



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

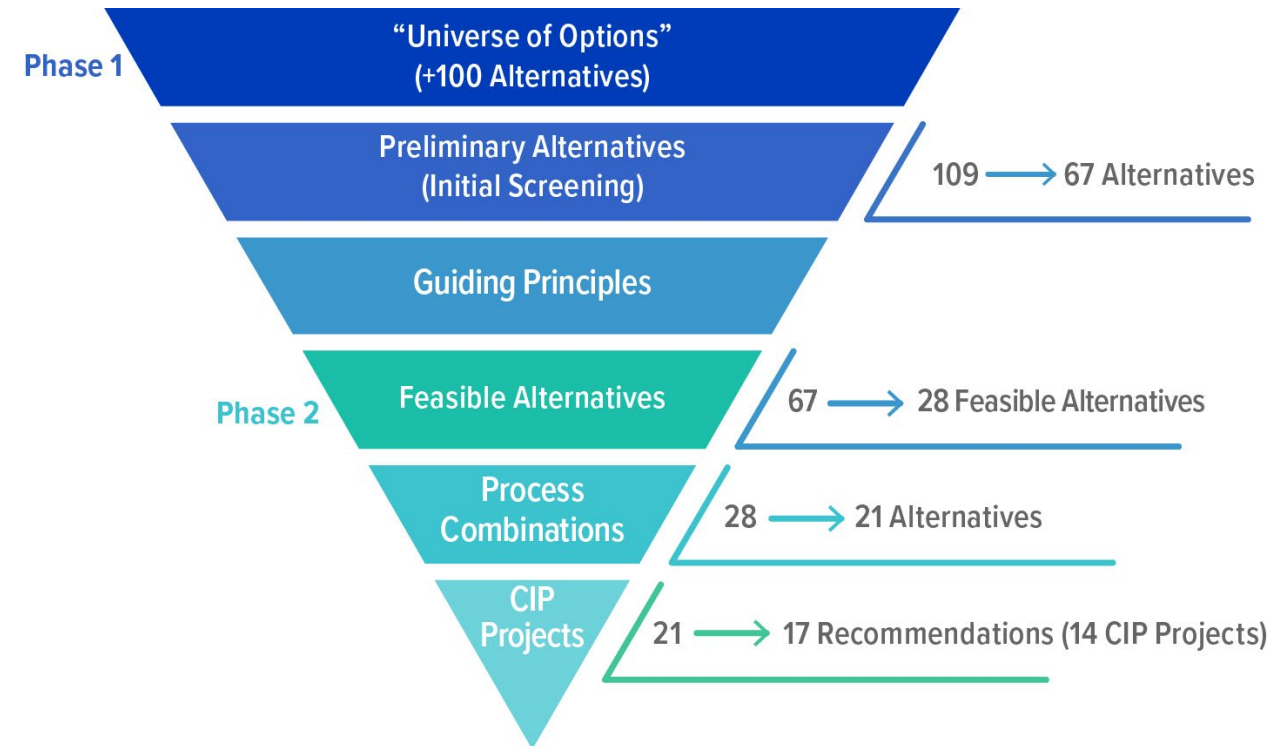
Fiscal Implications

- 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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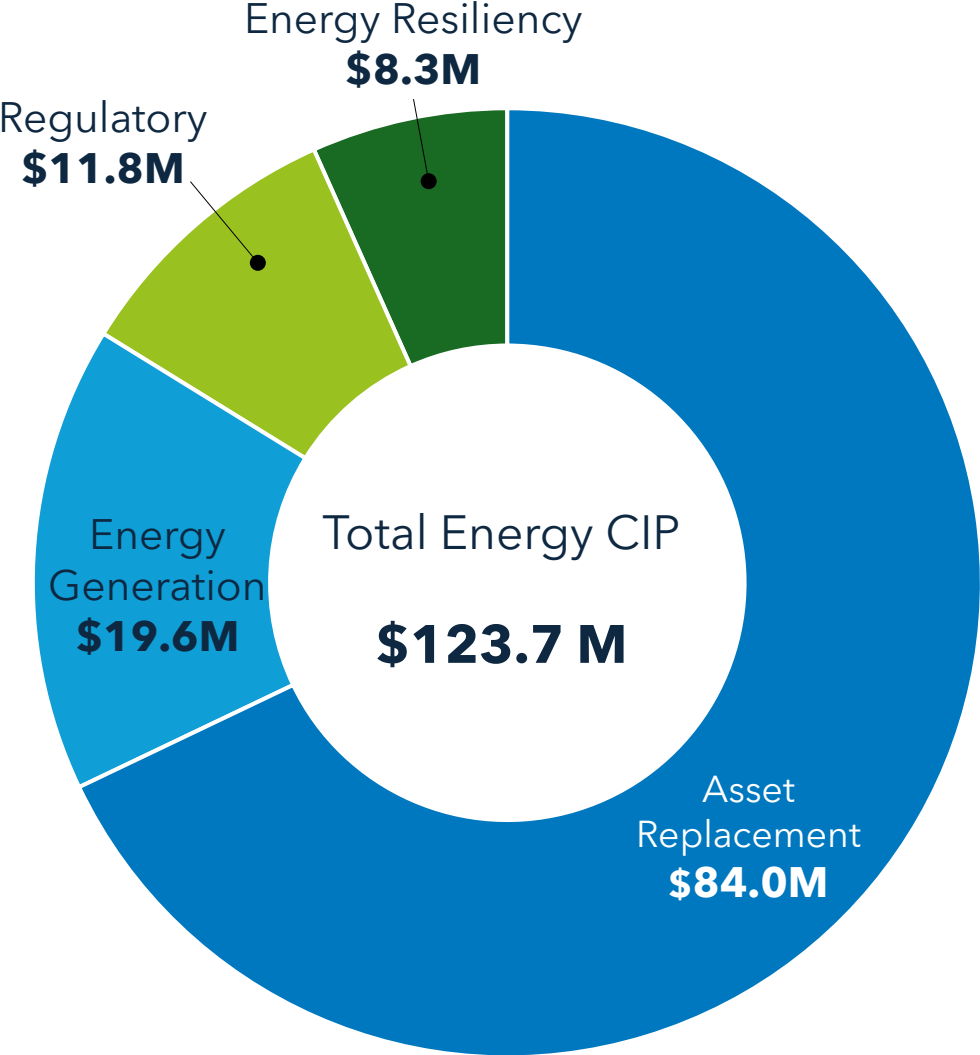
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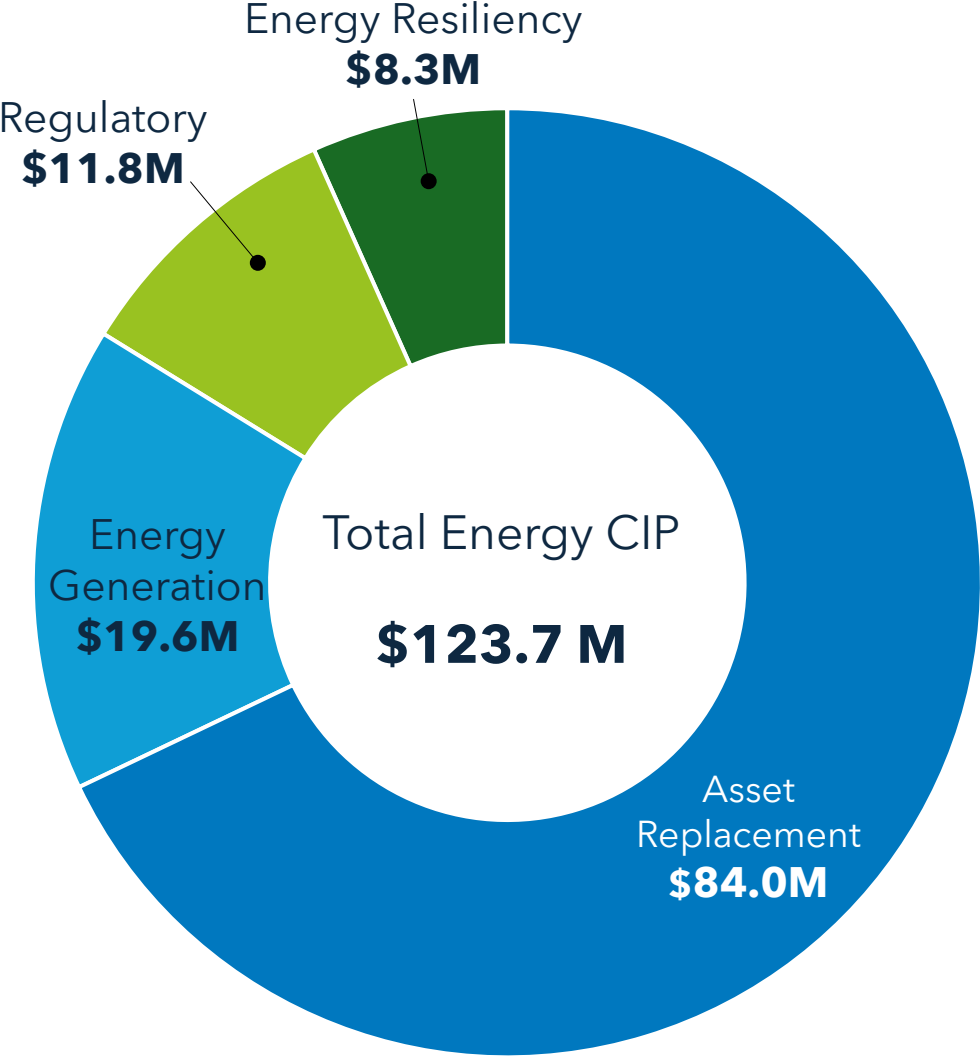


