of Water Resources on December 24 and December 29, respectively. The UWUO report fulfills requirements under the long-term conservation regulation “Making Conservation a California Way of Life” and compares DSRSD’s actual water usage in FY 2025 against a UWUO target, which is based on standards set by the State Water Resources Control Board for indoor use, outdoor water use, and water loss. Results show that DSRSD is in compliance with the new conservation requirements for FY 2025. Water loss, a component of the UWUO, must be reported separately under Senate Bill 555 (2015). For FY 2025, DSRSD reported a real water loss of 16.4 gallons per connection per day, similar to last year’s figure. To minimize system water loss, staff have identified projects, such as the meter replacement program and meter testing, for future implementation.

DERWA-Central San Seasonal Wastewater Diversion Project Update – Since early 2025, DERWA, Central San, DSRSD, and EBMUD have been in discussions on a long-term wastewater diversion agreement to secure additional supplies to expand the DERWA recycled water program. The agencies have identified several significant issues that must be evaluated and addressed through technical studies before a long-term agreement can be completed. The agencies are developing a short-term Memorandum of Agreement (MOA) to complete these studies before entering into a long-term agreement. The MOA would also allow for the temporary and seasonal use of the existing diversion facilities during the MOA term. The existing diversion facilities were completed in 2021 to enable approximately 0.7 million gallons per day of raw wastewater to be diverted from Central San’s collection system to DSRSD’s collection system to be used as supplemental supply for the DERWA recycled water program. Staff plan to brief the Board on the status of the MOA and long-term agreement at a future Board meeting.

OPERATION AND MAINTENANCE

Reservoir 10A Electrical Improvements Project (CIP 26-W028) – Reservoir 10A serves as a major communications hub for the District, supporting critical operational systems and remote monitoring capabilities. For approximately eight months in 2025, the site experienced an unreliable power supply, creating significant operational risk. The site’s electrical service is provided through a dedicated line originating from a neighboring Alameda County facility. When the transformer pole on this line failed, the site lost its primary source of reliable power. On November 11, 2025, District staff successfully completed Phase 1 of the Reservoir 10A Electrical Improvements Project. This phase focused on replacing the failed transformer pole and associated electrical components. Completion of this work restored a stable and dependable power supply to the site, ensuring continuity of critical communications and operational functions. Staff are now progressing with Phase 2, which aims to improve the site’s resilience and sustainability. This phase includes the installation of a small-scale, off-grid solar and battery backup system. Phase 2 is scheduled to be completed in early spring.



Electricians Brian Johnson, Todd Stockl, and Jonathan Howell installing the solar system

Once operational, this system will provide a renewable and independent power source, ensuring that the site remains functional during grid outages or other disruptions.

Potable Water, Recycled Water, and Wastewater Production Charts – Charts showing potable water supply, recycled water production, and wastewater treatment plant (WWTP) flows are attached.

- *Potable water supply (Figure 1)* – From January through December 2025, Zone 7 Water Agency supplied approximately 3,239 million gallons (MG) of potable water to DSRSD for delivery to customers, which is comparable to last year, meaning our usage was nearly identical. The chart also shows calendar years 2023 and 2024 monthly potable water supply for comparison.
- *DERWA recycled water production (Figure 2)* – From January through December 2025, the DERWA recycled water treatment facility produced approximately 1,396 MG, which is an 11% decrease compared to last year. The chart also shows calendar years 2023 and 2024 monthly potable water supply for comparison. Weather played a large contributing factor in the lower recycled water demands.
- *Wastewater flows and precipitation (Figure 3)* – The average WWTP influent flow for December 2025 was 11.2 million gallons per day (MGD), and the average wastewater exported to LAVWMA was 10.8 MGD. Precipitation for the month totaled 1.4 inches. The December storms during the holidays increased flows to the WWTP but were not impactful enough to alter any operations.

