



# AGENDA

## NOTICE OF REGULAR MEETING

**TIME:** 6 p.m.

**PLACE:** Regular Meeting Place  
7051 Dublin Boulevard, Dublin, CA  
[www.dsrsd.com](http://www.dsrsd.com)

**DATE:** Tuesday, March 7, 2023

The Boardroom is open to the public during open session. Due to the COVID-19 pandemic, meeting attendees are required to conduct a self-screening before entering District facilities. Face coverings are optional.

**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, Govindarao, Halket, Johnson, Vonheeder-Leopold
4. SPECIAL ANNOUNCEMENTS/ACTIVITIES

5. PUBLIC COMMENT (MEETING OPEN TO THE PUBLIC)

At this time those in the audience are encouraged to address the Board on any item of interest that is within the subject matter jurisdiction of the Board and not already included on tonight's agenda. Comments should not exceed five minutes. Speaker cards are available from the District Secretary and should be completed and returned to the Secretary prior to addressing the Board. The President of the Board will recognize each speaker, at which time the speaker should proceed to the lectern, introduce him/herself, and then proceed with his/her comment. Written comments received by 3 p.m. on the day of the meeting will be provided to the Board.

6. AGENDA MANAGEMENT (CONSIDER ORDER OF ITEMS)

7. CONSENT CALENDAR

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

- 7.A. Approve Regular Meeting Minutes of February 21, 2023

**Recommended Action:** Approve by Motion

- 7.B. Consider Approval of Director Attendance at City of Dublin's 39th St. Patrick's Day Celebration Events on March 18, 2023 and March 19, 2023

**Recommended Action:** Approve by Motion

- 7.C. Award Contract to Maze & Associates for Auditing Services for Dublin San Ramon Services District and the Livermore-Amador Valley Water Management Agency for Fiscal Year Ending 2023 and Authorize the General Manager to Exercise up to Four One-Year Renewals

**Recommended Action:** Approve by Motion

8. BOARD BUSINESS

8.A. Receive Presentation on the Operations Workforce Study

**Recommended Action:** Receive Presentation

8.B. Receive Draft Regional and Local Wastewater Rate Study, Authorize Proposition 218 Notice, and Set Public Hearing

**Recommended Action:** Receive Presentation and Schedule a Public Hearing

9. REPORTS

9.A. Boardmember Items

9.A.1. Joint Powers Authority and Committee Reports

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

9.A.3. Request New Agenda Item(s) Be Placed on a Future Board or Committee Agenda

9.B. Staff Reports

9.B.1. Event Calendar

9.B.2. Correspondence from the Board

10. ADJOURNMENT

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

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

**February 21, 2023**

**1. CALL TO ORDER**

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

**2. PLEDGE TO THE FLAG**

**3. ROLL CALL**

Boardmembers present at start of meeting:

President Georgean M. Vonheeder-Leopold, Vice President Ann Marie Johnson, Director Dinesh Govindarao, and Director Richard M. Halket.

Director Goel entered the meeting at 6:01 p.m. after the roll call was done.

District staff present: Dan McIntyre, General Manager; Jan Lee, Assistant General Manager; Carol Atwood, Administrative Services Director/Treasurer; Steve Delight, Engineering Services Director/District Engineer; Jeff Carson, Operations Director; Michelle Gallardo, Special Assistant to the General Manager; Douglas E. Coty, General Counsel; and Nicole Genzale, Executive Services Supervisor/District Secretary.

**4. SPECIAL ANNOUNCEMENTS/ACTIVITIES**

**4.A. New Employee Introductions**

Emerson De Klotz, Laboratory Technician (Limited Term)

Tong Thao, Utility Billing & Customer Services Representative I (Limited Term)

**5. PUBLIC COMMENT (MEETING OPEN TO THE PUBLIC) – 6:03 p.m. No public comment was received.**

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

**7. CONSENT CALENDAR**

Director Halket MOVED for approval of the items on the Consent Calendar. Director Goel SECONDED the MOTION, which CARRIED with FIVE AYES.

7.A. Approve Regular Meeting Minutes of February 7, 2023 – Approved

7.B. Accept Regular and Recurring Report: Treasurer's Report – Approved

**8. BOARD BUSINESS****8.A. Receive Presentation on the Energy Facilities Master Plan Project (CIP 22-P009)**

Senior Engineer Jason Ching reviewed the item for the Board. The Board and staff discussed several aspects of the presentation, including the Energy Facilities Master Plan Project's (Project) timeline, potential project types, cost/benefit concepts, and development of guiding principles and a new Energy policy. They also discussed the importance of balancing the implementation of the Project with existing projects and day-to-day operations with regards to timing, budgeting, grant funding, staffing, training, operations, maintenance, and responding to changing conditions and priorities. The Board requested an assessment of grant funding opportunities to better guide the Board's determination of energy projects. The Board requested that staff accelerate the Project and policy schedule to enable the Board to begin making decisions and act on any "low hanging fruit," such as cogeneration replacements and other expiring equipment, and additionally, footnote in upcoming presentations that proper equipment maintenance has been adhered to, but it is time to consider certain equipment "end-of-design-life" options. The Board also recommended staff have "shelf ready" projects to capitalize on grant funding in parallel with preparing the policy. The Board directed staff to review the District's Green Business policy for possible incorporation into the new Energy policy. The Board confirmed that the Project is heading in the right direction, and it appreciates staff efforts and presentation.

**8.B. Receive Presentation on District's Water Conservation Status**

Senior Engineer Irene Suroso reviewed the item and provided the Board a presentation which was added to the website as supplemental materials and included the following drought and supply updates:

- Department of Water Resources expects to deliver 30% of requested water supply per the State Water Project's allocation increase due to capture of recent storm water.
- Zone 7 Water Agency's operational plan (the District's water wholesaler) outlines 10% conservation, use of the Kern County storage and recovery program, and a water transfer of 5,000 acre-feet.
- State Emergency Drought remains at Level 2 through December 2023.
- Executive Order EO-3-23, effective February 13, 2023, directs the State to provide recommendations on ongoing emergency drought response action by April 28, 2023.

The Board and staff discussed the District's conservation trends and the effects of possibly moving from Stage 2 to Stage 3 water restrictions. Staff explained that implementing Stage 3 would misalign the District with the Tri-Valley agencies and be punitive to customers who already invested in the District's recycled water program, which achieved approximately 25% conservation years ahead of this drought. Because of this, there is not as much opportunity for District customers to conserve under current conditions. Staff also clarified that Zone 7 Water Agency requested 15% cumulative conservation across its retailers, not 15% per agency. The Board directed Public Affairs staff to communicate to customers that the drought is ongoing and to continue conservation measures.

## 8.C. Receive Presentation on Calendar Year 2022 Public Affairs Activities and Outreach

Public Affairs Specialist Lea Blevins reviewed the item and provided the Board a presentation which was added to the website as supplemental materials. The presentation showcased the District's drought and water conservation campaigns, customer publications and resources, technology and platform utilization, media engagement, Tri-Valley and industry collaborations and partnerships, and support of community events and internal District work products and projects. Director Govindarao requested that staff establish an outreach partnership with the high schools in San Ramon as has been done with Dublin High School. The Board expressed its support of the District's outreach program and acknowledged staff for the excellent work and presentation.

## 8.D. Approve 180-Day Wait Period Exception for Retired Annuitant Gemma Lathi as the Management Analyst II under Government Code Sections 7522.56 and 21224

Administrative Services Director Atwood reviewed the item for the Board.

Director Halket MOVED to approve Resolution No. 6-23, Approving a 180-Day Wait Period Exception for Retired Annuitant Gemma Lathi as the Management Analyst II under Government Code Sections 7522.56 and 21224. Director Goel SECONDED the MOTION, which CARRIED with FIVE AYES.

9. REPORTS

## 9.A. Boardmember Items

9.A.1. Joint Powers Authority and Committee Reports  
LAVWMA – February 15, 2023

President Vonheeder-Leopold invited comments on recent JPA activities. Directors felt the available staff reports adequately covered the many matters considered at the JPA meetings and made a few comments about some of the JPA activities.

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

Director Goel reported that he attended the Secretary Speaker Series: After the Storm! A Timely Update on California's Water Supply webinar today. He summarized the activities and discussions at the meeting. He did not submit a written report.

President Vonheeder-Leopold reported that she did not attend the Alameda County Special Districts Association (ACSDA) Executive Committee meeting last week, however, she encouraged the Boardmembers to attend the ACSDA's annual dinner event which will be held at the Wedgewood at Redwood Canyon Golf Course in Castro Valley on Monday, March 20, at 6 p.m. She did not submit a written report.

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

9.B. Staff Reports

9.B.1. Event Calendar – None  
9.B.2. Correspondence from the Board – None

10. ADJOURNMENT

President Vonheeder-Leopold adjourned the meeting at 8:24 p.m.

Submitted by,

Nicole Genzale, CMC  
Executive Services Supervisor/District Secretary



**TITLE:** Consider Approval of Director Attendance at City of Dublin's 39th St. Patrick's Day Celebration Events on March 18, 2023 and March 19, 2023

**RECOMMENDATION:**

In accordance with the District's Director Compensable Activities policy, the Board may approve Director attendance at certain public meetings, public events, and training programs. Staff recommends the Board of Directors approve, by Motion, Director attendance at the City of Dublin's 39th St. Patrick's Day Celebration Events on March 18, 2023 and March 19, 2023 as a representative of the District.

**DISCUSSION:**

Pursuant to Government Code Section 61047, part of the Community Services District Law, only representation of the District at certain public meetings, public events, and training programs qualifies for a day of service. The Director Compensable Activities policy (P100-22-1) lists activities and events pre-approved by the Board as eligible for day of service compensation. When an activity or event is not on the pre-approved list, a Director may attend without compensation or may seek Board approval at a Board meeting held prior to the activity or event.

The activity or event described below is not on the pre-approved list, and thus, the Board must approve this event at this Board meeting in order for attendance by one or more Directors to be deemed a day of service eligible for compensation. In addition, the attending Director must submit a written report at the next Board meeting following the qualifying activity or event as required by Government Code Section 61047 and the policy. If a written report is not submitted or not timely submitted, the Director is no longer eligible for compensation for a day of service associated with the qualifying activity or event.

The City of Dublin will host its 39th St. Patrick's Day Celebration on Saturday, March 18, and Sunday, March 19, 2023. Events held during the celebration will include the Shamrock Gala, Firefighters Pancake Breakfast, St. Patrick's Day Parade, and Shamrock 5K Fun Run & Walk. A detailed schedule of events is provided at [St. Patrick's Day Celebration | Dublin, CA - Official Website](#). The event announcement is provided as Attachment 1 and the Director Compensable Activities policy is provided as Attachment 2 for the Board's reference.

Originating Department: Administrative Services	Contact: N. Genzale/C. Atwood	Legal Review: Not Required
Financial Review: Not Required	Cost and Funding Source: \$195 for each day of service from Administrative Cost Center (Fund 900)	
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 – City of Dublin St. Patrick's Day Celebration Event Announcement Attachment 2 – Director Compensable Activities Policy	7 of 221

[Email](#)[Directions & Parking](#)[Frequently Asked Questions](#)[Firefighters Pancake Breakfast](#)[39th St. Patrick's Day Parade](#)[Shamrock 5K Fun Run & Walk](#)[Road Closures](#)[Vendor Information](#)[Volunteer Opportunities](#)[Past Festival Photos](#)[Celebration Sponsors](#)

## St. Patrick's Day - 2023

The 39th St. Patrick's Day Celebration will be held Saturday, March 18, and Sunday, March 19, 2023.

Note: Use the tabs on the left for more information on the celebration including the festival schedule, parking, entertainment lineup, and more. Look forward to seeing you there!

[Lauren Marriott](#)

Recreation Coordinator

[Email](#)[Shelby Perry](#)

Recreation Technician

[Email](#)[Parks and Community Services](#)

100 Civic Plaza I Dublin, CA 94568

**Hours:**

Monday through Friday

8:00 a.m. to 5:00 p.m.



Policy No.: P100-22-1	Type of Policy: Board Business
<b>Policy Title:</b> Director Compensable Activities	
<b>Policy Description:</b> Director activities which are eligible for compensation for service	
Approval Date: 1/18/2022	Last Review Date: 2022
Approval Resolution No.: 2-22	Next Review Date: 2026
Rescinded Resolution No.: 36-19	Rescinded Resolution Date: 9/3/2019

The purpose of this policy of the Board of Directors of Dublin San Ramon Services District is to establish meetings, events, activities, and occasions that constitute the performance of official duties which qualify for compensation in accordance with Water Code Section 20200 *et seq.*, Government Code Sections 61047 and 53232.1 (b), and to declare that each Director shall exhibit good judgment in the matter of compensation for service, and shall have proper regard for the propriety and economy of conducting District business.

## 1. Compensation

Directors may receive an amount of compensation not to exceed the amount approved by the Board, upon submittal of the District's monthly Director Timesheet. The amount of compensation shall be set in accordance with Water Code Section 20200 *et seq.*, as amended. Compensation shall be earned for each day's service rendered as a member of the Board, and cannot exceed a total of ten (10) days in any calendar month. By adoption of this policy, Director representation of the District at all events listed in Sections 2 and 3 of this policy shall be deemed pre-approved by the Board as eligible for compensation unless modified by Board resolution. Except for the Board and Committee meetings described in Section 2, in order to be eligible for compensation for a day of service, Directors must also deliver a written report, as detailed in Section 5, to the Board regarding their attendance at a qualifying activity or event at the next Board meeting following the qualifying activity or event. If the written report is not submitted at the next Board meeting following the qualifying activity or event, the Director is no longer eligible for and shall not be paid compensation for the day(s) of service associated with the qualifying activity or event in accordance with Government Code Section 61047(e)(2) through (e)(5). Compensation will be paid for only one day of service if a Director attends two or more meetings or activities on one day even if each of the meetings would otherwise be separately eligible for compensation. Travel days before or after the day or days of any activity eligible for compensation, shall not be eligible for separate compensation.

## 2. Services Eligible for Compensation Not Requiring a Written Report

Pursuant and subject to Water Code Section 20200 *et seq.* and Government Code Sections 61047(e) and 53232.1 (b), the following activities are eligible for compensation as a day of service:

**Policy No.:** P100-22-1**Policy Title:** Director Compensable Activities

- a. Attendance in a policy maker role at District meetings conducted in accordance with the Brown Act (Government Code Section 54950 *et seq.*), specifically limited to:
  - Board and Standing Committee Meetings, including Liaison Committee Meetings (Regular, Special, Adjourned, or Emergency) and Ad Hoc or Advisory Committees created by the Board
- b. Attendance in a policy maker role at meetings of a Joint Powers Authority (JPA) of which the District is a member and that have been conducted in accordance with the Brown Act, specifically limited to:
  - JPA Board and Standing Committee Meetings, including Liaison Committee Meetings (Regular, Special, Adjourned, or Emergency) and Ad Hoc or Advisory Committees created by the Board

JPAs include, but are not limited to, Livermore-Amador Valley Water Management Agency (LAVWMA), DSRSD-EBMUD Recycled Water Authority (DERWA), WateReuse Finance Authority, or California Sanitation Risk Management Authority (CSRMA).

- c. Attendance as the only Director at a Boardmember policy or activity briefing with the General Manager and/or other senior and key staff, held onsite at a District facility or via teleconference.

### **3. Services Eligible for Compensation Requiring a Written Report at the Next Board Meeting**

- a. Attendance at professional, technical, and trade association meetings, conferences, activities, and organized educational activities, training sessions, facility tours, and events of or presented by, including but not limited to, the following entities:
  - Association of California Water Agencies (ACWA) including the annual Washington D.C. conference
  - American Water Works Association
  - California Association of Sanitation Agencies (CASA) including the annual Washington D.C. conference
  - California Sanitation Risk Management Authority (CSRMA)
  - California Special Districts Association (CSDA) and its affiliated local chapters
  - East Bay Leadership Council Water and Environment Task Force
  - Recycled Water and Resource Recovery Agencies and Organizations
  - Special Districts Learning Foundation (SDLF)
  - Wastewater and Water Agencies and Consortiums
  - Water Education Foundation (WEF)
  - WateReuse Association

Includes the board and/or committee meetings of these groups for which the Director is a member of the board and/or a committee.

Policy No.: P100-22-1

Policy Title: Director Compensable Activities

- b. Ethics training pursuant to Government Code Section 53234 *et seq.* and sexual harassment prevention training pursuant to Government Code Section 53237 *et seq.* from an entity duly authorized to present such training (including in person and online) and to provide certificates of completion.
- c. As a principal speaker, panel member, or otherwise representing the District in an official capacity at a public event (i.e., an event to which the general public is invited) including but not limited to the following:
  - Annual State of the City addresses by the mayors of Dublin, Livermore, Pleasanton, and San Ramon
  - Annual State of the District addresses (County Board of Supervisors, Congressional Representatives) by elected officials
  - Annual Tri-Valley Mayors' Summit
  - Ceremonial functions of DSRSD, the JPAs of which the District is a member, and other water/wastewater/recycled water/resource recovery agencies within Alameda and Contra Costa Counties, including groundbreakings, ribbon cuttings, dedications, and anniversary celebrations
  - DSRSD wastewater treatment facility neighborhood meetings (when the meetings are open to the public and held at the wastewater treatment plant)
- d. Representation of the District at a public meeting or public hearing of another public agency at which that agency has agendized business that involves the District, including but not limited to the following:
  - Bay Area Air Quality Management District (BAAQMD)
  - Board of Supervisors of Alameda and Contra Costa Counties
  - City Council of Dublin, Pleasanton, Livermore, and San Ramon
  - Dublin and San Ramon Valley Unified School Districts
  - East Bay Dischargers Authority (EBDA)
  - East Bay Municipal Utility District (EBMUD)
  - Local Agency Formation Commission (LAFCO), unless the Director receives compensation from LAFCO for attendance as a LAFCO representative
  - State Water Resource Control Board (SWRCB)
  - Regional Water Quality Control Board (RWQCB)
  - Zone 7 Water Agency (Zone 7)
- e. Representation of the District at a meeting of a public benefit nonprofit corporation on whose board of which the District has membership, including but not limited to the following:
  - DSRSD Financing Corporation

Policy No.: P100-22-1

Policy Title: Director Compensable Activities

**4. Board Pre-approval Required for Compensation**

Any meeting, event, or other activity not identified in Sections 2 and 3 above are not pre-approved by the Board and, therefore, are not eligible for compensation, unless the Board, at a Board meeting held prior to the activity, specifically approves a Director's attendance as a representative of the District. Written reports will be required for these activities, if approved for compensation.

- a. For clarity, the following public meetings and public events would be eligible for compensation but only if the Board, at a Board meeting held prior to the activity, specifically approves a Director's attendance as a representative of the District:
  - DSRSD booths at fairs
  - Ceremonial functions of entities other than those pre-approved in section 3(c) above, including groundbreakings, ribbon cuttings, dedications, and anniversary celebrations
  - Monthly Chamber of Commerce lunch meetings
  - Community meetings hosted by local government agencies, including mayor briefings and director briefings
  - Community events such as City of Dublin St. Patrick's Day events, including the Green and White Gala and St. Patrick's Day parade
  - Service club meetings and events
  - Homeowners association and neighborhood group meetings
  - Meetings with legislators to discuss matters of concern to the District and which have been scheduled through District staff
- b. The following activities are deemed by the Board to be ineligible for compensation and therefore the Board cannot approve attendance as being eligible for compensation:
  - Attendance at meeting of a Standing, Liaison, Ad Hoc, or Advisory Committee of the Board on which the Director does not serve
  - DSRSD Citizens Water Academy
  - Internal DSRSD events, including Employee Recognition Events, groundbreakings, ribbon cuttings, dedications, and anniversary celebrations
  - Social gatherings such as retired Director dinners and pre-conference activities and non-partisan welcoming or retirement events for staff of local agencies and organizations
  - Meetings with legislators not scheduled through District staff
  - Any activity for which a Director receives compensation from another agency

**5. Review and Approval**

Principal responsibility for compliance with this policy rests with each Director. The General Manager, or designee, shall review Director's timesheets and written reports to determine conformance with this policy prior to approving payment. If a Director disagrees with the determination, the Director submitting the timesheet shall make a request at a Board meeting, not later than 60 days after the day for which reimbursement is requested, to schedule an agenda item to review the determination at a future regular Board meeting. The submittal of a timesheet by a Director shall be deemed an acknowledgement by that

Policy No.: P100-22-1	Policy Title: Director Compensable Activities
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Director that the timesheet, in the exercise of his or her judgment, complies with the terms of this policy, that any required approval of the Board was obtained at a Board meeting in advance of the activity or event, that any required written report has been submitted at the next Board meeting following the activity or event, and that the Director has considered any issues that the General Manager has identified. If the matter is referred to the Board of Directors, the Board shall approve the timesheet unless the Board believes it substantially deviates from this policy.

## 6. **Contents of Written Reports**

Written reports submitted for a qualifying event shall consist of one or more of the following materials:

- A handwritten or typewritten report of the Director's activities
- Copies of notes taken by the Director
- Copies of agendas or programs
- Certificates the Director received
- Script or outline of remarks made if a Director was a speaker
- Other similar written materials

All such materials should give a member of the public a sense of the business purpose of the qualifying event as well as the Director's role at, the qualifying event.

## 7. **Administration**

The General Manager shall administer this policy and shall institute appropriate accounting and control procedures to ensure the policy is being followed.

## 8. **Previous Policies Superseded**

This policy supersedes all previously adopted District policies related to Director compensation.



**TITLE:** Award Contract to Maze & Associates for Auditing Services for Dublin San Ramon Services District and the Livermore-Amador Valley Water Management Agency for Fiscal Year Ending 2023 and Authorize the General Manager to Exercise up to Four One-Year Renewals

**RECOMMENDATION:**

Staff recommends the Board of Directors approve, by Motion, the award of contract to Maze & Associates for auditing services for Dublin San Ramon Services District (DSRSD) and the Livermore-Amador Valley Water Management Agency (LAVWMA) for fiscal year ending 2023 and authorize the General Manager or designee to exercise up to four one-year renewals.

**DISCUSSION:**

Staff recently issued Request for Proposals (RFP) for annual audit services for DSRSD and LAVWMA for the fiscal year ending June 20, 2023, with the option of auditing the financial statements for each of the four (4) subsequent years. Ten professional accounting firms were invited to participate. Only one firm, Maze & Associates, responded to the RFP.

Due to the timing of the LAVWMA quarterly meetings, the approval of the audit firm is delegated to the DSRSD Board. This item was discussed at the February 15, 2023 LAVWMA meeting and will be addressed as an informational item at the next LAVWMA meeting on May 17, 2023.

Maze & Associates is located in Pleasant Hill, CA, and the practice serves over forty city and town clients and more than fifty special districts. The firm has performed the DSRSD and LAVWMA audits for the past six years and has consistently demonstrated knowledge in the water and wastewater industry. This current proposal replaces the former partner in charge (David Alvey) with a new partner (Whitney Crockett) as is required by industry best practice and allowed under the Government Code.

The contract is for a one-year term with four one-year renewal options. The all-inclusive maximum cost for the District is \$31,400 for the first year, with a cumulative cost of \$177,000 for five years. The first-year contract cost for LAVWMA is \$11,100, with a cumulative cost of \$62,500 for five years.

Originating Department: Administrative Services	Contact: C. Atwood	Legal Review: Not Required
Financial Review: Yes	Cost and Funding Source: \$31,400 from Administrative Cost Center (Fund 900)	
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 – DSRSD Auditing Services Proposal Attachment 2 – LAVWMA Auditing Services Proposal	

# PROFESSIONAL AUDITING SERVICES PROPOSAL

02.20.23

PREPARED FOR



**Dublin San Ramon  
Services District**

*Water, wastewater, recycled water*

Whitney Crockett, CPA  
3478 Buskirk Ave, Ste 215  
Pleasant Hill, CA 94523  
(925) 930-0902  
whitneyc@mazeassociates.com

Dublin San Ramon  
Services District  
Attn: Christine Chen  
7051 Dublin Blvd.  
Dublin, CA 94568  
[cchen@dsrsd.com](mailto:cchen@dsrsd.com)

**MAZE**  
& ASSOCIATES

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**DUBLIN SAN RAMON SERVICES DISTRICT  
PROFESSIONAL AUDITING SERVICES PROPOSAL**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>TRANSMITTAL LETTER .....</b>	1
<b>LICENSE TO PRACTICE IN CALIFORNIA.....</b>	3
<b>INDEPENDENCE .....</b>	3
<b>INSURANCE.....</b>	3
 <b>FIRM QUALIFICATIONS AND EXPERIENCE</b>	
Overview.....	4
Capacity and Resources .....	4
Audit Quality .....	5
Experience.....	6
Significant Special District Audit Engagements .....	7
Assistive Resources .....	9
Client Training and Professional Development.....	9
Professional Activities .....	10
External Quality Control Review/Peer Review.....	10
Federal or State Desk or Field Reviews.....	10
Litigation or Disciplinary Action .....	10
Peer Review Letter.....	11
 <b>PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE</b>	
Audit Team .....	13
Resumes of Staff Assigned to Your Audit.....	13
Honoring Our Commitments .....	16
Qualifications and Continuity .....	17
Personnel Policies.....	17
Staff Training .....	17
 <b>SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES</b>	
References .....	19
 <b>SPECIFIC AUDIT APPROACH</b>	
Overview.....	20
Specific Audit Strategy – Interim .....	20
Laws, Regulations and Compliance.....	21
Specific Audit Strategy – Analytical Procedures and Year End .....	21
Audit IT Systems, Security and Going Green .....	22
Local Expertise and Resources .....	22
System Controls, Transaction Cycle Processing Verification and Sample Sizes.....	23
Profiles, Access and Setup Controls.....	23
Data Extraction.....	24
Assessing Risks – Interim Phase.....	24
Fraud Considerations .....	25
Client Tailored Risk Assessment .....	25

**DUBLIN SAN RAMON SERVICES DISTRICT  
PROFESSIONAL AUDITING SERVICES PROPOSAL**

**TABLE OF CONTENTS**

	<u>Page</u>
Client Participation in the Risk Assessment Process.....	26
Assessing Risks – Final Phase .....	26
Communication and Coordination.....	27
Internal Quality Assurance System.....	27
Use of Electronic Resources .....	28
Confirmations .....	28
Segmented Time .....	28
Prompt Service and Delivery of Reports.....	29
<b>IDENTIFICATION OF ANTICIPATED POTENTIAL AUDIT PROBLEMS .....</b>	<b>29</b>
<b>REPORT FORMAT .....</b>	<b>29</b>

February 20, 2023

Dublin San Ramon Services District  
Attn: Christine Chen  
7051 Dublin Blvd.  
Dublin, CA 94568  
[cchen@dsrsd.com](mailto:cchen@dsrsd.com)

Dear Ms. Chen:

We appreciate this opportunity to submit our proposal to continue to provide Professional Auditing Services for the Dublin San Ramon Services District (District). We understand we will audit the District's Basic Financial Statements to be used to produce the Annual Comprehensive Financial Report for the fiscal year ending June 30, 2023, with the option of auditing the financial statements for each of the four subsequent years through the fiscal year ending June 30, 2027, within the time periods established by the District. We will also perform additional procedures and complete the other assurance services as specified in the District's Request for Proposal, within the time periods established by the District.

We are quite certain we are the most qualified firm to be your independent accountants. Maze & Associates began operating over forty years ago. Since that time, we have rigorously employed our philosophy that "*We are in Business to Help Our Clients Succeed!*" Our clients know from experience we employ a variety of techniques, technologies and strategies to maximize effective and efficient audits without shifting our work onto our client's staff. We've summarized these techniques, technologies and strategies below and explained them in more depth in our proposal.

- **We are the best-known regional municipal audit firm in Northern California.** Our firm has been in business over 40 years, and over that time, we have achieved national recognition with the consistently high quality of our work and with our leadership on issues such as GASB Statements 34, 68 and 75, and internal control enhancements. We frequently speak at CSMFO and CSDA events and webinars.
- **Municipal industry is our main business.** We know we have the necessary qualifications to perform your audit.
  - **Annually, we serve over 200 municipalities including cities, special districts, joint powers authorities, successor agencies, housing authorities and financing authorities in the greater San Francisco Bay Area.**
  - We currently have over forty City or Town clients ranging in size from small towns to large complex cities. We are proud to say that over forty of our clients publish award-winning Annual Comprehensive Financial Reports, the majority of which we have provided assistance in compiling reports.
  - **We conduct over three dozen Single Audits annually.**
- **Our Partners are actively involved** in planning, conducting and completing the audit in our client's offices, and our Partners are available when you need them. We resolve issues on the spot while the audit is going on.

- We have a long-term track record of client retention beyond our client's original contract terms because of the quality of our service.
- We are properly licensed to practice in California. All key staff assigned to this audit possess California CPA licenses.
- Everyone on our audit staff averages approximately **80 hours of training in municipal auditing and accounting and 1500 hours of municipal audit experience each year**. This means you do not train our staff!
- Our fee includes **one free day of training**. Starting in 2016, we implemented the annual Maze Live training. This will provide you with knowledge of upcoming GASB pronouncements and changes in the municipal field. Past classes included topics such as year two of GASB Statement 68, GASB Update, Implementation of GASB Statements 74, 75, 84 and 87, Fraud Environment, Cybersecurity and Single Audit under Uniform Guidance. Future Classes will focus on similar topics as well as the information to prepare for the implementation of GASB Statement 96.
- Our **Closing Checklists** help you prepare in advance for both our interim and year-end audits. These Checklists do away with last-minute requests for schedules and analyses at year-end and help identify potential problems early in the process. We will coordinate them with the work papers you are already preparing, so **you don't have to prepare workpapers only for the auditors**.

As with all our audits, we are committed to continue to provide timely, quality audit services to the District. We are committed to meeting the District's deadlines as outlined in the RFP. We have no doubt that we are the firm best qualified to perform the services described in the request for proposal. After you have analyzed our proposal and - most important - talked with our references, we are quite confident you will agree.

Whitney Crockett, Audit Partner ([whitneyc@mazeassociates.com](mailto:whitneyc@mazeassociates.com)), and David Alvey, Vice President ([davida@mazeassociates.com](mailto:davida@mazeassociates.com)) are authorized to represent, sign for and contractually obligate Maze & Associates, a Professional Corporation, located at 3478 Buskirk Avenue, Suite 215, Pleasant Hill, CA, 94523, P(925) 930-0902, F(925) 930-0135. The proposal is a firm and irrevocable offer for 60 days.

We look forward to the opportunity to continue to provide audit services for the Dublin San Ramon Services District!

Yours very truly,

*Whitney Crockett*

Whitney Crockett, CPA  
Audit Partner

WC:saa

## LICENSE TO PRACTICE IN CALIFORNIA

We are properly licensed California Certified Public Accountants. We are members of the Government Finance Officers Association (GFOA) and the California Society of Municipal Finance Officers (CSMFO) as well as the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

All assigned key professional staff are properly licensed to practice in California. Those staff that are certified public accountants have current California CPA licenses in the attest function, and have **received more than twice the required level of continuing education**. We believe the level of training we provide is unmatched by any other accounting firm. **Our audit staff receives an average of 60 hours of continuing education annually, including an average of over 48 hours of municipal audit and accounting training. This is twice the amount required by professional standards.**

Even though not required, all non-certified audit staff receives the same level of training.

## INDEPENDENCE

As independent auditors, **our most valuable asset is our independence**. Unlike many firms, we have never allowed our independent audit function to be used to promote consulting or other work. In fact, consulting and related work have never amounted to more than a few percent of our total revenues, while our independent audit work has amounted to over eighty percent of our revenues.

Our firm and all our partners and employees are independent of the Dublin San Ramon Services District as that term is defined by the General Accountability Office's *Government Auditing Standards*, the American Institute of Certified Public Accountants, the California Society of Certified Public Accountants and the California State Board of Accountancy. We have no present or past professional relationships with the District or any of its Board members or employees that would compromise our independence.

We will discuss in advance with the District any professional relationships being contemplated during the period of engagement that may present a potential conflict of interest. If the District and we believe any such relationship presents a conflict of interest, we will not enter into it.

## INSURANCE

We maintain adequate errors and omissions insurance. We will maintain the minimum insurance as listed in the RFP.

## FIRM QUALIFICATIONS AND EXPERIENCE

### **Overview**

We are a professional services corporation located in Pleasant Hill, California. We presently have a total of fifty-five people including the following:

- Seven Shareholders, including five Audit Partners
- Three Directors
- Six Managers
- Ten Audit Supervisors

Sixteen of our professional staff are California Certified Public Accountants, and five additional staff members are in the process of completing their applications for licensure.

Thirty-six of our professional staff members comprise our governmental audit staff, as our firm's emphasis is on governmental auditing and accounting. Several of our professional staff have national accounting firm experience, which we have blended with the more personal approach of a smaller firm.

**The majority of our clients** are cities, special districts, or other municipal entities and we do this work twelve months of the year. We limit our practice in other areas and focus on being the best municipal audit firm in Northern California. Our clients include several special districts similar to DSRSD in size. Our audit strategy is tailored to municipalities and is quite different from the traditional approach adapted from commercial clients by general practice accounting firms.

**We have focused on municipalities since 1986.** We are active in GFOA, CSMFO, CSDA and CMTA, and our Partners have been speakers at GFOA, CSMFO, CSDA and CMTA functions.

**We are in business to help our clients succeed.** We help you use the ever-growing tangle of accounting rules properly, but to your best advantage, by helping you keep out of trouble and helping you do the right thing. We stay in touch throughout the year to keep you abreast of municipal accounting developments and to help you avoid problems, instead of coming in afterwards to assess the damage. We rotate our audit emphasis based on our planning meetings with you so areas that concern you can be addressed as a normal part of the audit at no extra cost.

### **Capacity and Resources**

We have consistently demonstrated the ability of our capacity and resources to meet the demands of our clients. We have never missed a reporting deadline for any of our clients.

**Over the years we have made substantial additional investments in our people and our systems.** We have continued our policy of at least doubling the required amount of Continuing Education we provide our people. We routinely provide an average of one hundred hours of Continuing Education each year—the State requirement is forty hours. We routinely ensure that at least eighty of those hours are specific to municipal audit and accounting—the State and government auditing standard requirements are twenty-four hours.

## FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

**We have more than doubled the number of people on our staff** over the past ten years, and most of these new people are professional audit staff members. More people and more continuity combine to mean that our people capacity and resources have more than doubled.

Hand-in-hand with our continuing investment in our people has been our increased investment in systems and hardware support. Eight years ago, our systems work was handled by an outside consultant. **Today, we have a full-time staff of three people who maintain our state-of-the-art systems capabilities and provide increasing levels of such service to our clients.** Every person on our staff is now armed with a late model PC that communicates with all our other PCs, printers, servers, etc., via our own wireless network establish in each client's office at the start of each audit. Most of our work-papers are now prepared on these PCs as we continue to move toward paperless audit and paperless files.

We have moved most of our clients from a manual input of their general ledger data to **a fully mechanized computer dump** of that data direct to our Excel-based financial statement formats. At the same time, we have added significant numbers of internal data controls to financial statement formats. This strategy has virtually eliminated input errors, increased efficiency, and allowed our clients to spend less time reviewing and approving the financial statements. Not only does our new direct dump produce fund-basis financial statements, it produces the Entity-wide financial statements. And these improvements have been made without a hiccup - we **consistently deliver final draft financial statements and reports to our clients the last day of our fieldwork in our client's offices.**

We are not relying on the capabilities or resources of any other firms in our proposal.

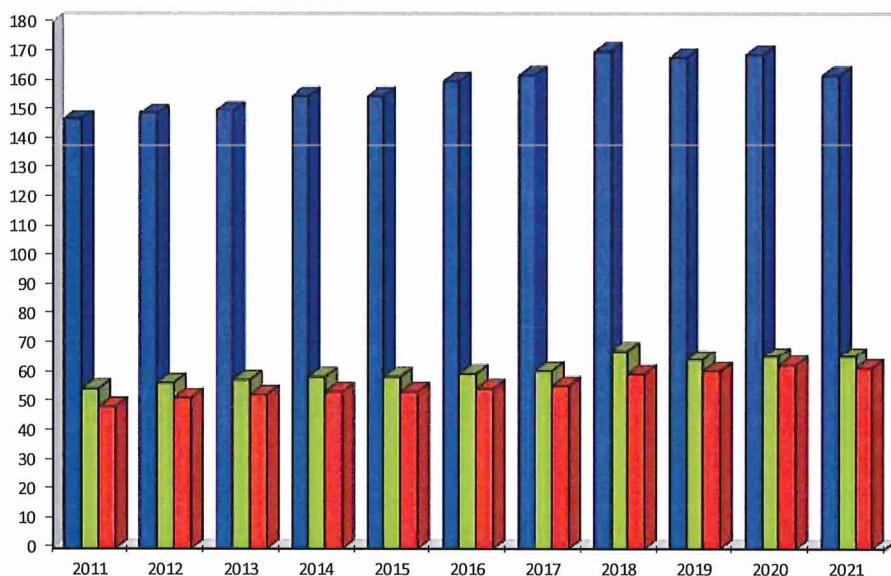
### ***Audit Quality***

Never has audit quality been the focus of more attention than now. With names like Orange County, San Diego and Bell in the news, municipal audits can no longer be relegated to a consent item. Ensuring quality audits is a necessity. Our commitment to quality remains our top priority.

## FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

### *Experience*

Seventy-five percent of our practice is municipal auditing, accounting and consulting, continuing throughout the entire year. **Our practice includes over forty city and town clients and more than fifty special districts, including over forty city and special district Annual Comprehensive Financial Report award winners—more award winners than any other Northern California accounting firm or international firm branch office.** Our growth can be seen in the graph below, which shows the growth in the number of our total municipal entity clients in blue, City audit clients in green, and ACFR award winners in red.



Every one of the Annual Comprehensive Financial Reports below won awards from GFOA and/or CSMFO.

## FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

### ***Significant Special District Audit Engagements***

The chart below shows our most recent experience with District and Authority audits. We are or were responsible for all phases of work for these entities.

Special Districts and Authority Clients	1st Year	Compliance Requirements	Single Audit/ Special Report
<b>FINANCING</b>			
City of Rancho Cordova Financing Authority	2009	X	
Concord Joint Powers Financing Authority	1992	X	
Governments of Livermore Financing Authority	1991	X	
Hayward Public Financing Authority	1996	X	
Manteca Financing Authority	1991	X	
Milpitas Public Financing Authority	1995	X	
Palo Alto Public Financing Corporation	1998	X	
Richmond Joint Powers Financing Authority	2005	X	
<b>HOUSING</b>			
Napa Valley Housing Authority	2000	X	X
Napa Housing Authority	2000	X	X
Richmond Housing Authority	2005	X	X
Suisun Housing Authority	2007	X	X
Vallejo Housing Authority	2004	X	X
<b>PUBLIC SAFETY</b>			
Belmont Fire Protection District	1998		X
East Contra Costa Fire Protection District	2011		
Menlo Park Fire Protection District	2009		X
Net Six Joint Powers Authority (Dispatch services)	1998	X	
Novato Fire Protection District	2013		
Rodeo-Hercules Fire Protection District	2009		X
Ross Valley Fire Department	2013		
Ross Valley Paramedic Authority	1991	X	
San Mateo Pre-Hospital Emergency Svcs. Providers Group	2000	X	X
San Ramon Valley Fire Protection District	2000	X	X
South County Fire Authority	1998	X	X
South San Mateo Police Joint Powers Authority	2000	X	
Twin Cities Police Authority	1991	X	
<b>RECREATION AND OTHER</b>			
Association of Bay Area Governments	1997	X	X
Alameda County Mosquito Abatement District	2016		
Belvedere-Tiburon Library Agency	2018		
Contra Costa Mosquito and Vector Control District	2008		
East Bay Regional Park District	1987	X	X
Livermore Area Recreation and Park District	1989	X	X
Manteca Recreational Facilities Authority	1986	X	
Marin-Sonoma Mosquito and Vector Control District	2013		
Silicon Valley Animal Control Authority	2001		
San Mateo County Harbor District	2016		
West Contra Costa Integrated Waste Management Authority	2019		
<b>RISK MANAGEMENT</b>			
Association of California Water Agencies JPIA	2009		
Association of Bay Area Governments PLAN	1997		
Association of Bay Area Governments SHARP	1997		
California Joint Powers Risk Management Authority	1993		
Redwood Empire Municipal Insurance Fund	2013		
Small Cities Organized Risk Effort	2009		

## FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

### ***Significant Special District Audit Engagements (Continued)***

TRANSPORTATION			
Alameda Contra Costa County Transit Authority	2010	X	X
Alameda County Transportation Improvement Authority	2010	X	X
City/County Association of Governments	2005	X	X
Contra Costa Transportation Authority	2003	X	X
Eastern Contra Costa Transit Authority	2012	X	X
Livermore/Amador Valley Transportation Authority	1994	X	X
Measure J Traffic Congestion Relief Agency (TRAFFIX)	2012		
Peninsula Corridor Joint Powers Board	2010	X	X
Peninsula Traffic Congestion Relief Alliance	2001	X	X
Ralston/Holly /Harbor Grade Separation Projects	1998	X	X
San Francisco Bay Area Water Emergency Transit Auth.	1997	X	X
San Mateo County Transit District	2010	X	X
San Mateo County Transportation Authority	2010	X	
Solano Transportation Authority	2004	X	X
Sonoma-Marin Area Rail Transit District (SMART)	2017	X	X
West Contra Costa Transportation Authority Commission	1995	X	
UTILITY			
Alameda Municipal Power	1990	X	
Bay Area Clean Water Agencies	2005		
Bethel Island Municipal Improvement District	2007		
Calaveras County Water District	2004		X
California Association of Sanitation Agencies (Non-profit)	2005		
Central Contra Costa Sanitary District	2013		
Coastside County Water District	1993	X	X
Contra Costa Water District	2002		X
Contra Costa Solid Waste Authority	1993	X	X
Diablo Water District	2014		
Dublin San Ramon Services District	1999	X	X
DSRSD/EBMUD Recycled Water Authority	2005		
East Bay Dischargers Authority	2015		
East Bay Municipal Utility District	2005	X	X
East Palo Alto Sanitary District	2013	X	
El Dorado Irrigation District	2007	X	X
Fairfield Suisun Sewer District	2000		
Freeport Regional Water Authority	2005		
Livermore-Amador Valley Water Management Agency	1987		X
Mid-Peninsula Water District	2006		
Novato Sanitary District	2013		X
Palo Alto Regional Water Quality Control Plant	1998	X	X
Placer County Water Authority	2005		X
Sacramento Suburban Water District	2020		
Santa Clara Valley Water District	2004		
Sausalito-Marin City Sanitary District	2011		
Silicon Valley Power	2012		
Skyline County Water District	1992		
Solano Irrigation District	2006		
South Bay System Authority	1998	X	
South Bay Transfer Station Authority	1997	X	
South San Joaquin Irrigation District	2004		
South Placer Wastewater Authority	2001	X	
Stanislaus Waste-to-Energy	2005		
Stinson Beach County Water District	2011	X	
Tri-Valley Wastewater Authority	1990		
Union Sanitary District	2000		
Upper Mokelumne River Watershed Authority	2005		
Vallejo Sanitation and Flood Control District	2016		
West Valley Sanitation District	2004		
Zone 7 Water Agency	2010	X	X

## FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

### ***Assistive Resources***

Our client support is unmatched by any other firm. As a San Francisco Bay Area municipal audit niche firm with four audit partners, we are positioned perfectly to provide staff and Board with a wide variety of resources. Support ranges from turnkey financial statement drafts with linked footnotes and direct download-based financial statements to professional continuing education sessions. We are active in professional organizations affecting local government and have a strong presence in neighboring local governments which keeps our knowledge current that we readily share with our clients. And we do not charge extra for the five-minute phone calls throughout the year.

### ***Client Training and Professional Development***

We can provide you with varying levels of training and professional development resources. We provide our semi-annual continuing education to our staff and have on occasion opened it up to our clients who wish to keep their licensees current. Our audit fee includes providing training and assistance with the implementation of applicable new GASB statements, at no additional charge. Depending upon the complexity of the GASB Statement requiring implementation, the assistance could take the form of free access to web-based training, one-on-one or group training, suggested footnote disclosure templates and/or Excel spreadsheet templates.

We have also developed and conducted training specifically for our clients. Training can be general theory in nature, semi-customized or fully customized training that fits your operations. Theory intensity can be at the beginning, intermediate and advanced levels. On occasion, we have provided our clients with shorter presentations of new pronouncements and other requirements. At the City of Richmond, for example, we developed and taught monthly training sessions on virtually every major finance area to its staff over a twelve-month period. Much of their staff had assumed new functions in the aftermath of serious staffing cuts several years ago and their Finance Director was seeking an economical method of enhancing their knowledge base and skill sets. At the Cities of Richmond, Livermore, El Cerrito and Belmont we provided grants management training to several departments as a means of solving coordination weaknesses.

**In 2016, we launched Maze Live – this is a full day of training which is free to our clients** and qualifies for continuing education credit. Past classes included topics such as year two of GASB Statement 68, GASB Update, Implementation of GASB Statements 74 and 75, Implementation of GASB Statement 84, Implementation of GASB Statement 87, Fraud Environment, Cybersecurity and Single Audit under Uniform Guidance. Future Classes will focus on similar topics as well as the information to prepare for the implementation of GASB Statement 96.

## FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

### ***Professional Activities***

We are active members of the Government Finance Officers Association and the California Society of Municipal Finance Officers as well as the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. We are also a member of the Association of California Water Agencies (ACWA). We are frequent speakers at various organizations.

We attend CSMFO Northern California chapter meetings on a regular basis, and we have served as speakers on various occasions. We also attend the CSMFO Annual Conference, at which our Partners and IT Director have been speakers. We have also attended the League of California Cities' annual Financial Management Seminars.

Amy Meyer, Partner, and Katherine Yuen, Partner, serve on the Governmental Accounting and Auditing Committee of the California Society of CPAs. David Alvey, Partner, serves on the Accounting Procedures and Assurance Services Committee of CalCPA and the Professional Standards Committee of CSMFO. Amy Meyer and David Alvey are Annual Comprehensive Financial Report reviewers for the Annual Comprehensive Financial Report Award Program of the Government Finance Officers Association.

David Alvey is presented at the 2023 CSMFO Conference in Sacramento.

### ***External Quality Control Review/Peer Review***

We are members of the Quality Review Program of the AICPA, which means we subject ourselves to a peer review of our workpapers and quality control procedures every three years by independent accountants specializing in such work. **Our most recent peer review was completed in 2021; we again received a rating of pass, the highest level of assurance possible.** This peer review included a review of several governmental and non-profit audit engagements, including three Special Districts. A copy of our most recent peer review opinion is located at the end of this section.

Our municipal audit reports are subject to annual reviews by various branches of the Office of the State Controller. City/Town audit reports and Single Audit Act reports receive scrutiny. Of course, all of our clients' Annual Comprehensive Financial Reports are also reviewed by GFOA for award consideration; every report submitted has won an award from GFOA.

### ***Federal or State Desk or Field Reviews***

We have not been subject to any federal or State Desk or Field Reviews of our audits during the past three years.

### ***Litigation or Disciplinary Action***

We have not been sued over poor work quality, nor have we paid any such claims out of court in the past three years, and there are no current and we are not aware of any potential lawsuits. In addition, we have not received any disciplinary action taken or pending action against us during the past three years with state regulatory bodies or professional organizations.

## FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

### Peer Review Letter



www.CoughlanNapaCPACo.com  
Company@CoughlanNapaCPACo.com

### Report on the Firm's System of Quality Control

February 9, 2021

To Maze & Associates Accountancy Corporation and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Maze & Associates Accountancy Corporation (the firm) in effect for the year ended May 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

#### Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

#### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

190 Camino Oruga, Suite 1 • Napa, CA 94558 • telephone: 707.255.0677 • fax: 707.255.0687  
Member: American Institute of CPAs • California, Hawaii, & Oregon Societies of CPAs

## FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

### *Peer Review Letter (Continued)*

#### **Required Selections and Considerations**

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

#### **Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of Maze & Associates Accountancy Corporation in effect for the year ended May 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Maze & Associates Accountancy Corporation has received a peer review rating of *pass*.

*Coughlan Napa CPA Company, Inc.*

Coughlan Napa CPA Company, Inc.

## PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE

### *Audit Team*

We are proposing to assign Whitney Crockett, CPA, as Engagement Partner, David Alvey, CPA, as Technical Review Partner, and Ling Zhu as Supervisor to your audit. We have selected this team based on their extensive experience in audits of local governments, including Special Districts.

**We understand that engagement partners, managers and other supervisory staff may be changed only with the permission of DSRSD.**

We will balance out our resources with our Senior Associates and Associates to form a fully leveraged team. All of our audit staff are experienced with audits of Basic Financial Statements, enterprise operations, retirement plans, capital assets and infrastructure, long term debt, including swaps and related compliance and continuing disclosures, and all other aspects of municipal accounting and financial reporting.

### *Resumes of Staff Assigned to Your Audit*



**WHITNEY L. CROCKETT, CPA, Engagement Partner** – graduated from Washington State University with a Bachelors of Arts in Business Administration in Accounting in May 2011 and received a Masters of Accounting Degree in August 2012. She is a Certified Public Accountant in the State of California and a member of CalCPA. **Whitney has received over 240 hours of continuing education** in the past three years and has participated in the following Special District audits:

#### **Cities/Counties:**

City of Alameda	El Dorado County
Town of Atherton	City of Milpitas
City of Brisbane	Town of Moraga
City of Concord	City of Oakley
City of Daly City	City of Pacifica
City of Dublin	City of Petaluma
City of East Palo Alto	City of Richmond
City of El Cerrito	City of Roseville
Town of Fairfax	City of Santa Clara
City of Hayward	City of San Pablo
City of Lafayette	City of San Rafael
City of Larkspur	City of Sausalito
City of Los Banos	City of Vallejo
City of Manteca	City of Watsonville
City of Martinez	City of West Sacramento
City of Mountain View	Town of Woodside
City of Pittsburg	City of Emeryville

## PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE (Continued)

### **WHITNEY CROCKETT, CPA (Continued)**

#### ***Special Districts:***

Alameda Municipal Power  
Alameda County Transportation Commission  
Central Basin Municipal Water District  
Contra Costa Water District  
Contra Costa Mosquito and Vector Control District  
Dublin San Ramon Services District  
El Dorado Irrigation District  
East Bay Municipal Utility District  
Livermore Amador Valley Transit Authority  
Livermore-Amador Valley Water Management Agency  
Marin/Sonoma Mosquito and Vector Control District  
Novato Fire Protection District  
Novato Sanitary District  
Peninsula Traffic Congestion Relief Alliance

San Mateo Pre-Hospital Emergency Services Group  
South San Joaquin Irrigation District  
Stopwaste  
Sunol Smart Carpool Lane Joint Powers Authority  
TRAFFIX  
Transbay Joint Powers Authority  
Tri-Dam Project / Tri-Dam Power Authority  
West Contra Costa Transportation Advisory Committee  
West Contra Costa Integrated Waste Management Authority  
Tri-Dam Project / Tri-Dam Power Authority  
West Contra Costa Transportation Advisory Committee  
West Contra Costa Integrated Waste Management Authority



**DAVID ALVEY, CPA, Alternate Partner** – graduated from St Mary's College, Moraga with a Bachelor of Science Degree in Accounting and a Minor in Business Administration and started at Maze and Associates in 2005. David has received **500 hours of continuing education in the past five years**. David has experience as an internal auditor at California Savings Bank in Oakland, CA. He is a Certified Public Accountant in the State of California. He is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. David is also a member of the Association of Certified Fraud Examiners. He is also a member of the CalCPA Accounting Procedures and Assurance Services Committee and the CSMFO Professional Standards Committee. He is a frequent speaker at our annual training and recently taught a class of over 100 attendees on Fraud and GASB updates at the annual MazeLive client training event. He has published articles with California Special District Association's newspaper. His relevant experience includes:

Alameda County Mosquito Abatement District  
Alameda County Transportation Authority  
Alameda County Transportation Improvement Authority  
Alameda-Contra Costa Transit District  
City of American Canyon  
American River Authority

City of Larkspur  
City of Livermore  
City of Los Altos  
Town of Los Altos Hills  
City of Manteca  
City of Napa  
City of Oakley

## PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE (Continued)

### DAVID ALVEY, CPA (Continued)

Association of Bay Area Governments  
Associated Community Action Program  
Bay Area Clean Water Agencies  
City of Benicia  
City of American Canyon  
Bethel Island Municipal Improvement District  
Calaveras County Water District  
Castle Rock County Water District  
Central Contra Costa Sanitary District  
Central Market Community Benefit District  
Citrus Heights Water District  
Clausen House  
Coastside County Water District  
Contra Costa Water Financing Authority  
Contra Costa Water District  
Contra Costa Water District Pension Plan  
Contra Costa Water District OPEB Plan  
City of Daly City  
City of Davis  
Delta Diablo  
Diablo Water District  
East Contra Costa County Transit Authority  
East Contra Costa Habitat Conservancy  
DSRSD/EBMUD Recycled Water Authority  
Dublin San Ramon Services District  
East Bay Municipal Utilities District  
EBMUD Employee Retirement System  
East Palo Alto Sanitary District  
Education Pioneers  
El Dorado County  
El Dorado Irrigation District  
City of Escalon  
Fairfield-Suisun Sewer District  
Freeport Regional Water Authority  
Mid-Peninsula Water District  
Middle Fork Project Finance Authority  
Monument Crisis Center  
Upper Mokelumne River Watershed Authority  
Yolo Habitat Conservancy  
Partners in School Innovation  
City of Petaluma  
City of Pittsburg  
Placer County Water Authority  
City of Pleasant Hill  
Regional Parks Foundation  
Richmond Housing Authority  
City of Rio Vista  
City of Roseville  
City of San Bruno  
City of San Leandro  
San Mateo Community College  
Foundation  
San Mateo County Transportation  
Authority  
Peninsula County Joint Powers Authority  
San Mateo County Transit District  
Santa Clara County Central Fire  
Protection District  
SF Water Emergency Transportation  
Authority  
Skyline County Water District  
Solano Irrigation District  
Solano Transportation Authority  
Sonoma County Agricultural Preservation  
& Open Space District  
Sonoma-Marin Area Rail Transit  
South San Joaquin Irrigation District  
Southern Marin Fire Protection District  
Stanislaus Waste to Energy  
Stinson Beach County Water District  
Stopwaste  
City of Galt  
City of Hayward  
ID Business Solutions  
Livermore Amador Valley  
Transportation Authority  
Walnut Creek Chamber of Commerce  
Western Contra Costa Transit Authority

## PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE (Continued)



**Ling Zhu, Supervisor** – graduated from UC Davis, in June 2018, with a bachelor's degree in Managerial Economics. Ling has **received over 240 hours of continuing education** since joining our firm in September 2019. Ling's audit experience includes the following:

City of Alameda	City of Morgan Hill
Town of Atherton	City of Oakley
City of Belmont	City of Orinda
City of Brentwood	Town of Portola Valley
City of Brisbane	City of Redwood City
City of Burlingame	Town of San Anselmo
City of Concord	City of San Carlos
City of Daly City	City of San Leandro
City of Elk Grove	City of San Rafael
Town of Fairfax	City of Sausalito
City of Foster City	SCMAD
City of Hayward	City of Seaside
City of Los Altos	City of South San Francisco
City of Manteca	City of Sunnyvale SCVURPPP
City of Martinez	City of Turlock
City of Mill Valley	City of Walnut Creek
City of Milpitas	City of Watsonville
Dublin San Ramon Services District	Livermore-Amador Valley Water Management Agency

### ***Honoring Our Commitments***

The concepts that we must meet deadlines and stay within budgets are integrated into everything we do. So much of our work is performed for our municipal clients that we instinctively understand that our clients' deadlines must be met and we must flourish within the constraints of agreed-upon fees. We have a long track record of meeting our deadlines and staying within negotiated fees. Please ask our other clients for their views on the subject and their experience with us.

Engagement partners, supervisory staff and specialists may be changed if those personnel leave the firm, or are promoted. These personnel may also be changed for other reasons only with the express prior written permission of the District and Authority. However, in either case, the District and Authority retains the right to approve or reject replacements. Other audit personnel may be changed at the discretion of the firm submitting the proposal, provided that replacements have substantially the same or better qualifications or experience.

## PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE (Continued)

### *Qualifications and Continuity*

Our people accumulate over 1,500 hours of purely municipal audit and accounting experience annually, far more than in any general service accounting firm.

We provide our clients continuity while introducing enough new people to keep our perspective fresh and provide you with the benefits of rotation. We intend to retain all the people assigned to your audit throughout this year's entire engagement. In future years we plan to rotate no more than one person on each segment whom we will replace with someone of equal experience.

We do everything we can to ensure continuity because it helps you, it helps our staff and it helps us. We schedule the entire year in advance to avoid conflicts, and we give priority to clients who are able to accurately predict the date their books will be closed, so that the staff on their audit will not be affected if another client's closing or audit is delayed. We attempt to match personalities as well as skills and abilities so that our staff and yours will get along well.

### *Personnel Policies*

We are an equal opportunity employer. Our staff includes both sexes, which are represented in every staff classification including Principal. Our hiring, management and personnel decisions are based solely on an individual's skills and knowledge. As a result, our staff is very representative of the State's population as a whole.

We are registered with the State as a small or minority, and woman- owned business enterprise.

### *Staff Training*

We believe the level of training we provide is unmatched by any other accounting firm. **Our audit staff receives an average of 80 hours of continuing education annually, including an average of over 48 hours of municipal audit and accounting training. These are twice the amount required by professional standards.**

Our program places heavy emphasis on governmental accounting and auditing classes conducted by our own staff, supplemented by courses offered by the California Society of Certified Public Accountants, the American Institute of Certified Public Accountants, the Government Finance Officers Association, the California State Municipal Finance Officers Organization and the Association of California Water Agencies.