Energy Capital Improvement Program (by Type)



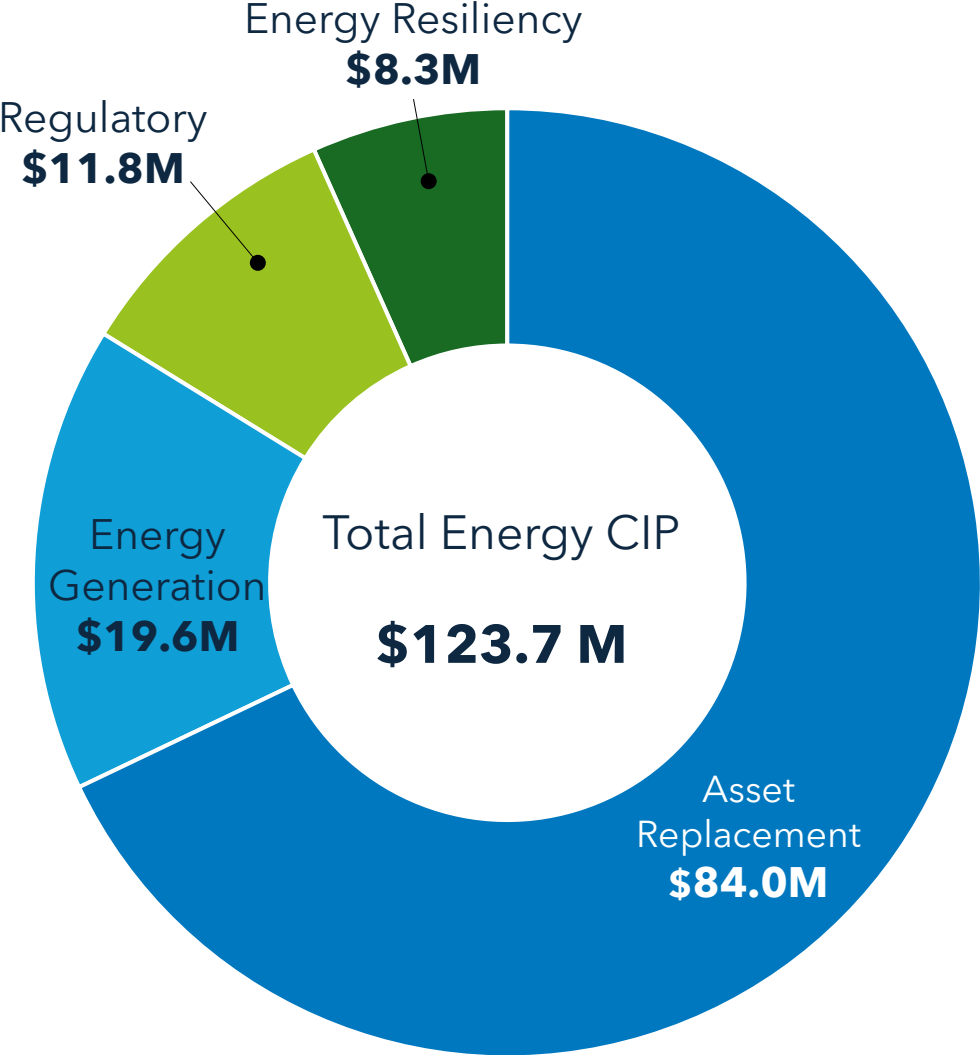
Project Type	Total
Asset Replacement	\$84,000,000
Regulatory Compliance	\$11,800,000
Energy Resiliency	\$8,300,000
Renewable Energy Generation/Diversification	\$19,600,000
Solar Projects funded through PPA	\$123,700,000

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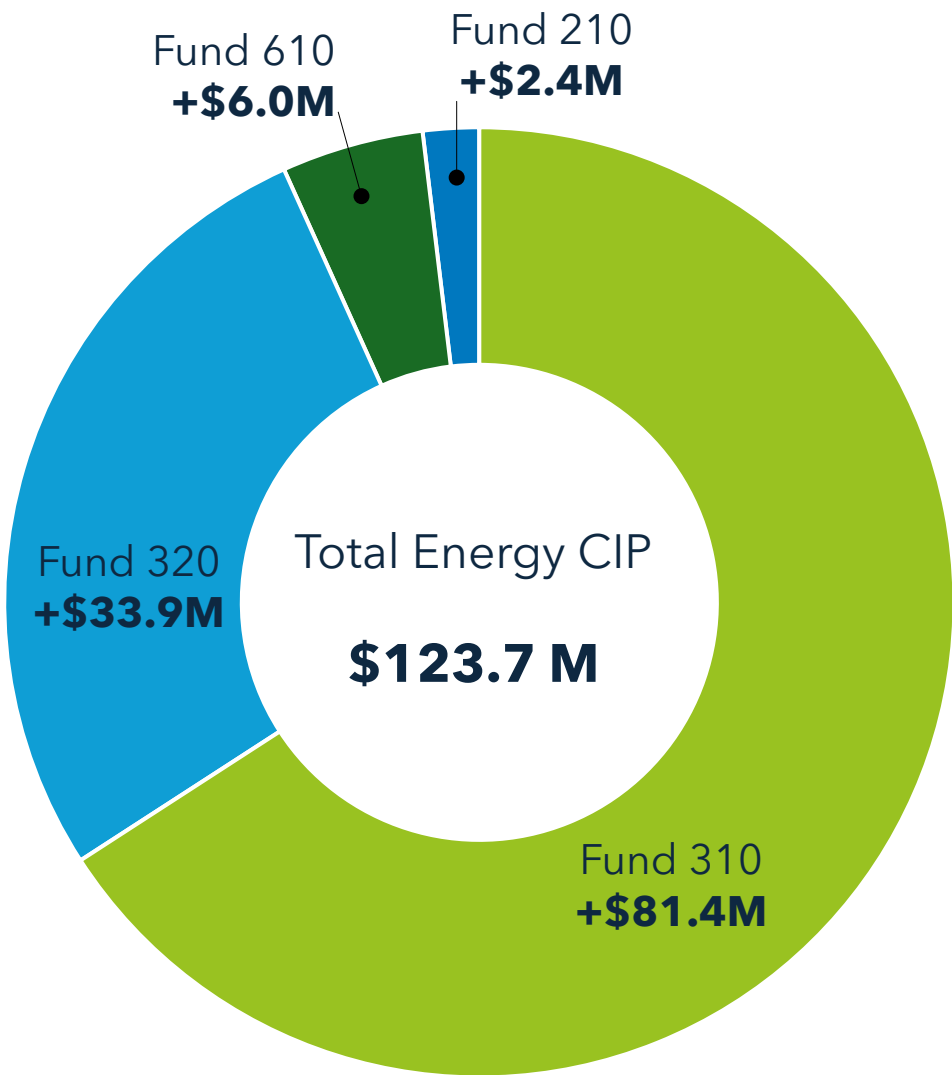
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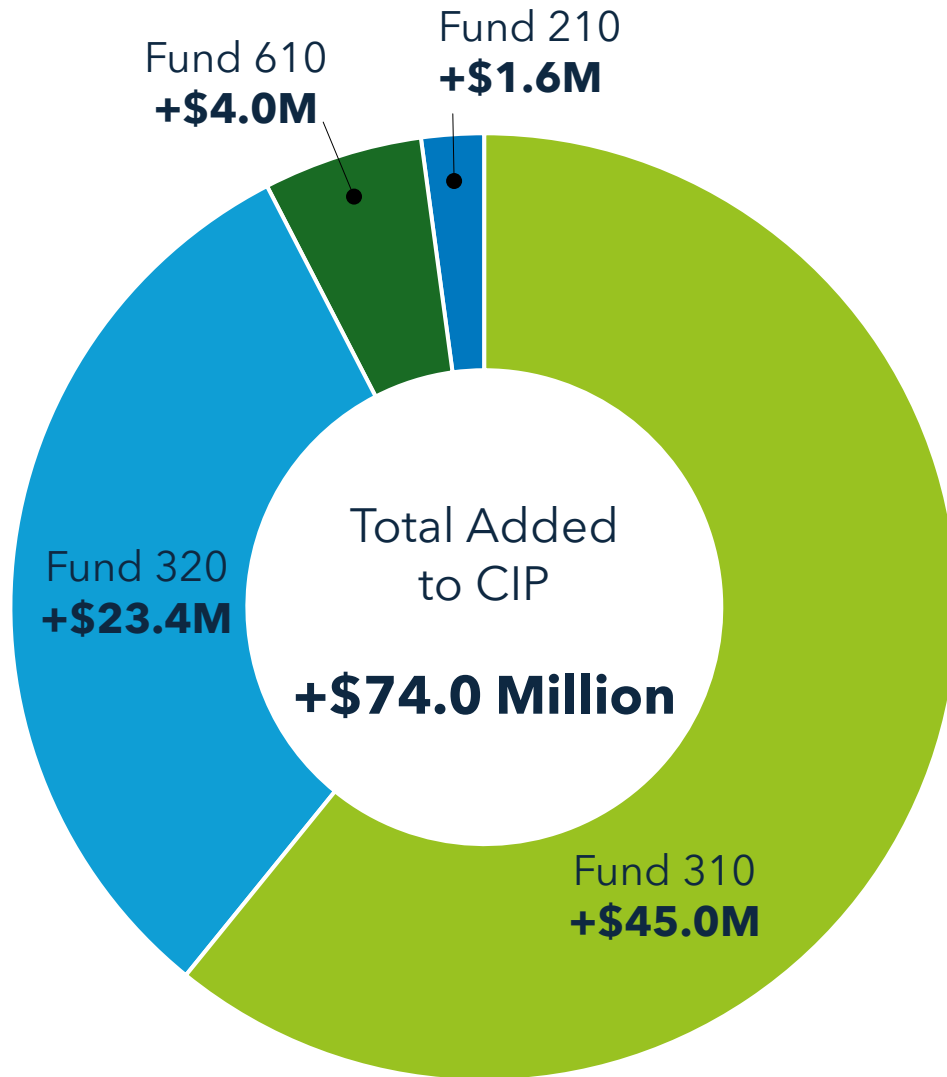
Energy Capital Improvement Program (by Fund)



