

Adopted Operating Budget

fiscal years ending

2024
and
2025



**Dublin San Ramon
Services District**

Water, wastewater, recycled water

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DEPARTMENT OVERVIEW

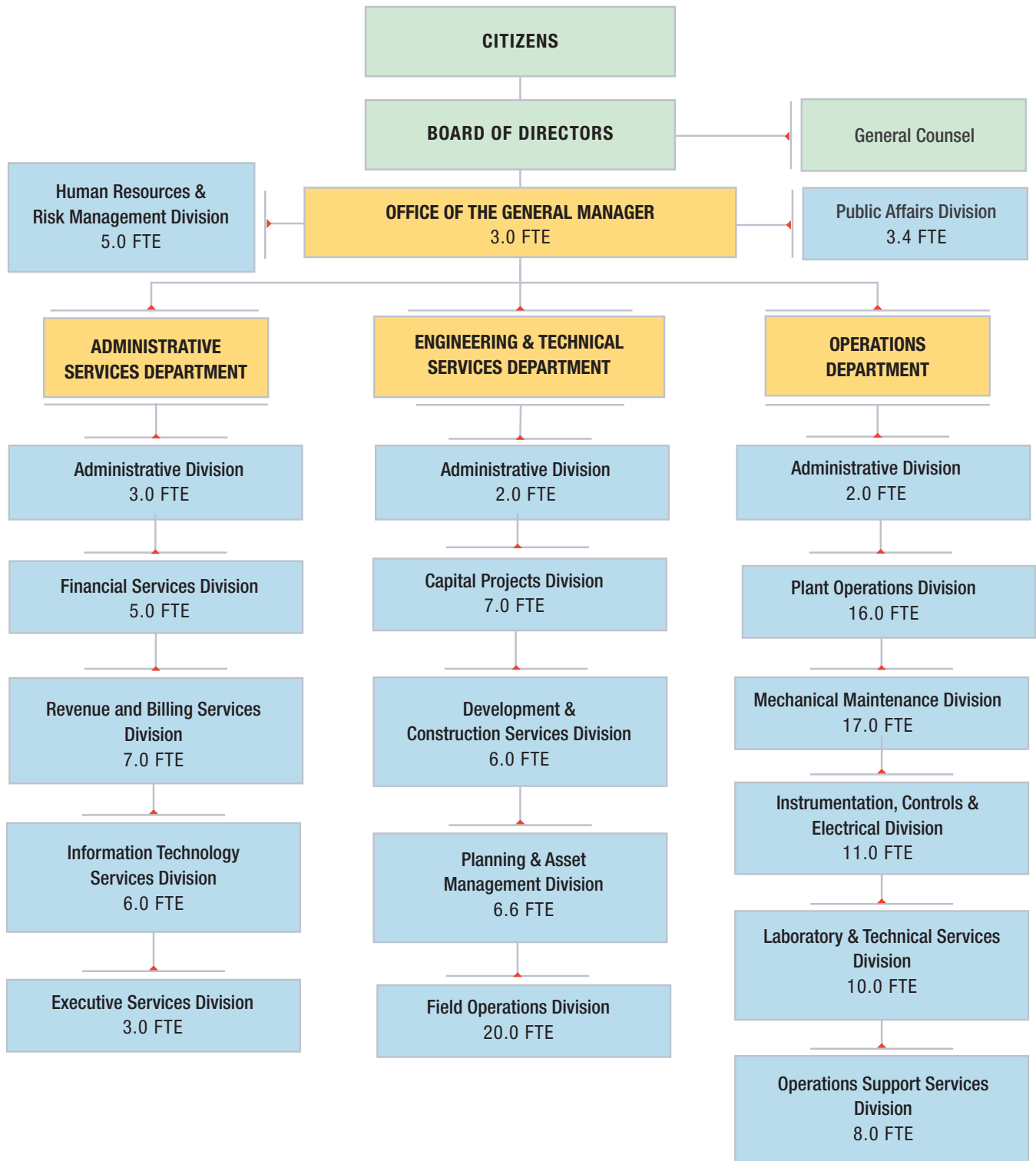
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ORGANIZATION CHART

Fiscal Years 2024-2025



BOARD OF DIRECTORS



GEORGEAN VONHEEDER-LEOPOLD

President (Division 4)

Boardmember since July 2009
Term expires December 2026
(Previously served 1992–2000)



ANN MARIE JOHNSON

Vice President (Division 2)

Boardmember since 2018
Term expires December 2026



DINESH GOVINDARAO

Director (Division 1)

Boardmember since 2023
Term expires December 2024



ARUN GOEL

Director (Division 5)

Boardmember since 2021
Term expires December 2024



RICHARD HALKET

Director (Division 3)

Boardmember since 2004
Term expires December 2024

SENIOR MANAGEMENT TEAM

DANIEL MCINTYREGeneral Manager

JAN LEE.....Assistant General Manager

CAROL ATWOOD.....Administrative Services Director

MAURICE ATENDIDO.....Interim Operations Director

STEVE DELIGHT.....Engineering & Technical Services Director

MICHELLE GALLARDOSpecial Assistant to the General Manager



**Dublin San Ramon
Services District**

Water, wastewater, recycled water

Updated April 2023

STRATEGIC PLAN GOALS AND ACTION ITEMS— FY24 THROUGH FY28

Maintain our financial stability and sustainability

- Manage the District's finances to meet funding needs and maintain fair and reasonable water and wastewater rates, while striving to limit increases to general inflation trends
- Ensure financial sustainability through long-term financial planning, including 10-year modeling
- Review and update the District's reserve policies

Meet or exceed regulatory requirements while preparing for the future regulatory landscape

- Sustain a robust safety culture by continuously updating the District's environmental health and safety programs
- Develop and maintain a centralized regulatory tracking system
- Collaborate with partner agencies to monitor evolving regulatory requirements and explore potential compliance and mitigation strategies
- Implement improvements to comply with standards adopted by the Environmental Laboratory Accreditation Program beginning January 1, 2024

Enhance our ability to respond to emergencies and maintain business continuity

- Update and maintain documentation of emergency response and business continuity plans, including support documents for regional coordination and mutual assistance
- Manage inventory of emergency assets, equipment, and materials in stock
- Integrate and strengthen employee knowledge and competency of emergency response through ongoing training and Incident Command System (ICS) and Emergency Operation Center (EOC) exercises
- Explore coordination of emergency planning with partner agencies and the cities we serve

Maintain a high level of customer service and community relations through public outreach, education and partnership efforts

- Educate and engage the community on the Tri-Valley's water supply challenges and opportunities through implementation of the Tri-Valley Water Reliability Public Information Program
- Build public awareness of the District's priorities, initiatives, systems, and services
- Leverage Tri-Valley and regional partnerships to maximize public outreach efforts

Improve the resiliency of the District's water supplies against future uncertainties

- Work collaboratively with our Tri-Valley and regional partners in the development of a more diversified and resilient water supply
- Prepare and implement water conservation strategies to reduce water demand, improve system reliability, and comply with state regulations

Foster long-term partnerships to provide efficient and cost-effective services

- Build relationships and actively participate in local partnerships, regional groups, coalitions, and associations to advance common goals
- Review and update our Joint Powers Authority and other interagency agreements and contracts to address changing conditions and align with the District's Mission and Strategic Plan goals

Optimize the Asset Management Program to guide District business decisions

- Standardize and implement District-wide procedures and plans for the Asset Management Program
- Expand and maintain asset records including equipment data, criticality, maintenance history, asset condition, and performance
- Use asset management data to maximize the life of assets and budget for long-term capital replacement needs

Improve energy efficiency and reliability for the District

- Develop a District energy policy and District energy master plan that evaluates sustainable energy sources and opportunities for cost-effective energy conservation and efficiency
- Initiate cost-effective energy projects consistent with the District's energy policy, business needs, and future regulations

Maintain a culture that attracts, retains, and engages a high performing workforce in support of the District's Mission and Values

- Diversify and strengthen the skills of District employees to meet evolving workforce demands through participation in professional organizations and development programs
- Implement a structured management and leadership program for employee career and professional growth
- Promote a strong District workforce culture which encourages learning, teamwork, and recognition of employee contributions, and enhances employee engagement
- Develop a succession plan for key positions where feasible

Optimize District-wide operations by improving our business practices, procedures, and information systems to meet evolving needs

- Invest in business process improvements to enhance communications and access to information
- Integrate our business enterprise systems to more effectively share data across the District
- Review and update our Information Technology and SCADA Master Plans

MISSION

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

VISION

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



DISTRICT CORE VALUES

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

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



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

The California Society of Municipal Finance Officers {CSMFO} issues annual awards for outstanding achievement and contributions to the profession. Dublin San Ramon Services District received the Operating Budget Excellence Award for its fiscal years ending (FY) 2022 and 2023 Operating Budget.

The District's FY24 and FY25 Operating Budget is intended to continue to meet the CSMFO's high standards and will be submitted again to determine eligibility.

RESOLUTION NO. 25-23

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT ADOPTING THE OPERATING BUDGET FOR FISCAL YEARS ENDING (FYE) 2024 AND 2025

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

WHEREAS, on June 6, 2023, the Board was provided a comprehensive overview of the budget process and assumptions, a District-wide financial review, and fund financial allocations in the Proposed Operating Budget for fiscal years ending 2024 and 2025; and

WHEREAS, the budget as presented provides a financial plan that supports the Board's policy objectives for the next two fiscal years as expressed in the District's 2024–2028 Strategic Plan; and

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

WHEREAS, per California Government Code Section 61110(c), the District Secretary published the notice of public hearing on June 6, 2023, for the biennial Operating Budget for Fiscal Years Ending 2024 and 2025, which was fourteen (14) days prior to the public hearing for the operating budget.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT, a public agency located in the Counties of Alameda and Contra Costa, California, that the Proposed Operating Budget for Fiscal Years Ending 2024 and 2025, attached as Exhibit "A," including the revenues, expenditures, and transfers as described therein, is hereby adopted, and all expenditures made consistent therewith are hereby ratified and approved.

ADOPTED by the Board of Directors of Dublin San Ramon Services District, a public agency in the State of California, Counties of Alameda and Contra Costa, at its regular meeting held on the 20th day of June, 2023, and passed by the following vote:


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

NOES: 0

ABSENT: 0

ATTEST:


Nicole Genzale, District Secretary


Georgean M. Vonheeder-Leopold, President



Jeffrey G. Hansen Water Recycling Plant

► Executive Overview



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A LETTER FROM THE GENERAL MANAGER

June 20, 2023

Honorable President and District Directors:

I am pleased to submit the FY24 and FY25 adopted operating budget for the Board's review and consideration. This operating budget highlights District accomplishments over the last two years, identifies major operational and policy issues facing the District over the next two years, and projects the financial condition of the District's three business enterprises over the next decade based on updated long-term financial planning models. Detailed financial plans for the next two years are described in this operating budget from three perspectives - a fund basis, a category basis, and a department basis - to provide full transparency to the readers.

The District operates three main business enterprises: Local Wastewater for wastewater collection system services in Dublin and southwest San Ramon, Regional Wastewater for wastewater treatment and disposal services for Dublin, southwest San Ramon, and Pleasanton (by contract), and Water for potable and recycled water service in Dublin and the Dougherty Valley region of San Ramon. Total operating expenditures for the three enterprises and the District's other funds for FY24 are \$81,100,887. This amount is 9.34% more than estimated expenditures for FY23. Total expenditures are projected to increase by 3.9% in FY25 to \$84,260,652.

The District's main challenges in the near term are: (1) complying with increasingly complex and expanding regulations on the water and wastewater industries; (2) continuing to accelerate a proactive preventative maintenance and rehabilitation program; and (3) managing through a period of high inflation, rising energy costs, and supply chain issues.

The two-year budget includes appropriate funding and staff resources to operate the District's three utilities, address the District's near-term challenges and Strategic Plan priorities, provide robust funding of the District's long-term Asset Management Program, and meet the District's contractual obligations to operate facilities on behalf of the DSRSD-EBMUD Recycled Water Authority (DERWA) and Livermore Amador Valley Water Management Agency (LAVWMA).

With continued growth in the District's service area and water usage rebounding post-drought, the adopted two-year budget will have a modest impact on local wastewater collection, regional wastewater treatment, and water rates. With revenues anticipated based on the 2023 Wastewater Rate Study, approved by the Board in May of 2023, the Local Wastewater and Regional Wastewater Enterprises are stable and sustainable throughout the 10-year horizon of the financial planning model. The Water Enterprise is in a good financial position in the near term. However, unanticipated cost increases are contributing to a downward trend in the combined working capital for the Water Enterprise and Water Rate Stabilization Funds. Similar to the 2023 Wastewater Rate Study, a comprehensive water rate study will be performed in the Fall of 2023 to review cost of service and revenue requirements. It is projected that a combination of modest rate increases and potential reductions in future expenses can provide the course correction needed to ensure long-term financial sustainability for the Water Enterprise.

Highlights and Review of FY22 and FY23

After three consecutive dry years, the State of California emerged from the drought in early 2023 in dramatic fashion after relentless storms pushed through northern California bringing record amounts of rain and snow. While a welcome relief for easing drought conditions, these storms created a challenge for managing the additional wet weather flows that entered our wastewater collection system and needed to be properly treated at the Regional Wastewater Treatment Plant (WWTP) before being pumped through the LAVWMA system for eventual discharge to San Francisco Bay.

Starting in December 2022, District staff worked around the clock to successfully manage higher flows from storm events. The largest storm event occurred on New Years Eve, December 31, 2022. During this storm event, the WWTP experienced a record setting peak influent flow of 56 million gallons per day (MGD), which is roughly five times the average daily WWTP flow of 11 MGD. Overall, the wastewater collection, wastewater treatment, and LAVWMA disposal systems performed well, and District staff were able to successfully manage the additional wet weather flows without any major incidents.

Amidst the challenges of dramatic swings from drought to flood conditions, staff turnover, and urgent business improvement efforts, the District has operated its water, wastewater collection, wastewater treatment, and recycled water systems without any significant service shortcomings over the last two years and had many successes and accomplishments. Noteworthy efforts include: (1) completion of a \$19 million project to renovate and expand to five primary clarifiers at the WWTP to meet growing demands and improve process efficiency; (2) State Water Board approvals for a new 5-year WWTP discharge permit and re-rating of the recycled water treatment plant to operate at 16.2 MGD; (3) continued implementation of a new Enterprise Resource Planning system for Finance, Human Resources, Payroll, and Revenue & Billing; (4) completion of over 5,000 staff hours of health and safety training and over 400 staff hours of emergency preparedness training; and (5) implementation of Drought Water Shortage Emergency water use restrictions and a water conservation campaign to achieve a 15% conservation goal on a Tri-Valley basis. Due to dramatically improved water supply conditions, the Board terminated the Water Shortage Emergency in April of 2023.

The District also continues to be a leader in recycled water and resource conservation. At the beginning of FY23, District staff assumed the role of DERWA Authority Manager. The DERWA recycled water program conserves potable drinking water, which is especially critical during times of drought. The District currently recycles approximately 80% of WWTP flows from May through September each year, resulting in significant reductions in nutrient loading to the San Francisco Bay. In 2021, the District, as the contract operator for the DERWA program, produced nearly 6,000 acre-feet of recycled water for irrigation within DSRSD, EBMUD, and Pleasanton service areas and operated the DERWA-Central Contra Costa Sanitary District (Central San) Diversion Project for the first time. This temporary project diverts a portion of Central San's wastewater flows to the District's wastewater collection system to augment recycled water supplies. Through collaborative partnerships, the District remains committed to maximizing the use of local resources and exploring opportunities to expand recycled water use.

Major Operational and Policy Issues in FY24 and FY25

The District will address a number of operational and policy challenges in coming years. The recently adopted 2023 edition of the Five-Year Strategic Plan outlines an approach to managing many of these challenges. Early District actions requiring budgetary focus over the next two years are reflected in this operating budget. The most critical issues and budgetary responses are listed below.

- **New and Evolving Regulatory Requirements** – There are a number of more stringent regulatory requirements recently adopted or pending that will require a substantial increase in District effort. These include new State Environmental Laboratory Accreditation Program requirements that go into effect beginning January 1, 2024, chemicals of emerging concern, evolving wastewater standards, new drinking water requirements, new air quality standards, new long-term water conservation standards, and more rigorous reporting requirements for many District activities. The two-year budget proposes additional staff positions and investments in technical services to identify and meet these regulatory requirements. The District's Capital Improvement Program also includes conservation programs and studies that will be needed to meet the State's long-term conservation regulations.
- **Preventative Maintenance** - Over the past 20 years, the amount of District assets, including underground pipeline infrastructure, has more than doubled. This infrastructure, along with DERWA and LAVWMA infrastructure, has aged, which requires a higher level of preventative maintenance to extend the useful life of the asset and maintain a high level of customer service. The two-year budget proposes additional staff positions to add capacity to increase preventative maintenance activities.
- **Increases in Supplies, Chemicals, and Energy Costs** – Over the last two years, the water and wastewater industry has been experiencing abnormally high increases in the costs for supplies, chemicals, and power due to high inflation, supply chain issues, and increases in Pacific Gas & Electric (PG&E) charges. PG&E has expanded "peak hours" in California, when higher rates are charged. In addition, PG&E is projecting a 30% increase in charges for FY24. The impact of PG&E increases on the District is partially mitigated by the District's cogeneration system, which generates the majority of the electricity for the WWTP using a blend of biogas produced



onsite and natural gas. However, increases in PG&E charges directly impact the District's pumping costs for our water and recycled water systems. To address energy uncertainty and rising costs, the District is preparing an energy master plan and energy policy that will evaluate sustainable energy sources and opportunities for cost-effective energy conservation and efficiency.

- **Operation of DERWA and LAVWMA Facilities** – The District is a member agency in two Joint Power Authorities (JPAs): LAVWMA and DERWA. Per agreements, the District is the contract operator for both the LAVWMA and DERWA facilities. The District directly budgets for expenditures for operating the JPA facilities and is reimbursed by the JPAs for the operations and maintenance costs. Over time, the resources the District has dedicated to the JPAs has increased as facilities and customers have been added, and infrastructure has aged. To avoid impacting the District's ratepayers, the District needs to fairly charge and recover its costs for providing services to LAVWMA and DERWA. Starting in FY24, one of the larger increases to DERWA will be the cost for DSRSD to treat the DERWA filter backwash waste streams from the recycled water treatment plant. This cost, which hasn't been adjusted since 2006, will substantially increase based on new DSRSD wastewater treatment rates scheduled to take effect on July 1, 2023. The District also anticipates allocating an additional 2.7 full-time equivalent (FTEs) of staff time to support the JPAs in the next two-year budget.

Staffing Resources

The District is at an inflection point as it manages a customer base that has rapidly grown and adapts to an industry that is changing. While the District has added operations staff over the past three budget cycles, the resources needed to address increasingly complex and stringent regulatory requirements and properly operate and maintain infrastructure that has been added over the last 20 years have outpaced the capacity of the District's operational units.

In early 2023, the District completed a comprehensive Operations Workforce Study to assess staffing levels to ensure current and future service levels are met, operations are aligned with best practices, and succession and business continuity needs are considered. Based on the recommendations in the 2023 Operations Workforce Study, the adopted budget includes nine (9) new positions – seven (7) in the Operations Department and two (2) in the Field Operations Division. These new positions will provide needed capacity to increase preventive maintenance, meet current and future regulatory requirements, ensure adequate coverage for operating the wastewater, recycled water, and potable water systems, provide resources to support the District's Capital Improvement Program and priorities in the Strategic Plan, and fulfill the District's contractual obligations to operate and maintain the DERWA and LAVWMA facilities.

The addition of the adopted positions will bring the total FTE positions up from 132 to 141. It should be noted that 2.7 FTEs are allocated to LAVWMA operations and 5.2 FTEs are allocated to DERWA operations, with 133.1 FTEs exclusively dedicated to DSRSD. This represents a 50% increase in staffing resources dedicated to the JPAs compared to the prior FY22 & FY23 operating budget, which is more reflective of the effort needed to properly operate and maintain the DERWA and LAVWMA systems.

Adopted FY24 and FY25 Revenues and Operating Expenses

After extraordinarily strong growth in DSRSD's service area between 2010 and 2019, the pace of development has slowed as the District approaches build out and developable land in the service area diminishes. Growth is still anticipated in the service area, but at a more moderate pace.

