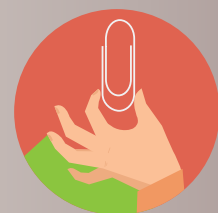
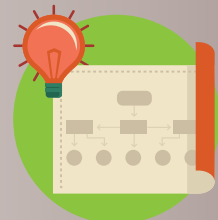
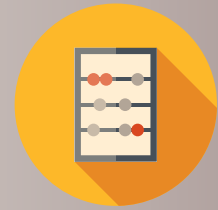


OPERATING BUDGETS

FOR FYE 2016 AND 2017



**Dublin San Ramon
Services District**

Water, wastewater, recycled water

7051 Dublin Blvd., Dublin, CA 94568

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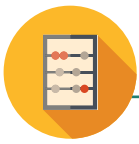
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June 30, 2015

To the Board of Directors and Dublin San Ramon Services District customers:

I am pleased to present the approved operating budgets for the Dublin San Ramon Services District for fiscal years ending (FYE) 2016 and 2017. Since the economic turmoil of 2009, the District has worked hard to stabilize and strengthen our financial condition. The budget, as presented, reflects the continued stability of the local economy and the results of the financial improvements the District has implemented during the past few years. As a result of a strengthened financial position, the District has been able to payoff outstanding regional bank bond debt through early redemption, adopt a payment schedule to fully fund CALPERS pension liabilities within four years, and maintain a fully funded OPEB.

The O&M budget of \$52.94M for FYE 2016 is essentially flat compared to the approved budget for FYE 2015 of \$53.05M. The FYE 2017 budget of \$53.86M represents a 1.52% increase over the projected spending for FYE 2015. Projections used in this budget are the result of several levels of review by staff, management, and the Board of Directors (Board). Cost increases have been limited as much as possible to essential projects or services. Expenses are balanced by anticipated increases in revenue and the prudent use of reserves.

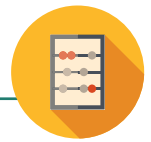
Challenges

The District faces many of the same budgetary challenges as other businesses and municipalities. In addition to normal cost increases, some additional challenges impacting this budget cycle are listed below.

Growth—Growth projections for FYE 2016 and FYE 2017 are based on forecasts provided by the Cities of Dublin and San Ramon and developers. The projected number of capacity reserve fees (connections) to be collected are in line with actual new connections during the last three years. While development has increased since 2009, it has not returned to levels seen in the past. The District remains cautiously optimistic based on recent increases in home sales that the number of new connections will be achieved during the budget period.

The number of new connections directly impacts the working capital available for the various expansion funds that pay for the Capital Improvement Program (CIP). CIP spending, which is outlined in detail in the CIP Budget for FYE 2016 and FYE 2017 document, includes all projects essential for safety and reliability and is balanced with growth demands. Future projects have been aligned with growth projections. The Water Expansion and Regional Expansion funds are also responsible for debt payments related to prior expansion projects.

For this budget cycle, the District projects a modest growth in new development. New local wastewater connections are estimated at 310 dwelling unit equivalents (DUEs) in FYE 2016 and 556 DUEs for FYE 2017. Regional wastewater connections (excluding Pleasanton) is estimated at 344 DUEs in FYE 2016 and 591 in FYE 2017. Water connections are estimated at 327 DUEs in FYE 2016 and 376 in FYE 2017.



Water Revenues—The District has ensured its financial integrity and reduced its potable water demand during California’s ongoing drought emergency through a prudent drought response program, decades of investment in recycled water infrastructure, and adoption of Water Shortage Condition rates. Long term, Zone 7, the District’s wholesale potable water supplier, may be unable to meet retailer demand. The District has adopted a strategic plan goal to increase water supply reliability by diversifying its supply portfolio.

In accordance with the Water Conservation Act of 2009 (Senate Bill X7-7), which establishes water reduction targets (20% by 2020), and because so much water conservation involves permanent changes (increased usage of recycled water, low flow water fixtures in new construction, smaller lots, etc.), assumptions are that water usage will not return to “previous normal” levels. A conservative water consumption level has been used to develop the water revenue budget.

Cost Increases—In addition to the unusual events noted above, the District must plan for normal cost increases for fuel, chemicals, and power; agreed upon salary increases, higher costs for employee benefits, rising premiums for property and liability insurance, and general inflationary pressures. Zone 7 Water Agency, the District’s wholesale potable water supplier, adopted rate increases of 3.0% for calendar year 2015 and 2016. As a result of federal monitoring requirements for large banks, the District’s banking fees have also increased.

Partnership Obligations—The DSRSD-EBMUD Recycled Water Authority (DERWA) is the District’s recycled water partnership with the East Bay Municipal Utility District (EBMUD). The District is in a long-term contract to operate DERWA facilities. The costs of operating the DERWA facilities are borne by the members of the DERWA joint powers authority (JPA) and are billed to the District in accordance with a cost-sharing agreement. The DERWA budget has been approved by its Board, and the District’s share of costs are included in the DSRSD budget as operating costs.

The District is also a member of the Livermore-Amador Valley Water Management Agency (LAVWMA). This JPA is responsible for the disposal of wastewater from DSRSD and the cities of Livermore and Pleasanton. LAVWMA develops a budget that is approved by its Board. DSRSD costs (for Dublin, South San Ramon, and Pleasanton under contract) are included in the District’s budget.

Rate Implications

The rates charged to customers are driven by projected revenues, expenses, and working capital balances of the District’s three enterprise funds: Local Wastewater Collection, Regional Wastewater Treatment, and Water. Rates are annually adjusted by the Consumer Price Index. Section 53756(a) of the Government Code (Prop 218) limits adjustments for inflation for a period not to exceed five years.

Local Wastewater Collection – Local Wastewater (Local) rates were first adjusted by CPI in July 2011 with the last eligible adjustment in July 2016. Per strategic work plan item 1.01.04, the District will prepare a local rate study in FYE 2016. Staff will prepare a ten-year cash flow projection for the Local Wastewater Collection system and evaluate the adequacy of the rates currently in effect. Local Operations funds reflect minor losses for each year of the budget cycle, but remain above policy working capital minimums. Updated data from the District’s asset management program will be utilized to set future replacement transfers. Staff will also evaluate the adequacy of capacity reserve fee revenue and overall funding requirements per the [Financial Reserves policy \(P400-15-1\)](#).



Regional Wastewater Treatment – Regional Wastewater (Regional) rates were first adjusted by CPI in July 2011 with the last eligible adjustment in July 2016. A Comprehensive Regional Sewer Rate Study was last completed in March 2010 and the District has included the preparation of a new study in its Strategic Plan for FYE 2016 (work plan item 1.01.03). Regional Operations funds are projected to have an operating surplus over the next few years with current rates and maintain working capital balances above policy minimums.

Water – The budget was developed under “normal” conditions (rates and consumption). Implementation of water shortage condition rates to address the ongoing drought will be adopted through separate Board action. Water shortage condition rates are developed to provide sufficient revenue to cover fixed operating costs and fund necessary conservation programs. A Comprehensive Water Rate Study was last completed in January 2013, which allows for adjustments for inflation through January 2018. Water Operations funds are projected to have slight operating surpluses over the next few years with current rates and maintain working capital balances above policy minimums.

Awards and Acknowledgements

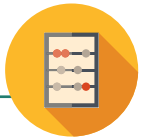
Since 2007, the District’s budget documents have consistently received the Operating Budget Excellence Award from the California Society of Municipal Finance Officers (CSMFO). The current budget document is believed to conform with program requirements and will be submitted to determine award eligibility.

This budget reflects the current strategic initiatives approved by the Board. Staff believes this budget is reasonable and continues to provide for a safe and reliable system while tempering the need to increase customer rates. The District has historically demonstrated its commitment to control costs, improve efficiency, and maintain competitive rates in the Tri-Valley. This budget continues the District’s tradition of meeting all regulatory requirements in planning, designing, building, operating, and maintaining facilities. We also continue a tradition of fiscal responsibility, recognizing that the cost of District services impacts the community, balanced with the need to maintain prudent reserves to sustain our physical assets. With the resources provided in this budget, the District can continue to focus on customers, work in an environmentally friendly manner, establish and maintain partnerships with other organizations, and foster a positive environment for employees.

In closing, I would like to thank the staff of the Public Information and Accounting Divisions, whose diligence and dedication were instrumental in the preparation of this budget document. I also want to express my appreciation to the staff throughout the District who assisted and contributed to the development of this budget. Finally, I would like to acknowledge the support of the DSRSD Board of Directors for its dedication to serving customers well by maintaining strong financial principles.

