



Adopted Operating Budget Fiscal Years Ending 2020 and 2021

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



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

Table of Contents

Organization Chart	i
Board of Directors and Senior Management Team.....	ii
Budget Excellence Award	iii
Adopted Budget Resolution	iv
 Executive Overview	
General Manager's Budget Message	1
Strategic Plan	14
Performance Measures.....	16
District Overview & Economic Conditions	18
Service Areas Map.....	20
 Financial Overview	
Annual Budget Process	21
Basis of Accounting/GANN Limit.....	22
Description of Funds	23
Working Capital by Fund Families.....	25
Operating Revenues.....	40
Operating Expenses	50
Interfund Transfers	61
Capital Improvement Program	62
 Department Operating Budgets	
Executive & Legislative.....	65
Administrative Services.....	77
Engineering	91
Operations	103
Non-Departmental.....	121
 Appendix	
District Profile	125
District Policies.....	127
Glossary of Budget Terms	130
Debt Service Schedules	136
FYE 2020 Consolidated Fund Balance Report	137
FYE 2021 Consolidated Fund Balance Report	138

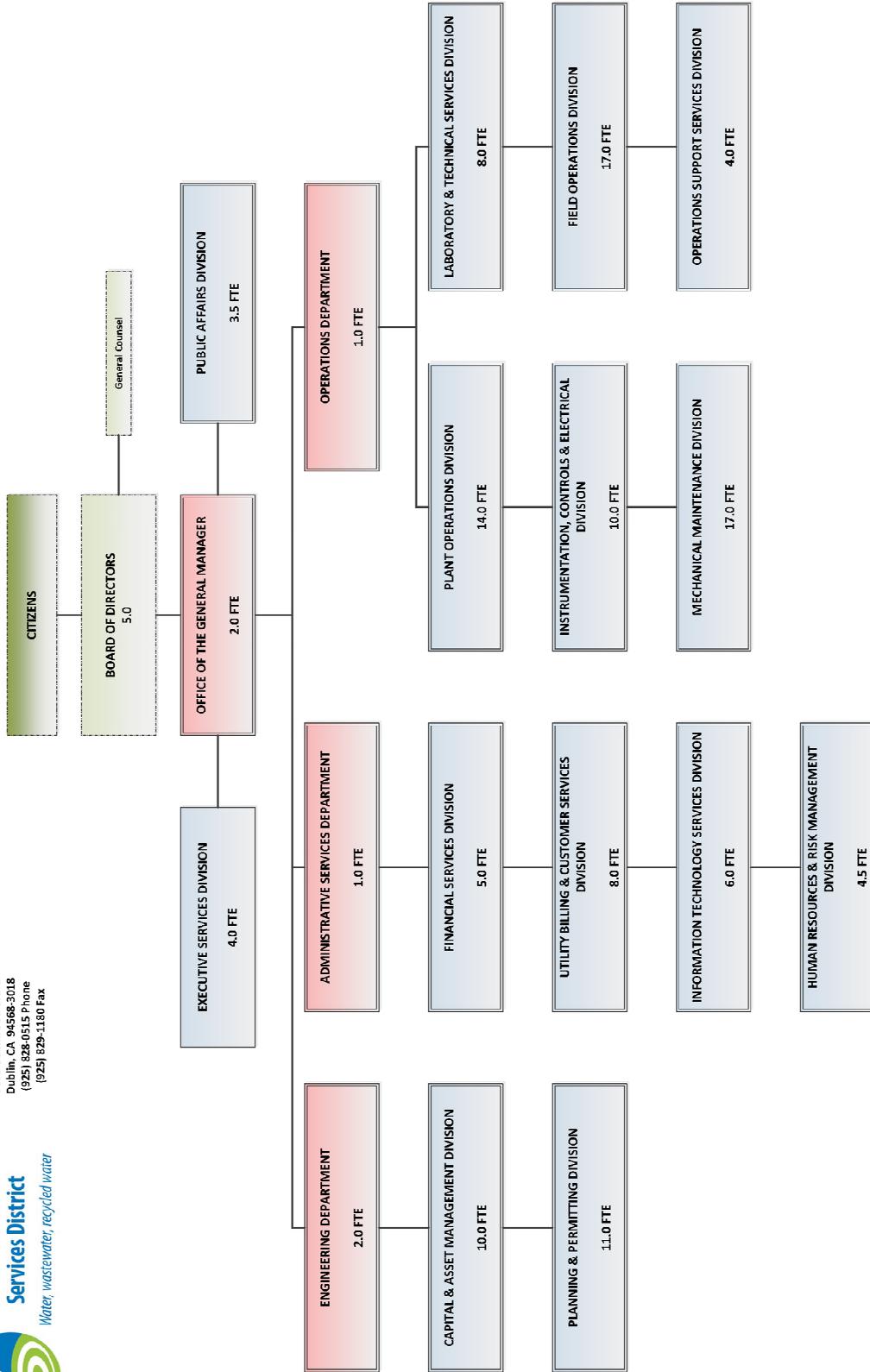


FYE 2020 & FYE 2021

051 Dublin Boulevard
ublin, CA 94568-3018
(925) 828-0515 Phone
(925) 829-1180 Fax

Dublin San Ramon Services District

051 Dublin Boulevard
ublin, CA 94568-3018
(925) 828-0515 Phone
(925) 829-1180 Fax



Dublin San Ramon Services District

Board of Directors



Madelyne (Maddi) Misheloff
President



Ed Duarte
Vice President



Ann Marie Johnson
Director



Richard Halket
Director



Georgean Vonheeder-Leopold
Director

Senior Management Team

Daniel McIntyre — General Manager

Carol Atwood — Administrative Services Manager

Jeff Carson — Operations Manager

Judy Zavadil — Engineering Services Manager

California Society of Municipal Finance Officers

Certificate of Award

Operating Budget Excellence Award Fiscal Year 2017-2018

Presented to the

Dublin San Ramon Services District

For meeting the criteria established to achieve the Operating Budget Excellence Award.

February 7, 2018



A handwritten signature in blue ink that reads "Drew Corbett".

Drew Corbett
CSMFO President

A handwritten signature in blue ink that reads "Craig Boyer".

Craig Boyer, Chair
Professional Standards and
Recognition Committee

Dedicated Excellence in Municipal Financial Reporting

The California Society of Municipal Finance Officers (CSMFO) issues annual awards for outstanding achievement and contributions to the profession. Dublin San Ramon Services District received the Operating Budget Excellence Award for its fiscal years ending (FYE) 2018 and 2019 Operating Budget. In bestowing this award, CSMFO acknowledges the District for its outstanding presentation of financial and budgetary data.

The District's FYE 2019 and 2020 Operating Budget is intended to continue to meet the CSMFO's high standards and will be submitted again to determine eligibility.

RESOLUTION NO. 24-19

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT APPROVING AND ADOPTING THE OPERATING BUDGET FOR FISCAL YEARS ENDING 2020 AND 2021

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

WHEREAS, on June 4, 2019, the Board was provided a comprehensive overview of the development process and assumptions, a District-wide financial review, and a presentation of fund financial allocations in the proposed budget for fiscal years ending 2020 and 2021, to review and provide guidance on its priorities and on the finalization thereof; and

WHEREAS, on June 11, 2019, the Board was provided an updated proposed budget reflecting adjustments to fiscal year ending 2019 revenue projections and beginning working capital balances, Capital Improvement Program (CIP) Plan modifications, and other minor adjustments; 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 Strategic Plan; and

WHEREAS, said budget incorporates expenditures for operating 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, the proposed budget meets Board priorities, realizes efficiencies and responsible cost savings, demonstrates fiscal accountability and value to customers, is balanced and ensures future financial sustainability; and

WHEREAS, in accordance with the requirements of California Government Code Section 61110(c) which govern community services districts, on June 17, 2019, the District Secretary published the notice of public hearing for the biennial Operating Budget for Fiscal Years Ending 2020 and 2021, which was more than fourteen (14) days prior to the public hearing for the operating budget.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT, a public agency located in the Counties of Alameda and Contra Costa, California, that the Proposed Operating Budget for Fiscal Years Ending 2020 and 2021, attached as Exhibit "A," modified as described above, including the revenues, expenditures, and transfers as described therein, is hereby adopted, and all expenditures made consistent therewith are hereby ratified and approved.

Res. No. 24-19

ADOPTED by the Board of Directors of the 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 2nd day of July, 2019, and passed by the following vote:

AYES: 5 - Directors Ann Marie Johnson, Edward R. Duarte, Richard M. Halket, Georgean M. Vonheeder-Leopold, Madelyne A. Misheloff

NOES: 0

ABSENT: 0

Madelyne A. Misheloff
Madelyne A. Misheloff, President

ATTEST: Nicole Genzale
Nicole Genzale, District Secretary

July 2, 2019

Honorable President and District Directors:

I am pleased to submit the Fiscal Year Ending 2020 and 2021 operating budget for the Board's review and consideration. This operating budget provides an overview of the budget process, highlights District challenges and accomplishments over the last two years, identifies major policy issues facing the District, and describes detailed financial plans over the next two years.

The Tri-Valley economy continues to be strong and the revenue in all of the District's three main business enterprises continue to increase significantly as a result of growth in the customer base from new development. The two primary challenges are continuing to place greater emphasis on a proactive preventative maintenance program while dealing with a large amount of retirements and the loss of institutional knowledge as employees turn over. In addition to the growth of our infrastructure (over the last decade, the District's number of water accounts alone has grown by more than 45%), the acceleration in the preventative maintenance program and development of a comprehensive Asset Management Program require additional resources. To address these main challenges, and meet the growing regulatory demands of our industry, the budget anticipates adding Five Full-Time Equivalent (FTE) positions and a two-year limited term position. These additions will bring the total full time positions up from 122 to 128, still below the District's peak of 134 FTE's prior to the Great Recession of 2009.

The pace of development continues to strengthen the District's financial position as new customers are added, meaning that the addition of new staff resources will have a modest impact on water and regional wastewater utility rates over the next five years. Most notably, no rate adjustment will occur for water rates in 2020, and future adjustments will be limited to Consumer Price Index (CPI) inflation increase beginning in 2021 through 2024. Increases for the Regional Wastewater rates will also be limited to planned CPI increases through FY 2021, after which staff will prepare a new wastewater rate study to determine financial sufficiency. The one exception is the District's smallest enterprise, the Local Wastewater Fund, which has been underfunded for a number of years. In 2017, the Board took aggressive action to stabilize the Local Wastewater Fund, approving a five year rate program starting in 2017 that nearly doubles rates through 2022 to support on-going operations and provide needed capital replacement funding.

Budget Development Process

The FYE 2020 and FYE 2021 budget process began with the Annual Leadership Team Retreat in January of 2019. Senior managers and division managers met for two days to discuss the District's most important risks and priorities, and the management of a very heavy workload during a time of unprecedented staff turnover. The Leadership Team developed the 2019-2024 Strategic Plan Update (Strategic Plan) for the Board's consideration. In May, the Board reviewed and adopted the Strategic Plan, laying the foundation for the District's updated mission statement, vision and top priority goals over the next five years.

Highlights and Review of FYE 2018 and FYE 2019

The last two fiscal years have continued a period of unprecedented challenge and transition for the District. Most significantly, a period of rapid staffing transitions resulting primarily from retirements that began in 2016 continued through FYE 2019. During the last two year period, 37 new full-time staff were hired and the District is currently recruiting for eight vacancies. Most notably, half of the District's mid-managers left service in the last two years. These changes have contributed to a 75% turnover of our Leadership Team (senior managers and middle managers) over the last four years. The large number of retirements in such a short period of time requires significant effort in documenting standard operating procedures (SOP) and recruiting and training new staff, which further hampers on-going operations.

The District faced many extraordinary emergencies over the last two years. Most notably, on Sunday, November 11, 2018, the District Office flooded because of a broken fire sprinkler service line, forcing District Office staff to relocate overnight to the Field Operations Facility and the Regional Wastewater Treatment Plant. Fortunately, the call center was operational the next morning from the Field Operations Facility, and all District administrative and engineering activities were restored by the following Wednesday. The restoration work is anticipated to exceed \$2 million, with additional building renovation of \$2.9 million authorized by the Board in 2019. The restored and renovated District Office is anticipated to be ready for re-occupancy by the beginning of 2020.

District Office flooding in the main lobby on afternoon of November 11, 2018



In the aftermath of this flooding, the District has been supported by its sister agencies, who have made facilities for meetings available for Board functions, Joint Power Authority meetings, and large staff meetings. The District is appreciative of the support from the City of Dublin, the Zone 7 Water Agency, and the City of Pleasanton.

The Operations Department managed a significant number of unexpected emergencies, including a major water line break on Tuscany Lane in Dublin, and the complete loss of power for the DERWA recycled water facility because of a catastrophic electrical equipment failure.

Despite these challenges, the District had many successes over the last two years. The District improved its financial position in a number of ways. Firstly, the District was able to take advantage of a favorable interest environment to refinance the 2011 Water Revenue Refunding Bonds (\$35.6 million), resulting in approximately \$9.8 million savings over 24 years. Secondly, the District saw its California Public Employee's Retirement System (CalPERS) Unfunded Actuarial Liability (UAL) funded ratio improve from 83.0% to 89.6%, continuing a positive trend since 2012 when the funding level stood at 71.0%. In March of 2019, the Board directed staff to accelerate funding by increasing contributions to

\$1.3 million per year beginning in FYE 2020. Lastly, the District successfully completed labor contract negotiations with all bargaining groups, balancing the need to remain competitive on benefits, while controlling growth in salary costs.

The District took a number of steps to bolster its water supply in partnership with other water agencies. On behalf of DSRSD-EBMUD Recycled Water Authority (DERWA,) the District negotiated a three year agreement with the Central Contra Costa Sanitary District to divert up to one million gallons of wastewater per day to serve as a water supply for the DERWA recycled water system during mid-summer peak demand periods. In partnership with the other Tri-Valley water agencies, the District completed a Joint Potable Reuse Technical Feasibility Study, which demonstrated that a Regional Potable Reuse Project is feasible, potentially adding 7% to 15% to the Tri-Valley's potable water supply.

A major District focus in the last two years was on community outreach. The District published the first two editions of the DSRSD Annual Report. Secondly, the District created a State of the District presentation, which was presented by representatives of the Board of Directors to the elected boards of two of our sister agencies. Lastly, the District held its first Annual Citizens Water Academy with the intent of enhancing the community's understanding of the services that DSRSD provides, and inviting citizens to consider running for office at DSRSD at some point in the future.

2018
Citizens
Water
Academy



A significant number of major capital improvement Projects were completed in the last two fiscal years:

- DERWA Recycled Water Treatment Plant Phase 2 Expansion - \$18.8 million
- Facilities Relocation for Dublin Boulevard Widening - \$2.6 million
- Dublin Trunk Sewer Rehabilitation - \$6.6 million
- Anaerobic Digester #4 - \$13.3 million

Projects in progress or just started include:

- Primary Sedimentation Expansion Improvements - \$19.0 million
- District Office Restoration and Remodel - \$5.0 million
- Foul Air Line Rehabilitation - \$1.5 million

Projects where the District will begin or has begun design on, and anticipates constructing in FYE 2020 and FYE 2021 include:

- Reservoir 20B - \$7.0 million
- Wastewater Treatment Plant SCADA - \$2.9 million
- Bio-Gas Treatment System Improvements - \$4.0 million

Other major highlights include:

- Completed a comprehensive update of the Wastewater Treatment Master Plan, which was last updated in 1997. The Master Plan outlines construction of nearly \$100 million of expansion, improvement, and rehabilitation projects over the next 20 years.
- Completed Local and Regional Wastewater Capacity Reserve Fee Study in 2018, which was last updated in 2011. The District was able to reduce the fees for new development by an average of 14%.
- Completed a Comprehensive Water Cost of Service Study in 2019, which was last updated in 2013. This study reflected a restructuring of rates to ensure the District is in full compliance with new legal requirements and cost of service principals.
- Completed a process of converting from “at large” elections to “by district” elections beginning in 2020, ensuring that the District remained in compliance with the California Voting Rights Act.
- Significantly reduced the frequency of water quality incidents by reducing the number of positive coliform detections in the last year to just two, down from the average of thirteen over the prior two year period.

Major Policy and Operational Issues in FYE 2020 and FYE 2021

Many of the major policy issues facing the District over the next two to five years are reflected in the 2019-2024 Strategic Plan Update. The eight main goals of the updated Strategic Plan including a summary of programs and resources to address the goals are noted below. In several cases, the addition of five full-time equivalent positions and a two-year limited term position will support more than one of the Strategic Goals and thus are “counted” in more than one area.

1. Maintain our financial stability and sustainability

The District continues its transition from reactive maintenance to planned preventative maintenance as a way of investing near-term on operations to curb prohibitively expensive long-term replacement costs. Maintenance and capital plans needs are fully integrated over the next two to three years to optimize life-cycle costs of District assets. Creation of refined long-term financial models for our Water, Local Wastewater, and Regional Wastewater enterprises will improve our planning, and guide future rate studies.

The District will strive to ensure that future rate increases are limited to no more than general inflation. In the near-term, no adjustment to water rates will occur in 2020, with only CPI adjustments for 2021-2024. For the Regional Wastewater Fund, CPI rate adjustments are approved for 2020 and 2021. The Local Wastewater enterprise fund will require rate increases exceeding general inflation through 2022 as prior year rate levels were not sufficient to pay for current operating and capital replacement needs.

An on-going \$1.3 million commitment for addressing the CalPERS Unfunded Actuarial Liability is incorporated in the operating budget.

No additional resources in the operating budget are proposed to meet this strategic goal.

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

The District will continue developing a major electronic content management program that began in 2014, and that has been incorporated in the Strategic Plan continuously since then. No new resources are required for this objective. In addition, the District will be updating its fifteen year old financial management software. \$1.5 million is included in the capital improvement budget for this expenditure over the next two years.

The addition of three full time positions in the Operations Department will significantly enhance the District's ability to fully implement a computerized maintenance management system to support the integrated Asset Management Program.

3. Update business practices and procedures

In part, the addition of one of the new full time positions in the Operations Department will help with updates to electronic operations manuals and their integration with the District's electronic records management and maintenance management systems.

In order to revise Joint Powers Authority and other interagency agreements, sustained senior manager effort will be necessary. The addition of an Assistant General Manager position will contribute to this effort, either directly, or indirectly by taking over other administrative functions.

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

To address planned capital rehabilitation and replacement, the budget continues to ramp up for annual capital replacement transfers for the Water and Regional Wastewater funds. The Regional Wastewater transfer increases by \$200,000 each year to a level of over \$3.3 million. The Water transfer increases from \$4.6 million a year up to \$5.5 million per year, reflecting additional focus on long-term rehabilitation and replacement needs of the District's portion of DERWA Treatment system assets.

A comprehensive Asset Management program reflects not only capital replacement, but also a proactive preventative maintenance program. Utilizing additional staff resources provided in the last two year budget cycle, the District is transitioning from unscheduled repairs to more preventative maintenance. Additional focus and resources are needed to complete the building of the Asset Management Program database and to analyze resulting data from the District's computerized maintenance management system. The budget approves the addition of two FTEs for the Regional Wastewater Enterprise and one FTE for the Water Enterprise, which will in part contribute to greater effort in this area.

5. To meet the challenges of staffing transitions over the next five years, enhance the leadership, professional, and technical skills of the District's staff

The addition of two of the Full Time Equivalent positions at the Supervising Worker level in the Operations Department, combined with the addition of the Regulatory Compliance Supervisor position and an Assistant General Manager position, will provide additional resources to emphasize District-wide learning and skills development. Moreover, it will broaden possibilities for succession and continuity planning in the organization.

6. Enhance our ability to respond to emergencies and maintain business continuity

A new Regulatory Compliance Supervisor position is included for the Operations Department, which will be dedicated approximately 25% of the time to emergency preparedness. The addition of an Assistant General Manager position will provide some additional support and effort (either directly or indirectly) for this task.

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

Major efforts will include refining the District's Water Supply Policy, last updated in 2015, and continuing to collaborate with other Tri-Valley agencies in the exploration of various long-term water supply, storage, and transmission options such as regional potable reuse, regional desalination, Delta Conveyance, water transfers, Sites Reservoir, Los Vaqueros Reservoir, and the Transfer-Bethany pipeline.

In order to accelerate progress on this goal, an Assistant General Manager position has been added. Either through direct effort, or indirectly by freeing the General Manager of some administrative and special projects duties, significant additional time from the Assistant General Manager and/or the General Manager will be dedicated to this goal.

8. Develop a long-term strategy to ensure greater energy reliability for the District

An energy policy and energy master plan will be developed with a future budget cycle. The creation of a Regulatory Compliance Supervisor position to take over responsibilities for permitting and special projects will free up the Operations Manager to facilitate development of a policy and an energy master plan. No new resources are specifically proposed to address this goal in the current budget, but capital resources will be needed in the future to implement an energy master plan.

Other Policy Consideration

The District will need to prepare a new five year Urban Water Management Plan during FYE 2021. This will be an opportunity for the District to fundamentally reframe its plans for creating better local control and diversification of its water supply. This will be a major work program which will be addressed with \$150,000 of funding from the Operating Budget.

District Financial Issues

The strong local economy, reflected in the rapid increase in new development in Dublin and Dougherty Valley, continues to serve as a beneficial tailwind to the District's finances. Because many of the District's costs are fixed, additions to its customer base enhance the financial condition of the Local Wastewater Enterprise, the Regional Wastewater Enterprise, and the Water Enterprise. The addition of new customer connections also brings in significant "buy in" revenue, a component of capacity reserve fees, which has the effect of strengthening each enterprises' replacement and improvement fund. For the water enterprise, the budget conservatively anticipates a 1.91% growth rate for FYE 2020 and 0.79% growth rate for FYE 2021 based on District projections for dwelling unit equivalents (DUE). The wastewater enterprise assumes a 0.99% and a 0.79% growth rate respectively.

Total District revenues are projected to increase by 6.19% in FYE 2020 and decrease 3.43% in FYE 2021. FYE 2019 service charge revenue saw a slow down of water demand compared to the rapid post-drought recovery of the prior two fiscal years. Although water demand slowed in FYE 2019, staff anticipates increasing service charge revenue in both FYE 2020 and FYE 2021 due to modest growth in water demand and customer accounts. Capacity Reserve Fee revenue is projected to decline over the budget period due to slower development in the service area.

The following chart summarizes the District's operating revenues.

Revenues	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Service Charges	49,239,601	54,130,075	54,760,687	59,261,058	62,515,483
Capacity Reserve Fees	20,330,329	29,944,208	24,845,000	24,271,033	17,355,058
Other Revenues	14,817,685	9,765,035	5,852,763	6,772,135	7,214,781
Interest	354,326	695,672	3,155,038	3,797,123	3,784,966
Total	84,741,941	94,534,990	88,613,488	94,101,350	90,870,288
% Change		11.56%	-6.26%	6.19%	-3.43%

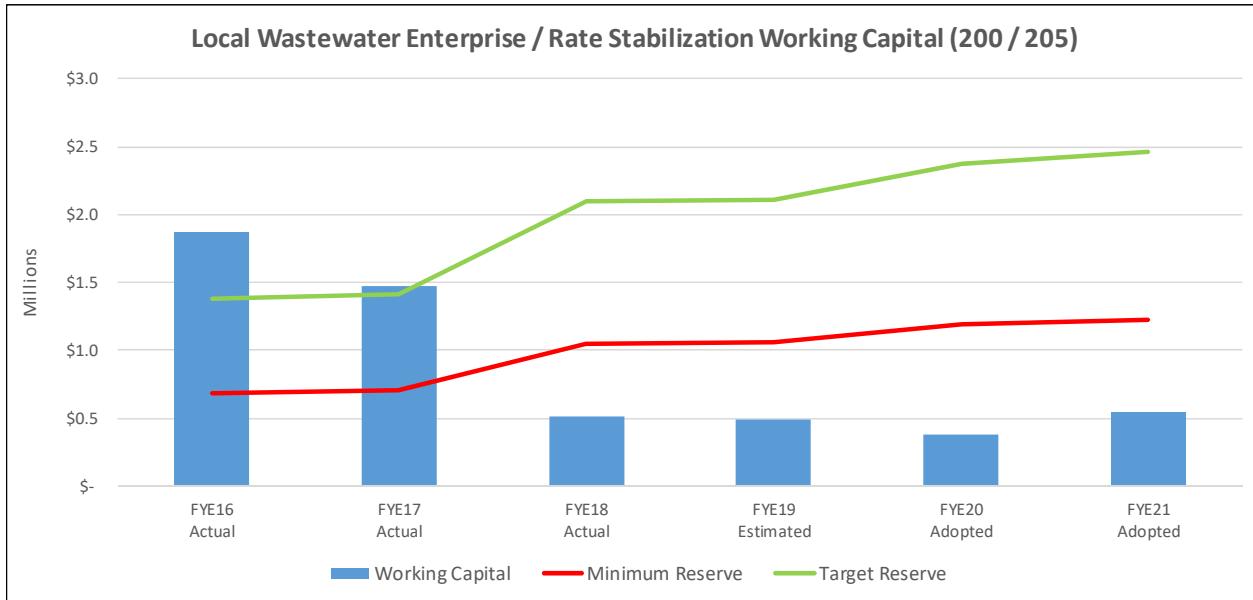
District operating expenditures are projected to grow 5.46% and 1.41% in FYE 2020 and FYE 2021, respectively. Salary and benefits reflect the addition of five full time employee positions and a two-year limited term position. In addition, the Board approved additional contribution to the District's pension UAL with a goal of maintaining a 90%+ funding of this obligation. These additional expenditures are offset by a decline in other expenses, which is primarily due to advance payoff of \$3.4 million for capacity payments to the East Bay Dischargers Association (EBDA) in FYE 2019. EBDA payments are budgeted as contributions to JPAs because they are funded through the Livermore-Amador Valley Management Agency (LAVWMA) of which DSRSD is a member agency. The difference between total revenues in the table above and operating expenses in the table below is used to fund capital activity.

The following chart summarizes the District operating expenses.

Operating Expenses by Category	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Wages and Benefits	20,186,984	20,754,359	22,460,362	26,617,914	27,687,261
Materials	16,271,453	18,413,999	19,534,047	20,084,779	21,330,670
Contracts	6,160,516	5,206,641	7,372,683	7,394,285	7,337,306
Other Expenses	14,906,652	29,765,476	16,998,307	14,818,224	14,825,773
Capital Outlay	467,385	414,482	655,450	1,762,600	491,000
Total	57,992,989	74,554,956	67,020,849	70,677,803	71,672,010
% Change		28.56%	-10.11%	5.46%	1.41%

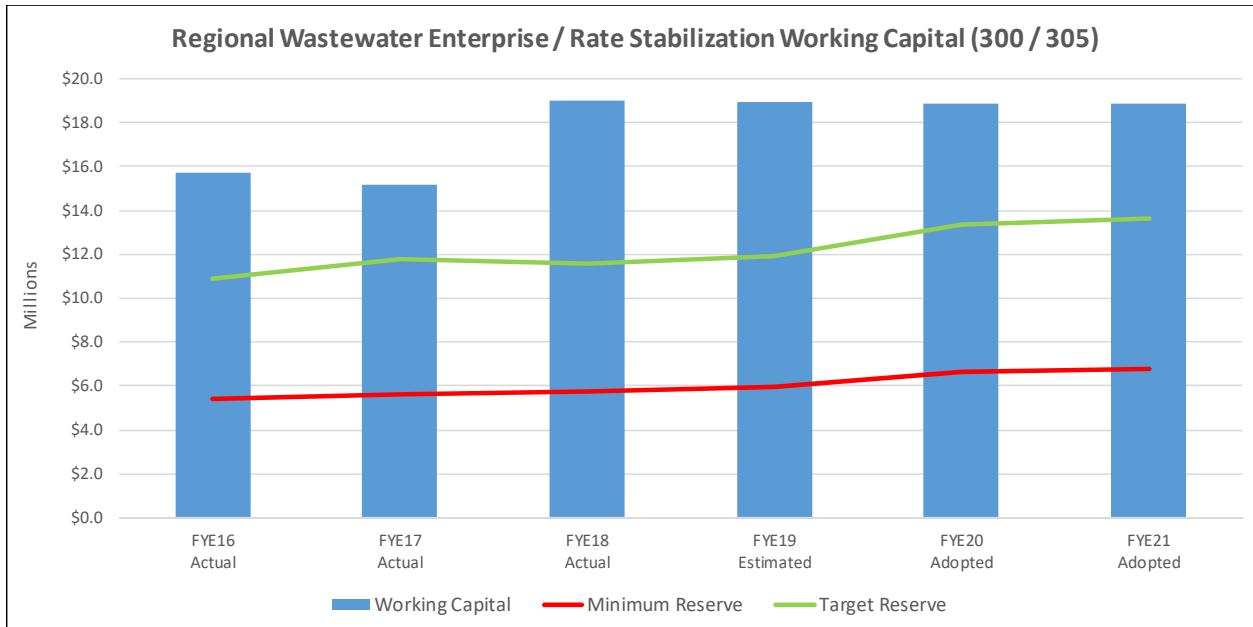
Enterprise and Rate Stabilization Working Capital Overview

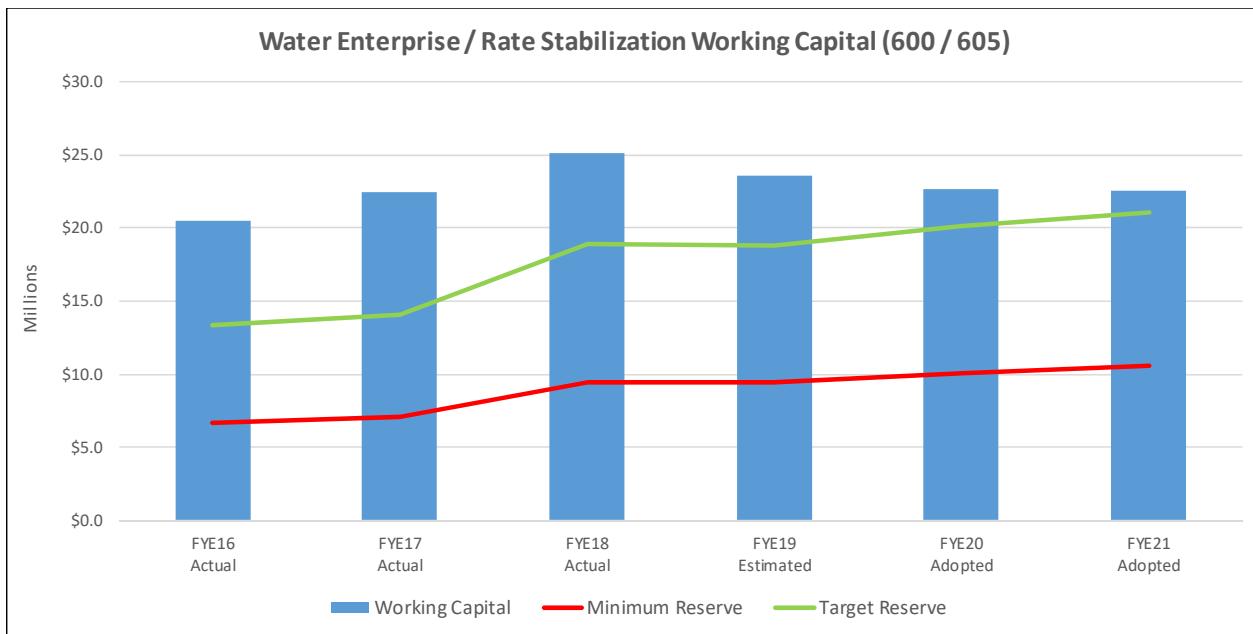
The Local Wastewater Enterprise fund will need to be carefully managed due to very limited working capital resulting in deferred maintenance and underfunding of capital replacement transfers. Even with rate increases of over 10% over each of the next three years, the Local enterprise will remain below policy reserve minimums and only be able to fund basic operations. No capital replacement transfers have been budgeted and the Local Rate Stabilization Fund will have a near zero balance through the budget period.