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



Net Impact to Capital Funds



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



Preliminary Capital Fund Projections

Background and Approach

Preliminary FYE 26/27 Capital Improvement Program

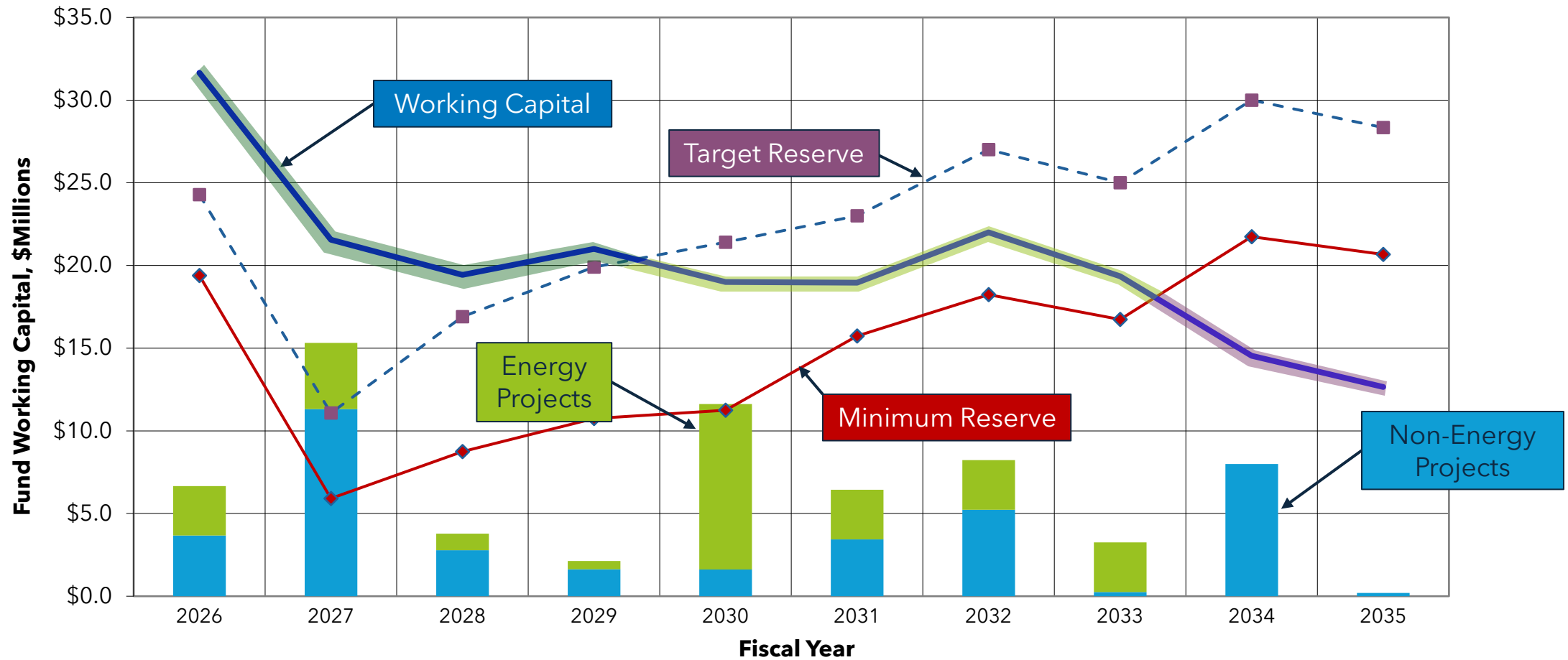
- Current Projects + New Projects
- Energy Projects

Impacts to Affected Capital Funds

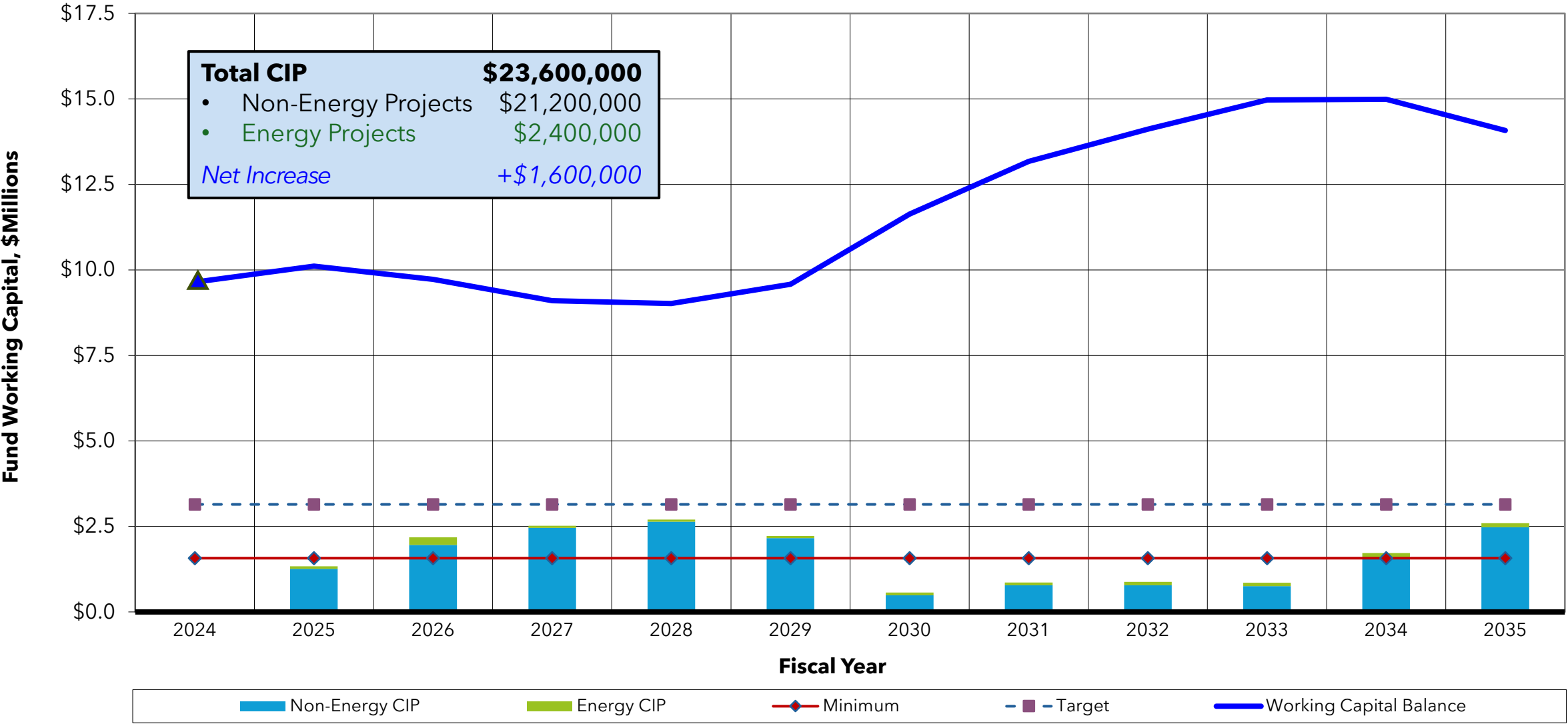
- Capital Funds: 210, 310, 320 and 610
- "Pay As You Go"
- Financial Reserves – Target Requirements, Minimum Requirements



