



**Dublin San Ramon
Services District**

Water, wastewater, recycled water



ADOPTED OPERATING BUDGET

Fiscal Years 2026 and 2027

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A LETTER FROM THE GENERAL MANAGER

June 3, 2025



Honorable President and District Directors:

I am pleased to submit the FY26 and FY27 operating budget for the Board's review and consideration. This operating budget highlights District accomplishments over the last two years, identifies major operational and policy issues facing the District over the next two years, and projects the financial condition of the District's three business enterprises over the next decade based on updated long-term financial planning models. Detailed financial plans for the next two years are described in this operating budget from three perspectives – a fund basis, a category basis, and a department basis – to provide full transparency to the readers.

The District operates three main business enterprises: Local Wastewater for wastewater collection system services in Dublin and southwest San Ramon, Regional Wastewater for wastewater treatment and disposal services for Dublin, southwest San Ramon, and Pleasanton (by contract), and Water for potable and recycled water service in Dublin and the Dougherty Valley portion of San Ramon. The two-year budget includes appropriate funding and staff resources to operate the District's three enterprises, address the District's near-term challenges and Strategic Plan priorities, meet the District's contractual obligations to operate facilities on behalf of the DSRSD-EBMUD Recycled Water Authority (DERWA) and Livermore-Amador Valley Water Management Agency (LAVWMA), and replace critical capital assets.

Total operating expenses for the three enterprises and the District's other funds for FY26 are \$91.3 million. This amount is 5.5% more than budgeted expenses for FY25 of \$86.5 million. Total expenses are projected to increase by 3.9% in FY27 to \$94.9 million. Cost increases have been limited as much as possible to essential projects and services. Expenses are balanced by anticipated increases in revenue and the prudent use of reserves.

The long-term financial models show that all three business enterprises are in a good financial position in the near-term and are able to fund operations. However, unanticipated increases in expenses, combined with more conservative projections of growth, have reduced the amount of operating revenues available to fund operations and capital replacement projects. To alleviate pressure on the enterprise funds, transfers to capital replacement funds have been reduced. Even with reduced capital replacement transfers, the Local Wastewater and Regional Wastewater enterprises are projected to see a downward trend in the combined working capital for the enterprise and rate stabilization funds. Staff plans to prepare an updated wastewater rate study in FY26 to review cost of service and revenue requirements. It is anticipated that a combination of modest rate increases and refinements to the Asset Management Program can provide the course correction needed to ensure long-term financial sustainability for the Local Wastewater and Regional Wastewater enterprises and meet future capital asset replacement needs. The Water enterprise is anticipated to remain stable throughout the ten-year period.

Highlights and Review of FY24 and FY25

Over the past two years, the District has been proactively planning and prioritizing investments to bolster the resilience of the District's infrastructure and operations. In January 2024, the District completed preparation of a comprehensive Energy Facilities Master Plan that includes a top-to-bottom assessment of District facilities and recommends a \$122 million investment in energy projects over the next twenty-five years that reduce energy consumption and greenhouse gas emissions, stabilize energy costs, diversify energy supplies with renewable energy sources, meet air regulations for the District's fleet vehicles, and improve energy reliability. Informed by the Energy Facilities Master Plan, the District's Board of Directors adopted an Energy Policy in February 2024 to establish ambitious energy goals and policy level guidance for implementing the Energy Facilities Master Plan projects, which have been incorporated into the District's Capital Improvement Program.

Other noteworthy accomplishments and successes included: (1) full implementation of the new Enterprise Resource Planning system for Finance, Human Resources, Payroll, and Utility Billing; (2) replacement of over two miles of aging pipes in the Wineberry Way/Canterbury Lane neighborhoods of Dublin; (3) exercising emergency drinking water interties with neighboring agencies; and (4) completion of over 4,600 staff hours of health and safety training and over 400 staff hours of emergency preparedness training.

Lastly, the District continues to pursue innovative solutions for meeting new and expanded regulatory requirements. In July 2024, the San Francisco Regional Water Quality Control Board adopted the Third Nutrient Watershed Permit, which sets stringent limits on wastewater discharges of nutrients to the San Francisco Bay. Since the DERWA recycled water program began in 2006, DSRSD has recycled over 20 billion gallons of wastewater into irrigation water and diverted 3,300 tons of inorganic nitrogen away from the San Francisco Bay. The success of this program has demonstrated the benefits of investing in recycled water projects as a pathway for complying with nutrient requirements. In the coming years, DSRSD will continue collaborating with partner agencies on long-term agreements needed to expand the recycled water program. Increasing investments in recycled water maximizes the use of a local and sustainable water resource, conserves limited drinking water supplies, and supports a healthy San Francisco Bay.

Major Operational and Policy Issues in FY26 and FY27

The District will address a number of operational and policy challenges in the coming years. The recently adopted 2025 edition of the Five-Year Strategic Plan outlines an approach to manage many of these challenges. Early District actions requiring budgetary focus over the next two years are reflected in the operating and capital budgets. The most critical issues and budgetary responses are listed below.

- **New and Expanding Regulatory Requirements** – The District operates its water, wastewater, and recycled water systems in compliance with complex state and federal laws and regulations. There are a number of new or more stringent regulatory requirements that require a substantial increase in District efforts. These include new limits on wastewater discharges of nutrients to the San Francisco Bay, new drinking water regulations regarding cross-connection and lead testing standards, new air quality standards, new long-term conservation standards, and more rigorous reporting requirements for many District activities.

The operating budget proposes adding one (1.0) Full-Time Equivalent (FTE) position to support regulatory compliance efforts. In addition, the operating budget reflects the creation of a consolidated Regulatory Division led by a Deputy Director of Operations with responsibility for overseeing regulatory compliance for all three business enterprises.

- **Personnel Costs** – The operating budget reflects increases for contributions to pension and other post-employment benefits (OPEB). The scheduled annual payment of the pension Unfunded Accrued Liability (UAL) is the District's third largest long-term operating expense behind capital replacement and debt. The District maintains a minimum funded ratio of 80% for its pension plan. However, annual pension and OPEB UAL payments have increased significantly based on the latest actuarial valuations. The District is exploring options to manage long-term obligations for the District's pension and OPEB plans, including the use of pre-funding trusts.
- **Uncertainty in Energy and Supply Costs** – After several years of abnormally high increases to the costs for energy and supplies, staff is projecting more steady increases during this budgeting period. Economic uncertainty could impact this assumption. The impact of Pacific Gas & Electric (PG&E) increases on the District is partially mitigated by the District's cogeneration system, which generates the majority of the electricity for the wastewater treatment plant using a blend of biogas produced onsite and natural gas. However, increases in PG&E charges directly impact the District's pumping costs for its water and recycled water systems. To address energy uncertainty and rising costs, the District's Capital Improvement Program includes investments in solar and other projects to increase energy generation, reduce energy consumption, and enhance energy efficiency.
- **Capital Asset Replacement Needs** – As the District's infrastructure ages, asset replacement costs increase. Replacement of capital assets are funded from transfers from the enterprise operating funds and the "buy-in" component of capacity reserve fees. The District is becoming more reliant on transfers to fund its growing capital replacement needs as development in the service area reaches build-out and capacity reserve fees diminish. The District plans to optimize its Asset Management Program to prioritize capital expenditures and refine capital replacement funding needs.

Staffing Resources

The District is at an inflection point as it transitions to managing a customer base and infrastructure that rapidly grew over the last few decades. Since 2000, the number of customers within DSRSD's service area has nearly tripled, the underground pipelines the District maintains has more than doubled from 290 miles to 650 miles, and the District has added production and distribution of recycled water to the list of services provided to the community. In 2022, the District began a comprehensive workforce study to assess staffing levels and organizational structure relative to the District's ability to meet current and future service goals, business needs, and Strategic Plan priorities. The study was conducted in two parts. The 2023 Operations Workforce Study focused on the District's operational units with recommendations incorporated into the FY24 budget.

In April 2024, the District initiated the second part of the Workforce Study, which reviewed the Office of the General Manager, Administrative Services Department, Engineering Department, and certain District-wide programs. The results of the 2024 Workforce Study recommended organizational structure changes to strengthen the resiliency of the District's business operations, meet service level goals, address future uncertainties, and improve efficiency. These organizational changes, which are reflected in the FY26 and FY27 operating budget, include the creation of a standalone Finance Department led by a Finance Director; the creation of a new division under the Administration Services Department to centralize safety, security and emergency preparedness functions; consolidation of field staff and meter replacement functions in the Field Operations Division under the Operations Department; the creation of a Regulatory Division led by a Deputy Director of Operations to consolidate laboratory, environmental compliance and clean water programs; the combining of Capital Projects and Planning into a single division in the Engineering Department; and the restructuring of Asset Management as a stand-alone division within the Engineering Department.

To support the implementation of the 2024 Workforce Study, the FY26 operating budget includes the conversion of one (1.0) existing Limited-term FTE to a regular, full-time FTE in the Finance Department and the addition of one (1.0) new FTE to support the newly created Regulatory Compliance Division. The addition of the one new position for FY26 will increase the total FTE positions from 141 to 142. It should be noted that 2.8 FTEs are allocated to LAVWMA operations and 3.9 FTEs are allocated to DERWA operations, with 135.4 FTEs exclusively dedicated to DSRSD.

FY26 and FY27 Revenues and Operating Expenses

The District works closely with the Cities of Dublin, San Ramon, and Pleasanton planning departments to estimate the anticipated development activity included in these projections. After extraordinarily strong growth in DSRSD's service area between 2010 and 2019, the pace of development has slowed as the District approaches build-out and developable land in the service area diminishes. The FY26 and FY27 operating budget assumes a slower pace of growth to be conservative and account for economic uncertainties.

Operating revenues are estimated to increase 5.9% for FY26 and 4.1% for FY27. These projections incorporate a slight increase in water usage by customers, a minimal amount of growth in the customer base, annual adjustments to rates, and the loss of revenue from the Federal Correctional Institute (FCI) Dublin, which closed in 2024 and was the District's fifth largest customer in FY23 based on percentage of total annual billings at 1.8%.

Capacity reserve fee revenue is non-cyclical and directly tied to new building activity. Total capacity reserve fees vary widely from year to year and are on a general decline as the District approaches build-out. Capacity reserve fees are estimated to be approximately \$11.7 million in FY26 and \$14 million FY27. Funds collected are sufficient to continue meeting expansion debt service obligations of \$5.9 million per year.

REVENUES BY SOURCE	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Service Charges	\$64,409,621	\$67,276,390	\$73,080,353	\$75,453,761	\$78,560,131
Other Revenues	8,116,915	11,720,251	11,665,500	11,736,492	11,952,019
Interest	4,270,004	6,609,821	4,475,000	7,253,000	7,848,000
Subtotal Operating Revenue	76,796,540	85,606,462	89,220,853	94,443,253	98,360,150
% Change Operating Revenue		11.5%	4.2%	5.9%	4.1%
Capacity Reserve Fees	20,167,634	11,852,645	20,476,992	11,662,236	14,058,152
Total	\$96,964,174	\$97,459,107	\$109,697,845	\$106,105,489	\$112,418,302
% Change		0.5%	12.6%	-3.3%	5.9%

On the expense side of the budget, FY26 expenses are projected to be 5.5% higher than estimated expenses for FY25 and increase by 3.9% in FY27. Cost increases have been limited as much as possible to essential projects and services. The materials budget is flat, and there are slight increases to the contracts and water purchase budgets. The estimated credit from staff billing to Capital Improvement Program (CIP) projects and the Joint Power Authorities (JPAs) was reduced based on actual historical charges. Primary drivers for increases to operating expenses in FY26 are rising pension and retiree medical benefit costs, UAL payments, and an increase in the District's proportionate share of DERWA JPA costs based on actual recycled water deliveries to the member agencies.

OPERATING EXPENSES BY CATEGORY	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Salaries and Benefits	\$27,234,018	\$29,720,954	\$33,819,057	\$36,847,478	\$38,608,816
CIP/JPA Labor Credits	(1,699,315)	(2,608,630)	(3,234,304)	(3,035,114)	(3,052,765)
Materials	7,725,230	7,483,398	9,185,183	9,166,666	9,362,265
Water Purchase	16,114,828	17,990,942	20,257,000	20,577,746	21,461,547
Contracts	6,794,292	7,779,506	10,508,285	10,828,107	11,040,000
Other Expenses / JPA / Debt Service	12,996,587	15,042,450	16,001,694	16,905,282	17,458,129
Capital Outlay	857,400	(100)	-	-	-
Total	\$70,023,040	\$75,408,520	\$86,536,915	\$91,290,165	\$94,877,992
% Change		7.7%	14.8%	5.5%	3.9%

Asset Management Program / Capital Replacement Transfers

The District has asset management models that estimate the rehabilitation and replacement year and cost for each asset based on the age and type of the asset. Using these models, the District identifies specific capital projects and funding to be included in the Capital Improvement Program. The District funds its capital asset replacement needs through a combination of transfers ("replacement transfers") from the

enterprise operating funds and a “buy-in” component from developer capacity reserve fees. As development in the service area reaches build-out, the “buy-in” component from capacity reserve fees will diminish, and replacement transfers will need to increase.

Current capital replacement fund reserves starting in FY26 are anticipated to exceed \$88 million. The FY26 and FY27 Operating Budget includes \$9.1 million in replacement transfers from the operating to capital replacement funds. This level of funding is less than the prior budget cycle due to budget constraints and the pre-funding of replacement transfers, \$2.1 million to Local Wastewater and \$3.4 million to Regional Wastewater capital replacement funds, in FY24.

The District’s Strategic Plan has a Long-term Infrastructure Investment Goal with a strategy to “Optimize the Asset Management Program to guide District business decisions.” Over the next two years, the District plans to complete master plans for the water system, collection system, and wastewater treatment plant that will identify and estimate the costs for capital improvements needed to meet both current and future demands for the next twenty years. The results of these studies, combined with refinements to the District’s Asset Management Program, will help the District prioritize capital expenditures and budget for long-term capital replacement needs.

Financial Sustainability

The FY26 and FY27 operating budget includes ten-year financial planning models for the District’s three utility enterprises. The models project current and evolving economic trends into the future, thus forecasting how current budgetary decisions by the Board may impact the financial stability and resiliency of the three business enterprises. A chapter reviewing the ten-year financial planning models, including a discussion of model assumptions, is included in the Financial Overview section and provides context for how the detailed two-year operating budget might be extrapolated into the future.

Over the next two years, both the Local Wastewater and Regional Wastewater Enterprises are in a good financial position and able to fund operations. However, increases in personnel, energy, and material costs, combined with more conservative projections of growth, are contributing to a downward trend in the combined working capital for the enterprise and rate stabilization funds. This is much more pronounced in the Regional Wastewater ten-year model, which projects that the combined working capital for the enterprise and rate stabilization funds will fall below minimum reserve levels in 2031. The Regional Wastewater enterprise does begin to stabilize in 2033 when the LAVWMA debt is fully paid off. To alleviate pressure on the Local Wastewater and Regional Wastewater enterprise funds, replacement transfers have been reduced to match CIP funding needs over the 10-year period. Staff also plans to accelerate the preparation of an update to the 2023 Wastewater Rate Study in FY26 to review cost of service and revenue requirements. It is anticipated that a combination of modest rate increases and refinements to the Asset Management Program can provide the course correction needed to ensure long-term financial sustainability for the Local and Regional Wastewater enterprises.

The Water enterprise is in a good financial position and able to fund recycled water and potable water operations. A comprehensive water rate study and five-year schedule of rate adjustments was adopted by the Board in April 2024. The first two years of rate adjustments at 5.5% per year have already been implemented and water rates will be increased based on the Consumer Price Index (CPI) for fiscal years 2026 through 2028. Factors affecting the Water enterprise include increased personnel costs, a significant increase in the District's contribution to DERWA O&M expenses, and reduced revenues due to more conservative growth projections and conservation. To alleviate pressure on the Water enterprise, replacement transfers have been reduced to match CIP funding needs over the 10-year period. With this adjustment, the Water enterprise is anticipated to remain stable throughout the ten-year period, with the combined working capital for the enterprise and rate stabilization funds projected to be between minimum and target levels.

Concluding Comments

I am proud to report that the District provides a high level of customer service, operates our water, recycled water, and wastewater systems in compliance with regulatory requirements, and responsibly manages the District's finances to meet funding needs across all the enterprise funds. As the District's service area builds out and infrastructure continues to age, further pressure will be placed on the District's finances. I am confident that the District is well-positioned to face these challenges through sound planning, innovation, and collaborative partnerships.

I would like to express my appreciation to the Board of Directors for their policy decisions that shape the direction of the District, and for the dedication and diligence of the members of the Senior Management Team. I would also like to thank all of the division managers and supervisors who are the balance of the organization's Leadership Team for their perseverance, dedication, and efforts in developing the District's operating and capital budgets. Lastly, special thanks to the staff of the Finance Department, CIP & Planning Division, and Public Affairs Division for their work in assembling this two-year financial plan.

Respectfully submitted,



Jan Lee
General Manager



INTRODUCTION

BOARD OF DIRECTORS & SENIOR MANAGEMENT TEAM



ARUN GOEL
President (Division 5)
Boardmember since 2021
Term expires December 2028



RICHARD HALKET
Vice President (Division 3)
Boardmember since 2004
Term expires December 2028



DINESH GOVINDARAO
Director (Division 1)
Boardmember since 2023
Term expires December 2028



GEORGEAN VONHEEDER-LEOPOLD
Director (Division 4)
Boardmember since July 2009
Term expires December 2026
(Previously served 1992–2000)

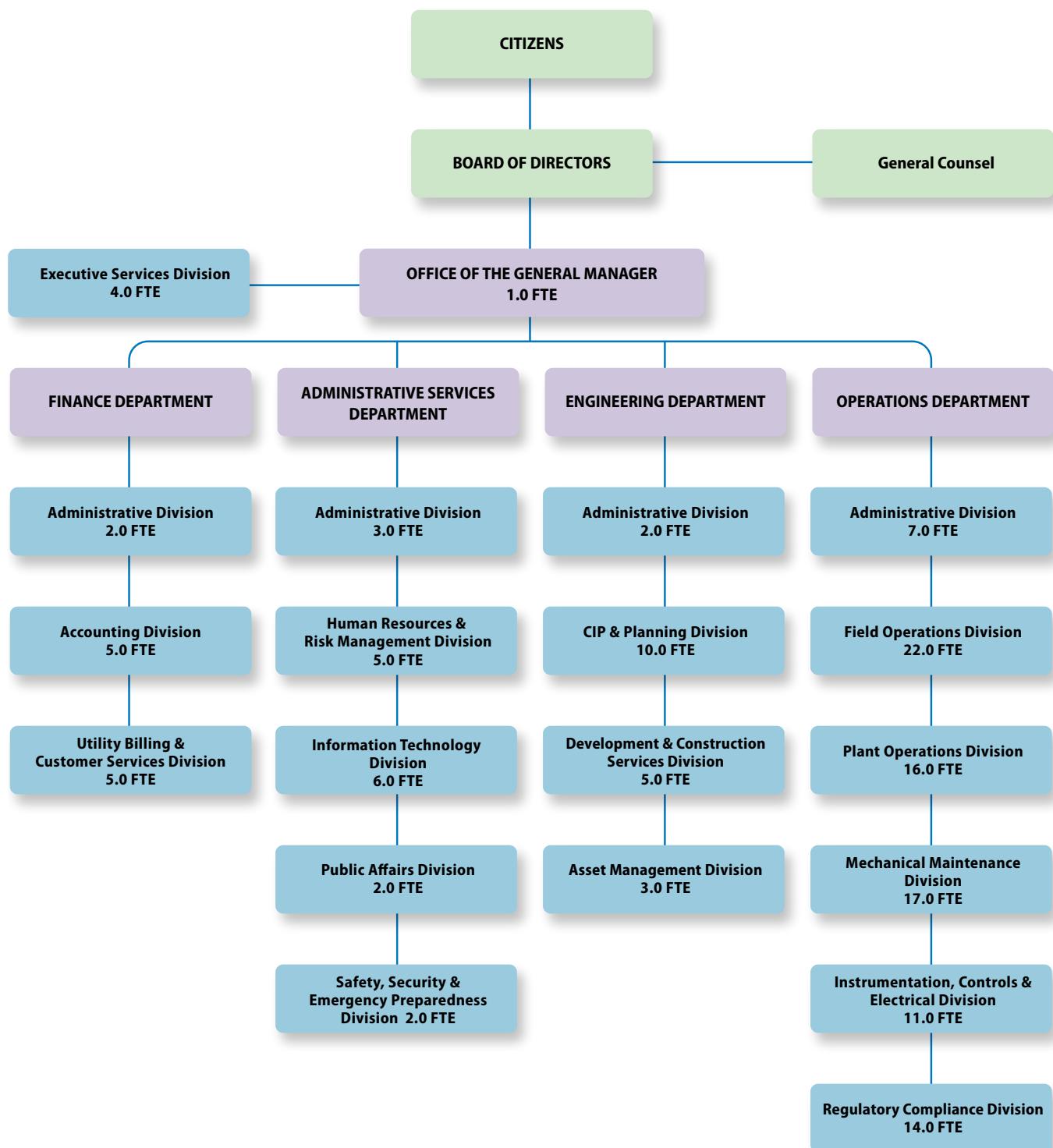


ANN MARIE JOHNSON
Director (Division 2)
Boardmember since 2018
Term expires December 2026

SENIOR MANAGEMENT TEAM

JAN LEE	.....	General Manager
MICHELLE GALLARDO	.....	Administrative Services Director
KEN SPRAY	.....	Finance Director
DAN GILL	.....	Operations Director
STEVEN DELIGHT	.....	Engineering Director

ORGANIZATION CHART





www.dsrsd.com/about-us/strategic-plan

At Dublin San Ramon Services District, our 5-year Strategic Plan serves as our roadmap, ensuring that our daily operations align with our long-term vision for adaptability, resilience, and innovation.

Mission

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

Vision

In our operations, financial practices, and public policies we strive to be an effective and efficient organization, and to be seen as an industry leader of best management practices. Our agency seeks to be adaptable, resilient, and innovative in navigating our ever-changing industry.

Values

- Protect Public Health and the Environment
- Sustain Financial Stability
- Be Open and Transparent
- Fairness, Respect, Honesty, and Ethics
- Operate Safely
- Provide High Quality Customer Service
- Provide Sustainable, Efficient, Reliable, and Secure Services



Environmental Protection & Regulatory Compliance

Meet or exceed environmental and public health standards while preparing for the future regulatory landscape.



- **Strategy A:** Minimize impacts to the environment by reducing, recycling, and conserving natural resources.
- **Strategy B:** Operate and maintain District facilities to meet or exceed regulatory requirements while preparing for the future regulatory landscape.

Long-Term Financial Stability & Sustainability

Manage the District's finances to meet funding needs and maintain fair and reasonable water and wastewater rates.



- **Strategy A:** Ensure financial sustainability through long-term financial planning.
- **Strategy B:** Enhance accountability and transparency in financial management.

Workforce Development & Planning

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



- **Strategy A:** Sustain a robust safety culture by continuously updating the District's environmental health and safety programs.
- **Strategy B:** Diversify and strengthen the skills of District employees to meet evolving workforce demands.
- **Strategy C:** Plan for succession of key positions where feasible.
- **Strategy D:** Promote a District culture which encourages learning, teamwork, innovation, and recognition.

Resilient & Effective Operations

Improve the resiliency of our operations against emergencies and future uncertainties through planning, long-term partnerships, and integrating technologies that improve the efficiency and effectiveness of our business processes.



- **Strategy A:** Strengthen Emergency Preparedness and Response Plans for responding to internal and external incidents.
- **Strategy B:** Increase the resiliency of District water supplies and operations through long-term partnerships.
- **Strategy C:** Update and maintain a long-term plan to guide technology investments and resources.

Long-Term Infrastructure Investment

Cost-effectively manage, maintain, and improve infrastructure to deliver sustainable, reliable, high-quality service now and in the future.



- **Strategy A:** Prepare comprehensive facility master plans to guide long-term infrastructure investments needed to meet future demands.
- **Strategy B:** Optimize the Asset Management Program to guide District business decisions.
- **Strategy C:** Manage and implement a prioritized Capital Improvement Program to address long-term infrastructure needs.

Customer Service & Community Engagement

Foster confidence and trust in District services through quality customer service, community engagement, education, and partnership efforts.



- **Strategy A:** Provide quality service and timely information and resolution of customer inquiries.
- **Strategy B:** Build public awareness through outreach and education of District services, priorities, and initiatives.

Updated April 2025

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 1960. VCSD became the vehicle for delivering local services before city governments existed, including water and wastewater services, recreation and parks, garbage collection, and fire protection. The name of the District was changed again in 1977 to Dublin San Ramon Services District (DSRSD) to reflect its service areas. The Cities of Dublin and San Ramon incorporated in the early 1980's and assumed responsibility for many of the services originally provided by the District by 1988, which allowed DSRSD to focus on water and wastewater services. In 1999, the District began providing a third service, recycled water. DSRSD currently provides water, recycled water, and wastewater services to more than 191,800 residents in Dublin, Pleasanton, and portions of San Ramon.