Although the working capital in the Local Replacement fund looks healthy, there is an outstanding balance of over \$4 million from an interfund loan due to the Local Expansion Fund for the Dublin Trunk Sewer Rehabilitation Project. The Local Replacement fund will be entirely dependent on system “buy in” fees from new development until Local funds are able to restore replacement allocation transfers.

The Regional Wastewater Funds and the Water Funds are healthy with projected reserves above target levels, as illustrated in the following two graphs.





CalPERS Unfunded Actuarial Liability

The District's CalPERS Unfunded Actuarial Liability has been reduced to \$10.2 million. The minimum required payment to CalPERS to address this liability is \$697,249 for FYE 2020, rising to \$1.5 million by FYE 2025. Per Board direction in March of 2019, the adopted operating budget accelerates the District's contribution to \$1.3 million in FYE 2020 and in FYE 2021. Advanced funding of the UAL will result in interest cost savings. Approximately \$2.3 million in interest cost savings is anticipated if the District maintains the budgeted level of contributions is over the next 15 years.

Other Post-Employment Benefits (OPEB)

Compared to almost all other public agencies in California that have retiree medical benefits through CalPERS, the District's funding of OPEB is strong. As a member of the California Employer's Retiree Benefit Trust (CERBT), the District is funded in the top 27% of all participating agencies. Other water agencies participating in CERBT have an average funded status of 47% while the District is at 93% funded as of June 30, 2017, the date of the most recent valuation. Future impacts from OPEB on the District's finances, and costs to ratepayers, are expected to be moderate.

Fund Highlights

The District manages three businesses: Local Wastewater involving the sewer collection system serving Dublin and southern San Ramon, Regional Wastewater including wastewater treatment for Dublin, Southern San Ramon and Pleasanton (by contract), and Water/Recycled Water for Dublin and the Dougherty Valley portion of San Ramon. Each of these three businesses is accounted for separately by an independent "fund family". Each "fund family" includes the following four associated funds:

- Enterprise Fund – to account for operating expenses
- Rate Stabilization Fund – to account for fund reserves for emergency expenditures
- Replacement Fund – to pay for long-term capital replacement of assets
- Expansion Fund – to finance capital improvements needed to serve new development.

The operating budget contains a detailed overview of working capital, revenues, expenses, debt service, and inter-fund transfers for each enterprise fund and its related rate stabilization fund. Additionally, the District has three additional internal service funds to account for allocated administrative overhead, other post-employment benefits (“OPEB”), and the Dougherty Valley Standby Charge District.

A detailed overview of each of the funds listed above can be found in the Financial Overview section of the budget for the Local Wastewater, Regional Wastewater, Water and Internal Service Fund families. For each enterprise, the overview is separated between enterprise/rate stabilization funds and replacement/expansion funds. For this adopted budget, a brief overview is included on each enterprise’s replacement and expansion fund with additional details contained in the separate Capital Improvement Two-Year Budget. Moreover, a master Fund Working Capital Worksheet showing all funds (enterprise, rate stabilization, special, replacement, expansion) can be found in the appendix to this document.

A major indicator of fund health is the level of working capital (or reserves) for each fund. For each of the three main “fund families”, the minimum working capital targets for both the Enterprise and the Rate Stabilization Fund is two months of operating expenses (four months combined) plus debt service per the Board’s Financial Reserves Policy. Highlights of the three main “fund families”, focusing on major trends, can be found in the Financial Overview section of the budget.

Department Operating Budget Highlights

A detailed overview of the accomplishments of each department can be found in the Department Operating Budget Section. Following is a brief summary of budget and operational highlights for each department:

Executive and Legislative Services Department

This department is comprised of the Legislative (Board of Directors budget), the Office of the General Manager, the Executive Services (Office of District Secretary), and Public Affairs (formerly “Communications” and “Public Information”) divisions. An Assistant General Manager position has been included to provide special focus and attention on developing an alternative water supply, to guide organizational improvement efforts such as a fully mature Asset Management Program, and to spur professional and leadership development efforts throughout the organization.

Major programs in FYE 2020 and FYE 2021 include continuing the highly successful Annual Citizens’ Water Academy and further implementing an electronic content management system.

Administrative Services Department

This department is comprised of the Administrative Services, Financial Services, Human Resources and Risk Management, Utility Billing & Customer Service, and Information Technology Services divisions. No additional staffing is proposed for the department. Major work programs for the department over the next two years includes:

- Completion and implementation of the recommendations of a Classification Study and a Compensation Study in 2019;
- Replacement of the District’s 15 year old financial management software, which will be funded in the amount of \$1.5 million through the capital improvement budget;
- Update of the Water Capacity Reserve Fee study, last completed in 2016, which requires an accelerated update based on capital improvement needs;
- Comprehensive update of the District’s miscellaneous fees; and
- Continue implementation of new coaching and feedback evaluation process and employee engagement initiatives.

Engineering Services Department

Comprised of Administration, Capital & Asset Management, and Planning & Permitting divisions, major efforts will focus on implementing a very aggressive Capital Improvement Program. To assist in addressing capital projects, including a special emphasis on improvements in the water system to directly support the Operations Department on water quality issues and implementation of emergency standby power for the water system, two positions will be transferred from the Operations Department to the Engineering Department. One of these positions will be a new 'process engineer', to optimize the operation of the Regional Wastewater Treatment Plant.

Another major effort will be the development of the 2020 Urban Water Management Plan, and continuing collaboration with other Tri-Valley agencies in the exploration of various alternative water supply, storage and transmission projects.

The Engineering Department will continue its planning and permitting review services during a period of high development in Dublin and San Ramon. A number of capital projects to serve new development, including a new Reservoir 20B, is planned to be designed and start construction during the budget period. The Engineering department also anticipates the restoration and remodel of the District Office in early FYE 2020.

Operations Department

The Operations Department is the largest of four departments in the District. Existing FTE staffing will increase from 66 to 71 positions in FYE 2020, including the net impact of a FYE 2019 transfer of two positions to the Engineering Department. The additional FTE will provide for increasing focus on preventative maintenance and operation of the water distribution program, the mechanical maintenance program, and the plant operations program. Additionally, a Regulatory Compliance Officer will help with span of control issues in the Operations Department. Lastly, these new positions will provide a needed resource for better knowledge transfer and technical/professional development for new staff.

Field Operations staff will concentrate on repairs to the water system that had been deferred since 2013, spending an additional \$710,000 per year in the first year, and slowly transitioning back to baseline efforts over a five year period.

Concluding Comments:

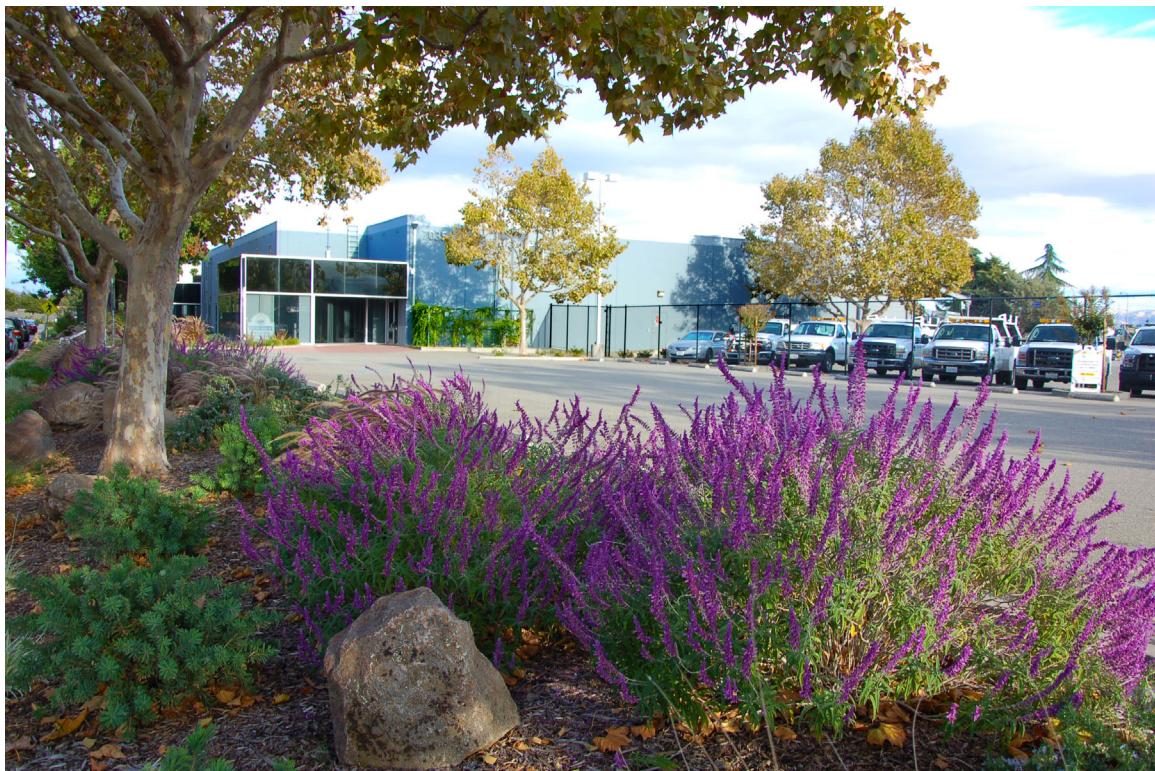
I would like to express my appreciation for the talents and dedication of the three members of the Senior Management Team, Administrative Services Manager Carol Atwood, Engineering Services Manager Judy Zavadil, and Operations Manager Jeff Carson. I would also like to thank all the division managers that form the balance of the organization's Leadership Team for their great effort in planning the District's Strategic Plan and Operating Budget for FYE 2020 and beyond.

I'd like to particularly acknowledge the work of the Finance Division staff for their perseverance and dedication in preparing this completely new budget document despite the unexpected adversity of working with an aging and challenging financial management software/system. Lastly, the support, engagement, and guidance of the Board of Directors is much appreciated.

Respectfully submitted,



Daniel McIntyre
General Manager



Notes

Executive Overview

2019—2024 Strategic Plan

Mission Statement

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.

Strategic Goals and Action Items

1. Maintain our financial stability and sustainability
 - Make early preventative maintenance and rehabilitation expenditures to save on greater deferred costs long-term
 - Develop long-term (ten year) financial models to guide future operating budgets and rate studies
 - Strive to constrain future utility rate increases to no more than general inflation by responsibly managing District costs
2. Make additional investment in information systems that provide a strong return on investment
 - Expand the use of our electronic records management program
 - Replace our finance and utility billing software system by 2022
 - Fully customize and implement our computerized maintenance management system (Lucity) to support our integrated Asset Management Program
3. Update our business practices and procedures
 - Update our electronic operations manuals and integrate them with our electronic records management and maintenance management systems
 - Review and revise our Joint Powers Authority and other interagency agreements to address changing conditions
 - Explore creative ideas for coordinating service delivery with our neighboring agencies
4. Develop a fully integrated Asset Management Program to guide all the District's business decisions
 - Place greater emphasis on preventative maintenance in our operations
 - Integrate capital improvement program planning and operations/maintenance activities to optimize life-cycle costs

Executive Overview

2019—2024 Strategic Plan

5. To meet the challenges of staffing transitions over the next five years, enhance the leadership, professional, and technical skills of the District's staff
 - Diversify and strengthen the skills of staff through multi-agency professional development programs, through stretch assignments, and through active employee engagement
 - Develop a succession planning plan for key positions where feasible
6. Enhance our ability to respond to emergencies and maintain business continuity
 - Update our Emergency Procedures Manual
 - Create a database of emergency assets, equipment, and materials in stock
 - Conduct a District-wide Incident Command System exercise to assess District capabilities
 - Explore coordination of advanced emergency planning with the cities we serve
7. Meet the objectives of the District's water supply policy by developing and implementing an integrated recycled and potable water program
 - Obtain new recycled water sources to meet long-term demands
 - Complete a 2020 Urban Water Management Plan that creates a blueprint for improving long-term water supply reliability
 - Work collaboratively with our Tri-Valley partners in the development of a more diversified and resilient water supply
8. Develop a long-term strategy to ensure greater energy reliability for the District
 - Develop a District energy policy and District energy master plan



Executive Overview

Performance Measures

Operations	Objective	Target	FY18 Actual	FY19 Estimate
<u>Regulatory Compliance</u>				
Wastewater Treatment	Permit Violations	0	0	0
LAVWMA Disposal System	Permit Violations	0	1	0
Water Distribution	Bacti Positive Samples	2	6	1
Collections System	Sanitary Sewer Overflows	3>	1	0
BAAQMD/Facility Compliance	Program Compliance/ Inspections	100%	100/95	100/100
<u>Process Targets</u>				
WWTP Self-Generation Power	Power 70% of annual electrical demand	70%	69%	70%
Diverted WWTP Effluent from LAVWMA	Annual diversion of 40%	40%	42.1%	37.9%
Engineering	Objective	Target	FY18 Actual	FY19 Estimate
Capital & Asset Management	% of budget utilized for capital improvement and asset management projects	70%	52%	25%
Planning & Permitting	Review planning applications on or before due dates Return review comments of improvement plan submittals within 15 days for first submittal and 10 days for second submittal	90% 95%	95% 93%	95% 95%
Administrative Services	Objective	Target	FY18 Actual	FY19 Estimate
Human Resources & Risk Management	Average number of days to fill external recruitments from requisition to hire % of employees current on AB1825, workplace violence prevention and diversity compliance training	130> 100%	167.5 96.3%	172 95%
Utility Billing & Customer Service	Mail bills within five days of the first or 15 th of each month Provide error free bills Customer survey responses as satisfied or very satisfied	95% 95% 95%	100% 100% 100%	100% 100% 100%

Executive Overview

Performance Measures

Administrative Services	Objective	Target	FY18 Actual	FY19 Estimate
Information Technology Services	Full network connectivity available	99%	99.91%	99.91%
	Blocked SPAM email messages	99%	99%	99%
Financial Services	Maintain good credit rating and debt service coverage	AA	AA+	AA+
Executive & Legislative	Objective	Target	FY18 Actual	FY19 Estimate
Executive Services	Respond to public records requests within initial 10 day requirement	100%	100%	100%

Executive Overview

District Overview & 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 government services, including water and wastewater services, recreation and parks, garbage collection, and fire protection before city governments existed. 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. This 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 173,000 residents in Dublin, southern San Ramon, Dougherty Valley, and Pleasanton.

The District is governed by a board of directors that sets policy, adopts budgets, and appoints a general manager to run operations. The Board exercises these powers under the authority of the Community Services District Law (California Government Code 61000 et. Seq). In addition, the Board established policies that are reviewed every four years. Board Financial Policies are summarized in the appendix to this document. Beginning in the 2020 election, Board Directors will be elected by district.

Economic Conditions

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, which is 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 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).

The commercial base of the District's service area (a healthy mix of large and small diverse businesses that include construction, medical and technology) produces greater economic stability and less volatility than more specialized economies such as San Jose (technology) or San Francisco (tourism and technology). As of October 2018, unemployment rates for the cities of Dublin and San Ramon are 2.5%, significantly lower than the rates for the state (4.0%) or counties (2.9% for Alameda and 3.0% for Contra Costa). Unemployment rates also were higher for San Francisco (2.3%) and San Jose (2.6%). The East Bay region will continue to experience growth as it has one of the lowest unemployment rates in the state. East bay unemployment fares better than the 4.3% state unemployment rate. As reported by the East Bay Economic Development Alliance (EDA), the East Bay continues to post record high employment levels. East Bay nonfarm employment increased by 19,200 jobs, a 1.7% increase from March 2017. Employment in the East Bay increased at a faster pace than the nation as a whole, and in many other urban areas, outpacing the 1.5% growth for the nation.

Executive Overview

District Overview & Economic Conditions

The estimated median household income is \$128,403 for Dublin and \$134,188 for San Ramon. The housing market in the East Bay remains strong, with increases in both assessed property values and median existing home prices in Alameda County (9.6% and 5.5% respectively) and Contra Costa County (6.3% and 7.4%). The East Bay's relative home affordability advantage compared to neighboring counties continues to drive local demand.

The East Bay performed well in terms of business activity. As evidenced by taxable sales reaching a record \$48.9 billion in 2017. This represents a 4.4% increase in spending. The Building and Construction category also posted strong growth, with a 9.3% increase during the year. This reflects the rise in construction spending on residential and commercial units permitted in recent years. The outlook for new development in the DSRSD service area remains positive for the long term. Autos and Transportation, as well as, the Restaurants and Hotels categories, had solid growth as rising wages enabled consumers to spend more on leisure activities and durable goods. Another vital sign trending in the right direction is East Bay tourism.

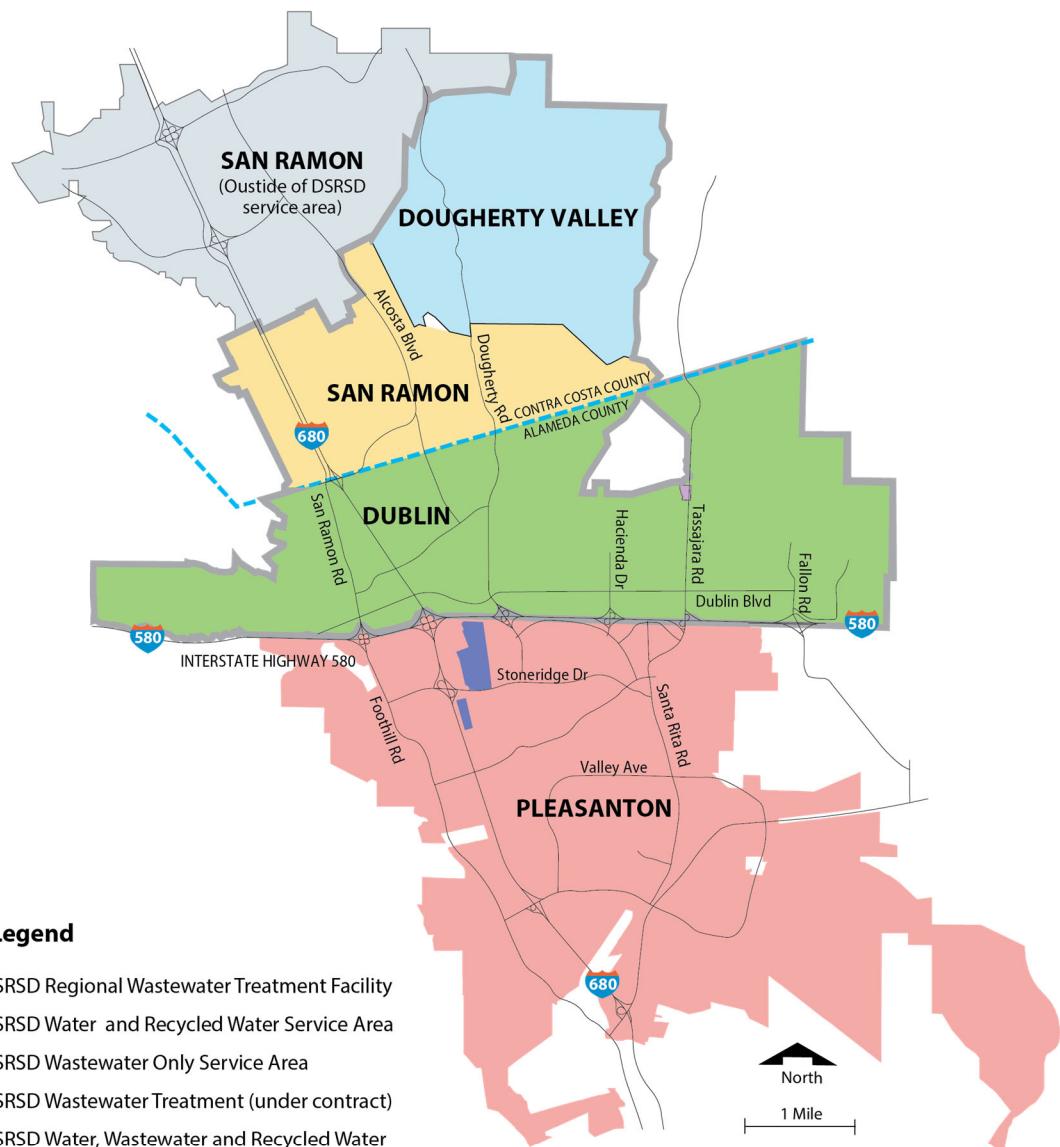
Both Dublin and San Ramon anticipate continued growth in the coming years. Dublin has an estimated population of 63,241, an increase of 4.6% over the previous year. San Ramon's population grew 1.6% to 82,644. According to buildout projections, overall population for Dublin and San Ramon is anticipated to increase 30% by 2035. Over the past decade, the East Bay population has grown significantly. The East Bay region added approximately 22,300 new residents in 2017, leading the Bay Area in terms of absolute population change.

On May 31, 2018, former Governor Edmund G. Brown Jr. signed Senate Bill 606 and Assembly Bill 1668 to establish guidelines for efficient water use and a framework for the implementation and oversight of the new standards on water retailers that must be in place by 2022. The District continues to promote water conservation with public outreach and education. The District has worked with customers to convert landscape irrigation from potable water to recycled water where practical and cost-effective. The District invested in a web-based customer portal solution called Aqua-Hawk to encourage its customers to "take control of their water." The technology is a free service provided by the District to give customers access to their water use activity. Customers can use AquaHawk to monitor their water consumption, to set and receive alerts, and to help control their water bill expenses.

The District's drought response plan includes targeted restrictions in water use, public outreach and education, and implementation of water shortage rates. In addition, the District has worked with customers to convert landscape irrigation from potable water to recycled water where practical and cost-effective. The District also conducted a study of alternatives for improving long-term water reliability.

Executive Overview

Service Area Map



Map Legend

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



Financial Overview

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, 2020 refers to the fiscal year ending June 30, 2020. "Fiscal year ending" is abbreviated as "FYE".

The FYE 2020-2021 budget was developed explicitly to provide enough detail to address key issues that the Board needs in order to make the fundamental policy decisions the budget adoption represents. Prior to the FYE 2018 and FYE 2019 budget process, budget details have been presented in "line item detail" at the Board's Budget Workshop, with a formal budget "book" produced months later. This FYE 2020 and 2021 budget continues this new approach providing the Board with the entire budget document at their workshop in the final approved format.

The District's budget process started at the January 2019 management retreat which identified strengths, weaknesses, opportunities, and threats facing DSRSD. From that exercise management developed revenue estimates and forecasted expenses for the ensuing two fiscal years. The District's General Manager provided guidance to division management regarding budget development. Senior Managers revised division budgets as appropriate prior to General Manager review 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 4, 2019 meeting. A noticed public hearing will be held on June 18, 2019 providing the public an opportunity to voice any concerns and formally make comments regarding the budget directly to the Board prior to adoption.

Financial Overview

Basis of Accounting/GANN Limit

Basis of Accounting

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

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

For enterprise funds, where the proper matching of revenues and costs is important, the District utilizes the full accrual basis of accounting for financial reporting. However, the budget shows items as expenses that normally would be recorded directly to the balance sheet. This provides budgetary control throughout the year. Examples include:

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

In addition, non-cash items such as depreciation and contributions of property 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.

Financial Overview

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 allows the District to properly manage these different circumstances to achieve the desired stability; avoiding wide fluctuations in rates to fund operations. Cell tower lease and property tax revenues are also recorded in the water rate stabilization fund.

Replacement Funds

Replacement funds receive non-operating revenue from developer capacity reserve fees ("buy-in" component) and replacement allocation transfers from enterprise funds. Replacement allocations are based upon funding requirements identified in the District's preliminary 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.

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

Financial Overview

Description of Funds

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 that are 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 staff allocations across enterprise and expansion funds.

Other Post-Employment Benefits Fund

In August 2004, the Governmental Accounting Standards Board (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 budget is finalized. All assessments received for the DVSAD, as well as related expenses, are accounted for in this fund.

Financial Overview

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 flows.

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, 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 and status for each enterprise are included for each fiscal year.

Financial Overview

Working Capital by Fund Families

Local Wastewater Operating Funds: Enterprise (200) / 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 business to the Regional Wastewater Treatment Plant. Of the three utility enterprises, or businesses, that DSRD manages, Local Wastewater is the smallest, representing only about 5% of total DSRD operational costs.

In 2017, the Board received a report on some systemic financial challenges facing the Local Wastewater Enterprise Fund. The report noted that this enterprise could not adequately fund the on-going operations and maintenance of the sewer collections program at current rate levels. One of the primary reasons for the systemic shortfalls is that local wastewater rates had not been set at the level needed to fully fund operations and capital replacement needs for a number of years. Even though general national inflation had increased 31% from 2004 to 2017, the rates in 2017 were at a level of 11.8% below the rates that had existed in 2004. This revenue shortfall existed during a period of deferred maintenance in the collections system program.

A number of corrective actions were taken to begin stabilizing the Local Wastewater Enterprise Fund. First, the Board approved a significant rate adjustment that would increase the local annual charge for residential users by over 94% over five years. Additionally, the Board revised the scheduled transfer to the Local Wastewater Replacement Fund to 50%, and in June of this year reduced this transfer to zero until rate increases could bring the fund back to a favorable financial position. Finally, the Board directed that the balance in the Local Wastewater Rate Stabilization Fund be transferred to the Enterprise Fund to help meet operating expenses in the short term.

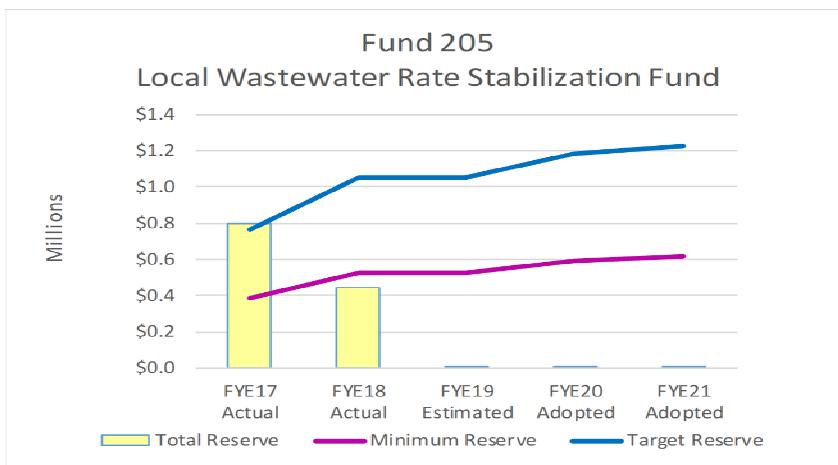
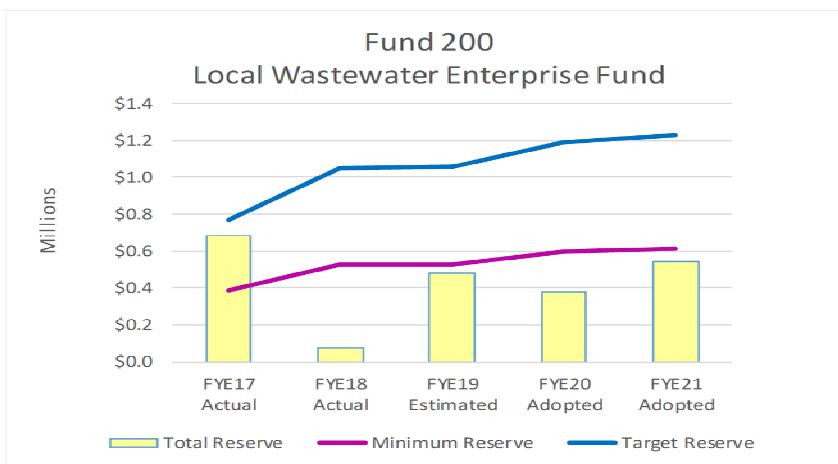
The FYE 2020 and 2021 Budget will continue suspension of replacement allocations until the Local Enterprise Fund reserves improve. Staff will evaluate restoring replacement allocations during the next Local Wastewater Rate Study, which is anticipated for Winter 2022. It is important to reinstate these transfers in order for the Local Replacement Fund to be reliant on rate payers and not developers. The Budget approves the addition of 6.0 FTEs, of which only a small portion (0.2 FTE) is allocated to support Local collection operations.

Due to the above measures, the Local Enterprise Fund is projected to have a positive cash flow in FYE 2021. However, both Local operation funds will remain below reserve policy minimums (2.0 months of working capital) for the budget period. For FYE 2020 and FYE 2021, the Local Enterprise Fund will have 1.28 and 1.76 months of working capital, respectively. The Local Rate Stabilization Fund will have 0.02 and 0.00 months of working capital, respectively.