Figure 1. Monthly Potable Water Supply

January 1, 2023 - December 31, 2025

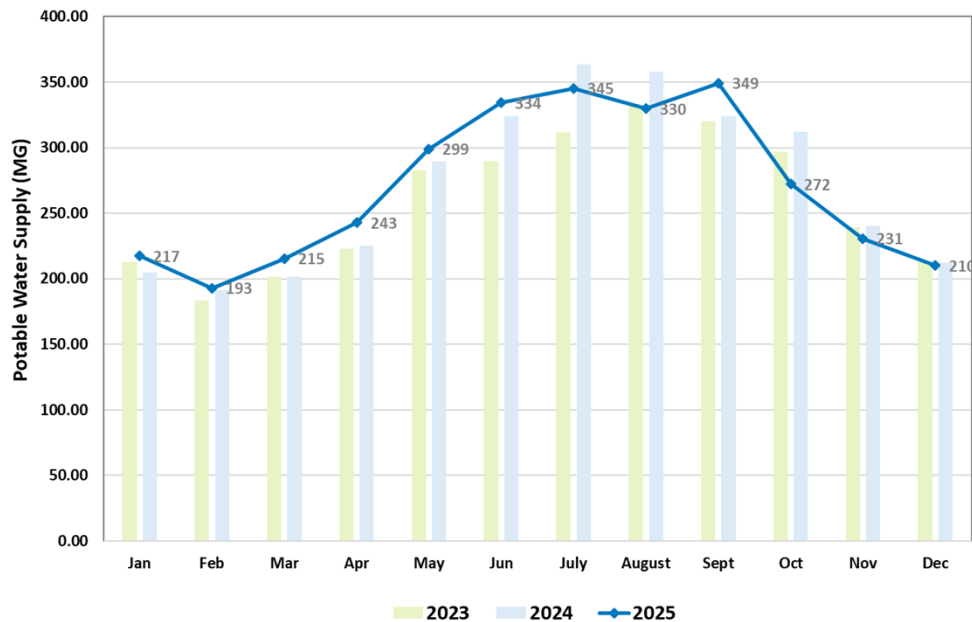
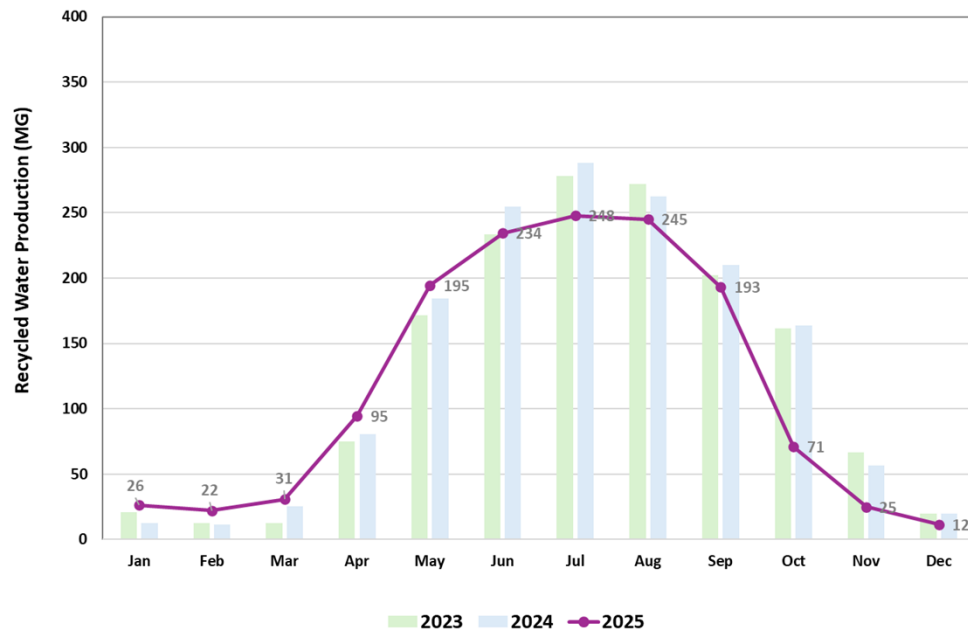


Figure 2. Monthly DERWA Recycled Water Production

January 1, 2023 - December 31, 2025

**Figure 3. Wastewater Flows and Precipitation**

December 2025