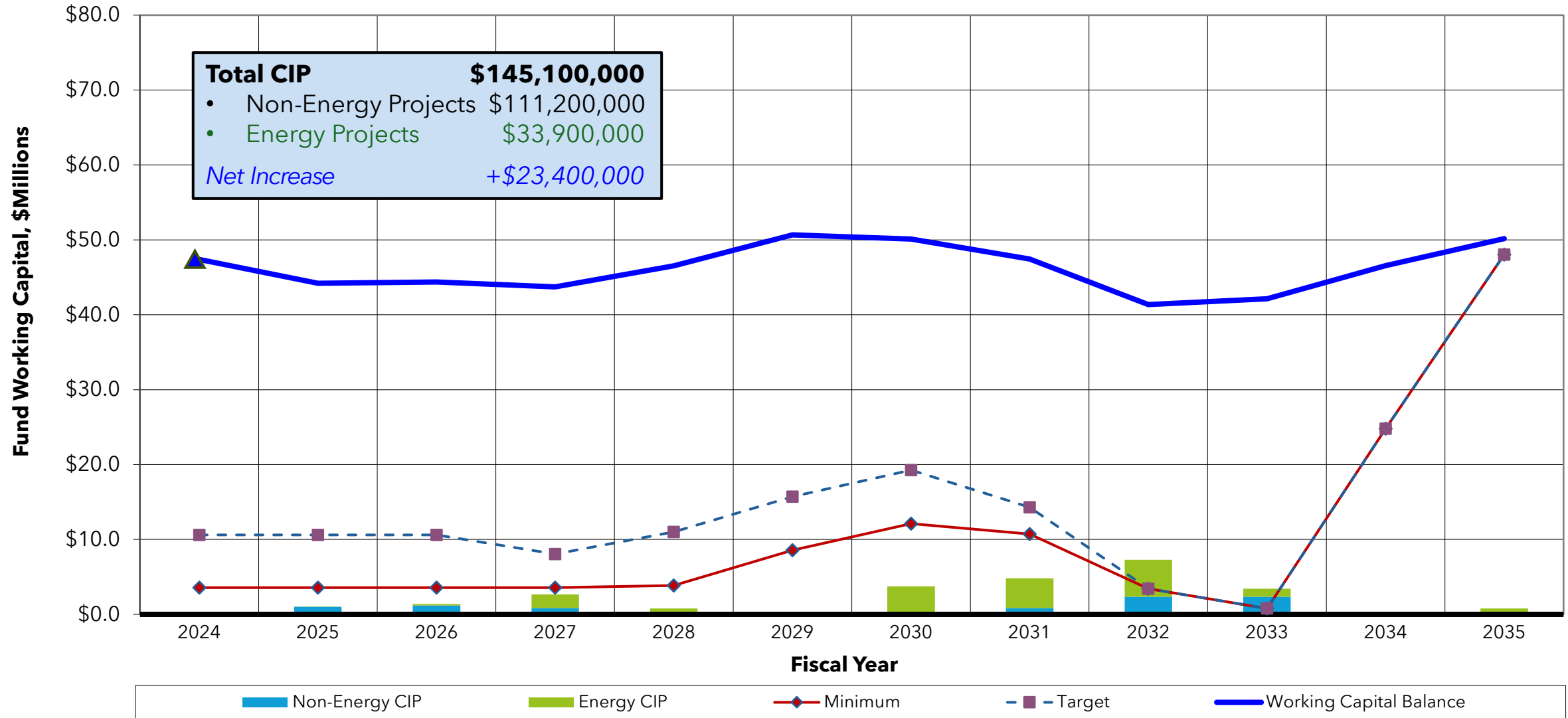
Background and Approach



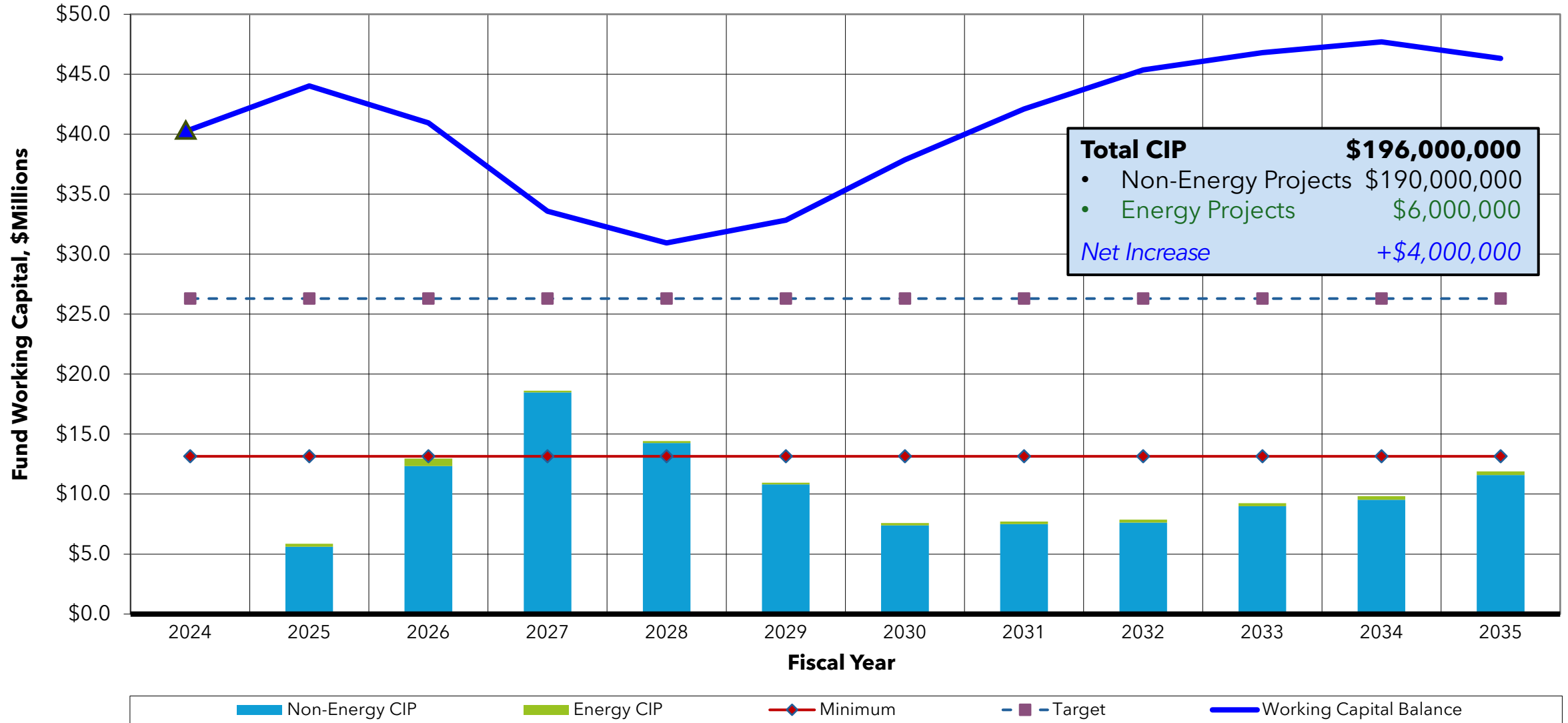
Local Wastewater Replacement (Fund 210)



