

AGENDA

NOTICE OF REGULAR MEETING

TIME: 6 p.m.

DATE: Tuesday, February 16, 2021

PLACE: Teleconference

Pursuant to Governor Newsom's Executive Orders N-25-20, N-29-20, and N-33-20, and local county health orders issued to address the COVID-19 pandemic, the Board meeting will be held via Teams Teleconference.

The District Boardroom will be closed to the public.

The public may observe and comment by electronic means as described on Page 3.

See Page 3 of the Agenda Packet for Teams Teleconference Access Information

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 – Members: Goel, Halket, Johnson, Rubio, Vonheeder-Leopold
4. SPECIAL ANNOUNCEMENTS/ACTIVITIES
5. PUBLIC COMMENT (MEETING OPEN TO THE PUBLIC)
At this time those on the teleconference call 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. The President of the Board will recognize each speaker, at which time the speaker should introduce him/herself, and then proceed with his/her comment. Written comments of five minutes or less and received by 5 p.m. on the day of the meeting will be read into the meeting record.
6. REPORTS
 - 6.A. Reports by Staff
 - Event Calendar
 - Correspondence to and from the Board
 - 6.B. Joint Powers Authority and Committee Reports
 - 6.C. 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 February 2, 2021
Recommended Action: Approve by Motion

- 7.B. Approve a Side Letter of Agreement with the Stationary Engineers, Local 39 and Dublin San Ramon Services District
Recommended Action: Approve by Resolution

8. BOARD BUSINESS

- 8.A. Approve Continuation of District's State of Emergency in Response to COVID-19 Pandemic by General Manager and Find that the Need for the District's State of Emergency Still Exists
Recommended Action: Approve by Motion
- 8.B. Discuss the Repayment of the Temporary Infrastructure Charge and the Ratepayer Share of Water Expansion Fund Debt and Provide Direction
Recommended Action: Discuss and Provide Direction
- 8.C. Discussion and Direction on Local Wastewater Enterprise Finances and Transfer from Local Wastewater Enterprise Fund to Local Wastewater Rate Stabilization Fund
Recommended Action: Receive Presentation and Provide Direction by Motion
- 8.D. Accept Regular and Recurring Reports: Quarterly Financial Reports, and Provide Direction on Future Format
Recommended Action: Accept by Motion and Provide Direction

9. BOARD MEMBER ITEMS

- Submittal of Written Reports for Day of Service Events Attended by Directors
- Request New Agenda Item(s) Be Placed on a Future Board or Committee Agenda

10. CLOSED SESSION

The Board will convene its closed session on a separate teleconference line and return to the open teleconference call for Item 11 when the closed session is completed.

- 10.A. Conference with Labor Negotiators Pursuant to Government Code 54957.6
Agency Negotiators: Dan McIntyre, General Manager
Carol Atwood, Administrative Services Manager
Michelle Gallardo, Human Resources and Risk Supervisor
Employee Organization: Stationary Engineers, Local 39
Additional Attendee: Douglas E. Coty, General Counsel

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.

Teams Teleconference Access Information

Dublin San Ramon Services District
Regular Board Meeting
Tuesday, February 16, 2021

If the public wishes to provide comments during Agenda Item 5 – Public Comment, or on any of the agenda items, please join the meeting using the teleconference instructions below, or email written comments to the Board of Directors at board@dsrsd.com by 5 p.m., Tuesday, February 16, 2021. Written comments, of five minutes or less, will be read into the meeting record during the public comment portion of the agenda or during discussion of the subject of the comment.

To Join by Computer or Device:

1. Click [Join Meeting](#).
2. Select how you want to join the Teams meeting.
3. Click **"Join now."** You can personalize your video and audio preferences before or after joining.
4. Public participants would wait for the meeting host to admit you.
5. You must unmute yourself when you wish to speak by clicking the microphone icon, which is also used to mute yourself when you finish speaking.

To Join by Phone Only:

1. Dial **(831) 256-7773** USA Toll from any telephone.
2. Enter Conference ID **640 828 979#** when prompted. DO NOT PRESS *.
3. Wait for the meeting host to admit you. If you are unsuccessful in joining, hang up and dial in again.
4. You must unmute yourself when you wish to speak by pressing *6, which is also used to mute yourself when you finish speaking.

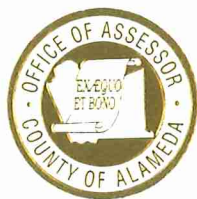
Video Teleconference Meeting Instructions and Information:

- Stay muted unless speaking.
- Listen for prompts to know when public comments are solicited.
- You must unmute yourself when you wish to speak during Public Comment or during discussion of a particular agenda item. The meeting host can mute but cannot unmute participants.
- Announce yourself and speak slowly and clearly when commenting.
- Call (925) 875-2224 if you experience any technical difficulties.

Boardmembers and staff will be attending the meeting via teleconference. The Board will convene any Closed Sessions on a separate teleconference line and return to the open teleconference meeting for the next agenda item when the Closed Session is completed. The open teleconference meeting will be muted during this time and will resume for the Closed Session report and meeting adjournment.

The Boardroom is closed to the public.

All votes during the meeting will be taken by roll call vote.



OFFICE OF ASSESSOR

1221 OAK STREET • OAKLAND, CALIFORNIA 94612-4288

(510) 272-3755

PHONG LA

ASSESSOR

Mr. Richard Halket, Vice President
Board of Directors
Dublin San Ramon Services District
7051 Dublin Blvd.
Dublin, CA 94568

January 27, 2021

Dear Vice President Halket,

On behalf of the Alameda County Assessor's Office I would like to congratulate you on your recent election! Running for elected office is a vital piece of our democracy and I thank you for your civic leadership.

Since taking office just over 2 years ago, I have been working hard to expand our community engagement and help connect our shared constituents with available resources and information from the Assessor's Office. Our office is always looking for opportunities to partner with other local elected officials, if you are interested in coordinating an event, please email Mona.Barra-Gibson@acgov.org. We look forward to working together in the future!

Please do not hesitate to reach out to our office with any questions or potential partnership opportunities. Below is a link to our office's website, which provides information about the office's resources and upcoming events:

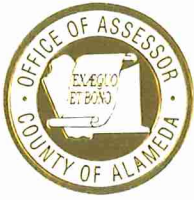
<https://www.acassessor.org/>

Wishing you and your family a healthy and happy New Year!

Sincerely,

Phong La

Alameda County Assessor's Office
1221 Oak Street, Suite 145
Oakland, CA 94612
510.272.3787



OFFICE OF ASSESSOR

1221 OAK STREET • OAKLAND, CALIFORNIA 94612-4288

(510) 272-3755

PHONG LA

ASSESSOR

January 27, 2021

Ms. Marisol Rubio, Division 1
Board of Directors
Dublin San Ramon Services District
7051 Dublin Blvd.
Dublin, CA 94568

Dear Director Rubio,

On behalf of the Alameda County Assessor's Office I would like to congratulate you on your recent election! Running for elected office is a vital piece of our democracy and I thank you for your civic leadership.

Since taking office just over 2 years ago, I have been working hard to expand our community engagement and help connect our shared constituents with available resources and information from the Assessor's Office. Our office is always looking for opportunities to partner with other local elected officials, if you are interested in coordinating an event, please email Mona.Barra-Gibson@acgov.org. We look forward to working together in the future!

Please do not hesitate to reach out to our office with any questions or potential partnership opportunities. Below is a link to our office's website, which provides information about the office's resources and upcoming events:

<https://www.acassessor.org/>

Wishing you and your family a healthy and happy New Year!

Sincerely,

Phong La

Alameda County Assessor's Office
1221 Oak Street, Suite 145
Oakland, CA 94612
510.272.3787

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

February 2, 2021

Pursuant to Governor Newsom's Executive Orders N-25-20, N-29-20, and N-33-20, and local county health orders issued to address the COVID-19 pandemic, this Board meeting was held via Teams teleconference. The District Boardroom is closed to the public; however, the public may observe and comment by calling in to the teleconference meeting per the instructions provided on page 3 of the agenda. As required by the Brown Act, all votes were taken by roll call vote due to the attending Directors participating via teleconference.

1. CALL TO ORDER

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

2. PLEDGE TO THE FLAG

3. ROLL CALL

Boardmembers present at start of meeting:

President Ann Marie Johnson, Vice President Richard M. Halket, Director Rubio, and Director Georgan M. Vonheeder-Leopold

District staff present: Dan McIntyre, General Manager; Jan Lee, Assistant General Manager; Carol Atwood, Administrative Services Manager/Treasurer; Judy Zavadil, Engineering Services Manager/District Engineer; Jeff Carson, Operations Manager; Douglas E. Coty, General Counsel; and Nicole Genzale, Executive Services Supervisor/District Secretary.

4. SPECIAL ANNOUNCEMENTS/ACTIVITIES

General Manager McIntyre announced the California Association of Sanitation Agencies (CASA) presented its Excellence in Public Outreach/Education – Small Agency Award to DSRSD for its 2020 Virtual Citizens Water Academy at its Virtual Winter Conference January 28, 2021. He shared the nomination video submitted about the program.

5. PUBLIC COMMENT (MEETING OPEN TO THE PUBLIC) – 6:05 p.m. No public comment was received.

6. REPORTS

6.A. Reports by Staff

- Event Calendar – General Manager McIntyre reported on the following:
 - o Zone 7 Water Agency is hosting a Virtual Legislative Briefing and Zone 7 Water 101 event March 30. Invitations were sent to the DSRSD Directors.
 - o Liaison Committee meetings are expected to occur in April with City of Pleasanton (April 15) and Tri-Valley Water (April 28).
 - o Special Board meetings for budget planning will be held in March and/or April.

6.B. Joint Powers Authority and Committee Reports – None

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

7. CONSENT CALENDAR

Director Vonheeder-Leopold MOVED for approval of the items on the Consent Calendar.
Director Rubio SECONDED the MOTION, which CARRIED with FOUR AYES per roll call vote.

7.A. Approve Regular Meeting Minutes of January 19, 2021 – Approved

7.B. Authorize Execution of Task Order No. 2 with HDR Engineering, Inc. for Design Services for the Alum Addition (CIP 18-P016) Project – Approved

7.C. Adopt Pay Schedule in Accordance with California Code of Regulations, Title 2, Section 570.5, Requirement for a Publicly Available Pay Schedule and Rescind Resolution No. 60-20 – Approved – Resolution No. 1-21

7.D. Approve Amendment to the Capital Improvement Program Ten-Year Plan and Two-Year Budget for Fiscal Years 2020 and 2021 to Add the East Amador Lift Station Rehabilitation (CIP 21-P009) Project – Approved – Resolution No. 2-21

Vice President Halket asked for further description of this project, which Engineering Services Manager Zavadil provided.

7.E. Rescind Sewer System Overflows Policy (P600-16-1) and Resolution No. 46-12 – Approved – Resolution No. 3-21

8. BOARD BUSINESS

8.A. Approve Continuation of District's State of Emergency in Response to COVID-19 Pandemic by General Manager and Find that the Need for the District's State of Emergency Still Exists

Assistant General Manager Lee reviewed the item for the Board. The Board and staff acknowledged the exemplary work of Human Resources, Operations, and Safety staff in handling this emergency effort.

Director Vonheeder-Leopold MOVED to Approve Continuation of District's State of Emergency in Response to COVID-19 Pandemic by General Manager and Find that the Need for the District's State of Emergency Still Exists. Vice President Halket SECONDED the MOTION, which CARRIED with FOUR AYES per roll call vote.

8.B. Receive Report on Zone 7 Water Agency Preliminary 2021 Water Supply Plan

Assistant General Manager Lee reviewed the item and provided the Board a short PowerPoint presentation that further illustrated the staff report information. The Board and staff discussed process and scheduling improvements for water deliveries concerning the Main Basin storage and non-local groundwater banks.

8.C. Conduct Interviews of Invited Division 5 Applicants and Make an Appointment to Fill the Board Vacancy

Executive Services Supervisor/District Secretary welcomed the four applicants, Arun Goel, John Koltz, Kashaf Qaadri, and Samir Qureshi, to the meeting and reviewed the item for the Board. She also read two written (email) comments received prior to the meeting.

"Hi, I would like to recommend Arun Goel for candidate on the DSRSD Board. I have known Arun for several years and he has always been very caring and considerate of the needs of the people of Dublin. I think he would be a very strong viable candidate who would not only represent his district but all of the areas of the valley represented by the DSRSD. Please consider Arun for this position. Sincerely, Carol Satterthwaite, Dublin Sister City Board" (1/27/21)

"Board of Directors for DSRSD, Hopefully when looking for a New Board Member for DSRSD, you are fully reviewing the experience of the folks that are being considered for the position. I have read the qualifications of the folks being considered in the Pleasanton Weekly and feel that Arun Goel is the best person for DSRSD 5 Vacancy. I have known Arun Goel for the last 7 years as a person of great integrity and experience in the knowledge needed to fill this position. I feel he will work well with the board in the best interest of the community and DSRSD. I have lived in Dublin for 47 years and would love to see the right person in the right job and believe that Arun Goel is that person. Respectfully, Sheri Murray" (2/2/21)

Speaker: Mr. Dean Barnes (Dublin Resident) – Mr. Barnes offered his thanks to the Board for its consideration of his application for the Division 5 seat and explained he withdrew from further consideration to support stronger candidates moving forward in the process. He spoke in support of candidates Arun Goel and John Koltz and thanked the Board for its service.

President Johnson opened the candidate interview period whereby each Director posed questions to the four candidates. Vice President Halket experienced a few brief connection issues during his question, but was able to quickly recover.

Following completion of the interviews, the Board took a five-minute break at 7:44 p.m.

Upon returning from the break, the Board agreed to conduct a straw vote, whereby each member would cast one vote for one candidate in order to narrow the field of candidates to be considered for appointment.

The straw poll vote results are shown in the table:

Applicant	Dir. Vonheeder- Leopold	Dir. Rubio	V.P. Halket	Pres. Johnson	VOTES RECEIVED
Arun Goel	1	1		1	3
John Koltz					0
Kashef Qaadri					0
Samir Qureshi			1		1
VOTES CAST	1	1	1	1	4

The Board determined no further discussion or straw voting was necessary.

Director Vonheeder-Leopold MOVED to Appoint Arun Goel to Fill the Board Vacancy in Division 5 on the District Board of Directors. Director Rubio SECONDED the MOTION, which CARRIED with FOUR AYES per roll call vote.

General Counsel Coty advised that the item's recommended action is to approve the resolution appointing a candidate to fill the vacancy and recommended restating the motion as such.

Director Vonheeder-Leopold amended and restated her motion and MOVED to Approve Resolution No. 4-21, Appointing Arun Goel to Fill the Board Vacancy in Division 5 on the District Board of Directors. Director Rubio SECONDED the MOTION, which CARRIED with FOUR AYES per roll call vote.

District Secretary Genzale administered the Oath of Office to Mr. Arun Goel.

Director Goel thanked the Boardmembers for the opportunity and trust to serve on the Board. He also thanked his fellow applicants for their willingness to serve and encouraged they build on this relationship going forward.

8.D. Discuss and Approve Board Committees and Joint Powers Authority Assignments for Calendar Year 2021

General Manager McIntyre reviewed the item for the Board. He also proposed an alternate member to supplement the primary assignments for each body as shown in the table.

Director	Tri-Valley	Zone 7	Dublin	Pleasanton	San Ramon/Central San	DERWA	LAVWMA	Total
President Johnson	Alt.	X	Alt.	X	X	Alt.	X	4
Vice President Halket	X	X		X	Alt.			3
Director Rubio					X	X		2
Director Vonheeder-Leopold	X	Alt.	X	Alt.		X	Alt.	3
Division 5 Appointee			X				X	2

The Board and staff discussed general roles and responsibilities for representing DSRSD at Liaison Committee and Joint Powers Authority meetings for the benefit of new Directors Goel and Rubio.

Director Goel MOVED to Approve the Proposed Board Committees and Joint Powers Authority Assignments for Calendar year 2021. Director Rubio SECONDED the MOTION, which CARRIED with FIVE AYES per roll call vote.

9. BOARDMEMBER ITEMS

- Submittal of Written Reports for Day of Service Events Attended by Directors

Director Rubio submitted a written report to Executive Services Supervisor/District Secretary Genzale. She reported that she attended the Contra Costa Special Districts Association chapter meeting on January 25. She summarized the activities and discussions at the meeting.

Director Vonheeder-Leopold submitted a written report to Executive Services Supervisor/District Secretary Genzale. She reported that she attended the CASA Virtual Winter Conference January 27–28. She summarized the activities and discussions at the meeting.

Vice President Halket reported he may be unable to attend the February 16 meeting.

Former Director Pat Howard congratulated the Board and Director Goel on his selection to the Board.

- Request New Agenda Item(s) Be Placed on a Future Board or Committee Agenda

Director Vonheeder-Leopold requested that staff present the “Brave Blue World Project” video, presented at the CASA conference, after we return to meetings in the Boardroom.

10. ADJOURNMENT

President Johnson adjourned the meeting at 8:14 p.m.

Submitted by,

Nicole Genzale, CMC
Executive Services Supervisor/District Secretary



TITLE: Approve a Side Letter of Agreement with the Stationary Engineers, Local 39 and Dublin San Ramon Services District

RECOMMENDATION:

The General Manager recommends the Board of Directors approve, by Resolution, a Side Letter of Agreement with Stationary Engineers, Local 39 (Local 39).

DISCUSSION:

The District completed a classification study in June 2020, resulting in changes and updates to the District's classification plan being recommended for implementation. As a part of this effort, staff is recommending to abolish the classification of Administrative Technician, which is currently filled by two incumbent staff members. Abolishment of the Administrative Technician classification, once implemented, will result in reclassification of the two incumbent staff to the position of Administrative Assistant II. In accordance with the Memorandum of Understanding (MOU) between the District and the Stationary Engineers, Local 39, upon implementation of these two reclassifications would result in an adverse impact of a significant decrease in base pay.

The District met and conferred in good faith with representatives of Local 39 as required by law, and the parties have reached an agreement that, upon abolishment of the Administrative Technician classification, the two incumbent Administrative Technicians' base salary will remain at their current rate of \$48.5712 per hour, unless they choose to accept a different position within the District or are subject of a disciplinary action. This side letter of agreement, if executed, would be in effect until the expiration of the current MOU with Local 39, ending on December 12, 2021. Other than the changes agreed to in this side letter, all other terms and conditions of the current MOU between the parties remain unchanged.

