



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

# Fiscal Implications of the Energy Facilities Master Plan

February 4, 2025

Jason Ching, Senior Engineer

# Agenda

## **Energy Facilities Master Plan**

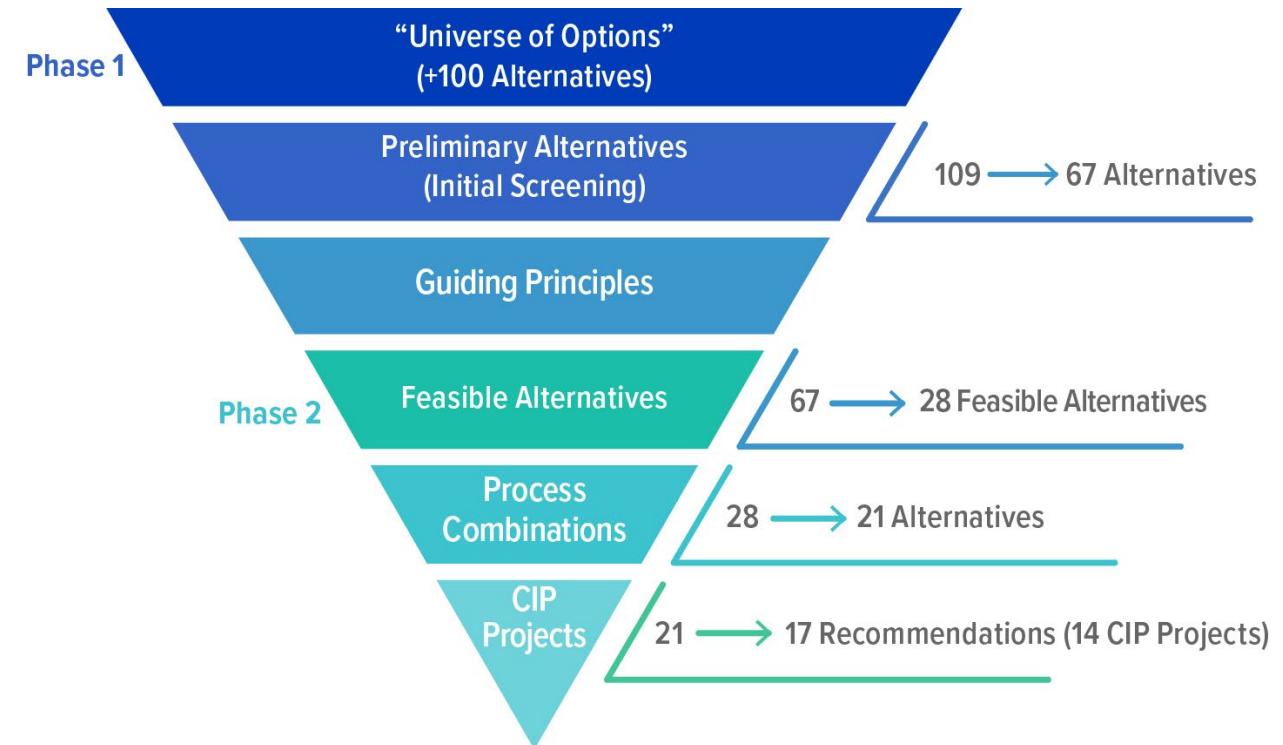
### **Fiscal Implications**

- Preliminary Analyses of Capital Funds

### **Recommendations for Funding Energy Master Plan Projects**

# Overview of Master Plan Effort

- All-Encompassing Review of All District Facilities
- Energy Master Plan
- Energy Policy
- Energy Capital Improvement Program (14 Projects)



# Energy Capital Improvement Program

## Regulatory Compliance

1. Fleet Assets Program

## Renewable Energy Generation/Energy Diversification

6. Off-Site Solar Power
7. Battery Storage
8. On-Site Solar Power, Battery Storage and EV Charging Stations
9. Co-Digestion of Food Waste
10. Additional Cogeneration Engine

## Asset Replacement (Efficiency)

2. Cogeneration Engine Replacement
3. Aeration System Upgrades
4. DAFT Replacement with Mechanical Thickening
5. WWTP HVAC Replacements

## Electrical Resiliency/Reliability

11. Install Load Bank for DP-G
12. Reconfigure Switchgear for Power Outages
13. WWTP Electrical Improvements – Phase 1
14. WWTP Electrical Improvements – Phase 2



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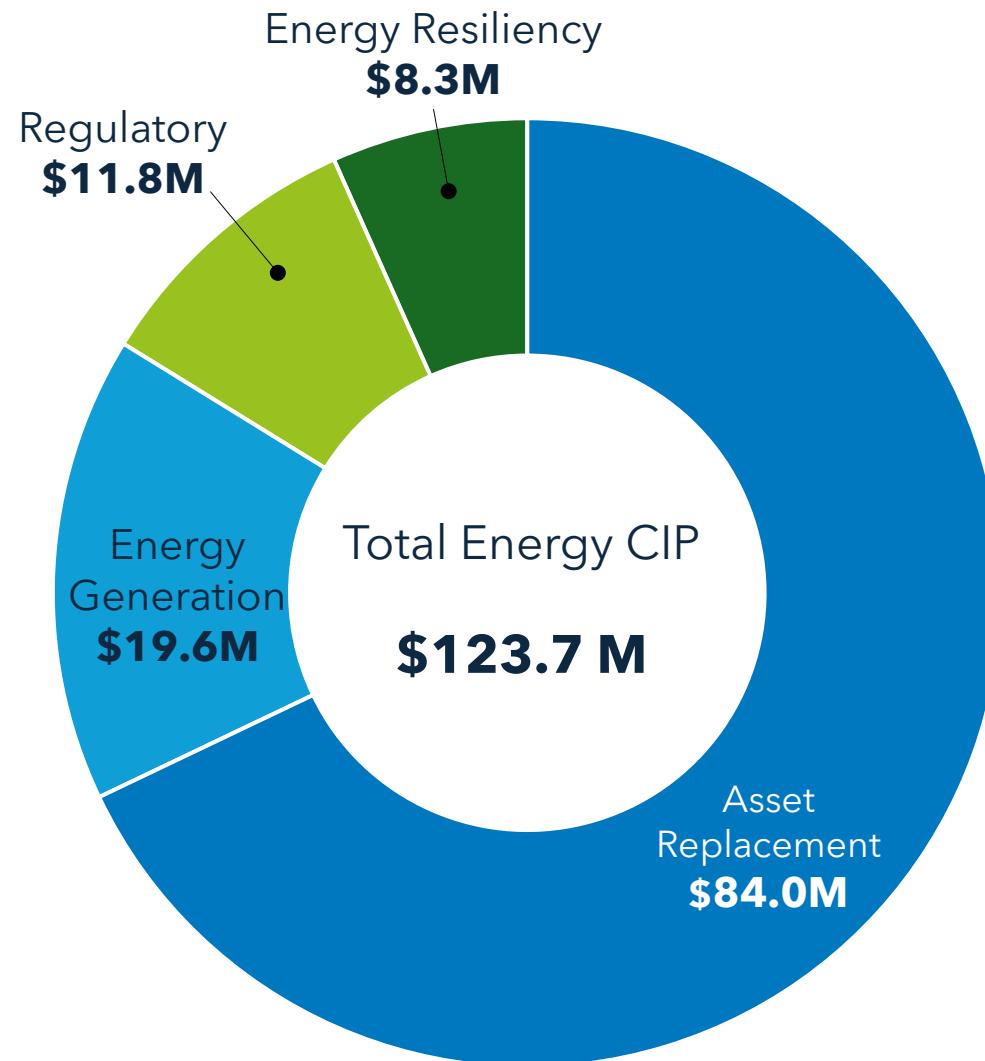