Service charges are the District's primary source of revenue. Because many of the District's costs are fixed, additions to its customer base enhance the financial condition of the Local Wastewater Enterprise, the Regional Wastewater Enterprise, and the Water Enterprise. Total service charge revenue is estimated to increase by 6.7% in FY24 and 5.3% in FY25. These projections incorporate a rebound in water usage by customers post-drought, estimated growth in the customer base, and annual adjustments to utility rates.

Capacity Reserve Fee revenue is directly tied to new building activity. These revenues include the "buy in" component into existing infrastructure which funds in part each enterprise's replacement fund, and an "expansion" component that funds both new projects to serve new development and debt service for expansion projects previously constructed to serve new development. Total Capacity Reserve Fees vary widely from year to year and are on a general decline as the District approaches build out. The District works closely with the cities of Dublin, San Ramon, and Pleasanton planning departments to estimate the anticipated development activity included in these projections. Capacity Reserve Fees are estimated to be approximately \$10 million in FY24 and \$20 million FY25. Funds collected are sufficient to continue meeting expansion debt service obligations of \$6.3 million per year.

Revenues by Category	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
Service Charges	63,603,758	64,125,228	66,357,836	70,774,044	74,550,353
Capacity Reserve Fees	8,748,663	17,528,817	24,135,485	9,981,126	20,476,992
Other Revenues	10,678,643	17,584,313	6,472,053	9,673,500	10,195,500
Interest	(665,105)	(7,371,991)	1,853,188	4,475,000	4,475,000
Total	82,365,960.06	91,866,367	98,818,562	94,903,670	109,697,845
% Change		11.53%	7.57%	-3.96%	15.59%

On the expense side of the budget, FY24 expenses are projected to be 9.34% higher than estimated expenses for FY23 and increase by 3.9% in the second year of the budget. Per a May 2023 update to the Budget Accountability Policy, capital outlay expenditures are now shown in the Capital Improvement Program budget. The FY24 budget includes higher-than-normal increases in the costs for supplies, chemicals, and power; increased contributions to the JPAs; technical support services needed to navigate complex regulatory requirements; and the addition of nine new positions based on the 2023 Operations Workforce Study. The 2023 Wastewater Rate Study and rate increases that were approved by the Board in May of 2023 take into account recent increases in material costs and seven of the nine new positions, which would be allocated to support the Local Wastewater and Regional Wastewater business enterprises. A comprehensive water rate study will be prepared in Fall 2023 to review cost of service and revenue requirements and unanticipated costs that have been added to the Water Enterprise. The last water rate study was performed in 2019.

Expenses by Category	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
Wages and Benefits	21,858,691	23,077,292	26,927,966	28,299,260	29,590,558
Materials	21,619,639	21,719,951	23,572,818	27,284,231	29,076,183
Contracts	5,954,824	7,994,381	8,592,528	9,282,220	9,668,217
Other Expenses / JPA / Service		14,059,747	13,532,856	16,235,176	15,925,694
Capital Outlay**	421,561	641,563	1,548,110	-	-
Total	25,884,867	67,492,934	74,174,278	81,100,887	84,260,652
% Change		160.74%	9.90%	9.34%	3.90%

* FY21 includes an accounting adjustment of \$37.9 million to reclass investment in JPA.

** Included in the Capital Improvement Program effective FY24.



Financial Sustainability

The FY24 and FY25 operating budget includes 10-year financial planning models for the District's three utility enterprises. These financial planning models, first included in the FY22 and FY23 operating budget, provide a "look ahead" for the District's enterprises. The models project current and evolving economic trends into the future, thus forecasting how current budgetary decisions by the Board may impact the financial stability and resiliency of the three business enterprises. A chapter reviewing the 10-year financial planning models, including a discussion of model assumptions, immediately follows this budget message and provides context for how the detailed two-year operating budget might be extrapolated into the future.

Both the Local Wastewater and Regional Wastewater Enterprises are stable and sustainable throughout the 10-year financial planning period. For the Local Wastewater Enterprise, the combined working capital for the Enterprise and Rate Stabilization Funds is above target reserve levels for the first five years and above minimum but below target reserve levels for the remaining five years. The Regional Wastewater Enterprise is well funded and working capital for the combined funds remains above target for the entire 10-year period, even rising in FY33 due to the full repayment of LAVWMA debt in FY32. Target and minimum reserve levels are established for each enterprise fund based on the Board Adopted Financial Reserves policy.

In the near term the Water Enterprise is in a good financial position and able to fund recycled water and potable water operations. However, unanticipated increases in DERWA backwash treatment costs, energy, and underground repairs are contributing to a downward trend in the combined working capital for the Enterprise and Rate Stabilization Funds. Without a course correction, the working capital is projected to fall below minimum reserve levels in Fiscal Year 2029. Similar to the 2023 Wastewater Rate Study, a comprehensive water rate study will be performed in the Fall of 2023 to review cost of service and revenue requirements. A new comprehensive permit/inspection fee study is also scheduled to be completed in FY24, which will reevaluate how development processing and related overhead costs are recovered through current permit and inspection fees. It is anticipated that a combination of modest rate increases and potential reductions in future expenses can provide the course correction needed to ensure long-term financial sustainability for the Water Enterprise.

Asset Management Program / Capital Replacement

The District's Asset Management Program demonstrates that the three enterprise replacement funds are appropriately funded. The three enterprise operations funds contribute \$9.6 million of replacement allocations to the replacement funds in FY24, rising to \$13.0 million annually in FY 33. Current replacement fund resources exceed \$73 million.

Concluding Comments

I am proud to report that the District provides a high level of customer service, operates our water, recycled water, and wastewater systems in compliance with constantly changing regulatory mandates, responsibly manages the District's finances to meet funding needs across all the enterprise funds, and utilizes 10-year financial planning models to meet the Strategic Goal of maintaining financial stability and sustainability. I would like to express my appreciation to the Board of Directors for their policy decisions that shape the direction of the District, and for the dedication and diligence of the members of the Senior Management Team. I would also like to thank all of the division managers and supervisors who are the balance of the organization's Leadership Team for their perseverance, dedication, and efforts in planning the District's operating budget and capital budget. Lastly, special thanks to the staff of the Financial Services Division and Public Affairs Division for their work in assembling this two-year financial plan.

Respectfully submitted,

Daniel McIntyre
General Manager

10-YEAR FINANCIAL PLANNING MODELS

The FY24 and FY25 operating budget includes 10-year financial planning models for the District's three main business enterprises: Local Wastewater (collection), Regional Wastewater treatment and disposal, and Water. These financial planning models, first included in the FY22/FY23 operating budget, provide a "look ahead" for the District's enterprises. The models project current and evolving economic trends into the future, thus forecasting how current budgetary decisions by the Board may impact the financial stability and resiliency of the three business enterprises. The models provide an opportunity for the Board and District management to ensure any needed course corrections are proactively discussed and addressed. Each of the three following graphics shows the estimated year end working capital each year for the combined operating and rate stabilization funds for each of the three enterprises. They also show the calculated minimum reserve and target reserve of working capital into the future, as reflected in the Board adopted Financial Reserve policy. The core assumptions in each of the three models for FY26 – FY33 are:

- General inflation of 3% per year
- Increase in personnel costs of 3% per year
- Increases in water and wastewater rates in line with general inflation
- Growth in energy costs of 8% per year
- Vacancy rate of 3% in all approved positions, which is less than the assumption used in the FY22/23 financial planning model of 5%
- Increase of 6% in medical benefits costs per year
- Increase of 4% in the allocated costs from the District's two joint powers authorities (DERWA and LAVWMA) per year
- Level costs over ten years for the CalPERs Unfunded Actuarial Liability (UAL) contributions
- Growth in the customer base in Dublin of 1% per year, 0% growth in southern San Ramon and Dougherty Valley, and 0.5% per year growth in Pleasanton

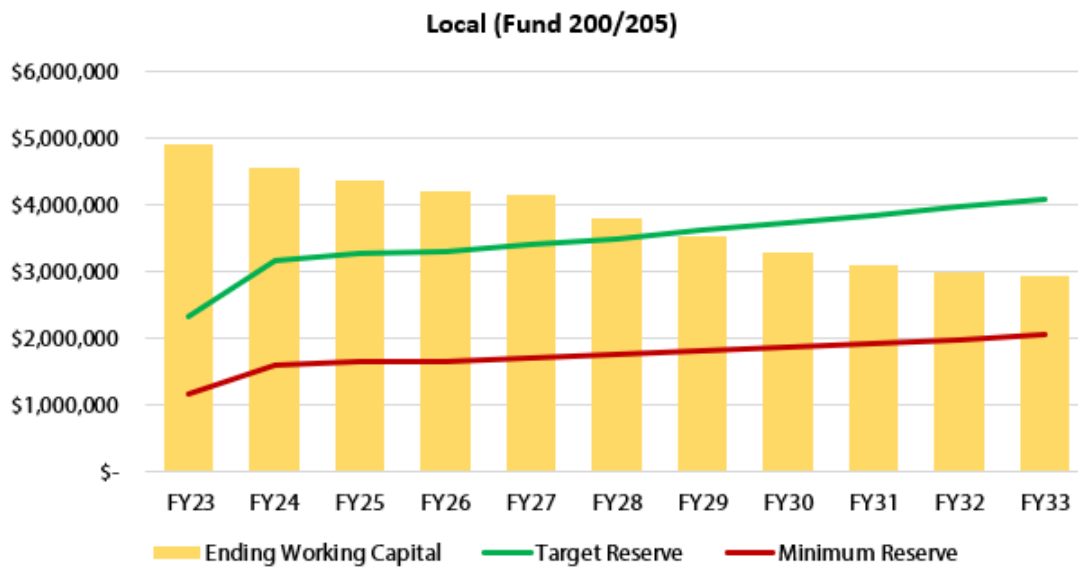


Local Wastewater Model

The Local Wastewater Model is in a strong financial position. Working capital is projected to be above target reserve levels through FY30 and above the minimum reserve levels for all 10 years. FY24 reflects the first of the five-year rate adjustments from the 2023 Local Wastewater Rate Study approved by the Board in May of 2023. Revenues will increase overall by 7% in FY24 and FY25, with rate adjustments based on the Consumer Price Index (CPI) for years 2026 through 2028.

The budget includes the reinstatement of transfers of \$800,000 per year to the Replacement Fund starting in FY23 to fund projects to replace infrastructure and improve the local collection system. Two (2) new positions, which were accounted for in the 2023 Local Wastewater Rate Study, have been added to the budget to address the need for increased preventative maintenance, cleaning, and repairs to the sewer collection system due to age.

Combined Working Capital of Local Enterprise Fund and Local Rate Stabilization Fund



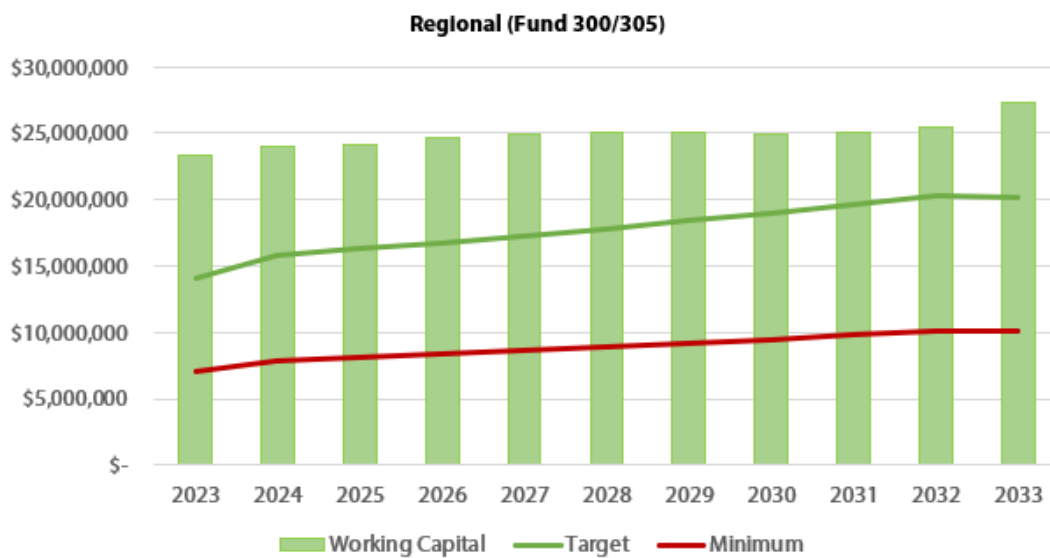
Regional Wastewater Model

The Regional Wastewater Model has been, and continues to be, in a strong financial position, with projected working capital above target reserve levels for all 10 years. FY24 reflects the first of the five-year rate adjustments from the 2023 Regional Wastewater Rate Study approved by the Board in May of 2023. Overall rate revenue will increase by 6.6% in FY24 and rates will increase 3% in FY25, with adjustments based on CPI for the years 2026 through 2028. Growth in the Tri-Valley is also reflected in the revenue projections based on information from the cities within our service area. Other revenues for the Regional Wastewater Enterprise Fund include pretreatment and industrial waste lab fees, sampling, permits and interest.

For projected expenditures in this fund, LAVWMA refunded its outstanding debt in 2021 and the annual savings from the refinancing are assumed in the model. The two-year budget anticipates higher than normal increases in material and chemical costs due to supply chain issues and inflation. The addition of five (5) new positions, which were accounted for in the 2023 Regional Wastewater Rate Study, are included in the budget. The new positions are needed to address new and evolving regulatory requirements, increase preventative maintenance of facilities, and provide adequate coverage for operating the WWTP, DERWA, and LAVWMA facilities. District expenditures for operating and maintaining the DERWA and LAVWMA facilities are reimbursed by the JPAs.

The working capital will increase in FY33 when the LAVWMA debt is fully paid off.

Combined Working Capital of Regional Enterprise Fund and Regional Rate Stabilization Fund





Water Model

The Water Fund balances are starting in a strong financial position above the target reserve level with a combined working capital of \$25 million. The Water Model projects working capital to be below target reserve levels but above minimum reserve levels for the next five years. The model assumes full funding for infrastructure and replacement projects through transfers from the Water Enterprise Fund to the Water Replacement Fund, increasing from \$6.4 million to \$7.4 million per year over the 10-year period.

However, due to increases in expenditures that were not previously anticipated in the prior FY22/23 financial model, the working capital is trending downward and is projected to fall below minimum reserve levels, which are established in the Board adopted Financial Reserves policy in Fiscal Year 2029 without a course correction. The primary expense categories contributing to this declining trend include:

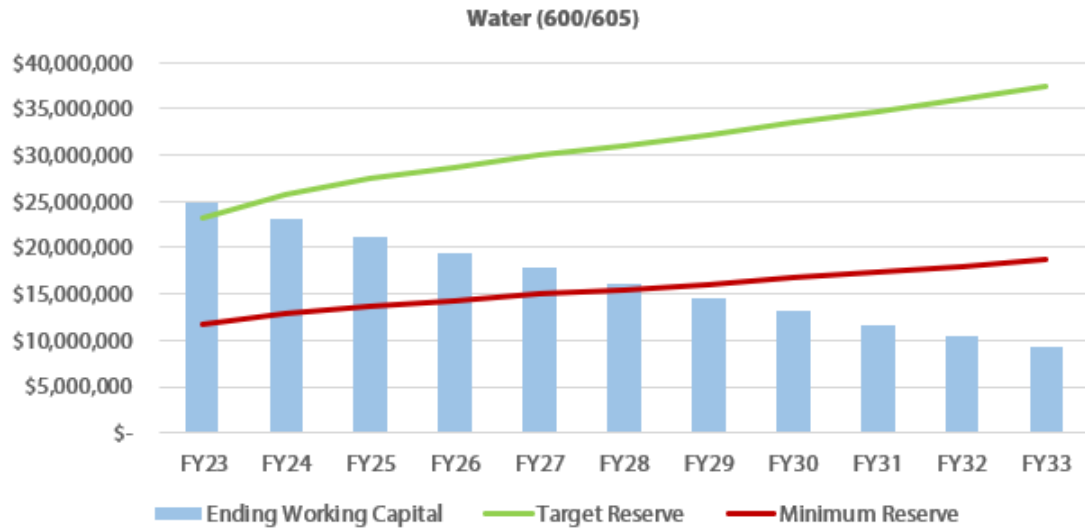
- **DERWA contributions** – DERWA operating expenses allocated to DSRSD are anticipated to increase by \$900,000 beginning in FY24 due to increases in the cost to treat the filter backwash waste streams generated from the recycled water treatment plant (\$600,000), a projected 30% increase in PG&E charges (\$200,000), and increased labor to maintain the DERWA treatment and transmission system (\$100,000). A cost of service study done in conjunction with the 2023 Regional Wastewater Rate Study resulted in a significant increase in the rate DSRSD charges DERWA to treat filter backwash waste streams. The rate is scheduled to take effect on July 1, 2023.
- **Energy** – Costs to pump potable and recycled water are anticipated to increase by \$400,000 in FY24 based on a projected increase of 30% in PG&E charges. A 10% increase is assumed in FY25, followed by increases of 8% in years 2026 through 2033.
- **Underground Emergency Repairs** – The FY24 and FY25 budgets include approximately \$1 million annually for emergency subsurface repair work, or an increase of \$400,000 annually beyond projections in the last 10-year financial planning model (FY22/ FY23 budget). The District's costs for underground emergency repairs have increased over the last few years due to a number of factors, including the aging of the District's infrastructure and increased costs for labor, equipment and materials. This trend is not anticipated to change.
- **Personnel** – Two (2) new positions are budgeted in the Water Fund at a cost of \$300,000 based on the Operations Workforce Study completed in early 2023. These positions are needed to address new and evolving regulatory requirements and increase preventative maintenance of facilities.

The unanticipated cost increases for just DERWA, energy, and underground repairs have a combined negative impact of \$17 million over the next decade on the Water Enterprise. A new Comprehensive Water Rate Study will be performed in the Fall of 2023 to review our cost of service and revenue requirements with rates anticipated to go into effect on January 1, 2024. The 2023 study will also review projected revenues based on growth within our service area and changes in customer water usage that may be needed to meet the State's long-term conservation regulations. After extraordinarily strong growth in DSRSD's service area between 2010 and 2019, the pace of development has tapered off as the District approaches build out and developable land in the service area is exhausted. As a result, the beneficial tailwind to the District's finances has slowed. A new comprehensive permit/inspection fee study is also scheduled to be completed in FY24, which will reevaluate how development processing and related overhead costs are recovered through current permit and inspection fees.

Potential course corrective strategies have been identified to address declining levels in the Water Enterprise. Using the Water Fund Model, it is estimated that a one-time 4% increase in the revenue requirement above annual CPI increases would be required to keep working capital above the minimum reserve level for the 10-year period. An estimated one-time 10% increase in the revenue requirement above annual CPI increases would be required to raise the working capital back up to the target reserve level by the end of the ten-year period. Along with increasing revenues, there may be opportunities to implement improvements to control backwash and energy costs, two of the larger increases in expenditures. The District is currently preparing an Energy Master Plan that will evaluate potential opportunities for cost-effective energy conservation and efficiency projects. DERWA and DSRSD are also conducting a study to investigate options to reduce the amount of filter backwash that needs to be treated, thus potentially reducing costs to DERWA and DSRSD. A combination of modest rate increases and potential reductions in DERWA expenses can provide the course correction needed to ensure long-term financial sustainability for the Water Enterprise Fund.



Combined Working Capital of Water Enterprise Fund and Water Rate Stabilization Fund





DISTRICT OVERVIEW AND ECONOMIC CONDITIONS

Overview

The District was formed in 1953 as the Parks Community Service District. The name was changed to Valley Community Services District (VCSD) in the early 1960s. VCSD became the vehicle for delivering local services before city governments existed, including water and wastewater services, recreation and parks, garbage collection, and fire protection. The name of the District was changed again in 1977 to Dublin San Ramon Services District (DSRSD) to reflect its service areas. By 1988, the cities of Dublin and San Ramon had incorporated and assumed responsibility for many of the services originally provided by the District, which allowed DSRSD to focus on water and wastewater services. In 1999, the District began providing a third service, recycled water. DSRSD currently provides water, recycled water, and wastewater services to more than 196,000 residents in Dublin, southern San Ramon, the Dougherty Valley area of San Ramon, and Pleasanton.