**We accomplish this task by reserving two weeks each year solely for staff training.** Our training is very specific and very participatory; lectures are almost non-existent as people are involved in a continual give-and-take format designed to educate while it helps us improve our services. We deal with specific clients and situations, we solve problems and do case studies, and we train people for real-life situations through role-play exercises. Everyone is equal in these exercises and everyone contributes their own experience in the field and the ideas they have formulated from that experience. **Suggestions coming out of staff training sessions are the source of most of the service improvements and refinements we make each year.**

## PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE (Continued)

A listing of our continuing education courses provided to all our staff, both certified and non-certified, over the past three years is as follows:

Area/Course	2020		2021		2022	
	Spring 40 Hrs.	Summer 40 Hrs.	Spring 40 Hrs.	Summer 40 Hrs.	Spring 40 Hrs.	Summer 40 Hrs.
<b>Auditing and Accounting Management</b>						
Municipal Audit - Practice Analysis and Review		☒		☒		☒
Managing Municipal Audits - Audit Supervisors		☒		☒		☒
Control Testing	☒	☒	☒	☒	☒	☒
<b>GAAP Updates</b>						
Cash, Debt, and Capital Asset Auditing Updates	☒	☒	☒	☒	☒	☒
GASB/FASB Update	☒	☒	☒		☒	
GASB 74/75	☒		☒	☒	☒	☒
GASB 68	☒		☒	☒	☒	☒
Journal Entry Testing	☒		☒		☒	
<b>Compliance Audits</b>						
Transportation Audits - TDA, STIP and Measures A, B, C		☒		☒		☒
RDA Compliance/Successor Agency Audit	☒		☒		☒	
Single Audit Compliance	☒		☒	☒	☒	☒
<b>Auditing Standards</b>						
Audit Standards Update			☒		☒	
New SASs, Risk Assessment and Impacts on Approach				☒		☒
Assessing Internal Control Risks/ Sample Sizes	☒		☒		☒	
Updating our Audit Approach				☒		☒
Yellow Book Update		☒		☒		☒
<b>IT/Paperless/Other</b>						
Team Building: Building and Maintaining Effective and Successful Teams			☒		☒	
CCH Paperless Audit Software/ Trial Balance Function				☒		☒
IT Information Systems Review Updates	☒	☒	☒		☒	
Professional Writing	☒		☒		☒	

## SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES

As you can see from the client lists above, we have a winning combination that has resulted in **strong client loyalty and retention**. Several clients who left have returned after seeing the difference between our firm and our competitors. **Others have remained our clients after completing a full-blown proposal** process, most recently Contra Costa Water District, LAVTA, and Novato Sanitary District.

### References

Below are five similar engagements within the last five years. Maze and Associate completed all the work and we did not subcontract to another auditing firm.

**Contra Costa Water District** – A client from 2000 – 2010; returned in 2013 and again in 2021

Engagement Partners – David Alvey and Vikki Rodriguez

Audit Manager – Whitney Crockett

Contract cost (annual) - \$84,400 for fiscal year 2022

Total Hours – 547 hours for fiscal year 2022

Principal Contact – Nicole Snegosky, Accounting Manager (925) 688-8050

Address – 1331 Concord Avenue, Concord, CA 94520

Work Scope & Reports:

    District's Annual Comprehensive Financial Report

    Memorandum on Internal Control and Required Communications

    Retirement Plan Basic Financial Statements

    Other Post Employment Benefit Basic Financial Statements

    Contra Costa Water Authority (JPA) Basic Financial Statements

**Central Contra Costa Sanitary District** – A client since 2013

Engagement Partner – David Alvey and Vikki Rodriguez

Contract cost (annual) - \$32,000 for fiscal year 2022

Total Hours – 120 hours for fiscal year 2022

Principal Contact – Philip Leiber, Director of Finance and Administration (925) 229-7305

Address – 5019 Imhoff Place, Martinez, CA 94553

Work Scope & Reports:

    Annual Comprehensive Financial Report

    Memorandum on Internal Control and Required Communications

    Agreed Upon Procedures (Internal Audit)

    Annual Report of Financial Transactions

**Central California Irrigation District** – A client since 2017

Engagement Partner – David Alvey

Contract cost (annual) - \$26,073 for fiscal year 2022

Total Hours – 160 hours for fiscal year 2022

Principal Contact – Crystal Guintini, Secretary-Controller (209) 826-1421

Work Scope & Reports:

    Basic Financial Report

    Memorandum on Internal Control and Required Communications

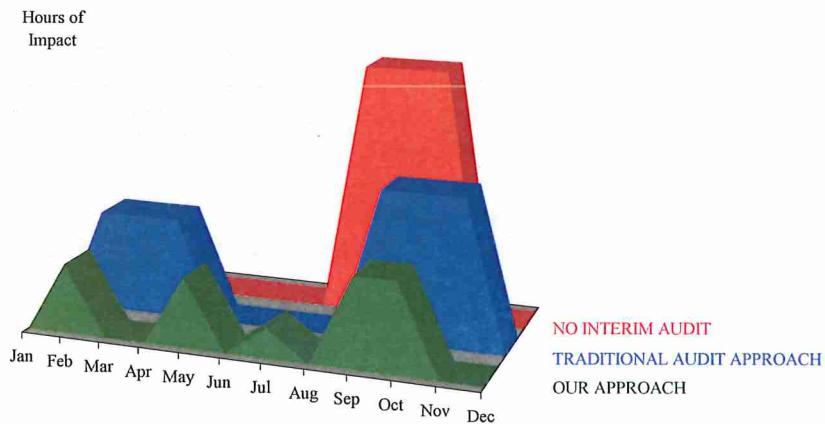
    Single Audit

## SPECIFIC AUDIT APPROACH

### Overview

Our audit strategy is designed specifically for municipalities. We perform half our audit well before year-end so we can identify problems early. Our strategy maximizes our efficiency and lessens the load on our clients. When engaged to prepare the financial statements, we prepare proformas of them for your review, well before year-end and we give you detailed interim and final-phase checklists of all the items we will need from you months in advance.

As you can see from the illustration below, our strategy significantly reduces our impact during the crucial year-end crunch.



**We will plan the audit in detail and prepare an Audit Plan** which details the information we will need from you to complete our interim and year-end audits, along with the person responsible for preparing it and the date they will have it ready. We tailor it to refer directly to the schedules you already prepare.

**We do not require special reports or reconciliations just for our audit.** We have found that coordinating our team and our client's staff works very well because it helps minimize the impact on your staff at year end. This way the Audit Plan includes most data we need from you so you and your staff can plan and schedule your work accordingly. **Our clients know from prior experience with our firm, that we excel at minimizing our impact on your staff.**

### **Specific Audit Strategy – Interim**

Unlike older-style firms, **we perform most of our important work at interim**, well before the end of the fiscal year. We use our interim work to identify and solve problems and plan the year-end closing and audit in detail. Well before we begin our interim work, we will send you a list of the items we need, so you will have time to prepare.

## SPECIFIC AUDIT APPROACH (Continued)

We forecast many year-end amounts at interim, so that we can limit the amount of work required at year-end and concentrate instead on areas of concern. For example, we normally perform all our cash and investment testing at interim, including sending confirmation letters to depositories and determining financial statement categorizations. Performing these last two steps at interim allows plenty of time to follow up on confirmations or resolve questions about the proper categorization of an investment without delaying the audit. As another example, we test long-term debt at interim and forecast year-end balances and transactions for each debt issue.

We use **remote inquiry** as much as possible at interim, in order to increase our efficiency and reduce our impact on your staff. We can download Board minutes and other documents from your website for review. Combining these abilities with our checklists has allowed us to perform larger portions of the audit in our own offices and reduce our questions to writing so that you have more time to deal with them.

### ***Laws, Regulations and Compliance***

Our audits are designed to ensure that we test transactions for compliance with the Single Audit Act and other applicable laws and regulations, including the California Government Code, provisions of applicable grant guidelines, California Constitution Gann Limit requirements, requirements of local measures, Transportation Development Act requirements, etc. We identify applicable laws and regulations as part of our audit planning each year.

To the extent possible, we also begin our tests of compliance with laws and regulations at interim, including use of the Uniform Guidance and the OMB Compliance Supplement and any other applicable compliance guidelines. Even if the work cannot begin until year-end we determine the applicable laws and regulations for our compliance testing so that we may incorporate the necessary information into our year-end closing checklist. Our audit samples for purposes of compliance vary based on the grant or compliance guidelines and are program-specific. The samples are stratified to ensure we test transactions that are representative of the costs charged to grants.

### ***Specific Audit Strategy – Analytical Procedures and Year End***

At year-end we do not repeat any of the work we performed at interim. Instead, we focus on the items in your Audit Plan and on the Basic Financial Statements. Our Engagement Partner and Supervisor will meet with you on the first day of the year-end audit to review the status of the year-end closing and to determine if modifications to our year-end approach are needed. This meeting sets the stage for the year-end audit; by this time the format and content of the financial statements is pretty well set and most audit adjustments have been identified. If we find any material adjustments, we will discuss them with you immediately and provide you with the journal entries required; we do not propose adjustments that are not material.

At the conclusion of our year-end work, our Engagement Partner and Supervisor, will review the District's financial statement drafts and provide feedbacks. Once the final financial statements draft is ready, a second partner not involved with the audit will perform a "quality assurance review" of the financial statements and workpapers so that we will be ready to sign the financial statement opinions as soon as possible.

You will find our strategy allows you to control the audit process, enables you to spread the work over the year as you wish and greatly reduces the pressure at year end.

## SPECIFIC AUDIT APPROACH (Continued)

### ***Audit IT Systems, Security and Going Green***

Hand-in-hand with our continuing investment in our people has been our increased investment in systems and hardware support. **We have a full-time IT staff who maintain our state-of-the-art systems capabilities and provide increasing levels of such service to our clients.**

Every person on our staff is provided with a Windows operating system PC networked with other audit team PCs and a printer via our own wireless LAN establish at the start of each audit in our client's office. Years ago, we completely eliminated hardcopy workpapers by converting to *ProSystems fx Engagement* paperless audit software published by Commerce Clearing House. We use Word as our word processor and Excel for preparation of financial statements and schedules and Outlook for personal information management.

Because of our shift from hardcopy documentation to softcopy and our obligation under professional standards to maintain confidentiality of client data, we instituted state-of-the-art security protections to ensure client data remains confidential and secure. For example, many CPAs use email as a method of communicating financial data to and from clients. But emails are not secure communications! We therefore employ a secure data file transfer system called "LeapFile" under which we exchange data files with our clients using a secure website. This keeps data confidential and has the added benefit of permitting downloads of large excel files or Microsoft Office files that may be erroneously rejected by some email scanning software. In the event one of our staff works out of the District's offices or telecommutes, they access data via our virtual private network. **Our VPN, LANs, and audit software are password protected and encrypted to ensure your data remains confidential and secure.**

We will also use some type of connection to the internet during our audit, but coordinate it with your IT Staff to ensure there are no breaches in security or protocols.

We have working experience with a broad range of accounting software and systems. We have reviewed and tested controls over these systems. We have used and tested reports produced by these systems. The newer systems allow on-line inquiry or query and custom report writing, and we use these functions whenever possible.

### ***Local Expertise and Resources***

Our expertise and resources are local which provides our clients with timely on-the-spot responses to issues and questions as they arise. Our Audit Supervisors are on site daily while the audit team is in the field. Our Engagement Partner is frequently checking on progress, discussing and resolving issues with the Audit Team, as well as meeting with our client as needed. In cases of highly complex operations or unusual issues, our Technical Review Partner is brought out to meet with the audit team and provide technical support, consultation and participate in meetings with our clients as needed. With all our resources available locally, our clients are assured of in depth, timely audits and expedient resolutions to questions and issues as they arise.

## SPECIFIC AUDIT APPROACH (Continued)

### ***System Controls, Transaction Cycle Processing Verification and Sample Sizes***

With any data processing system upon which we intend to rely as a means of reducing substantive testing, we perform a variety of tests to verify the accuracy of transaction processing, the reliability of system control points and authorization controls, appropriateness of profile structures including Super-user rights access, and automated functionality such as sub-ledger integration and auto-journal entry validity and set up controls.

Gaining an understanding of the design of relevant procedures, controls and authorization levels is integrated with our risk assessment procedures discussed under the ***Client Tailored Risk Assessment*** section below. As part of our risk assessment process we identify those transaction cycles we intend to rely on. Both processing procedures and controls that are to be relied on are tested with our audits.

Transaction cycle processing and control tests typically involve sampling techniques. Most of our transaction samples are selected and tested during the interim portion of our work. Each sample will run from twenty-five to sixty transactions in size. We use interval and judgment sampling techniques with a high degree of stratification. Most municipalities operate more than one major revenue system. Therefore, we typically determine which revenue transactions are processed with common procedures and controls and deem that to be a single population and subject it to a single sample. Other revenue cycles processed with separate controls are tested with their own samples. For example, it is common for separate samples to be selected for governmental receipts and each major enterprise fund. Transaction cycles we sample are dependent on materiality to each client's financial statements but typically include, payroll, disbursements, receipts, loans receivable, investments and budget transactions and in accordance with the requirements of Statement of Auditing Standards #99 we also sample journal entries. Samples from each grant audit or major federal award program are also made. Samples are triple purpose samples and we test for correct recording, compliance with applicable policy or regulation and key control attributes – both manual and automated. This includes verification of sub-ledger integration and auto-journal entry validity, if needed.

### ***Profiles, Access and Setup Controls***

Despite advances in information technology automation and system control features, classic segregation of duties concepts remain a mainstay for providing adequate internal controls. What has changed however, is the necessity to determine system profile structures and actual system access. We inquire how our clients establish and maintain system profiles for relevant staff with the objective of determining whether controls are in place to provide for adequate segregation of duties and to determine if system profiles are appropriate based on the individual's duties. We also determine how our clients monitor access and we test access through reviews of access logs, observation and in some extreme cases, with fully observed access attempts.

We will also inquire about procedures and controls used to ensure only those system functions and controls assigned to an employee are in fact setup in system profiles. Considerations include Super User Rights, system profile set up, and system authorization functionality such as transaction initiation, review and approval, automated entry setup and posting. Work typically involves inquiry of staff with Super-User Rights and determining how the organization provides a check and balance against the possibility that one person with Super-User Rights can intentionally or inadvertently assign unauthorized access. We often review access logs and examine approvals of profile changes and review authorization levels.

## SPECIFIC AUDIT APPROACH (Continued)

### ***Data Extraction***

We employ rather simple data extraction techniques these days since most modern systems provide easy download capabilities to text or Excel files. We have been utilizing data extraction for over fifteen years. We first began data extraction as a means of downloading data from our client's financial systems for upload directly into the financial statements. Then we expanded this to include transaction details, account information and other data contained in our client's systems that we need for audit. Our Chief Operations Officer, Chris Hunt, oversees our data extraction needs and has successfully worked with all of our clients and their systems to achieve data extractions for our use. We are extremely adept at converting from text, delimited and fixed width files, and with every system used by clients.

### ***Assessing Risks – Interim Phase***

Beginning with fiscal year 2007-2008 audits, a new set of Statements of Auditing Standards became effective and required that most auditors change the way they audit. Much of this new guidance came out of the aftermath of highly publicized audit failures such as Enron, Global Crossings and the like. The Statements make it clear that a generalized one-size-fits all audit approach will not be permitted. An audit must be based on a unique audit strategy customized to fit each client and its industry.

The primary objective of these Standards is to require the auditor's application of an audit risk model. The concept is that a set of financial statements should be evaluated for the underlying risks of material misstatement. Then, a customized audit should be tailored to test for misstatements and verify that controls are designed and in place to prevent and detect misstatements.

**We have consistently employed a risk-based concept from our firm's inception.** Our audit checklists and programs were originated by reference to *Audits of Local Governments* published by the Practitioners' Publishing Company (PPC), a third-party vendor specializing in producing audit guides for unique industries. But we have not simply used their guide as our approach. We have customized it further for the simple reason that California municipalities have many unique risks not faced by municipalities in other states. As you know, California state law and applicable regulations cover a wide variety of areas such as cash and investment management, redevelopment compliance, transportation development act programs, and child development programs. Indeed, even revenues of California municipalities are unusual and complex such as the past Triple Flip and Proposition 1A securitization.

Our primary objective in an audit of each client's financial statements is to opine on whether the financial statements, including disclosures, are free of material misstatement. Our opinion must be based on sufficient, appropriate audit evidence that we obtain, and this evidence must be documented. To achieve this objective, we further refine our approach to be responsive to each individual audit. We may reduce the scope of our substantive audit tests provided we conclude there are effective specific controls in place which would detect and correct misstatements due to errors or fraud.

## SPECIFIC AUDIT APPROACH (Continued)

### ***Fraud Considerations***

Beginning with our 2004 audits, we employed additional audit steps required by Statement of Auditing Standards #99, *Consideration of Fraud in a Financial Statement Audit*. SAS #99 requires auditors to consider risk areas that may be susceptible to fraud and to then modify their audit strategy. We have been employing a variation of the SAS #99 concept since the early 1990's. For example, for many of our recurring clients, we visited all of their cash collection sites. We performed cash counts and reviewed cash handling practices and procedures, including security measures employed to limit access to cash. This and our planning meetings with our clients' staff have resulted in the inclusion of a variety of special emphasis areas in our audits. We combine our fraud consideration brain storming sessions with our overall risk assessment process discussed below.

### ***Client Tailored Risk Assessment***

Our strategy to assessing risk begins with a brainstorming session of our audit team where they review your prior year financial statements and operations to identify areas of major audit risk. We also incorporate our consideration of other factors such as the risk of fraud, the economy, regulatory complexities or changes, credit market conditions and others into our initial assessment. We may also compare unusual transactions and estimates to those used by other municipalities or to current trends and issues. Since we are a niche firm specializing in California municipalities this is relatively easy. For example, certain development agreements are unique to municipalities. These agreements usually contain complex financial transactions and legal restrictions. With so much experience in this area we can quickly design an efficient response to these risks.

Major audit risks are further evaluated through consideration of relevant assertions to determine inherent risk due to error or fraud. For example, cash on hand has a relative higher inherent risk of loss due to theft than an infrastructure asset. High and medium inherent risk audit areas are further evaluated to determine relevant internal controls needed to prevent, detect and correct errors or fraud.

We start our evaluation of your internal controls by interviewing staff and meeting with Department heads as needed. We review policies and procedure manuals and other documentation to determine the design of procedures and controls. As part of our evaluations we document narrative memoranda outlining the duties of each pertinent person as well as our GRID evaluation of the important nexus control points. The GRID is our own design; it is a two-axis chart we use to identify potential conflicts of duties in your controls. We enhance our evaluation by reviewing system profile reports, paying special attention to super-user rights. This data is then used to determine the presence or absence of compensating controls designed to mitigate conflicts of duties vested in a single individual.

We then test to verify that procedures and controls are operating effectively such that they reduce the risk that errors or fraud could occur and go undetected and uncorrected. We use a variety of techniques to verify controls are effective including: sampling, observation, documentation of reviews, examining system access reports and comparisons with other data.

## SPECIFIC AUDIT APPROACH (Continued)

After this has been completed, we assess the risk of material misstatement which is determined by the relative inherent risk of an area and the associated control risk to plan our substantive tests. That is, the risk that controls are not in place or are not operating effectively. Areas with a low risk of material misstatement assessment may receive limited substantive procedures while those with a high risk of material misstatement will receive significant substantive procedures.

**We then design our final phase audit plan to ensure we obtain sufficient appropriate evidence about the financial statements and disclosures.** Specific audit procedures are developed and documented in our audit programs and we develop potential internal control points for further evaluation as to significance and communicate those to staff.

### ***Client Participation in the Risk Assessment Process***

Of course, any risk assessment process is incomplete without our clients' active participation. We hold meetings with senior finance staff and others within the organization to discuss their views and assessments of risks affecting the financial statements. Our inquiries are backed up by reviews of the annual budget, mid-year budget revisions, internal audit reports, grantor performance and monitoring correspondence and any other pertinent data we deem relevant.

We must also establish two-way communication with the Board and Finance Committee which we typically accomplish by meeting to discuss the audit process and timing, management representations and fraud considerations. For those organizations without an Audit Committee, we typically attend a Board meeting or meet with representatives of the Board.

### ***Assessing Risks – Final Phase***

Although the majority of our evaluations and testing of internal controls is completed with our interim testing, it is during the final phase that actual year end balances, transactions and disclosures are known, and our substantive procedures are employed. These procedures and data often reveal unusual or unexpected results that must be considered in the risk assessment process. Risk assessment processes are iterative and cumulative. That is, we must continually re-evaluate our assessments based on information and procedures gathered. It is not uncommon for an initial assessment and the corresponding substantive audit work to be restructured as a result of new data. Indeed, it is the intent of current audit standards that the audit be responsive to risks.

Our substantive procedures are selected to be responsive to the assessed risk and relevant assertion and typically involve analytical procedures, third-party confirmation, estimation techniques, mini-max tests, trend analyses, recomputations, corroboration with other tests, tests in total, sampling and comparisons to data gathered in other municipal audits.

Risk assessment procedures would be incomplete without an evaluation of the adequacy of our evidence obtained including internal control tests, any significant deficiencies or material weaknesses and substantive test results. **These factors are considered prior to the release of our opinion in a final re-assessment process that includes our quality assurance review.**

## SPECIFIC AUDIT APPROACH (Continued)

### ***Communication and Coordination***

**We will meet with you at the start of each phase of work and conduct an exit conference at the end of each phase of work. This will ensure you know everything we do, with plenty of time to address any issues.**

Two key objectives for a well-run audit are to ensure timely communication of the audit results and to provide for seamless coordination of the external auditors with staff. The concept is virtually identical to our Accounting Issues Memorandum and detailed Interim and Closing Checklists that we typically prepare for our clients.

The Accounting Issues Memorandum concept was originated by one of our staff over two decades ago to function as a partner's brief of an engagement's status. It worked so well we expanded it to all our audits and share it with our clients. It has proven to be an indispensable communication and coordination tool ever since. This informal memo condenses and summarizes the audit status and issues as of the end of our interim work. It includes housekeeping matters, major and minor potential findings, scheduled audit fieldwork start and finish dates, etc. We produce this memo right in your office before the conclusion of our interim work, so you have an idea of what we've found so far and whether there are areas that need work.

Our Memorandum on Internal Control is drafted at year-end and may include significant issues raised with our interim phase Accounting Issues Memorandum as well as issues arising from our year-end work. We review a draft with you, so that you will have plenty of time to consider the facts and discuss our findings before the audit results are presented to the Board and Finance Committee.

Our audit strategy emphasizes detail planning and coordination of our staff and client staff to complete the audit as efficiently as possible. We have found that completing all our work and our reports, if possible, as part of our fieldwork dramatically reduces the time required to issue final reports to our clients.

Our strategy allows our clients ample time to review all report drafts before issuance, while ensuring that all reports are issued timely.

### ***Internal Quality Assurance System***

Every one of our audit and assurance engagements has an Engagement Partner responsible for the successful completion of the work as well as ensuring we maintain quality levels that satisfy professional standards. Our very high Partner to staff ratio of one to six is double that of traditional firms. We specifically structure our work for on-site Engagement Partner participation while the audit is being conducted. This structure is by design to ensure we have active on the job oversight of staff and timely completion of the work.

We have always subjected our audit and assurance engagements to a second Quality Assurance Review. This is performed by a second partner that is not involved with the audit.

## SPECIFIC AUDIT APPROACH (Continued)

### ***Use of Electronic Resources***

As much as possible, we like to use electronic versions of documents. We find that this makes the audit not only efficient, but ecofriendly. We also set up OneDrive accounts in which files can be transferred regardless of their size.

### ***Confirmations***

As requested in the RFP, we confirm that we typically use bank confirmations to vouch cash and investments. From time to time, these confirmations can be difficult to obtain and we can use alternative procedures such as review of the monthly bank statements.

### ***Segmented Time***

Based on the review of the draft of the June 30, 2022 basic financial statements, we have estimated our time as follows:

Audit Activities	Budgeted Hours					
	Engagement Partner	Alternate Partner	Supervisor	Associates	Office	Total
General Procedures/Planning/Confirm/Checklists	1.00		6.00			7.00
Fraud Assessment	1.00		1.00			2.00
Minutes-resolutions			2.00			2.00
Report	8.00	2.00	16.00		3.00	29.00
Supervision/review	6.00		16.00			22.00
Conferences & meetings	1.00		1.00			2.00
Management letter	1.00		1.00		1.00	3.00
Analytical review	1.00					1.00
Internal Control Environment / Info Systems Review				20.00		20.00
Cash & Investments				24.00		24.00
Revenue/Receivables				24.00		24.00
Joint Venture				2.00		2.00
Capital Assets				32.00		32.00
Accounts Payable				16.00		16.00
Long Term Debt				16.00		16.00
Payroll/Accrued liabilities				12.00		12.00
Pension (GASB 68)				16.00		16.00
OPEB (GASB 75)				16.00		16.00
Net position				1.00		1.00
Risk Management				2.00		2.00
Commitments and Contingencies			2.00			2.00
AUP	1.00		2.00	4.00		7.00
SCO	0.50		2.00	12.00		14.50
<b>GRAND TOTAL</b>	<b>20.50</b>	<b>2.00</b>	<b>49.00</b>	<b>197.00</b>	<b>4.00</b>	<b>272.50</b>

## SPECIFIC AUDIT APPROACH (Continued)

### *Prompt Service and Delivery of Reports*

We have always focused on reducing financial statement turn-around time and we have never missed a deadline. We are committed to adhere to the District's schedule and budget for the services outlined in the RFP. That schedule is as follows:

- Interim Fieldwork/Entrance Conference – May/June 2023
- Final Fieldwork/Entrance Conference – September 2023
- Draft Reports/Exit Conference – early October 2023
- Final Report – by mid-October 2023
- Meeting with the Board of Directors – late October/early November 2023

## IDENTIFICATION OF ANTICIPATED POTENTIAL AUDIT PROBLEMS

We will provide the District with whatever support it needs with regard to gaining an understanding of new pronouncements affecting the financial statements and our audits. Our consistent approach is to provide our clients with advance identification of new GASBs as they are issued. With every audit, we provide overviews of new pronouncements including effective dates and we review these with District staff.

In the year of implementation, we proforma new disclosures and add on additional data requests to our interim and closing checklists. For complex rules, we prepare course materials and conduct training and education sessions during interim for finance and other affected District staff to ensure they understand the requirements. We include the new GASB provisions as well as any additional resources such as implementation guides, practical application examples and additional technical resources and contacts. After District staff has had a chance to think about District's operations, we conduct a follow-up conference to determine the potential impact to the financial statements and audit. In unusual cases we will schedule additional field work before year end to ensure the new rules do not affect year end timing.

We have not identified any potential audit problems related to the Dublin San Ramon Services District.

## REPORT FORMAT

We have provided the following links of sample standard report formats for your review:

### **Contra Costa Water District**

Report: District Annual Comprehensive Financial Report

Link: <https://www.ccwater.com/ArchiveCenter/ViewFile/Item/369>

### **Central Contra Costa Sanitary District**

Report: District Annual Comprehensive Financial Report

Link: [https://www.centralsan.org/sites/main/files/file-attachments/acfr\\_20-2021\\_final.pdf?1642728472](https://www.centralsan.org/sites/main/files/file-attachments/acfr_20-2021_final.pdf?1642728472)

### **Dublin San Ramon Services District**

Report: District Annual Comprehensive Financial Report

Link: <https://www.dsrsd.com/home/showpublisheddocument/8546/638084223392000000>

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# PROFESSIONAL AUDITING SERVICES PROPOSAL

02.20.23

PREPARED FOR



**LAVWMA**  
**WATER**  
Resource Recovery

Whitney Crockett, CPA  
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Livermore-Amador Valley  
Water Management Agency  
Attn: Christine Chen  
7051 Dublin Blvd.  
Dublin, CA 94568  
[cchen@dsrsd.com](mailto:cchen@dsrsd.com)

**MAZE**  
& ASSOCIATES

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**LIVERMORE AMADOR VALLEY WATER MANAGEMENT AGENCY  
PROFESSIONAL AUDITING SERVICES PROPOSAL**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>TRANSMITTAL LETTER</b> .....	1
<b>LICENSE TO PRACTICE IN CALIFORNIA</b> .....	3
<b>INDEPENDENCE</b> .....	3
<b>INSURANCE</b> .....	3
 <b>FIRM QUALIFICATIONS AND EXPERIENCE</b>	
Overview .....	4
Capacity and Resources .....	4
Audit Quality .....	5
Experience .....	6
Significant Special District Audit Engagements .....	7
Assistive Resources .....	9
Client Training and Professional Development .....	9
Professional Activities .....	10
External Quality Control Review/Peer Review .....	10
Litigation or Disciplinary Action .....	10
Peer Review Letter .....	11
 <b>PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE</b>	
Audit Team .....	13
Resumes of Staff Assigned to Your Audit .....	13
Honoring Our Commitments .....	16
Qualifications and Continuity .....	17
Personnel Policies .....	17
Staff Training .....	17
 <b>SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES</b>	
References .....	19
 <b>SPECIFIC AUDIT APPROACH</b>	
Overview .....	20
Specific Audit Strategy – Interim .....	20
Laws, Regulations and Compliance .....	21
Specific Audit Strategy – Analytical Procedures and Year End .....	21
Audit IT Systems, Security and Going Green .....	22
Local Expertise and Resources .....	22
System Controls, Transaction Cycle Processing Verification and Sample Sizes .....	23
Profiles, Access and Setup Controls .....	23
Data Extraction .....	24
Assessing Risks – Interim Phase .....	24
Fraud Considerations .....	25
Client Tailored Risk Assessment .....	25
Client Participation in the Risk Assessment Process .....	26

**LIVERMORE AMADOR VALLEY WATER MANAGEMENT AGENCY  
PROFESSIONAL AUDITING SERVICES PROPOSAL**

**TABLE OF CONTENTS**

	<u>Page</u>
Assessing Risks – Final Phase .....	26
Communication and Coordination.....	27
Internal Quality Assurance System.....	27
Use of Electronic Resources.....	28
Confirmations .....	28
Segmented Time .....	28
Prompt Service and Delivery of Reports .....	29
<b>IDENTIFICATION OF ANTICIPATED POTENTIAL AUDIT PROBLEMS .....</b>	<b>29</b>
<b>REPORT FORMAT .....</b>	<b>29</b>

February 20, 2023

Livermore-Amador Valley Water Management Agency  
Attn: Christine Chen  
7051 Dublin Blvd.  
Dublin, CA 94568  
[cchen@dsrsd.com](mailto:cchen@dsrsd.com)

Dear Ms. Chen:

We appreciate this opportunity to submit our proposal to continue to provide Professional Auditing Services for the Livermore-Amador Valley Water Management Agency (Agency). We understand we will audit the Agency's Basic Financial Statements for the fiscal year ending June 30, 2023, with the option of auditing the financial statements for each of the four subsequent years through June 30, 2027, within the time periods established by the Agency. We will also perform additional procedures and complete the other assurance services as specified in the Agency's Request for Proposal, within the time periods established by the Agency.

We are quite certain we are the most qualified firm to be your independent accountants. As our founder, Scott Maze, first coined over forty years ago, "*We are in Business to Help Our Clients Succeed!*" Since that time, we have rigorously employed this philosophy along with our commitment to continual improvement. Our clients know from experience we employ a variety of techniques, technologies and strategies to maximize effective and efficient audits without shifting our work onto our client's staff. We've summarized these techniques, technologies and strategies below and explained them in more depth in our proposal.

- **We are the best-known regional municipal audit firm in Northern California.** Our firm has been in business over 40 years, and over that time, we have achieved national recognition with the consistently high quality of our work and with our leadership on issues such as GASB Statements 34, 68 and 75, and internal control enhancements. We frequently speak at CSMFO and CSDA events and webinars.
- **Municipal industry is our main business.** We know we have the necessary qualifications to perform your audit.
  - **Annually, we serve over 200 municipalities including cities, special districts, joint powers authorities, successor agencies, housing authorities and financing authorities in the greater San Francisco Bay Area.**
  - We currently have over forty City or Town clients ranging in size from small towns to large complex cities. We are proud to say that over forty of our clients publish award-winning Annual Comprehensive Financial Reports, the majority of which we have provided assistance in compiling reports.
  - **We conduct over three dozen Single Audits annually.**
- **Our Partners are actively involved** in planning, conducting and completing the audit in our client's offices, and our Partners are available when you need them. We resolve issues on the spot while the audit is going on.

- We have a long-term track record of client retention beyond our client's original contract terms because of the quality of our service.
- We are properly licensed to practice in California. All key staff assigned to this audit possess California CPA licenses.
- Everyone on our audit staff averages approximately **60 hours of training in municipal auditing and accounting and 1500 hours of municipal audit experience each year**. This means you do not train our staff!
- Our fee includes **one free day of training**. Starting in 2016, we implemented the annual Maze Live training. This will provide you with knowledge of upcoming GASB pronouncements and changes in the municipal field. Past classes included topics such as year two of GASB Statement 68, GASB Update, Implementation of GASB Statements 74 and 75, Implementation of GASB Statement 84, Implementation of GASB Statement 87, Fraud Environment, Cybersecurity and Single Audit under Uniform Guidance. Future Classes will focus on similar topics as well as the information to prepare for the implementation of GASB Statement 96.
- Our **Closing Checklists** help you prepare in advance for both our interim and year-end audits. These Checklists do away with last-minute requests for schedules and analyses at year-end and help identify potential problems early in the process. We will coordinate them with the work papers you are already preparing, so **you don't have to prepare workpapers only for the auditors**.

As with all our audits, we are committed to continue to provide timely, quality audit services to the Agency. We are committed to meeting the Agency's deadlines as outlined in the RFP. We have no doubt that we are the firm best qualified to perform the services described in the request for proposal. After you have analyzed our proposal and - most important - talked with our references, we are quite confident you will agree.

Whitney Crockett, Audit Partner ([whitneyc@mazeassociates.com](mailto:whitneyc@mazeassociates.com)), and David M. Alvey, Vice President ([davida@mazeassociates.com](mailto:davida@mazeassociates.com)) are authorized to represent, sign for and contractually obligate Maze & Associates, a Professional Corporation, located at 3478 Buskirk Avenue, Suite 215, Pleasant Hill, CA, 94523, P(925) 930-0902, F(925) 930-0135. The proposal is a firm and irrevocable offer for 60 days.

We look forward to the opportunity to continue to provide audit services for the Livermore - Amador Valley Water Management Agency!

Yours very truly,

*Whitney Crockett*

Whitney Crockett, CPA  
Audit Partner

WC:saa

## LICENSE TO PRACTICE IN CALIFORNIA

We are properly licensed California Certified Public Accountants. We are members of the Government Finance Officers Association (GFOA) and the California Society of Municipal Finance Officers (CSMFO) as well as the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

All assigned key professional staff are properly licensed to practice in California. Those staff that are certified public accountants have current California CPA licenses in the attest function, and have **received more than twice the required level of continuing education**. We believe the level of training we provide is unmatched by any other accounting firm. **Our audit staff receives an average of 60 hours of continuing education annually, including an average of over 48 hours of municipal audit and accounting training. This is twice the amount required by professional standards.**

Even though not required, all non-certified audit staff receives the same level of training.

## INDEPENDENCE

As independent auditors, **our most valuable asset is our independence**. Unlike many firms, we have never allowed our independent audit function to be used to promote consulting or other work. In fact, consulting and related work have never amounted to more than a few percent of our total revenues, while our independent audit work has amounted to over eighty percent of our revenues.

Our firm and all our partners and employees are independent of the Livermore Amador Valley Water Management Agency as that term is defined by the General Accountability Office's *Government Auditing Standards*, the American Institute of Certified Public Accountants, the California Society of Certified Public Accountants and the California State Board of Accountancy. We have no present or past professional relationships with the Agency or any of its Board members or employees that would compromise our independence.

We will discuss in advance with the Agency any professional relationships being contemplated during the period of engagement that may present a potential conflict of interest. If the Agency and we believe any such relationship presents a conflict of interest, we will not enter into it.

## INSURANCE

We maintain adequate errors and omissions insurance. We will maintain the minimum insurance as listed in the RFP.

## FIRM QUALIFICATIONS AND EXPERIENCE

### **Overview**

We are a professional services corporation located in Pleasant Hill, California. We presently have a total of fifty-five people including the following:

- Seven Shareholders, including five Audit Partners
- Three Directors
- Six Managers
- Ten Audit Supervisors

Sixteen of our professional staff are California Certified Public Accountants, and five additional staff members are in the process of completing their applications for licensure.

Thirty-six of our professional staff members comprise our governmental audit staff, as our firm's emphasis is on governmental auditing and accounting. Several of our professional staff have national accounting firm experience, which we have blended with the more personal approach of a smaller firm.

**The majority of our clients** are cities, special districts, or other municipal entities and we do this work twelve months of the year. We limit our practice in other areas and focus on being the best municipal audit firm in Northern California. Our clients include several special districts similar to the Agency in size. Our audit strategy is tailored to municipalities and is quite different from the traditional approach adapted from commercial clients by general practice accounting firms.

**We have focused on municipalities since 1986.** We are active in GFOA, CSMFO, CSDA and CMTA, and our Partners have been speakers at GFOA, CSMFO, CSDA and CMTA functions.

**We are in business to help our clients succeed.** We help you use the ever-growing tangle of accounting rules properly, but to your best advantage, by helping you keep out of trouble and helping you do the right thing. We stay in touch throughout the year to keep you abreast of municipal accounting developments and to help you avoid problems, instead of coming in afterwards to assess the damage. We rotate our audit emphasis based on our planning meetings with you so areas that concern you can be addressed as a normal part of the audit at no extra cost.

### **Capacity and Resources**

We have consistently demonstrated the ability of our capacity and resources to meet the demands of our clients. We have never missed a reporting deadline for any of our clients.

**Over the years we have made substantial additional investments in our people and our systems.** We have continued our policy of at least doubling the required amount of Continuing Education we provide our people. We routinely provide an average of one hundred hours of Continuing Education each year—the State requirement is forty hours. We routinely ensure that at least eighty of those hours are specific to municipal audit and accounting—the State and government auditing standard requirements are twenty-four hours.

## FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

**We have more than doubled the number of people on our staff** over the past ten years, and most of these new people are professional audit staff members. More people and more continuity combine to mean that our people capacity and resources have more than doubled.

Hand-in-hand with our continuing investment in our people has been our increased investment in systems and hardware support. Eight years ago, our systems work was handled by an outside consultant. **Today, we have a full-time staff of three people who maintain our state-of-the-art systems capabilities and provide increasing levels of such service to our clients.** Every person on our staff is now armed with a late model PC that communicates with all our other PCs, printers, servers, etc., via our own wireless network establish in each client's office at the start of each audit. Most of our work-papers are now prepared on these PCs as we continue to move toward paperless audit and paperless files.

We have moved most of our clients from a manual input of their general ledger data to **a fully mechanized computer dump** of that data direct to our Excel-based financial statement formats. At the same time, we have added significant numbers of internal data controls to financial statement formats. This strategy has virtually eliminated input errors, increased efficiency, and allowed our clients to spend less time reviewing and approving the financial statements. Not only does our new direct dump produce fund-basis financial statements, it produces the Entity-wide financial statements. And these improvements have been made without a hiccup - we **consistently deliver final draft financial statements and reports to our clients the last day of our fieldwork in our client's offices.**

We are not relying on the capabilities or resources of any other firms in our proposal.

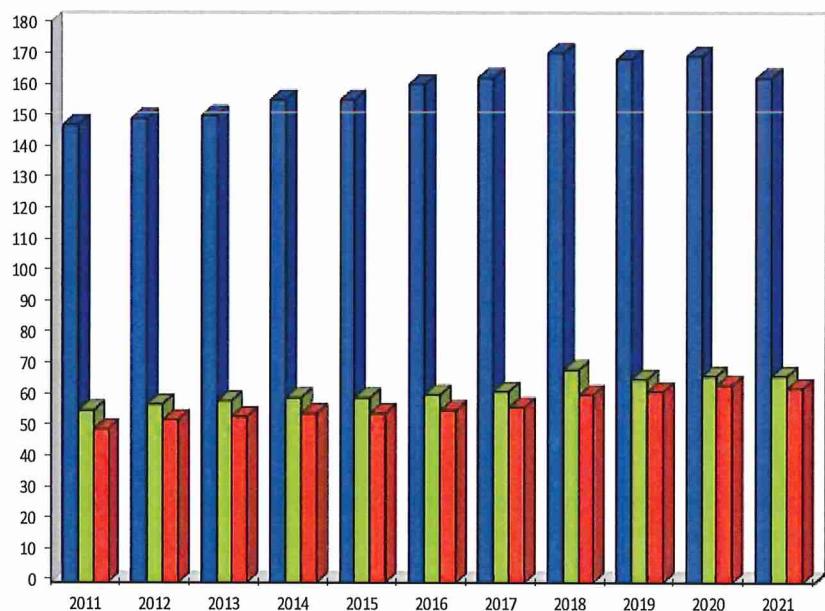
### ***Audit Quality***

Never has audit quality been the focus of more attention than now. With names like Orange County, San Diego and Bell in the news, municipal audits can no longer be relegated to a consent item. Ensuring quality audits is a necessity. Our commitment to quality remains our top priority.

## FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

### *Experience*

Our practice includes over fifty-one city and town clients and more than fifty special districts, including over forty-five city and special district ACFR award winners—more award winners than any other Northern California accounting firm or international firm branch office. Included in those totals are six award-winning Special District ACFRs. Eighty percent of our practice is municipal auditing, accounting and consulting, continuing throughout the entire year. Our growth can be seen in the graph below, which shows the growth in the number of our total municipal entity clients in blue, City audit clients in green, and ACFR award winners in red.



Every one of the Annual Comprehensive Financial Reports below won awards from GFOA and/or CSMFO.

## FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

### ***Significant Special District Audit Engagements***

The chart below shows our most recent experience with District and Authority audits. We are or were responsible for all phases of work for these entities.

Special Districts and Authority Clients	1st Year	Compliance Requirements	Single Audit / Special Report
<b>FINANCING</b>			
City of Rancho Cordova Financing Authority	2009	X	
Concord Joint Powers Financing Authority	1992	X	
Governments of Livermore Financing Authority	1991	X	
Hayward Public Financing Authority	1996	X	
Manteca Financing Authority	1991	X	
Milpitas Public Financing Authority	1995	X	
Palo Alto Public Financing Corporation	1998	X	
Richmond Joint Powers Financing Authority	2005	X	
<b>HOUSING</b>			
Napa Valley Housing Authority	2000	X	X
Napa Housing Authority	2000	X	X
Richmond Housing Authority	2005	X	X
Suisun Housing Authority	2007	X	X
Vallejo Housing Authority	2004	X	X
<b>PUBLIC SAFETY</b>			
Belmont Fire Protection District	1998		X
East Contra Costa Fire Protection District	2011		
Menlo Park Fire Protection District	2009		
Net Six Joint Powers Authority (Dispatch services)	1998	X	
Novato Fire Protection District	2013		
Rodeo-Hercules Fire Protection District	2009		
Ross Valley Fire Department	2013		
Ross Valley Paramedic Authority	1991	X	
San Mateo Pre-Hospital Emergency Svcs. Providers Group	2000	X	X
San Ramon Valley Fire Protection District	2000	X	X
South County Fire Authority	1998	X	X
South San Mateo Police Joint Powers Authority	2000	X	
Twin Cities Police Authority	1991	X	
<b>RECREATION AND OTHER</b>			
Association of Bay Area Governments	1997	X	X
Alameda County Mosquito Abatement District	2016		
Belvedere-Tiburon Library Agency	2018		
Contra Costa Mosquito and Vector Control District	2008		
East Bay Regional Park District	1987	X	X
Livermore Area Recreation and Park District	1989	X	X
Manteca Recreational Facilities Authority	1986	X	
Marin-Sonoma Mosquito and Vector Control District	2013		
Silicon Valley Animal Control Authority	2001		
San Mateo County Harbor District	2016		
West Contra Costa Integrated Waste Management Authority	2019		
<b>RISK MANAGEMENT</b>			
Association of California Water Agencies JPIA	2009		
Association of Bay Area Governments PLAN	1997		
Association of Bay Area Governments SHARP	1997		
California Joint Powers Risk Management Authority	1993		
Redwood Empire Municipal Insurance Fund	2013		
Small Cities Organized Risk Effort	2009		

## FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

### ***Significant Special District Audit Engagements (Continued)***

TRANSPORTATION			
Alameda Contra Costa County Transit Authority	2010	X	X
Alameda County Transportation Improvement Authority	2010	X	X
City/County Association of Governments	2005	X	X
Contra Costa Transportation Authority	2003	X	X
Eastern Contra Costa Transit Authority	2012	X	X
Livermore/Amador Valley Transportation Authority	1994	X	X
Measure J Traffic Congestion Relief Agency (TRAFFIX)	2012		
Peninsula Corridor Joint Powers Board	2010	X	X
Peninsula Traffic Congestion Relief Alliance	2001	X	X
Ralston/Holly /Harbor Grade Separation Projects	1998	X	X
San Francisco Bay Area Water Emergency Transit Auth.	1997	X	X
San Mateo County Transit District	2010	X	X
San Mateo County Transportation Authority	2010	X	
Solano Transportation Authority	2004	X	X
Sonoma-Marin Area Rail Transit District (SMART)	2017	X	X
West Contra Costa Transportation Authority Commission	1995	X	
UTILITY			
Alameda Municipal Power	1990	X	
Bay Area Clean Water Agencies	2005		
Bethel Island Municipal Improvement District	2007		
Calaveras County Water District	2004		X
California Association of Sanitation Agencies (Non-profit)	2005		
Central Contra Costa Sanitary District	2013		
Coastside County Water District	1993	X	X
Contra Costa Water District	2002		X
Contra Costa Solid Waste Authority	1993	X	X
Diablo Water District	2014		
Dublin San Ramon Services District	1999	X	X
DSRSD/EBMUD Recycled Water Authority	2005		
East Bay Dischargers Authority	2015		
East Bay Municipal Utility District	2005	X	X
East Palo Alto Sanitary District	2013	X	
El Dorado Irrigation District	2007	X	X
Fairfield Suisun Sewer District	2000		
Freeport Regional Water Authority	2005		
Livermore-Amador Valley Water Management Agency	1987		X
Mid-Peninsula Water District	2006		
Novato Sanitary District	2013		X
Palo Alto Regional Water Quality Control Plant	1998	X	X
Placer County Water Authority	2005		X
Sacramento Suburban Water District	2020		
Santa Clara Valley Water District	2004		
Sausalito-Marin City Sanitary District	2011		
Silicon Valley Power	2012		
Skyline County Water District	1992		
Solano Irrigation District	2006		
South Bay System Authority	1998	X	
South Bay Transfer Station Authority	1997	X	
South San Joaquin Irrigation District	2004		
South Placer Wastewater Authority	2001	X	
Stanislaus Waste-to-Energy	2005		
Stinson Beach County Water District	2011	X	
Tri-Valley Wastewater Authority	1990		
Union Sanitary District	2000		
Upper Mokelumne River Watershed Authority	2005		
Vallejo Sanitation and Flood Control District	2016		
West Valley Sanitation District	2004		
Zone 7 Water Agency	2010	X	X

## FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

### ***Assistive Resources***

Our client support is unmatched by any other firm. As a San Francisco Bay Area municipal audit niche firm with four audit partners, we are positioned perfectly to provide staff and Board with a wide variety of resources. Support ranges from turnkey financial statement drafts with linked footnotes and direct download-based financial statements to professional continuing education sessions. We are active in professional organizations affecting local government and have a strong presence in neighboring local governments which keeps our knowledge current that we readily share with our clients. And we do not charge extra for the five-minute phone calls throughout the year.

### ***Client Training and Professional Development***

We can provide you with varying levels of training and professional development resources. We provide our semi-annual continuing education to our staff and have on occasion opened it up to our clients who wish to keep their licensees current. Our audit fee includes providing training and assistance with the implementation of applicable new GASB statements, at no additional charge. Depending upon the complexity of the GASB Statement requiring implementation, the assistance could take the form of free access to web-based training, one-on-one or group training, suggested footnote disclosure templates and/or Excel spreadsheet templates.

We have also developed and conducted training specifically for our clients. Training can be general theory in nature, semi-customized or fully customized training that fits your operations. Theory intensity can be at the beginning, intermediate and advanced levels. On occasion, we have provided our clients with shorter presentations of new pronouncements and other requirements. At the City of Richmond, for example, we developed and taught monthly training sessions on virtually every major finance area to its staff over a twelve-month period. Much of their staff had assumed new functions in the aftermath of serious staffing cuts several years ago and their Finance Director was seeking an economical method of enhancing their knowledge base and skill sets. At the Cities of Richmond, Livermore, El Cerrito and Belmont we provided grants management training to several departments as a means of solving coordination weaknesses.

**In 2016, we launched Maze Live – this is a full day of training which is free to our clients** and qualifies for continuing education credit. Past classes included topics such as year two of GASB Statement 68, GASB Update, Implementation of GASB Statements 74 and 75, Implementation of GASB Statement 84, Implementation of GASB Statement 87, Fraud Environment, Cybersecurity and Single Audit under Uniform Guidance. Future Classes will focus on similar topics as well as the information to prepare for the implementation of GASB Statement 96.

## FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

### ***Professional Activities***

We are active members of the Government Finance Officers Association, the California Society of Municipal Finance Officers, California Special Districts Association as well as the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. We are frequent speakers at various organizations.

We attend CSMFO Northern California chapter meetings on a regular basis, and we have served as speakers on various occasions. We also attend the CSMFO Annual Conference, at which our Partners have been speakers. We have also presented at the CSDA Conference.

Amy Meyer and Katherine Yuen serve on the Governmental Accounting and Auditing Committee of the California Society of CPAs. David Alvey serves on the Accounting Procedures and Assurance Services Committee of CalCPA and the Professional Standards Committee of CSMFO. Amy Meyer and David Alvey are ACFR reviewers for the ACFR Award Program of the Government Finance Officers Association.

David Alvey is presented at the 2023 CSMFO Conference in Sacramento.

### ***External Quality Control Review/Peer Review***

We are members of the Quality Review Program of the AICPA, which means we subject ourselves to a peer review of our workpapers and quality control procedures every three years by independent accountants specializing in such work. **Our most recent peer review was completed in 2021; we again received an unqualified opinion, the highest level of assurance possible.** This peer review included a review of seven governmental and non-profit audit engagements. A copy of our most recent peer review opinion is located as an attachment.

Our municipal audit reports are subject to annual reviews by various branches of the Office of the State Controller. Authority audit reports, Single Audit Act reports and Redevelopment Agency reports receive particular scrutiny. During the past five years every one of these reports has been accepted as submitted. Of course, all of our clients' ACFRs are also reviewed by CSMFO and GFOA for award consideration; every report submitted has won an award from one of these organizations.

### ***Federal or State Desk or Field Reviews***

We have not been subject to any federal or State Desk or Field Reviews of our audits during the past three years.

### ***Litigation or Disciplinary Action***

We have not been sued over poor work quality, nor have we paid any such claims out of court in the past three years, and there are no current and we are not aware of any potential lawsuits. In addition, we have not received any disciplinary action taken or pending action against us during the past three years with state regulatory bodies or professional organizations.

## FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

### Peer Review Letter



www.CoughlanNapaCPACo.com  
Company@CoughlanNapaCPACo.com

### Report on the Firm's System of Quality Control

February 9, 2021

To Maze & Associates Accountancy Corporation and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Maze & Associates Accountancy Corporation (the firm) in effect for the year ended May 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

#### Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

#### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

190 Camino Oruga, Suite 1 • Napa, CA 94558 • telephone: 707.255.0677 • fax: 707.255.0687  
Member: American Institute of CPAs • California, Hawaii, & Oregon Societies of CPAs

## FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

### *Peer Review Letter (Continued)*

#### **Required Selections and Considerations**

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

#### **Opinion**

In our opinion, the system of quality control for the accounting and auditing practice of Maze & Associates Accountancy Corporation in effect for the year ended May 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Maze & Associates Accountancy Corporation has received a peer review rating of *pass*.

*Coughlan Napa CPA Company, Inc.*

Coughlan Napa CPA Company, Inc.

## PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE

### *Audit Team*

We are proposing to assign Whitney Crockett, CPA, as Engagement Partner, David Alvey, CPA, as Technical Review Partner, and Ling Zhu as Supervisor to your audit. We have selected this team based on their extensive experience in audits of local governments, including Special Districts. **We understand that engagement partners, managers and other supervisory staff may be changed only with the permission of LAVWMA.**

We will balance out our resources with our Senior Associates and Associates to form a fully leveraged team. All of our audit staff are experienced with audits of Basic Financial Statements, enterprise operations, retirement plans, capital assets and infrastructure, long term debt, including swaps and related compliance and continuing disclosures, and all other aspects of municipal accounting and financial reporting.

### *Resumes of Staff Assigned to Your Audit*

**We understand that engagement partners, managers and other supervisory staff may be changed only with the permission of LAVWMA.**



**WHITNEY L. CROCKETT, CPA, Engagement Partner** – graduated from Washington State University with a Bachelors of Arts in Business Administration in Accounting in May 2011 and received a Masters of Accounting Degree in August 2012. She is a Certified Public Accountant in the State of California. **Whitney has received over 240 hours of continuing education** in the past three years and has participated in the following audits:

#### **Cities/Counties:**

City of Alameda	El Dorado County
Town of Atherton	City of Milpitas
City of Brisbane	Town of Moraga
City of Concord	City of Oakley
City of Daly City	City of Pacifica
City of Dublin	City of Petaluma
City of East Palo Alto	City of Richmond
City of El Cerrito	City of Roseville
Town of Fairfax	City of Santa Clara
City of Hayward	City of San Pablo
City of Lafayette	City of San Rafael
City of Larkspur	City of Sausalito
City of Los Banos	City of Vallejo
City of Manteca	City of Watsonville
City of Martinez	City of West Sacramento
City of Mountain View	Town of Woodside
City of Pittsburg	City of Emeryville

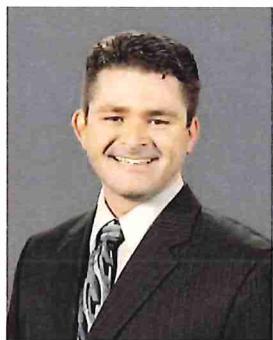
## PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE (Continued)

### **WHITNEY CROCKETT, CPA (Continued)**

#### ***Special Districts:***

Alameda Municipal Power  
Alameda County Transportation  
Commission  
Central Basin Municipal Water District  
Contra Costa Water District  
Contra Costa Mosquito and Vector Control  
District  
Dublin San Ramon Services District  
El Dorado Irrigation District  
East Bay Municipal Utility District  
Livermore Amador Valley Transit Authority  
Livermore-Amador Valley Water Management  
Agency  
Marin/Sonoma Mosquito and Vector  
Control District  
Novato Fire Protection District  
Novato Sanitary District  
Peninsula Traffic Congestion Relief Alliance

San Mateo Pre-Hospital Emergency  
Services Group  
South San Joaquin Irrigation District  
Stopwaste  
Sunol Smart Carpool Lane Joint Powers  
Authority  
TRAFFIX  
Transbay Joint Powers Authority  
Tri-Dam Project / Tri-Dam Power Authority  
West Contra Costa Transportation  
Advisory Committee  
West Contra Costa Integrated Waste  
Management Authority  
Tri-Dam Project / Tri-Dam Power Authority  
West Contra Costa Transportation  
Advisory Committee  
West Contra Costa Integrated Waste  
Management Authority



**DAVID ALVEY, CPA, Alternate Partner** – graduated from St Mary's College, Moraga with a Bachelor of Science Degree in Accounting and a Minor in Business Administration and started at Maze and Associates in 2005. David has received **500 hours of continuing education in the past five years**. David has experience as an internal auditor at California Savings Bank in Oakland, CA. He is a Certified Public Accountant in the State of California. He is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. David is also a member of the Association of Certified Fraud Examiners. He is also a member of the CalCPA Accounting Procedures and Assurance Services Committee and the CSMFO Professional Standards Committee. He is a frequent speaker at our annual training and recently taught a class of over 100 attendees on Fraud and GASB updates at the annual MazeLive client training event. He has published articles with California Special District Association's newspaper. His relevant experience includes:

Alameda County Mosquito Abatement District  
Alameda County Transportation Authority  
Alameda County Transportation  
Improvement Authority  
Alameda-Contra Costa Transit District  
City of American Canyon  
American River Authority

City of Larkspur  
City of Livermore  
City of Los Altos  
Town of Los Altos Hills  
City of Manteca  
City of Napa  
City of Oakley

## PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE (Continued)

### DAVID ALVEY, CPA (*Continued*)

Association of Bay Area Governments	Partners in School Innovation
Associated Community Action Program	City of Petaluma
Bay Area Clean Water Agencies	City of Pittsburg
City of Benicia	Placer County Water Authority
City of American Canyon	City of Pleasant Hill
Bethel Island Municipal Improvement District	Regional Parks Foundation
Calaveras County Water District	Richmond Housing Authority
Castle Rock County Water District	City of Rio Vista
Central Contra Costa Sanitary District	City of Roseville
Central Market Community Benefit District	City of San Bruno
Citrus Heights Water District	City of San Leandro
Clausen House	San Mateo Community College
Coastside County Water District	Foundation
Contra Costa Water Financing Authority	San Mateo County Transportation
Contra Costa Water District	Authority
Contra Costa Water District Pension Plan	Peninsula County Joint Powers Authority
Contra Costa Water District OPEB Plan	San Mateo County Transit District
City of Daly City	Santa Clara County Central Fire
City of Davis	Protection District
Delta Diablo	SF Water Emergency Transportation
Diablo Water District	Authority
East Contra Costa County Transit Authority	Skyline County Water District
East Contra Costa Habitat Conservancy	Solano Irrigation District
DSRSD/EBMUD Recycled Water Authority	Solano Transportation Authority
Dublin San Ramon Services District	Sonoma County Agricultural Preservation
East Bay Municipal Utilities District	& Open Space District
EBMUD Employee Retirement System	Sonoma-Marin Area Rail Transit
East Palo Alto Sanitary District	South San Joaquin Irrigation District
Education Pioneers	Southern Marin Fire Protection District
El Dorado County	Stanislaus Waste to Energy
El Dorado Irrigation District	Stinson Beach County Water District
City of Escalon	Stopwaste
Fairfield-Suisun Sewer District	City of Galt
Freeport Regional Water Authority	City of Hayward
Mid-Peninsula Water District	ID Business Solutions
Middle Fork Project Finance Authority	Livermore Amador Valley
Monument Crisis Center	Transportation Authority
Upper Mokelumne River Watershed Authority	Walnut Creek Chamber of Commerce
Yolo Habitat Conservancy	Western Contra Costa Transit Authority

## PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE (Continued)



**Ling Zhu, Supervisor** – graduated from UC Davis, in June 2018, with a bachelor's degree in Managerial Economics. Ling has **received over 128 hours of continuing education** since joining our firm in September 2019. Ling's audit experience includes the following:

City of Alameda  
Town of Atherton  
City of Belmont  
City of Brentwood  
City of Brisbane  
City of Burlingame  
City of Concord  
City of Daly City  
City of Elk Grove  
Town of Fairfax  
City of Foster City  
City of Hayward  
City of Los Altos  
City of Manteca  
City of Martinez  
City of Mill Valley  
City of Milpitas  
Dublin San Ramon Services District

City of Morgan Hill  
City of Oakley  
City of Orinda  
Town of Portola Valley  
City of Redwood City  
Town of San Anselmo  
City of San Carlos  
City of San Leandro  
City of San Rafael  
City of Sausalito  
SCMAD  
City of Seaside  
City of South San Francisco  
City of Sunnyvale SCVURPPP  
City of Turlock  
City of Walnut Creek  
City of Watsonville  
Livermore-Amador Valley Water Management Agency

### ***Honoring Our Commitments***

The concepts that we must meet deadlines and stay within budgets are integrated into everything we do. So much of our work is performed for our municipal clients that we instinctively understand that our clients' deadlines must be met and we must flourish within the constraints of agreed-upon fees. We have a long track record of meeting our deadlines and staying within negotiated fees. Please ask our other clients for their views on the subject and their experience with us.