ECONOMIC CONDITIONS

As of August 2024, the District's service area encompassing the Cities of Dublin, Pleasanton, and portions of San Ramon had unemployment rates of 4.8%, 4.6%, and 4.7%, respectively. The greater East Bay region (Alameda and Contra Costa Counties) had unemployment rates of 5.2% and 5.3% during the same period. The State of California's unemployment rate was 5.9% during this time.

According to the economic data from the US Census Bureau, the estimated median household income is \$204,946 for Dublin, \$177,535 for Pleasanton, and \$195,491 for San Ramon. Household median incomes for the specified cities are significantly higher, compared to Alameda County with \$119,931 and Contra Costa County with \$122,794. Overall, inflation increased by 2.4% from last year. Food and commodities other than food increased 2.3% and 3.3% over the prior year.

Approximately 38.1% of homeowners in Alameda County and 36.7% of homeowners in Contra Costa County spend less than one-fifth of their household income per month on their mortgage. Approximately 43.7% of occupied units rented in Alameda County and 46.7% of occupied units rented in Contra Costa County spend over one-third of their household income in rent per month.

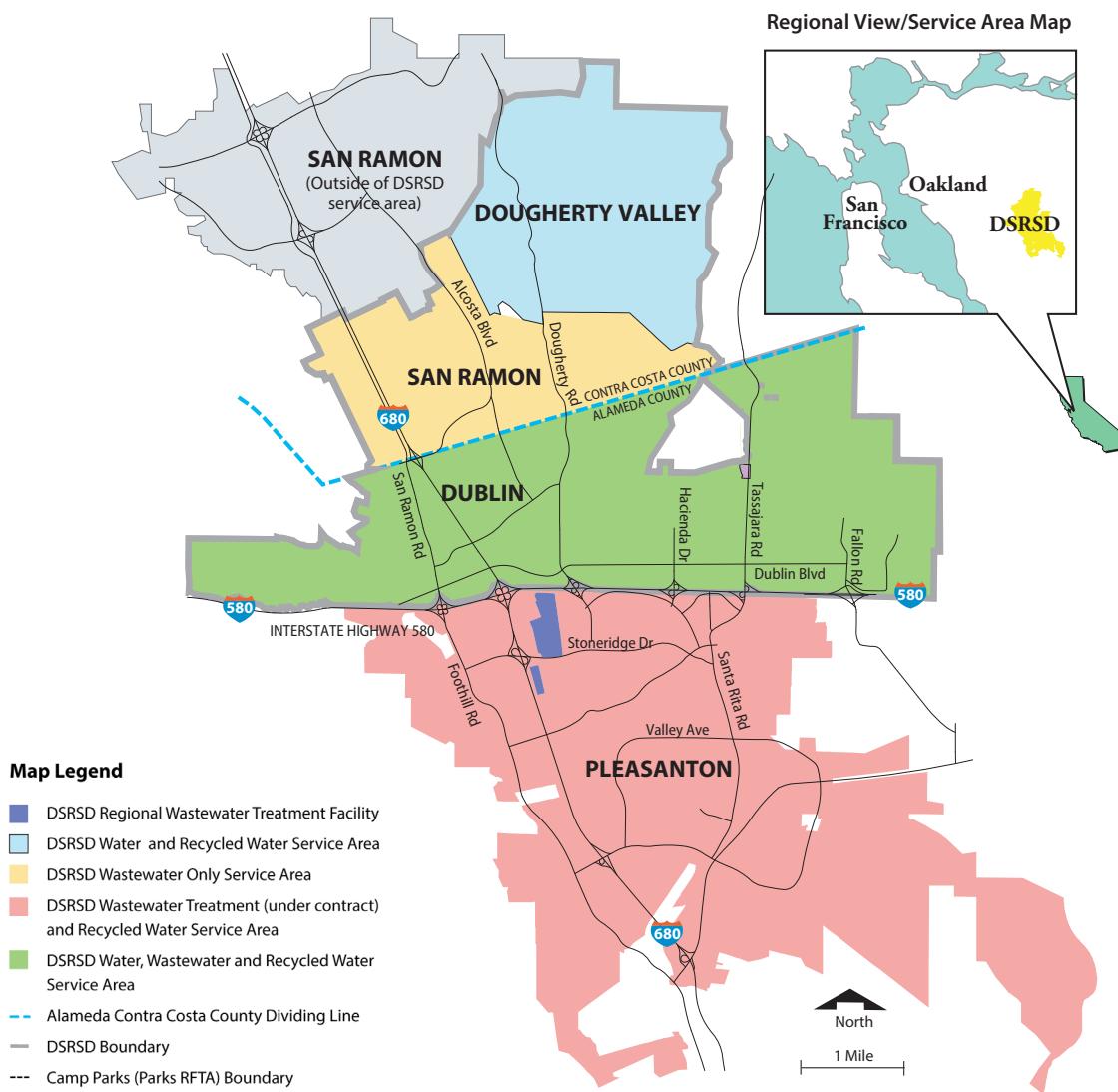
Median household income and unemployment rate are two key economic indicators in evaluating a community's wealth and spending power. According to the economic data from the US Census Bureau, cities within the District's service area are doing relatively well compared to the county averages.

	UNEMPLOYMENT RATE	MEDIAN HOUSEHOLD INCOME
District Service Area		
City of Dublin	4.8%	\$204,946
City of Pleasanton	4.6%	\$177,535
City of San Ramon	4.7%	\$195,491
Regional		
County of Alameda	5.2%	\$119,931
County of Contra Costa	5.3%	\$122,792

The Cities of Dublin and San Ramon continue to be among the fastest-growing areas in the Bay Area. However, the housing market in the East Bay region weakened partly due to higher interest rates. Median home prices in Alameda County declined by 6.5% from the prior year. The Cities of Dublin and Pleasanton respectively saw a 5.2% and 2.0% decrease. Contra Costa County saw a decrease in median home price of 5.6% from the prior year and the City of San Ramon saw a decline of 8.8%.

SERVICE AREA

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



BUDGET EXCELLENCE AWARD

California Society of Municipal Finance Officers

Certificate of Award

Operating Budget Excellence Award Fiscal Years 2023-2024 & 2024-2025

Presented to the

Dublin San Ramon Services District

For meeting the criteria established to achieve a CSMFO Award in Budgeting.

January 29, 2024



2024

Rich Lee
2023 CSMFO President

James Russell-Field
James Russell-Field, Chair
Recognition Committee

Dedicated to Excellence in Municipal Financial Reporting

In bestowing this award, California Society of Municipal Finance Officers (CSMFO) acknowledges the District for its outstanding presentation of financial and budgetary data.

CSMFO issues annual awards for outstanding achievement and contributions to the profession. DSRSD received the Operating Budget Excellence Award for its FY24 and FY25 Operating Budget.

The District's FY26 and FY27 Operating Budget is intended to continue to meet the CSMFO's high standards and will be submitted again to determine eligibility.

ADOPTED BUDGET RESOLUTION

RESOLUTION NO. 18-25

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT ADOPTING THE OPERATING BUDGET FOR FISCAL YEARS 2026 AND 2027

WHEREAS, pursuant to California Government Code Section 61110, a community services district is required to adopt a preliminary budget by July 1 and adopt a final budget by September 1; and

WHEREAS, the District adopts a biennial Operating Budget before a new fiscal year starts on July 1 of odd-numbered years; and

WHEREAS, on May 6 and May 20, 2025, the Board received presentations on the proposed two-year budget for operating the District's three enterprises, including a comprehensive overview of the budget process and assumptions, a District-wide financial review, and fund financial allocations, and provided input and direction for the proposed Operating Budget for Fiscal Years 2026 and 2027; and

WHEREAS, on May 20, 2025, after receiving and reviewing the proposed Operating Budget for Fiscal Years 2026 and 2027, the Board continued its discussion on the budget and provided further input and direction; and

WHEREAS, the Operating Budget as presented provides a financial plan that supports the Board's policy objectives for the next two fiscal years as expressed in the District's 2026–2030 Strategic Plan; and

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

WHEREAS, in accordance with California Government Code Section 61110(c), the District Secretary published the notice of public hearing on May 20, 2025, for the biennial Operating Budget for Fiscal Years 2026 and 2027, which was fourteen (14) days prior to the public hearing for the Operating Budget on June 3, 2025.

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

1. The Operating Budget for Fiscal Years 2026 and 2027, attached as Exhibit "A," including the revenues, expenditures, and transfers as described therein, is hereby adopted, and all expenditures made consistent therewith are hereby ratified and approved.

2. The General Manager is authorized to contract for legal services up to the amount included in the Operating Budget.

ADOPTED by the Board of Directors of Dublin San Ramon Services District, a public agency in the State of California, Counties of Alameda and Contra Costa, at its regular meeting held on the 3rd day of June, 2025, and passed by the following vote:

AYES: 4 – Directors Ann Marie Johnson, Dinesh Govindarao, Georgean M. Vonheeder-Leopold, Richard M. Halket

NOES: 0

ABSENT: 1 – Director Arun Goel


Arun Goel, President

ATTEST: 
Nicole Genzale, District Secretary



FINANCIAL OVERVIEW

FY26 - FY27 BUDGET PROCESS

Dublin San Ramon Services District operates on a fiscal year which runs July 1 through June 30.

The FY26 and FY27 Operating Budget provides two prior years actual, current year adopted, and new year budget financial information for two years, as well as trend analysis, past accomplishments, future goals, and other supplemental information.

Concurrent with each biennial budget process, staff works with the Board to review and update the Strategic Plan. The District's Strategic Plan is a five-year planning document that incorporates the District's mission, vision, and core values and outlines key strategic goals, strategies, and objectives that the District seeks to accomplish over the five-year period. Work activities and resources needed to implement the Strategic Plan are reflected in the operating and capital budgets.

The District's budget process typically starts in the fall with a review of the District's Strategic Plan and overall discussion of the operating and capital budget process with the Full Leadership Team (consisting of the District's executive managers and mid-managers). The General Manager and operating and capital budget teams also review overall objectives, priorities, guidelines and schedule for preparing the two-year budget.

In the spring, the Board approves the updated five-year Strategic Plan and the General Manager provides guidance to division management to align the budget development based on those goals and objectives. The budget is reviewed by both the Senior Managers and the General Manager before presentation to the Board.

All Board discussions are held in open session and all materials are made publicly available in accordance with the Brown Act. The Board received budget presentations at its May 6 and May 20, 2025 meetings. The District noticed a June 3, 2025 public hearing to provide the public an opportunity to formally make comments regarding the budget directly to the Board prior to adoption.

BASIS OF ACCOUNTING

The basis of accounting describes how financial activities are recognized and reported; specifically, when revenues, expenditures (or expenses), assets, and liabilities are recognized and reported in the financial reports.

The District is in the business of providing potable and recycled water services, and wastewater collection, treatment, and disposal. The District accounts for these business activities in enterprise funds. Enterprise funds are self-supporting funds that generate revenues through service charges to customers to cover the costs of operation, maintenance, and recurring capital replacement, and are similar to the accounting methods used by private sector companies. Enterprise funds report on the accrual basis of accounting recognizing all assets, liabilities, revenues, and expenses applicable as of the financial statement date.

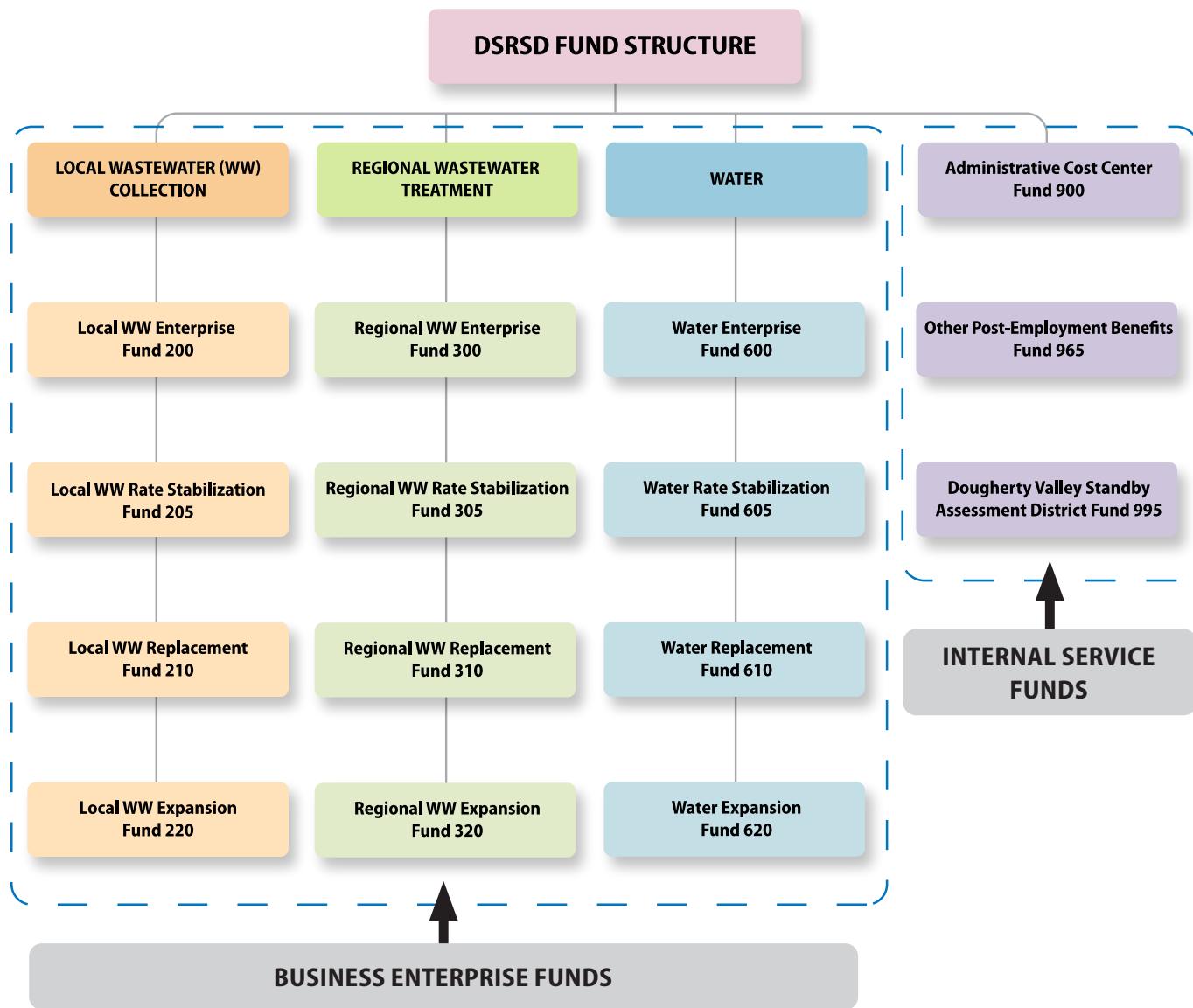
For enterprise funds, where the proper matching of revenues and costs is important, the District utilizes the full accrual basis of accounting for financial reporting. However, the budget shows some items as expenses that normally would be recorded directly to the balance sheet. This provides budgetary control throughout the year, such as principal payments of debt, which reduce the amount of debt owed on the balance sheet. Non-cash items, such as depreciation, contributions of property, Governmental Accounting Standards Board (GASB) adjustments related to investment, retirement, and compensated leave are not budgeted.

APPROPRIATIONS LIMIT (GANN LIMIT)

Article XIIIIB of the California State Constitution, commonly referred to as Gann Limit, placed limits on the amount of tax proceeds that local governmental agencies can receive and spend each year.

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 Dublin and San Ramon in 1988, so no appropriation limit is required.

DESCRIPTION OF FUNDS



ENTERPRISE FUNDS

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

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

RATE STABILIZATION FUNDS

Each enterprise fund is paired with a rate stabilization fund (RSF) to support the District's strategic goal of managing public funds to assure financial stability, including stability of revenues and related rates and charges. In some years, there may be a surplus above the working capital target in one or more of the District's enterprise funds. In other years, unexpected events may cause a fund balance to fall below the target. Rate stabilization funds allow the District to properly manage these different circumstances to achieve the desired stability, avoiding wide fluctuations in rates to fund operations. Cell tower lease and property tax revenues are recorded in the water rate stabilization fund.

REPLACEMENT FUNDS

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

In addition to capital projects, rehabilitation replacement funds also fund the District's capital asset expenses. A capital asset is defined as any individual asset that costs \$20,000 or more with a useful life of more than three years.

EXPANSION FUNDS

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

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

ADMINISTRATIVE COST CENTER

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

OTHER POST-EMPLOYMENT BENEFITS FUND

In August 2004, GASB issued Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions. Under the GASB 45 standard, retiree healthcare 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 benefits 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 the California Public Employees' Retirement System (CalPERS). CalPERS is an agency in the California executive branch, that manages pension and health benefits for California public employees, retirees, and their families. Funds held by CERBT are managed by an appointed board not under the 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 (SWP) specifically tied to the Dougherty Valley. An assessment is levied each year after the California Department of Water Resources' budget is finalized. All assessments received for the DVSAD Fund, as well as related expenses, are accounted for in this fund.

WORKING CAPITAL



DSRSD staff discuss financial activities

The District's Financial Reserves policy establishes reserve guidelines for enterprise, rate stabilization, replacement, and expansion funds. The District funds operations from its enterprise and rate stabilization funds. Operating reserves, referred to as "working capital," are defined as current assets minus current liabilities. Working capital is a measure of available resources to meet fluctuations in cash flow. For managing the District's finances throughout the year, the District approximates working capital by using the audited working capital for the prior year as the beginning balance adjusted by current year operating revenues less operating expenses.

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 enterprises and their paired rate stabilization 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 following section summarizes at a high level the District's operating budget by individual fund, including beginning and projected ending working capital.

OPERATING BUDGET BY FUND

LOCAL WASTEWATER OPERATING FUNDS: ENTERPRISE (FUND 200) AND RATE STABILIZATION (FUND 205)

The Local Wastewater fund group provides sewer collection services in Dublin and southern San Ramon. The collection system consists of sewer pipes and one lift station that transmit wastewater from the residences and businesses to the Regional Wastewater Treatment Plant (WWTP). Of the three DSRSD utility enterprises, Local Wastewater is the smallest, with \$5.5 million in operating costs projected in FY26.

The Local Wastewater Enterprise Fund is in a good financial position. Projected revenues are based on the 2023 Local and Regional Wastewater Rate Study and five-year schedule of rate adjustments adopted by the Board in May 2023, which provide for Local Wastewater rates to be adjusted by inflation for years FY26 through FY28.

As described in the section “Interfund Transfers”, the District transferred an additional \$2,059,412 from the Local Wastewater rate stabilization fund to the Local Wastewater replacement fund in FY24. Because of this additional transfer and due to competing funding priorities, the budget does not include transfers to the Local Wastewater replacement fund in FY26 and FY27. The long-term financial model assumes reduced replacement transfers of \$350,000 per year starting in FY28, which partially will be funded from operating reserves. The reduced replacement transfers are adequate to meet near-term capital replacement needs. Long-term capital replacement funding needs will be refined during the next Local Wastewater Rate Study.

As a result of the above actions, the combined reserves for the enterprise and rate stabilization funds are projected to be above the combined reserve policy target (eight months of working capital) for the next two years.

OPERATING BUDGET	Enterprise (Fund 200)		Rate Stabilization (Fund 205)	
	FY26	FY27	FY26	FY27
Operating Revenues				
Service Charges	\$5,187,441	\$5,454,044	-	-
Other Revenues	454,212	354,196	-	-
Interest	69,000	74,000	55,000	59,000
Total Operating Revenues	5,710,653	5,882,240	55,000	59,000
Operating Expenses				
Salaries & Benefits	3,662,417	3,830,240	-	-
CIP/JPA Labor Credits	(80,608)	(76,852)	-	-
Materials & Supplies	180,996	185,193	-	-
Contracts	443,310	506,466	-	-
Allocated Costs	1,235,328	1,284,942	-	-
Others	73,550	75,787	-	-
Total Operating Expenses	5,514,993	5,805,776	-	-
Operating Surplus (Deficit)	195,660	76,464	55,000	59,000
Transfers In	-	-	-	-
Total Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Transfers Out	-	-	-	-
Net increase (decrease)	195,660	76,464	55,000	59,000
Projected Beginning Working Capital	1,941,098	2,136,758	1,843,221	1,898,221
Projected Ending Working Capital	\$2,136,758	\$2,213,222	\$1,898,221	\$1,957,221
Reserve Minimum (2 months of operating expenses)	919,000	968,000	919,000	968,000
Reserve Target (4 months of operating expenses)	1,838,000	1,935,000	1,838,000	1,935,000

REGIONAL WASTEWATER OPERATING FUNDS: ENTERPRISE (FUND 300) AND RATE STABILIZATION (FUND 305)

The Regional Wastewater fund group provides sewer treatment and disposal services in Dublin, southern San Ramon, and Pleasanton (by contract). The District's LAVWMA operation costs are funded through this fund. The budget shows an estimated deficit between operating revenues and operating expenses, thus requiring the use of reserves to partially cover operating expenses and replacement transfers.

Projected revenues are based on the 2023 Regional Wastewater Rate Study and five-year schedule of rate adjustments adopted by the Board in May 2023, which provides for rates to be adjusted by inflation for years FY26 through FY28. However, significant increases to personnel, energy, supplies, and materials have occurred since the 2023 Wastewater Rate Study was prepared. Since approximately half of personnel costs are allocated to the Regional enterprise, increases in personnel costs that were not anticipated in the 2023 Wastewater Rate Study, such as retiree benefits, have had a significant fiscal impact on the Regional Wastewater enterprise.

As described in the section "Interfund Transfers", the District transferred an additional \$3,378,211 from the Regional Wastewater rate stabilization fund to Regional Wastewater replacement fund in FY24. Because of this additional transfer and due to competing funding priorities, the budget does not include a replacement transfer to the Regional Wastewater replacement fund in FY26. Replacement transfers at a reduced funding level of \$1,000,000 per year are assumed starting in FY27. This level of funding is not anticipated to meet the District's long-term capital replacement needs for the Regional Wastewater enterprise. Long-term capital replacement funding needs will be refined during the next Regional Wastewater Rate Study.

As a result of the above actions, the combined reserves for the enterprise and rate stabilization funds are projected to be between the minimum (four months) and the target (eight months) reserve policy requirements for the next two years.

OPERATING BUDGET	Enterprise (Fund 300)		Rate Stabilization (Fund 305)	
	FY26	FY27	FY26	FY27
Operating Revenues				
Service Charges	\$25,206,520	\$26,218,787	-	-
Other Revenues	2,799,000	2,882,000	-	-
Interest	234,000	253,000	328,000	355,000
Total Operating Revenues	28,239,520	29,353,787	328,000	355,000
Operating Expenses				
Salaries & Benefits	13,574,521	14,284,035	-	-
CIP/JPA Labor Credits	(1,856,375)	(1,888,627)	-	-
Materials & Supplies	5,452,932	5,543,837	-	-
Contracts	2,162,839	2,075,109	-	-
Contribution to JPA	4,939,350	4,941,543	-	-
Allocated Costs	4,578,668	4,791,906	-	-
Others	349,565	375,093	-	-
Total Operating Expenses	29,201,500	30,122,896	-	-
Operating Surplus (Deficit)	(961,980)	(769,109)	328,000	355,000
Transfers In	-	-	-	-
Total Transfers In	-	-	-	-
Transfers Out				
Replacement Transfer	-	1,000,000	-	-
5th Supplemental Agreement	458,000	439,000	-	-
Total Transfers Out	458,000	1,439,000	-	-
Net increase (decrease)	(1,419,980)	(2,208,109)	328,000	355,000
Projected Beginning Working Capital	8,982,493	7,562,513	11,186,317	11,514,317
Projected Ending Working Capital	\$7,562,513	\$5,354,404	\$11,514,317	\$11,869,317
Reserve Minimum (2 months of operating expenses)	4,867,000	5,020,000	4,867,000	5,020,000
Reserve Target (4 months of operating expenses)	9,734,000	10,041,000	9,734,000	10,041,000

WATER OPERATING FUNDS: ENTERPRISE (FUND 600) AND RATE STABILIZATION (FUND 605)

The Water fund group supports the District's potable and recycled water system for Dublin and the Dougherty Valley area of San Ramon. In FY24, recycled water accounted for approximately 21% of the water used by District customers.

The Water enterprise fund is in a good financial position. Projected revenues are based on the 2024 Water Rate Study and five-year schedule of rate adjustments adopted by the Board in April 2024, which provides for Water rates to be adjusted by inflation for FY26 through FY28. The budget shows an estimated surplus between operating revenues and operating expenses of approximately \$3 million per year.

Factors affecting the Water enterprise include increased personnel costs, a significant increase in the District's contribution to DERWA O&M expenses, and reduced revenues due to more conservative growth projections and conservation. To alleviate pressure on the Water enterprise, replacement transfers have been reduced to match near-term capital replacement needs.