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# Fiscal Implications

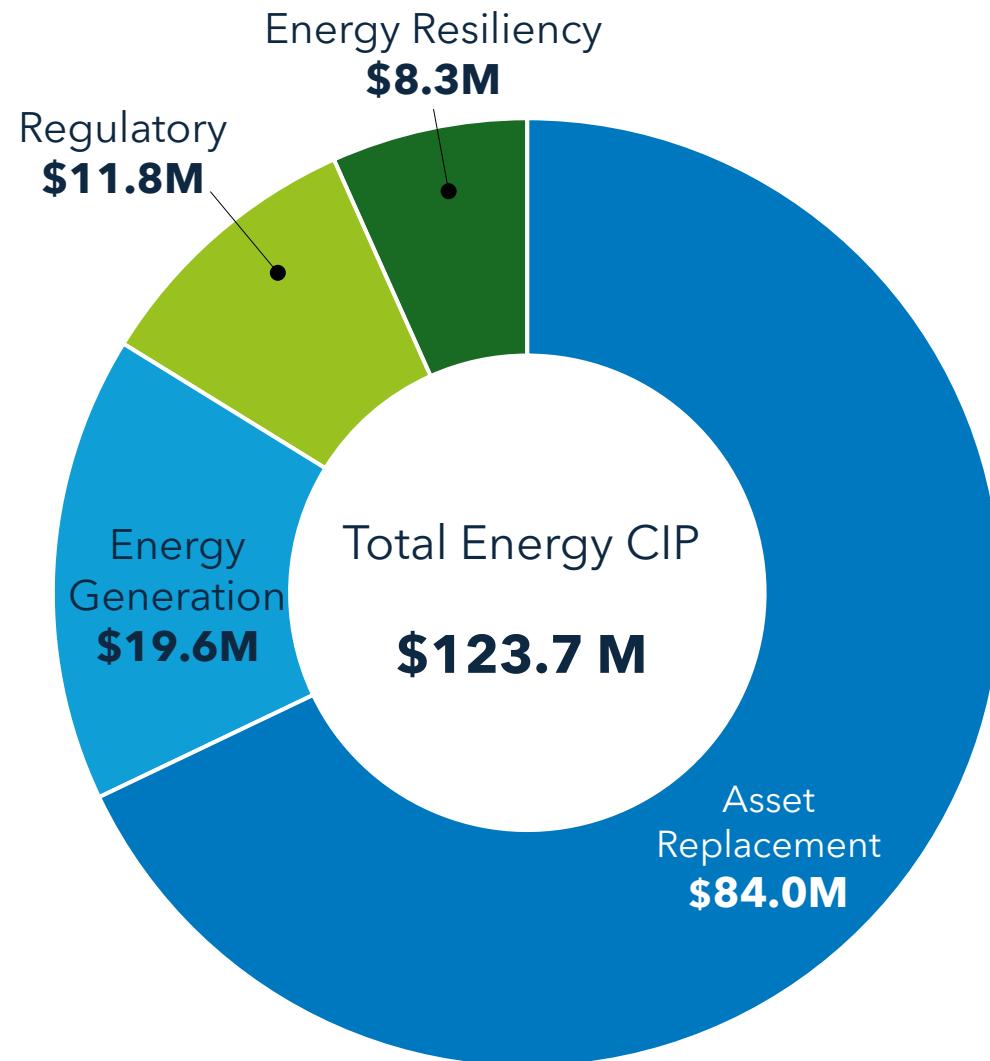
# Energy Capital Improvement Program (by Type)



Project Type	Total
Asset Replacement	\$84,000,000
Regulatory Compliance	\$11,800,000
Energy Resiliency	\$8,300,000
Renewable Energy Generation/Diversification	\$19,600,000
<b>Solar Projects funded through PPA</b>	<b>\$123,700,000</b>



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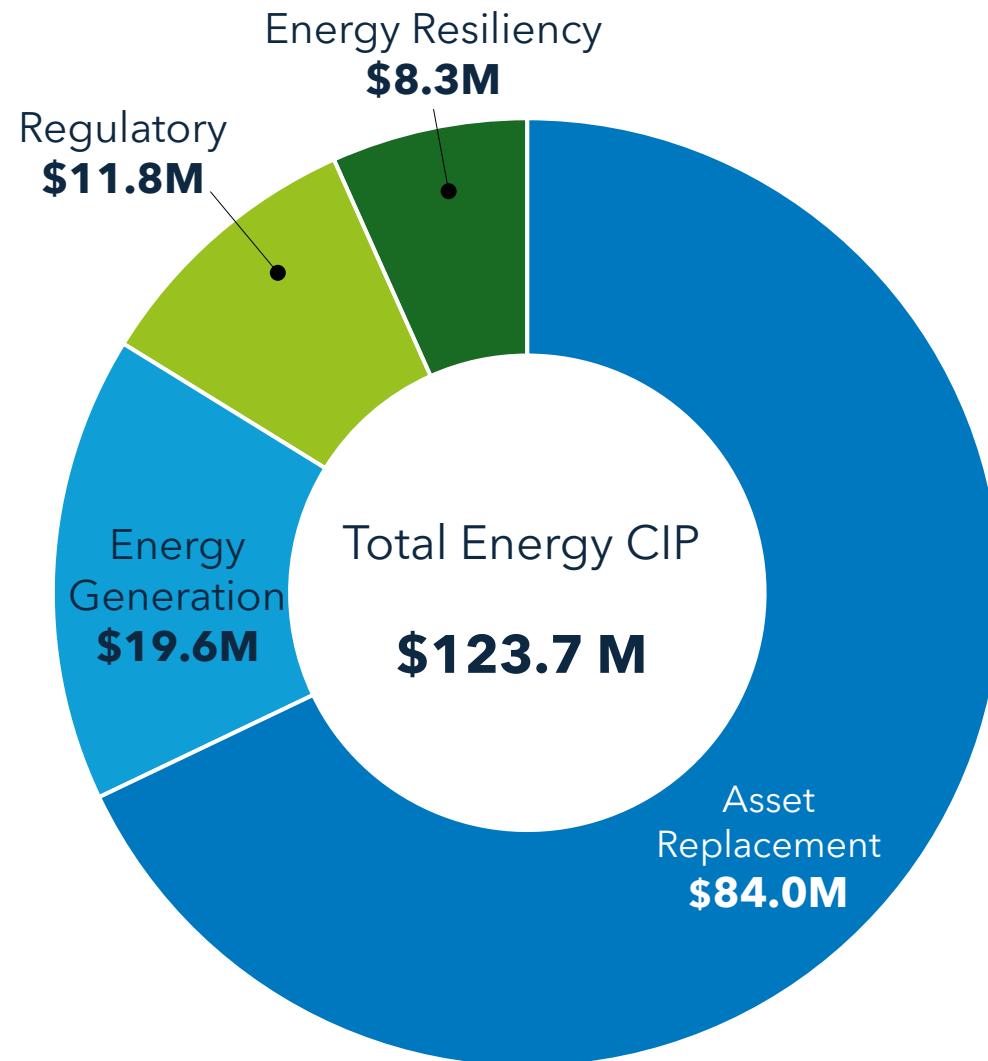