Approval of this resolution authorizes the General Manager to execute the side letter of agreement with Local 39 on this matter. Final implementation of the Districtwide classification plan changes is scheduled for a future date and any pay schedule changes resulting from final implementation will be brought to the Board of Directors at that time for approval and adoption.

Originating Department: Administrative Services	Contact: C. Atwood	Legal Review: Yes
Financial Review: Not Required	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 type="checkbox"/> Other (see list on right)		11 of 58

RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT APPROVING SIDE LETTER OF AGREEMENT WITH STATIONARY ENGINEERS, LOCAL 39 FOR SETTING SALARY UPON RECLASSIFICATION OF INCUMBENT ADMINISTRATIVE TECHNICIANS, EVITA SCHNUPP AND RAQUEL (KATE) MADARANG

WHEREAS, the current International Union of Operating Engineers Stationary Engineers – Local 39 (“Local 39”) Memorandum of Understanding (the “MOU”) expires December 12, 2021; and

WHEREAS, the District (“District”) and Local 39 (the “Parties”) have met and conferred in good faith to address the implementation of District-wide classification plan changes and its effect on two incumbent staff reclassifications from Administrative Technician to Administrative Assistant II; and

WHEREAS, the Parties have reached a tentative side letter of agreement related to those impacts, and upon approval, shall only be in effect for the term of the Local 39 MOU which expires on December 12, 2021.

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 Side Letter of Agreement to the Memorandum of Understanding with Stationary Engineers, Local 39, attached as Exhibit “A,” is hereby approved for setting the base pay rate at \$48.5712 per hour, upon the effective date of reclassification of incumbent Administrative Technicians, Evita Schnupp and Raquel (Kate) Madarang.

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 16th day of February, 2021, and passed by the following vote:

AYES:

NOES:

ABSENT:

Ann Marie Johnson, President

ATTEST: _____
Nicole Genzale, District Secretary

**SIDE LETTER OF AGREEMENT
BETWEEN
DUBLIN SAN RAMON SERVICES DISTRICT
AND
INTERNATIONAL UNION OF OPERATING ENGINEERS, STATIONARY ENGINEERS, LOCAL 39**

The Dublin San Ramon Services District ("District") and the International Union of Operating Engineers, Stationary Engineers, Local 39 ("Local 39") agree to the following:

1. The District has a business need to update the District-wide classification plan, last updated in 2008. The District intends, as a result of this update, to abolish the classification of Administrative Technician, and reclassify two incumbents as Administrative Assistant II.
2. Per Section 12.7, Salary Increase Upon Promotion or Reclassification, of the MOU between the District and Local 39:

If an employee is promoted or reclassified from one class to a different classification within Local 39, and if the employee's current rate of pay before reclassification is more than the new position's Step E, then the employee shall be paid at Step E of the new position.

The current incumbents' salary rate is at Step E of the Administrative Technician classification. Reclassification from the Administrative Technician classification to the Administrative Assistant II classification would result in a base pay reduction, from \$48.5712 per hour to \$41.3538 per hour, for the two incumbents.

3. The two affected incumbents, Evita Schnupp and Raquel (Kate) Madarang, will maintain their current base hourly wage upon reclassification.
4. Upon the effective date of Ms. Schnupp and Ms. Madarang's reclassification from Administrative Technician to Administrative Assistant II, the base pay salary rate for these two incumbents only, shall be set at \$48.5712 per hour. Section 12.7 of the current Local 39 MOU, with the expiration date of December 12, 2021, shall not apply to this reclassification. Should Ms. Schnupp or Ms. Madarang voluntarily request to apply, and get appointed, to a different position within the District, then Section 12.7 of the current MOU will apply to that appointment.
5. The District will follow all requirements, laws, and rules pertaining to pensionable compensation for the purposes of CalPERS Retirement benefits.
6. This Side Letter applies only to the reclassification of Ms. Schnupp and Ms. Madarang from Administrative Technician to Administrative Assistant II and shall not apply to any subsequent reclassification. The parties additionally agree that this Side Letter will not set a precedent for any subsequent reclassifications and salary adjustments upon promotion or reclassification.

This agreement is a Side Letter to the current Local 39 MOU expiring on December 12, 2021 and shall not be incorporated into the next immediate successor MOU. Other than the changes agreed to in this side letter, all other terms and conditions of the current MOU between the parties remain unchanged.

Dated: _____

Daniel B. McIntyre
General Manager
Dublin San Ramon Services District

Dated: _____

Bart Florence
Business Manager
Stationary Engineers, Local 39

Dated: _____

Charles Solt
Director of Public Employees
Stationary Engineers, Local 39

Dated: _____

Matt Frediani
Business Representative
Stationary Engineers, Local 39



TITLE: Approve Continuation of District's State of Emergency in Response to COVID-19 Pandemic by General Manager and Find that the Need for the District's State of Emergency Still Exists

RECOMMENDATION:

Staff recommends the Board of Directors receive a verbal update on the COVID-19 emergency and approve, by Motion, a continuation of the State of Emergency response to the COVID-19 pandemic, as declared by the General Manager and confirmed and ratified by Resolution No. 26-20, and find that there exists a need for continuing the District's COVID-19 emergency which the Board last confirmed on February 2, 2021.

SUMMARY:

On March 25, 2020, the Board of Directors approved Resolution No. 26-20, which confirmed the District's State of Emergency in response to the COVID-19 pandemic and directed the General Manager to provide regular progress reports to the Board until the State of Emergency is terminated. There have been no significant changes to the District's COVID-19 response since the Board was last updated. The District continues to operate under COVID-19 emergency restrictions and comply with all state and local public health orders. To assure proper staffing and support of critical operational functions, staff is requesting the Board find that there still exists a need to continue the State of Emergency.

BACKGROUND:

COVID-19 was declared a pandemic by the World Health Organization on March 11, 2020. The first Bay Area Shelter-in-Place (SIP) orders were issued on March 16, 2020, which Governor Newsom extended to the entire State on March 19, 2020. Since most District facilities are located within Alameda County, emergency response plans have been based on the Alameda County SIP order. The Alameda County SIP order directed residents to stay at home and limit activity, travel, and business functions to the most essential needs. The SIP order provided an exception for the operations and maintenance of "Essential Infrastructure," which includes, but is not limited to, water, wastewater, and recycled water service. Since the first SIP order was issued on March 16, 2020, Alameda County has continued to update its SIP order to respond to changing conditions and align with the State's public health orders and guidance. The Alameda County SIP order requires employers to implement physical distancing and other safety measures to limit the spread of COVID-19 in the workplace. The latest SIP order has no specified termination date and continues to be updated periodically.

On March 16, 2020, the General Manager, as the District's Emergency Manager per the Emergency Response Plan policy (P300-16-2), declared a District State of Emergency to allow for essential operations to continue, and to ensure operational flexibility in meeting the challenges of COVID-19, while providing vital water and sewer services that are needed to protect public health and the environment. District emergency plans were aggressively implemented.

On March 25, 2020, the Board of Directors approved Resolution No. 26-20, which confirmed the continuation of the District State of Emergency, and directed the General Manager to report on progress at least at every regularly scheduled meeting until the State of Emergency is terminated.

On May 4, 2020, Governor Newsom issued Executive Order N-60-20, allowing for the gradual relaxation of COVID-19 restrictions and reopening of industry sectors under a four-stage roadmap. However, due to a surge in positive COVID-19 cases during the summer, the State began putting counties on a watch list and requiring them to scale back reopenings.

On August 28, 2020, the State announced a new color-coded, four-tier "Blueprint for a Safer Economy" to replace the earlier roadmap and county watch list. The new framework outlines a more gradual process for reopening the economy than the first attempt. The State assesses each county and assigns them a tier based on the rate of positive cases,

Originating Department: Office of the General Manager	Contact: J. Lee	Legal Review: Not Required
Financial Review: Not Required	Cost and Funding Source: N/A	
Attachments: <input checked="" type="checkbox"/> None <input type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Task Order <input type="checkbox"/> Proclamation <input type="checkbox"/> Other (see list on right)	15 of 58	

percentage of positive tests, and health equity metric which requires the test positivity rate in the most disadvantaged neighborhoods to fall within the same range as the county's overall test positivity rate. These metrics are used to determine how quickly a county can move through the tiers or whether a county needs to take a step back if COVID-19 cases surge again.

On December 3, 2020, due to a rapid increase in COVID-19 cases and hospitalization rates, Governor Newsom announced a new Regional Stay-at-Home order ("emergency brake action") that will go into effect when a region's intensive care unit (ICU) bed availability falls below 15%. The Bay Area region encompasses 11 counties, including Alameda and Contra Costa Counties. The Regional Stay-at-Home order is similar to the earliest Bay Area SIP orders that were issued in spring and requires most non-essential businesses and activities to cease or operate with restrictions. Critical infrastructure sectors, such as DSRSD, are allowed to continue operations.

On December 4, 2020, Alameda County, along with five other Bay Area counties, preemptively announced implementation of the State's New Regional Stay-at-Home order to slow the spread of the virus. The new order took effect on December 6 in Contra Costa County and December 7 in Alameda County. The State's Regional Stay-at-Home order formally went into effect for the entire 11 county Bay Area region on December 17 when the regional ICU capacity fell below 15%.

On January 25, 2021, the State lifted the Regional Stay-at-Home order for all regions in California as projected ICU availability rose to above 15%. After exiting the Stay-at-Home order, counties were returned to the appropriate COVID tier and rules under the State's Blueprint for a Safer Economy. On January 25, both Alameda County and Contra Costa County were assigned to the Purple Tier (Tier 1), which is the most restrictive tier, but does allow more activities and businesses to reopen.

DISCUSSION:

Alameda County and Contra Costa County remain in the Purple Tier under the State's four-tier, color-coded system for reopening the economy. The number of COVID-19 cases continues to decrease throughout the District's service area, and Alameda County anticipates that the county may be eligible for the Red Tier (Tier 2) in a few weeks if the trend continues. Significant changes to the District's COVID-19 response plans are unlikely to occur until Alameda County reaches the Yellow Tier (Tier 4) under the State's color-coded system and the Alameda County SIP order restrictions for office settings are relaxed.

Staff also continues to closely monitor the rollout of vaccinations. On January 25, 2021, Governor Newsom announced that the State will transition to an age-based framework for vaccine prioritization after completing Tier 1 of Phase 1b of the State's initial vaccination plan, which includes individuals age 65 and over and essential workers in the education/child care, emergency services, and food and agricultural industries. No additional details about the new age-based framework have been released at this time. The transition to an age-based framework would end the State's initial plan to also prioritize essential workers, which will affect water and wastewater workers who were previously eligible to receive the vaccination under Phase 1c. The limited supply continues to impact the speed at which vaccines can be administered in the Bay Area.

The COVID-19 emergency continues in the District's service area. To assure proper staffing and support of critical operational functions, staff is requesting the Board find that there still exists a need to continue the State of Emergency reflected by Resolution No. 26-20.



TITLE: Discuss the Repayment of the Temporary Infrastructure Charge and the Ratepayer Share of Water Expansion Fund Debt and Provide Direction

RECOMMENDATION:

Staff recommends the Board of Directors direct staff to prepare a resolution authorizing transfers between the Water Expansion Fund, the Water Rate Stabilization Fund, and the Water Replacement Fund to fulfill the Temporary Infrastructure Charge program and the Ratepayer Share of Recycled Water Debt program interfund loan obligations.

SUMMARY:

The District has two existing interfund loans outstanding in its water business enterprise. The Water Expansion Fund has an outstanding balance of \$2.99 million owed to water ratepayers through repayment to the Water Rate Stabilization Fund. Conversely, the water ratepayers have a \$14 million obligation due over 20 years to the Water Expansion Fund. These two loan obligations are partially offsetting between District ratepayers and the Water Expansion Fund in a net amount of \$11 million. Through prepayments on these loans via interfund transfers, these two complex legacy loan obligations could be fulfilled in fiscal year ending (FYE) 2021, improving the financial condition of the Water Expansion Fund to meet various midterm obligations.

BACKGROUND:

DSRSD operates three distinct business enterprises:

- Local Wastewater – Operates the sewer collection system serving Dublin and southern San Ramon
- Regional Wastewater – Operates the wastewater treatment and wastewater disposal services for wastewater generated in Pleasanton, Dublin, and southern San Ramon
- Water – Operates the potable water and recycled water program that serves Dublin and the Dougherty Valley area in northeast San Ramon

The rates, fees, and expenses for each of these businesses are tracked in separate funds.

Capital Replacement Funds:

For its three business enterprises, DSRSD has two categories of capital funds. The first category, capital replacement funds, provides funding for long-term capital replacement and rehabilitation. These funds also provide for system-wide improvements, to enhance service levels. The primary funding source for the three capital replacement funds are annual replacement transfers from the respective operating funds to the capital replacement funds. For FYE 2021, the District is transferring approximately \$8.5 million per year from its three operating funds to its three capital replacement funds. These funds pay for projects like water line replacements, recoating of existing water tanks, and the addition of emergency standby generators for pump stations and the Field Operations Facility.

In addition, as part of a “buy-in component” to capacity reserve fees, new development contributes to the capital replacement funds. However, this contribution is a temporary “buy-in” revenue stream that will diminish as Dublin, San Ramon, and Pleasanton approach “buildout.” Moreover, in the short term, this contribution is subject to great variability as the economy ebbs and flows. The District has accumulated over \$68 million in the three capital replacement funds for its three businesses.

Originating Department: Administrative Services		Contact: H. Chen/C. Atwood	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 – Financial Reserves Policy (P400-15-1)	

Capital Expansion Funds:

In the second category of capital funds are the three capital expansion funds. These funds finance new infrastructure needed to serve new development and pay debt service costs associated with expansion infrastructure. Examples of expansion projects include new water tanks, and the recent Phase 2 Recycled Water Treatment facility expansion. These capital funds are funded primarily by capacity reserve fees on new development. As money is received, the necessary capital projects are constructed to serve new development. When new development slows, the need for new projects recedes, and thus construction of expansion projects is deferred by the District. However, debt service obligations for prior expansion projects continue. Even in an extreme case of a complete stoppage of new development and suspension of all expansion capital projects, the District's capital expansion funds are responsible for approximately \$7.0 million of debt service per year (out of total debt service obligations of \$8.5 million). The District currently has over \$85 million of working capital in its three expansion funds.

Financial Reserves Policy:

To assure that the District's various funds have sufficient resources to meet planned replacement, expansion, and debt service obligations, the Board has adopted a formal Financial Reserves policy, which specifies minimum reserve levels to guide the Board's financial planning decisions (Attachment 1). For its three replacement funds, the minimum reserve is equal to twice the 15-year average of future anticipated capital expenses. For its three expansion funds, the minimum reserve is equal to the planned capital expenditures for the following two years, or the required debt service for the upcoming two years, whichever is greater.

The remainder of this staff report will focus on the water business enterprise and its two capital funds: Water Expansion Fund and the Water Replacement Fund.

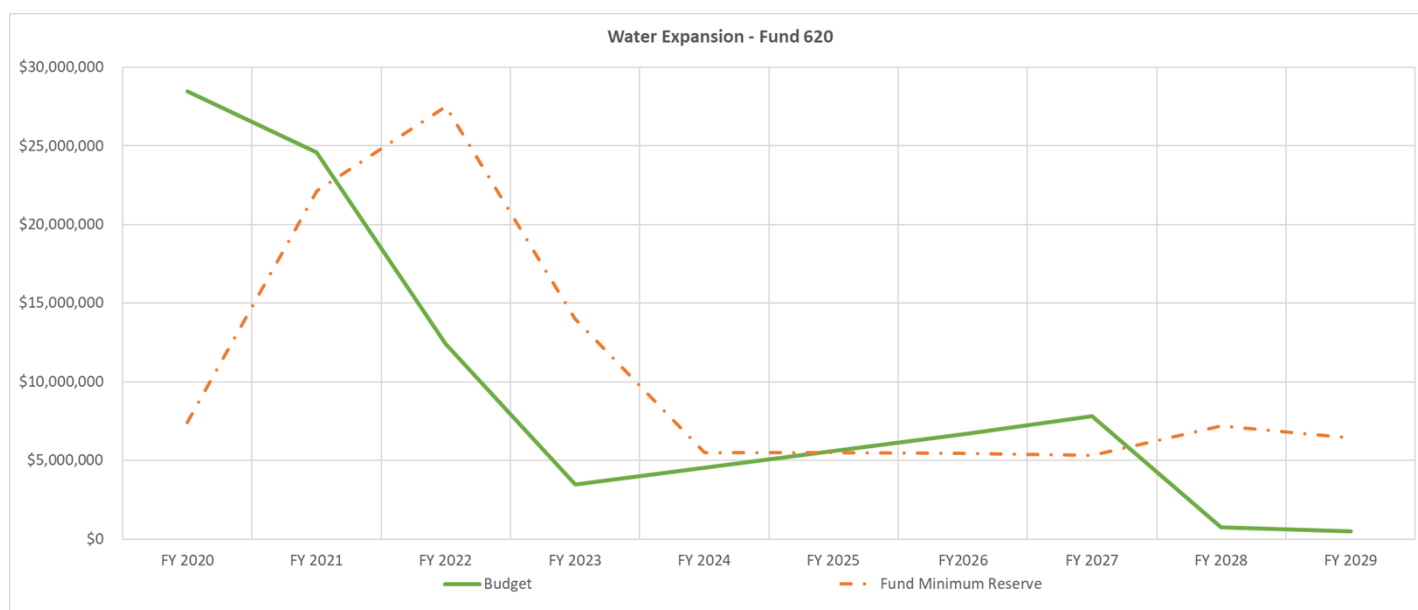
Great Recession and Creation of the Temporary Infrastructure Charge (TIC):

With the severity of the 2008/2009 Great Recession, capacity reserve fees from new development declined by 70% over a three-year period. To address this growth and revenue slowdown, the District deferred completion of a number of capital expansion projects to serve new development. However, even with the deferral of capital projects, the District was required to continue making debt service payments for earlier recycled water improvements that had been constructed and financed through borrowing. For a period of time, revenues from developers were insufficient to meet the debt service obligations. To avoid defaulting on the debt service, the District imposed a "Temporary Infrastructure Charge" on its customers to fill the gap, and to continue making debt service payments. Ultimately, ratepayers paid a surcharge on normal rates totaling \$8.21 million to temporarily subsidize the Water Expansion Fund.