Local Wastewater Operating Funds

Enterprise Fund & Rate Stabilization Fund

OPERATING BUDGET	Local Enterprise (200)		Local Rate Stabilization (205)	
	FYE 2020	FYE 2021	FYE 2020	FYE 2021
(Estimated) Beginning Working Capital	480,395	378,775	8,904	5,382
Revenues:				
Total Service Charges	3,432,162	3,821,528	-	-
Other Revenues	20,683	20,683	-	-
Interest	9,608	7,576	178	108
Total Revenues	3,462,453	3,849,787	178	108
Operating Expenses:				
Wages and Benefits	2,231,941	2,315,137	-	-
Unfunded Actuarial Liability (Pension/OPEB)	200,896	202,196	-	-
Materials & Supplies	114,082	108,616	-	-
Contracts	167,132	165,004	-	-
Other	22,750	22,750	3,700	4,100
Allocated Costs	827,272	874,336	-	-
Total Operating Expenses	3,564,073	3,688,039	3,700	4,100
Total Expenses	3,564,073	3,688,039	3,700	4,100
Net increase (decrease) pre RSF	(101,420)	161,748	(3,522)	(3,992)
(Estimated) Ending Working Capital post RSF transfers	\$ 378,775	\$ 540,524	\$ 5,382	\$ 1,390



Financial Overview

Working Capital by Fund Families

Local Wastewater Capital Funds: Replacement (210) / Expansion (220)

Each business enterprise in the District has two capital funds—replacement and expansion. A key distinction is that replacement funds are largely funded by rate revenue from existing customers and expansion funds are funded by fee revenue from new development. To ensure that there are sufficient funds to maintain existing assets and to construct the facilities to meet the needs of new customers, the District projects the revenues and expenditures in the capital replacement and expansion funds over the ten-year CIP plan period. Please see the District's Capital Improvement Program for further information.

Over the years, the Local Wastewater Replacement Fund has become overly reliant on funding from developer “buy-in fees” that are part of the Capacity Reserve Fee program. To mitigate this problem, the Local Wastewater Enterprise fund includes increases in transfers into the Replacement Fund to bring a healthy balance to ratepayer versus buy-in fees in FYE 2018 and beyond. Unfortunately, these transfers did not materialize due to the financial condition of the Enterprise fund. To aggravate the situation, the District needed to make major improvements to the Dublin Boulevard Lift Station Relocation (\$1.9 million) and Dublin Trunk Sewer Rehabilitation (\$6.6 million) projects in FYE 2018.

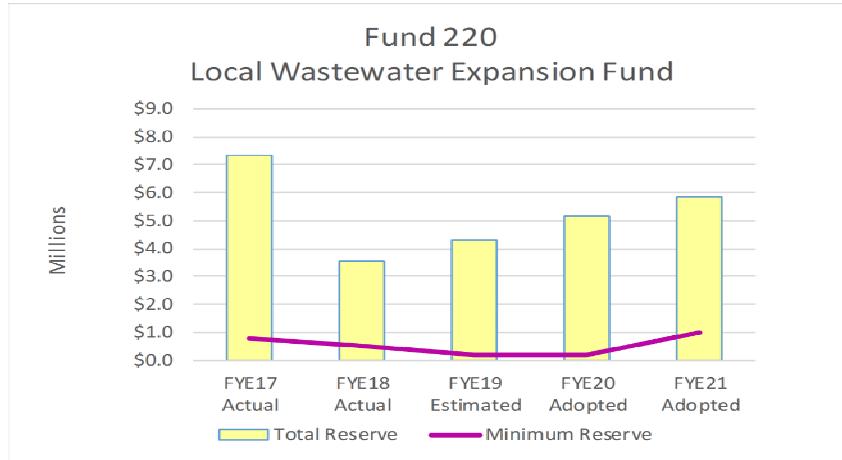
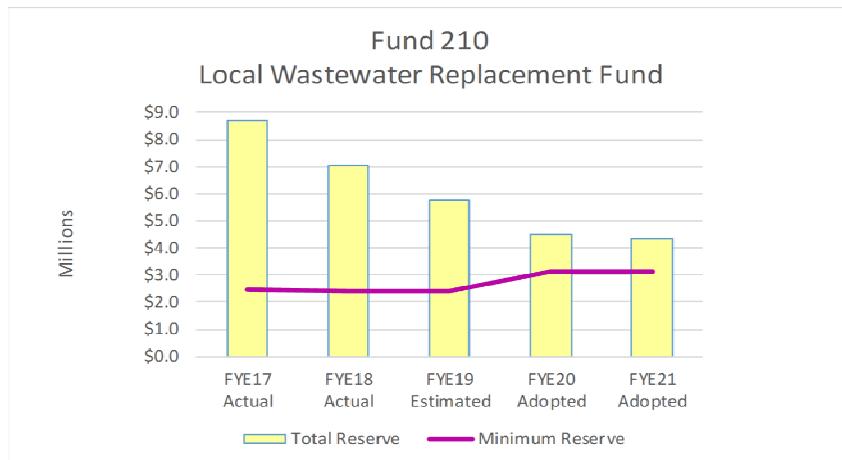
To provide the Replacement Fund with the needed working capital, the Wastewater Expansion Fund loaned the Wastewater Replacement Fund \$5.0 million in FYE 2018. The loan was for a period of six years to bridge the cash flow needs until replacement allocations are once again available from the Local Enterprise Fund. The loan will be repaid in equal installments of \$833,333 plus interest based on Local Agency Investment Fund (LAIF) quarter-ending interest yield beginning in FYE 2019. The adopted Budget includes year two and three of the loan repayment. Capital Projects and Debt Service Payments are projected to exceed the revenues from capacity reserve fees for this fund over the next two years. However, the Local Replacement Fund reserves (FYE 2020: \$4.5 million; FYE 2021: \$4.3 million) are projected to be above reserve policy minimums (\$3.1 million) during the budget period.

The Local Wastewater Expansion Fund is in good financial position with revenues approximating operating and capital project expenditures. In addition, this fund will continue to receive loan payments of \$833,333 plus interest annually from the replacement fund through FYE 2024. The District completed the 2018 Local and Regional Wastewater Capacity Reserve Fee Update in November 2018. Capacity reserve fees were updated based on current information from the District's asset management model and planned growth-related projects. The Study increased the component that funds the Local Replacement Fund (buy-in), but decreased the component that funds the Local Expansion Fund. Capacity Reserve Fees are annually adjusted in July based on the Engineering News-Record Construction Cost Index (CCI) for San Francisco, CA. The Budget assumes a 3.00% CCI and modest development activity over the next two fiscal years. The next Local Capacity Reserve Fee Study is anticipated for Spring 2024. Local Expansion Fund reserves (FYE 2020: \$5.2 million; FYE 2021: \$5.8 million) are projected to remain above reserve policy minimums (FYE 2020: \$0.2 million; FYE 2021: \$1.0 million) during the budget period.

Local Wastewater Capital Funds

Replacement Fund & Expansion Fund

OPERATING BUDGET	Local Replacement (210)		Local Expansion (220)	
	FYE 2020	FYE 2021	FYE 2020	FYE 2021
(Estimated) Beginning Working Capital	5,770,145	4,485,326	4,307,351	5,155,054
Capacity Reserve Fees	1,655,326	1,203,646	50,492	36,715
Other Revenues	-	-	564,000	580,920
Interest	115,403	89,707	86,147	103,101
Total Revenues	1,770,729	1,293,353	700,639	720,736
Transfers In:				
Replacement Allocations	-	-	-	-
Interfund Loan Repaid	-	-	939,583	918,333
Total Transfers In	-	-	939,583	918,333
Total Revenue	1,770,729	1,293,353	1,640,222	1,639,069
Operating Expenses:				
Wages and Benefits	-	-	478,837	503,795
Unfunded Actuarial Liability (Pension/OPEB)	-	-	39,526	39,781
Materials & Supplies	13,200	13,200	2,000	2,000
Contracts	1,000	1,000	55,700	46,730
Other	-	-	280	280
Capital Outlay	503,600	-	-	-
Allocated Costs	-	-	176,892	189,310
Total Operating Expenses	517,800	14,200	753,234	781,896
Capital Projects - Proposed Fund Limits	1,598,164	508,789	39,285	181,744
Transfers Out:				
Interfund Loan Repayment	939,583	918,333	-	-
Total Transfers Out	939,583	918,333	-	-
Total Expenses	3,055,547	1,441,322	792,519	963,640
Net Increase (decrease)	(1,284,818)	(147,969)	847,703	675,429
(Estimated) Ending Working Capital post RSF transfers	\$ 4,485,326	\$ 4,337,357	\$ 5,155,054	\$ 5,830,483



Financial Overview

Working Capital by Fund Families

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

The Regional Wastewater fund group supports the District's wastewater treatment system. The Regional Wastewater service area consists of the City of Dublin and the southern part of the City of San Ramon, and the City of Pleasanton by contract.

The Regional Enterprise Fund has been, and continues to be, in a strong financial condition. Rate increases were adjusted by CPI from July 2012 through July 2016, with no rate increases implemented in FYE 2017 or FYE 2018. The last rate study (2017 Regional Sewer Rate Study) was completed in June 2017, and recommended only inflationary adjustments from FYE 2019 through FYE 2022. In addition, the majority of commercial customers saw reduced treatment rates as we re-classed our customers from individual categories to a low-medium-high rate schedule based on flows and waste composition. Based on the February 2019 Consumer Price Index (CPI), a 3.53% rate adjustment is reflected for FYE 2020 and a 3.00% rate adjustment is assumed for FYE 2021. The next Regional Rate Study is anticipated for Winter 2022.

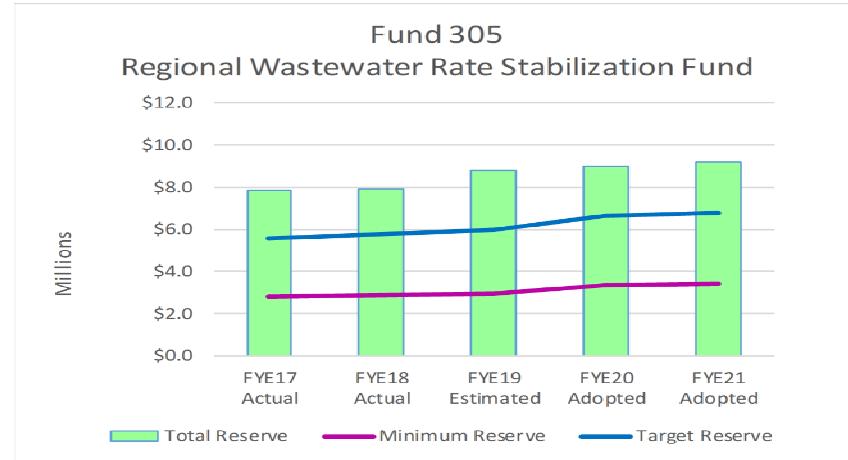
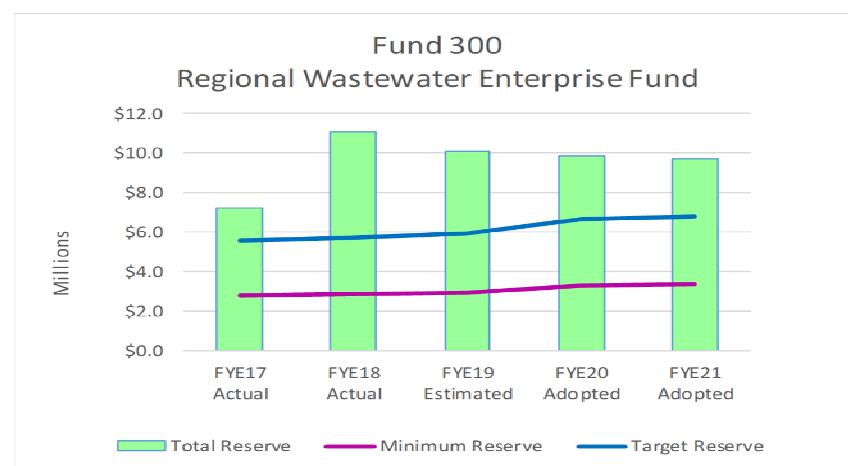
Other revenues for this enterprise fund represents pretreatment and industrial waste lab fees, sampling and permits. This revenue has been at a consistent level over the years. In addition, interest income trends are status quo.

The Budget approves the addition of 6.0 FTEs of which 2.27 FTEs is allocated to support regional treatment operations. For the budget period, combined regional enterprise and rate stabilization funds are projected to be above reserve policy targets (4.0 months of working capital). For FYE 2020 and FYE 2021, the Regional Enterprise Fund will have 5.91 and 5.72 months of working capital, respectively. The Regional Rate Stabilization Fund will have 5.40 and 5.39 months of working capital, respectively.

Regional Wastewater Operating Funds

Enterprise Fund & Rate Stabilization Fund

OPERATING BUDGET	Regional Enterprise (300)		Regional Rate Stabilization (305)	
	FYE 2020	FYE 2021	FYE 2020	FYE 2021
(Estimated) Beginning Working Capital	10,108,658	9,862,333	8,827,375	9,000,222
Revenues:				
Total Service Charges	22,047,514	22,771,677	-	-
Other Revenues	642,419	642,419	-	-
Interest	202,173	197,247	176,547	180,004
Total Revenues	22,892,105	23,611,343	176,547	180,004
Operating Expenses:				
Wages and Benefits	8,439,300	8,819,139	-	-
Unfunded Actuarial Liability (Pension/OPEB)	722,197	726,872	-	-
Materials & Supplies	2,689,494	2,626,515	-	-
Contracts	1,133,010	1,010,797	-	-
Other	251,673	252,717	3,700	4,100
Contribution to JPA	2,073,734	2,073,734	-	-
Debt Service	1,464,323	1,464,414	-	-
Allocated Costs	3,234,698	3,437,734	-	-
Total Operating Expenses	20,008,430	20,411,922	3,700	4,100
Transfers Out:				
Replacement Allocations	3,130,000	3,340,000	-	-
Total Transfers Out	3,130,000	3,340,000	-	-
Total Expenses	23,138,430	23,751,922	3,700	4,100
Net increase (decrease) pre RSF	(246,325)	(140,579)	172,847	175,904
(Estimated) Ending Working Capital post RSF transfers	9,862,333	9,721,754	9,000,222	9,176,126



Financial Overview

Working Capital by Fund Families

Regional Wastewater Capital Funds: Replacement (310) / Expansion (320)

Each business enterprise in the District has two capital funds—replacement and expansion. A key distinction is that replacement funds are largely funded by rate revenue from existing customers and expansion funds are funded by fee revenue from new development. To ensure that there are sufficient funds to maintain existing assets and to construct the facilities to meet the needs of new customers, the District projects the revenues and expenditures in the capital replacement and expansion funds over the ten-year CIP plan period. Please see the District's Capital Improvement Program for further information.

Transfers from the Enterprise Fund (300) to the Replacement Reserve Fund were scheduled to increase from the FYE 2017 level of \$2.5 million to \$4.6 million per year over the next 10 years. This adopted budget remains on this schedule with \$3.13 million and \$3.34 million transferred in FYE 2020 and 2021, respectively. This increase ensures that the replacements are primarily funded by the ratepayers instead of the developers, as ratepayers will be responsible for this program once build-out occurs in the area.

The District completed the 2018 Local and Regional Wastewater Capacity Reserve Fee update in November 2018. Capacity reserve fees were updated based on current information from the District's asset management model and planned growth-related projects. The Study increased the component that funds the Regional Replacement Fund (buy-in), but decreased the component that funds the Regional Expansion Fund. Capacity Reserve Fees are annually adjusted in July based on the Engineering News-Record Construction Cost Index (CCI) for San Francisco, CA. The Budget assumes a 3.00% CCI and modest development activity over the next two fiscal years. The Regional Capacity Reserve Fee Study is anticipated for Spring 2024.

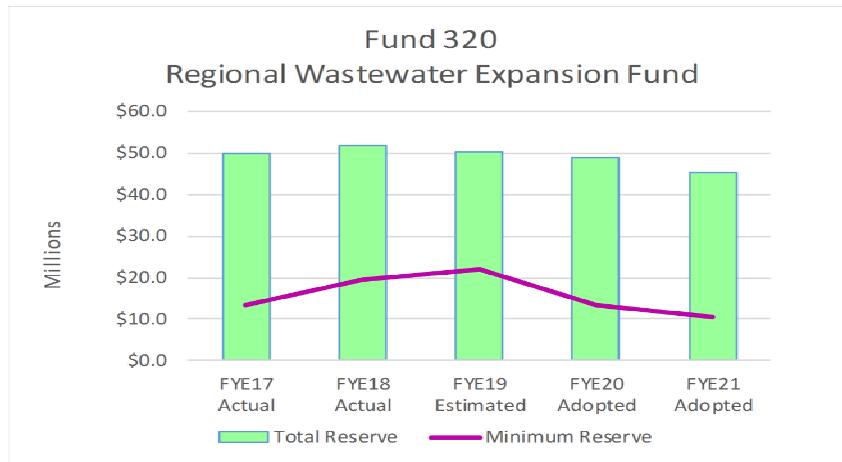
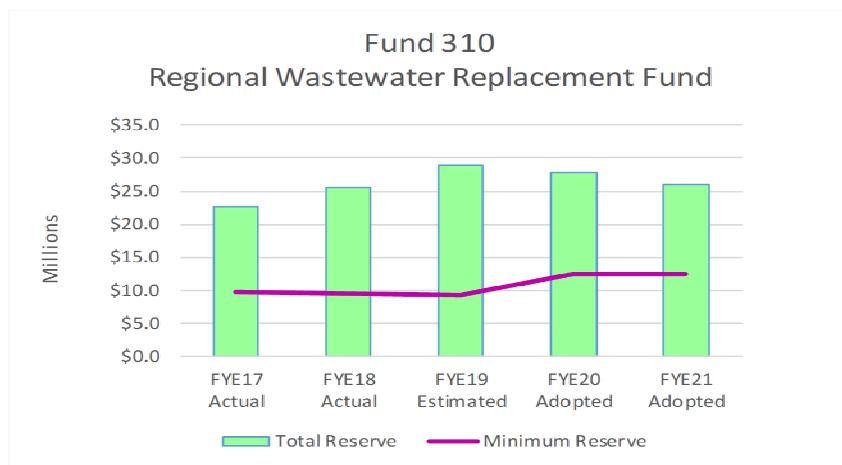
Regional Replacement Fund reserves (FYE 2020: \$27.9 million; FYE 2021: \$26.0 million) are projected to remain above reserve policy minimums (\$12.5 million) during the budget period. Capital Projects will meet or exceed revenues in each year of the adopted budget, reflecting the large amount of new and deferred CIP projects to be completed over the next two year period.

The Regional Expansion Fund is the District's healthiest fund with reserves (FYE 2020: \$48.9 million; FYE 2021: \$45.1 million) projected to be significantly above reserve policy minimums (FYE 2020: \$13.4 million; FYE 2021: \$10.5 million) during the budget period.

Regional Wastewater Capital Funds

Replacement Fund & Expansion Fund

OPERATING BUDGET	Regional Replacement (310)		Regional Expansion (320)	
	FYE 2020	FYE 2021	FYE 2020	FYE 2021
(Estimated) Beginning Working Capital	28,878,412	27,895,496	50,165,553	48,903,509
Revenues:				
Capacity Reserve Fees	3,128,684	2,382,957	8,803,510	6,590,768
Other Revenues	-	-	43,063	43,063
Interest	577,568	557,910	987,306	962,065
Total Revenues	3,706,252	2,940,867	9,833,878	7,595,896
Transfers In:				
Replacement Allocations	3,130,000	3,340,000	-	-
Total Transfers In	3,130,000	3,340,000	-	-
Total Revenue	6,836,252	6,280,867	9,833,878	7,595,896
Operating Expenses:				
Wages and Benefits	-	-	161,476	171,079
Unfunded Actuarial Liability (Pension/OPEB)	-	-	7,625	7,674
Materials & Supplies	62,700	62,700	830	830
Contracts	500	500	5,800	4,305
Other	-	-	140	140
Contribution to JPA	279,600	279,600	-	-
Debt Service	-	-	4,313,385	4,313,654
Capital Outlay	897,200	408,500	-	-
Allocated Costs	-	-	34,044	36,129
Total Operating Expenses	1,240,000	751,300	4,523,300	4,533,811
Capital Projects - Proposed Fund Limits	6,579,168	7,387,991	6,572,622	6,828,450
Total Expenses	7,819,168	8,139,291	11,095,922	11,362,261
Net increase (decrease)	(982,916)	(1,858,424)	(1,262,044)	(3,766,365)
(Estimated) Ending Working Capital post RSF transfers	27,895,496	26,037,072	48,903,509	45,137,144



Financial Overview

Working Capital by Fund Families

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

The Water Fund Group supports the District's potable and recycled water system. The District has provided recycled water service since 1999. The Water service area consists of the City of Dublin and the Dougherty Valley area of the City of San Ramon.

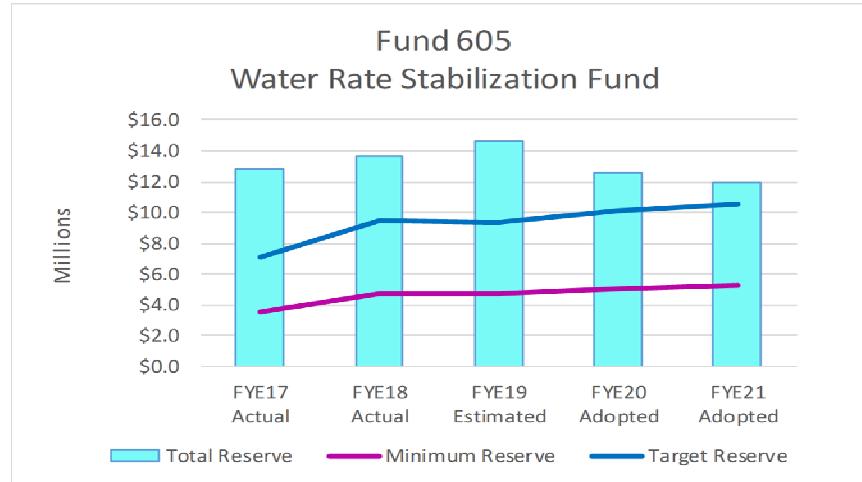
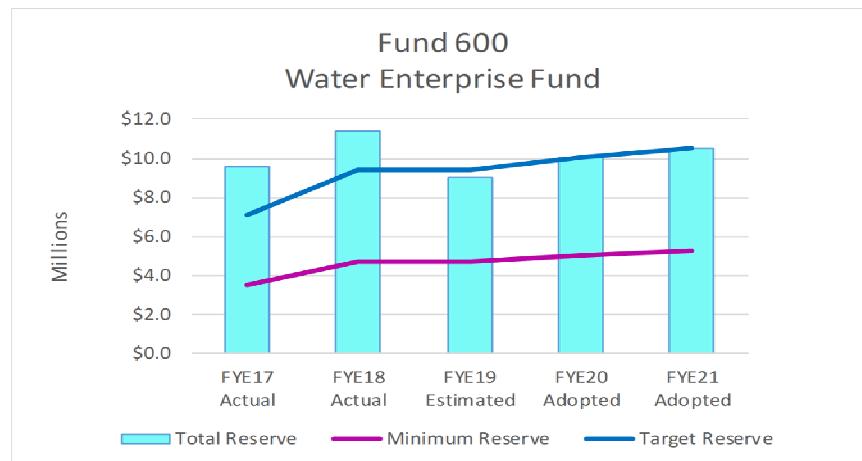
The 2019 Comprehensive Water Cost of Service Study was completed in April 2019. Unlike previous studies, the Study incorporates a number of major policy decisions made by the Board resulting in significant changes to the District's water rate structure. In addition, a recent court case has had implications for conservation pricing and tiered rate structures, primarily impacting our lower water users. To partially mitigate the impact of the restructured rates, the District is considering no rate adjustments for January 2019 and 2020, and limiting future rate adjustments to inflation for 2021 through 2023. In addition, to smooth out the impact to some of our ratepayers, the District anticipates utilizing water fund reserves to meet some expenses over the next five year rate period. Transfers in the amount of \$2.98M in FYE 2020 and \$1.53M in FYE 2021 are anticipated from the Rate Stabilization Fund to the Enterprise Fund. The Budget assumes a 3.00% rate adjustment for FYE 2021. The next Water Rate Study is anticipated for Winter 2024.

The Budget approves the addition of 6.0 FTEs of which 1.93 FTEs is allocated to support the Water enterprise Fund operations. Efforts are underway to take District operations to a proactive versus reactive approach for maintenance of our water system, embracing current best practices in regards to water flushing, infrastructure maintenance and increased water flows throughout the system to enhance water quality. Contracts will be gradually reduced over a five year period as the District catches up on deferred maintenance projects.

Both the Water Enterprise and Rate Stabilization funds are projected to be above reserve policy targets (4.00 months of working capital). The Water Enterprise Fund will have 4.00 months of working capital for both FYE 2020 and FYE 2021. The Water Rate Stabilization Fund will have 5.00 and 4.55 months of working capital respectively.

Water Operating Funds
Enterprise Fund & Rate Stabilization Fund

OPERATING BUDGET	Water Enterprise (600)		Water Rate Stabilization (605)	
	FYE 2020	FYE 2021	FYE 2020	FYE 2021
(Estimated) Beginning Working Capital	8,971,931	10,079,981	14,622,957	12,597,341
Revenues:				
Total Service Charges	33,781,383	35,922,277	-	-
Other Revenues	573,221	580,969	746,162	761,086
Interest	179,439	201,600	292,459	251,947
Total Revenues	34,534,043	36,704,846	1,038,621	1,013,033
Operating Expenses:				
Wages and Benefits	6,228,686	6,483,275	-	-
Unfunded Actuarial Liability (Pension/OPEB)	530,327	533,760	-	-
Materials & Supplies	1,408,159	1,345,335	-	-
Water Purchase	15,066,704	16,466,711	-	-
Contracts	2,430,113	2,081,531	-	-
Other	122,215	119,359	80,600	88,800
Contribution to JPA	2,170,731	2,170,731	-	-
Allocated Costs	2,283,007	2,415,509	-	-
Total Operating Expenses	30,239,942	31,616,211	80,600	88,800
Transfers Out:				
Replacement Allocations	5,494,688	5,494,688	-	-
Debt Service	675,000	675,000	-	-
Total Transfers Out	6,169,688	6,169,688	-	-
Total Expenses	36,409,630	37,785,899	80,600	88,800
Net Increase (decrease) pre RSF	(1,875,588)	(1,081,052)	958,021	924,233
Ending Working Capital pre RSF	7,096,344	8,998,928	15,580,978	13,521,574
RSF Transfer In (Out)	2,983,637	1,539,809	(2,983,637)	(1,539,809)
Net Increase (decrease) post RSF	1,108,049	458,756	(2,025,616)	(615,576)
(Estimated) Ending Working Capital post RSF transfers	\$ 10,079,981	\$ 10,538,737	\$ 12,597,341	\$ 11,981,766



Financial Overview

Working Capital by Fund Families

Water Capital Funds: Replacement (610) / Expansion (620)

Each business enterprise in the District has two capital funds—replacement and expansion. A key distinction is that replacement funds are largely funded by rate revenue from existing customers and expansion funds are funded by fee revenue from new development. To ensure that there are sufficient funds to maintain existing assets and to construct the facilities to meet the needs of new customers, the District projects the revenues and expenditures in the capital replacement and expansion funds over the ten-year CIP plan period. Please see the District's Capital Improvement Program for further information.

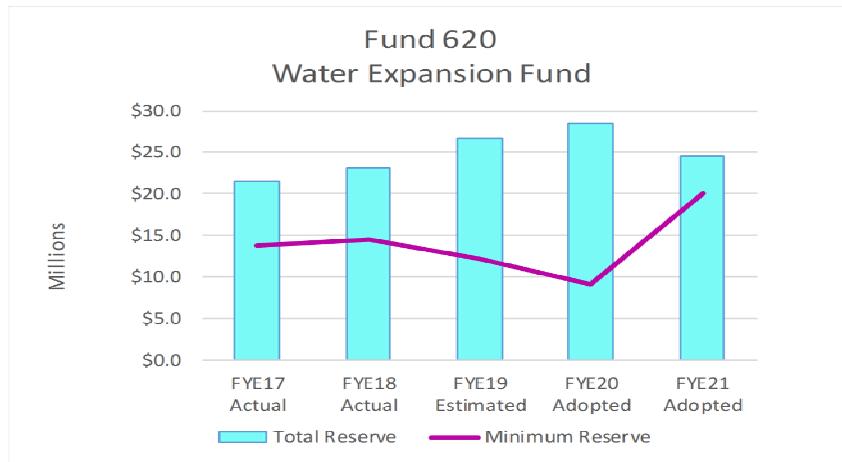
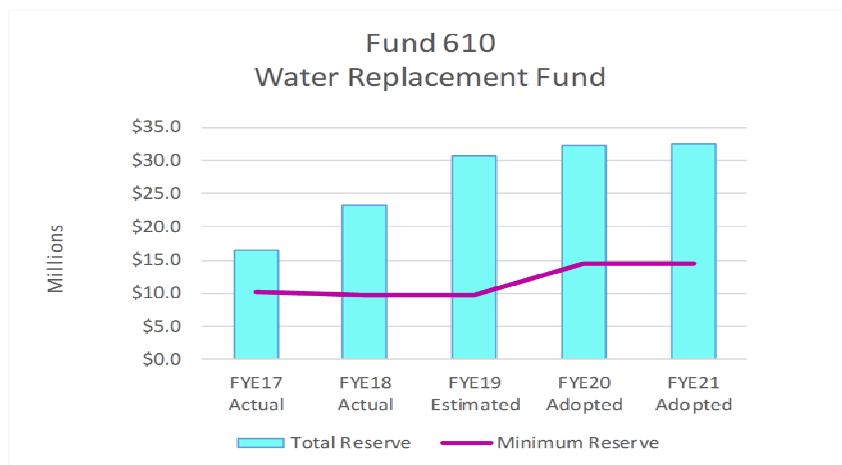
Water Replacement Fund reserves has grown significantly over the past few years due to strong development activity. The 2016 Water Capacity Reserve Fee Study was completed in May 2016 and the Budget includes appropriations for a new study in FYE 2021. Capacity Reserve Fees are annually adjusted in July based on the Engineering News-Record Construction Cost Index (CCI) for San Francisco, CA. The Budget assumes a 3.00 percent CCI and strong development activity over the next two fiscal years. Replacement allocations from the Water Enterprise Fund (600) is budgeted at \$5.5 million for each year, which will further improve the fiscal strength of the fund. Water Replacement Fund reserves are projected to be \$32.2 million in FYE 2020 and \$32.3 million in FYE 2021, which is well above the policy minimum reserve targets (\$14.5 million).