With the adjustment in capital replacement transfers, the combined reserves for the enterprise and rate stabilization funds are projected to be between the minimum (four months) and the target (eight months) reserve policy requirements for the next two years.



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OPERATING BUDGET	Enterprise (600)		Rate Stabilization (605)	
	FY26	FY27	FY26	FY27
Operating Revenues				
Service Charges	\$45,059,800	\$46,887,300	-	-
Other Revenues	1,148,156	1,093,185	1,013,000	1,034,040
Interest	230,000	249,000	444,000	481,000
Total Operating Revenues	46,437,956	48,229,485	1,457,000	1,515,040
Operating Expenses				
Salaries & Benefits	10,433,885	10,936,138	-	-
CIP/JPA Labor Credits	(931,323)	(956,310)	-	-
Materials & Supplies	3,096,193	3,194,046	-	-
Water Purchase	20,577,746	21,461,547	-	-
Contracts	2,100,623	2,079,104	-	-
Contribution to JPA	4,190,000	4,360,000	-	-
Allocated Costs	3,519,336	3,668,778	-	-
Others	430,191	456,141	39,800	41,000
Total Operating Expenses	43,416,651	45,199,444	39,800	41,000
Operating Surplus (Deficit)	3,021,305	3,030,041	1,417,200	1,474,040
Transfers In				
5th Supplemental Agreement	458,000	439,000	-	-
Water Rate Study	2,100,000	-	-	-
Total Transfers In	2,558,000	439,000	-	-
Transfers Out				
Replacement Transfer	4,000,000	4,120,000	-	-
Total Transfers Out	4,000,000	4,120,000	-	-
Net increase (decrease)	1,579,305	(650,959)	1,417,200	1,474,040
Projected Beginning Working Capital	10,909,470	12,488,775	10,086,969	11,504,169
Projected Ending Working Capital	\$12,488,775	\$11,837,816	\$11,504,169	\$12,978,209
Reserve Minimum (2 months of operating expenses)	7,236,000	7,533,000	7,236,000	7,533,000
Reserve Target (4 months of operating expenses)	14,472,000	15,066,000	14,472,000	15,066,000

INTERNAL SERVICE FUNDS: ADMINISTRATIVE COST CENTER FUND (900), OTHER POST-EMPLOYMENT BENEFITS FUND (965), AND DOUGHERTY VALLEY STANDBY ASSESSMENT DISTRICT FUND (995)

Administrative Cost Center

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

The net fund costs are allocated across funds of the District's three main enterprises based upon proportionate personnel costs.

Other Post Employee Benefits (OPEB)

The OPEB Fund records transactions between the District and CERBT, an irrevocable trust established to fund future OPEB costs. The District withdrew from the CERBT to cover the costs of retiree benefits from FY21 to FY24 because CERBT was superfunded with a funded ratio of 125% in the valuation report as of June 30, 2021. The District's latest valuation report as of June 30, 2023 showed an 88% funded status; therefore, the budget does not assume a disbursement from CERBT to cover the costs of retiree benefits beginning in FY26. The fund reflects the costs of current retiree benefits, with the exact amount allocated to the three enterprise funds. The Actuarially Determined Contributions is paid directly by the three enterprise funds and is not reflected as an operating expense in the OPEB fund.

Dougherty Valley Standby Assessment District (DVSAD)

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

Administrative Cost Center (900), Other Post Employee Benefits (965), and DVSAD (995) are internal service funds are internal services and do not track nor have a working capital target requirement.

OPERATING BUDGET	Administrative Cost Center (900)		OPEB (965)		DVSAD (995)	
	FY26	FY27	FY26	FY27	FY26	FY27
Operating Revenues						
Other Revenues	\$3,551,000	\$3,735,000	-	-	\$2,771,124	\$2,853,598
Interest	-	-	-	-	3,000	3,000
Total Operating Revenues	3,551,000	3,735,000	-	-	2,774,124	2,856,598
Operating Expenses						
Salaries & Benefits	9,009,847	9,427,427	-	-	-	-
Materials & Supplies	436,545	439,189	-	-	-	-
Contracts	3,347,211	3,522,723	-	-	2,774,124	2,856,598
Allocated Costs	(9,333,332)	(9,745,626)	(1,467,000)	(1,532,000)	-	-
Others	90,729	91,287	1,467,000	1,532,000	-	-
Total Operating Expenses	3,551,000	3,735,000	-	-	2,774,124	2,856,598
Net increase (decrease)	-	-	-	-	-	-



REVENUE SOURCES

Service charges are the District's primary source of operating 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 and fees that 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 forecasting 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.

The following table summarizes the District's revenue sources by category.

REVENUE SOURCES BY CATEGORY	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Service Charges	\$64,409,621	\$70,001,122	\$75,700,353	\$75,453,761	\$78,560,131
Other Revenues	8,116,915	8,995,519	9,045,500	11,736,492	11,952,019
Interest	4,270,004	6,609,821	4,475,000	7,253,000	7,848,000
Subtotal Operating Revenue	76,796,540	85,606,462	89,220,853	94,443,253	98,360,150
% Change Operating Revenue		11.5%	4.2%	5.9%	4.1%
Capacity Reserve Fees	20,167,634	11,852,645	20,476,992	11,662,236	14,058,152
% Change Capacity Reserve Fee		-41.2%	72.8%	-43.0%	20.5%
Total	\$96,964,174	\$97,459,107	\$109,697,845	\$106,105,489	\$112,418,302
% Change		0.5%	12.6%	-3.3%	5.9%

SERVICE CHARGES

Service charges are comprised of the local wastewater collection rates, the regional wastewater treatment rates, and the water and recycled water rates. Rates are generally developed by a rate study every five years. The District last completed a Water Rate Study in 2024 and a Local and Regional Wastewater Rate Study in 2023. This revenue category is projected to increase by 3.2% in FY26 and 4.1% in FY27. Service charge revenues reflect the loss of revenue from the Federal Correctional Institute (FCI) Dublin, which closed in 2024 and was the District's fifth largest customer in FY23 based on percentage of total annual billings at 1.8%.

Local Wastewater Service Charges

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

The 2023 Wastewater Rate Study was adopted by the Board in May 2023. Rates for FY26 and FY27 are authorized to increase by the February-to-February Consumer Price Index for the San Francisco- Oakland-Hayward, CA area. The budget reflects the actual 2.7% rate increase in FY26, and projects a 3% increase in rates for FY27. Overall, service charge revenues for local wastewater are projected to increase by 0.8% in FY26 and 5.1% in FY27.

LOCAL WASTEWATER SERVICE CHARGES	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Dublin	\$3,717,631	\$3,827,466	\$4,208,644	\$4,138,300	\$4,373,450
San Ramon	851,129	854,883	936,386	1,049,141	1,080,594
Total	\$4,568,760	\$4,682,349	\$5,145,030	\$5,187,441	\$5,454,044
% Change		2.5%	9.9%	0.8%	5.1%

Regional Wastewater Service Charge

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

The 2023 Wastewater Rate Study was adopted by the Board in May 2023. Rates for FY26 and FY27 are authorized to increase by the February-to-February Consumer Price Index for the San Francisco-Oakland-Hayward, CA area. The budget reflects the actual 2.7% rate increase in FY26 and projects a 3% rate increase in FY27. Overall, service charge revenues for Regional Wastewater are projected to increase by 1% in FY26 and 4% in FY27.

REGIONAL WASTEWATER SERVICE CHARGES	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Dublin	\$10,653,285	\$10,662,193	\$10,090,480	\$10,459,900	\$10,972,400
Pleasanton	10,837,203	11,665,425	12,345,294	12,319,374	12,747,318
San Ramon	2,078,547	2,147,462	2,349,549	2,262,246	2,330,069
Industrial Waste - Pleasanton	70,950	82,269	85,000	87,000	89,000
Industrial Waste - All Other	29,904	45,911	80,000	78,000	80,000
Total	\$23,669,889	\$24,603,260	\$24,950,323	\$25,206,520	\$26,218,787
% Change		3.9%	1.4%	1.0%	4.0%

Water Service Charges

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

The District distributes recycled water produced by the DSRSD-EBMUD Recycled Water Authority (DERWA) Joint Powers Authority (JPA) to irrigation customers in Dublin and the Dougherty Valley area of the City of San Ramon. Recycled water service charges recover costs to produce and distribute recycled water.

A power charge is applied to service locations where water must be pumped above a certain elevation, generally in Dougherty Valley and eastern and western Dublin.

The District adopted the 2024 Water Rate study in April 2024 for potable and recycled water service. Fixed charges, consumption-based charges, wholesale passthrough charges, and water shortage rates were established for a portion of FY24 and FY25. Rates were authorized to be automatically adjusted effective January 1 for FY26 to FY28, by the August-to-August Consumer Price Index for the San Francisco- Oakland-Hayward, CA area. Overall, service charges for the water enterprise are projected to increase by 4.8% in FY26 and 4.1% in FY27, which reflects adopted rate adjustments and minor increases to customer accounts and consumption.

WATER FUND SERVICE CHARGES	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Potable Water	\$31,420,729	\$32,367,969	\$36,015,000	\$38,080,100	\$39,685,700
Recycled	3,611,877	4,935,716	5,880,000	5,912,400	6,092,000
Power	1,138,367	687,095	1,090,000	1,067,300	1,109,600
Total	\$36,170,973	\$37,990,780	\$42,985,000	\$45,059,800	\$46,887,300
% Change		5.0%	13.1%	4.8%	4.1%

OTHER REVENUES

Operating revenues that cannot be classified as service charges are included in other revenues. Key highlights are noted below:

- DVSAD Standby and Incremental Charges continue to increase each year. These costs are controlled by the State and are covered by the annual assessment.
- Administrative fees represent staff time incurred for the operations of the DERWA and LAVWMA JPAs. Billing for the two JPAs and for overhead costs associated with management of capital projects are estimated to decrease 9% in FY26 and increase by 5.4% in FY27, to more accurately represent staff allocation associated with operations, maintenance, and project management.
- Inspection and plan check fees are based on city permit projections and vary year to year based on development activity.
- Miscellaneous revenue includes \$200,000 in estimated credit card transaction processing fees that will be collected from customers and reimbursement from DERWA for energy. FY23 actual revenue included a one-time receipt from City of Pleasanton for an easement.

OTHER REVENUES BY CATEGORY	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
DV Standby Assessment District	\$1,975,061	\$2,218,913	\$2,632,000	\$2,771,124	\$2,853,598
Administrative Fees	1,833,192	2,964,582	3,496,000	3,184,000	3,357,000
Property Taxes	906,804	904,629	935,000	935,000	953,700
Inspection & Plan Checks	519,302	1,326,878	860,000	853,160	652,666
Backflow Prevention	311,366	326,200	275,000	336,000	346,100
Fireline, Meter, and Others	341,671	367,692	322,000	197,246	232,182
Penalties	361,440	371,958	200,000	350,000	360,500
Miscellaneous	1,868,078	3,239,399	2,945,500	3,109,962	3,196,273
Total	\$8,116,914	\$11,720,251	\$11,665,500	\$11,736,492	\$11,952,019
% Change		44.4%	-0.5%	0.6%	1.8%

OTHER REVENUES BY FUND	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Local Wastewater Enterprise	\$143,735	\$635,230	\$386,000	\$454,212	\$354,196
Local Wastewater Replacement	-	-	-	-	-
Local Wastewater Expansion	-	-	-	-	-
Regional Wastewater Enterprise	863,768	2,872,512	2,670,000	2,799,000	2,882,000
Regional Wastewater Rate Stabilization	-	-	-	-	-
Regional Wastewater Replacement	1,364,011	-	-	-	-
Regional Wastewater Expansion	51,557	-	-	-	-
Water Enterprise	484,033	1,479,277	1,246,500	1,148,156	1,093,185
Water Rate Stabilization	999,772	1,158,151	1,035,000	1,013,000	1,034,040
Water Replacement	8,601	-	-	-	-
Water Expansion	8,200	-	-	-	-
Administrative Cost Center	2,218,178	3,356,167	3,696,000	3,551,000	3,735,000
DV Standby Assessment District	1,975,061	2,218,913	2,632,000	2,771,124	2,853,598
Total	\$8,116,915	\$11,720,251	\$11,665,500	\$11,736,492	\$11,952,019
% Change		44.4%	-0.5%	0.6%	1.8%

INTEREST

The District invests funds not required for immediate use in accordance with requirements of California Government Code and uses cash balances in each fund to allocate the interest earned quarterly. The District has historically managed its investment portfolio in-house. In February 2025, the Board approved outsourcing to a registered investment management and advisory service provider. The budget assumes a 3.0% interest rate for FY26 and a 3.2% interest rate for FY27.

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 connecting to existing infrastructure. The revenue from the “buy-in” component is to contribute a proportionate share of the benefit received from rehabilitation and replacement of existing infrastructure maintained by ratepayers.

Fees are comprised of the following components:

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

Projected revenues are calculated using growth estimates and fee adjustments based on a change in the construction cost index. The District works closely with the Cities of Dublin, San Ramon, and Pleasanton’s planning departments to estimate the anticipated development activity. Capacity reserve fee revenue is directly tied to new building activity. Total capacity reserve fees vary widely from year to year based on development within the service area. Overall, the pace of development has slowed and the District anticipates that revenue from capacity reserve fees will decline as the District approaches build-out and developable land in the service area is exhausted.

FUND	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Local Wastewater Replacement	\$1,525,846	\$834,902	\$1,237,398	\$664,859	\$788,224
Local Wastewater Expansion	411,995	25,466	38,007	20,440	24,233
Regional Wastewater Replacement	2,701,745	1,654,457	2,531,481	1,453,866	1,670,628
Regional Wastewater Expansion	7,243,939	4,384,424	6,107,371	3,514,675	3,974,142
Water Replacement	2,322,952	1,630,575	4,760,700	2,707,387	3,431,559
Water Expansion	5,961,157	3,322,821	5,802,035	3,301,009	4,169,366
Total	\$20,167,634	\$11,852,645	\$20,476,992	\$11,662,236	\$14,058,152
% Change		-41.2%	72.8%	-43.0%	20.5%

OPERATING EXPENSES

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

The following tables summarize District operating expenses by category, by fund, and by department. The factors driving expense increases or decreases are discussed in more detail on the following pages. Additional departmental details are included in the Department Overview section.

OPERATING EXPENSES BY CATEGORY	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Salaries & Benefits	\$27,234,018	\$29,720,954	\$33,819,057	\$36,847,478	\$38,608,816
CIP / JPA Labor Credits	(1,699,315)	(2,608,630)	(3,234,304)	(3,035,114)	(3,052,765)
Materials	7,725,230	7,483,398	9,185,183	9,166,666	9,362,265
Water Purchase	16,114,828	17,990,942	20,257,000	20,577,746	21,461,547
Contracts	6,794,292	7,779,506	10,508,285	10,828,107	11,040,000
Contributions to JPAs	10,787,216	14,004,351	13,204,399	14,046,134	14,112,758
Debt Service	1,392,292	1,369,146	1,877,188	1,875,313	2,306,063
Others	1,674,480	(331,147)	920,107	983,835	1,039,308
Total	\$70,023,040	\$75,408,520	\$86,536,915	\$91,290,165	\$94,877,992
% Change		7.7%	14.8%	5.5%	3.9%

OPERATING EXPENSES BY FUND	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Local Wastewater Enterprise	\$3,226,388	\$3,634,813	\$5,373,356	\$5,514,993	\$5,805,776
Local Wastewater Rate Stabilization	13,164	-	-	-	-
Local Wastewater Replacement	441,723	(100)	-	-	-
Local Wastewater Expansion	-	-	-	-	-
Regional Wastewater Enterprise	21,152,108	23,525,233	25,871,087	29,201,500	30,122,896
Regional Wastewater Rate Stabilization	13,164	-	-	-	-
Regional Wastewater Replacement	426,874	279,600	279,600	280,000	289,000
Regional Wastewater Expansion	3,580,676	3,583,047	3,581,322	3,580,784	3,581,215
Water Enterprise	33,114,440	36,269,160	41,771,069	43,416,651	45,199,444
Water Rate Stabilization	155,505	49,298	70,000	39,800	41,000
Water Replacement	311,754	75,738	242,000	538,000	651,000
Water Expansion	2,266,575	2,339,529	2,722,982	2,393,313	2,596,063
Administrative Cost Center	3,451,708	3,311,598	3,989,999	3,551,000	3,735,000
Other Post-Employment Benefits	(2,174)	-	-	-	-
DV Standby Assessment District	1,871,135	2,340,604	2,635,500	2,774,124	2,856,598
Total	\$70,023,040	\$75,408,520	\$86,536,915	\$91,290,165	\$94,877,992
% Change		7.7%	14.8%	5.5%	3.9%

OPERATING EXPENSES BY DEPARTMENT	FY23 Actual	FY 2024 Actual	FY 2025 Adopted	FY 2026 Budget	FY 2027 Budget
Board of Directors & Office of the General Manager	\$2,069,767	\$2,063,745	\$2,693,194	\$1,798,228	\$1,956,621
Administrative Services	4,321,631	4,527,509	5,152,656	5,704,905	5,824,617
Finance	2,175,425	2,572,900	3,040,996	3,371,685	3,412,140
Engineering	3,472,317	2,938,113	4,122,669	4,000,030	4,125,196
Operations	23,201,166	24,477,743	29,778,536	31,291,712	32,523,438
Non-Departmental	34,782,735	38,828,510	41,748,864	45,123,605	47,035,980
Total	\$70,023,040	\$75,408,520	\$86,536,915	\$91,290,165	\$94,877,992
% Change		7.7%	14.8%	5.5%	3.9%

PERSONNEL COSTS

The Board reviews all new position requests, authorizes total full-time equivalent (FTE) positions, and approves salary ranges for each job class. The adopted budget reflects the net addition of one new FTE as a result of the 2024 Workforce Study. Of the 142 approved positions, 2.8 FTE are dedicated to LAVWMA, 3.9 FTE to DERWA, and 135.4 FTE are exclusively dedicated to DSRSD.

Staff Overview and Salaries

As in most service organizations, salaries and benefits (also known as personnel cost) is the District's largest expense category, representing approximately 37% of the District's total operating expenses. Negotiations were completed with four bargaining groups in early 2022, which provided for cost-of-living adjustments (COLA) and medical benefits. The contracts will expire in late 2025. In the FY26 and FY27 budget, the estimated COLA increase is consistent with the actual CPI increase experienced over the last few years. The District will propose budget adjustments for salary and benefit impacts if warranted by the approved Memorandums of Understanding.

In early 2023, the District completed a comprehensive Operations Workforce Study in order to: assess staffing levels, ensure current and future service levels would be met, align operations with best practices, make resources available to support the Strategic Plan and CIP, and consider succession and business continuity. As a result, the Operations Department added nine new positions in FY24. The new positions have enabled the District to increase preventative maintenance; meet regulatory requirements; ensure adequate coverage for operating the wastewater, recycled water, and potable water systems; provide resources to support the District's Strategic Plan priorities and CIP; and fulfill the District's contractual obligations to operate and maintain the DERWA and LAVWMA facilities.

In April 2024, the District initiated a 2024 Workforce Study for the Office of the General Manager, Administrative Services, and Engineering Departments, which also evaluated progress on several recommendations from the 2023 Operations workforce study. A portion of the study's recommendations and organizational changes were incorporated into the FY26 and FY27 operating budget, including the addition of one new FTE, conversion of one limited-term FTE to a regular, full-time FTE, and restructuring as follows: creation of a standalone Finance department led by a Finance Director; creation of a new division under the Administrative Services Department to centralize safety, security and emergency preparedness; consolidation of field staff and meter replacement functions in the Field Operations Division under the Operations Department; creation of a Regulatory Compliance Division led by a Deputy Director of Operations to consolidate laboratory, environmental compliance and clean water programs; transfer of the planning functions from asset management to capital projects under a single Capital Improvement Program and Planning Division under the Engineering Department; and the restructuring of the Asset Management Division under the Engineering Department to be a standalone division.

History of Full-Time Staffing

Position details by division can be found in the following table.

DEPARTMENT / DIVISION	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Office of the General Manager					
Office of the General Manager	2	3	3	1	1
Executive Services	3	3	4	4	4
Office of the GM Subtotal	5	6	7	5	5
Administrative Services					
Administrative Services Administration	3	3	2	3	3
Human Resources & Risk Management	5	5	5	5	5
Information Technology Services	6	6	6	6	6
Public Affairs	3.4	3	3	2	2
Safety, Security, & Emergency Preparedness	-	-	-	2	2
Administrative Services Subtotal	17.4	17	16	18	18
Finance					
Finance Administration	-	-	2	2	2
Accounting	5	7	5	5	5
Utility Billing & Customer Services	8	7	7	5	5
Finance Subtotal	13	14	14	12	12
Engineering					
Engineering Administration	2	2	2	2	2
Capital Projects & Planning	7	7	7	10	10
Development & Construction Services	6	5	5	5	5
Asset Management	6.6	6	6	3	3
Engineering Subtotal	21.6	20	20	20	20
Operations					
Operations Administration	1	6	6	7	7
Field Operations	18	20	20	22	22
Plant Operations	14	16	16	16	16
Mechanical Maintenance	16	17	17	17	17
Instrumentation, Controls, & Electrical	10	11	11	11	11
Regulatory Compliance	16	14	14	14	14
Operations Subtotal	75	84	84	87	87
Total	132	141	141	142	142
Change	-	9	-	1	-

Retirement Benefits

The District provides retirement benefits for eligible employees through California Public Employees Retirement System (CalPERS) for its pension plan and uses CalPERS's California Employers' Retiree Benefit Trust (CERBT), a self-funded trust, for its retiree medical and dental benefits, referred to as other post-employment benefits (OPEB).

All regular and limited-term employees who work more than 1,000 hours per FY are enrolled as "classic members" in CalPERS' "2.7% at 55" pension plan if they were employed by the District prior to January 1, 2013, or if hired by DSRSD after January 1, 2013, they were a member of a public retirement system within six months of their DSRSD hire date. Employees who do not meet these criteria are designated as "new members" or "Public Employees' Pension Reform Act (PEPRA) members" and are enrolled in CalPERS' "2.0% at age 62" pension plan in accordance with California state law.

Pension Normal Cost and Unfunded Accrued Liability (UAL)

Both DSRSD employees and the District contribute toward the CalPERS pension plan. The District's employer contribution consists of the "normal" cost for current active employees and an annual payment towards the District's proportionate share of the unfunded accrued liability (UAL). A UAL exists because the pension plan's accrued liabilities (i.e., money owed to current and future retirees) are greater than the plan's current assets (i.e., money set aside to pay for retirement benefits). The District's employer contribution varies from year to year, based on CalPERS published actuarial valuation.

The District's Financial Reserves policy also provides guidance to prioritize using surplus reserves, if available, to maintain the funded ratio for the District's pension liability between 80% and 90%.

Based on the most recent actuarial valuation report dated June 30, 2023, which establishes the required contributions for FY26 and projects the next five fiscal years, the FY26 and FY27 budget incorporates the employer contributions for normal cost of 16.1% of salary for classic members, and 8% of salary for PEPRA members in FY26 and FY27, and the UAL contribution of \$2.2 million and \$2.4 million in FY26 and FY27, respectively. The scheduled annual payment of the pension UAL is the District's third largest long-term cost, behind capital replacement and debt.

Other Post-Employment Benefits (OPEB)

The District provides medical and dental benefits for retired employees hired before July 1, 2014, and their families under third-party insurance plans. Employees hired after July 1, 2014, are not eligible for retiree dental benefits. Vesting requirements for the medical plan are a minimum of 10 years of CalPERS service credit, with at least five years served at DSRSD and retirement as a District employee.

To cover OPEB costs, the District entered into an agreement with California Employers' Retiree Benefit Trust (CERBT), a multiple employer tax-exempt trust organized under Section 115 of the Internal Revenue Code, to administer and invest funds contributed by the District. Similar to the pension plan, the District's contribution to the CERBT varies year to year and is determined by the biennial actuarial valuation report.

Based on the most recent actuarial valuation report dated June 30, 2023, which establishes the Actuarially Determined Contributions (ADCs) for FY26, the ADC is estimated at \$1,700,365. Previous OPEB valuations determined that the District's funded ratio was 125.4% as of June 30, 2021, decreasing to 88.3% as of June 30, 2023. The budget incorporates a \$500,000 ADC payment for FY26 and FY27. The District is not required to pay the full ADC and is assuming that ADC payments are likely to be reduced in the future due to improved market conditions. Besides ADC, the District also pays retiree medical and dental premiums. Because the funded status exceeded 100% prior to the most recent valuation report, the District took disbursements from CERBT totaling the full amount of retiree medical and dental benefits in FY23 and FY24 and also budgeted for FY25 disbursement. The budget includes payment of retiree medical and dental premiums for FY26 and FY27.

Social Security and Medicare

The District participates in the federal Social Security and Medicare program, defined in the Federal Insurance Contributions Act (FICA) as tax payable by both employees and employers to fund those programs that provide benefits for retirees, people with disabilities, and children of deceased workers.

The District employer contribution rates are 6.2% of all salaries up to \$176,100 for Social Security and 1.45% of all salaries up to \$200,000 for Medicare. The projected District annual amounts are \$1.6 million and \$1.7 million in FY26 and FY27, respectively.