The Water Expansion Fund was obligated to repay this \$8.21 million through future water capacity reserve fees. This would be handled through a discretionary transfer each year by the Board from the Water Expansion Fund to the Water Rate Stabilization Fund (the savings account associated with the Water Enterprise Fund). No interest was required for this repayment, and there was no set term for the repayment. This "interfund loan" is known as the "Temporary Infrastructure Charge" program, also known by the acronym of "TIC" (pronounced "tick"). A number of TIC repayment installments were approved by the Board through FYE 2018, and the outstanding balance of this "interfund loan" is now \$2.99 million.

Because of capital obligations and various cash flow issues, it has not been possible to make further repayments of the loan, and it may be many years before the full loan can be repaid because of cash flow difficulties for the Water Expansion Fund. A number of key capital projects are needed as development continues, which will absorb all of the resources available, while maintaining the required reserve level. Figure 1 on the next page illustrates this, showing the anticipated Water Expansion fund balance over a 10-year period, based on the FYE 2020 through FYE 2029 10-Year Capital Improvement Program approved in 2019. The ending fund balance each year, and the fund minimum reserve level (by policy) are shown.

FIGURE 1: Water Expansion Fund Working Capital – FYE 2020 – FYE 2029



Ratepayer Share of Water Expansion Debt Transfers:

As noted earlier, the District debt financed the construction of recycled water facilities about 20 years ago. Because the recycled water program was designed to provide new water resources to serve new development, the repayment of the debt was charged to the Water Expansion Fund, which is typically financed by water capacity reserve fees on new development. Although the Water Expansion Fund had various expansion-related debt obligations at the time, the 2003 and 2008 Water Capacity Reserve Fee studies did not include a debt component in calculating the capacity reserve fee. As a result, there were a number of years where new development was not explicitly charged for the cost of debt financing of the recycled water program, even though the Water Expansion Fund was making debt payments. Through discussions with the development community and policy discussions by the Board, it was determined that it was appropriate to have the ratepayers shoulder a portion of the cost of the recycled water program debt service.

In 2010, the DSRSD Finance Committee discussed this issue and identified \$20.25 million as the ratepayer share of Water Expansion Fund debt. As a result, ratepayers were obligated to reimburse the Water Expansion Fund for debt service incurred between the years of 2003 thru 2013. Thus, an interfund loan program between the Water Enterprise Fund and the Water Expansion Fund was created. No interest cost was built into this interfund loan program, but a regular payment schedule was established. This obligation is being funded through an annual transfer of \$675,000 from the Water Operation Fund (Fund 600) to the Water Expansion Fund (Fund 620) over the 30 years beginning in FYE 2013. Additional transfers over subsequent years have been made to accelerate payoff of this obligation and strengthen the Water Expansion Fund (Fund 620) working capital to meet current obligations. As of June 30, 2020, Fund 600 has transferred \$6.19 million toward the ratepayer share of expansion fund debt obligation, resulting in an outstanding balance of \$14.05 million.

DISCUSSION:

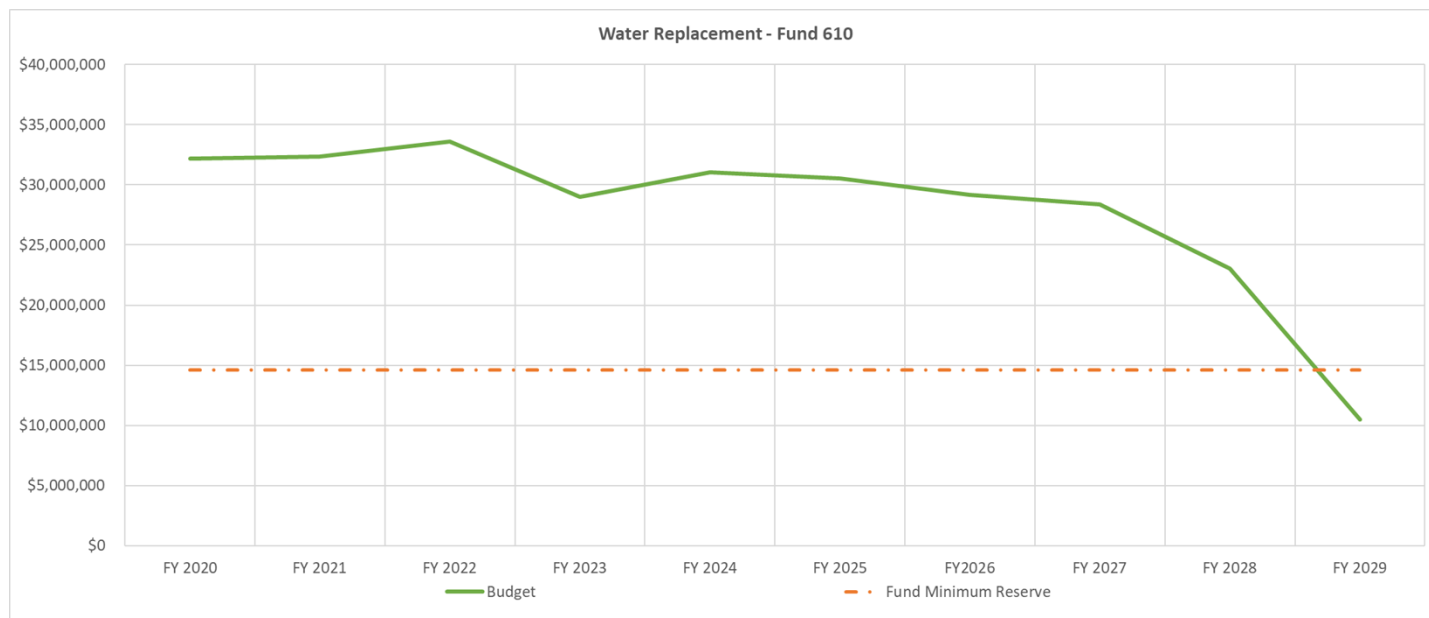
The impact of the current Temporary Infrastructure Charge (TIC) program and the Ratepayer Share of Water Expansion Debt Transfers is as follows:

- The Water Expansion Fund owes \$2.99 million to water ratepayers (payable to the Water Rate Stabilization Fund). There is no defined payment program from this interfund loan.
- The water ratepayers owe \$14.05 million to the Water Expansion program, payable in fixed annual installments of \$675,000 over the 20 years remaining with no interest costs.

The impact of these two loans could be at least partially offset if the capital funds had sufficient working capital and economic condition were stable enough to implement the necessary interfund transfers.

The Water Expansion Fund is hampered from making payments on its \$2.99 million loan because of cash flow difficulties arising from major capital project obligations over the next several years. In contrast, the Water Replacement Fund has over \$36 million in resources, and a strong cash flow situation as many capital projects for water replacement will not be constructed for many years. Figure 2 shows the Water Replacement Fund balance over a 10-year period, based on the FYE 2020 through FYE 2029 10-Year Capital Improvement Program approved in mid-2019. The ending fund balances each year, and the fund minimum reserve level (by policy) are shown. This figure shows that the Water Replacement Fund has an abundance of resources available to fund capital projects for several years, with working capital typically being \$15 million above policy minimums. The actual working capital at the midpoint of FYE 2021 is \$37.5 million.

FIGURE 2: Water Replacement Fund Working Capital – FYE 2020 – FYE 2029



It should be noted that the 10-year model includes the cost to implement a District-only supplemental water supply project that would draw on \$30 million of working capital. In the last two years alone, over \$20 million is planned to be expended. As suggested in a February 5, 2019 Board staff report, long-term debt financing, as opposed to a sudden “all cash” payment would be more appropriate for a large project. As a result, with the upcoming 10-Year Capital Improvement Program for FYE 2022 through FYE 2031, staff anticipates a more sophisticated cash flow involving long-term debt financing that will be less burdensome to the Water Replacement Fund. With that planned financing refinement, the cash flow of the Water Replacement Fund will be improved. Staff will be reviewing this new 10-Year Capital Improvement Program in May.

Proposed Loan Cancellation Program through Offsetting of Loans:

Staff recommends that the TIC loan and the loan to the Water Expansion Fund be simultaneously prepaid through interfund transfers. As a result, the Water Replacement Fund’s balance would be reduced by \$11 million, the Water Expansion’s Fund balance would be increased by \$11 million, and the two loan programs would be fully satisfied and terminated. The Board would need to consider authorizing the following steps to pre-pay the loans through interfund transfers:

1. Payment of \$11 million from the Water Replacement Fund to the Water Expansion Fund would be made, in effect prepaying the bulk of the 20 years of remaining loan payments from water ratepayers to the Water Expansion Fund.
2. Payment of \$2.99 million from the Water Expansion Fund to the Water Rate Stabilization Fund would be made, satisfying and terminating the TIC loan.
3. Payment of \$2.99 million from the Rate Stabilization Fund to the Water Expansion Fund would be made, in effect prepaying the remainder of the 20 years of outstanding loan payments from water ratepayers to the Water Expansion Fund.

The advantages of these three offsetting transfers are:

- Two complex legacy loan programs from a decade ago with irregular loan provisions (no interest on the two loans, and undefined repayment structure in one case) would be brought to resolution.
- With the elimination of the two offsetting interfund loan programs, the District's future budgets and finances would be simplified and made more transparent. Moreover, there would not be a need to preserve institutional memory of these unique programs in future years.
- The cash flow difficulties of the Water Expansion Fund would be mitigated, with a net infusion of \$11 million in resources. The fund balance would increase from \$33 million to \$44 million.
- \$11 million surplus of resources in the Water Replacement Fund would be utilized and put to good use. The working capital for the Water Replacement Fund would fall from approximately \$36 million to \$25 million, still significantly above the minimum reserve level of \$15 million.

The disadvantages of these three offsetting interfund transfers are:

- With the Water Replacement Fund's balance being reduced from \$36 million to \$25 million, if water replacement costs significantly increase unexpectedly, and/or if water capacity reserve fee revenues are dramatically reduced during a prolonged severe economic downturn, resources from other funds, or from new external borrowing on the open market, would be necessary to address any shortfall.

It should be noted also that a working capital in the Water Replacement Fund of \$25 million would still be above the minimum fund level by policy of \$15 million.

To partially mitigate any potential risk to reducing the Water Replacement Fund balance from \$36 million to \$25 million, staff proposes to shift the planned and budgeted annual interfund loan payment currently directed toward the Water Expansion Fund, and instead shift that revenue stream to the Water Replacement Fund as an increased capital replacement allocation. The effect would be that \$5.1 million in replacement allocations to the Water Replacement Fund would increase to \$5.8 million, without any net effect on water rates or other fund balances. As a result, an additional revenue of \$6.75 million over 10 years would build up in the Water Replacement Fund, significantly offsetting the \$11 million of reduced resources from the FYE 2021 transfer. This change would be reflected in the upcoming FYE 2022 and FYE 2023 Operating Budget and the FYE 2022 through 2023 10-Year Capital Improvement Program.

Next Steps:

If the Board approves staff recommendations to resolve and terminate the Temporary Infrastructure Charge interfund loan and the Ratepayer Share of Water Expansion Debt Transfers loan, staff will bring a formal confirming resolution to the May 4 Board meeting.

In anticipation of Board adoption of this resolution, staff will reflect the interfund transfers in the upcoming two-year operating budget, and the upcoming 10-Year Capital Improvement Program.

At the May 18 Board meeting, the Board will review the proposed FYE 2022 and FYE 2023 Operating Budget, and the 10-Year Capital Improvement Program for FYE 2022 through FYE 2031.

Staff will document and memorialize termination of the loans in a 2021 update of the Water Capacity Reserve Fee Study. This study and update of the Water Capacity Reserve Fee program is anticipated to be considered by the Board in September.

Policy

Policy No.: P400-15-1	Type of Policy: Finance
Policy Title: Financial Reserves	
Policy Description: Provides guidance for the prudent accumulation and management of designated reserves.	
Approval Date: 6/2/2015	Last Review Date: 2015
Approval Resolution No.: 40-15	Next Review Date: 2019
Rescinded Resolution No.: 73-14	Rescinded Resolution Date: 11/18/2014

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

To designate financial reserves in order to protect the District's investment in its various assets, satisfy its commitments under its numerous financial, regulatory and contractual obligations and to stabilize long-term rates for its customers.

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. Designated reserves are different than restricted funds, which are used strictly to meet requirements established by creditors, grant agencies or law. Reserves held by a third-party as bond reserves or for pension obligations are examples of restricted reserves; the District has no discretion as to the use of these funds.

If the District is contractually obligated to hold additional reserves, the more stringent requirement takes precedence. In addition, if there is a declared emergency, the General Manager may utilize any unrestricted funds in accordance with the emergency purchasing policy.

To accomplish these objectives, the District shall adhere to the following:

Operating Reserves

Purpose: The purpose of Operating reserves (referred to as working capital) is to ensure adequate cash is available when needed to pay the District's normal and recurring operating costs.

Use of Funds: Funds are utilized throughout the year in order to meet the District's operating obligations.

Policy No.: P400-15-1

Policy Title: Financial Reserves

- Target:** Working capital equal to four months of budgeted operating expenses in each Operating Fund.
- Minimum:** Two months of budgeted operating expenses in each operating Fund. If reserves fall below this level, the District's Rate Policies and Guidelines outline additional steps that shall be followed.
- Maximum:** Six months of budgeted operating expenses in each Operating Fund. If reserves are above this level at fiscal year end, the excess funds shall be moved into the Enterprise's Rate Stabilization Fund.
- Reporting:** Working capital for each of the Enterprise's Operating Funds shall be reported in the District's monthly financial reports.

Rate Stabilization Fund Reserves

- Purpose:** The purpose of Rate Stabilization Fund (RSF) Reserves is to support the Board's strategic goal to manage public funds to assure financial stability, including stability of revenues and the rates and charges related to each Enterprise.

Over the course of time, the District will have years where there is a financial surplus above the working capital target for one or more of the District's Enterprises, and years when unexpected events may cause reserves to decrease below the target. The Rate Stabilization Fund allows the District to manage these different sets of circumstances.

- Use of Funds:** Each Enterprise's Rate Stabilization Reserves are assessed at fiscal year-end.
- If the Reserves in any Operating Fund has decreased below the working capital target, a transfer from the Rate Stabilization Fund to the corresponding Operating Fund of no more than one-quarter of the Rate Stabilization Fund's balance shall be made in an effort to bring the Operating Fund back to its working capital target.
 - If any Enterprise Fund has exceeded its working capital target by an amount equal to an additional two months of working capital, the General Manager shall direct the Treasurer to transfer the excess working capital from the Enterprise Fund to the Rate Stabilization Fund for that Enterprise.
 - The Board may also budget use of these funds for other purposes.

- Target:** Four months of the related Enterprise Fund's budgeted operating expenses.
- Minimum:** Two months of the related Enterprise Fund's budgeted operating expenses.

Policy No.: P400-15-1**Policy Title:** Financial Reserves

Maximum: If the combined total of the Operating and the corresponding RSF exceeds 12 months working capital, the General Manager will make a recommendation to the Board of Directors as to how the funds should be used.

Reporting: The General Manager shall report annually to the Board of Directors on the results of the assessment.

Capital Asset Replacement & Improvement Reserves

Purpose: The purpose of Capital Asset Replacement & Improvement Reserves is to ensure that adequate funds are available to purchase new capital assets that benefit current ratepayers, to fund replacements, improvements and major refurbishments to existing capital assets and to provide two year's debt service for debt which the Board has allocated to this fund.

Use of Funds: Funds are utilized in accordance with the budget adopted by the Board of Directors.

Minimum: The minimum replacement reserve shall consist of the sum of the following components:

- 1) An amount based on the 15-year cost projections included in the District's Replacement Planning Model and the District's 10-year Capital Improvement Plan which is equal to two times the average annual expense; and
- 2) A debt reserve of two year's average debt service (or for any debt that has less than two years remaining, the entire remaining amount).

Revisions: It is the intent of the Board that this the Capital Asset and Replacement & Improvement reserve section of this policy be a "bridge policy" and that asset-management driven changes be made to the policy as the condition assessment of District assets and strategies for managing those assets become better understood.

Reporting: The General Manager shall report annually to the Board of Directors on the results of the assessment.

Capital Expansion Reserves

Purpose: The purpose of Capital Expansion Reserves is to minimize the need for ratepayers to pay for expansion debt by having sufficient reserves on hand to pay annual debt service on District bonds or loans for a two-year period.

Use of Funds: Funds are utilized in accordance with the budget adopted by the Board of Directors and applicable laws related to use of Capacity Reserve Fees.

Policy No.: P400-15-1**Policy Title:** Financial Reserves

- Target:** Two years of average debt service (or for any debt that has less than two years remaining, the entire remaining amount) charged to the Expansion Fund, plus two years of expansion project spending as projected in the District's most current two-year Capital Improvement budget.
- Minimum:** A minimum reserve consists the greater of the reserve for the debt service or the next two years of planned expansion projects.
- Maximum:** There is no maximum reserve in this fund; Capacity Reserve Fees may be accumulated and used for their intended purpose with no maximum reserve limitation.
- Reporting:** The General Manager shall report annually to the Board of Directors on the results of the assessment.



TITLE: Discussion and Direction on Local Wastewater Enterprise Finances and Transfer from Local Wastewater Enterprise Fund to Local Wastewater Rate Stabilization Fund

RECOMMENDATION:

Staff recommends the Board of Directors:

1. Receive a presentation on the financial condition of the Local Wastewater Enterprise.
2. Direct, by Motion, to transfer \$747,887 from the Local Wastewater Enterprise Fund to the Local Wastewater Rate Stabilization Fund and reflect this adjustment in the upcoming Fiscal Years Ending 2022 and 2023 Operating Budget.
3. Direct, by Motion, that quarterly COVID-19 reports be made to the Board on revenues received compared to budget for capacity reserve fees and utility billings.

SUMMARY:

In 2017, the Board was advised of severe financial stress upon the Local Wastewater Program. In the 2017–2019 time frame, the Board directed a number of corrective actions to restore the Local Wastewater Program to health over a period of a decade. Last July, the Board requested additional information about the financial impact on the District’s enterprises resulting from the COVID-19 pandemic.