DSRSD's service area lies within the Tri-Valley, which is part of the East Bay region of the San Francisco Bay Area. The service area includes all of the City of Dublin, which is located approximately 35 miles east of San Francisco and 35 miles north of San Jose. The service area also includes portions of the City of San Ramon, which is located to the north of Dublin. In addition, the District provides wastewater treatment services to the City of Pleasanton under the agreement with the city.

Economic Conditions

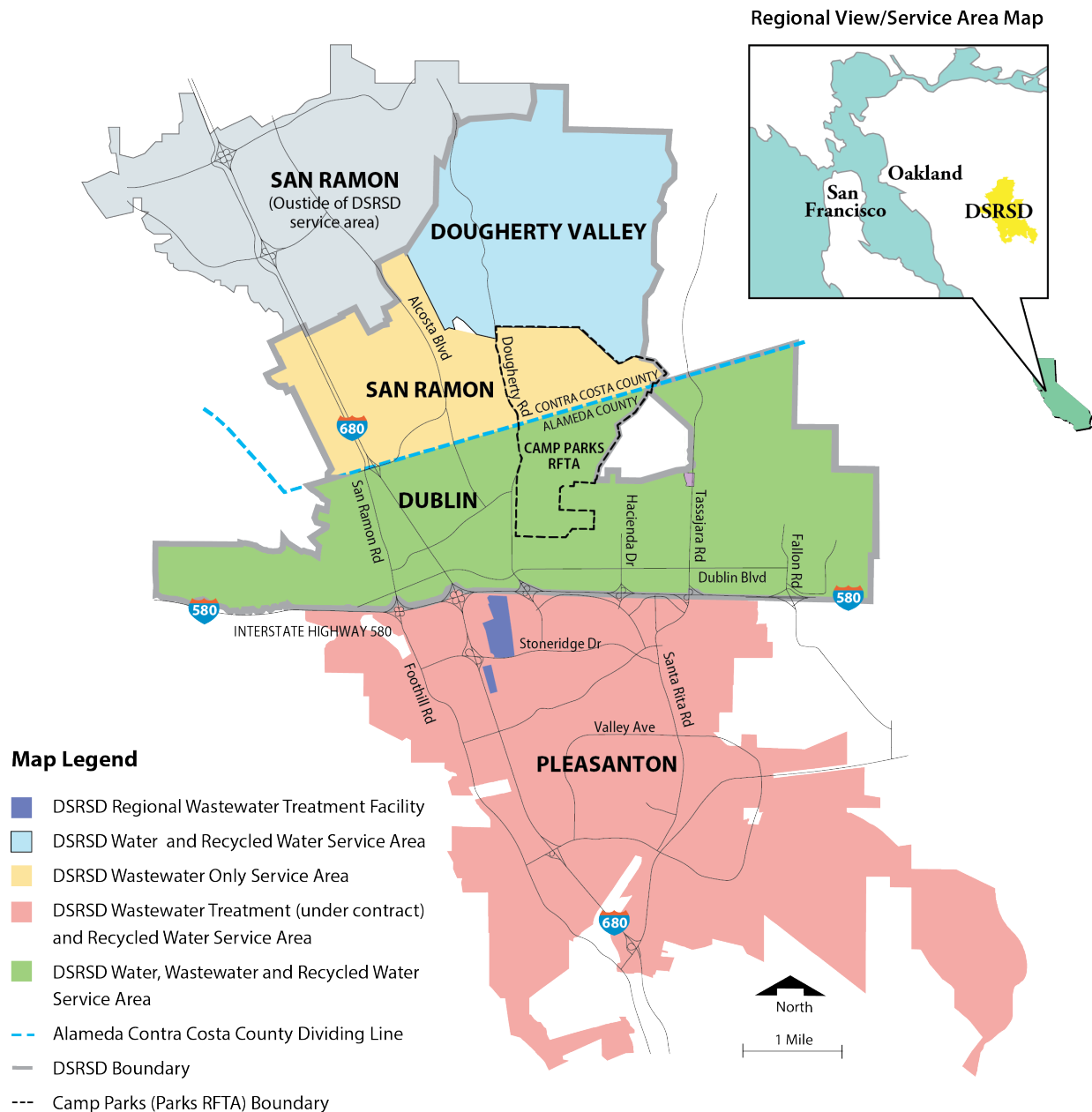
As of September 2022, the district's service area encompassing the cities of Dublin, Pleasanton, and South San Ramon had unemployment rates of 2.6%, 2.4%, and 2.6%, respectively. The greater East Bay Region (Alameda and Contra Costa County) had unemployment rates of 2.9% and 3.2%, respectively during the same period, placing them among the top performing counties in California. The state's unemployment rate was 3.8% at this time.

Personal income is on an upward trend in the East Bay, but this has been coupled with significant increases in cost of living. Food and energy are the main drivers of these increases at 10.0% and 25.9% over the prior year, respectively. Overall, inflation has increased by 6.0% in the last year. The East Bay's price increases are not unique to the area, so it still maintains a lower cost of living compared to San Francisco and Santa Clara County.

The housing market in the East Bay remains strong. Assessed property values in Alameda County saw an overall 4.5% increase over the prior year. The cities of Dublin and Pleasanton specifically saw 3.8% and 2.5% increases. Contra Costa county reported a 7.8% increase in assessed property values over prior year with City of San Ramon at 6.0%. As of October 2022, sales for existing single-family homes are down 15.1% in Alameda County and 16.0 % in Contra Costa County.

Service Area

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





Financial Overview

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ANNUAL BUDGET PROCESS

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

The FY24 and FY25 budget was developed to address key issues and allow the Board to make fundamental policy decisions. The Operating Budget provides the Board with two prior years actual, current year estimated, and new year budget financial information for two years, as well as trend analysis, past accomplishments, future goals, and other supplemental information.

The District’s budget process typically starts at the January management retreat where the full management team develops strategic goals and objectives for the organization and discusses personnel, operational and capital needs of the District for the ensuing two fiscal years. In early Spring, the Board approves a new 5 year Strategic Plan. The District’s General Manager provides guidance to division management regarding the budget development based on those goals and objectives. The budget is reviewed by both the Senior Managers and the General Manager before presentation to the Board.

All Board discussions are held in open session and all materials are made publicly available in accordance with the Brown Act. The Board will receive a detailed budget presentation at its June 6, 2023 meeting. In addition, a noticed public hearing will be held on June 20, 2023 providing the public an opportunity to formally make comments regarding the budget directly to the Board prior to adoption.



DSRSD's Regional Wastewater Treatment Facility.

BASIS OF ACCOUNTING/GANN LIMIT

Basis of Accounting

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

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

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

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

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

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

Article XIIIB Appropriations Limit (Gann Limit)

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

DESCRIPTION OF FUNDS

Enterprise Funds

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

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

Rate Stabilization Funds

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

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

Replacement Funds

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



Description of Funds (Continued)

In addition to capital projects, replacement funds also fund the District's capital outlay expenses. A "capital outlay" (also commonly referred to as a capital asset) is defined as any individual asset costing \$20,000 or more with a useful life of more than three years.

Expansion Funds

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

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

Administrative Cost Center

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

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

Other Post-Employment Benefits Fund

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

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

Dougherty Valley Standby Assessment District Fund

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

WORKING CAPITAL BY FUND FAMILIES

Working Capital Targets

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

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

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

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

Working Capital by Fund Families

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

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

The Local Wastewater fund group provides sewer collection services in Dublin and southern San Ramon. The collection system consists of the sewer pipes that transmit wastewater from the residences and businesses to the Regional Wastewater Treatment Plant. Of the three DSRSD utility enterprises, Local Wastewater is the smallest, with \$4.8 million in operating costs.

The Local Wastewater Enterprise Fund currently shows a sustainable financial position. The 2023 Local Wastewater Rate Study has projected the revenue needs over the next five year cycle and the Board has approved rate increases of 7% for both FY24 and FY25 with a CPI escalator for years 2026 through 2028.

The Adopted Budget includes \$800,000 in replacement funding per year to ensure adequate funding for the Local Wastewater Replacement Fund. The Budget includes the addition of 2.0 FTEs allocated to support local collection operations. For FY24 and FY25, the combined local enterprise and rate stabilization funds are projected to be above reserve policy targets (four months of working capital).

Local Wastewater Operating Funds

OPERATING BUDGET	Local Enterprise (200)		Local Rate Stabilization (205)	
	FY24	FY25	FY24	FY25
(Estimated) Beginning Working Capital	4,183,149	3,730,984	716,996	731,996
Operating Revenues				
Service Charges	4,808,440	5,145,030	-	-
Other Revenues	370,000	386,000	-	-
Interest	65,000	65,000	15,000	15,000
<i>Total Operating Revenues</i>	5,243,440	5,596,030	15,000	15,000
Operating Expenses				
Wages and Benefits	2,924,199	3,077,225	-	-
Unfunded Actuarial Liability (Pension/OPEB)	176,035	157,274	-	-
Materials & Supplies	133,715	146,833	-	-
Contracts	509,842	434,252	-	-
Other	40,540	41,816	-	-
Allocated Costs	1,020,019	1,071,298	-	-
<i>Total Operating Expenses</i>	4,804,351	4,928,697	-	-
Transfers Out				
Replacement Allocations	800,000	800,000	-	-
Transfers Out - Others	91,254	93,992	-	-
<i>Total Transfers Out</i>	891,254	893,992	-	-
Net increase (decrease)	(452,165)	(226,659)	15,000	15,000
(Projected) Ending Working Capital	3,730,984	3,504,325	731,996	746,996



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

The Regional Wastewater fund group provides sewer treatment and disposal services in Dublin and southern San Ramon, and the City of Pleasanton (by contract). Of the three utilities, Regional Wastewater is DSRSD's mid-size utility.

The Regional Enterprise Fund continues to be in good financial condition. The 2023 Regional Wastewater Rate Study approved by the Board in May 2023 projected the revenue needs over the next five year cycle and the Board approved revenue increases of 6.6% for FY24 and rate increases of 3.0% for FY25, with a CPI escalator for years FY26 through FY28.

The Adopted Budget includes the addition 9.0 FTEs, of which 5.0 FTEs allocated to support regional treatment operations. For FY24 and FY25, the combined regional enterprise and rate stabilization funds are projected to be well over reserve policy targets (four months of working capital).

Regional Wastewater Operating Funds

OPERATING BUDGET	Regional Enterprise (300)		Regional Rate Stabilization (305)	
	FY24	FY25	FY24	FY25
(Estimated) Beginning Working Capital	13,550,683	13,845,886	9,811,391	10,013,391
Operating Revenues				
Service Charges	25,655,604	26,420,323	-	-
Other Revenues	1,200,000	1,200,000	-	-
Interest	147,000	147,000	202,000	202,000
<i>Total Operating Revenues</i>	27,002,604	27,767,323	202,000	202,000
Operating Expenses				
Wages and Benefits	8,754,337	9,319,415	-	-
Unfunded Actuarial Liability (Pension/OPEB)	530,076	473,581	-	-
Materials & Supplies	4,881,791	4,965,510	-	-
Contracts	1,474,168	1,444,218	-	-
Other	297,864	308,919	-	-
5th Supplemental Agreement (Pleasanton)	150,000	150,000	-	-
Contribution to JPA	4,472,908	4,602,583	-	-
Allocated Costs	3,071,473	3,225,882	-	-
<i>Total Operating Expenses</i>	23,632,616	24,490,108	-	-
Transfers Out				
Replacement Allocations	2,400,000	2,700,000	-	-
5th Supplemental Agreement (to Fund 600)	400,000	400,000	-	-
Transfers Out- Others	274,784	283,028	-	-
<i>Total Transfers Out</i>	3,074,784	3,383,028	-	-
Net increase (decrease)	295,203	(105,813)	202,000	202,000
(Projected) Ending Working Capital	13,845,886	13,740,073	10,013,391	10,215,391

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

The Water fund group supports the District's potable and recycled water system for Dublin and the Dougherty Valley area of San Ramon. The District has provided recycled water service since 1999, which represent approximately 25% of total water sales.

The 2019 Comprehensive Water Rate Study was completed in April 2019 and incorporated significant changes to the District's water rates to more accurately reflect cost of service principles. To partially mitigate the impact of the restructured rates on lower water users, the District did not increase rates in FY19 and FY20, and future rate adjustments were limited to inflation for FY21 through FY23. A Water Rate Study will be performed in the Fall of 2023 with an anticipated water rate increase effective January 1, 2024. The current budget projects minimal increases in both growth and water demand in FY24, with demand continuing to increase slowly post-drought in FY25.

The Budget includes the addition of 2.0 FTEs allocated to support the Water Enterprise Fund operations. Efforts are underway to take District operations to a proactive versus reactive approach for maintenance of our water system, embracing current best practices in regards to water flushing, infrastructure maintenance and increased water flows to enhance water quality.

Both the combined Water Enterprise and Rate Stabilization funds are projected to be between minimum (2 months) and target (four months) reserve policy requirements for the next two years.



Engineering/GIS Technician Roper Macaraeg uses a locator to pinpoint a valve location in a new development that will be incorporated into the DSRSD's Geographic Information System. The new point will have valve information and service history to better track and maintain DSRSD's service area."

**Water Operating Funds**

OPERATING BUDGET	Water Enterprise (600)		Water Rate Stabilization (605)	
	FY24	FY25	FY24	FY25
(Estimated) Beginning Working Capital	9,064,945	5,893,067	15,866,949	17,130,949
Operating Revenues				
Total Service Charges	40,310,000	42,985,000	-	-
Other Revenues	1,215,500	1,246,500	1,000,000	1,035,000
Interest	276,000	276,000	334,000	334,000
<i>Total Operating Revenues</i>	41,801,500	44,507,500	1,334,000	1,369,000
Operating Expenses				
Wages and Benefits	7,520,015	7,916,646	-	-
Unfunded Actuarial Liability (Pension/OPEB)	452,778	404,522	-	-
Materials & Supplies	3,146,575	3,292,750	-	-
Water Purchase	18,722,350	20,257,000	-	-
Contracts	2,381,893	2,388,713	-	-
Other	318,276	327,217	70,000	70,000
Contribution to JPA	3,583,200	3,653,100	-	-
Allocated Costs	2,623,577	2,755,470	-	-
<i>Total Operating Expenses</i>	38,748,664	40,995,418	70,000	70,000
Transfers In				
5th Supplemental Agreement (from Fund 300)	400,000	400,000	-	-
<i>Total Transfers In</i>	400,000	400,000	-	-
Transfers Out				
Replacement Allocations	6,390,000	6,500,000	-	-
Transfers Out - Others	234,714	241,756	-	-
<i>Total Transfers Out</i>	6,624,714	6,741,756	-	-
Net increase (decrease)	(3,171,879)	(2,829,673)	1,264,000	1,299,000
(Projected) Ending Working Capital	5,893,067	3,063,393	17,130,949	18,429,949

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

Administrative Cost Center

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

Other Post Employee Benefits (OPEB)

The Other Post-Employment Benefits (OPEB) Fund records transactions between the District and California Employers' Retiree Benefit Trust (CERBT), an irrevocable trust established to fund future OPEB costs. The fund reflects the costs of current retiree benefits and the amount that may be drawn from CERBT (\$628,247 and \$672,224) to cover these costs. The District is currently super-funded with a funded ratio of 125%.

Dougherty Valley Standby Assessment District (DVSAD)

The Zone 7 Water Agency (Zone 7) recovers State Water Project (SWP) costs through the Alameda County property tax roll and charges to Tri-Valley retailers. The DVSAD was established in 2000 to provide potable water service to the newly developed Dougherty Valley in the City of San Ramon, which is located in Contra Costa County. Since Zone 7 does not have jurisdiction to place assessments on the Contra Costa County property tax roll, DSRSD assessed the DVSAD a proportionate share of SWP costs on Zone 7's behalf. SWP costs have increased significantly over the years and have exceeded the DVSAD limit of \$1.3 million. Based on estimates from the Zone 7 Water Agency, an additional increment is now charged to recover SWP costs that exceed the DVSAD limit through the Dougherty Valley Incremental fee, which augments this fund.



Dublin's Emerald High School began construction to serve a growing population.



OPERATING BUDGET	Administrative Cost Center (900)		OPEB (965)		DVSAD (995)	
	FY24	FY25	FY24	FY25	FY24	FY25
(Estimated) Beginning Working Capital	-	-	-	-	-	-
Operating Revenues						
Other Revenues	3,491,000	3,696,000	-	-	2,397,000	2,632,000
Interest	-	-	-	-	-	-
Operating Expenses						
Wages and Benefits	7,341,067	7,623,120	1,229,000	1,291,000	-	-
Unfunded Actuarial Liability (Pension/OPEB)	-	-	(628,247)	(672,224)	-	-
Materials & Supplies	399,800	414,090	-	-	-	-
Contracts	2,369,067	2,615,284	-	-	2,397,000	2,635,500
Other	96,135	96,155	-	-	-	-
Allocated Costs	(6,715,069)	(7,052,650)	-	-	-	-
<i>Total Operating Expenses</i>	3,491,000	3,696,000	600,753	618,776	2,397,000	2,635,500
Transfers In						
Transfers In - Others	-	-	600,753	618,776		
Interfund Loan Repaid	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
<i>Total Transfers In</i>			600,753	618,776		
Net increase (decrease)	-	-	-	-	-	(3,500)
(Projected) Ending Working Capital	-	-	-	-	-	(3,500)

OPERATING REVENUE

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

Revenues by Category	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
Service Charges	63,603,758	64,125,228	66,357,836	70,774,044	74,550,353
Capacity Reserve Fees	8,748,663	17,528,817	24,135,485	9,981,126	20,476,992
Other Revenues	10,678,643	17,584,313	6,472,053	9,673,500	10,195,500
Interest	(665,105)	(7,371,991)	1,853,188	4,475,000	4,475,000
Total	82,365,960.06	91,866,367	98,818,562	94,903,670	109,697,845
% Change		11.53%	7.57%	-3.96%	15.59%

Service Charges

Total Service Charge revenue is comprised of the local wastewater collection rates, the regional wastewater treatment rates and the water and recycled water rates. This revenue category is projected to increase by 6.7% in FY24 and 5.4% in FY25. Rates are set with a cost of service study every five years. The District recently completed the 2023 Local and Regional Wastewater Rate Study with new rates effective July 1, 2023 and has started a 2024 Water Rate Study with new water rates targeted for an effective date of January 1, 2024.

Local Wastewater Service Charges

Local service charges fund the operation and maintenance of the District's wastewater collection system, and are billed to customers in Dublin and southern San Ramon. Residential customers are primarily billed through the Alameda and Contra Costa county property tax rolls. Multi-family and non-residential customers in Dublin are billed directly by the District. For south San Ramon non-residential customers, billing is done by contract through the water provider, East Bay Municipal Utility District (EBMUD) which then remits revenue to the District on a monthly basis.

The 2023 Local Wastewater Rate Study was completed in May 2023, with the new rates reflected in the FY24 and FY25 projections. The Study incorporates increases in power and reflects the addition of 2.0 FTEs as a result of the recent Operations Workforce Study. Local service charge revenue is projected to increase 7.0% in FY24 and FY25, with rates for FY26 through FY28 set to the annual increase in the Consumer Price Index (CPI).

Below is a summary of the Local Wastewater Service Charge revenues for FY21 through FY25. Detailed rates for customer classes are available at www.dsrds.com/your-account/rates-fees/wastewater-rates.

Local Wastewater Fund Service Charge Revenue	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
Sewer Service Charges - Dublin	3,146,630	3,576,165	3,675,993	3,933,313	4,208,644
Sewer Service Charges - San Ramon	715,018	808,724	817,876	875,127	936,386
Total	3,861,649	4,384,889	4,493,869	4,808,440	5,145,030
% Change		13.55%	2.49%	7.00%	7.00%

Regional Wastewater Service Charge

Regional service charges fund the operation and maintenance of the District's wastewater treatment system, and are billed to customers in Dublin, south San Ramon and Pleasanton (by contract). Residential customers are primarily billed via the Alameda and Contra Costa county property tax rolls. Multi-family and non-residential customers in Dublin are billed directly by the District. For south San Ramon non-residential customers, billing is done by contract through the water provider, East Bay Municipal Utility District (EBMUD) which then remits revenue to the District on a monthly basis. Pleasanton bills its customers and remits payment to the District once they receive payment from their customers.