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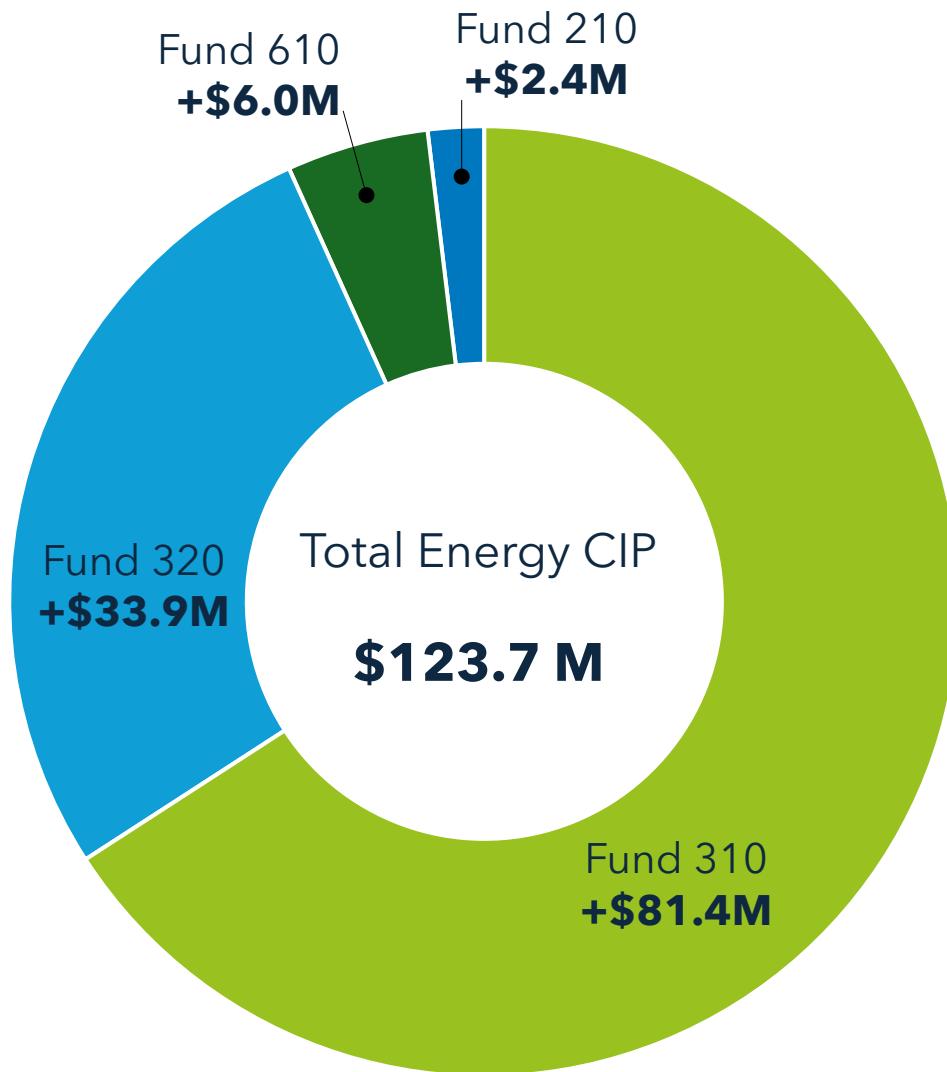
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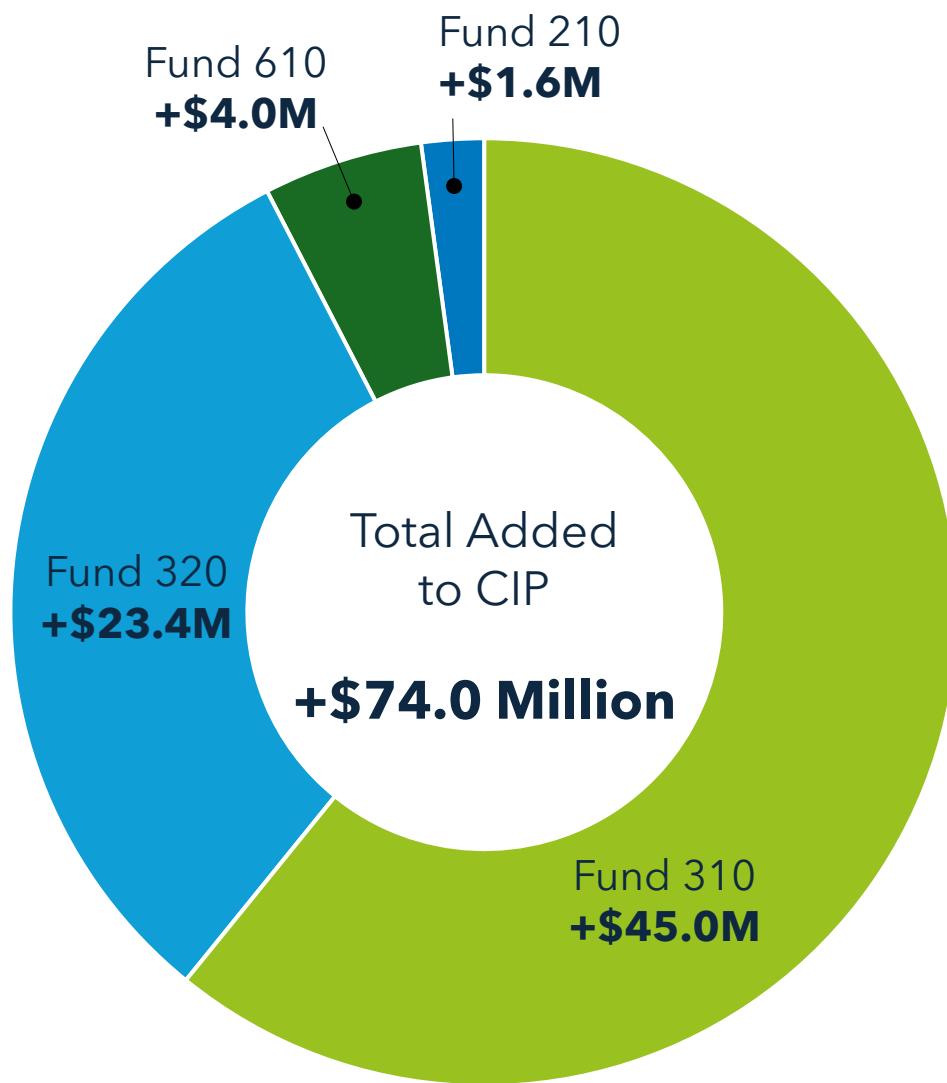
# Energy Capital Improvement Program (by Fund)



Project Type	Total
Fund 210 <i>Local Wastewater Replacement Fund</i>	\$2,400,000
Fund 310 <i>Regional Wastewater Replacement Fund</i>	\$81,400,000
Fund 320 <i>Regional Wastewater Expansion Fund</i>	\$33,900,000
Fund 610 <i>Water Replacement Fund</i>	\$6,000,000
	<b>\$123,700,000</b>



# Net Impact to Capital Funds



## Capital Fund

Capital Fund	Total Added
Fund 210 <i>Local Wastewater Replacement Fund</i>	\$1,600,000
Fund 310 <i>Regional Wastewater Replacement Fund</i>	\$45,000,000
Fund 320 <i>Regional Wastewater Expansion Fund</i>	\$23,400,000
Fund 610 <i>Water Replacement Fund</i>	\$4,000,000
<b>Total Added to CIP</b>	<b>\$74,000,000</b>



# Preliminary Capital Fund Projections



# Background and Approach

## **Preliminary FYE 26/27 Capital Improvement Program**

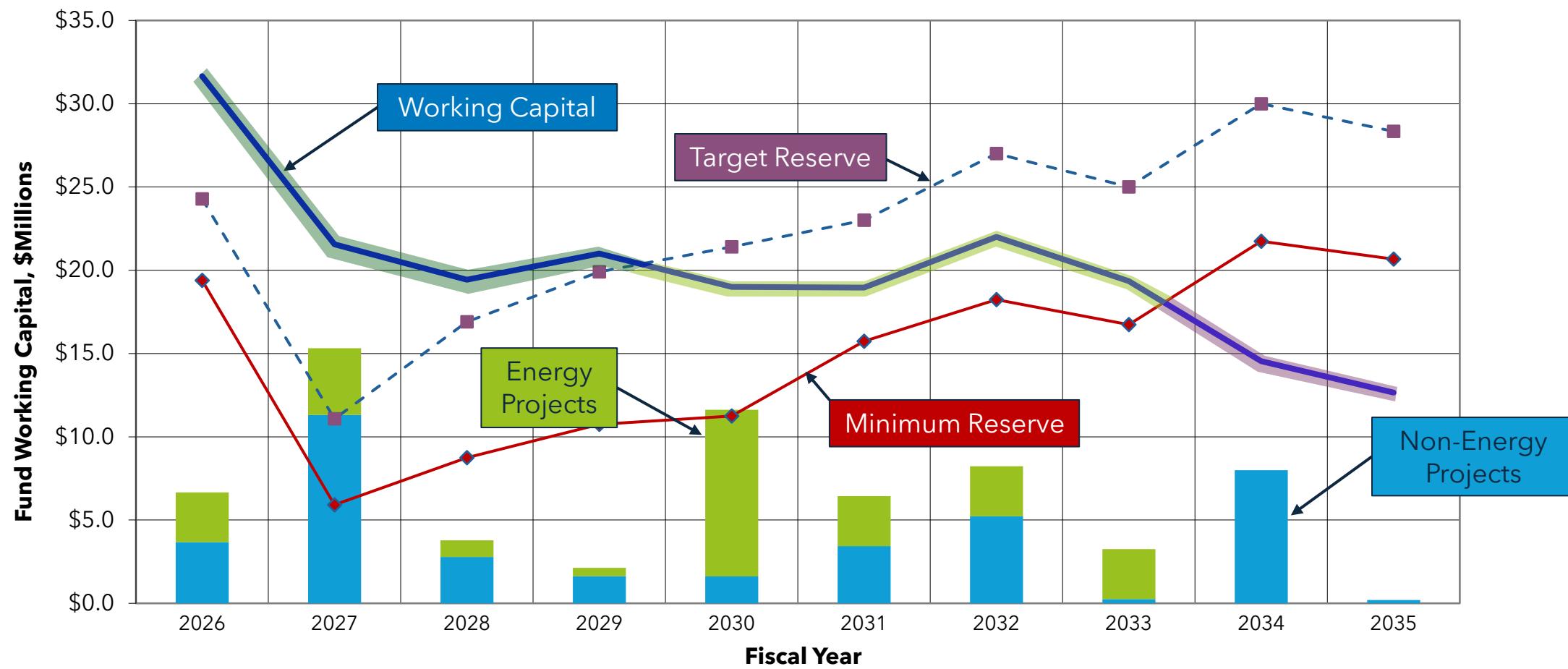
- Current Projects + New Projects
- Energy Projects