Engagement partners, supervisory staff and specialists may be changed if those personnel leave the firm, or are promoted. These personnel may also be changed for other reasons only with the express prior written permission of the District and Authority. However, in either case, the District and Authority retains the right to approve or reject replacements. Other audit personnel may be changed at the discretion of the firm submitting the proposal, provided that replacements have substantially the same or better qualifications or experience.

## PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE (Continued)

### *Qualifications and Continuity*

Our people accumulate over 1,500 hours of purely municipal audit and accounting experience annually, far more than in any general service accounting firm.

We provide our clients continuity while introducing enough new people to keep our perspective fresh and provide you with the benefits of rotation. We intend to retain all the people assigned to your audit throughout this year's entire engagement. In future years we plan to rotate no more than one person on each segment whom we will replace with someone of equal experience.

We do everything we can to ensure continuity because it helps you, it helps our staff and it helps us. We schedule the entire year in advance to avoid conflicts, and we give priority to clients who are able to accurately predict the date their books will be closed, so that the staff on their audit will not be affected if another client's closing or audit is delayed. We attempt to match personalities as well as skills and abilities so that our staff and yours will get along well.

### *Personnel Policies*

We are an equal opportunity employer. Our staff includes both sexes, which are represented in every staff classification including Principal. Our hiring, management and personnel decisions are based solely on an individual's skills and knowledge. As a result, our staff is very representative of the State's population as a whole.

We are registered with the State as a small or minority, and woman- owned business enterprise.

### *Staff Training*

We believe the level of training we provide is unmatched by any other accounting firm. **Our audit staff receives an average of 60 hours of continuing education annually, including an average of over 48 hours of municipal audit and accounting training. These are twice the amount required by professional standards.**

Our program places heavy emphasis on governmental accounting and auditing classes conducted by our own staff, supplemented by courses offered by the California Society of Certified Public Accountants, the American Institute of Certified Public Accountants, the Government Finance Officers Association, the California State Municipal Finance Officers Organization and the Association of California Water Agencies.

**We accomplish this task by reserving two weeks each year solely for staff training.** Our training is very specific and very participatory; lectures are almost non-existent as people are involved in a continual give-and-take format designed to educate while it helps us improve our services. We deal with specific clients and situations, we solve problems and do case studies, and we train people for real-life situations through role-play exercises. Everyone is equal in these exercises and everyone contributes their own experience in the field and the ideas they have formulated from that experience. **Suggestions coming out of staff training sessions are the source of most of the service improvements and refinements we make each year.**

## PARTNER, SUPERVISORY, AND STAFF QUALIFICATIONS AND EXPERIENCE (Continued)

A listing of our continuing education courses provided to all our staff, both certified and non-certified, over the past three years is as follows:

Area/Course	2020		2021		2022	
	Spring 40 Hrs.	Summer 40 Hrs.	Spring 40 Hrs.	Summer 40 Hrs.	Spring 40 Hrs.	Summer 40 Hrs.
<b>Auditing and Accounting Management</b>						
Municipal Audit - Practice Analysis and Review		book		book		book
Managing Municipal Audits - Audit Supervisors		book		book		book
Control Testing	book	book	book	book	book	book
<b>GAAP Updates</b>						
Cash, Debt, and Capital Asset Auditing Updates	book	book	book	book	book	book
GASB/FASB Update	book	book	book		book	
GASB 74/75	book		book	book	book	book
GASB 68	book		book	book	book	book
Journal Entry Testing	book		book		book	
<b>Compliance Audits</b>						
Transportation Audits - TDA, STIP and Measures A, B, C		book		book		book
RDA Compliance/Successor Agency Audit	book		book		book	
Single Audit Compliance	book		book	book	book	book
<b>Auditing Standards</b>						
Audit Standards Update			book		book	
New SASs, Risk Assessment and Impacts on Approach				book		book
Assessing Internal Control Risks/ Sample Sizes	book		book		book	
Updating our Audit Approach				book		book
Yellow Book Update		book		book		book
<b>IT/Paperless/Other</b>						
Team Building: Building and Maintaining Effective and Successful Teams			book		book	
CCH Paperless Audit Software/ Trial Balance Function				book		book
IT Information Systems Review Updates	book	book	book		book	
Professional Writing	book		book		book	

## SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES

As you can see from the client lists above, we have a winning combination that has resulted in **strong client loyalty and retention**. Several clients who left have returned after seeing the difference between our firm and our competitors. **Others have remained our clients after completing a full-blown proposal** process, most recently Contra Costa Water District, LAVTA, and Novato Sanitary District.

### **References**

Below are five similar engagements within the last five years. Maze and Associate completed all the work and we did not subcontract to another auditing firm.

**Contra Costa Water District** – A client from 2000 – 2010; returned in 2013 and again in 2021

Engagement Partners – David Alvey and Vikki Rodriguez

Audit Manager – Whitney Crockett

Contract cost (annual) - \$84,400 for fiscal year 2022

Total Hours – 547 hours for fiscal year 2022

Principal Contact – Nicole Snegosky, Accounting Manager (925) 688-8050

Address – 1331 Concord Avenue, Concord, CA 94520

Work Scope & Reports:

    District's Annual Comprehensive Financial Report

    Memorandum on Internal Control and Required Communications

    Retirement Plan Basic Financial Statements

    Other Post Employment Benefit Basic Financial Statements

    Contra Costa Water Authority (JPA) Basic Financial Statements

**Central Contra Costa Sanitary District** – A client since 2013

Engagement Partner – David Alvey and Vikki Rodriguez

Contract cost (annual) - \$32,000 for fiscal year 2022

Total Hours – 120 hours for fiscal year 2022

Principal Contact – Philip Leiber, Director of Finance and Administration (925) 229-7305

Address – 5019 Imhoff Place, Martinez, CA 94553

Work Scope & Reports:

    Annual Comprehensive Financial Report

    Memorandum on Internal Control and Required Communications

    Agreed Upon Procedures (Internal Audit)

    Annual Report of Financial Transactions

**Central California Irrigation District** – A client since 2017

Engagement Partner – David Alvey

Contract cost (annual) - \$26,073 for fiscal year 2022

Total Hours – 160 hours for fiscal year 2022

Principal Contact – Crystal Quintini, Secretary-Controller (209) 826-1421

Work Scope & Reports:

    Basic Financial Report

    Memorandum on Internal Control and Required Communications

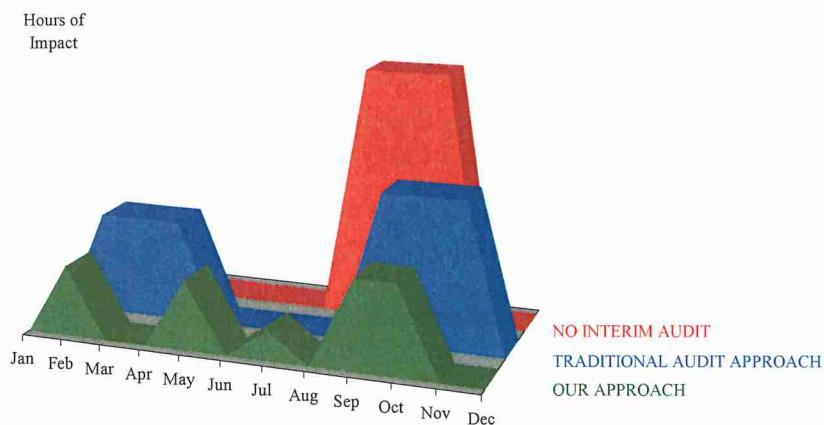
    Single Audit

## SPECIFIC AUDIT APPROACH

### Overview

Our audit strategy is designed specifically for municipalities. We perform half our audit well before year-end so we can identify problems early. Our strategy maximizes our efficiency and lessens the load on our clients. When engaged to prepare the financial statements, we prepare proformas of them for your review, well before year-end and we give you detailed interim and final-phase checklists of all the items we will need from you months in advance.

As you can see from the illustration below, our strategy significantly reduces our impact during the crucial year-end crunch.



**We will plan the audit in detail and prepare an Audit Plan** which details the information we will need from you to complete our interim and year-end audits, along with the person responsible for preparing it and the date they will have it ready. We tailor it to refer directly to the schedules you already prepare.

**We do not require special reports or reconciliations just for our audit.** We have found that coordinating our team and our client's staff works very well because it helps minimize the impact on your staff at year end. This way the Audit Plan includes most data we need from you so you and your staff can plan and schedule your work accordingly. **Our clients know from prior experience with our firm, that we excel at minimizing our impact on your staff.**

### Specific Audit Strategy – Interim

Unlike older-style firms, **we perform most of our important work at interim**, well before the end of the fiscal year. We use our interim work to identify and solve problems and plan the year-end closing and audit in detail. Well before we begin our interim work, we will send you a list of the items we need, so you will have time to prepare.

## SPECIFIC AUDIT APPROACH (Continued)

We forecast many year-end amounts at interim, so that we can limit the amount of work required at year-end and concentrate instead on areas of concern. For example, we normally perform all our cash and investment testing at interim, including sending confirmation letters to depositories and determining financial statement categorizations. Performing these last two steps at interim allows plenty of time to follow up on confirmations or resolve questions about the proper categorization of an investment without delaying the audit. As another example, we test long-term debt at interim and forecast year-end balances and transactions for each debt issue.

We use **remote inquiry** as much as possible at interim, in order to increase our efficiency and reduce our impact on your staff. We can download Board minutes and other documents from your website for review. Combining these abilities with our checklists has allowed us to perform larger portions of the audit in our own offices and reduce our questions to writing so that you have more time to deal with them.

### ***Laws, Regulations and Compliance***

Our audits are designed to ensure that we test transactions for compliance with the Single Audit Act and other applicable laws and regulations, including the California Government Code, provisions of applicable grant guidelines, California Constitution Gann Limit requirements, requirements of local measures, Transportation Development Act requirements, etc. We identify applicable laws and regulations as part of our audit planning each year.

To the extent possible, we also begin our tests of compliance with laws and regulations at interim, including use of the Uniform Guidance and the OMB Compliance Supplement and any other applicable compliance guidelines. Even if the work cannot begin until year-end we determine the applicable laws and regulations for our compliance testing so that we may incorporate the necessary information into our year-end closing checklist. Our audit samples for purposes of compliance vary based on the grant or compliance guidelines and are program-specific. The samples are stratified to ensure we test transactions that are representative of the costs charged to grants.

### ***Specific Audit Strategy – Analytical Procedures and Year End***

At year-end we do not repeat any of the work we performed at interim. Instead, we focus on the items in your Audit Plan and on the Basic Financial Statements. Our Engagement Partner and Supervisor will meet with you on the first day of the year-end audit to review the status of the year-end closing and to determine if modifications to our year-end approach are needed. This meeting sets the stage for the year-end audit; by this time the format and content of the financial statements is pretty well set and most audit adjustments have been identified. If we find any material adjustments, we will discuss them with you immediately and provide you with the journal entries required; we do not propose adjustments that are not material.

At the conclusion of our year-end work, our Engagement Partner and Supervisor, will review the Agency's financial statement drafts and provide feedback. Once the final financial statements draft is ready, a second partner not involved with the audit will perform a "quality assurance review" of the financial statements and workpapers so that we will be ready to sign the financial statement opinions as soon as possible.

You will find our strategy allows you to control the audit process, enables you to spread the work over the year as you wish and greatly reduces the pressure at year end.

## SPECIFIC AUDIT APPROACH (Continued)

### ***Audit IT Systems, Security and Going Green***

Hand-in-hand with our continuing investment in our people has been our increased investment in systems and hardware support. **We have a full-time IT staff who maintain our state-of-the-art systems capabilities and provide increasing levels of such service to our clients.**

Every person on our staff is provided with a Windows operating system PC networked with other audit team PCs and a printer via our own wireless LAN establish at the start of each audit in our client's office. Years ago, we completely eliminated hardcopy workpapers by converting to *ProSystems fx Engagement* paperless audit software published by Commerce Clearing House. We use Word as our word processor and Excel for preparation of financial statements and schedules and Outlook for personal information management.

Because of our shift from hardcopy documentation to softcopy and our obligation under professional standards to maintain confidentiality of client data, we instituted state-of-the-art security protections to ensure client data remains confidential and secure. For example, many CPAs use email as a method of communicating financial data to and from clients. But emails are not secure communications! We therefore employ a secure data file transfer system called "LeapFile" under which we exchange data files with our clients using a secure website. This keeps data confidential and has the added benefit of permitting downloads of large excel files or Microsoft Office files that may be erroneously rejected by some email scanning software. In the event one of our staff works out of the Agency's offices or telecommutes, they access data via our virtual private network. **Our VPN, LANs, and audit software are password protected and encrypted to ensure your data remains confidential and secure.**

We will also use some type of connection to the internet during our audit, but coordinate it with your IT Staff to ensure there are no breaches in security or protocols.

We have working experience with a broad range of accounting software and systems. We have reviewed and tested controls over these systems. We have used and tested reports produced by these systems. The newer systems allow on-line inquiry or query and custom report writing, and we use these functions whenever possible.

### ***Local Expertise and Resources***

Our expertise and resources are local which provides our clients with timely on-the-spot responses to issues and questions as they arise. Our Audit Supervisors are on site daily while the audit team is in the field. Our Engagement Partner is frequently checking on progress, discussing and resolving issues with the Audit Team, as well as meeting with our client as needed. In cases of highly complex operations or unusual issues, our Technical Review Partner is brought out to meet with the audit team and provide technical support, consultation and participate in meetings with our clients as needed. With all our resources available locally, our clients are assured of in depth, timely audits and expedient resolutions to questions and issues as they arise.

## SPECIFIC AUDIT APPROACH (Continued)

### ***System Controls, Transaction Cycle Processing Verification and Sample Sizes***

With any data processing system upon which we intend to rely as a means of reducing substantive testing, we perform a variety of tests to verify the accuracy of transaction processing, the reliability of system control points and authorization controls, appropriateness of profile structures including Super-user rights access, and automated functionality such as sub-ledger integration and auto-journal entry validity and set up controls.

Gaining an understanding of the design of relevant procedures, controls and authorization levels is integrated with our risk assessment procedures discussed under the ***Client Tailored Risk Assessment*** section below. As part of our risk assessment process we identify those transaction cycles we intend to rely on. Both processing procedures and controls that are to be relied on are tested with our audits.

Transaction cycle processing and control tests typically involve sampling techniques. Most of our transaction samples are selected and tested during the interim portion of our work. Each sample will run from twenty-five to sixty transactions in size. We use interval and judgment sampling techniques with a high degree of stratification. Most municipalities operate more than one major revenue system. Therefore, we typically determine which revenue transactions are processed with common procedures and controls and deem that to be a single population and subject it to a single sample. Other revenue cycles processed with separate controls are tested with their own samples. For example, it is common for separate samples to be selected for governmental receipts and each major enterprise fund. Transaction cycles we sample are dependent on materiality to each client's financial statements but typically include, payroll, disbursements, receipts, loans receivable, investments and budget transactions and in accordance with the requirements of Statement of Auditing Standards #99 we also sample journal entries. Samples from each grant audit or major federal award program are also made. Samples are triple purpose samples and we test for correct recording, compliance with applicable policy or regulation and key control attributes – both manual and automated. This includes verification of sub-ledger integration and auto-journal entry validity, if needed.

### ***Profiles, Access and Setup Controls***

Despite advances in information technology automation and system control features, classic segregation of duties concepts remain a mainstay for providing adequate internal controls. What has changed however, is the necessity to determine system profile structures and actual system access. We inquire how our clients establish and maintain system profiles for relevant staff with the objective of determining whether controls are in place to provide for adequate segregation of duties and to determine if system profiles are appropriate based on the individual's duties. We also determine how our clients monitor access and we test access through reviews of access logs, observation and in some extreme cases, with fully observed access attempts.

We will also inquire about procedures and controls used to ensure only those system functions and controls assigned to an employee are in fact setup in system profiles. Considerations include Super User Rights, system profile set up, and system authorization functionality such as transaction initiation, review and approval, automated entry setup and posting. Work typically involves inquiry of staff with Super-User Rights and determining how the organization provides a check and balance against the possibility that one person with Super-User Rights can intentionally or inadvertently assign unauthorized access. We often review access logs and examine approvals of profile changes and review authorization levels.

## SPECIFIC AUDIT APPROACH (Continued)

### ***Data Extraction***

We employ rather simple data extraction techniques these days since most modern systems provide easy download capabilities to text or Excel files. We have been utilizing data extraction for over fifteen years. We first began data extraction as a means of downloading data from our client's financial systems for upload directly into the financial statements. Then we expanded this to include transaction details, account information and other data contained in our client's systems that we need for audit. Our Chief Operations Officer, Chris Hunt, oversees our data extraction needs and has successfully worked with all of our clients and their systems to achieve data extractions for our use. We are extremely adept at converting from text, delimited and fixed width files, and with every system used by clients.

### ***Assessing Risks – Interim Phase***

Beginning with fiscal year 2007-2008 audits, a new set of Statements of Auditing Standards became effective and required that most auditors change the way they audit. Much of this new guidance came out of the aftermath of highly publicized audit failures such as Enron, Global Crossings and the like. The Statements make it clear that a generalized one-size-fits all audit approach will not be permitted. An audit must be based on a unique audit strategy customized to fit each client and its industry.

The primary objective of these Standards is to require the auditor's application of an audit risk model. The concept is that a set of financial statements should be evaluated for the underlying risks of material misstatement. Then, a customized audit should be tailored to test for misstatements and verify that controls are designed and in place to prevent and detect misstatements.

**We have consistently employed a risk-based concept from our firm's inception.** Our audit checklists and programs were originated by reference to *Audits of Local Governments* published by the Practitioners' Publishing Company (PPC), a third-party vendor specializing in producing audit guides for unique industries. But we have not simply used their guide as our approach. We have customized it further for the simple reason that California municipalities have many unique risks not faced by municipalities in other states. As you know, California state law and applicable regulations cover a wide variety of areas such as cash and investment management, redevelopment compliance, transportation development act programs, and child development programs. Indeed, even revenues of California municipalities are unusual and complex such as the past Triple Flip and Proposition 1A securitization.

Our primary objective in an audit of each client's financial statements is to opine on whether the financial statements, including disclosures, are free of material misstatement. Our opinion must be based on sufficient, appropriate audit evidence that we obtain, and this evidence must be documented. To achieve this objective, we further refine our approach to be responsive to each individual audit. We may reduce the scope of our substantive audit tests provided we conclude there are effective specific controls in place which would detect and correct misstatements due to errors or fraud.

## SPECIFIC AUDIT APPROACH (Continued)

### ***Fraud Considerations***

Beginning with our 2004 audits, we employed additional audit steps required by Statement of Auditing Standards #99, *Consideration of Fraud in a Financial Statement Audit*. SAS #99 requires auditors to consider risk areas that may be susceptible to fraud and to then modify their audit strategy. We have been employing a variation of the SAS #99 concept since the early 1990's. For example, for many of our recurring clients, we visited all of their cash collection sites. We performed cash counts and reviewed cash handling practices and procedures, including security measures employed to limit access to cash. This and our planning meetings with our clients' staff have resulted in the inclusion of a variety of special emphasis areas in our audits. We combine our fraud consideration brain storming sessions with our overall risk assessment process discussed below.

### ***Client Tailored Risk Assessment***

Our strategy to assessing risk begins with a brainstorming session of our audit team where they review your prior year financial statements and operations to identify areas of major audit risk. We also incorporate our consideration of other factors such as the risk of fraud, the economy, regulatory complexities or changes, credit market conditions and others into our initial assessment. We may also compare unusual transactions and estimates to those used by other municipalities or to current trends and issues. Since we are a niche firm specializing in California municipalities this is relatively easy. For example, certain development agreements are unique to municipalities. These agreements usually contain complex financial transactions and legal restrictions. With so much experience in this area we can quickly design an efficient response to these risks.

Major audit risks are further evaluated through consideration of relevant assertions to determine inherent risk due to error or fraud. For example, cash on hand has a relative higher inherent risk of loss due to theft than an infrastructure asset. High and medium inherent risk audit areas are further evaluated to determine relevant internal controls needed to prevent, detect and correct errors or fraud.

We start our evaluation of your internal controls by interviewing staff and meeting with Department heads as needed. We review policies and procedure manuals and other documentation to determine the design of procedures and controls. As part of our evaluations we document narrative memoranda outlining the duties of each pertinent person as well as our GRID evaluation of the important nexus control points. The GRID is our own design; it is a two-axis chart we use to identify potential conflicts of duties in your controls. We enhance our evaluation by reviewing system profile reports, paying special attention to super-user rights. This data is then used to determine the presence or absence of compensating controls designed to mitigate conflicts of duties vested in a single individual.

We then test to verify that procedures and controls are operating effectively such that they reduce the risk that errors or fraud could occur and go undetected and uncorrected. We use a variety of techniques to verify controls are effective including: sampling, observation, documentation of reviews, examining system access reports and comparisons with other data.

## SPECIFIC AUDIT APPROACH (Continued)

After this has been completed, we assess the risk of material misstatement which is determined by the relative inherent risk of an area and the associated control risk to plan our substantive tests. That is, the risk that controls are not in place or are not operating effectively. Areas with a low risk of material misstatement assessment may receive limited substantive procedures while those with a high risk of material misstatement will receive significant substantive procedures.

**We then design our final phase audit plan to ensure we obtain sufficient appropriate evidence about the financial statements and disclosures.** Specific audit procedures are developed and documented in our audit programs and we develop potential internal control points for further evaluation as to significance and communicate those to staff.

### ***Client Participation in the Risk Assessment Process***

Of course, any risk assessment process is incomplete without our clients' active participation. We hold meetings with senior finance staff and others within the organization to discuss their views and assessments of risks affecting the financial statements. Our inquiries are backed up by reviews of the annual budget, mid-year budget revisions, internal audit reports, grantor performance and monitoring correspondence and any other pertinent data we deem relevant.

We must also establish two-way communication with the Board and Finance Committee which we typically accomplish by meeting to discuss the audit process and timing, management representations and fraud considerations. For those organizations without an Audit Committee, we typically attend a Board meeting or meet with representatives of the Board.

### ***Assessing Risks – Final Phase***

Although the majority of our evaluations and testing of internal controls is completed with our interim testing, it is during the final phase that actual year end balances, transactions and disclosures are known, and our substantive procedures are employed. These procedures and data often reveal unusual or unexpected results that must be considered in the risk assessment process. Risk assessment processes are iterative and cumulative. That is, we must continually re-evaluate our assessments based on information and procedures gathered. It is not uncommon for an initial assessment and the corresponding substantive audit work to be restructured as a result of new data. Indeed, it is the intent of current audit standards that the audit be responsive to risks.

Our substantive procedures are selected to be responsive to the assessed risk and relevant assertion and typically involve analytical procedures, third-party confirmation, estimation techniques, mini-max tests, trend analyses, recomputations, corroboration with other tests, tests in total, sampling and comparisons to data gathered in other municipal audits.

Risk assessment procedures would be incomplete without an evaluation of the adequacy of our evidence obtained including internal control tests, any significant deficiencies or material weaknesses and substantive test results. **These factors are considered prior to the release of our opinion in a final re-assessment process that includes our quality assurance review.**

## SPECIFIC AUDIT APPROACH (Continued)

### ***Communication and Coordination***

**We will meet with you at the start of each phase of work and conduct an exit conference at the end of each phase of work. This will ensure you know everything we do, with plenty of time to address any issues.**

Two key objectives for a well-run audit are to ensure timely communication of the audit results and to provide for seamless coordination of the external auditors with staff. The concept is virtually identical to our Accounting Issues Memorandum and detailed Interim and Closing Checklists that we typically prepare for our clients.

The Accounting Issues Memorandum concept was originated by one of our staff over two decades ago to function as a partner's brief of an engagement's status. It worked so well we expanded it to all our audits and share it with our clients. It has proven to be an indispensable communication and coordination tool ever since. This informal memo condenses and summarizes the audit status and issues as of the end of our interim work. It includes housekeeping matters, major and minor potential findings, scheduled audit fieldwork start and finish dates, etc. We produce this memo right in your office before the conclusion of our interim work, so you have an idea of what we've found so far and whether there are areas that need work.

Our Memorandum on Internal Control is drafted at year-end and may include significant issues raised with our interim phase Accounting Issues Memorandum as well as issues arising from our year-end work. We review a draft with you, so that you will have plenty of time to consider the facts and discuss our findings before the audit results are presented to the Board and Finance Committee.

Our audit strategy emphasizes detail planning and coordination of our staff and client staff to complete the audit as efficiently as possible. We have found that completing all our work and our reports, if possible, as part of our fieldwork dramatically reduces the time required to issue final reports to our clients.

Our strategy allows our clients ample time to review all report drafts before issuance, while ensuring that all reports are issued timely.

### ***Internal Quality Assurance System***

Every one of our audit and assurance engagements has an Engagement Partner responsible for the successful completion of the work as well as ensuring we maintain quality levels that satisfy professional standards. Our very high Partner to staff ratio of one to six is double that of traditional firms. We specifically structure our work for on-site Engagement Partner participation while the audit is being conducted. This structure is by design to ensure we have active on the job oversight of staff and timely completion of the work.

We have always subjected our audit and assurance engagements to a second Quality Assurance Review. This is performed by a second partner that is not involved with the audit.

## SPECIFIC AUDIT APPROACH (Continued)

### ***Use of Electronic Resources***

As much as possible, we like to use electronic versions of documents. We find that this makes the audit not only efficient, but ecofriendly. We also set up OneDrive accounts in which files can be transferred regardless of their size.

### ***Confirmations***

As requested in the RFP, we confirm that we typically use bank confirmations to vouch cash and investments. From time to time, these confirmations can be difficult to obtain and we can use alternative procedures such as review of the monthly bank statements.

### ***Segmented Time***

Based on the review of the draft of the June 30, 2022 basic financial statements, we have estimated our time as follows:

Audit Activities	Budgeted Hours					Total	
	Partner	Quality	Supervisor	Staff			
				Associates	Admin.		
Planning & budget/Confirm/Checklists	1.00		3.00			4.00	
Fraud risk assessment	1.00		1.00			2.00	
Minutes-resolutions				1.00		1.00	
Report	4.00	1.00	8.00		2.00	15.00	
Supervision/review	4.00		12.00			16.00	
Conferences & meetings	1.00					1.00	
Management letter	1.00		1.00			2.00	
MD&A				1.00		1.00	
Accounting Issues Memo	0.50		1.00			1.50	
Analytical review	1.00					1.00	
Internal Control Evaluation				2.00		2.00	
Cash & Investments				5.00		5.00	
Revenue/Receivables				5.00		5.00	
Capital Assets				5.00		5.00	
Accounts Payable & accrued expenses				3.00		3.00	
Long Term Debt				4.00		4.00	
Commitments and contingencies				0.50		0.50	
Net position				0.50		0.50	
Self insurance/claims				1.00		1.00	
SCO				4.00		4.00	
<b>GRAND TOTAL</b>	<b>13.50</b>	<b>1.00</b>	<b>26.00</b>	<b>32.00</b>	<b>2.00</b>	<b>74.50</b>	

## SPECIFIC AUDIT APPROACH (Continued)

### *Prompt Service and Delivery of Reports*

We have always focused on reducing financial statement turn-around time and we have never missed a deadline. We are committed to adhere to the Agency's schedule and budget for the services outlined in the RFP. That schedule is as follows:

- Interim Fieldwork/Entrance Conference – May/June 2023
- Final Fieldwork/Entrance Conference – September 2023
- Draft Reports/Exit Conference – early October 2023
- Final Report – by mid-October 2023
- Meeting with the Board of Directors – late October/early November 2023

## IDENTIFICATION OF ANTICIPATED POTENTIAL AUDIT PROBLEMS

We will provide the Agency with whatever support it needs with regard to gaining an understanding of new pronouncements affecting the financial statements and our audits. Our consistent approach is to provide our clients with advance identification of new GASBs as they are issued. With every audit, we provide overviews of new pronouncements including effective dates and we review these with Agency/District staff.

In the year of implementation, we proforma new disclosures and add on additional data requests to our interim and closing checklists. For complex rules, we prepare course materials and conduct training and education sessions during interim for finance and other affected Agency/District staff to ensure they understand the requirements. We include the new GASB provisions as well as any additional resources such as implementation guides, practical application examples and additional technical resources and contacts. After Agency/District staff has had a chance to think about the Agency's operations, we conduct a follow-up conference to determine the potential impact to the financial statements and audit. In unusual cases we will schedule additional field work before year end to ensure the new rules do not affect year end timing.

We have not identified any potential audit problems related to the Livermore-Amador Valley Water Management Agency.

## REPORT FORMAT

We have provided the following links of sample standard report formats for your review:

### ***Contra Costa Water District***

Report: District Annual Comprehensive Financial Report

Link: <https://www.ccwater.com/ArchiveCenter/ViewFile/Item/369>

### ***Central Contra Costa Sanitary District***

Report: District Annual Comprehensive Financial Report

Link: [https://www.centralsan.org/sites/main/files/file-attachments/acfr\\_20-2021\\_final.pdf?1642728472](https://www.centralsan.org/sites/main/files/file-attachments/acfr_20-2021_final.pdf?1642728472)

### ***Dublin San Ramon Services District***

Report: District Annual Comprehensive Financial Report

Link: <https://www.dsrsd.com/home/showpublisheddocument/8546/638084223392000000>

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**TITLE:** Receive Presentation on the Operations Workforce Study**RECOMMENDATION:**

Staff recommends the Board of Directors receive a presentation on the Operations Workforce Study.

**DISCUSSION:**

The District's Operations Department and Field Operations Division are responsible for operating and maintaining facilities and ensuring compliance with federal and state regulations necessary to provide drinking water, recycled water, wastewater collection and treatment services to the community 24/7. In addition to these services, DSRSD is also a member agency of two Joint Powers Authorities, Dublin San Ramon Services District-East Bay Municipal Utility District Recycled Water Authority (DERWA) and Livermore-Amador Valley Water Management Agency (LAVWMA). Per agreements, DSRSD operates, maintains, and ensures regulatory compliance for the DERWA water recycling facilities and LAVWMA wastewater disposal system.

The last staffing study of the Operations Department was completed in 2004. At that time, the staffing level was 61 full time equivalents (FTEs), and the 2004 study projected that the staffing level would need to increase to 91 FTEs to meet the projected buildout needs of the District. The 2004 study did not mention the District's obligations to provide operations and maintenance support for LAVWMA or DERWA, partly because the study predated the District's agreement to take on responsibilities for operating the DERWA facilities. The 2004 study also assumed no changes in regulatory requirements *"that may require additional analytical testing, safety, or changes in equipment that impact staffing."*

Over the past 20 years, the District's service area has rapidly grown, and the amount of assets, including underground pipeline infrastructure, has more than doubled. While the Operations Department has added staff and undergone a series of reorganizations in the past 8 years to improve efficiencies, group core functions, and address span of control issues, the resources needed to address increasing regulatory requirements and properly operate and maintain infrastructure that has been added to the system over the last 20 years have outpaced the capacity of the Operations Department. The combined staffing level in the Operations Department and Field Operations Division is currently 75 FTEs.

In May 2022, the District engaged the services of a consulting firm, Raftelis, to perform a comprehensive Operations Workforce Study. The purpose of the study was to assess staffing levels to ensure current and future service levels are met, operations are aligned with best practices, efficiencies are maximized, and business continuity is considered. Over the last nine months, Raftelis has reviewed and analyzed staffing history, budget and capital data, facility and equipment information, and various other documents which affect the service delivery approach for DSRSD. Raftelis also interviewed over 40 staff members and worked closely with the senior management team throughout the study.

On March 7, 2023, the Raftelis project team will provide a presentation on the preliminary results of the Operations Workforce Study. The recommendations in this study are being used to inform staff's preparation of the upcoming operating budgets for fiscal years ending 2024 and 2025. Staff anticipates formally presenting the proposed two-year budget to the Board on May 16, 2023.

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)		



**TITLE:** Receive Draft Regional and Local Wastewater Rate Study, Authorize Proposition 218 Notice, and Set Public Hearing

**RECOMMENDATION:**

Staff recommends the Board of Directors receive a presentation on the Draft Regional and Local Wastewater Rate Study, authorize a Proposition 218 notice, and set a public hearing for May 2, 2023.

**SUMMARY:**

DSRSD local and regional wastewater rates are periodically reviewed to ensure financial sufficiency to meet operation and maintenance (O&M) and capital replacement costs, achieve reserve fund targets, realign rates to more closely reflect costs incurred, and adequately recover the local and regional enterprise's revenue requirements. As a public agency, DSRSD cannot collect more revenue than is necessary to recover the costs of providing those services. The District's last local and regional wastewater rate study was performed in 2017 for a five-year period. The Board authorized a one-year extension of the study in 2022 to allow a 2% inflation rate adjustment for both systems. A number of adjustments have been implemented administratively in the intervening years, as allowed by the adopting resolution.

DSRSD engaged the firm HDR Engineering, Inc. (HDR), to review the District's regional and local wastewater rates. A detailed discussion of the local and regional wastewater rate study and proposed rates for fiscal years 2024–2028 is included in this report. If approved, effective July 1, 2023, the combined regional and local bimonthly rates will decrease from \$82.62 to \$82.58 for single family residential customers, increase from \$56.93 to \$61.98 for condominium customers, and increase from \$48.22 to \$61.98 for multi-family developments. The Board will receive a presentation by staff and HDR on the residential rates as well as commercial, industrial, and institutional rates.

**BACKGROUND:**

Per the District's Rate Policies and Guidelines policy, included as Attachment 3, utility rates are to be reviewed no less than once every five years, in order to assess the fairness of the rates to the District's ratepayers and to ensure that the necessary revenue is available for the District's operating and replacement needs. Under the provisions of the policy, a rate study is to be completed in accordance with a number of industry-wide best management practices. The rate study considers the District's revenue requirements to meet costs and other financial obligations, the cost of service (portion of cost borne by different categories of customers), and appropriate rate design to achieve various public policy goals.

The District's last local and regional wastewater rate study was performed in 2017 for a five-year period. After beginning a new study in 2022, staff noted industrial wastewater strength data varied from historical averages. For this reason, staff proposed to continue the 10-year assumptions in the 2017 study in regard to a sixth-year extension which assumed a 2% inflation rate adjustment for local and regional wastewater rates. The 2% adjustment was a more conservative increase than the then-current February to February CPI of 5.19%, but provided the District time to true up the new study based on more accurate data sampling. This extension was financially accommodated given both the local and regional enterprise funds solid working capital balances.

**DISCUSSION:**

The local wastewater collection system is comprised of infrastructure to collect and convey wastewater from Dublin and southern San Ramon to the Regional Wastewater Treatment Plant. For the regional system, DSRSD treats wastewater at

Originating Department: Administrative Services	Contact: C. Ferreyra/C. Atwood	Legal Review: Yes
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 – Draft 2023 Local and Regional Cost of Service Study Attachment 2 –Draft Proposition 218 Notice of Proposed Increases to Local and Regional Wastewater Rates Attachment 3 –Rate Policies and Guidelines Policy (P400-16-1) Attachment 4 –Proposition 218 Receipt, Tabulation, and Validation of Written Protests Policy (P100-19-5)	84 of 221

the Regional Wastewater Treatment Plant for the District's local customers, as well as by contract for the City of Pleasonton (Pleasanton). Just under half of the regional system customers are within Pleasanton.

DSRSD's residential wastewater charges are collected as a supplemental item on the annual county property tax bill. Multi-family residential and non-residential customers (e.g., commercial, institutional, and industrial) are billed directly by the District on a bimonthly basis.

In 2022, District staff engaged HDR to review the District's regional and local wastewater rates and prepare the 2023 Regional and Local Cost of Service Study ("Study") provided as Attachment 1. The Study includes a 13-page executive summary. The Study utilizes three interrelated analyses to address the adequacy and proportionality of the District's rates:

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

In developing the Study, the District had a number of key objectives:

- Develop the Study in a manner that is consistent with the principles and methodologies established by the Water Environment Federation (WEF), Manual of Practice No. 27, Financing and Charges for Sewer Systems.
- Review and utilize best industry practices in establishing the District's regional and local rates, while recognizing and acknowledging the specific and unique characteristics of the District's regional and local systems.
- Utilize the findings from the District's rate study to establish cost-based and proportional rates for fiscal year (FY) 2024 through FY 2028.
- Propose rates which do not exceed the proportional cost of providing service to meet the legal requirements of Proposition 218 (Article XIII D of the California Constitution, approved by voters in 1996).

The Study examines the effects of growth, future expenditures, general inflation, and planned capital replacement funding, and develops a model for providing the necessary revenues to meet District obligations over the next five years. Moreover, the model looks ahead over the subsequent five years to examine future trends.

#### Proposition 218 Compliance

Increases in charges for "property related fees and charges" are subject to the "majority protest" provisions of Article XIII(D), Section 6 of the California Constitution. This provision was added by the voters through an initiative process in 1996, known as Proposition 218. Public involvement in the rate-setting process is mandated by Proposition 218. The District must mail out notices of proposed rate increases no less than 45 days prior to a scheduled public hearing on the rate increases. Under provisions of Proposition 218, if a majority of property owners file a written protest to the rate increases prior to the end of the public hearing, the District is prohibited from implementing the rate increases.

The process for notification and rate setting is as follows:

- Board receives background on proposed rates.
- Board directs issuance of required Proposition 218 notice to property owners and tenants.
- Board sets public hearing for a date not less than 45 days after the mailing of the Proposition 218 notice.
- Staff mails the Proposition 218 notices and posts the Regional and Local Rate Study on the District's website.
- Public hearing is held by the Board (at least 45 days after latest date that Proposition 218 notices are mailed). Protests may be filed up to the end of the public hearing.
- In absence of majority protest, the Board is at liberty to enact recommended rates.

#### Regional: Revenue Requirement & Cost of Service Analysis

The regional rate revenue requirement encompasses all the costs of operating, maintaining, and replacing the Regional Wastewater Treatment Plant, the Facultative Sludge Lagoons, the Dedicated Land Disposal Site, as well as related Livermore-Amador Valley Water Management Agency (LAVWMA) disposal costs. Regional revenues are broken down by type (e.g., DSRSD vs. Pleasanton ratepayers), and assume an annual customer growth factor informed by development

projections from the cities of Dublin and Pleasanton. The growth assumptions vary by year, but are less than 2% on average.

Regional expenses assumed in FY 2024 are based on the adopted FY 2023 Operating Budget, with assumptions applied to various expense categories to reflect the anticipated FY 2024 Operating Budget (currently under preparation). The same expense assumptions are then applied to each fiscal year thereafter.

The expense categories include:

- Personnel
- Materials and supplies (chemicals, energy, equipment/tools)
- Contract services (legal, professional, maintenance, printing, etc.)
- Transfer to reserves
- Capital replacements
- Other expenses (permits, overhead, contribution to LAVWMA JPA)

FY 2024 regional program revenues are estimated at \$24.4 million, while expenses are estimated at \$25.9 million, resulting in a \$1.5 million deficit. This deficit represents the rate revenues that should be recovered through rate adjustments.

HDR performed a cost of service analysis to determine the proportional distribution of the regional revenue requirement to the various customer classes. The cost of service considers the individual customer classes of service wastewater flows and strength levels to proportionally distribute the regional sewer operating and capital costs. The cost of service analysis results indicate that cost differences exist between the customer classes of service. The redistribution of the revenue requirement drives the individual customer class rate changes required to address the deficit between present rate revenue and the revenue requirement.

The single largest result of the analysis is the update to the distributed cost for the Dublin San Ramon Services District – East Bay Municipal Utility District Recycled Water Agency (DERWA). DSRSD charges DERWA for treatment of filter backwash streams that are discharged to the DSRSD wastewater treatment plant based on rates adopted by the DSRSD Board. Since operation of the DERWA Program began in 2006, DSRSD has studied wastewater treatments rates, but has not adjusted the backwash treatment rate. The distributed cost for DERWA is estimated to increase by \$1.35 million, from \$50,000 to \$1.4 million. The increase in cost is based on historical flow and strength sampling data and reflects the addition of the ballasted flocculation treatment system in 2018 and the significant increase in recycled water production that has occurred since operations began. The backwash treatment cost is an operational cost that is apportioned to DSRSD and EBMUD based on annual recycled water usage. A portion of this cost is reimbursed by Pleasanton through DERWA wholesale charges to Pleasanton.

Another result of the analysis is a redistribution of residential costs for multi-family/condominium customers based on updated flow data. The distributed costs, which are based on volume, have increased by just under \$1.1 million for this customer class. What this means in practical terms is that multi-family and condominium customers now make up a larger proportion of the total flow to the treatment plan, and a rate change is required to address the deficit between the present rate revenue from this customer class and the redistributed cost.

#### City of Pleasanton

By agreement between DSRSD and Pleasanton, Pleasanton is required to adopt the same regional wastewater treatment rates as the District. The analysis and results of the regional portion of the study has been coordinated with Pleasanton staff. Two staff meetings between the two agencies have been held over the last several months. Comments from Pleasanton staff have been incorporated into the Study.

#### Local Revenue Requirement and Cost of Service Analysis

Just like the effort for the regional system, the local revenue requirement analysis sums the local sewer system's operating and maintenance expenses and capital funding needs and compares it to the total revenues of the system to determine the overall rate adjustment required. The total revenue requirement is then compared to the total sources of

funds, which includes the rate revenues, at present rate levels, and other miscellaneous revenues (e.g., plan check and inspection services).

Rate revenues assume an annual customer growth factor, informed by development projections from the City of Dublin (Dublin). The growth assumptions vary by year, but are less than 2% on average. Miscellaneous revenues are projected in the year the plan check and inspection fee revenue will be collected, which is also based on development projections from Dublin.

Local expenses assumed in FY 2024 are based on the adopted FY 2023 Operating Budget, with assumptions applied to various expense categories to reflect the anticipated FY 2024 Operating Budget (currently under preparation). The same expense assumptions are then applied to each fiscal year thereafter.

The expense categories include:

- Personnel
- Materials and supplies (energy, equipment/tools)
- Contract services (legal, professional, maintenance, printing, etc.)
- Transfer to reserves
- Capital replacements
- Other expenses (permits, overhead)

FY 2024 local program revenues are estimated at \$5 million, while expenses are estimated at \$5.3 million, resulting in a \$300,000 deficit. This deficit represents the rate revenues that should be recovered through rate adjustments.

HDR performed a cost of service analysis to determine the proportional distribution of the local revenue requirement to the various customer classes. The cost of service considers the individual customer classes wastewater flows to proportionally distribute the local costs. Unlike the regional system, the local system does not have a treatment component, and thus wastewater strength is not a distinguishing factor. The allocation of costs is mostly volume based while a smaller component was allocated based on the number of customers.

The cost of service analysis results indicate that cost differences exist between the customer classes. The redistribution of the revenue requirement drives the individual customer class rate changes required to address the deficit between present rate revenue and the revenue requirement. Given the customer characteristics of each customer class, the previously developed revenue requirement for FY 2024 was proportionally distributed to the customer classes of service.

As was the case in the regional cost of service analysis, a redistribution of residential costs for multi-family/condominium customers was made based on updated flow data. The distributed costs, which are based on volume, have increased by \$130,000, from just under \$1.3 million to just over \$1.4 million for this customer class. Distributed costs for single family customers have increased by \$150,000, from \$2.65 million to \$2.8 million.

#### Rate Design and Proposed Rates

The final step of the Study is the design of rates to collect the desired levels of revenue, based on the results of the revenue requirement and cost of service analyses. The following discussion shows the impacts of recommended rate design changes adjustments. If approved, the proposed new rates will become effective July 1, 2023. Rates will be adjusted per a set schedule for the first two years (FY 2024 and 2025), while increases in the following three years (FY 2026 to 2028) will be set by and limited to inflation based on the annual February to February change in the Consumer Price Index (All Urban Consumers for San Francisco/Oakland/Hayward), as permitted by Government Code Section 53756.

#### Regional Rates

Table 1 provides the current and proposed bimonthly regional rates for residential customers. The residential regional rate structure is currently a fixed charge, billed bimonthly for multi-family customer types, and included on the property tax roll for single family, condominium, duplex, and townhouse customer types. The only proposed change to the residential rate structure is to set the multi-family and condominium customers to the same rate given the similar flows

and strengths of these two customer types. Some customer classifications will see a decrease in their rate (single family, townhouse, and duplex), while others will see an increase (condominium and multi-family). For FY 2025, the rates will increase by 3% from the FY 2024 rates. The proposed rates after FY 2025 will be set based on the actual change in the San Francisco/Hayward CPI based on the change in the February index of the current year to the prior year.

**Table 1 – Current and Proposed Regional (Treatment and Disposal) Bimonthly Residential Rates**

Customer Class	Current Rates (\$)	Effective July 1, 2023 (Fiscal Year 2024)	Effective July 1, 2024 (Fiscal Year 2025)	Effective July 1, 2025 Effective July 1, 2026 Effective July 1, 2027 (Fiscal Years 2026-28)
Single Family	59.53	58.22	59.97	Percentage increases will be set by and limited to inflation applied to the previous year's rate.
Townhouse	59.53	58.22	59.97	
Condominium	39.61	44.15	45.47	
Duplex	119.06	116.44	119.93	
Single Family w/ 2 <sup>nd</sup> Dwelling	92.67	102.37	105.44	
Multifamily	33.14	44.15	45.47	

Regional rates for commercial, institutional, and industrial customers currently have an individual rate for each customer class. Commercial and industrial rates are based on the customer's wastewater strength, indicated by "low," "medium," and "high" strength categories. For institutional customers, schools with submeters and schools without submeters, there is a volumetric charge based on metered water consumption. The proposed rates for these customers are recommended to be consolidated and replaced with bands representing different wastewater strengths. Each individual customer will be categorized into a specific strength rate band based on the strength of the wastewater. Table 2 shows *current* regional bimonthly rates for non-residential customer classifications. Table 3 shows *proposed* regional bimonthly rates for non-residential customer classifications.

**Table 2 – Current Regional Bimonthly Non-Residential Rates**

	Current	Effective July 1, 2023 (Fiscal Year 2024)
<b>Commercial (per CCF)</b>		
Low – Less than 300 mg/L	2.70	
Medium – Greater than 300 and less than 600 mg/L	5.43	
High – Greater than 600 mg/L	7.58	
<b>Institutional (per CCF)</b>		
Institutional	2.70	
School (submetered)	2.07	
School (non-submetered)	2.70	
<b>Industrial (per CCF)</b>		
Less than 1,000 mg/L	9.30	
Between 1,000 and 1,500 mg/L	11.69	
Greater than 1,500 mg/L	14.09	

These classifications have been expanded for more accurate allocation among commercial, industrial, and institutional customers. See Table 3 below for more details.

**Table 3 – Proposed Regional Bimonthly Non-Residential Rates**

<b>Commercial/Institutional/Industrial (per CCF)</b>	<b>Effective July 1, 2023 (Fiscal Year 2024)</b>	<b>Effective July 1, 2024 (Fiscal Year 2025)</b>	<b>Effective July 1, 2025 July 1, 2026 July 1, 2027 (Fiscal Years 2026-28)</b>
Less than or equal to 300 mg/L	3.29	3.39	
Between 300 and 450 mg/L	4.20	4.33	
Between 450 and 600 mg/L	5.12	5.27	
Between 600 and 750 mg/L	6.03	6.21	
Between 750 and 900 mg/L	6.94	7.15	
Between 900 and 1,050 mg/L	7.85	8.08	
Greater than 1,050 mg/L	To be determined by District on calculation basis		

Table 4 shows current and proposed regional bimonthly non-residential rates for special users. As discussed in the section above, the rate for DERWA has increased significantly to cover the proportional cost to treat the filter backwash for the Recycled Water Treatment Plant.

**Table 4 – Special Users Current and Proposed Regional Bimonthly Non-Residential Rates**

<b>DERWA</b>	<b>Current</b>	<b>Effective July 1, 2023</b>	<b>Effective July 1, 2024</b>	<b>Effective July 1, 2025 July 1, 2026 July 1, 2027</b>
\$/Connection	6.65			
Demand (\$/MG)	125.90	3,888.52	4,005.18	
BOD (\$/lb)	0.0579	0.3549	0.3655	
TSS (\$/lb)	0.0194	0.7164	0.7379	
<b>Septic Haulers (A1 Enterprises) (per CCF)</b>	0.0690	0.0358	0.0369	Percentage increases will be set by and limited to inflation*, applied to the previous year's rate.

#### Local Rates

Table 5 provides the current and proposed bimonthly local rates (collection system). The local residential rate structure is currently a fixed charge, billed bimonthly for non-residential and multi-family customer types, and included on the property tax roll for single family, duplex, and townhouse customer types.

Based on the cost of service analysis, the residential customer rates reflect the overall costs placed on the system. Non-residential rates, or commercial, institutional, and industrial rates are charged per unit of water consumed, which is also proposed to remain the same. For FY 2025, the local rates will increase by 7% compared to FY 2024 rates. The proposed rates after FY 2025 will be set based on the actual change in the San Francisco/Hayward CPI based on the change in the February index of the current year to the prior year.

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

Customer Class	Current Rates (\$)	Effective July 1, 2023 (Fiscal Year 2024)	Effective July 1, 2024 (Fiscal Year 2025)	Effective July 1, 2025 Effective July 1, 2026 Effective July 1, 2027 (Fiscal Years 2026-28)
Single Family	23.09	24.36	26.06	Percentage increases will be set by and limited to inflation applied to the previous year's rate.
Townhouse	23.09	24.36	26.06	
Condominium	17.32	17.83	19.07	
Duplex	46.18	48.72	52.13	
Single Family w/ 2 <sup>nd</sup> Dwelling	38.17	42.18	45.14	
Multi-family	15.08	17.83	19.07	
Non-Residential (\$/CCF)	1.23	1.29	1.38	

Combined Local and Regional Proposed Rates

While the study treats each system separately, ultimately, District customers are charged either bimonthly or on their property tax bill (depending on customer classification) for both local and regional services. For this reason, the current and proposed combined local and regional bimonthly rates for residential and non-residential in San Ramon and Dublin are shown in Table 6. Pleasanton customers will only be charged the regional rates in Tables 1 and 3, because DSRSD does not provide local (collection) services to Pleasanton.

**Table 6 – Current and Proposed Combined Local and Regional Bimonthly Rates – Residential**

Customer Class	Current Rates (\$)	Effective July 1, 2023 (Fiscal Year 2024)	Effective July 1, 2024 (Fiscal Year 2025)	Effective July 1, 2025 Effective July 1, 2026 Effective July 1, 2027 (Fiscal Years 2026-28)
Single Family	82.62	82.58	86.03	Percentage increases will be set by and limited to inflation, applied to the previous year's rate.
Townhouse	82.62	82.58	86.03	
Condominium	56.93	61.98	64.54	
Duplex	165.24	165.16	172.06	
Single Family w/ 2nd Dwelling Unit	130.84	144.55	150.58	
Multi-family	48.22	61.98	64.54	

In FY 2024, the combined local and regional bimonthly rate for single family, townhouse, and duplex customer classifications will be reduced slightly (a \$0.04 decrease), while multi-family and condominium rates, now combined into one rate, will increase (by \$5.05 for condominiums, and by \$13.76 for multi-family).

**Table 7 –Proposed Combined Local and Regional Bimonthly Rates – Non-Residential**

<b>Commercial/Institutional/Industrial (per CCF)</b>	<b>Effective July 1, 2023 (Fiscal Year 2024)</b>	<b>Effective July 1, 2024 (Fiscal Year 2025)</b>	<b>Effective July 1, 2025 July 1, 2026 July 1, 2027 (Fiscal Years 2026-28)</b>
Less than or equal to 300 mg/L	4.58	4.77	Percentage increases will be set by and limited to inflation, applied to the previous year's rate.
Between 300 and 450 mg/L	5.49	5.71	
Between 450 and 600 mg/L	6.41	6.65	
Between 600 and 750 mg/L	7.32	7.59	
Between 750 and 900 mg/L	8.23	8.53	
Between 900 and 1,050 mg/L	9.14	9.46	
Greater than 1,050 mg/L	To be determined by District on calculation basis		

Requested Board Action and Next Steps

Staff recommends the Board of Directors receive a presentation on the Study, authorize a Proposition 218 notice, and set a public hearing to consider adoption of the rates for May 2, 2023. The draft Proposition 218 notice is included as Attachment 2 to this report. The notice has been reviewed by legal counsel and is in accordance with the law. The notice will be mailed no later than March 17, 46 days before the scheduled public hearing. Protests will be tabulated and validated in accordance with Proposition 218 Receipt, Tabulation, and Validation of Written Protests policy included as Attachment 4.

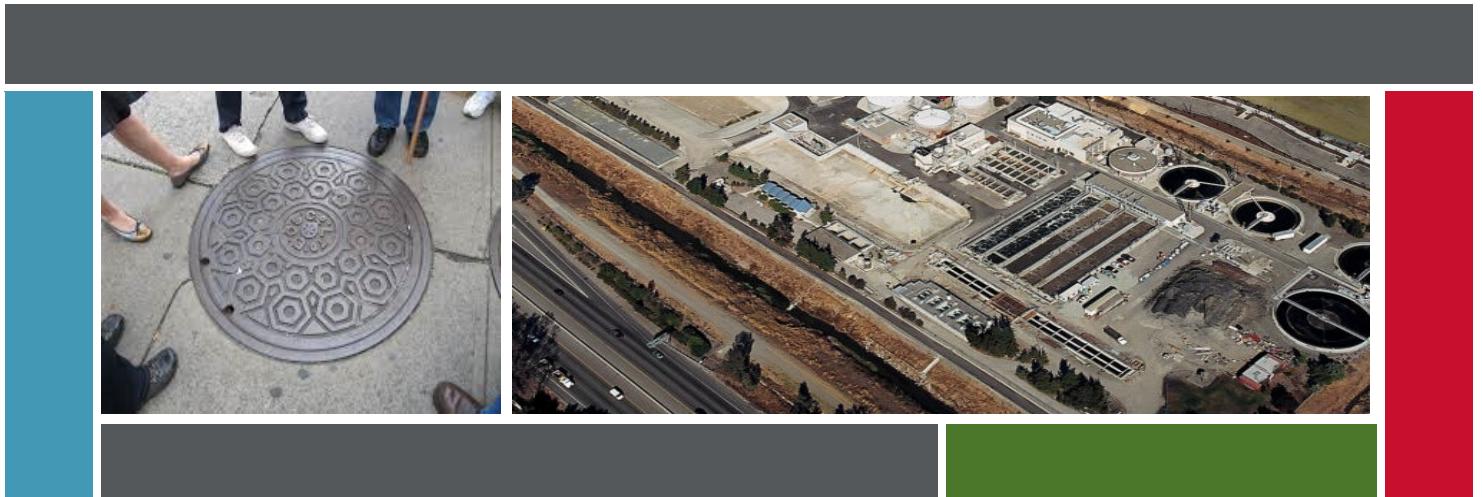
Staff intends to provide additional outreach to institutional customers (schools) to assist them in understanding the impacts of the proposed rate adjustments.



**Dublin San Ramon  
Services District**

*Water, wastewater, recycled water*

## Draft Report



**Dublin San Ramon Service District**  
Sewer Cost of Service Study  
February 28, 2023



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Ms. Carol Atwood  
Administrative Services Director  
Dublin San Ramon Services District  
7051 Dublin Blvd.  
Dublin, California 94568

Subject: Comprehensive Regional and Local Sewer Rate Study

Dear Ms. Atwood:

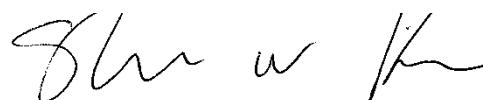
HDR Engineering, Inc. (HDR) is pleased to present the final report on the comprehensive regional and local sewer rate study conducted for the Dublin San Ramon Services District (District). The key objective of this study was to develop regional sewer rates that generate sufficient revenue to fund the regional system operating and capital needs. The regional system is comprised of primarily treatment and transmission that serves both the District's customers and the City of Pleasanton sewer customers.

The study also includes an update to the local sewer fund which is comprised of the District's local collection system serving customers in the District's local service area and does not include the City of Pleasanton. This report outlines the approach, methodology, findings, conclusions and recommendations of the comprehensive rate study process.

The conclusions and recommendations contained within this report provide a financial plan that meets the operating and capital needs of the system. Furthermore, this report provides the basis for developing and implementing regional and local sewer rates that are cost-based and proportional to both regional and local customers.

We appreciate the assistance provided by the District management team and District staff in the development of this study.

Sincerely yours,  
HDR Engineering, Inc.