The 2023 Local Wastewater Rate Study was completed in May 2023, with the new rates reflected in the FY24 and FY25 projections. Regional service charge revenue is projected to increase 6.6% in FY24 and 3.0% in FY25, with rates for years 2026 through 2028 set to an annual increase in the Consumer Price Index (CPI). The Study incorporated increases in power and chemical costs and reflects the addition of 5.0 FTEs as a result of the recent Operations Workforce Study.

Below is a summary of the Regional Wastewater Service Charge revenues for FY21 through FY25. Detailed rates for customer classes are available at www.dsrds.com/your-account/rates-fees/wastewater-rates.

Regional Wastewater Fund Service Charge Revenue	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
Sewer Service Charges - DERWA	-	-	-	1,407,048	1,407,048
Sewer Service Charges - Dublin	9,712,333	10,338,216	10,528,862	9,816,719	10,153,432
Sewer Service Charges - Pleasanton	10,733,596	10,827,011	11,243,642	11,985,722	12,345,294
Sewer Service Charges - San Ramon	1,988,668	2,083,286	2,139,883	2,281,115	2,349,549
Sewer Service Charges - IW (all others)	52,272	76,696	74,081	80,000	80,000
Sewer Service Charges - IW (Pleasanton)	67,099	84,979	82,721	85,000	85,000
Total	22,553,968	23,410,188	24,069,190	25,655,604	26,420,323

Water Service Charges

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

The 2019 *Comprehensive Water Rate Study* was completed in April 2019. The Study incorporated a number of major policy decisions resulting in significant changes to the District's water rates to better address cost of service principles. To partially mitigate the impact of the restructured rates on our lower water users, the Board deferred rate increases for FY19 and FY20, with future rate adjustments limited to inflation for FY21 through FY23.

Water recycling continues to be a prime focus for the District. With California's water supply situation, recycled water is increasingly critical to water resource conservation. DSRSD has worked many years in partnership with EBMUD to develop a comprehensive recycled water program for Dublin and San Ramon Valley customers. This effort is represented through the DSRSD-EBMUD Recycled Water Authority (DERWA) Joint Powers Authority (JPA). DERWA recycled water for irrigation customers in Dublin, Pleasanton, the Dougherty Valley portion of San Ramon and Danville. The recycled water program is at peak capacity during the summer months, necessitating a moratorium on new recycled water connections until a new source of supply can be secured.

The Recycled Water Charge is adjusted annually in January based on the Consumer Price Index for the San Francisco-Oakland-Hayward, CA area. New rates will be adopted on January 1, 2024 to reflect the 2023 *Water Rate Study* cost of service. Detailed rates for customer classes are available at www.dsrdsd.com/your-account/rates-fees/water-rates.

A power charge applies to service locations where water must be pumped above a certain elevation, generally in Dougherty Valley and eastern and western Dublin. The Power Charge is typically adjusted annually in January based on the Consumer Price Index (CPI) for the San Francisco-Oakland-Hayward, CA area. The power charge will be reviewed as part of the comprehensive water rate study that will be performed in the Fall of 2023.

Water Fund Service Charge Revenue	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
Water Service Charges - Potable Water	30,509,878	30,242,513	31,144,885	33,600,000	36,015,000
Water Service Charges - Recycled	5,823,936	5,150,855	5,772,733	5,680,000	5,880,000
Water Service Charges - Power	854,327	936,782	877,161	1,030,000	1,090,000
Total	37,188,141	36,330,150	37,794,778	40,310,000	42,985,000
% Change		-2.31%	4.03%	6.65%	6.64%



Capacity Reserve Fees

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

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

Projected revenues are calculated using growth estimates and fee adjustments based on a change in the construction cost index. The District works closely with the cities of Dublin, San Ramon, and Pleasanton planning departments to estimate the anticipated development activity included in these projections.

Capacity Reserve Fee revenue is directly tied to new building activity. Total Capacity Reserve Fees vary widely from year to year based on development within the service area. Overall, the pace of development has slowed and the District anticipates that revenues from Capacity Reserve Fees will decline as the District approaches build out and developable land in the service area is exhausted. However, the State Regional Housing Needs Assessment (RHNA) may put pressure on cities to build more housing which would impact this revenue source.

Capacity Reserve Fees	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
Local Wastewater Replacement	476,544	1,103,584	1,422,509	539,817	1,237,398
Local Wastewater Expansion	14,536	33,662	43,391	16,581	38,007
Regional Wastewater Replacement	903,680	2,261,290	3,302,790	1,357,224	2,531,481
Regional Wastewater Expansion	2,483,080	6,106,193	8,746,658	3,331,137	6,107,371
Water Replacement	1,501,356	2,503,857	3,346,116	2,130,526	4,760,700
Water Expansion	3,369,468	5,520,230	7,274,021	2,605,841	5,802,035
Total	8,748,663	17,528,817	24,135,485	9,981,126	20,476,992
% Change		100.36%	37.69%	-58.65%	105.16%

Interest

The District uses a pooled interest allocation method for all funds with any unrestricted interest earned allocated each quarter based upon the cash balances in each fund. For the next two fiscal years, a 2.0% interest rate is assumed as the federal government works to combat the current inflation rates.

Other Revenue

Revenues that cannot be classified as service charges or capacity reserve fees are included in other revenue. Key highlights are noted below:

- Inspection and plan check fees are based on city permit projections. A cost allocation study is planned in 2024 to ensure fees are appropriately capturing all cost of service.
- Dougherty Valley Standby Assessment and Incremental Fees continue to increase each year, but these costs are controlled by the State and are a pass-through only for DSRSD.
- Miscellaneous revenues vary substantially from year to year with FY22 receiving one-time funding from disposal of assets (\$3.8M), State COVID Relief Funds (\$2.8M), and easement revenue for roadway improvements from the city of Pleasanton (\$1.3M).
- Administrative fees represent staff time incurred for the operations of the DERWA and LAVWMA JPA's. Billing for the two JPA's and for overhead costs associated with management of capital projects will increase by almost \$2M for the next two years to more accurately represent staff allocation associated with operations, maintenance, and project management.





Other Revenues by Category	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
Administrative Fees	1,653,440	1,799,791	1,353,646	3,291,000	3,496,000
Backflow Prevention	260,694	267,372	190,914	270,000	275,000
Fireline Service	243,993	252,569	185,851	250,000	260,000
Inspections	223,757	600,246	99,000	708,000	708,000
Meter Assemblies	34,569	44,662	140,000	60,000	60,000
Penalties	-	(259)	161,459	200,000	200,000
Plan Check Fees	185,211	321,146	94,000	120,000	152,000
Property Tax	806,005	837,336	797,622	900,000	935,000
DV Standby Charge District	1,588,179	1,772,372	1,999,463	2,397,000	2,632,000
Miscellaneous Revenue	5,682,795	11,689,077	1,450,098	1,477,500	1,477,500
Total	10,678,643	17,584,313	6,472,053	9,673,500	10,195,500
% Change		64.67%	-63.19%	49.47%	5.40%

Other Revenues by Fund	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
Local Wastewater Enterprise	1,282,030	1,953,012	81,300	370,000	386,000
Local Wastewater Replacement	1,222	90,702	-	-	-
Local Wastewater Expansion	-	100,364	-	-	-
Regional Wastewater Enterprise	1,420,095	2,142,965	1,156,873	1,200,000	1,200,000
Regional Wastewater Rate Stabilization	-	-	-	-	-
Regional Wastewater Replacement	3,290	291,475	-	-	-
Regional Wastewater Expansion	854,642	2,150,450	-	-	-
Water Enterprise	2,605,017	4,474,984	807,190	1,215,500	1,246,500
Water Rate Stabilization	908,531	1,009,594	911,622	1,000,000	1,035,000
Water Replacement	23,541	355,789	-	-	-
Water Expansion	267,318	1,157,848	-	-	-
Administrative Cost Center	1,724,779	2,084,758	1,515,605	3,491,000	3,696,000
DV Standby Charge District	1,588,179	1,772,372	1,999,463	2,397,000	2,632,000
Total	10,678,643	17,584,313	6,472,053	9,673,500	10,195,500
% Change		64.67%	-63.19%	49.47%	5.40%

OPERATING EXPENSES

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

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

Operating Expenses by Category	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
Wages and Benefits	21,858,691	23,077,292	26,927,966	28,299,260	29,590,558
Materials	21,619,639	21,719,951	23,572,818	27,284,231	29,076,183
Contracts	5,954,824	7,994,381	8,592,528	9,282,220	9,668,217
Other Expenses / JPA / Service	(23,969,848)	14,059,747	13,532,856	16,235,176	15,925,694
Capital Outlay	421,561	641,563	1,548,110	-	-
Total	25,884,867	67,492,934	74,174,278	81,100,887	84,260,652
% Change		160.74%	9.90%	9.34%	3.90%

* FY21 includes an accounting adjustment of \$37.9 million to reclass investment in JPA.

** Included in the Capital Improvement Program effective FY24.

Operating Expenses by Fund	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
Local Wastewater Enterprise	2,784,427	2,592,029	3,572,873	4,804,351	4,928,697
Local Wastewater Rate Stabilization	2,321	11,263	9,000	-	-
Local Wastewater Replacement		24,930	568,530	-	-
Local Wastewater Expansion		205	-	-	-
Regional Wastewater Enterprise	15,662,444	20,173,580	21,750,191	23,632,616	24,490,108
Regional Wastewater Rate Stabilization	2,321	11,263	9,000	-	-
Regional Wastewater Replacement	534,711	842,718	598,579	279,600	279,600
Regional Wastewater Expansion	(9,438,946)	4,030,964	3,580,676	3,583,046	3,581,322
Water Enterprise	31,251,767	32,326,511	35,539,740	38,748,664	40,995,418
Water Rate Stabilization	74,014	142,461	140,625	70,000	70,000
Water Replacement	181,391	173,842	834,481	517,950	242,250
Water Expansion	(18,462,165)	2,159,132	2,699,945	2,975,907	2,722,982
Administrative Cost Center	1,338,234	3,022,772	1,920,605	3,491,000	3,696,000
Other Post-Employment Benefits	0	(1,817)	945,553	600,753	618,776
DV Standby Charge District	1,954,350	1,983,080	2,004,481	2,397,000	2,635,500
Total	25,884,867	67,492,934	74,174,278	81,100,887	84,260,652
% Change		160.74%	9.90%	9.34%	3.90%

Personnel Costs

The Board reviews all new position requests, authorizes total full time equivalent (FTE) positions, and approves salary ranges for positions. The adopted budget reflects the addition of nine new FTEs as a result of the Operations Workforce Study. Of the 141 approved employee count, 2.7 FTE are dedicated to LAVWMA, 5.2 FTE to DERWA, and 133.1 FTE are exclusive to DSRSD.

Staffing Overview and Salaries

As in most service industries, wages and benefits are the District's largest expense category, representing approximately 36% of the total District operating expenditures. Negotiations were completed with four bargaining groups in early 2022 which provided for cost-of-living adjustments (COLA) and increased medical benefits. The contracts will expire in late 2025. The District has conservatively budgeted for the maximum COLA over this 4-year period. Position detail by division can be found on the next page.

In early 2023, the District completed a comprehensive Operations Workforce Study to assess staffing levels to ensure current and future service levels are met, operations are aligned with best practices, resources are available to support the District's CIP and Strategic Plan, and succession and business continuity needs are considered. Based on the recommendations in the 2023 Operations Workforce Study, the adopted budget includes nine (9) new positions – seven (7) in the Operations Department and two (2) in the Field Operations Division. These new positions will provide additional capacity to increase preventative maintenance, meet current and future regulatory requirements, ensure adequate coverage for operating the wastewater, recycled water, and potable water systems, provide resources to support the District's CIP and priorities in the Strategic Plan, and fulfil the District's contractual obligations to operate and maintain the DERWA and LAVWMA facilities.



Senior Process Wastewater Treatment Plant Operator Todd Millison conducts a treatment plant tour for new employees.

Retirement Benefits: CalPERS & UAL

All regular and limited-term employees who work more than 1,000 hours per fiscal year are enrolled as "classic members" in the California Public Employees Retirement System (CalPERS) 2.7% at age 55 retirement program if employed by the District prior to January 1, 2013, or, if hired after January 1, 2013, was a member of a public retirement system within 6 months of hire date with DSRSD. New employees not qualifying as classic members are designated as "new members" or "PEPRA members," and are enrolled in the CalPERS 2.0% at age 62 plan in accordance with state law. Classic employees contribute 10.0% of salary toward their retirement (8.0% is the employee's portion and 2.0% is paid by the employees on behalf of the employer, as negotiated in exchange for the current retirement plan). This 2% payment by employees "sunset" in 2024. PEPRA members contribute 50.0% of the total normal cost of benefits (currently 6.75% of salary for FY23 and will increase to 7.75% beginning FY24) toward retirement. The District's employer contribution varies from year to year. Based on the most recent actuarial valuation (2022), the budget assumes net employer contributions of 13.95% (15.95%-2.0%) of salary in FY24 and 16.0% in FY25 for classic members. Employer contributions for PEPRA members are 7.68% and 7.75% of salary in FY24 and FY25, respectively.

PERSONNEL TABLE BY DEPARTMENT

Div						
BOARD OF DIRECTORS AND OFFICE OF THE GENERAL MANAGER		FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
12	Office of the General Manager	2.0	2.0	2.0	3.0	3.0
14	Public Affairs	3.4	3.4	3.4	3.4	3.4
32	Human Resources and Risk Management ¹	0	0	5.0	5.0	5.0
		5.4	5.4	10.4	11.4	11.4
ADMINISTRATIVE SERVICES						
30	Administrative Services Administration	2.0	3.0	3.0	3.0	3.0
31	Financial Services	6.0	5.0	5.0	5.0	5.0
32	Human Resources & Risk Management ¹	5.0	5.0	0	0	0
33	Revenue and Billing Services	7.0	7.0	8.0	7.0	7.0
34	Information Technology Services	6.0	6.0	6.0	6.0	6.0
35	Executive Services	3.0	3.0	3.0	3.0	3.0
		29.0	29.0	25.0	24.0	24.0
ENGINEERING & TECHNICAL SERVICES						
40	Engineering & Technical Services Administration	2.6	2.6	2.0	2.0	2.0
41	Capital Projects	8.0	8.0	7.0	7.0	7.0
42	Development & Construction Services	7.0	7.0	6.0	6.0	6.0
43	Planning & Asset Management	5.0	5.0	6.6	6.6	6.6
51	Field Operations ²	0	0	18.0	20.0	20.0
		22.6	22.6	39.6	41.6	41.6
OPERATIONS						
50	Operations Administration	1.0	1.0	1.0	2.0	2.0
51	Field Operations ²	16.0	17.0	0	0	0
52	Plant Operations	13.0	14.0	14.0	16.0	16.0
53	Mechanical Maintenance	16.0	16.0	16.0	17.0	17.0
54	Instrumentation, Controls, & Electrical	10.0	10.0	10.0	11.0	11.0
55	Laboratory & Technical Services	8.0	8.0	8.0	10.0	10.0
56	Operations Support Services	7.0	8.0	8.0	8.0	8.0
		71.0	74.0	57.0	64.0	64.0
Total		128.0	131.0	132.0	141.0	141.0
Change		-	3.0	1.0	9.0	-

NOTES

- 1 In FY23, Human Resources moved from Administrative Services to the Office of the General Manager
- 2 In FY23, Field Operations moved from Operations to Engineering & Technical Services



Other Employee Benefits (OPEB)

All full-time employees and Board members are eligible to receive medical, dental, and vision benefits. Part-time employees receive prorated benefits. Health premiums paid by the District are set forth in a cost sharing agreement in each of the labor contracts. Per negotiated labor agreements in 2021, the maximum monthly District contribution for medical is set at \$2,303 (Kaiser family rate) per month. Increases in medical costs are shared by the District and the employees.

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

The table below summarizes all personnel and benefit costs. FY24 shows full salary projections including the addition of nine new positions as result of our Operations Department Workforce Study completed in early 2023.

The District charges unfunded actuarial liability (UAL) costs directly to the divisions, thus showing only year-end adjustments in this category with all UAL costs consolidated. The adopted budget pays down this liability based on the most recent CalPERS Actuarial Report, amortized over fifteen years.

Finally, as a higher percentage (52.0%) of our workforce falls under the CalPERS Public Employees' Pension Reform Act (PEPRA) benefits the costs of retirement will start to decline as payments into that plan are less than the CalPERS Classic benefit plan.

Personnel Costs	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
Wages	14,024,594	15,019,920	16,916,908	17,607,469	18,720,586
Benefits	2,722,080	2,671,448	3,300,800	3,849,909	3,985,201
Retirement	3,881,110	3,147,933	3,386,115	3,974,526	4,272,790
Pension-Unfunded Actuarial Liability (UAL) & Advance Funding	586,273	1,016,556	1,316,565	1,158,889	1,035,376
Other Post-Employment Benefits (OPEB)	1,064,867	931,328	945,553	600,753	618,776
Other Personnel Costs	644,635	1,221,436	1,062,025	1,107,714	957,829
Total	22,923,558	24,008,620	26,927,966	28,299,260	29,590,558
% Change		4.73%	12.16%	5.09%	4.56%

Materials

Materials are expected to increase 15.74% in FY24 and 6.57% in FY25, driven by rising energy, chemical costs and inflation. Major items to note under the material category of expenses are discussed below.

Water Purchase

All of the District's potable water is purchased from Zone 7 Water Agency, which represents the largest District materials expense. The Zone 7 component of water rates is designed to cover the full cost of water and is adjusted based upon the rate established by Zone 7, generally effective January 1 of each year. Water purchase costs are mainly driven by Zone 7 rate adjustments, customer growth, and water demand. Water purchases are projected to increase a modest 6% in FY24 and an additional 3% in FY25 due to growth within the service area and a gradual rebounding of water usage after the end of drought restrictions.

The District continues to focus on identifying and minimizing water that is used but not billed. Some reasons for unbilled water include inaccurate data (under-reading) from water meters, pipe leaks, flushing fire hydrants, and testing new water lines. The budget assumes a 7.0% rate of unbilled water.

Gas & Electric

The Wastewater Treatment Plant generates much of its own electricity from the cogeneration system that is powered by a blend of biogas produced onsite and supplemented with purchased natural gas. The vast majority of the Gas & Electric budget is for the purchase of electricity from PG&E for the distribution of potable water and the treatment and distribution of recycled water. The Gas & Electric budget includes DERWA energy costs that are reimbursed by the JPA. The budget does not include LAVWMA energy costs. PG&E has expanded peak hours for higher rates in California, thus directly affecting the District's pumping costs for our water and recycled water systems. The Gas & Electric budget assumes a projected 30% increase in PG&E charges in FY24 followed by a 10% increase in FY25.

Chemicals

To curtail the rise in chemical costs, the District formed the Bay Area Chemical Consortium (BACC), which is now managed by Bay Area Clean Water Agencies (BACWA). BACC is an informal cooperative of 68 water and wastewater agencies in the Bay Area working together to purchase chemicals in higher volume at lower cost. Supply chain issues, however, have resulted in significant increases over the past few years. Chemical increases, especially those used in our wastewater treatment, are projected to increase by 82% in FY24 and level off in FY25.

Materials	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
Water Purchase	16,021,759	15,615,879	17,238,103	18,722,350	20,257,000
Gas & Electric	2,721,107	3,094,328	2,954,406	3,822,566	4,102,093
General Supplies	1,774,171	1,728,831	1,701,844	2,211,000	2,230,500
Chemicals	464,520	466,534	681,736	1,242,200	1,267,960
Meter Equipment	117,943	303,727	277,000	353,500	353,500
Equipment Under \$20,000	285,808	164,897	401,669	524,450	444,250
Fuel	83,849	159,620	137,934	173,800	180,500
Tools	60,953	66,693	63,056	81,375	86,350
Office Supplies/Services	37,612	62,336	68,570	74,490	75,530
Fluids	51,918	57,106	48,500	78,500	78,500
Total	21,619,639	21,719,951	23,572,818	27,284,231	29,076,183
% Change		0.46%	8.53%	15.74%	6.57%



Contract Services

Contract expenses are projected to increase 8.03% and 4.16%, respectively, over the next two years. Software Maintenance costs were separated from regular maintenance as the District is heavily investing in state-of-the-art software solutions.