Respectfully submitted,

Bert Michalczyk
General Manager



*California Society of
Municipal Finance Officers*

Certificate of Award

***Operating Budget Excellence Award
Fiscal Year 2014***

Presented to the

Dublin San Ramon Services District

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

February 11, 2014



Pauline Marx
CSMFO President

Ken Brown, Chair
Professional Standards and
Recognition Committee

Dedicated Excellence in Municipal Financial Reporting



RESOLUTION NO. 43-15

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT
ADOPTING THE ANNUAL OPERATING BUDGETS FOR FISCAL YEARS ENDING 2016 AND 2017

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

WHEREAS, the budgets as presented provide a financial plan that supports the Board's policy objectives for the next two fiscal years as expressed in the District Strategic Plan; and

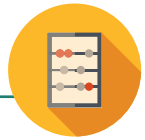
WHEREAS, said budgets incorporate expenditures for operating the District to efficiently provide reliable and sustainable water and wastewater services to the communities we serve in a safe, efficient and environmentally responsible manner; and

WHEREAS, on May 5, 2015 the Board of Directors of Dublin San Ramon Services District examined the proposed budgets for Fiscal Years Ending 2016 and 2017 and provided final guidance in the adoption thereof.

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 Expense Budgets for Fiscal Years Ending 2016 and 2017 are hereby adopted with operating expenses exclusive of Administrative Cost Allocations as shown in the following table:

Fund Name	FYE 2016 Operating Expenses	FYE 2017 Operating Expenses
Local Wastewater Enterprise	\$1,579,486.39	\$1,598,435.62
Local Wastewater Replacement	\$313,115.00	\$259,700.00
Local Wastewater Expansion	\$356,164.34	\$365,176.35
Regional Wastewater Enterprise	\$13,631,370.95	\$13,889,636.81
Regional Wastewater Replacement	\$280,450.00	\$125,850.00
Regional Wastewater Expansion	\$4,737,599.86	\$4,740,287.67
Water Enterprise	\$18,185,879.45	\$19,226,848.95
Water RSF	\$20,000.00	\$20,000.00
Water Replacement	\$1,102,554.08	\$638,119.08
Water Expansion	\$3,872,487.79	\$3,789,124.04
Administrative Cost Center	\$6,548,194.94	\$6,906,958.69
OPEB	\$782,545.45	\$767,655.04
Dougherty Valley Standby District	\$1,530,156.30	\$1,530,156.30
Total Operating Expenses	\$52,940,004.55	\$53,857,948.55



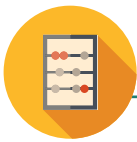
Res. No. 43-15

2. Revenue budgets are approved as follows:

Fund	FYE 2016 Operating Revenues	FYE 2017 Operating Revenues
Local Wastewater Enterprise	\$2,318,278.78	\$2,417,359.21
Local Wastewater Rate Stabilization	\$5,984.00	\$6,044.00
Local Wastewater Replacement	\$375,872.17	\$608,911.59
Local Wastewater Expansion	\$785,562.83	\$1,022,610.41
Regional Wastewater Enterprise	\$19,904,138.89	\$20,664,785.77
Regional Wastewater Rate Stabilization	\$77,858.00	\$58,977.00
Regional Wastewater Replacement	\$1,203,447.90	\$1,971,672.72
Regional Wastewater Expansion	\$7,127,502.41	\$11,559,486.94
Water Enterprise	\$26,648,439.84	\$28,218,593.24
Water Rate Stabilization	\$663,894.40	\$672,224.36
Water Replacement	\$2,136,403.40	\$2,334,241.40
Water Expansion	\$6,833,918.00	\$8,085,429.00
Administrative Cost Center	\$1,134,461.00	\$1,134,729.80
OPEB	\$2,287.00	\$2,310.00
Dougherty Valley Standby District	\$1,530,156.30	\$1,530,156.30
Total Revenue Estimates	\$70,748,204.92	\$80,287,531.74

3. Replacement transfers shall be made in order to achieve reserve minimums calculated in accordance with the District's adopted Financial Reserves policy (as updated this meeting) and are hereby approved as follows:

Fund	FYE 2016 Replacement Transfers		FYE 2017 Replacement Transfers	
	From	To	From	To
Local Wastewater Enterprise	\$287,000.00		\$287,000.00	
Local Wastewater		\$287,000.00		\$287,000.00
Regional Wastewater	\$2,574,461.34		\$2,574,461.34	
Regional Wastewater		\$2,574,461.34		\$2,574,461.34
Water Enterprise	\$4,001,000.00		\$4,001,000.00	
Water Replacement		\$4,001,000.00		\$4,001,000.00
Total	\$6,862,461.34	\$6,862,461.34	\$6,862,461.34	\$6,862,461.34



Res. No. 43-15

- 4. A transfer shall be made in order to provide funding for the ratepayer share of the 2011 Water Bonds debt service in accordance with policy direction from the adoption of Resolution No. 24-11 and is hereby approved as follows:

Fund	FYE 2016 Debt Service Transfer		FYE 2017 Debt Service Transfer	
	From	To	From	To
Water Enterprise	\$675,000.00		\$675,000.00	
Water Expansion		\$675,000.00		\$675,000.00
Total	\$675,000.00	\$675,000.00	\$675,000.00	\$675,000.00

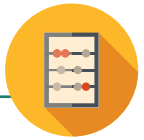
- 5. Allocation of the Administrative Cost Center's net costs shall be as follows:

Fund	FYE 2016 Allocation %	FYE 2017 Allocation %
Local Wastewater Enterprise	9.18%	9.16%
Local Wastewater Expansion	2.19%	2.19%
Regional Wastewater Enterprise	50.52%	50.52%
Regional Wastewater Expansion	0.51%	0.51%
Water Enterprise	33.87%	33.89%
Water Expansion	3.73%	3.73%
Total	100.00%	100.00%

- 6. The threshold to capitalize assets purchased or constructed is established at \$10,000 or greater. A listing of the Capital Outlay purchases are attached as Exhibit A attached hereto and made a part hereof.
- 7. The maximum number of full time equivalent (FTE) positions as shown in the following table are hereby approved. At no time shall the number of regular and limited term FTE positions exceed that shown below without prior Board approval. Furthermore, the total of the salaries for regular positions as shown in the budget shall not be increased through conversion of limited-term positions to permanent positions without prior Board approval.

Position Type	FYE 2016	FYE 2017
Regular FTE	113.00	113.00
Limited Term FTE	0.00	0.00
Total FTE Positions	113.00	113.00

- 8. The Board authorizes and directs the General Manager, in conformance with the District Code, Board Policy, Memoranda of Understanding and District Rules and Procedures, to take prudent and appropriate



Res. No. 43-15

steps to control personnel costs as needed to achieve the adopted expense budgets for Fiscal Years Ending 2016 and 2017.

9. The Board authorizes and directs the General Manager to transfer to CALPERS \$5,000,000 annually in FYE 2016 and 2017 from the following funds. This payment to the CALPERS is for the purpose of relieving the District's unfunded liability for prior costs associated with retiree benefits.

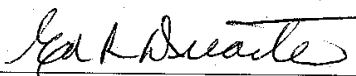
Fund	FYE 2016	FYE 2017
Local Wastewater Enterprise	\$50,238.00	\$50,238.00
Local Wastewater Expansion	\$134,802.00	\$134,802.00
Regional Wastewater Enterprise	\$2,755,259.00	\$2,755,259.00
Regional Wastewater Expansion	\$27,704.00	\$27,704.00
Water Enterprise	\$1,804,829.00	\$1,804,829.00
Water Expansion	\$227,168.00	\$227,168.00
TOTAL	\$5,000,000.00	\$5,000,000.00

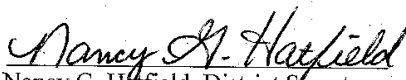
ADOPTED by the Board of Directors of Dublin San Ramon Services District, a public agency in the State of California, Counties of Alameda and Contra Costa, at its regular meeting held on the 2nd day of June 2015, and passed by the following vote:

AYES: 5 - Directors D.L.(Pat) Howard, Dawn L. Benson, Richard M. Halket, Georgean M. Vonheeder-Leopold, Edward R. Duarte

NOES: 0

ABSENT: 0


Edward R. Duarte, President

ATTEST: 
Nancy G. Hatfield, District Secretary

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Section 1: EXECUTIVE SUMMARY





Mission Statement

Our mission is to provide reliable water and wastewater services to the communities we serve in a safe, efficient and environmentally responsible manner.