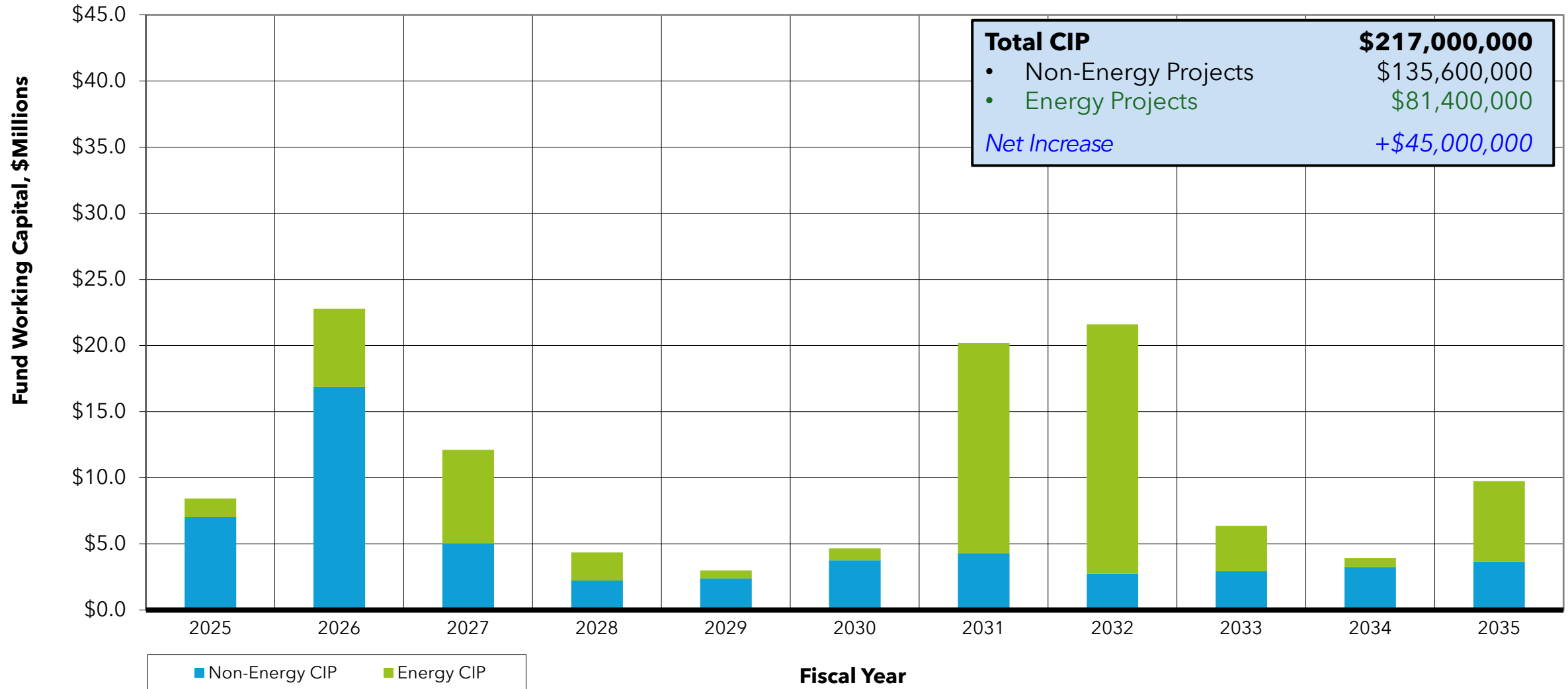
Regional Wastewater Expansion (Fund 320)



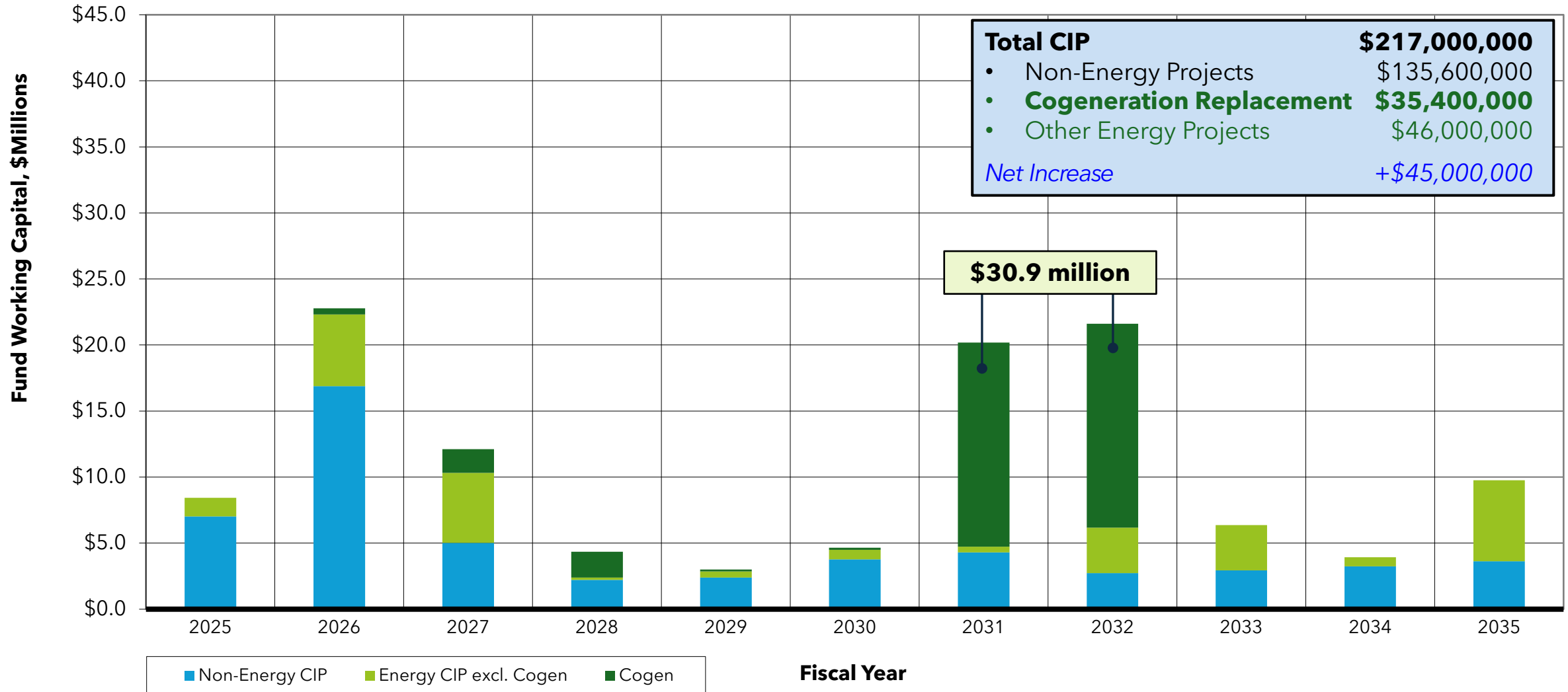
Water Replacement (Fund 610)