## **Impacts to Affected Capital Funds**

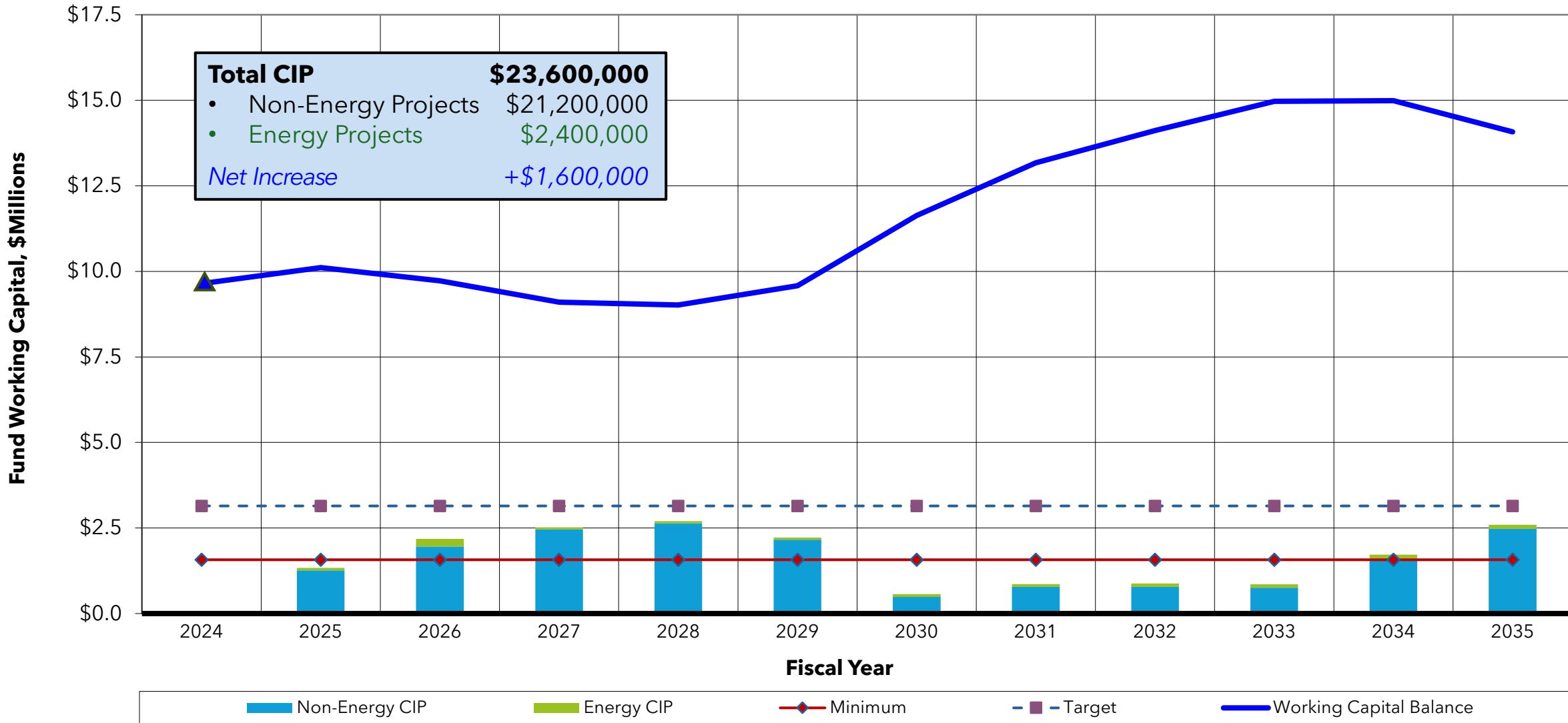
- Capital Funds: 210, 310, 320 and 610
- “Pay As You Go”
- Financial Reserves - Target Requirements, Minimum Requirements