Board of Directors

Ed Duarte, President
D. L. (Pat) Howard, Vice President
Richard Halket, Director
Dawn Benson, Director
Georgean Vonheeder-Leopold, Director

Senior Management Team

Bert Michalczyk, PE, General Manager
John Archer, CPA (inactive), Administrative Services Manager
Dan Gallagher, PE (Illinois), Operations Manager
Daniel McIntyre, PE, District/Engineering Services Manager



Introduction

The District was originally formed in 1953 as the Parks Community Service District. The name was changed to Valley Community Services District (VCSD) in the early 1960s. VCSD became the vehicle for local government services, including water and wastewater services, recreation and parks, garbage collection, and fire protection. The name of the District was changed again in 1977 to Dublin San Ramon Services District (DSRSD) to reflect its service areas. By 1988, the cities of Dublin and San Ramon had incorporated and assumed responsibility for many of the government services originally provided by the District. This allowed DSRSD to focus on water and wastewater services. In 1999, the District began providing a third service, recycled water. DSRSD currently provides water, recycled water, and wastewater services to approximately 171,000 residents in Dublin, southern San Ramon, Dougherty Valley, and Pleasanton. For additional District facts, see [Appendix J - District Profile](#) (page A-36).

A five-member Board of Directors governs Dublin San Ramon Services District by setting policies, appointing officers, 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 §61000 et seq.). DSRSD directors are elected every two years in November. The office is non-partisan and directors serve "at large," meaning they represent all customers within the District's boundaries. Their four-year terms are staggered, with two terms expiring in one even-numbered year and three terms expiring the following even-numbered year. Three terms will expire in 2016.

District Core Values

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

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



Vision Statement

In five years the District will:

1. Maintain long-term financial stability with appropriate rate and fee structures that support at least a credit rating of AA;
2. Secure a more diversified water supply for the communities we serve;
3. In cooperation with our partner agencies, implement an integrated valley-wide recycled water distribution system;
4. Diversify use of biosolids in an environmentally sound manner;
5. Enhance our ability to respond to emergencies and maintain business continuity;
6. Continue to foster a culture of safe operations District-wide;
7. Deliver utility services more efficiently and effectively by continuing to work with regional partner agencies on Tri-Valley integration;
8. Maintain a highly qualified, motivated, and innovative workforce to ensure a high-performing organization;
9. Enhance our public information, education, and outreach methods to ensure public awareness of issues important to the communities we serve; and
10. Complete the following strategically important initiatives:
 - Use technology throughout the District to improve operations and efficiency while securing that technology against external threats;
 - Use asset management data to improve maintenance, capital project decision making, and financial planning; and
 - Complete planning and implementation, as appropriate, for a permanent District corporation yard.

Strategic Plan

A strategic plan enables an organization to set clear direction over all operational aspects of its mission. *The District's Strategic Plan FYE 2016-2020, Investing for Reliable and Sustainable Service* (Strategic Plan), serves as a framework for decision making over the next five years. It outlines the fundamental decisions that shape what the District plans to accomplish and sets a rational course of action.

Each component of the plan was first discussed in concept with the Board of Directors, beginning with the mission, vision, and values statements and continuing through development of goals and the work plan. Management and staff refined each element in steps to conform to Board direction. Staff incorporated the resources needed to achieve each goal into the *DSRSD FYE 2016 and 2017 Operating Budget*. The Mission, Vision, Core Values, and Strategic Goals constitute the heart of the Strategic Plan; the Board formally approved these components in open session, after an opportunity for public input, on May 19, 2015. The Board endorsed the Strategic Work Plan at that same time.

The District's strategic goal are listed on the following page. Specific work plan items are identified in the division pages of Section 3 - Department Overview.



Strategic Goals

1.0 FINANCIAL AFFAIRS

- 1.01 Ensure appropriate investment and sound financial planning to support the district's mission well ahead of need
- 1.02 Satisfy pension and opeb (other post employment benefits) obligations within five years
- 1.03 Satisfy residual temporary infrastructure charge obligation within five years in accordance with board policy
- 1.04 Use an asset management data-driven approach for setting replacement reserve targets
- 1.05 Integrate master plans with fee setting for capacity rights

2.0 TECHNICAL AFFAIRS

- 2.01 Increase water supply reliability by diversifying the supply portfolio in conformance with a board-adopted policy derived from the long-term water supply master plan - tentatively:
 - Total water supply is at least 85% reliable (long-term weighted average), i.e. curtailment is needed in no more than 15% of the years
 - At least 75% of supply is available in 99% of the years
 - At least 60% of demand is satisfied by local and regional supplies, exclusive of State Water Project
 - No more than 40% of supply originates from one source
- 2.02 MANAGE POTABLE WATER DEMAND WHILE MEETING STATE MANDATES FOR WATER USAGE: Goal to be finalized in conformance with final goals of Long-Term Water Supply Master Plan – Tentatively:
 - Maintain residential potable demand at 75-80 gallons per person per day (system-wide annual average) on a long-term, sustainable basis
 - Increase reuse of treated wastewater so the District discharges nothing (except brine produced during water recycling) to the Bay, 365 days a year
- 2.03 Participate in the implementation of recycled water deliveries to tri-valley communities outside of our service area
- 2.04 Complete master plans and implement key projects
- 2.05 Use asset management to improve maintenance efficiency and plan for replacement of critical infrastructure
- 2.06 Diversify management of biosolids to reduce exposure to operational, environmental, and financial risks
- 2.07 Plan for future wastewater effluent nutrient control by actively participating in the bay area clean water agencies nutrient management study
- 2.08 Enhance our capability to respond to and recover from emergencies
- 2.09 Implement a secure information technology platform enabling employees to perform duties in a way that eliminates or minimizes the risk of error and repetitive and redundant work and is safer and more efficient
- 2.10 Deliver water of a quality that meets all standards and is acceptable to our customers

3.0 EXTERNAL AFFAIRS

- 3.01 Govern in an effective, efficient, open, and transparent manner
- 3.02 Seek new ways to improve the institutional way we deliver services
- 3.03 Ensure the public is aware of and understands important issues facing the district
- 3.04 Expand the use of technology to provide enhanced customer service to all district customers
- 3.05 Implement needed changes to records management, retention, and retrieval policies and systems (including electronic records)

4.0 PERSONNEL

- 4.01 Maintain fair and equitable labor agreements with competitive salary and benefit packages
- 4.02 Develop and implement a human resources master plan



Accomplishments

Improved Services to Customers

Empowered Customers to Track Their Water Use

In June 2014, the District launched an online water consumption portal to enable customers to comply with drought restrictions adopted in May. The AquaHawk Customer Portal works with the District’s advanced metering infrastructure to provide access to hourly water use data—information never before available. AquaHawk was integral to meeting the District’s conservation goals. Customers could analyze their own water use patterns and receive alerts if usage indicates a leak or exceeds self-determined thresholds. Staff could quickly identify high water users for outreach and enforcement. Just two months after mandatory restrictions went into effect, 97% of residential customers were complying with weekly water use limits and compliance has remained at that level or above.

Created Visibility and Support for Water Recycling with Innovative ‘Fill Station’

The District obtained regulatory approval for a first-of-its-kind Residential Recycled Water Fill Station where residents can pick up free recycled water to use on home landscaping instead of scarce drinking water. The fill station has attracted more than 2,500 active users, distributed more than twelve million gallons of recycled water, and fostered broad community support for recycled water as an alternative



Left: An annotated screenshot explains how customers can monitor water use with AquaHawk. **Top right:** Customer Service Supervisor Vicki Goldman shows KTVU reporter John Fowler how AquaHawk works from a mobile device. **Bottom right:** The AquaHawk launch included postcards to all water customers.





Top row: More than 2,500 residents come regularly to the District's Residential Recycled Water Fill Stations to pick up free irrigation water. **Center right:** Every fill station user gets a lawn sign that helps the community appreciate the value of recycled water. **Bottom right:** To relieve traffic jams at the water recycling plant, DSRSD has opened a second fill station in Dublin.



water supply. Water agencies across California are opening fill stations based on the DSRSD model. The program won awards from the California Association of Sanitation Agencies and WaterReuse California.

Strengthened Water System Reliability

Increased Recycled Water Use 5% Last Year, Saving 41 Million Gallons of Potable Water

Recycled water has been our most reliable water supply during two years of extreme drought. District customers used 5.0% more recycled water in FYE 2015 than in the previous fiscal year. Recycled water sales of 1,136,031 hundred cubic feet (ccf), equal to 849.8 million gallons, accounted for 26.0% of total water sales. By providing recycled water for landscape irrigation and construction, the District preserves the limited potable water supply, reduces dependence on imported water, lessens the need to develop new supplies, protects private and public investments in landscaping during droughts, and reduces the amount of treated wastewater discharged into San Francisco Bay.