Water Expansion Fund (620) reserves have also grown due to strong development activity. Development activity is anticipated to remain strong over the budget period as well. Greater growth-related capital projects (\$3.0 million in FYE 2020 and \$6.2 million in FYE 2021) are needed to support anticipated development activity over the budget period. Water Expansion Fund reserves are projected to be \$28.5 million in FYE 2020 and \$24.6 million in FYE 2021, which is above the policy minimum reserve targets (FYE 2020: \$9.2 million; FYE 2021: \$20.0 million).

Water Capital Funds

Replacement Fund & Expansion Fund

OPERATING BUDGET	Water Replacement (610)		Water Expansion (620)	
	FYE 2020	FYE 2021	FYE 2020	FYE 2021
(Estimated) Beginning Working Capital	30,648,833	32,167,540	26,757,338	28,458,339
Revenues:				
Capacity Reserve Fees	3,258,204	2,207,751	7,374,818	4,933,221
Other Revenues	3,875	3,875	1,432,000	1,474,960
Interest	612,977	643,351	535,147	569,167
Total Revenues	3,875,056	2,854,977	9,341,964	6,977,348
Transfers In:				
Replacement Allocations	5,494,688	5,494,688	-	-
Debt Service	-	-	675,000	675,000
Total Transfers In	5,494,688	5,494,688	675,000	675,000
Total Revenue	9,369,744	8,349,665	10,016,964	7,652,348
Operating Expenses:				
Wages and Benefits	-	-	708,890	738,603
Unfunded Actuarial Liability (Pension/OPEB)	-	-	55,554	55,913
Materials & Supplies	160,600	136,100	402,760	370,760
Contracts	1,500	1,500	115,800	176,855
Other	178,120	178,120	420	420
Contribution to JPA	-	-	1,051,840	1,051,840
Debt Service	-	-	2,703,270	2,703,270
Capital Outlay	361,800	82,500	-	-
Allocated Costs	-	-	237,100	253,433
Total Operating Expenses	702,020	398,220	5,275,634	5,351,094
Capital Projects - Proposed Fund Limits	7,149,017	7,783,418	3,040,330	6,172,166
Total Expenses	7,851,037	8,181,638	8,315,964	11,523,260
Net increase (decrease)	1,518,707	168,027	1,701,001	(3,870,912)
(Estimated) Ending Working Capital post RSF transfers	\$ 32,167,540	\$ 32,335,567	\$ 28,458,339	\$ 24,587,427



Financial Overview

Working Capital by Fund Families

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

The District has two internal service funds—the Administrative Costs Center and the Other Post-Employment Benefits Fund, as well as the Dougherty Valley Standby Assessment District.

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

The Administrative Cost Center budgets are \$7.8 million and \$8.2 million for FYE 2020 and FYE 2021 respectively. The Budget approves the addition of 6.0 FTEs of which 1.60 FTEs is allocated to the Administrative Cost Center, thus explaining the increase in wages and benefits. In addition, contracts have increased due to the timing of rate studies, a class and compensation study, and additional technology needs attributable to records management and information technology service contracts.

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 to cover these costs. As of the last OPEB actuarial valuation in 2017 the District has a funded ratio of 93.0%.

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 DVSCD 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 DVSCD a proportionate share of SWP costs on Zone 7's behalf. The agreement that established the DVSCD placed a limit on total collected assessments to \$1.56 million. SWP costs are anticipated to increase significantly over the next few years and will exceed the DVSCD limit. Based on estimates from the Zone 7 Water Agency, an additional increment will be charged to recover SWP costs that exceed the DVSCD limit. Expenses are projected to increase 12.0% in FYE 2020 and 10.7% in FYE 2021 due to higher SWP costs.

Internal Service Operating Funds
Administrative Cost Center
Other Post-Employment Benefits (OPEB)
Dougherty Valley Standby Assessment District (DVSAD)

OPERATING BUDGET	Administrative Cost Center (900)		OPEB (965)		DVSAD (995)	
	FYE 2020	FYE 2021	FYE 2020	FYE 2021	FYE 2020	FYE 2021
(Estimated) Beginning Working Capital	-	-	40,927	-	1,067,647	1,059,263
Draw from CERBT	-	-	947,173	1,064,867	-	-
Adjusted Working Capital	-	-	988,100	1,064,867	1,067,647	1,059,263
Revenues:						
Other Revenues	1,029,700	1,029,700	-	-	1,717,012	2,077,306
Interest	-	-	819	-	21,353	21,185
Total Revenues	1,029,700	1,029,700	819	-	1,738,365	2,098,291
Operating Expenses:						
Wages and Benefits	5,427,602	5,632,727	-	-	-	-
Other Personnel Costs	396,137	392,444	988,919	1,064,867	-	-
Materials & Supplies	164,249	197,903	-	-	-	-
Contracts	1,736,980	1,915,334	-	-	1,746,750	1,933,750
Other	97,744	97,744	-	-	-	-
Allocated Costs	(6,793,012)	(7,206,452)				
Total Operating Expenses	1,029,700	1,029,700	988,919	1,064,867	1,746,750	1,933,750
Net Increase (decrease) pre RSF	-	-	(988,100)	(1,064,867)	(8,385)	164,541
(Estimated) Ending Working Capital	-	-	-	-	1,059,263	1,223,804



Financial Overview

Operating Revenue

Local Wastewater Service Charges

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

The last Local study (*2017 Local Wastewater Rate Study*) was completed in June 2017. The Study determined that Local service charges had not kept pace with rising costs and projected that reserves would fall below policy minimum target levels. The Study recommended an aggressive five year rate adjustment plan to improve the fund's financial outlook. The Budget reflects years four and five of adopted rate adjustments from the five-year plan. The next Local study is anticipated in FYE 2023. The current study is available at <https://www.dsrsd.com/home/showdocument?id=5332>.

Below is a summary of the Local Wastewater Service Charge revenues for years 2011 through 2021. Rates have been historically low because they had not been adjusted for inflation. Even though general inflation had increased 31% from 2004-2017, the Local Rates in 2017 were at a level of 11.8% below the rates that existed in 2004, thus necessitating a rate increase to fully fund operations and capital replacement needs as proposed by the recently conducted cost-of-service study in 2017. Detailed rates for various customer classes are available at <https://www.dsrsd.com/your-account/rates-fees/wastewater-rates>.



Financial Overview

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	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Service Charges	49,239,601	54,130,075	54,760,687	59,261,058	62,515,483
Capacity Reserve Fees	20,330,329	29,944,208	24,845,000	24,271,033	17,355,058
Other Revenues	14,817,685	9,765,035	5,852,763	6,772,135	7,214,781
Interest	354,326	695,672	3,155,038	3,797,123	3,784,966
Total	84,741,941	94,534,990	88,613,488	94,101,350	90,870,288
% Change		11.56%	-6.26%	6.19%	-3.43%

Service Charges

Total Service Charge revenue is projected to increase by 8.22% in FYE 2020 and 5.49% in FYE 2021.

- **Local Wastewater:** Local service charge revenue is projected to increase 10.5% and 11.34% in FYE 2020 and FYE 2021, respectively, as a result of the *2017 Local Wastewater Rate Study*. Local rates had not kept pace with rising costs and reserves had fallen below policy minimum target levels resulting in the Study recommending an aggressive five year rate adjustment plan to improve the fund's financial outlook.
- **Regional Wastewater:** Regional service charge revenue is projected to increase by 3.0% in FYE 2020 with a modest increase of 3.3% in FYE 2021. Due to the strong fiscal position in the Regional Operations Fund, the *2017 Regional Sewer Rate Study* recommended inflationary rate adjustments for the next five years. Revenue was further adjusted to reflect timing of development on account growth.
- **Water:** Water service charge revenue is projected to increase 11.66% in FYE 2020 and increase 6.3% in FYE 2021. Projections reflect refinements of projected water demand and customer account growth from the *2019 Comprehensive Water Cost of Service Study*. Post-drought water demand is anticipated to slowly recover over the next few years due to changed customer behavior.

Service Charges	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Local Wastewater Enterprise	2,281,875	2,532,933	3,106,418	3,432,162	3,821,529
Regional Wastewater Enterprise	19,126,155	20,945,618	21,401,631	22,047,514	22,771,677
Water Enterprise	27,831,571	30,651,524	30,252,638	33,781,383	35,922,277
Total	49,239,601	54,130,075	54,760,687	59,261,058	62,515,483
% Change		9.93%	1.16%	8.22%	5.49%

Financial Overview

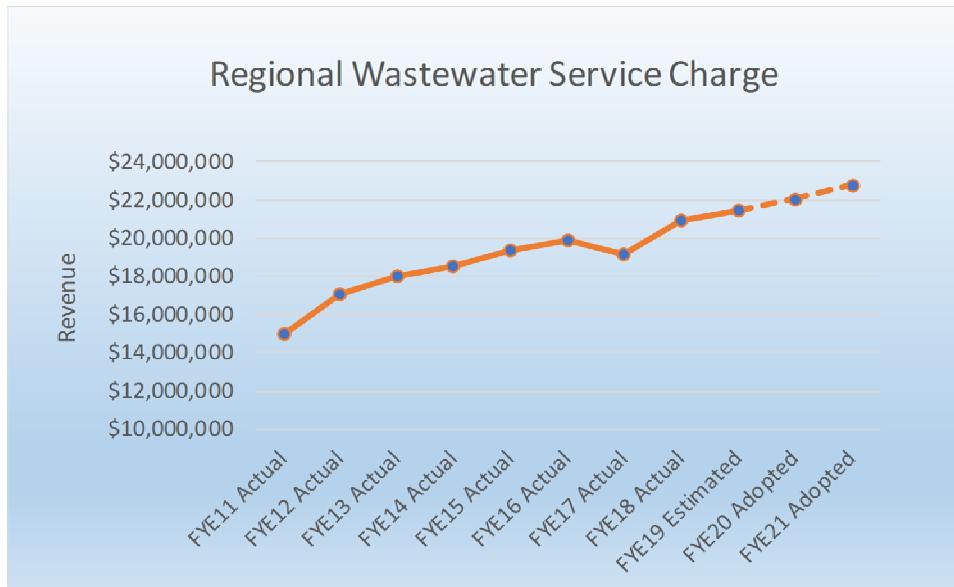
Operating Revenue

Regional Wastewater Service Charge

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

The last Regional study (*2017 Regional Sewer Rate Study*) was completed in June 2017. Due to the strong fiscal position in Regional Operation Funds, the Study recommended inflationary rate adjustments for the next five years. Based on the February 2019 Consumer Price Index (CPI), a 3.53% rate adjustment is reflected for FYE 2020 and a 3.00% rate adjustment is assumed for FYE 2021. The next Regional study is anticipated in FYE 2023. The current study is available at <https://www.dsrsd.com/home/showdocument?id=5330>.

Below is a summary of the Regional Wastewater Service Charge revenues for years 2011 through 2021. Revenues have modestly increased annually by a combination of an adjustment to the rates by the CIP factor and growth. The revenue for FY2020 through FY2021 is anticipated to increase slightly as adjusted by the CPI factor. Detailed rates for various customer classes are available at <https://www.dsrsd.com/your-account/rates-fees/wastewater-rates>.



Financial Overview

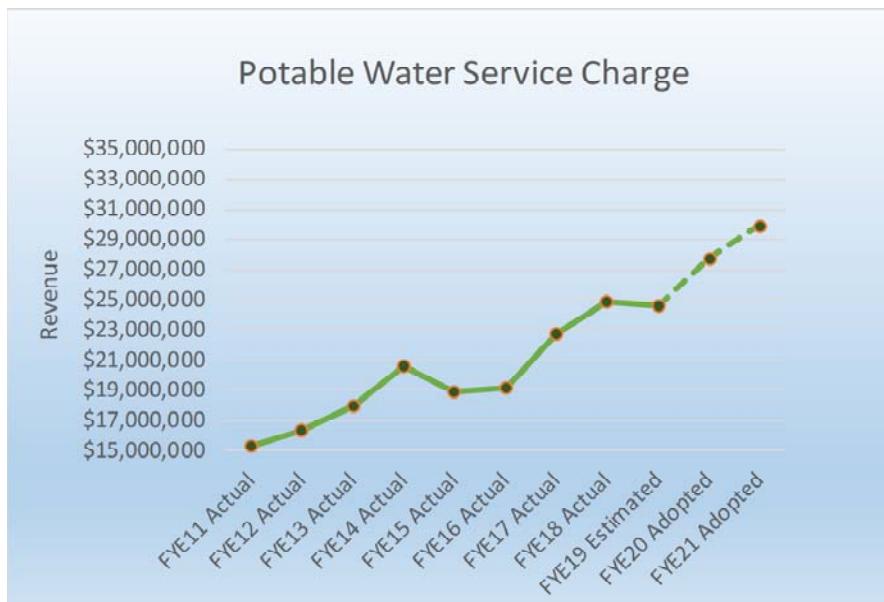
Operating Revenue

Potable Water Service Charge

The District provides potable water service to the City of Dublin and the Dougherty Valley area in the City of San Ramon. The District's potable water supply is primarily through purchases from the Zone 7 Water Agency, which represents the largest expense in the Water Enterprise Fund. To recover the costs of water purchases, the District established a pass-through Zone 7 Cost of Water 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 is intended to fully offset water purchases.

The *2019 Comprehensive Water Cost of Service Study* was completed in June 2019. Due to the strong fiscal position in the Water Operation Funds, the Study recommended inflationary rate adjustments beginning in FYE 2021. Water service charges will be adjusted annually in January based on the Consumer Price Index (CPI) for the San Francisco-Oakland-Hayward, CA area. The Budget assumes a 3.00% rate adjustment for FYE 2021. The next Water study is anticipated in FYE 2024. The current study is available at <https://www.drsd.com/home/showdocument?id=6831>.

Below is a summary of the Potable Water Service Charge revenues for years 2011 through 2021. Revenues for years 2011-2014 gradually increased due to growth and decreased by 30% for the following two years due to the drought and water restrictions. Revenues began trending upward in 2015 and surged up in 2016 as mandatory limits on water usage were lifted as the drought ended. The years following has revenues increasing by an average of 18% as water consumption rebounded from the drought. Detailed rates for various customer classes are available at <https://www.drsd.com/your-account/rates-fees/water-rates>.



Financial Overview

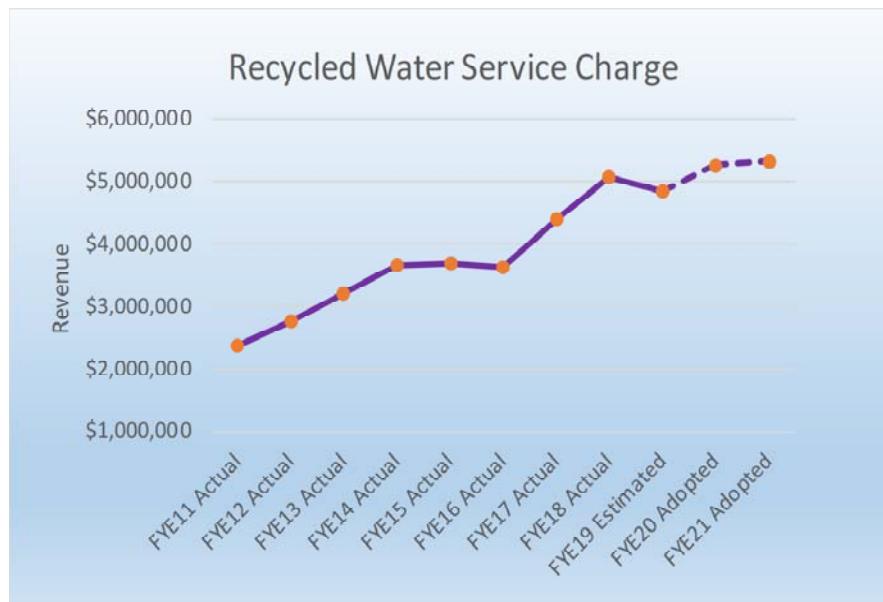
Operating Revenue

Recycled Water Service Charge

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

The *2019 Comprehensive Water Cost of Service Study* revised the Recycled Water Charge to be based on the District's contribution to JPA costs for DERWA. The Recycled Water Charge will be adjusted annually in January based on the Consumer Price Index (CPI) for the San Francisco-Oakland-Hayward, CA area. The Budget assumes a 3.00 percent CPI beginning in FYE 2021.

Below is a summary of the Recycled Water Service Charge revenues for years 2011 through 2021. Revenues for years 2011-2014 increased due to growth and adjustment to the CPI. Between 2015-2017, recycled water's revenue flattened as a result of the water restrictions due to the drought but rebounded thereafter once the drought ended. In 2017 the District increased efficiency of the recycling water plant to produce an additional 2.4 million gallons of recycled water per day and met the demand of customers for recycled water, which was a record high demand. Recycled water revenue is expected to increase as rates are adjusted by the CPI factor. Detailed rates for various customer classes are available at <https://www.dsrsd.com/your-account/rates-fees/water-rates>.



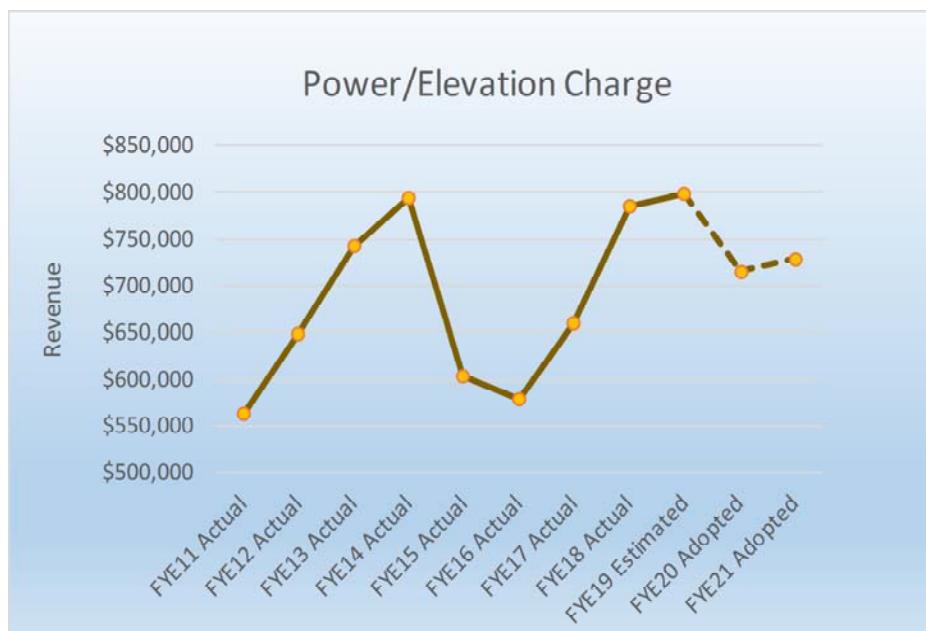
Financial Overview

Operating Revenue

Power Charge

A power charge applies to service locations in Pressure Zones 2 – 4 (where water must be pumped above 389 feet in elevation). The *2019 Comprehensive Water Cost of Service Study* recommended a slight decrease based on projected power costs. The Power Charge is typically adjusted annually in January based on the Consumer Price Index (CPI) for the San Francisco-Oakland-Hayward, CA area. The Budget assumes a 3.00 percent CPI beginning in FYE 2021 along with modest recovery in water demand.

Below is a summary of the Power Service Charge revenues for years 2011 through 2021. Detailed rates for various customer classes are available at <https://www.dsrsd.com/your-account/rates-fees/water-rates>.



Financial Overview

Operating Revenue

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.

Buy-in – “Buy-in” to existing infrastructure (net of the principal on any related debt) that is available to serve 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)

Capacity Reserve Fee revenue is cyclical and tied to new building activity. Revenue will decline as developable land in the District’s service area is exhausted (buildout). Total Capacity Reserve Fee revenue is projected to decline in both FYE 2020 and FYE 2021 based on current development information received from the cities of Dublin, San Ramon, and Pleasanton planning departments.

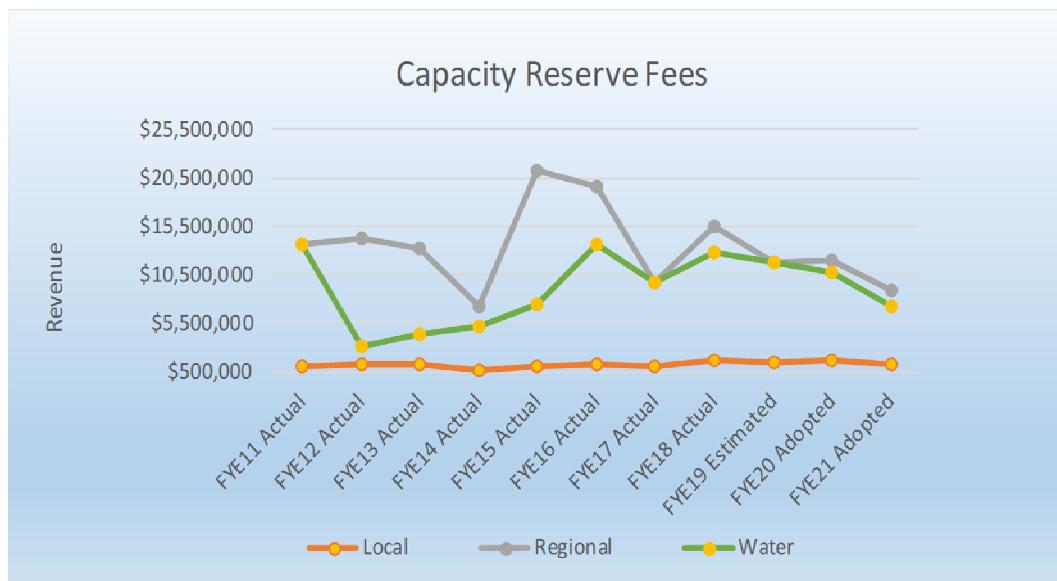
Capacity Reserve Fees	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Local Wastewater Replacement	496,158	843,793	1,030,000	1,655,326	1,203,646
Local Wastewater Expansion	479,073	820,493	430,000	50,492	36,715
Regional Wastewater Replacement	1,319,556	2,228,443	2,250,000	3,128,684	2,382,957
Regional Wastewater Expansion	8,426,166	13,279,254	9,415,000	8,803,510	6,590,768
Water Replacement	2,513,852	3,847,967	3,720,000	3,258,204	2,207,751
Water Expansion	7,095,524	8,924,258	8,000,000	7,374,818	4,933,221
Total	20,330,329	29,944,208	24,845,000	24,271,033	17,355,058
% Change		47.29%	-17.03%	-2.31%	-28.49%

Financial Overview

Operating Revenue

Local Wastewater Capacity Reserve Fees are only comprised of expansion and buy-in components; there is no debt component. Regional Wastewater Capacity Reserve Fees include a debt component for the 2011 LAVWMA Sewer Revenue Refunding Bonds. The District completed the *2018 Local and Regional Wastewater Capacity Reserve Fee Update* in November 2018. The Study updated capacity reserve fee calculation to include current information from the District's asset model, which increased the buy-in component. Based on fewer growth-related projects in the capital improvement program, the expansion component was significantly decreased in the Study. Capacity Reserve Fees are annually adjusted in July based on the Engineering News-Record Construction Cost Index (CCI) for San Francisco, CA. The Budget assumes a 3.00 percent CCI and modest development activity over the next two fiscal years. The next fee study is anticipated for FYE 2023. The current Study is available at <https://www.dsrsd.com/home/showdocument?id=6697>.

Water Capacity Reserve Fees include a debt component for the 2017 Water Revenue Refunding Bonds. The District completed the *2016 Water Capacity Reserve Fee Study* in May 2016. The Study increased both the buy-in and expansion components, but decreased the debt component. Capacity Reserve Fees are annually adjusted in July based on the Engineering News-Record Construction Cost Index (CCI) for San Francisco, CA. The Budget assumes a 3.00 percent CCI and modest development activity over the next two fiscal years. The next fee study is anticipated for FYE 2021 and is included in the Budget. The current Study is available at <https://www.dsrsd.com/home/showdocument?id=2862>.



Financial Overview

Operating Revenue

Other Revenue

Other revenues include plan check fees, construction inspections, administrative fees charged by the District, Dougherty Valley Standby Assessments, cell tower leases, rental of office space, and other miscellaneous items. Revenue from plan check fees and inspections are recorded in the Local Wastewater Fund and the Water Expansion Fund. Since it is difficult to anticipate when a developer will submit plans or complete construction, the District conservatively budgets these revenues based on historical averages.

Other Revenues by Fund	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Local Wastewater Enterprise	1,022,424	458,938	20,683	20,683	20,683
Local Wastewater Expansion	1,046,127	698,659	230,000	564,000	580,920
Regional Wastewater Enterprise	611,619	859,698	642,419	642,419	642,419
Regional Wastewater Expansion	40,786	43,063	43,063	43,063	43,063
Water Enterprise	4,158,303	1,268,153	565,627	573,221	580,969
Water Rate Stabilization	743,973	787,062	731,532	746,162	761,086
Water Replacement	858,157	3,875	3,875	3,875	3,875
Water Expansion	2,944,708	2,276,796	1,065,000	1,432,000	1,474,960
Administrative Cost Center	1,830,167	1,792,849	1,020,408	1,029,700	1,029,700
DV Standby Charge District	1,561,421	1,575,942	1,530,156	1,717,012	2,077,106
Total	14,817,685	9,765,035	5,852,763	6,772,135	7,214,781
% Change		-34.10%	-40.06%	15.71%	6.54%

Other Revenues by Category	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Administrative Fees	1,572,990	1,518,064	1,020,408	880,000	880,000
Backflow Prevention	253,458	258,672	183,501	187,171	190,914
Fireline Service	198,443	218,322	185,851	185,851	185,851
Inspections	2,271,132	1,546,217	620,000	1,146,026	1,180,143
Meter Assemblies	710,052	389,844	265,000	340,000	350,200
Penalties	145,121	162,374	130,000	130,000	130,000
Plan Check Fees	883,306	415,194	410,000	519,000	534,570
Property Tax	649,909	690,176	627,880	640,437	653,246
DV Standby Charge District	1,561,421	1,575,942	1,530,156	1,717,012	2,077,106
Miscellaneous Revenue	6,571,853	2,990,230	879,967	1,026,638	1,032,751
Total	14,817,685	9,765,035	5,852,763	6,772,135	7,214,781
% Change		-34.10%	-40.06%	15.71%	6.54%

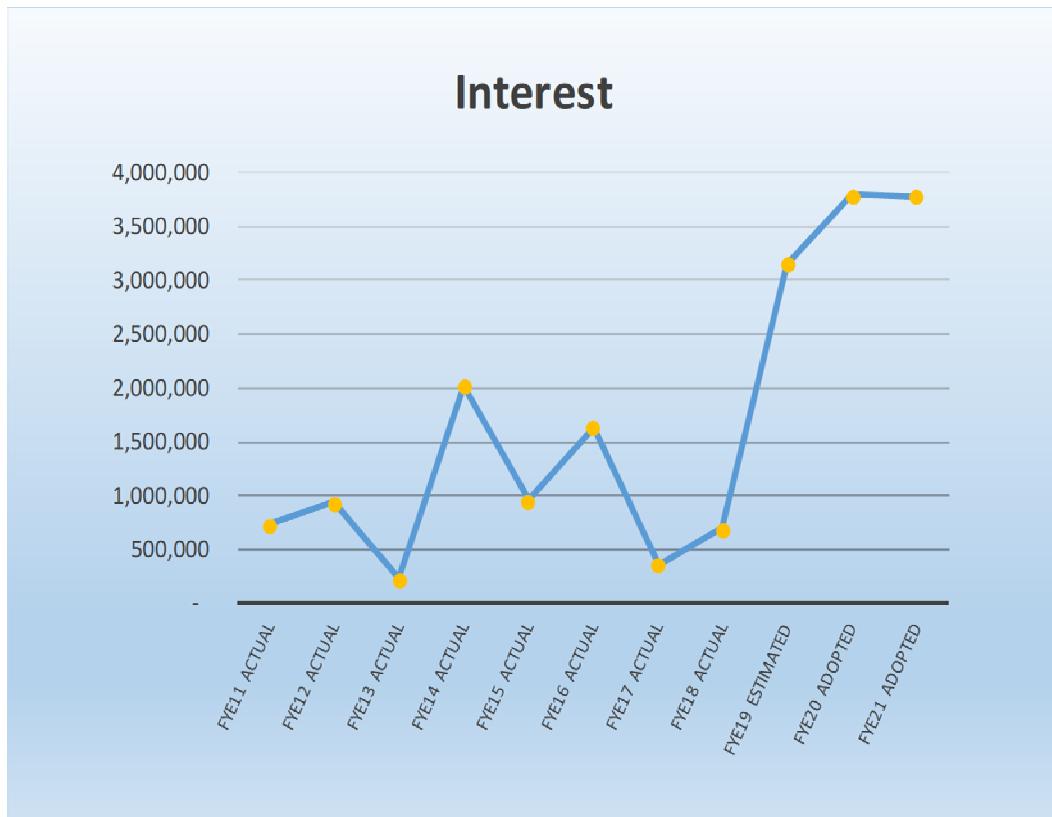
Financial Overview

Operating Revenue

Interest

The District uses a pooled interest allocation method for all funds; any unrestricted interest earned is allocated each month based upon the cash balances in each fund. For the next two fiscal years, a 2.00% interest rate is assumed. Interest revenue is based on projected cash balances in each fund and a rising interest rate environment.

Although improving, investment rates remain low due to current Federal Reserve monetary policy. These rates are not expected to increase materially during the budget cycle.



Financial Overview

Operating Expenses

The Board approves the operating budget at the fund level, providing resources for the General Manager to run the District while ensuring that it maintains overall control of rates and fees. 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 expense type.