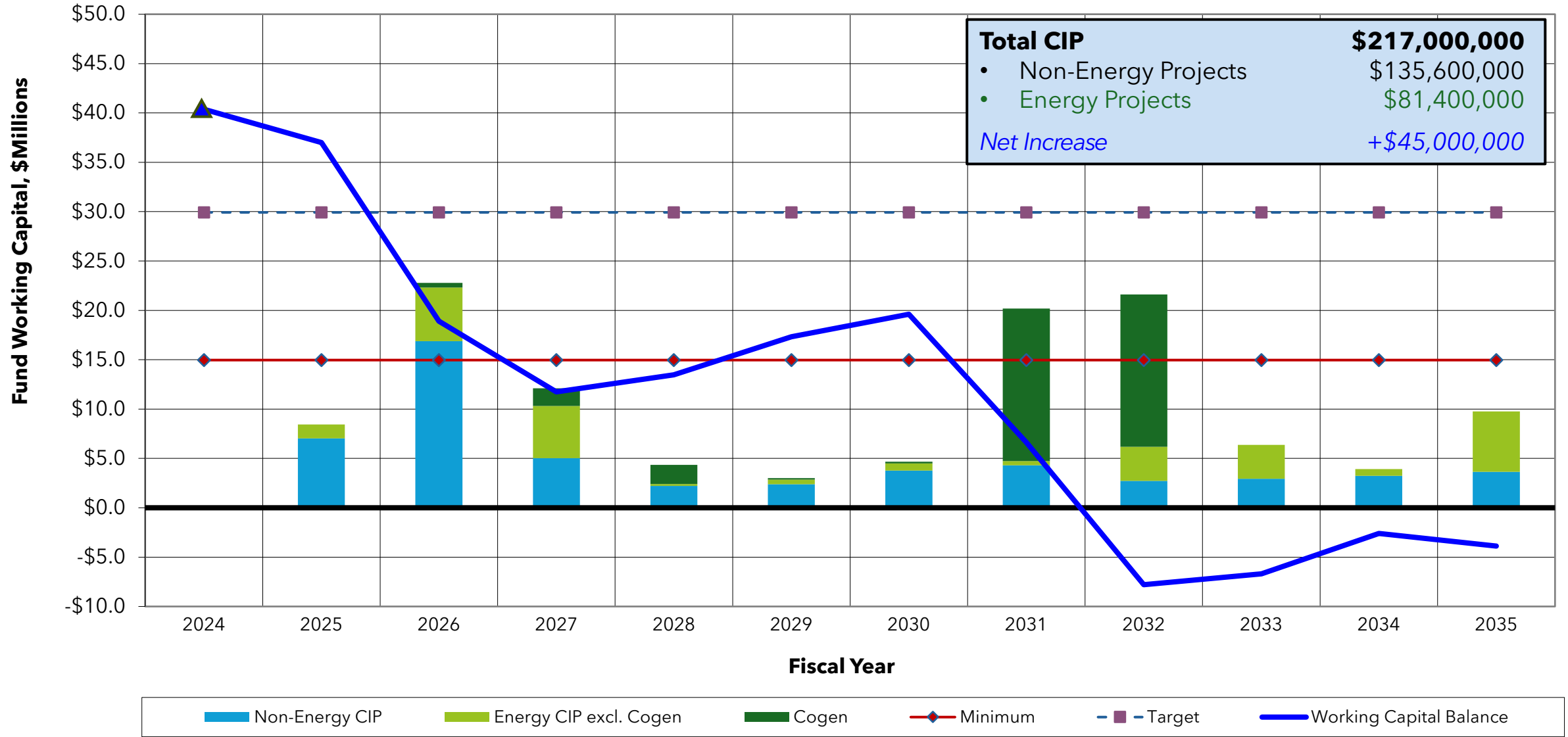
Regional Wastewater Replacement (Fund 310)



Regional Wastewater Replacement (Fund 310)



Regional Wastewater Replacement (Fund 310)



Capital Financing & Debt Management




Capital Financing and Debt Management

"Pay As You Go"

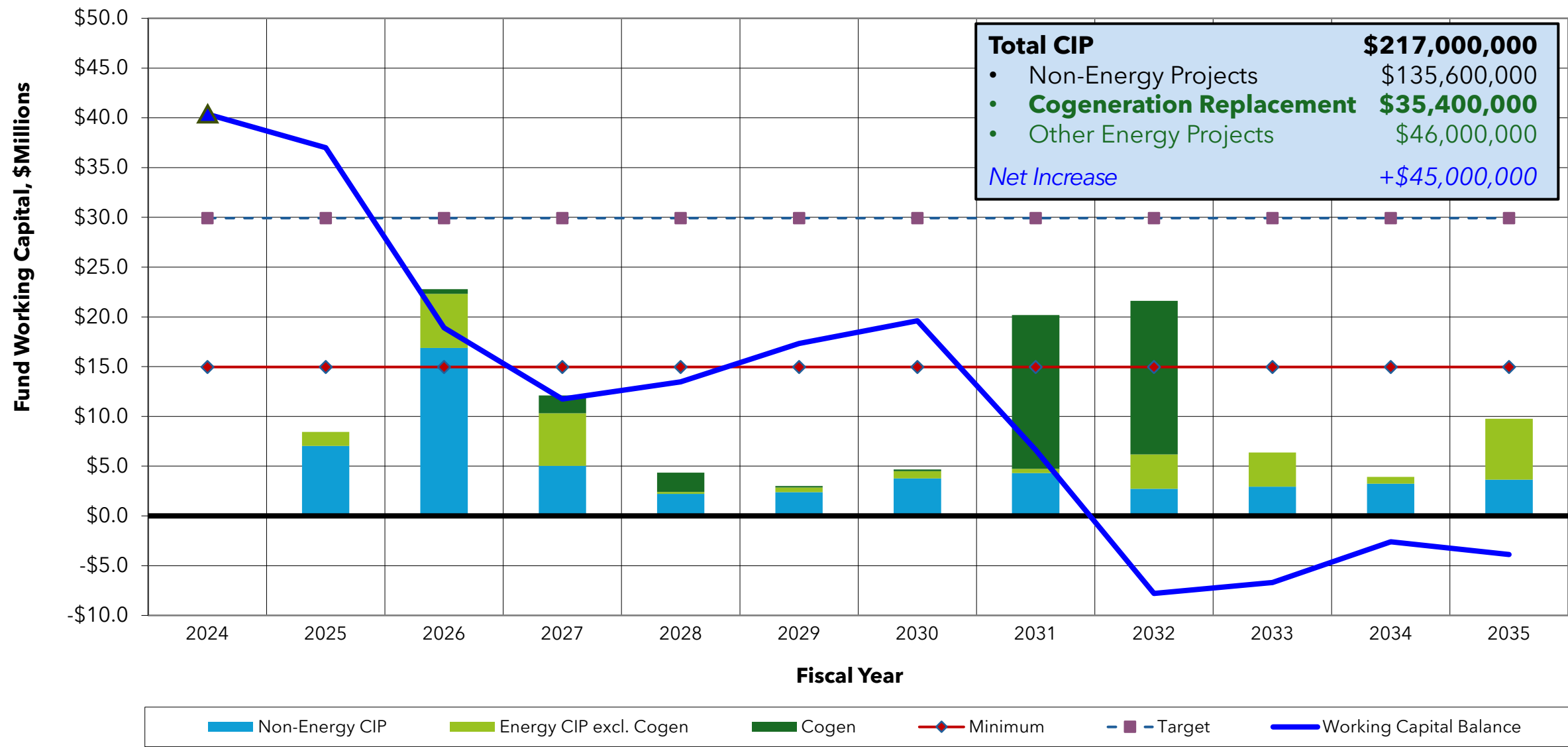
- Availability of Funds
- Debt would have adverse effects on cashflow position/operating flexibility
- Unstable Market conditions

"Pay As You Use" (i.e., Debt)

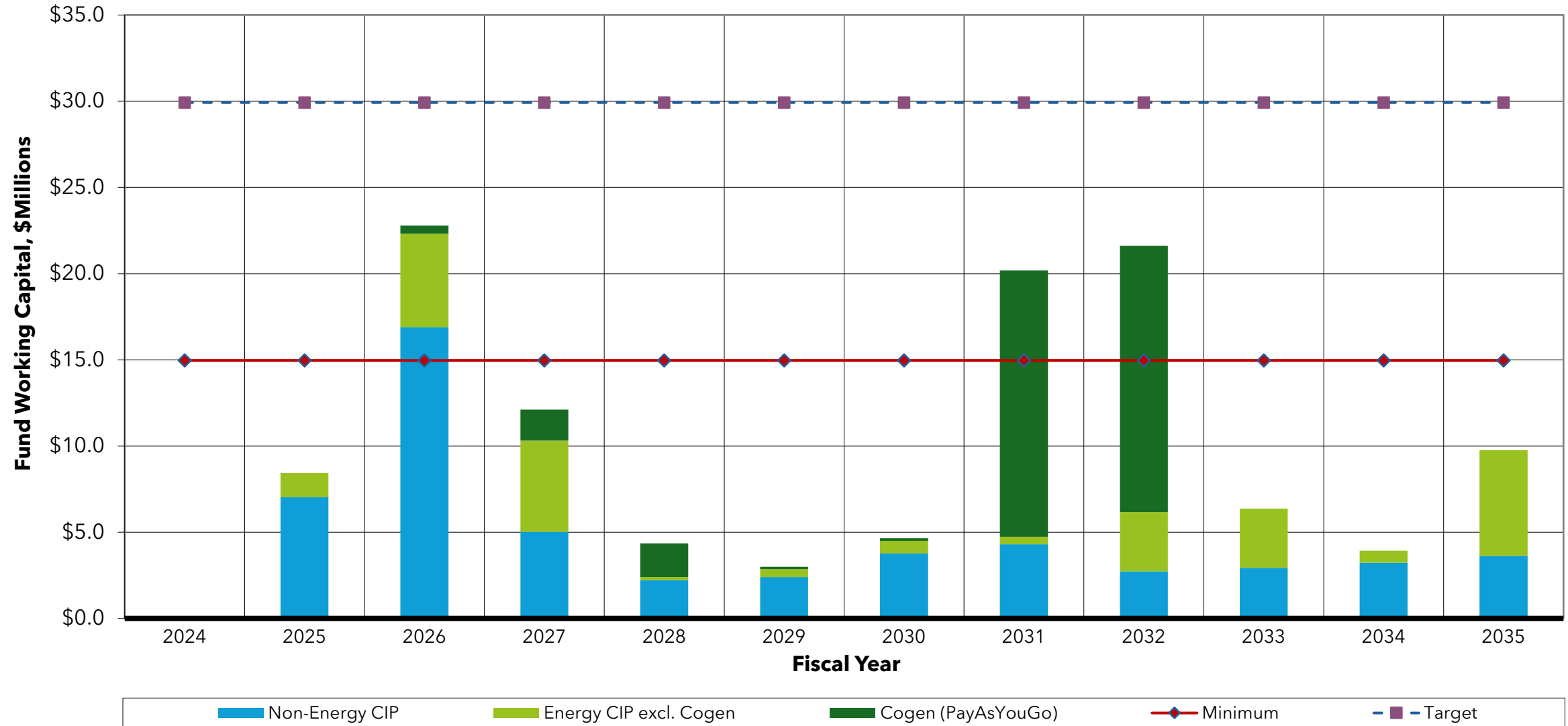
- Asset Life > Term of Financing
- Project is needed to meet District needs and resources are insufficient/unavailable
- Sufficiency of revenue for debt service