Health and Other Benefits

All full-time employees and Boardmembers are eligible to receive medical benefits. Part-time employees receive prorated benefits. Health premiums paid by the District are set forth in a cost-sharing agreement in each of the labor contracts. Per negotiated labor agreements in 2021, the 2025 maximum monthly District contribution for medical is set at \$2,687 (family rate) per month. Increases in medical costs are shared by the District and its employees. Based on the last three FYs actual experience and the rising health insurance premiums in California, the budget conservatively assumed an increase of 10% in premiums in both fiscal years.

The District also provides other benefits including dental insurance, vision insurance, a deferred compensation 457 plan, life and accidental death and dismemberment (AD&D) insurance, long term and short term disability, and an employee assistance program.

Joint Powers Authority and Capital Project Labor Credit

The District is a member agency in two Joint Power Authorities (JPAs): LAVWMA and DERWA. Per agreements, the District is the contract operator for both the LAVWMA and DERWA facilities. As a District practice, staff time related to JPAs or capital projects are first recorded in the department's operating cost, then charged to the JPAs or capital projects during the month-end closing. When these charges are recorded, it appears as JPA or capital project credits on the department's personnel cost. Departments projected an approximate amount of \$3 million in each fiscal year for time dedicated to JPAs and capital projects.

PERSONNEL	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Salaries	\$18,230,893	\$19,379,963	\$21,940,706	\$22,861,557	\$23,751,372
CIP/JPA Labor Credits	(1,699,315)	(2,608,630)	(3,234,304)	(3,035,114)	(3,052,765)
Health Premiums	2,191,374	2,193,909	3,031,083	3,292,897	3,622,231
FICA Tax	1,276,865	1,410,995	1,460,383	1,645,969	1,716,772
Pension	1,668,681	1,924,423	2,464,907	2,522,133	2,596,791
Pension UAL Contribution	1,330,204	1,158,889	1,689,001	2,161,703	2,399,000
OPEB ADC	639,813	636,542	746,776	500,000	500,000
Retiree Medical	-	-	-	1,320,300	1,378,800
Retiree Dental	-	-	-	146,700	153,200
Deferred Comp	241,925	294,107	347,500	342,912	331,062
Other Benefits	1,654,264	2,722,126	2,138,702	2,053,307	2,159,588
Total	\$25,534,703	\$27,112,324	\$30,584,753	\$33,812,364	\$35,556,051
% Change		6.2%	12.8%	10.6%	5.2%

MATERIALS

Material costs are expected to remain flat in FY26 and increase by 2.1% in FY27, driven by rising energy, chemical costs, and inflation.

Gas & Electric

The Wastewater Treatment Plant generates much of its own electricity from a cogeneration system that is powered by a blend of biogas produced on-site and supplemented with purchased natural gas. The vast majority of the Gas & Electric budget is for the purchase of electricity from PG&E for the distribution of potable water and the treatment and distribution of recycled water. The Gas & Electric budget includes DERWA energy costs that are reimbursed by the JPA. The budget does not include LAVWMA energy costs. PG&E has expanded peak hours for higher rates in California, thus directly affecting the District's pumping costs for its water and recycled water systems. The Gas & Electric budget assumes a projected 7.2% increase in FY26 followed by a 4.2% increase in FY27.

Chemicals

To address rising chemical costs, the District formed the Bay Area Chemical Consortium (BACC), which is now managed by Bay Area Clean Water Agencies (BACWA). BACC is an informal cooperative of water and wastewater agencies in the Bay Area that work together to purchase chemicals in higher volume at lower cost. Increases in the costs for chemicals used in the District's wastewater treatment process are projected to increase by 12.3% in FY26 and 6.5% in FY27.

MATERIALS	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Gas & Electric	\$3,630,187	\$3,727,658	\$4,102,093	\$4,396,982	\$4,582,817
General Supplies	1,697,161	1,616,742	2,261,500	1,957,627	2,003,709
Chemicals	708,684	1,261,985	1,522,960	1,711,000	1,821,538
Meter Equipment	786,618	182,821	353,500	150,000	150,000
Equipment Under \$20,000	498,593	372,994	524,250	601,636	449,599
Fuel	159,892	153,572	180,500	180,620	186,039
Tools	98,044	38,903	86,350	87,071	89,680
Office Supplies/Services	86,517	76,912	75,530	81,730	78,883
Fluids	59,534	51,811	78,500	-	-
Total	\$7,725,230	\$7,483,398	\$9,185,183	\$9,166,666	\$9,362,265
% Change		-3.1%	22.7%	-0.2%	2.1%

WATER PURCHASE

Potable water purchases are approximately 23% of total District's expenses and the second largest expense category. All of the District's potable water is purchased from Zone 7. The Zone 7 component of water rates is designed to cover the full cost of water and is adjusted based upon the rate established by Zone 7, generally effective January 1 of each year. Water purchase costs are mainly driven by Zone 7 rate adjustments, customer growth, and water demand. Water purchases are projected to increase a modest 1.6% in FY26 and an additional 4.3% in FY27 due to projected growth within the service area and a gradual rebounding of water usage after the end of drought restrictions. The District continues to focus on identifying and minimizing water that is used but not billed. Some reasons for unbilled water include inaccurate data (under-reading) from water meters, pipe leaks, and flushing fire hydrants. The budget assumes a 7% rate of unbilled water.

WATER PURCHASE	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Water Purchase	\$16,114,828	\$17,990,942	\$20,257,000	\$20,577,746	\$21,461,547
% Change		11.6%	12.6%	1.6%	4.3%

CONTRACT SERVICES

Contract expenses are projected to increase 3% and 2%, respectively, over the next two years. Software maintenance costs were separated from regular maintenance starting in FY24 due to the District's significant investment in state-of-the-art software solutions.

Professional Services

Professional services expenses are for consultants providing program support and assisting with long-range financial and capital planning. Notable FY26 professional services increases include the newly approved investment portfolio management contract and a variety of consultant support required to support regulatory compliance, Human Resources, Engineering, and Finance.

Other Services

DSRSD's largest contractual services expense under Other Services is the remittance of standby charges from the Dougherty Valley Standby Assessment District's (DVSAD) Fund to Zone 7. In order for DSRSD to provide water services to Dougherty Valley, DSRSD must collect a proportionate share of SWP costs charged to Zone 7 and then reimburse Zone 7 for these costs. SWP costs are projected at \$2.8 million in FY26 and \$2.9 million in FY27.

The District contracts out both planned maintenance and emergency repairs as needed for the water distribution, recycled water distribution, and sewer collection systems. The District's costs for underground emergency repairs have increased over the past few years due to a number of factors, including the aging of the District's infrastructure and increased costs for labor, equipment, and materials. The FY26 and FY27 budgets include approximately \$700,000 annually for emergency subsurface repair work.

CONTRACTS	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Professional Services	\$838,520	\$1,093,654	\$1,802,363	\$2,113,954	\$1,968,964
Insurance	511,931	729,426	650,700	977,000	1,154,790
Legal Services	126,497	151,346	280,000	380,000	260,000
Advertising	69,860	30,885	57,000	55,000	65,000
Equipment Leases/Rentals	182,362	101,865	179,520	196,646	201,642
Maintenance Contracts	852,287	583,525	694,170	805,631	946,910
Software	264	319,233	531,199	847,936	858,528
Monitoring & Testing Services	117,019	103,800	157,400	159,956	161,140
Printing Services	151,253	129,912	156,000	154,674	149,414
Telecommunication Services	96,182	134,820	129,250	119,100	119,130
Other Services	3,848,118	4,401,039	5,870,683	5,018,210	5,154,482
Total	\$6,794,292	\$7,779,506	\$10,508,285	\$10,828,107	\$11,040,000
% Change		14.5%	35.1%	3.0%	2.0%

CONTRIBUTIONS TO JPAS

The District is a member agency in two JPAs: LAVWMA and DERWA. Each JPA Board of Directors is comprised of representatives from member agencies and adopts operating and capital budgets independently. Budgeted contributions to JPAs are based on the adopted budget of each JPA. Debt for each JPA is based on the debt service schedule for each offering. DSRSD is the contractual operator of both the LAVWMA and DERWA facilities. The District directly budgets for expenditures to operate the JPA facilities and is reimbursed by the JPAs for the operations and maintenance costs.

LAVWMA

Formed in 1974, member agencies of LAVWMA are comprised of the District and the Cities of Livermore and Pleasanton. The Authority operates an export pumping facility through which secondary effluent is discharged. DSRSD is the contract operator under a 1980 Maintenance Agreement. Contributions to LAVWMA for Operations & Maintenance (O&M) expenses are funded by the Regional Enterprise Fund. LAVWMA's replacement capital projects are funded through the Regional Replacement Fund. LAVWMA debt is funded by the Regional Enterprise Fund (repair portion) and the Regional Expansion Fund (expansion portion).

Under an agreement with the City of Pleasanton, DSRSD's Regional Wastewater Program funds Pleasanton's share of all LAVWMA costs including Debt Service. Increases in operating and maintenance costs in FY26 and FY27 include capturing the fully burdened labor rate for employees and inflationary material increases. Energy cost is projected to be flat in FY26, followed by a 3% increase in FY27.

DERWA

In 1995, DSRSD and EBMUD formed DERWA to provide recycled water to DSRSD and EBMUD customers in the San Ramon Valley. DSRSD is the contract operator under a 2005 Maintenance Agreement. Contributions to DERWA for O&M is funded by the Water Enterprise Fund. DERWA also holds debt for recycled water infrastructure (DERWA State Loan). The final debt payment for the DERWA State Loan is included in the contributions to DERWA from the Water Expansion Fund in FY26. Replacement capital projects are funded by the Water Replacement Fund and expansion capital projects are funded by the Water Expansion Fund.

The District's DERWA contribution for O&M expenses is projected to increase significantly in FY26 by \$536,900 or approximately 15%. The majority of this increase is due to lower projected recycled water use by EBMUD customers, which results in DSRSD customers using a higher proportion of the total recycled water produced, thus increasing DSRSD's proportion of DERWA O&M costs. Although the DERWA debt is paid off in FY26, the District's overall Water debt service will not decrease because DSRSD's portion of the DERWA debt service is included in the 2017 Water Refunding Bond beginning in FY27.

CONTRIBUTION TO JPAS	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
LAVWMA (DSRSD & City of Pleasanton)					
O&M and Repair Debt	\$3,490,091	\$5,066,497	\$4,602,583	\$4,939,350	\$4,941,543
CIP/ Replacement Funding	279,600	279,600	279,600	280,000	289,000
Expansion Debt	3,580,676	3,583,047	3,581,322	3,580,784	3,581,215
<i>Subtotal LAVWMA Contribution</i>	7,350,367	8,929,144	8,463,505	8,800,134	8,811,758
% change - LAVWMA		21.5%	-5.2%	4.0%	0.1%
DERWA					
O&M	\$2,519,214	\$4,029,086	\$3,653,100	\$4,190,000	\$4,360,000
CIP	104,847	236,034	277,707	642,000	941,000
Debt Service	810,087	810,087	810,087	414,000	-
<i>Subtotal DERWA Contribution</i>	3,434,148	5,075,207	4,740,894	5,246,000	5,301,000
% change - DERWA		47.8%	-6.6%	10.7%	1.0%
Total	\$10,784,516	\$14,004,351	\$13,204,399	\$14,046,134	\$14,112,758
% Change		29.9%	-5.7%	6.4%	0.5%

DEBT SERVICE

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 or to fund capital improvements and additions. Debt for operating and maintenance costs is not allowed. See Appendix for Consolidated Debt Service schedule.

The District issued \$33,590,000 of 2017 Water Revenue Refunding Bonds to refund the outstanding portion of the 2011 bond and issuance cost. Debt expenses are budgeted for both principal and interest to ensure the working capital by fund is accurately reflected for forecasting purposes.

2017 WATER REFUNDING BOND	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Principal	\$475,000	\$500,000	\$525,000	\$550,000	\$1,020,000
Interest and related issuance cost	1,392,292	1,369,146	1,352,188	1,325,313	1,286,063
Total	\$1,867,292	\$1,869,146	\$1,877,188	\$1,875,313	\$2,306,063
% Change		0.1%	0.4%	-0.1%	23.0%

OTHER EXPENSES

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

- Permit expenses are separated from professional membership and required certifications in this budget, to keep abreast of the growing compliance requirements and legal mandates imposed on the District. Permits have increased due to Water Board permit fees, new State of California Environmental Laboratory Accreditation Program (ELAP) laws and National Pollutant Discharge Elimination System (NPDES) permit fees.
- Credit card transaction fees were temporarily absorbed by the District in FY20 to encourage electronic payments during the COVID-19 pandemic. As the tender is widely used by our customer base, the fee has significantly increased. Starting FY26, the District will fully recover transaction fees while offering customers other types of card payment options.
- Overhead expense in FY24 reflects an accounting practice in the Administration Cost Center and does not affect any of the enterprises.

OTHER EXPENSES	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Certifications, Licenses, & Memberships	\$574,592	\$537,951	\$586,517	\$263,712	\$285,908
Permits	-	-	-	393,734	424,376
Meetings	46,043	33,248	47,100	33,006	33,533
Capital Outlay	857,400	(100)	-	-	-
Subscriptions & Publications	13,724	15,015	24,490	16,283	16,091
Credit Card Transaction Fees	131,644	192,330	192,000	200,000	200,000
Low Income Credit	50,189	49,298	70,000	39,800	41,000
Bad Debt Expense	888	-	-	37,300	38,400
Overhead Charges	-	(1,158,889)	-	-	-
Total	\$1,674,480	(\$331,147)	\$920,107	\$983,835	\$1,039,308
% Change		-119.8%	177.9%	6.9%	5.6%

INTERFUND TRANSFERS

Transfers are transactions that are used to move money from one fund to another for specified purposes.

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 available resources and projected expenses. The FY26 and FY27 Operating Budget includes \$9.1 million in replacement transfers from the operating to capital replacement funds. This level of funding is less than the prior budget cycle due to budget constraints and the pre-funding of replacement transfers, \$2.1 million to Local Wastewater and \$3.4 million to Regional Wastewater Capital Replacement Funds, in FY24.

The District's 2025 Strategic Plan has a Long-term Infrastructure Investment Goal with a strategy to "Optimize the Asset Management Program to guide District business decisions." Over the next two years, the District plans to complete master plans for the water system, collection system, and wastewater treatment plant that will identify and estimate the costs for capital improvements needed to meet both current and future demands for the next twenty years. The results of these studies, combined with refinements to the District's Asset Management Program, will help the District prioritize capital expenditures and budget for long-term capital replacement needs.

REPLACEMENT TRANSFER (TRANSFER OUT) / TRANSFER IN	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Local Wastewater Enterprise and RSF	(\$800,000)	(\$2,859,412)	(\$800,000)	-	-
Local Wastewater Replacement	800,000	800,000	800,000	-	-
Local Wastewater Replacement - Additional	-	2,059,412	-	-	-
Regional Wastewater Enterprise and RSF	(2,100,000)	(5,778,211)	(2,700,000)	-	(1,000,000)
Regional Wastewater Replacement	2,100,000	2,400,000	2,700,000	-	1,000,000
Regional Wastewater Replacement - Additional	-	3,378,211	-	-	-
Water Enterprise	(6,280,000)	(6,390,000)	(6,500,000)	(4,000,000)	(4,120,000)
Water Replacement	\$6,280,000	\$6,390,000	\$6,500,000	\$4,000,000	\$4,120,000

The Fifth Supplemental Agreement to the 1992 Wastewater Disposal Services Agreement between the City of Pleasanton and the District requires the District to transfer an amount equal to the avoided cost of wastewater disposal due to water recycling from the Regional Wastewater Enterprise Fund to the Water Enterprise Fund.

5TH SUPPLEMENT TRANSFER (TRANSFER OUT) / TRANSFER IN	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Regional Wastewater Enterprise	\$269,285	(\$332,069)	(\$400,000)	(\$458,000)	(\$439,000)
Water Enterprise	(\$269,285)	\$332,069	\$ 400,000	\$458,000	\$439,000

The following table shows historic and budgeted one-time transfers. The FY24 and FY25 transfers and budgeted FY26 transfer of \$2.1 million from the Water Expansion Fund to the Water Enterprise Fund relate to a corrective transfer of recycled water revenue approved by the Board of Directors as part of the 2024 Water Cost of Service Study Resolution 9-24.

ONE-TIME TRANSFERS (TRANSFER OUT) / TRANSFER IN	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Local Wastewater Replacement	\$1,998,236	-	-	-	-
Local Wastewater Expansion	12,500	-	-	-	-
Water Enterprise	-	700,000	700,000	2,100,000	
Local Wastewater Replacement	(12,500)	-	-	-	-
Regional Wastewater Replacement	(1,998,236)	-	-	-	-
Water Expansion	-	(\$700,000)	(\$700,000)	(\$2,100,000)	-

CAPITAL IMPROVEMENT PROGRAM (CIP)

The District prepares a ten-year Capital Improvement Program (CIP) document that is separate from the Operating Budget document, although the two are closely linked.

The CIP serves as a guide for identifying current and future projects in support of the District's mission. The CIP document consists of the Ten-Year Capital Improvement Plan and the Two-Year Capital Improvement Budget. The FY26 and FY27 Capital Improvement Program Budget establishes the capital fund's limit to spend on capital project expenditures and replacement of capital assets.

Starting in FY24, capital asset replacement budgets (formerly known as capital outlay) are approved as part of the Capital Improvement Program Budget versus the Operating Budget, and all discussion of capital assets are included in the CIP. Capital assets are generally vehicles and equipment, such as pumps and laboratory equipment, and are typically identified through the District's asset management replacement program.

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

The following table provides an overview of the revenues and expenditures included in the CIP, which is a standalone document adopted independently from the Operating Budget. The Ten-Year Capital Improvement Plan for FY26 through FY35, and the Two-Year Capital Improvement Program Budget for FY26 and FY27 provide further detail on capital project expenditures and a detailed capital fund analysis. This document is available at www.dsrsd.com/about-us/library/financial-information.

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

FUND	FISCAL YEAR										10 YEAR TOTAL
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
210	\$2,445	\$3,166	\$4,408	\$2,624	\$970	\$871	\$873	\$683	\$1,302	\$2,177	\$19,518
220	259	90	1,092	-	658	1,721	1,721	-	-	225	5,765
310	19,748	8,027	5,666	3,773	3,460	17,564	18,119	2,879	3,209	3,609	86,054
320	1,794	718	1,550	36	40	4,705	6,195	2,335	-	-	17,373
610	13,572	19,264	17,818	10,149	6,496	6,963	6,776	8,146	8,726	10,791	108,704
620	7,750	15,389	3,784	2,130	11,650	6,512	-	-	-	200	47,415
Total	\$45,567	\$46,654	\$34,318	\$18,712	\$23,275	\$38,337	\$33,685	\$14,044	\$13,238	\$17,003	\$284,830

FY26 CAPITAL FUNDS – REPLACEMENT & EXPANSION FUND

The following are summaries of working capital for FY26 and FY27. The Regional Wastewater Replacement and Expansion Funds carry the contributions to LAVWMA. The Water Replacement and Expansion Funds carry the contributions to DERWA. Both are classified as operating expenses.

	Fund 210	Fund 220	Fund 310	Fund 320	Fund 610	Fund 620
Revenues						
Capacity Reserve Fees	\$664,859	\$20,440	\$1,453,866	\$3,514,675	\$2,707,387	\$3,301,009
Interest	288,000	292,000	1,212,000	1,403,000	1,081,000	1,614,000
Total Revenues	952,859	312,440	2,665,866	4,917,675	3,788,387	4,915,009
Expenditures						
Contribution to JPA	-	-	280,000	3,580,784	538,000	518,000
Debt Service	-	-	-	-	-	1,875,313
Capital Projects Fund Limits	2,444,737	258,650	19,747,588	1,794,350	13,571,651	7,750,120
Total Expenditures	2,444,737	258,650	20,027,588	5,375,134	14,109,651	10,143,433
Revenue Over / (Under Expenditures)	(1,491,878)	53,790	(17,361,722)	(457,459)	(10,321,264)	(5,228,424)
Replacement Transfer In	-	-	-	-	4,000,000	-
Transfer Out to Water Enterprise	-	-	-	-	-	(2,100,000)
Net increase (decrease)	(1,491,878)	53,790	(17,361,722)	(457,459)	(6,321,264)	(7,328,424)
Projected Beginning Working Capital	9,945,548	9,869,053	38,487,237	47,228,860	39,324,848	51,172,733
Projected Ending Working Capital	\$8,453,670	\$9,922,843	\$21,125,515	\$46,771,401	\$33,003,584	\$43,844,309

FY27 CAPITAL FUNDS – REPLACEMENT & EXPANSION FUND

	Fund 210	Fund 220	Fund 310	Fund 320	Fund 610	Fund 620
Revenues						
Capacity Reserve Fees	788,224	24,233	1,670,628	3,974,142	3,431,559	4,169,366
Interest	312,000	316,000	1,312,000	1,518,000	1,170,000	1,746,000
Total Revenues	1,100,224	340,233	2,982,628	5,492,142	4,601,559	5,915,366
Expenditures						
Contribution to JPA	-	-	289,000	3,581,215	651,000	290,000
Debt Service	-	-	-	-	-	2,306,063
Capital Projects Fund Limits	3,165,670	89,900	8,027,000	718,050	19,264,380	15,389,019
Total Expenditures	3,165,670	89,900	8,316,000	4,299,265	19,915,380	17,985,082
Revenue Over / Under Expenditures	(2,065,446)	250,333	(5,333,372)	1,192,877	(15,313,821)	(12,069,716)
Replacement Transfer In	-	-	1,000,000	-	4,120,000	-
Net increase (decrease)	(2,065,446)	250,333	(4,333,372)	1,192,877	(11,193,821)	(12,069,716)
Projected Beginning Working Capital	8,453,670	9,922,843	21,125,515	46,771,401	33,003,584	43,844,309
Projected Ending Working Capital	\$6,388,224	\$10,173,176	\$16,792,143	\$47,964,278	\$21,809,763	\$31,774,593

10-YEAR FINANCIAL PLANNING MODELS

The FY26 and FY27 operating budget includes 10-year financial planning models for the District's three main business enterprises: Local Wastewater, Regional Wastewater, and Water.

Ten-year financial planning models are a tool for monitoring the long-term health of the District's enterprises. The models start with the fiscal years FY26 and FY27 adopted budgets as the baseline, and project out current and evolving economic trends into the future, thus forecasting how current budgetary decisions by the Board may impact the financial stability and resiliency of the three enterprises. The models provide an opportunity for the Board and District management to ensure any necessary course corrections are proactively discussed and addressed.

Each of the three following graphics shows the estimated year end working capital each year for the combined operating and rate stabilization funds for each of the three enterprises. They also show the calculated minimum reserve and target reserve of working capital into the future, as reflected in the Board adopted Financial Reserve Policy.

The core assumptions in each of the three models for FY28 - FY35 are:

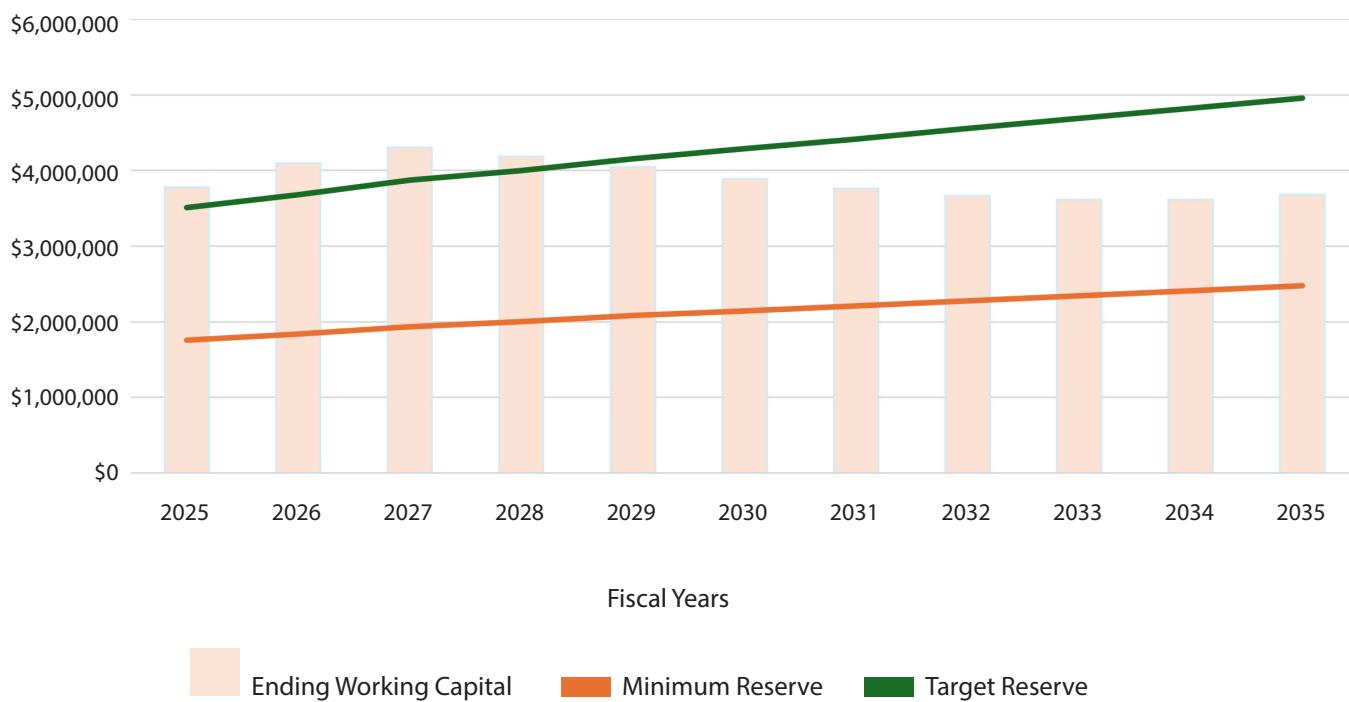
- General inflation of 3% per year
- Rate adjustments in line with general inflation
- Growth in the customer base in Dublin of 1% per year, 0% growth in southern San Ramon and Dougherty Valley, and 0.25% per year growth in Pleasanton
- Interest income at 3.5% for FY28 and FY29, followed by 2.5% in the last six years
- Increase in personnel costs of 3% per year
- Vacancy rate of 2% in all approved positions
- Increase in medical benefit costs of 6.5% per year and retiree medical costs of 4.6% per year
- Pension contribution per CalPERS schedule from the FY23 valuation report
- Level cost for OPEB ADC contributions at FY26 and FY27 funding level
- Increases to materials, supplies and contracts in line with general inflation
- Increase in energy costs of 8% per year until FY30, followed by a 5% increase in the last five years
- Increase of 3% per year for DERWA and LAVWMA
- Replacement transfers of \$350,000 per year for Local Wastewater, \$1 million per year for Regional Wastewater, and \$4.2 million in FY28 increasing by 3% per year for Water.