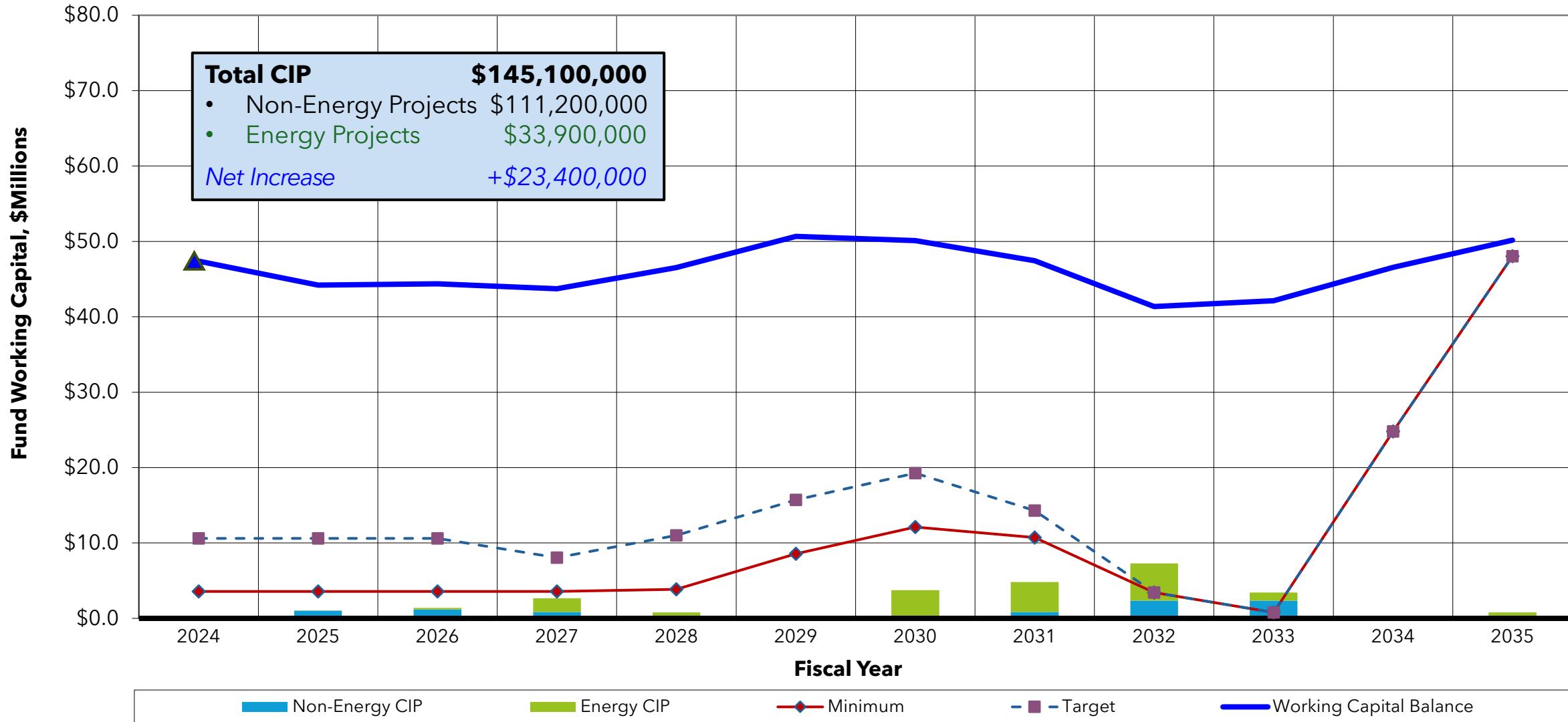
# Background and Approach



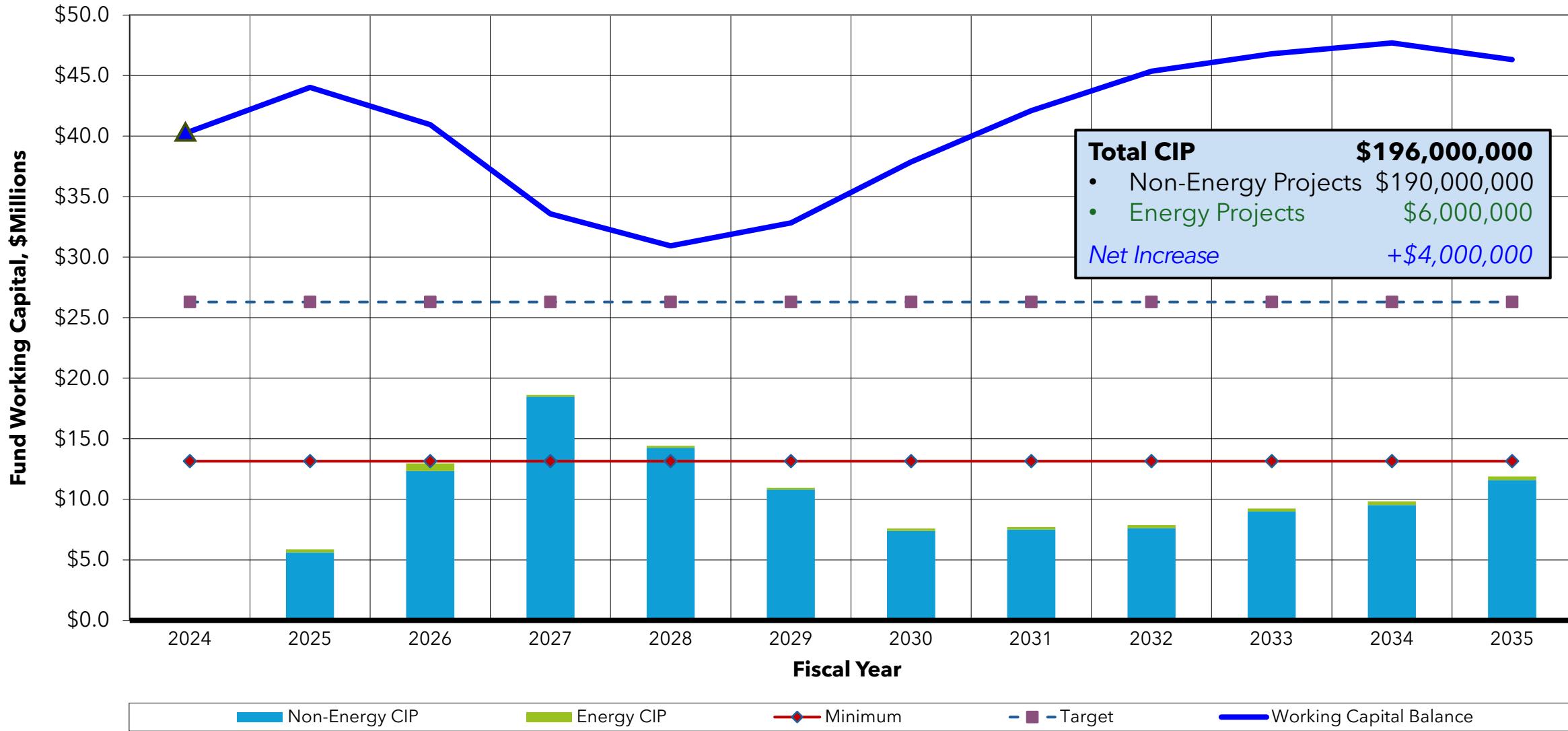
# Local Wastewater Replacement (Fund 210)



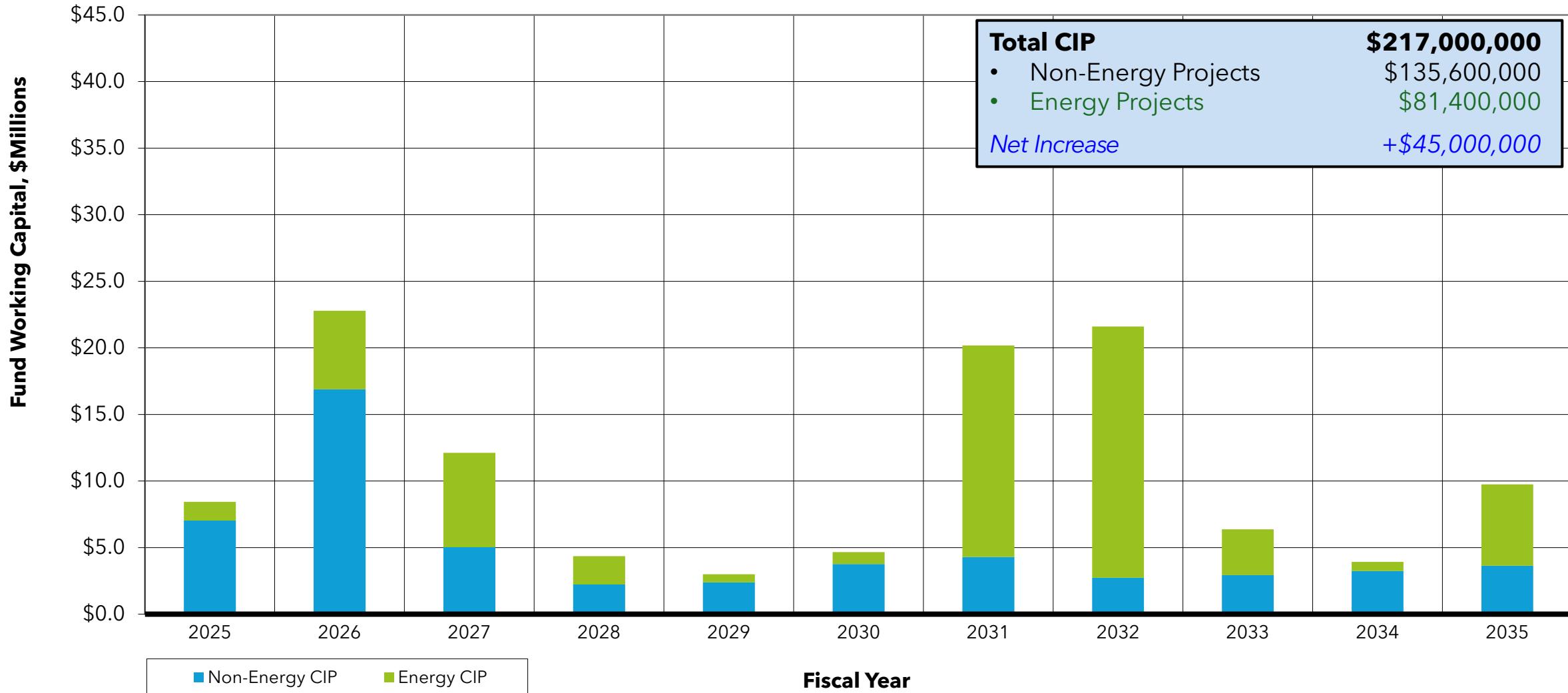
# Regional Wastewater Expansion (Fund 320)



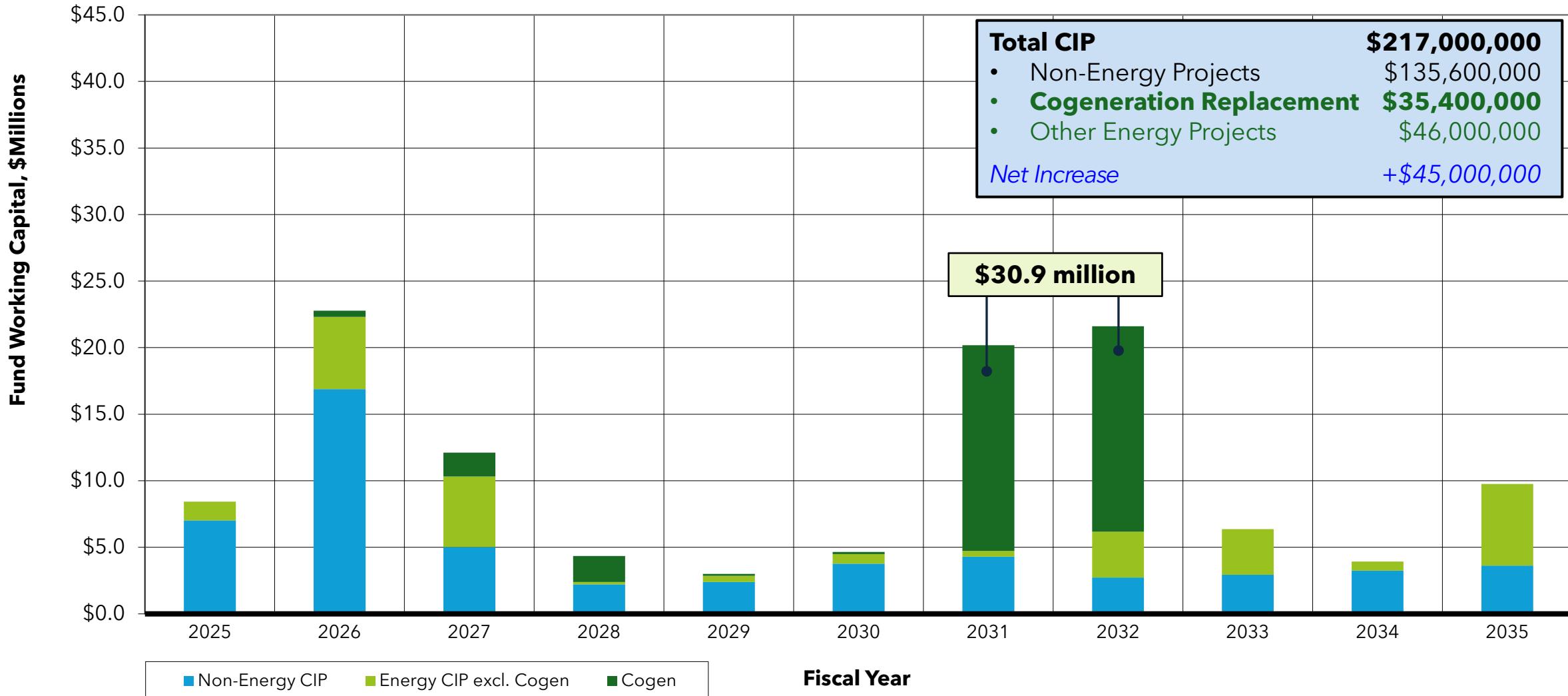
# Water Replacement (Fund 610)