Operating Expenses by Fund	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Local Wastewater Enterprise	2,304,691	2,869,118	3,164,221	3,564,073	3,688,039
Local Wastewater Rate Stabilization				3,700	4,100
Local Wastewater Replacement	334,437	17,673	30,900	517,800	14,200
Local Wastewater Expansion	751,701	841,530	804,625	753,234	781,896
Regional Wastewater Enterprise	16,053,791	16,316,366	17,906,431	20,008,430	20,411,922
Regional Wastewater Rate Stabilization				3,700	4,100
Regional Wastewater Replacement	264,642	352,220	609,400	1,240,000	751,300
Regional Wastewater Expansion	3,508,920	3,466,408	8,158,441	4,523,300	4,533,811
Water Enterprise	22,581,110	25,395,745	28,214,294	30,239,942	31,616,211
Water Rate Stabilization	34,907	35,537	58,163	80,600	88,800
Water Replacement	1,202,131	219,671	369,450	702,020	398,220
Water Expansion	6,655,162	8,979,716	4,167,408	5,275,634	5,351,094
Administrative Cost Center	1,830,167	1,792,849	1,020,408	1,029,701	1,029,700
Other Post-Employment Benefits	0	13,033,998	957,259	988,919	1,064,867
DV Standby Charge District	2,471,331	1,234,125	1,559,849	1,746,750	1,933,750
Total	57,992,989	74,554,956	67,020,849	70,677,803	71,672,010
% Change		28.56%	-10.11%	5.46%	1.41%

Operating Expenses by Category	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Wages and Benefits	20,186,984	20,754,359	22,460,362	26,617,914	27,687,261
Materials	16,271,453	18,413,999	19,534,047	20,084,779	21,330,670
Contracts	6,160,516	5,206,641	7,372,683	7,394,285	7,337,306
Other Expenses	14,906,652	29,765,476	16,998,307	14,818,224	14,825,773
Capital Outlay	467,385	414,482	655,450	1,762,600	491,000
Total	57,992,989	74,554,956	67,020,849	70,677,803	71,672,010
% Change		28.56%	-10.11%	5.46%	1.41%

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.

Financial Overview

Operating Expenses

Staffing Overview

The District decreased staffing levels in conjunction with the great recession in 2009 by approximately 20% and kept at those levels until two years ago. Over that ten year period, DSRSD experience a huge growth in the customer base and new infrastructure was added to maintenance efforts as follows:

- Potable water lines increased by 14.2%, from 281 miles to 321 miles;
- Sewer lines increased by 11.6%, from 185.5 miles to 207 miles;
- Recycled water lines increased by 33.3%, from 51 miles to 68 miles; and
- Recycled water production capacity increased by 70%.

Due to the decreased staffing levels and more demand for service, the District's workforce had changed to a reactive environment in regards to maintenance of it's infrastructure. Under the Strategic Plan goals adopted in 2018, the District embarked on a proactive, versus reactive, approach to it's infrastructure maintenance and water quality/wastewater best practices. As a result, the FYE 2018 and 2019 adopted budget provided for seven new positions and one limited-term position. The new positions were approved specifically to offer a high level of service to customers and fully implement an aggressive Asset Management Program. The FYE2020 and 2021 budget recommends a second phase in implementation of these goals with the addition of five new positions and one limited-term position. Not only will these positions place the District in a solid maintenance mode, but will provide additional resources to pursue reliable water supply for the Tri-Valley area in the years to come.

Position detail by division can be found on the following pages and in each division operating budget.

As in most service industries, personnel costs are one of the District's largest expense categories, representing approximately 38.3% of the total District operating expenditures. Negotiations were completed with four bargaining groups in late 2017 which provided for modest cost-of-living adjustments (COLA's) and increased medical benefits. The contracts will expire in late 2021.



Financial Overview

Operating Expenses

Personnel

The Board reviews all new position requests, authorizes total full time equivalent positions, and approves salary ranges for positions. Below is a summary of current and projected staffing levels. The adopted budget reflects the addition of five new FTE positions and one limited-term FTE. Of the 128 adopted employee count, 2.5 FTE are dedicated to LAVWMA, 2.0 FTE to DERWA, and 123.5 are exclusive to DSRSD.

	2017 Actual	2018 Actual	2019 Estimated	FYE20 Adopted	FYE21 Adopted
Executive & Legislative					
Office of General Manager	1.0	1.0	1.0	2.0	2.0
Executive Services	4.0	4.0	4.0	4.0	4.0
Public Affairs	3.5	3.5	3.5	3.5	3.5
	8.5	8.5	8.5	9.5	9.5
Administrative Services					
Administrative Services Admin	1.5	1.5	1.0	1.0	1.0
Human Resources & Risk Mgmt	4.5	4.5	4.5	4.5	4.5
Financial Services	4.0	4.0	5.0	5.0	5.0
Utility Billing & Customer Service	8.0	8.0	8.0	8.0	8.0
Information Technology Services	6.0	6.0	6.0	6.0	6.0
	24.0	24.0	24.5	24.5	24.5
Engineering					
Engineering Services Admin	2.5	2.5	2.0	2.0	2.0
Capital & Asset Management	5.0	7.0	10.0	10.0	10.0
Planning & Permitting	10.0	11.0	11.0	11.0	11.0
GIS & Asset Management	2.0	-	-	-	-
	19.5	20.5	23.0	23.0	23.0
Operations					
Operations Administration	5.0	1.0	1.0	1.0	1.0
Field Operations	12.0	16.0	16.0	17.0	17.0
Plant Operations	12.0	12.0	13.0	14.0	14.0
Mechanical Maintenance	14.0	15.0	16.0	17.0	17.0
Instrumentation, Controls, & Electrical	9.0	10.0	10.0	10.0	10.0
Laboratory & Technical Services	7.0	7.0	7.0	8.0	8.0
Operations Support Services	2.0	7.0	3.0	4.0	4.0
	61.0	68.0	66.0	71.0	71.0
Total	113.0	121.0	122.0	128.0	128.0
Change	-	8.0	1.0	6.0	-

Financial Overview

Operating Expenses

Executive and Legislative

One new position, an Assistant General Manager, is proposed with the FYE 2020 and 2021 budget.

Administrative Services

In FYE 2019, the General Manager repurposed one FTE Administrative Assistant position from Administrative Services (.5) and Engineering (.5) to recruit for a full time Accountant position. The net effect to the department is a .5 FTE increase.

Engineering

In FYE 2018, the Asset Management division was incorporated into the Capital Improvement Projects division. That same year the Board approved the addition of a three-year limited term inspector to address increased workload from new development. In FYE 2019, the department, along with Administrative Services, eliminated a (.5) FTE Administrative Assistant. In the same year, the General Manager (GM) approved the transfer of one FTE from the Field Operations division to the CIP division to work exclusively on FOF capital projects and one FTE from the Operations Support Services division to work exclusively on WWTP capital projects. In addition, the Board approved a two-year limited term Associate Engineer on January 15, 2019 to help alleviate the backlog of CIP projects.

Operations

In FYE 2018, the Board approved eight new positions in conjunction with the FYE 2018 & 2019 budget process. These positions included four Water/WW System Operator I, two Mechanic I and one Electrician. In addition, an Administrative Technician was relocated from Mechanical Maintenance to Operations Support and four Administrative positions moved from Administration to Operations Support Services.

In FYE 2019, Operations Support Services was reorganized with three positions moving to Field Operations, Plant Operations and Mechanical Maintenance. In FYE 2019, the GM approved the transfer of one FTE from the Field Operations division and one FTE from the Operations Support Services division to Engineering.

In FYE 2020 & 2021, the adopted budget reflects four new FTE positions (Supervising Mechanic, Plant Operator, Water Operations Supervisor and a Regulatory Compliance Supervisor) and a two-year limited term Lab Technician in this department to meet additional and proactive workflow needs and new regulations.

Financial Overview

Operating Expenses

Employee Benefits

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 employment with the District began prior to January 1, 2013, or, if hired after January 1, 2013, was a member of a public retirement system no more than 6 months prior to enrollment in CalPERS). New employees, who are designated “new members,” are enrolled in the CalPERS 2.0% at age 62 plan in accordance with state law. Classic employees contribute 10% of salary toward their retirement (8% is the employee’s portion and 2% is paid by the employees on behalf of the employer, as negotiated in exchange for the current retirement plan). New members contribute 50% of the total normal cost of benefits (currently 6.25% of salary) toward retirement. The District’s employer contribution varies from year to year. Based on the most recent actuarial valuation (2017), the budget assumes net employer contributions of 11.182% of salary in FYE 2020 and 12.000% in FYE 2021 for classic members. Employer contributions for PEPRA members are 6.985% and 7.500% of salary respectively.

All full-time employees and Board members are eligible to receive medical, dental, and vision benefits. Part-time employees receive prorated benefits. The Board annually reviews and sets the maximum premium that will be paid by the District (according to a cost sharing agreement in each of the labor contracts). Per negotiated labor agreements in 2017, the maximum monthly District contribution for medical is set at \$2,028 per month (at the Kaiser family rate) in FYE 2020 and FYE 2021.

The District provides retiree medical coverage subject to a vesting schedule established by the healthcare provider. Retiree dental coverage is provided to employees hired prior to July 1, 2014 (in accordance with contracts). Funding of these benefits is from the Other Post-Employment Benefits (OPEB) fund. The table below, summarizing all personnel and benefit costs, includes approximately \$1.56 million annually to fund pension and OPEB unfunded actuarial liabilities.

Wages and Benefits	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Local Wastewater Enterprise	1,541,292	1,916,291	2,027,600	2,432,837	2,517,333
Local Wastewater Expansion	431,018	484,551	402,735	518,363	543,576
Regional Wastewater Enterprise	7,830,225	7,403,195	7,505,571	9,161,498	9,546,011
Regional Wastewater Expansion	56,993	54,282	77,041	169,101	178,754
Water Enterprise	5,157,580	5,272,548	5,482,834	6,759,013	7,017,034
Water Expansion	585,332	643,344	544,043	764,444	794,517
Administrative Cost Center	4,584,544	5,186,854	5,463,278	5,823,739	6,025,170
Other Post-Employment Benefits	0	(206,707)	957,259	988,919	1,064,867
Total	20,186,984	20,754,359	22,460,362	26,617,914	27,687,261
% Change		2.81%	8.22%	18.51%	4.02%

Financial Overview

Operating Expenses

Materials

Materials are budgeted to increase by 2.82% in FYE 2020 and 6.20% in FYE 2021 primarily due to refinement of projected water purchases from Zone 7 to account for growth in customers and water demand. Materials expense also includes chemicals, gas and electric, and general supplies.

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. From 2018, adopted Zone 7 fixed charges will increase 61.7% and the wholesale water rate will remain relatively flat. Water purchase costs are mainly driven by this increase, customer growth, and water demand.

The District continues to focus on identifying and minimizing water that is used but not billed for. Some reasons for unbilled water include inaccurate data (under-reading) from water meters, flushing fire hydrants, and testing new water lines. The budget assumes a 4.6% rate of unbilled water, compared to the industry standard of roughly 6.0%.

To curtail the rise in chemical costs the District formed and facilitates the Bay Area Chemical Consortium (BACC). 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.

Materials	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Chemicals	276,547	363,747	462,746	450,468	456,368
Equipment Under \$10,000	184,882	214,010	226,087	329,027	319,359
Fluids	35,227	39,220	48,910	48,500	48,500
Fuel	68,996	84,562	106,100	115,605	117,643
Gas & Electric	1,970,774	2,144,340	2,041,246	2,189,006	2,250,319
General Supplies	1,199,305	1,097,423	1,007,887	1,217,350	1,071,850
Tools	45,409	51,557	40,831	75,748	65,748
Office Supplies/Services	49,817	58,842	62,618	65,872	64,172
Meter Equipment	579,180	568,873	683,770	526,500	470,000
Water Purchase	11,861,315	13,791,425	14,853,852	15,066,704	16,466,711
Total	16,271,453	18,413,999	19,534,047	20,084,779	21,330,670
% Change		13.17%	6.08%	2.82%	6.20%

Financial Overview

Operating Expenses

Contracts

Contracts expenses are projected to increase 0.29% in FYE 2020 and decrease –0.77% in FYE 2021. Professional Services and Other Services are the largest expenses under the Contracts category.

Professional Services expenses are for various consultants to assist with long-range financial planning and capital planning (master or management plans, rate and fee studies) and ongoing system support. For the budget period, professional services includes the Urban Water Management Plan (\$150,000), Water Capacity Reserve Fee Study (\$50,000), OnBase support (\$300,000), and various human resources studies and reviews (\$220,000).

DSRSD's largest contractual services expense under Other Services is the remittance of standby charges (FYE 2020: \$1.7 million; FYE 2021: \$1.9 million) from the Dougherty Valley Standby Charge District (DVSCD) 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. SWP costs are projected to exceed the \$1.5 million standby charge limit that was set by the DVSCD agreement. The FYE 2020 and FYE 2021 budget includes an increment charge for SWP costs above the DVSCD limit.

Due to the District's aging infrastructure, on call subsurface and after hour repairs have increased to approximately \$1.5 million annually beginning in FYE 2019. The FYE 2021 budget also includes \$235,000 for board election costs.

Contracts	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Insurance	444,372	248,534	348,499	231,939	251,552
Legal Services	226,159	172,114	329,050	290,000	285,000
Professional Services	1,219,784	1,004,299	1,461,253	1,120,080	1,014,055
Advertising	18,688	64,600	38,180	114,830	89,830
Equipment Lease/Rental	141,566	131,312	173,008	196,405	196,585
Maintenance Contracts	405,169	600,229	730,025	837,613	855,808
Monitoring & Testing Services	41,953	34,224	73,500	74,500	78,500
Other Services	3,524,408	2,753,091	3,967,708	4,272,269	4,305,326
Printing Services	37,301	82,658	165,055	138,150	142,150
Telecommunication Services	101,116	115,580	86,405	118,500	118,500
Total	6,160,516	5,206,641	7,372,683	7,394,285	7,337,306
% Change		-15.48%	41.60%	0.29%	-0.77%

Financial Overview

Operating Expenses

Other Expenses

Costs that cannot be classified in other categories are budgeted to other expenses. Notable costs in this expense category are debt payments, contributions to Joint Powers Authority (JPA), and overhead charges. There was a one time \$13.2 million prior-period adjustment in FYE 2018 due to implementation of GASB Statement No. 75 (*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*).

Other Expenses	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Meetings	14,691	18,229	29,600	32,900	33,450
Permits, Licenses & Memberships	354,977	340,106	396,681	436,342	433,892
Subscriptions & Publications	7,990	9,773	13,570	25,980	26,068
Utility Billing Balance Write-Offs	315	(493)			
Low Income Credit (UB)	34,907	35,537	58,163	51,000	56,000
Drought Expenses	48,376	116			
Drought Related Rebates	1,250				
Credit Card Transaction Fees				37,000	41,000
Debt Payments	1,916,635	1,711,942	1,880,913	1,880,513	1,880,513
Bond Issuance Costs	1,350				
Contribution To JPA's	12,511,130	14,406,491	14,619,380	12,354,489	12,354,850
Prior Year Adjustments	15,030	13,243,774			
Total	14,906,652	29,765,476	16,998,307	14,818,224	14,825,773
% Change		99.68%	-42.89%	-12.83%	0.05%

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 fund Debt Service schedule.

2011 LAVWMA Pledge Obligation

On September 28, 2011, LAVWMA issued \$105,345,000 of 2011 Sewer Revenue Refunding Bonds (2011 LAVWMA Bonds) to refund and retire its Series A Sewer Revenue Bonds and to pay costs of issuance. As a member of LAVWMA, the District has pledged its regional service charges to a portion of the 2011 LAVWMA Bonds. DSRSD's portion of the original debt issue was \$40,975,094, the annual payment is approximately \$3.1 million, and the debt will be retired in 2031. The Budget also includes approximately \$2.7 million for the City of Pleasanton's share of the LAVWMA debt.

2017 Water Revenue Refunding Bonds

The District issued \$33,590,000 of 2017 Water Revenue Refunding Bonds on December 1, 2017. Proceeds of the issuance were used to refund the outstanding portion of the 2011 Water Revenue Refunding Bonds and pay costs of issuance. Interest rates range from 2% to 4%. Principal payments are due annually beginning August 1, 2018 through August 1, 2041.

Financial Overview

Operating Expenses

Contributions to Joint Powers Authorities

The District is a member agency in two joint powers authorities: the Livermore Amador Valley Water Management Agency (LAVWMA) and the DSRSD-EBMUD 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.

LAVWMA

Formed in 1974, participants in LAVWMA include the District and the Cities of Livermore and Pleasanton. The authority operates an export pumping facility through which all non-recycled treated wastewater is discharged. Contributions to LAVWMA for operations and maintenance expenses is funded by the Regional Enterprise Fund and is budgeted to increase 4.84% (\$2.07 million) primarily due to higher pumping and chemical costs. LAVWMA's Joint-Use sub fund account is used for LAVWMA replacement capital projects and is funded through the Regional Replacement Fund. LAVWMA debt is funded by the Regional Enterprise Fund (repair portion) and the Regional Expansion Fund (expansion portion).

DERWA

DSRSD and East Bay Municipal Utility District (EBMUD) participate in DERWA, a Joint Power Authority formed in 2006 to provide recycled water service. Contributions to DERWA for operations and maintenance are funded by the Water Enterprise Fund and are budgeted to increase 5.80% (\$2.2 million). The DERWA operating budget increased 15% due to higher DSRSD costs for operation and maintenance of the DERWA project. Replacement capital projects are funded by the Water Replacement Fund and expansion capital projects are funded by the Water Expansion Fund. DERWA state loan repayments are also funded by the Water Expansion Fund.

Financial Overview

Operating Expenses

Capital Outlay

Capital outlay assets, generally vehicles and equipment, are assets costing \$10,000 or more per item with an estimated useful life of over two years. The following is the list of new and replacements assets to be purchased in FYE 2020 and FYE 2021. Capital Outlay expenses vary from year to year depending on District needs and fleet replacement schedules.

Asset Description	Division No.	Budget FYE2020	Budget FY2021
CCTV Truck Replacement	51	\$ 500,000	\$ -
Arrowboard Sign Trailer	51	17,500	-
Ford Escape	51	30,000	-
Leak Repair Vehicle	51	150,000	-
Reach Truck	51	35,000	-
Utility/Service Carts (Qty 8)	52/53/54	77,000	11,000
Spare RAS Pump For Secondary Clarifiers	53	16,000	-
Vibration and Acoustic Monitoring Equipment	53	100,000	-
Mechanical Bird Control	53	50,000	-
Air Handler for Influent Pump Room	53	32,000	-
Building "A" Sewer Line Replacement/Bursting	53	60,000	-
D7 Tractor for Bio-Solids Harvesting	53	250,000	-
Small Dump Truck	53	75,000	-
District Office Server Room HVAC	53	30,000	-
Instrumentation, Controls, & Electrical	54	90,100	-
Laboratory Equipment Replacement	55	250,000	250,000
Environmental Compliant Blasting/Removal System	53	-	50,000
Building "R" Retaining Wall	53	-	60,000
Influent Gate Control	53	-	120,000
GRAND TOTAL REQUESTS		1,762,600.00	491,000.00

Capital Outlay	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Local Wastewater Replacement	28,623	6,630	19,300	503,600	
Regional Wastewater Replacement	215,077	311,319	557,600	897,200	408,500
Water Replacement	223,684	96,532	78,550	361,800	82,500
Total	467,385	414,482	655,450	1,762,600	491,000
% Change		-11.32%	58.14%	168.91%	-72.14%

Financial Overview

Operating Expenses

Administrative Cost Center/Overhead Charges

The District's administrative costs, which are costs not directly attributable to any particular fund are captured in its Administrative Cost Center. While most administrative divisions use this fund to record their costs, any costs that can be specifically linked to a specific fund are budgeted and charged accordingly. For example, training an employee about backflow requirements (the device that prevents water from flowing backwards from a residence or irrigation system into the District's potable water system) would be charged to the Water Enterprise Fund. The Administrative Cost Center is allocated each month to the other funds based on total proportional staffing costs.

Overhead Charges by Fund	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Local Wastewater Enterprise	399,944	623,867	845,514	827,272	874,336
Local Wastewater Expansion	95,620	122,744	168,629	176,892	189,310
Regional Wastewater Enterprise	2,205,806	2,242,733	3,077,845	3,234,698	3,437,734
Regional Wastewater Expansion	22,268	23,679	32,701	34,044	36,129
Water Enterprise	1,479,706	1,646,894	2,265,661	2,283,007	2,415,509
Water Expansion	162,859	172,518	236,783	237,100	253,433
Administrative Cost Center	(4,366,203)	(4,832,435)	(6,627,132)	(6,793,012)	(7,206,451)
Total	-	-	-	-	-

Financial Overview

Inter-fund Transfers

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

Replacement Allocations	FY20		FY21	
	From	To	From	To
Local Wastewater Enterprise	-	-	-	-
Local Wastewater Replacement		-		-
Regional Wastewater Enterprise	3,130,000		3,340,000	
Regional Wastewater Replacement		3,130,000		3,340,000
Water Enterprise	5,494,688		5,494,688	
Water Replacement		5,494,688		5,494,688
Total	8,624,688	8,624,688	8,834,688	8,834,688

Water Enterprise transfers funds to Water Expansion to provide funding for the ratepayer share of the water-related debt service in accordance with the District's 2016 Water Capacity Reserve Fee Study.

Debt Service	FY20		FY21	
	From	To	From	To
Water Enterprise	675,000		675,000	
Water Expansion		675,000		675,000
Total	675,000	675,000	675,000	675,000

On May 2, 2017, the Board approved an interfund loan from Local Wastewater Expansion to Local Wastewater Replacement of \$5 million for a six-year term with interest rates reflective of the District's investment portfolio. This loan paid for the Dublin Trunk Sewer Rehabilitation and the Sewer Lift Station Relocation projects and will help pay for the other projects until transfers from the Local Wastewater Enterprise Fund are sufficient to cover the costs.

Interfund Loan Repayment	FY20		FY21	
	From	To	From	To
Local Wastewater Replacement	939,583		918,333	
Local Wastewater Expansion		939,583		918,333
Total	939,583	939,583	918,333	918,333

Financial Overview

Capital Improvement Program

The Capital Improvement Program (CIP) is a capital investment plan to maintain and enhance the Dublin San Ramon Services District's ("District" or "DSRSD") infrastructure. The CIP serves as a guide for identifying current and future projects in support of the District's mission to protect public health and the environment by providing reliable and sustainable water, recycled water, and wastewater services in a safe, efficient, and fiscally responsible manner. The CIP is also the planning instrument used to coordinate the financing and timing of improvements, with the ultimate goal of maximizing the return to customers.

The CIP consists of the Ten-Year Capital Improvement Plan and the Two-Year Capital Improvement Budget. The Capital Improvement Plan serves to identify, prioritize, and schedule capital projects for the ten-year period, and establish a plan for generating the financial resources needed to complete these capital projects. The first two years of expenditures in the Capital Improvement Plan comprise the District's Two-Year Capital Improvement Budget for Fiscal Years 2020 and 2021. By adopting the Capital Improvement Budget, the Board:

- Authorizes total budgets for the individual capital projects.
- Authorizes the initiation of project expenditures in either fiscal year 2020 or 2021.
- Establishes the maximum expenditures from each fund for fiscal years 2020 and 2021.

Capital Replacement and Expansion Funding

The District has three business enterprises: local wastewater collection, regional wastewater treatment and water. Each business has two capital funds: replacement and expansion. A key distinction is that replacement funds are largely funded by rate revenue from existing customers, while expansion funds are funded by fee revenue from new development. The Capital Improvement Program outlines the capital expenditures planned in the replacement and expansion funds.

Local Wastewater Replacement (Fund 210)-funds projects which replace and improve local sewer facilities that transfer wastewater from the point of origin to the regional wastewater treatment plant. The fund minimum reserve is twice the average annual expense of the fifteen year CIP.

Local Wastewater Expansion (Fund 220)-funds projects which expand or add local sewer facilities to accommodate increased wastewater flows from new development. The fund minimum reserve is the next two years' annual expense, plus two-year's average debt service.

Regional Wastewater Replacement (Fund 310)-funds projects which replace and improve the existing Regional Wastewater Treatment Plant processes and facilities. The plant treats the wastewater collected from the DSRSD local collection system as well as the wastewater flows from the City of Pleasanton before further treatment for recycled water or conveyance through the Livermore-Amador Valley Water Management Agency (LAVWMA) pipeline to the San Francisco Bay for disposal. The fund minimum reserve is twice the average annual expense of the fifteen year CIP.



DRAFT Capital Improvement Program

TEN YEAR PLAN—Fiscal Years Ending 2020 through 2029

TWO YEAR BUDGET—Fiscal Years Ending 2020 and 2021



Financial Overview

Capital Improvement Program

Regional Wastewater Expansion (Fund 320)-funds projects which expand or add to the wastewater treatment process to accommodate future wastewater flows, ultimately conveyed through the LAVWMA pipeline to the San Francisco Bay for disposal. The fund minimum reserve is the next two years' annual expense, plus two-year's average debt service.

Water Replacement (Fund 610)-funds projects which replace and improve facilities to treat recycled water, as well as the pipelines, pump stations, reservoirs, and related appurtenances to distribute potable water (from the Zone 7 turnouts to the customers and recycled water from the DERWA turnouts to the recycled water customers). The fund minimum reserve is twice the average annual expense of the fifteen year CIP.

Water Expansion (Fund 620)-funds projects which expand or add facilities to treat recycled water and to distribute potable and recycled water. The fund minimum reserve is the next two years' annual expense, plus two-year's average debt service.

A CIP project can have more than one funding source depending on the project scope. The fund split for multi-funded projects is determined based on the District's *Project Cost Allocation Policy*. <https://www.dsrsd.com/Home>ShowDocument?id=308>

Capital Improvement Program Expenditures

The *CIP Ten-Year Plan for FYE 2020 through 2029* includes 102 projects and programs totaling \$236.6 million. The *CIP Two-Year Budget* includes 59 projects and programs totaling \$53.8 million. The following table provides a summary of CIP expenditures in the *Two-Year CIP Budget* for each fund, grouped by business enterprise. All expenditures are shown in current dollars.

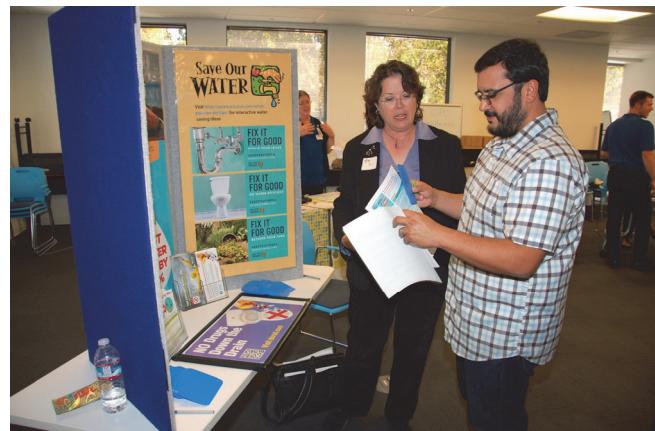
Fund	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	10 Year Total	Future	With Future
210	1,598,164	508,789	1,951,455	2,178,955	1,028,600	928,364	858,600	2,220,600	1,148,600	1,148,600	13,570,727	9,763,000	23,333,727
220	39,285	181,744	820,000	500,000	-	-	275,000	2,557,000	-	-	4,373,029	6,955,000	11,328,029
310	6,579,168	7,387,991	4,279,450	5,632,550	3,733,050	2,498,800	2,373,800	3,173,800	3,373,800	9,777,800	48,810,209	45,189,000	93,999,209
320	6,572,622	6,828,450	3,686,500	2,947,500	12,120,000	-	-	-	2,358,000	6,170,000	40,683,072	24,540,000	65,223,072
610	7,149,017	7,783,418	5,806,600	5,388,980	4,688,983	7,316,170	8,142,660	7,610,400	12,132,400	19,307,700	85,326,328	23,117,500	108,443,828
620	3,040,330	6,172,166	13,865,700	10,645,980	662,200	769,200	769,200	769,200	2,519,200	4,675,000	43,888,176	1,735,000	45,623,176
Total	24,978,586	28,862,558	30,409,705	27,293,965	22,232,833	11,512,534	12,419,260	16,331,000	21,532,000	41,079,100	236,651,541	111,299,500	347,951,041

The complete *CIP Ten-Year Plan for FYEs 2020 through 2029* and *Two-Year Budget for FYE 2020 and 2021* are available at www.dsrsd.com/about-us/library/financial-information.

Notes

Executive & Legislative Department

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



Department Overview

Executive & Legislative Services

2018 and 2019 Accomplishments

Legislative

- Approved development of a Board Room Audio Visual Project.
- Gave a State of the District presentation to two sister agencies.
- Authorized early payoff of EBDA debt, retiring \$3.5 million of debt owed by the Regional Fund.
- Approved streamlining of purchasing policy to allow for informal bidding procedures and flexibility.
- Approved an update to the Regional Capacity Reserve Fee, reducing connection fees by 14%.
- Adopted district-based elections to assure compliance with the California Voters Right Act.
- Approved new procedures and programs to encourage public participation in the election process by increasing the District's contribution for candidate statements and directing implementation for a Citizen's Water Academy.
- Provided leadership in the industry by serving on the CASA Board of Directors, on the CSDA Alameda County Chapter Board of Director, and on the CSDA Contra Costa Board of Directors.

Office of the General Manager

- Facilitated continuing work of the Tri-Valley Water Liaison Committee.

Public Affairs

- Produced the District's first and second annual report addressing accomplishments and goals in the water, recycled water and wastewater industry.
- Initiated the District's first Citizen Academy, educating 25 residents on our industry and the role DSRSD plays in the Tri-Valley.
- In collaboration with other Tri-Valley water agencies, developed a joint "Tri-Valley Water 101" presentation and facilitated presentations to community groups.
- Provided leadership in the water industry by serving on the ACWA Board of Directors.

Executive Services

- Facilitated the move from General Elections to District Elections in 2019.
- Successfully facilitated the 2018 Board of Director election and Board transition.
- Continued to implement an electronic Agenda Management system.
- Completed a District-wide needs assessment to help develop an Electronic Combined Management System.
- Organized two new Annual Employee Recognition Events.