LOCAL WASTEWATER MODEL

The Local Wastewater Model is in a good financial position. The combined working capital for the enterprise and rate stabilization funds is projected to be above target reserve levels for FY26 through FY28, and remain between minimum and target reserve levels for the remainder of the ten-year period.

The budget does not include transfers to the Replacement Fund in FY26 and FY27 due to budget constraints and the pre-funding of replacement transfers in FY24. Beginning in FY28, replacement transfers are assumed at a reduced level of \$350,000 per year, which is anticipated to be partially funded from operating reserves. The reduced replacement transfers are adequate to meet near-term capital replacement needs.

Even with reduced replacement transfers, the Local Wastewater enterprise is expected to see a downward trend in the combined working capital for the enterprise and rate stabilization funds over the ten-year period. Long-term capital replacement funds will be refined based on the asset management model and cost of service and revenue requirements will be reviewed in the next Local Wastewater Rate Study.

**Combined Working Capital of Local Enterprise Fund and Local Rate Stabilization Fund
(Funds 200/205)**

REGIONAL WASTEWATER MODEL

The Regional Wastewater fund balances are starting in a strong financial position above the target reserve level with a combined working capital of approximately \$20 million. However, due to cost increases that were not accounted for in the 2023 Wastewater Rate Study, the working capital is trending downward and is projected to fall below minimum reserve levels in FY31 without further course corrections.

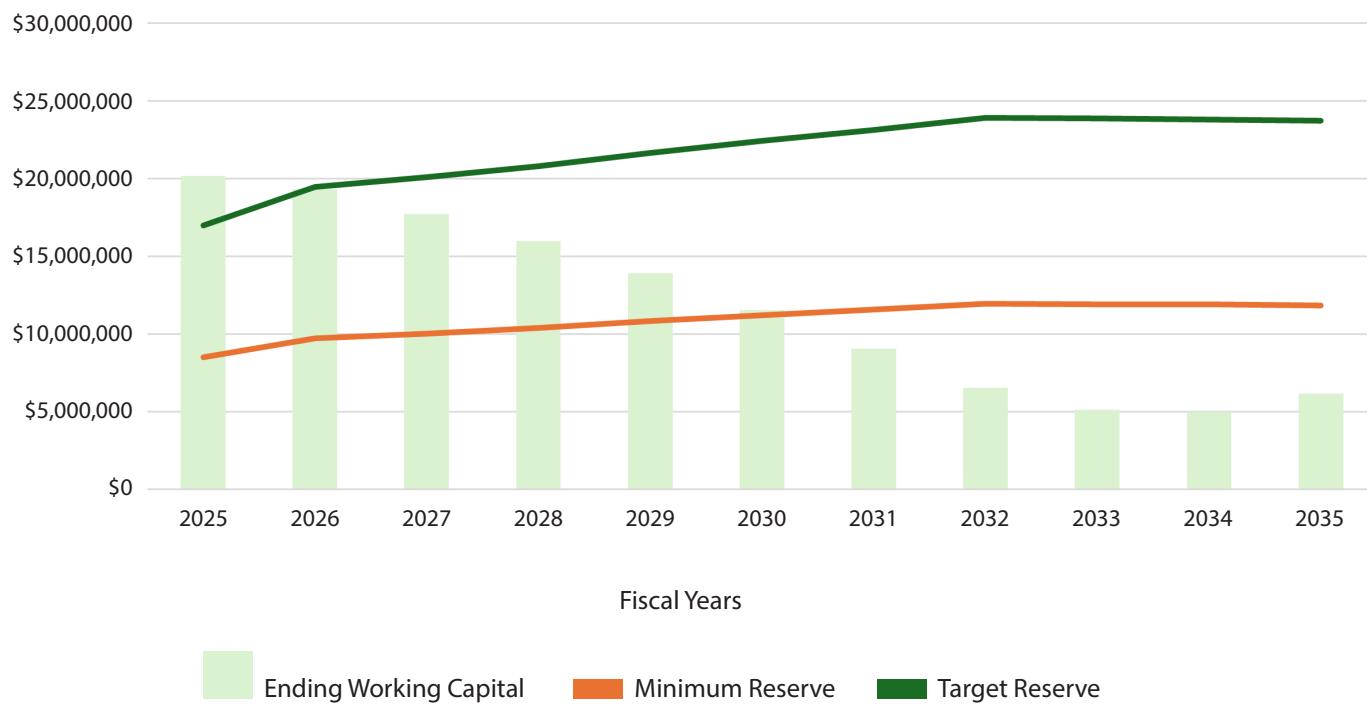
The primary expense categories and key factors contributing to this declining trend include:

- **Personnel** – Personnel costs have increased by \$1.2 million compared to the 2023 Wastewater Rate Study, due to increases in payments for medical and retiree benefits.
- **Material, supplies, and contracts costs** – Overall costs for materials, supplies, and contracts have increased by \$1.7 million compared to the 2023 Wastewater Rate Study, due to abnormally high increases to the costs for supplies, chemicals, and power that occurred in FY24 and FY25.
- **LAVWMA JPA contribution** – The District's contribution increased by approximately \$760,000 compared to the 2023 Wastewater Rate Study, due to energy increases.

The 2023 Wastewater Rate Study included defined revenue requirement adjustments for FY24 and FY25, with rates for the remaining three years of the five-year rate period adjusted based on CPI, which was assumed to be 3% for planning purposes. The actual FY 26 CPI increase is 2.7%, below the anticipated 3%. Projected revenues in the ten-year model also reflect more conservative growth assumptions and the loss of revenue from FCI Dublin closing in 2024.

To alleviate pressure on the Regional Wastewater enterprise funds, replacement transfers have been temporarily reduced to \$1 million per year starting in FY27. With this temporary corrective measure, the ten-year model projects that the combined working capital will remain between target and minimum reserve levels for the first five years before falling below minimum reserve levels beginning in FY31. The Regional Wastewater enterprise does begin to stabilize in FY33 when the LAVWMA debt is fully paid off.

Additional corrective strategies have been identified to address declining levels in the Regional Wastewater enterprise. These measures include preparing an update to the 2023 Wastewater Rate Study in FY26 to review cost of service and revenue requirements; optimizing the Asset Management Program to prioritize capital expenditures and refine capital replacement funding needs; and investing in energy projects to reduce energy consumption and stabilize energy costs. It is anticipated that these measures, combined with modest rate adjustments, can provide the course correction needed to ensure long-term financial sustainability for the Regional Wastewater enterprise and meet future capital asset replacement needs.

**Combined Working Capital of Regional Enterprise Fund and Regional Rate Stabilization Fund
(Funds 300/305)**

WATER MODEL

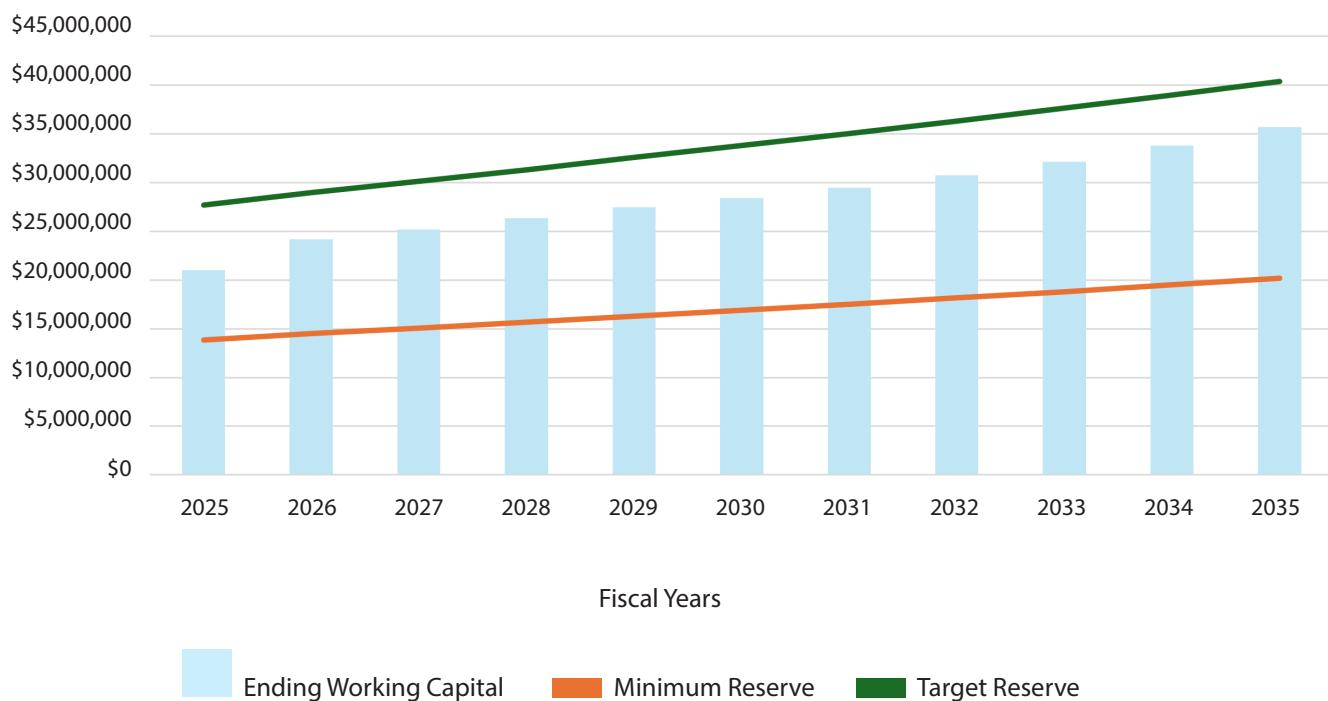
The Water fund working capital balances are in an overall good financial position. The Water Model projects working capital to be below target reserve levels but above minimum reserve levels for all ten years, with annual balances increasing modestly each year.

The Water Cost of Service Study, adopted in April 2024, reset water and recycled water fixed and consumption-based rates, and wholesale pass-through charges for a five-year period from FY 24 through FY28. The study included a 5.5% overall revenue adjustments effective May 1, 2024 and January 1, 2025, and CPI adjustments for the next three fiscal years effective January 1. The impacts of the study and associated revenue adjustments have significantly improved the working capital outlook compared to what was projected in the FY24 and FY25 Operating Budget.

However, unanticipated cost increases to personnel costs, DERWA O&M expenses, and reduced revenues due to more conservative growth projections and conservation, have reduced the amount of operating revenues available to fund capital replacement transfers. The Water fund operating budget and model assumptions assume funding for capital replacement transfers at a reduced level of \$4 million in FY26, increasing at 3% annually.

With this adjustment to replacement transfers, the Water enterprise is anticipated to remain stable throughout the ten-year period, with the combined working capital for the enterprise and rate stabilization funds projected to be between minimum and target levels. The modeled 3% general revenue increase is not anticipated to bring the fund back to the target reserve level.

The next Water Rate Study will need to address the District's growing capital replacement needs for the water system. As the service areas approaches buildout and capacity reserve fees diminish, the District will become more reliant on capital replacement transfers to fund capital replacement projects. The District also plans to optimize its Asset Management Program to prioritize capital expenditures and refine capital replacement funding needs to address this challenge.

**Combined Working Capital of Water Enterprise Fund and Water Rate Stabilization Fund
(Funds 600/605)**

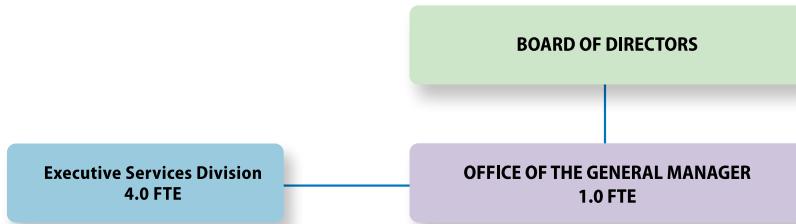
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DEPARTMENT OVERVIEW

BOARD OF DIRECTORS & OFFICE OF THE GENERAL MANAGER

The Board of Directors & Office of the General Manager Department consists of three divisions, including the Board of Directors, the Office of the General Manager, and Executive Services. The Department is responsible for directing policy, providing executive leadership to the District, and providing administrative support to the Board and the General Manager.



DIVISION INTRODUCTORY/OVERVIEW

Board of Directors

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

The Board of Directors' budget includes costs associated with Boardmember attendance at industry conferences, trainings, meetings, community events, and special District events; and consolidated elections held every two years with the statewide general election.

Office of the General Manager

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

Executive Services

The Executive Services Division provides key administrative services in support of the Board of Directors, the General Manager, the District's four operating departments, the District's two JPAs, and the public. The Division performs statutory District Secretary duties, manages Board and Committee meetings, and produces meeting agendas and minutes; manages the District's comprehensive records management program; produces timely responses to Public Records Act requests and subpoenas; conducts the Board of Directors elections, appointments, and voting area redistricting; manages mandatory Fair Political Practices Commission (FPPC) filings and the District's Conflict of Interest Code; tracks Boardmember compliance trainings; manages the District's transparency and governance certifications; facilitates legal and public noticing; manages contract and recordation processes; manages facility use permitting; maintains District policies and the District Code; and is the custodian of the District's seal and governing documents.

ACCOMPLISHMENTS, FY24 AND FY25

Board Accomplishments

- Held seven liaison committee meetings with the City of Dublin, City of Pleasanton, and Central Contra Costa Sanitary District, and one Tri-Valley Water Liaison Committee meeting.
- Renewed the Special District Leadership Foundation “District of Distinction” accreditation for DSRSD’s prudent fiscal practices and enhanced training on good governance for special districts.
- Renewed the Special District Leadership Foundation “District Transparency Certificate of Excellence” for transparency in operations and governance.
- Appointed a new General Manager.
- Adopted FY26 – FY30 Strategic Plan which serves as a roadmap for ensuring daily operations align with the District’s mission and long-term vision.
- Adopted an Energy policy to provide guidance for improving long-term energy efficiency and reliability.
- Adopted a Capital Assets policy to describe the accounting treatment for capital assets.
- DSRSD Boardmember Georgean Vonheeder-Leopold served as a Director of the California Association of Sanitation Agencies (CASA), the Treasurer of the Alameda County Chapter of the California Special Districts Association (CSDA), and an Alternate Commissioner of the Alameda Local Agency Formation Commission (LAFCO).
- DSRSD Boardmember Ann Marie Johnson served on the Fiscal Committee of the CSDA.
- Participated in various ceremonial and community events, such as the City of Dublin St. Patrick’s Day Parade and the City of San Ramon’s 40th Anniversary Light Parade.

Other Accomplishments

- Completed a comprehensive 2024 Workforce Study that assessed current and future organizational and staffing needs for the Office of the General Manager, Administrative Services Department, and Engineering and Technical Services Department; and evaluated progress on recommendations from the 2023 Operations Workforce Study.
- Based on the 2024 Workforce Study, created a separate Finance Department with a Finance Director to oversee the District’s financial, accounting, utility billing, and customer service functions.
- Restarted video recording of Board meetings after completion of the District Office Boardroom renovation with posting of the recordings on the District website.
- Conducted a Citizens Water Academy to build awareness of the essential service DSRSD provides to the community and to increase engagement.
- Completed the consolidated election in 2024 for Divisions 1, 3, and 5, representing three of the five District divisions that resulted in three re-elected Directors.
- Collaborated with professional organizations and partner agencies on advocacy matters of importance to the District’s business.
- Initiated Phase 2 of the Regional Purified Water Pilot Project, which focuses on public outreach and monitoring grant funding opportunities of a small-scale purified water pilot project.
- Held annual employee recognition events.

BUDGET TRENDS, FY26 AND FY27

The Board of Directors budget for FY26 and FY27 is a status quo budget that includes the biennial Board election costs and additional funding for Directors to attend conferences and training courses. The November 2026 election will be for Divisions 2 and 4, representing two of the five divisions in the District.

The Office of the General Manager budget decreased compared to the last budget due to organizational structure changes implemented to address business needs identified in the 2024 Workforce Study. The FY26 and FY27 budget assumes that the Assistant General Manager and Special Assistant to the General Manager positions will not be filled, and the positions and related work (e.g. emergency preparedness) will be transferred to other departments to address business needs and to align with similar functions.

The Executive Services Division budget is generally a status quo budget and includes administration of the District's records management program, the electronic system for required Fair Political Practices Commission filings, and maintenance of the District Code.

OPERATING EXPENSES BY FUND	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Local Wastewater Enterprise	\$11,417	\$11,632	\$10,600	\$12,400	\$12,637
Regional Wastewater Enterprise	69,940	55,260	66,550	74,100	75,156
Water Enterprise	207,634	138,138	78,700	100,000	103,878
Administrative Cost Center	1,780,775	1,858,716	2,537,344	1,611,728	1,764,950
Total	\$2,069,767	\$2,063,745	\$2,693,194	\$1,798,228	\$1,956,621
% Change		-0.3%	30.5%	-33.2%	8.8%

OPERATING EXPENSES BY DIVISION	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Board of Directors	\$243,000	\$181,759	\$400,200	\$204,800	\$313,139
Office of the General Manager	1,151,951	1,183,640	1,503,465	729,179	751,219
Executive Services	674,817	698,346	789,529	864,249	892,263
Total	\$2,069,767	\$2,063,745	\$2,693,194	\$1,798,228	\$1,956,621
% Change		-0.3%	30.5%	-33.2%	8.8%

OPERATING EXPENSES BY CATEGORY	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Salaries & Benefits	\$1,540,799	\$1,622,640	\$1,944,552	\$1,374,681	\$1,422,949
CIP/JPA Labor Credits	(45,437)	(46,026)	(44,588)	(44,087)	(46,026)
Materials	2,005	4,573	5,100	4,250	4,250
Contracts	374,737	306,392	604,030	263,090	369,340
Others	197,664	176,166	184,100	200,294	206,108
Total	\$2,069,767	\$2,063,745	\$2,693,194	\$1,798,228	\$1,956,621
% Change		-0.3%	30.5%	-33.2%	8.8%

DEPARTMENT GOALS, FY26 AND FY27

Board Goals

- Represent the District at industry conferences, meetings, interagency liaison meetings, and community events.
- Build consensus with Tri-Valley partners on long-term solutions for improving long-term water resiliency through diversification and maximizing local water supplies.

Other Goals

- Implement the new Strategic Plan adopted in April 2025.
- Continue to review and implement organizational changes needed to meet current and future business needs, consistent with the 2023 Operations Workforce Study and 2024 Workforce Study.
- Conduct 2026 DSRSD Citizens Water Academy.
- Work collaboratively with Tri-Valley partners in the development of a more diversified and resilient water supply.
- In collaboration with Tri-Valley partners, update the 2018 Tri-Valley Potable Reuse Study to reflect changes in wastewater supply and new regulations.
- Negotiate revisions to the District's interagency agreements and contracts to address changed conditions and provide framework for meeting future program needs.
- Amend the District's Conflict of Interest Code to reflect organizational changed.
- Renew the District's Transparency Excellence and District of Distinction certifications.
- Examine the District Code and District policies to determine areas of overlap and to remove redundancies.
- Continue migration of vital Board documents into the OnBase electronic content management system to attain 80% to completion.

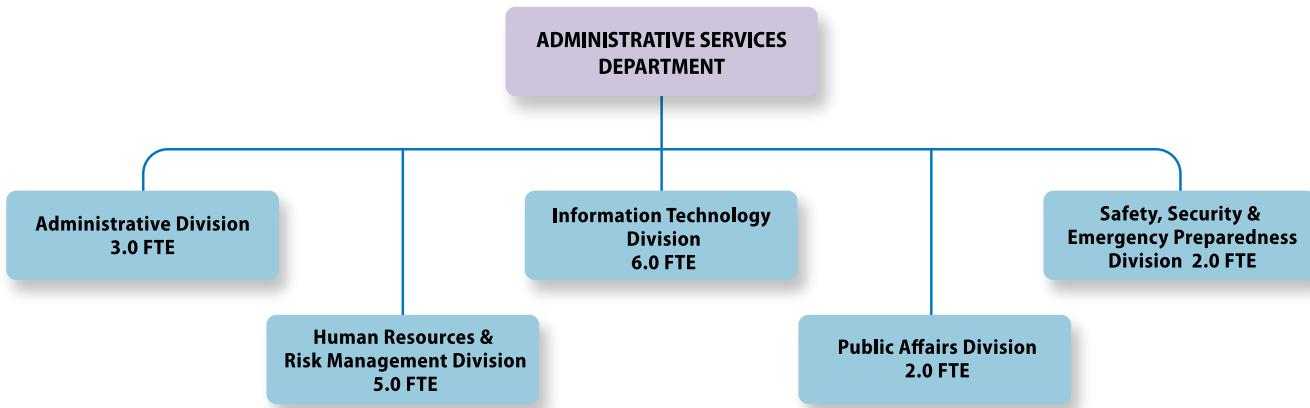
PERFORMANCE MEASURES

BOARD OF DIRECTORS & OFFICE OF THE GENERAL MANAGER	Objectives	FY24 Actual	FY25 Estimate	FY26 Target	FY27 Target
Executive Services	Respond to public records requests within 10-day requirement	100%	100%	100%	100%
	Post agenda packets for Board and Committee meetings in conformance with Brown Act requirements	100%	100%	100%	100%
	Ensure annual filing requirements for Form 700 Statement of Economic Interests are adhered to	100%	100%	100%	100%
	Facilitate quadrennial review of District policies	100%	100%	100%	100%
	Review one District Code section annually	100%	100%	100%	100%



ADMINISTRATIVE SERVICES

The Administrative Services Department consists of five divisions including Administration Services, Human Resources and Risk Management, Information Technology Services, Public Affairs, and Safety, Security and Emergency Preparedness. These divisions provide the majority of internal support functions for the District, including legislative affairs, public affairs, community outreach and events, human resources, risk management, technology services, workplace health and safety, security, and emergency planning and response support functions.



DIVISION INTRODUCTORY/OVERVIEW

Administrative Services

The Administration Division sets the priorities and provides overall management for the Administrative Services Department. The Division ensures the internal service divisions are operating efficiently and effectively to provide timely, quality service to the community and the other departments. Additionally, Administrative Services staff provide support to the General Manager and organization-wide tracking and reporting of legislative affairs.

Human Resources and Risk Management

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

Information Technology Services

The Information Technology (IT) Services Division provides strategic IT vision, planning, and enterprise solutions to assist in achieving DSRSD's Strategic Plan. Collaborating with other District divisions the IT Division

provides innovative, secure, and reliable technology solutions that add value to key business processes. The Division helps keep the organization operating by maintaining critical servers, key software, and administering and maintaining the IT infrastructure on a day-to-day basis. This Division also maintains and makes continuous improvements to the District cybersecurity posture.

Public Affairs

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

Safety, Security, and Emergency Preparedness

The 2024 Workforce Study recommended the creation of the Safety, Security, and Emergency Preparedness Division to functionally align programs with similar components and requirements. The Safety, Security, and Emergency Preparedness Division provides Districtwide health and safety, security, and emergency preparedness support. Division staff administer over 25 safety programs (including program updates, implementation, recordkeeping, and staff training), and track safety regulatory compliance. Division staff also oversee security through development and administration of security procedures as well as management of District facility access through keys, badging, and software management. The Safety, Security, and Emergency Preparedness Division also provides program administration of the District's emergency preparedness and response programs.