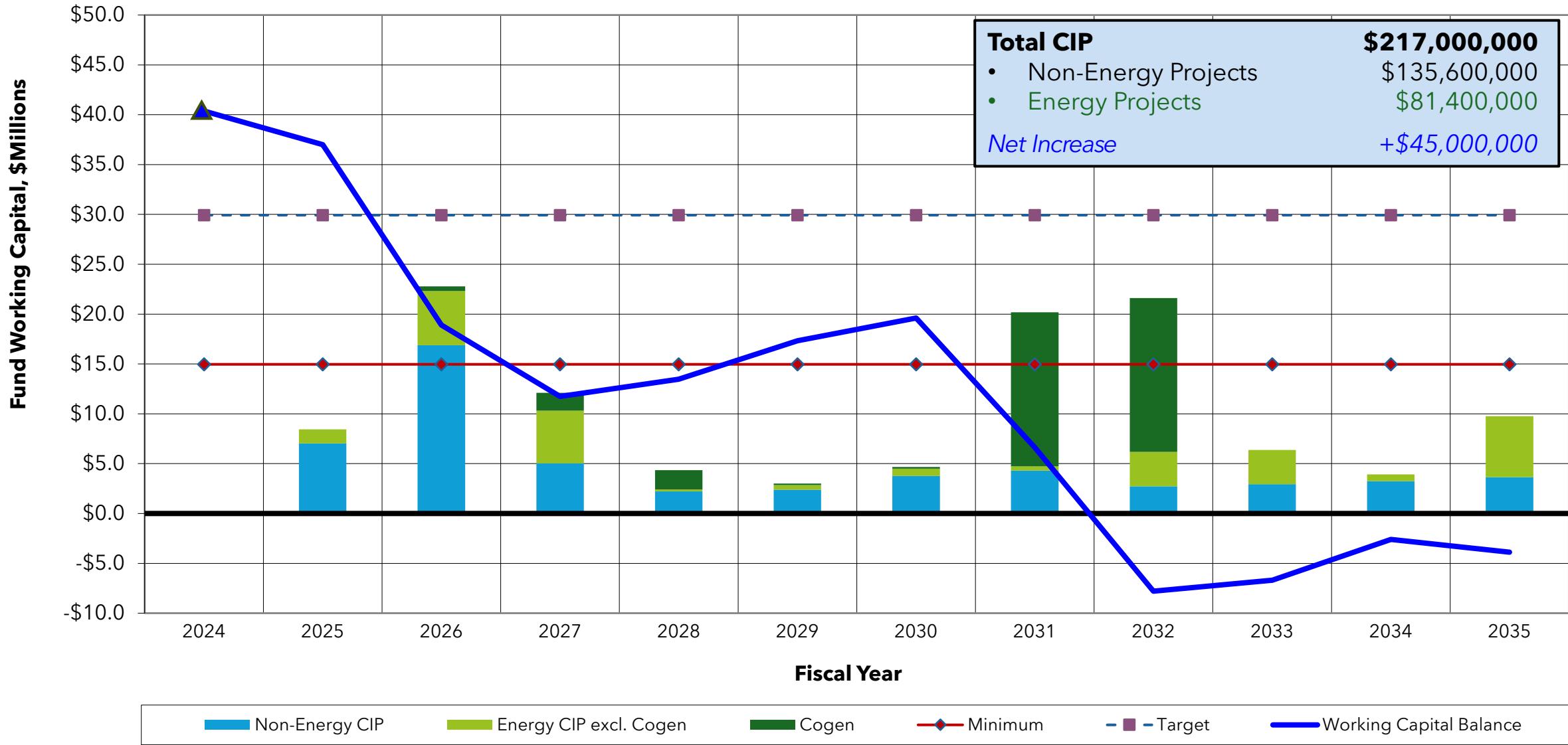
# Regional Wastewater Replacement (Fund 310)



# Regional Wastewater Replacement (Fund 310)



# Regional Wastewater Replacement (Fund 310)



# Capital Financing & Debt Management

# Capital Financing and Debt Management

## “Pay As You Go”

- Availability of Funds
- Debt would have adverse effects on cashflow position/operating flexibility
- Unstable Market conditions

## “Pay As You Use” (i.e., Debt)

- Asset Life > Term of Financing
- Project is needed to meet District needs and resources are insufficient/unavailable
- Sufficiency of revenue for debt service



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**Policy**

Policy No.:	P400-24-5	Type of Policy:	Finance
Policy Title:	Capital Financing and Debt Management		
Policy Description:	Parameters for issuing and managing debt		
Approval Date:	10/15/2024	Last Review Date:	2024
Approval Resolution No.:	42-24	Next Review Date:	2028
Rescinded Resolution No.:	38-17	Rescinded Resolution Date:	7/18/2017

The purpose of this policy of the Board of Directors of Dublin San Ramon Services District is to establish a local debt policy in accordance with California Government Code Section 8855, which requires the issuer of debt to submit reports to the California Debt and Investment Advisory Commission that include a certification by the issuer that it has adopted local debt policies.

**PURPOSE OF DEBT**

The District will only use debt financing to purchase or construct capital assets that cannot be acquired from either current revenues or above-minimum replacement reserves 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.

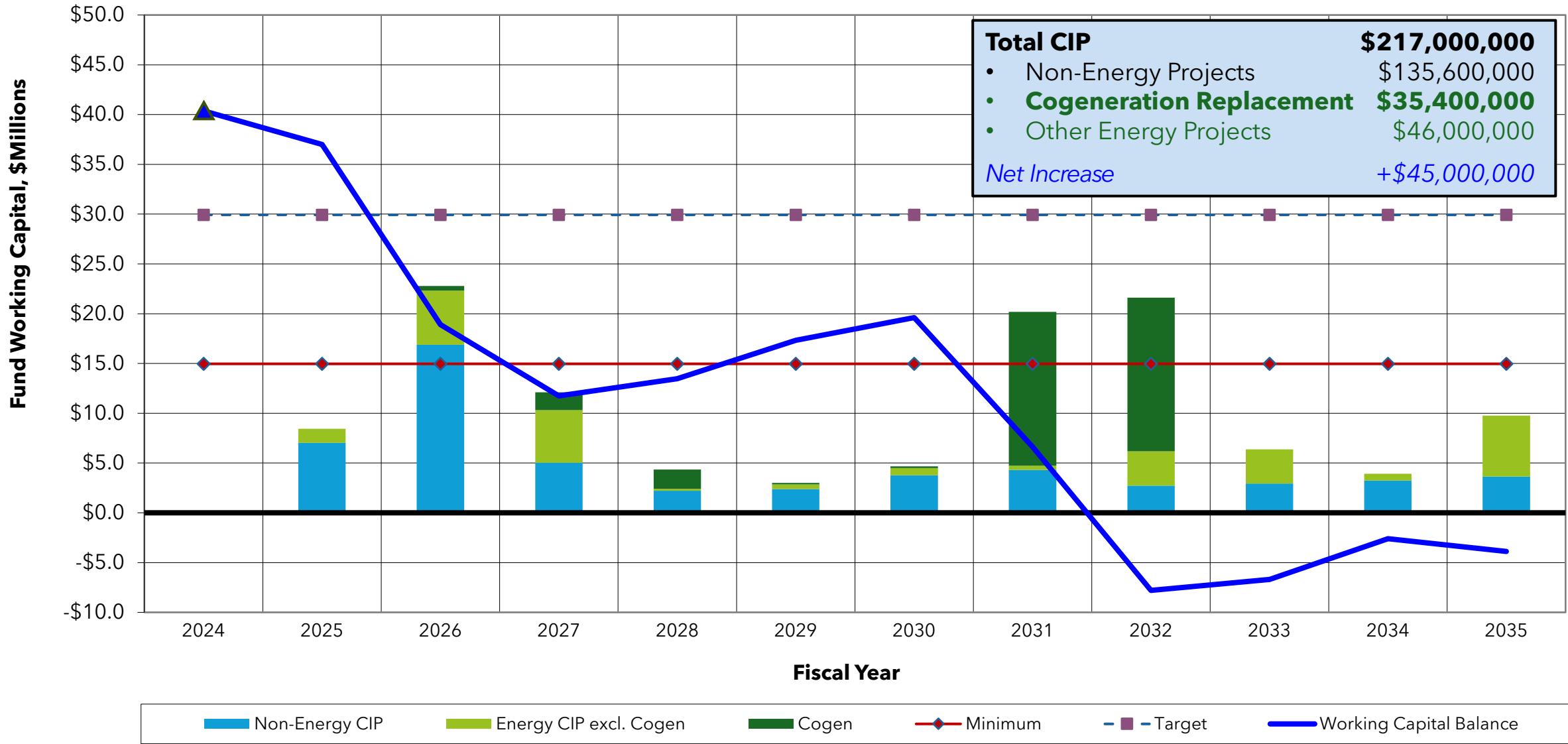
**CRITERIA**

The District will use the following criteria to evaluate pay-as-you-go versus pay-as-you-use or long-term financing in funding capital improvements.