Professional Services

Professional services expenses are for various consultants to provide ongoing program support and assist with long-range financial and capital planning. FY23 expenses increased significantly due to consultant support required to support the District's implementation and integration of a new Enterprise Resource Planning System for Finance, Human Resources, Revenue & Billing and Engineering. Professional services expenses for FY24 include support for Emergency Preparedness and Response programs, Strategic Planning, regulatory compliance, and rate studies..

Other Services - Dougherty Valley Standby Charge District (DVSCD)

DSRSD's largest contractual services expense under Other Services is the remittance of standby charges from the DVSAD Fund to Zone 7. In order for DSRSD to provide water services to Dougherty Valley, DSRSD must collect a proportionate share of State Water Project (SWP) costs charged to Zone 7 and then reimburse Zone 7 for these costs. SWP costs are projected at \$2.4 million in FY24 and \$2.6 million in FY25. The District contracts out both planned maintenance and emergency repairs as needed for the water distribution, recycled water distribution, and sewer collection systems. The District's costs for underground emergency repairs have increased over the past few years due to a number of factors, including the aging of the District's infrastructure and increased costs for labor, equipment and materials. This trend is not anticipated to change. The FY24 and FY25 budgets include approximately \$1 million annually for emergency subsurface repair work.

Contracts	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
Insurance	525,505	532,269	636,202	650,700	650,700
Legal Services	208,497	164,887	255,000	280,000	280,000
Professional Services	970,091	926,568	1,679,180	1,531,108	1,372,033
Advertising	10,459	51,692	55,500	57,000	57,000
Equipment Lease/Rental	160,049	125,963	117,980	167,820	175,520
Maintenance Contracts	626,347	696,107	881,572	565,210	674,670
Monitoring & Testing Services	45,989	88,709	107,500	117,400	112,400
Other Services	3,808,746	5,416,065	4,616,144	5,189,133	5,638,233
Other Services - District Office Flood	(589,055)	(269,504)	-	-	-
Printing Services	102,181	158,849	119,950	167,020	156,000
Telecommunication Services	86,015	102,776	123,500	128,550	129,250
Software Maintenance	-	-	-	428,279	422,411
Total	5,954,824	7,994,381	8,592,528	9,282,220	9,668,217
% Change		34.25%	7.48%	8.03%	4.16%

Other Expenses/JPA/Debt Payments

Debt Payments

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

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

Other Expenses	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
Debt Service	1,873,263	1,835,958	1,877,188		1,877,188
Total	1,873,263	1,835,958	1,877,188		1,877,188
% Change		-1.99%	2.25%	0.03%	-0.03%

2021 LAVWMA Pledge Obligation

In addition to the debt service mentioned above, the District also pays its proportionate share of the 2021 LAVWMA Pledge Obligation through a Contribution to Joint Powers Authorities (JPA) expense. On September 28, 2011, LAVWMA issued \$105,345,000 of 2011 Sewer Revenue Refunding Bonds (2011 LAVWMA Bonds) to refund and retire its Series A Sewer Revenue Bonds and to pay costs of issuance. As a member of LAVWMA, the District has pledged its regional service charges to a portion of the 2011 LAVWMA Bonds. LAVWMA refunded this debt in August, 2021, to take advantage of the current bond market interest rates. Net present value savings as a result of the refunding, for all JPA participants, was approximately \$9.6 million and resulted in a savings of \$980,000 per year in interest expense for the DSRSD and Pleasanton obligation.



DERWA



LAVWMA

By contract, DSRSD operates and maintains the DERWA and LAVWMA facilities.

Contributions to Joint Powers Authorities

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

LAVWMA

Formed in 1974, member agencies of LAVWMA are comprised of the District and the Cities of Livermore and Pleasanton. The authority operates an export pumping facility through which secondary effluent is discharged. DSRSD is the contract operator under a 1980 Maintenance Agreement. Contributions to LAVWMA for operations and maintenance expenses is funded by the Regional Enterprise Fund. LAVWMA's replacement capital projects are funded through the Regional Replacement Fund. LAVWMA debt is funded by the Regional Enterprise Fund (repair portion) and the Regional Expansion Fund (expansion portion). Under terms of agreements with the City of Pleasanton, DSRSD's Regional Wastewater Program funds Pleasanton's share of all LAVWMA costs including Debt Service. Increases in Operating and Maintenance Cost in FY24 and FY25 are primarily due to the large increases from PG&E for pumping costs, which are estimated at 30% and 10%, respectively.

DERWA

DSRSD and East Bay Municipal Utility District (EBMUD) are the member agencies that comprise DERWA, a JPA formed in 2006 to provide recycled water service. DSRSD is the contract operator under a 2005 Maintenance Agreement. Contributions to DERWA for operations and maintenance are funded by the Water Enterprise Fund. DERWA also holds debt for recycled water infrastructure (DERWA State Loan), and annual debt payments are included in the contributions to DERWA from the Water Expansion Fund. Replacement capital projects are funded by the Water Replacement Fund and expansion capital projects are funded by the Water Expansion Fund. Operating and Maintenance expenses in FY24 are projected to increase substantially due to increased costs to treat the filter backwash streams generated from the recycled water treatment plant, which are based on new DSRSD wastewater treatment rates that will take effect on July 1, 2023, a projected 30% increase in PG&E costs, and increased labor to maintain the system. These three factors result in an increased cost to DSRSD of approximately \$900,000 annually.

Contribution to JPA	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
DERWA - O&M Expense	2,490,842	2,579,648	2,415,158	3,583,200	3,653,100
DERWA - Capital Expense	329,165	123,910	996,637	769,999	242,000
DERWA - Debt Expense	810,087	810,087	822,757	845,795	845,794
LAVWMA - O&M Expense	2,217,850	2,437,609	2,515,639	3,256,523	3,386,784
LAVWMA - Capital Expense/Replacement Funding	279,600	279,600	279,600	279,600	279,600
LAVWMA - Debt Expense	5,778,068	5,773,648	4,796,256		4,799,432
Total	11,905,612	12,004,502	11,826,047	13,534,549	13,206,710
% Change		0.83%	-1.49%	14.45%	-2.42%

* Total debt payments are shown on page 81 of the Appendix..

Other Expenses

Costs that cannot be classified in other categories are budgeted to other expenses. Key trends are explained below:

- Permits have increased due to Water Board permit fees, new State ELAP laws and NPDES permit fees.
- Meeting expense is expected to increase as travel restrictions are lifted.
- Prior period adjustments represent a one-time accounting adjustment to record the District's investment in JPA's.
- Subscriptions have increased as a means to keep abreast of the growing compliance requirements and legal mandates imposed on the District.
- Credit card transaction fees were absorbed by the District in FY20 to encourage electronic payments and has been widely used by our customer base, as reflected in the additional budget costs.

Other Expenses	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
Permits, Licenses & Memberships	443,562	483,559	480,815	568,125	586,517
Low Income Credit (UB)	55,446	52,358	68,625	70,000	70,000
Meetings	3,457	20,252	32,030	46,600	47,100
Prior Year Adjustments	(37,855,740)	-	-	-	-
Subscriptions & Publications	8,353	11,255	22,848	24,090	24,490
Bond Issuance Costs	1,750	1,750	-	-	-
Credit Card Transaction Fees	95,138	112,628	90,000	114,000	116,000
Total	(37,248,033)	681,803	694,318	822,815	844,107
% Change		-101.83%	1.84%	18.51%	2.59%

* FY21 includes an accounting adjustment of \$37.9 million to reclass investment in JPA.

NOTES

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INTERFUND TRANSFERS

Transfers are transactions that are used to move money from one fund to another for specified purposes. Transfers are included in both the revenue and expense sections of the District budget. Each enterprise fund contributes money to its respective replacement fund for the future repair and replacement of its facilities and infrastructure. Amounts are determined each budget cycle based on the fund balance and future projected expenses.

Replacement Allocations	FY24		FY25	
	From	To	From	To
Local Wastewater Enterprise	800,000		800,000	
Local Wastewater Replacement		800,000		800,000
Regional Wastewater Enterprise	2,400,000		2,700,000	
Regional Wastewater Replacement		2,400,000		2,700,000
Water Enterprise	6,390,000		6,500,000	
Water Replacement		6,390,000		6,500,000
Total	9,590,000	9,590,000	10,000,000	10,000,000



The dredge harvest biosolids from Facultative Sludge Lagoon Four.



OPEB	FY24		FY25	
	From	To	From	To
Local Wastewater Enterprise	91,254		93,992	
Regional Wastewater Enterprise	274,784		283,028	
Water Enterprise	234,714		241,756	
Other Post-Employment Benefits		600,753		618,776
Total	600,753	600,753	618,776	618,776

5th Supplemental Agreement (Pleasanton)	FY24		FY25	
	From	To	From	To
Regional Wastewater Enterprise	400,000		400,000	
Water Enterprise		400,000		400,000
Total	400,000	400,000	400,000	400,000



The new primaries are shown in the center of the photo.

CAPITAL IMPROVEMENT PROGRAM (CIP)

The Capital Improvement Program (CIP) is a capital investment plan to maintain and enhance DSRSD infrastructure. The CIP serves as a guide for identifying current and future projects in support of the District's mission and consists of the Ten-Year Capital Improvement Plan and the Two-Year Capital Improvement Budget. The first two years of expenditures in the Capital Improvement Plan reflect the District's Two-Year Capital Improvement Budget for Fiscal Years 2024 and 2025.

The CIP also includes funding for capital outlay, also commonly referred to as "capital assets". Capital outlay are generally vehicles and equipment such as pumps and laboratory equipment and are typically identified through the District's asset management replacement program.

Prior to FY24, capital outlay budgets were approved as part of the Operating Budget, even though they were funded out of the CIP Budget from Capital Replacement funds. On May 16, 2023, the Board of Directors adopted revisions to the Budget Accountability policy, which provides for approval of funding or replacement of capital outlay as part of the CIP Budget versus the Operating Budget. Therefore, all discussion of capital outlay is included in the CIP.

The rates and fees paid by the District's customers go into the Enterprise Funds and are used to pay the normal operating costs. A portion of the rates is transferred from the Enterprise Funds to the Replacement Funds (replacement allocations) to pay for capital projects that replace or improve facilities that benefit existing customers.

The following tables provide an overview of the revenues and expenditures included in the CIP, which is a standalone document adopted independently from the Operating Budget. For further detail on capital project expenditures as well as a detailed capital fund analysis, the CIP Ten-Year Plan for FY24 through FY33, and the Two-Year Budget for FY24 and FY25 is available at www.dsrsd.com/about-us/library/financial-information.

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

Fund	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	10 Year Total	Future	With Future
210	939	2,129	1,516	3,619	3,197	1,760	421	421	421	421	14,842	3,373	18,215
220	156	171	978	-	363	1,715	-	275	2,557	-	6,215	10	6,225
310	11,267	15,298	6,900	6,755	10,105	12,343	13,108	12,388	2,568	2,568	93,300	42,879	136,179
320	418	1,343	2,228	5,514	12,236	7,345	-	10,500	2,700	5,400	47,682	22,881	70,563
610	9,900	11,790	16,365	5,854	9,207	11,402	8,752	8,827	12,277	21,627	115,999	66,363	182,362
620	2,693	15,315	11,258	12,132	470	2,674	375	625	625	3,125	49,292	4,935	54,227
Total	25,373	46,047	39,244	33,874	35,577	37,238	22,655	33,035	21,147	33,140	327,330	140,441	467,771



(Top and bottom) Camp Parks Water Line Replacement.

Capital Funds-Replacement & Expansion Fund

OPERATING BUDGET	FY 2024					
	Fund 210	Fund 220	Fund 310	Fund 320	Fund 610	Fund 620
(Estimated) Beginning Working Capital	4,771,166	8,950,373	36,305,821	43,774,527	32,016,267	52,006,188
Capacity Reserve Fees	539,817	16,581	1,358,348	3,334,289	2,130,526	2,605,841
Interest	82,000	164,000	720,000	890,000	580,000	1,000,000
<i>Total Revenues</i>	621,817	180,581	2,078,348	4,224,289	2,710,526	3,605,841
Transfers In:						
Replacement Allocations	800,000	-	2,400,000	-	6,390,000	-
Total Transfers In	800,000	-	2,400,000	-	6,390,000	-
<i>Total Revenue</i>	1,421,817	180,581	4,478,348	4,224,289	9,100,526	3,605,841
Operating Expenses:						
Contribution to JPA	-	-	279,600	-	517,700	252,300
Debt Service	-	-	-	3,583,047	-	2,726,232
<i>Total Operating Expenses</i>	-	-	279,600	3,583,047	517,700	2,978,532
Capital Projects - Adopted Fund Limits	939,171	156,250	11,266,795	417,919	9,900,469	2,692,702
Total Expenses	939,171	156,250	11,546,395	4,000,966	10,418,169	5,671,234
Net increase (decrease)	482,646	24,331	(7,068,047)	223,323	(1,317,643)	(2,065,393)
(Estimated) Ending Working Capital	\$5,253,812	\$8,974,704	29,237,774	43,997,850	30,698,624	49,940,795



Capital Funds-Replacement & Expansion Fund

OPERATING BUDGET	FY 2025					
	Fund 210	Fund 220	Fund 310	Fund 320	Fund 610	Fund 620
(Estimated) Beginning Working Capital	5,253,812	8,974,704	29,237,774	43,997,850	30,698,624	49,940,795
Capacity Reserve Fees	1,237,398	38,007	2,539,482	6,129,824	4,760,700	5,802,035
Interest	82,000	164,000	720,000	890,000	580,000	1,000,000
<i>Total Revenues</i>	1,319,398	202,007	3,259,482	7,019,824	5,340,700	6,802,035
Transfers In:						
Replacement Allocations	800,000	-	2,700,000	-	6,500,000	-
Total Transfers In	800,000	-	2,700,000	-	6,500,000	-
<i>Total Revenue</i>	2,119,398	202,007	5,959,482	7,019,824	11,840,700	6,802,035
Operating Expenses:						
Contribution to JPA	-	-	279,600	-	242,000	-
Debt Service	-	-	-	3,581,323	-	2,722,982
<i>Total Operating Expenses</i>	-	-	279,600	3,581,323	242,000	2,722,982
Capital Projects - Adopted Fund Limits	2,129,350	171,250	15,298,190	1,342,710	11,790,000	15,315,256
Total Expenses	2,129,350	171,250	15,577,790	4,924,033	12,032,000	18,038,238
Net increase (decrease)	(9,952)	30,757	(9,618,308)	2,095,791	(191,300)	(11,236,203)
(Estimated) Ending Working Capital	\$5,243,860	\$9,005,461	19,619,466	46,093,641	30,507,324	38,704,592

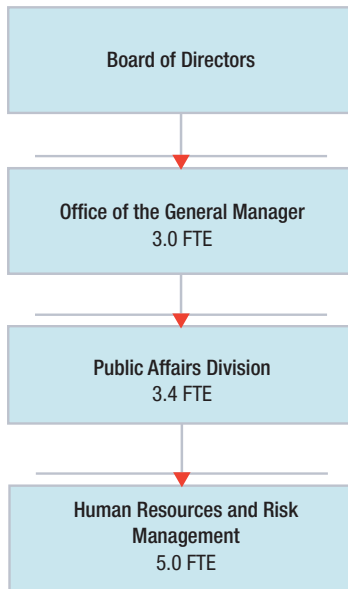
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Wastewater Treatment Plant

► Department Overview



Board of Directors and Office of the General Manager Department

Board of Directors and Office of the General Manager Department consists of four divisions including Board of Directors, the Office of the General Manager, Human Resources and Risk Management, and Public Affairs. The department is responsible for directing policy, providing executive leadership to the District, providing human resources and risk management functions to the District, and managing public affairs and community outreach.

DIVISION INTRODUCTORY/OVERVIEW

10 - Board of Directors

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

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

12 - Office of the General Manager

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

14 - Public Affairs

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

32 - Human Resources and Risk Management

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



ACCOMPLISHMENTS, FY 2022 AND 2023

BOARD ACCOMPLISHMENTS

- Held twelve liaison committee meetings with agencies including the cities of Dublin, Pleasanton, San Ramon, Zone 7 Water Agency, Central Contra Costa County Sanitary District, and Tri-Valley Liaison Committee.
- Successfully transitioned from remote to live Board meetings after the District Office Board Room renovation.
- Earned the CSDA "District Distinction" accreditation for DSRSD's prudent fiscal practices and enhanced training on good governance for special districts.
- DSRSD Board Member Georgean Vonheeder-Leopold appointed to serve as the President of the California Association of Sanitation Agencies (CASA) for 2022-2023.
- DSRSD Board Member Ann Marie Johnson appointed to the Fiscal Committee for the California Special Districts Association (CSDA).
- Comprehensively updated the Board Guidelines for Conducting District Business.
- Updated the division boundaries for by-division elections, to conform with latest information from the 2020 Federal Census.
- Filled an unexpected Board vacancy through a competitive selection and appointment process.

OTHER ACCOMPLISHMENTS

- Conducted a drought outreach campaign directly to DSRSD water customers and in partnership with Zone 7 Water Agency and Tri-Valley water retailers to reach a 15% conservation goal.
- Hosted a Tri-Valley Chamber Mixer and "Grand Reopening of the District Office" in collaboration with the Dublin Chamber of Commerce in 2022, including commission of the entry portico mural, opening the renovated Demonstration Garden and a District Office open house.
- Negotiated an interim side agreement with DERWA and EBMUD to define collaborative recycled water planning efforts, and establish a framework for a comprehensive update of the DERWA agreements in 2025.
- Assumed duties of the DERWA Authority Manager, improving interagency communication and long-range planning efforts.
- Approved a multi-agency agreement to conduct public outreach and monitor funding opportunities in support of a Regional Purified Water Demonstration project with Alameda County Water District (ACWD) and other water/wastewater agencies.
- Completed a comprehensive Operations Department Workforce Study.
- Enhanced emergency preparedness and regional reliability efforts by working collaboratively with Zone 7 and EBMUD to complete plans and assemble temporary piping connections required to perform a future maintenance test of the DSRSD/EBMUD emergency interties.
- Completed a District-wide employee survey.
- Hosted the District's third bi-annual Citizen Water Academy.
- Completed a biennial DSRSD "State of the District" report for all DSRSD residents and members of the influential public.
- Completed the District-wide Classification and Compensation studies.
- Completed contract negotiations of 4- year memorandums of understanding with bargaining units.
- Completed recruitment of 36 full time staff, increasing net staff on payroll from 117 to 129 FTE.
- Conducted introductory orientation plus 3 hours of formal training on the National Incident Management System ("NIMS") for over 95% of staff to enhance District-wide Disaster Preparedness efforts.
- Provided leadership in the water industry by serving on the Association of California Water Agencies Board of Directors in 2022 and in the local community by serving as President on the Dublin Chamber of Commerce Board of Directors in 2022.



District Secretary Nicole Genzale swears in Director Dinesh Govindarao, who was appointed in February 2023 to represent Division 1.



BUDGET SUMMARY

Operating Expenses by Fund	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
Local Wastewater Enterprise	15,653	10,881	31,725	18,525	18,525
Regional Wastewater Enterprise	241,248	190,868	272,279	99,440	99,440
Water Enterprise	333,149	372,563	450,373	108,585	98,585
Administrative Cost Center	1,061,300	1,177,420	1,418,460	3,546,500	3,945,569
Total	1,651,350	1,751,732	2,172,837	3,773,050	4,162,119
		6.08%	24.04%	73.65%	10.31%

Operating Expenses by Division	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
Board of Directors	111,957	219,651	371,407	242,200	400,200
Office of the General Manager	858,316	890,616	1,002,545	1,372,437	1,453,465
Public Affairs	681,077	641,465	798,885	868,753	966,790
Human Resources & Risk Management				1,289,660	1,341,664
Total	1,651,350	1,751,732	2,172,837	3,773,050	4,162,119
		6.08%	24.04%	73.65%	10.31%

NOTES

- 1 In mid-2023, Human Resources & Risk Management was moved from the Administrative Services Department to the Office of the General Manager. Pre-FY24 expenses are reflected in the Administrative Services Department expenditures.