DSRSD Board and staff attend the 2025
City of Dublin St. Patrick's Day Parade

ACCOMPLISHMENTS, FY24 AND FY25

- Provided critical project management support needed to fully implement the new Enterprise Resource Planning (ERP) System for Finance, Human Resources, Payroll, and Utility Billing.
- Launched a redesigned “Pipeline” e-newsletter to strengthen branding and customer understanding of DSRSD services.
- Created and began publishing a quarterly Public Outreach Activities Report.
- Collaborated with Tri-Valley water agencies to establish an annual Tri-Valley Water Conservation Art Contest for K-12th grade students.
- Hosted over 400 attendees for WWTP tours over the two-year period.
- Collaborated with Tri-Valley water agencies on a regional campaign to educate the community on long-term Tri-Valley water reliability challenges and potential solutions.
- Participated in community events, including the Dublin and San Ramon Senior Information Resource Fairs, Science, Technology, Engineering, Art, and Mathematics (STEAM) events at local schools, the City of San Ramon’s 40th Anniversary Light Parade, the Alameda County Accessory Dwelling Unit (ADU) Fair, and the City of Dublin’s Fair, and the Dublin St. Patrick’s Day Parade.
- Partnered with local agencies on the Alameda and Contra Costa County Science and Engineering Fairs, Inside Dublin Citizens Academy, Dublin Collective Art Circuit, Tri-Valley Haven Food Drive, and City of Dublin Water Fountain Partnership to install water refill stations.
- Enhanced the functionality of CSAM, the District’s maintenance and asset management system.
- Linked and provided integrated platform access to all document systems (SharePoint/Office365/OnBase) to deliver relevant information as needed by staff.
- Continued to build and expand the use of the Electronic Content Management System (ECMS) for official records and automated records retention.
- Strengthened cybersecurity and network resiliency capabilities.
- Fully implemented the new audio/visual system for the Boardroom and launched pilot project of posting recorded Board meetings.
- Completed the biennial Districtwide employee survey in 2024.
- Completed recruitment of 34 full-time staff.
- Implemented and continued to enhance the new Career, Opportunity, Readiness, Elevate (C.O.R.E.) Program, a professional and supervisory training and development program.
- Provided 16 professional development training courses and hosted a Senior/Lead Training Academy for 30 employees.
- Participated in a joint Emergency Operations Center (EOC) tabletop disaster preparedness training exercise coordinated with the City of Dublin in December 2023.
- Conducted 3-day training for Emergency Operations Center (EOC) staff for ICS-300 Intermediate Incident Command System facilitated by CalOES training staff.
- Completed over 4,600 health and safety training sessions, including 34 new employee safety orientations.
- Developed and updated six critical safety programs to enhance workplace safety and compliance.
- Held the District’s first annual Safety and Wellness Fair in September 2024.
- Overhauled the physical key management system for improved security.

BUDGET TRENDS, FY26 AND FY27

The Administrative Services Department budget for FY26 and FY27 reflects organizational changes recommended in the 2024 Workforce Study to support District business needs and Strategic Plan priorities. These changes include the creation of a new Safety, Security, and Emergency Preparedness Division in the Administrative Services Department to group similar functions. This change results in a net increase of two FTE positions in the Department (from 16 FTE to 18 FTE), due to the transfer of two existing safety positions from the Operations Department to the Administrative Services Department.

Overall, the Administration Services Department budget will increase by approximately 10.7% in FY26 and 2.1% in FY27. Contracted services are anticipated to increase by approximately \$128,000 in FY26. These increases reflect the allocation of additional staff and resources to support the District's legislative efforts, staff training, safety, cybersecurity, and emergency preparedness programs. JPA and capital project credits are anticipated to decrease by approximately \$48,000 in FY26 due to the completion of the Tyler Munis ERP Conversion capital project in FY25.

OPERATING EXPENSES BY FUND	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Local Wastewater Enterprise	\$11,854	\$26,818	\$12,925	\$2,000	\$3,750
Local Wastewater Replacement	9,348	-	-	-	-
Regional Wastewater Enterprise	130,118	98,612	121,390	21,500	29,685
Water Enterprise	182,984	129,578	66,485	35,354	46,300
Administrative Cost Center	3,987,327	4,272,500	4,951,856	5,646,051	5,744,882
Total	\$4,321,631	\$4,527,509	\$5,152,656	\$5,704,905	\$5,824,617
% Change		4.8%	13.8%	10.7%	2.1%

OPERATING EXPENSES BY DIVISION	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Administrative Services	\$609,427	\$600,675	\$658,254	\$838,668	\$862,547
Human Resources & Risk Mgmt	1,121,192	1,144,017	1,341,664	1,449,948	1,427,416
Information Technology Services	1,695,017	1,893,389	1,914,966	2,112,965	2,168,969
Public Affairs	488,437	448,927	966,790	687,964	698,089
Safety, Security & Emergency Preparedness	407,558	440,501	270,982	615,360	667,596
Total	\$4,321,631	\$4,527,509	\$5,152,656	\$5,704,905	\$5,824,617
% Change		4.8%	13.8%	10.7%	2.1%

OPERATING EXPENSES BY CATEGORY	FY23 Actual	FY4 Actual	FY25 Adopted	FY 2026 Budget	FY27 Budget
Salaries and Benefits	\$3,484,486	\$3,546,284	\$3,894,149	\$4,290,329	\$4,535,035
CIP/JPA Labor Credits	(4,087)	(36,556)	(110,108)	(62,408)	(64,419)
Materials	78,101	102,552	125,400	129,700	127,938
Contracts	714,034	891,273	1,203,710	1,331,754	1,210,451
Others	49,096	23,956	39,505	15,530	15,612
Total	\$4,321,631	\$4,527,509	\$5,152,656	\$5,704,905	\$5,824,617
% Change		4.8%	13.8%	10.7%	2.1%

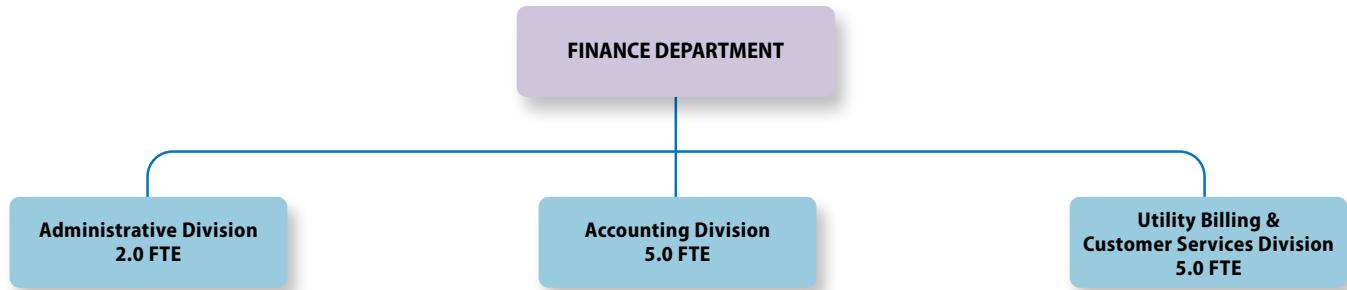
DEPARTMENT GOALS, FY26 AND FY27

- Conduct a comprehensive update and redesign of the District's website to improve accessibility and customer experience.
- Complete a Community Outreach and Education Program Assessment in support of the District's efforts to build public awareness of District services, priorities, and initiatives.
- Expand use of the District's social media platforms to help educate and engage the community.
- Produce two annual reports summarizing District accomplishments.
- Collaborate with Tri-Valley water agencies on public to educate the community on long-term water reliability challenges and potential solutions as well as the importance of water conservation.
- Update safety programs, policies, and procedures to maintain a safety workplace and ensure compliance with regulations.
- Conduct emergency response trainings with staff and conduct a functional disaster exercise in FY26 in support of the District's emergency preparedness efforts.
- Complete updates to the Risk and Resilience Assessment and Emergency Response Plan as required by the America's Water Infrastructure Act (AWIA).
- Review and update (where necessary) the District's mutual aid agreements to strengthen emergency preparedness and response plans.
- Continue assessment and update of the District's security policies, procedures, and program in support of the District's safety culture and emergency preparedness and response efforts.
- Update recruitment and selection standard procedures to optimize employee performance and retention.
- Prepare for the Fall 2025 labor negotiations for successor contracts and resolutions.
- Continue the District's participation in management and leadership training and development programs to enhance employee skills and provide career and professional growth.
- Prepare and implement an IT Master Plan to guide technology investments and resources.
- Integrate data reporting across the District to leverage technology in support of consistent analysis and reporting.

PERFORMANCE MEASURES

DEPARTMENT	OBJECTIVE	FY24 Actual	FY25 Estimate	FY26 Target	FY27 Target
Human Resources & Risk Management	Average number of days to fill external recruitments from requisition to hire	115	125	145	145
	% of staff that completed at least two (2) hours of professional development training through the C.O.R.E program	87%	65%	75%	75%
Public Affairs	Pipeline eNewsletter distributed monthly	100%	100%	100%	100%
	Minimum of five (5) social media posts per month	100%	100%	100%	100%
	Minimum of four (4) Regional Wastewater Treatment Plant tours provided to citizens annually	100%	100%	100%	100%
Information Technology Services	Provide full network connectivity	99%	99%	99%	99%
	% of SPAM email messages blocked	99%	99%	99%	99%
	% of staff that have successfully completed cybersecurity training	100%	100%	100%	100%
	Perform regular third-party penetration testing	100%	100%	100%	100%
	Perform daily backups of critical systems to ensure business continuity	100%	100%	100%	100%
Safety, Security, & Emergency Preparedness	Conduct District-wide emergency exercise to assess District capabilities	100%	100%	100%	100%
	% of staff that have completed at least two NIMS/ICS training courses	100%	100%	100%	100%
	Make at least four (4) updates to, or implement new, safety programs annually	3	2	4	4

The Finance Department is a new standalone department. Prior to FY26, the District's financial functions were under the Administrative Services Department. The 2024 Workforce Study recommended the creation of a separate Finance Department with a dedicated Director of Finance responsible for overseeing and managing the District's finances. The Department consists of the Finance Administration, Accounting, and Utility Billing and Customer Services divisions. The Finance Department presents timely and accurate financial information, analysis, and reporting; provides internal accounting and financial support to the other departments; and provides external customer support with utility billing, revenue collection, and customer service.



DIVISION INTRODUCTORY/OVERVIEW

Finance Administration

The Finance Administration Division provides overall management of the District's finances, which includes investing District funds, preparing the biennial operating budget, conducting various rate studies, and providing long-term financial forecasts. The Division also is responsible for establishing and ensuring compliance with internal controls and documenting financial processes.

Accounting

The Accounting Division's core functions include Accounts Payable, Payroll, and Purchasing. The Division coordinates the District's annual audit and produces the Annual Comprehensive Financial Report (ACFR). The Division also prepares statutory filings, ensures internal control compliance, and maintains the District's financial records.

Utility Billing and Customer Services

The Utility Billing and Customer Services Division oversees all facets of customer service, billing, payment processing, debt collection, and the monitoring of the District's advanced metering infrastructure (AMI) system. This Division ensures continuous access to services for customers and provides assistance with account inquiries and updates.

ACCOMPLISHMENTS, FY24 AND FY25

- Based on the 2024 Workforce Study, reorganized the District's Financial Services and Revenue and Billing Services Divisions previously under the Administrative Services Department as a stand-alone Finance Department and hired a Finance Director to guide and oversee transition of the new Department.
- Prepared a comprehensive Water Rate Study and adopted a five-year schedule of rate adjustments for calendar years 2024-2028.
- Reinstated Quarterly Financial Reports that had been suspended due to the system conversion.
- Completed the utility billing module for customer billing as well as tracking individual customer account history.
- Migrated all account and billing operations to Tyler Munis with no significant disruptions to customers and billing in August 2024.
- Launched a new payment portal with Tyler Technologies in January 2025 to streamline online payments and to improve customer access to billing records and other account information.
- Implemented the new "Contracts" module for District contracts to integrate with purchasing, project accounting, and budget in the Tyler Munis financial accounting system.
- Updated District financial practices and procedures and internal controls as a matter of prudence and to align with the new financial system, Tyler Munis.
- Received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the 23rd and 24th years in a row for the FY23 and FY24 ACFRs.
- Received the California Society of Municipal Finance Officers (CSMFO) Operating Budget Excellence Award for FY24 and FY25.
- Developed a new Capital Assets Policy to address the accounting treatment for capital assets.
- Updated the Budget Accountability, Capital Financing and Debt Management, Financial Reserves and Investment Policies.
- Dissolved DSRSD's Financing Corporation with the California Secretary of State after concluding that the Corporation is no longer needed due to changes within the financial industry.
- Performed a competitive selection process and selected a new auditor.
- Contracted with a Securities and Exchange Commission (SEC)-registered investment advisor to actively manage the District's investment portfolio and improve portfolio performance, and adjusted in-house accounting to align with the change.
- Updated the District's investment custody account to accommodate the change to an investment manager from in-house management.
- Successfully prepared the budget for FY26 and FY27 using the budget function within the Tyler Munis system.

BUDGET TRENDS, FY26 AND FY27

The Finance Department's budget for FY26 and FY27 reflects changes in organizational structure to add a Finance Director dedicated to overseeing the management of the District's finances and the transfer of two field technician positions to the Operations Department. The Department's operating budget includes budget to enhance utilization of the Enterprise Resource Planning system and explore additional software applications to improve efficiency and customer service. The budget also includes an increase in contracts due to contracting out the management of the District's investment portfolio.

OPERATING EXPENSES BY FUND	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Local Wastewater Enterprise	\$176,278	\$154,815	\$230,506	\$195,924	\$159,914
Regional Wastewater Enterprise	175,456	154,816	236,977	195,921	159,912
Water Enterprise	764,283	1,107,964	1,432,696	1,034,985	1,057,345
Administrative Cost Center	1,059,409	1,155,305	1,140,817	1,944,855	2,034,969
Total	\$2,175,425	\$2,572,900	\$3,040,996	\$3,371,685	\$3,412,140
% Change		18.3%	18.2%	10.9%	1.2%

OPERATING EXPENSES BY DIVISION	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Finance Administration	-	-	-	\$620,738	\$644,180
Accounting	1,146,230	1,230,499	1,235,817	1,454,117	1,410,789
Utility Billing & Customer Services	1,029,195	1,342,401	1,805,179	1,296,830	1,357,171
Total	\$2,175,425	\$2,572,900	\$3,040,996	\$3,371,685	\$3,412,140
% Change		18.3%	18.2%	10.9%	1.2%

OPERATING EXPENSES BY CATEGORY	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Salaries and Benefits	\$1,676,244	\$1,958,325	\$2,225,881	\$2,409,333	\$2,525,310
CIP/JPA Labor Credits	(6,064)	(33,157)	(18,101)	(2,860)	-
Materials	15,936	13,196	23,530	5,800	5,800
Contracts	483,613	435,448	613,885	755,737	677,329
Others	5,698	199,088	195,800	203,675	203,701
Total	\$2,175,425	\$2,572,900	\$3,040,996	\$3,371,685	\$3,412,140
% Change		18.3%	18.2%	10.9%	1.2%

DEPARTMENT GOALS, FY26 AND FY27

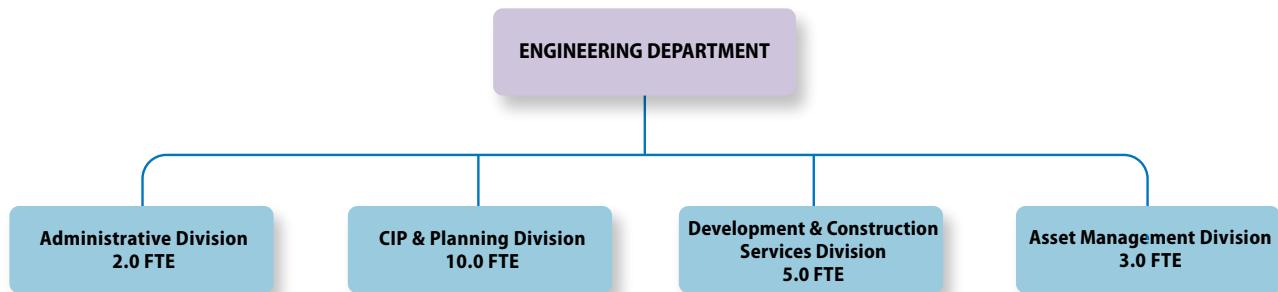
- Work with third-party investment advisors to optimize investment strategy and management of District funds.
- Support the Office of the General Manager in revisions to City of Pleasanton wastewater service agreements.
- Continue to explore more modules and options to fully utilize all functionalities of the new Enterprise Resource Planning System (ERP) for finance, human resources, fixed assets, project accounting, payroll, accounts receivable, accounts payable, purchasing, budgeting, utility billing, and contracts, including integration with other systems of record.
- Develop custom reports as necessary from the ERP system for benchmarking and tracking key metrics, e.g., cash flow reports, accounts receivable aging, water leak adjustments, etc.
- Establish Districtwide training for Finance 101 and ERP-Tyler Munis on a recurring basis for core modules such as reporting, purchasing, and budget training.
- Update the Local and Regional Wastewater Rate Study for new rates to take effect for FY27.
- Update the Local and Regional Wastewater Capacity Reserve Fee Study, after completing the WWTP and Biosolids Master Plan, to ensure adequate funding for treatment plant improvements needed to meet buildout demands.
- Onboard a new auditor beginning with FY25 to perform audits for a four-year term.
- Perform an overhead and indirect cost allocation study to update the District's miscellaneous fee schedule and ensure cost recovery for services provided.
- Explore debt financing and other funding options for implementation of capital projects.
- Develop standard operating procedures for all critical functions of utility billing, account management, payroll, payments, year-end rollover, year-end purchase order maintenance, and all other customer service functions.
- Continue to educate District customers on the use of the District's free Aquahawk Customer Portal for monitoring water usage and promote paperless billing and automated payments to customers.
- Create the biennial budget document directly from either Tyler-Munis with a supplemental report writer or a new software system that allows for online publishing and interaction.
- Explore options to manage long-term obligations for pension and other post-employment benefit plans that includes the possible use of pre-funding trusts.
- Review and update the District's purchasing procedures and templates.

PERFORMANCE MEASURES

FINANCE DEPARTMENT	Objective	FY24 Actual	FY25 Estimate	FY26 Target	FY27 Target
Finance Administration	Maintain good credit rating and debt service coverage	AA+	AA+	AA+	AA+
	Issue Quarterly Treasurer's Report within 45 days of quarter end	100%	100%	100%	100%
	Issue the Quarterly Financial Reports for Operating and Capital Funds within 60 days of quarter end	0%	75%	100%	100%
	Receive the CSMFO Biennial Operating Budget Excellence Award	N/A	Met	N/A	Meet
Accounting	Perform the monthly close by the 15th of the subsequent month	0%	75%	100%	100%
	Issue ACFR meeting the Excellence Standards of the GFOA and receive the Certificate of Achievement	Met	Met	Meet	Meet
	Submit State Controller's Financial Report by January 31	Met	Met	Meet	Meet
	Submit State Controller's Compensation Report by April 30	Met	Met	Meet	Meet
	Submit debt disclosures to EMMA (Electronic Municipal Market Access), the website funded and operated by the Municipal Securities Rulemaking Board (MSRB), within 210 days past year-end	Met	Met	Meet	Meet
Utility Billing & Customer Services	Mail bills within five days of the first or 15th of each month	100%	100%	100%	100%
	Maintain call center average wait times under five minutes.	New	New	5 Mins	5 Mins

ENGINEERING

The Engineering Department consists of four divisions that ensure District infrastructure is planned, designed, constructed, and maintained in accordance with the District's ordinances, specifications, policies, and all applicable laws and regulations. The Department oversees development and implementation of the Capital Improvement Program (CIP) Ten-Year Plan and Two-Year Budget, and leads the Asset Management Program. In addition, the Department provides permitting and construction inspection services.



DIVISION INTRODUCTORY/OVERVIEW

Engineering Administration

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

Capital Improvement Program (CIP) & Planning

The Capital Improvement Program and Planning Division manages long-term utility planning activities, models operations, and prepares and oversees implementation of the CIP Ten-Year Plan and Two-Year Budget. Following the guidance of Master Plans and asset rehabilitation and replacement models, the Division administers, plans, designs, and manages construction for the majority of District capital projects. The Division supports the WWTP and Field Operations Division (FOD) by evaluating processes and operations to improve efficiency and resolve issues; designing equipment and facility improvements; and procuring specialty equipment and services.

Development & Construction Services

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

Asset Management

The Asset Management Division leads the Asset Management Program, which integrates asset management into District business processes and supports and informs how decisions are made at operational and strategic levels. The Division develops and maintains asset rehabilitation and replacement models that are used to determine the District's long-term capital replacement budgets. The GIS section maintains the water distribution and wastewater collection system maps.

ACCOMPLISHMENTS, FY24 AND FY25

- Completed a comprehensive Energy Facilities Master Plan, which informed the Board's adoption of an Energy Policy that provides a framework for improving long-term energy efficiency and reliability for the District.
- Implemented the online appointment scheduling system for permit counter visits.
- Developed an operations plan and coordinated with EBMUD to test the three DSRSD/EBMUD potable water emergency interties.
- Completed an emergency pipeline replacement on LAVWMA's behalf for the Livermore sole use interceptor pipeline, that was at risk of failure due to embankment damage from the Calendar Year 2022/2023 storms.
- Replaced 12,000 feet of aging water lines in the Canterbury/Wineberry neighborhood.
- Completed Large-Diameter Sewer Condition Assessment Project that included the inspection of approximately 60,000 feet of the collection system pipelines, ranging from 18 inches to 42 inches.
- Designed and constructed Cross Valley Sewer Main Project which repaired a damaged sewer main that crossed under a canal.
- Completed construction and began operation of the Aluminum Sulfate Addition Project, which will reduce struvite buildup at the WWTP and lower maintenance costs.
- Migrated the Collection System Rehabilitation Plan from an internal spreadsheet to InfoAsset Planner software to improve the ability to update data, increase access, and maintain data integrity.
- Received proposals and awarded a multi-year On-Call Underground Repair Contract for contractors to complete emergency and planned repairs to water and sewer pipelines.
- Completed a pilot leak detection program for the potable water distribution system to inform decision-making on replacement and rehabilitation efforts, and to support water conservation efforts.
- Prepared a Water Conservation Master Plan to identify measures needed to comply with the State's long-term conservation standards.
- Developed the Cross-Connection Control Plan to comply with the new Cross-Connection Control Policy Handbook that replaced the California Code of Regulation Title 17.
- Collaborated with Tri-Valley cities to complete and adopt the Tri-Valley Hazard Mitigation Plan, which is a document required by FEMA to be eligible for certain types of non-emergency disaster assistance.
- Negotiated and executed agreements with DERWA, EBMUD, and the City of Dublin to add "ready to connect" customers identified in the DERWA Supply Plan to the recycled water system.
- Updated plan check and inspection fees to ensure costs are appropriately recovered through fees that are paid by developers and customers making improvements.
- Revised District Code to revise the Deferred Payment Program for Regional Wastewater Capacity Reserve Fees to be based on dwelling unit equivalents (DUEs).
- Reviewed 672 District facility construction plan submittals, which resulted in issuing 19 District facility construction permits to developers, 184 limited construction permits for customer repairs, 670 inspection requests, and the installation of 3 miles each of water and sewer mains installed by developers.
- Prepared the Capital Improvement Program Two-Year Budget for FY26 and FY27 and Ten-Year Plan for FY26 through FY35.

BUDGET TRENDS, FY26 AND FY27

The Engineering Department's budget for FY26 and FY27 reflects changes recommended in the 2024 Workforce Study to move the Clean Water Program from the Engineering Department to the newly organized Regulatory Compliance Division in the Operations Department. This movement is intended to streamline and centralize oversight of regulatory functions. In addition, Capital Projects and Planning functions have been combined into one division and Asset Management has been structured as a stand-alone division to emphasize the importance of integrating asset management into District businesses processes and strategic, operational, and financial planning decisions. Despite these shifts, FTEs and associated personnel costs – salaries, benefits, training, and related expenses – FY26 will see a dip in expenses followed by a 3.1% increase in FY27.