Department Overview

Executive & Legislative Services

Operating Expenses by Category

Category	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Proposed	FYE21 Proposed
Wages and Benefits	1,681,718	1,609,603	1,828,028	2,102,291	2,156,407
Materials	20,661	19,537	23,370	18,020	16,360
Contracts	205,493	248,577	544,523	486,125	706,405
Other	137,370	149,553	174,799	203,757	204,907
Total	2,045,241	2,027,269	2,570,720	2,810,193	3,084,079

Operating Expenses by Fund

Fund	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Local Wastewater Enterprise	23,393	14,871	28,900	30,200	30,200
Regional Wastewater Enterprise	242,710	221,181	269,418	297,221	284,942
Water Enterprise	257,688	260,356	309,022	462,414	461,852
Administrative Cost Center	1,521,450	1,530,861	1,963,380	2,020,358	2,307,084
Total	2,045,241	2,027,269	2,570,720	2,810,193	3,084,079
Full Time Equivalents	8.5	8.5	8.5	9.5	9.5



Department Overview

Legislative — Division 10



The Dublin San Ramon Services District Board of Directors is an independently elected legislative body consisting of five Directors. The Directors govern the District by setting policies, and hiring and overseeing the District's General Manager. The Board exercises these powers under the authority of the Community Services District Law (California Government Code section 61000 et seq.) and is ultimately responsible and accountable to the people of the District. The Board of Directors' budget includes Board member travel and training costs at industry conferences, meetings, and community events as well as the consolidated election held every two years with the statewide general election. Starting in 2020, Board Directors will be elected by Division, rather than "at large".

Top Division Goals

- Build consensus with Tri-Valley partners on the importance of diversification and local control of water supplies.
- Represent the District at industry conferences, meetings, and community events.
- Adopt fair and equitable rates for DSRSD customers.
- Conduct annual "State of the District" presentations with our sister agencies.

Budget Trends

The adopted budget for FYE 2020 and FYE 2021 is a status quo with the exception of elections, which occur every other year. There were no district elections in Fiscal years ending 2018 and 2020. For fiscal years ending 2019 and 2021, the budget included \$198,000 and \$235,000 for election costs, respectively.

Department Overview

Legislative — Division 10

Operating Expenses by Category

Category	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Proposed	FYE21 Proposed
Wages and Benefits	71,168	61,181	81,947	84,604	84,604
Materials	765	1,918	6,300	2,800	2,800
Contracts	48,573	31,210	223,753	52,000	289,000
Other	855	1,954	700	3,040	3,040
Total	121,361	96,263	312,700	142,444	379,444

Operating Expenses by Fund

Fund	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Local Wastewater Enterprise	3,755	-	-	-	-
Regional Wastewater Enterprise	3,755	4,351	7,500	9,500	9,500
Water Enterprise	2,184	-	6,000	3,000	3,000
Administrative Cost Center	111,667	91,912	299,200	129,944	366,944
Total	121,361	96,263	312,700	142,444	379,444



Department Overview

Office of the General Manager — Division 12



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 two administrative divisions: Public Affairs and Executive 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 collaborations.

Top Division Goals

- Work collaboratively with our Tri-Valley partners in the development of a more diversified and resilient water supply.
- Build consensus with Tri-Valley Partners on the importance of diversification and local control of water supplies.
- Review and prepare revisions to joint powers authority agreements and the City of Pleasanton agreements to address changing conditions.
- Lead all the District's staff and resources to develop a fully integrated Asset Management Program to guide all the District's business decisions.
- Engage and develop all District staff to ensure a continuously high performing organization.
- Implement the new Strategic Plan adopted in May 2019.

Budget Trends

Salary and benefits increased in FYE 2020 with the addition of an Assistant General Manager to help provide greater emphasis on developing a more diversified water supply, to accelerate the further development of our Asset Management Program, to place greater focus on professional development efforts district-wide, and to update our various inter-agency agreements (Pleasanton, DERWA, LAVWMA).

Department Overview

Office of the General Manager — Division 12

Operating Expenses by Category

Category	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Proposed	FYE21 Proposed
Wages and Benefits	407,260	377,944	395,450	745,772	754,000
Materials	326	143	200	2,000	200
Contracts	1,706	12,187	6,300	5,000	5,000
Other	132,927	143,773	167,079	193,257	194,407
Total	542,220	534,047	569,029	946,029	953,607

Operating Expenses by Fund

Fund	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Local Wastewater Enterprise	10,484	9,663	8,400	9,200	9,200
Regional Wastewater Enterprise	43,533	41,189	53,697	61,680	62,130
Water Enterprise	55,128	68,759	73,100	228,969	222,137
Administrative Cost Center	433,075	414,436	433,832	646,180	660,139
Total	542,220	534,047	569,029	946,029	953,607
Full Time Equivalents	1.0	1.0	1.0	2.0	2.0



Department Overview

Public Affairs — Division 14



Previously known as Communications; the Public Affairs division clearly, concisely, and consistently communicate that the District provides reliable and sustainable water, wastewater and recycled water services 24/7 while protecting public health and the environment, investing appropriately for sound financial management, and maintaining a highly effective workforce.

Top Division Goals

- Produce the District's annual report.
- Work with Tri-Valley partners to develop a public outreach program on water supply alternatives.
- Facilitate the Citizens Academy to educate residents on our industry and the role DSRSD plays in the Tri-Valley and to invite the public to participate in DSRSD affairs.

Budget Trends

In FYE 2018, the Public Affairs division had salary savings due to retirements. This budget jumped in FYE 2019 with the production of the District's Annual Report and the first Citizen Water Academy, both to educate the public about what DSRSD does and highlight major accomplishments. FYE 2020 changes include resuming production of customer newsletters and expansion of the Citizens Water Academy. Staff will resume production of *Newsline*, a customer newsletter that has not been produced since 2013. Each *Newsline* focuses on one theme—wise water use, pollution prevention, finances, value of recycled water—and two-thirds of the print will be inserted with customer's bills and one-third will be mailed separately (to ebill customers). Since the District is transitioning from at-large elections to area-based elections, a second Citizens Water Academy will be offered to encourage interest in serving on vacant Board seats. Finally, staff will begin to design 12-15 tour signs for the Regional Wastewater Treatment Facility.

Department Overview

Public Affairs — Division 14

Operating Expenses by Category

Category	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Proposed	FYE21 Proposed
Wages and Benefits	610,003	559,918	668,090	639,335	659,923
Materials	17,800	7,820	12,950	9,300	9,300
Contracts	36,090	75,255	125,000	183,100	164,100
Other	2,644	2,660	5,650	5,290	5,290
Total	666,537	645,653	811,690	837,025	838,613

Operating Expenses by Fund

Fund	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Local Wastewater Enterprise	9,154	5,208	20,500	21,000	21,000
Regional Wastewater Enterprise	195,423	175,642	208,221	226,041	213,312
Water Enterprise	200,375	191,597	229,922	230,445	236,715
Administrative Cost Center	261,585	273,206	353,046	359,538	367,586
Total	666,537	645,653	811,690	837,025	838,613
Full Time Equivalents	3.5	3.5	3.5	3.5	3.5



Department Overview

Executive Services — Division 15



The Executive Services Division provides administrative services in support of the Board of Directors, General Manager, Senior Managers, staff, other agencies, and the public. The Division provides District Secretary and supervisory services handling production of approximately 30 Board and Committee agenda packets, minutes, and public meetings, providing timely responses to approximately 20 Public Records Act requests annually, facilitating the Board of Directors elections and appointments, administering the Oath of Office to Boardmembers and newly hired staff,

managing mandatory Fair Political Practices Commission (FPPC) filings, overseeing records management, facilitating publication of approximately 40 legal ads/public notices annually, conducting Capital Improvement Program project bid openings, managing contract and recordation processes, managing Board policies, maintaining the District Code, planning the annual employee recognition event and special events, managing facilities, and completing special projects. In addition, staff provides joint powers authority (JPA) support, and serve as the DERWA Authority Secretary and records keeper.

Top Division Goals

- Continue to expand the use of the Electronic Content Management System.
- Implement needed changes to existing records management, retention, and retrieval policies.
- Implement an electronic filing system for the FPPC Form 700.
- Conduct biennial Conflict of Interest Code review for 2020.
- Conduct consolidated District election for 2020 in accordance with new by-division election system.
- Facilitate adjustment of election district boundaries once 2020 Federal census data becomes available.
- Continue to streamline and increase efficiencies in work strategies.
- Evaluate the cost and feasibility of improved Board meeting administration tools and technologies .

Budget Trends

The adopted budget for FYE 2020 and FYE 2021 is status quo with the exception of the implementation of a physical and electronic records management system. After two retirements in 2018, this division is now fully staffed, thus reducing the need for temporary help by approximately \$50,000.

Department Overview

Executive Services — Division 15

Operating Expenses by Category

Category	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Proposed	FYE21 Proposed
Wages and Benefits	593,286	610,560	682,541	632,580	657,880
Materials	1,770	9,656	3,920	3,920	4,060
Contracts	119,123	129,925	189,470	246,025	248,305
Other	944	1,166	1,370	2,170	2,170
Total	715,124	751,306	877,301	884,695	912,415

Operating Expenses by Fund

Fund	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Administrative Cost Center	715,124	751,306	877,301	884,695	912,415
Total	715,124	751,306	877,301	884,695	912,415
Full Time Equivalents	4.0	4.0	4.0	4.0	4.0



Notes

Administrative Services Department

The Administrative Services Department consists of five divisions including Administration, Financial Services, Human Resources & Risk Management, Utility Billing & Customer Service, and Information Technology Services. These divisions provide all financial management and administration functions, including payroll, manage all hiring, employee benefit administration and risk management. The Utility Billing & Customer Service division sends both water and sewer bills to more than 25,000 active accounts in Dublin, Southern San Ramon, Dougherty Valley and Pleasanton. The Information Technology Division supports three facilities and over 45 different software applications.



Department Overview

Administrative Services

2018 and 2019 Accomplishments

Administration

- Facilitated an offsite management retreat concentrating on employee engagement, coaching and feedback, disaster preparedness and asset management.
- Successfully coordinated the District's first Employee Academy.

Financial Services

- Received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the 17th year in a row for FYE 2017 CAFR.
- Received an 'AA+' rating from Standard & Poor's, stating the district is financially sound and its rating outlook is stable through 2023. Advance refunded the 2011 Water Bonds saving the District nine million dollars over the life of the bonds.
- Completed the five year Local and Regional Wastewater Capacity Reserve Fee study.
- Completed the five year Water Rate Study, to update rates per current legal requirements.

Human Resources & Risk Management

- Negotiated four labor contracts and four personal service agreements on time and within Board parameters.
- Completed 44 recruitments, and on-boarded 38 new employees.
- Started a Classification Study and a Compensation Study District-wide.
- Transitioned the Dublin San Ramon 457b Plan and Trust deferred compensation plan to a new provider and established a Plan Administrative Committee.
- Facilitated a new employee performance process centered around coaching and feedback.

Utility Billing & Customer Service

- Call Center kept continuously open despite relocation from the November 2018 District Office flood.
- Expanded AMI infrastructure to cover neighborhoods in the northernmost area of the district.
- Installed and programmed an average of 84 new residential meter sets per month.
- Increased the sign up rates for both the Automated Clearing House and paperless billing (Ebill) programs with an achievement of over 50% of our customer base.
- Accomplished all of our performance goals including 100 percent timely bill production.

Information Technology Services

- Completed the Information Technology Services Master Plan.
- Installed Wireless Access Points (WAPs) at all field facilities for staff access to the business and SCADA resources to deliver relevant information for the specific field site including: open work requests and work orders, asset listing, and maintenance manuals.
- Expanded the document storage within OnBase, our Electronic Document Management System, to include Engineering Records Drawings, Regulatory Reports, and launch retention schedules.
- Introduced two-factor authentication for all remote virtual private network (VPN) access to District and a phishing awareness program including video training and reporting structure.
- Rerouted the 10 gig fiber network connections between the District Office, Field Operations Facility, and the Plant to insure redundancy and survivability in case of electrical or mechanical loss of any one facility.
- Successfully relocated the District Office after the November 2018 District Office flood.

Department Overview

Administrative Services

Operating Expenses by Category

Category	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Proposed	FYE21 Proposed
Wages and Benefits	3,768,471	4,090,048	4,259,919	4,662,236	4,765,103
Materials	120,662	60,635	39,385	37,814	43,752
Contracts	647,376	628,562	1,110,526	1,026,197	979,495
Other	4,191	6,013	9,550	22,100	22,100
Total	4,540,700	4,785,259	5,419,380	5,748,346	5,810,450

Operating Expenses by Fund

Fund	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Local Wastewater Enterprise	121,168	128,206	128,316	157,029	159,664
Local Wastewater Expansion	-	-	12,000	-	-
Regional Wastewater Enterprise	151,949	133,415	145,745	157,031	159,666
Regional Wastewater Expansion	-	12,405	35,000	-	-
Water Enterprise	875,186	912,690	1,032,398	1,122,270	1,136,863
Water Expansion	53	6,030	-	-	50,000
Administrative Cost Center	3,392,345	3,592,512	4,065,921	4,312,015	4,304,256
Total	4,540,700	4,785,259	5,419,380	5,748,346	5,810,450
Full Time Equivalents	24.0	24.0	24.5	24.5	24.5



Department Overview

Administration — Division 30



The Administration Division provides oversight of and direction to the Administrative Services Department, which includes Financial Services, Human Resources & Risk Management, Utility Billing & Customer Service, and Information Technology Services. This division also performs special projects at the request of the General Manager. Finally, the division provides administrative support to the Administrative Department.

Top Division Goals

- Prepare a two year operating budget and create a streamlined budget document for enhanced use.
- Develop long-term financial planning models for operations, asset management and capital projects.
- Review the adequacy of the District's reserve policies.
- Facilitate the Employee Engagement Team efforts.
- Clarify/streamline other policies as needed to enhance readability and compliance
- Assist the Finance Division with the Water Capacity Reserve Fee Study.
- Assist the Human Resources Division in implementing the Classification Study and the Compensation Study.
- Assist the Divisions in implementing the Enterprise Resource Planning (ERP) project.
- Facilitate the design and refurbishment of the District's Drought and Recycled Water Demonstration garden.

Budget Trends

The adopted budget for FYE 2020 and FYE 2021 is a status quo budget. 0.50 FTE of an Administrative Assistant position (the other 0.50 FTE was assigned to Engineering Administration) was transitioned to an Accountant position in the Financial Services division. Workload was accommodated through the use of temporary help.

Department Overview

Administration — Division 30

Operating Expenses by Category

Category	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Proposed	FYE21 Proposed
Wages and Benefits	287,539	326,710	365,595	369,446	373,962
Materials	987	506	1,100	1,000	1,100
Contracts	2,574	234	7,500	14,700	4,700
Other	710	2,490	2,100	3,650	3,650
Total	291,811	329,940	376,295	388,796	383,412

Operating Expenses by Fund

Fund	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Water Expansion	-	6,030	-	-	-
Administrative Cost Center	291,811	323,910	376,295	388,796	383,412
Total	291,811	329,940	376,295	388,796	383,412
Full Time Equivalents	1.5	1.5	1.0	1.0	1.0



Department Overview

Financial Services — Division 31



The Financial Services Division coordinates the District's annual audit, produces the Comprehensive Annual Financial Report (CAFR) and the biennial budget, performs various rate studies, and prepares long- term financial projections. This division accurately maintains the District's financial records, pays vendors, issues invoices, processes payroll, invests District funds, and prepares reports, financial statements, and statutory filings. This division establishes internal controls to ensure District assets are protected and accounting transactions are recorded accurately and in accordance with generally accepted accounting principles.

Top Division Goals

- Identify and Implement a new Enterprise Resource Planning system to replace the Eden system currently used for Finance, Human Resources, and Utility Billing.
- Develop a long term financial planning module for operations, asset management, and capital projects.
- Work in conjunction with the Engineering Department to prepare an update to the water capacity reserve fees.
- Update District purchasing procedures to be more streamlined and efficient.
- Prepare an update to the District Miscellaneous Fee Schedule. Work with the Engineering Department to analyze cost of service in the areas of permitting and inspection fees.

Budget Trends

In FYE 2019, the Financial Services division added an accountant position to better serve the organization needs. In addition, a Water Rate Study and a Local and Regional Wastewater Capacity Reserve Fee Study was performed, which resulted in higher contract expenses in FYE 2019. For FYE 2020 and 2021, a full year of salary and benefit cost is reflected for the new position and approximately \$30,000 each year for overtime and temporary help in conjunction with the Enterprise Resource Planning conversion. FYE 2021 includes \$50,000 for a Water Capacity Reserve Fee Study.

Department Overview

Financial Services — Division 31

Operating Expenses by Category

Category	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Proposed	FYE21 Proposed
Wages and Benefits	626,809	674,974	703,074	912,258	949,107
Materials	917	1,515	3,200	3,200	3,200
Contracts	141,366	87,044	213,130	92,607	144,791
Other	173	237	1,000	1,000	1,000
Total	769,265	763,771	920,404	1,009,065	1,098,097

Operating Expenses by Fund

Fund	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Local Wastewater Enterprise	297	-	-	-	-
Local Wastewater Expansion	-	-	12,000	-	-
Regional Wastewater Enterprise	31,078	5,109	-	-	-
Regional Wastewater Expansion	-	12,405	35,000	-	-
Water Enterprise	11,428	49	82,000	-	-
Water Expansion	53	-	-	-	50,000
Administrative Cost Center	726,409	746,207	791,404	1,009,065	1,048,097
Total	769,265	763,771	920,404	1,009,065	1,098,097
Full Time Equivalents	4.0	4.0	5.0	5.0	5.0



Department Overview

Human Resources & Risk Management — Division 32



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

Top Division Goals

- Facilitate review of the District's classification and compensation structure to meet strategic initiatives.
- Update and implement employee engagement programs relevant for today's workforce, including performance feedback and coaching, employee recognition and training and development to engage employees and to maintain a highly qualified workforce.
- Recruit and select highly-qualified staff in order to maintain the District's critical assets and to deliver quality services to its customers.
- Prepare for the Fall 2021 labor negotiations for four successor MOUs.
- Support transition of the District's Human Resources Information System (HRIS) to a new Enterprise Resource Planning (ERP) system.

Budget Trends

The Human Resources & Risk Management division budget has increased slightly in the contracts expenses to provide for additional professional and legal services related to labor negotiations processes, classification and compensation study for FYE 2019 and FYE 2020, recruitment support services, and training and development program expansion. In addition, hiring cost have increased due to the large staff turnover (44 recruitments in the last 2 years) and additional anticipated retirements.

Department Overview

Human Resources & Risk Management — Division 32

Operating Expenses by Category

Category	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Proposed	FYE21 Proposed
Wages and Benefits	795,755	874,880	937,448	940,952	957,430
Materials	6,298	11,855	2,500	2,600	2,600
Contracts	187,943	93,659	330,025	314,855	246,182
Other	2,131	2,187	4,250	4,250	4,250
Total	992,128	982,581	1,274,223	1,262,657	1,210,462

Operating Expenses by Fund

Fund	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Administrative Cost Center	992,128	982,581	1,274,223	1,262,657	1,210,462
Total	992,128	982,581	1,274,223	1,262,657	1,210,462
Full Time Equivalents	4.5	4.5	4.5	4.5	4.5



Department Overview

Utility Billing & Customer Services — Division 33



The Utility Billing & Customer Service Division manages all aspects of customer utility billing, communications, remittance processing, collections, equipment installation and maintenance, and the installation and management required to maintain and expand the District's advanced metering infrastructure (AMI). They have been instrumental in educating customers on the use of the AquaHawk software so that the customer has 24/7 feedback on their water usage, eBills and Automated Clearing House.

Top Division Goals

- Increase on-line customer payments through changing the credit card fee structure.
- Modify the AquaHawk system to notify unregistered customers of abnormal usage patterns, including continuous running water, in addition to the current service of proactively calling and texting registered users.
- Convert to the Sensus Analytics software program which, in addition to providing more data, will provide hourly reads on AquaHawk in lieu of the current four reads every 24 hours.
- Convert to a new Enterprise Resource Planning system in conjunction with the Finance and Human Resources divisions.
- Work with our regional partners to resolve issues related to meter type and size and their associated Zone 7 connection fees to insure that developers are "right sizing" their meter requests so that the District can install the most appropriate meter for the planned use.
- Continue to educate our customers on the use of the AMI system and promote e-Bills and Automated Clearing House to all customers .
- Promote the Low Income Assistance (LIA) program in our local communities.

Budget Trends

The adopted FYE 2020 and FYE 2021 budget is status quo.

Department Overview

Utility Billing & Customer Services — Division 33

Operating Expenses by Category

Category	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Proposed	FYE21 Proposed
Wages and Benefits	916,747	986,960	1,004,540	1,175,717	1,202,562
Materials	15,493	12,170	16,585	15,014	20,852
Contracts	176,219	175,182	215,607	255,335	243,272
Other	356	68	800	800	800
Total	1,108,816	1,174,379	1,237,531	1,446,866	1,467,486

Operating Expenses by Fund

Fund	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Local Wastewater Enterprise	120,871	128,206	128,316	157,029	159,664
Regional Wastewater Enterprise	120,870	128,306	145,745	157,031	159,666
Water Enterprise	863,758	912,641	950,398	1,122,270	1,136,863
Administrative Cost Center	3,317	5,226	13,073	10,535	11,292
Total	1,108,816	1,174,379	1,237,531	1,446,866	1,467,486

Full Time Equivalents **8.0** **8.0** **8.0** **8.0** **8.0**



Department Overview

Information Technology Services — Division 34



Information Technology Services (ITS) division provides strategic IT vision, planning, and enterprise solutions to assist in achieving DSRSD's strategic plan, goals, and objectives. Collaborating with other divisions, Information Technology Services provides innovative, secure, reliable, and integrated technology solutions that add value to key business processes. This division delivers the best quality products, services, and data in a timely, reliable, cost-effective manner.

Top Division Goals

- Partner with divisions in their strategic goal of making additional investment in information systems to optimize operations and enhance business processes.
- Assist with the replacement of the District's finance and utility billing software system, modernizing the integration with other systems-of-record, including Intellitime timecard, Lucity (CMMS), Lab-Works (LIMS) and AquaHawk customer portal.
- Work with the Asset Management Program and Operations to enhance the functionality of our computerized maintenance & asset management system (Lucity) to help staff automate their reporting and access to information.
- Link and provide integrated platform access to all document systems (SharePoint/OnBase/etc.) to deliver relevant information when and where needed by staff, independent of the line-of-business application accessed.
- Enhance ITS ability to respond to emergencies and maintain business continuity with updated plans and Emergency Preparedness documentation.
- Supported the use of the Electronic Content Management System.

Budget Trends

The adopted FYE 2020 and FYE 2021 budget is status quo. In FYE 2018, the Information Technology Services budget was increased to support the implementation of the District's records management system, OnBase. In FYE 2019, to simplify business processes, all District-wide mobile telephone charges were consolidated into the ITS division. The cost of maintenance of the District's supervisory control and data acquisition (SCADA) network is now budgeted as regular and recurring ITS operations. With expanded District FTE, new staff require equipment, phones and new software licensing paid for from the ITS budget.

Department Overview

Information Technology Services — Division 34

Operating Expenses by Category

Category	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Proposed	FYE21 Proposed
Wages and Benefits	1,141,621	1,226,524	1,249,261	1,263,863	1,282,043
Materials	96,966	34,590	16,000	16,000	16,000
Contracts	139,273	272,443	344,265	348,700	340,550
Other	821	1,032	1,400	12,400	12,400
Total	1,378,680	1,534,588	1,610,926	1,640,963	1,650,993

Operating Expenses by Fund

Fund	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Administrative Cost Center	1,378,680	1,534,588	1,610,926	1,640,963	1,650,993
Total	1,378,680	1,534,588	1,610,926	1,640,963	1,650,993
Full Time Equivalents	6.0	6.0	6.0	6.0	6.0



Notes

Engineering Department

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

The department leads the efforts in support of the Asset Management Program and oversees the Capital Improvement Program Ten-Year Plan and Two Year budget. In addition, the department ensures that developer dedicated facilities are in conformance with District Code.



Department Overview

Engineering

2018 and 2019 Accomplishments

Administration

- Developed an agreement with Central Contra Costa Sanitary District, in coordination with DERWA, for diversion of 1 mgd of untreated wastewater as a recycled water supplemental supply.
- Provided asset valuation, projected capital expenditures, projected service connections, and estimated wastewater flow and water demand in support of Regional and Local Capacity Reserve Fee Study; provided feedback on fee development options.
- Forwarded the District's interests in the Zone 7 Water Supply Evaluation Update.
- Managed emergency actions in response to District Office flood and developed plans for restoration and renovation.
- Developed an agreement with DERWA for the treatment of supplemental supplies from Central Contra Costa.
- Completed the 2017 Wastewater Treatment and Biosolids Master Plan.

Capital Improvement Projects

- Completed the DERWA Recycled Water Treatment Facility Expansion.
- Completed the construction of a fourth digester at the Regional Wastewater Treatment Facility.
- Completed relocation of Lift Station 1, in coordination with Dublin Boulevard widening project.
- Completed design and award of the Primary Sedimentation Expansion and Improvements project.
- Oversaw restoration of the District Office after flooding, and commenced design and award of contract for future renovations.
- Began the planning and design for potable water reservoir 10A.
- Developed a rehabilitation and replacement model for LAVWMA assets.
- Incorporated all wastewater treatment plant process piping into an asset management rehabilitation and replacement model.
- Coordinated with Operations and Maintenance to incorporate wastewater treatment plant and potable water pump station equipment condition information into the District's Computerized Maintenance and Management System and Asset Replacement Models.

Planning & Permitting

- Completed a Potable Reuse Feasibility Study in collaboration with Tri-Valley Water Agencies.
- Completed the 2019 Wastewater Collection System Master Plan and associated Local Capacity Reserve Fee Studies.
- Completed the 2017 and 2018 Annual Water Loss Audits.
- Completed a comprehensive update of the District's Standard Specifications and Drawings.
- Maintained a high level of service to developers, performing over 500 plan reviews, allowing community approved development to proceed in a timely manner.
- Implemented an electronic system to record and store construction inspection notes.
- Created and implemented an online form for recycled water user self-monitoring reporting.
- Updated the District's water operations model.
- Monitored and maintained regulatory compliance for 319 recycled water irrigation users, 29 recycled water construction meters, 30 recycled water commercial fill station users, 3,464 back-flow preventers and 90 dental facilities.

Department Overview

Engineering

Operating Expenses by Category

Category	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Proposed	FYE21 Proposed
Wages and Benefits	2,870,239	2,932,978	3,563,010	4,268,069	4,536,966
Materials	21,653	19,299	26,765	38,920	30,920
Contracts	995,112	703,166	683,320	262,145	279,745
Other	3,156	2,498	5,300	5,000	5,000
Total	3,890,160	3,657,941	4,278,395	4,574,134	4,852,631

Operating Expenses by Fund

Fund	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Local Wastewater Enterprise	351,513	280,614	352,550	490,817	507,112
Local Wastewater Replacement	300,624	-	-	-	-
Local Wastewater Expansion	593,412	675,426	621,995	533,817	549,805
Regional Wastewater Enterprise	799,058	659,684	952,170	1,128,619	1,254,657
Regional Wastewater Expansion	44,128	57,236	87,621	165,246	173,354
Water Enterprise	947,088	1,102,036	1,342,979	1,393,815	1,480,591
Water Replacement	12,000	-	-	-	-
Water Expansion	769,595	820,222	751,758	732,747	773,338
Administrative Cost Center	72,742	62,724	169,322	129,072	113,774
Total	3,890,160	3,657,941	4,278,395	4,574,134	4,852,631
Full Time Equivalents	19.5	20.5	23.0	23.0	23.0



Department Overview

Administration — Division 40



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

Top Division Goals

- Secure in coordination with DERWA a supplemental source of recycled water.
- Evaluate water supply options that would meet the objectives of the District's Water Supply, Storage, Conveyance, Quality and Conservation Policy.
- Implement the recommendations in the Wastewater Treatment Plant and Biosolids Master Plan to achieve long-term sustainable biosolids management.
- Finalize amendment to Agreement for Sale of Recycled Water by DERWA to DSRSD and EBMUD.
- Update the District's procedures and policy to conform to the California Environmental Quality Act.
- Support conversion to the new enterprise resource program.

Budget Trends

The Administration Division's adopted FYE 2020 and FYE 2021 budget is status quo with one exception; the FTE count has been reduced by 0.50 FTE due to restructuring in FYE 2019. While there is a reduction in the related salary and benefit budgeted expenditures, there is also an increase to the temporary staffing budget (\$65,000) for temporary administrative assistance.

Department Overview

Administration — Division 40

Operating Expenses by Category

Category	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Proposed	FYE21 Proposed
Wages and Benefits	473,876	447,586	552,356	541,381	526,588
Materials	639	277	200	200	200
Contracts	494	9,752	15,800	15,000	15,000
Other	402	976	2,400	2,400	2,400
Total	475,411	458,591	570,756	558,981	544,188

Operating Expenses by Fund

Fund	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Local Wastewater Enterprise	45,727	45,045	57,244	49,049	49,696
Regional Wastewater Enterprise	182,938	177,148	222,233	200,642	203,232
Water Enterprise	174,391	174,534	206,957	182,218	181,285
Administrative Cost Center	72,355	61,865	84,322	127,072	109,974
Total	475,411	458,591	570,756	558,981	544,188
Full Time Equivalents	2.5	2.5	2.0	2.0	2.0



Department Overview

Capital & Asset Management — Division 41



The Capital Improvement Projects division prepares and administers two elements of the Capital Improvement Program (CIP): 1) the CIP ten-year plan and 2) the CIP two-year budget.

The division also leads the Department's efforts in support of the Asset Management Program, including developing and maintaining asset rehabilitation and replacement models that are integral to the development of capital improvement and capital outlay budgets. The division plans, designs, and manages the construction of all of the District's CIP projects. The division supports the Wastewater Treatment Plant (WWTP) and Field Operations by evaluating processes and operations to improve efficiency and resolve issues, designing equipment and facility improvements, and procuring specialty equipment and services. The division also maintains the District's water, recycled water, and wastewater collection system mapping and hydraulic models.