The District’s revenues for the Local Wastewater Fund are near budgeted levels, despite minor economic impacts arising from the COVID-19 crisis. Local Wastewater Enterprise costs are being controlled at below budgeted levels. The first generation of the 10-Year Financial Planning Model projects combined Local Wastewater Program reserves to be above Board minimum levels. However, this level is only achieved by reducing capital replacement transfers during most of that time. The impact of a financial “stress test” applied over the next three years will have a relatively small negative impact on the Local Wastewater Enterprise, because a majority of the revenue is collected on the tax roll and is only mildly sensitive to changes in bill payment behavior.

The Local Wastewater Enterprise working capital is currently \$1.7 million, and above target level, although the Local Wastewater Rate Stabilization Fund is far below minimum reserve level. Staff is proposing a transfer of \$747,887 from the Enterprise Fund to the Rate Stabilization Fund to bring the Rate Stabilization Fund to minimum reserve level.

BACKGROUND:

The District operates and maintains a sanitary sewer collection system that serves all of Dublin and southwest San Ramon. The sewer collection system includes nearly 210 miles of sewer collection pipes, and there are over 22,000 connections to this sewer collection system. The operations and maintenance costs are \$4.5 million per year, and currently budgeted revenues for this program are \$4.4 million. This Local Wastewater Program is budgeted and accounted for separately from the District’s Regional Wastewater Program, which provides wastewater treatment and disposal services for Dublin, San Ramon, and Pleasanton (by contract) at the Regional Wastewater Treatment Facility on Johnson Drive in Pleasanton. For comparison, the larger Regional Wastewater Program is a nearly \$25 million program annually.

Funding for the Local Wastewater Program is accounted for in four related funds as follows:

- Local Wastewater Enterprise Fund (Fund 200) – Funds maintenance and operations, and revenues come from service charges on the District’s existing customers.

Originating Department: Office of the General Manager		Contact: D. McIntyre	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 – Financial Reserves Policy (P400-15-1)	

- Local Wastewater Rate Stabilization Fund (Fund 205) – Reserve fund that serves as a type of “savings account” to smooth out economic fluctuations.
- Local Wastewater Replacement Fund (Fund 210) – This is a capital replacement fund, which is funded by two primary sources: annual transfers from the Local Wastewater Enterprise Fund and a “buy-in” component from the Local Wastewater Capacity Reserve Fee collected on new development.
- Local Wastewater Expansion Fund (220) – This is a capital expansion fund to build additional infrastructure to serve new development. It is funded by Capacity Reserve Fees (expansion component) on new development.

In 2017, the Board s received a report on systemic financial challenges facing the Local Wastewater Enterprise Fund (operations) and the Local Wastewater Replacement Fund (capital). The report noted that the Local Wastewater Enterprise Fund could not adequately fund the ongoing operations and maintenance of the Sewer Collections Program at 2017 rate levels. Additionally, the Local Wastewater Replacement Fund had become overly dependent on funding from developer “buy-in fees” that were part of the Capacity Reserve Fee Program. The impetus for the Board report on the condition of the Local Wastewater Funds was the need to complete the rehabilitation of the Dublin Trunkline Sewer, which was completed for \$6.4 million in 2017. One of the primary reasons for the systemic shortfalls in this program is that Local Wastewater rates had not been set at the level needed to fully fund operations and capital replacement needs for a number of years. For example, even though general national inflation had increased 31% from 2004 to 2017, the Local Water Rates in 2017 were at a level of 11.8% below the rates that had existed in 2004. This revenue shortfall existed during a period of deferred maintenance and underfunding of capital replacement needs in the collections system program.

The report noted that the District’s long-term Asset Replacement model indicated that funding of \$0.7 million to \$1.0 million per year was needed for the Local Replacement Fund, yet only \$0.3 million per year was being transferred from the Local Enterprise Fund to the Local Replacement Fund. The shortfall was being mitigated by reliance on the developer “buy-in” fee, which was contributing \$0.5 million per year to the Local Replacement Fund during a period a high economic activity. In the absence of an extraordinarily strong economy, the contribution from new development would be significantly less, resulting in a significant systemic shortfall in resources for long-term capital replacement. Subsequent refinement of the Asset Management Program in 2019 demonstrated that the capital transfer would actually need to ramp up to an even higher level, in the \$1.0 million to \$1.5 million per year range long-term.

A number of aggressive corrective actions were recommended and accepted by the Board in 2017. However, the Board was advised that *“even with these recommended steps, additional corrective action will likely be needed in future years. It may take up to 10 years to fully stabilize the Local Wastewater program. The Board would consider further program and funding options with the next update of the Local Wastewater assessment in 2022.”* The Board received additional status reports and took additional corrective actions in 2018, 2019, and 2020. The corrective actions taken by the Board to date are:

- Approved a five-year rate program of escalating Local Wastewater Rates by 94% from \$69.84/year to \$135.84/year from fiscal year ending (FYE) 2018 through FYE 2022. Four of the five annual rate increases approved by the Board have been implemented. The fifth and final rate increase of 10.7% will be implemented on July 1, 2021.
- Approved a \$5 million interfund loan from the Local Wastewater Expansion Fund to the Local Wastewater Replacement Fund in order to provide interim funding for the Dublin Trunkline Sewer Rehabilitation project that was completed in 2017. The Local Wastewater Replacement Fund is paying back the interfund loan (with interest). Three of six required annual payments have been made, and the outstanding balance on the interfund loan is \$2.5 million.
- Suspended funding of the replacement transfer from the Local Wastewater Enterprise Fund to the Local Wastewater Replacement Fund. This reduced resources to the Local Wastewater Replacement Fund by \$500,000/year, aggravating the underfunding of the capital rehabilitation and replacement for the Local Wastewater system, and left the Local Wastewater Replacement Program solely reliant upon existing fund balance and Local Wastewater Capacity Reserve Fee revenue from new development to meet financial obligations that could not be deferred.
- Approved an update to the Local Wastewater Capacity Reserve Fee. One of the components of this fee is a developer “buy-in” to the collection system, which helps to fund the Local Wastewater Replacement Program so

long as development continues at a strong pace. The “buy-in” component of the fee increased from \$998 to \$2,098 per dwelling unit, which will help improve the health of the Local Wastewater Replacement Fund as development occurs.

- Transferred all the reserves in the Local Wastewater Rate Stabilization Fund to the Local Wastewater Enterprise Fund. Thus, the District’s savings account was depleted to meet current operational needs. The District no longer complies with its own minimum reserve policy for the Local Wastewater Rate Stabilization Fund.
- Deferred on-going operational maintenance of the Local Wastewater (collections) system.
- Deferred the planned FYE 2020 purchase in the amount of \$500,000 of a replacement specialty truck to conduct television inspection of sewer lines.

In response to the start of the COVID-19 crisis in March of 2020, in July the Board requested a detailed review of the District’s reserves and cash flow during a period of potential financial stress arising from the pandemic. On August 4, the Board received the first of three reports on the District’s finances, including an analysis of an economic stress test on the Regional Wastewater Program over a 10-year period. A second report on the condition of the Water Enterprise Program under a stress test was presented to the Board on November 17. The stress tests looked at cash flow for the enterprises over 10-year periods, examined the impact on District working capital and operations assuming a period of significant growth slowdown for three years, and economic stress on ratepayers over a three-year period.

A primary focus of the stress tests was on how the operating funds and rate stabilization funds would perform during fiscal stress, relative to the District’s Financial Reserves standards. The Board has an adopted Financial Reserves policy (Attachment 1), which specifies minimum, target, and maximum fund levels for its working capital for its various funds. Table 1 provides a summary of reserve levels for the Local Wastewater Operating Fund and the Local Wastewater Rate Stabilization Fund per the Financial Reserves policy:

Table 1: Minimum, Target, and Maximum Reserve Levels

	Operating Fund	Rate Stabilization Fund
Minimum Reserve	2 months of budgeted operating expenses	2 months of budgeted operating expenses
Target Reserve	4 months of budgeted operating expenses	4 months of budgeted operating expenses
Maximum Reserve	6 months of budgeted operating expenses	Operating Reserve and Rate Stabilization Reserve combined equal to 12 months of budgeted operating expenses

DISCUSSION:

Local Wastewater Enterprise 10-Year Financial Model:

Staff has prepared a new 10-Year Financial Planning Model for the Local Wastewater Enterprise. At the start of FYE 2021, six months into the start of the COVID-19 pandemic, DSRSD’s Local Wastewater Enterprise Fund had a working capital of approximately \$2.823 million, which is above the currently calculated working capital reserve target of approximately \$1.495 million. As noted earlier, the Local Wastewater Rate Stabilization Fund was depleted in early 2019, and has a balance of \$0, below the calculated policy minimum of \$0.748 million.

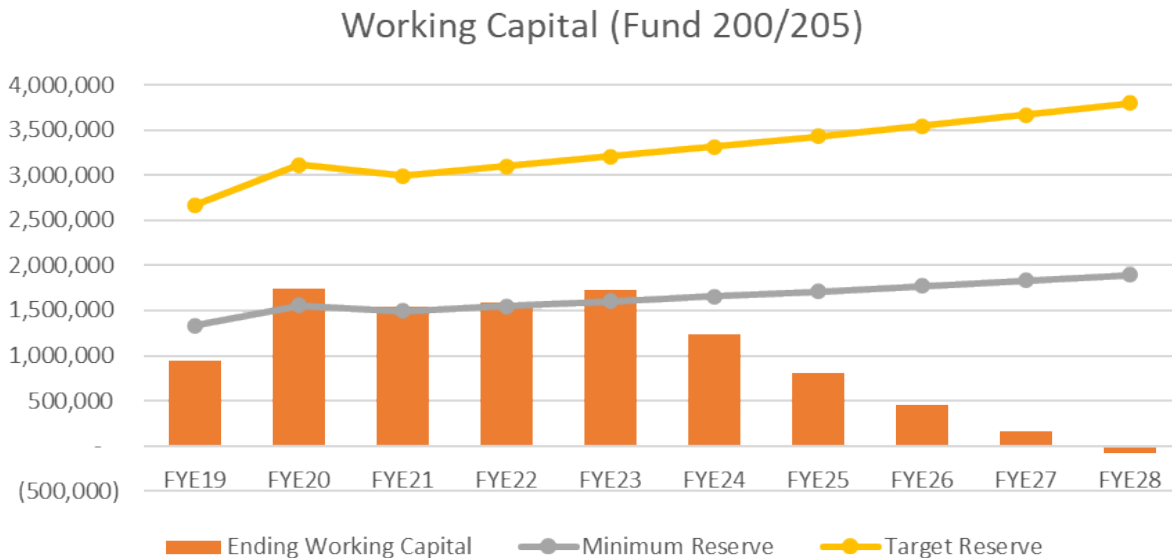
The new 10-Year Financial Planning Model makes the following assumptions:

- Audited working capital ending balances for FYE 2019 and FYE 2020 are reflected
- Full staffing throughout the 10-year model horizon (no vacant positions and no new positions)
- Full spending of the operating budget over 10 years
- Suspended funding of the District’s Asset Management Program through FYE 2023, and partial funding of the program in the amount of \$675,000 annually thereafter
- Accelerated funding of the District’s CalPERS Unfunded Actuarial Liability

- Future rate increases after FYE 2022 limited to no more than general inflation (assumed to be 3% for the Bay Area based on long-term average)

For illustrative simplicity, the 10-Year Financial Planning Model combined the Operating Reserve and the Rate Stabilization Reserve into a single chart. Actual balances for each of these two reserves vary from year to year and are reviewed each year by the Board. The model shows the combined minimum reserve and target reserve for the Operations Fund and the Rate Stabilization Fund, and shows the estimated ending working capital for the Local Wastewater Enterprise over a 10-year period.

Figure 1: Local Wastewater Enterprise Updated 10-Year Financial Planning Model



As can be seen from this new 10-Year Financial Planning Model, the working capital exceeds the minimum reserve level through FYE 2023, but falls below when replacement allocations resume in FYE 2024. With only general inflation rate adjustments beginning in FYE 2023, working capital is projected to be negative in FYE 2028. This model will be further refined and presented as part of the FYE 2022 and FYE 2023 Operating Budget in May. The 2021 “second generation” of the 10-Year Financial Planning Model will reflect the following refinements:

- Adjust the assumption for labor costs to reflect a 5% position vacancy rate and other cost savings factors. The model currently assumes that all positions will be filled at the highest level (journey level) throughout the period of the plan. As a practical matter, there will be vacancies, reorganizations, and the opportunity for personnel cost savings throughout the term of the 10-Year Financial Planning Model. Moreover, the 10-Year Financial Planning Model assumes no cost savings as the impacts of pension reform mandated by California’s 2013 Public Employees’ Pension Reform Act (PEPRA) begin to have a cost control impact on future pension costs.
- Reflect rate increases of inflation plus a currently estimated seven percent (7%) for the next five-year rate window of FYE 2023 through FYE 2027 (10% total), and at inflation for the five years following. This adjustment will be modified with the presentation of a second generation 10-Year Financial Planning Model concurrent with the submission of the new operating budget in May.
- Restore “seed” funding of the capital replacement program in FYE 2022, and ramping up to the \$1 million to \$1.5 million range annually over a number of years, based on the latest Asset Management Program information.

Economic Impacts of COVID-19 Crisis on the Local Wastewater Enterprise and “Stress Test” on 10-Year Financial Planning Model:

The COVID-19 crisis will have unknown effects on the regional economy. Even prior to the COVID-19 pandemic, the District was experiencing a slowdown of new development activity, which will slow the growth in the District’s customer base, and likely will only worsen as the crisis continues. This will have the effect of reducing revenue growth, which will

adversely affect Local Wastewater Enterprise Fund working capital balances throughout the 10-Year Financial Planning Model. Moreover, staff anticipates reductions in commercial revenues due to both temporary and permanent business closings. There may also be some delays in the payments of utility bills for residential customers, with some ratepayers ultimately defaulting on payment. Fortunately, as of mid-January, no signs that systematic widespread delay in payments of Local Wastewater bills has yet materialized.

Stress Test:

Given the lack of precedent, it is difficult to estimate the impact of the COVID-19 pandemic on the economy and development. At the July 7 Board meeting, staff presented “stress tests” on the District’s six capital funds to assess the potential impact of an economic crisis on those funds. At the August 4 Board meeting, staff presented a stress test on the Regional Wastewater Operations (Fund 300) and the Regional Wastewater Rate Stabilization (Fund 305). At the November 17 Board meeting, staff presented a stress test on the Water Enterprise Operations (Fund 600) and the Water Rate Stabilization (Fund 605). Building on this earlier work, staff has developed a Local Wastewater Program stress test which examines the effects of economic slowdown over the balance of the 10-Year Financial Planning Model.

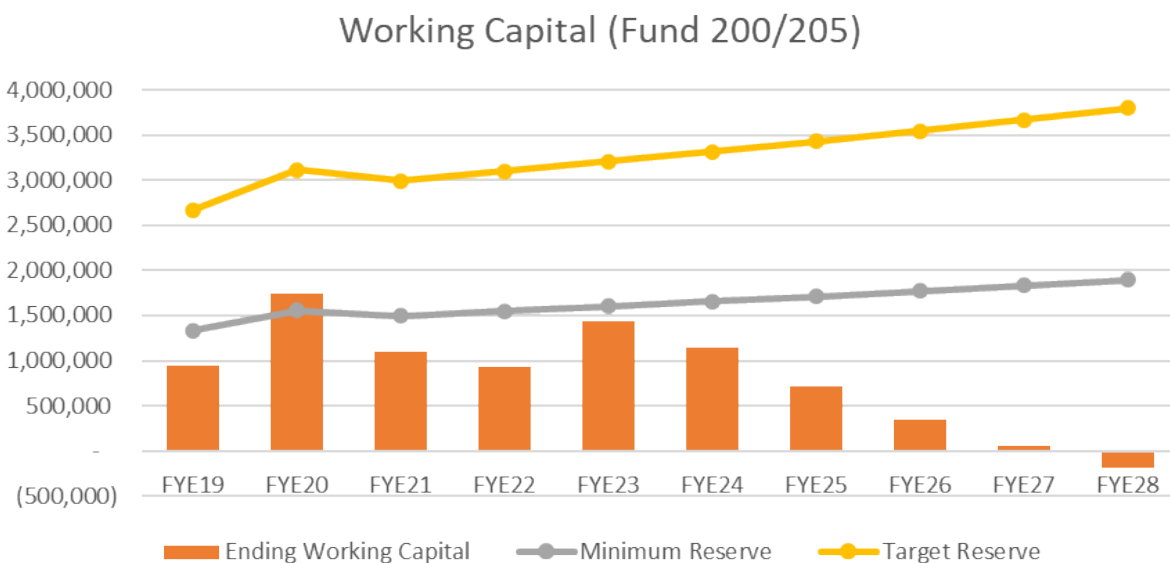
As with the earlier stress tests on the capital funds, the Regional Enterprise Program, and the Water Program, this Local Wastewater Enterprise stress test assumes that only 25% of the new development growth anticipated in the latest adopted operating budget and 10-Year Capital Improvement Plan occurs over the next three years. This has the effect of reducing the growth of the District’s customer base, which reduces anticipated rate revenue. For comparison, in the Great Recession from 2008 to 2010, the District experienced only 30% of the projected level of growth.

This stress test assumes that development that does not occur in FYE 2021, FYE 2022, and FYE 2023 will materialize in the subsequent six years. This assumption increases the structural annual imbalance that accumulates over time.

Additionally, the stress test assumes that commercial revenue will be reduced by 10% initially, and ramping down by 5% over a three-year period (FYE 2021 – FYE 2023), and that there will be late payments (of one to two years) on some revenues from commercial development. However, a majority of the District’s revenue is from residential customers and collected on the county property tax bill. Thus, this revenue is not as sensitive to economic crises. Residential development may also be slightly sensitive to a prolonged economic downturn. A delay of 10% of payments over each of the next two years is assumed. The combined effect of slowdown in development, and these payment deferrals, defaults, and account closures are estimated to have a fiscal impact of \$0.66 million over two years, but does not create an ongoing structural problem as the economy is assumed to recover in subsequent years.