Shawn Koorn  
Associate Vice President



## Table of Contents

Executive Summary.....	1
Introduction .....	1
Goals and Objectives .....	1
Study Overview.....	2
Key Regional Sewer Study Results .....	3
Summary of the Regional Sewer Revenue Requirement Analysis.....	4
Summary of the Regional Sewer Cost of Service Analysis .....	6
Summary of the Regional Rate Design .....	7
Key Local Sewer Study Results.....	9
Summary of the Local Sewer Revenue Requirement Analysis .....	10
Summary of the Local Sewer Cost of Service Analysis.....	12
Summary of the Local Rate Design.....	13
Summary .....	13
1    Introduction .....	14
1.1    Goals and Objectives.....	14
1.2    Overview of the Rate Study Process.....	14
1.3    Report Organization .....	16
1.4    Summary.....	16
2    Overview of Sewer Rate Setting Principles.....	17
2.1    Generally Accepted Rate Setting Principles .....	17
2.2    Determining The Revenue Requirement .....	17
2.3    Cost of Service Analysis .....	18
2.4    Designing Sewer Rates .....	19
2.5    Summary.....	19
3    Development of the Revenue Requirement .....	20
3.1    Determining the Revenue Requirement .....	20
3.1.1    Establishing a Time Frame.....	20
3.1.2    Method of Accumulating Costs.....	21
3.2    Regional Sewer Revenue Requirement .....	21
3.2.1    Projection of Regional Revenue .....	21
3.2.2    Projection of Regional O&M Expenses.....	22
3.2.3    Projection of Capital Replacement Funding.....	23
3.2.4    Projection of Debt Service .....	23
3.2.5    Summary of the Regional Sewer Revenue Requirement .....	23
3.3    Local Sewer System Revenue Requirement .....	25
3.3.1    Projection of Local Revenue.....	25
3.3.2    Projection of Local Sewer O&M Expenses.....	26
3.3.3    Projection of Local Capital Replacement Funding.....	26
3.3.4    Projection of Local Debt Service.....	26
3.3.5    Summary of the Local Sewer Revenue Requirement.....	27
3.4    Consultant's Conclusions.....	29
3.5    Summary.....	29

4	Development of the Cost of Service.....	30
4.1	Objectives of a Cost of Service Study .....	30
4.2	Sewer Customer Classes of Service.....	30
4.2.1	Regional Customer Classes of Service.....	30
4.2.2	Local Sewer Customer Classes of Service .....	32
4.3	General Cost of Service Procedures .....	33
4.3.1	Functionalization of Costs .....	33
4.3.2	Allocation of Costs .....	33
4.3.3	Development of Distribution Factors.....	34
4.4	Functionalization and Allocation of the Revenue Requirement .....	35
4.5	Distribution Factors for the Cost of Service .....	36
4.5.1	Regional Distribution Factors .....	36
4.5.2	Local System Distribution Factors .....	37
4.6	Assumptions of the Cost of Service Analysis.....	38
4.7	Summary of the Sewer Cost of Service Analysis.....	38
4.7.1	Regional Cost of Service Analysis.....	38
4.7.2	Local Cost of Service Analysis .....	40
4.8	Consultant's Conclusions and Recommendations.....	41
5	Development of the Sewer Rate Design .....	42
5.1	Development of Cost-Based Sewer Rates .....	42
5.2	Overview of the Rate Adjustment by Class of Service .....	43
5.2.1	Proposed Rate Adjustments By Class of Service.....	43
5.3	Regional Rate Design .....	44
5.3.1	Residential Rates.....	44
5.3.2	Non-residential Rates.....	45
5.3.3	Regional Special User Rates.....	47
5.3.4	Proposed Non-Residential Regional Rates .....	48
5.4	Local Sewer Rate Design .....	49
5.5	Summary of the Comprehensive Sewer Rate Study.....	50

## Appendices

# Executive Summary

## Introduction

HDR Engineering, Inc. (HDR) was retained by Dublin San Ramon Services District (District) to perform a comprehensive regional and local Sewer rate study. The purpose of this study is to determine the adequacy of the existing regional and local sewer rates and propose recommended changes to address any revenue shortfalls.

The regional wastewater system (“regional system”) includes the wastewater treatment facilities which serve the District’s regional service area, including southern San Ramon and Dublin, and by contract, the City of Pleasanton. The regional system has a set of standalone funds where regional revenue is collected and regional operating and capital expenses are funded. Separate from the regional system, the District operates the local wastewater collection system (“local system”). The local system is comprised of the collection system which serves the District’s local service area. The District’s local sewer system also has a set of standalone funds where revenue is collected and local collection operating and capital expenses are funded.

As part of this study, the current local and regional rate structures were reviewed. In coordination with District staff, a revised rate structure was developed for the regional commercial, industrial, and institutional customers. The primary change in the regional rate structure was to consolidate the rates for these three customer classes into a single rate structure that has several bands of rates based on the average strength of the wastewater. The residential rate structure was maintained and only the level of regional rate structure was revised. The local rate structure was also reviewed and the proposed rates maintained the current local sewer rate structure and only the level of the local collection rate was adjusted. This report describes the methodology, findings, and conclusions of the regional and local sewer rate study process.

## Goals and Objectives

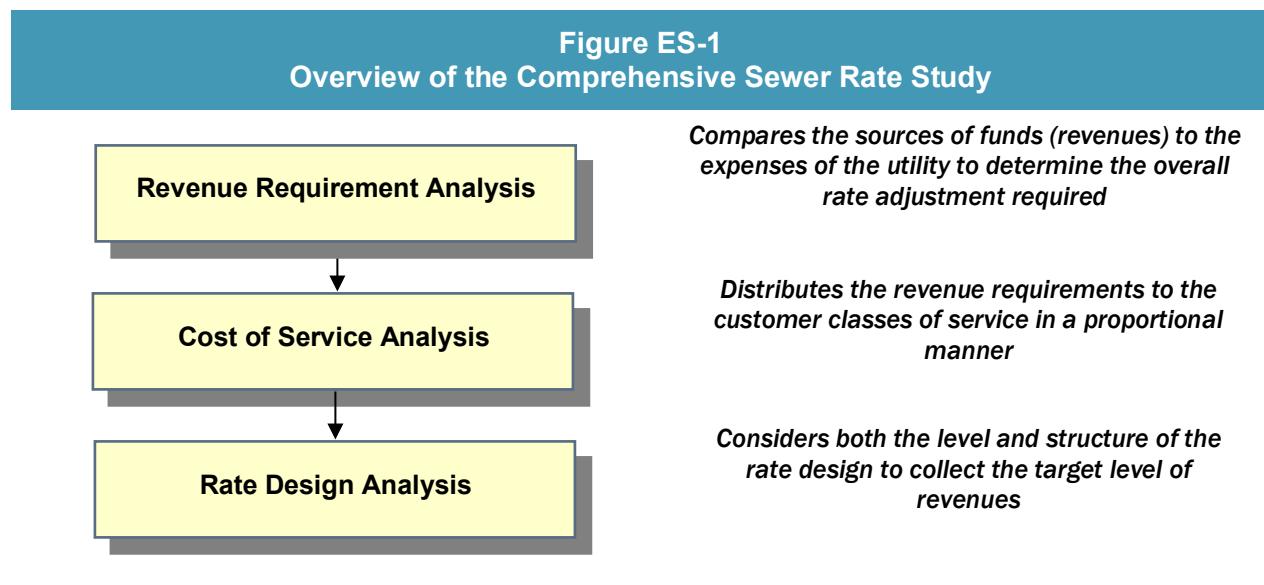
In developing the local and regional sewer rate study, the District had a number of key objectives (shown below), which served to provide a framework for any policy decisions which resulted from the study.

- Develop the study in a manner that is consistent with the principles and methodologies established by the Water Environment Federation (WEF), Manual of Practice No. 27, Financing and Charges for Sewer Systems.
- Review and utilize best industry practices in establishing the District’s regional and local rates, while recognizing and acknowledging the specific and unique characteristics of the District’s regional and local systems.

- Utilize the findings from the District's rate study to establish cost-based and proportional rates for fiscal year (FY) 2024 through FY 2028.
- Propose rates which do not exceed the proportional cost of providing service to meet the legal requirements of Proposition 218 (Article 13 XII of the California Constitution, approved by voters in 1996).

## Study Overview

A comprehensive rate study utilizes three interrelated analyses to address the adequacy and proportionality of a utility's rates. These three analyses are a revenue requirement, cost of service, and a rate design.



The above comprehensive rate study framework was used to review both the regional and local sewer systems individually.

## Key Regional Sewer Study Results

In conducting the comprehensive review of the District's regional sewer rates, the regional sewer system was evaluated on a "stand alone" basis to determine the level of rates needed to adequately fund both operating expenses and capital infrastructure needs. These findings must be balanced against the rate impacts to customers.

Based on the technical analysis, the following findings, conclusions, and recommendations were noted for the regional sewer rate study.

- Rate revenues were calculated and projected using recent customer account and billing data provided by the District. Each customer class was analyzed separately, as well as, between Dublin-San Ramon and City of Pleasanton customers.
- A ten-year revenue requirement analysis was developed for the regional system for FY 2023 through FY 2032. Recommended rate adjustments are proposed based on the cost of service results for FY 2024 and FY 2025. The adjustments are proposed to become effective July 1, 2023 and will maintain the District's regional rates at cost-based levels.
- Distribution factors for the cost of service analysis were based on data and information provided by the District. Further discussion of these assumptions and the resulting allocation factors can be found in the cost of service section later in this report.
- The cost of service indicated cost of service differences between the customer classes of service. This study has proposed that cost of service adjustments be made between the customer classes of service to move to cost-based rates.
- Based on the results of the revenue requirement and cost of service study, proposed rates were developed for FY 2024 through FY 2028.
- Rates were reviewed and restructured to simplify and better reflect the cost of service for each customer class. Specific revisions to the regional sewer rate structure included:
  - Multifamily and Condominium customer classes were combined
  - Commercial, Institutional, and Industrial rates were combined and six new strength level based rates were developed starting at domestic levels through 1,050 milligrams per liter for either suspended solids or biochemical oxygen demand.

A more detailed summary of the comprehensive regional rate study is provided later in the report.

## Summary of the Regional Sewer Revenue Requirement Analysis

The District provides regional wastewater treatment directly to the City of Dublin, the southern portion of the City of San Ramon, and also the City of Pleasanton, by contract. The regional sewer revenue requirement analysis sums the regional sewer system's operating and maintenance expenses and reserve fund transfers used for capital project funding and compares it to the total revenues of the system to determine the overall rate adjustment required. District staff updated the revenue requirement based on current budget and customer characteristics. HDR reviewed the revenue requirement as part of the study.

For this study, a revenue requirement analysis was developed for the 10-year period of FY 2023 through FY 2032. It has been the District's policy to conduct routine rate studies to determine the needs for rate adjustments over several years.

For the revenue requirement analysis, a "cash basis" approach was utilized to accumulate the District's costs. This methodology conforms to industry standards and is reflective of the methodology used by the District in past studies. The primary financial inputs in the development of the revenue requirement were the District's Fiscal Year 2022-2023 Operating Budget documents and Capital Improvement Program. Table ES-1 presents a summary of the regional sewer revenue requirement analysis as updated by District staff.

It is important to note the annual deficiencies in Table ES-1 are cumulative. That is, any adjustments in the initial years will reduce the deficiency in the later years. Over the projected ten-year time period, rate revenue needs to be adjusted approximately 32% in order to adequately and properly fund the District's regional sewer system operating, maintenance and capital replacement needs. Once the initial rate revenue adjustments in FY 2024 (6.6%) and FY 2025 (3%) are implemented, future rate adjustments are a function of inflationary assumptions in operating and maintenance expenses. It should also be noted that while Table ES-1 does not include any annual debt service payments, the District is currently obligated to pay Livermore Amador Valley Water Management Agency (LAVWMA) for LAVWMA debt and this cost is shown as an "other expense."

The analysis focused on the proposed rate revenue adjustments for FY 2024 through 2028. Each customer class was adjusted according to its customer class impact on the overall regional sewer system. A further discussion can be found in the cost of service portion of the report.

**Table ES-1**  
**Regional System Revenue Requirement (\$000)**

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
<b>Sources of Funds</b>										
Rate Revenue										
Dublin San Ramon	\$12,214	\$12,341	\$12,461	\$12,637	\$12,860	\$13,051	\$13,150	\$13,205	\$13,256	\$13,313
Pleasanton	10,606	10,606	10,694	10,781	10,868	10,968	11,068	11,167	11,268	11,369
Miscellaneous Revenue	<u>1,336</u>	<u>1,481</u>	<u>1,506</u>	<u>1,531</u>	<u>1,556</u>	<u>1,583</u>	<u>1,611</u>	<u>1,635</u>	<u>1,651</u>	<u>1,669</u>
Total Source of Funds	\$24,156	\$24,428	\$24,661	\$24,949	\$25,284	\$25,602	\$25,829	\$26,007	\$26,175	\$26,351
<b>Applications of Funds</b>										
O&M Expenses										
Personnel Services	\$8,914	\$9,334	\$9,600	\$9,880	\$10,152	\$10,379	\$10,825	\$11,304	\$11,812	\$12,349
Material & Services	3,690	3,836	3,988	4,147	4,312	4,484	4,664	4,851	5,046	5,250
Contract Services	1,620	1,668	1,719	1,770	1,823	1,878	1,934	1,992	2,052	2,114
Other Expenses	7,301	7,534	7,775	8,026	8,288	8,560	8,844	9,139	9,446	8,550
Debt Service	0	0	0	0	0	0	0	0	0	0
Transfer to Reserves	1,117	1,159	1,203	1,249	1,296	1,346	1,397	1,451	1,507	1,565
Capital Replacement	<u>2,100</u>	<u>2,400</u>	<u>2,700</u>	<u>3,000</u>	<u>3,300</u>	<u>3,700</u>	<u>4,100</u>	<u>4,500</u>	<u>4,500</u>	<u>4,500</u>
Total Application of Funds	\$24,742	\$25,931	\$26,984	\$28,071	\$29,171	\$30,347	\$31,763	\$33,237	\$34,362	\$34,327
Balance/(Deficiency) of Funds	(\$586)	(\$1,503)	(\$2,323)	(\$3,123)	(\$3,887)	(\$4,745)	(\$5,935)	(\$7,230)	(\$8,187)	(\$7,976)
Balance as % of Rev from Rates	2.6%	6.6%	10.0%	13.3%	16.4%	19.8%	24.5%	29.7%	33.4%	32.3%
<b>Proposed Revenue Adjustment</b>	<b>0.0%</b>	<b>6.6%</b>	<b>3.0%</b>							

## Summary of the Regional Sewer Cost of Service Analysis

A cost of service analysis determines the proportional distribution of the regional sewer revenue requirement to the various customer classes. The cost of service considers the individual customer classes of service wastewater flows and strength levels to proportionally distribute the regional sewer operating and capital costs. A summary of the regional sewer cost of service analysis is shown in Table ES-2.

Two key changes resulted from the cost of service analysis:

1. Non-Residential: Movement to a single rate structure comprised of rate bands that represent different levels of wastewater strength for commercial, institutional, and industrial customers types. Non-residential customer's cost of service results were used to develop unit cost by volume, Biochemical Oxygen Demand (BOD) and Total Suspended Solids (TSS). DSRSD-EBMUD Recycled Water Authority (DERWA) and Septic Haulers were not included in the combined non-residential customer class, but instead were calculated individually due to those user's higher strength levels.
2. Residential: Combination of multifamily and condominium customer types given their similar strength and flow characteristics.

**Table ES-2**  
**FY 2024 Regional Sewer Cost of Service Results (\$000)**

	Present Rate Revenue	Distributed Costs	\$ Change	% Change
<b>Residential</b>				
Single Family/ Townhome	\$13,496	\$13,198	\$298	-2.2%
Multifamily/ Condominium	\$4,353	\$5,445	(\$1,092)	25.1%
<b>Commercial, Institutional, and Industrial</b>				
	\$5,026	\$	\$637	-12.7%
<b>Special Users</b>				
DERWA Internal Backwash	\$50	\$1,407	(\$1,357)	2738.8%
A1 Enterprise (Septic)	\$23	\$12	\$11	-48.0%
<b>Total System</b>	<b>\$22,947</b>	<b>\$24,450</b>	<b>(\$1,503)</b>	<b>6.6%</b>

The cost of service analysis results indicate that cost differences exist between the customer classes of service. Based on the results of the cost of service analysis it is proposed that cost of service adjustments be made to establish the FY 2024 rates. Proposed rates were developed for the regional sewer system to reflect the proportional distribution of costs.

## Summary of the Regional Rate Design

The final step of the District's sewer regional rate study is the design of rates to collect the desired levels of revenue, based on the results of the revenue requirement and cost of service analyses. In reviewing the District's rates, consideration is given to the level of the rates and the structure of the rates. The proposed rates within this report reflect the findings, conclusions and recommendations of the District's revenue requirement and cost of service analysis.

Table ES-3 provides the proposed bi-monthly regional rates for residential customers. The residential regional rate structure is currently a fixed charge, billed bi-monthly for condominium and multifamily customer types, and included on the property tax roll for single family (with or without second dwelling units), duplex, and townhouse customer types. The only proposed change to the residential rate structure was to set the multifamily and condominium customers to the same rate given the similar flows and strengths of these two customer types.

**Table ES-3**  
**Regional System Residential Sewer Rates**

Customer Class	Current Rates	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Single Family	\$59.53	\$58.22	\$59.97	\$61.77	\$63.62	\$65.53
Townhouse	\$59.53	\$58.22	\$59.97	\$61.77	\$63.62	\$65.53
Condominium	\$39.61	\$44.15	\$45.47	\$46.84	\$48.24	\$49.69
Duplex	\$119.06	\$116.44	\$119.93	\$123.53	\$127.24	\$131.05
Single Family Home with 2nd Dwelling Unit	\$92.67	\$102.37	\$105.44	\$108.60	\$111.86	\$115.22
Multifamily	\$33.14	\$44.15	\$45.47	\$46.84	\$48.24	\$49.69

Commercial, institutional, and industrial rates presently have an individual rate for each customer class. Commercial and industrial rates are based on the customer's wastewater strength, indicated by "low," "medium," and "high" strength categories. For institutional customers, schools with submeters and schools without submeters, it is a volumetric charge based on metered water consumption. The proposed rates for these customers are recommended to be consolidated and replaced with bands representing different wastewater strengths. Each individual customer will be categorized into a specific strength rate band based on the strength of the wastewater. Table ES-4 shows the current rates and the proposed rates.

**Table ES-4**  
**Regional System Non-Residential Sewer Rates**

Customer Class	Current Rates	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<b>Commercial</b>						
Low - Less than 300 mg/L	\$2.70	NA	NA	NA	NA	NA
Medium - Greater than 300 and less	\$5.43	NA	NA	NA	NA	NA
High - Greater than 600 mg/L	\$7.58	NA	NA	NA	NA	NA
<b>Institutional</b>						
Institutional	\$2.70	NA	NA	NA	NA	NA
School (submetered)	\$2.07	NA	NA	NA	NA	NA
School (non-submetered)	\$2.70	NA	NA	NA	NA	NA
<b>Industrial</b>						
A - Less than 1,000 mg/L	\$9.30	NA	NA	NA	NA	NA
B - Between 1,000 and 1,500 mg/L	\$11.69	NA	NA	NA	NA	NA
C - Greater than 1,500 mg/L	\$14.09	NA	NA	NA	NA	NA
<b>Commercial/Institutional/Industrial</b>						
Less than or equal to 300 mg/L	NA	\$3.29	\$3.39	\$3.49	\$3.60	\$3.71
Between 300 and 450 mg/L	NA	\$4.20	\$4.33	\$4.46	\$4.59	\$4.73
Between 450 and 600 mg/L	NA	\$5.12	\$5.27	\$5.43	\$5.59	\$5.76
Between 600 and 750 mg/L	NA	\$6.03	\$6.21	\$6.39	\$6.58	\$6.78
Between 750 and 900 mg/L	NA	\$6.94	\$7.15	\$7.36	\$7.58	\$7.81
Between 900 and 1,050 mg/L	NA	\$7.85	\$8.08	\$8.33	\$8.58	\$8.83
Greater than 1,050 mg/L	To Be Determined by the District on an Individual Calculation					
<b>DERWA</b>						
\$/Connection	\$6.65	NA	NA	NA	NA	NA
Demand (\$/MG)	\$125.90	\$3,888.52	\$4,005.18	\$4,125.33	\$4,249.09	\$4,376.5
BOD (\$/lb)	\$0.0579	\$0.3549	\$0.3655	\$0.3765	\$0.3878	\$0.3994
TSS (\$/lb)	\$0.0194	\$0.7164	\$0.7379	\$0.7600	\$0.7828	\$0.8063
Septic Haulers (A1 Enterprises)	\$0.0690	\$0.0358	\$0.0369	\$0.0380	\$0.0391	\$0.0403

The change in the proposed rates for commercial, institutional, and industrial recognizes that most of the customers in those classes had strength levels less than 1,000 mg /l and there was a minimal difference between a unit of commercial wastewater and a unit of industrial wastewater. It was also determined that the revision to the rate structure would provide a more equitable approach to establishing rates for these customers given the proposed rates will provide a better representation of the differing levels of strength between these customers.

The DERWA rate structure was modified to eliminate the monthly connection charge while retaining the demand, BOD and TSS charges which have been adjusted to reflect the results of the cost of service study. The septic hauler rate structure was maintained and the level of the rate adjusted to reflect the cost of service analysis.

As a point of reference, the proposed inflationary rates after FY 2024 will be set based on the actual change in the San Francisco/Hayward CPI based on the change in the February index of the current year to the prior year. The regional sewer rates, as proposed herein, are cost-based and proportional and were developed using generally accepted rate making methods and principles. The proposed rates should enable the District's regional sewer system to operate in a financially sound and prudent manner.

## Key Local Sewer Study Results

The process used to conduct the comprehensive review of the District's local sewer rates, was similar to the regional sewer system in that it was based on industry standard approaches and evaluated on a "stand alone" basis to determine the level of rates needed to adequately fund both operations and maintenance, and transfer payments for capital infrastructure. These findings must be balanced against the rate impacts to customers.

Based on the technical analysis undertaken as part of this study, the following findings, conclusions, and recommendations were noted for the local sewer system.

- Rate revenues were calculated and projected from recent customer and billing data provided by the District for each customer class of service.
- A revenue requirement analysis was developed for the local sewer system for FY 2023 – FY 2032. Recommended rate adjustments were made using cost of service results for FY 2024 through 2028.
- Adjustments are proposed to become effective July 1, 2023 and will move the District's local sewer rates to a more cost-based level.
- Cost of service analysis distribution factors were based on data and information provided by the District. Due to the nature of the system, the analysis was less complicated than the regional system as costs are primarily incurred based on the volume of the wastewater, (unlike the regional system which includes wastewater strength considerations).
- The analysis indicated cost of service differences between the various customer classes. This study proposes that cost of service adjustments be made between the various customer classes to move towards cost-based rates.
- Based upon the results of the revenue requirement and cost of service study, proposed rates were developed for FY 2024 through FY 2028.

- Rates for the local sewer system need to be grouped in the same way as the regional system so that the local and regional system rate can be coupled and charged to the District's customers. Like the regional system the rates were restructured to simplify the rates. Specific changes to the rate included:
  - Multifamily and Condominiums were combined
  - Commercial, institutional, and Industrial rates were combined.

## Summary of the Local Sewer Revenue Requirement Analysis

The sewer revenue requirement analysis sums the local sewer system's operating and maintenance expenses and capital funding needs and compares it to the total revenues of the system to determine the overall rate adjustment required. District staff updated the revenue requirement based on current FY 2023 budget and customer characteristics. HDR reviewed the revenue requirement as part of the study.

A revenue requirement analysis was developed for a projected 10-year period of FY 2023 through FY 2032. It has been the District's policy to conduct regular rate studies to determine the needs for rate adjustments over several years. A cash basis approach was utilized to accumulate the District's costs. This methodology conforms to industry standards and is reflective of the methodology used by the District in past studies. The primary financial inputs in the development of the revenue requirement were the District's Fiscal Year 2022-2023 Operating Budget documents and Capital Improvement Program. Table ES-5 provides a summary of the local system revenue requirement analysis as updated by District staff.

**Table ES-5**  
**Local System Revenue Requirement (\$000)**

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
<b>Sources of Funds</b>										
Rate Revenue										
Dublin San Ramon	\$4,408	\$4,493	\$4,573	\$4,692	\$4,842	\$4,970	\$5,036	\$5,073	\$5,107	\$5,144
Miscellaneous Revenue	336	468	481	277	329	332	294	294	294	294
Total Source of Funds	\$4,744	\$4,961	\$5,054	\$4,968	\$5,170	\$5,302	\$5,330	\$5,367	\$5,400	\$5,438
<b>Applications of Funds</b>										
O&M Expenses										
Personnel Services	\$2,260	\$3,320	\$3,420	\$3,525	\$3,629	\$3,720	\$3,881	\$4,054	\$4,237	\$4,431
Material & Services	88	91	94	97	100	103	106	109	113	117
Contract Services	379	390	402	414	426	439	452	466	480	494
Other Expenses	846	871	897	924	952	981	1,010	1,040	1,072	1,104
Debt Service	0	0	0	0	0	0	0	0	0	0
Transfer to Reserves	111	(199)	122	128	135	142	149	156	164	172
Capital Replacement	800	800	800	800	800	1,200	1,200	1,200	1,200	800
Total Application of Funds	\$4,484	\$5,274	\$5,736	\$5,889	\$6,042	\$6,584	\$6,798	\$7,026	\$7,265	\$7,118
Balance/(Deficiency) of Funds	\$260	(\$314)	(\$681)	(\$921)	(\$872)	(\$1,282)	(\$1,468)	(\$1,659)	(\$1,865)	(\$1,680)
Balance as % of Rev from Rates	-5.9%	7.0%	14.9%	19.6%	18.0%	25.8%	29.1%	32.7%	36.5%	32.7%
<b>Proposed Revenue Adjustment</b>	<b>0.0%</b>	<b>7.0%</b>	<b>7.0%</b>	<b>3.0%</b>						

The revenue requirement sums the District's direct and indirect operating expenses, collection costs, debt service, and capital improvement projects. The total revenue requirement is then compared to the total sources of funds, which includes the rate revenues, at present rate levels, and other miscellaneous revenues. From this comparison a balance or deficiency of funds can be determined. This balance or deficiency of funds is then compared to the rate revenues to determine the level of rate adjustment needed to meet the revenue requirement.

As can be seen, over the time period reviewed, rate adjustments will be necessary to fund the long-term operating and capital needs of the local sewer system. In reviewing the projections, it is recommended that annual adjustments of 7% for the next two years, followed by annual inflationary increases over the following years. A more detailed discussion of the revenue requirement is provided in Section 3 of this report. For illustrative purposes, annual inflation has been calculated at 3% annually for years 2026, 2027 and 2028. Annually, the proposed rates after FY 2025 will be set based on the actual change in the San Francisco/Hayward CPI based on the change in the February index of the current year to the prior year.

## Summary of the Local Sewer Cost of Service Analysis

A cost of service analysis determines the proportional distribution of the local sewer revenue requirement to the customer classes of service, primarily based on the individual customer classes of service wastewater.

The local system cost of service analysis is not as complicated as the regional system cost of service analysis. The local system does not have a treatment component, thus wastewater strength is not a distinguishing factor. The allocation of costs were mostly volume based while a smaller component was allocated based on the number of customers. Since wastewater strength is not a factor in the cost of service there is no distinction between the different commercial, institutional, and industrial customer classes, so they were combined into a single "non-residential" category. Given the customer characteristics of each customer class, the previously developed revenue requirement for FY 2024 was proportionally distributed to the customer classes of service. A summary of the sewer cost of service analysis is shown in Table ES-6.

**Table ES-6**  
**Local Sewer Cost of Service Results (\$000)**

	Present Rate Revenue	Allocated Costs	\$ Change	% Change
<b>Residential</b>				
Single Family	\$2,632	\$2,785	(\$153)	5.8%
Multifamily	1,285	1,415	(130)	10.1%
<b>Non-Residential</b>	<b>\$576</b>	<b>\$606</b>	<b>(\$30)</b>	<b>5.2%</b>
<b>System Total</b>	<b>\$4,493</b>	<b>\$4,806</b>	<b>(\$314)</b>	<b>7.0%</b>

The cost of service analysis results indicate that cost differences exist between the various

customer classes of service. Based upon the results of the cost of service analysis it is proposed that cost of service adjustments be made to establish the FY 2024 rates. Section 4 of this report provides a more detailed summary of the development of the cost of service analysis.

## Summary of the Local Rate Design

The final step of the District's local sewer rate study is the design of sewer rates to collect the desired levels of revenue, based on the results of the revenue requirement and cost of service analyses. In reviewing the District's rates, consideration is given to the level of the rates and the structure of the rates. The proposed rates within this report reflect the findings, conclusions and recommendations of the District's revenue requirement and cost of service analyses.

Table ES-7 provides the local sewer rates. The residential rate structure is currently a fixed charge for both local and regional rates, billed bi-monthly for condominium and multifamily customer types, and included on the property tax roll for single family, duplex, and townhouse customer types. Based on the cost of service analysis, the residential customer's rates reflect the overall costs placed on the system. Non-residential rates, or commercial, institutional, and industrial rates are charged per unit of water consumed, which is also proposed to remain the same. Table ES-7 shows the current and proposed rates for the local system. As a point of reference, the proposed rates after FY 2025 will be set based on the actual change in the San Francisco/Hayward CPI based on the change in the February index of the current year to the prior year.

**Table ES-7**  
**Local System Residential Sewer Rates**

Customer Class	Current Rates	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<b>Residential</b>						
Single Family	\$23.09	\$24.36	\$26.06	\$26.85	\$27.65	\$28.48
Townhouse	\$23.09	\$24.36	\$26.06	\$26.85	\$27.65	\$28.48
Condominium	\$17.32	\$17.83	\$19.07	\$19.65	\$20.23	\$20.84
Duplex	\$46.18	\$48.72	\$52.13	\$53.69	\$55.30	\$56.96
Single Family Home with 2nd Dwelling Unit	\$38.17	\$42.18	\$45.14	\$46.49	\$47.89	\$49.32
Multifamily	\$15.08	\$17.83	\$19.07	\$19.65	\$20.23	\$20.84
Non-Residential (\$/CCF)	\$1.23	\$1.29	\$1.38	\$1.42	\$1.46	\$1.51

## Summary

The above summary is the culmination of an extensive effort by the District and HDR Engineering to develop a comprehensive review of the regional and local sewer rates. The recommendations and proposed rates contained herein are intended to provide a prudent level of funding for the regional and local systems while providing proportional and cost-based rates for each system.

**1**

# Introduction

The Dublin San Ramon Services District (District) retained HDR Engineering, Inc. (HDR) to perform a comprehensive sewer rate study for its regional and local sewer systems. A comprehensive rate study is used to determine the adequacy of the existing regional and local sewer rates and provide the basis for adjustments to the rates. This report describes the methodology, findings, conclusions, and recommendations of sewer rate study.

The study determined whether existing regional and local sewer rates are adequate to meet the utility's operating and capital requirements with revenues received from customers. Rates set too low may result in insufficient funds to maintain system integrity. The study provides a basis for making rate adjustments; as well as, addressing the proportionality of current regional and local sewer rates. Each system, regional and local, was reviewed and analyzed on a "stand-alone" financial basis.

## 1.1 Goals and Objectives

The District had a number of key objectives in developing the regional and local sewer rate study. These key objectives were as follows:

- Develop the study in a manner that is consistent with the principles and methodologies established by the Water Environment Federation (WEF), Manual of Practice No. 27, Financing and Charges for Sewer Systems.
- Review and utilize best industry practices, while recognizing and acknowledging the specific and unique characteristics of the District's regional and local systems.
- Utilize the findings from the District's rate study to establish cost-based and proportional regional and local rates for FY 2024 through 2028.
- Provide rates which do not exceed the reasonable cost of providing the service to meet the legal requirements of Proposition 218 (California Constitution Article 13D).

*"This study determined the adequacy of the existing regional sewer rates and provides the framework for any needed future adjustments."*

These key goals and objectives for the study provided a framework for the technical analysis that follows.

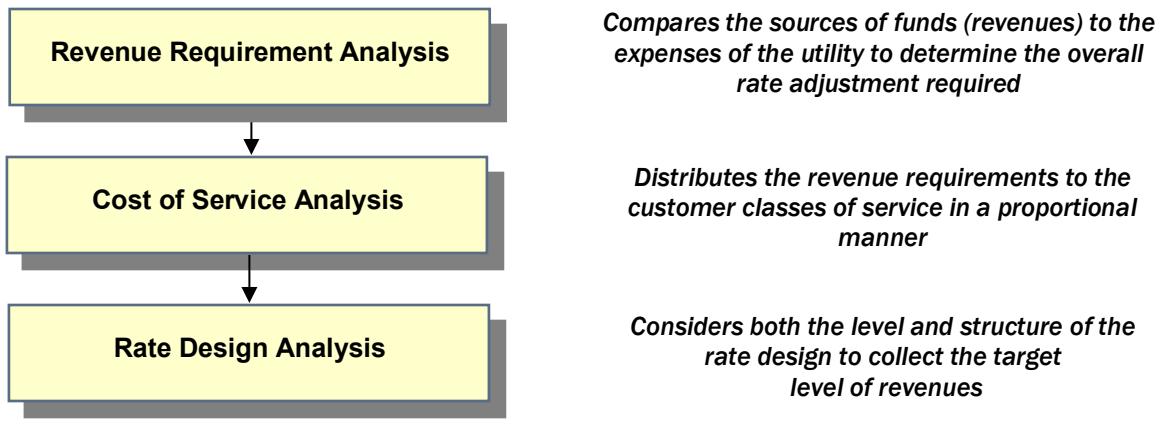
## 1.2 Overview of the Rate Study Process

User rates must be set at a level where a utility's operating and capital expenses are met with the revenues received from customers. This is an important point, as failure to achieve this objective may lead to insufficient funds to maintain system integrity. In addition, the District

must meet the requirements of Proposition 218. To accomplish this, a comprehensive sewer rate study is performed. Provided below in Figure 1-1 is an overview of the key analyses undertaken.

A comprehensive rate study consists of three interrelated analyses which includes a revenue requirement, cost of service, and rate design analysis. Figure 1-1 provides an overview of these analyses.

**Figure 1-1**  
**Overview of the Comprehensive Sewer Rate Study**



As a point of reference, each of these analyses was completed for both the regional treatment system and the local collection system. The revenue requirement analysis is concerned with the overall funding sources and expenses of the utility. From this analysis, a determination can be made as to the overall level of adjustment to rates for each system. Next, a cost of service analysis is performed to proportionally distribute the revenue requirement of each system to the customer served (e.g., residential, commercial) for each system. Finally, given an overall level of rate adjustment and the proportional distribution of the costs between the customer classes of service, the last step of the rate study process in the design of rates is to collect the appropriate level of revenues while considering other rate design goals and objectives of the utility (e.g., revenue stability, cost based).

In developing this review of the regional and local sewer systems, HDR utilized generally accepted cost of service and rate setting techniques.

## 1.3 Report Organization

This report is organized as follows:

- Section 2 provides background information about the utility rate setting process.
- Section 3 reviews the development of the revenue requirement analysis for each system.
- Section 4 reviews the development of the cost of service analysis for each system.
- Section 5 reviews the development of the proposed rates for each system.

A technical appendix is attached at the end of the report which provides the analysis used in the preparation of this report.

## 1.4 Summary

This report will review the comprehensive regional and local sewer rate analysis prepared for the Dublin San Ramon Services District. This report was developed with assistance from District management and staff and has been developed utilizing generally accepted sewer rate setting methodologies.

## 2

## Overview of Sewer Rate Setting Principles

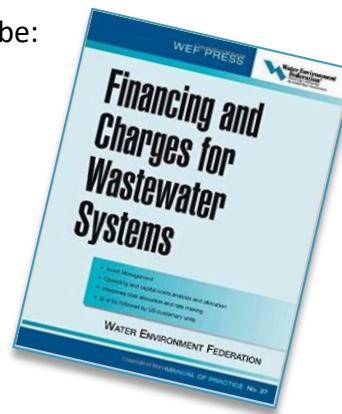
This section of the report provides background information about the sewer rate setting process, including descriptions of generally accepted principles, methods of determining a revenue requirement and designing rates. This information is useful for gaining a better understanding of the details presented in Sections 3, 4, and 5.

### 2.1     Generally Accepted Rate Setting Principles

As a practical matter, utilities should consider setting their rates around some generally accepted or global principles and guidelines. For sewer utilities, the source for these generally accepted or global principals is contained in the Water Environment Federation (WEF) Manual of Practice No. 27, *Financing and Charges for Wastewater Systems*.

In general, and paraphrased from the WEF manual, utility rates should be:

- Cost-based, proportional, and set at a level that meets the utility's full revenue requirement.
- Easy to understand and administer.
- Designed to conform with "generally accepted" rate setting techniques.
- Stable in their ability to provide adequate revenues for meeting the utility's financial, operating, and regulatory requirements.
- Established at a level that is stable from year-to-year from a customer's perspective.



The above global principles have been used by the District to establish their rates in the past and are utilized in the current study.

### 2.2     Determining The Revenue Requirement

Most public utilities, such as the District, use the cash basis<sup>1</sup> approach for establishing their revenue requirement and setting rates. This approach conforms to most public utility budgetary requirements and the calculation is easy to understand. A public utility totals its cash expenditures for a period of time to determine required revenues. The revenue requirement for a public utility is usually comprised of the following costs or expenses:

<sup>1</sup> Cash basis as used in the context of rate setting is not the same as the terminology used for accounting purposes and recognition of revenues and expenses. As used for rate setting, cash basis simply refers to the specific cost components to be included with the revenue requirement analysis

- Operation and maintenance (O&M) expenses which typically includes the materials, electricity, labor, supplies, etc. needed to keep the utility functioning.
- Taxes and/or Transfers, either state or utility taxes, or transfers to another fund.
- Annual debt service payments (principal and interest) which have been used to fund capital improvements. For the District, the annual debt service payments are funded through the capital replacement and expansion funds.
- Capital improvements financed with rate revenues, which also can reflect annual depreciation expense to stabilize the annual revenue requirement.

Under the cash basis approach, the sum of the total operating expenses plus the total capital expenses equals the utility's revenue requirement during any selected period of time (historical or projected).

Note that the two portions of the capital expense component (debt service and capital improvements financed from rates) are necessary under the cash basis approach because utilities generally cannot finance all their capital facilities with long-term debt. An exception occurs if a public utility provides service to a wholesale or contract customer. In this situation, a public utility could use the "utility basis" approach (see below) to earn a fair return on its investment.

Table 2-1 provides an overview of the cash basis and utility basis revenue requirement methodology.

**Table 2-1**  
**Cash versus Utility Basis Comparison**

<b>Cash Basis</b>	<b>Utility Basis (Accrual)</b>
+ O&M Expense	+ O&M Expense
+ Taxes or Transfer Payments	+ Taxes or Transfer Payments
+ Capital Improvements Financed with Rate Revenues ( $\geq$ Depreciation Expense)	+ Depreciation Expense
+ Debt service (Principal + Interest)	+ Return on Rate Base
= Total Revenue Requirement	= Total Revenue Requirement

## 2.3 Cost of Service Analysis

After the total revenue requirement is determined, it is proportionally distributed to the users of the service. The distribution, analyzed through a cost of service study, reflects the cost relationships for producing and delivering sewer services.

A cost of service study requires three steps:

1. Costs are **functionalized** or grouped into the various cost categories related to providing service (e.g., treatment, pumping, etc.). This step is largely accomplished by the utility's accounting system.
2. The functionalized costs are then **allocated** to specific cost components. Allocation refers to the arrangement of the functionalized data into cost components. For example, a sewer utility's costs are typically classified as volume<sup>2</sup>-, biochemical oxygen demand (BOD)<sup>3</sup>-, suspended solids (SS)<sup>4</sup>, and/or customer-related.
3. Once the costs are allocated into components, they are **distributed** to the customer classes of service (residential, commercial, industrial). The distribution is based on each customer class's relative contribution to the specific cost component. For example, customer-related costs are distributed to each class of service based on the total number of customers in that class of service. Once costs are distributed, the necessary revenues for achieving cost-based rates can be determined.

## 2.4 Designing Sewer Rates

Rates that meet the utility's objectives are designed based on both the revenue requirement and the cost of service analysis. This approach results in rates that are strictly cost-based and does not consider other non-cost based goals and objectives (economic development, ability to pay, revenue stability, etc.). In designing final proposed rates, factors such as ability to pay, continuity of past rate philosophy, economic development, ease of administration, and customer understanding may be taken into consideration. However, the proposed rates must meet the requirements of California Constitution article XIII D, section 6 (Proposition 218).

## 2.5 Summary

This section of the report has provided a brief introduction to the general principles, techniques, and economic theory used to set the regional and local sewer rates. These principles and techniques will become the basis for the District's regional and local sewer rate analysis. The next section of this report will review the development of the revenue requirements for the District's regional and local sewer system.

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<sup>2</sup> Volume refers to the amount of wastewater discharged.

<sup>3</sup> BOD is the amount of dissolved oxygen that must be present in water in order for microorganisms to decompose the organic matter in the wastewater.

<sup>4</sup> TSS is the entire amount of organic and inorganic particles dispersed in wastewater.

## 3

## Development of the Revenue Requirement

This section describes the development of the revenue requirement analysis for District's regional and local sewer systems. The revenue requirement analysis is the first analytical step in the sewer rate study process. This analysis determines the adequacy of the overall wastewater rates. From this analysis, a determination can be made as to the overall costs of each system and the level of rate adjustments needed to provide prudent funding for both operating and capital needs of each system. Typically, one of the main objectives of a rate study is to develop cost-based and proportional rates while attempting to minimize the impacts to each utility's customers.

The development of the revenue requirement analysis was completed by District staff. HDR developed a rate model for use by the District to review or set future rates. This model was updated by District staff to include current revenues and expenses, customer characteristics (number of customers, water consumption, etc.), and capital funding assumptions. HDR then reviewed the revenue requirement and worked with District staff to develop the final revenue and rate projections.

### 3.1 Determining the Revenue Requirement

The District essentially has two systems for its sewer system - the regional system that includes the conveyance and treatment of wastewater for the District and the City of Pleasanton, and the local system that is the collection system for the District customers. Each of these two systems must "stand on its own" and be properly funded. The District has separate funds for the operating and capital funds for each system. As a result, there are two revenue requirement analyses, a regional analysis and a local analysis. Each of these analyses, as developed herein, assumes the full and proper funding needed to operate and maintain the District's two sewer systems on a financially sound and prudent basis. While the regional and local systems are independent from another, the methodology, approach, and timing are the same for the revenue requirement analysis.

“... there are two revenue requirement analyses, a regional analysis and a local analysis. Each of these analyses, as developed herein, assumes the full and proper funding needed to operate and maintain the District's two sewer systems ...”

Provided below is a more detailed discussion of the development of the revenue requirement analyses as developed by District staff and reviewed by HDR for the regional and local systems.

#### 3.1.1 Establishing a Time Frame

The first step in calculating the revenue requirement for the District's regional and local sewer utility was to establish a time frame for the revenue requirement analysis. For this study, the

revenue requirement was developed for the ten-year period of FY 2023 through FY 2032. Reviewing a multi-year time period is recommended in an attempt to identify any major expenses that may be on the horizon. By anticipating future financial requirements, the District can begin planning for these changes sooner, thereby, minimizing short-term rate impacts and rates over the long-term. For purposes of establishing proposed rates, the first five year period (FY 2024 – FY 2028) is the focus.

### 3.1.2 Method of Accumulating Costs

The second step in determining the revenue requirement was to decide on the basis of accumulating costs. Similar to previous studies completed for the District, the revenue requirement analysis utilized a cash basis approach for both the regional and local systems. Table 3-1 provides a summary of the District's cash basis approach and cost components used to develop the District's sewer revenue requirements.

**Table 3-1**  
**Overview of the District's Cash Basis Revenue Requirement**

- + Operation and Maintenance Expenses
  - ✓ Personnel Expenses
  - ✓ Treatment/Collection Expenses
  - ✓ Other Non-Personnel O&M Expenses
- + Debt Service (P + I) – Existing and Future
- + Capital Improvement Funding Analysis
- = Total Revenue Requirement
- Miscellaneous Revenues
- = Net Revenue Requirement (Balance Required from Rates)

The revenue requirement developed for the District was “customized” to follow the District's system of accounts (e.g., adopted Operating Budget) and contained the cash basis cost components. Given a time period around which to develop the revenue requirement and a method to accumulate the costs; the focus shifts to the development and projection of the revenues and expenses of the District's regional and local sewer systems.

## 3.2 Regional Sewer Revenue Requirement

### 3.2.1 Projection of Regional Revenue

The next step in developing the revenue requirement for the District was to develop a projection of rate revenues. For this study District staff provided billing units for FY 2021 to which the FY 2022 and FY 2023 rates were applied to estimate the revenue for those years. Revenue beyond FY 2023, through FY 2032, were projected using customer growth factors developed in discussion

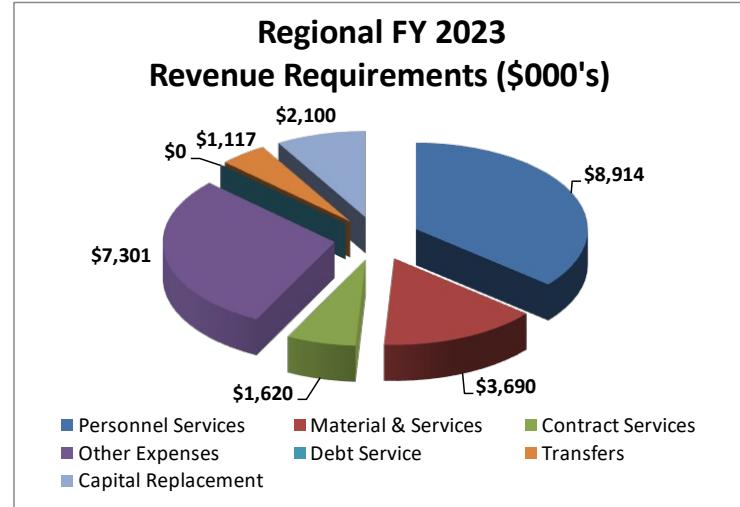
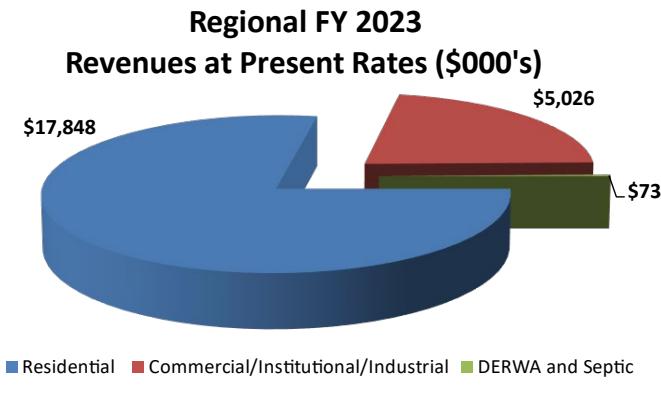
with the District. These factors, on average, were approximately 1% to 3% for the District and just short of 1% for City of Pleasanton. In total, District revenues range from \$12.2 million in FY 2023 to \$13.3 million in FY 2032. City of Pleasanton revenues range from \$10.6 million in FY 2018 to \$11.4 million in FY 2032.

In addition to rate revenues, the District receives additional revenues from other sources such as interest income and miscellaneous fees. The total amount of miscellaneous revenues is projected to be approximately \$1.3 million for FY 2023 and escalating to \$1.7 million in 2032. As a point of reference, nearly half of the miscellaneous revenue is from lab fees and energy offsets.

### 3.2.2 Projection of Regional O&M Expenses

Operation and maintenance (O&M) expenses are incurred by the District to treat the wastewater flows from the District's customers. O&M expenses are expensed during the current year and are not capitalized or amortized over an extended period of years.

Based on the development of the prior rate models, District staff updated the regional revenue requirement for this study. The adopted budget for FY 2023 is the starting point for the analysis. The projected O&M expenses beyond FY 2023 were escalated using an appropriate escalation factor for the type of cost being reviewed. The majority of escalation factors ranged from 3% to 5% per year, except for medical benefits which was 10% and PERS/Retirement which was 5% during the analysis period. This higher than average escalation is a factor of increasing medical and retirement benefit costs being experienced by the District. The exception to these projections were specific costs for FY 2024 that were updated based on the current budget projections for staffing levels. All other expenses were escalated at historical inflationary levels. The total projected sewer O&M expense ranged from \$21.5 million in FY 2023 increasing to \$28.2 million in FY 2032.



### 3.2.3 Projection of Capital Replacement Funding

Given the projection of O&M expenses, the next area of costs to be included within the District's revenue requirement is capital costs. In the District's analysis capital funding is shown as transfers to the replacement reserves that in turn fund capital projects. For this analysis period no transfers were needed to fund the expansion fund since it has sufficient projected reserves to fund expansion projects. The expansion fund receives funding from the regional connection fees. Transfers to the replacement fund ranged from \$2.1 million in FY 2023 and increased steadily to \$4.5 million in FY 2032.

### 3.2.4 Projection of Debt Service

The District does not currently have outstanding debt related to the regional sewer system. The District is obligated to fund LAVWMA debt for LAVWMA, which is included as an "other expense" under O&M expenses. Therefore, no annual debt service payment is included within the individual components of the revenue requirement analysis (i.e., when compared to the generally accepted "cash basis" methodology).

### 3.2.5 Summary of the Regional Sewer Revenue Requirement

Given the District's projection of O&M expenses and capital needs, the regional revenue requirement was summarized. Presented below in Table 3-2 is the District's projected 10 year regional revenue requirement for FY 2023 through FY 2032.

**Table 3-2**  
**Regional System Revenue Requirement (\$000)**

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
<b>Sources of Funds</b>										
Rate Revenue										
Dublin San Ramon	\$12,214	\$12,341	\$12,461	\$12,637	\$12,860	\$13,051	\$13,150	\$13,205	\$13,256	\$13,313
Pleasanton	10,606	10,606	10,694	10,781	10,868	10,968	11,068	11,167	11,268	11,369
Miscellaneous Revenue	1,336	1,481	1,506	1,531	1,556	1,583	1,611	1,635	1,651	1,669
Total Source of Funds	\$24,156	\$24,428	\$24,661	\$24,949	\$25,284	\$25,602	\$25,829	\$26,007	\$26,175	\$26,351
<b>Applications of Funds</b>										
O&M Expenses										
Personnel Services	\$8,914	\$9,334	\$9,600	\$9,880	\$10,152	\$10,379	\$10,825	\$11,304	\$11,812	\$12,349
Material & Services	3,690	3,836	3,988	4,147	4,312	4,484	4,664	4,851	5,046	5,250
Contract Services	1,620	1,668	1,719	1,770	1,823	1,878	1,934	1,992	2,052	2,114
Other Expenses	7,301	7,534	7,775	8,026	8,288	8,560	8,844	9,139	9,446	8,550
Debt Service	0	0	0	0	0	0	0	0	0	0
Transfers to Reserves	1,117	1,159	1,203	1,249	1,296	1,346	1,397	1,451	1,507	1,565
Capital Replacement	2,100	2,400	2,700	3,000	3,300	3,700	4,100	4,500	4,500	4,500
Total Application of Funds	\$24,742	\$25,931	\$26,984	\$28,071	\$29,171	\$30,347	\$31,763	\$33,237	\$34,362	\$34,327
Balance/(Deficiency) of Funds	(\$586)	(\$1,503)	(\$2,323)	(\$3,123)	(\$3,887)	(\$4,745)	(\$5,935)	(\$7,230)	(\$8,187)	(\$7,976)
Balance as % of Rev from Rates	2.6%	6.6%	10.0%	13.3%	16.4%	19.8%	24.5%	29.7%	33.4%	32.3%
<b>Proposed Rate Adjustment</b>	<b>0.0%</b>	<b>6.6%</b>	<b>3.0%</b>							

In summary form, the revenue requirement has summed the District's regional O&M expenses and capital funding needs. The total revenue requirement is then compared to the total sources of funds, which includes the rate revenues, at present rate levels, and other miscellaneous revenues. From this comparison a balance or deficiency of funds can be determined. This balance or deficiency of funds is then compared to the rate revenues to determine the level of rate adjustment needed to meet the revenue requirement.

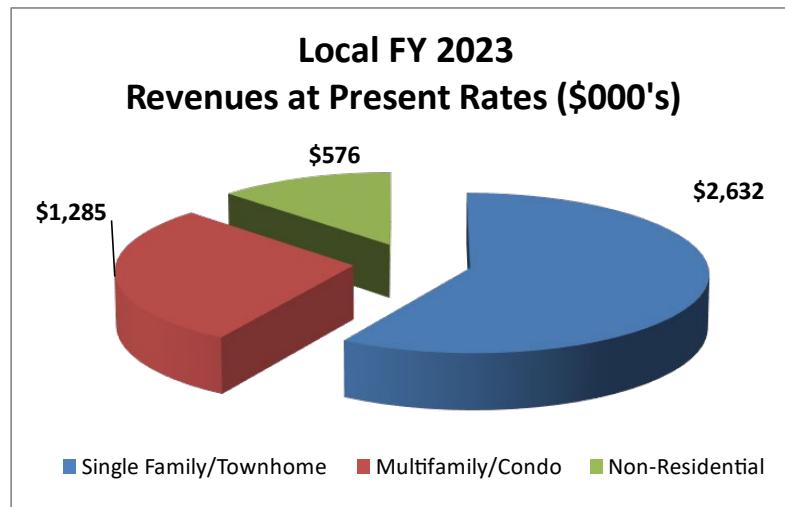
In viewing Table 3-2, it should be noted that the deficiencies shown are cumulative and compared to the current level of revenues received by the District. In other words, the cumulative deficiency of approximately \$7.9 million in FY 2032 is a function of the existing rates and no assumed adjustments to rates over time. Any adjustment to rates in the initial years will reduce the deficiency in the following years.

In reviewing the overall revenue and needs of the District, HDR and District staff reviewed the need for a rate transition plan to sufficiently fund the needs of the District. To meet these financial needs, it is proposed that the District adjust revenues, regional rates, annually based on actual inflationary levels following the FY 2024 increase of 6.6% and FY 2025 increase of 3%. For each year after FY 2025, the District will adjust rates based on the actual increase in costs based on the change in the San Francisco/Hayward CPI based on the change in the February index of the current year to the prior year as part of the budget process. For purposes of the study, the inflationary assumption is 3.0% annually in FY 2026 through FY 2028.

### 3.3 Local Sewer System Revenue Requirement

#### 3.3.1 Projection of Local Revenue

Similar to the development of the regional revenue requirement, the next step in developing the local revenue requirement for the District was to develop a projection of local rate revenues. As a point of reference, the local revenue requirement does not include revenue from the City of Pleasanton, only District customers. For this study District staff provided billing units for FY 2021 to which the FY 2022 and FY 2023 rates were applied to estimate the revenue for those years. Revenue beyond FY 2023 and through FY 2032 were projected using customer growth factors provided by the District. These factors, on average, were approximately 1% to 3% for the District. In total, local revenues range from \$4.4 million in FY 2023 to \$5.1 million in FY 2032.

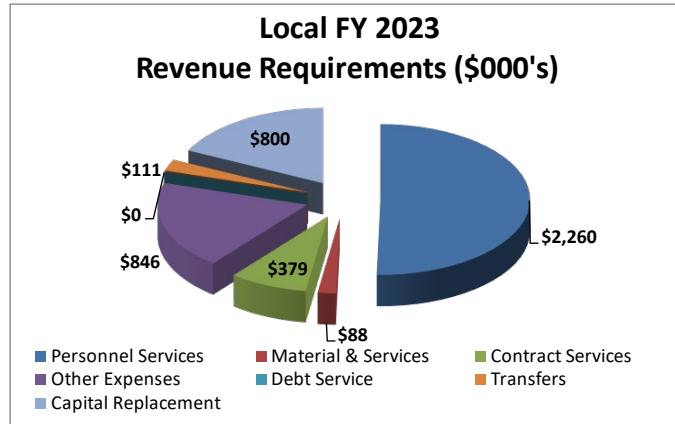


In addition to rate revenues the District receives additional revenues from other sources such as interest income and miscellaneous fees. The total amount of miscellaneous revenues is projected to be approximately \$340,000 for FY 2023 and \$294,000 in FY 2032. Nearly a quarter of the miscellaneous revenue is from general inspections and plan check fees. General inspection fees are projected to decline in future years which is why the total miscellaneous revenue declines to \$294,000 in FY 2032.

### 3.3.2 Projection of Local Sewer O&M Expenses

Operation and maintenance (O&M) expenses are incurred by the District to maintain and operate the District's local collection system which is what connects the local customers to the regional conveyance and treatment system. O&M expenses are expensed during the current year and are not capitalized or amortized over an extended period of years.

As with the regional study, District staff updated the local revenue requirement analysis for this study. Budgeted expenses were used for FY 2023. The projected O&M expenses beyond FY 2023 were escalated using an appropriate escalation factor for the type of cost being reviewed. Like the regional revenue requirement, the majority of escalation factors ranged from 3% to 5% per year, except for medical benefits at 10% and



PERS/Retirement which was 5% during the analysis period. This higher than average escalation is a factor of increasing medical and retirement benefit costs being experienced by the District. Local O&M expenses for FY 2024 were updated to reflect current budget projections for FY 2024 reflecting increases in staffing to maintain current service levels. All other expenses were escalated at historical inflationary levels. The total projected local sewer O&M expense ranged from \$3.6 million in FY 2023 increasing to \$6.1 million in FY 2023.

### 3.3.3 Projection of Local Capital Replacement Funding

Given the projection of O&M expenses, the next area of costs to be included within the District's revenue requirement is capital costs. In the District's analysis capital funding is shown as transfers to the replacement reserves that in turn fund capital projects. For this analysis, transfers to the replacement fund were \$800,000 in FY 2023 and increased steadily to \$1.2 million by 2031, then \$800,000 in 2032.

### 3.3.4 Projection of Local Debt Service

Effective Fiscal Year 2024, there is no outstanding debt in the local fund, therefore, no annual debt service payment is included within the individual components of the revenue requirement analysis (i.e., when compared to the generally accepted "cash basis" methodology).

### 3.3.5 Summary of the Local Sewer Revenue Requirement

Given the District's projection of O&M expenses and capital needs, the local revenue requirement was summarized. Presented below in Table 3-3 is the District's projected 10 year local revenue requirement for FY 2023 through FY 2032.