Top Division Goals

- Prepare a CIP 10-Year Plan in FYE 2021.
- Complete construction of District Office Renovation, including Board Room Audio/Video Improvements.
- Complete design and begin construction of Reservoir 20B.
- Complete critical water line replacement projects, including those in the Camp Parks area (Sebille Avenue to 12th Street, and Mitchell Drive, between Powell Street to 8th Street).
- Begin planning and design for construction Turnout 6.
- Complete 40 valve and 40 blow-off replacements.
- Refine the water and regional asset rehabilitation and replacement models to weight the maintenance and replacement of assets based on criticality.
- Complete design of improvements to the Regional Wastewater Treatment Facility SCADA system.
- Design and bid the Bio-Gas Treatment System Improvements.
- Prepare the Electrical System Master Plan Update for the Regional Wastewater Treatment Facility.
- Implement key projects identified in the Wastewater Collection System Master Plan, including upsizing the section of pipe in Dublin Boulevard between Amador Plaza road to Village Parkway, and the East Dublin Trunk Sewer Rehabilitation project.

Budget Trends

The Capital & Asset Management division added one limited-term and one full-time engineer in FYE 2019 and will add an additional engineer in FYE 2020. Two of these positions represent transfers from the Operations Department to help alleviate the backlog of CIP projects in those operational areas. The increase in professional services is due to a deferred need to enhance the Facilities and Regional Wastewater Treatment Facility asset management replacement model, which is estimated to cost approximately \$100,000.

Department Overview

Capital & Asset Management — Division 41

Operating Expenses by Category

Category	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Proposed	FYE21 Proposed
Wages and Benefits	587,168	910,557	1,232,004	1,680,601	1,880,971
Materials	1,703	1,039	4,700	10,220	2,220
Contracts	32,945	32,873	60,750	103,000	123,000
Other	208	135	600	800	800
Total	622,024	944,604	1,298,054	1,794,621	2,006,991

Operating Expenses by Fund

Fund	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Local Wastewater Enterprise	123,493	191,670	213,901	364,038	378,184
Local Wastewater Expansion	-	987	-	-	-
Regional Wastewater Enterprise	291,935	358,666	482,942	756,864	874,305
Water Enterprise	206,209	391,797	516,211	671,719	750,703
Water Expansion	-	1,279	-	-	-
Administrative Cost Center	387	205	85,000	2,000	3,800
Total	622,024	944,604	1,298,054	1,794,621	2,006,991
Full Time Equivalents	5.0	7.0	10.0	10.0	10.0



Department Overview

Planning & Permitting — Division 42



The Planning & Permitting Division manages the District's long-term utility planning activities and oversees the expansion of the District's water and sewer systems by development projects. Through its Clean Water Section, the division must also ensure that customers meet regulatory requirements for recycled water use, backflow prevention, water conservation, and pollution prevention. Conformance to regulatory requirements is required in order for the District to maintain its certification and permits to distribute potable water, produce and distribute recycled water, and to discharge wastewater effluent.

Top Division Goals

- Develop a potable reuse project concept in partnership and collaboration with Tri-Valley water agencies.
- Sustain compliance with State of California long-term water use efficiency regulations.
- Maintain excellent customer service to permit applicants while ensuring minimal impact to the environment and current customers and conformance to regulatory requirements.
- Assist Finance in the completion of a cost of service study for plan check and inspection services.
- Prepare the 2020 Urban Water Management Plan.
- Implement permitting and plan check software to streamline the development review process.
- Prepare the Water System Master Plan Update and Operations Plan Update.
- Migrate historic development plan paper files to electronic content management system.
- Maximize the use of AMI and SCADA data for hydraulic modeling and conservation program development.

Budget Trends

In FYE 2019, the District recruited full-time construction inspectors in order to service the growing demand for building inspection from high growth in the City of Dublin. The budget anticipates that these new positions will eliminate the need for contract inspection services, resulting in decreased contract expenses in FYE 2020 and 2021. The division budget includes approximately \$40,000 in General Supplies to account for anticipated increased water conservation messaging materials, as well as \$50,000 to purchase and implement permitting and plan check software.

Department Overview

Planning & Permitting — Division 42

Operating Expenses by Category

Category	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Proposed	FYE21 Proposed
Wages and Benefits	1,534,235	1,574,834	1,778,651	2,046,087	2,129,407
Materials	19,310	17,984	21,865	28,500	28,500
Contracts	613,800	660,542	606,770	144,145	141,745
Other	2,414	1,387	2,300	1,800	1,800
Total	2,169,759	2,254,746	2,409,586	2,220,532	2,301,452

Operating Expenses by Fund

Fund	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Local Wastewater Enterprise	71,236	43,899	81,406	77,730	79,232
Local Wastewater Expansion	593,412	674,439	621,995	533,817	549,805
Regional Wastewater Enterprise	209,828	123,869	246,994	171,114	177,120
Regional Wastewater Expansion	44,128	57,236	87,621	165,246	173,354
Water Enterprise	481,560	535,704	619,811	539,878	548,604
Water Expansion	769,595	818,943	751,758	732,747	773,338
Administrative Cost Center	-	655	-	-	-
Total	2,169,759	2,254,746	2,409,586	2,220,532	2,301,452

Full Time Equivalents	10.0	11.0	11.0	11.0	11.0
------------------------------	-------------	-------------	-------------	-------------	-------------



Department Overview

GIS & Asset Management — Division 43



The Geographic Information System (GIS) & Asset Management Division has been consolidated into the Capital & Asset Management Division. Please see the Division 41 (page 95) for descriptions, goals and budget trends.

Top Division Goals

- See Capital & Asset Management Division (page 95)

Budget Trends

See Capital and Asset Management Division (page 95)

Department Overview

GIS & Asset Management — Division 43

Operating Expenses by Category

Category	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Proposed	FYE21 Proposed
Wages and Benefits	274,960				
Materials	-				
Contracts	347,874				
Other	132				
Total	622,966				

Operating Expenses by Fund

Fund	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Local Wastewater Enterprise	111,056				
Local Wastewater Replacement	300,624				
Regional Wastewater Enterprise	114,357				
Water Enterprise	84,928				
Water Replacement	12,000				
Total	622,966				
Full Time Equivalents	2.0				



Notes

Operations Department

The Operations Department consists of seven divisions which provide customers with planned, uninterrupted and responsive water, recycled water, and wastewater collection services. The Department also provides the Operation and Maintenance (O&M) oversight of DERWA's recycled water facility and LAVWMA's pump station and export transport pipeline to EBDA.



Department Overview

Operations

2018 and 2019 Accomplishments

Field Operations

- Significantly reduced the frequency of water quality incidents, reducing the number of positive coliform detections in the last year to just two, down from the average of thirteen over the previous two years.
- Significantly increased chloramine residual throughout the distribution system.
- Flushed 95% of the dead ends in the potable system while exercising over 15% of the distribution system valves.
- Initiated an aggressive root treatment plan for the sewer collection system.

Plant Operations

- Successfully overcame start up and construction challenges associated with the new ballasted flocculation and expanded sand filter UV systems.
- Recycled approximately 42.1% of influent flow during 2018 (91% during the summer) and 37.9% in 2019 (77.4% during the summer).
- Harvested sludge from FLS #1 and #2, in house to save approximately \$200,000 annually.
- Successfully completed construction and start up of the #4 anaerobic digester.
- Replaced aeration diffusers in 3 aeration basins, approximately 5,004 diffusers.
- Took all Primary and Secondary Clarifiers out of service for inspection and maintenance repair without any major process upsets or discharge violations.

Mechanical Maintenance

- Input all District vehicles, equipment, pumps and trailers into Lucity for PM, CM, scheduling, and repairs. Input completed in FYE 2019 and a preliminary vehicle purchase guideline has been drafted with final completion in early FYE 2020.
- Removed, rebuilt, modified and coated influent pump #3. Testing has begun to check demand and wear from Ballasted Flocculation Facility currently in service with the remaining 3 pumps to undergo treatment shortly.
- Installed & started up three new LAVWMA pumps.

Electrical and Automation

- Standardized Chlorine instruments to modern technology.
- Modified influent pump motor junction boxes for better ergonomics.
- Identified Co-Gen spare breaker, preventing Capital Outlay purchase of \$30,000.
- Upgraded WWTP aeration Blower Soft Start #2 for better reliability.
- Updated the DERWA plant distribution pump station for wetwell improvement.
- Installed & started up three LAVWMA motors.

Laboratory and Technical Services

- Renovated a state-of-the-art laboratory including new flooring and office workstations.
- Managed new regulatory required studies, including Lead in Schools for San Ramon Valley and Dublin Unified School Districts, as well as monitoring for unregulated contaminants and assisting City of Pleasanton with lab analyses during a staffing change.

Operations Support Services

- Revised safety programs including electrical safety and Spill Prevention, Control, and Countermeasure plan (SPCC).
- Optimized administrative workflow to meet the needs of asset management, FOD support, and purchasing.

Department Overview

Operations

Operating Expenses by Category

Category	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Proposed	FYE21 Proposed
Wages and Benefits	9,534,390	10,333,931	11,844,046	13,031,975	13,589,421
Materials	3,535,949	3,786,655	3,721,580	4,222,321	4,093,213
Contracts	1,092,715	1,857,235	2,742,996	3,196,767	2,737,896
Other	218,006	208,314	250,202	264,365	261,403
Total	14,381,059	16,186,135	18,558,825	20,715,428	20,681,933

Operating Expenses by Fund

Fund	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Local Wastewater Enterprise	1,423,105	1,571,279	1,801,434	1,856,859	1,913,531
Regional Wastewater Enterprise	8,105,318	8,655,711	9,673,639	10,865,106	10,944,401
Water Enterprise	4,379,966	5,024,479	6,217,268	7,117,410	6,856,930
Water Replacement	397	209	-	-	-
Water Expansion	8,220	46,757	15,391	10,124	10,301
Administrative Cost Center	464,052	887,701	851,093	865,929	956,771
Total	14,381,059	16,186,135	18,558,825	20,715,428	20,681,933
Full Time Equivalents	61.0	68.0	66.0	71.0	71.0



Department Overview

Administration — Division 50



The Operations Administration Division provides functional collaboration with other departments to improve District programs, maintain and enhance customer service levels both internal and external, and sustain the high-level workflow of the Operations Department. The Division staff develops, monitors, and reports on key performance metrics to ensure divisions are operating at the best practice within our budget, provides continual coaching aimed at successor planning and staff optimization, provides administrative solutions, processes regulatory documents and submittals, generates meaningful reports to sustain process optimization, compiles data, manages files, coordinates electronic operations and maintenance manuals using existing software and programs, directs asset management upkeep, supports capital projects and replacements, administers contracts, approves purchase orders and invoices, and coordinates special events.

Top Division Goals

- Continue supporting the Field Operation Division, enhancing the water quality of the potable distribution system.
- Administratively assist in programs aimed to increase the staff pool to respond to treatment plant and field emergencies through sustainable training programs and critical SOPs.
- Provide stewardship of proposed second nutrients watershed amendment to NPDES permit for the WWTP, Laboratory credential TNI transition, and the upcoming LAVWMA JPA renewal.
- Assist in onboarding the upcoming DERWA Authority Manager.
- Complete assets registry for DSRSD, DERWA and LAVWMA.
- Assist in documenting our Biosolids Harvesting long-term plan.

Budget Trends

In February 2017, the department was reorganized to enhance efficiency. Four staff support positions were moved to the Operations Support Division (Division 56) to strengthen, align, and coordinate the vital functions of the department. This Division currently includes the Operations Manager only, which is consistent with prior District budgets. Contracts increased in FYE 2020 to reflect a remodel of the Wastewater Treatment Plant Administration Building.

Department Overview

Administration — Division 50

Operating Expenses by Category

Category	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Proposed	FYE21 Proposed
Wages and Benefits	801,789	291,428	306,794	328,173	332,672
Materials	15,788	20,563	18,548	118,552	18,552
Contracts	49,573	16,518	37,877	87,472	57,472
Other	168,808	174,155	192,000	199,903	199,903
Total	1,035,958	502,664	555,219	734,100	608,599

Operating Expenses by Fund

Fund	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Local Wastewater Enterprise	48,013	39,835	44,406	44,525	44,975
Regional Wastewater Enterprise	510,086	275,906	356,212	520,255	398,505
Water Enterprise	310,025	172,405	142,077	155,921	151,720
Administrative Cost Center	167,834	14,518	12,524	13,399	13,399
Total	1,035,958	502,664	555,219	734,100	608,599
Full Time Equivalents	5.0	1.0	1.0	1.0	1.0



Department Overview

Field Operations — Division 51



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

Top Division Goals

- Perform annual hydro cleaning of 300,000 feet of the wastewater collection system using frequencies and priorities established by the asset management program.
- Improve station redundancy and reliability at temporary lift station LS2.
- Upgrade SCADA programming to maximize system hardware potential to continue to improve on water quality.
- Flush approximately 600 dead end mains in the water distribution system on an annual basis.
- Update the Water System Operations and Maintenance Plan every five years.
- Exercise 20% of system valves in the water distribution system annually.
- Record 100,000 feet of closed circuit television (CCTV) to view the wastewater collection system using frequencies and priorities established by the asset management program.
- Complete all USA locates accurately and by the requested deadline.

Budget Trends

The division budget has increased to support recommended staffing levels, which have remained flat since the 2008-2009 recession. The District has experienced rapid growth in size and needs additional staff to maintain aging infrastructure. In FYE 2018, two staff were proposed for the water maintenance function and two staff are proposed for the wastewater collections function, allowing the District to implement a preventative maintenance program. In FYE 2020, one additional position is included for this division to ensure proactive versus reactive water quality levels. The increase in contract services is for subsurface repairs due to the District's aging infrastructure and annual maintenance in the areas of hydro cleaning and flushing. In FYE 2021, this proactive maintenance should result in future declining needs for contract services.

Department Overview

Field Operations — Division 51

Operating Expenses by Category

Category	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Proposed	FYE21 Proposed
Wages and Benefits	2,148,398	2,264,053	2,847,735	3,284,998	3,388,607
Materials	1,224,567	1,107,012	987,368	1,294,080	1,229,330
Contracts	602,741	1,098,927	1,646,620	1,809,000	1,500,000
Other	20,516	13,746	27,600	22,150	18,550
Total	3,996,221	4,483,736	5,509,323	6,410,228	6,136,487

Operating Expenses by Fund

Fund	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Local Wastewater Enterprise	1,162,520	1,149,924	1,344,003	1,452,918	1,495,633
Regional Wastewater Enterprise	5,468	6,934	850	70,372	72,420
Water Enterprise	2,818,330	3,277,012	4,148,479	4,876,815	4,558,132
Water Replacement	397	209	-	-	-
Water Expansion	8,220	46,757	15,391	10,124	10,301
Administrative Cost Center	1,286	2,901	600	-	-
Total	3,996,221	4,483,736	5,509,323	6,410,228	6,136,487
Full Time Equivalents	12.0	16.0	16.0	17.0	17.0



Department Overview

Plant Operations — Division 52



The Plant Operations Division is a 14 person team of State certified wastewater treatment plant operators tasked with operating the District's wastewater, recycled water treatment, Bio Solids treatment and final effluent disposal facilities. Currently, the DSRSD wastewater plant has a designed treatment capacity of 17 million gallons per day (mgd) with an average dry weather flow of 10.3 mgd. The recycled water treatment facilities consists of a 12.3 mgd continuous backwash sand filtration plant (SF). In late 2019 the District hopes to complete testing to expand the SF

capacity to 16.2 mgd. The SF ultraviolet disinfection system is rated at 17.6 mgd. In addition, the recycled plant has a 2.5 mg micro filtration ultraviolet disinfection (MFUV) plant. Annual recycled water production is expected to increase to 42.9% while summer recycled water production is expected to increase to 80.6% over the next two years with an increasing number of summer days where 100% of influent flow is recycled.

Top Division Goals

- Clean Anaerobic Digesters numbers 1 through 3 to maximize bio-solids treatment efficiency.
- Harvest sludge from three facultative sludge lagoons over the next two years or 1.5 per year. Typically, the goal is one per year.
- Install nutrient instrumentation and establish a solid database on nutrients, which will inform future planning.
- Complete proficiency training for a division supervisor, a new process lead, and newly promoted senior wastewater treatment plant operators.
- Update the existing electronic operations and maintenance with critical standard operating procedures and facility upgrade information.
- Maintain steady state operations while meeting with operational challenges associated with the construction and expansion of the primary clarification system.
- Overhaul and refurbish the UV lamp wiper cleaning system and complete new regulatory operations and maintenance tasked associated with the recent upgrade of the SFUV system.
- Complete capacity testing of the Sand Filtration system upgrade from 12.3 to 16.2 mgd.
- Improve chemical use efficiency of the newly constructed ballasted flocculation system.

Budget Trends

The major adjustments in the budget reflect changes in the materials category. Chemical costs have been trending below budget. However, the cost for sodium hypochlorite (bleach for disinfection treated wastewater) has gone up with the most recent BACC bids. The addition of a 4th Digester will require additional costs for ferrous chloride for struvite and H2S control. PG&E has a wildfire program and there is an expectation there will be an increase in energy rates. There are additional labor and training costs. The division is being reorganized in order to support better management of staff, asset management, staff development and succession planning. Temporary labor costs are increasing to support a more aggressive sludge harvesting schedule. In addition, an Administrative Assistant position is being transferred from Operations Administration to Plant Operations.

Department Overview

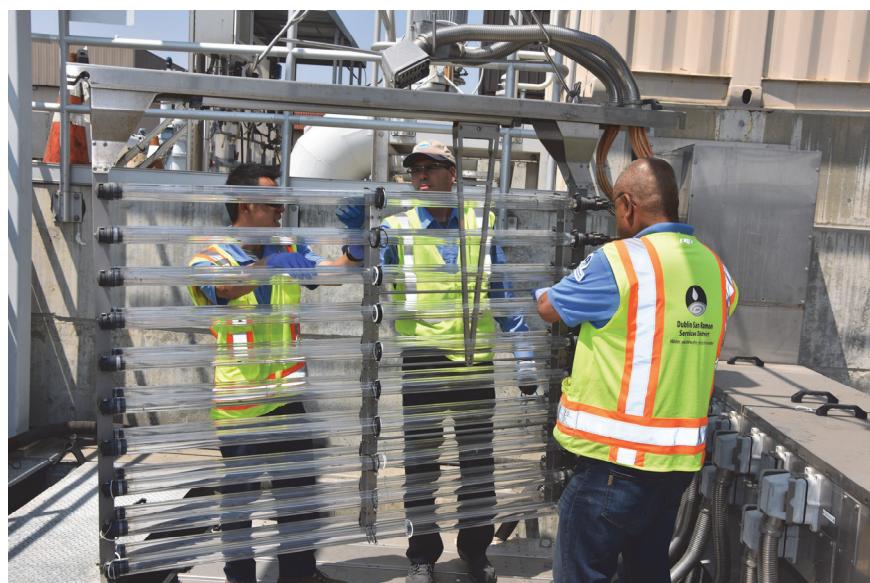
Plant Operations — Division 52

Operating Expenses by Category

Category	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Proposed	FYE21 Proposed
Wages and Benefits	1,958,682	2,087,357	2,103,062	2,596,369	2,652,059
Materials	1,396,002	1,532,140	1,673,869	1,644,939	1,638,476
Contracts	141,053	226,058	241,674	359,629	273,354
Other	13,427	289	1,400	1,600	1,600
Total	3,509,164	3,845,845	4,020,005	4,602,537	4,565,489

Operating Expenses by Fund

Fund	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Local Wastewater Enterprise	-	16,321	-	24,685	25,079
Regional Wastewater Enterprise	3,509,164	3,757,842	4,020,005	4,528,483	4,490,251
Water Enterprise	-	71,681	-	49,370	50,160
Total	3,509,164	3,845,845	4,020,005	4,602,537	4,565,489
Full Time Equivalents	12.0	12.0	13.0	14.0	14.0



Department Overview

Mechanical Maintenance — Division 53



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

coordinates shutdowns required during construction projects, and responds to equipment failures. The division captures work completed and maintenance history in logs, reports, and computerized maintenance management software, and maintains fleet vehicles to ensure that employees operate safe and reliable vehicles and equipment.

Top Division Goals

- Install all equipment specified in Capital Outlay request for operation in the year budgeted, except for (contracted) sewer line replacement in BLDG A, the critical tank linings for corrosion protection, and BLDG R retaining wall.
- Develop a structured fleet replacement policy/guideline. An initial draft has been prepared and the final full length draft will be submitted by the end of FYE 2019 and we will begin right-sizing the fleet.
- Achieve preventative maintenance orders and labor hours to be at least 60% of total by FYE 2019.
- Finish process of fully automating preventative maintenance, repair, and asset management data immediately into Lucity for WWTP expanding to Water and Recycle Dept. (eliminating manual and duplicative electronic data entry).
- Implementation of acoustic and vibration technology on critical and process equipment in WWTP, expanding to field sites by FYE 2021, converting from preventative to predictive maintenance.
- Replacement of the hydraulic control system on Dublin and Pleasanton headworks gates to modern control with manual override system.

Budget Trends

Temporary labor costs will remain at \$27,000. Maintenance contracts decreased from \$69,000 to \$55,200 for HVAC, pest control, roof, and absorption chiller services. Contracts for monitoring and testing of various equipment have remained the same and janitorial services were expanded from three to five days per week at all the facilities.

Department Overview

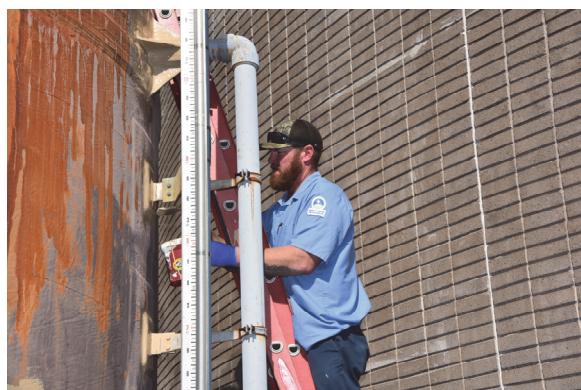
Mechanical Maintenance — Division 53

Operating Expenses by Category

Category	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Proposed	FYE21 Proposed
Wages and Benefits	1,781,744	1,825,923	2,391,713	2,508,823	2,535,823
Materials	571,802	676,875	609,110	692,800	692,800
Contracts	156,896	277,063	360,616	498,316	498,315
Other	298	834	2,400	2,400	2,950
Total	2,510,740	2,780,695	3,363,839	3,702,339	3,729,888

Operating Expenses by Fund

Fund	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Local Wastewater Enterprise	143,886	145,686	164,349	113,738	119,204
Regional Wastewater Enterprise	1,816,263	1,977,315	2,452,519	2,743,652	2,777,049
Water Enterprise	447,887	477,234	534,430	615,909	596,860
Administrative Cost Center	102,704	180,461	212,541	229,040	236,776
Total	2,510,740	2,780,695	3,363,839	3,702,339	3,729,888
Full Time Equivalents	14.0	15.0	16.0	17.0	17.0



Department Overview

Instrumentation, Controls, & Electrical — Division 54



The instrumentation, Controls, and Electrical Division provides corrective maintenance, preventative maintenance, and enhances processes for electrical, instrumentation, and Supervisory Control and Data Acquisition (SCADA) systems. The Division supports District, LAVWMA, and DERWA facilities. Division staff assists with the design of new facilities, modifies existing facilities, and enhances the performance and reliability of all process equipment. SCADA staff maintains computer systems that provide

vital operations information necessary for business functions, environmental controls, and the safety and security for District personnel and property. Instrumentation and Controls staff makes certain that instrumentation equipment is accurately calibrated to analyze chemical usage, meter process flows, monitor water levels, and control processes. Division Electrical staff maintain electrical systems (24 volts to 21,000 volts) so that all equipment are ready and reliable for safe operations.

Top Division Goals

- Complete the Wastewater Treatment and Recycled Water Treatment SCADA system upgrade.
- Address Emergency Preparedness by identifying critical equipment, procuring spares in order to be prepared for emergencies, upgrading obsolete equipment, and enhancing maintenance contracts (Strategic Goal #7).
- Perform safety gap analysis and address high-risk items such as completing arc flash studies at all District facilities.
- Begin process of fully automating preventative maintenance asset management assessment data immediately into Lucity thus eliminating manual and duplicative electronic data entry (Strategic Goal #4).
- Support Electronic Records Management efforts by forming a sub-committee to help steer efforts to capture record drawings and O&M shop drawings into the system (Strategic Goal #2).
- Work with HR to complete a new job series for Instrumentation, Controls, and SCADA staff to help with succession planning (Strategic Goal #5).

Budget Trends

Materials budget increased in the area of equipment to accommodate replacement of aging equipment, standardization of existing equipment, and stocking critical spares. Professional Services budget have increased for outside consultant services to assist with design, power systems studies, and programming modifications. Lastly, the Maintenance Contract budget increased to cover contracts for the Field Operations SCADA Upgrade and the newly completed DERWA Phase 2 and Digester 4 CIP construction projects.

Department Overview

Instrumentation, Controls, & Electrical — Division 54

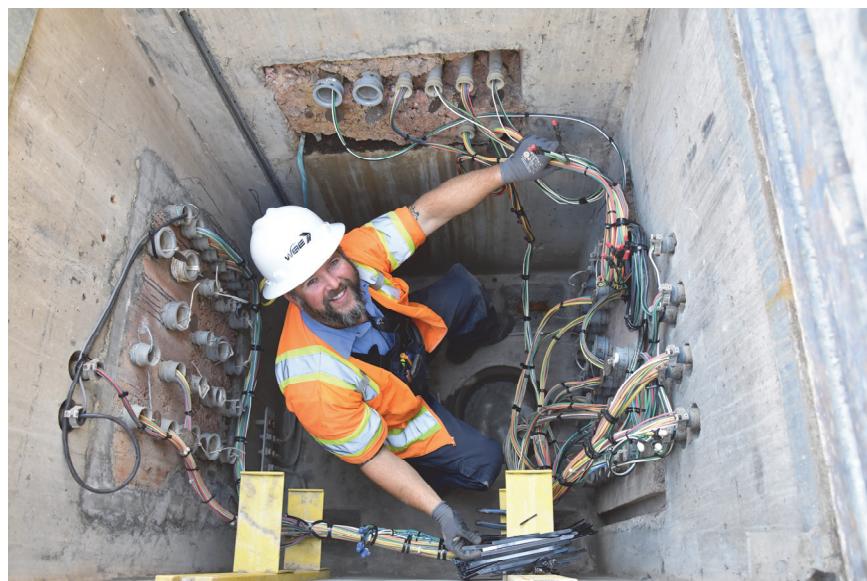
Operating Expenses by Category

Category	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Proposed	FYE21 Proposed
Wages and Benefits	1,369,251	1,530,674	1,829,550	1,949,809	2,192,031
Materials	208,225	305,083	236,365	338,300	375,300
Contracts	62,903	132,207	262,038	256,200	211,200
Other	824	1,717	2,000	2,000	2,000
Total	1,641,204	1,969,680	2,329,953	2,546,309	2,780,531

Operating Expenses by Fund

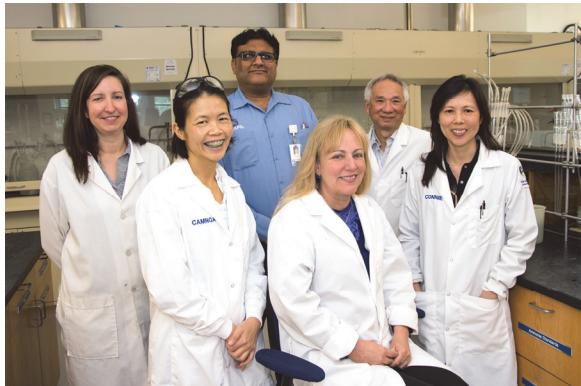
Fund	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Local Wastewater Enterprise	4,685	14,411	14,522	31,255	34,174
Regional Wastewater Enterprise	1,050,105	1,240,515	1,336,325	1,471,129	1,631,596
Water Enterprise	545,058	669,724	884,138	944,083	1,008,871
Administrative Cost Center	41,356	45,029	94,968	99,842	105,890
Total	1,641,204	1,969,680	2,329,953	2,546,309	2,780,531

Full Time Equivalents **9.0** **10.0** **10.0** **10.0** **10.0**



Department Overview

Laboratory & Technical Services — Division 55



The Laboratory & Technical Services Division monitors drinking water, wastewater, groundwater, and biosolids to ensure compliance with regulatory standards and to optimize process controls. Thousands of samples each year are collected, received, analyzed (or subcontracted), and reported per the requirements of District permits as well as state and federal regulations. The six laboratory employees operate the laboratory 365 days a year. The Laboratory is the primary point of contact for District customers to answer questions on water quality and is certified (certificate number 1272) by the State Water Board Environmental Laboratory Accreditation Program (ELAP). In addition, the Environmental Compliance Section implements the District's Pre-treatment Program, a requirement of the Wastewater Treatment Plant NPDES permit.

Top Division Goals

- Ensure core goals of error-free analyses and timely reporting are met through staff core competencies and improved process flow, including better utilization of software (LIMS, OnBase).
- Complete lab renovations, including new flooring and new office furniture.
- Ensure quality control and quality assurance in the lab is compliant with current ELAP standards. ELAP has hired new assessors who are actively enforcing rigorous requirements.
- Stay actively involved in development of new accreditation standards (TNI) by attending meetings and trainings and using consultant help as needed (3-year window).
- Actively support District and Tri-Valley partners' special projects, e.g., FOG receiving station, nutrient management study, etc.
- Complete the evaluation of the Local Limits Study.

Budget Trends

As part of the department reorganization, the Environmental Compliance Division was transferred under the Laboratory Supervisor in late FYE 2017. Although the FTEs were reassigned to division 55, the wages and benefits were not reflected until FYE 2018 and beyond. This has resulted in the FYE 2018 budget increases which absorbed two positions and the operating expenses related to that cost center. In FYE 2020, a three year limited term laboratory technician position is included to assist in new compliance requirements.

Slight increases occurred in the Environmental Compliance budget due to the need for additional evaluation and training. More significant increases occurred in the Laboratory budget due to extra staff and training budgets related to new accreditation standards.