The effects of these stress test assumptions have been added to the existing 10-Year Financial Planning Model, and are reflected in Figure 2 below:

Figure 2: Local Wastewater Enterprise COVID-19 Stress Test (10-Year Financial Planning Model)



Recommended Transfer from the Local Wastewater Enterprise Fund to the Local Wastewater Rate Stabilization Fund:

Currently, the Local Wastewater Enterprise Fund balance is above the target level, and the Local Wastewater Rate Stabilization Fund is nearly \$0, far below minimum level. Staff have examined expenditure trends and determined that the working capital for the Enterprise Fund is estimated to end FYE 2021 above \$2 million. This results in sufficient resources for minimal funding to be restored to the Local Wastewater Rate Stabilization Fund to bring it up to minimum reserve levels. Staff recommends a transfer now of \$747,887 from the Local Wastewater Enterprise Fund to the Local Wastewater Rate Stabilization Fund. This would leave the ending balance for FYE 2021 for the Enterprise Fund above minimum, but less than target, and the ending balance for FYE 2021 for the Local Wastewater Rate Stabilization Fund at the minimum level. These adjusted fund levels will be built into the second generation Local Wastewater Program 10-Year Financial Planning Model, and the upcoming FYE 2022 and FYE 2023 Operating Budget.

Next Steps/Opportunities for Board to Review Finances/Process Going Forward:

Per the Board's direction at the July 7, 2020 Board meeting, staff has been providing periodic information on the District's revenues including:

- Monthly reports on capacity reserve fee revenues collected (as compared to budget)
- Monthly reports on enterprise revenue collected through direct billing

Given that revenues have not decreased to worrisome "stress test" levels in the last 10 months, staff recommends shifting to quarterly reporting of revenues compared to budget and compared to "stress test" assumptions.

The Board will have further opportunities to review the District's progress in implementing its approved operating budget and in addressing any economic challenges that materialize. Tentatively, the following Board agenda items are planned over the next 6 to 12 months:

- Deferred review of the FYE 2021 Second Quarter revenues/expenditures – February 16, 2021
- Strategic Plan Workshop – March 9, 2021
- Detailed review of FYE 2021 Third Quarter revenues/expenditures – May 18, 2021
- FYE 2022 and FYE 2023 Operating Budget and 10-Year Capital Improvement Program (CIP) presentation – May 18, 2021
- Detailed review of FYE 2021 closing financial statements and rate stabilization fund annual report – December 2021
- Local Wastewater Draft Rate Study for FYE 2023 – FYE 2027 – February 2022
- Board study sessions on District finances – As needed

Policy

Policy No.: P400-15-1	Type of Policy: Finance
Policy Title: Financial Reserves	
Policy Description: Provides guidance for the prudent accumulation and management of designated reserves.	
Approval Date: 6/2/2015	Last Review Date: 2015
Approval Resolution No.: 40-15	Next Review Date: 2019
Rescinded Resolution No.: 73-14	Rescinded Resolution Date: 11/18/2014

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

To designate financial reserves in order to protect the District's investment in its various assets, satisfy its commitments under its numerous financial, regulatory and contractual obligations and to stabilize long-term rates for its customers.

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. Designated reserves are different than restricted funds, which are used strictly to meet requirements established by creditors, grant agencies or law. Reserves held by a third-party as bond reserves or for pension obligations are examples of restricted reserves; the District has no discretion as to the use of these funds.

If the District is contractually obligated to hold additional reserves, the more stringent requirement takes precedence. In addition, if there is a declared emergency, the General Manager may utilize any unrestricted funds in accordance with the emergency purchasing policy.

To accomplish these objectives, the District shall adhere to the following:

Operating Reserves

Purpose: The purpose of Operating reserves (referred to as working capital) is to ensure adequate cash is available when needed to pay the District's normal and recurring operating costs.

Use of Funds: Funds are utilized throughout the year in order to meet the District's operating obligations.

Policy No.: P400-15-1

Policy Title: Financial Reserves

- Target:** Working capital equal to four months of budgeted operating expenses in each Operating Fund.
- Minimum:** Two months of budgeted operating expenses in each operating Fund. If reserves fall below this level, the District's Rate Policies and Guidelines outline additional steps that shall be followed.
- Maximum:** Six months of budgeted operating expenses in each Operating Fund. If reserves are above this level at fiscal year end, the excess funds shall be moved into the Enterprise's Rate Stabilization Fund.
- Reporting:** Working capital for each of the Enterprise's Operating Funds shall be reported in the District's monthly financial reports.

Rate Stabilization Fund Reserves

- Purpose:** The purpose of Rate Stabilization Fund (RSF) Reserves is to support the Board's strategic goal to manage public funds to assure financial stability, including stability of revenues and the rates and charges related to each Enterprise.

Over the course of time, the District will have years where there is a financial surplus above the working capital target for one or more of the District's Enterprises, and years when unexpected events may cause reserves to decrease below the target. The Rate Stabilization Fund allows the District to manage these different sets of circumstances.

- Use of Funds:** Each Enterprise's Rate Stabilization Reserves are assessed at fiscal year-end.
- If the Reserves in any Operating Fund has decreased below the working capital target, a transfer from the Rate Stabilization Fund to the corresponding Operating Fund of no more than one-quarter of the Rate Stabilization Fund's balance shall be made in an effort to bring the Operating Fund back to its working capital target.
 - If any Enterprise Fund has exceeded its working capital target by an amount equal to an additional two months of working capital, the General Manager shall direct the Treasurer to transfer the excess working capital from the Enterprise Fund to the Rate Stabilization Fund for that Enterprise.
 - The Board may also budget use of these funds for other purposes.

- Target:** Four months of the related Enterprise Fund's budgeted operating expenses.
- Minimum:** Two months of the related Enterprise Fund's budgeted operating expenses.

Policy No.: P400-15-1**Policy Title:** Financial Reserves

Maximum: If the combined total of the Operating and the corresponding RSF exceeds 12 months working capital, the General Manager will make a recommendation to the Board of Directors as to how the funds should be used.

Reporting: The General Manager shall report annually to the Board of Directors on the results of the assessment.

Capital Asset Replacement & Improvement Reserves

Purpose: The purpose of Capital Asset Replacement & Improvement Reserves is to ensure that adequate funds are available to purchase new capital assets that benefit current ratepayers, to fund replacements, improvements and major refurbishments to existing capital assets and to provide two year's debt service for debt which the Board has allocated to this fund.

Use of Funds: Funds are utilized in accordance with the budget adopted by the Board of Directors.

Minimum: The minimum replacement reserve shall consist of the sum of the following components:

- 1) An amount based on the 15-year cost projections included in the District's Replacement Planning Model and the District's 10-year Capital Improvement Plan which is equal to two times the average annual expense; and
- 2) A debt reserve of two year's average debt service (or for any debt that has less than two years remaining, the entire remaining amount).

Revisions: It is the intent of the Board that this the Capital Asset and Replacement & Improvement reserve section of this policy be a "bridge policy" and that asset-management driven changes be made to the policy as the condition assessment of District assets and strategies for managing those assets become better understood.

Reporting: The General Manager shall report annually to the Board of Directors on the results of the assessment.

Capital Expansion Reserves

Purpose: The purpose of Capital Expansion Reserves is to minimize the need for ratepayers to pay for expansion debt by having sufficient reserves on hand to pay annual debt service on District bonds or loans for a two-year period.

Use of Funds: Funds are utilized in accordance with the budget adopted by the Board of Directors and applicable laws related to use of Capacity Reserve Fees.

Policy No.: P400-15-1

Policy Title: Financial Reserves

- Target:** Two years of average debt service (or for any debt that has less than two years remaining, the entire remaining amount) charged to the Expansion Fund, plus two years of expansion project spending as projected in the District's most current two-year Capital Improvement budget.
- Minimum:** A minimum reserve consists the greater of the reserve for the debt service or the next two years of planned expansion projects.
- Maximum:** There is no maximum reserve in this fund; Capacity Reserve Fees may be accumulated and used for their intended purpose with no maximum reserve limitation.
- Reporting:** The General Manager shall report annually to the Board of Directors on the results of the assessment.



TITLE: Accept Regular and Recurring Reports: Quarterly Financial Reports, and Provide Direction on Future Format

RECOMMENDATION:

Staff recommends the Board of Directors accept, by Motion, the regular and recurring reports: Quarterly Financial Reports for December 31, 2020, and direct staff to proceed with a new format for future quarterly financial reports.

SUMMARY:

Since the installation of the Eden accounting system in 2004, the District's quarterly financial reports have been produced directly from the system. Attached is the second quarter report, presented in two formats. The current, "classic" report focuses on revenues by category and expenditures by fund, division, and category. The new, "proposed" report offers the advantage of showing all information pertaining to each fund in one place and is similar in presentation to the District's budget and annual financial statement reports. Staff is recommending that the Board direct preparation of the quarterly financial reports utilizing the new format beginning with the quarter ending March 31, 2021.

DISCUSSION:

Overall Financial Position:

The reports presented this month for acceptance are submitted as part of Attachment 1, with Reference C in the classic format. Attachment 2 shows the same reports in the proposed format.

For the quarter ending December 31, 2020, the District has received 40.00% of total budgeted revenues and expended 42.05% of total budgeted expenses. In addition, capital expenditures are 20.96% of the capital budget. All District Enterprise funds are above policy target reserves, with the combined working capital of the Local Wastewater Enterprise (Fund 200) and Local Rate Stabilization Fund (RSF) (Fund 205) slightly below target reserve levels. All District Replacement and Expansion funds are above policy minimum reserves.

As discussed in the January 8, 2021 General Manager Report to Board, capacity reserve fees are below budget projections for the first six months of the fiscal year. The general development slowdown in 2019 is continuing through the COVID-19 crisis. In all cases, however, the District is exceeding estimates of 25% under the stress test scenarios for the capital funds presented at the July 7 Board meeting.

Report Format Discussion:

Ref C – Quarterly Financial Reports (classic format)

As noted above, the classic format focuses on revenues by category and expenditures by fund, division, and category. No report provides the reader with a snapshot of each fund's financial position. Although much of the information is provided, a user would have to extract data from several reports to see the financial health of a fund. In addition, the reports provide redundant information on expenditures. One component included in the current reporting structure is information on the assets, liabilities, and net position by fund. This information is only adjusted in conjunction with the District's annual audit, however, so does not accurately reflect the current financial assets and liabilities as of the quarter. Finally, the Board's individual budget is included in this packet which presents budget to actual comparisons to date. As the Board has historically been underbudget in regard to these expenditures, this information is not necessarily useful.

Originating Department: Administrative Services	Contact: C. Atwood/K. Bian	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 – Summary of Regular and Recurring Reports Attachment 2 – Proposed Ref C – Quarterly Financial Reports (Proposed Format)	

The classic format includes the following statements (12 pages):

- *Balance Sheet* (4 pages)
- *Revenue Summary* (Districtwide – Budget, Budget to Date, YTD Actual, Remaining, % Receive & Expected)
- *Working Capital Summary* (Enterprise, Replacement, Expansion, and Temporary Infrastructure Charge – Actual, Minimums, Targets)
- *Expense Summary by Fund* (Total Funds – bottom line)
- *Expense Summary by Department* (Budget, Budget to Date, Actual, Remaining, % Used)
- *Expense Summary by Category* (Budget, Budget to Date, Actual, Remaining, % Used)
- *Capital Outlay by Division* (Budget, Actual, Remaining, % Used)
- *Capital Project Expense Summary Report* (Budget, Actual, Balance, % Used – bottom line by fund)
- *Legislative Budget Variance Report* (straight from EDEN)

Attachment 2: Proposed Ref C – Quarterly Financial Reports (proposed format)

The proposed format presented tonight focuses on an all-inclusive financial snapshot of each fund including beginning working capital, revenues, expenditures, ending working capital and reserve levels. Actual financial information from the prior year (PY) has been added to provide the reader with two years of data. Explanations of revenue and expenditure categories and trends are also included to enhance readability. In short, the format strives to provide a “big picture” for the reader by fund. A working capital summary for the District’s enterprise/RSF funds, replacement funds and expansion funds, compared to target and minimum reserve levels, is also provided to easily ascertain whether the funds are in compliance with the Financial Reserves policy. This format is consistent with the District’s Adopted Bi-Annual Operating Budget and our Comprehensive Annual Financial Report (CAFR), to easily provide the Board, staff, and the public the ability to bridge between the documents.

The proposed format includes the following statements (7 pages):

- *Working Capital Summary*
- *Enterprise Fund 200/205* (PY actual, CY budget, prorated CY budget, Actual, variance with footnotes)
- *Enterprise Fund 300/305* (PY actual, CY budget, prorated CY budget, Actual, variance with footnotes)
- *Enterprise Fund 600/605* (PY actual, CY budget, prorated CY budget, Actual, variance with footnotes)
- *Capacity Reserve Fees* (by fund and revenue – PY actual, CY budget, prorated CY budget, Actual, variance with footnotes) (3 pages)

Staff is recommending that the Board direct preparation of the quarterly reports utilizing the new format beginning with the quarter ending March 31, 2021 to increase readability, provide a big picture analysis by fund and to be consistent with the District’s other financial reporting information.

SUMMARY OF REGULAR AND RECURRING REPORTS

Ref.	Description	Frequency	Authority	Last Acceptance	Acceptance at this Meeting?	Next Acceptance
A	Warrant List	Monthly	Board Direction	November 2020		N/A - Posted monthly on website
B	Treasurer's Report	Quarterly	CA Government Code 53646	January 22, 2021		April 2021
C	Quarterly Financial Reports ¹	Quarterly	Board Direction	December 2020	Yes	February 2021
D	Outstanding Receivables Report	Annually – Fiscal Year	District Code 1.50.050	September 2020		August 2021
E	Employee and Director Reimbursements greater than \$100 ²	Annually – Fiscal Year	CA Government Code 53065.5	September 2020		August 2021
F	Utility Billing Adjustments ³	Annually – Fiscal Year	Utility Billing Adjustment Policy	Total FYE20 credits below \$25,000		August 2021
G	Annual Rate Stabilization Fund Transfer Calculation	Annually – After Audit	Financial Reserves Policy	December 2020		December 2021
H	"No Net Change" Operating Budget Adjustments	As they occur but not more frequently than monthly	Board Direction Budget Accountability Policy (See table below)	November 2017		Before end of month after occurrence
I	Capital Outlay Budget Adjustments			June 2020		
J	Capital Project Budget Adjustments			April 2019		
K	Unexpected Asset Replacements			June 2019		

For the fiscal year ending 2021, the totals for these reports are as follows:

Category	YTD	This Meeting	Total
Capital Outlay Budget Adjustments	\$503,500	\$0	\$503,500
Capital Project Budget Adjustments	\$0	\$0	\$0
Unexpected Asset Replacements	\$23,000	\$0	\$23,000

¹ Financial reporting changed from monthly to quarterly reporting.

² Reimbursements also reported monthly in the Warrant List (Item A).

³ Per Utility Billing Adjustments policy, a report will be presented to the Board if total credits in any fiscal year exceed \$25,000.



Quarterly Financial Reports

Report Name	Page
Revenue Summary	1
Working Capital Summary	2
Expense Summary by Fund	3
Expense Summary by Department	4
Expense Summary by Category	5
Capital Outlay by Division	6
Capital Project Expense Summary	7
Financial Statements	8
Legislative Division Expenses Report	12

Dublin San Ramon Services District

Revenue Summary

December 2020

Revenue Source	Budget	Budget to Date	YTD Actual	Amount Remaining	%f Budget Received	% Revenue Expected
Service Charges						
Local Sewer Operations	\$ 3,821,529	\$ 1,623,385	\$ 2,450,065	\$ 1,371,464	64.11%	42.48%
Regional Sewer Operations	\$ 22,771,677	\$ 8,539,379	\$ 8,933,954	\$ 13,837,724	39.23%	37.50%
Water Operations	\$ 35,922,277	\$ 13,470,854	\$ 16,438,258	\$ 19,484,019	45.76%	37.50%
	\$ 62,515,483	\$ 23,633,618	\$ 27,822,277	\$ 34,693,207	44.50%	37.80%
Capacity Reserve Fees						
Water Replacement	\$ 2,207,751	\$ 1,103,876	\$ 644,956	\$ 1,562,795	29.21%	50.00%
Water Expansion	\$ 4,933,221	\$ 2,466,611	\$ 1,460,613	\$ 3,472,608	29.61%	50.00%
Local Sewer Replacement	\$ 1,203,646	\$ 601,823	\$ 209,606	\$ 994,040	17.41%	50.00%
Local Sewer Expansion	\$ 36,715	\$ 18,357	\$ 6,394	\$ 30,321	17.41%	50.00%
Regional Sewer Replacement	\$ 2,382,957	\$ 1,191,478	\$ 432,022	\$ 1,950,935	18.13%	50.00%
Regional Sewer Expansion	\$ 6,590,768	\$ 3,295,384	\$ 1,188,765	\$ 5,402,004	18.04%	50.00%
	\$ 17,355,058	\$ 8,677,529	\$ 3,942,355	\$ 13,412,703	22.72%	50.00%
Fees & Permits						
	\$ 2,452,587	\$ 1,226,294	\$ 368,927	\$ 2,083,660	15.04%	50.00%
Interest						
	\$ 3,784,966	\$ 1,892,483	\$ 589,252	\$ 3,195,714	15.57%	50.00%
Other Income						
Administrative Fees	\$ 880,000	\$ 440,000	\$ 786,991	\$ 93,009	89.43%	50.00%
DV Standby Assessment	\$ 2,077,106	\$ 1,038,553	\$ 1,542,993	\$ 534,113	74.29%	50.00%
Miscellaneous Revenue	\$ 1,002,142	\$ 501,071	\$ 792,208	\$ 209,933	79.05%	50.00%
Penalties	\$ 130,000	\$ 65,000	\$ 0	\$ 130,000	0.00%	50.00%
Property Taxes	\$ 653,246	\$ 326,623	\$ 504,339	\$ 148,907	77.21%	50.00%
Reimbursement of Costs	\$ 500	\$ 250	\$ 0	\$ 500	0.00%	50.00%
Rental Office Space	\$ 19,200	\$ 9,600	\$ 0	\$ 19,200	0.00%	50.00%
	\$ 4,762,194	\$ 2,381,097	\$ 3,626,531	\$ 1,135,663	76.15%	50.00%
	<u>\$ 90,870,288</u>	<u>\$ 37,811,021</u>	<u>\$ 36,349,341</u>	<u>\$ 54,520,947</u>	<u>40.00%</u>	<u>41.61%</u>

Note: Interfund transfers and Contributions of Property are excluded from this report.