**Table 3-3**  
**Local System Revenue Requirement (\$000s)**

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
<b>Sources of Funds</b>										
Rate Revenue										
Rate Revenues	\$4,408	\$4,493	\$4,573	\$4,692	\$4,842	\$4,970	\$5,036	\$5,073	\$5,107	\$5,144
Miscellaneous Revenue	336	468	481	277	329	332	294	294	294	294
Total Source of Funds	\$4,744	\$4,961	\$5,054	\$4,968	\$5,170	\$5,302	\$5,330	\$5,367	\$5,400	\$5,438
<b>Applications of Funds</b>										
O&M Expenses										
Personnel Services	\$2,260	\$3,320	\$3,420	\$3,525	\$3,629	\$3,720	\$3,881	\$4,054	\$4,237	\$4,431
Material & Services	88	91	94	97	100	103	106	109	113	117
Contract Services	379	390	402	414	426	439	452	466	480	494
Other Expenses	846	871	897	924	952	981	1,010	1,040	1,072	1,104
Debt Service	0	0	0	0	0	0	0	0	0	0
Transfer to Reserves	111	(199)	122	128	135	142	149	156	164	172
Capital Replacement	800	800	800	800	800	1,200	1,200	1,200	1,200	800
Total Application of Funds	\$4,484	\$5,274	\$5,736	\$5,889	\$6,042	\$6,584	\$6,798	\$7,026	\$7,265	\$7,118
Balance/(Deficiency) of Funds	\$260	(\$314)	(\$681)	(\$921)	(\$872)	(\$1,282)	(\$1,468)	(\$1,659)	(\$1,865)	(\$1,680)
Balance as % of Rev from Rates	-5.9%	7.0%	14.9%	19.6%	18.0%	25.8%	29.1%	32.7%	36.5%	32.7%
<b>Proposed Revenue Adjustment</b>	<b>0.0%</b>	<b>7.0%</b>	<b>7.0%</b>	<b>3.0%</b>						

In summary form, the revenue requirement has summed the District's O&M expenses and capital funding needs. The total revenue requirement is then compared to the total sources of funds, which includes the rate revenues, at present rate levels, and other miscellaneous revenues. From this comparison a balance or deficiency of funds can be determined. This balance or deficiency of funds is then compared to the rate revenues to determine the level of rate adjustment needed to meet the revenue requirement.

In viewing Table 3-3, it should be noted that the deficiencies shown are cumulative and compared to the current level of local revenues received by the District. In other words, the cumulative deficiency of approximately \$1.68 million in FY 2032 is a function of the existing rates and no projected adjustments to rates over time. Any adjustment to rates in the initial years will reduce the deficiency in the following years.

In reviewing the overall revenue, and rate, needs of the District, HDR and District staff reviewed the need for a rate transition plan to sufficiently fund the needs of the local sewer system. To meet these financial needs, it is proposed that the District adjust rates annually, 7% for 2024 and 2025, then annually based on actual inflationary levels. In other words, each year after 2025, the District will adjust rates based on the actual increase on the actual change in the San Francisco/Hayward CPI from February index of the current year to the prior year as part of the budget process.

### **3.4 Consultant's Conclusions**

Based on the revenue requirement analysis for the regional and local systems, as developed in this study, current revenue are not sufficient to meet the systems operating needs for either the regional or local systems. Not adjusting rates in a timely manner will result in annual deficiencies will be detrimental to the financial health of the regional and local systems. It is recommended that the rates be adjusted annually as shown in tables 3-1 for the regional system and 3-3 for the local system to prevent degradation of the systems financial health.

### **3.5 Summary**

This section of the report has provided a discussion of the District's regional and local sewer revenue requirement analyses. The revenue requirement analysis for each system developed a financial plan to support the District's operating and capital needs. The next section of the report will discuss the distribution of the revenue requirement to the customer classes of service for each system.

**4**

## Development of the Cost of Service

In the previous section, the revenue requirement analyses for the regional and local systems focused on the total sources and application of funds required to adequately fund the District's regional sewer system. This section will discuss and review the development and recommendations of the cost of service analysis for the regional and local sewer systems.

A cost of service analysis is concerned with the proportional distribution of the total revenue requirement between the customer classes of service (e.g., residential, commercial, industrial). The previously developed revenue requirements for the regional and local systems were utilized in the development of the cost of service analysis.

As with all public utilities there has been increased importance on cost of service studies by various government agencies, customers, utility regulatory commissions, and other parties. This interest has been generated in part by increasing wastewater discharge requirements, increased need to replace aging infrastructure, escalating operating costs, and concerns of equity in rates among customers. Following the generally-accepted guidelines and principles of a cost of service analysis will inherently lead to sewer rates which are proportional, cost-based, and not viewed as arbitrary or capricious in nature.

*"Following the generally-accepted guidelines and principles of a cost of service analysis will inherently lead to rates which are equitable, cost-based, and not viewed as arbitrary or capricious in nature."*

### 4.1 Objectives of a Cost of Service Study

There are two primary objectives in conducting a cost of service study:

1. Distribute the revenue requirement proportionally to the customer classes of service
2. Derive average unit costs for subsequent rate designs

The regional and local sewer cost of service analysis proportionally distributes the revenue requirements to the customer classes of service of each utility. The regional sewer system incurs costs related to volume, strength, and customer-related cost components. The local utility incurs costs primarily related to volume. Each of these types of costs may be collected in a slightly different manner as to allow for the development of rates that collect costs in relatively the same manner as they are incurred.

### 4.2 Sewer Customer Classes of Service

#### 4.2.1 Regional Customer Classes of Service

Currently, the regional system has different rate designs for the individual sub-classes within the

major customers classes of residential, commercial, schools/institutional, and industrial/demand.

Residential includes Single family, Townhome, Multifamily, Condominium, Duplex, and Single Family home with Accessory Dwelling Units (ADU). Each of the residential rates are a fixed bi-monthly charge. Duplex is two times the Single Family rate and Single Family with an ADU are charged both the single family rate plus the multifamily rate. One change to the residential rate structure is that the multifamily and condominium customers are proposed to be merged.

Commercial, institutional, and Industrial are all changed rates based on their volume. Commercial and Industrial each, have rates that include three sub-categories that vary by wastewater strength (low, medium, high). The Institutional rates also had sub-categories that represent general Institutional, schools with submeters and schools without submeters. Table 4-1 provides the current rate categories for commercial and Industrial.

**Table 4-1**  
**Regional System Current Commercial and Industrial Sewer Rates**

Class	Strength Range
Commercial – Low	0 – 300 Avg mg/l of BOD and SS
Commercial – Medium	301 – 600 Avg mg/l of BOD and SS
Commercial – High	Greater than 600 Avg mg/l of BOD and SS
Industrial – A	0 – 1,000 Avg mg/l of BOD and SS
Industrial – B	1,001 – 1,500 Avg mg/l of BOD and SS
Industrial – C	1,501 – 2,000 Avg mg/l of BOD and SS

Discussions with District management led to the development of a new rate structure that combined the commercial, institutional, and industrial customers into a single rate class. This rate class would expand on the previous rate structure by creating six wastewater strength rates. the purpose of this change was to simplify the structure and recognize that the cost to treat wastewater at particular wastewater strengths is generally the same regardless if it came from a school, a commercial business, or an industrial user. It was found that most of these customers had wastewater strength lower than 1,000 mg/L for both BOD and TSS and within the commercial low and high of the current rate structure. Table 4-2 show the new Commercial, Institutional, and industrial rate structure by strength levels.

**Table 4-2**  
**Regional System Proposed Non-Residential Rate Categories**  
**New Non-Residential Rate Categories**

Less than or equal to 300 mg/L
Between 300 and 450 mg/L
Between 450 and 600 mg/L
Between 600 and 750 mg/L
Between 750 and 900 mg/L
Between 900 and 1,050 mg/L
Greater than 1,050 mg/L

As is shown in Table 4-2, the bands of rates starts at domestic strength (300 mg/L) and increase by 150 mg/L up to 1,050 mg/L. Currently there are only two customers with average strength levels greater than these categories, DERWA and Septic Haulers. These two customers are evaluated independently in the cost of service analysis to develop the proposed rates. If the District were to have additional or existing customer with wastewater strength greater than 1,050, their rate will be determined on a case by case basis based on the unit costs developed in the cost of service analysis.

#### 4.2.2 Local Sewer Customer Classes of Service

Local rate classes should be established in the same manner as the regional system to equal the total sewer bill that is charged to the sewer customers in the District's service area. As mentioned in the regional customer class section, the only proposed change for residential customers is to combine the multifamily and condominium classes. Duplexes are simply charged two times the Single Family rate and Single Family with an ADU is charged a Single family rate plus a multifamily rate per dwelling unit.

Non-residential customers are not proposed to change. Currently there is only one rate for non-residential customers. There are no rate bands based on different wastewater strength as the local system costs are not driven by wastewater strength only volume and to a lesser degree, the number of customer. These proposed classes of service for the local cost of service analysis are:

- Residential
  - Single Family/Townhome
  - Multifamily/Condominium
- Commercial/Institutional/Industrial

## 4.3 General Cost of Service Procedures

In order to determine the cost to serve each customer class of service on the District's regional and local sewer systems, a cost of service analysis is conducted for each system. A cost of service study utilizes a three-step approach to review costs. These were previously discussed in our general overview in Section 2 and take the form of functionalization, classification, and allocation.

### 4.3.1 Functionalization of Costs

The first analytical step in the cost of service process is called functionalization. Functionalization is the arrangement of expenses and asset (plant) data by major operating functions within the utility (e.g., treatment, pumping, collection). Within this study, the functionalization of the cost data was accomplished through the District's detailed budget information.

### 4.3.2 Allocation of Costs

The second analytical task performed in a sewer cost of service analysis is the allocation of the costs. Allocation determines why the expenses were incurred or what type of need is being met. The District's regional and local revenue requirements were reviewed and allocated using the following costs:

- **Volume-Related Costs:** Volume costs are those costs which tend to vary with the total quantity of wastewater contributed by a customer. Volume costs are the total flows contributed by a customer, typically over an annual time period. A significant portion of a regional sewer system's revenue requirements are typically classified as volume related as the major function of a regional sewer system to treat the total volumes received from customers. Similarly, for local collection the vast majority of costs are allocated on volume as the function of the collection system is to convey the total flows from customers to the treatment plant.
- **Strength-Related Costs:** Strength related costs are those costs associated with the additional handling and treatment of high "strength" sewer. Increased

#### Terminology of a Sewer Cost of Service Analysis

**Functionalization** – The arrangement of the cost data by functional category (e.g. treatment, pumping, etc.).

**Allocation** – The assignment of functionalized costs to cost components (e.g. volume, strength, and customer-related).

**Distribution** – Distribution the allocated costs to each class of service based upon each class's proportional contribution to that specific cost component.

**Volume Costs** – Costs that are allocated as volume related are associated with the total flow of wastewater.

**Strength Costs** – Costs allocated as strength related refer to the wastewater treatment function. Typically, strength-related costs are further defined as biochemical oxygen demand (BOD) and suspended solids (SS). Different types of customers may have high wastewater strength characteristics and high strength wastewater costs more to treat. Treatment facilities are often designed and sized around meeting these costs

**Customer Costs** – Costs allocated as customer related vary with the number of customers on the system, e.g. billing costs.

**Direct Assignment** – Costs that can be clearly identified as belonging to a specific customer or customer group.

**Customer Classes of Service** – The grouping of customers into similar groups based upon usage characteristics and/or facility requirements.

strength levels equates to increased treatment costs. Strength-related costs refer to the strength of the wastewater contributed by the customer. In addition, higher strength wastewater may require special or additional treatment. In allocating strength-related costs, two types of strength parameters were considered; biochemical oxygen demand (BOD)<sup>5</sup> and total suspended solids (TSS)<sup>6</sup>. Customers who have higher than average wastewater strength such as commercial or industrial customers are distributed a greater proportion of the cost of treatment. The local sewer system does not have costs that are incurred for wastewater strength and so was not used in the cost of service for the local system.

- **Customer Related Costs:** Customer costs are those costs which vary with the number of customers on the sewer system. They do not vary with wastewater volume or strength of wastewater. These costs are also sometimes referred to as readiness to serve or availability costs. Customer costs may also sometimes be further allocated as either actual or weighted. Actual customer costs vary proportionally, from customer to customer, with the addition or deletion of a customer regardless of the size of the customer. In contrast, a weighted customer cost reflects a disproportionate cost, from customer to customer, with the addition or deletion of a customer. An example of an actual customer cost is postage for mailing bills. This cost does not vary from customer to customer, regardless of the size or consumption characteristics of the customer. An example of a weighted customer can be where the District must hand bill a customer when they are not included in the customer billing system.
- **Revenue Related Costs:** Certain costs associated with the regional and local systems may vary with the amount of revenue received. An example of this would be a utility tax based upon the amount of revenues received by the District.
- **Direct Assignments:** Certain costs associated with operating the system may be directly traced to a specific customer or class of service (e.g., bad debt expenses). In this case, these costs are then directly assigned to that specific class of service. This assures that other classes of service will not be allocated any costs for those significant facilities from which they do not benefit.

#### 4.3.3 Development of Distribution Factors

Once the allocation process is complete, and the customer groups have been defined, the various allocated costs were proportionally distributed to each customer group. The District's allocated costs were distributed to the various customer groups using the following allocation factors.

- **Volume Distribution Factor:** As noted earlier, volume related costs vary with the total flow of wastewater. Therefore, the volume distribution factors were based upon the projected total wastewater flows for each class of service for the projected test period (FY 2024). Given that wastewater is not metered, each individual class was reviewed, and a return

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<sup>5</sup> BOD is the amount of dissolved oxygen that must be present in water in order for microorganisms to decompose the organic matter in the wastewater.

<sup>6</sup> TSS is the entire amount of organic and inorganic particles dispersed in wastewater.

factor applied to the customer classes' water consumption to determine the estimated wastewater volumes. As an example, the residential customer's wastewater volumes were based on winter water use, which is a surrogate for indoor water use, and as a result, is a reasonable measure of wastewater volumes. Each customer class was reviewed on a similar basis to determine the appropriate return factor.

- **Strength Distribution Factor:** The strength distribution factor will vary based on the overall strength of the wastewater and the volume. A strength level is assigned for each class of service and is measured in average milligrams per liter (mg/l). For example, domestic wastewater is commonly considered to have a BOD and TSS strength level that is less than a typical commercial customer. The customer volume is then applied against the assumed customer mg/l to determine the overall pounds of BOD and TSS for that customer. For the District's study, the assigned strength factor for each class of service, stated in mg/l, was based, in part, on recent testing and sampling of various sections of the District's system. In addition, the past study data was reviewed to determine if the recent data supported typical customer strength levels. In summary, the development of the strength factors was based on a combination of recent testing and historical testing to determine the strength levels by class of service.
- **Customer Distribution Factor:** Customer costs vary with the number of customers on the system. Two basic types of customer distribution factors were identified – actual and weighted. The allocation factors for actual customers were based upon the projection of the number of customers developed within the revenue requirement. The weighted customer distribution factor is an attempt to reflect the disproportionate costs associated with serving different types of customers. This weighted customer distribution factor takes into account the fact that the District has several large industrial customers which it hand bills each month compared to the residential customer bill which is included on the annual property tax statement. As a point of reference, the regional cost of service analysis did not allocate any costs on the customer distribution factor and the local cost of service analysis allocated costs only on the actual customer distribution factor.
- **Revenue Related Distribution Factor:** The revenue related distribution factor was developed from the projected rate revenues for FY 2024 for each customer group. These same revenues were used within the revenue requirement analysis previously discussed.

Given the development of the distribution factors, the final step in the cost of service study is to distribute the allocated costs to the various customer classes of service.

#### 4.4 Functionalization and Allocation of the Revenue Requirement

For the District's study, the FY 2024 regional and local revenue requirement was functionalized, allocated, and distributed. As noted earlier, the District utilized a cash basis revenue requirement, which in this case, is comprised of operation and maintenance expenses and transfers to the capital replacement fund.

The functionalization of the District's regional and local operating expenses was primarily

accomplished through the District's detailed budget. However, in developing the cost of service, HDR worked with District staff to determine what costs were captured in the major cost categories related to wastewater treatment functions to develop an equitable allocation of costs for the regional system. The District's functionalized plant assets were used as the basis for allocating expenses. In other words, based on the reason the infrastructure was designed and operated, the O&M expenses related operating that infrastructure was the same. The assumption for this is that the value of the plant asset is proportional to the cost to operating and maintain. The local system was less complicated because the assets were all determined to be volume related which resulted in the revenue requirement allocation being mostly volume related.

A more detailed review of the allocation of the regional sewer revenue requirement can be found in the Technical Appendix.

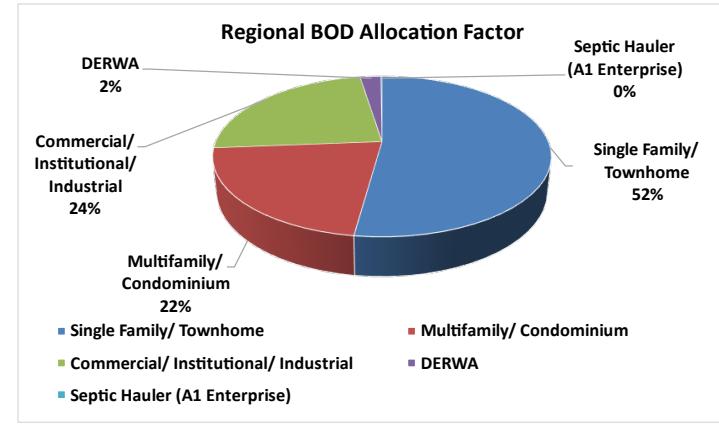
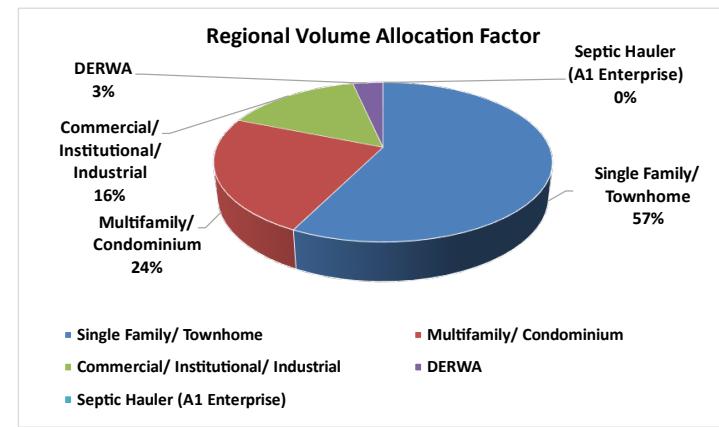
## 4.5 Distribution Factors for the Cost of Service

### 4.5.1 Regional Distribution Factors

The specific allocations used for the regional systems were volume, and strength, both BOD and TSS. The allocations factor are then distributed to customer classes based on the customer classes proportion of either the volume of wastewater, or the pounds of BOD and TSS.

The volume distribution factor is based on the assumed flow of wastewater at the wastewater treatment plant. the Single Family and Townhome customer class is the largest volume contributor with over half of the wastewater flow. Multifamily and condominiums are the second highest with nearly a quarter of the volume. The remaining 20% of wastewater is from commercial, institutional, industrial, DERWA, and septic haulers.

The BOD distribution factor is based on the customers estimated pounds of BOD. It has a similar breakdown to the volume distribution factor except the percentages has shifted slightly towards the non-residential customers. Commercial, institutional, and industrial has increased as a percent from 16% to 24%. This change in percentage can be attributed to the higher strength levels of non-residential



customers.

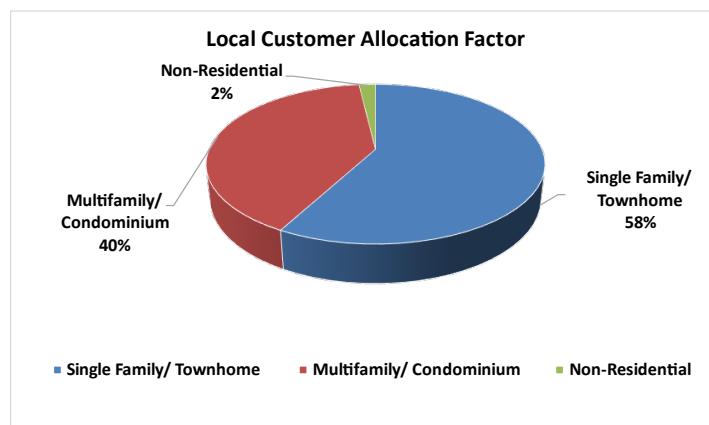
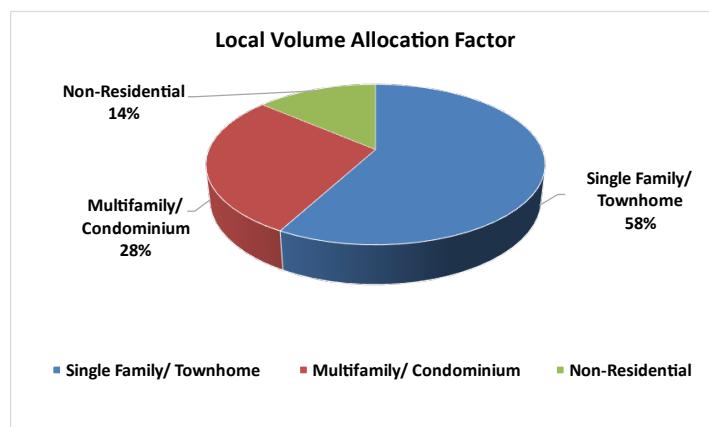
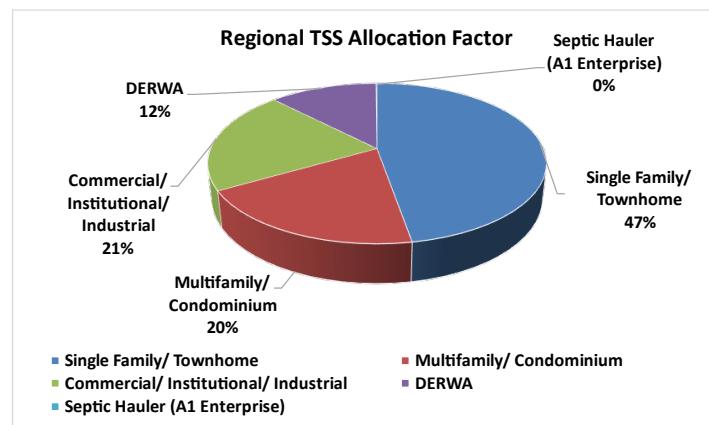
The TSS distribution factor is like the BOD distribution factor as it is also based on the pound of TSS. The proportion of TSS is like BOD but more weighted to the non-residential customers. Specifically, DERWA has increased its percent of the total from 2% of the BOD to 12% of the TSS.

The distribution factor percentages are the basis for the proportional distribution of the allocated costs to each customer class. In essence, if a customer such as single family and townhomes volume allocation factor is 57% that means that they represent 57% of the wastewater volume, and they are responsible for 57% of the allocated volume costs. This is also true for BOD and TSS only based on weight.

#### 4.5.2 Local System Distribution Factors

The local sewer system is simpler and has fewer allocation factors which means it also has fewer distribution factors. Collection system costs are primarily driven by the volume of the wastewater. Given this, 90% of the costs were allocated to the volume allocation factor. Like the regional volume distribution factor, each customer class's contribution to the flow through the collection system is the basis for how these costs are distributed. The volume distribution factor shows that 58% of the wastewater flow is from single family and townhomes, 28% of the flow is from multifamily and condominiums, and 14% of the flow is from non-residential customers. These results are very close to the same as in the regional system. The similarity is due to the customers largely being the same except the local volume distribution factor does not include the City of Pleasanton customers.

The customer distribution factor is based on the number of accounts or dwelling units.



## 4.6 Assumptions of the Cost of Service Analysis

A number of key assumptions were used within the regional and local sewer cost of service study. Provided below is a brief discussion of the major assumptions used.

- The test period used for the cost of service analysis was FY 2024. The revenue and expense data for FY 2024 which was previously developed within the revenue requirement study.
- A cash basis approach was utilized which conforms to generally accepted cost of service approaches and methodologies. This is the same methodology that the District has historically utilized for the sewer cost of service analyses.
- For the regional system, Commercial, Institutional, and Industrial customer classes were combined. The proposed customer classes reflect bands of average wastewater strength.
- Assumed wastewater volume by customer classes of service was provided by the District and the City of Pleasanton. The development of the wastewater volumes was based on return factors calculated by class of service based on estimated indoor use or winter water volume assumptions. The estimated total volumes as developed in the volume allocation factor were compared to the actual flows at the wastewater treatment plant to assess their reasonableness.
- Strength distribution factors were based upon each customer class of services strength levels based on recent sampling and historical sampling. Overall strength levels at the treatment plant were calculated and provided by the District and compared to the calculated levels based on the assumed strength levels to test the reasonableness of the assumptions.
- District staff provided detailed information on the allocation of costs, based on their knowledge of the facilities and its operation.
- Data assumptions were provided by the District and the City of Pleasanton customers separately. Final distribution of costs, and rates, were based on the combined customer for each class of service.

## 4.7 Summary of the Sewer Cost of Service Analysis

### 4.7.1 Regional Cost of Service Analysis

In summary form, the regional sewer cost of service analysis began by functionalizing the District's FY 2024 regional revenue requirement.

The functionalized revenue requirement was then allocated into the various cost components. The individual allocation totals were then proportionally distributed to the various customer groups based upon the appropriate distribution factor. Table 4-3 provides the distributed revenue requirement by allocation component.

**Table 4-3**  
**Regional Sewer Distribution of Revenue Requirement by Component (\$000)**

	Total Revenue Requirement	Volume Related	Bio-Oxygen Demand	Total Suspended Solids
<b>Residential</b>				
Single Family/ Townhome	\$13,198	\$8,509	\$1,484	\$3,205
Multifamily/ Condominium	<u>5,445</u>	<u>3,510</u>	<u>612</u>	<u>1,322</u>
Total Residential	\$18,643	\$12,019	\$2,096	\$4,527
<b>Commercial &amp; Industrial</b>	\$4,389	\$2,294	\$676	\$1,419
<b>Special Users</b>				
DERWA Internal Backwash	\$1,407	\$508	\$67	\$831
A1 Enterprise (Septic)	<u>12</u>	<u>1</u>	<u>4</u>	<u>7</u>
Total Special Users	\$1,419	\$510	\$71	\$839
<b>Total System</b>	<b>\$24,450</b>	<b>\$14,822</b>	<b>\$2,843</b>	<b>\$6,785</b>

The distributed expenses for each customer group were then aggregated to determine each customer group's overall revenue responsibility. A summary of the detailed cost responsibility developed for each class of service versus the customer class present rate revenue is shown in Table 4-4.

**Table 4-4**  
**Regional Sewer Cost of Service Results (\$000)**

	Present Rate Revenue	Distributed Costs	\$ Change	% Change
<b>Residential</b>				
Single Family/ Townhome	\$13,496	\$13,198	\$298	-2.2%
Multifamily/ Condominium	4,353	5,445	(1,092)	25.1%
<b>Commercial &amp; Industrial</b>	\$5,026	\$4,389	\$637	-12.7%
<b>Special Users</b>				
DERWA Internal Backwash	\$50	\$1,407	(\$1,357)	2738.8%
A1 Enterprise (Septic)	23	12	11	-48.0%
<b>Total System</b>	<b>\$22,947</b>	<b>\$24,450</b>	<b>(\$1,503)</b>	<b>6.6%</b>

The distribution of costs provided a proportional distribution of the facilities and costs to each customer class reflected their respective benefit. The cost of service results indicated that costs

differences exist between the customer classes of service. This change was largely a result of changes to Multifamily/Condominiums customer characteristics and refinement of industrial strength factors for DERWA. As table 4-4 shows Multifamily/Condominiums present revenue is \$4.4 million and their distributed costs were \$5.4 million. DERWA current rate was generating approximately \$50,000 but after the cost of service it is shown that DERWA should be responsible for over \$1.4 million of costs given the strength of wastewater.

#### 4.7.2 Local Cost of Service Analysis

In summary form, the local sewer cost of service analysis began by functionalizing the District's FY 2024 local revenue requirement.

The functionalized revenue requirement was then allocated to the appropriate cost components. The individual allocation totals were then proportionally distributed to the various customer groups based upon the appropriate distribution factor. Table 4-5 provides the distributed revenue requirement by allocation component.

Table 4-5 Local Sewer Distribution of Revenue Requirement by Component (\$000)			
	Total Revenue Requirement	Volume Related	Customer
<b>Residential</b>			
Single Family/ Townhome	\$2,785	\$2,519	\$266
Multifamily/ Condominium	<u>1,415</u>	<u>1,230</u>	<u>\$185</u>
Total Residential	\$4,200	\$3,749	\$451
<b>Commercial &amp; Industrial</b>			
	\$606	\$598	\$9
<b>Total System</b>	<b>\$4,806</b>	<b>\$4,347</b>	<b>\$459</b>

The distributed costs for each customer group were then aggregated to determine each customer group's overall revenue responsibility. A summary of the detailed cost responsibility developed for each class of service versus the customer class present rate revenue is shown in Table 4-6.

**Table 4-6**  
**Local Sewer Cost of Service Results (\$000)**

	Present Rate Revenue	Distributed Costs	\$ Change	% Change
<b>Residential</b>				
Single Family	\$2,632	\$2,785	(\$153)	5.8%
Multifamily	1,285	1,415	(130)	10.1%
<b>Non-Residential</b>	<b>\$576</b>	<b>\$606</b>	<b>(\$30)</b>	<b>5.2%</b>
<b>System Total</b>	<b>\$4,493</b>	<b>\$4,806</b>	<b>(\$314)</b>	<b>7.0%</b>

The local cost of service result show that multifamily is slightly underpaying and single family/townhomes and non-residential are slightly overpaying. The variances of a little over 1% to just over 3% are not significant changes when compared to the overall rate revenue adjustment of 7%.

In viewing the above results, it is important to understand that a cost of service study is a “snapshot” at a single point in time and the key variables (volumetric wastewater contributions and strength levels) may change over time, which is one of the reasons for the results of the cost of service in this study. For those reasons, it is prudent to conduct a cost of periodically so that the rates being charged are, for the most part, proportional and equitable. It is also important to take into consideration the changes in customer characteristics over time. Specifically, with the increased focus on water conservation wastewater volumes by class of service can vary from year to year. As a result, the strength levels will also change and result in a different allocation of costs as customer characteristics change.

## 4.8 Consultant's Conclusions and Recommendations

The regional and local sewer cost of service analysis provides the basis for cost-based adjustments between the customer classes of service for both systems. Historically, the District has followed cost of service principles to set rates, which is also the recommendation for this study. Given the results of the cost of service, the proposed rates will be set to reflect the results shown in Table 4-4 for regional customers and 4-6 for local customers.

The section of the report has reviewed the cost of service analyses developed for the District. This study provides the basis for proportionally distributing the regional system's costs between the customers utilizing the system. Furthermore, this study provides the basis for determining the level of revenue to be collected from each customer class of service within the rate design process. The next section of the report will discuss the design of the proposed regional and local sewer rates.

 5

## Development of the Sewer Rate Design

The final step of the comprehensive rate study process is the design of the proposed regional and local sewer rates. This step involves using the results of the revenue requirement and cost of service analysis to establish the overall level of adjustment required, along with the revenue responsibility by customer class of service. This section of the report will provide a more detailed discussion of the development of the proposed regional and local sewer rate designs.

### 5.1 Development of Cost-Based Sewer Rates

Developing cost-based and proportional rates is of paramount importance in developing proposed water rates. While always a key consideration in developing rates, meeting the legal requirements, and documenting the steps taken to meet the requirements, has been in the forefront with the recent legal challenges in the State of California on utility rates. Given this, the development of the District's proposed regional sewer rates have been developed to meet the legal requirements of California Constitution article XIII D, section 6 (Article XIII D). A key component of Article XIII D is the development of rates which reflect the cost of providing service and are proportionally distributed between the customer classes of service. HDR would point out that there is no single methodology for equitably assigning costs to the various customer groups. The Water Environment Federation Manual of Practice #27 provides various methodologies which may be used to establish cost-based rates. Unfortunately, Article XII D is not prescriptive and does not provide a specific methodology for establishing rates. Given that, HDR developed the District's proposed sewer rates based on generally accepted rate setting methodologies to meet the requirements of Article XIII D.

HDR is of the opinion that the proposed rates meet the legal requirements of Article XIII D. HDR reaches this conclusion based upon the following:

- The revenue derived from sewer rates does not exceed the funds required to provide the property related service (i.e., wastewater service). The proposed rates are designed to collect the overall revenue requirement of the District's regional sewer system and the District's local sewer system independently. The District maintains separate funds for the regional and local system for this purpose.
- The revenues derived from sewer rates shall not be used for any purpose other than that for which the fee or charge is imposed. The revenues derived from the District's regional sewer rates are used exclusively to operate and maintain the District's regional sewer system, and the funds derived from the District's local sewer rates are used exclusively to operate and maintain the District's local sewer system.
- The amount of a fee or charge imposed upon a parcel or person as an incident of property ownership shall not exceed the proportional costs of the service attributable to the parcel. The cost of service analysis focused exclusively on the issue of proportional assignment of costs to customer classes of service for each system. The proposed rates have appropriately

grouped customers into customer classes of service (residential, non-residential, etc.) that reflect the varying volume and strength levels and system requirements (i.e., the benefits they receive from and burdens they place on the system) of each customer class of service. The grouping of customers and rates into these classes of service creates the proportionality expected under Proposition 218 by having differing rates by customer classes of service which reflect both the level of revenue to be collected by the utility, and the manner in which these costs are incurred and distributed to customer classes of service based upon their proportional benefit.

## 5.2 Overview of the Rate Adjustment by Class of Service

The focus of this study, for both regional and local, the proposed rates were developed for the five year period of FY 2024 to FY 2028. Given the results of the revenue requirement both the regional and local system revenue are not sufficient to meet their operating needs and must be increased.

### 5.2.1 Proposed Rate Adjustments By Class of Service

Given the regional cost of service analysis showed cost differences between the customer classes of each system. Given this, the proposed rates for FY 2024 reflect the cost of service results. The proposed rates in subsequent years are increased equally given the cost of service adjustment in FY 2024. Provided in Table 5-1 is a summary of the proposed regional rate adjustments for FY 2024

**Table 5-1**  
**Regional Sewer System Rate Adjustments**

<b>Residential</b>	
Single Family/ Townhome	-2.2%
Multifamily/ Condominium	25.1%
<b>Commercial &amp; Industrial</b>	-12.7%
<b>Special Users</b>	
DERWA Internal Backwash	2738.8%
Septic Hauler (A1 Enterprise)	-48.0%

The cost of service analysis for the local sewer system showed minor cost of service differences. However, the proposed rates take into account the results of the cost of service analysis to meet the requirements of Proposition 218.

**Table 5-2**  
**Local Sewer System Rate Adjustments**

**Residential**

Single Family/ Townhome	5.8%
Multifamily/ Condominium	10.1%
<b>Commercial &amp; Industrial</b>	5.2%

Given the recommended customer class adjustments for FY 2024 the proposed rates can be designed. As noted, after FY 2024 the rates are adjusted equally on an annual basis given the adjustment to cost of service results in FY 2024.

## 5.3 Regional Rate Design

### 5.3.1 Residential Rates

Residential rate designs remain the same with the exception of consolidating multifamily and condominiums into a single rate group. To establish the rates for the residential customers the distributed costs for the both single family/town home and multifamily/condominium were divided by the number of dwelling units. Table 5-3 provides the development of the residential rates on a bi-monthly basis.

**Table 5-3**  
**Regional Residential Unit Cost Development**

	Distributed Cost DC	Dwelling Units DU	Annual = DC/DU	Bi-monthly Annual/6
Single Family/Townhome	\$13,197,175	\$37,784	\$349	\$58.22
Multifamily/Condominium	\$5,444,790	\$20,555	\$265	\$44.15

Future rates are calculated by taking the FY 2025 rate and escalating them annually by the overall rate adjustment, which in the rate study was based on an annual inflationary increase of 3.0%. Actual rates for the regional system will be updated based on the year over year change in San Francisco/Hayward CPI-U each February.

**Table 5-4**  
**Regional System Residential Sewer Rates**

Customer Class	Current Rates	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Single Family	\$59.53	\$58.22	\$59.97	\$61.77	\$63.62	\$65.53
Townhouse	\$59.53	\$58.22	\$59.97	\$61.77	\$63.62	\$65.53
Condominium	\$39.61	\$44.15	\$45.47	\$46.84	\$48.24	\$49.69
Duplex	\$119.06	\$116.44	\$119.93	\$123.53	\$127.24	\$131.05
Single Family Home with 2nd Dwelling Unit	\$92.67	\$102.37	\$105.44	\$108.60	\$111.86	\$115.22
Multi-Family	\$33.14	\$44.15	\$45.47	\$46.84	\$48.24	\$49.69

### 5.3.2 Non-residential Rates

A goal for this study was to redesign the commercial, Institutional, and industrial rates to be more equitable and reflect the various strength levels of these customers. Through discussions with the District, it was determined that non-residential customers, excluding DERWA and Septic Hauler customers, would be moved to the a rate structure that is comprised of six bands based on strength level. The rational for making this change was that there was very little, or no, difference in treating a commercial customer versus an industrial customer who have the same wastewater strength. The first and lowest band starts at up to wastewater strength considered residential or domestic strength (300 mg/L), then increasing at increments of an average between BOD and TSS of 150 mg/l up to 1,050 mg/l. Customers who have strength levels higher than 1,050 will have a rate determined by District staff, based on the cost to treat the customers wastewater strength as developed in the cost of service analysis. The proposed rate bands were based on the unit cost of volume, BOD, and TSS. The unit costs were then converted to volume cost per hundred cubic feet for each of the various strength bands. Table 5-5 shows the volume cost per hundred cubic feet at the treatment plant and using the billing units.

**Table 5-5**  
**Regional Non-Residential Unit Cost Development**

	Volume @ Treatment Plant	Billed Volume
Allocated Cost Volume Cost	\$2,293,786	\$2,293,786
Units	788,072 CCF	1,060,169 CCF
Cost per Unit	\$2.91/ CCF	\$2.16/ CCF

Table 5-5 is the cost of non-residential based at the treatment plant. It is important to note that these rates are only valid when a customer's billed units are equal to their contribution at the wastewater treatment plant. As is often the case wastewater is not metered like a water utility

often is. To overcome this challenge wastewater utilities use metered water to estimate the wastewater flow. A component that needs to be accounted for when using metered water readings is outdoor water use like irrigation. Another factor that distorts the results when using metered water to estimate sewer flow is inflow and infiltration. The result is that there is not a one-to-one relationship between sewer flow at the wastewater treatment plant and billed unit flow. To account for this difference when establishing a wastewater volume rate instead of using the assumed volume at the plant one should use the billed volume as the denominator. Non-residential billed flow is 1,060,169 hundred cubic feet. Taking the distributed volume cost divided by 1,060,169 equals \$2.16 per hundred cubic feet as opposed to the \$2.91 hundred cubic feet based on wastewater volumes used to distribute costs. The next step in developing the non-residential rate is to determine the BOD and TSS components in the charge. Table 5-6 shows the distributed strength cost of BOD and TSS converted into cost per hundred cubic feet.

**Table 5-6**  
**Regional Non-Residential Unit Cost Development**

	BOD	TSS
Allocated Cost	\$675,571	\$1,419,249
Units	1,903,606 lbs.	1,980,984 lbs.
Cost per Unit	\$0.3549/ lbs.	\$0.7164/ lbs.
BOD and TSS Cost per milligram	\$0.0000008/mg	\$0.0000016/mg
BOD and TSS cost per CCF at 1 mg/L Concentration [1]	\$0.0022568	\$0.0045559

[1] Conversion = 2,833 (liters to CCF) X Cost per milligram x 1.018 (Inflow & Infiltration)

With the cost per hundred cubic feet for both the volume and strength components the calculation of the bands by milligram per liter can be calculated. Using the cost per hundred cubic feet at 1 milligram per liter for BOD and TSS the strength cost per individual bands can be calculated. Table 5-7 shows the calculation of the strength cost per band in milligrams per liter and hundred cubic feet.

**Table 5-7**  
**Regional Non-Residential Unit Cost Development**

	Median mg/L	Return Water Factor	BOD \$/CCF [1]	TSS \$/CCF [2]
Less than or equal to 300 mg/L	225	74%	\$0.37	\$0.76
Between 300 and 450 mg/L	375	80%	\$0.68	\$1.36
Between 450 and 600 mg/L	525	83%	\$0.98	\$1.97
Between 600 and 750 mg/L	675	84%	\$1.28	\$2.58
Between 750 and 900 mg/L	825	85%	\$1.58	\$3.19
Between 900 and 1,050 mg/L	975	86%	\$1.88	\$3.80

[1] \$0.0022568 X median mg/L from table 5-6 BOD

[2] \$0.0045559 X median mg/L from table 5-6 TSS

The final step in calculating the non-residential rates is to combined the volume cost per hundred cubic feet with the strength cost per hundred cubic feet by strength level. Table 5-8 shows the final calculated rates.

**Table 5-8**  
**Regional Non-Residential Volume Rates**

	\$/CCF Volume	\$/CCF BOD	\$/CCF TSS	Total \$/CCF
Less than or equal to 300 mg/L	\$2.16	\$0.37	\$0.76	\$3.29
Between 300 and 450 mg/L	\$2.16	\$0.68	\$1.36	\$4.20
Between 450 and 600 mg/L	\$2.16	\$0.98	\$1.97	\$5.11
Between 600 and 750 mg/L	\$2.16	\$1.28	\$2.58	\$6.03
Between 750 and 900 mg/L	\$2.16	\$1.58	\$3.19	\$6.94
Between 900 and 1,050 mg/L	\$2.16	\$1.88	\$3.80	\$7.85

### 5.3.3 Regional Special User Rates

Special regional users include DERWA and Septic Haulers. These customers are unique in that they have much higher strength wastewater than the residential or non-residential customers. These customers are also unique in that billed flow is the same as their estimated contribution at the wastewater treatment plant. The DERWA rate can be calculated by taking the distributed costs and dividing by their volume flow and pounds of BOD and TSS. The rate structure for each customer was modified slightly, but in general maintained the current structure. However, the rates themselves have changed significantly given the results of the cost of service analysis and

strength of the wastewater. Table 5-9 shows the calculation of DERWA rates.

**Table 5-9  
DERWA Rate Calculation**

	Volume	BOD	TSS
Distributed Costs	\$508,246	\$67,353	\$831,448
Units	130.7 mg	189,787	1,160,536
Distributed Cost/Unit	\$3,888.52/mg	\$0.3549/lbs.	\$0.7164/lbs.

As can be seen, the proposed DERWA rate structure includes a volume charge per million gallons, and a strength charge for BOD and TSS on a per pound basis which is calculated based on the strength of the wastewater and total volume. Like the DERWA rates, the septic hauler rate is calculated by taking the distributed cost by the billed gallons to arrive at the per gallon cost. For the Septic Haulers, the current rate structure was maintained and only the level of the rate was adjusted. Table 5-10 shows the steps for calculating the per gallon rate for Septic Haulers.

**Table 5-10  
Septic Hauler Rate Calculation**

	Volume	BOD	TSS	Total
Distributed Cost	\$1,319	\$3,593	\$7,243	\$12,155
Gallons	339,163	339,163	339,163	339,163
Distributed Cost/Gallon	\$0.0039/gal	\$0.0106/gal	\$0.0214/gal	\$0.0358/gal

### 5.3.4 Proposed Non-Residential Regional Rates

Table 5-11 provides the proposed non-residential rates over the next five years. As noted, the proposed rates after FY 2025 are based on an estimated inflationary adjustment of 3.0%. Annually the District will develop the proposed rates based on the annual change in the San Francisco/Hayward CPI-U for February.

**Table 5-11**  
**Regional System Non-Residential Sewer Rates**

Customer Class	Current Rates	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Low - Less than 300 mg/L	\$2.70	NA	NA	NA	NA	NA
Medium - Greater than 300 and less than 600 mg/L	5.43	NA	NA	NA	NA	NA
High - Greater than 600 mg/L	\$7.58	NA	NA	NA	NA	NA
<b>Institutional</b>						
Institutional	\$2.70	NA	NA	NA	NA	NA
School (submetered)	2.07	NA	NA	NA	NA	NA
School (non-submetered)	2.70	NA	NA	NA	NA	NA
<b>Industrial</b>						
A - Less than 1,000 mg/L	\$9.30	NA	NA	NA	NA	NA
B - Between 1,000 and 1,500 mg/L	11.69	NA	NA	NA	NA	NA
C - Greater than 1,500 mg/L	14.09	NA	NA	NA	NA	NA
<b>Commercial/Institutional/Industrial</b>						
Less than or equal to 300 mg/L	NA	\$3.29	\$3.39	\$3.49	\$3.60	\$3.71
Between 300 and 450 mg/L	NA	\$4.20	\$4.33	\$4.46	\$4.59	\$4.73
Between 450 and 600 mg/L	NA	\$5.12	\$5.27	\$5.43	\$5.59	\$5.76
Between 600 and 750 mg/L	NA	\$6.03	\$6.21	\$6.39	\$6.58	\$6.78
Between 750 and 900 mg/L	NA	\$6.94	\$7.15	\$7.36	\$7.58	\$7.81
Between 900 and 1,050 mg/L	NA	\$7.85	\$8.08	\$8.33	\$8.58	\$8.83
Greater than 1,050 mg/L		To Be Determined by the District on an Individual Basis				
<b>DERWA</b>						
\$/Connection	\$6.65	NA	NA	NA	NA	NA
Demand \$/MG	\$125.90	\$3,888.52	\$4,005.18	\$4,125.33	\$4,249.09	\$4,376.56
BOD - \$/lbs.	\$0.0579	\$0.3549	\$0.3655	\$0.3765	\$0.3878	\$0.3994
TSS - \$/lbs.	\$0.0194	\$0.7164	\$0.7379	\$0.7600	\$0.7828	\$0.8063
Septic Haulers (A1 Enterprises) - \$/gal	\$0.0690	\$0.0358	\$0.0369	\$0.0380	\$0.0391	\$0.0403

## 5.4 Local Sewer Rate Design

Local sewer rates were calculated by taking the distributed revenue requirement and dividing by the billing units, dwelling units for single family/townhomes and Multifamily/condominiums and for Non-residential billed volume. Table 5-12 provides the local sewer system rates for 2024.

**Table 5-12**  
**Local System Sewer Rate Calculation**

	Single Family	Multifamily	Non-Residential
Allocated Cost	\$2,784,719	\$1,415,219	\$606,283
Billing Unit	19,054	13,232	469,752
Bi-monthly Rate	<b>\$24.36</b>	<b>\$17.83</b>	NA
Rate per CCF	NA	NA	<b>\$1.29</b>

As noted, the FY 2024 rates are based on the results of the cost of service analysis. For rates after FY 2024, the proposed rates are adjusted by the overall revenue needs as developed in the revenue requirement analysis. The revenue requirement resulted in a rate adjustment of 7.0% in FY 2025, followed by annual inflationary adjustments. As noted, the annual inflationary adjustment will be based on the February to February change in the San Francisco/Hayward CPI-U. Table 5-13 provides the projected local sewer system rates through 2028.

**Table 5-13**  
**Local System Residential Sewer Rates**

Customer Class	Current Rates	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<b>Residential</b>						
Single Family	\$23.09	\$24.36	\$26.06	\$26.85	\$27.65	\$28.48
Townhouse	\$23.09	\$24.36	\$26.06	\$26.85	\$27.65	\$28.48
Condominium	\$17.32	\$17.83	\$19.07	\$19.65	\$20.23	\$20.84
Duplex	\$46.18	\$48.72	\$52.13	\$53.69	\$55.30	\$56.96
Single Family Home with 2nd Dwelling Unit	\$38.17	\$42.18	\$45.14	\$46.49	\$47.89	\$49.32
Multifamily	\$15.08	\$17.83	\$19.07	\$19.65	\$20.23	\$20.84
Non-Residential	\$1.23	\$1.29	\$1.38	\$1.42	\$1.46	\$1.51

## 5.5 Summary of the Comprehensive Sewer Rate Study

This section of the report has discussed the development and results of the comprehensive regional and local sewer rate study conducted for the District. The results of the comprehensive regional and local sewer rate study indicated that regional and local sewer rates are deficient for the projected ten-year time period reviewed. The implementation of as needed rate adjustments, as shown in the rate tables in this chapter, should generate the additional revenue needed to meet the regional sewer system's increased operating and transfer payment needs.

The proposed regional sewer rates, as proposed herein for FY 2024 through FY 2028, are cost-

based and proportional to the District's regional and local customers. The proposed rates were developed using generally accepted rate making methods and principles. These rates will enable the District's regional sewer system to operate in a financially sound and prudent manner.

# Appendices

Dublin San Ramon Service District  
 Regional Sewer Utility  
 Revenue Requirement  
**Exhibit 1 - Escalation Factors**

	Actual	Budget	Projected								
			FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>Revenues:</b>											
DSRSD Customer Growth - SF	Calculated	0.77%	1.93%	1.80%	2.58%	3.20%	2.66%	1.33%	0.73%	0.67%	0.74%
DSRSD Customer Growth - MFR/Condo	Calculated	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
DSRSD Customer Growth - Commercial	Calculated	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
DSRSD Customer Growth - Institutional	Calculated	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
City of Pleasanton Customer Growth - SF	Calculated	0.00%	0.00%	0.82%	0.82%	0.81%	0.92%	0.91%	0.90%	0.90%	0.90%
City of Pleasanton Customer Growth - Condo	Calculated	0.00%	0.00%	0.82%	0.82%	0.81%	0.92%	0.91%	0.90%	0.90%	0.90%
City of Pleasanton Customer Growth - MFR	Calculated	0.00%	0.00%	0.82%	0.82%	0.81%	0.92%	0.91%	0.90%	0.90%	0.90%
City of Pleasanton Customer Growth - Commercial	Calculated	0.00%	0.00%	0.82%	0.82%	0.81%	0.92%	0.91%	0.90%	0.90%	0.90%
City of Pleasanton Customer Growth - Institutional	Calculated	0.00%	0.00%	0.82%	0.82%	0.81%	0.92%	0.91%	0.90%	0.90%	0.90%
Miscellaneous Revenues	Budget	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
CPI Adj		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Expenses:</b>											
Labor	Budget	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Benefits - Medical	Budget	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Benefits - PERS/Retirement	Budget	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Benefits - FICA/PU	Budget	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Benefits - Other	Budget	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Materials & Supplies	Budget	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Equipment	Budget	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
JPA Line	Budget	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Miscellaneous	Budget	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Utilities	Budget	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
<b>Customer Growth</b>	Calculated	0.77%	1.93%	1.80%	2.58%	3.20%	2.66%	1.33%	0.73%	0.67%	0.74%
<b>Interest Earnings:</b>		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
<b>New Debt Service:</b>											
Low Interest Loans		0	0	0	0	0	0	0	0	0	0
Term in Years		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Rate		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Revenue Bond		20	20	20	20	20	20	20	20	20	20
Term in Years		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	3.50%	5.00%	5.00%
Rate		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	20	20	20

Dublin San Ramon Service District  
 Regional Sewer Utility  
 Revenue Requirement  
**Exhibit 1 - Escalation Factors**

	Actual	Budget	Projected								
			FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>Revenues:</b>											
DSRSD Customer Growth - SF	Calculated	0.77%	1.93%	1.80%	2.58%	3.20%	2.66%	1.33%	0.73%	0.67%	0.74%
DSRSD Customer Growth - MFR/Condo	Calculated	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
DSRSD Customer Growth - Commercial	Calculated	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
DSRSD Customer Growth - Institutional	Calculated	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
City of Pleasanton Customer Growth - SF	Calculated	0.00%	0.00%	0.82%	0.82%	0.81%	0.92%	0.91%	0.90%	0.90%	0.90%
City of Pleasanton Customer Growth - Condo	Calculated	0.00%	0.00%	0.82%	0.82%	0.81%	0.92%	0.91%	0.90%	0.90%	0.90%
City of Pleasanton Customer Growth - MFR	Calculated	0.00%	0.00%	0.82%	0.82%	0.81%	0.92%	0.91%	0.90%	0.90%	0.90%
City of Pleasanton Customer Growth - Commercial	Calculated	0.00%	0.00%	0.82%	0.82%	0.81%	0.92%	0.91%	0.90%	0.90%	0.90%
City of Pleasanton Customer Growth - Institutional	Calculated	0.00%	0.00%	0.82%	0.82%	0.81%	0.92%	0.91%	0.90%	0.90%	0.90%
Miscellaneous Revenues	Budget	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
CPI Adj		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Expenses:</b>											
Labor	Budget	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Benefits - Medical	Budget	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Benefits - PERS/Retirement	Budget	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Benefits - FICA/PU	Budget	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Benefits - Other	Budget	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Materials & Supplies	Budget	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Equipment	Budget	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
JPA Line	Budget	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Miscellaneous	Budget	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Utilities	Budget	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
<b>Customer Growth</b>	Calculated	0.77%	1.93%	1.80%	2.58%	3.20%	2.66%	1.33%	0.73%	0.67%	0.74%
<b>Interest Earnings:</b>		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
<b>New Debt Service:</b>											
Low Interest Loans		0	0	0	0	0	0	0	0	0	0
Term in Years		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Rate		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Revenue Bond		20	20	20	20	20	20	20	20	20	20
Term in Years		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	3.50%	5.00%	5.00%
Rate		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	20	20	20

Dublin San Ramon Service District  
 Regional Sewer Utility  
 Revenue Requirement  
 Exhibit 2 - Enterprise Fund

Account Name	Actual	Budget		Projected									Notes	
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032			
<b>Sources of Funds</b>														
<i>Rate Revenue - Dublin/San Ramon</i>														
Residential														
Single Family	\$6,516,392	\$6,642,082	\$6,761,712	\$6,936,413	\$7,158,282	\$7,348,530	\$7,446,025	\$7,500,043	\$7,550,108	\$7,605,707	DSRSD Customer Growth - SF			
Condominium	1,497,258	\$1,497,258	\$1,497,258	\$1,497,258	\$1,497,258	\$1,497,258	\$1,497,258	\$1,497,258	\$1,497,258	\$1,497,258	DSRSD Customer Growth - MFR/Condo			
Multi-Family	1,325,865	\$1,325,865	\$1,325,865	\$1,325,865	\$1,325,865	\$1,325,865	\$1,325,865	\$1,325,865	\$1,325,865	\$1,325,865	DSRSD Customer Growth - MFR/Condo			
Commercial														
Low	552,509	\$552,509	\$552,509	\$552,509	\$552,509	\$552,509	\$552,509	\$552,509	\$552,509	\$552,509	DSRSD Customer Growth - Commercial			
Medium	455,713	\$455,713	\$455,713	\$455,713	\$455,713	\$455,713	\$455,713	\$455,713	\$455,713	\$455,713	DSRSD Customer Growth - Commercial			
High	233,623	\$233,623	\$233,623	\$233,623	\$233,623	\$233,623	\$233,623	\$233,623	\$233,623	\$233,623	DSRSD Customer Growth - Commercial			
Institutional														
School (submetered)	62,999	\$62,999	\$62,999	\$62,999	\$62,999	\$62,999	\$62,999	\$62,999	\$62,999	\$62,999	DSRSD Customer Growth - Institutional			
School (non-submetered)	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	DSRSD Customer Growth - Institutional			
Institutional All Others	30,402	\$30,402	\$30,402	\$30,402	\$30,402	\$30,402	\$30,402	\$30,402	\$30,402	\$30,402	DSRSD Customer Growth - Institutional			
Industrial/Demand														
Bureau of Prisons (FCI)	687,425	\$687,425	\$687,425	\$687,425	\$687,425	\$687,425	\$687,425	\$687,425	\$687,425	\$687,425	DSRSD Customer Growth - Commercial			
Santa Rita Jail	803,101	\$803,101	\$803,101	\$803,101	\$803,101	\$803,101	\$803,101	\$803,101	\$803,101	\$803,101	DSRSD Customer Growth - Commercial			
DERWA Internal Backwash	48,592	\$49,564	\$50,556	\$51,567	\$52,598	\$53,650	\$54,723	\$55,817	\$56,934	\$58,072	Miscellaneous Revenues			
<b>Total Rate Revenues - Dublin/San Ramon</b>	<b>\$12,213,880</b>	<b>\$12,213,880</b>	<b>\$12,340,542</b>	<b>\$12,461,163</b>	<b>\$12,636,875</b>	<b>\$12,859,775</b>	<b>\$13,051,075</b>	<b>\$13,149,643</b>	<b>\$13,204,756</b>	<b>\$13,255,937</b>	<b>\$13,312,675</b>			
<i>Rate Revenue - Pleasanton</i>														
Residential														
Single Family	\$6,853,552	\$6,853,552	\$6,909,934	\$6,966,316	\$7,022,697	\$7,087,086	\$7,151,475	\$7,215,863	\$7,280,832	\$7,346,385	City of Pleasanton Customer Growth - SF			
Condominium	\$376,453	\$376,453	\$379,550	\$382,647	\$385,744	\$389,281	\$392,818	\$396,355	\$399,923	\$403,524	City of Pleasanton Customer Growth - Condo			
Multi-Family	\$1,153,272	\$1,153,272	\$1,162,760	\$1,172,247	\$1,181,735	\$1,192,570	\$1,203,404	\$1,214,239	\$1,225,172	\$1,236,203	City of Pleasanton Customer Growth - MFR			
Commercial -														
Low	1,126,305	\$1,126,305	\$1,135,571	\$1,144,837	\$1,154,102	\$1,164,684	\$1,175,266	\$1,185,847	\$1,196,524	\$1,207,297	City of Pleasanton Customer Growth - Commercial			
Medium	687,123	\$687,123	\$692,776	\$698,428	\$704,081	\$710,537	\$716,992	\$723,448	\$729,961	\$736,533	City of Pleasanton Customer Growth - Commercial			
High	146,696	\$146,696	\$147,903	\$149,109	\$150,316	\$151,694	\$153,073	\$154,451	\$155,841	\$157,245	City of Pleasanton Customer Growth - Commercial			
Schools/Institutional														
School (submetered)	22,683	\$22,683	\$22,869	\$23,056	\$23,243	\$23,456	\$23,669	\$23,882	\$24,097	\$24,314	City of Pleasanton Customer Growth - Institutional			
School (non-submetered)	362	\$362	\$365	\$368	\$371	\$375	\$378	\$381	\$385	\$388	City of Pleasanton Customer Growth - Institutional			
Institutional All Others	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	City of Pleasanton Customer Growth - Institutional			
Industrial/Demand														
A1 Enterprise (Septic)	23,388	\$23,388	\$23,580	\$23,772	\$23,965	\$24,184	\$24,404	\$24,624	\$24,846	\$25,069	City of Pleasanton Customer Growth - Commercial			
Clorox	55,409	\$55,409	\$55,865	\$56,321	\$56,776	\$57,297	\$57,818	\$58,338	\$58,863	\$59,393	City of Pleasanton Customer Growth - Commercial			
D.R. Horton	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	City of Pleasanton Customer Growth - Commercial			
Roche Molecular Systems	40,405	\$40,405	\$40,737	\$41,070	\$41,402	\$41,782	\$42,161	\$42,541	\$42,924	\$43,310	City of Pleasanton Customer Growth - Commercial			
San Francisco PUC	3,176	\$3,176	\$3,203	\$3,229	\$3,255	\$3,285	\$3,315	\$3,344	\$3,374	\$3,405	City of Pleasanton Customer Growth - Commercial			
Thermo Fisher Scientific	117,660	\$117,660	\$118,628	\$119,596	\$120,564	\$121,670	\$122,775	\$123,881	\$124,996	\$126,121	City of Pleasanton Customer Growth - Commercial			
Castlewood	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	City of Pleasanton Customer Growth - Commercial			
Fairgrounds	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	City of Pleasanton Customer Growth - Commercial			
<b>Total Rate Revenues - Pleasanton</b>	<b>\$10,606,485</b>	<b>\$10,606,485</b>	<b>\$10,606,485</b>	<b>\$10,693,741</b>	<b>\$10,780,996</b>	<b>\$10,868,252</b>	<b>\$10,967,899</b>	<b>\$11,067,547</b>	<b>\$11,167,194</b>	<b>\$11,267,739</b>	<b>\$11,369,188</b>			
<b>Miscellaneous Revenues</b>														
<i>Enterprise Operations</i>														
IW (Pleasanton)	<b>\$80,391</b>	<b>\$82,721</b>	\$84,376	\$86,063	\$87,785	\$89,540	\$91,331	\$93,158	\$95,021	\$96,921	\$98,860	Miscellaneous Revenues		
IW (All Others)	71,994	<b>74,081</b>	75,563	77,074	78,615	80,188	81,791	83,427	85,096	86,798	88,534	Miscellaneous Revenues		
Brine Zone 7, Reverse Osmosis	68,716	<b>70,777</b>	72,193	73,636	75,109	76,611	78,144	79,706	81,301	82,927	84,585	Miscellaneous Revenues		
DERWA Energy Offset and DERWA/LAVWMA Lab Fees	7,800	<b>8,034</b>	8,195	8,359	8,526	8,696	8,870	9,048	9,229	9,413	9,601	Miscellaneous Revenues		
Other DERWA Charges, Lab Fees etc	998,070	<b>997,098</b>	1,017,040	1,037,380	1,058,128	1,079,291	1,100,876	1,122,894	1,145,352	1,168,259	1,191,624	Miscellaneous Revenues		
Easement Purchase Agreement from Pleasanton	604,722	0	0	0	0	0	0	0	0	0	0	Miscellaneous Revenues		
Interest	<b>101,056</b>	<b>103,289</b>	223,612	223,836	222,749	221,616	222,114	223,184	218,689	207,087	195,907	Calculated on Reserves		
<b>Total Miscellaneous Revenues</b>	<b>\$1,932,749</b>	<b>\$1,336,000</b>	<b>\$1,480,977</b>	<b>\$1,506,349</b>	<b>\$1,530,912</b>	<b>\$1,555,942</b>	<b>\$1,583,127</b>	<b>\$1,611,416</b>	<b>\$1,634,686</b>	<b>\$1,651,404</b>	<b>\$1,669,111</b>			
<b>Total Sources of Funds</b>	<b>\$24,753,114</b>	<b>\$24,156,365</b>	<b>\$24,428,004</b>	<b>\$24,661,252</b>	<b>\$24,948,783</b>	<b>\$25,283,968</b>	<b>\$25,602,101</b>	<b>\$25,828,606</b>	<b>\$26,006,636</b>	<b>\$26,175,080</b>	<b>\$26,350,974</b>			