City of Dublin parks that will be converted to recycled water irrigation include, clockwise: Shannon Community Center, Dublin Heritage Park, Dublin Pioneer Cemetery, and Kolb Family House.

Irrigation accounts converted to recycled water in 2015 include, clockwise: Alameda County Firehouse No. 17, Santa Rita Jail, and East County Animal Shelter.

Converted 44 Major Irrigation Accounts from Potable to Recycled Water

Decades of investment in recycled water infrastructure, including extending pipelines into established Dublin neighborhoods in 2013, made it practical to shift 44 large irrigation accounts from potable water to recycled water as the drought intensified in 2014 and 2015. The conversions permanently reduced demand for drinking water by 177 million gallons per year. The District was awarded \$2.0 million in California Proposition 84 Emergency Drought Grant funds, which are being used in part to extend recycled water pipelines to another 40 large irrigation customers in western Dublin. When completed in FYE 2016, these conversions will save another 49 million gallons annually.

Explored the Purchase of Supplemental Water Supplies

The District worked with East Bay Municipal Utility District (EBMUD) and Yuba County Water Agency (YCWA) to determine how supplemental water supplies could reach District customers if the Zone 7 supply is curtailed. Water purchased from YCWA would be conveyed through EBMUD facilities and delivered through interties between the DSRSD and EBMUD water systems.

Operated Safely and Efficiently

Optimized Operations Despite Drought’s Challenges

The District operated its potable water systems reliably in spite of drought-related decreases in system pressures. The effort required extensive hydraulic modeling and accelerated the planned refurbishment of an offline reservoir and pump station. Staff also maintained wastewater treatment operations without any process upsets, which maximized recycled water production.



Tested Redundancy Measures to Keep Water Flowing

A successful test of emergency interties with neighboring EBMUD demonstrated how these temporary connections could keep water flowing to customers after a pipeline failure, natural disaster, or other emergency. The interties also provide a potential delivery route for supplemental water supplies.

Strengthened Our Financial Position

Maintained Sound Financial Footing with Forward-looking Rate Planning

Prior Board actions allowed the District to quickly implement Water Shortage Rates in response to the drought emergency. The rates provide a price signal to customers, ensure adequate cash flows in a time of reduced consumption, and provide resources for required conservation programs. The Board adopted Stage 3 Water Shortage Rates effective June 1, 2014, in response to a 25% curtailment in Zone 7's supply. The Board adopted Stage 2 rates effective May 19, 2015, in response to a 12% conservation target set by state regulators.

All adopted rates and fees are indexed to inflation to keep up with rising costs.

Reduced Bond Debt

Cash reserves earning less than 1% were used to retire the remaining balance of a bank refunding note associated with the expansion of the regional wastewater treatment facility. The \$9.4 million payment was made to Bank of America June 12, 2015.

Fully Funded OPEB Liability to Protect Future Ratepayers

As of the most recent evaluation, the District's liability for Other Post-Employment Benefits (OPEB) remains fully funded. Setting aside sufficient funds to pay for promised benefits protects future ratepayers from inheriting unfunded liabilities.

Reduced Pension Liability to Reduce Future Operating Costs

The District recognizes the significance of the unfunded liability with Public Employees Retirement System (PERS) for prior service costs. The carrying cost on this liability is greater than interest earned on the District's investment portfolio. The Board authorized making a \$5 million payment on the outstanding liability prior to June 30, 2015. The Board also authorized similar payments in the 2016 and 2017 budgets, with the intent of fully funding the liability within three to five years. Eliminating this debt will save the District \$0.9 million annually in operating expense.

Tailored Staffing to Changing Needs without Increasing Costs

After the retirement of three senior managers, the District undertook a detailed study of its organizational structure. As a result, one senior management position (Organizational Services Manager) was eliminated and the Finance and Human Resources departments were combined into the new Administrative Services department under the direction of the Administrative Services Manager. Additional structural and reporting changes were made. Authorized positions remain unchanged at 112 full-time equivalents (FTE).



Water Operators Ray Robles (front) and Bill Smith (rear) prepare to test an emergency connection to EBMUD's water system by flushing sediment from the rarely used pipes.



Budget Development Process

DSRSD operates on a fiscal year which runs July 1 through June 30. In this document, if a year is used, it means the end of the fiscal year; for example, 2016 refers to the fiscal year ending June 30, 2016. “Fiscal year ending” is abbreviated as “FYE.”

The budget process starts with development of revenue estimates and forecasted expenses for the ensuing two fiscal years. The District’s General Manager provides guidance to division management regarding budget development. Senior Managers revise division budgets as appropriate prior to General Manager review before presentation to the Board.

All Board discussions are held in open session and all materials are made publicly available in accordance with the Brown Act. The Board received a detailed budget presentation at its May 5, 2015, meeting. A noticed public hearing was held on June 2, 2015, providing the public the opportunity to formally make comments regarding the budget directly to the Board prior to adoption.

Economic Conditions

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

The diversified industrial base of the District’s service area produces greater economic stability and less volatility than more specialized economies such as San Jose (technology) or San Francisco (tourism/technology). Several large business parks are located in the Tri-Valley, supporting a healthy mix of large and small businesses. For the last calendar year, unemployment rates for the cities of Dublin and San Ramon were 3.7% and 4.1% respectively, significantly lower than either the state (7.5%) or counties (5.9% for Alameda County and 6.2% for Contra Costa County). Regionally, unemployment rates for the City and County of San Francisco (4.4%) and the County of Santa Clara (5.2%) have improved, but remain comparatively higher.¹

The District continues to build on the economic expansion that has taken place since the market crisis in 2009. Development projects continue to move forward at a steady pace, but more slowly than during periods of peak economic growth. Real estate demand in the East Bay remains strong, bolstered by rising incomes and solid population growth. Growth in assessed property values² and median home/condominium prices³ in the Cities of Dublin (15.3%/16.5%) and San Ramon (9.4%/3.9%) have been strong due to persistence of supply issues in the region. Office vacancy rates fell 60 basis points year-over-year to 17.3%. After reaching a high of 7.1% in 2010, retail vacancy rates also dropped to a post-recession low of 6.0%.³

¹ State of California Employment Development Department, *Unemployment Rates (Labor Force)*

² State of California Board of Equalization, *Growth in Assessed Value from 2013-14 to 2014-15 for State and Locally Assessed Property*

³ East Bay Economic Development Alliance, *East bay Economic Outlook 2015-2016*



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 District's customer base is anticipated to grow both in size and income. Last calendar year, the City of Dublin's population⁴ grew 4.5% to 55,844 residents, and has an expected build-out population of approximately 70,000.⁵ The City of San Ramon's population⁴ grew 1.5% to 78,561 residents with an expected build-out population of approximately 90,000.⁶ Over a four-year period, Census data⁷ for the City of Dublin estimates 6.9% growth in median family income (\$115,236) and 8.4% growth in per capita income (\$42,660). Similarly, the City of San Ramon is estimated to have a 5.8% growth in median family income (\$127,313) and a 4.4% growth in per capita income (\$51,091).

California is in the midst of a statewide drought emergency, as declared by Governor Edmund G. Brown Jr. on January 17, 2014. Due to state-imposed restrictions on water deliveries to Zone 7 Water Agency, the District's water wholesaler, it is necessary for DSRSD, as well as water retailers in Livermore and Pleasanton, to reduce potable water consumption 12% by the end of calendar year 2015. The District's drought response plan includes targeted restrictions in water use, public outreach and education, and implementation of previously adopted drought rates. In addition, the District is working with customers to convert landscape irrigation from potable water to recycled water where practical and cost-effective. So far the District has met reduction goals established by Zone 7. The drought rates provide resources for outreach and programs and replace revenue lost due to reductions in water consumption, allowing the District to continue providing safe and reliable services to its customers.

4 State of California Department of Finance, E-1 Population and Housing Estimates for Cities, Counties, and the State, January 1, 2014 and 2015

5 City of Dublin Economic Development Department, Community and Economic Profile

6 City of San Ramon Planning/Community Development Department, Community Profile

7 United States Census Bureau, 2009-2013 American Community Survey 5-Year Estimates



Looking Forward

The District is financially stable, and we expect this stability to continue through the budget planning period. The ongoing statewide drought is our largest challenge. During the next few years, the District must continue to focus on the issues listed below. Specific actions are outlined in the Strategic Work Plan contained in the *Strategic Plan for FYE 2016-2020*.