Dublin San Ramon Services District
Working Capital Summary
December 2020

Enterprise Funds					
Fund	Dollars (\$)		In Months		
	Working Capital	Reserve Target	Target (Months)	Last Quarter	Current Quarter
Local Wastewater Enterprise	\$ 2,823,845	\$ 1,495,774	4	6.35	7.55
Regional Wastewater Enterprise	\$ 8,523,387	\$ 7,012,997	4	5.01	4.86
Water Enterprise	\$ 11,826,699	\$ 11,209,382	4	3.08	4.22

Replacement Funds			
Fund	In Dollars (\$)		
	Working Capital	Reserve Minimum	Above (Below)
Local Wastewater Replacement	\$ 4,962,577	\$ 3,111,164	\$ 1,851,413
Regional Wastewater Replacement	\$ 33,871,470	\$ 12,533,228	\$ 21,338,242
Water Replacement	\$ 37,597,721	\$ 14,459,177	\$ 23,138,544

Expansion Funds			
Fund	In Dollars (\$)		
	Working Capital	Reserve Minimum	Above (Below)
Local Wastewater Expansion	\$ 7,035,233	\$ 1,001,744	\$ 6,033,489
Regional Wastewater Expansion	\$ 45,822,456	\$ 10,514,920	\$ 35,307,536
Water Expansion	\$ 33,452,020	\$ 20,037,866	\$ 13,414,154

Temporary Infrastructure Charge Status			
Revenue Type	In Dollars (\$)		
	Amount Collected	Amount Repaid	Net
Temporary Infrastructure Charge Status	\$ 8,206,030	\$ (5,212,358)	\$ 2,993,672

Dublin San Ramon Services District

Expense Summary by Fund

December 2020

% of Year Completed = 50%

Expense Summary by Fund	Budget	Budget to Date	Year To Date Actual	Dollars Remaining	Percent Used
200 - Local Sewer Operations	\$ 3,420,489	\$ 1,710,245	\$ 999,062	\$ 2,421,427	29.21 %
205 - Local Rate Stabilization Fund	\$ 4,100	\$ 2,050	\$ 1,779	\$ 2,321	43.39 %
210 - Local Sewer Replacement	\$ 0	\$ 0	\$ 0	\$ 0	0.00 %
220 - Local Sewer Expansion	\$ 0	\$ 0	\$ 0	\$ 0	0.00 %
300 - Regional Sewer Operations	\$ 17,554,716	\$ 8,777,358	\$ 8,346,023	\$ 9,208,693	47.54 %
305 - Regional Rate Stabilization Fund	\$ 4,100	\$ 2,050	\$ 1,779	\$ 2,321	43.39 %
310 - Regional Sewer Replacement	\$ 1,043,600	\$ 521,800	\$ 42,235	\$ 1,001,365	4.05 %
320 - Regional Sewer Expansion	\$ 4,313,654	\$ 2,156,827	\$ 2,156,827	\$ 2,156,827	50.00 %
600 - Water Operations	\$ 30,951,203	\$ 15,475,601	\$ 13,286,220	\$ 17,664,983	42.93 %
605 - Water Rate Stabilization Fund	\$ 88,800	\$ 44,400	\$ 41,425	\$ 47,375	46.65 %
610 - Water Replacement	\$ 408,620	\$ 204,310	\$ 138,023	\$ 270,597	33.78 %
620 - Water Expansion	\$ 3,755,110	\$ 1,877,555	\$ 1,370,063	\$ 2,385,047	36.49 %
900 - Administrative Overhead	\$ 8,439,440	\$ 4,219,720	\$ 3,677,190	\$ 4,762,250	43.57 %
965 - Other Post Employment Benefits	\$ 1,064,867	\$ 532,434	\$ 615,486	\$ 449,381	57.80 %
995 - DV Standby Assessment	\$ 1,933,750	\$ 966,875	\$ 13,910	\$ 1,919,840	0.72 %
	<u>\$ 72,982,448</u>	<u>\$ 36,491,224</u>	<u>\$ 30,690,022</u>	<u>\$ 42,292,426</u>	<u>42.05 %</u>

Note: This report shows operating expenses prior to the Administrative Overhead fund's expenses being allocated to the other funds.

Dublin San Ramon Services District**Expense Summary By Department**

December 2020

% of Year Completed = 50%

Expense Summary by Department	Budget	Budget To Date	Year To Date Actual	Dollars Remaining	Percentage Used
Executive	\$2,934,079	\$1,467,039	\$1,293,323	\$ 1,640,755	44.08%
Financial Services	\$6,105,450	\$3,052,725	\$2,687,611	\$ 3,417,838	44.02%
Engineering	\$4,872,631	\$2,436,315	\$1,950,051	\$ 2,922,580	40.02%
Operations	\$21,118,933	\$10,559,467	\$9,415,146	\$ 11,703,787	44.58%
Non-Departmental	\$37,951,356	\$18,975,678	\$15,343,890	\$ 22,607,466	40.43%
	<u>\$72,982,448</u>	<u>\$36,491,224</u>	<u>\$30,690,022</u>	<u>\$ 42,292,426</u>	<u>42.05%</u>

Dublin San Ramon Services District

Expense Summary by Category

December 2020

% of Year Completed = 50%

Expense Summary by Category	Budget	Budget to Date	Year to Date Actual	Budget Remaining	Percentage Used
Personnel	\$27,707,261	\$13,853,631	\$12,029,302	\$ 15,677,959	43.42%
Materials and Supplies	\$21,530,670	\$10,765,335	\$10,022,284	\$ 11,508,386	46.55%
Contract Services	\$7,924,245	\$3,962,122	\$1,869,982	\$ 6,054,262	23.60%
Other Expenses	\$14,825,773	\$7,412,886	\$6,588,196	\$ 8,237,577	44.44%
Capital Outlay	\$994,500	\$497,250	\$180,258	\$ 814,242	18.13%
	<u>\$72,982,448</u>	<u>\$36,491,224</u>	<u>\$30,690,022</u>	<u>\$ 42,292,426</u>	<u>42.05%</u>

Dublin San Ramon Services District
Capital Outlay by Division
December 31, 2020

Capital Outlay - Identified

Div	Asset Description	Budget	Year To Date Actual	Dollars Remaining	Percent Used
51	CCTV Truck Replacement	500,000	-	500,000	
51	Ford Escape	30,000	138,023	(108,023)	
51	Arrowboard Sign Trailer	17,500	-	17,500	
51	Leak Repair Vehicle	42,482	-	42,482	
51	Total Field Operations	589,982	138,023	451,959	23.39%
52	Utility/Service Carts (Qty 8) - DIV 52/53/54	33,835	-	33,835	
52	Total Plant Operations	33,835	-	33,835	0.00%
53	Spare RAS Pump For Secondary Clarifiers	16,000	-	16,000	
53	Vibration and Acoustic Monitoring Equipment	33,819	-	33,819	
53	Enviromental Compliant Blasting/Removal System	50,000	-	50,000	
53	Mechanical Bird Control	50,000	-	50,000	
53	Air Handler for Influent Pump Room	32,000	-	32,000	
53	Building "R" Retaining Wall	60,000	-	60,000	
53	D7 Tractor for Bio-Solids Harvesting	250,000	-	250,000	
53	Small Dump Truck	50,097	-	50,097	
53	District Office Server Room HVAC	30,000	-	30,000	
53	Influent Gate Control	120,000	-	120,000	
53	Modular Trailers for Waste Haulers and Enivor. Compliance	40,000	42,235	(2,235)	
53	Total Mechancial Maintenance	731,916	42,235	689,681	5.77%
54	Instrumentation, Controls, & Electrical	-	-	-	
54	Total Electrical Maintenance	-	-	-	
55	Laboratory Equipment Replacement	340,466	-	340,466	
55	Total Laboratory Operations	340,466	-	340,466	0.00%
	Budget Adjustment	-	-	-	
Grand Total		\$ 1,696,199	\$ 180,258	\$ 1,515,941	10.63%
Unexpected Capital Outlay					
		\$ -	\$ -	\$ -	
Total Unexpected Capital Outlay					
		\$ -	\$ -	\$ -	
Total All Capital Outlay					
		\$ 1,696,199	\$ 180,258	\$ 1,515,941	

Capital Project Expense Summary Report

Dublin San Ramon Services District

December 31, 2020

Fund #		Budget	Year-to-date Expenditures	Balance	Prct Used
210	Local Wastewater Replacement	\$ 634,589	\$ 17,969	\$ 616,620	2.83%
220	Local Wastewater Expansion	\$ 181,744	\$ 19,754	\$ 161,990	10.87%
310	Regional Wastewater Replacement	\$ 7,414,491	\$ 710,581	\$ 6,703,910	9.58%
320	Regional Wastewater Expansion	\$ 6,828,450	\$ 3,697,637	\$ 3,130,813	54.15%
610	Water Replacement	\$ 8,565,641	\$ 1,533,506	\$ 7,032,135	17.90%
620	Water Expansion	\$ 6,172,166 ⁽¹⁾	\$ 266,782	\$ 5,905,384	4.32%
Grand Total		<u>\$ 29,797,081</u>	<u>\$ 6,246,229</u>	<u>\$ 23,550,852</u>	<u>20.96%</u>

(1) 26% of the budget is for construction of DERWA Recycled Water Plant Ph2. When cost is billed to DERWA the revenue offsets CIP expense. DERWA bills DSRSD for their portion; and DSRSD portion is paid from the operating expense contribution to JPA. Budget in fund 620 CIP covers the operating expense contribution to JPA.

DUBLIN SAN RAMON SERVICES DISTRICT Period 6 ~ DECEMBER 2020

	200 Local Wastewater Enterprise	205 Local Rate Stabilization (RSF)	210 Local Wastewater Replacement	220 Local Wastewater Expansion	Total
BALANCE SHEETS					
CASH & INVESTMENTS	2,217,071	6,790	5,052,766	7,061,827	14,338,454
RECEIVABLES	706,777	0	0	0	706,777
OTHER	0	0	0	0	0
CURRENT ASSETS	2,923,848	6,790	5,052,766	7,061,827	15,045,231
FIXED ASSETS	40,264,435	0	1,705,414	873,053	42,842,902
LONG-TERM ASSETS	730,773	0	0	2,500,001	3,230,774
TOTAL ASSETS	43,919,056	6,790	6,758,180	10,434,881	61,118,907
ACCOUNTS PAYABLE	3,513	0	65,765	10,668	79,946
DEPOSITS	0	0	0	0	0
OTHER CURRENT LIABILITIES	96,490	0	24,424	15,926	136,840
CURRENT LIABILITIES	100,003	0	90,189	26,594	216,786
ACCRUED EXPENSES/OTHER	2,130,478	0	2,500,001	0	4,630,479
DEFERRED REVENUE	0	0	0	365,453	365,453
LONG-TERM LIABILITIES	2,130,478	0	2,500,001	365,453	4,995,932
RETAINED EARNINGS	41,688,575	6,790	4,167,990	10,042,834	55,906,190
TOTAL LIABILITIES & RETAINED EARNINGS	43,919,056	6,790	6,758,180	10,434,881	61,118,907
INCOME STATEMENT					
OPERATING REVENUE					
SERVICE CHARGES	2,450,065	0	0	0	2,450,065
OTHER OPERATING REVENUE	60,900	0	0	0	60,900
TOTAL OPERATING REVENUE	2,510,964	0	0	0	2,510,964
NON-OPERATING REVENUE					
CONNECTION FEES	0	0	209,606	6,394	215,999
INTEREST	768	(20)	13,322	25,267	39,337
OTHER NON-OPERATING REVENUE	695,000	0	0	0	695,000
TOTAL NON-OPERATING REVENUE	695,768	(20)	222,928	31,661	950,336
TRANSFERS IN	0	12,067	0	49,000	61,067
TOTAL RECEIPTS	3,206,732	12,047	222,928	80,661	3,522,367
DISBURSEMENTS					
OPERATING EXPENSES	1,425,240	1,779	0	0	1,427,019
CAPITAL PROJECTS	0	0	17,969	19,754	37,723
TRANSFER OUT	12,067	0	49,000	0	61,067
TOTAL DISBURSEMENTS	1,437,307	1,779	66,969	19,754	1,525,809
NET INCOME (LOSS)	1,769,426	10,268	155,959	60,907	1,996,559
EXPENSE BUDGET FOR FY 2021	4,487,323				
WORKING CAPITAL TARGET FOR FY 2021	1,495,774				
WORKING CAPITAL TARGET (in months)	4.00				
WORKING CAPITAL	2,823,845	6,790	4,962,577	7,035,233	14,828,445
WORKING CAPITAL ON HAND	7.55				
(in months) WC / (ExpBudget / 12)					
CURRENT EXCESS (DEFICIENCY)	1,328,071				
<i>Working Capital - Working Capital Target</i>					

DUBLIN SAN RAMON SERVICES DISTRICT Period 6 ~ DECEMBER 2020

	300 Regional Wastewater Enterprise	305 Regional Rate Stabilization (RSF)	310 Regional Wastewater Replacement	320 Regional Wastewater Expansion	Total
BALANCE SHEETS					
CASH & INVESTMENTS	8,348,000	9,754,117	34,276,283	45,175,825	97,554,225
RECEIVABLES	3,004,462	0	11,759	32,244	3,048,464
OTHER	682,079	0	0	1,299,205	1,981,284
CURRENT ASSETS	12,034,540	9,754,117	34,288,041	46,507,275	102,583,974
FIXED ASSETS	99,287,915	0	7,469,964	27,664,487	134,422,365
LONG-TERM ASSETS	4,892,081	0	39,872	109,349	5,041,302
TOTAL ASSETS	116,214,536	9,754,117	41,797,876	74,281,110	242,047,640
ACCOUNTS PAYABLE	408,337	0	135,556	191,619	735,512
DEPOSITS	1,615,855	0	0	37,709	1,653,563
OTHER CURRENT LIABILITIES	1,486,961	0	281,015	455,492	2,223,468
CURRENT LIABILITIES	3,511,153	0	416,571	684,819	4,612,543
BONDS PAYABLE	5,265,551	0	0	23,542,844	28,808,395
ACCRUED EXPENSES/OTHER	10,167,232	0	0	0	10,167,232
DEFERRED REVENUE	0	0	39,872	109,349	149,221
LONG-TERM LIABILITIES	15,432,783	0	39,872	23,652,193	39,124,847
RETAINED EARNINGS	97,270,600	9,754,117	41,341,433	49,944,098	198,310,250
TOTAL LIABILITIES & RETAINED EARNINGS	116,214,536	9,754,117	41,797,876	74,281,110	242,047,640
INCOME STATEMENT					
OPERATING REVENUE					
SERVICE CHARGES	8,933,954	0	0	0	8,933,954
OTHER OPERATING REVENUE	698,938	0	3,290	0	702,228
TOTAL OPERATING REVENUE	9,632,891	0	3,290	0	9,636,181
NON-OPERATING REVENUE					
CONNECTION FEES	0	0	432,022	1,188,765	1,620,786
INTEREST	(698)	28,046	106,511	126,305	260,163
OTHER NON-OPERATING REVENUE	0	0	0	0	0
TOTAL NON-OPERATING REVENUE	(698)	28,046	538,532	1,315,070	1,880,949
TRANSFERS IN	0	458,842	1,670,000	0	2,128,842
TOTAL RECEIPTS	9,632,193	486,888	2,211,822	1,315,070	13,645,973
DISBURSEMENTS					
OPERATING EXPENSES	9,737,740	1,779	42,235	2,156,827	11,938,581
CAPITAL PROJECTS	0	0	710,581	3,697,637	4,408,218
TRANSFER OUT	2,694,457	0	0	0	2,694,457
TOTAL DISBURSEMENTS	12,432,197	1,779	752,816	5,854,464	19,041,256
NET INCOME (LOSS)	(2,800,004)	485,109	1,459,006	(4,539,394)	(5,395,283)
EXPENSE BUDGET FOR FY 2021	21,038,991				
WORKING CAPITAL TARGET FOR FY 2021	7,012,997				
WORKING CAPITAL TARGET (in months)	4.00				
WORKING CAPITAL	8,523,387	9,754,117	33,871,470	45,822,456	97,971,430
WORKING CAPITAL ON HAND	4.86				
(in months) WC / (ExpBudget / 12)					
CURRENT EXCESS (DEFICIENCY)	1,510,390				
<i>Working Capital - Working Capital Target</i>					

DUBLIN SAN RAMON SERVICES DISTRICT Period 6 ~ DECEMBER 2020

	600 Water Enterprise	605 Water Rate Stabilization (RSF)	610 Water Replacement	620 Water Expansion	Total
BALANCE SHEETS					
CASH & INVESTMENTS	12,729,190	15,656,920	37,941,462	33,413,653	99,741,226
RECEIVABLES	2,286,724	62,547	0	14,480	2,363,751
OTHER	0	0	0	0	0
CURRENT ASSETS	15,015,914	15,719,467	37,941,462	33,428,133	102,104,977
FIXED ASSETS	118,912,331	0	9,829,106	21,641,762	150,383,199
LONG-TERM ASSETS	3,594,447	0	0	0	3,594,447
TOTAL ASSETS	137,522,692	15,719,467	47,770,568	55,069,895	256,082,622
ACCOUNTS PAYABLE	1,037,539	0	240,464	(687,203)	590,800
DEPOSITS	1,555,740	0	0	0	1,555,740
OTHER CURRENT LIABILITIES	595,937	0	103,278	663,316	1,362,531
CURRENT LIABILITIES	3,189,216	0	343,742	(23,887)	3,509,071
BONDS PAYABLE	0	0	0	32,949,529	32,949,529
ACCRUED EXPENSES/OTHER	5,752,115	0	0	0	5,752,115
DEFERRED REVENUE	0	0	0	1,156,447	1,156,447
LONG-TERM LIABILITIES	5,752,115	0	0	34,105,975	39,858,090
RETAINED EARNINGS	128,581,361	15,719,467	47,426,827	20,987,807	212,715,461
TOTAL LIABILITIES & RETAINED EARNINGS	137,522,692	15,719,467	47,770,568	55,069,895	256,082,622
INCOME STATEMENT					
OPERATING REVENUE					
SERVICE CHARGES	16,438,258	0	0	0	16,438,258
OTHER OPERATING REVENUE	342,018	52,846	323	0	395,188
TOTAL OPERATING REVENUE	16,780,277	52,846	323	0	16,833,446
NON-OPERATING REVENUE					
CONNECTION FEES	0	0	644,956	1,460,613	2,105,569
INTEREST	24,476	48,633	117,566	96,387	287,062
OTHER NON-OPERATING REVENUE	1,113,000	504,339	0	0	1,617,339
TOTAL NON-OPERATING REVENUE	1,137,476	552,972	762,523	1,557,000	4,009,970
TRANSFERS IN	1,748,131	0	2,397,344	0	4,145,475
TOTAL RECEIPTS	19,665,884	605,818	3,160,189	1,557,000	24,988,891
DISBURSEMENTS					
OPERATING EXPENSES	14,355,705	41,425	138,023	1,370,063	15,905,216
CAPITAL PROJECTS	0	0	1,533,506	266,782	1,800,288
TRANSFER OUT	2,397,344	1,182,516	0	0	3,579,860
TOTAL DISBURSEMENTS	16,753,049	1,223,941	1,671,529	1,636,844	21,285,363
NET INCOME (LOSS)	2,912,834	(618,122)	1,488,660	(79,844)	3,703,528
EXPENSE BUDGET FOR FY 2021	33,628,145				
WORKING CAPITAL TARGET FOR FY 2021	11,209,382				
WORKING CAPITAL TARGET (in months)	4.00				
WORKING CAPITAL	11,826,699	15,719,467	37,597,721	33,452,020	98,595,906
WORKING CAPITAL ON HAND	4.22				
(in months) WC / (ExpBudget / 12)					
CURRENT EXCESS (DEFICIENCY)	617,317				
<i>Working Capital - Working Capital Target</i>					