Dublin San Ramon Service District  
 Regional Sewer Utility  
 Revenue Requirement  
 Exhibit 2 - Enterprise Fund

Account Name	Actual	Budget		Projected								Notes
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	
<b>Application of Funds</b>												
<b>Sewer Operations</b>		-2.4%	1.1%	1.0%	1.2%	1.3%	1.3%	0.9%	0.7%	0.6%	0.7%	
<b>Personnel Services</b>												
Salaries	\$5,959,857	\$6,073,867	\$6,811,193	\$7,015,529	\$7,225,995	\$7,442,774	\$7,666,058	\$7,896,039	\$8,132,921	\$8,376,908	\$8,628,215	Labor
Overtime	333,970	334,080	344,102	354,425	365,058	376,010	387,290	398,909	410,876	423,203	435,899	Labor
Shift Pay	80,518	\$80,518	\$82,933	85,421	87,984	90,624	93,342	96,142	99,027	101,998	105,057	Labor
Standby Pay		\$86,000	\$88,580	91,237	93,975	96,794	99,698	102,688	105,769	108,942	112,210	Labor
Medical	864,910	\$886,532	\$978,587	1,076,446	1,184,090	1,302,500	1,432,750	1,576,024	1,733,627	1,906,990	2,097,689	Benefits - Medical
Retirement	1,666,920	\$1,804,742	\$1,930,237	1,898,285	1,864,202	1,804,291	1,681,964	1,757,219	1,845,080	1,937,334	2,034,201	Benefits - PERS/Retirement
Other Benefits	367,397	\$372,526	\$367,582	385,961	405,259	425,522	446,798	469,138	492,595	517,225	543,086	Benefits - Other
Salary / Benefit Credit	(1,033,758)	(\$1,049,400)	(\$1,604,374)	(1,652,505)	(1,702,081)	(1,753,143)	(1,805,737)	(1,859,909)	(1,915,707)	(1,973,178)	(2,032,373)	Labor
Training Costs	107,016	\$93,285	\$96,084	98,966	101,935	104,993	108,143	111,387	114,729	118,171	121,716	Labor
Group Training Services	10,000	\$10,000	\$10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048	Labor
Temporary Help	150,913	\$91,689	\$94,440	97,273	100,191	103,197	106,293	109,482	112,766	116,149	119,634	Materials & Supplies
Interns	89,173	\$93,340	\$96,140	99,024	101,995	105,055	108,207	111,453	114,796	118,240	121,788	Materials & Supplies
Uniforms & Safety Equipment	19,640	\$19,340	\$19,920	20,518	21,133	21,767	22,420	23,093	23,786	24,499	25,234	Materials & Supplies
Employee Memberships & Certifications	22,613	\$17,793	\$18,327	18,877	19,443	20,026	20,627	21,246	21,883	22,540	23,216	Miscellaneous
Total Personnel Services	\$8,639,169	\$8,914,313	\$9,334,052	\$9,600,067	\$9,880,108	\$10,151,665	\$10,379,445	\$10,824,853	\$11,304,447	\$11,811,688	\$12,348,619	
<b>Material &amp; Supplies</b>												
Chemicals	\$436,636	\$620,636	\$639,255	\$658,433	\$678,186	\$698,531	\$719,487	\$741,072	\$763,304	\$786,203	\$809,789	Materials & Supplies
Equipment Under \$10,000	139,716	112,509	115,884	119,361	122,942	126,630	130,429	134,342	138,372	142,523	146,799	Materials & Supplies
Fluids	48,000	48,000	49,440	50,923	52,451	54,024	55,645	57,315	59,034	60,805	62,629	Materials & Supplies
Fuel	53,787	78,818	81,183	83,618	86,127	88,711	91,372	94,113	96,937	99,845	102,840	Materials & Supplies
Gas & Electric	1,564,406	1,764,606	1,852,836	1,945,478	2,042,752	2,144,889	2,252,134	2,364,740	2,482,977	2,607,126	2,737,482	Utilities
General Supplies	835,372	999,380	1,029,361	1,060,242	1,092,050	1,124,811	1,158,555	1,193,312	1,229,111	1,265,985	1,303,964	Materials & Supplies
Tools	43,248	45,056	46,408	47,800	49,234	50,711	52,232	53,799	55,413	57,076	58,788	Materials & Supplies
Office Supplies/Services	20,860	20,860	21,486	22,130	22,794	23,478	24,182	24,908	25,655	26,425	27,218	Materials & Supplies
Total Material & Supplies	\$3,142,025	\$3,689,865	\$3,835,853	\$3,987,985	\$4,146,534	\$4,311,785	\$4,484,037	\$4,663,601	\$4,850,803	\$5,045,987	\$5,249,509	
<b>Contract Services</b>												
Legal Services	\$15,800	\$15,800	\$16,274	\$16,762	\$17,265	\$17,783	\$18,317	\$18,866	\$19,432	\$20,015	\$20,615	Miscellaneous
Professional Services	503,005	513,430	528,833	544,698	561,039	577,870	595,206	613,062	631,454	650,398	669,910	Miscellaneous
Advertising	7,400	7,400	7,622	7,851	8,086	8,329	8,579	8,836	9,101	9,374	9,655	Miscellaneous
Equipment Lease/Rental	19,020	19,020	19,591	20,178	20,784	21,407	22,049	22,711	23,392	24,094	24,817	Miscellaneous
Maintenance Contracts	187,501	193,168	198,963	204,932	211,080	217,413	223,935	230,653	237,573	244,700	252,041	Miscellaneous
Monitoring & Testing Services	88,000	88,000	90,640	93,359	96,160	99,045	102,016	105,077	108,229	111,476	114,820	Miscellaneous
Other Services	857,566	771,556	794,703	818,544	843,100	868,393	894,445	921,278	948,917	977,384	1,006,706	Miscellaneous
Printing Services	13,100	11,500	11,845	12,200	12,566	12,943	13,332	13,732	14,144	14,568	15,005	Miscellaneous
Total Contract Services	\$1,691,391	\$1,619,874	\$1,668,471	\$1,718,525	\$1,770,080	\$1,823,183	\$1,877,878	\$1,934,215	\$1,992,241	\$2,052,008	\$2,113,569	

Dublin San Ramon Service District  
 Regional Sewer Utility  
 Revenue Requirement  
 Exhibit 2 - Enterprise Fund

Account Name	Actual	Budget	Projected									Notes
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	
<i>Other Expenses</i>												
Meetings	\$8,760	\$8,760	\$9,023	\$9,293	\$9,572	\$9,859	\$10,155	\$10,460	\$10,774	\$11,097	\$11,430	Miscellaneous
Permits, Licenses & District Mbrshps	233,600	\$240,600	\$247,818	255,253	262,910	270,797	278,921	287,289	295,908	304,785	313,928	Miscellaneous
Subscriptions & Publications	1,534	\$1,534	\$1,580	1,627	1,676	1,727	1,778	1,832	1,887	1,943	2,002	Miscellaneous
Credit Card Transaction Fees			\$0	0	0	0	0	0	0	0	0	Labor
Overhead Charges	3,300,663	\$3,360,965	\$3,461,794	3,565,648	3,672,618	3,782,796	3,896,280	4,013,168	4,133,563	4,257,570	4,385,297	Labor
Contribution to JPA's - O&M	2,437,609	2,473,699	\$2,597,384	2,727,253	2,863,616	3,006,796	3,157,136	3,314,993	3,480,743	3,654,780	3,837,519	JPA Line
Contribution to JPA's - Debt	173,711	1,215,580	1,216,385	1,215,800	1,215,617	1,215,763	1,216,166	1,215,855	1,215,690	1,215,599	0	JPA Line
Total Other Expenses	\$6,155,877	\$7,301,138	\$7,533,984	\$7,774,874	\$8,026,009	\$8,287,739	\$8,560,437	\$8,843,597	\$9,138,564	\$9,445,774	\$8,550,176	LAVWMA 2011 Debt
<b>Total Sewer Operations Expenses</b>	<b>\$19,628,462</b>	<b>\$21,525,191</b>	<b>\$22,372,359</b>	<b>\$23,081,452</b>	<b>\$23,822,731</b>	<b>\$24,574,373</b>	<b>\$25,301,797</b>	<b>\$26,266,265</b>	<b>\$27,286,056</b>	<b>\$28,355,457</b>	<b>\$28,261,873</b>	
			3.94%									
<b>Debt Service</b>												
Sewer Operations Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Total Debt Service</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Transfer to Reserves</b>												
Enterprise Fund (increase Buy-In revenue)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Expansion Fund	0	0	0	0	0	0	0	0	0	0	0	
Replacement Fund	1,800,000	2,100,000	2,400,000	2,700,000	3,000,000	3,300,000	3,700,000	4,100,000	4,500,000	4,500,000	4,500,000	Note [2]
Other - OPEB	430,125	436,694	\$458,529	481,455	505,528	530,804	557,345	585,212	614,472	645,196	677,456	Benefits - PERS/Retirement
5th Supplement Agreement (Regional to Water)	660,000	680,000	\$700,400	721,412	743,054	765,346	788,306	811,956	836,314	861,404	887,246	Miscellaneous based on agreement may eli
Transfer to Rate Stabilization Fund	194,483	0										
<b>Total Transfer to Reserves</b>	<b>\$3,084,608</b>	<b>\$3,216,694</b>	<b>\$3,558,929</b>	<b>\$3,902,867</b>	<b>\$4,248,582</b>	<b>\$4,596,150</b>	<b>\$5,045,651</b>	<b>\$5,497,167</b>	<b>\$5,950,787</b>	<b>\$6,006,600</b>	<b>\$6,064,701</b>	
<b>TOTAL REVENUE REQUIREMENTS</b>	<b>\$22,713,070</b>	<b>\$24,741,885</b>	<b>\$25,931,288</b>	<b>\$26,984,319</b>	<b>\$28,071,313</b>	<b>\$29,170,523</b>	<b>\$30,347,448</b>	<b>\$31,763,432</b>	<b>\$33,236,843</b>	<b>\$34,362,057</b>	<b>\$34,326,575</b>	
Balance/(Deficiency) of Funds	8.9%	4.8%	4.1%	4.0%	3.9%	4.0%	4.7%	4.6%	3.4%	-0.1%		
	\$2,040,044	(\$585,520)	(\$1,503,284)	(\$2,323,067)	(\$3,122,530)	(\$3,886,555)	(\$4,745,347)	(\$5,934,826)	(\$7,230,207)	(\$8,186,977)	(\$7,975,601)	
<b>Cumulative Balance as a % of Rate Revenues</b>	<b>-8.9%</b>	<b>2.6%</b>	<b>6.6%</b>	<b>10.0%</b>	<b>13.3%</b>	<b>16.4%</b>	<b>19.8%</b>	<b>24.5%</b>	<b>29.7%</b>	<b>33.4%</b>	<b>32.3%</b>	
<b>Annual Balance as a % of Rate Revenues</b>	<b>-8.9%</b>	<b>12.6%</b>	<b>3.9%</b>	<b>3.3%</b>	<b>3.0%</b>	<b>2.7%</b>	<b>2.9%</b>	<b>4.0%</b>	<b>4.1%</b>	<b>2.9%</b>	<b>-0.8%</b>	
<b>Less: Use of Reserves</b>												
Enterprise Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Total Use of Reserves</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Net Balance/(Deficiency) of Funds</b>	<b>\$2,040,044</b>	<b>(\$585,520)</b>	<b>(\$1,503,284)</b>	<b>(\$2,323,067)</b>	<b>(\$3,122,530)</b>	<b>(\$3,886,555)</b>	<b>(\$4,745,347)</b>	<b>(\$5,934,826)</b>	<b>(\$7,230,207)</b>	<b>(\$8,186,977)</b>	<b>(\$7,975,601)</b>	
<b>Cumulative Net Balance as a % of Rate Revenues</b>	<b>-8.9%</b>	<b>2.6%</b>	<b>6.6%</b>	<b>10.0%</b>	<b>13.3%</b>	<b>16.4%</b>	<b>19.8%</b>	<b>24.5%</b>	<b>29.7%</b>	<b>33.4%</b>	<b>32.3%</b>	
<b>Annual Net Balance as a % of Rate Revenues</b>	<b>-8.9%</b>	<b>12.6%</b>	<b>3.9%</b>	<b>3.3%</b>	<b>3.0%</b>	<b>2.7%</b>	<b>2.9%</b>	<b>4.0%</b>	<b>4.1%</b>	<b>2.9%</b>	<b>-0.8%</b>	
<b>Proposed Rate Adjustment</b>	<b>0.0%</b>	<b>0.0%</b>	<b>6.6%</b>	<b>3.0%</b>								
<b>Additional Revenue from Adjustment</b>	\$0	\$0	\$1,514,504	\$2,268,717	\$3,065,854	\$3,911,494	\$4,798,808	\$5,710,078	\$6,650,124	\$7,627,980	\$8,647,955	
<b>Total Balance/(Deficiency) of Funds</b>	<b>\$2,040,044</b>	<b>(\$585,520)</b>	<b>\$11,220</b>	<b>(\$54,349)</b>	<b>(\$56,676)</b>	<b>\$24,939</b>	<b>\$53,462</b>	<b>(\$224,747)</b>	<b>(\$580,083)</b>	<b>(\$558,997)</b>	<b>\$672,354</b>	
<b>Additional Rate Increase Needed</b>	<b>-8.9%</b>	<b>2.6%</b>	<b>0.0%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>-0.1%</b>	<b>-0.2%</b>	<b>0.8%</b>	<b>1.9%</b>	<b>1.7%</b>	<b>-2.0%</b>	

Dublin San Ramon Service District  
 Regional Sewer Utility  
 Revenue Requirement  
 Exhibit 2 - Enterprise Fund

Account Name	Actual FY 2022	Budget FY 2023	Projected									Notes
			FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	
<b>Average Residential Bi-Monthly Impact</b>		<b>\$59.53</b>										
After Rate Adjustment Required		\$61.06	\$63.43	\$65.50	\$67.47	\$69.28	\$71.29	\$74.12	\$77.19	\$79.40	\$78.77	
Bi-Monthly \$ Change		\$1.53	\$2.37	\$2.07	\$1.97	\$1.81	\$2.01	\$2.83	\$3.07	\$2.21	(\$0.64)	
After Proposed Rate Adjustment		\$59.53	\$63.46	\$65.36	\$67.32	\$69.34	\$71.42	\$73.57	\$75.77	\$78.05	\$80.39	
Bi-Monthly \$ Change		\$0.00	\$3.93	\$1.90	\$1.96	\$2.02	\$2.08	\$2.14	\$2.21	\$2.27	\$2.34	
Annual \$ Change		-	23.57	11.42	11.77	12.12	12.48	12.86	13.24	13.64	14.05	
<b>Debt Service Coverage Ratio</b>												
Before Rate Adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
After RR Rate Adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
After Proposed Rate Adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
<b>Sewer Enterprise Fund - 300</b>												
Beginning Cash Reserve Balance	<b>\$9,726,066</b>	\$11,766,110	\$11,180,590	\$11,191,810	\$11,137,461	\$11,080,784	\$11,105,723	\$11,159,185	\$10,934,437	\$10,354,355	\$9,795,358	
Plus: To Operating Reserves	0	0	0	0	0	0	0	0	0	0	0	
Calculated Interest	214,922	229,467	223,724	223,293	222,182	221,865	222,649	220,936	212,888	201,497	202,631	Not included in Ending Balance
Less: Uses of Funds	0	0	0	0	0	0	0	0	0	0	0	
Total Balance/(Deficiency) of Funds	2,040,044	(585,520)	11,220	(54,349)	(56,676)	24,939	53,462	(224,747)	(580,083)	(558,997)	672,354	
Ending Balance	\$11,766,110	\$11,180,590	\$11,191,810	\$11,137,461	\$11,080,784	\$11,105,723	\$11,159,185	\$10,934,437	\$10,354,355	\$9,795,358	\$10,467,712	
Minimum reserve = 60 days of annual O&M	\$3,226,596	\$3,538,388	\$3,677,648	\$3,794,211	\$3,916,065	\$4,039,623	\$4,159,199	\$4,317,742	\$4,485,379	\$4,661,171	\$4,645,787	
Maximum reserve = 180 days of annual O&M	\$9,679,789	\$10,615,163	\$11,032,944	\$11,382,634	\$11,748,196	\$12,118,869	\$12,477,598	\$12,953,227	\$13,456,137	\$13,983,513	\$13,937,362	
2,086,321	565,427	158,866	(245,173)	(667,412)	(1,013,145)	(1,318,414)	(2,018,789)	(3,101,783)	(4,188,155)	(3,469,650)		
Target (4 months)	6,542,821	7,175,064	7,457,453	7,693,817	7,940,910	8,191,458	8,433,932	8,755,422	9,095,352	9,451,819	9,420,624	
<b>Sewer Rate Stabilization Fund - 305</b>												
Beginning Cash Reserve Balance	<b>\$11,950,251</b>	\$12,049,369	\$12,153,073	\$12,447,398	\$12,748,796	\$13,057,436	\$13,373,489	\$13,697,132	\$14,028,545	\$14,262,782	\$14,607,665	
Plus: From Enterprise Fund												
Calculated Interest	<b>108,118</b>	<b>112,704</b>	303,595	310,946	318,474	326,183	334,076	342,160	245,306	356,285	364,898	
Transfers In	194,483	0	0	0	0	0	0	0	0	0	0	
Less: Uses of Funds												
Operating Expenditures	<b>9,000</b>	<b>9,000</b>	\$9,270	9,548	9,835	10,130	10,433	10,746	11,069	11,401	11,743	Miscellaneous
Transfers Out	0	0	0	0	0	0	0	0	0	0	0	
Ending Balance	\$12,049,369	\$12,153,073	\$12,447,398	\$12,748,796	\$13,057,436	\$13,373,489	\$13,697,132	\$14,028,545	\$14,262,782	\$14,607,665	\$14,960,821	

## Notes:

[1] Interest Income Calculated on Enterprise Funds Prior proposed rate adjustments.  
 [2] Transfer for Replacement Fund Capital Projects, per ENGR's Replace: \$23,405,885

	Budget											Notes
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	
<b>Beginning Balance</b>	<b>\$32,272,598</b>	\$25,539,848	\$24,237,373	\$25,334,029	\$19,677,626	\$20,975,379	\$23,710,387	\$23,705,001	\$23,259,804	\$17,806,135	\$10,880,734	
<b>Replacement Revenues</b>												
Capacity Reserve Fees	\$2,000,231	\$3,302,790	\$2,282,888	\$1,511,938	\$2,824,575	\$2,881,067	\$2,938,688	\$2,997,462	\$3,057,411	\$3,118,559	\$3,180,930	Input
Transfers from Operations	1,800,000	2,100,000	2,400,000	2,700,000	3,000,000	3,300,000	3,700,000	4,100,000	4,500,000	4,500,000	4,500,000	
Interest Income	322,726	255,398	490,806	445,660	402,505	442,433	469,459	464,998	406,593	284,028	290,776	Calculated
<b>Total Replacement Revenues</b>	<b>\$4,122,957</b>	<b>\$5,658,188</b>	<b>\$5,173,694</b>	<b>\$4,657,598</b>	<b>\$6,227,080</b>	<b>\$6,623,500</b>	<b>\$7,108,147</b>	<b>\$7,562,460</b>	<b>\$7,964,004</b>	<b>\$7,902,588</b>	<b>\$7,971,706</b>	
<b>Total Replacement Funds Available</b>	<b>\$36,395,555</b>	<b>\$31,198,036</b>	<b>\$29,411,067</b>	<b>\$29,991,627</b>	<b>\$25,904,706</b>	<b>\$27,598,879</b>	<b>\$30,818,534</b>	<b>\$31,267,461</b>	<b>\$31,223,808</b>	<b>\$25,708,723</b>	<b>\$18,852,440</b>	
<b>Replacement Expenses</b>												
<b>Sewer Replacement O&amp;M</b>												
<b>Other Expenses</b>												
Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	As Miscellaneous
Allocated Costs	279,600	279,600	287,988	296,628	305,526	314,692	324,133	333,857	343,873	354,189	364,815	As Labor
<b>Total Other Expenses</b>	<b>\$279,600</b>	<b>\$279,600</b>	<b>\$287,988</b>	<b>\$296,628</b>	<b>\$305,526</b>	<b>\$314,692</b>	<b>\$324,133</b>	<b>\$333,857</b>	<b>\$343,873</b>	<b>\$354,189</b>	<b>\$364,815</b>	
<b>Non-Capitalized Projects</b>	<b>674,094</b>	<b>\$124,000</b>	<b>\$0</b>	CIP								
<b>Total Sewer Replacement O&amp;M</b>	<b>\$953,694</b>	<b>\$403,600</b>	<b>\$287,988</b>	<b>\$296,628</b>	<b>\$305,526</b>	<b>\$314,692</b>	<b>\$324,133</b>	<b>\$333,857</b>	<b>\$343,873</b>	<b>\$354,189</b>	<b>\$364,815</b>	
<b>Total Replacement Capital Projects</b>	<b>\$9,902,013</b>	<b>\$6,557,063</b>	<b>\$3,789,050</b>	<b>\$10,017,374</b>	<b>\$4,623,800</b>	<b>\$3,573,800</b>	<b>\$6,789,400</b>	<b>\$7,673,800</b>	<b>\$13,073,800</b>	<b>\$14,473,800</b>	<b>\$0</b>	See exh. 4A - 2
<b>Debt Service</b>												
1997 Ref Rev Bond (P&I) - Repl.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Debt Schedule
LAVVMA debt	0	0	0	0	0	0	0	0	0	0	0	Debt Schedule
New Replacement Debt Payments	0	0	0	0	0	0	0	0	0	0	0	Calculated
<b>Total Debt Service</b>	<b>\$0</b>											
<b>Total Replacement Expenses</b>	<b>\$10,855,707</b>	<b>\$6,960,663</b>	<b>\$4,077,038</b>	<b>\$10,314,002</b>	<b>\$4,929,326</b>	<b>\$3,888,492</b>	<b>\$7,113,533</b>	<b>\$8,007,657</b>	<b>\$13,417,673</b>	<b>\$14,827,989</b>	<b>\$364,815</b>	
<b>Ending Balance Sewer Replacement Fund</b>	<b>\$25,539,848</b>	<b>\$24,237,373</b>	<b>\$25,334,029</b>	<b>\$19,677,626</b>	<b>\$20,975,379</b>	<b>\$23,710,387</b>	<b>\$23,705,001</b>	<b>\$23,259,804</b>	<b>\$17,806,135</b>	<b>\$10,880,734</b>	<b>\$18,487,626</b>	

	Budget		Projected									Notes
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	
<b>Beginning Balance</b>	<b>\$42,061,722</b>	\$42,427,087	\$46,813,713	\$49,569,395	\$50,987,697	\$53,564,300	\$56,174,431	\$49,298,739	\$54,684,864	\$54,184,609	\$56,963,118	
<b>Expansion Revenues</b>												
Connection Fees - Expansion Fund	\$5,390,725	\$8,746,658	\$6,045,690	\$4,004,010	\$7,480,219	\$7,629,823	\$7,782,420	\$7,938,068	\$8,096,829	\$8,258,766	\$8,423,941	Input
Transfers from Replacement	0	0	0	0	0	0	0	0	0	0	0	Input
Transfers from Operations	0	0	0	0	0	0	0	0	0	0	0	Input
Interest	420,617	386,284	954,288	995,615	1,035,168	1,086,522	1,044,289	1,029,541	1,077,916	1,100,473	1,223,502	Calculated
<b>Total Expansion Revenues</b>	<b>\$5,811,342</b>	<b>\$9,132,942</b>	<b>\$6,999,978</b>	<b>\$4,999,625</b>	<b>\$8,515,387</b>	<b>\$8,716,345</b>	<b>\$8,826,709</b>	<b>\$8,967,609</b>	<b>\$9,174,745</b>	<b>\$9,359,239</b>	<b>\$9,647,443</b>	
<b>Total Expansion Funds Available</b>	<b>\$47,873,064</b>	<b>\$51,560,029</b>	<b>\$53,813,691</b>	<b>\$54,569,019</b>	<b>\$59,503,084</b>	<b>\$62,280,646</b>	<b>\$65,001,139</b>	<b>\$58,266,348</b>	<b>\$63,859,609</b>	<b>\$63,543,848</b>	<b>\$66,610,561</b>	
<b>Expansion Expenses</b>												
<b>Sewer Expansion O&amp;M</b>												
<b>Other Expenses</b>												
EBDA Capacity Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Allocated Costs	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
Total Other Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Non-Capitalized Projects</b>	<b>\$0</b>	CIP										
<b>Total Sewer Expansion O&amp;M</b>	<b>\$0</b>											
<b>Total Expansion Capital Projects</b>	<b>\$4,934,286</b>	<b>\$1,165,640</b>	<b>\$661,250</b>	<b>\$0</b>	<b>\$2,358,000</b>	<b>\$2,525,000</b>	<b>\$12,120,000</b>	<b>\$0</b>	<b>\$6,094,000</b>	<b>\$3,000,000</b>	<b>\$0</b>	See Exh. 4B - 2
<b>Debt Service</b>												
<b>Regional Bank Bond</b>	<b>0</b>	<b>\$0</b>	Debt Schedule									
<b>LAVWMA debt</b>	<b>511,691</b>	<b>3,580,676</b>	<b>3,583,047</b>	<b>3,581,323</b>	<b>3,580,784</b>	<b>3,581,215</b>	<b>3,582,400</b>	<b>3,581,484</b>	<b>3,580,999</b>	<b>3,580,730</b>	<b>0</b>	Debt Schedule
<b>Other Expansion Related Debt Payments</b>	<b>0</b>	Debt Schedule										
<b>Total Debt Service</b>	<b>\$511,691</b>	<b>\$3,580,676</b>	<b>\$3,583,047</b>	<b>\$3,581,323</b>	<b>\$3,580,784</b>	<b>\$3,581,215</b>	<b>\$3,582,400</b>	<b>\$3,581,484</b>	<b>\$3,580,999</b>	<b>\$3,580,730</b>	<b>\$0</b>	
<b>Total Expansion Expenses</b>	<b>\$5,445,977</b>	<b>\$4,746,316</b>	<b>\$4,244,297</b>	<b>\$3,581,323</b>	<b>\$5,938,784</b>	<b>\$6,106,215</b>	<b>\$15,702,400</b>	<b>\$3,581,484</b>	<b>\$9,674,999</b>	<b>\$6,580,730</b>	<b>\$0</b>	
<b>Ending Balance Sewer Expansion Fund</b>	<b>\$42,427,087</b>	<b>\$46,813,713</b>	<b>\$49,569,395</b>	<b>\$50,987,697</b>	<b>\$53,564,300</b>	<b>\$56,174,431</b>	<b>\$49,298,739</b>	<b>\$54,684,864</b>	<b>\$54,184,609</b>	<b>\$56,963,118</b>	<b>\$66,610,561</b>	

Dublin San Ramon Service District  
 Regional Sewer Utility  
 Revenue Requirement  
 Exhibit 5 - Capital Improvement Plan

Page 1 of 2

	% Split	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Future	Total
<b>Replacement (Fund 310)</b>													
<b>General</b>													
District Offices Accessibility Improvements	53%												\$265,000
District offices Backup Generator Replacement	50%		475,000										475,000
Industrial Control Network Security Essentials	52%	139,104											139,104
Enterprise Resource Program System Conversion	50%	375,000											375,000
District Office Roof Repair	50%	35,000											35,000
Computing Infrastructure Replacement	50%	80,000	60,000										140,000
Wide Area Network Communications Phase 2	46%	62,378											62,378
Fleet Replacement Program	30%		90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	450,000	1,170,000	
Facilities Asset Replacement Program	66%		283,800	283,800	283,800	283,800	283,800	283,800	283,800	283,800	1,419,000	3,689,400	
Network Infrastructure and Security	50%	50,000	75,000	125,000			250,000						500,000
<b>Regional Wastewater Treatment</b>													
Cogeneration room Cooling	100%	111,000											111,000
East Amador Lift Station Rehabilitation	100%	1,350,000											1,350,000
Cogeneration Engine #4	100%			1,000,000	7,000,000								8,000,000
WWTP Security Improvements	100%				454,574								454,574
WWTP /Biosolids Master Plan	15%		97,500										97,500
Flocculation Baffles in Secondary Clarifiers	100%			80,000									80,000
Recoating and Rehabilitation of Digester 3, 2, and 1	100%				350,000	350,000	500,000						1,200,000
Inner Sewer Flow Metering	100%					500,000							500,000
Backup Power at Laboratory	80%		72,000										72,000
Laboratory Cabinetry Replacement	80%		160,000										160,000
WWTP Energy Master Plan	80%	640,000											640,000
WWTP HVAC Replacement	100%	60,000	150,000										210,000
WWTP Roof Replacement	100%		300,000										300,000
Cogen Catalyst Housing Replacement	100%	310,000											310,000
WWTP Process Assessment	100%	100,000	175,000										275,000
WWTP Administration Building (Building A) Remodel/Renovation	100%		100,000										100,000
WWTP Fire Alarm System Improvement	100%	143,120											143,120
Biogas Treatment System Improvements	33%	747,450	426,360										1,173,810
EPS1 and EPS2 Pump Modifications	100%		100,703										100,703
Primary Sedimentation Expansion and Improvement	15%	507,395											507,395
Biogas Flare Improvements	100%	340,000	920,000										1,260,000
RWTF Replacement and Rehabilitation Program	100%	500,000	500,000	1,200,000	1,600,000	1,900,000	2,100,000	2,300,000	2,300,000	2,100,000	2,100,000	6,500,000	23,100,000
WWTP SCADA Improvements	100%	3,030,000	1,000,000										4,030,000
WWTP Electrical System Master Plan	100%		500,000										500,000
Alum Addition	75%	1,144,500											1,144,500
Wet Weather Flow Capacity and Chlorine Contact Tank Dewatering	85%		610,750										610,750
WWTP Recycled and Potable Water Systems	100%		200,000	184,000									384,000
Public Outreach Signage at WWTP	100%		100,000										100,000
Recoating of Digester Interior Covers 3, 2 and 1	100%	227,066											227,066
Hypochlorite Building Rehabilitation	100%		490,000										490,000
WWTP Motor Control Center and Distribution Panel "A: Improvements	100%						1,350,600						1,350,600
WWTP Pavement Repair	100%			200,000									200,000
WWTP Fencing and Security - Phase 2	100%		1,210,000										1,210,000
Odor Reduction Tower Replacement	100%				2,000,000								2,000,000
Cogeneration Engine Replacement	100%							2,000,000	5,000,000	5,000,000			12,000,000
Nutrient Removal	80%								5,600,000	12,000,000	12,000,000		29,600,000
Total Replacement Fund CIP		\$9,902,013	\$6,557,063	\$3,789,050	\$10,017,374	\$4,623,800	\$3,573,800	\$6,789,400	\$7,673,800	\$13,073,800	\$14,473,800	\$20,369,000	\$100,842,900

Dublin San Ramon Service District  
 Regional Sewer Utility  
 Revenue Requirement  
 Exhibit 5 - Capital Improvement Plan

	% Split	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Future	Total	
<b>Expansion (Fund 320)</b>														
Regional Wastewater Treatment	85%			\$552,500									\$552,500	
WWTP/Biosolids Master Plan	20%	160,000											160,000	
WWTP Energy Master Plan	67%	1,517,550	865,640										2,383,190	
Biogas Treatment System Improvements	85%	2,875,236											2,875,236	
Primary Sedimentation Expansion and Improvements	25%	381,500											381,500	
Alum Addition	15%			108,750									108,750	
Wet Weather Flow Capacity and Chlorine Contact Tank Dewatering	100%		300,000				2,525,000	12,120,000				11,900,000	26,845,000	
Biosolids Dewatering Facility	100%												5,560,000	5,560,000
Emergency Power for Distribution Panel-D	100%												4,694,000	4,694,000
Cover Primary Clarifiers	100%					2,358,000							2,358,000	
Nutrient Removal	20%									1,400,000	3,000,000		3,000,000	7,400,000
<b>Total Expansion Fund CIP</b>		<b>\$4,934,286</b>	<b>\$1,165,640</b>	<b>\$661,250</b>	<b>\$0</b>	<b>\$2,358,000</b>	<b>\$2,525,000</b>	<b>\$12,120,000</b>	<b>\$0</b>	<b>\$6,094,000</b>	<b>\$3,000,000</b>	<b>\$20,460,000</b>	<b>\$53,318,176</b>	

Dublin San Ramon Service District  
 Regional Sewer Utility  
 Revenue Requirement  
 Exhibit 6 - Revenue at Present Rates - DSR

Page 1 of 4

	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Total
<b>RESIDENTIAL</b>													
<i>Single Family</i>													
	<u><b>\$/Bi-Month/Unit</b></u>												
Rate/Acct	\$59.53	17,725	0	17,725	0	17,725	0	17,725	0	17,725	0	17,725	17,725
Revenue		\$1,055,169	\$0	\$1,055,169	\$0	\$1,055,169	\$0	\$1,055,169	\$0	\$1,055,169	\$0	\$1,055,169	\$6,331,016
<i>Townhouse</i>													
	<u><b>\$/Bi-Month/Unit</b></u>												
Rate/Acct	\$59.53	259	0	259	0	259	0	259	0	259	0	259	259
Revenue		\$15,418	\$0	\$15,418	\$0	\$15,418	\$0	\$15,418	\$0	\$15,418	\$0	\$15,418	\$92,510
<i>Condominium</i>													
	<u><b>\$/Bi-Month/Unit</b></u>												
Rate/Acct	\$39.61	6,300	0	6,300	0	6,300	0	6,300	0	6,300	0	6,300	6,300
Revenue		\$249,543	\$0	\$249,543	\$0	\$249,543	\$0	\$249,543	\$0	\$249,543	\$0	\$249,543	\$1,497,258
<i>Duplex</i>													
	<u><b>\$/Bi-Month/Unit</b></u>												
Rate/Acct	\$119.06	41	0	41	0	41	0	41	0	41	0	41	41
Revenue		\$4,881	\$0	\$4,881	\$0	\$4,881	\$0	\$4,881	\$0	\$4,881	\$0	\$4,881	\$29,289
<i>Single Family Home with 2nd Dwelling Unit</i>													
	<u><b>\$/Bi-Month/Unit</b></u>												
Rate/Acct	\$92.67	178	0	178	0	178	0	178	0	178	0	178	178
Revenue		\$16,495	\$0	\$16,495	\$0	\$16,495	\$0	\$16,495	\$0	\$16,495	\$0	\$16,495	\$98,972
<i>Multi-Family</i>													
	<u><b>\$/Bi-Month/Unit</b></u>												
Rate/Acct	\$33.14	6,490	0	6,490	0	6,490	0	6,490	0	6,490	0	6,490	6,490
Revenue		\$215,079	\$0	\$215,079	\$0	\$215,079	\$0	\$215,079	\$0	\$215,079	\$0	\$215,079	\$1,290,472
<b>TOTAL RESIDENTIAL REVENUE</b>		\$1,556,586	\$0	\$1,556,586	\$0	\$1,556,586	\$0	\$1,556,586	\$0	\$1,556,586	\$0	\$1,556,586	\$9,339,515

Dublin San Ramon Service District  
 Regional Sewer Utility  
 Revenue Requirement  
 Exhibit 6 - Revenue at Present Rates - DSR

Page 2 of 4

	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Total
<b>COMMERCIAL</b>													
<i>Low</i>													
Rate/Consumption Revenue	<u>\$/100 CF</u> \$2.70	16,705	19,030	21,163	20,975	19,149	17,325	15,816	14,829	14,682	13,895	14,803	16,264
		\$45,104	\$51,380	\$57,140	\$56,631	\$51,701	\$46,778	\$42,702	\$40,038	\$39,641	\$37,515	\$39,967	\$43,913
Rate/Consumption Revenue	<u>\$/100 CF</u> \$5.43	6,742	7,228	7,657	7,613	7,448	6,969	7,010	6,999	6,575	6,166	6,531	6,989
		\$36,609	\$39,245	\$41,578	\$41,336	\$40,443	\$37,839	\$38,062	\$38,005	\$35,702	\$33,481	\$35,463	\$37,950
Rate/Consumption Revenue	<u>\$/100 CF</u> \$7.58	2,759	2,655	2,803	2,597	2,511	2,430	2,317	2,496	2,476	2,506	2,546	2,728
		\$20,909	\$20,125	\$21,247	\$19,681	\$19,033	\$18,416	\$17,559	\$18,920	\$18,764	\$18,992	\$19,299	\$20,678
TOTAL COMMERCIAL REVENUE		\$102,622	\$110,750	\$119,964	\$117,648	\$111,177	\$103,032	\$98,323	\$96,963	\$94,108	\$89,988	\$94,729	\$102,541
<b>INSTITUTIONAL</b>													
<i>School (submetered)</i>													
Rate/Consumption Revenue	<u>\$/100 CF</u> \$2.70	1,848	1,825	1,878	2,517	2,534	2,015	1,947	1,164	1,188	2,171	2,273	1,976
		\$4,990	\$4,926	\$5,069	\$6,796	\$6,842	\$5,439	\$5,256	\$3,143	\$3,208	\$5,860	\$6,136	\$5,335
<i>School (non-submetered)</i>													
Rate/Consumption Revenue	<u>\$/100 CF</u> \$2.07	0	0	0	0	0	0	0	0	0	0	0	0
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Institutional All Others</i>													
Rate/Consumption Revenue	<u>\$/100 CF</u> \$2.70	801	588	588	1,151	1,151	1,056	1,056	930	930	1,106	1,106	801
		\$2,163	\$1,586	\$1,586	\$3,106	\$3,106	\$2,850	\$2,850	\$2,510	\$2,510	\$2,986	\$2,986	\$2,163
TOTAL INSTITUTIONAL REVENUE		\$7,152	\$6,512	\$6,656	\$9,902	\$9,948	\$8,289	\$8,105	\$5,652	\$5,717	\$8,847	\$9,122	\$7,498

Dublin San Ramon Service District  
 Regional Sewer Utility  
 Revenue Requirement  
 Exhibit 6 - Revenue at Present Rates - DSR

Page 3 of 4

	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Total
<b>BUREAU OF PRISONS (FCI)</b>													
Connections	<u>\$/Conne<sub>c</sub>.</u>	0	1	0	1	0	1	0	1	0	1	0	1
Total Connection Charge		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Peak Month Loadings</b>	<u>\$/CCF</u>												
A - Less than 1,000 mg/L	9.30	6,783	6,145	7,012	6,799	6,464	6,197	6,127	6,118	5,602	5,765	5,367	5,538
B - Between 1,000 and 1,500 mg/L	11.69	0	0	0	0	0	0	0	0	0	0	0	0
C - Greater than 1,500 mg/L	14.09	0	0	0	0	0	0	0	0	0	0	0	0
Total Demand Charge		\$63,082	\$57,149	\$65,208	\$63,234	\$60,113	\$57,632	\$56,983	\$56,898	\$52,097	\$53,614	\$49,911	\$51,504
TOTAL PRISONS REVENUES		\$63,082	\$57,149	\$65,208	\$63,234	\$60,113	\$57,632	\$56,983	\$56,898	\$52,097	\$53,614	\$49,911	\$51,504
<b>SANTA RITA JAIL</b>													
Connections	<u>\$/Conne<sub>c</sub>.</u>	0	1	0	1	0	1	0	1	0	1	0	1
Total Connection Charge		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Peak Month Loadings</b>	<u>\$/CCF</u>												
A - Less than 1,000 mg/L	9.30	6,552	6,298	7,363	7,330	7,616	7,241	7,188	6,711	6,827	7,566	7,491	8,172
B - Between 1,000 and 1,500 mg/L	11.69	0	0	0	0	0	0	0	0	0	0	0	0
C - Greater than 1,500 mg/L	14.09	0	0	0	0	0	0	0	0	0	0	0	0
Total Demand Charge		\$60,931	\$58,569	\$68,477	\$68,166	\$70,827	\$67,346	\$66,848	\$62,410	\$63,492	\$70,367	\$69,671	\$75,999
TOTAL JAIL REVENUES		\$60,931	\$58,569	\$68,477	\$68,166	\$70,827	\$67,346	\$66,848	\$62,410	\$63,492	\$70,367	\$69,671	\$75,999

Dublin San Ramon Service District  
 Regional Sewer Utility  
 Revenue Requirement  
 Exhibit 6 - Revenue at Present Rates - DSR

Page 4 of 4

	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Total
<b>Internal Filter Backwash (DERWA)</b>													
Connections	<b>\$6.65</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>
Total Connection Charge		\$7	\$0	\$7	\$0	\$7	\$0	\$7	\$0	\$7	\$0	\$7	\$40
Flow in CCF	<b>\$0.0942</b>	21,768	22,086	18,172	11,321	13,149	8,267	4,695	5,361	9,900	20,089	18,724	21,087
Demand	<b>\$125.90</b>	<b>16.29</b>	<b>16.53</b>	<b>13.60</b>	<b>8.47</b>	<b>9.84</b>	<b>6.19</b>	<b>3.51</b>	<b>4.01</b>	<b>7.41</b>	<b>15.04</b>	<b>14.02</b>	<b>15.78</b>
BOD lbs	<b>0.05795</b>	<b>16,533</b>	<b>18,248</b>	<b>10,680</b>	<b>10,884</b>	<b>21,191</b>	<b>5,935</b>	<b>2,842</b>	<b>3,325</b>	<b>6,591</b>	<b>22,385</b>	<b>27,644</b>	<b>37,188</b>
TSS lbs	<b>0.01937</b>	<b>104,781</b>	<b>142,397</b>	<b>124,600</b>	<b>83,644</b>	<b>88,918</b>	<b>53,106</b>	<b>11,101</b>	<b>21,261</b>	<b>61,889</b>	<b>154,063</b>	<b>115,602</b>	<b>146,909</b>
Total Demand Charge		\$5,039	\$5,897	\$4,745	\$3,318	\$4,189	\$2,152	\$822	\$1,110	\$2,514	\$6,174	\$5,606	\$6,988
Total Backwash Revenue		\$5,046	\$5,897	\$4,751	\$3,318	\$4,196	\$2,152	\$829	\$1,110	\$2,520	\$6,174	\$5,612	\$6,988

<b>SUMMARY -</b>			
	# Of Accounts	Consumption CCF (FY2021)	Revs At Present Rates
<b>RESIDENTIAL</b>			
Single Family	17,725	<b>2,372,909</b>	\$6,331,016
Townhouse	259	<b>20,008</b>	92,510
Condominium	6,300	<b>334,798</b>	1,497,258
Duplex	41	<b>5,882</b>	29,289
Single Family Home with 2nd Dwelling	178	<b>23,829</b>	63,578
Second Dwelling	178	<b>12,487</b>	35,394
Multi-Family	6,490	<b>455,291</b>	1,290,472
<b>COMMERCIAL</b>			
Low	<b>464</b>	204,633	\$552,509
Medium	<b>91</b>	83,925	455,713
High	<b>12</b>	30,821	233,623
<b>INSTITUTIONAL</b>			
School (submetered)	<b>37</b>	23,333	62,999
School (non-submetered)	<b>0</b>	0	0
Institutional All Others	<b>1</b>	11,260	30,402
<b>INDUSTRIAL/DEMAND</b>			
Bureau of Prisons (FCI)	<b>1</b>	73,917	687,425
Santa Rita Jail	<b>1</b>	86,355	803,101
DERWA Internal Backwash	<b>1</b>	174,617	48,592
<b>Total</b>	<b>31,779</b>	<b>3,914,066</b>	<b>\$12,213,880</b>

	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Total
<b>RESIDENTIAL</b>													
<b>Single Family</b>													
	<b>\$/Bi-Month/Unit</b>												
Rate/Acct	\$59.53	<b>18,783</b>		<b>18,783</b>	18,783								
Revenue		\$1,118,152	\$0	\$1,118,152	\$0	\$1,118,152	\$0	\$1,118,152	\$0	\$1,118,152	\$0	\$1,118,152	\$0
<b>Condominium</b>													
	<b>\$/Bi-Month/Unit</b>												
Rate/Acct	\$39.61	<b>1,584</b>	<b>0</b>	<b>1,584</b>	1,584								
Revenue		\$62,742	\$0	\$62,742	\$0	\$62,742	\$0	\$62,742	\$0	\$62,742	\$0	\$62,742	\$0
<b>Single Family Home with 2nd Dwelling Unit</b>													
	<b>\$/Bi-Month/Unit</b>												
Rate/Acct	\$92.67	<b>203</b>	<b>0</b>	<b>203</b>	203								
Revenue		\$18,812	\$0	\$18,812	\$0	\$18,812	\$0	\$18,812	\$0	\$18,812	\$0	\$18,812	\$0
<b>Multi-Family</b>													
	<b>\$/Bi-Month/Unit</b>												
Rate/Acct	\$33.14	<b>5,800</b>	<b>0</b>	<b>5,800</b>	5,800								
Revenue		\$192,212	\$0	\$192,212	\$0	\$192,212	\$0	\$192,212	\$0	\$192,212	\$0	\$192,212	\$0
<b>TOTAL RESIDENTIAL REVENUE</b>		<b>\$1,391,918</b>	<b>\$0</b>										
													<b>\$8,351,509</b>

Dublin San Ramon Service District  
 Regional Sewer Utility  
 Revenue Requirement  
 Exhibit 7 - Revenue at Present Rates - PLSNTN

	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Total
<b>COMMERCIAL</b>													
<i>Low</i>													
Rate/Consumption Revenue	<u><b>\$2.70</b></u>	43,910	11,243	42,699	11,734	45,841	15,649	45,855	21,581	50,945	20,204	45,699	12,808
		\$118,557	\$30,356	\$115,287	\$31,682	\$123,771	\$42,252	\$123,809	\$58,269	\$137,552	\$54,551	\$123,387	\$34,582
Rate/Consumption Revenue	<u><b>\$5.43</b></u>	16,810	4,859	13,317	4,908	15,343	4,823	16,023	6,139	17,384	6,736	15,018	5,182
		\$91,278	\$26,384	\$72,311	\$26,650	\$83,312	\$26,189	\$87,005	\$33,335	\$94,395	\$36,576	\$81,548	\$28,138
Rate/Consumption Revenue	<u><b>\$7.58</b></u>	1,931	1,192	1,599	1,251	2,021	1,251	1,762	2,019	1,695	1,969	1,444	1,219
		\$14,637	\$9,035	\$12,120	\$9,483	\$15,319	\$9,483	\$13,356	\$15,304	\$12,848	\$14,925	\$10,946	\$9,240
TOTAL COMMERCIAL REVENUE		\$224,472	\$65,776	\$199,719	\$67,815	\$222,402	\$77,924	\$224,169	\$106,907	\$244,795	\$106,052	\$215,881	\$71,960
<b>INSTITUTIONAL</b>													
<i>School (submetered)</i>													
Rate/Consumption Revenue	<u><b>\$2.70</b></u>	729	1,350	934	702	1,208	266	140	773	414	95	1,026	764
		1,968	3,645	2,522	1,895	3,262	718	378	2,087	1,118	257	2,770	2,063
<i>School (non-submetered)</i>													
Rate/Consumption Revenue	<u><b>\$2.07</b></u>	20	22	6	13	55	28	31					
		\$0	\$41	\$0	\$46	\$12	\$0	\$27	\$114	\$0	\$58	\$0	\$64
<i>Institutional All Others</i>													
Rate/Consumption Revenue	<u><b>\$2.70</b></u>	0	0	0	0	0	0	0	0	0	0	0	0
		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL INSTITUTIONAL REVENUE		\$1,968	\$3,686	\$2,522	\$1,941	\$3,274	\$718	\$405	\$2,201	\$1,118	\$314	\$2,770	\$2,127
													\$23,045

Dublin San Ramon Service District  
 Regional Sewer Utility  
 Revenue Requirement  
 Exhibit 7 - Revenue at Present Rates - PLSNTN

	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Total
<b>A1 Enterprises (Septic)</b>													
Connections	<u>\$/Conne.</u> \$0.00	0	1	0	1	0	1	0	1	0	1	0	1
Total Connection Charge		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Peak Month Loadings</b>	<u>\$/Gallon</u>												
Septic Rate	<u>\$0.069</u>	24,650	22,950	28,800	31,150	29,500	34,950	26,300	28,150	27,800	37,500	23,600	23,600
Total Demand Charge		\$1,701	\$1,584	\$1,987	\$2,149	\$2,036	\$2,412	\$1,815	\$1,942	\$1,918	\$2,588	\$1,628	\$23,388
TOTAL INDUSTRIAL REVENUES		\$1,701	\$1,584	\$1,987	\$2,149	\$2,036	\$2,412	\$1,815	\$1,942	\$1,918	\$2,588	\$1,628	\$23,388
<b>Clorox</b>													
Connections	<u>\$/Conne.</u> \$0.00	0	1	0	1	0	1	0	1	0	1	0	1
Total Connection Charge		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Peak Month Loadings</b>	<u>\$/Gallon</u>												
A - Less than 1,000 mg/L	<u>9.30</u>	383	329	337	290	235	325	570	611	704	730	710	734
B - Between 1,000 and 1,500 mg/L	<u>11.69</u>	0	0	0	0	0	0	0	0	0	0	0	0
C - Greater than 1,500 mg/L	<u>14.09</u>	0	0	0	0	0	0	0	0	0	0	0	0
Total Demand Charge		\$3,566	\$3,056	\$3,139	\$2,700	\$2,187	\$3,020	\$5,299	\$5,678	\$6,551	\$6,785	\$6,604	\$6,824
TOTAL INDUSTRIAL REVENUES		\$3,566	\$3,056	\$3,139	\$2,700	\$2,187	\$3,020	\$5,299	\$5,678	\$6,551	\$6,785	\$6,604	\$6,824
<b>Thermo Fisher Scientific</b>													
Connections	<u>\$/Conne.</u> \$15.16	0	1	0	1	0	1	0	1	0	1	0	1
Total Connection Charge		\$0	\$15	\$0	\$15	\$0	\$15	\$0	\$15	\$0	\$15	\$0	\$91
<b>Peak Month Loadings</b>	<u>\$/MGD</u>												
A - Less than 1,000 mg/L	<u>9.30</u>	531	568	759	886	1,185	1,307	1,738	1,695	1,519	1,286	574	593
B - Between 1,000 and 1,500 mg/L	<u>11.69</u>	0	0	0	0	0	0	0	0	0	0	0	0
C - Greater than 1,500 mg/L	<u>14.09</u>	0	0	0	0	0	0	0	0	0	0	0	0
Total Demand Charge		\$4,938	\$5,281	\$7,058	\$8,237	\$11,023	\$12,160	\$16,162	\$15,759	\$14,130	\$11,964	\$5,339	\$5,517
TOTAL INDUSTRIAL REVENUES		\$4,938	\$5,296	\$7,058	\$8,253	\$11,023	\$12,175	\$16,162	\$15,774	\$14,130	\$11,979	\$5,339	\$5,533

Dublin San Ramon Service District  
 Regional Sewer Utility  
 Revenue Requirement  
 Exhibit 7 - Revenue at Present Rates - PLSNTN

	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Total
<b>Roche Molecular Systems</b>													
Connections	<u>\$/Conne.</u>	0	1	0	1	0	1	0	1	0	1	0	1
Total Connection Charge		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Peak Month Loadings</b>	<u>\$/MGD</u>												
A - Less than 1,000 mg/L	9.30	80	109	176	253	432	476	630	616	557	487	260	268
B - Between 1,000 and 1,500 mg/L	11.69	0	0	0	0	0	0	0	0	0	0	0	0
C - Greater than 1,500 mg/L	14.09	0	0	0	0	0	0	0	0	0	0	0	0
Total Demand Charge		\$741	\$1,015	\$1,634	\$2,351	\$4,022	\$4,426	\$5,862	\$5,731	\$5,184	\$4,526	\$2,415	\$2,496
TOTAL INDUSTRIAL REVENUES		\$741	\$1,015	\$1,634	\$2,351	\$4,022	\$4,426	\$5,862	\$5,731	\$5,184	\$4,526	\$2,415	\$2,496
<b>San Francisco PUC</b>													
Connections	<u>\$/Conne.</u>	0	1	0	1	0	1	0	1	0	1	0	1
Total Connection Charge		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Peak Month Loadings</b>	<u>\$/MGD</u>												
A - Less than 1,000 mg/L	9.30	19	40	25	21	23	27	43	29	32	24	27	32
B - Between 1,000 and 1,500 mg/L	11.69	0	0	0	0	0	0	0	0	0	0	0	0
C - Greater than 1,500 mg/L	14.09	0	0	0	0	0	0	0	0	0	0	0	0
Total Demand Charge		\$174	\$373	\$230	\$199	\$211	\$249	\$398	\$274	\$298	\$224	\$249	\$298
TOTAL INDUSTRIAL REVENUES		\$174	\$373	\$230	\$199	\$211	\$249	\$398	\$274	\$298	\$224	\$249	\$298
<b>CASTLEWOOD</b>													
Residential	<u>\$/Conne.</u>	0	202	0	202	0	202	0	202	0	202	0	202
Total Connection Charge		\$0	\$12,022	\$0	\$12,022	\$0	\$12,022	\$0	\$12,022	\$0	\$12,022	\$0	\$12,022
Residential Consumption	<u>\$/CCF</u>	0.00	5,493	5,493	5,493	5,493	5,493	5,493	5,493	5,493	5,493	5,493	32,960
Commercial		\$2.70	0	1,845	0	1,845	0	1,845	0	1,845	0	1,845	0
Total Commercial Charge		\$0	\$4,981	\$0	\$4,981	\$0	\$4,981	\$0	\$4,981	\$0	\$4,981	\$0	\$4,981
TOTAL CASTLEWOOD REVENUES		\$0	\$17,003	\$0	\$17,003	\$0	\$17,003	\$0	\$17,003	\$0	\$17,003	\$0	\$17,003

Dublin San Ramon Service District  
 Regional Sewer Utility  
 Revenue Requirement  
 Exhibit 7 - Revenue at Present Rates - PLSNTN