Manage potable water demand while meeting state mandates for lower water usage.

Ratepayers have responded well to the challenges presented by the drought. An extended drought, sure to bring lower consumption targets from the state or Zone 7, will magnify the challenges for both the District and our customers. We will continue to monitor usage for compliance with Zone 7 and/or State of California reduction mandates.

Maintain long-term financial stability. The District can reduce future borrowing costs and maintain long-term financial stability by setting appropriate rate/fee structures that support an AA credit rating.

Satisfy pension and OPEB obligations within five years. Debt management is critical to cash flow management. All debt issues were previously restructured and the Regional bank bond was paid off in June 2015. As a result, the District can focus on reducing the unfunded pension liability with PERS and maintaining the 100% funded status of the OPEB fund.

Monitor financial reserves. Development activity has been steady and is picking up slowly, but it is not expected to return to the peaks experienced prior to the 2008 economic downturn. Capacity Fee revenue is important for expansion projects and debt repayment. The District must maintain sufficient reserves and react quickly to any changes in the pace of development to ensure adequate funds are available to meet District liabilities.

Diversify our water supply portfolio. The District must ensure that adequate water supplies of an acceptable quality are available for existing and future customers, and we must deliver these supplies to our customers in an environmentally friendly manner while sustaining compliance with water-use-reduction mandates. Ongoing drought and long-term environmental issues in the Delta have reduced the availability of water from that source. The work plan for Strategic Goal 2.01 outlines several actions to increase reliability of the water supply by diversifying the water supply portfolio. We will seek to expand the current recycled water program, encourage Zone 7 and other Tri-Valley water retailers to develop a portfolio of local and/or alternative regional water supply options, and develop an indirect potable reuse project concept in partnership with other Tri-Valley agencies.

Zone 7 Water Agency, the District's wholesale supplier, treats surface water imported from outside the valley, along with runoff collected in Del Valle Reservoir, at its Del Valle Water Treatment Plant, one of three such facilities that prepare raw water for drinking.





Expand the availability of recycled water regionally. The District will work with its partners in the DSRSD-EBMUD Recycled Water Authority (DERWA) to revise institutional agreements to improve efficiency. On behalf of DERWA, the District will expand the water recycling plant to serve Pleasanton and additional customers in the DSRSD service area. We also will develop studies and agreements that facilitate the interconnection of recycled water systems throughout the Tri-Valley and storage of recycled water produced outside of irrigation season.

Diversify biosolids management. To be adequately prepared to continue providing effective service to existing and future customers, the District is developing alternatives for processing and disposing of biosolids. While the District enjoys a biosolids management system with the lowest possible cost (see below), the system is vulnerable to changing public opinion and regulations. We must be prepared to adjust operations rapidly.



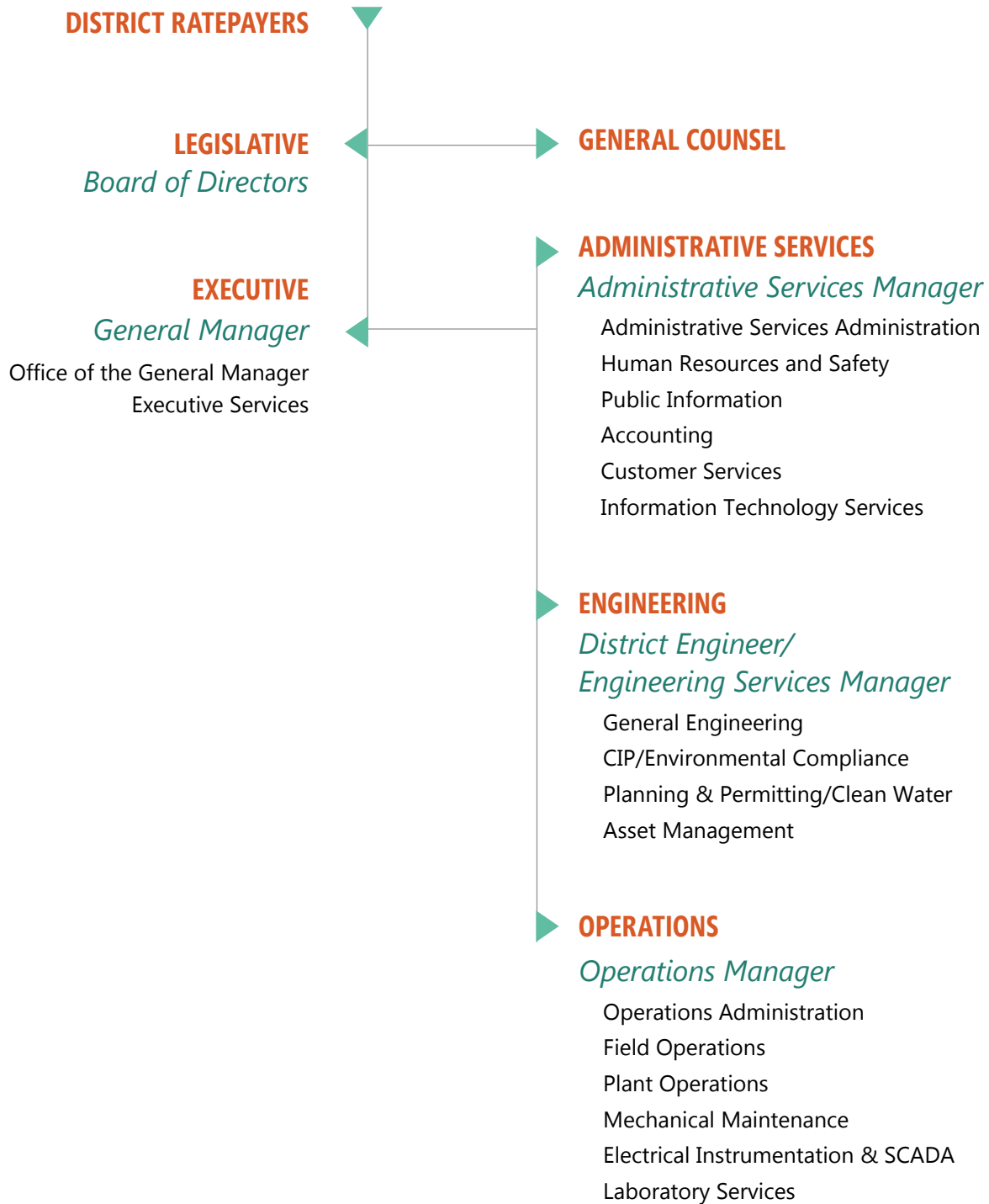
The District manages the solid material left at the end of wastewater treatment, known as biosolids, in a two-step process. Digested sludge is piped into facultative sludge lagoons (left) for further decomposition and stabilization. After several years, the solids are removed and injected 18 inches below the surface of a dedicated land disposal site (right).

Use asset management to improve maintenance efficiency and plan for the replacement of critical infrastructure. As District infrastructure ages, it is critical to use a data-driven approach to assess and maintain all systems. The District is using asset management data to set appropriate replacement reserve targets, so we will have the resources available to improve or replace assets in a timely manner and avoid disruptions in service.

Maintain fair and equitable labor agreements with competitive salary and benefit packages. Labor is a significant resource for the District. All labor agreements are due to be updated during this planning cycle. We will develop a long-term compensation and benefits policy to guide negotiations. We also will monitor and implement the appropriate provisions of the federal health care reform program and California pension reform as may be required.