	900 Administrative Overhead	965 OPEB	995 DV Standby Assessment	Total
BALANCE SHEETS				
CASH & INVESTMENTS	(134,082)	(870,114)	1,645,794	641,599
RECEIVABLES	273,495	0	669,495	942,990
OTHER	473,235	0	0	473,235
CURRENT ASSETS	612,648	(870,114)	2,315,289	2,057,823
LONG-TERM ASSETS	0	6,991,298	0	6,991,298
TOTAL ASSETS	612,648	6,121,184	2,315,289	9,049,121
ACCOUNTS PAYABLE	115,637	87,879	0	203,516
OTHER CURRENT LIABILITIES	497,011	(343,758)	0	153,253
CURRENT LIABILITIES	612,648	(255,879)	0	356,769
ACCRUED EXPENSES/OTHER	0	6,046,944	0	6,046,944
LONG-TERM LIABILITIES	0	6,046,944	0	6,046,944
RETAINED EARNINGS	0	330,119	2,315,289	2,645,408
TOTAL LIABILITIES & RETAINED EARNINGS	612,648	6,121,184	2,315,289	9,049,121
INCOME STATEMENT				
OPERATING REVENUE				
OTHER OPERATING REVENUE	789,811	0	1,542,993	2,332,804
TOTAL OPERATING REVENUE	789,811	0	1,542,993	2,332,804
NON-OPERATING REVENUE				
INTEREST	0	0	2,690	2,690
OTHER NON-OPERATING REVENUE	0	0	0	0
TOTAL NON-OPERATING REVENUE	0	0	2,690	2,690
TRANSFERS IN	0	0	0	0
TOTAL RECEIPTS	789,811	0	1,545,683	2,335,493
DISBURSEMENTS				
OPERATING EXPENSES	789,811	615,486	13,910	1,419,207
CAPITAL PROJECTS	0	0	0	0
TRANSFER OUT	0	0	0	0
TOTAL DISBURSEMENTS	789,811	615,486	13,910	1,419,207
NET INCOME (LOSS)	0	(615,486)	1,531,773	916,286
EXPENSE BUDGET FOR FY 2021	1,211,389			
WORKING CAPITAL TARGET FOR FY 2021	0			
WORKING CAPITAL TARGET (in months)	0.00			
WORKING CAPITAL	0	(614,235)	2,315,289	1,701,054
WORKING CAPITAL ON HAND	0.00			
(in months) WC / (ExpBudget / 12)				
CURRENT EXCESS (DEFICIENCY)	0			
Working Capital - Working Capital Target				

December Budget Variance Report

Accounting Period: 6
Accounting Year: 2021

Categories are flagged if Actual Expense % > Target Expense %
(Target Expense % = (Period/12)*100 + Tolerance %)

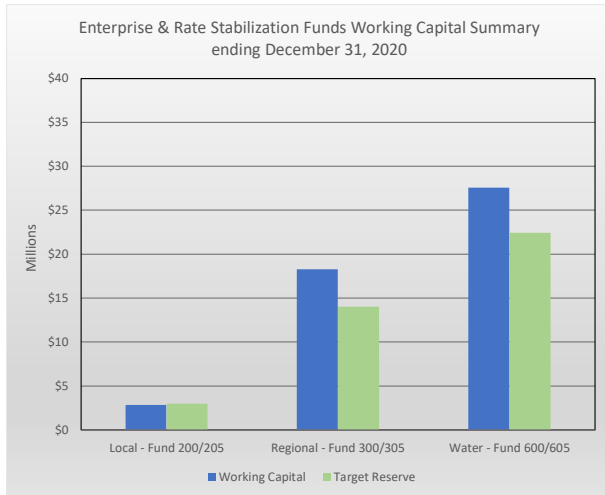
Expected Expense: 50.00%
Tolerance Level: 3.00%

Target Expense: 53.00%

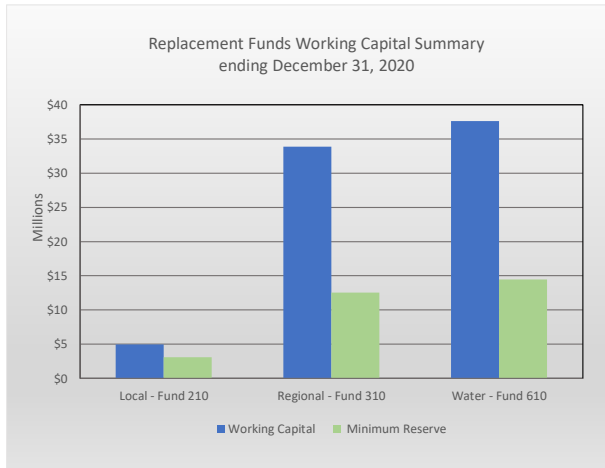
Division: 10. Legislative

	<u>2021</u>	<u>YTD</u>	<u>MTD</u>	<u>% of YTD</u>	<u>Flag</u>
	<u>Adjusted Budget</u>	<u>Expenditure</u>	<u>Expenditure</u>	<u>to Budget</u>	
Employee Memberships & Certifications	0.00	0.00	0.00	- %	
Medical	25,104.00	12,168.00	2,028.00	48.47%	
Other Benefits	7,000.00	3,885.42	688.64	55.51%	FLAG
Retirement	3,500.00	1,238.42	322.81	35.38%	
Salaries	35,000.00	16,575.00	4,290.00	47.36%	
Salary / Benefit Credit	0.00	0.00	0.00	- %	
Training Costs	14,000.00	125.00	0.00	0.89%	
1. Personnel	84,604.00	33,991.84	7,329.45	40.18%	
Equipment Under \$10,000	0.00	0.00	0.00	- %	
Office Supplies/Services	2,800.00	128.78	7.65	4.60%	
2. Materials and Supplies	2,800.00	128.78	7.65	4.60%	
Advertising	0.00	0.00	0.00	- %	
Other Services	262,000.00	2,000.00	2,000.00	0.76%	
Professional Services	27,000.00	14,497.00	2,416.00	53.69%	FLAG
Telecommunication Services	0.00	0.00	0.00	- %	
3. Contract Services	289,000.00	16,497.00	4,416.00	5.71%	
Meetings	2,500.00	10.00	0.00	0.40%	
Permits, Licenses & District Mbrshps	0.00	0.00	0.00	- %	
Subscriptions & Publications	540.00	0.00	0.00	- %	
4. Other	3,040.00	10.00	0.00	0.33%	
Capital Outlay - Identified	0.00	0.00	0.00	- %	
Capital Outlay - Unidentified	0.00	0.00	0.00	- %	
5. Capital Outlay	0.00	0.00	0.00	- %	
10. Legislative Total	379,444.00	50,627.62	11,753.10	13.34%	

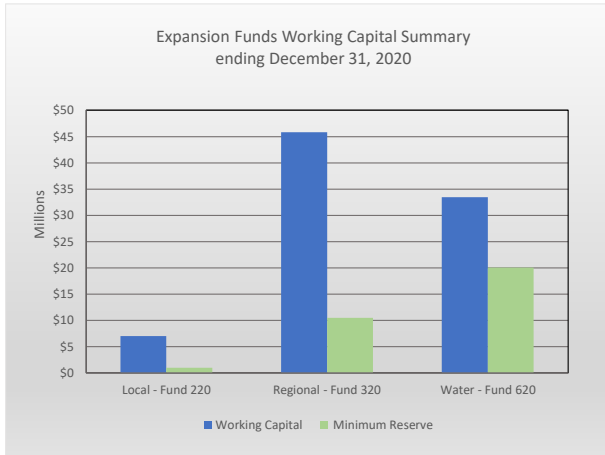
**Working Capital Summary
for Period Ending December 2020**



Enterprise & Rate Stabilization Funds	Working Capital	Target Reserve
Local - Fund 200/205	2,830,635	2,991,548
Regional - Fund 300/305	18,277,504	14,025,994
Water - Fund 600/605	27,546,166	22,418,764



Replacement Funds	Working Capital	Minimum Reserve
Local - Fund 210	4,962,577	3,111,164
Regional - Fund 310	33,871,470	12,533,228
Water - Fund 610	37,597,720	14,459,177



Expansion Funds	Working Capital	Minimum Reserve
Local - Fund 220	7,035,233	1,001,744
Regional - Fund 320	45,822,456	10,514,950
Water - Fund 620	33,452,020	20,037,866

Local Wastewater - Enterprise and Rate Stabilization Funds

Revenue & Expense Trend Analysis

FYE2020 Jul 1, 2019 - Jun 30, 2020

FYE2021 Jul 1, 2020 - Dec 31, 2020

Fund 200 and Fund 205

	FYE 2020 Actual Thru Period 13	FYE 2021 Adopted Budget Thru Period 13	FYE 2021 Prorated Budget Thru Period 6	FYE 2021 Actual Thru Period 6	FYE 2021 Prorated Budget-Actual Thru Period 6
Beginning Working Capital	\$951,254	\$1,747,001	\$1,747,001	\$1,747,001	
Fees and Charges					
Service Charges - Dublin	\$2,864,487	\$3,100,762	\$1,317,204	\$1,945,326	\$628,122
Service Charges - San Ramon	650,281	720,767	306,182	504,739	198,557
Inspections & Plan Check Fees	205,738	589,603	294,802	60,672	(234,130)
Interest	26,143	7,683	3,842	748	(3,094)
Other Revenues	276,091	24,000	12,000	695,228	683,228
Transfers In-RSF	-	-	n-a	12,067	n-a
Total Revenues	\$4,022,739	\$4,442,815	\$1,934,028	\$3,218,779	\$1,272,683
Operating Expenses					
Salaries and Benefits	\$2,062,525	\$3,060,909	\$1,530,454	\$910,682	(\$619,773)
Materials & Supplies	89,542	123,816	61,908	24,542	(37,366)
Contractual Services	152,621	212,734	106,367	38,405	(67,962)
Other Expenses	2,352,911	1,093,964	546,982	453,390	(93,591)
Transfers Out	-	-	n-a	12,067	n-a
Total Expenses	\$4,657,599	\$4,491,423	\$2,245,711	\$1,439,086	(\$818,693)
Net Increase/(Decrease)	(\$634,860)	(\$48,608)	(\$311,683)	\$1,779,693	\$2,091,376
Non-Cash Reconciling Items	1,430,607			(696,059)	
Ending Working Capital	\$1,747,001	\$1,698,393	\$1,435,318	\$2,830,635	
Working Capital Minimum	\$1,434,884	\$1,495,774	\$1,495,774	\$1,495,774	
Working Capital Target	2,869,766	2,991,548	2,991,548	2,991,548	
Working Capital On Hand in Months	4.87	4.54	3.83	7.57	

REVENUES

Local Wastewater Service Charge Revenues are charges for wastewater collections billed to customers in Dublin and the southern part of San Ramon. Residential customers are primarily billed through the counties (Alameda and Contra Costa) property tax rolls. The District bills non-residential Dublin customers and EBMUD bills non-residential customers in San Ramon. The first property tax roll installment payments from the counties are received in the month of December and represents 70% of the anticipated property tax revenues from the Counties. EBMUD payment are received two months in arrears through October. Revenue is trending as anticipated. Actuals represent projected property tax roll sewer revenue based on 3-Yr average. Proration factor will be modified in the next quarterly report.

Inspection and Plan Checks Fees Revenues are user fees charged to developers or individual customers to recover the labor costs of inspections services and plan check reviews. Actuals are trending 18% lower compared to prior fiscal year in the same period mainly due to reduction in inspections performed after business hours. Engineering continues to receive limited construction permit requests despite the slowdown in development activity.

Interest Revenues are lower than estimated due to the low interest market conditions.

Other Revenues includes unbudgeted non-cash developer contribution for constructed infrastructure.

Transfers includes unbudgeted transfer \$12,067 from the Local Operating Fund (200) to the Rate Stabilization Fund (205) to keep Fund 205 within the reserve policy.

EXPENSES

Salaries & Benefits Salary expenses increased compared to the prior fiscal year, but was offset primarily from lower retirement costs and less overtime usage.

Materials & Supplies fuel expenses is approximately 30% lower compared to last fiscal year due to reduction in driving activity for field operations staff. PG&E invoice for November will be reported in the next quarter.

Contractual Services expenses tend to be incurred more in the latter part of the fiscal year as landscape restoration, repairs, and maintenances are typically performed in the spring and summer.

Other Expenses includes Overhead charges that are lower than expected due to salary savings caused by vacancies.

Transfers includes unbudgeted transfer of \$12,067 from the Local Operating Fund (200) to the Rate Stabilization Fund (205) to keep Fund 205 within the reserve policy.

Regional Wastewater - Enterprise and Rate Stabilization Funds

Revenue & Expense Trend Analysis

FYE2020 Jul 1, 2019 - Jun 30, 2020

FYE2021 Jul 1, 2020 - Dec 30, 2020

Fund 300 and Fund 305

	FYE 2020 Actual Thru Period 13	FYE 2021 Adopted Budget Thru Period 13	FYE 2021 Prorated Budget Thru Period 6	FYE 2021 Actual Thru Period 6	FYE 2021 Prorated Budget-Actual Thru Period 6
Beginning Working Capital	\$17,889,919	\$20,247,346	\$20,247,346	\$20,247,346	
Service Charges					
Service Charges - Dublin	\$9,666,235	\$9,751,403	\$4,142,396	5,685,280	\$1,542,885
Service Charges - Pleasanton	11,173,522	10,786,497	4,582,104	1,806,752	(2,775,352)
Service Charges - San Ramon	1,985,571	2,040,858	862,875	1,403,760	540,886
Service Charges -IW (Other)	69,566	96,978	48,489	14,771	(33,718)
Service Charges -IW (Pleasanton)	74,274	95,942	47,971	23,390	(24,581)
Interest	268,006	377,251	188,626	27,348	(161,278)
Other Revenues	1,120,549	685,482	342,741	698,938	356,197
Transfers In-RSF	-	-	n-a	458,842	n-a
Total Revenues	\$24,357,723	\$23,834,413	\$10,215,201	10,119,081	(\$554,962)
Operating Expenses					
Salaries and Benefits	\$8,340,786	\$9,724,765	\$4,862,382	\$4,046,787	(\$815,595)
Materials & Supplies	3,206,247	2,840,544	1,420,272	1,657,432	237,160
Contractual Services	1,161,841	1,198,402	599,201	470,240	(128,961)
Other Expenses	11,166,187	7,279,380	3,639,690	3,565,059	(74,631)
Transfers Out	2,715,073	3,752,000	1,876,000	2,694,457	818,457
Total Expenses	\$26,590,134	\$24,795,091	\$12,397,546	\$12,433,976	\$36,430
Net Increase/(Decrease)	(\$2,232,411)	(\$960,678)	(\$2,182,345)	(\$2,314,895)	(\$591,392)
Non-Cash Reconciling Items	4,589,838			345,053	
Ending Working Capital	\$20,247,346	\$19,286,668	\$18,065,001	\$18,277,504	
Working Capital Minimum	\$6,771,372	\$7,012,998	\$7,012,998	\$7,012,998	
Working Capital Target	13,542,746	14,025,994	14,025,994	14,025,994	
Working Capital On Hand in Months	11.96	11.00	10.30	10.42	

REVENUES

Wastewater Service Charge Revenues for Dublin and San Ramon are charges for wastewater treatment billed to customers in Dublin and the southern part of San Ramon. Residential customers are primarily billed through the counties (Alameda and Contra Costa) property tax rolls. The District bills non-residential Dublin customers and EBMUD bills non-residential customers in San Ramon. The first property tax roll installment payments from the counties are received in the month of December and represents 70% of the anticipated property tax revenues from the Counties. EBMUD payment are received two months in arrears through October. Revenue is trending as anticipated. Actuals represent projected property tax roll sewer revenue based on 3-Yr average. Proration factor will be modified in the next quarterly report.

Wastewater Service Charge Revenues for Pleasanton are charges for wastewater treatment provided by contract to Pleasanton customers and are billed by the City of Pleasanton, which are paid two months in arrears to DSRSD. Fiscal year 2021, includes Period 1 adjustments and revenue for the month of Oct. Nov. and Dec. remittances will be reflected in the next quarterly report.

Industrial Waste Revenues are user charges related to the cost of sampling industrial users for the strength of their wastewater and for pollutants monitored as part of the District's Pretreatment Program.

Interest Revenues are lower than estimated due to the low interest market conditions.

Other Revenues are reimbursements for administrative and operating costs billed to the DERWA and LAVWMA JPA. Year-to-date revenue is higher compared to last fiscal year in the same period due to timing of billing. There is no other significant trends.

Transfers includes unbudgeted rate stabilization fund transfers from the Enterprise Fund (300) to the Rate Stabilization Fund (305) to maintain the reserve policy.