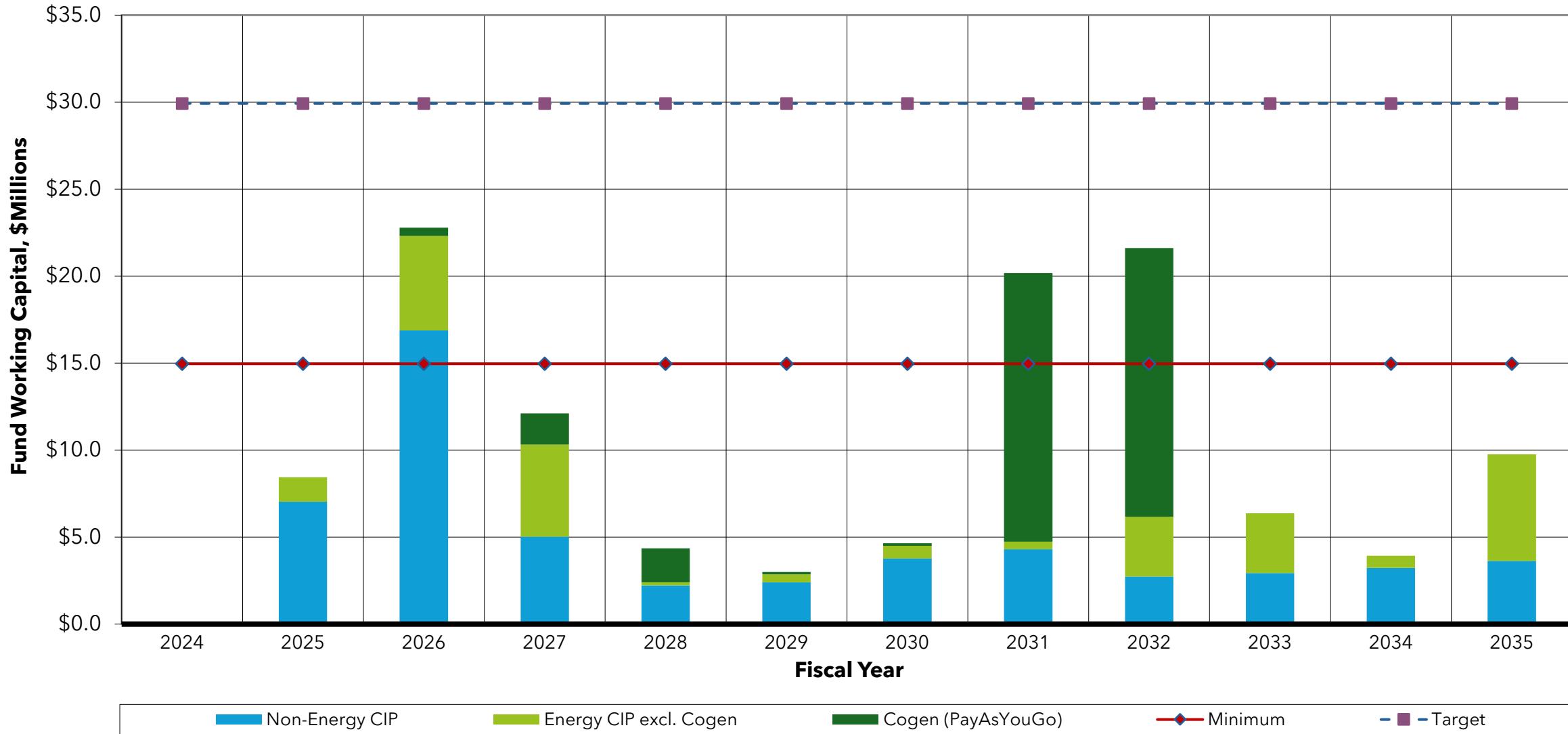
**Factors Favoring Pay-As-You-Go Financing**

- Adequate funds are available in the replacement and/or expansion funds.
- Adding debt would adversely affect the District's cash flow position or operating flexibility.
- Market conditions are unstable or present difficulties in funding.

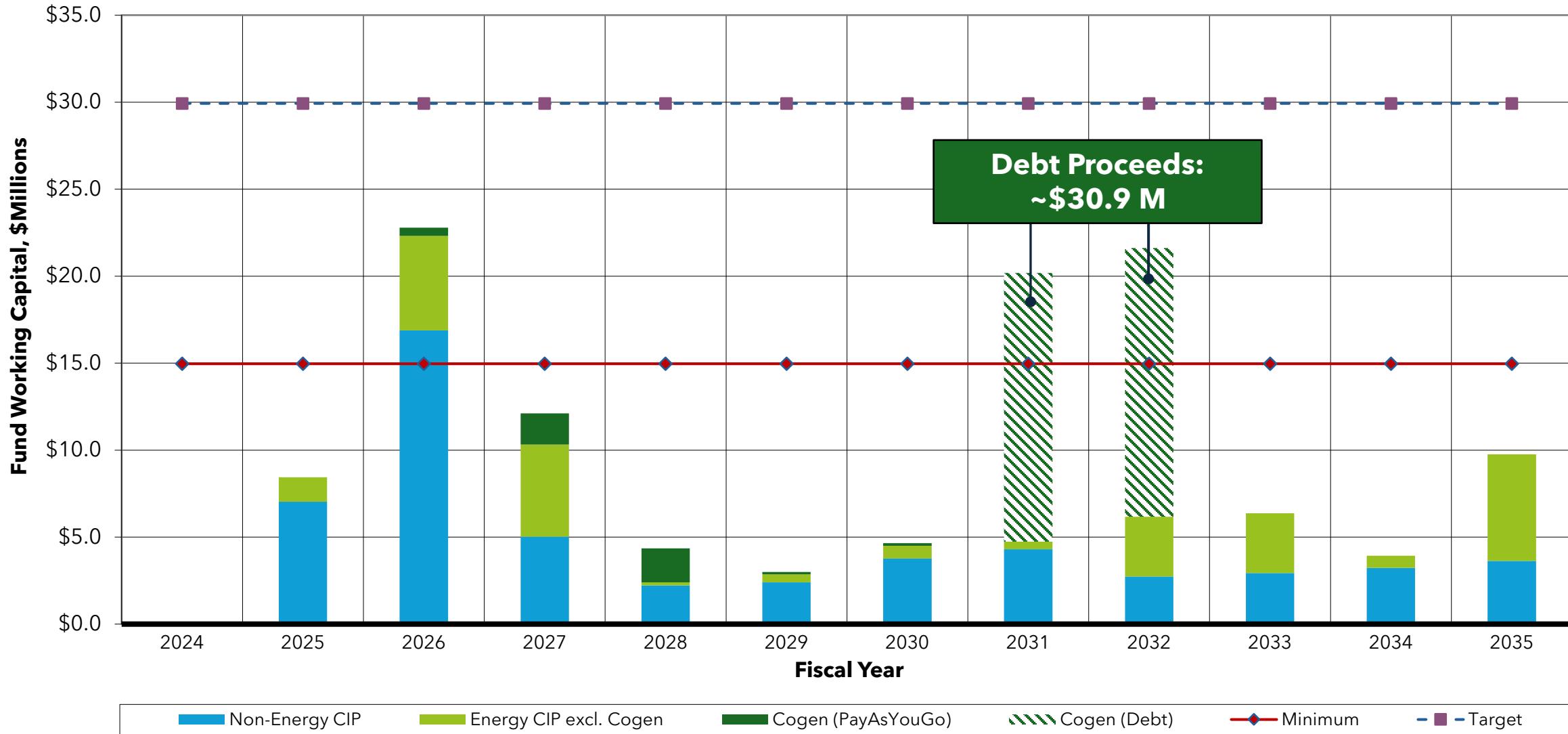
# Regional Wastewater Replacement (Fund 310)