Operating Expenses by Category	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
Wages and Benefits	1,430,002	1,384,436	1,503,107	2,909,085	3,059,174
Materials	2,299	2,810	10,300	9,650	9,650
Contracts	67,675	199,572	481,600	661,860	900,840
Other Expenses	151,375	164,914	177,830	192,455	192,455
Total	1,651,350	1,751,732	2,172,837	3,773,050	4,162,119
		6.08%	24.04%	73.65%	10.31%



BUDGET TRENDS, FY24 AND FY25

The Board of Directors' adopted budget for FY24 and FY25 is a status quo budget with the exception of bi-annual elections. Additional costs were incurred in FY22 to complete the realignment process for the District's election divisions using the 2020 Census results. In FY23 and FY25, the budget includes \$150,000 for the Board bi-annual election.

The Office of the General Manager's budget includes the addition of the Special Assistant to the General Manager position, which is a 2-year limited term position added mid-FY23 to implement District Leadership Training and Emergency Preparedness and Response Programs, and the addition of \$150,000 for professional services each year starting in FY24 to accommodate these efforts. The new Special Assistant to the General Manager will also oversee the Human Resources & Risk Management division over the next two years, which has been transferred from the Administrative Services Division and represents the largest increase in this overall department budget.

TOP DEPARTMENT GOALS, FY24 AND FY25

BOARD GOALS

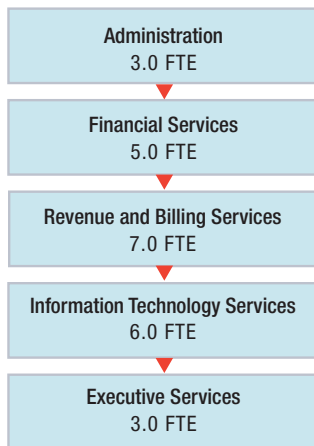
- Represent the District at industry conferences, meetings, interagency liaison meetings, and community events
- Facilitate consensus with Tri-Valley partners on the importance of improving long-term water resiliency through diversification and maximizing local water supplies.
- Adopt a District Energy Policy.
- Integrate on-going emergency training into District operations and conduct a District-wide Incident Command System exercise to assess and improve District disaster response capabilities.
- Facilitate a Citizens Water Academy in 2024 to educate residents on our industry and the role DSRSD plays in the Tri-Valley.
- Implement the new Strategic Plan adopted in April 2023.
- Recruit additional positions in conjunction with the Operations Workforce Study.
- Update the District's Employer-Employee Organization Relations Policy.
- Update and revitalize the District's employee engagement programs.
- Implement updates to the District's performance management program.
- Develop small property damage claims settlement policy.
- Conduct a comprehensive update and refreshing of the District's website.

OTHER GOALS

- Collaborate with Tri-Valley water agencies on a public education program educating the community on long-term water reliability challenges and opportunities, and building public support for bolstering the Tri-Valley's water reliability.
- Initiate a formal multi-tiered leadership and management skills program for potential lead/senior workers, supervisors, and managers.
- Negotiate revisions to the District's interagency agreements and contracts, including LAVWMA and City of Pleasanton to address changing conditions.

PERFORMANCE MEASURES

LEGISLATIVE AND OFFICE OF THE GM	Objective	FY22 Actual	FY23 Estimate	FY24 Target	FY25 Target
Office of the GM	Conduct District-wide emergency exercise to assess District capabilities	n/a	*new/deferred	one drill	one drill
	% of staff that have completed at least two NIMS/ICS training courses	75%	95%	95%	95%
Human Resources & Risk Management	Average number of days to fill external recruitments from requisition to hire	143	145	145	145



The Administrative Services Department

The Administrative Services Department consists of five divisions including Administration, Financial Services, Revenue and Billing Services, Information Technology Services and Executive Services. These divisions provide all internal support functions for the District including financial management, billing information, technology services and administrative support to the Board and General Manager.

DIVISION INTRODUCTORY/OVERVIEW

30 - Administrative Services

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

31 - Financial Services

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

33 - Revenue and Billing Services

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

34 - Information Technology Services

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

35 - Executive Services

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



ACCOMPLISHMENTS, FY22 AND FY23

- Continued District services for internal and external customers throughout the COVID pandemic through the use of technology and telecommuting strategies. Developed District COVID-19 response matrix and reporting guidelines, and administered new federal and state benefit programs related to the pandemic. Worked successfully with customers to maintain consistency in outstanding revenue and billing payments during COVID-19.
- Rolled-out key technology to enhance telecommuting/social distancing possibilities including TEAMS, Planner, and Forms.
- Promoted Employee Engagement via the Employee Academy, the All-Employee Recognition Event, the monthly Supervisor Training Series and our Annual Management Retreat.
- Received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the 21st and 22nd year in a row for the FY21 and 2022 ACFRs.
- Received the California Society of Municipal Finance Officers (CSMFO) Operating Budget Excellence Award for Fiscal Years 2022-2023.
- Implemented a new Enterprise Resource Planning system for Finance, HR, Payroll and Utility
- Completed 41 new hires and 39 promotional recruitments.
- Implemented the District-wide Classification and Compensation Studies.
- Implemented two new personnel rules, telework and wellness program.
- Completed labor negotiations for three successor Memorandums of Understanding (MOU) and established an unrepresented group, resulting in consistent contract terms for salary, medical and deferred compensation.
- Refunded the 2011 LAVWMA Bonds saving the JPA Members a total net present value of \$9.6 million over the next 10 years.
- Performed a local Regional Wastewater Study and a Water Capacity Reserve Fee Study.
- Implemented a District-wide telecommuting policy.
- Increased users on the self-monitoring AquaHawk system to proactively manage abnormal water usage patterns.
- Initiated phishing campaigns, cybersecurity awareness training, and migrated anti-virus to a cloud based platform for additional protection against ransomware and cyber security threats.
- Implemented Governance Planning for the District's secure use of the M365 online environment and transitioned from Exchange to M365.
- Modified the District Election divisions to conform to the 2020 census.
- Facilitated the Division 1 vacancy appointment process in February 2023.
- Completed the records and restoration clean-up project following the District Office flood renovations.
- Expanded the electronic content management system with contracts, ordinances, and Board agenda packets.
- Implemented eSignatures for virtual document approval.
- Revised nine key District policies including Guidelines for Conducting District Business.
- In the process of implementing quality recording and live streaming of Board meetings with audio / visual hardware and software (to be completed by June 30, 2023).
- Facilitated the Citizen Water Academy in 2022 to educate residents on our industry and the role DSRSD plays in the Tri-Valley.
- Prepared the FY24 and FY25 Operating Budget while transitioning between two software system data bases.
- Designed and refurbished the DSRSD Drought Demonstration Garden to educate residents on drought tolerant plants and recycled water usage.

BUDGET SUMMARY

Operating Expenses by Fund	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
Local Wastewater Enterprise	128,685	150,760	146,316	172,982	214,687
Local Wastewater Replacement	-	-	7,000	-	-
Regional Wastewater Enterprise	128,684	168,502	176,316	178,313	221,158
Regional Wastewater Replacement	-	-	10,500	-	-
Water Enterprise	833,095	901,136	964,008	1,374,470	1,300,146
Water Replacement	-	-	17,500	-	-
Administrative Cost Center	4,674,901	4,886,723	5,520,045	4,329,108	4,462,066
Total	5,765,365	6,107,122	6,841,684	6,054,874	6,198,057
		5.93%	12.03%	-11.50%	2.36%

Operating Expenses by Division	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
Administrative Services Administration	377,864	467,101	433,796	630,926	666,454
Financial Services	936,989	1,120,750	1,409,381	1,214,861	1,218,317
Human Resources & Risk Management	1,081,742	1,163,658	1,267,203		
Revenue & Billing & Customer Services	1,098,063	1,121,246	1,221,639	1,605,765	1,640,991
Information Technology Services	1,594,221	1,612,851	1,807,120	1,826,661	1,890,966
Executive Services	676,486	621,516	702,545	776,660	781,329
Total	5,765,365	6,107,122	6,841,684	6,054,874	6,198,057
		5.93%	12.03%	-11.50%	2.36%

Operating Expenses by Category	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
Wages and Benefits	4,668,418	4,958,284	5,384,931	4,567,788	4,735,560
Materials	38,979	38,745	36,423	63,065	63,180
Contracts	1,053,267	1,104,072	1,365,780	1,287,970	1,261,267
Other Expenses	4,701	6,021	19,550	136,050	138,050
Capital Outlay	-	-	35,000	-	-
Total	5,765,365	6,107,122	6,841,684	6,054,874	6,198,057
		5.93%	12.03%	-11.50%	2.36%

NOTES

- In mid-2023, Human Resources & Risk Management was moved from the Administrative Services Department to the Office of the General Manager. FY24 and FY25 expenses are reflected in the Office of the General Manager expenditures.
- Effective in Capital Outlay or Capital Asset expenses are shown in the CIP Ten-Year Capital Improvement Plan and Two-Year CIP Budget.



BUDGET TRENDS, FY24 AND FY25

The Administrative Services Department was reorganized in mid-2023, resulting in the transfer of the Human Resources & Risk Management division to the Office of the General Manager. In addition, a new management analyst position was added to Administration along with the costs associated with the newly renovated drought/recycled water demonstration garden. The department is completing its conversion from an antiquated Finance, Human Resource, Payroll and Revenue & Billing system to a more modern and robust enterprise resource planning system. Costs for overtime and temporary help have been incurred during this process for FY21 through FY24, and additional ongoing costs are reflected for the new Tyler-Munis software maintenance agreements starting in FY23. Finally, credit card fees have been reflected in the Revenue and Billing Services division effective in FY24 in the amount of \$90,000 per year to more appropriately reflect the cost of service in regards to billing of our utility accounts.



The succulent garden is one of the water-wise garden portions open to the public at DSRSD's Demonstration Garden at the District Office.



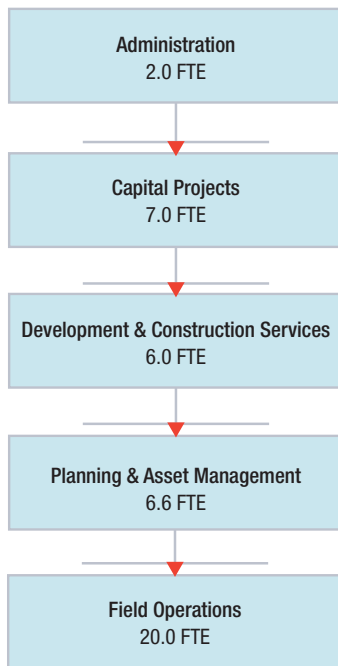
TOP DEPARTMENT GOALS, FY24 AND FY25

- Review and update the District's Financial Reserve policies.
- Support the Office of the General Manager in revisions to City of Pleasanton agreements.
- Fully implement the new Enterprise Resource Planning System (ERP) for Finance, Human Resources, Payroll, and Revenue & Billing, including integration with other systems of record.
- Assist in the implementation of the Local and Regional Wastewater Rate Study for FY24 through FY28.
- Perform a Water Rate Study including recycled water rates, the Dougherty Valley Incremental Assessment, and new drought rates in FY24.
- Perform a Wastewater Capacity Reserve Fee Study in FY25.
- Perform an overhead and indirect cost allocation study and cost of service study, with emphasis on Engineering and Laboratory fees.
- Explore a debt financing policy for equitable funding of new and replacement infrastructure.
- Facilitate the 2024 Citizen Water Academy.
- Investigate contracting out the District's Investment Portfolio to a third party administrator.
- Continue to educate our customers on the use of the AMI system and promote e-Bills, Automated payments and AquaHawk monitoring to all customers.
- Identify areas of investment in information systems to optimize operations and enhance business processes.
- Enhance the functionality of Lucity, the District's maintenance and asset management system.
- Link and provide integrated platform access to all document systems (Sharepoint/Office365/OnBase) to deliver relevant information as needed by staff.
- Continue to build and expand the use of the Electronic Content Management System (ECMS) for official records and automated records retention.
- Further strengthen our cybersecurity and network resiliency capabilities.
- Renew the District's Transparency Certification.
- Fully implement the new audio/visual system for the Board Chambers.
- Prepare the FY26 and FY27 bi-annual budget document and fully automate the production using the new Tyler-Munis system.
- Continue the long-standing award recognition for the Annual Comprehensive Financial Report (ACFR) and the Bi-Annual Operating Budget.
- Complete a 4th generation financial planning model for the Enterprise Funds.
- Develop a focused Board orientation handbook.



PERFORMANCE MEASURE

ADMINISTRATIVE SERVICES	Objective	FY22 Actual	FY23 Estimate	FY24 Target	FY25 Target
Executive Services	Respond to public records requests within initial 10-day requirement	100%	100%	100%	100%
	Post agendas and publish agenda packets for regular meetings earlier than the 72-hour requirement	100%	100%	100%	100%
	Ensure annual filing requirements for Form 700 Statement of Economic Interests are adhered to	100%	100%	100%	100%
Revenue and Billing Services	Mail bills within five days of the first or 15th of each month	100%	100%	100%	100%
	Provide error free bills	100%	95%	100%	100%
Information Technology Services	Provide full network connectivity	99%	99%	99%	99%
	Block all SPAM email messages	99%	99%	99%	99%
	Perform regular third party penetration testing	100%	100%	100%	100%
	Perform daily backups of critical systems to ensure business continuity	100%	100%	100%	100%
Financial Services	Maintain good credit rating and debt service coverage	AA+	AA+	AA+	AA+
	Perform the monthly close by the 15th of the subsequent month between Sept and May	n/a	new	100%	100%
	Receive the GFOA Certificate of Achievement in Financial Reporting	100%	100%	100%	100%
	Receive the CSMFO Bi-Annual Operating Budget Excellence Award	100%	n/a	100%	n/a



The Engineering and Technical Services Department

The Engineering and Technical Services Department consists of five divisions that ensure District infrastructure is planned, designed, constructed and maintained in accordance with the District's ordinances, specifications, policies, and all applicable laws and regulations; and operates and maintains the water and recycled water distribution systems and the wastewater collection system.

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

DIVISION INTRODUCTORY/OVERVIEW

40 - Engineering Services Administration

The Engineering Services Division sets the priorities and provides overall management for the Engineering Department. The division coordinates execution of the District Strategic Plan goals with other departments and represents the District at an executive level with other agencies and professional organizations.

41 - Capital Projects

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

42 - Development & Construction Services

The Development and Construction Services Division oversees the expansion and construction of the District's water and sewer systems through development projects. The Division reviews plans and provides permits and inspections to conform to the latest DSRSD and associated city standards.

43 - Planning & Asset Management

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

51 - Field Operations

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



ACCOMPLISHMENTS, FY22 AND FY23

- Completed the East Dublin Trunk Sewer Rehabilitation project.
- Substantially completed the Primary Sedimentation Expansion & Improvement project.
- Implemented Drought Water Shortage Emergency water use restrictions, conducted public outreach, and provided regular reporting to the Board of Directors on water conservation campaign activities to achieve a 15% conservation goal.
- Prepared the CIP 10-Year Plan for FY22 through FY31 and FY24 through FY33.
- Prepared the CIP 2-year budget for FY22 through FY23 and FY24 through FY25.
- Implemented a new permit enterprise system, Energov, and online customer portal to streamline development review processes, including permit tracking, inspections and collections. Performed over 280 plan reviews and 121 various inspections using the new system.
- Provided support to the DERWA Board and Authority Manager.
- Worked with the development community and the Regional Water Quality Control Board to resolve compliance issues.
- Provided presentations on water supply and resiliency to various service clubs and Tri-Valley Partners.
- Developed a replacement plan for WWTP process pipelines, based on age, material, process, surrounding environment and criticality.
- Updated the estimated life cycle and replacement cost of assets in each replacement model in conjunction with the Capital Improvement Program.
- Performed hydro-cleaning on over 200,000 feet of the sewer collection system in FY22.
- Flushed 444 dead-end water mains in FY22.
- Exercised 11% of the water distribution system valves in FY22 and again in FY23.
- Recorded 66,000 feet and 57,000 feet of closed-circuit television (CCTV) of the wastewater collection system in FY22 and FY23, respectively.
- Completed preventative maintenance on 10% of the 3,500 fire hydrants in the system in 2022 and over 10% in 2023.
- Designed/constructed facilities to divert 1 mgd of untreated wastewater from Central Contra Costa Sanitary District to DSRSD's wastewater collection system to be used as recycled water supply for DERWA.
- Assisted in the Tri-Valley Water Demand Study.
- Supported a California Association of Sanitation Agencies (CASA) study on wastewater flows and loads.
- Automated the process for new assets/updates into GIS and remote field entry of work orders.
- Assisted with the water capacity reserve fees study and two local and regional wastewater rate studies.
- Supported the Office of the General Manager in the drafting of the Seventh Supplemental Agreement with the city of Pleasanton to address use of the Dublin Trunk line.

BUDGET SUMMARY

Operating Expenses by Fund	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
Local Wastewater Enterprise	573,994	550,272	2,013,798	2,977,677	3,006,008
Local Wastewater Replacement	-	19,503	540,530	-	-
Local Wastewater Expansion	-	205	-	-	-
Regional Wastewater Enterprise	839,462	778,842	967,598	811,240	852,498
Regional Wastewater Replacement	-	2,786	8,295	-	-
Water Enterprise	2,106,481	2,113,488	7,431,494	8,595,359	9,052,840
Water Replacement	-	33,434	528,825	250	250
Administrative Cost Center	130,974	296,065	168,055	353,032	330,277
Total	3,650,911	3,794,597	11,658,596	12,737,558	13,241,873
		3.94%	207.24%	9.25%	3.96%

Div. No.	Operating Expenses by Division	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
40	Engineering Services Administration	560,516	547,894	608,491	593,044	573,379
41	Capital Projects	1,205,664	889,375	1,071,711	611,260	639,475
42	Development and Construction Services	1,873,058	1,289,775	1,365,725	1,172,395	1,217,921
43	Planning and Asset Management	11,672	1,067,553	1,088,849	1,505,626	1,543,594
51	Field Operations			7,523,820	8,855,233	9,267,504
Total		3,650,911	3,794,597	11,658,596	12,737,558	13,241,873
			3.94%	207.24%	9.25%	3.96%

Operating Expenses by Category	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
Wages and Benefits	3,492,358	3,529,752	7,191,566	7,897,638	8,250,823
Materials	15,037	22,107	1,693,970	2,900,460	3,058,528
Contracts	142,955	185,880	1,663,380	1,772,350	1,757,070
Other Expenses	561	1,136	32,030	167,110	175,452
Capital Outlay	-	55,724	1,077,650	-	-
Total	3,650,911	3,794,597	11,658,596	12,737,558	13,241,873
		3.94%	207.24%	9.25%	3.96%

NOTES

- 1 In FY23, Field Operations moved from the Operations to the Engineering & Technical Services Department.
- 2 Effective FY24 Capital Outlay or Capital Asset expenses are shown in the CIP Ten-Year Capital Improvement Plan and Two-Year CIP Budget.



BUDGET TRENDS, FY24 AND FY25

In FY21, the Engineering Department reorganized, moving staff between the Capital Projects, Development and Construction Services, and the Planning and Asset Management divisions. In FY23, the Field Operations Division (FOD) was transferred to Engineering from the Operations Department, resulting in an increase of \$7.5 million to the department expenditures and 18 full time staff.

The Planning and Asset Management budget increase of \$500,000 in FY24 is attributed to the transfer of 1.6 full-time staff into the unit and one intern for the Clean Water compliance program. The Field Operations budget is projected to increase by \$1.3 million in FY24 and \$412,000 in FY25. The Fiscal Year 2024 budget includes two additional positions based on the Operations Workforce Study, a projected 30% increase in energy costs for pumping water, increased costs for regulatory permitting and compliance, and costs for meters transferred from administrative overhead to the Field Operations budget.



2022 was another drought year. Engineering Services and Public Affairs were tasked with bringing the water conservation message to a wider audience. DSRSD partnered with other agencies to share the advertising costs for kiosks at San Ramon City Center (left) and on buses in the Tri-Valley (right).