	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Total
<b>FAIRGROUNDS</b>													
Connections	<u>\$/Connc.</u> \$0.00	0	1	0	1	0	1	0	1	0	1	0	1
Total Connection Charge		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Demand	<u>\$/100 CF</u> \$2.70	0	6,319	0	6,319	0	6,319	0	6,319	0	6,319	0	6,319
Total Demand Charge		\$0	\$17,061	\$0	\$17,061	\$0	\$17,061	\$0	\$17,061	\$0	\$17,061	\$0	\$17,061
TOTAL FAIRGROUNDS REVENUES		\$0	\$17,061	\$0	\$17,061	\$0	\$17,061	\$0	\$17,061	\$0	\$17,061	\$0	\$17,061
	\$1,601,248	\$105,110	\$1,577,334	\$105,969	\$1,600,818	\$115,118	\$1,599,495	\$145,115	\$1,620,937	\$143,018	\$1,593,385	\$109,779	\$10,317,327
<b>SUMMARY</b>													
	# Of Customers	Consumpt. CCF (FY2021)	Revs At Prsnt Rates										
RESIDENTIAL													
Single-Family	19,188	3,131,627	\$6,853,552										
Condominiums	1,584	86,472	376,453										
Multiple-Family	6,003	484,991	1,153,272										
COMMERCIAL													
Low	754	368,168	\$994,054										
Medium	157	126,542	687,123										
High	6	19,353	146,696										
INSTITUTIONAL													
Schools (Submetered)	12	8,401	\$22,683										
Schools (Not Submetered)	4	175	362										
Other Institutional	1	0	0										
INDUSTRIAL/DEMAND													
A1 Enterprise (Septic)	1	453	23,388										
Clorox	1	5,958	55,409										
D.R. Horton													
Roche Molecular Systems	1	4,345	40,405										
San Francisco PUC	1	342	3,176										
Thermo Fisher Scientific	1	12,642	117,660										
Castlewood	0	0	0										
Fairgrounds	0	0	0										
	-----	-----	-----										
	27,714	4,249,468	\$10,474,233										
Total	27,714	4,249,468	\$10,474,233										

Dublin San Ramon Service District  
 Regional Sewer Utility  
 Development of Distribution Factors  
 Exhibit 8 - Volume Related

	Volume Allocation						
	FYE21 Annual Water Flow (CCF)	Winter Water Factor	Annual Sewer Flow (CCF)	1.8% Inflow and Infiltration	Total Annual Flow at Plant (CCF)	Avg. Daily Flow At Plant (MGD)	Combined % of Total
<b>Residential</b>							
Single Family	5,554,255	51.70%	2,871,598	51,689	2,923,287	5.99	57.4%
Condominium	421,270	88.30%	371,981	6,696	378,677	0.78	7.4%
Multi-Family	952,769	85.30%	812,712	14,629	827,341	1.70	16.2%
<b>Commercial</b>							
Low	572,801	65.67%	376,148	6,771	382,919	0.79	7.5%
Medium	210,467	67.38%	141,807	2,553	144,359	0.30	2.8%
High	50,174	75.87%	38,067	685	38,752	0.08	0.8%
<b>Institutional</b>							
School (submetered)	31,734	83.00%	26,339	474	26,813	0.05	0.5%
School (non-submetered)	175	63.70%	111	2	113	0.00	0.0%
Institutional All Others	11,260	72.00%	8,107	146	8,253	0.02	0.2%
<b>Industrial</b>							
Bureau of Prisons (FCI)	73,917	100.00%	73,917	1,330	75,247	0.15	1.5%
Santa Rita Jail	86,355	100.00%	86,355	1,554	87,909	0.18	1.7%
DERWA Internal Backwash	174,617	100.00%	174,617	0	174,617	0.36	3.4%
A1 Enterprise (Septic)	453	100.00%	453	0	453	0.00	0.0%
Clorox	5,958	100.00%	5,958	107	6,065	0.01	0.1%
D.R. Horton	0	100.00%	0	0	0	0.00	0.0%
Roche Molecular Systems	4,345	100.00%	4,345	78	4,423	0.01	0.1%
San Francisco PUC	342	100.00%	342	6	348	0.00	0.0%
Thermo Fisher Scientific	12,642	100.00%	12,642	228	12,869	0.03	0.3%
Castlewood	0	51.70%	0	0	0	0.00	0.0%
Fairgrounds	0	70.00%	0	0	0	0.00	0.0%
<b>Total</b>	8,163,534		5,005,499	86,948	5,092,447	10.44	100.0%

(VOL - 1)

0.623804269

Dublin San Ramon Service District  
 Regional Sewer Utility  
 Development of Distribution Factors  
 Exhibit 9 - Customer Related

	Actual Customer		Weighted Customer		Combined % of Total
	Number of Accounts	% of Total	Number of Accounts	Weighting Factor	
<b>Residential</b>					
Single Family	37,784	63.09%	37,784	1.0	37,784 61.50%
Condominium	7,884	13.16%	7,884	1.0	7,884 12.83%
Multi-Family	12,671	21.16%	12,671	1.0	12,671 20.62%
<b>Commercial</b>					
Low	1,220	2.04%	1,220	2.0	2,440 3.97%
Medium	248	0.41%	248	2.0	496 0.81%
High	18	0.03%	18	2.0	36 0.06%
<b>Institutional</b>					
School (submetered)	49	0.08%	49	2.0	98 0.16%
School (non-submetered)	4	0.01%	4	2.0	8 0.01%
Institutional All Others	2	0.00%	2	2.0	4 0.01%
<b>Industrial</b>					
Bureau of Prisons (FCI)	1	0.00%	1	2.0	2 0.00%
Santa Rita Jail	1	0.00%	1	2.0	2 0.00%
DERWA Internal Backwash	1	0.00%	1	2.0	2 0.00%
A1 Enterprise (Septic)	1	0.00%	1	2.0	2 0.00%
Clorox	1	0.00%	1	2.0	2 0.00%
D.R. Horton	0	0.00%	0	2.0	0 0.00%
Roche Molecular Systems	1	0.00%	1	2.0	2 0.00%
San Francisco PUC	1	0.00%	1	2.0	2 0.00%
Thermo Fisher Scientific	1	0.00%	1	2.0	2 0.00%
Castlewood	0	0.00%	0	1.0	0 0.00%
Fairgrounds	0	0.00%	0	2.0	0 0.00%
<b>Total</b>	59,888	100.00%	59,888		61,437 100.00%
	(AC - 1)		(WCA - 1)		

Dublin San Ramon Service District  
 Regional Sewer Utility  
 Development of Distribution Factors  
 Exhibit 10 - Strength Related

	Annual Flow (CCF)	Biochemical Oxygen Demand			Total Suspended Solids		
		Avg. Factor [1] (mg/l)	Calculated Pounds	Combined	Avg. Factor [1] (mg/l)	Calculated Pounds	Combined
				% of Total			% of Total
<b>Residential</b>							
Single Family	2,923,287	229	4,181,541	52.20%	245	4,473,704	47.24%
Condominium	378,677	229	541,669	6.76%	245	579,515	6.12%
Multi-Family	827,341	229	1,183,449	14.77%	245	1,266,136	13.37%
<b>Commercial</b>							
Low	382,919	300	717,558	8.96%	300	717,559	7.58%
Medium	144,359	600	541,035	6.75%	600	541,035	5.71%
High	38,752	800	193,649	2.42%	800	193,650	2.04%
<b>Institutional</b>							
School (submetered)	26,813	229	38,354	0.48%	245	41,034	0.43%
School (non-submetered)	113	229	162	0.00%	245	174	0.00%
Institutional All Others	8,253	229	11,805	0.15%	245	12,630	0.13%
<b>Industrial</b>							
Bureau of Prisons (FCI)	75,247	251	117,976	1.47%	392	184,249	1.95%
Santa Rita Jail	87,909	372	204,271	2.55%	449	246,554	2.60%
DERWA Internal Backwash	174,617	174	189,787	2.37%	1,064	1,160,536	12.25%
A1 Enterprise (Septic)	453	3,577	10,124	0.13%	3,572	10,110	0.11%
Clorox	6,065	208	7,880	0.10%	308	11,669	0.12%
D.R. Horton	0	0	0	0.00%	-	0	0.00%
Roche Molecular Systems	4,423	242	6,686	0.08%	296	8,177	0.09%
San Francisco PUC	348	147	319	0.00%	174	378	0.00%
Thermo Fisher Scientific	12,869	795	63,908	0.80%	297	23,875	0.25%
Castlewood	0	240	0	0.00%	250	0	0.00%
Fairgrounds	0	240	0	0.00%	250	0	0.00%
<b>Total</b>	5,092,447		8,010,175	100.00%		9,470,985	100.00%
					(BOD - 1)		(TSS - 1)

Note: [1] Provided By DSRSD in File "RWW - 5C.xlsx"

5,559

Dublin San Ramon Service District  
 Regional Sewer Utility  
 Development of Distribution Factors  
 Exhibit 11 - Revenue Related

	Projected Revenue FY 2024	Combined % of Total
<b><i>Residential</i></b>		
Single Family	\$13,495,635	58.81%
Condominium	\$1,873,711	8.17%
Multi-Family	\$2,479,137	10.80%
<b><i>Commercial</i></b>		
Low	\$1,678,814	7.32%
Medium	\$1,142,836	4.98%
High	\$380,319	1.66%
<b><i>Institutional</i></b>		
School (submetered)	\$85,682	0.37%
School (non-submetered)	\$362	0.00%
Institutional All Others	\$30,402	0.13%
<b><i>Industrial</i></b>		
Bureau of Prisons (FCI)	687,425	3.00%
Santa Rita Jail	803,101	3.50%
DERWA Internal Backwash	49,564	0.22%
A1 Enterprise (Septic)	23,388	0.10%
Clorox	55,409	0.24%
D.R. Horton	0	0.00%
Roche Molecular Systems	40,405	0.18%
San Francisco PUC	3,176	0.01%
Thermo Fisher Scientific	117,660	0.51%
Castlewood	0	0.00%
Fairgrounds	0	0.00%
<b>Total</b>	<b>\$22,947,027</b>	<b>100.00%</b>

(RR - 1)

**Dublin San Ramon Service District**  
**Regional Sewer Utility**  
**Functionalization and Classification**  
**Exhibit 12 - Plant In Service**

<b>Account Name</b>	<b>FY 2023</b>	<b>Operating Volume (VOL-1)</b>	<b>Strength Related</b>		<b>Weighted for:</b>			
			<b>Bio-oxygen Demand (BOD-1)</b>	<b>Suspended Solids (TSS-1)</b>	<b>Actual Customer (AC-1)</b>	<b>Customer Acct/Svcs (WCA-1)</b>		
<b>Plant In Service</b>								
<i>Headworks</i>								
Raw Sewage & Vactor Septage	\$41,600	\$20,800	\$0	\$20,800	\$0	\$0		
Bar Screen	4,558,700	2,279,350	0	2,279,350	0	0		
<i>Primary Treatment</i>								
Inner Sewer	0	0	0	0	0	0		
Influent Pump Station	895,000	895,000	0	0	0	0		
Pre-Aeration	577,200	288,600	0	288,600	0	0		
Primary Sedimentation	3,613,100	1,806,550	903,275	903,275	0	0		
<i>Secondary Treatment</i>								
RAS/Settled Sewage Channel	83,600	41,800	20,900	20,900	0	0		
Aeration	3,171,300	1,585,650	1,585,650	0	0	0		
Disinfection	623,700	623,700	0	0	0	0		
Secondary Clarifiers	4,096,500	2,048,250	491,580	1,556,670	0	0		
<i>Final Effluent</i>								
Diversion	18,600	18,600	0	0	0	0		
Pumping	715,200	715,200	0	0	0	0		
<i>Wet Weather</i>								
Holding Basins	8,592,700	8,592,700	0	0	0	0		
<i>Solids Processing</i>								

**Dublin San Ramon Service District**  
**Regional Sewer Utility**  
**Functionalization and Classification**  
**Exhibit 12 - Plant In Service**

<b>Account Name</b>	<b>FY 2023</b>	<b>Operating Volume</b> <b>(VOL-1)</b>	<b>Strength Related</b>		<b>Weighted for:</b>	
			<b>Bio-oxygen Demand</b> <b>(BOD-1)</b>	<b>Suspended Solids</b> <b>(TSS-1)</b>	<b>Actual Customer</b> <b>(AC-1)</b>	<b>Customer Acct/Svcs</b> <b>(WCA-1)</b>
DAFT	838,200	419,100	0	419,100	0	0
Anaerobic Digestion	11,260,200	5,630,100	0	5,630,100	0	0
Digested Sludge	760,000	380,000	0	380,000	0	0
Facultative Sludge Lagoons	423,400	211,700	105,850	105,850	0	0
FOG Storage & Distribution	303,700	151,850	0	151,850	0	0

Page 1 of 2

<b>Revenue <u>(RR-1)</u></b>	<b>Direct <u>(DA)</u> Basis of Classification</b>
\$0	50.0% (VOL-1)/ 50.0% (SS-1)
0	50.0% (VOL-1)/ 50.0% (SS-1)
0	50.0% (VOL-1)/ 50.0% (SS-1)
0	100% (VOL-1)
0	50.0% (VOL-1)/ 50.0% (SS-1)
0	50.0% (VOL-1)/ 25.0% (BOD-1)/ 25.0% (SS-1)
0	50.0% (VOL-1)/ 25.0% (BOD-1)/ 25.0% (SS-1)
0	50.0% (VOL-1)/ 50.0% (BOD-1)
0	100% (VOL-1)
0	50.0% (VOL-1)/ 12.0% (BOD-1)/ 38.0% (SS-1)
0	100% (VOL-1)
0	100% (VOL-1)
0	100% (VOL-1)

Page 1 of 2

<b>Revenue (RR-1)</b>	<b>Direct (DA) Basis of Classification</b>
0	50.0% (VOL-1)/ 50.0% (SS-1)
0	50.0% (VOL-1)/ 50.0% (SS-1)
0	50.0% (VOL-1)/ 50.0% (SS-1)
0	50.0% (VOL-1)/ 25.0% (BOD-1)/ 25.0% (SS-1)
0	50.0% (VOL-1)/ 50.0% (SS-1)

**Dublin San Ramon Service District**  
**Regional Sewer Utility**  
**Functionalization and Classification**  
**Exhibit 12 - Plant In Service**

<b>Account Name</b>	<b>FY 2023</b>	<b>Operating Volume (VOL-1)</b>	<b>Strength Related</b>		<b>Weighted for:</b>	
			<b>Bio-oxygen Demand (BOD-1)</b>	<b>Suspended Solids (TSS-1)</b>	<b>Actual Customer (AC-1)</b>	<b>Customer Acct/Svcs (WCA-1)</b>
<i>Cogeneration</i>						
Cogeneration	3,265,350	3,265,350	0	0	0	0
<i>Odor Control</i>						
ORT	35,600	17,800	8,900	8,900	0	0
Biofilter	1,618,000	809,000	404,500	404,500	0	0
Plant Before General	45,491,650	29,801,100	3,520,655	12,169,895	0	0
<i>Utilities &amp; Electrical</i>						
Switches	452,400	150,800	150,800	150,800	0	0
Transformers	261,100	87,033	87,033	87,033	0	0
Distribution Panels	2,976,700	992,233	992,233	992,233	0	0
Environmental Control Systems	543,400	181,133	181,133	181,133	0	0
3 Water System	438,800	146,267	146,267	146,267	0	0
Chilled Water System	133,700	44,567	44,567	44,567	0	0
Boilers	12,000	4,000	4,000	4,000	0	0
Lighting	59,800	19,933	19,933	19,933	0	0
Gas/Oil Storage	3,000	1,000	1,000	1,000	0	0
Non-Process Related	800	267	267	267	0	0
Cogeneration (50%)	3,265,350	1,088,450	1,088,450	1,088,450	0	0
	8,147,050	2,715,683	2,715,683	2,715,683	0	0
Plant in Service	53,638,700	32,516,783	6,236,338	14,885,578	0	0

Page 2 of 2

<b>Revenue (RR-1)</b>	<b>Direct (DA) Basis of Classification</b>	
0	0 100% (VOL-1)	(VOL-1)
0	50.0% (VOL-1)/ 25.0% (BOD-1)/ 25.0% (SS-1)	VOL-1/BOD-1/SS-1 F11
0	50.0% (VOL-1)/ 25.0% (BOD-1)/ 25.0% (SS-1)	VOL-1/BOD-1/SS-1 F11
0	0	
0	33.3% (VOL-1)/ 33.3% (BOD-1)/ 33.3% (SS-1)	VOL-1/BOD-1/SS-1 F15
0	33.3% (VOL-1)/ 33.3% (BOD-1)/ 33.3% (SS-1)	VOL-1/BOD-1/SS-1 F15
0	33.3% (VOL-1)/ 33.3% (BOD-1)/ 33.3% (SS-1)	VOL-1/BOD-1/SS-1 F15
0	33.3% (VOL-1)/ 33.3% (BOD-1)/ 33.3% (SS-1)	VOL-1/BOD-1/SS-1 F15
0	33.3% (VOL-1)/ 33.3% (BOD-1)/ 33.3% (SS-1)	VOL-1/BOD-1/SS-1 F15
0	33.3% (VOL-1)/ 33.3% (BOD-1)/ 33.3% (SS-1)	VOL-1/BOD-1/SS-1 F15
0	33.3% (VOL-1)/ 33.3% (BOD-1)/ 33.3% (SS-1)	VOL-1/BOD-1/SS-1 F15
0	33.3% (VOL-1)/ 33.3% (BOD-1)/ 33.3% (SS-1)	VOL-1/BOD-1/SS-1 F15
0	33.3% (VOL-1)/ 33.3% (BOD-1)/ 33.3% (SS-1)	VOL-1/BOD-1/SS-1 F15
0	33.3% (VOL-1)/ 33.3% (BOD-1)/ 33.3% (SS-1)	VOL-1/BOD-1/SS-1 F15
0	33.3% (VOL-1)/ 33.3% (BOD-1)/ 33.3% (SS-1)	VOL-1/BOD-1/SS-1 F15
0	33.3% (VOL-1)/ 33.3% (BOD-1)/ 33.3% (SS-1)	VOL-1/BOD-1/SS-1 F15
0	33.3% (VOL-1)/ 33.3% (BOD-1)/ 33.3% (SS-1)	VOL-1/BOD-1/SS-1 F15
0	0	
0	0	

**Regional Sewer Utility**  
**Functionalization and Classification**  
**Exhibit 13 - Revenue Requirement**

<b>Account Name</b>	<b>FY 2024</b>	<b>Strength Related</b>			<b>Weighted for:</b>			<b>Revenue</b> (RR-1)	<b>Direct</b> (DA)	<b>Basis of Classification</b>				
		<b>Operating Volume</b> (VOL-1)	<b>Bio-oxygen Demand</b> (BOD-1)	<b>Suspended Solids</b> (TSS-1)	<b>Actual Customer</b> (AC-1)	<b>Customer Acct/Svcs</b> (WCA-1)								
<b>Application of Funds</b>														
<b>Sewer Operations</b>														
<i>Personnel Services</i>														
Salaries	\$6,811,193	\$4,129,073	\$791,908	\$1,890,213	\$0	\$0	\$0	\$0	Plant in Service					
Overtime	344,102	208,601	40,007	95,494	0	0	0	0	Plant in Service					
Shift Pay	82,933	50,276	9,642	23,015	0	0	0	0	Plant in Service					
Standby Pay	88,580	53,699	10,299	24,582	0	0	0	0	Plant in Service					
Medical	978,587	593,238	113,776	271,573	0	0	0	0	Plant in Service					
Retirement	1,930,237	1,170,146	224,420	535,671	0	0	0	0	Plant in Service					
Other Benefits	367,582	222,835	42,737	102,010	0	0	0	0	Plant in Service					
Salary / Benefit Credit	(1,604,374)	(972,602)	(186,534)	(445,239)	0	0	0	0	Plant in Service					
Training Costs	96,084	58,248	11,171	26,665	0	0	0	0	Plant in Service					
Group Training Services	10,300	6,244	1,198	2,858	0	0	0	0	Plant in Service					
Temporary Help	94,440	57,251	10,980	26,209	0	0	0	0	Plant in Service					
Interns	96,140	58,282	11,178	26,680	0	0	0	0	Plant in Service					
Uniforms & Safety Equipment	19,920	12,076	2,316	5,528	0	0	0	0	Plant in Service					
Employee Memberships & Certifications	18,327	11,110	2,131	5,086	0	0	0	0	Plant in Service					
<i>Total Personnel Services</i>	<i>\$9,334,052</i>	<i>\$5,658,477</i>	<i>\$1,085,230</i>	<i>\$2,590,345</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>						
		60.6%	11.6%	27.8%										
<i>Material &amp; Supplies</i>														
Chemicals	\$639,255	\$387,528	\$74,323	\$177,403	\$0	\$0	\$0	\$0	Plant in Service					
Equipment Under \$10,000	115,884	70,251	13,473	32,160	0	0	0	0	Plant in Service					
Fluids	49,440	29,971	5,748	13,720	0	0	0	0	Plant in Service					
Fuel	81,183	49,215	9,439	22,530	0	0	0	0	Plant in Service					
Gas & Electric	1,852,836	1,123,224	215,421	514,191	0	0	0	0	Plant in Service					
General Supplies	1,029,361	624,018	119,679	285,664	0	0	0	0	Plant in Service					
Tools	46,408	28,133	5,396	12,879	0	0	0	0	Plant in Service					
Office Supplies/Services	21,486	13,025	2,498	5,963	0	0	0	0	Plant in Service					
<i>Total Materials &amp; Supplies</i>	<i>\$3,835,853</i>	<i>\$2,325,366</i>	<i>\$445,978</i>	<i>\$1,064,509</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>						
		60.6%	11.6%	27.8%										
<i>Contract Services</i>														
Legal Services	\$16,274	\$9,866	\$1,892	\$4,516	\$0	\$0	\$0	\$0	Plant in Service					
Professional Services	528,833	320,588	61,485	146,759	0	0	0	0	Plant in Service					
Advertising	7,622	4,621	886	2,115	0	0	0	0	Plant in Service					
Equipment Lease/Rental	19,591	11,876	2,278	5,437	0	0	0	0	Plant in Service					
Maintenance Contracts	198,963	120,615	23,133	55,215	0	0	0	0	Plant in Service					
Monitoring & Testing Services	90,640	54,948	10,538	25,154	0	0	0	0	Plant in Service					
Other Services	794,703	481,764	92,397	220,542	0	0	0	0	Plant in Service					
Printing Services	11,845	7,181	1,377	3,287	0	0	0	0	Plant in Service					
<i>Total Contract Services</i>	<i>\$1,668,471</i>	<i>\$1,011,458</i>	<i>\$193,986</i>	<i>\$463,027</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>						

**Regional Sewer Utility**  
**Functionalization and Classification**  
**Exhibit 13 - Revenue Requirement**

<b>Account Name</b>	<b>FY 2024</b>	<b>Strength Related</b>			<b>Weighted for:</b>		<b>Revenue</b> (RR-1)	<b>Direct</b> (DA)	<b>Basis of Classification</b>
		<b>Operating Volume</b> (VOL-1)	<b>Bio-oxygen Demand</b> (BOD-1)	<b>Suspended Solids</b> (TSS-1)	<b>Actual Customer</b> (AC-1)	<b>Customer Acct/Svcs</b> (WCA-1)			
<i>Other Expenses</i>		60.6%	11.6%	27.8%					
Meetings	\$9,023	\$5,470	\$1,049	\$2,504	\$0	\$0	\$0	\$0	Plant in Service
Permits, Licenses & District Mbrshps	\$247,818	150,232	28,813	68,773	0	0	0	0	Plant in Service
Subscriptions & Publications	\$1,580	958	184	438	0	0	0	0	Plant in Service
Credit Card Transaction Fees	\$0	0	0	0	0	0	0	0	Plant in Service
Overhead Charges	\$3,461,794	2,098,604	402,488	960,702	0	0	0	0	Plant in Service
Contribution to JPA's - O&M	\$2,597,384	1,574,583	301,987	720,815	0	0	0	0	Plant in Service
Contribution to JPA's - Debt	1,216,385	737,395	141,424	337,566	0	0	0	0	Plant in Service
	\$7,533,984	\$4,567,242	\$875,944	\$2,090,798	\$0	\$0	\$0	\$0	
<b>Total Sewer Operations Expenses</b>	<b>\$22,372,359</b>	<b>\$13,562,543</b>	<b>\$2,601,137</b>	<b>\$6,208,680</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<i>Debt Service</i>		60.6%	11.6%	27.8%	0.0%	0.0%	0.0%	0.0%	
Sewer Operations Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Plant in Service
<b>Total Debt Service</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<i>Transfer to Reserves</i>									
Enterprise Fund (increase Buy-In revenue)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Plant in Service
Expansion Fund	0	0	0	0	0	0	0	0	Plant in Service
Replacement Fund	2,400,000	1,454,925	279,038	666,038	0	0	0	0	Plant in Service
Other - OPEB	458,529	277,969	53,311	127,249	0	0	0	0	Plant in Service
5th Supplement Agreement (Regional to Water)	700,400	424,596	81,432	194,372	0	0	0	0	Plant in Service
Transfer to Rate Stabilization Fund	0	0	0	0	0	0	0	0	Plant in Service
<b>Total Transfer to Reserves</b>	<b>\$3,558,929</b>	<b>\$2,157,489</b>	<b>\$413,781</b>	<b>\$987,658</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Total Revenue Requirements</b>	<b>\$25,931,288</b>	<b>\$15,720,032</b>	<b>\$3,014,918</b>	<b>\$7,196,338</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<i>Less: Miscellaneous Revenue</i>		60.6%	11.6%	27.8%	0.0%	0.0%	0.0%	0.0%	
<i>Enterprise Operations</i>									
IW (Pleasanton)	\$84,376	\$51,150	\$9,810	\$23,416	\$0	\$0	\$0	\$0	Revenue Requirement
IW (All Others)	75,563	45,807	8,785	20,970	0	0	0	0	Revenue Requirement
Brine Zone 7, Reverse Osmosis	72,193	43,764	8,394	20,035	0	0	0	0	Revenue Requirement
DERWA Energy Offset and DERWA/LAVWMA Lab Fees	8,195	4,968	953	2,274	0	0	0	0	Revenue Requirement
Other DERWA Charges, Lab Fees etc	1,017,040	616,548	118,247	282,244	0	0	0	0	Revenue Requirement
Easement Purchase Agreement from Pleasanton	0	0	0	0	0	0	0	0	Revenue Requirement
Interest	223,612	135,558	25,998	62,056	0	0	0	0	Revenue Requirement
<b>Total Miscellaneous Revenues</b>	<b>\$1,480,977</b>	<b>\$897,796</b>	<b>\$172,187</b>	<b>\$410,994</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<i>Less: Use of Reserves</i>									
Enterprise Fund	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Revenue Requirement
<b>Total Use of Reserves</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Net Revenue Requirements</b>	<b>\$24,450,311</b>	<b>\$14,822,236</b>	<b>\$2,842,731</b>	<b>\$6,785,344</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	

Dublin San Ramon Service District  
 Regional Sewer Utility  
 Cost of Service Summary  
 Exhibit 14 - Distribution by Component

Customer Classification	Total Revenue Requirement	Volume Related	Volume II	Strength Related		Customer Related		Revenue Related	Direct Assignment
				Bio-Oxygen Demand	Suspended Solids	Actual Customer	Weighted Customer		
<b>Residential</b>									
Single Family/ Townhome	\$13,197,715	\$8,508,610	\$0	\$1,483,987	\$3,205,118	\$0	\$0	\$0	\$0
Multifamily/ Condominium	5,444,790	3,510,274	0	612,227	1,322,289	0	0	0	0
Total Residential	\$18,642,505	\$12,018,884	\$0	\$2,096,214	\$4,527,406	\$0	\$0	\$0	\$0
<b>Commercial &amp; Industrial</b>									
	\$4,388,603	\$2,293,786	\$0	\$675,571	\$1,419,246	\$0	\$0	\$0	\$0
<b>Special Users</b>									
DERWA Internal Backwash	\$1,407,048	\$508,246	\$0	\$67,353	\$831,448	\$0	\$0	\$0	\$0
A1 Enterprise (Septic)	12,155	1,319	0	3,593	7,243	0	0	0	0
<b>Combined Total</b>	<b>\$24,450,311</b>	<b>\$14,822,236</b>	<b>\$0</b>	<b>\$2,842,731</b>	<b>\$6,785,344</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Dublin San Ramon Service District****Regional Sewer Utility****Cost of Service Summary****Exhibit 15 - Summary of Cost Distribution**

Customer Classification	Revenues at Present Rates	Allocated Revenue Requirement	Balance/ (Deficiency) of Funds	Required % Change in Rates
<b>Residential</b>				
Single Family/ Townhome	\$13,495,635	\$13,197,715	\$297,919	-2.2%
Multifamily/ Condominium	4,352,849	5,444,790	(1,091,941)	25.1%
Total Residential	\$17,848,483	\$18,642,505	(\$794,022)	4.4%
<b>Commercial &amp; Industrial</b>	\$5,025,592	\$4,388,603	636,989	-12.7%
<b>Special Users</b>				
DERWA Internal Backwash	\$49,564	\$1,407,048	(\$1,357,484)	2738.8%
A1 Enterprise (Septic)	23,388	12,155	11,233	-48.0%
<b>Total System</b>	<b>\$22,947,027</b>	<b>\$24,450,311</b>	<b>(\$1,503,284)</b>	<b>6.6%</b>

Dublin San Ramon Service District  
 Regional Sewer Utility  
 Cost of Service Summary  
 Exhibit 16 - Average Unit Cost

	Revenue Requirements								Basic Data	
	Volume Costs \$/100 CF	Bio-Oxygen Demand \$/100 CF	Suspended Solids \$/100 CF	Revenue/ Direct \$/100 CF	Customer Total \$/100 CF \$/Cust./Month	Average Cost \$/CCF	Revenue \$/CCF	Current \$/CCF	Annual Flow (CCF)	Number of Customers
Residential										
Single Family/ Townhome	\$2.91	\$0.51	\$1.10	\$0.00	\$4.51	\$0.00	\$4.51	\$4.62	2,923,287	37,784
Multifamily/ Condominium	2.91	0.51	1.10	0.00	4.51	0.00	4.51	3.61	1,206,018	20,555
Total Residential	\$2.91	\$0.51	\$1.10	\$0.00	\$4.51	\$0.00	\$4.51	\$4.32	4,129,305	58,339
Commercial & Industrial	\$2.91	\$0.86	\$1.80	\$0.00	\$5.57	\$0.00	\$5.57	\$6.38	788,072	1,546
Special Unsers										
DERWA Internal Backwash	\$2.91	\$0.39	\$4.76	\$0.00	\$8.06	\$0.00	\$8.06	\$0.28	174,617	1
A1 Enterprise (Septic)	2.91	7.93	15.99	0.00	26.83	0.00	26.83	51.62	453	1
<b>System Average</b>	<b>\$2.91</b>	<b>\$0.56</b>	<b>\$1.33</b>	<b>\$0.00</b>	<b>\$4.80</b>	<b>\$0.00</b>	<b>\$4.80</b>	<b>\$4.51</b>	<b>5,092,447</b>	<b>59,887</b>

**Dublin San Ramon Service District**  
**Regional Sewer Utility**  
**Rate Design**  
**Exhibit 17 - Rate Design by Customer**

*Page 1 of 2*

**Residential**

	<b>Distributed Cost</b>	<b>Billing Units</b>	<b>Cost/Billing Unit</b>	<b>Bimonthly Rate</b>
Single Family/Townhome	\$13,197,715	37,784	\$349.30	\$58.22
Multifamily/Condominium	5,444,790	20,555	\$264.89	\$44.15

**Special Users**

DERWA				
Volume Rate	\$508,246	130.70	\$3,888.52	per Million Gallons
BOD per lbs.	\$67,353	189,787	0.3549	per lbs.
TSS per lbs.	\$831,448	1,160,535.60	0.7164	per lbs.
Septic Hauler	12,154.84	339,163.21	\$0.036	per Gallon

## Dublin San Ramon Service District

## Regional Sewer Utility

## Rate Design

## Exhibit 17 - Rate Design by Customer

## Non-Residential

	Vol	BOD	TSS		
<b>Distributed Cost</b>					
Commercial	\$1,647,505	\$515,387	\$1,040,438		
Institutional	\$102,396	\$17,859	\$38,572		
Industrial	\$543,885	\$142,325	\$340,236		
Distributed Cost	\$2,293,786	\$675,571	\$1,419,246	\$4,388,603	
<b>Units</b>	<b>CCF Inflow</b>	<b>lbs of BOD</b>	<b>lbs of TSS</b>		
Commercial	833,442	1,452,243	1,452,244		
Institutional	43,169	50,322	53,838		
Industrial	183,558	401,040	474,902		
	1,060,169	1,903,606	1,980,984		
<b>Unit Cost</b>					
Cost/lbs (\$/lbs)		\$0.3548900	\$0.7164348		
Cost/mg (\$/(lbs x 453,592))		\$0.0000008	\$0.0000016		
Volume Cost per Unit	\$2.16				
<b>Commercial, Institutional, Industrial</b>					
<b>Cost per CCF</b>	<b>Median Strength</b>	<b>Volume</b>	<b>BOD</b>	<b>TSS</b>	<b>Calculated</b>
Less than or equal to 300 mg/L	225	\$2.16	0.51	1.03	\$3.70
Between 300 and 450 mg/L	375	\$2.16	0.85	1.71	4.72
Between 450 and 600 mg/L	525	\$2.16	1.18	2.39	5.74
Between 600 and 750 mg/L	675	\$2.16	1.52	3.08	6.76
Between 750 and 900 mg/L	825	\$2.16	1.86	3.76	7.78
Between 900 and 1,050 mg/L	975	\$2.16	2.20	4.44	8.81
<b>Adjustment for Return Water</b>		<b>Return Factor</b>	<b>Adjusted BOD</b>	<b>Adjusted TSS</b>	
Less than or equal to 300 mg/L		74%	\$0.37	\$0.76	
Between 300 and 450 mg/L		80%	0.68	1.36	
Between 450 and 600 mg/L		83%	0.98	1.97	
Between 600 and 750 mg/L		84%	1.28	2.58	
Between 750 and 900 mg/L		85%	1.58	3.19	
Between 900 and 1,050 mg/L		86%	1.88	3.80	
<b>Final Rates</b>		<b>Volume \$/CCF</b>	<b>BOD \$/CCF</b>	<b>TSS \$/CCF</b>	<b>Total \$/CCF</b>
Less than or equal to 300 mg/L		2.16	\$0.37	\$0.76	\$3.29
Between 300 and 450 mg/L		2.16	\$0.68	\$1.36	\$4.20
Between 450 and 600 mg/L		2.16	\$0.98	\$1.97	\$5.11
Between 600 and 750 mg/L		2.16	\$1.28	\$2.58	\$6.03
Between 750 and 900 mg/L		2.16	\$1.58	\$3.19	\$6.94
Between 900 and 1,050 mg/L		2.16	\$1.88	\$3.80	\$7.85

Dublin San Ramon Service District  
 Local Sewer Utility  
 Revenue Requirement  
 Exhibit 1 - Escalation Factors

	Actual FY 2022	Budget	Projected								
		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
<b>Revenues:</b>											
Customer Growth	1.5%	0.77%	1.93%	1.80%	2.58%	3.20%	2.66%	1.33%	0.73%	0.67%	0.74%
Flat	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Miscellaneous Revenues	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
New Customers	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Expenses:</b>											
Labor	Budget	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Benefits - Medical	Budget	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Benefits - PERS/Retirement	Budget	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Benefits - FICA/PU	Budget	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Benefits - Other	Budget	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Materials & Supplies	Budget	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Equipment	Budget	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Miscellaneous	Budget	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Utilities	Budget	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Growth:	1.5%	0.8%	1.9%	1.8%	2.6%	3.2%	2.7%	1.3%	0.7%	0.7%	0.7%
Interest:	1.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
<b>New Debt Service:</b>											
Low Interest Loans											
Term in Years	20	20	20	20	20	20	20	20	20	20	
Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Revenue Bond											
Term in Years	20	20	20	20	20	20	20	20	20	20	
Rate	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	

Dublin San Ramon Service District  
 Local Sewer Utility  
 Revenue Requirement  
 Exhibit 1 - Escalation Factors

	Actual FY 2022	Budget	Projected								
		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
<b>Revenues:</b>											
Customer Growth	1.5%	0.77%	1.93%	1.80%	2.58%	3.20%	2.66%	1.33%	0.73%	0.67%	0.74%
Flat	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Miscellaneous Revenues	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
New Customers	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Expenses:</b>											
Labor	Budget	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Benefits - Medical	Budget	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Benefits - PERS/Retirement	Budget	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Benefits - FICA/PU	Budget	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Benefits - Other	Budget	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Materials & Supplies	Budget	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Equipment	Budget	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Miscellaneous	Budget	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Utilities	Budget	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Growth:	1.5%	0.8%	1.9%	1.8%	2.6%	3.2%	2.7%	1.3%	0.7%	0.7%	0.7%
Interest:	1.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
<b>New Debt Service:</b>											
Low Interest Loans											
Term in Years	20	20	20	20	20	20	20	20	20	20	
Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Revenue Bond											
Term in Years	20	20	20	20	20	20	20	20	20	20	
Rate	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	

	Actual		Budget			Projected						Notes	
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032		
<b>Sources of Funds</b>													
<i>Rate Revenue</i>													
Residential													
Single - Family	\$2,443,880	\$2,492,456	\$2,540,531	\$2,586,288	\$2,653,110	\$2,737,972	\$2,810,740	\$2,848,031	\$2,868,693	\$2,887,842	\$2,909,108	As Rate Rev.	
Townhouse	\$35,710	\$36,420	37,123	37,791	38,768	40,008	41,071	41,616	41,918	42,198	42,508	As Rate Rev.	
Condo	\$652,239	\$664,516	677,334	689,533	707,349	729,974	749,375	759,317	764,825	769,931	775,601	As Rate Rev.	
Duplex	\$11,306	\$11,531	11,753	11,965	12,274	12,667	13,003	13,176	13,271	13,360	13,458	As Rate Rev.	
Single family with Add'l Dwelling Unit	\$40,564	\$41,377	42,175	42,935	44,044	45,453	46,661	47,280	47,623	47,941	48,294	As Rate Rev.	
Multi - Family	\$584,166	\$596,023	607,520	618,462	634,441	654,734	672,135	681,053	685,993	690,573	695,658	As Rate Rev.	
Commercial	\$329,200	\$334,869	341,328	347,476	356,454	367,855	377,632	382,642	385,418	387,991	390,848	As Rate Rev.	
Schools/Institutional	\$29,738	\$30,230	30,813	31,368	32,178	33,208	34,090	34,543	34,793	35,025	35,283	As Rate Rev.	
Industrial/Demand	\$195,211	\$200,091	203,951	207,624	212,988	219,801	225,643	228,636	230,295	231,832	233,539	As Rate Rev.	
Local Rate Revenues	\$4,322,016	\$4,407,514	\$4,492,527	\$4,573,442	\$4,691,605	\$4,841,671	\$4,970,350	\$5,036,293	\$5,072,829	\$5,106,692	\$5,144,298	As Rate Rev.	
<i>Miscellaneous Revenues</i>													
<i>Enterprise Operations</i>													
General Inspections	\$221,307	\$230,000	\$306,000	\$306,000	\$63,000	\$160,500	\$160,500	\$122,800	\$122,800	\$122,800	\$122,800	As Misc. Rev.	
Overtime Inspections	17,711	3,500	3,600	3,700	3,800	3,900	3,900	4,000	4,100	4,200	4,300	As Misc. Rev.	
Plan Check Fees	181,377	\$85,000	\$60,000	\$76,000	\$115,000	\$71,000	\$71,000	\$71,000	\$71,000	\$71,000	\$71,000	As Misc. Rev.	
Miscellaneous Revenue	150,689	400	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	As Misc. Rev.	
Pooled Interest	33,862	17,522	86,486	83,352	82,982	81,391	84,741	84,067	83,779	83,796	83,987	Note [1]	
Miscellaneous Revenues	\$604,946	\$336,422	\$468,086	\$481,052	\$276,782	\$328,791	\$332,141	\$293,867	\$293,679	\$293,796	\$294,087		
<b>Total Sources of Funds</b>	<b>\$4,926,962</b>	<b>\$4,743,936</b>	<b>\$4,960,613</b>	<b>\$5,054,493</b>	<b>\$4,968,387</b>	<b>\$5,170,461</b>	<b>\$5,302,490</b>	<b>\$5,330,160</b>	<b>\$5,366,508</b>	<b>\$5,400,488</b>	<b>\$5,438,384</b>		

	Actual		Budget		Projected							Notes
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	
<b>Application of Funds</b>												
<b>Collection Operations</b>												
<b>Personnel Services</b>												
Salaries	\$1,420,830	1,446,738	\$2,215,186	\$2,281,642	\$2,350,091	\$2,420,594	\$2,493,211	\$2,568,008	\$2,645,048	\$2,724,399	\$2,806,131	As Labor
Overtime	18,350	17,980	18,519	19,075	19,647	20,237	20,844	21,469	22,113	22,777	23,460	As Labor
Standby Pay	17,500	17,500	18,025	18,566	19,123	19,696	20,287	20,896	21,523	22,168	22,834	As Labor
Medical	247,979	254,179	379,874	417,861	459,648	505,612	556,174	611,791	672,970	740,267	814,294	As Benefits - Medical
Retirement	407,180	442,066	608,116	597,771	586,740	567,504	528,458	552,076	579,680	608,664	639,097	As Benefits - PERS/Retirement
Other Benefits	88,399	89,433	110,046	115,548	121,326	127,392	133,762	140,450	147,472	154,846	162,588	As Benefits - Other
Salary / Benefit Credit	(44,951)	(45,906)	(68,487)	(70,542)	(72,658)	(74,838)	(77,083)	(79,396)	(81,777)	(84,231)	(86,758)	As Labor
Training Costs	13,960	15,960	16,439	16,932	17,440	17,963	18,502	19,057	19,629	20,218	20,824	As Labor
Group Training Services	2,300	2,300	2,369	2,440	2,513	2,589	2,666	2,746	2,829	2,914	3,001	As Labor
Temporary Help	25,568	1,000	1,030	1,061	1,093	1,126	1,159	1,194	1,230	1,267	1,305	As Labor
Interns	3,333	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224	9,501	9,786	As Labor
Uniforms & Safety Equipment	6,241	5,641	5,810	5,985	6,164	6,349	6,539	6,736	6,938	7,146	7,360	As Materials & Supplies
Employee Memberships & Certifications	5,600	5,600	5,768	5,941	6,119	6,303	6,492	6,687	6,887	7,094	7,307	As Miscellaneous
<b>Personnel Services</b>	\$2,212,289	\$2,259,991	\$3,320,420	\$3,420,236	\$3,525,440	\$3,628,968	\$3,719,706	\$3,880,669	\$4,053,765	\$4,237,029	\$4,431,228	
<b>Material &amp; Supplies</b>												
<b>Equipment Under \$10,000</b>	\$8,591	\$11,184	\$11,519	\$11,865	\$12,221	\$12,588	\$12,965	\$13,354	\$13,755	\$14,167	\$14,592	As Equipment
<b>Fluids</b>	500	500	515	530	546	563	580	597	615	633	652	As Materials & Supplies
<b>Fuel</b>	27,637	28,168	29,013	29,884	30,780	31,704	32,655	33,635	34,644	35,683	36,753	As Materials & Supplies
<b>Gas &amp; Electric</b>	6,600	6,800	7,140	7,497	7,872	8,265	8,679	9,113	9,568	10,047	10,549	As Utilities
<b>General Supplies</b>	36,450	34,882	35,928	37,006	38,117	39,260	40,438	41,651	42,900	44,187	45,513	As Materials & Supplies
<b>Tools</b>	7,750	3,500	3,605	3,713	3,825	3,939	4,057	4,179	4,305	4,434	4,567	As Equipment
<b>Office Supplies/Services</b>	3,000	3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800	3,914	As Materials & Supplies
<b>Material &amp; Supplies</b>	\$90,528	\$88,034	\$90,811	\$93,679	\$96,639	\$99,695	\$102,852	\$106,111	\$109,476	\$112,952	\$116,541	
<b>Contract Services</b>												
<b>Legal Services</b>	\$1,700	\$1,700	\$1,751	\$1,804	\$1,858	\$1,913	\$1,971	\$2,030	\$2,091	\$2,154	\$2,218	As Miscellaneous
<b>Professional Services</b>	74,205	83,830	86,345	88,935	91,603	94,351	97,182	100,097	103,100	106,193	109,379	As Miscellaneous
<b>Advertising</b>	7,500	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224	9,501	9,786	As Miscellaneous
<b>Equipment Lease/Rental</b>	3,500	3,500	3,605	3,713	3,825	3,939	4,057	4,179	4,305	4,434	4,567	As Miscellaneous
<b>Maintenance Contracts</b>	42,001	41,052	42,284	43,552	44,859	46,205	47,591	49,019	50,489	52,004	53,564	As Miscellaneous
<b>Other Services</b>	219,116	219,906	226,503	233,298	240,297	247,506	254,931	262,579	270,457	278,570	286,928	As Miscellaneous
<b>Printing Services</b>	21,850	21,450	22,094	22,756	23,439	24,142	24,866	25,612	26,381	27,172	27,987	As Miscellaneous
<b>Contract Services</b>	\$369,871	\$378,938	\$390,306	\$402,016	\$414,076	\$426,498	\$439,293	\$452,472	\$466,046	\$480,028	\$494,429	

	Actual	Budget		Projected									Notes
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032		
<b>Other Expenses</b>													
Meetings	\$520	\$520	\$536	\$552	\$568	\$585	\$603	\$621	\$640	\$659	\$678	As Labor	
Permits, Licenses & District Mbrshps	26,600	26,600	27,398	28,220	29,067	29,939	30,837	31,762	32,715	33,696	34,707	As Miscellaneous	
Credit Card Transaction Fees	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous	
Overhead Charges	804,536	818,789	843,353	868,653	894,713	921,554	949,201	977,677	1,007,007	1,037,217	1,068,334	As Miscellaneous	
Other Expenses	\$831,656	\$845,909	\$871,286	\$897,425	\$924,348	\$952,078	\$980,640	\$1,010,060	\$1,040,361	\$1,071,572	\$1,103,719		
<b>Total Sewer Operations Expenses</b>	<b>\$3,504,344</b>	<b>\$3,572,873</b>	<b>\$4,672,824</b>	<b>\$4,813,355</b>	<b>\$4,960,503</b>	<b>\$5,107,240</b>	<b>\$5,242,492</b>	<b>\$5,449,311</b>	<b>\$5,669,649</b>	<b>\$5,901,581</b>	<b>\$6,145,918</b>		
<b>Debt Service</b>													
Sewer Operations Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
<b>Total Debt Service</b>	<b>\$0</b>												
<b>Transfer to Reserves</b>													
OPEB Fund 965	\$109,267	\$110,936	116,483	122,307	128,422	134,843	141,585	148,665	156,098	163,903	172,098	As Benefits - PERS/Retirement	
Replace reduction in Buy-In	0	0	0	0	0	0	0	0	0	0	0	0	
Replacement Fund	0	800,000	800,000	800,000	800,000	800,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	800,000	
Rate Stabilization Fund	952,230	0	0	0	0	0	0	0	0	0	0	0	
Other	0	0											
<b>Total Transfer to Reserves</b>	<b>\$1,061,497</b>	<b>\$910,936</b>	<b>\$916,483</b>	<b>\$922,307</b>	<b>\$928,422</b>	<b>\$934,843</b>	<b>\$1,341,585</b>	<b>\$1,348,665</b>	<b>\$1,356,098</b>	<b>\$1,363,903</b>	<b>\$972,098</b>		
<b>Total Revenue Requirements</b>	<b>\$4,565,841</b>	<b>\$4,483,809</b>	<b>\$5,589,307</b>	<b>\$5,735,662</b>	<b>\$5,888,925</b>	<b>\$6,042,083</b>	<b>\$6,584,077</b>	<b>\$6,797,976</b>	<b>\$7,025,747</b>	<b>\$7,265,483</b>	<b>\$7,118,016</b>		
<b>Balance/(Deficiency) of Funds</b>	\$361,121	\$260,127	(\$628,693)	(\$681,169)	(\$920,538)	(\$871,622)	(\$1,281,587)	(\$1,467,817)	(\$1,659,238)	(\$1,864,995)	(\$1,679,631)		
<b>Balance as a % of Rate Revenues</b>	-8.4%	-5.9%	14.0%	14.9%	19.6%	18.0%	25.8%	29.1%	32.7%	36.5%	32.7%		
<b>Annual Balance as a % of Rate Revenues</b>	<b>-8.4%</b>	<b>2.7%</b>	<b>21.1%</b>	<b>0.8%</b>	<b>4.1%</b>	<b>-1.4%</b>	<b>6.6%</b>	<b>2.7%</b>	<b>2.8%</b>	<b>2.9%</b>	<b>-2.8%</b>		
<b>Less: Use of Reserves</b>													
Enterprise Fund	\$0	\$0	\$315,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
<b>Total Use of Reserves</b>	<b>\$0</b>	<b>\$0</b>	<b>\$315,000</b>	<b>\$0</b>									
<b>Net Balance/(Deficiency) of Funds</b>	\$361,121	\$260,127	(\$313,693)	(\$681,169)	(\$920,538)	(\$871,622)	(\$1,281,587)	(\$1,467,817)	(\$1,659,238)	(\$1,864,995)	(\$1,679,631)		
<b>Cumulative Net Balance as a % of Rate Revenues</b>	<b>-8.4%</b>	<b>-5.9%</b>	<b>7.0%</b>	<b>14.9%</b>	<b>19.6%</b>	<b>18.0%</b>	<b>25.8%</b>	<b>29.1%</b>	<b>32.7%</b>	<b>36.5%</b>	<b>32.7%</b>		
<b>Annual Net Balance as a % of Rate Revenues</b>	<b>-8.4%</b>	<b>2.7%</b>	<b>13.7%</b>	<b>7.4%</b>	<b>4.1%</b>	<b>-1.4%</b>	<b>6.6%</b>	<b>2.7%</b>	<b>2.8%</b>	<b>2.9%</b>	<b>-2.8%</b>		
<b>Proposed Rate Adjustment</b>	<b>0.0%</b>	<b>0.0%</b>	<b>7.0%</b>	<b>7.0%</b>	<b>3.0%</b>								

	Actual	Budget		Projected									Notes
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032		
<b>Additional Revenue from Adjustment</b>	\$0	\$0	\$314,477	\$662,692	\$840,956	\$1,039,141	\$1,247,872	\$1,453,449	\$1,660,098	\$1,874,516	\$2,099,298		
<b>Total Balance/(Deficiency) of Funds</b>	\$361,121	\$260,127	\$784	(\$18,477)	(\$79,582)	\$167,519	(\$33,715)	(\$14,367)	\$860	\$9,521	\$419,667		
<b>Additional Rate Increase Needed</b>	-8.4%	-5.9%	0.0%	0.4%	1.4%	-2.8%	0.5%	0.2%	0.0%	-0.1%	-5.8%		
<b>Average Residential Bi-Monthly Impact</b>	\$22.64	\$23.09											
After Rate Adjustment Required	\$22.64	\$23.09	\$24.70	\$26.53	\$27.62	\$27.25	\$29.04	\$29.82	\$30.64	\$31.52	\$30.63		
Bi-Monthly \$ Change	\$0.00	\$0.45	\$1.61	\$1.83	\$1.09	\$0.00	\$1.80	\$0.78	\$0.82	\$0.88	\$0.00		
After Proposed Rate Adjustment	\$22.64	\$22.64	\$24.22	\$25.92	\$26.70	\$27.50	\$28.32	\$29.17	\$30.05	\$30.95	\$31.88		
Bi-Monthly \$ Change	\$0.00	\$0.00	\$1.58	\$1.70	\$0.78	\$0.80	\$0.82	\$0.85	\$0.88	\$0.90	\$0.93		
Annual \$ Change	-	9.51	10.17	4.67	4.81	4.95		5.10	5.25	5.41	5.57		
<b>Debt Service Coverage Ratio</b>													
Before Rate Adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
After RR Rate Adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
After Proposed Rate Adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
<b>Sewer Enterprise Fund - 200</b>													
Beginning Cash Reserve Balance	<b>\$1,915,488</b>	\$4,221,674	\$4,481,801	\$4,167,585	\$4,149,107	\$4,069,526	\$4,237,045	\$4,203,330	\$4,188,963	\$4,189,822	\$4,199,343		
Plus: From Enterprise Fund													
Use of reserves for GASB 45	0	0	315,000	0	0	0	0	0	0	0	0		
Less: Uses of Funds	361,121	260,127	784	(18,477)	(79,582)	167,519	(33,715)	(14,367)	860	9,521	419,667		
Total Balance/(Deficiency) of Funds													
Ending Balance	<b>\$4,221,674</b>	\$4,481,801	\$4,167,585	\$4,149,107	\$4,069,526	\$4,237,045	\$4,203,330	\$4,188,963	\$4,189,822	\$4,199,343	\$4,619,010		
Minimum reserve (2 months)	\$576,057	\$587,322	\$768,135	\$802,226	\$815,425	\$839,546	\$861,779	\$895,777	\$931,997	\$970,123	\$1,010,288	Min: 2 months of budgeted operat	
Working capital (6 months)	1,752,172	1,786,436	2,336,412	2,406,678	2,480,251	2,553,620	2,621,246	2,724,656	2,834,824	2,950,790	3,072,959	Max: 6 months of budgeted opera	
Target (4 months)	2,469,502	2,695,365	1,831,173	1,742,430	1,589,275	1,683,425	1,582,084	1,464,307	1,354,998	1,248,553	1,546,051		
	1,168,115	1,190,958	1,557,608	1,604,452	1,653,501	1,702,413	1,747,497	1,816,437	1,889,883	1,967,194	2,048,639	Target: 4 months of budgeted ope	
<b>Rate Stabilization Fund - 205</b>													
Beginning Fund Balance	<b>\$746,891</b>	\$712,691	\$716,995	\$721,972	\$726,768	\$731,371	\$735,767	\$739,945	\$743,890	\$747,588	\$751,025		
Plus: From Enterprise Fund													
Interest	\$7,438	\$13,304	\$14,247	\$14,344	\$14,437	\$14,526	\$14,611	\$14,691	\$14,767	\$14,838	\$14,903		
Transfers In	952,230	0	0	0	0	0	0	0	0	0	0		
Less: Uses Of Funds													
Operating Expenditures	\$9,000	\$9,000	\$9,270	\$9,548	\$9,835	\$10,130	\$10,433	\$10,746	\$11,069	\$11,401	\$11,743	As Miscellaneous	
Transfers Out	0	0	0	0	0	0	0	0	0	0	0		
Ending Fund Balance	<b>\$712,691</b>	\$716,995	\$721,972	\$726,768	\$731,371	\$735,767	\$739,945	\$743,890	\$747,588	\$751,025	\$754,185		

Dublin San Ramon Service District  
 Local Sewer Utility  
 Revenue Requirement  
 Exhibit 3 - Replacement Fund

	Actual FY 2022	Budget FY 2023	Projected									Notes
			FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	
Beginning Balance	\$4,117,198	\$2,132,319	\$2,132,751	\$1,922,032	\$1,125,658	\$2,175,582	\$762,751	\$2,508,016	\$3,581,489	\$5,875,811	\$8,222,058	
<b>Revenues</b>												
Transfers from Enterprise	\$0	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$800,000	
Capacity Buy-In Fees	1,075,668	1,422,509	1,016,851	551,081	1,325,483	1,351,993	1,379,033	1,406,613	1,434,745	1,463,440	1,492,709	
Interest	41,172	21,323	19,030	11,145	21,540	7,552	24,832	35,460	58,176	81,407	72,518	
<b>Total Revenues</b>	<b>\$1,116,840</b>	<b>\$2,243,832</b>	<b>\$1,835,881</b>	<b>\$1,362,226</b>	<b>\$2,147,023</b>	<b>\$2,159,545</b>	<b>\$2,603,865</b>	<b>\$2,642,073</b>	<b>\$2,692,921</b>	<b>\$2,744,847</b>	<b>\$2,365,227</b>	
<b>Total Replacement Funds Available</b>	<b>\$5,234,038</b>	<b>\$4,376,151</b>	<b>\$3,968,632</b>	<b>\$3,284,258</b>	<b>\$3,272,682</b>	<b>\$4,335,126</b>	<b>\$3,366,616</b>	<b>\$5,150,089</b>	<b>\$6,274,411</b>	<b>\$8,620,658</b>	<b>\$10,587,285</b>	
<b>Expenses</b>												
<b>Sewer Replacement O&amp;M</b>												
<i>Other Expenses</i>												
Interfund Loan Repay Fund 220	\$895,833	\$875,000	\$875,000	\$875,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Overhead Charges	0	0	0	0	0	0	0	0	0	0	0	
<b>Total Other Expenses</b>	<b>\$895,833</b>	<b>\$875,000</b>	<b>\$875,000</b>	<b>\$875,000</b>	<b>\$0</b>							
<i>Non-Capitalized Projects</i>												
<b>\$550,900</b>	<b>\$43,000</b>	<b>\$0</b>										
<b>Total Sewer Replacement O&amp;M</b>	<b>\$1,446,733</b>	<b>\$918,000</b>	<b>\$875,000</b>	<b>\$875,000</b>	<b>\$0</b>							
<b>Replacement Capital Projects</b>												
Capital Projects - Proposed Fund Limits	1,654,986	1,325,400	1,171,600	1,283,600	1,097,100	3,572,375	858,600	1,568,600	398,600	398,600	3,263,000	
<b>Total Replacement Capital Projects</b>	<b>1,654,986</b>	<b>1,325,400</b>	<b>1,171,600</b>	<b>1,283,600</b>	<b>1,097,100</b>	<b>3,572,375</b>	<b>858,600</b>	<b>1,568,600</b>	<b>398,600</b>	<b>398,600</b>	<b>3,263,000</b>	
<b>Debt Service</b>												
Other Replacement Debt Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Total Debt Service</b>	<b>\$0</b>											
<b>Total Replacement Expenses</b>	<b>\$3,101,719</b>	<b>\$2,243,400</b>	<b>\$2,046,600</b>	<b>\$2,158,600</b>	<b>\$1,097,100</b>	<b>\$3,572,375</b>	<b>\$858,600</b>	<b>\$1,568,600</b>	<b>\$398,600</b>	<b>\$398,600</b>	<b>\$3,263,000</b>	
<b>Ending Balance</b>	<b>\$2,132,319</b>	<b>\$2,132,751</b>	<b>\$1,922,032</b>	<b>\$1,125,658</b>	<b>\$2,175,582</b>	<b>\$762,751</b>	<b>\$2,508,016</b>	<b>\$3,581,489</b>	<b>\$5,875,811</b>	<b>\$8,222,058</b>	<b>\$7,324,285</b>	