DISTRICT ORGANIZATION CHART*

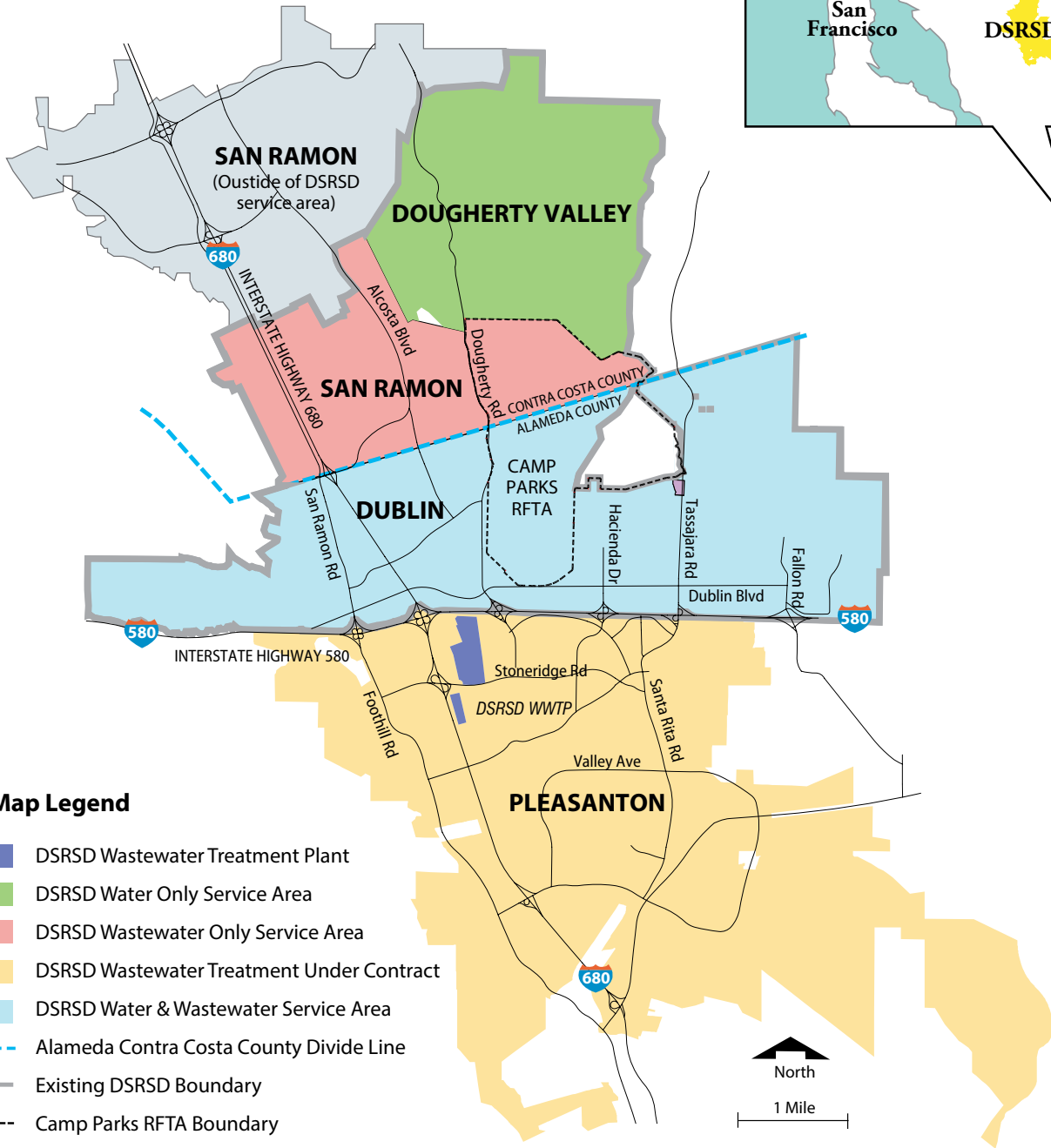


* The Board adopted this budget on June 2, 2015. A District reorganization was completed at a later date and is not reflected in this document. The reorganization has no impact on the approved operating budgets.



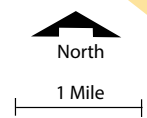
Service Area Map

Regional View



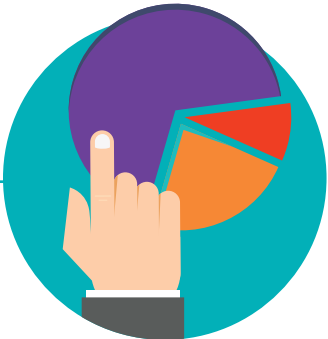
Map Legend

- DSRSD Wastewater Treatment Plant
- DSRSD Water Only Service Area
- DSRSD Wastewater Only Service Area
- DSRSD Wastewater Treatment Under Contract
- DSRSD Water & Wastewater Service Area
- Alameda Contra Costa County Divide Line
- Existing DSRSD Boundary
- Camp Parks RFTA Boundary



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Section 2: FINANCIAL OVERVIEW





DESCRIPTION OF FUNDS

Working Capital in Operations Funds

The District's operation funds are comprised of its Enterprise and Rate Stabilization funds.

Operating reserves are referred to as "working capital," and are defined as current assets minus current liabilities. Working capital is a measure of available resources to meet fluctuations in cash flows.

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

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

The District's [Financial Reserves Policy \(page A-11/Appendix E\)](#) establishes reserve guidelines for enterprise, replacement, and expansion 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:** Operations relating to wastewater collection. The service area consists of the southern part of San Ramon and the City of Dublin.
- **Regional Wastewater:** Operations relating to wastewater treatment and disposal. The service area consists of southern part of San Ramon, the City of Dublin, and the City of Pleasanton (under contract).
- **Water:** Operations relating to delivering potable and recycled water. The service area consists of the City of Dublin and the Dougherty Valley area of San Ramon.

Rate Stabilization Funds

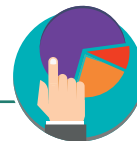
Each enterprise fund is paired with a rate stabilization fund (RSF) to support the District's strategic goal of managing public funds to assure financial stability, including stability of revenues and related rates and charges. In some years, there may be a surplus above the working capital target in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

The estimated transfer of funds between the enterprise and rate stabilization funds in accordance with the District [Financial Reserves Policy \(page A-11/Appendix E\)](#) is reflected in the budget. Cell tower lease and property tax revenue are recorded in the water rate stabilization fund.

Replacement and Improvement Funds

Replacement and Improvement funds receive revenue from developer capacity reserve fees ("buy-in" component) and replacement allocation transfers from enterprise funds. Replacement allocations are based upon funding requirements identified in the District's Asset Replacement Planning Model. This long-term planning model ensures that sufficient funds will be available when capital assets need refurbishment or replacement.

A "capital asset" is defined as any individual asset costing \$10,000 or more with a useful life of more than two years.



Expansion Funds

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

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

Administrative Cost Center

The District uses the Administrative Cost Center to capture costs that are not specifically identifiable to any one of its operation activities. 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 to this fund.

Net fund costs are allocated based upon staff allocations across enterprise and expansion funds.

Other Post Employment Benefits Fund

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

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

Dougherty Valley Standby Assessment District Fund

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



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

Basis of Accounting

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

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

- Principal payments of debt, which reduce the amount of debt owed on the balance sheet
- Purchases of capital outlay items (fixed assets), which are capitalized on the balance sheet ([refer to page 2-42, Capital Outlay](#)).

In addition, non-cash items such as depreciation and contributions of property are not budgeted.

Article XIIB Appropriations Limit (Gann Limit)

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



Estimated Change in Net Assets

The Estimated Change in Net Assets on the following four pages summarizes the District’s overall financial picture by individual fund. It includes revenue and expenses, as well as cash activity that is not accounted for as a revenue or expense item (such as loans). The fund schedules are grouped by enterprise, followed by the Administrative Cost Center, the Other Post Employment Benefits Fund, and the Dougherty Valley Standby Assessment District Fund. Financial reserve/working capital targets and status for each enterprise are included for each fiscal year.

The table below summarizes the District’s financial reserve/working capital compliance with [Financial Reserves Policy \(page A-11/Appendix E\)](#). All enterprise, rate stabilization, and replacement funds rate are in excess of their policy minimums, but not all funds (Regional RSF for FYE 2017; Regional Enterprise and Local RSF for FYE 2016 and FYE 2017) are above policy targets. For FYE 2015-2017, significant reserves were utilized to fund an annual \$5.0 million payment toward the District’s unfunded CalPERS pension liability. These payments support board direction to fund the liability in a three to five year time frame and will reduce annual operating expenses in the long term by almost \$1.0 million per year. Except for the Water Expansion Fund in FYE 2017, all of the District’s expansion funds are in compliance with policy minimums. The Water Expansion fund is projected to increase above policy minimums in subsequent fiscal years and includes a budgeted transfer of \$675,000 to fund the ratepayer share of the District’s 2011 Water Bond debt service.