TOP DEPARTMENT GOALS, FY24 AND FY25

- Update the District's procedures to conform to the California Environmental Quality Act.
- Complete the Energy Facilities Master Plan to assist the Board in developing an Energy Policy for the District.
- Continue to develop wastewater process engineering expertise within the department to assist with day-to-day operational issues and to evaluate facilities to address effluent nutrient and biosolids disposal regulations.
- Support the Financial Services Division in developing water rates, wastewater capacity reserve fees and fee studies.
- Support Office of the General Manager in revisions to our joint powers authority and City of Pleasanton agreements.
- Prepare Capital Improvement Program Two-Year Budget for FY24 and FY25 and Ten-Year Plan for FY24 through FY33.
- Monitor biosolids dewatering regulations.
- Complete design, bid, and initiate construction of key water expansion projects, including Reservoir 20B, and Turnout 6.
- Secure necessary property rights and begin design of Reservoir 10A.
- Complete the WWTP SCADA replacement project.
- Construct high-priority waterline replacement projects in the Wineberry and Canterbury area.
- Develop an advanced purification pilot project if supported by neighboring agencies
- Update the Green Business Policy
- Flush approximately 700 dead-end mains in the water distribution system annually.
- Exercised over 10% of system valves in the water distribution system annually.
- Record 50,000 feet of closed circuit television (CCTV) to view the wastewater collection system using frequencies and priorities established by the asset management program.
- Perform preventative maintenance on at least 20% of the 3,500 fire hydrants in the system.
- Perform annual hydro cleaning of 150,000 feet of the wastewater collection system using frequencies and priorities established by the asset management program.
- Design and bid the Bio-Gas Treatment System Improvements.
- Update plan check and inspection fees to ensure direct, indirect and overhead costs are fully recovered through fees.
- Incorporate purchased capacity information by parcel into the Geographic Information System.
- Prepare the Water System Master Plan Update and Operations Plan Update, including incorporation of the 2023-2031 Housing Element Update (RHNA).
- Complete a pilot study for a leak detection program for the potable water distribution system.
- Complete Business Risk Evaluation for potable water system assets to inform maintenance strategies and replacement planning and avoid unscheduled or costly system outages.
- Prepare a Water Conservation Master Plan to identify measures needed to comply with long-term conservation standards.

This Drone photo shows construction equipment positioned to replace waterlines in the Wineberry neighborhood.



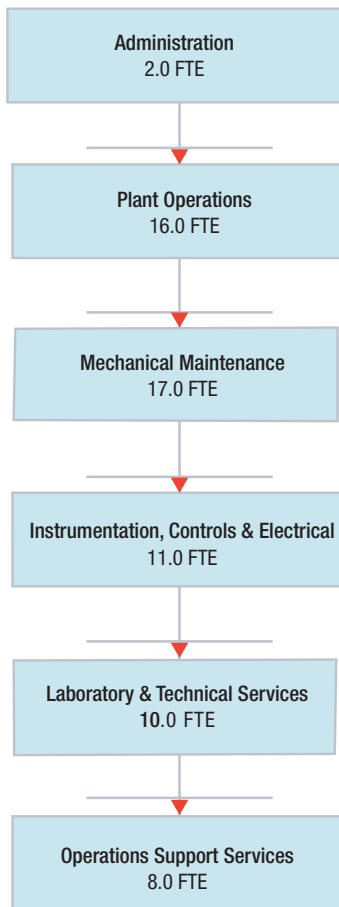


PERFORMANCE MEASURE

ENGINEERING DEPARTMENT	Objective	FY22 Actual	FY23 Estimate	FY24 Target	FY25 Target
Capital Improvement Projects	1 mile of water pipeline replaced per year	1.45 miles	0.9 mile	1 mile	1 mile
	Spot repair fifty sewer pipe segments every two years	new	50	50	50
Permitting & Construction Services	Review planning applications on or before due dates	77%	80%	80%	80%
	Return review comments of improvement plan submittals within 15 days for first submittal and 10 days for second submittal	86%	90%	90%	90%
Planning & Asset Management	Complete 75 recycled water site inspections per year	new	75	75	75
	Incorporate final project drawing in GIS within 1 month of project acceptance	new	100%	100%	100%
Field Operations	Strive for zero bacteriological positive samples	1	1	0	0



Senior Water/Wastewater Systems Operator Dan Pettinichio and Water/Wastewater Systems Operator II (On-Call) Eddie Gutierrez tighten nuts and bolts on a standpipe during an installation part of upgrading DSRSD's blow-off valves. Increasing the diameter from 2 inches to 4 inches allows operators to increase velocity when flushing water mains.



The Operations Department

The Operations Department operates under complex Federal, State, Regional, and Local permits and is the largest department in the District. The Department consists of six divisions which provide 24/7 planned and responsive wastewater treatment services, self-generated power production, facility and fleet programs, and biosolids land disposal. Operations provides core preventative maintenance and regulatory services to the water distribution system, recycled water distribution system, and the collections system and leads the Environmental Health & Safety for the District. The Department also provides the contractual Operation and Maintenance (O&M) and regulatory oversight of DERWA's recycled water facility and LAVWMA's pump station and export transport pipeline to EBDA.

DIVISION INTRODUCTORY/OVERVIEW

50 - Operations Administration

The Operations Administration Division sets the department priorities and provides operational and regulatory management to the five divisions. The Operations Administration Division is responsible for overall regulatory compliance for the Regional WWTP core functions, including plant and laboratory operations, operation of the Dedicated Land Disposal (DLD) site, the District's environmental health & safety programs, and Joint Power Agency operational obligations for DERWA and LAVWMA. The division monitors the activity and health of the operational assets through preventative and corrective maintenance efforts, coordinates operational labor involvement in support of DSRSD CIPs, and oversees the department's participation in the District's two-year budget preparation cycle.

52 - Plant Operations

The Plant Operations Division operates the Regional Wastewater Treatment Facility and Recycled Water Treatment Facility (DERWA); Facultative Sludge Lagoons, biosolids treatment, harvesting, landfill oversight and LAVWMA pump stations and permitted emergency relief facilities. The Division is also responsible for the LAVWMA Wet Weather Operations Strategy. Currently, the DSRSD wastewater plant has a designed treatment capacity of 17 million gallons per day (mgd) with an average dry weather flow of 10.3 mgd. The recycled water treatment facility's capacity is 16.2 million gallons per day (mgd).



53 - Mechanical Maintenance

The Mechanical Maintenance Division provides predictive, preventative, corrective, and emergency mechanical maintenance for the WWTP, City of Pleasanton East Amador Lift Station, cogeneration facility, recycled water treatment plant (DERWA), and field programs that consist of the potable water distribution system, recycled water distribution system (DERWA and DSRSD), collections lift stations, and LAVWMA pump stations and 26-mile pipeline system facilities. The division also maintains the District's fleet of vehicles and mobile support equipment, as well as all District buildings and facilities.

54 - Instrumentation, Controls and Electrical

The Instrumentation, Controls and Electrical (ICE) Division provides predictive, preventative, corrective, and emergency maintenance for the wastewater treatment facility, City of Pleasanton East Amador Lift Station and recycled water turnout, cogeneration facility, recycled water treatment facility (DERWA), and field operations that consist of the potable water distribution system the recycled water distribution system (DERWA and DSRSD), the collections lift stations and sewer siphon, LAVWMA pump station and 26-mile pipeline system facilities including the dechlorination facility in San Leandro, and both main office buildings. The Division supports electrical, instrumentation, and Supervisory Control and Data Acquisition (SCADA) including security systems, fire alarm systems, environmental controls systems, and power monitoring systems for all these District, LAVWMA, and DERWA facilities. The Division staff also assists the Engineering Division with the design and construction of the new facilities and technology improvements, and executes in-house projects in order to enhance processes.

55 - Laboratory & Technical Services

The Laboratory & Technical Services Division monitors and generates data for drinking water, recycled water, wastewater, digester gas, industrial user samples, groundwater, and biosolids to ensure compliance with regulatory standards, optimize process controls and to support LAVWMA and DERWA operations. The Laboratory is the primary point of contact for District customers to answer questions on water quality and upon request will work with Field Operations to address customer complaints. The Environmental Compliance Section implements the District's Pre-treatment Program, as required by the Wastewater Treatment Plant NPDES permit, and conducts fats oils and grease inspections, issues and maintains permits with septage waste haulers, and supports the recycled water haulers program.

56 - Operations Support Services

The Operations Support Services (OSS) Division provides administrative support to the Operations Department, District-wide environmental health & safety and security, and regulatory compliance support to the Operations Department as well as the Field Operations Division.

OSS staff provide procurement support to all operational divisions, including purchasing documentation, invoicing, and records management. OSS staff create documentation for the divisions including Standard Operating Procedures and regulatory reports as well as general support as needed. OSS manages over 25 Safety Programs (including training and implementation), environmental permitting, compliance and reporting for a number of permits including wastewater, drinking water, recycled water, groundwater, biosolids, air quality, hazardous materials management, hazardous waste management, petroleum storage (aboveground and underground), and spill response for all District facilities and personnel. In addition, OSS oversees security through development and administration of security procedures as well as management of District facility access through keys, badging, and software management.

ACCOMPLISHMENTS, FY22 AND FY23

- Sustained full operations without significant permit violations and ensured a safe work environment for Operations staff.
- Added more advanced pump station operational controls which allows improved pumping efficiency and optimization.
- Completed PFAS sampling in wastewater in conjunction with the Bay Area Clean Water Agencies (BACWA)/San Francisco Estuary Institute (SFEI) study.
- Completed lead and copper rule sampling and reporting.
- Updated the water quality data website to incorporate innovative forecasting technology for operational process and water quality data.
- Installed nutrient analyzers at the WWTP.
- Doubled the biosolids harvesting from the FSL Lagoons #6 and #2 to the Dedicated Land Disposal site, increasing the harvested lagoons performance.
- Improved the confined space rescue trailer, WWTP 750 kWh emergency generator, water pump stations and LAVWMA ARVs and pump station actuators.
- Created inventory kits for water pump station pressure regulators to have inventory on hand for emergencies.
- Upgraded Cogen engine #2 ignition system and control panel.
- Received regulatory approval to operate recycled water sand filtration process at 16.2 mgd.
- Cleaned the anaerobic digester #3 with a 1,000,000 gallon capacity.
- Completed vendor selection on vibration equipment and installation on critical assets. Began machine predictive health monitoring for the LAVWMA pipeline air relief vaults level sensors and the WWTP and field Water Pump station pump.
- Completed a gap analysis to identify areas in the lab that need development before the new State lab standards go into effect by January 1, 2024.
- Repainted the plant process piping to identify areas by specific color codes.
- Updated the District's Environmental Health and Safety programs and received high satisfaction based on the all employee survey in this area.
- Completed over 5,000 health and safety training sessions, including over 30 new employee safety orientations.
- Implemented the 2022 Third Party Assessment and the 2016 National Environmental Laboratories Accreditation Conference (TNI) Standards. Passed all blind studies for all constituents.
- Restarted Environmental Compliance FOG inspections post COVID and completed all scheduled 2022 inspections.
- Received the lowest number of compliance violations by industrial users for our pre-treatment program.
- Complied with Certified Unified Program Agencies (CUPA) program reporting and implementation requirements for 13 District facilities, hazardous materials and waste, underground and aboveground oil storage, and air quality.
- Complied with BAAQMD and California Air Resources Board (CARB) programs for reporting and implementation requirements.
- Prepared the Annual Consumer Confidence Reports for FY22 and FY23.



Instrumentation and Controls Technician II Arup Paul and Water/Wastewater Operator I Cliff McClure position equipment in preparation for Confined Space Training.



BUDGET SUMMARY

Operating Expenses by Fund	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
Local Wastewater Enterprise	1,141,927	1,196,682	406,269	439,112	460,906
Local Wastewater Replacement	-	5,427	21,000	-	-
Regional Wastewater Enterprise	10,642,288	11,540,908	12,328,135	14,319,167	14,864,966
Regional Wastewater Replacement	255,111	560,332	300,184	-	-
Water Enterprise	6,841,109	7,656,506	3,119,328	3,287,845	3,473,255
Water Replacement	166,451	20,080	114,276	-	-
Administrative Cost Center	720,824	1,058,971	875,853	858,929	892,237
Total	19,767,711	22,038,907	17,165,044	18,905,053	19,691,364
		11.49%	-22.11%	10.14%	4.16%

Div. No.	Operating Expenses by Division	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
50	Operations Administration	786,875	747,811	764,128	749,948	778,961
51	Field Operations	5,836,911	6,202,542			
52	Plant Operations	4,654,585	5,032,807	5,289,711	6,111,959	6,465,887
53	Mechanical Maintenance	3,313,407	4,264,007	4,537,455	5,025,048	5,015,346
54	Instrumentation, Controls & Electrical	2,472,396	2,477,075	2,929,218	3,090,941	3,322,094
55	Laboratory and Technical Services	1,533,939	1,824,761	1,934,349	2,239,692	2,335,682
56	Operations Support Services	1,169,598	1,489,904	1,710,184	1,687,465	1,773,394
Total		19,767,711	22,038,907	17,165,044	18,905,053	19,691,364
			11.49%	-22.11%	10.14%	4.16%

Operating Expenses by Category	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
Wages and Benefits	11,648,222	12,131,845	10,577,944	11,137,607	11,863,349
Materials	5,256,698	5,635,179	4,011,022	5,363,706	5,462,825
Contracts	2,142,594	3,343,073	1,834,335	2,146,540	2,097,040
Other Expenses	298,636	342,971	306,283	257,200	268,150
Capital Outlay	421,561	585,839	435,460	-	-
Total	19,767,711	22,038,907	17,165,044	18,905,053	19,691,364
		11.49%	-22.11%	10.14%	4.16%

NOTES

- 1 In FY23, Field Operations moved from the Operations to the Engineering & Technical Services Department.
- 2 Effective FY24 Capital Outlay or Capital Asset expenses are shown in the CIP Ten-Year Capital Improvement Plan and Two-Year CIP Budget.

BUDGET TRENDS, FY24 AND FY25

The Operations Department successfully navigated through a significant turnover of staffing during the last 2-year budget cycle and the Field Operations Division was moved to Engineering & Technical Services Department in 2023, which reduced the overall Operations budget by \$7.5 million. The growing state and federal regulatory requirements have impacted operations, resulting in higher costs for training, maintenance and compliance. To accommodate this additional workload, the adopted budget includes seven new positions for the Department as a result of the recently completed Operations Workforce Study.

The evolving framework for regulatory programs continues to impact the District's core services. Emerging programs like PFAS sampling, greenhouse gas legislation, and clean-fleet regulations continue to expand District obligations for testing and reporting. The Operations Department has taken a lead role in asset management by investing in predictive maintenance technology, completing and integrating pilot tests for critical pump vibration monitoring at the WWTP and field drinking water pump stations, and installing LAVWMA export pipeline air relief vault level detection alert sensors. Maintenance reliability programs continue to grow with a shift towards maximizing our asset management database and enhancing mobile technology use in the field. The Cogeneration Facility has undergone modernization to extend its useful life. The Operations Department is investing in a substantial inventory of parts to sustain reliability and prepare for emergencies.

The Department's budget reflects the increase in costs for maintenance due to supply chain shortages of materials, unusually high inflation, and increased costs of contracted work, materials, chemicals, and electricity/ natural gas purchases. The utility provider PG&E is continuing statewide programs that reduce the utility reliability and is implementing an above normal increase in fee schedules for electricity and natural gas. As a result, the materials and supplies budget continues to trend higher than historical average. In the upcoming budget cycle, the Department is planning to focus on continued administrative support for the District's environmental health and safety programs, deferred maintenance and projects, continued business continuity training, and efforts to prepare the lab to meet new standards beginning January 1, 2024.

PERFORMANCE MEASURES

OPERATIONS DEPARTMENT	Objective	FY22 Actual	FY23 Estimates	FY24 Target	FY25 Target
Regulatory Compliance - Wastewater and Recycled Water	Number of permit exceedances	0	1	0	0
WWTP Self-Generation Power (Cogeneration)	Operate cogeneration facilities to power WWTP electrical demand 90% of the time	93%	88%	95%	95%
Recover WWTP Effluent for Recycled Water Production	Recycle 45% of total annual WWTP influent	46%	43%	45%	45%
Solids Harvested to Dedicated Land Disposal	Percent of solids removed from lagoons	30% (2 lagoon)	30% (2 lagoons)	30% (2 lagoons)	15% (1 lagoons)
WWTP/FSL/DLD Odor Mitigation	Sustain odors onsite and prevent odor complaints	7	5	< 5	< 5



TOP DEPARTMENT GOALS, FY24 AND FY25

- Support the Office of the General Manager in reviewing and amending operational agreements for DERWA and LAVWMA.
- Streamline the LAVWMA Quarterly report to be more efficient while complying with contract requirements.
- Harvest biosolids from two facultative sludge lagoon (FSL) in the upcoming harvesting season.
- Update electronic operations and maintenance manuals.
- Obtain regulatory approval to chlorinate wastewater effluent after DERWA during peak recycled water irrigation season in order to save on chemical and power costs.
- Achieve at least 60% of preventive maintenance work orders for the fiscal year.
- Assign and complete all preventive maintenance work orders using desk top computers or mobile devices, thereby eliminating the use of paper.
- Complete the Wastewater Treatment and Recycled Water Treatment SCADA system upgrade.
- Complete WWTP Electrical Master Plan.
- Support electronic records management efforts by capturing record drawings and O&M shop drawings into OnBase.
- Create SOPs, worksheets, work instructions, and document control compliant with the 2016 TNI Standards which the accreditation body CA Environmental Laboratory Accreditation Program (ELAP) has adopted.
- Improve reporting efficiency and accuracy by working with IT to pull data from multiple systems into a report for compliance and monitoring.
- Review and improve the pre-treatment program by updating the Pre-Treatment Program's Administrative Manual, review/ make updates to permits, enforcement and sampling.
- Ensure compliance with CUPA program reporting and implementation requirements (fire safety, hazardous materials, hazardous waste, aboveground and underground storage tanks).
- Ensure compliance with BAAQMD and California Air Resources Board (CARB) program reporting and implementation requirements.
- Continue to update the District's Environmental Health and Safety Program and foster a District-wide safety culture.
- Assist the Office of the General Manager in updating the Emergency Response Plan and the Emergency Operations Center (EOC).
- Update Environmental Compliance and Laboratory fees to ensure full cost recovery.
- Revise and adapt the District's long-term fleet management plan to align with the District's energy policy, business needs, and future regulations.

DSRSD's USS Howard dredge traverses the sludge lagoon during the harvest season.



Non-Departmental

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

BUDGET TRENDS, FY24 AND FY25

The largest single expenditure in this budget is the purchase of wholesale water from Zone 7 Water Agency. The District anticipates spending \$18.7 million in FY24 on water purchases, increasing by 8.2% to \$20.3 million in FY25 as a result of Zone 7 rate adjustments, customer growth, and a rebound in water usage post-drought. Variations include increases in property insurance and general liability insurance, a policy decision to fund the District's Unfunded Actuarial Liability (UAL) at CalPERS projections starting in FY22, transfer of credit card fees (\$90,000) in FY24 to the Revenue and Billing division to recognize this expenditure as a cost of doing business, and general inflation. Variations in the other expense category are generally due to contributions to our Joint Powers Authorities and inclusion of JPA capital projects which can vary by year. The Dougherty Valley State Water Project pass-through charges continue to increase as a result of increased regulations in the State.