OPERATING EXPENSES BY FUND	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Local Wastewater Enterprise	\$578,821	\$572,816	\$916,866	\$774,734	\$803,649
Regional Wastewater Enterprise	701,891	614,929	867,998	958,752	996,306
Water Enterprise	1,953,075	1,531,532	1,970,318	1,609,180	1,648,982
Administrative Cost Center	238,529	218,836	367,487	657,364	676,259
Total	\$3,472,317	\$2,938,113	\$4,122,669	\$4,000,030	\$4,125,196
% Change		-15.4%	40.3%	-3.0%	3.1%

OPERATING EXPENSES BY DIVISION	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Engineering Administration	\$576,532	\$522,549	\$633,379	\$647,409	\$669,686
CIP & Planning	725,397	470,796	676,975	1,355,031	1,361,751
Development & Construction Services	1,118,913	993,016	1,312,921	1,206,633	1,263,875
Asset Management	1,051,475	951,752	1,499,394	790,957	829,884
Total	\$3,472,317	\$2,938,113	\$4,122,669	\$4,000,030	\$4,125,196
% Change		-15.4%	40.3%	-3.0%	3.1%

OPERATING EXPENSES BY CATEGORY	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Salaries and Benefits	\$3,988,701	\$3,826,745	\$5,013,521	\$4,869,908	\$5,084,160
CIP/JPA Labor Credits	(639,590)	(1,039,917)	(1,339,902)	(1,309,526)	(1,359,235)
Materials	26,236	5,662	19,200	18,045	18,661
Contracts	92,254	138,037	409,200	397,300	357,096
Others	4,716	7,586	20,650	24,303	24,514
Total	\$3,472,317	\$2,938,113	\$4,122,669	\$4,000,030	\$4,125,196
% Change		-15.4%	40.3%	-3.0%	3.1%

DEPARTMENT GOALS, FY26 AND FY27

- Complete Onsite and Offsite Solar Power Purchase Agreements (PPA) and commence installations of solar projects at the District Office, Field Operations Facility, WWTP, and LAVWMA.
- Evaluate the feasibility to accept food waste at the WWTP to create additional biogas, which will reduce the District's dependence on natural gas and reduce its greenhouse gas footprint.
- Complete design, bid, and initiate construction of key water expansion projects, including Reservoir 20B and Turnout 6.
- Complete design, bid, and initiate construction of key water replacement projects, including Camp Parks Water Lines Replacement and Residential Water Meter Replacement.
- Complete design, bid, and initiate construction of key WWTP projects, including WWTP Electrical Improvements Phase 1, Hypochlorite Building Replacements, and the Biogas Treatment System Improvements.
- Begin the planning phase for the Cogeneration Engines Replacement Project.
- Complete the Water System Master Plan Update and Operations Plan Update.
- Complete the Collection System Master Plan Update.
- Prepare the Wastewater Treatment Plant and Biosolids Master Plan Update.
- Prepare the Urban Water Management Plan Update and Water Shortage Contingency Plan, as required by State law.
- Complete Business Risk Evaluation for potable water system assets to inform maintenance strategies and replacement planning and avoid unscheduled or costly system outages.
- Prepare a comprehensive Asset Management Program Plan that formalizes the program's objectives and strategies for managing the physical assets and infrastructure for each enterprise, and documents Districtwide procedures and protocols for implementing the program.
- Implement electronic system to track purchased water and sewer capacity by parcel.
- Update the District's California Environmental Quality Act standard procedures and forms.
- Negotiate and execute a long-term agreement for supplemental wastewater from Central San.
- Negotiate and execute a renewal water supply contract with Zone 7 Water Agency.
- Support Office of the General Manager in revisions to the District's JPAs and City of Pleasanton agreements.
- Prepare Capital Improvement Program Two-Year Budget for FY28 and FY29 and Ten-Year Plan for FY28 through FY37.



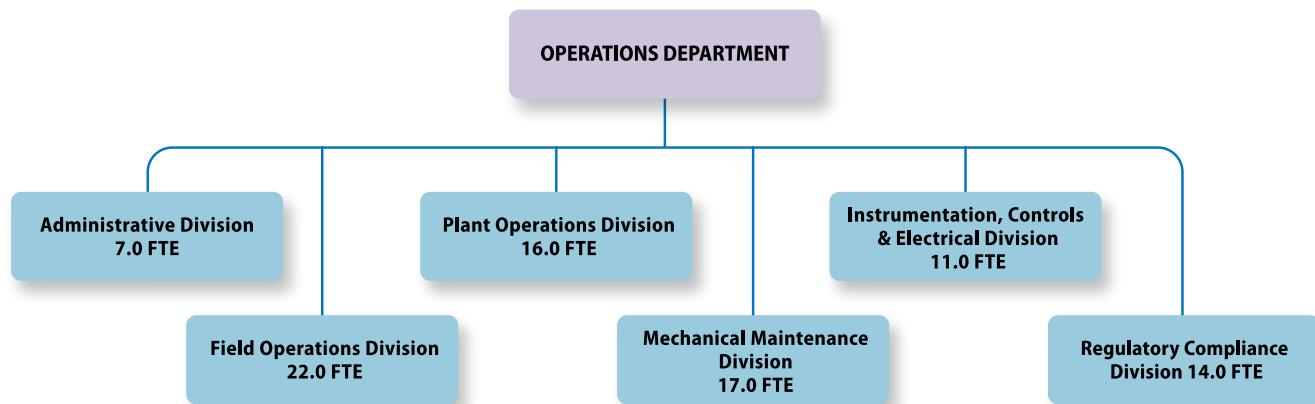
PERFORMANCE MEASURE

ENGINEERING DEPARTMENT	Objective	FY24 Actual	FY25 Estimate	FY26 Target	FY27 Target
CIP & Planning	Capital expenditures as a percentage of capital budgeted cash flow including carry forward	New	New	>70%	>70%
	Average change order percentage on District construction contracts over \$2 million	New	New	<7.5%	<7.5%
	One mile of water pipeline replaced annually	1.45 Miles	0.9 Mile	1 Mile	1 Mile
	Spot repair 50 sewer pipe segments every two years	New	New	50	50
Permitting & Construction Services	Review planning applications on or before due dates	77%	80%	80%	80%
	Return review comments of improvement plan submittals within 15 days for first submittal and 10 days for second submittal	86%	90%	90%	90%
Asset Management	Asset maintenance records/repair information for linear assets entered into the District's Computerized Maintenance Management System (CMMS)	New	New	100%	100%
	Asset maintenance records/repair information for vertical assets at the WWTP entered into CMMS	New	New	100%	100%
	Incorporate final project drawing in GIS within one month of project acceptance	New	New	100%	100%

OPERATIONS

The Operations Department is the largest department in the District and operates under complex Federal, State, regional, and local regulations and permits. The Department consists of six divisions which provide water distribution, wastewater collection and treatment services, self-generated power production, facility and fleet management programs, an analytical laboratory services, and oversight of regulatory compliance. The Department also provides the contractual operation and maintenance of DERWA recycled water facilities and LAVWMA wastewater export facilities.

The Operations Department has primary responsibility for ensuring 24/7 delivery of water, wastewater, and recycled water services to the community. Operating and maintaining these facilities in compliance with all State and Federal regulations requires significant effort. The drinking water distribution system includes 343 miles of pipeline, five turnouts, 18 pump stations, and 14 reservoirs. The recycled water distribution system includes 76 miles of pipeline, four pump stations, and three reservoirs. Between the two water systems, there are nearly 11,000 valves, over 4,000 hydrants, and 25,000 water meters. The wastewater collection system includes 233 miles of sewer main and one lift station to convey wastewater to the Wastewater Treatment Plant (WWTP), which is designed to treat an average wastewater treatment capacity of 17 million gallons per day (MGD) for dry weather and 60.7 MGD for wet weather. Lastly, Operations Department staff operate and maintain facilities on behalf of two JPAs, DERWA and LAVWMA, which include a 16.2 MGD recycled water treatment facility and wastewater export facilities consisting of wet weather basins, nearly 23 miles of pipeline, and a pump station.



DIVISION INTRODUCTORY/OVERVIEW

Operations Administration

The Operations Administration Division sets the department priorities, oversees operational and regulatory management, and provides administrative support to the Operations Department. The Division is also responsible for JPA obligations for DERWA and LAVWMA. Division staff provides procurement support, including purchasing documentation, invoicing, and records management.

Field Operations

The Field Operations Division operates the District's potable water distribution, recycled water distribution, and wastewater collection systems. The Division's personnel conduct scheduled, unscheduled, and emergency maintenance and repairs of the District's facilities. The Division is also responsible for equipment installation, maintenance and resolving equipment issues with the District's advanced metering infrastructure (AMI) system.

Plant Operations

The Plant Operations Division operates the wastewater treatment plant, biosolids treatment facilities, the DERWA recycled water treatment facility and transmission system, and LAVWMA treated wastewater effluent disposal system, along with permitted emergency relief facilities. These various facilities are operated by State Water Resources Control Board (SWRCB) certified wastewater operators, ensuring that treatment complies with the waste discharge requirements set forth in the National Pollutant Discharge Elimination System (NPDES) permits and other applicable regulatory requirements.

Mechanical Maintenance

The Mechanical Maintenance Division provides predictive, preventative, corrective, and emergency mechanical maintenance for the wastewater treatment plant, potable water distribution system, recycled water distribution system, and DERWA and LAVWMA facilities. The Division also maintains the District's fleet of vehicles and provides facility maintenance for District administrative buildings.

Instrumentation, Controls, and Electrical

The Instrumentation, Controls, and Electrical (ICE) Division provides predictive, preventative, corrective, and emergency electrical maintenance for the wastewater treatment plant, potable water distribution system, recycled water distribution system and DERWA and LAVWMA facilities. The Division supports electrical and instrumentation maintenance, including Supervisory Control and Data Acquisition (SCADA), security systems, fire alarm systems, environmental controls systems, and power monitoring systems used across the District. Division staff also assist the Engineering Department with the design and construction of capital projects.

Regulatory and Environmental Compliance

The Regulatory Compliance Division ensures the District's adherence to all applicable regulations through monitoring, testing, permitting, inspections, and required reporting. The Division includes Laboratory and Environmental Compliance functions. The Laboratory is responsible for conducting the necessary testing for drinking water, recycled water, wastewater and groundwater used to measure compliance with applicable regulations. The District's laboratory is an accredited water and wastewater laboratory, and laboratory staff serve as the primary point of contact for District customers to answer questions on water quality. The Division also implements the District's Industrial Pretreatment and Pollution Prevention Program, Environmental Compliance Program, Recycled Water Program, and Backflow and Cross-Connection Program.

ACCOMPLISHMENTS, FY24 AND FY25

- Winner of the 2023 California Water Environment Association (CWEA) San Francisco Bay Section Collection System of the Year Award in the small system category.
- Completed the Spill Emergency Response Plan to comply with the State's revised sanitary sewer system waste discharge requirements.
- Completed the Sewer System Management Plan audit in compliance with the State Water Resources Control Board waste discharge requirements to regulate sanitary sewer systems.
- Installed four additional satellite manhole monitoring sensors in efforts to eliminate sewer overflows, optimize collection system cleaning, and accurately identify inflow and infiltration (I&I).
- Competed in the 2024 American Water Works Association California-Nevada Section (AWWA-CANV)'s "Pipe Tapping Challenge" and "Hydrant Hysteria".
- Prepared lead service line inventory in response to updates to the U.S. Environmental Protection Agency's Lead and Copper Rule. The project assessed approximately 380 homes built before 1986 in DSRSD's service area for the presence of lead in their water service lines.
- Completed testing of DSRSD/EBMUD emergency intertie to test the ability to convey water supply from EBMUD to DSRSD in the event of an emergency.
- Updated bacteriological sample siting plan to reflect the increase in service area population and associated procedural changes.
- Completed over 5,600 underground service alert (USA) tickets annually, within 48 hours of the request, to identify District infrastructure located underground in active construction areas and to ensure District assets are not damaged while work is occurring.
- Completed major update and implementation of the Electrical Safety Program, which describes the safety measures that protect District employees from the hazards of electrical work.
- Senior Quality Assurance Chemist, Heidi Birdsall, was awarded 2023 Laboratory Person of the Year for California Water Environment Association San Francisco Bay Section and for the state of California.

- Received accreditation from the California Environmental Laboratory Accreditation Program for 67 analytes in six fields of accreditation.
- Assisted the City of Pleasanton with processing drinking water samples under a task order to the Tri-Valley Intergovernmental Reciprocal Services Agreement.
- Participated in the San Francisco Estuary Institute/Bay Area Clean Water Agencies Per- and Polyfluoroalkyl Substances (PFAS) Phase 2 Study.
- Prepared the Regional Hydrogeology of Northwest Livermore Valley Groundwater Basin study evaluating PFAS in wastewater and recycled water operations.
- Reviewed and commented on the Third Nutrient Watershed Permit, which sets current and future nutrient limits for treated wastewater discharges to San Francisco Bay.
- Decommissioned Sewer Lift Station 2, a temporary lift station located in eastern Dublin, allowing wastewater to flow by gravity to the WWTP.
- Rebuilt two export pumps (Nos. 2 and 7) at the LAVWMA export pump station to maintain critical assets responsible for pumping treated wastewater to the East Bay Dischargers Authority outfall in the San Francisco Bay.
- Harvested over 1,750 dry tons of Class A biosolids from Facultative Sludge Lagoon No. 7 as part of the WWTPs biosolids disposal process.
- Constructed a bypass to alleviate flow restrictions at the WWTP's chlorine contact tank during the rainy season. This solution eliminated the need for rental equipment and associated costs and can remain in place for the duration of the wet weather season.



BUDGET TRENDS, FY26 AND FY27

Overall, the Operations Department budget includes modest increases (5.1% in FY26 and 3.9% in FY27) to accommodate rising personnel, materials, and contract costs. The budget reflects organizational changes recommended in the 2024 Workforce Study to meet business needs. These changes include the Field Operations Division returning to the Department after temporarily being relocated to the Engineering Department in 2023; the Utility Billing and Customer Services Field Technicians moving to the Field Operations Division so that all meter replacement functions are similarly grouped under one division; creation of a new Deputy Director of Operations that will be responsible for overseeing and managing all regulatory compliance areas and serving as a key resource to senior leadership on regulatory related issues; the Clean Water Program moving from the Engineering Department to the newly organized Regulatory Compliance Division to streamline and centralize regulatory functions; and workplace health and safety functions moving from the Operations Department to the newly created Safety, Security and Emergency Preparedness Division in the Administrative Services Department to centralize and group similar Districtwide functions. These organizational changes result in a net increase of three FTE positions to the Department (from 84 FTE to 87 FTE), which includes one new FTE position to support the new Regulatory Compliance Division.

Personnel costs for the Department have increased 8%, from roughly \$18.3 million in FY25 to \$19.7 and \$20.6 million in FY26 and FY27, respectively. These increases are primarily driven by benefit and UAL costs. Salary and benefit credits, which recognize when staff provide operation and maintenance services on behalf of a JPA (i.e., DERWA, LAVWMA) or for capital projects, have decreased by 6% (from \$1.7 million to \$1.6 million) based on the historical level of effort to serve JPA obligations and support capital projects.

FY26 projected materials expenses remain largely flat based on assumptions for a few major cost categories. Energy is the largest materials cost in the department budget, comprising half of the total materials expenses in FY26 (\$4.3 million). Based on projected Pacific Gas and Electric (PG&E) rate increases, natural gas cost estimates, and energy demand assumptions, the budget includes a 7% increase in energy costs over the adopted FY25 budget. Chemicals, which represent about 20% of the Department's materials costs in FY26 (\$1.7 million), are procured through the Bay Area Chemical Consortium to leverage purchasing power among regional agencies and ensure competitive pricing. The FY26 bid pricing for chemicals was favorable, resulting in lower increases than in previous years. Other large materials costs, such as WWTP equipment, water distribution system supplies, including meters, and mechanical and electrical supplies were evaluated and reduced to manage expenses.

Contracted services in FY26 are also assumed to remain similar to the FY25 budget (approximately \$4 million). Underground repair contract costs were previously authorized up to nearly \$1 million in FY25, with most of those expenses in the Water Fund. The FY26 budget reduces this expense to \$700,000 based on historic expenses. It is anticipated that underground repair services will be continually evaluated as the water system ages and that the work will be coordinated with capital replacement efforts.

OPERATING EXPENSES BY FUND	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Local Wastewater Enterprise	\$1,652,005	\$1,780,015	\$2,768,798	\$2,745,747	\$2,954,161
Local Wastewater Replacement	16,743	-	-	-	-
Regional Wastewater Enterprise	13,179,931	13,886,068	15,458,316	16,244,456	16,792,458
Water Enterprise	7,624,123	8,277,801	10,624,777	10,744,335	11,134,193
Water Replacement	110,860	-	-	-	-
Administrative Cost Center	617,503	533,859	926,645	1,557,174	1,642,626
Total	\$23,201,166	\$24,477,743	\$29,778,536	\$31,291,712	\$32,523,438
% Change		5.5%	21.7%	5.1%	3.9%

OPERATING EXPENSES BY DIVISION	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Operations Administration	\$838,983	\$557,512	\$858,961	\$1,707,231	\$1,810,670
Field Operations	6,272,742	6,998,814	9,477,504	9,074,061	9,557,452
Plant Operations	5,787,693	6,447,071	6,812,987	7,585,046	7,806,735
Mechanical Maintenance	4,156,420	4,342,592	5,245,596	5,316,802	5,518,919
Instrumentation, Controls & Electrical	3,050,768	2,637,327	3,322,094	3,347,956	3,477,631
Regulatory Compliance	3,094,561	3,494,426	4,061,394	4,260,616	4,352,031
Total	\$23,201,166	\$24,477,743	\$29,778,536	\$31,291,712	\$32,523,438
% Change		5.5%	21.7%	5.1%	3.9%

OPERATING EXPENSES BY CATEGORY	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Salaries & Benefits	\$14,724,015	\$15,771,274	\$18,277,676	\$19,724,524	\$20,597,162
CIP/JPA Labor Credits	(1,001,963)	(1,452,974)	(1,721,605)	(1,616,233)	(1,583,085)
Materials	6,492,524	7,127,332	8,786,953	8,781,071	8,969,398
Contracts	2,473,173	2,660,660	4,025,460	3,939,417	4,029,990
Others	513,417	371,451	410,052	462,933	509,973
Total	\$23,201,166	\$24,477,743	\$29,778,536	\$31,291,712	\$32,523,438
% Change		5.5%	21.7%	5.1%	3.9%

DEPARTMENT GOALS, FY26 AND FY27

- Complete the Laboratory Information Management System (LIMS) upgrade project and utilize electronic recordkeeping for analytical data.
- Comprehensively review and update Clean Water programs, including recycled water site inspections, backflow and cross connection testing, to align with current and future regulations.
- Establish a comprehensive water meter testing and replacement program to proactively manage the District's aging water meter infrastructure.
- Complete the Sewer System Management Plan (SSMP) update to comply with Statewide Waste Discharge Requirements.
- Increase the quantity of satellite manhole monitoring sensors on wastewater collection system manholes to remotely monitor pipeline capacity and provide early warning of potential spills.
- Amend Operations and Maintenance Agreement with LAVWMA to recognize current conditions and address associated roles and responsibilities.
- Prepare a comprehensive long-term fleet management plan which aligns with the District's Energy policy and business needs.
- Complete baseline readings for every rotating machine in District to transition to a fully predicitive maintenance system that refines basic manufacturing recommendations to recognize actual conditions and use of machinery.
- Support the Engineering Department in significant master planning efforts over the two-year period, including Water System Master Plan Update and Operations Plan Update, Wastewater Collection System Master Plan Update, and WWTP and Biosolids Master Plan Update.
- Standardize the use of maintenance work order management and equipment inventory management software across divisions.
- Centralize regulatory requirement task tracking in a single software to preserve data integrity and enable greater access to staff.
- Conduct real-time power monitoring on high energy assets to identify inefficiencies and optimize operations.

PERFORMANCE MEASURES

OPERATIONS DEPARTMENT	Objective	FY24 Actual	FY25 Estimate	FY26 Target	FY27 Target
Environmental Laboratory Compliance	Pass rate for all laboratory proficiency tests for all analytes accredited	100%	100%	100%	100%
	Average turnaround time from sample receipt in lab to sample reporting	8 Days	10 Days	10 Days	10 Days
Water System	% of potable and recycled distribution system valves exercised	10%	15%	20%	20%
	% of water meters remotely transmitting bi-monthly reads for billing	New	90%	95%	95%
	Number of drinking water distribution system violations	0	0	0	0
	% of dead-end water distribution system mains flushed	100%	100%	100%	100%
Wastewater Treatment Plant	Number of NPDES permit exceedances	0	0	0	0
	% of wastewater effluent recycled during dry-season (May-September)	65%	65%	60%	60%
	Number of odor complaints verified as attributable to District operations	3	<5	<5	<5
	% of WWTP electrical demand met with cogeneration engines	90%	90%	90%	90%
Wastewater Collection System	% of collection system pipelines inspected and assessed through closed-circuit television program	8%	10%	10%	10%
	% of collection system pipelines cleaned	13%	20%	20%	20%
	Number of sanitary sewer spills per 100 miles of pipeline	0.43	<1	<1	<1



OVERVIEW

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

OPERATING EXPENSES BY FUND	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Local Wastewater Enterprise	\$796,014	\$1,088,717	\$1,433,661	\$1,784,188	\$1,871,665
Local Wastewater Rate Stabilization	13,164	-	-	-	-
Local Wastewater Replacement	415,632	(100)	-	-	-
Regional Wastewater Enterprise	6,894,771	8,715,549	9,119,856	11,706,771	12,069,379
Regional Wastewater Rate Stabilization	13,164	-	-	-	-
Regional Wastewater Replacement	426,874	279,600	279,600	280,000	289,000
Regional Wastewater Expansion	3,580,676	3,583,047	3,581,322	3,580,784	3,581,215
Water Enterprise	22,382,340	25,084,147	27,598,093	29,892,797	31,208,746
Water Rate Stabilization	155,505	49,298	70,000	39,800	41,000
Water Replacement	200,894	75,738	242,000	538,000	651,000
Water Expansion	2,266,575	2,339,529	2,722,982	2,393,313	2,596,063
Administrative Cost Center	(4,231,835)	(4,727,618)	(5,934,150)	(7,866,172)	(8,128,686)
Other Post-Employment Benefits	(2,174)	-	-	-	-
DV Standby Assessment District	1,871,135	2,340,604	2,635,500	2,774,124	2,856,598
Total	\$34,782,735	\$38,828,510	\$41,748,864	\$45,123,605	\$47,035,980
% Change		11.6%	7.5%	8.1%	4.2%

OPERATING EXPENSES BY CATEGORY	FY23 Actual	FY24 Actual	FY25 Adopted	FY26 Budget	FY27 Budget
Salaries and Benefits	\$1,819,774	\$2,995,686	\$2,463,277	\$4,178,703	\$4,444,200
CIP/JPA Labor Credits	(2,174)	-	-	-	-
Materials	1,110,429	230,084	225,000	227,800	236,218
Contracts	2,656,481	3,347,695	3,652,000	4,140,809	4,395,794
Water Purchase	16,114,828	17,990,942	20,257,000	20,577,746	21,461,547
Contributions to JPAs	10,787,216	14,004,351	13,204,399	14,046,134	14,112,758
Debt Services	1,392,292	1,369,146	1,877,188	1,875,313	2,306,063
Others	903,889	(1,109,394)	70,000	77,100	79,400
Total	\$34,782,735	\$38,828,510	\$41,748,864	\$45,123,605	\$47,035,980
% Change		11.6%	7.5%	8.1%	4.2%

BUDGET TRENDS, FY26 AND FY27

Wholesale water purchases from Zone 7 Water Agency are the single largest expense in this budget. The District anticipates spending \$20.6 million in FY26 and \$21.5 million in FY27 on water purchases as a result of Zone 7 rate adjustments, customer growth, and a slight increase in post-drought water consumption. The budget also reflects significant increases to the District's pension and OPEB contributions. The Dougherty Valley State Water Project pass-through charges continue to increase based on cost projections by Zone 7 Water Agency. General liability insurance projected to increase 50% in FY26, and another 18% in FY27. The DVSAD charge and general liability insurance make up to 90% of the Contracts expense category.

Debt service expenses are budgeted for principal and interest payments to adjust working capital for forecasting needs.



APPENDIX

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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. 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's financial policies are summarized below, and their entirety can be found on our website at www.dsrsd.com/about-us/district-policies.

Budget Accountability

This policy establishes controls and monitoring for Operations and Capital Improvement Program Budgets. In the Operating budget, the General Manager is responsible for ensuring that total fund expenses do not exceed the total fund budget, except as otherwise permitted by other policy(ies). The General Manager is also authorized to approve expenditures and transfers in compliance with the Operating Budget's approving resolution, which outlines the budgetary objectives set by the Board.

In the CIP budget, 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 policy(ies). The General Manager is also authorized to approve expenditures and transfers in compliance with the CIP Budget's approving resolution, which outlines the budgetary objectives set by the Board.

Financial reports are distributed to the Board and management on a quarterly basis.

Capital Assets

This policy defines capital assets, depreciation, and amortization for regular audits of the District's accounts and financial records. There are two types of capital assets: 1) Depreciable Water and Wastewater Facilities and Equipment and 2) Subscription-Based IT Arrangements (SBITAs).

Capital Financing and Debt Management

This policy establishes parameters for issuing and managing debt. The District will only use debt financing to purchase or build capital assets that cannot be acquired from either current revenues or above-minimum 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.