Department Overview

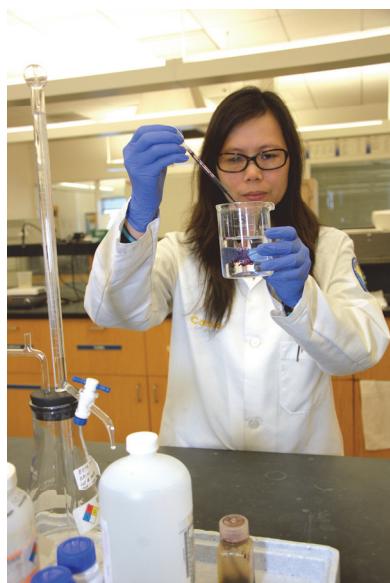
Laboratory & Technical Services — Division 55

Operating Expenses by Category

Category	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Wages and Benefits	868,254	1,216,163	1,341,963	1,538,665	1,581,848
Materials	66,065	70,097	153,620	91,050	96,155
Contracts	34,039	66,857	109,197	130,200	141,605
Other	10,076	10,388	12,200	22,480	22,568
Total	978,434	1,363,505	1,616,980	1,782,395	1,842,176

Operating Expenses by Fund

Fund	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Local Wastewater Enterprise	-	149,357	165,537	170,748	175,471
Regional Wastewater Enterprise	786,630	1,019,719	1,133,377	1,246,161	1,286,188
Water Enterprise	191,069	194,430	318,065	365,486	380,518
Administrative Cost Center	735	-	-	-	-
Total	978,434	1,363,505	1,616,980	1,782,395	1,842,176
Full Time Equivalents	7.0	7.0	7.0	8.0	8.0



Department Overview

Operations Support Services — Division 56



The Operations Support Services Division has been reorganized to strengthen, align, and coordinate the vital functions of the department. The Division supervisor is responsible for the coordination, planning, and implementation of the safety, regulatory, and administrative programs in the department. In addition, the supervisor coordinates the goals of the division, aligns the goals with the District's needs, provide leadership for the department safety and regulatory programs .

Top Division Goals

- Provide high-performing administrative support to the Operations Department in all divisions
- Align the Operations Divisions to fully coordinate the regulatory permit needs of the Department
- Complete the safety programs revisions and establish a voice in emergency response
- Network operations programs with the rest of the District
- Transfer the Bay Area Chemical Consortium (BACC) to another organization
- Enhance the metrics/dashboard and create a live performance dashboard for easy view
- Create and implement a successor planning learning program
- Update the Emergency Response Plan and provide District-wide training on disaster service worker obligations
- Conduct Emergency Operation Center (EOC) exercises to promote preparedness

Budget Trends

This Division was established in February 2017 as part of the Department reorganization for administrative support, the safety program and Plant Engineer responsibilities. In FYE 2019, administrative support was transferred to the individual operating divisions, thus leaving safety, regulatory and administrative analyst functions in the division. Increases in the prior baseline budgets include an additional \$30,000 for an emergency preparedness consultant, additional safety training, and ergonomic equipment. The current budget includes the addition of an regulatory compliance supervisor to oversee this division.

Department Overview

Operations Support Services — Division 56

Operating Expenses by Category

Category	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Wages and Benefits	606,272	1,118,333	1,023,230	825,139	906,381
Materials	53,500	74,885	42,700	42,600	42,600
Contracts	45,509	39,607	84,975	55,950	55,950
Other	4,055	7,187	12,602	13,832	13,832
Total	709,337	1,240,011	1,163,507	937,521	1,018,763

Operating Expenses by Fund

Fund	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Local Wastewater Enterprise	64,000	55,745	68,618	18,992	18,995
Regional Wastewater Enterprise	427,602	377,480	374,351	285,055	288,393
Water Enterprise	67,598	161,994	190,077	109,827	110,669
Administrative Cost Center	150,138	644,791	530,460	523,648	600,707
Total	709,337	1,240,011	1,163,507	937,521	1,018,763

Full Time Equivalents **2.0** **7.0** **3.0** **4.0** **4.0**



Notes

Non-Departmental

This non-departmental account group is used for costs that are not specifically related to any one department. Expenses in this group are overseen by the Administrative Services Department. Expenses include:

Personnel—Retiree medical and dental, unemployment payments, medical insurance administration fees, pension/Other Post Employee Benefits (OPEB) Unfunded Actuarial Liability (UAL) funding;

Materials—Utility costs for the administration building (water, power, garbage), general office supplies, meters for new accounts, wholesale water purchases from Zone 7, replacement of computer equipment under the capitalization limit and gasoline for pooled vehicles;

Contract Services—Liability insurance, legal services, general maintenance contracts (computer hardware/software and office machines) and bond administration;

Other—Payments to joint powers authorities, debt payments and bond issuance costs.



Department Overview

Non-Departmental — Division 70

2018 and 2019 Accomplishments

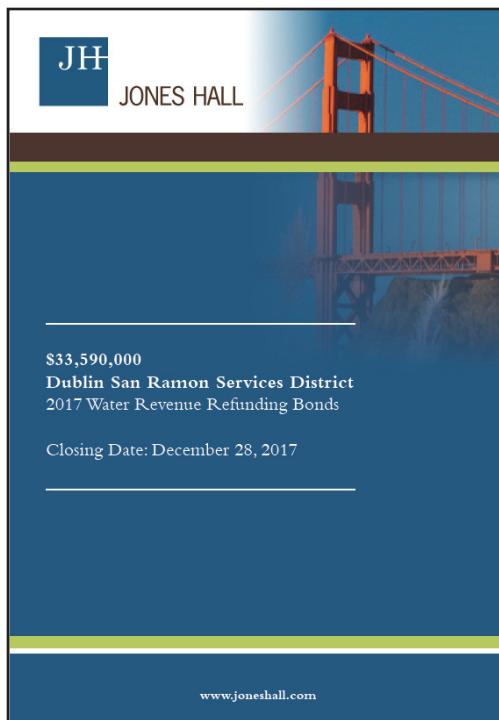
- Monitored liability costs and implemented proactive training to reduce injuries, resulting in a premium refund of \$51,029 and \$49,470 in FYE 2018 and 2019, respectively.

Top Division Goals

- Continue to monitor the bond market to take advantage of refunding opportunities as appropriate.
- Proactively monitor our utility usage to limit costs under the new Pacific Gas & Electric (PG&E) guidelines.
- Collaborate with the Engineering department to refine water demand and development activity projections to better forecast financial planning needs.
- Accelerate funding of pension unfunded actuarial liability over 15 years.

Budget Trends

The primary decrease in non-departmental materials was due to refinement of water demand projections to more accurately reflect the current post-drought usage rate of the District's customer base. Water purchases from Zone 7 are the largest expenditure for Division 70. Due to refinement of water demand projections, water purchases are budgeted lower than FYE 2019 (from \$17.0 million to \$15.1 million and \$16.5 million respectively). FYE 2017 and FYE 2018 include year-end adjustments for compensated leave. FYE 2020 and FYE 2021 include accelerated funding of the District's pension unfunded actuarial liability. Contracts have increased slightly due to the new Field Operations Facility. FYE 2018 also includes a one time \$13.2 million prior period adjustment due to implementation of GASB Statement No. 75 (*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*).



Department Overview

Non-Departmental

Operating Expenses by Category

Category	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Wages and Benefits	2,332,166	1,787,799	965,359	2,553,343	2,639,365
Materials	12,572,528	14,527,873	15,722,947	15,767,704	17,146,425
Contracts	3,219,821	1,769,100	2,291,318	2,423,052	2,633,765
Other	14,543,929	29,399,097	16,558,456	14,323,002	14,332,363
Total	32,668,445	47,483,868	35,538,080	35,067,101	36,751,917

Operating Expenses by Fund

Fund	FYE17 Actual	FYE18 Actual	FYE19 Estimated	FYE20 Adopted	FYE21 Adopted
Local Wastewater Enterprise	(14,432)	250,280	7,507	201,896	203,196
Local Wastewater Replacement	-	-	-	3,700	4,100
Local Wastewater Replacement	5,190	11,043	11,600	14,200	14,200
Local Wastewater Expansion	62,668	43,360	2,000	42,526	42,781
Regional Wastewater Enterprise	4,548,950	4,403,642	3,787,614	4,325,754	4,330,521
Regional Wastewater Replacement	-	-	-	3,700	4,100
Regional Wastewater Replacement	49,565	40,901	51,800	342,800	342,800
Regional Wastewater Expansion	3,442,524	3,373,088	8,003,120	4,324,010	4,324,328
Water Enterprise	14,641,476	16,449,290	17,046,966	17,861,025	19,264,466
Water Rate Stabilization	34,907	35,537	58,163	80,600	88,800
Water Replacement	966,050	122,930	290,900	340,220	315,720
Water Expansion	5,714,435	7,934,189	3,163,477	4,295,663	4,264,023
Administrative Cost Center	745,781	551,486	597,824	495,339	554,265
Other Post-Employment Benefits	-	13,033,998	957,259	988,919	1,064,867
DV Standby Assessment District	2,471,331	1,234,125	1,559,849	1,746,750	1,933,750
Total	32,668,445	47,483,868	35,538,080	35,067,101	36,751,917

Notes

Appendix

District Profile

What products and services does DSRSD provide and to whom?

- Founded in 1953, DSRSD serves more than 186,000 people.
- DSRSD distributes drinking water for approximately 89,000 people, in Dublin since March 1961 and in Dougherty Valley since May 2000.
- DSRSD provides wastewater collection and treatment for approximately 160,000 people in Dublin and southern San Ramon since March 1961, and wastewater treatment for Pleasanton (by contract) since September 1965.
- DSRSD has produced recycled water for landscape irrigation and construction since 1999. In 2006, DSRSD and East Bay Municipal Utility District (EBMUD) formed the San Ramon Valley Recycled Water Program (SRVRWP). The program serves DSRSD, EBMUD, and Pleasanton irrigation customers at 603 locations.

Who governs DSRSD?

- Five Directors, elected by area, serve four-year terms.
- An independent special district, DSRSD is governed under California's Community Services District Law.

How many accounts does DSRSD serve?

- 23,860 potable water accounts (residential, commercial, industrial and institutional)
- 445 recycled water irrigation accounts
- 22,371 single-family residential wastewater tax roll assessments (excludes commercial, industrial and institutional)

How many hydrants and how many miles of underground pipelines does DSRSD manage

- Hydrants: 3,395 potable water hydrants, 19 recycled water hydrants
- Pipelines: 321 miles of potable water pipes, 68 miles of recycled water pipes, 207 miles of sewer pipes

How many reservoirs (tanks) does DSRSD operate and how much water do they store?

- 14 reservoirs store 27.05 million gallons (mg) of potable water
- 2 reservoirs store 1.95 mg of recycled water

How much potable water is used by District customers?

- 2.922 billion gallons annually (July 1, 2017 – June 30, 2018)
- 8.01 million gallons per day, average daily consumption (July 1, 2017 – June 30, 2018)
- 65.20 gallons per person per day, residential use only (12-month rolling average as of June 30, 2018)
- 97.00 gallons per person per day, all customers (12-month rolling average, as of June 30, 2018)

How much recycled water is used by District customers annually (July 1, 2017—June 30, 2018)?

- 1,185 million gallons, equal to 29.25% of total water sales
- 99% was delivered via purple pipes, primarily for irrigation; 1% via the Commercial Fill Station, primarily for construction. The Residential Fill Station at the Treatment Plant is closed due to construction. The Dublin fill station is permanently closed because the city-owned property is no longer available.

Appendix

District Profile

What is the average wastewater flow from a single-family residence?

- 180 gallons per day

How many gallons of wastewater are treated each day at the District's Regional Wastewater Treatment Facility?

- 10.19 million gallons per day (mgd) annual daily average
- 10.58 mgd wet weather daily average
- 17.0 mgd ADWF (average dry weather flow) is the treatment plant's capacity

What types of wastewater treatment does the District provide?

- DSRSD's Regional Wastewater Treatment Facility provides secondary treatment by activated sludge process.
- The Jeffrey G. Hansen Water Recycling Plant, operated by DSRSD on behalf of the SRVRWP, provides advanced purification (tertiary treatment) using microfiltration or sand filtration and ultraviolet disinfection.

How many full-time-equivalent positions are approved by the Board at DSRSD?

- 122 full-time equivalents for FYE 2018 and FYE 2019
- 128 full-time equivalents are approved in FYE 2020 and FYE2021

Where does water come from?

- State Water Project (Lake Oroville is the primary reservoir)
- Local groundwater, previously artificially re-charged by the Zone 7 Water agency
- Local runoff impounded at Lake Del Valle
- Recycled water recovered from wastewater (for non-potable uses, primarily irrigation)

Where does our treated wastewater go?

- Discharged into the San Francisco Bay — 60%
- Recycled for non-potable uses, primarily irrigation — 40%

Appendix

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.drsrd.com/about-us/district-policies.

Auditor Selection and Services

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

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

Budgeting Accountability

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 total 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 <https://www.drsrd.com/Home>ShowDocument?id=298>.

Appendix **District Policies**

Capital Financing and Debt Management

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. <https://www.dsrsd.com/Home>ShowDocument?id=300>

Consolidated Water Enterprise Fund

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 so that it meets 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. <https://www.dsrsd.com/Home>ShowDocument?id=302>

Financial Reserves

Provides guidance for 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. <https://www.dsrsd.com/Home>ShowDocument?id=304>

Investment

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. <https://www.dsrsd.com/Home>ShowDocument?id=306>

Project Cost Allocation

Establishes 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. <https://www.dsrsd.com/Home>ShowDocument?id=308>

Appendix

District Policies

Rate Policies and Guidelines

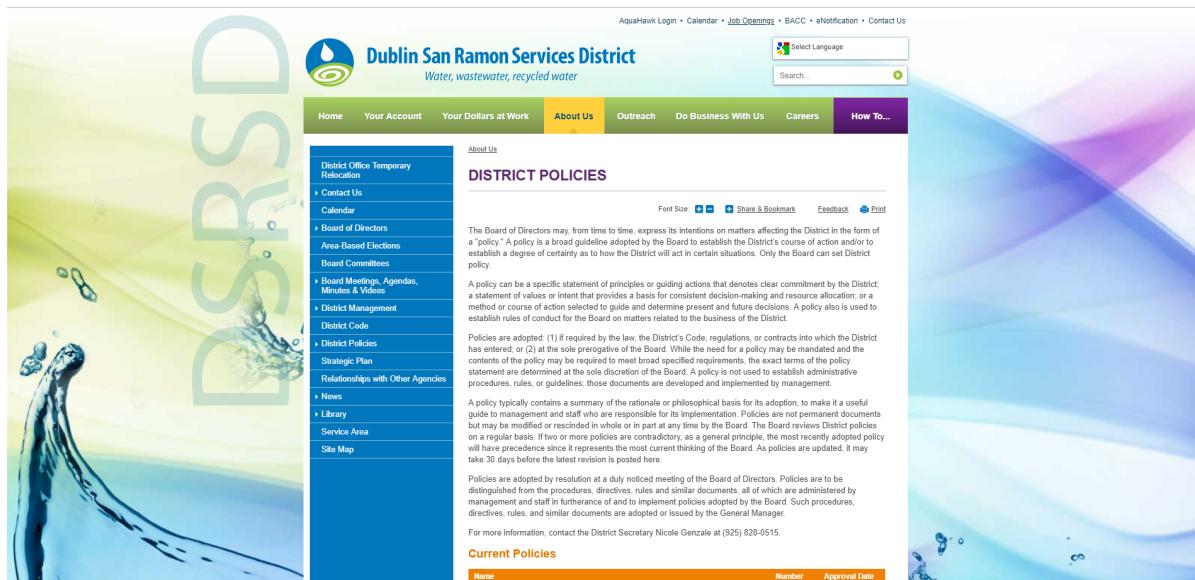
Provides guidance and consistency in decision-making for developing and adopting rates to establish that rates are developed using a generally-accepted methodology, provide financial stability, achieve rate stability, ensure public well-being and safety, and with consideration of rate impacts.

<https://www.dsrsd.com/Home>ShowDocument?id=310>

Water Expansion Fund Management

Prioritizes the obligations of the Water Expansion fund. The Water Expansion fund is dedicated to paying for the expansion of water facilities to serve growth (and to pay a share of debt related to facilities that have already been built to serve growth). This fund remains one of the most critically funded of the various funds maintained by the District and faces a number of ongoing obligations that will have a material bearing on its fund balance. <https://www.dsrsd.com/Home>ShowDocument?id=314>

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



Appendix

Glossary of Budget Terms

Accrual Basis of Accounting:	Accounting basis under which transactions are recognized based on the period they benefit, regardless of the timing of cash receipts and disbursements.
Acre Foot (AF):	A unit of measurement equivalent to 325,900 gallons of water, the volume of water that would cover one acre to a depth of one foot.
ACWA:	Association of California Water Agencies.
Allocated Administrative Costs:	Costs that cannot be directly tied to a particular enterprise, but benefit the District as a whole, are allocated according to a cost allocation model that apportions costs based upon the functions of each Division.
Amador Valley:	Valley in eastern Alameda County, California location of the cities of Dublin and Pleasanton. The valley is bounded by foothills of the Diablo Range on the north and south, Pleasanton Ridge to the west, and Livermore Valley to the east.
AMP:	Asset Management Program.
Appropriation:	Authorization granted by the Board of Directors to expend money for the purpose outlined in the budget.
AWWA:	American Waterworks Association.
Budget:	A financial plan for a specific period of time.
CAFR:	Comprehensive Annual Financial Report. The District's "annual report" that includes the audited financial statements as well as other statistical and general information. This report is submitted to the Government Finance Officers Association for consideration of the Certificate of Achievement for Excellence in Financial Reporting award.
CalPERS:	California Public Employees' Retirement System. The entity that provides retirement and medical benefits to District employees.
CIP:	Capital Improvement Projects. A long range construction plan for District facilities.
Capital Outlay:	Items that meet the fixed asset capitalization criteria.

Appendix

Glossary of Budget Terms

CASA:	California Association of Sanitation Agencies.
CCSD:	Central Contra Costa Sanitary District.
CCF:	One hundred cubic feet. A unit of measurement equivalent to 748 gallons of water.
CERBT:	California Employers' Retiree Benefit Trust.
Certificate of Participation:	A form of variable rate debt used by the District.
CMMS:	Computerized Maintenance Management System.
Cogeneration (Cogen):	Refers to energy produced as a result of utilizing the by-products of the solids treatment process.
Contribution to JPA:	Funding provided to support a joint powers authority.
COLA:	Cost of Living Adjustment. An increase in salary or benefits to offset the effect of inflation.
CPI:	Consumer Price Index. Cost adjustment factor based on cost increases.
CSDA:	California Special Districts Association.
CWEA:	California Water Environment Association.
Debt Service:	The combination of interest expense and principal payments due to long-term debt.
Delivery Versus Payment:	The basis on which all security transactions are entered into by the District.
DERWA:	DSRSD-EBMUD Recycled Water Authority. A joint powers agency between the District and East Bay Municipal Utility District for the development of recycled water facilities, infrastructure, and services.
District:	Dublin San Ramon Services District.
DLD:	Dedicated Land Disposal. Application of wastewater sludges to land for disposal purposes.

Appendix

Glossary of Budget Terms

Dougherty Valley:	Approximately 6,000 acres of incorporated and unincorporated land in southwest Contra Costa County contiguous to the San Ramon Valley, just north of the Contra Costa and Alameda County lines. Incorporated into the City of San Ramon.
DSRSD:	Dublin San Ramon Services District.
DUE:	Dwelling Unit Equivalent. A unit of measure used to allocate sewer capacity. One DUE is equal to 220 gallons.
DVSAD:	Dougherty Valley Standby Assessment District.
EBMUD:	East Bay Municipal Utility District.
Enterprise Fund:	A fund used to record the ongoing operations and maintenance costs (the cost of providing a service).
Expansion Fund:	A fund used to record transactions related to the expansion of District facilities.
FDIC:	Federal Deposit Insurance Corporation.
FAA:	Financing Administrative Agreement. Agreement between the Dublin San Ramon Services District and the City of Pleasanton defining the amount of reserves necessary in the Regional Expansion fund, establishing criteria for Regional connection fee increases, and outlining uses for excess reserves.
Fixed Assets:	Assets that have a useful life that exceeds two years with a value of \$10,000 or more including land, buildings, and equipment.
Fixed Charges:	Revenues received by DSRSD on a bimonthly basis for the installation and activity of permanent water meters (whether or not water is used). These charges vary based on the size of the meter.
FNMA:	Federal National Mortgage Association.
FSL:	Facultative Sludge Lagoon.
FTE:	Full-Time Equivalent. Conversion of part-time positions to a decimal equivalent of a full-time position is based on an annual amount of 2,080 hours worked.

Appendix

Glossary of Budget Terms

FYE:	Fiscal Year Ending. A 12 month period. The District has a fiscal year of July 1 to June 30.
GAAP:	Generally Accepted Accounting Principles. Uniform guidelines used in the preparation of external financial statements. The primary authoritative body on the application of GAAP to state and local governments is the Governmental Accounting Standards Board (GASB).
GIS:	Geographic Information System. The computerized system used to track and map certain District system assets such as pipe, manholes, valves, hydrants, etc.
Infrastructure:	Physical assets owned by DSRSD that are generally not moveable, such as pipelines and facilities.
JPA:	Joint Powers Authority. An agreement between two or more public agencies to “jointly exercise any power common to the contracting parties.” Usually accounted for as a separate entity. The District is a member of two JPAs, LAVWA and DERWA.
Key Success Measures:	Tracking measurements for set goals and initiatives.
LAF:	Local Agency Funds.
LAIF:	Local Agency Investment Fund, a voluntary investment alternative for California’s local governments and special districts authorized by California Government Code.
LAVWMA:	Livermore-Amador Valley Water Management Agency. A JPA charged with the disposal of waste water. The cities of Pleasanton and Livermore, as well as the District, are member agencies.
Legislative Advocacy Program:	How the District aligns itself with the positions of industry associations to proactively address legislation and actions that have a direct bearing on how the District operates.
Livermore Valley:	Formerly Valle De San Jose. Valley in eastern Alameda County, California location of the city of Livermore. The valley is bounded by the Diablo Range on the north, east and south and is linked to the west with the Amador Valley.

Appendix

Glossary of Budget Terms

Local Wastewater Operations:	Local Wastewater Enterprise Fund and Local Wastewater Rate Stabilization Fund.
MGD:	Million Gallons per Day. Used when referring to wastewater treatment capacity.
MOU:	Memorandum of Understanding.
OPEB:	Other Post-Retirement Employment Benefits.
PMIA:	Pooled Money Investment Account.
Recycled Water:	Wastewater that has been processed and treated for irrigation and other non-potable purposes.
Regional Wastewater Operations:	Regional Wastewater Enterprise Fund and Regional Wastewater Rate Stabilization Fund.
Replacement Fund:	A fund used to account for the replacement and improvement of District property and equipment.
Restricted Funds:	Funds restricted for a specific purpose.
Risk Management:	Actions taken to protect the District, its employees, and its customers from possible loss or injury.
RPM:	Replacement Planning Model.
S&P:	Standard & Poor's. A nationally recognized rating source.
San Ramon Valley:	Region in Contra Costa and Alameda County, California, east of Oakland, with a population near 130,000 people. The cities of San Ramon, Danville, and Alamo as well as the southern edge of Walnut Creek are located in the valley.
SCADA:	Supervisory Control and data Acquisition. The computerized system that monitors District facility acquisition functions.
SME:	Subject Matter Expert.
Strategic Initiatives:	Goals in the Strategic Plan that support the priorities set by the Board of Directors.

Appendix

Glossary of Budget Terms

SWP:	State Water Project.
TIC:	Temporary Infrastructure Charge. A temporary charge implemented to water customers in 2010 to help pay debt related to recycled (both DERWA and DSRSD) and potable water facilities.
Tri-Valley:	Triangle-shaped region in the eastern San Francisco Bay Area. The area is 18 miles southeast of Oakland and 33 miles from San Francisco. It encompasses the cities of Pleasanton, Livermore, Dublin, San Ramon, and Danville which includes Alamo, Blackhawk, Camino Tassajara, Diablo, Norris Canyon, and Sunol in the three valleys from which it takes its name: Amador Valley, Livermore Valley and San Ramon Valley.
UWMP:	Urban Water Master Plan
Water Operations:	Water Enterprise Fund and Water Rate Stabilization Fund.
Working Capital:	Current assets minus current liabilities; a measure of available resources that the District has to spend.
WWTP:	Wastewater Treatment Plant
Zone 7 Water Agency:	The Alameda County agency that is the wholesale potable water provider in the Tri-Valley area.

Appendix

Debt Service Schedules

Fiscal Year	2017 Water Revenue Refunding Bonds			LAVWMA 2011 Sewer Revenue Refunding Bonds (DSRSD & City of Pleasanton Portions)			DERWA State Loan (DSRSD Portion)		
	Principal Due:	Interest Due:	Total Debt Service:	Principal Due:	Interest Due:	Total Debt Service:	Principal Due:	Interest Due:	Total Debt Service:
2019-20	\$ 420,000	\$ 1,460,513	\$ 1,880,513	\$ 3,229,644	\$ 2,548,063	\$ 5,777,707	\$ 722,314	\$ 123,480	\$ 845,794
2020-21	\$ 435,000	\$ 1,445,513	\$ 1,880,513	\$ 3,395,637	\$ 2,382,431	\$ 5,778,068	\$ 740,372	\$ 105,422	\$ 845,794
2021-22	\$ 455,000	\$ 1,425,438	\$ 1,880,438	\$ 3,565,239	\$ 2,208,409	\$ 5,773,648	\$ 758,881	\$ 86,913	\$ 845,794
2022-23	\$ 475,000	\$ 1,402,188	\$ 1,877,188	\$ 3,749,274	\$ 2,025,546	\$ 5,774,820	\$ 777,853	\$ 67,941	\$ 845,794
2023-24	\$ 500,000	\$ 1,377,813	\$ 1,877,813	\$ 3,940,527	\$ 1,862,855	\$ 5,803,382	\$ 797,300	\$ 48,495	\$ 845,794
2024-25	\$ 525,000	\$ 1,352,188	\$ 1,877,188	\$ 4,084,869	\$ 1,691,774	\$ 5,776,643	\$ 817,232	\$ 28,562	\$ 845,794
2025-26	\$ 550,000	\$ 1,325,313	\$ 1,875,313	\$ 4,294,164	\$ 1,482,298	\$ 5,776,462	\$ 325,253	\$ 8,131	\$ 333,384
2026-27	\$ 1,020,000	\$ 1,286,063	\$ 2,306,063	\$ 4,510,676	\$ 1,284,731	\$ 5,795,407			
2027-28	\$ 1,360,000	\$ 1,226,563	\$ 2,586,563	\$ 4,698,321	\$ 1,077,059	\$ 5,775,380			
2028-29	\$ 1,420,000	\$ 1,157,063	\$ 2,577,063	\$ 4,940,093	\$ 836,099	\$ 5,776,192			
2029-30	\$ 1,495,000	\$ 1,084,188	\$ 2,579,188	\$ 5,192,691	\$ 602,252	\$ 5,794,943			
2030-31	\$ 1,570,000	\$ 1,007,563	\$ 2,577,563	\$ 5,420,029	\$ 373,344	\$ 5,793,373			
2031-32	\$ 1,645,000	\$ 927,188	\$ 2,572,188	\$ 5,661,801	\$ 127,391	\$ 5,789,192			
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	\$ 33,180,000	\$ 20,725,025	\$ 53,905,025	\$ 56,682,964	\$ 18,502,253	\$ 75,185,217	\$ 4,939,205	\$ 468,944	\$ 5,408,149

Appendix

FYE 2020 Consolidated Fund Balance Report

ADOPTED FY 2020 OPERATING BUDGET		Beginning Working Capital Carried Forward to Current Year		Change in Working Capital		Total Working Capital		DRAFT		Standby District	
Local Waterworks Enterprise	Local Waterworks Replacement R/F	Local Waterworks Expansion	Regional Waterworks Enterprise	Regional Waterworks Replacement R/F	Regional Waterworks Expansion	Water Enterprise	Water R/F	Water Replacement	Water Expansion	Administrative Center	CPFB
200	205	210	220	300	305	310	400	405	500	947,773	995
480,395		5,700,745	4,307,351	10,108,356	28,927,375	26,973,412	50,185,553	14,522,557	30,048,835	26,757,338	0
Revenues:										947,773	1,07,647
Zone - Revenue (500,1,100,10)										15,787,955	19,153,227
DRAFT Fixed Charge (600,1,100,10)										5,33,915	6,733,715
DRAFT Variable Revenue (600,1,100,10)										5,24,915	5,04,151
DRAFT Capital Recovery (600,1,100,10)										5,45,030	5,45,030
Power Charge Revenue (600,1,100,10)										7,64,030	7,64,030
DRAFT Sewer Service Charge (1,10,10)										12,88,402	12,88,402
Son Ramon Sewer Service Charge (1,10,10)										2,62,346	2,62,346
Pleasanton Sewer Service Charge (1,10,10)										10,471,426	10,471,426
Miscellaneous Revenues (600,1,10,45)										5,15,454	5,15,454
Pleasanton Sewer Service Charge (1,10,45)										5,21,056	5,21,056
Total Service Charges										24,271,033	24,271,033
Capacity Reserve Fees										6,772,135	6,772,135
Other Revenues										8,19	8,19
Interest										3,797,123	3,797,123
Total Revenues										1,08,257,056	94,10,350
Transfers Received/Allocation										8,624,460	8,624,460
Inflated loan Repaid										93,683	93,683
Data Service										675,000	675,000
Total Transfers In										10,237,277	10,340,221
Opening Expenses:										-	-
Wages and Benefits										-	-
Unplanned Actualized Liability (Funding CPFB)										-	-
Shift Time Change in Projects/PA										-	-
Other Personnel Costs										-	-
Chemical, Gas & Electric										-	-
Other Materials										-	-
Contractors										-	-
Other										-	-
Contribution to P.A										-	-
Data Service										-	-
Capital Outlay										-	-
Allocated Costs										-	-
Total Operating Expenses										1,765,750	1,765,750
Transfers Out:										-	-
Capital Projects - Proposed Fund Limit										-	-
Inflated loan Repayment										-	-
Data Service										-	-
Total Transfers Out										1,765,750	1,765,750
Total Expenses:										1,765,750	1,765,750
Net Increase/Decrease Pre-IFSC Transfers										0	0
Ending Working Capital Pre-IFSC Transfers										1,08,257,056	94,10,350
IFSC Transfer In (Out)										-	-
Net Increase/Decrease Post-IFSC										1,08,257,056	94,10,350
Transfers Ending Working Capital June 30, 2020										1,08,257,056	94,10,350

Appendix

FYE 2021 Consolidated Fund Balance Report