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



BUDGET SUMMARY

Operating Expenses by Fund	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
Local Wastewater Enterprise	74,324	-	155,976	1,195,972	1,253,607
Local Wastewater Rate Stabilization	2,321	11,263	9,000	-	-
Regional Wastewater Enterprise	1,035,523	4,690,876	4,644,899	8,224,601	8,527,857
Regional Wastewater Rate Stabilization	2,321	11,263	9,000	-	-
Regional Wastewater Replacement	279,600	279,600	279,600	279,600	279,600
Regional Wastewater Expansion	(9,438,946)	4,030,964	3,580,676	3,583,046	3,581,322
Water Enterprise	19,005,260	18,748,391	20,536,313	25,382,274	27,135,074
Water Rate Stabilization	74,014	142,461	140,625	70,000	70,000
Water Replacement	14,940	120,328	173,880	517,700	242,000
Water Expansion	(18,462,165)	2,159,132	2,699,945	2,975,907	2,722,982
Administrative Cost Center	507,991	1,625,036	1,156,170	(5,596,500)	(5,934,500)
Other Post-Employment Benefits	0	(1,817)	945,553	600,753	618,776
DV Standby Assessment District	1,954,350	1,983,080	2,004,481	2,397,000	2,635,500
Total	(4,950,469)	33,800,576	36,336,118	39,630,353	41,132,218
		-782.78%	7.50%	9.07%	3.79%

Div. No.	Operating Expenses by Division	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
70	Non-Departmental	(4,950,469)	33,800,576	36,336,118	39,630,353	41,132,218
Total		(4,950,469)	33,800,576	36,336,118	39,630,353	41,132,218
			-782.78%	7.50%	9.07%	3.79%

Operating Expenses by Category	FY21 Actual	FY22 Actual	FY23 Estimated	FY24 Budget	FY25 Budget
Wages and Benefits	619,691	1,072,975.45	2,270,418	1,787,142	1,681,652
Materials	16,306,627	16,021,110.09	17,821,103	18,947,350	20,482,000
Contracts	2,548,334	3,161,784.37	3,247,433	3,413,500	3,652,000
Other Expenses	(24,425,121)	13,544,706.21	12,997,163	15,482,361	15,316,566
Total	(4,950,469)	33,800,576	36,336,118	39,630,353	41,132,218
		-782.78%	7.50%	9.07%	3.79%

NOTES

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Facultative sludge lagoons

► Appendix

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DISTRICT POLICIES

Financial Policies

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

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

Auditor Selection and Services

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

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

Budgeting Accountability

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

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

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

Capital Financing and Debt Management

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

Consolidated Water Enterprise Fund

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

Debt Disclosure

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

Financial Reserves

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

Investment

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

Project Cost Allocation

This policy establishes the basis for determining how the cost of projects should be allocated between funds. Project costs are to be allocated in proportion to the benefits that accrue to existing and future customers of each enterprise of the District. In carrying out this policy and depending on the nature of the project, allocation of a project cost may be to more than one enterprise and/or to more than one fund within the enterprise. Visit www.dsrsd.com/Home/ShowDocument?id=308

Rate Policies and Guidelines

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

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



GLOSSARY

AMI	Advanced Metering Infrastructure
ACWA	Association of California Water Agencies
ARV	After Repair Value
BACWA	Bay Area Clean Water Agencies
CAFR	Comprehensive Annual Financial Report
CalPERS	California Public Employees' Retirement System
CIP	Capital Improvement Projects
CASA	California Association of Sanitation Agencies
CERBT	California Employers' Retiree Benefit Trust
CMMS	Computerized Maintenance Management System
COLA	Cost of Living Adjustment
CPI	Consumer Price Index
CSDA	California Special Districts Association
CSMFO	California Society of Municipal Finance Officers
DERWA	DSRSD-EBMUD Recycled Water Authority
DSRSD	Dublin San Ramon Services District
DVSAD	Dougherty Valley Standby Assessment District
EOC	Emergency Operation Center
EBDA	East Bay Dischargers Authority
EBMUD	East Bay Municipal Utility District
FSL	Facultative Sludge Lagoon
FTE	Full-Time Equivalent

FYE	Fiscal Year Ending
GASB	Governmental Accounting Standards Board
GIS	Geographic Information System
ICS	Incident Command System
JPA	Joint Powers Authority
LAVWMA	Livermore-Amador Valley Water Management Agency
MGD	Million Gallons per Day
MOU	Memorandum of Understanding
NIMS	National Incident Management System
OPEB	Other Post-Retirement Employment Benefits
PEPRA	Public Employees' Pension Reform Act
PMIA	Pooled Money Investment Account
RPM	Replacement Planning Model
SCADA	Supervisory Control and Data Acquisition
SFEI	San Francisco Estuary Institute
SSMP	Sewer System Management Plan
SWP	State Water Project
SWRCB	State Water Resources Control Board
TIC	Temporary Infrastructure Charge
TNI	The NELAC (National Environmental Laboratories Accreditation Conference) Institute
UAL	Unfunded Actuarial Liability
USA	Underground Service Alert
UWMP	Urban Water Master Plan
WWTP	Wastewater Treatment Plant



CONSOLIDATED DEBT SCHEDULE

	LAVWMA (1) 2021 Sewer Revenue Refunding Bonds (DSRSD & City of Pleasanton Portion)			DERWA State Loan (DSRSD Portion)			2017 Water Revenue Refunding Bonds		
Fiscal Year	Principal Due	Interest Due	Total Debt Service	Principal Due	Interest Due	Total Debt Service	Principal Due	Interest Due	Total Debt Service
2023-24	\$3,417,2898	\$1,382,144	\$4,799,432	\$797,300	\$48,495	\$845,795	\$500,000	\$1,377,813	\$1,877,813
2024-25	\$3,554,413	\$1,245,019	\$4,799,432	\$817,232	\$28,562	\$845,794	\$525,000	\$1,352,188	\$1,877,188
2025-26	\$3,698,755	\$1,097,646	\$4,796,401	\$325,253	\$8,131	\$333,384	\$550,000	\$1,325,313	\$1,875,313
2026-27	\$3,850,313	\$946,665	\$4,796,978				\$1,020,000	\$1,286,063	\$2,306,063
2027-28	\$4,009,089	\$789,477	\$4,798,566				\$1,360,000	\$1,226,563	\$2,586,563
2028-29	\$4,171,474	\$625,865	\$4,797,339				\$1,420,000	\$1,157,063	\$2,577,063
2029-30	\$4,341,075	\$455,614	\$4,796,689				\$1,495,000	\$1,084,188	\$2,579,188
2030-31	\$4,517,893	\$278,435	\$4,796,328				\$1,570,000	\$1,007,563	\$2,577,563
2031-32	\$4,701,929	\$94,039	\$4,795,968				\$1,645,000	\$927,188	\$2,572,188
2032-33							\$1,725,000	\$842,938	\$2,567,938
2033-34							\$1,815,000	\$754,438	\$2,569,438
2034-35							\$1,905,000	\$661,438	\$2,566,438
2035-36							\$1,995,000	\$563,938	\$2,558,938
2036-37							\$2,100,000	\$461,563	\$2,561,563
2037-38							\$2,200,000	\$354,063	\$2,554,063
2038-39							\$2,290,000	\$263,281	\$2,553,281
2039-40							\$2,355,000	\$190,703	\$2,545,703
2040-41							\$2,425,000	\$116,016	\$2,541,016
2041-42							\$2,500,000	\$39,063	\$2,539,063
Total	\$36,262,229	\$6,914,904	\$43,177,133	\$1,939,785	\$85,188	\$2,024,973	\$31,395,000	\$14,991,374	\$46,386,374

Footnote:

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

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FYE 2024 OPERATING BUDGET	Local Wastewater Enterprise	Local Wastewater RSF	Local Wastewater Replacement	Local Wastewater Expansion	Regional Wastewater Enterprise	Regional Wastewater RSF	Regional Wastewater Replacement	Regional Wastewater Expansion	Water Enterprise	Water RSF	Water Replacement	Water Expansion	Administrative Cost Center	OPEB	DV Standby District	
	200	205	210	220	300	305	310	320	600	605	610	620	900	965	995	Total
(Estimated) Beginning Working Capital	4,183,149	716,996	4,771,166	8,950,373	13,550,683	9,811,391	36,305,821	43,774,527	9,064,945	15,866,949	32,016,267	52,006,188	-	-	-	231,018,455
																-
Revenues:																
Zone 7 Revenue (413030)	-	-	-	-	-	-	-	-	18,585,745	-	-	-	-	-	-	18,585,745
DSRSD Fixed Charge (413030)	-	-	-	-	-	-	-	-	8,458,837	-	-	-	-	-	-	8,458,837
DSRSD Potable Revenue (413030)	-	-	-	-	-	-	-	-	6,555,418	-	-	-	-	-	-	6,555,418
DSRSD Recycled Revenue (413032)	-	-	-	-	-	-	-	-	5,680,000	-	-	-	-	-	-	5,680,000
Power Charge Revenue (413033)	-	-	-	-	-	-	-	-	1,030,000	-	-	-	-	-	-	1,030,000
Dublin Sewer Service Charge (411010)	3,933,313	-	-	-	11,223,767	-	-	-	-	-	-	-	-	-	-	15,157,080
San Ramon Sewer Service Charge (411012)	875,127	-	-	-	2,281,115	-	-	-	-	-	-	-	-	-	-	3,156,242
Pleasanton Sewer Serice Charge (411011)	-	-	-	-	11,985,722	-	-	-	-	-	-	-	-	-	-	11,985,722
Miscellaneous Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pretreatment/Lab Tests- DSRSD (412010)	-	-	-	-	80,000	-	-	-	-	-	-	-	-	-	-	80,000
Pretreatment/Lab Tests- Pleasanton (412011)	-	-	-	-	85,000	-	-	-	-	-	-	-	-	-	-	85,000
Total Service Charges	4,808,440	-	-	-	25,655,604	-	-	-	40,310,000	-	-	-	-	-	-	70,774,044
Capacity Reserve Fees	-	-	539,817	16,581	-	-	1,357,224	3,331,137	-	-	2,130,526	2,605,841	-	-	-	9,981,126
Other Revenues	370,000	-	-	-	1,200,000	-	-	-	1,215,500	1,000,000	-	-	3,491,000	-	2,397,000	9,673,500
Interest	65,000	15,000	82,000	164,000	147,000	202,000	720,000	890,000	276,000	334,000	580,000	1,000,000	-	-	-	4,475,000
Total Revenues	5,243,440	15,000	621,817	180,581	27,002,604	202,000	2,077,224	4,221,137	41,801,500	1,334,000	2,710,526	3,605,841	3,491,000	-	2,397,000	94,903,670
Operating Expenses:																
Wages and Benefits	2,944,104	-	-	-	9,799,273	-	-	-	7,874,688	-	-	-	7,144,092	-	-	27,762,157
Unfunded Actuarial Liability (Pension/OPEB)	176,035	-	-	-	530,076	-	-	-	452,778	-	-	-	-	(628,247)	-	530,642
Staff Time Charged to Projects/JPAs	(159,635)	-	-	-	(1,699,611)	-	-	-	(958,118)	-	-	-	(213,889)	-	-	(3,031,253)
Other Personnel Costs	139,730	-	-	-	654,675	-	-	-	603,445	-	-	-	410,864	1,229,000	-	3,037,714
Chemicals, Gas & Electric	16,060	-	-	-	3,134,406	-	-	-	1,802,000	-	-	-	112,300	-	-	5,064,766
Other Materials	117,655	-	-	-	1,747,385	-	-	-	1,344,575	-	-	-	287,500	-	-	3,497,115
Water Purchase	-	-	-	-	-	-	-	-	18,722,350	-	-	-	-	-	-	18,722,350
Contracts	509,842	-	-	-	1,474,168	-	-	-	2,381,893	-	250	-	2,369,067	-	2,397,000	9,132,220
5th Supplement Agreement (Regional to Pleasanton)	-	-	-	-	150,000	-	-	-	-	-	-	-	-	-	-	150,000
Other	40,540	-	-	-	297,864	-	-	-	318,276	70,000	-	-	96,135	-	-	822,815
Contribution to JPA	-	-	-	-	4,472,908	-	279,600	3,583,046	3,583,200	-	517,700	1,098,094	-	-	-	13,534,548
Debt Service	-	-	-	-	-	-	-	-	-	-	-	1,877,813	-	-	-	1,877,813
Allocated Costs	1,020,019	-	-	-	3,071,473	-	-	-	2,623,577	-	-	-	(6,715,069)	-	-	-
Total Operating Expenses	4,804,351	-	-	-	23,632,616	-	279,600	3,583,046	38,748,664	70,000	517,950	2,975,907	3,491,000	600,753	2,397,000	81,100,887
Capital Projects - Proposed Fund Limits	-	-	770,421	-	-	-	11,201,795	417,919	-	-	9,840,469	2,692,702	-	-	-	24,923,306
Transfers In:																
Replacement Allocations	-	-	800,000	-	-	-	2,400,000	-	-	-	6,390,000	-	-	-	-	9,590,000
Transfers In - Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers In - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	600,753	-	600,753
5th Supplement Agreement (Regional to Water)	-	-	-	-	-	-	-	-	400,000	-	-	-	-	-	-	400,000
Total Transfers In	-	-	800,000	-	-	-	2,400,000	-	400,000	-	6,390,000	-	-	600,753	-	10,590,753
Transfers Out:																
Replacement Allocations	800,000	-	-	-	2,400,000	-	-	-	6,390,000	-	-	-	-	-	-	9,590,000
Transfers Out - Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers Out - Other	91,254	-	-	-	274,784	-	-	-	234,714	-	-	-	-	-	-	600,753
5th Supplement Agreement (Regional to Water)	-	-	-	-	400,000	-	-	-	-	-	-	-	-	-	-	400,000
Total Transfers Out	891,254	-	-	-	3,074,784	-	-	-	6,624,714	-	-	-	-	-	-	10,590,753
Net increase (decrease)	(452,165)	15,000	651,396	180,581	295,203	202,000	(7,004,171)	220,172	(3,171,879)	1,264,000	(1,257,893)	(2,062,768)	-	-	-	(11,120,523)
(Projected) Ending Working Capital	3,730,984	731,996	5,422,562	9,130,954	13,845,886	10,013,391	29,301,650	43,994,699	5,893,067	17,130,949	30,758,374	49,943,420	-	-	-	219,897,932

FYE 2025 OPERATING BUDGET	Local Wastewater Enterprise	Local Wastewater RSF	Local Wastewater Replacement	Local Wastewater Expansion	Regional Wastewater Enterprise	Regional Wastewater RSF	Regional Wastewater Replacement	Regional Wastewater Expansion	Water Enterprise	Water RSF	Water Replacement	Water Expansion	Administrative Cost Center	OPEB	DV Standby District	
	200	205	210	220	300	305	310	320	600	605	610	620	900	965	995	Total
(Estimated) Beginning Working Capital	3,730,984	731,996	5,422,562	9,130,954	13,845,886	10,013,391	29,301,650	43,994,699	5,893,067	17,130,949	30,758,374	49,943,420	-	-	-	219,897,932
																-
Revenues:																
Zone 7 Revenue (413030)	-	-	-	-	-	-	-	-	20,132,346	-	-	-	-	-	-	20,132,346
DSRSD Fixed Charge (413030)	-	-	-	-	-	-	-	-	8,917,469	-	-	-	-	-	-	8,917,469
DSRSD Potable Revenue (413030)	-	-	-	-	-	-	-	-	6,965,185	-	-	-	-	-	-	6,965,185
DSRSD Recycled Revenue (413032)	-	-	-	-	-	-	-	-	5,880,000	-	-	-	-	-	-	5,880,000
Power Charge Revenue (413033)	-	-	-	-	-	-	-	-	1,090,000	-	-	-	-	-	-	1,090,000
Dublin Sewer Service Charge (411010)	4,208,644	-	-	-	11,560,480	-	-	-	-	-	-	-	-	-	-	15,769,124
San Ramon Sewer Service Charge (411012)	936,386	-	-	-	2,349,549	-	-	-	-	-	-	-	-	-	-	3,285,935
Pleasanton Sewer Service Charge (411011)	-	-	-	-	12,345,294	-	-	-	-	-	-	-	-	-	-	12,345,294
Miscellaneous Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pretreatment/Lab Tests- DSRSD (412010)	-	-	-	-	80,000	-	-	-	-	-	-	-	-	-	-	80,000
Pretreatment/Lab Tests- Pleasanton (412011)	-	-	-	-	85,000	-	-	-	-	-	-	-	-	-	-	85,000
Total Service Charges	5,145,030	-	-	-	26,420,323	-	-	-	42,985,000	-	-	-	-	-	-	74,550,353
Capacity Reserve Fees	-	-	1,237,398	38,007	-	-	2,531,481	6,107,371	-	-	4,760,700	5,802,035	-	-	-	20,476,992
Other Revenues	386,000	-	-	-	1,200,000	-	-	-	1,246,500	1,035,000	-	-	3,696,000	-	2,632,000	10,195,500
Interest	65,000	15,000	82,000	164,000	147,000	202,000	720,000	890,000	276,000	334,000	580,000	1,000,000	-	-	-	4,475,000
Total Revenues	5,596,030	15,000	1,319,398	202,007	27,767,323	202,000	3,251,481	6,997,371	44,507,500	1,369,000	5,340,700	6,802,035	3,696,000	-	2,632,000	109,697,845
Operating Expenses:																
Wages and Benefits	3,106,013	-	-	-	10,457,960	-	-	-	8,358,467	-	-	-	7,535,291	-	-	29,457,731
Unfunded Actuarial Liability (Pension/OPEB)	157,274	-	-	-	473,581	-	-	-	404,522	-	-	-	-	(672,224)	-	363,152
Staff Time Charged to Projects/JPA's	(168,235)	-	-	-	(1,817,905)	-	-	-	(1,022,838)	-	-	-	(225,326)	-	-	(3,234,304)
Other Personnel Costs	139,447	-	-	-	679,360	-	-	-	581,017	-	-	-	313,155	1,291,000	-	3,003,979
Chemicals, Gas & Electric	20,878	-	-	-	3,351,225	-	-	-	1,878,960	-	-	-	118,990	-	-	5,370,053
Other Materials	125,955	-	-	-	1,614,285	-	-	-	1,413,790	-	-	-	295,100	-	-	3,449,130
Water Purchase	-	-	-	-	-	-	-	-	20,257,000	-	-	-	-	-	-	20,257,000
Contracts	434,252	-	-	-	1,444,218	-	-	-	2,388,713	-	250	-	2,615,284	-	2,635,500	9,518,217
5th Supplement Agreement (Regional to Pleasanton)	-	-	-	-	150,000	-	-	-	-	-	-	-	-	-	-	150,000
Other	41,816	-	-	-	308,919	-	-	-	327,217	70,000	-	-	96,155	-	-	844,107
Contribution to JPA	-	-	-	-	4,602,583	-	279,600	3,581,322	3,653,100	-	242,000	845,794	-	-	-	13,204,399
Debt Service	-	-	-	-	-	-	-	-	-	-	-	1,877,188	-	-	-	1,877,188
Allocated Costs	1,071,298	-	-	-	3,225,882	-	-	-	2,755,470	-	-	-	(7,052,650)	-	-	-
Total Operating Expenses	4,928,697	-	-	-	24,490,108	-	279,600	3,581,322	40,995,418	70,000	242,250	2,722,982	3,696,000	618,776	2,635,500	84,260,652
Capital Projects - Proposed Fund Limits	-	-	2,298,100	327,500	-	-	15,298,190	1,342,710	-	-	11,790,000	15,315,256	-	-	-	46,371,756
Transfers In:																
Replacement Allocations	-	-	800,000	-	-	-	2,700,000	-	-	-	6,500,000	-	-	-	-	10,000,000
Transfers In - Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers In - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	618,776	-	618,776
5th Supplement Agreement (Regional to Water)	-	-	-	-	-	-	-	-	400,000	-	-	-	-	-	-	400,000
Total Transfers In	-	-	800,000	-	-	-	2,700,000	-	400,000	-	6,500,000	-	-	618,776	-	11,018,776
Transfers Out:																
Replacement Allocations	800,000	-	-	-	2,700,000	-	-	-	6,500,000	-	-	-	-	-	-	10,000,000
Transfers Out - Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers Out - Other	93,992	-	-	-	283,028	-	-	-	241,756	-	-	-	-	-	-	618,776
5th Supplement Agreement (Regional to Water)	-	-	-	-	400,000	-	-	-	-	-	-	-	-	-	-	400,000
Total Transfers Out	893,992	-	-	-	3,383,028	-	-	-	6,741,756	-	-	-	-	-	-	11,018,776
Net increase (decrease)	(226,659)	15,000	(178,702)	(125,493)	(105,813)	202,000	(9,626,309)	2,073,339	(2,829,673)	1,299,000	(191,550)	(11,236,203)	-	-	(3,500)	(20,934,563)
(Projected) Ending Working Capital	3,504,325	746,996	5,243,860	9,005,461	13,740,073	10,215,391	19,675,341	46,068,038	3,063,393	18,429,949	30,566,824	38,707,217	-	-	(3,500)	198,963,368