Dublin San Ramon Service District  
 Local Sewer Utility  
 Revenue Requirement  
 Exhibit 4 - Expansion Fund

	Actual	Budget	Projected									Notes
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	
Beginning Balance	\$7,585,333	\$8,589,830	\$9,494,119	\$9,665,837	\$9,173,473	\$8,801,043	\$8,930,706	\$9,062,499	\$8,918,709	\$6,469,529	\$6,579,310	
<b>Revenues</b>												
Transfers from Replacement Fund	895,833	875,000	875,000	875,000	0	0	0	0	0	0	0	
Transfers from Enterprise	0	0	0	0	0	0	0	0	0	0	0	
Capacity Buy-In Fees	32,811	43,391	31,017	16,810	40,431	41,240	42,065	42,906	43,764	44,640	45,532	
Interest	75,853	85,898	95,701	90,826	87,139	88,423	89,728	88,304	64,055	65,142	66,248	
<b>Total Revenues</b>	\$1,004,497	\$1,004,289	\$1,001,718	\$982,636	\$127,570	\$129,663	\$131,793	\$131,210	\$107,819	\$109,782	\$111,780	
<b>Total Replacement Funds Available</b>	\$8,589,830	\$9,594,119	\$10,495,837	\$10,648,473	\$9,301,043	\$8,930,706	\$9,062,499	\$9,193,709	\$9,026,529	\$6,579,310	\$6,691,090	
<b>Expenses</b>												
<b>Water Replacement O&amp;M</b>												
<i>Other Expenses</i>												
Interfund Loan Repay Fund 220	\$0	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0	\$0	
Overhead Charges	0	0	0	0	0	0	0	0	0	0	0	
<b>Total Other Expenses</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<i>Non-Capitalized Projects</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Total Water Replacement O&amp;M</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Replacement Capital Projects</b>												
Capital Projects - Proposed Fund Limits	0	100,000	830,000	1,475,000	500,000	0	0	275,000	2,557,000	0	0	
<b>Total Replacement Capital Projects</b>	0	100,000	830,000	1,475,000	500,000	0	0	275,000	2,557,000	0	0	
<b>Debt Service</b>												
Other Replacement Debt Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Total Debt Service</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Total Replacement Expenses</b>	\$0	\$100,000	\$830,000	\$1,475,000	\$500,000	\$0	\$0	\$275,000	\$2,557,000	\$0	\$0	
<b>Ending Balance</b>	\$8,589,830	\$9,494,119	\$9,665,837	\$9,173,473	\$8,801,043	\$8,930,706	\$9,062,499	\$8,918,709	\$6,469,529	\$6,579,310	\$6,691,090	

Dublin San Ramon Service District

Page 1 of 2

Local Sewer Utility

Revenue Requirement

Exhibit 5 - Capital Improvement Plan

	% Split	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Future	Total
<u>Replacement (Fund 210)</u>													
<b>Collection</b>													
Field Operations Facility Skylight Replacement	15%	\$12,000											\$12,000
District Office Accessibility Improvements	10%												50,000
Field Operations Facility Warehouse Storage Improvements	15%		15,000										15,000
District Office Backup Generator Replacement	12%			114,000									114,000
Industrial Control Network Security Essentials	11%	29,426											29,426
Enterprise Resource Program System Conversion	12%	90,000											90,000
District Office Roof Repair	12%	8,400											8,400
Street Overlay Modification Program	50%	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	400,000		1,200,000
Gleason Drive Property Planning Study	10%										0	20,000	20,000
Computing Infrastructure Replacement	12%	19,200	14,400										33,600
Wide Area Network Communications Phase 2	10%	13,560											13,560
Fleet Replacement Program	20%		60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	300,000		780,000
Facilities Asset Replacement Program	2%		8,600	8,600	8,600	8,600	8,600	8,600	8,600	8,600	43,000		111,800
Network Infrastructure and Security	12%		12,000	18,000	30,000		60,000						120,000
													0
<b>Wastewater Collection</b>													0
Lift Station 2 Upgrades	100%	64,500											64,500
Dublin Court and Dublin Boulevard Sewer Replacement	100%					200,000	550,000						750,000
Large Diameter Sewer Condition Assessment	100%		150,000										150,000
East Dublin 36" Trunk Sewer Rehabilitation Program	100%	1,004,000											1,004,000
Wastewater Collection System Rehabilitation Program	100%	150,000	150,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	2,500,000		4,800,000
San Ramon Golf Course 24" Trunk Sewer Rehabilitation	100%		557,500										557,500
Alcosta Blvd Sewer Replacement	100%				63,500	583,775							647,275
Sewer Collection System Evaluation and Spot Repair	100%	50,000	250,000										300,000
Camp Parks Sewer Rehab Project - Goodfellow Av North of 8th St	100%	100,000	690,000										790,000
Camp Parks Sewer Rehab Project - Davis and Cromwell, 8th to 10th St	100%				260,000	1,380,000							1,640,000
Camp Parks Sewer Rehabilitation Project - Adams 8th to 10 Street	100%				175,000	600,000							775,000
Iron Horse Trail Sewer Replacement	100%			855,000									855,000
Donahue Dr./Vomac Rd. Relief Sewer	100%					410,000	1,170,000						1,580,000
													0
<b>Water System</b>													0
Field Operations and District Facilities Energy Plan	5%		32,500										32,500
Fiscal Year 2022 Manhole Valve Adjustment - City of Dublin	15%	33,900											33,900
District Facilities Security Project - Phase 2	10%		15,000										15,000
Total Replacement Fund CIP		\$1,654,986	\$1,325,400	\$1,171,600	\$1,283,600	\$1,097,100	\$3,572,375	\$858,600	\$1,568,600	\$398,600	\$398,600	\$3,263,000	\$16,592,461

Dublin San Ramon Service District  
 Local Sewer Utility  
 Revenue Requirement  
 Exhibit 5 - Capital Improvement Plan

	% Split	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Future	Total
<b><u>Expansion (Fund 220)</u></b>													
<b>General</b>													
Gleason Drive Property Planning Study	5%											\$10,000	\$10,000
<b>Wastewater Collection</b>													
Dublin Boulevard - Clark Avenue to Sierra	100%				\$175,000	\$500,000							\$675,000
Village Parkway - South Dublin	100%												2,832,000
Dublin Boulevard Extension Sewer Facilities	100%		50,000	655,000	655,000								1,360,000
Dublin Boulevard - Amador Plaza Road at Village Parkway	100%		50,000	175,000	645,000								870,000
Dublin Trunk Relief Sewer	100%												6,945,000
Total Expansion Fund CIP		\$0	\$100,000	\$830,000	\$1,475,000	\$500,000	\$0	\$0	\$275,000	\$2,557,000	\$0	\$6,955,000	\$12,692,000

Dublin San Ramon Service District  
 Local Sewer Utility  
 Revenue Requirement  
 Exhibit 6 - Revenue at Present Rates

	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Total
<b>Single Family</b>													
Base Charge	<u><b>\$/Bi-Month</b></u>												
Number of Customers	23.09												
Total Single Family Revenue	<b>17,991</b>	0	<b>17,991</b>	0	<b>17,991</b>	0	<b>17,991</b>	0	<b>17,991</b>	0	<b>17,991</b>	0	<b>17,991</b>
	\$415,409	\$0	\$415,409	\$0	\$415,409	\$0	\$415,409	\$0	\$415,409	\$0	\$415,409	\$0	\$2,492,456
<b>Townhouse</b>													
Base Charge	<u><b>\$/Bi-Month/Unit</b></u>												
Number of Customers	23.09												
Total Townhouse Revenue	<b>263</b>	0	<b>263</b>	0	<b>263</b>	0	<b>263</b>	0	<b>263</b>	0	<b>263</b>	0	<b>263</b>
	\$6,070	\$0	\$6,070	\$0	\$6,070	\$0	\$6,070	\$0	\$6,070	\$0	\$6,070	\$0	\$36,420
<b>Condominium</b>													
Base Charge	<u><b>\$/Bi-Month/Unit</b></u>												
Number of Customers	17.32												
Total Condominium Revenue	6,300	<b>6,395</b>	0										
	\$110,753	\$0	\$110,753	\$0	\$110,753	\$0	\$110,753	\$0	\$110,753	\$0	\$110,753	\$0	\$664,516
<b>Duplex</b>													
Base Charge	<u><b>\$/Bi-Month/Unit</b></u>												
Number of Customers	46.18												
Total Duplex Revenue	<b>42</b>	0	<b>42</b>	0	<b>42</b>	0	<b>42</b>	0	<b>42</b>	0	<b>42</b>	0	<b>42</b>
	\$1,922	\$0	\$1,922	\$0	\$1,922	\$0	\$1,922	\$0	\$1,922	\$0	\$1,922	\$0	\$11,531
<b>Single Family Home with 2nd Dwelling</b>													
Base Charge	<u><b>\$/Bi-Month/Unit</b></u>												
Number of Customers	38.17												
Total Single Family with Add'l Dwelling Units Revenue	178	<b>181</b>	0										
	\$6,896	\$0	\$6,896	\$0	\$6,896	\$0	\$6,896	\$0	\$6,896	\$0	\$6,896	\$0	\$41,377
<b>MultiFamily</b>													
Base Charge	<u><b>\$/Bi-Month/Unit</b></u>												
Number of Customers	15.08												
Total Multifamily Revenue	4,264	<b>6,587</b>	0										
	\$99,337	\$0	\$99,337	\$0	\$99,337	\$0	\$99,337	\$0	\$99,337	\$0	\$99,337	\$0	\$596,023

Dublin San Ramon Service District  
 Local Sewer Utility  
 Revenue Requirement  
 Exhibit 6 - Revenue at Present Rates

	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Total
<b>Commercial</b>													
<i>Low</i>													
Consumption	<u>\$1.23</u>	<u>10,507</u>	<u>19,532</u>	<u>13,621</u>	<u>23,535</u>	<u>13,773</u>	<u>20,512</u>	<u>10,879</u>	<u>15,906</u>	<u>8,783</u>	<u>15,716</u>	<u>12,389</u>	<u>19,160</u>
Total Revenues		\$12,924	\$24,024	\$16,754	\$28,948	\$16,940	\$25,230	\$13,381	\$19,564	\$10,803	\$19,331	\$15,239	\$23,567
<i>Medium</i>													
Consumption	<u>\$1.23</u>	<u>4,370</u>	<u>4,485</u>	<u>5,126</u>	<u>5,947</u>	<u>5,765</u>	<u>5,442</u>	<u>5,642</u>	<u>4,959</u>	<u>4,957</u>	<u>5,730</u>	<u>7,362</u>	<u>5,780</u>
Total Revenues		\$5,375	\$5,517	\$6,305	\$7,315	\$7,091	\$6,694	\$6,940	\$6,100	\$6,097	\$7,048	\$9,055	\$7,110
<i>High</i>													
Consumption	<u>\$1.23</u>	<u>708</u>	<u>2,671</u>	<u>723</u>	<u>3,483</u>	<u>921</u>	<u>2,448</u>	<u>893</u>	<u>2,736</u>	<u>850</u>	<u>2,554</u>	<u>1,499</u>	<u>2,886</u>
Total Revenues		\$871	\$3,286	\$889	\$4,285	\$1,132	\$3,011	\$1,099	\$3,366	\$1,045	\$3,141	\$1,844	\$3,549
TOTAL COMMERCIAL REVENUES		\$19,170	\$32,827	\$23,948	\$40,547	\$25,164	\$34,935	\$21,420	\$29,030	\$17,945	\$29,520	\$26,138	\$34,226
<b>INSTITUTIONAL</b>													
<i>Schools</i>													
Consumption	<u>\$1.23</u>	<u>173</u>	<u>3,355</u>	<u>194</u>	<u>3,842</u>	<u>279</u>	<u>2,783</u>	<u>293</u>	<u>1,234</u>	<u>143</u>	<u>1,275</u>	<u>178</u>	<u>2,624</u>
Total Usage (1,000 gal)		\$212	\$4,126	\$238	\$4,725	\$343	\$3,423	\$361	\$1,518	\$176	\$1,568	\$218	\$3,227
<i>All Others</i>													
Consumption	<u>\$1.23</u>	<u>0</u>	<u>1,041</u>	<u>0</u>	<u>1,188</u>	<u>0</u>	<u>1,200</u>	<u>0</u>	<u>996</u>	<u>0</u>	<u>1,823</u>	<u>0</u>	<u>1,958</u>
Total Usage (1,000 gal)		\$0	\$1,281	\$0	\$1,461	\$0	\$1,476	\$0	\$1,225	\$0	\$2,242	\$0	\$2,408
TOTAL INSTITUTIONAL REVENUES		\$212	\$5,407	\$238	\$6,186	\$343	\$4,899	\$361	\$2,743	\$176	\$3,810	\$218	\$5,636

Dublin San Ramon Service District  
 Local Sewer Utility  
 Revenue Requirement  
 Exhibit 6 - Revenue at Present Rates

	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Total
<b>BUREAU OF PRISONS</b>													
Connections	\$0.00	0	1	0	1	0	1	0	1	0	1	0	1
Total Connection Charge		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Demand	\$1.23	6,885	6,237	7,117	6,901	6,561	6,290	6,219	6,210	5,686	5,851	5,447	5,621
Total Demand Charge		\$8,468	\$7,672	\$8,754	\$8,489	\$8,070	\$7,737	\$7,650	\$7,638	\$6,994	\$7,197	\$6,700	\$6,914
<b>TOTAL PRISONS REVENUES</b>		\$8,468	\$7,672	\$8,754	\$8,489	\$8,070	\$7,737	\$7,650	\$7,638	\$6,994	\$7,197	\$6,700	\$6,914

Dublin San Ramon Service District  
 Local Sewer Utility  
 Revenue Requirement  
 Exhibit 6 - Revenue at Present Rates

	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Total
<b>SANTA RITA JAIL</b>													
Connections	\$0.00	0	1	0	1	0	1	0	1	0	1	0	1
Total Connection Charge		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Demand	\$1.23	6,650	6,392	7,474	7,440	7,730	7,350	7,296	6,811	6,929	7,680	7,604	8,294
Total Demand Charge		\$8,179	\$7,862	\$9,192	\$9,151	\$9,508	\$9,041	\$8,974	\$8,378	\$8,523	\$9,446	\$9,353	\$10,202
TOTAL JAIL REVENUES		\$8,179	\$7,862	\$9,192	\$9,151	\$9,508	\$9,041	\$8,974	\$8,378	\$8,523	\$9,446	\$9,353	\$10,202
	\$676,417	\$53,768	\$682,520	\$64,373	\$683,472	\$56,612	\$678,791	\$47,789	\$674,025	\$49,973	\$682,796	\$56,978	\$4,407,514

2022 Proj Rev			
	# Of Customers	Volume	Revs At Prsnt Rates
RESIDENTIAL			
Single-Family	17,991	2,624,077	\$2,492,456
Townhouse	263	21,504	\$36,420
Condominiums	6,395	205,973	\$664,516
Duplex	42	7,251	\$11,531
Single Family with Add'l Dwelling Unit	178	43,873	\$41,377
Multiple-Family	6,587	421,201	\$96,023
TOTAL RESIDENTIAL	31,455	3,323,879	\$3,842,324
COMMERCIAL	567	45,375	\$334,869
INSTITUTIONAL	82	4,096	\$30,230
INDUSTRIAL/DEMAND	2	27,113	\$200,091
Total	32,106	3,400,463	\$4,407,514

**Dublin San Ramon Service District**  
**Local Sewer Utility**  
**Development of Distribution Factors**  
**Exhibit 7 - Volume Related**

	Volume Distribution				
	Annual flow CCF [1]	1.8% Inflow and Infiltration [2]	Total Annual Flow at Plant (1,000 Gallons)	Avg. Daily Flow At Plant (MGD)	% of Total
Single - Family	1,877,838	33,801	1,911,639	5.24	56.0%
Townhouse	27,439	494	27,933	0.08	0.8%
Condo	501,170	9,021	510,191	1.40	14.9%
Duplex	8,687	156	8,844	0.02	0.3%
Single family with Add'l Dwelling Unit	30,708	553	31,261	0.09	0.9%
Multi - Family	448,864	8,080	456,943	1.25	13.4%
Commercial	273,402	4,921	278,323	0.76	8.1%
Schools/Institutional	24,681	444	25,125	0.07	0.7%
Industrial/Demand	163,363	2,941	166,304	0.46	4.9%
<b>Total</b>	<b>3,356,152</b>	<b>60,411</b>	<b>3,416,562</b>	<b>9.36</b>	<b>100.0%</b>

Distribution Factor (VOL)

*Notes: [1] Single-Family, Condo, and Multi-Family Flows are Based on  
**2021** District customer characteristics  
[2] Based on District Analysis*

**Dublin San Ramon Service District  
Local Sewer Utility  
Development of Distribution Factors  
Exhibit 8 - Customer Related**

	Actual Customer		Customer Service & Accounting			
	Per DUE	% of Total	Number of Bills	Weighting Factor	Weighted Customer	% of Total
Single - Family	18,338	55.7%	18,338	1.0	18,338	35.9%
Townhouse	268	0.8%	268	1.0	268	0.5%
Condo	6,518	19.8%	6,518	1.0	6,518	12.7%
Duplex	85	0.3%	42	1.0	42	0.1%
Single family with Add'l Dwelling Unit	363	1.1%	220	1.0	220	0.4%
Multi - Family	6,714	20.4%	581	6.0	3,486	6.8%
Commercial	578	1.8%	3,468	6.0	20,806	40.7%
Schools/Institutional	39	0.1%	232	6.0	1,394	2.7%
Industrial/Demand	2	0.0%	12	6.0	74	0.1%
Total	32,905	100.0%	29,679		51,146	100.0%

Distribution Factor (AC) (WCA)

[1] Commercial & institutional customer counts are based on 2003 District customer characteristics.  
[2] Condo & multi-family number of bills are based on 2003 District customer characteristics.

**Dublin San Ramon Service District**  
**Local Sewer Utility**  
**Development of Distribution Factors**  
**Exhibit 9 - Strength Related**

	Bio-Chemical Oxygen Demand				Total Suspended Solids			
	Annual Flow (MG)	Avg. Factor (mg/l) [1]	Calculated Pounds [2]	% of Total	Avg. Factor (mg/l) [1]	Calculated Pounds [2]	% of Total	
Single - Family	1,911,639	286.0	3,412,714	47.2%	257.0	3,066,669	42.9%	
Townhouse	27,933	286.0	49,867	0.7%	257.0	44,811	0.6%	
Condo	510,191	286.0	910,808	12.6%	257.0	818,453	11.5%	
Duplex	8,844	286.0	15,788	0.2%	257.0	14,187	0.2%	
Single family with Add'l Dwelling Unit	31,261	286.0	55,808	0.8%	257.0	50,149	0.7%	
Multi - Family	456,943	286.0	815,749	11.3%	257.0	733,033	10.3%	
Commercial	278,323	566.7	984,475	13.6%	566.7	984,475	13.8%	
Schools/Institutional	25,125	286.0	44,854	0.6%	257.0	40,306	0.6%	
Industrial/Demand	166,304	903.5	937,902	13.0%	1339.0	1,389,985	19.5%	
Total	3,416,562		7,227,964	100.0%		7,142,067	100.0%	

Distribution Factor

(BOD)

(TSS)

*Note: [1] Strength factors were provided from 2017 Regional Rate study  
[2] Calculated Pounds = Annual Flow \* Strength Factor \* (8.345 lbs/One Million Gallons)*

**Dublin San Ramon Service District**  
**Local Sewer Utility**  
**Development of Distribution Factors**  
**Exhibit 10 - Revenue Related**

	Projected FY 2023 Revenue	% of Total
Single - Family	\$2,540,531	56.6%
Townhouse	\$37,123	0.8%
Condo	\$677,334	15.1%
Duplex	\$11,753	0.3%
Single family with Add'l Dwelling Unit	\$42,175	0.9%
Multi - Family	\$607,520	13.5%
Commercial	\$341,328	7.6%
Schools/Institutional	\$30,813	0.7%
Industrial/Demand	\$203,951	4.5%
<b>Total</b>	<b>\$4,492,527</b>	<b>100.0%</b>

Distribution Factor (RR)

Dublin San Ramon Service District  
 Local Sewer Utility  
 Functionalization and Classification  
 Exhibit 11 - Revenue Requirement

Account Name	Test Year FY 2023	Operating Volume (VOL)	Strength Related		Weighted for:		Revenue (RR)	Direct (DA)	Basis of Classification					
			Bio-oxygen Demand (BOD)	Suspended Solids (TSS)	Actual Customer (AC)	Customer Acct/Svcs (WCA)								
<b>Application of Funds</b>														
<b>Collection Operations</b>														
<i>Personnel Services</i>														
Salaries	\$2,215,186	\$1,772,149	\$0	\$0	\$443,037	\$0	\$0	\$0	80.0% (VOL)/ 20.0% (AC)					
Overtime	18,519	14,816	0	0	3,704	0	0	0	80.0% (VOL)/ 20.0% (AC)					
Standby Pay	18,025	18,025	0	0	0	0	0	0	100.0% (VOL)					
Medical	379,874	379,874	0	0	0	0	0	0	100.0% (VOL)					
Retirement	608,116	608,116	0	0	0	0	0	0	100.0% (VOL)					
Other Benefits	110,046	110,046	0	0	0	0	0	0	100.0% (VOL)					
Salary / Benefit Credit	(68,487)	(68,487)	0	0	0	0	0	0	100.0% (VOL)					
Training Costs	16,439	16,439	0	0	0	0	0	0	100.0% (VOL)					
Group Training Services	2,369	2,369	0	0	0	0	0	0	100.0% (VOL)					
Temporary Help	1,030	1,030	0	0	0	0	0	0	100.0% (VOL)					
Interns	7,725	7,725	0	0	0	0	0	0	100.0% (VOL)					
Uniforms & Safety Equipment	5,810	5,810	0	0	0	0	0	0	100.0% (VOL)					
Employee Memberships & Certifications	5,768	5,768	0	0	0	0	0	0	100.0% (VOL)					
<i>Personnel Services</i>	<b>\$3,320,420</b>	<b>\$2,873,679</b>	<b>\$0</b>	<b>\$0</b>	<b>\$446,741</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>						
<i>Material &amp; Supplies</i>														
Equipment Under \$10,000	\$11,519	\$11,519	\$0	\$0	\$0	\$0	\$0	\$0	100.0% (VOL)					
Fluids	515	515	0	0	0	0	0	0	100.0% (VOL)					
Fuel	29,013	29,013	0	0	0	0	0	0	100.0% (VOL)					
Gas & Electric	7,140	7,140	0	0	0	0	0	0	100.0% (VOL)					
General Supplies	35,928	35,928	0	0	0	0	0	0	100.0% (VOL)					
Tools	3,605	3,605	0	0	0	0	0	0	100.0% (VOL)					
Office Supplies/Services	3,090	3,090	0	0	0	0	0	0	100.0% (VOL)					
<i>Material &amp; Supplies</i>	<b>\$90,811</b>	<b>\$90,811</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>						

Dublin San Ramon Service District  
 Local Sewer Utility  
 Functionalization and Classification  
 Exhibit 11 - Revenue Requirement

Account Name	Test Year FY 2023	Operating Volume (VOL)	Strength Related		Weighted for:		Revenue (RR)	Direct (DA)	Basis of Classification
			Bio-oxygen Demand (BOD)	Suspended Solids (TSS)	Actual Customer (AC)	Customer Acct/Svcs (WCA)			
<i>Contract Services</i>									
Legal Services	\$1,751	\$1,751	\$0	\$0	\$0	\$0	\$0	\$0	100.0% (VOL)
Professional Services	86,345	86,345	0	0	0	0	0	0	100.0% (VOL)
Advertising	7,725	7,725	0	0	0	0	0	0	100.0% (VOL)
Equipment Lease/Rental	3,605	3,605	0	0	0	0	0	0	100.0% (VOL)
Maintenance Contracts	42,284	42,284	0	0	0	0	0	0	100.0% (VOL)
Other Services	226,503	226,503	0	0	0	0	0	0	100.0% (VOL)
Printing Services	22,094	22,094	0	0	0	0	0	0	100.0% (VOL)
<i>Contract Services</i>	<b>\$390,306</b>	<b>\$390,306</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<i>Other Expenses</i>									
Meetings	\$536	536	0	0	0	0	0	0	100.0% (VOL)
Permits, Licenses & District Mbrshps	27,398	27,398	0	0	0	0	0	0	100.0% (VOL)
Credit Card Transaction Fees	0	0	0	0	0	0	0	0	100.0% (AC)
Overhead Charges	843,353	843,353	0	0	0	0	0	0	100.0% (VOL)
<i>Other Expenses</i>	<b>\$871,286</b>	<b>\$871,286</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Total Sewer Operations Expenses</b>	<b>\$4,672,824</b>	<b>\$4,226,083</b>	<b>\$0</b>	<b>\$0</b>	<b>\$446,741</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<i>Debt Service</i>									
Sewer Operations Debt	\$0	0	0	0	0	0	0	0	100.0% (VOL)
<b>Total Debt Service</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<i>Transfer to Reserves</i>									
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Total O&M
OPEB Fund 965	\$116,483	\$105,346	\$0	\$0	\$11,136	\$0	\$0	\$0	Total O&M
Replace reduction in Buy-In	0	0	0	0	0	0	0	0	Total O&M
Replacement Fund	800,000	723,517	0	0	76,483	0	0	0	Total O&M
Rate Stabilization Fund	0	0	0	0	0	0	0	0	Total O&M
Other	0	0	0	0	0	0	0	0	Total O&M
<b>Total Transfer to Reserves</b>	<b>\$916,483</b>	<b>\$828,863</b>	<b>\$0</b>	<b>\$0</b>	<b>\$87,619</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Total Revenue Requirements</b>	<b>\$5,589,307</b>	<b>\$5,054,946</b>	<b>\$0</b>	<b>\$0</b>	<b>\$534,361</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	

Dublin San Ramon Service District  
 Local Sewer Utility  
 Functionalization and Classification  
 Exhibit 11 - Revenue Requirement

Account Name	Test Year FY 2023	Operating Volume (VOL)	Strength Related		Weighted for:		Revenue (RR)	Direct (DA)	Basis of Classification					
			Bio-oxygen Demand (BOD)	Suspended Solids (TSS)	Actual Customer (AC)	Customer Acct/Svcs (WCA)								
<b>Less: Miscellaneous Revenue</b>														
<i>Enterprise Operations</i>														
General Inspections	\$306,000	\$276,745	\$0	\$0	\$29,255	\$0	\$0	\$0	Total Revenue Requirement					
Overtime Inspections	3,600	3,256	0	0	344	0	0	0	Total Revenue Requirement					
Plan Check Fees	60,000	54,264	0	0	5,736	0	0	0	Total Revenue Requirement					
Miscellaneous Revenue	12,000	10,853	0	0	1,147	0	0	0	Total Revenue Requirement					
Pooled Interest	86,486	78,218	0	0	8,268	0	0	0	Total Revenue Requirement					
<b>Miscellaneous Revenues</b>	<b>\$468,086</b>	<b>\$423,335</b>	<b>\$0</b>	<b>\$0</b>	<b>\$44,751</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>						
<b>Less: Use of Reserves</b>														
Enterprise Fund	\$315,000	\$284,885	\$0	\$0	\$30,115	\$0	\$0	\$0	Total Revenue Requirement					
<b>Total Use of Reserves</b>	<b>\$315,000</b>	<b>\$284,885</b>	<b>\$0</b>	<b>\$0</b>	<b>\$30,115</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>						
<b>Net Revenue Requirements</b>	<b>\$4,806,221</b>	<b>\$4,346,726</b>	<b>\$0</b>	<b>\$0</b>	<b>\$459,494</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>						

Notes:

[1] WCA related cost based on the percentage of customer related cost vs. total overhead costs

**Dublin San Ramon Service District**  
**Local Sewer Utility**  
**Cost of Service Summary**  
**Exhibit 12 - Distribution by Component**

Classification Components	FY 2023 O&M Expenses	Single Family	Multifamily	Non-Residential	
Volume Related	\$4,346,726	\$2,518,646	\$1,230,438	\$597,642	(VOL) - Exhibit 3
Strength Related					
Bio-oxygen Demand (BOD-1)	\$0	\$0	\$0	\$0	(BOD) - Exhibit 5
Suspended Solids (SS-1)	0	0	0	0	(TSS) - Exhibit 5
Total Strength Related	\$0	\$0	\$0	\$0	
Customer Related					
- Actual Customer	\$459,494	\$266,073	\$184,781	\$8,640	(AC) - Exhibit 4
- Weighted Customer	0	0	0	0	(WCA) - Exhibit 4
Total Customer Related	\$0	\$266,073	\$184,781	\$8,640	
Revenue Related	\$0	\$0	\$0	\$0	(RR) - Exhibit 6
Direct Assignment	\$0	\$0	\$0	\$0	(DA) - Exhibit 10
<b>Total Revenue Requirements</b>	<b>\$4,806,221</b>	<b>\$2,784,719</b>	<b>\$1,415,219</b>	<b>\$606,283</b>	

**Dublin San Ramon Service District****Local Sewer Utility****Cost of Service Summary****Exhibit 13 - Summary of Cost Distribution**

	FY 2023 Total	Single Family	Multifamily	Non-Residential
Revenues at Present Rates	\$4,492,527	\$2,631,582	\$1,284,854	\$576,092
Allocated Revenue Requirement	\$4,806,221	\$2,784,719	\$1,415,219	\$606,283
Balance/(Deficiency) of Funds	(\$313,693)	(\$153,137)	(\$130,366)	(\$30,191)
<b>Required % Change in Rates</b>	<b>7.0%</b>	<b>5.8%</b>	<b>10.1%</b>	<b>5.2%</b>

**Dublin San Ramon Service District**  
**Local Sewer Utility**  
**Cost of Service Summary**  
**Exhibit 14 - Average Unit Cost**

	System Average	Single Family	Multifamily	Non-Residential
Volume Costs - \$/100 CF	\$1.27	\$1.27	\$1.27	\$1.27
Strength Costs - \$/100 CF	\$0.00	\$0.00	\$0.00	\$0.00
Revenue/Direct - \$/100 CF	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total \$/100 CF</b>	<b>\$1.27</b>	<b>\$1.27</b>	<b>\$1.27</b>	<b>\$1.27</b>
Customer Costs - \$/Customer/Month	2.33	\$2.33	\$2.33	\$2.33
Allocated Costs	\$4,806,221	\$2,784,719	\$1,415,219	\$606,283
Billing Units		19,054	13,232	469,752
<b>Proposed Rates</b>		<b>\$24.36</b>	<b>\$17.83</b>	<b>\$1.29</b>
Basic Data:		Bimonthly	Bimonthly	per CCF
Annual Flow - 100 CF	3,416,562	1,979,677	967,134	469,752
Number of Customers/DUE's	32,905	19,054	13,232	619



7051 Dublin Blvd.  
Dublin, CA 94568  
[www.dsrsd.com](http://www.dsrsd.com)

## Notice of Public Hearing: Proposed Increases to Wastewater Rates

Tuesday, May 2, 2023 at 6 p.m.  
7051 Dublin Boulevard, Dublin, CA

### How do I protest the proposed wastewater rate increases?

DSRSD and its Board of Directors welcomes and will consider input from the community on the proposed increases to wastewater rates at any time, including during the public hearing. Comments may be provided in any form prior to or at the public hearing. However, in accordance with Proposition 218 and District Policy P100-15-5, only valid written protests received by the deadline below may be counted as formal protests.

Any property owner of record or tenant-customer of a parcel receiving wastewater service may submit a written protest. Only one written protest will be counted per parcel served by DSRSD.

A written protest must identify the affected property by assessor's parcel number, street address, or DSRSD account number; identify the property owner of record or tenant-customer; clearly state that the transmittal is a protest to the proposed charges; identify which proposed charges are being protested; and bear the original signature of the property owner of record or tenant-customer. In the case of electronically delivered documents, a scanned signature will be accepted, subject to verification.

Pursuant to California Government Code section 53759 there is a 120-day statute of limitations for challenging any new, increased, or extended fee or charge.

All comments and written protests should be addressed to District Secretary Nicole Genzale. For written protests please note on the envelope (or in the subject line of a fax or an email), "Protest of Proposed Changes to Wastewater Rates."

Written protests submitted via email, fax or mail must be received by 4:00 p.m., May 2, 2023

- Mail to 7051 Dublin Blvd, Dublin, CA 94568
- Email a PDF document, attached to an email to [Board@dsrsd.com](mailto:Board@dsrsd.com)
- Fax to (925) 829-1180

To be considered, hand-delivered comments and written protests must be received either by 4:00 p.m., May 2, 2023, at 7051 Dublin Boulevard, Dublin CA 94568, or before the close of the public hearing on May 2, 2023, 7051 Dublin Boulevard, Dublin CA 94568.

## NOTICE OF PUBLIC HEARING

### PROPOSED INCREASES TO WASTEWATER RATES

On Tuesday, May 2, 2023, the DSRSD Board of Directors will hold a public hearing at its regularly scheduled meeting to consider increases to wastewater rates effective July 1, 2023, effective July 1, 2024, effective July 1, 2025, effective July 1, 2026, and effective July 1, 2027. The meeting begins at 6:00 p.m. at DSRSD's District Office, 7051 Dublin Boulevard, Dublin CA 94568.

### HOW CAN I LEARN MORE?

For additional information you can:

- Contact Finance Analyst Corinne Ferreyra, at (925) 875-2298 or [ferreyra@dsrsd.com](mailto:ferreyra@dsrsd.com)
- Attend the public hearing on May 2, 2023 at 6:00 p.m. at the DSRSD District Office, 7051 Dublin Boulevard, Dublin, CA
- Visit [www.dsrsd.com/your-account/rates-fees/wastewater-rates](http://www.dsrsd.com/your-account/rates-fees/wastewater-rates)



## Customer Notification

### PROPOSED INCREASES TO WASTEWATER RATES

The Dublin San Ramon Services District's (DSRSD) core 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. DSRSD began providing wastewater service in 1963. Today, the District directly provides wastewater service to approximately 150,000 people living in Dublin and south San Ramon, and to residents of the City of Pleasanton, by contract. While most customers rarely think about it, sewer service is an essential utility. In setting wastewater rates, the District is guided by the goal to establish cost-based rates that proportionally allocate costs to the various customer types.

DSRSD retained HDR Engineering, Inc., a financial planning consultant, to conduct the 2023 Local and Regional Sewer Cost of Service Study to update the cost of providing wastewater services and realign wastewater rates due to changes over the past five years. The study provides a basis for making rate adjustments, allocation of service costs, and evaluation of the proportionality of current regional and local sewer rates. Visit [www.dsrsd.com/your-account/rates-fees/wastewater-rates](http://www.dsrsd.com/your-account/rates-fees/wastewater-rates) for more information on Proposition 218 and a link to the 2023 Local and Regional Sewer Cost of Service Study. The study is also available at the District Office, 7051 Dublin Boulevard, Dublin, CA 94568, Monday through Friday from 8:00 a.m. to 4:00 p.m.

If the proposed rates are adopted, some customer bills will increase, and some will decrease. Please refer to your specific customer type for an example of the bill impact of the proposed changes. Only billing periods that begin after the proposed effective date will be charged based on the proposed rate.

### Why are wastewater rates changing?

Typically, the District performs a wastewater rate study every five years to ensure there is sufficient revenue to fund operation, maintenance, and capital replacement needs of the local and regional systems; achieve or maintain reserve targets per Board policy; and reallocate costs among the classes of customers to align with changes over time. This ensures that our customers are equitably charged for the services they receive. As a public agency, DSRSD cannot collect more revenue than is necessary to recover the reasonable costs of providing our services.

New rates are proposed for all wastewater customers for the next five fiscal years (July 1 of one year to June 30 of the next year) in order to recover costs based on the recently completed 2023 Local (collection) and Regional (treatment) Sewer Cost of Service Study. Proposed rates are based on actual cost of service by customer type. Rates were reviewed and restructured to simplify and better reflect the cost of service for each customer class.



**Senior Wastewater Treatment Plant Operator**  
Anna Garcia monitors the Regional Wastewater Treatment Facility's Supervisory Control and Data Acquisition system.

### INVESTING IN THE FUTURE OF WASTEWATER

Wastewater rates help fund essential upgrades to the sewer collection system and the Regional Wastewater Treatment Facility.

### Increasing reliability of monitoring equipment

The District is in the process upgrading the Regional Wastewater Treatment Facility's Supervisory Control and Data Acquisition system that issues commands and monitors data at the facility such as flow readings, temperatures, and tank levels. This \$4.6 million project includes replacing the system's programmable logic controllers and servers, upgrading alarm notification and reporting software, and updating fiber optic communications. This allows staff to operate equipment more efficiently, and provides easier access to data to analyze treatment process improvements.

### What are the proposed changes?

District wastewater rates are comprised of local (collection) and regional (treatment) rates. The residential rate structure is currently a fixed charge for both local and regional rates, billed bi-monthly for condominium and multifamily customer types, and included on the property tax roll for single family, duplex, and townhouse customer types. The only proposed change to the residential rate structure is to combine the multifamily and condominium customers to the same rate given their common wastewater flow and strength characteristics as identified in the rate study.

Commercial, institutional, and industrial rates presently have individual rates for each customer class. Commercial and industrial rates are based on the customer's wastewater strength, indicated by "low," "medium," and "high" strength categories. Institutional customers have a volumetric charge based on metered water consumption. If approved, the proposed regional rates for these customers will be replaced with bands representing different wastewater strengths. Each individual customer will be categorized into a specific strength rate band based on the assumed or measured strength of their wastewater. The change in the proposed rates for Commercial and industrial customers recognizes that most of the customers in those classes had strength levels less than 1,000 mg/l. The changes also provide a more equitable approach to establishing rates for these customers given the proposed rates will provide a better representation of the differing levels of wastewater strengths.

If approved, the proposed new rates (residential, commercial, institutional, and industrial) will become effective July 1, 2023. Rates will be adjusted per a set schedule which includes fixed percentage adjustments to be effective July 1, 2023 and July 1, 2024, while increases to be effective July 1 of 2025, July 1 of 2026, and July 1 of 2027 will be set by and limited to inflation (based on the annual February to February change in the Consumer Price Index - All Urban Consumers for San Francisco/Oakland/Hayward) as permitted by Government Code section 53756..

### Residential Wastewater Customers

Since 1971, customers who live in single-family homes, townhomes, and multifamily have been charged a flat rate for wastewater services on the owner's property tax bill listed as DSRSD SEWER SVC. Owners of condominium properties also pay a flat rate for wastewater services but are charged bimonthly with their water bill. Effective July 1, 2023, the bimonthly rate for single family, townhouse, and duplex customer types will be reduced slightly (a \$0.04 decrease), while multifamily and condominium rates, now combined into one rate, will increase (by \$5.05 for condominiums, and by \$13.76 for multifamily).

Current and proposed bimonthly rates by customer classes for residential customer types are noted below:

	Current	Effective July 1, 2023	Effective July 1, 2024	Effective July 1, 2025, July 1, 2026 July 1, 2027
Single Family	82.62	82.58	86.03	
Townhouse	82.62	82.58	86.03	
Condominium	56.93	61.98	64.54	
Duplex	165.24	165.16	172.06	
Single Family w/ 2nd Dwelling Unit	130.84	144.55	150.58	Percentage increases will be set by and limited to inflation*, applied to the previous year's rate.
Multifamily	48.22	61.98	64.54	

\*Based on the annual February to February change in the Consumer Price Index - All Urban Consumers for San Francisco/Oakland/Hayward.

### Non-Residential Wastewater Customers (Commercial, Industrial and Institutional)

Commercial, Industrial, and Institutional (CII) customers are charged variable rates based on cost of service and billed bimonthly. The wastewater rates have two components: collection through the sanitary sewer system and treatment/disposal at the District's wastewater treatment facility in Pleasanton. The collection portion of the rate is based on volume only while the treatment is based on volume and wastewater strength. As a result of the 2023 Local and Regional Sewer Cost of Service Study, the wastewater strength categories have been expanded and restructured to provide for more accurate allocation among CII customers of actual treatment costs.

Wastewater strength is measured by the degree of organic pollutant in the wastewater known as biological oxygen demand (BOD) and total suspended solids (TSS). Rates are higher for customers with a higher level of organic pollutant because it costs the District more to treat the wastewater. Rates are also higher for customers with a higher wastewater flow and volume. The volume of service demand is noted on the bills as 100 cubic feet (748 gallons) per unit. Current and proposed bimonthly rates by customer class for non-residential customer types are noted below:

	Current	Effective July 1, 2023
<b>Commercial (per CCF)</b>		
Low - Less than 300 mg/L	3.93	
Medium - Greater than 300 and less than 600 mg/L	6.66	
High - Greater than 600 mg/L	8.81	
<b>Institutional (per CCF)</b>		
Institutional	3.93	
School (submetered)	3.30	
School (non-submetered)	3.93	
<b>Industrial (per CCF)</b>		
Less than 1,000 mg/L	10.53	
Between 1,000 and 1,500 mg/L	12.92	
Greater than 1,500 mg/L	15.32	

These classifications have been expanded for more accurate allocation among CII customers.

See the table below for more details.

Commercial/Institutional/Industrial (per CCF)	Effective July 1, 2023	Effective July 1, 2024	Effective July 1, 2025, July 1, 2026, July 1, 2027
Less than or equal to 300 mg/L	4.58	4.77	
Between 300 and 450 mg/L	5.49	5.71	
Between 450 and 600 mg/L	6.41	6.65	
Between 600 and 750 mg/L	7.32	7.59	
Between 750 and 900 mg/L	8.23	8.53	
Between 900 and 1,050 mg/L	9.14	9.46	
Greater than 1,050 mg/L			To be determined by District on calculation basis

Percentage increases will be set by and limited to inflation\*, applied to the previous year's rate.

Dublin San Ramon Services District – East Bay Municipal Utility District Recycled Water Agency (DERWA)	Current	Effective July 1, 2023	Effective July 1, 2024	Effective July 1, 2025, July 1, 2026, July 1, 2027
\$/Connection	6.65			
Demand (\$/MG)	125.90	3,888.52	4,005.18	
BOD (\$/lb)	0.0579	0.3549	0.3655	
TSS (\$/lb)	0.0194	0.7164	0.7379	
Septic Haulers (A1 Enterprises) (per CCF)	0.0690	0.0358	0.0369	

Percentage increases will be set by and limited to inflation\*, applied to the previous year's rate.

\*Based on the annual February to February change in the Consumer Price Index - All Urban Consumers for San Francisco/Oakland/Hayward.

**Dublin San Ramon Services District Policy**

Page 1 of 7

**Policy**

<b>Policy No.:</b> P400-16-1	<b>Type of Policy:</b> Finance
<b>Policy Title:</b> Rate Policies and Guidelines	
<b>Policy Description:</b> Provides guidance and consistency in decision-making for developing and adopting rates.	
<b>Approval Date:</b> 6/7/2016	<b>Last Review Date:</b> 2016
<b>Approval Resolution No.:</b> 35-16	<b>Next Review Date:</b> 2020
<b>Rescinded Resolution No.:</b> 38-12	<b>Rescinded Resolution Date:</b> 8/21/2012

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

To ensure that rates are developed using a generally-accepted methodology, to provide financial stability, to achieve rate stability, to ensure public well-being and safety and with consideration of the rate impact as outlined in the following guidelines.

The Rate Policies and Guidelines are attached hereto and made a part hereof as if written in full in this policy.

The following rate policies and guidelines have been developed to provide guidance and consistency in decision-making for the District's management team. These policies and guidelines will assist the District in achieving financial and rate stability from year-to-year for the water and wastewater Enterprises. The proposed policies and guidelines should be reviewed periodically to determine if they are still relevant and appropriate. The policies framework is shown below:

# Dublin San Ramon Services District Rate Policies and Guidelines

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1. **Rate Setting Methodology**
  - 1.1. Revenue Requirements
  - 1.2. Cost of Service
  - 1.3. Rate Design
2. **Financial Stability**
  - 2.1. Reserves
  - 2.2. Cash Flow
  - 2.3. Debt Services Coverage
  - 2.4. Capital Improvement Funding From Rates
3. **Rate Stability**
4. **Public Well-Being and Safety**
5. **Rate Impacts**

## Rate Setting Methodology

### 1. Rates Should Be Established Utilizing a “Generally Accepted” Rate Setting Methodology.

First and foremost, rate setting must conform to all legal constraints established for the District. In addition, when reviewing rates it is important to use a methodology that is “generally accepted” in the financial and rate setting community as well as the water and wastewater industries. This will assure a legally defendable approach as well as consistency of the analysis over time.

#### 1.1. It is recommended the District use the following “generally accepted” approaches to establish rates.

- Revenue requirement analysis
- Cost of service analysis
- Rate design analysis

#### REVENUE REQUIREMENTS:

1.1.1 Revenue requirements will be established on a “cash basis” approach. The “cash basis” approach includes operation & maintenance (O&M) expenses, taxes/transfer payments, debt service (P&I), and funding for replacement of capital assets. The revenue requirements, as defined herein, are the basic components. Revenue requirements should also include any other cost items requiring funding (e.g. bond reserves) or needed to operate the Enterprise on a financially stable basis (e.g. accumulation or reduction in working capital).

## Dublin San Ramon Services District Policy

Page 3 of 7

- 1.1.2 Currently, revenue requirements include the impact of capacity fee “buy in” revenue. This “buy in” will be eliminated at District buildout. The District should plan accordingly and gradually eliminate the impact of the revenue from the “buy in” component on revenue requirements. The funding for asset replacements should be 100% funded by rate revenue by the end of the 10 year planning period (2027).
- 1.1.3 Costs associated with each of the District’s funds (i.e. Enterprise, Replacement, Expansion, etc.), for both water and wastewater, shall be tracked and budgeted separately for use within the revenue requirements.
- 1.1.4 At a minimum, revenues and costs will be projected for a six-year projected test period.
- 1.1.5 Projections of O&M costs should include any estimated incremental O&M costs associated with future capital improvements.
- 1.1.6 Costs associated with mandated program requirements will be identified and included within the cash basis approach.

### **COST OF SERVICE:**

- 1.2.1 A cost of service study will be utilized to allocate costs equitably to customer classifications of service.
- 1.2.2 The cost allocation methodology will utilize techniques that are “generally accepted” by the industry (e.g. American Water Works Association, American Public Works Association, etc.).
- 1.2.3 The water cost of service will, at a minimum, consider the following cost components:
  - ✓ *Commodity costs* – those costs that vary with the total amount, or flow of water consumed by a customer over an extended period of time (e.g. electricity and chemicals).
  - ✓ *Capacity costs* – those costs that vary with maximum demand, or the maximum rates of flow to customers (e.g. sizing facilities to meet peak demands).
  - ✓ *Public fire protection costs* – those costs related to the public fire protection function (e.g. hydrants and over-sizing of mains).
  - ✓ *Customer related costs* – those costs that vary with the number of customers on the system (e.g. postage, meter maintenance expense).
  - ✓ *Revenue related costs* – those costs associated with the amount of revenue received by the water enterprise fund (e.g. a gross proceeds tax, delinquent fees).
- 1.2.4 The wastewater cost of service will, at a minimum, consider the following cost components:

- ✓ *Volume costs* – those costs that vary with the total flow of wastewater contributed by a customer over an extended period of time.
- ✓ *Strength costs* – those treatment-related costs associated with the strength of wastewater (e.g. biochemical oxygen demand and suspended solids) will be determined separately and will depend on the class of service and type of service provided (local vs. regional).
- ✓ *Customer related costs* – those costs that vary with the number of customers on the system (e.g. postage).
- ✓ *Revenue related costs* – those costs associated with the amount of revenue received by the Wastewater Enterprise fund (e.g. a gross proceeds tax, delinquent fees).

**RATE DESIGN:**

- 1.3.1 Rate designs will be reflective of the District's needs and also reflect the greater public purpose and policy goals of the District's Board (e.g. economic development, conservation, ability to pay, etc.).
- 1.3.2 Rate structures will recognize the appropriateness of both a fixed charge and a variable charge in order to provide the correct price signal to the District's customers. Fixed charges provide the District with a level of revenue stability and they are preferred by rating agencies as the method to best ensure debt coverage, while customers generally prefer variable charges, which allow them to control the amount of their bill. The balancing of these two competing rate components should be considered when reviewing rate structures. For water rates, variable rates will be established at no less than 70% of the total revenue requirement while the District remains subject to CUWCC BMP 11.
- 1.3.3 Rates will be set at a level that recovers necessary costs, by classification, yet flexible enough to accomplish the District's objectives (e.g. public purpose programs).
- 1.3.4 Rates should be designed to be equitable and detailed to a level to reflect the service provided (e.g., private fire protection, multi-family services, etc.).
- 1.3.5 Rates will be set at a level to ensure that bond covenants are met without reliance on capacity fees.

**Financial Stability****2. The District Should Continue to be Managed to Maintain Financial Stability Over Time.**

The District, like any other business, should strive to maintain financial stability over time, as it has done in the past. Financial stability is not only a prudent financial management goal; it can also minimize financial costs in the long-term (e.g. unnecessary borrowing). Above all, financial stability

## Dublin San Ramon Services District Policy

Page 5 of 7

will provide the community with the confidence of knowing a strong, consistent management team is managing the Enterprise.

### 2.1 Financial Policies and Measures Will be Developed to Measure, Manage, and Achieve Financial Stability.

#### RESERVES:

2.1.1 The minimum and target reserve levels in the Enterprise funds (as defined in the Financial Reserves policy) are indicators of the financial health of the Enterprise and will be used to determine when certain actions should be taken.

- ✓ **Fund is below the target working capital level** - If the Enterprise fund's working capital is projected to go below the minimum reserve level and stay below that level in the subsequent year, a rate increase shall be considered in order to maintain the financial stability of that fund.
- ✓ **Fund is above the target working capital level and revenues exceed expenses**
  - If the Enterprise fund's working capital is projected to be in excess of the working capital target and the rate revenues in the fund exceed the sum of the O&M expenses and replacement transfer, a rate decrease shall be considered to bring the working capital target between the minimum and target levels.
- ✓ **Fund is above the target working capital level and expenses exceed revenues**
  - If the Enterprise fund's working capital is projected to be in excess of the working capital target and the rate revenues in the fund are less than the sum of the O&M expenses and replacement transfer, the excess reserves will be used to cover expenses. In these circumstances, current rates are not covering current costs, and it is likely that a rate increase will be needed in future periods.

#### CASH FLOW:

2.2.1 Except as noted in section 2.1, each Enterprise should have annual net income (total revenue less O&M, taxes, debt service, and replacement funding) greater than or equal to zero unless the Board has made a policy decision to utilize Rate Stabilization Reserves.

#### DEBT SERVICE COVERAGE:

2.3.1 The Debt Service Coverage Ratio is an important financial measure that is reviewed by banks and bond companies to show the Enterprise's ability to make debt payments. The ratio is the Enterprise's Net Operating Income over the Total Debt service. Net Operating Income is gross income less operating and maintenance expense. For financial planning purposes, the annual debt service coverage ratio shall be the highest ratio, by Enterprise, for the District's current debt covenants.

- 2.3.2 For all debt issues with a legal bond covenant, when the debt service coverage ratio falls below the legal requirement the District's Board will abide by the specific covenants related to the bond issue.
- 2.3.3 While rates will be developed to achieve contractual debt coverage levels, the overall target for debt service coverage is 1.60, and will include revenue received from capacity reserve fees.

#### **CAPITAL IMPROVEMENT FUNDING FROM RATES:**

- 2.4.1 Each Enterprise should adequately fund through its rates, an amount sufficient for the replacement of District assets.
- 2.4.2 Replacement funding is determined based upon capital asset replacement needs and Capital Projects to be in compliance with Financial Revenues policy P400-15-1.

### **Rate Stability**

#### **3. Rates Should be Stable Over Time.**

Financial stability of an Enterprise also provides rate stability. Rate stability reinforces that costs are being managed and controlled, thereby gaining customers' confidence of the management team's credibility.

##### **3.1 Rates Should Not Only be Stable in Their Ability to Generate Sufficient Revenues, but also in the Customer's Perception of the Rate Changes from Year to Year.**

- 3.1.1 The District should review rates during the biennial budget process to assure that they provide sufficient revenues. This does not imply that rates must be adjusted, simply that the rates are reviewed in the context of these policies to assure that they are adequately funding each Enterprise.
- 3.1.2 Rate reviews will consider a six-year projected period to attempt to stabilize and minimize rates over time.
- 3.1.3 The District will attempt to minimize impacts to customers when rate adjustments are needed.
- 3.1.4 A comprehensive rate study will be conducted at least every five years in order to assess the fairness of the rates to the District's ratepayers and to ensure that the necessary revenue is available for the District's operating and replacement needs.

### **Public Well-Being and Safety**

#### **4. The District will maintain its facilities at a level that will provide for the public well-being and safety of the residents.**

## Dublin San Ramon Services District Policy

Page 7 of 7

The District's facilities will be maintained at a level that assures system reliability and efficiency. A well thought out renewal and replacement program will extend the life of the system that will in turn reduce infrastructure costs in the long-term.

- 4.1 Sufficient funding should be made available to provide for adequate renewal and replacement of capital assets and equipment.**
- 4.2 The District will adequately fund costs for meeting current industry standards and regulations (e.g. Safe Drinking Water Act, Clean Water Act, NPDES II, etc.).**
- 4.3 The District will fund improvements according to an adopted Capital Improvement Program.**
- 5. The District will consider the impacts of rates on their customers and financial and operating needs will be balanced against the rates and financial impacts.**

Rates are one of the most important ways in which the District communicates with its customers, and should follow these guiding principles.

- 5.1 Rates will be easy to understand and the District will attempt to keep the frequency and magnitude of rate adjustments to a minimum.**
- 5.2 Rates will be reviewed for their overall competitiveness.**
- 5.3 Rates will be balanced to meet the varying competing needs.**



# Dublin San Ramon Services District

Water, wastewater, recycled water

# Policy

Policy No.:	P100-19-5	Type of Policy:	Board Business
<b>Policy Title:</b> Proposition 218 Receipt, Tabulation, and Validation of Written Protests			
<b>Policy Description:</b> Defines guidelines for receiving, tabulating, and validating written protests of proposed changes to utility charges			
Approval Date:	10/15/2019	Last Review Date:	2019
Approval Resolution No.:	37-19	Next Review Date:	2023
Rescinded Resolution No.:	73-15	Rescinded Resolution Date:	9/1/2015

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

## 1. General

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

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

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

## 2. Receipt of Written Protests

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

Policy No.: P100-19-5

Policy Title: Proposition 218 Receipt, Tabulation, and Validation of Written Protests

attached to an email addressed to the email address provided in the notice of the proposed charge, or by fax sent to the fax number provided in the notice of the proposed charge.

- b. The deadline for receipt of hand-delivered protests shall be the close of the public comment period at the Board meeting at which the rate decision is made.
- c. The deadline for the receipt of mailed protests, delivered protests or electronically sent protests (fax, .pdf documents, etc.) shall be 5 p.m. on the date of the Board meeting at which the rate decision is made. Postmarks or other indications of the date on which the protest was sent to the District will not be accepted as evidence of timely delivery.
- d. Any protest not received by the District before the deadlines identified above, whether or not placed in the mail or electronically transmitted prior to the deadline, shall not be counted.
- e. A valid protest must be in writing and:
  - Identify the affected property by either assessor's parcel number, street address, or customer account number;
  - Identify the name of the record property owner or tenant-customer;
  - Clearly state that the transmittal is a protest to the proposed charges;
  - Identify what proposed charges are being protested; and
  - Bear the original signature of the record property owner or tenant-customer. In the case of electronically delivered protests, a scanned signature of the property owner or tenant-customer will be accepted, subject to later verification if necessary as described below.
- f. Only one protest will be counted per parcel served by the District. For a parcel of which there is a single owner and a single tenant-customer, only one protest will be counted, even if protests are received from both the property owner and tenant-customer. For a parcel owned by more than a single record property owner, or occupied by more than one tenant-customer, or both, each record property owner and each tenant-customer may submit a written protest in accordance with this policy, but only one protest will be counted for that parcel.
- g. The protest may not be altered or withdrawn by anyone other than the signatory. Any person who submits a protest may withdraw it by submitting to the District Secretary a written request (in any of the formats specified above) that the protest be withdrawn before the deadline for receipt of the original protest. The withdrawal of a protest shall contain the same information as specified above for a valid protest.
- h. Unless and to the extent that the person submitting the written protest waives, in writing, the right to have his or her personal information withheld from disclosure, protests received

**Policy No.:** P100-19-5**Policy Title:** Proposition 218 Receipt, Tabulation, and Validation of Written Protests

by a public agency pursuant to Proposition 218 are currently not subject to disclosure without redaction of the protestant's personal information because Government Code Section 6254.16 bars the disclosure of personal information about utility customers, and because the requirements of Proposition 218 can be met without disclosing such information<sup>1</sup>. Accordingly, all protests received by the District, except those that state on the face of the protest that the protestant waives the right to have his or her personal information withheld from disclosure, shall be disclosed only after the protestant's personal information is redacted consistent with Section 6254.16, which personal information shall be maintained in confidence and will not be open to public review.

### **3. Tabulation of Written Protests**

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

### **4. Validation of Written Protests**

- a. A majority protest exists if valid protests are timely submitted and not withdrawn by the record property owners or tenant-customers of a majority of the parcels subject to the proposed charge, a majority being equal to greater than fifty percent (50%).
- b. In the event there is an apparently successful majority protest, the District Secretary, or his or her designated representative, shall determine the validity of all protests. The District

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

**Policy No.:** P100-19-5**Policy Title:** Proposition 218 Receipt, Tabulation, and Validation of Written Protests

Secretary shall not determine as valid any protest if the District Secretary determines that any of the following conditions exist:

- The protest does not contain all of the information specified above;
- The protest was not received prior to the deadlines identified above;
- A request to withdraw the protest was received prior to the deadlines identified above; or
- The protest was altered by someone other than the record property owner or tenant-customer whose signature appears on it.

c. The District Secretary's determination that a protest is not valid (or does not apply to a specific charge) shall constitute a final action of the District subject to appropriate judicial review.