Fund	FYE16			FYE17		
	Above Min.	Within Band	Above Target	Above Min.	Within Band	Above Target
Local Wastewater						
Enterprise	O	O	X	O	O	O
Rate Stabilization	O	O	X	O	O	X
Replacement	O			O		
Expansion	O			O		
Regional Wastewater						
Enterprise	O	O	X	O	O	X
Rate Stabilization	O	O	O	O	O	X
Replacement	O			O		
Expansion	O			O		
Water						
Enterprise	O	O	O	O	O	O
Rate Stabilization	O	O	O	O	O	O
Replacement	O			O		
Expansion	O			X		

O Yes X No



FINANCIAL OVERVIEW

FYE 2016 OPERATING BUDGET						
	Local Wastewater Enterprise 200	Local Wastewater RSF 205	Local Wastewater Replacement 210	Local Wastewater Expansion 220	Regional Wastewater Enterprise 300	Regional Wastewater RSF 305
Working Capital July 1, 2015 (estimate from projected FYE15)	1,023,299	598,447	9,353,458	5,540,205	7,785,794	7,785,794
Payment of Internal Receivable				8,294		
CalPERS Liability	(50,238)			(134,802)	(2,755,259)	
Sixth Supplemental						
Regional Bank Bond Redemption						
Draw from CERBT						
Adjusted Working Capital	973,061	598,447	9,353,458	5,413,697	5,030,535	7,785,794
Revenues:						
Total Service Charges	2,308,980	-	-	-	19,347,168	-
Capacity Reserve Fees	-	-	296,752	288,558	-	-
Other Revenues	-	-	-	444,000	497,000	-
Interest (as adjusted/proposed)	9,299	5,984	79,120	53,005	59,971	77,858
Total Revenues	2,318,279	5,984	375,872	785,563	19,904,139	77,858
Transfers In:						
Replacement Allocations	-	-	287,000	-	-	-
Allocation Recycled Water Program Fund	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Total Transfers In	-	-	287,000	-	-	-
Total Revenue	2,318,279	5,984	662,872	785,563	19,904,139	77,858
Operating Expenses:						
Operating						
Wages and Benefits	1,327,332	-	-	316,378	7,302,466	-
Staff Time Charged to Projects/JPAs	(77,485)	-	-	(8,314)	(657,500)	-
Other Personnel Costs	87,899	-	-	7,010	472,356	-
Chemicals, Gas & Electric	3,448	-	-	-	1,253,734	-
Other Materials	66,465	-	5,400	1,090	772,222	-
Water Purchase	-	-	-	-	-	-
Contracts	150,243	-	225,800	39,720	696,080	-
Other	21,585	-	-	280	171,790	-
Contribution to JPA	-	-	-	-	2,156,609	-
Debt Service	-	-	-	-	1,463,614	-
Capital Outlay	-	-	81,915	-	-	-
Allocated Costs (as adjusted/proposed)	485,636	-	-	115,754	2,671,782	-
Total Operating Expenses	2,065,123	-	313,115	471,919	16,303,153	-
Capital Projects - Proposed Fund Limits			1,678,736	377,000		
Transfers Out:						
Replacement Allocations	287,000	-	-	-	2,574,461	-
Allocation Recycled Water Program Fund	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Total Transfers Out	287,000	-	-	-	2,574,461	-
Total Expenses	2,352,123	-	1,991,851	848,919	18,877,614	-
CalPERS Liability	(50,238)				(2,755,259)	
Net increase (decrease) pre RSF	(84,082)	5,984			(1,728,734)	77,858
Ending Working Capital pre RSF	888,980	604,431			3,301,801	7,863,652
RSF Transfer In (Out)	-	-			1,965,913	(1,965,913)
Net increase (decrease) post RSF	(84,082)	5,984	(1,328,979)	(198,158)	237,179	(1,888,055)
Ending Working Capital June 30, 2016	\$ 888,980	\$ 604,431	\$ 8,024,479	\$ 5,215,539	\$ 5,267,714	\$ 5,897,739

FYE 2016 OPERATING BUDGET Financial Reserve Status						
	Local Wastewater Enterprise 200	Local Wastewater RSF 205	Local Wastewater Operations 200 + 205	Local Wastewater Replacement 210	Local Wastewater Expansion 220	Regional Wastewater Enterprise 300
Financial Reserve June 30, 2015	\$ 888,980	\$ 604,431	\$ 1,493,411	\$ 8,024,479	\$ 5,215,539	\$ 5,267,714
Reserve Minimum (per Financial Reserves Policy)	344,187	344,187		1,848,086	767,000	2,717,192
Reserve Target (per Financial Reserves Policy)	688,374	688,374				5,434,384
Reserve Maximum (per Financial Reserves Policy)	1,032,561		2,065,123			8,151,576
Status	Within Band	Within Band	Below Maximum	Above Minimum	Above Minimum	Within Band
	Above Target	Below Target				Below Target
	5.17 Months WC	3.51 Months WC	8.68 Months WC			3.88 Months WC



Regional Wastewater Replacement 310	Regional Wastewater Expansion 320	Water Enterprise 600	Water RSF 605	Water Replacement 610	Water Expansion 620	Administrative Cost Center 900	OPEB 965	DV Standby District 995	Total
17,562,041	37,497,234 130,431.40 (27,704) (2,311,713) (9,419,777)	9,603,441 (1,804,829)	9,603,441	14,820,254	14,706,859 (264,137) (227,168) 1,187,615	- 125,412	228,699 - 782,545	893,405	137,002,372 - (5,000,000) (1,124,098) (9,419,777) 782,545
17,562,041	25,868,471	7,798,612	9,603,441	14,820,254	15,403,169	125,412	1,011,244	893,405	122,241,043
-	-	26,018,368	-	-	-	-	-	-	47,674,516
1,033,114	6,820,299	-	-	2,046,528	5,478,688	-	-	-	15,963,939
170,334	43,063	533,099	562,435	3,875	1,219,256	1,134,461	-	1,530,156	5,967,346
1,203,448	264,140	96,973	101,459	86,000	135,974	-	2,287	-	1,142,404
-	7,127,502	26,648,440	663,894	2,136,403	6,833,918	1,134,461	2,287	1,530,156	70,748,205
2,574,461	-	-	-	2,501,000	-	-	-	-	5,362,461
-	-	-	-	1,500,000	-	-	-	-	1,500,000
-	-	-	-	-	675,000	-	-	-	675,000
2,574,461	-	-	-	4,001,000	675,000	-	-	-	7,537,461
3,777,909	7,127,502	26,648,440	663,894	6,137,403	7,508,918	1,134,461	2,287	1,530,156	78,285,666
-	73,526	4,894,970	-	-	539,275	4,756,739	-	-	19,210,687
-	(3,406)	(328,862)	-	-	(20,560)	(10,934)	-	-	(1,107,061)
-	6,640	298,150	-	-	20,480	205,169	782,545	-	1,880,250
-	-	714,282	-	-	-	58,608	-	-	2,030,071
25,650	545	179,639	-	327,869	144,250	107,412	-	-	1,630,542
-	-	9,862,505	-	-	-	-	-	-	9,862,505
5,700	11,760	992,711	-	398,700	129,960	1,373,883	-	1,530,156	5,554,712
75,000	140	103,292	20,000	-	420	57,318	-	-	449,825
-	337,098	1,469,192	-	-	-	-	-	-	3,962,899
174,100	4,311,297	-	-	375,985	3,058,663	-	-	-	8,833,573
-	26,901	1,790,942	-	-	197,307	(5,288,322)	-	-	632,000
280,450	4,764,501	19,976,821	20,000	1,102,554	4,069,794	1,259,873	782,545	1,530,156	52,940,005
3,281,171	1,306,362	-	-	10,318,674	5,458,281	-	-	-	22,420,224
-	-	2,501,000	-	-	-	-	-	-	5,362,461
-	-	1,500,000	-	-	-	-	-	-	1,500,000
-	-	675,000	-	-	-	-	-	-	675,000
-	-	4,676,000	-	-	-	-	-	-	7,537,461
3,561,621	6,070,863	24,652,821	20,000	11,421,228	9,528,075	1,259,873	782,545	1,530,156	82,897,690
-	(27,704)	(1,804,829)	-	-	(227,168)	-	-	-	(5,000,000)
-	-	190,790	643,894	-	-	(125,412)	-	-	(4,612,024)
-	-	7,989,402	10,247,336	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
216,288	1,028,935	190,790	643,894	(5,283,825)	(2,246,325)	(125,412)	(780,258)	-	(4,612,024)
\$ 17,778,329	\$ 26,897,406	\$ 7,989,402	\$ 10,247,336	\$ 9,536,430	\$ 13,156,844	\$ -	\$ 230,986	\$ 893,405	\$ 112,629,019

Regional Wastewater RSF 305	Regional Wastewater Operations 300 + 305	Regional Wastewater Replacement 310	Regional Wastewater Expansion 320	Water Enterprise 600	Water RSF 605	Water Operations 600 + 605	Water Replacement 610	Water Expansion 620
\$ 5,897,739	\$ 11,165,454	\$ 17,778,329	\$ 26,897,406	\$ 7,989,402	\$ 10,247,336	\$ 18,236,738	\$ 9,536,430	\$ 13,156,844
2,717,192		7,205,245	8,622,594	3,329,470	3,329,470		6,358,930	12,715,971
5,434,384	16,303,153			6,658,940	6,658,940	19,996,821		
				9,988,411				
Within Band	Below Maximum	Above Minimum	Above Minimum	Within Band	Within Band	Below Maximum	Above Minimum	Above Minimum
Above Target				Above Target	Above Target			
4.34 Months WC	8.22 Months WC			4.80 Months WC	6.16 Months WC	10.95 Months WC		