 Dublin San Ramon Services District <small>Water, wastewater, recycled water</small>		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	
<p>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.</p> <p>PURPOSE OF DEBT</p> <p>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.</p> <p>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.</p> <p>CRITERIA</p> <p>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.</p> <p>Factors Favoring Pay-As-You-Go Financing</p> <ul style="list-style-type: none">▪ 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.		

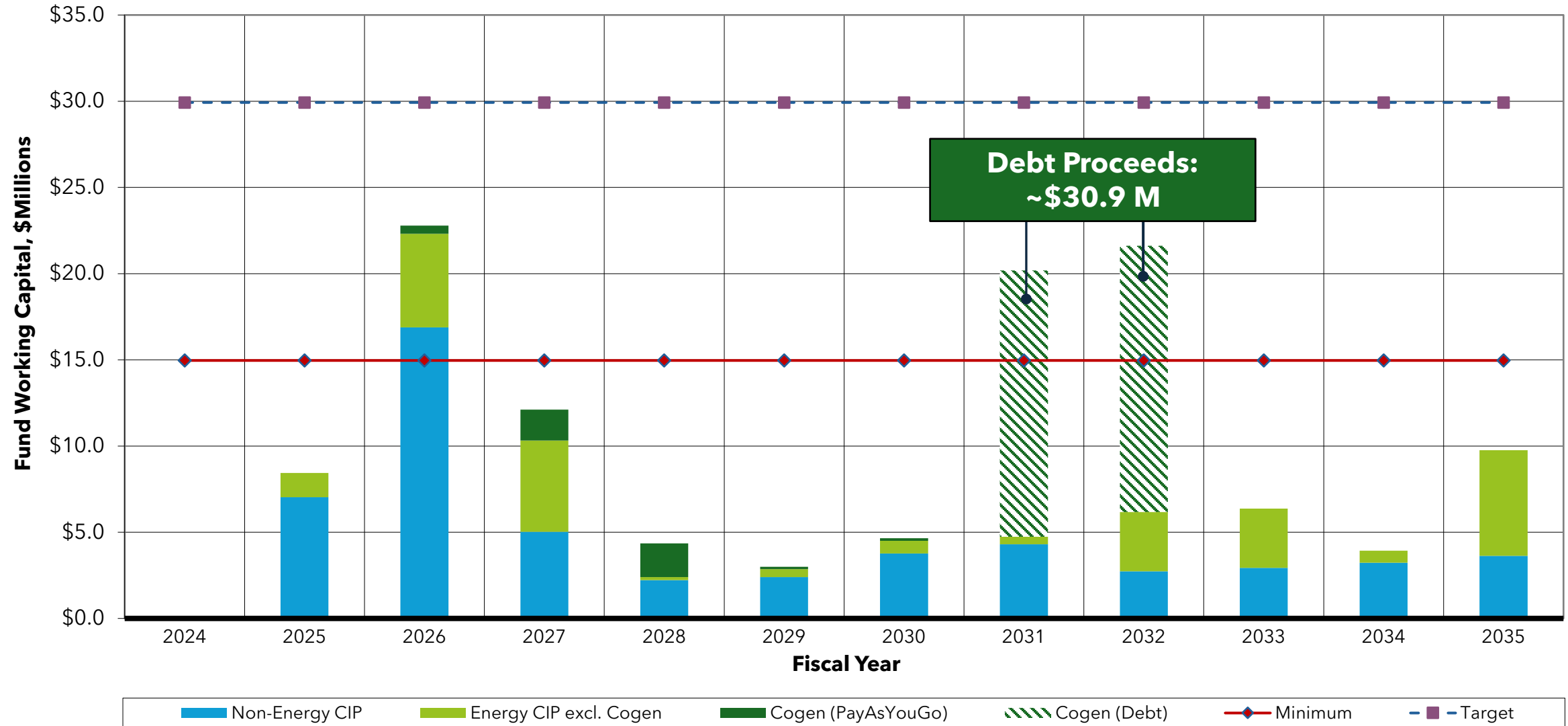
Regional Wastewater Replacement (Fund 310)



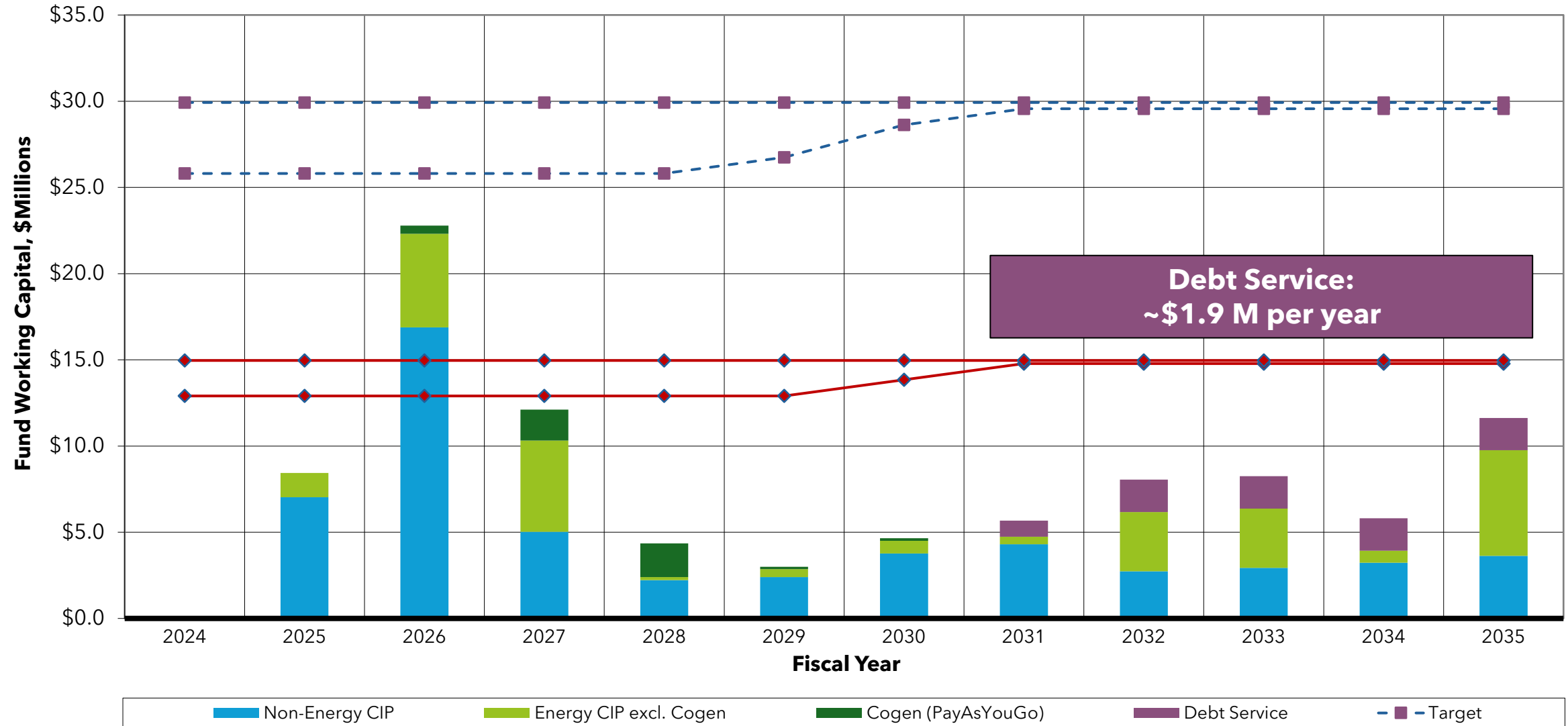
Regional Wastewater Replacement (Fund 310)