Consolidated Water Enterprise Fund

This policy directs potable water and recycled water to be managed as consolidated funds for operations, replacement, and expansion.

In support of its mission, the District is committed to planning, designing, constructing, operating and maintaining the District's water system 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. 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 and the investments made by the District into the potable and recycled water systems.

Discontinuation of Residential Water Service for Nonpayment

This policy defines the conditions and procedures for discontinuing residential water service due to account holders' nonpayment of water charges and authorizes the General Manager to approve the discontinuation.

- (a) Per DSRSD Code §4.40.140, the utility bills are due upon receipt and past due 30 days from the billing date.
- (b) Once past due, late fees and/or interest charges will be added to the unpaid balance, and a "Late Payment Notice" will be mailed.
- (c) If the utility bill remains unpaid 23 days after the "Late Payment Notice", a telephonic contact with the account holder will be attempted, after which, a "Final Notice" will be mailed to the account holder. If payment is not received within 7 days of the Final Notice's delivery, the utility service may be discontinued without further notification attempts.

Upon receipt of a "Late Payment Notice" an account holder can request a payment arrangement, a temporary deferment, or a "payment plan."

Water service shall not be discontinued for nonpayment if the account holder meets all the conditions of special medical and finance circumstances set forth in the Policy.

Financial Reserves

This policy 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, and emergency and operating reserves. These funds can be utilized at the discretion of the District. The Board can change designated reserve levels at any time.

Investment

This policy directs public funds to be invested in a prudent manner in conformance with state and local statutes, specifically California Government Code (GC) Section 53600 et seq. The District invests public funds in a manner which will provide the maximum security (safety), meet daily cash flow demands of the entity (liquidity), and obtain the highest investment return (yield), while conforming to all state and local statutes governing the investment of public funds and other legal investment requirements.

Project Cost Allocation

This policy 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. 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.

Rate Policies and Guidelines

This policy provides guidance and consistency in decision-making for developing and adopting rates. This policy guides decision-making for developing and adopting rates using a generally-accepted methodology that provides financial stability, achieves rate stability, ensures public well-being and safety, and considers rate impacts.

Surplus Personal Property

This policy provides guidance on the determination and disposal of surplus personal property. The District endeavors to dispose of surplus personal property in a manner that returns the value of that property to the associated rate payers in a way that is simple to administer. The General Manager, or designee, is authorized to declare personal property as surplus and is responsible for establishing and maintaining proper disposal procedures, as well as adhering to the priority of disposition set forth in the Policy.

Utility Billing Leak Adjustments

The policy authorizes the General Manager to make utility billing leak adjustments related to excess consumption arising from leaks on the customer side of the meter, after certain criteria are met. The purpose is to motivate customers to respond to leaks promptly and to provide financial assistance to customers who experienced significantly higher than normal bills as a result of a leak. This policy is specifically for residential water leaks only.

GLOSSARY

AF: Acre Foot

ACWA: Association of California Water Agencies

Accrual Basis of Accounting: The basis of accounting in which revenue is recorded when earned and expenses are recorded when obligated, regardless of when the cash is received or paid

Allocation: A distribution of funds or costs from one account or appropriation to one or more accounts or appropriations

Amendment: A proposed or accepted change to the budget

AMP: Asset Management Program

Appropriation: Authorization to make expenses or incur liabilities from a specific fund for a specific purpose, usually limited in amount and period during which the expense is to be incurred

Audit: A review of financial statements to determine conformity or compliance with applicable laws, regulations, and/or standards

AWWA: American Waterworks Association

Annual Comprehensive Financial Report (ACFR): A set of financial statements comprising the financial report of a state, municipal or other governmental entity that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board (GASB)

Benefits or Staff Benefits: An object of expense representing the District costs of contributions for employees' retirement, health benefits, and nonindustrial disability leave benefits

CalPERS: California Public Employees' Retirement System

Capital Improvement Program (CIP): A capital investment plan to maintain and enhance DSRSD's infrastructure

Carryover: The unencumbered balance of appropriation available for expense in years subsequent to the year of enactment

CASA: California Association of Sanitation Agencies

Cash Basis: The basis of accounting that records receipts and disbursements when cash is received or paid

Cash Flow Statement: A statement of cash receipts and disbursements for a specified period of time; amounts recorded as accruals, which do not affect cash, are not reflected in this statement

Central San: Central Contra Costa Sanitary District

CCF: Hundred cubic feet

CERBT: California Employers' Retiree Benefit Trust

CMMS: Computerized Maintenance Management System

Consumer Price Index (CPI): The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services which is issued by the U.S. Bureau of Labor Statistics

- https://www.bls.gov/regions/west/ca_sanfrancisco_msa.htm
- https://www.bls.gov/regions/west/news-release/consumerpriceindex_sanfrancisco.htm

Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W): A monthly measure of the average change over time in the prices paid by urban wage earners and clerical workers for a market basket of consumer goods and services

Cost-of-Living Adjustments (COLA): Increases provided per Memorandum of Understanding between the District and each of the bargaining units to ensure that the purchasing power of employees' compensation is not eroded by inflation

CSDA: California Special Districts Association

CSMFO: The California Society of Municipal Finance Officers

CWEA: California Water Environment Association

Debt Service: The amount of money required to pay interest on outstanding bonds and the principle of maturing bonds

Deficit – Budget Shortfall: A deficit that occurs when the District's spending exceeds its revenues

DERWA: DSRSD-EBMUD Recycled Water Authority

DLD: Dedicated Land Disposal

DUE: Dwelling Unit Equivalent

DVSAD: Dougherty Valley Standby Assessment District

EBMUD: East Bay Municipal Utility District

Encumbrance: The commitment of all or part of an appropriation for future expenditures; encumbrances are tied to either a purchase order or a contract and are subtracted from the available budget

EOC: Emergency Operations Center

Expense Category: A grouping of related types of expenditures, such as Salaries and Benefits, Materials, Contracts, and Other Expenses

FDIC: Federal Deposit Insurance Corporation

FAA: Financing Administrative Agreement

Fiscal Year (FY): A 12-month period, beginning on July 1 and ending the following June 30, period during which income is earned and received, obligations are incurred, encumbrances are made, appropriations are expended, and for which other fiscal transactions are recorded

FSL: Facultative Sludge Lagoon

FTE: Full-Time Equivalent

Fund: A legal budgeting and accounting entity that provides for the segregation of moneys or other in accordance with specific restrictions or limitations; a separate set of accounts must be maintained for each fund to show its assets, liabilities, reserves, and balance, as well as its income and expenditures

Fund Balance: Excess of a fund's assets over its liabilities

GAAP: Generally Accepted Accounting Principles

GASB: The Governmental Accounting Standards Board

GIS: Geographic Information System

Grants: Typically used to describe amounts of money received by an organization for a specific purpose but with no obligation to repay (in contrast to a loan, although the award may stipulate repayment of funds under certain circumstances)

Indirect Costs: Costs which by their nature cannot be readily associated with a specific organization unit or program, which are distributed to the organizational unit(s) or program(s) which benefit from their incurrence

JPA: Joint Powers Authority

LAIF: Local Agency Investment Fund

LAVWMA: Livermore-Amador Valley Water Management Agency

Limited-Term Position (LT): Any position that has been authorized only for a specific length of time with a set termination date; limited-term positions may be authorized during the budget process

MGD: Million Gallons per Day

MOU: Memorandum of Understanding

Object of Expense (Objects): The six-digit code assigned to each classification of expenses based on the type of goods or services received

One-Time Cost: A proposed or actual expense that is non-recurring (usually only in one annual budget) and not permanently included in baseline expense

OPEB: Other Post-Retirement Employment Benefits

O&M: Operations & Maintenance

Organization Code: The eight-digit code assigned to each division and its programs for financial system purposes

Overhead: Those elements of cost necessary in the service delivery that are of such a nature that the amount applicable to the service cannot be determined directly and may not become an integral part of the finished service, such as rent, heat, light, supplies, management, or supervision

PEPRA: Public Employees' Pension Reform Act

Pooled Money Investment Account (PMIA): A State Treasurer's Office accountability account maintained by the State Controller's Office to account for short-term investments purchased by the State Treasurer's Office as designated by the Pooled Money Investment Board on behalf of various funds

Prior Year: The most recently completed fiscal year

Reimbursements: An amount received as payment for the cost of services performed, or of other expenses made for, or on behalf of, another entity (e.g., one department reimbursing another for administrative work performed on its behalf)

RPM: Replacement Planning Model

Revenue: Any addition to cash or other current assets that does not increase any liability or reserve and does not represent the reduction or recovery of an expense (e.g., reimbursements)

Salary Savings: The estimated or actual personnel cost savings resulting from all authorized positions not being filled at the budgeted level due to absences, turnovers (which results in vacancies and downward reclassifications), and processing time when hiring for new positions

SSMP: Sewer System Management Plan

S&P: Standard & Poor's

SCADA: Supervisory Control and Data Acquisition

SWP: State Water Project

SWRCB: State Water Resources Control Board

Transfers: The movement of resources from one fund to another based-on Board's authorization

UAL: Unfunded Actuarial Liability

USA: Underground Service Alert

UWMP: Urban Water Management Plan

WWTP: Wastewater Treatment Plant

Working Capital: Current assets less current liabilities, which indicates the relatively liquid portion of total enterprise fund capital that constitutes a margin or buffer for meeting obligations

CONSOLIDATED DEBT SCHEDULE

Fiscal Year	LAVWMA 2021 Sewer Revenue Refunding Bonds (DSRSD & City of Pleasanton Portion) ¹			DERWA State Loan (DSRSD Portion)			2017 Water Revenue Refunding Bonds		
	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service
2024-25	\$3,554,413	\$1,242,709	\$4,797,122	\$817,232	\$28,562	\$845,794	\$525,000	\$1,352,188	\$1,877,188
2025-26	3,698,755	1,097,646	4,796,401	403,902	10,098	414,000	550,000	1,325,313	1,875,313
2026-27	3,850,313	946,665	4,796,978				1,020,000	1,286,063	2,306,063
2027-28	4,009,089	789,477	4,798,566				1,360,000	1,226,563	2,586,563
2028-29	4,171,474	625,865	4,797,339				1,420,000	1,157,063	2,577,063
2029-30	4,341,075	455,614	4,796,689				1,495,000	1,084,188	2,579,188
2030-31	4,517,893	278,435	4,796,328				1,570,000	1,007,563	2,577,563
2031-32	4,701,929	94,039	4,795,968				1,645,000	927,188	2,572,188
2032-33							1,725,000	842,938	2,567,938
2033-34							1,815,000	754,438	2,569,438
2034-35							1,905,000	661,438	2,566,438
2035-36							1,995,000	563,938	2,558,938
2036-37							2,100,000	461,563	2,561,563
2037-38							2,200,000	354,063	2,554,063
2038-39							2,290,000	263,281	2,553,281
2039-40							2,355,000	190,703	2,545,703
2040-41							2,425,000	116,016	2,541,016
2041-42							2,500,000	39,063	2,539,063
Total	\$32,844,941	\$5,530,450	\$38,375,391	\$1,221,134	\$38,660	\$1,259,794	\$30,895,000	\$13,613,563	\$44,508,563

¹ DSRSD budgets for both the District's and Pleasanton's share of debt because the District collects the regional sewer charges and capacity reserve fees.

FY26 OPERATING BUDGET	Local Wastewater Enterprise	Local Wastewater RSF	Local Wastewater Replacement	Local Wastewater Expansion	Regional Wastewater Enterprise	Regional Wastewater RSF	Regional Wastewater Replacement	Regional Wastewater Expansion	Water Enterprise	Water RSF	Water Replacement	Water Expansion	Administrative Cost Center	OPEB	DVSAD	Total
	200	205	210	220	300	305	310	320	600	605	610	620	900	965	995	
Projected Beginning Working Capital	1,941,098	1,843,221	9,945,548	9,869,053	8,982,493	11,186,317	38,487,237	47,228,860	10,909,470	10,086,969	39,324,848	51,172,733	(69,661)	1,292,196	201,980	242,402,361
Revenues:																
Zone 7 Revenue (413030)	-	-	-	-	-	-	-	-	20,869,600	-	-	-	-	-	-	20,869,600
DSRSD Fixed Charge (413030)	-	-	-	-	-	-	-	-	10,040,700	-	-	-	-	-	-	10,040,700
DSRSD Potable Revenue (413030)	-	-	-	-	-	-	-	-	7,169,800	-	-	-	-	-	-	7,169,800
DSRSD Recycled Revenue (413032)	-	-	-	-	-	-	-	-	5,912,400	-	-	-	-	-	-	5,912,400
Power Charge Revenue (413033)	-	-	-	-	-	-	-	-	1,067,300	-	-	-	-	-	-	1,067,300
Dublin Sewer Service Charge (411010)	4,138,300	-	-	-	10,459,900	-	-	-	-	-	-	-	-	-	-	14,598,200
San Ramon Sewer Service Charge (411012)	1,049,141	-	-	-	2,262,246	-	-	-	-	-	-	-	-	-	-	3,311,387
Pleasanton Sewer Service Charge (411011)	-	-	-	-	12,319,374	-	-	-	-	-	-	-	-	-	-	12,319,374
Pretreatment/Lab Tests (412010-412011)	-	-	-	-	165,000	-	-	-	-	-	-	-	-	-	-	165,000
Subtotal Service Charges	5,187,441	-	-	-	25,206,520	-	-	-	45,059,800	-	-	-	-	-	-	75,453,761
Other Revenues	454,212	-	-	-	2,799,000	-	-	-	1,148,156	1,013,000	-	-	3,551,000	-	2,771,124	11,736,492
Interest	69,000	55,000	288,000	292,000	234,000	328,000	1,212,000	1,403,000	230,000	444,000	1,081,000	1,614,000	-	-	3,000	7,253,000
Subtotal Operating Revenues	5,710,653	55,000	288,000	292,000	28,239,520	328,000	1,212,000	1,403,000	46,437,956	1,457,000	1,081,000	1,614,000	3,551,000	-	2,774,124	94,443,253
Capacity Reserve Fees	-	-	664,859	20,440	-	-	1,453,866	3,514,675	-	-	2,707,387	3,301,009	-	-	-	11,662,236
Total Revenues	5,710,653	55,000	952,859	312,440	28,239,520	328,000	2,665,866	4,917,675	46,437,956	1,457,000	3,788,387	4,915,009	3,551,000	-	2,774,124	106,105,489
Expenses:																
Salaries and Benefits	3,113,557	-	-	-	11,552,293	-	-	-	8,876,270	-	-	-	9,176,655	-	-	32,718,775
CalPERS Unfunded Accrued Liability (UAL)	286,116	-	-	-	1,060,470	-	-	-	815,117	-	-	-	-	-	-	2,161,703
OPEB Retiree Medicals/Dental	196,566	-	-	-	716,472	-	-	-	553,962	-	-	-	-	-	-	1,467,000
OPEB Retiree Medical/Dental Allocation	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,467,000)	-	(1,467,000)
OPEB Actuarially Determined Contribution (ADC)	66,178	-	-	-	245,286	-	-	-	188,536	-	-	-	-	-	-	500,000
Staff Time Charged to Projects/JPAs	(80,608)	-	-	-	(1,856,375)	-	-	-	(931,323)	-	-	-	(166,808)	-	-	(3,035,114)
Chemicals	600	-	-	-	1,532,900	-	-	-	177,500	-	-	-	-	-	-	1,711,000
Gas & Electric	22,000	-	-	-	2,349,432	-	-	-	1,900,000	-	-	-	125,550	-	-	4,396,982
Other Materials	158,396	-	-	-	1,570,600	-	-	-	1,018,693	-	-	-	310,995	-	-	3,058,684
Water Purchase	-	-	-	-	-	-	-	-	20,577,746	-	-	-	-	-	-	20,577,746
Contracts	443,310	-	-	-	2,162,839	-	-	-	2,100,623	-	-	-	3,347,211	-	2,774,124	10,828,107
Contribution to JPA	-	-	-	-	4,939,350	-	280,000	3,580,784	4,190,000	-	538,000	518,000	-	-	-	14,046,134
Allocated Costs	1,235,328	-	-	-	4,578,668	-	-	-	3,519,336	-	-	-	(9,333,332)	-	-	-
Other	73,550	-	-	-	349,565	-	-	-	430,191	39,800	-	-	90,729	1,467,000	-	2,450,835
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	1,875,313	-	-	1,875,313
Total Expenses	5,514,993	-	-	-	29,201,500	-	280,000	3,580,784	43,416,651	39,800	538,000	2,393,313	3,551,000	-	2,774,124	91,290,165
Capital Projects - Proposed Fund Limits	-	-	2,444,737	258,650	-	-	19,747,588	1,794,350	-	-	13,571,651	7,750,120	-	-	-	45,567,096
Operating Surplus/ (Deficits)	195,660	55,000	(1,491,878)	53,790	(961,980)	328,000	(17,361,722)	(457,459)	3,021,305	1,417,200	(10,321,264)	(5,228,424)	-	-	-	(30,751,772)
Transfers In:																
Capital Replacement Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,000,000
5th Supplemental Agreement	-	-	-	-	-	-	-	-	458,000	-	-	-	-	-	-	458,000
Water Rate Study	-	-	-	-	-	-	-	-	2,100,000	-	-	-	-	-	-	2,100,000
Total Transfers In	-	-	-	-	-	-	-	-	2,558,000	-	4,000,000	-	-	-	-	6,558,000
Transfers Out:																
Capital Replacement Transfers	-	-	-	-	-	-	-	-	4,000,000	-	-	-	-	-	-	4,000,000
5th Supplemental Agreement	-	-	-	-	-	458,000	-	-	-	-	-	-	-	-	-	458,000
Water Rate Study	-	-	-	-	-	-	-	-	-	-	-	-	2,100,000	-	-	2,100,000
Total Transfers Out	-	-	-	-	458,000	-	-	-	4,000,000	-	-	2,100,000	-	-	-	6,558,000
Net Increase/ (Decrease)	195,660	55,000	(1,491,878)	53,790	(1,419,980) </td											

FY27 OPERATING BUDGET	Local Wastewater Enterprise	Local Wastewater RSF	Local Wastewater Replacement	Local Wastewater Expansion	Regional Wastewater Enterprise	Regional Wastewater RSF	Regional Wastewater Replacement	Regional Wastewater Expansion	Water Enterprise	Water RSF	Water Replacement	Water Expansion	Administrative Cost Center	OPEB	DVSAD	Total
	200	205	210	220	300	305	310	320	600	605	610	620	900	965	995	
Projected Beginning Working Capital	2,136,758	1,898,221	8,453,670	9,922,843	7,562,513	11,514,317	21,125,515	46,771,401	12,488,775	11,504,169	33,003,584	43,844,309	(69,661)	1,292,196	201,980	211,650,589
Revenues:																
Zone 7 Revenue (413030)	-	-	-	-	-	-	-	-	21,748,000	-	-	-	-	-	-	21,748,000
DSRSD Fixed Charge (413030)	-	-	-	-	-	-	-	-	10,466,000	-	-	-	-	-	-	10,466,000
DSRSD Potable Revenue (413030)	-	-	-	-	-	-	-	-	7,471,700	-	-	-	-	-	-	7,471,700
DSRSD Recycled Revenue (413032)	-	-	-	-	-	-	-	-	6,092,000	-	-	-	-	-	-	6,092,000
Power Charge Revenue (413033)	-	-	-	-	-	-	-	-	1,109,600	-	-	-	-	-	-	1,109,600
Dublin Sewer Service Charge (411010)	4,373,450	-	-	-	10,972,400	-	-	-	-	-	-	-	-	-	-	15,345,850
San Ramon Sewer Service Charge (411012)	1,080,594	-	-	-	2,330,069	-	-	-	-	-	-	-	-	-	-	3,410,663
Pleasanton Sewer Service Charge (411011)	-	-	-	-	12,747,318	-	-	-	-	-	-	-	-	-	-	12,747,318
Pretreatment/ Lab Tests (412010-412011)	-	-	-	-	169,000	-	-	-	-	-	-	-	-	-	-	169,000
Subtotal Service Charges	5,454,044	-	-	-	26,218,787	-	-	-	46,887,300	-	-	-	-	-	-	78,560,131
Other Revenues	354,196	-	-	-	2,882,000	-	-	-	1,093,185	1,034,040	-	-	3,735,000	-	2,853,598	11,952,019
Interest	74,000	59,000	312,000	316,000	253,000	355,000	1,312,000	1,518,000	249,000	481,000	1,170,000	1,746,000	-	-	3,000	7,848,000
Subtotal Operating Revenues	5,882,240	59,000	312,000	316,000	29,353,787	355,000	1,312,000	1,518,000	48,229,485	1,515,040	1,170,000	1,746,000	3,735,000	-	2,856,598	98,387,957
Capacity Reserve Fees	-	-	788,224	24,233	-	-	1,670,628	3,974,142	-	-	3,431,559	4,169,366	-	-	-	14,058,152
Total Revenues	5,882,240	59,000	1,100,224	340,233	29,353,787	355,000	2,982,628	5,492,142	48,229,485	1,515,040	4,601,559	5,915,366	3,735,000	-	2,856,598	112,418,302
Expenses:																
Salaries and Benefits	3,243,517	-	-	-	12,108,655	-	-	-	9,267,241	-	-	-	9,558,403	-	-	34,177,816
CalPERS Unfunded Accrued Liability (UAL)	316,303	-	-	-	1,179,584	-	-	-	903,113	-	-	-	-	-	-	2,399,000
OPEB Retiree Medical, Dentals	204,496	-	-	-	749,947	-	-	-	577,557	-	-	-	-	-	-	1,532,000
OPEB Retiree Medical, Dentals Allocation	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,532,000)	-	(1,532,000)
OPEB Actuarially Determined Contribution (ADC)	65,924	-	-	-	245,849	-	-	-	188,227	-	-	-	-	-	-	500,000
Staff Time Charged to Projects/JPAs	(76,852)	-	-	-	(1,888,627)	-	-	-	(956,310)	-	-	-	(130,976)	-	-	(3,052,765)
Chemicals	618	-	-	-	1,609,417	-	-	-	211,503	-	-	-	-	-	-	1,821,538
Gas & Electric	23,100	-	-	-	2,419,917	-	-	-	2,005,000	-	-	-	134,800	-	-	4,582,817
Other Materials	161,475	-	-	-	1,514,503	-	-	-	977,543	-	-	-	304,389	-	-	2,957,910
Water Purchase	-	-	-	-	-	-	-	-	21,461,547	-	-	-	-	-	-	21,461,547
Contracts	506,466	-	-	-	2,075,109	-	-	-	2,079,104	-	-	-	3,522,723	-	2,856,598	11,040,000
Contribution to JPA	-	-	-	-	4,941,543	-	289,000	3,581,215	4,360,000	-	651,000	290,000	-	-	-	14,112,758
Allocated Costs	1,284,942	-	-	-	4,791,906	-	-	-	3,668,778	-	-	-	(9,745,626)	-	-	-
Other	75,787	-	-	-	375,093	-	-	-	456,141	41,000	-	-	91,287	1,532,000	-	2,571,308
Debt Service	-	-	-	-	-	-	-	-	-	-	-	2,306,063	-	-	-	2,306,063
Total Expenses	5,805,776	-	-	-	30,122,896	-	289,000	3,581,215	45,199,444	41,000	651,000	2,596,063	3,735,000	-	2,856,598	94,877,992
Capital Projects - Proposed Fund Limits	-	-	3,165,670	89,900	-	-	8,027,000	718,050	-	-	19,264,380	15,389,019	-	-	-	46,654,019
Operating Surplus/ (Deficits)	76,464	59,000	(2,065,446)	250,333	(769,109)	355,000	(5,333,372)	1,192,877	3,030,041	1,474,040	(15,313,821)	(12,069,716)	-	-	-	(29,113,709)
Transfers In:																
Capital Replacement Transfers	-	-	-	-	-	-	1,000,000	-	-	-	4,120,000	-	-	-	-	5,120,000
5th Supplemental Agreement	-	-	-	-	-	-	-	-	439,000	-	-	-	-	-	-	439,000
Total Transfers In	-	-	-	-	-	-	1,000,000	-	439,000	-	4,120,000	-	-	-	-	5,559,000
Transfers Out:																
Capital Replacement Transfers	-	-	-	-	1,000,000	-	-	-	4,120,000	-	-	-	-	-	-	5,120,000
5th Supplemental Agreement	-	-	-	-	439,000	-	-	-	-	-	-	-	-	-	-	439,000
Total Transfers Out	-	-	-	-	1,439,000	-	-	-	4,120,000	-	-	-	-	-	-	5,559,000
Net increase (decrease)	76,464	59,000	(2,065,446)	250,333	(2,208,109)	355,000	(4,333,372)	1,192,877	(650,959)	1,474,040	(11,193,821)	(12,069,716)	-	-	-	(29,113,709)
Projected Ending Working Capital	2,213,222	1,957,221	<													

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ADOPTED OPERATING BUDGET

Fiscal Years

2026 and 2027



**Dublin San Ramon
Services District**

Water, wastewater, recycled water

7051 Dublin Boulevard
Dublin, CA 94568

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