EXPENSES

Salaries & Benefits Salary expenses increased compared to the prior fiscal year but was offset primarily from lower retirement costs and less overtime usage.

Materials & Supplies Chemicals and Fluids expenses are trending higher compared to prior year.

Contractual Services expenses tend to be incurred more in the latter part of the fiscal year as landscape restoration, repairs, and maintenances are typically performed in the spring and summer.

Other Expenses includes Overhead charges that are lower than expected due to salary savings caused by vacancies.

Water - Enterprise and Rate Stabilization Funds

Revenue & Expense Trend Analysis

FYE2020 Jul 1, 2019 - Jun 30, 2020

FYE2021 Jul 1, 2020 - Dec 31, 2020

Fund 600 and Fund 605

	FYE 2020 Actual Thru Period 13	FYE 2021 Adopted Budget Thru Period 13	FYE 2021 Prorated Budget Thru Period 6	FYE 2021 Actual Thru Period 6	FYE 2021 Prorated Budget-Actual Thru Period 6
Beginning Working Capital	\$27,440,804	\$26,364,455	\$26,364,455	\$26,364,455	
Fees and Charges					
Service Charges - Potable	\$28,687,492	\$29,867,181	\$12,687,578	\$13,192,009	\$504,431
Service Charges - Recycled	5,362,533	5,325,325	2,262,198	2,826,029	563,831
Service Charges - Power	804,593	729,772	310,007	420,220	110,213
Inspections and Plan Fees	907,731	1,862,984	931,492	308,255	(623,237)
Interest	523,817	453,546	226,773	73,109	(153,665)
Other Revenues	2,388,346	957,906	478,953	1,703,949	1,224,996
Transfers In	-	412,000	206,000	1,748,131	1,542,131
Total Revenues	\$38,674,512	\$39,608,714	\$17,103,002	\$20,271,702	\$3,168,700
Operating Expenses					
Salaries and Benefits	\$7,238,019	\$7,811,551	\$3,905,775	\$3,715,660	(\$190,116)
Materials & Supplies	17,135,906	18,368,406	9,184,203	8,189,469	(994,734)
Contractual Services	2,621,276	2,480,736	1,240,368	595,767	(644,601)
Other Expenses	8,730,554	5,056,252	2,528,126	1,896,234	(631,892)
Transfers Out	7,387,040	5,819,688	2,909,844	3,579,860	670,016
Total Expenses	\$43,112,794	\$39,536,633	\$19,768,316	\$17,976,990	(\$1,791,327)
Net Increase/(Decrease)	(\$4,438,282)	\$72,081	(\$2,665,315)	\$2,294,712	\$4,960,027
Non-Cash Reconciling Items	3,434,014			(1,113,001)	
Ending Working Capital	\$26,436,536	\$26,436,536	\$23,699,140	\$27,546,166	
Working Capital Minimum	\$10,596,838	\$11,209,382	\$11,209,382	\$11,209,382	
Working Capital Target	21,193,674	22,418,764	22,418,764	22,418,764	
Working Capital On Hand in Months	9.95	9.41	8.43	9.80	

REVENUES

Potable Water service is provided to all customer classes in the City of Dublin and the Dougherty Valley area of San Ramon and are billed directly by DSRSD through utility billing on a bi-monthly basis. Potable water billed is approximately 5% higher (2.6M ccf) compared to prior fiscal year for the same period (2.5M ccf).

Recycled Water is billed in the same manner as potable water, through utility billing.

Power Charges are applied to service locations where water must be pumped above 389 feet in elevation (Pressure Zones 2 – 4).

Inspection and Plan Checks Fees Revenues are user fees charged to developers or individual customers to recover the labor costs of inspections services and plan check reviews. Actuals are trending 27% lower compared to prior fiscal year in the same period mainly due to less meter assemblies and inspections done after business hours. Engineering continues to receive limited construction permit requests despite the slowdown in development activity.

Interest Revenues are lower than estimated due to the low interest market conditions.

Other Revenues includes Cell Tower Leases, Property Tax, water lab & analysis fee to DERWA, and Utility Billing-related miscellaneous fees. Revenue in prior fiscal year includes unbudgeted non-cash developer contribution of over \$1M for constructed infrastructure. Budgeted revenues for the current fiscal year is tracking to prior fiscal year.

Transfers includes unbudgeted transfers of \$1.18M from the Rate Stabilization Fund (605) to keep within the reserve policy and a transfer of \$566K from the Regional Fund (300) for the LAVWMA 5th Supplemental Agreement.

EXPENSES

Salaries & Benefits Salary expenses increased compared to the prior fiscal year, but was offset primarily from lower retirement costs and less overtime usage.

Materials & Supplies costs of Water purchases and gas & electric is 8% higher compared to last fiscal year in the same period. Proration will be adjusted in the next quarterly report.

Contractual Services expenses tend to be incurred more in the latter part of the fiscal year as landscape restoration, repairs, and maintenances are typically performed in the spring and summer.

Other Expenses includes Overhead charges that are lower than expected due to salary savings caused by vacancies.

Transfers includes unbudgeted transfers of \$1.18M to the Enterprise Fund (600) to keep within the reserve policy.

Local Wastewater Capital Funds

Revenue & Expense Trend Analysis

FYE2020 Jul 1, 2019 - Jun 30, 2020

FYE2021 Jul 1, 2020 - Dec 31, 2020

Fund 210 Replacement Totals

	FYE 2020 Actual Thru Period 13	FYE 2021 Adopted Budget Thru Period 13	FYE 2021 Prorated Budget Thru Period 6	FYE 2021 Actual Thru Period 6	FYE 2021 Prorated Budget-Actual Thru Period 6
Beginning Working Capital	\$5,211,339	\$4,806,618	\$4,806,618	\$4,806,618	
Capacity Reserve Fees - Dublin	\$861,350	\$1,203,646	\$601,823	\$209,606	(\$392,217)
Interest	179,734	89,707	44,853	13,322	(31,531)
Total Revenues	\$1,041,084	\$1,293,353	\$646,676	\$222,928	(\$423,749)
Transfers-Out	\$107,083	\$918,333	\$459,167	\$49,000	(\$410,167)
CIP Projects	163,807	634,589	317,295	17,969	(299,325)
Total Expenses	\$270,890	\$1,552,922	\$776,461	\$66,969	(\$709,492)
Net Increase/(Decrease)	\$770,194	(\$259,569)	(\$129,785)	\$155,959	\$285,743
Non-Cash Reconciling Items	(1,174,915)				
Ending Working Capital	\$4,806,618	\$4,547,049	\$4,676,833	\$4,962,577	
Working Capital Minimum	\$3,111,164	\$3,111,164	\$3,111,164	\$3,111,164	

Fund 220 Expansion Totals

	FYE 2020 Actual Thru Period 13	FYE 2021 Adopted Budget Thru Period 13	FYE 2021 Prorated Budget Thru Period 6	FYE 2021 Actual Thru Period 6	FYE 2021 Prorated Budget-Actual Thru Period 6
Beginning Working Capital	\$5,545,505	\$6,608,874	\$6,608,874	\$6,608,874	
Capacity Reserve Fees - Dublin	\$44,473	\$36,715	\$18,357	\$6,394	(\$11,964)
Interest	215,404	103,101	51,551	25,267	(26,283)
Transfers	107,083	918,333	459,167	49,000	(410,167)
Total Revenues	\$366,960	\$1,058,149	\$529,074	\$80,661	(\$448,414)
CIP Projects	\$24,645	181,744	90,872	19,754	(71,118)
Total Expenses	\$24,645	\$181,744	\$90,872	\$19,754	(\$71,118)
Net Increase/(Decrease)	\$342,315	\$876,405	\$438,202	\$60,907	(\$377,295)
Non-Cash Reconciling Items	721,054			365,452	
Ending Working Capital	\$6,608,874	\$7,485,279	\$7,047,076	\$7,035,233	
Working Capital Minimum	\$221,029	\$1,001,744	\$1,001,744	\$1,001,744	

REVENUES

Capacity Reserve Fee are charges on all new development and all expansions or changes of existing development to pay for current and future capital improvement projects in the wastewater treatment plant and wastewater collection system. These fees are designed to cover the cost of building expanded facilities for new development. Revenue trend in this area continue to be below original budget projections caused by development slow down.

Interest Revenues are lower than estimated due to the low interest market conditions.

Transfers in the Expansion Fund (320) consists of a loan repayment from the Local Wastewater Replacement Fund (210) to the Wastewater Expansion Fund (220) for \$5.0 million in FYE 2018. The loan was for a period of six years to bridge the cash flow needs until replacement allocations are once again available from the Local Wastewater Enterprise Fund. The loan is repaid in equal annual installments of \$833,333 plus interest.

EXPENSES

CIP Projects: Due to the nature of capital project activities that are performed in various phases, such as planning, design, construction and other phases, there are timing factors in capital project expenditures, which do not track to prorated budget. Proration will not be used in subsequent quarterly report.

Regional Wastewater Capital Funds

Revenue & Expense Trend Analysis

FYE2020 Jul 1, 2019 - Jun 30, 2020

FYE2021 Jul 1, 2020 - Dec 31, 2020

Fund 310 Replacement Totals

	FYE 2020 Actual Thru Period 13	FYE 2021 Amended Budget Thru Period 13	FYE 2021 Prorated Budget Thru Period 6	FYE 2021 Actual Thru Period 6	FYE 2021 Prorated Budget-Actual Thru Period 6
Beginning Working Capital	\$31,586,062	\$32,412,465	\$32,412,465	\$32,412,465	
Capacity Reserve Fees - Dublin	\$1,440,063	\$2,014,870	\$1,007,435	\$351,478	(\$655,956)
Capacity Reserve Fees - Pleasanton	207,502	361,736	180,868	74,887	(105,981)
Capacity Reserve Fees - Deferred	11,615	6,351	3,176	5,657	2,481
Interest	1,127,504	557,910	278,955	106,511	(172,444)
Transfers	3,130,000	3,340,000	1,670,000	1,670,000	-
Total Revenue	\$5,916,684	\$6,280,867	\$3,140,433	\$2,208,532	(\$931,901)
Capital Outlay	\$421,603	\$764,000	\$382,000	\$42,235	(\$339,765)
Contribution to JPA	279,600	279,600	139,800	-	(139,800)
CIP Projects	4,389,078	7,414,491	3,707,246	710,581	(2,996,664)
Total Expenses	\$5,090,282	\$8,458,091	\$4,229,046	\$752,816	(\$3,476,229)
Net Increase/(Decrease)	\$826,402	(\$2,177,224)	(\$1,088,612)	\$1,455,716	(\$1,810,121)
Non-Cash Reconciling Items				3,289	
Ending Working Capital	\$32,412,464	\$30,235,241	\$31,323,853	\$33,871,470	
Working Capital Minimum	\$12,533,228	\$12,533,228	\$12,533,228	\$12,533,228	

Fund 320 Expansion Totals

	FYE 2020 Actual Thru Period 13	FYE 2021 Amended Budget Thru Period 13	FYE 2021 Prorated Budget Thru Period 6	FYE 2021 Actual Thru Period 6	FYE 2021 Prorated Budget-Actual Thru Period 6
Beginning Working Capital	\$51,850,309	\$48,866,283	\$48,866,283	\$48,866,283	
Capacity Reserve Fees - Dublin	\$4,179,439	\$5,555,496	\$2,777,748	\$966,929	(\$1,810,819)
Capacity Reserve Fees - Pleasanton	582,379	997,396	498,698	205,378	(293,320)
Capacity Reserve Fees - Deferred	33,761	37,877	18,938	16,457	(2,481)
Interest	1,714,336	962,065	481,032	126,305	(354,727)
Total Revenue	\$6,509,914	\$7,552,833	\$3,776,417	\$1,315,070	(\$2,461,347)
Contribution to JPA	\$2,913,837	\$4,313,654	\$2,156,827	\$2,156,827	-
CIP Projects	5,095,246	6,828,450	3,414,225	3,697,637	283,412
Total Expenses	\$8,009,083	\$11,142,104	\$5,571,052	\$5,854,464	\$283,412
Net Increase/(Decrease)	(\$1,499,169)	(\$3,589,271)	(\$1,794,635)	(\$4,539,394)	(\$9,923,301)
Non-Cash Reconciling Items	(1,484,857)			1,495,567	
Ending Working Capital	\$48,866,283	\$45,277,012	\$47,071,648	\$45,822,456	
Working Capital Minimum	\$13,401,072	\$10,514,950	\$10,514,950	\$10,514,950	

REVENUE

Capacity Reserve Fee are charges on all new development and all expansions or changes of existing development to pay for current and future capital improvement projects in the wastewater treatment plant. 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. Revenue trend in this area continue to be below original budget projections caused by development slow down.

Interest Revenue are lower than estimated due to the low interest market conditions.

Transfers in the Replacement Fund (310) consists of replacement funding from the Regional Wastewater Enterprise Fund (300).

EXPENSES

Capital Outlay expenditures in the Replacement Fund (310) is lower than budgeted

Contribution to JPA: DSRSD is a member of the Livermore-Amador Valley Water Management Agency (LAVWMA), a Joint Power Authority formed in 1974, which constructed and operates an export pumping facility. Expenses in the Replacement Fund (310) are related to capital asset replacement and repairs. Expenses are trending lower than estimated. Expenses in the Expansion Fund (320) are debt service payments on the 2011 Sewer Refunding Bonds.

CIP Projects: Due to the nature of capital project activities that are performed in various phases, such as planning, design, construction and other phases, there are timing factors in capital project expenditures, which do not track to prorated budget. Proration will not be used in subsequent quarterly report.

Water Capital Funds

Revenue & Expense Trend Analysis

FYE2020 Jul 1, 2019 - Jun 30, 2020

FYE2021 Jul 1, 2020 - Dec 31, 2020

Fund 610 Replacement Totals					
	FYE 2020 Actual Thru Period 13	FYE 2021 Amended Budget Thru Period 13	FYE 2021 Prorated Budget Thru Period 6	FYE 2021 Actual Thru Period 6	FYE 2021 Prorated Budget-Actual Thru Period 6
Beginning Working Capital	\$31,630,941	\$36,109,061	\$36,109,061	\$36,109,061	
Capacity Reserve Fees	\$2,301,768	\$2,207,751	\$1,103,876	\$644,956	(\$458,919)
Interest	1,230,595	643,351	321,675	117,566	(204,109)
Transfers In	5,153,937	5,144,688	2,572,344	2,397,344	(175,000)
Total Revenues	\$8,686,299	\$7,995,790	\$3,997,895	\$3,159,867	(\$838,028)
Capital Outlay	\$109,787	\$230,500	\$115,250	\$138,023	\$22,773
Contribution to JPA	9,249	178,120	89,060	-	(89,060)
CIP Projects	4,089,144	8,565,641	4,282,821	1,533,506	(2,749,314)
Total Expenses	\$4,208,180	\$8,974,261	\$4,487,131	\$1,671,529	(\$2,815,601)
Net Increase/(Decrease)	\$4,478,119	(\$978,471)	(\$489,236)	\$1,488,337	\$1,977,573
Non-Cash Reconciling Items				322	
Ending Working Capital	\$36,109,061	\$35,130,590	\$35,619,825	\$37,597,720	
Working Capital Minimum	\$14,457,177	\$14,459,177	\$14,459,177	\$14,459,177	

Fund 620 Expansion Totals					
	FYE 2020 Actual Thru Period 13	FYE 2021 Amended Budget Thru Period 13	FYE 2021 Prorated Budget Thru Period 6	FYE 2021 Actual Thru Period 6	FYE 2021 Prorated Budget-Actual Thru Period 6
Beginning Working Capital	\$28,311,019	\$32,907,335	\$32,907,335	\$32,907,335	
Capacity Reserve Fees	\$4,969,452	\$4,933,221	\$2,466,611	\$1,460,613	(\$1,005,998)
Other Revenue	3,488,325	-	-	-	-
Interest	1,107,173	569,167	284,583	96,387	(188,196)
Transfers In	2,311,077	675,000	337,500	-	(337,500)
Total Revenues	\$11,876,026	\$6,177,388	\$3,088,694	\$1,557,000	(\$1,531,694)
Contribution to JPA	\$1,629,038	\$1,874,597	\$937,299	\$428,056	(\$509,242)
Debt Payments	1,881,300	1,880,513	940,256	942,006	1,750
Other Expenses	159,951	-	-	-	-
CIP Projects	98,430	6,172,166	3,086,083	266,782	(2,819,301)
Total Expenses	\$3,768,719	\$9,927,276	\$4,963,638	\$1,636,844	(\$3,326,794)
Net Increase/(Decrease)	\$8,107,307	(\$3,749,888)	(\$1,874,944)	(\$79,844)	\$1,795,100
Non-Cash Reconciling Items	(3,510,991)			624,529	
Ending Working Capital	\$32,907,335	\$29,157,447	\$31,032,391	\$33,452,020	
Working Capital Minimum	\$9,212,496	\$20,037,866	\$20,037,866	\$20,037,866	

REVENUES

Capacity Reserve Fee are charges on all new development and all expansions or changes of existing development to pay for current and future capital improvement projects in the water system. 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. Revenue trend in this area continue to be below original budget projections caused by development slow down.

Other Revenues in the Expansion Fund (620) for the prior fiscal year includes unbudgeted deferred revenue write-off of \$3.4M.

Interest Revenues are lower than estimated due to the low interest market conditions.

Transfers in the Replacement Fund (610) consists of Replacement funding and Cross-Connections from the Water Enterprise Fund (600). The Cross-Connection transfers are performed at year-end. Transfers in the Expansion Fund (620) are ratepayer's share of the 2011 Sewer Revenue Bond and are performed at year-end.

EXPENSES

Contribution to JPA: DSRSD and East Bay Municipal Utility District (EBMUD) participate in DERWA, a Joint Power Authority formed in 2006 to provide recycled water service. Expenses are related to replacement and expansion capital projects for the DERWA system. Expenses are trending lower than estimated.

Debt Payment: The District has outstanding long-term debt obligation from the issuance of the 2017 Water Revenue Refunding Bonds and an outstanding state loan for DERWA.

CIP Projects: Due to the nature of capital project activities that are performed in various phases, such as planning, design, construction and other phases, there are timing factors in capital project expenditures, which do not track to prorated budget. Proration will not be used in subsequent quarterly report.