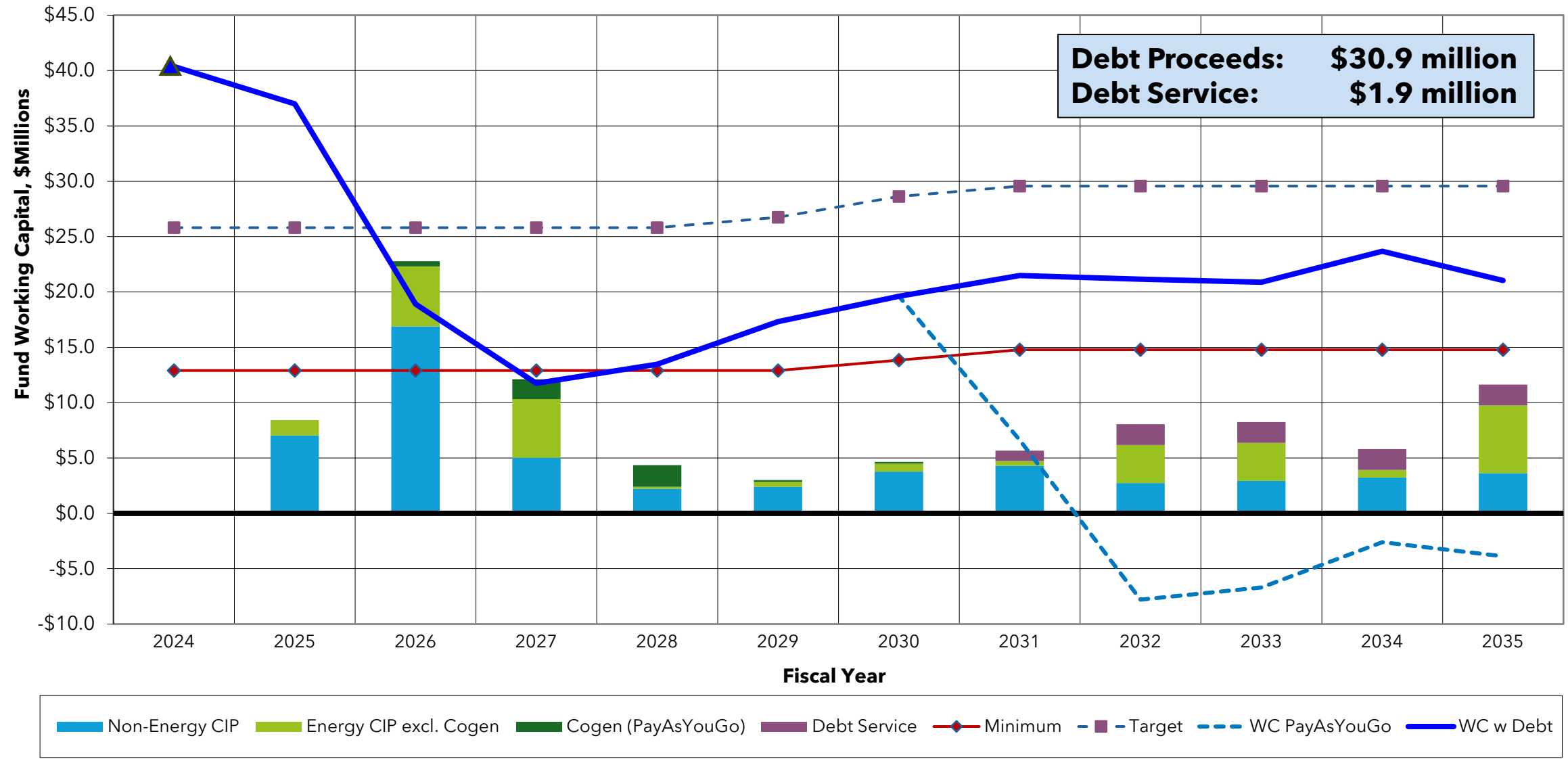
Regional Wastewater Replacement (Fund 310)



Regional Wastewater Replacement (Fund 310)



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

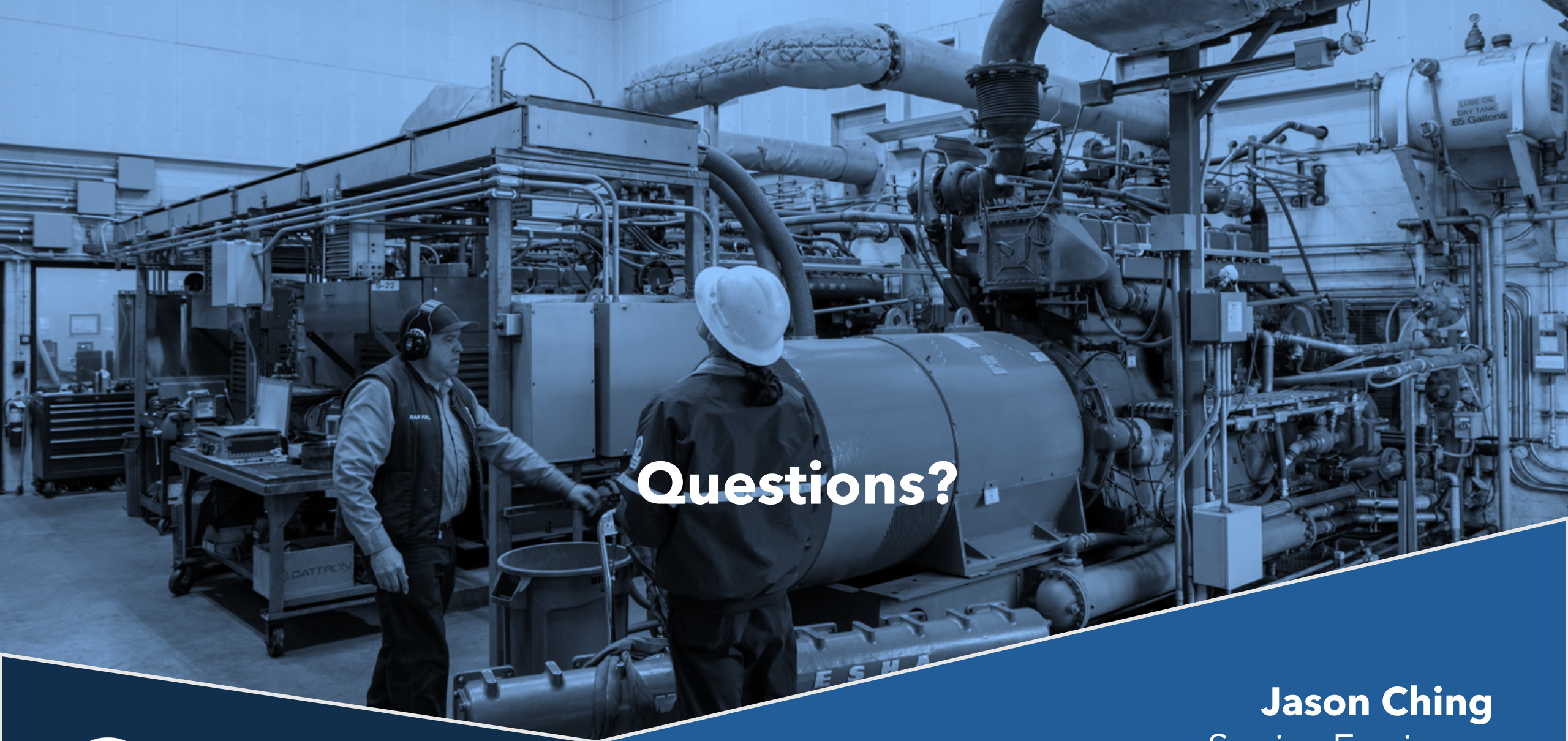
Capital Improvement Program Development

- 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





Questions?



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