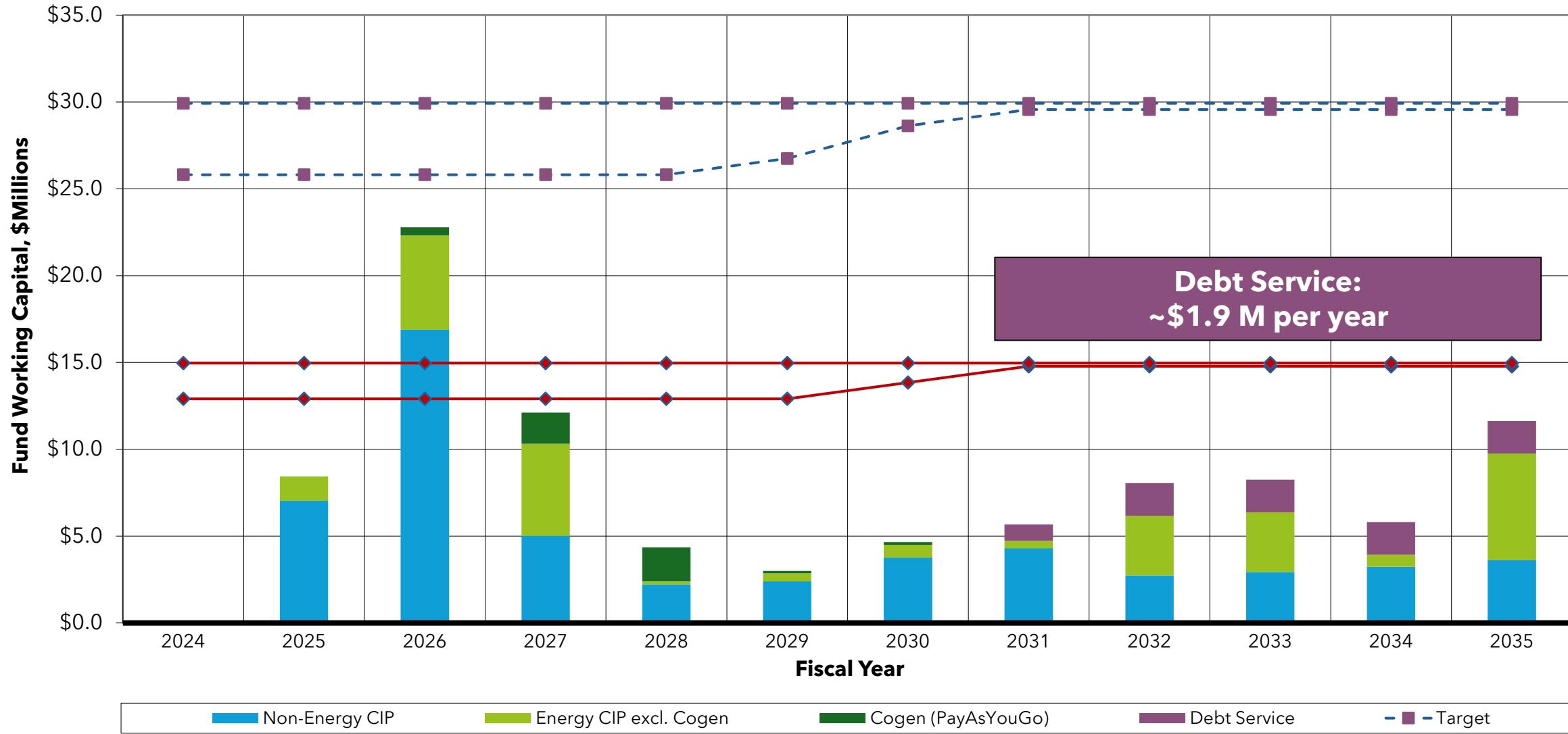
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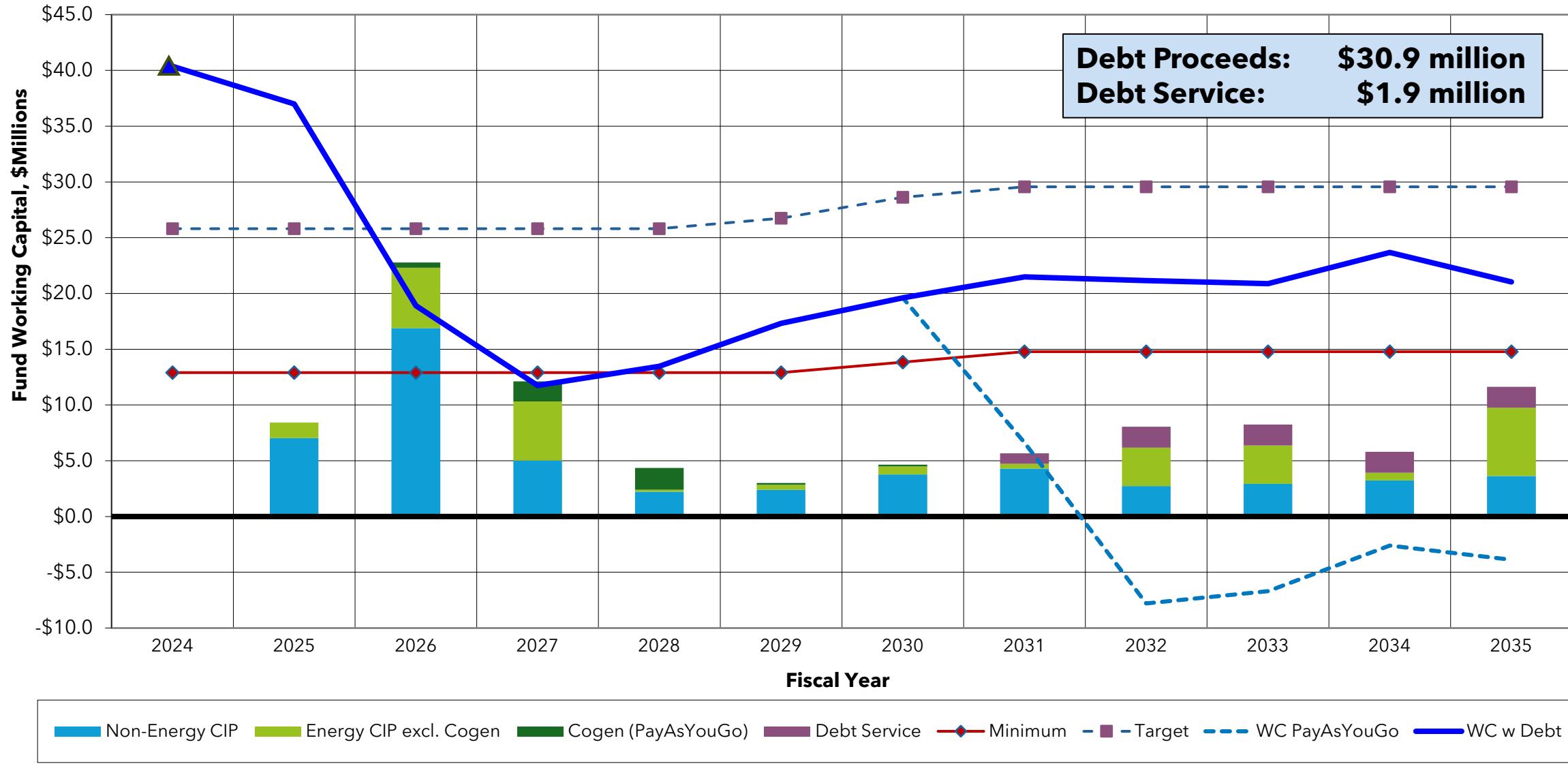
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# Regional Wastewater Replacement (Fund 310)



# Summary

## Energy Master Plan CIP

- 14 capital improvement projects totaling \$123.7 million
- \$74.0 million added to Capital Improvement Program

## Fiscal Impacts

- Impacted Capital Funds: 210, 310, 320 and 610
- Fund 310 will face fiscal challenges under a "Pay As You Go" financing strategy
- Cogeneration Replacement Project
  - ✓ Debt Financing can alleviate fiscal pressure on Fund 310

# Recommendation

## **Debt Financing for the Cogeneration Replacement Project**

- FYE 2031-2032 (Construction Phase): ~\$30.9 million
- Estimated Debt Service: ~\$1.9 million per year (30 years)



# Next Steps

## **Capital Improvement Program Development**

- Continue refinement of the Capital Improvement Program
- Add 14 Energy-Related Projects
- Incorporate Debt Assumptions for Cogeneration Replacement Project

## **Key Milestones**

- May 2025: Overview of Draft Capital Improvement Program
- June 2025: Adopt Capital Improvement Program Ten-Year Plan and Two-Year Budget





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