FINANCIAL OVERVIEW

FYE 2017 OPERATING BUDGET						
	Local Wastewater Enterprise 200	Local Wastewater RSF 205	Local Wastewater Replacement 210	Local Wastewater Expansion 220	Regional Wastewater Enterprise 300	Regional Wastewater RSF 305
Working Capital July 1, 2016 (estimate from projected FYE16)	888,980	604,431	8,024,479	5,215,539	5,267,714	5,897,739
Payment of Internal Receivable						
Draw from CERBT						
Adjusted Working Capital	888,980	604,431	8,024,479	5,215,539	5,267,714	5,897,739
Revenues:						
Total Service Charges	2,408,528	-	-	-	20,102,912	-
Capacity Reserve Fees	-	-	540,469	525,544	-	-
Other Revenues	-	-	-	444,000	497,000	-
Interest (as adjusted/proposed)	8,831	6,044	68,443	53,066	64,874	58,977
Total Revenues	2,417,359	6,044	608,912	1,022,610	20,664,786	58,977
Transfers In:						
Replacement Allocations	-	-	287,000	-	-	-
Allocation Recycled Water Program Fund	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Total Transfers In	-	-	287,000	-	-	-
Total Revenue	2,417,359	6,044	895,912	1,022,610	20,664,786	58,977
Operating Expenses:						
Operating						
Wages and Benefits	1,378,948	-	-	329,655	7,601,974	-
Staff Time Charged to Projects/JPAs	(80,263)	-	-	(8,579)	(684,984)	-
Other Personnel Costs	86,366	-	-	7,010	472,949	-
Chemicals, Gas & Electric	3,622	-	-	-	1,291,253	-
Other Materials	57,574	-	5,400	1,090	764,300	-
Water Purchase	-	-	-	-	-	-
Contracts	129,343	-	225,800	35,720	644,600	-
Other	22,845	-	-	280	178,910	-
Contribution to JPA	-	-	-	-	2,156,609	-
Debt Service	-	-	-	-	1,464,025	-
Capital Outlay	-	-	28,500	-	-	-
Allocated Costs (as adjusted/proposed)	528,968	-	-	126,457	2,916,136	-
Total Operating Expenses	2,127,404	-	259,700	491,633	16,805,773	-
Capital Projects - Proposed Fund Limits			1,714,536	390,000		
Transfers Out:						
Replacement Allocations	287,000	-	-	-	2,574,461	-
Allocation Recycled Water Program Fund	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Total Transfers Out	287,000	-	-	-	2,574,461	-
Total Expenses	2,414,404	-	1,974,236	881,633	19,380,234	-
CalPERS Liability	(50,238)	-	-	(134,802)	(2,755,259)	-
Net increase (decrease) pre RSF	(47,282)	6,044	-	-	(1,470,708)	58,977
Ending Working Capital pre RSF	841,697	610,475	-	-	3,797,007	5,956,716
RSF Transfer In (Out)	-	-	-	-	1,489,179	(1,489,179)
Net increase (decrease) post RSF	(47,282)	6,044	(1,078,324)	6,176	18,471	(1,430,202)
Ending Working Capital June 30, 2017	\$ 841,697	\$ 610,475	\$ 6,946,155	\$ 5,221,714	\$ 5,286,186	\$ 4,467,537

FYE 2017 OPERATING BUDGET Financial Reserve Status						
	Local Wastewater Enterprise 200	Local Wastewater RSF 205	Local Wastewater Operations 200 + 205	Local Wastewater Replacement 210	Local Wastewater Expansion 220	Regional Wastewater Enterprise 300
Financial Reserve June 30, 2015	\$ 841,697	\$ 610,475	\$ 1,452,173	\$ 6,946,155	\$ 5,221,714	\$ 5,286,186
Reserve Minimum (per Financial Reserves Policy)	354,567	354,567		1,848,086	390,000	2,800,962
Reserve Target (per Financial Reserves Policy)	709,135	709,135				5,601,924
Reserve Maximum (per Financial Reserves Policy)	1,063,702		2,127,404			8,402,887
Status	Within Band	Within Band	Below Maximum	Above Minimum	Above Minimum	Within Band
	Above Target	Below Target				Below Target
	4.75	3.44	8.19			3.77
	Months WC	Months WC	Months WC			Months WC



Regional Wastewater Replacement 310	Regional Wastewater Expansion 320	Water Enterprise 600	Water RSF 605	Water Replacement 610	Water Expansion 620	Administrative Cost Center 900	OPEB 965	DV Standby District 995	Total
17,778,329	26,897,406	7,989,402	10,247,336	9,536,430	13,156,844	-	230,986	893,405	112,629,019
							767,655		767,655
17,778,329	26,897,406	7,989,402	10,247,336	9,536,430	13,156,844	-	998,641	893,405	113,396,674
-	-	27,579,568	-	-	-	-	-	-	50,091,008
1,789,601	11,286,317	-	-	2,224,584	5,882,544	-	-	-	22,249,059
182,072	273,170	536,561	564,308	3,875	2,093,926	1,134,730	-	1,530,156	6,804,557
1,971,673	11,559,487	28,218,593	672,224	2,334,241	8,085,429	1,134,730	2,310	1,530,156	80,287,532
2,574,461	-	-	-	2,501,000	-	-	-	-	5,362,461
-	-	-	-	1,500,000	-	-	-	-	1,500,000
-	-	-	-	-	675,000	-	-	-	675,000
2,574,461	-	-	-	4,001,000	675,000	-	-	-	7,537,461
4,546,134	11,559,487	28,218,593	672,224	6,335,241	8,760,429	1,134,730	2,310	1,530,156	87,824,993
-	76,607	5,099,751	-	-	560,487	4,945,905	-	-	19,993,328
-	(3,512)	(342,770)	-	-	(21,231)	(11,427)	-	-	(1,152,765)
-	6,640	302,773	-	-	21,440	203,762	767,655	-	1,868,595
-	-	714,882	-	-	-	61,538	-	-	2,071,295
25,650	545	291,135	-	327,869	153,435	114,833	-	-	1,741,832
-	-	10,631,602	-	-	-	-	-	-	10,631,602
5,700	10,260	956,063	-	110,350	17,310	1,534,980	-	1,530,156	5,200,281
-	140	104,222	20,000	-	420	57,368	-	-	384,185
-	337,098	1,469,192	-	-	-	-	-	-	3,962,899
-	4,312,509	-	-	-	3,057,263	-	-	-	8,833,797
94,500	-	-	-	199,900	-	-	-	-	322,900
-	29,387	1,956,277	-	-	215,004	(5,772,229)	-	-	-
125,850	4,769,674	21,183,126	20,000	638,119	4,004,128	1,134,730	767,655	1,530,156	53,857,949
3,234,760	5,850,090	-	-	3,699,190	7,257,690	-	-	-	22,146,266
-	-	2,501,000	-	-	-	-	-	-	5,362,461
-	-	1,500,000	-	-	-	-	-	-	1,500,000
-	-	675,000	-	-	-	-	-	-	675,000
-	-	4,676,000	-	-	-	-	-	-	7,537,461
3,360,610	10,619,764	25,859,126	20,000	4,337,309	11,261,818	1,134,730	767,655	1,530,156	83,541,676
-	(27,704)	(1,804,829)	-	-	(227,168)	-	-	-	(5,000,000)
-	-	554,638	652,224	-	-	-	-	-	4,283,317
-	-	8,544,040	10,899,560	-	-	-	-	-	-
1,185,524	912,018	554,638	652,224	1,997,932	(2,728,557)	0	(765,345)	-	4,283,317
\$ 18,963,853	\$ 27,809,425	\$ 8,544,040	\$ 10,899,560	\$ 11,534,362	\$ 10,428,286	\$ 0	\$ 233,296	\$ 893,405	\$ 112,679,991

Regional Wastewater RSF 305	Regional Wastewater Operations 300 + 305	Regional Wastewater Replacement 310	Regional Wastewater Expansion 320	Water Enterprise 600	Water RSF 605	Water Operations 600 + 605	Water Replacement 610	Water Expansion 620
\$ 4,467,537	\$ 9,753,723	\$ 18,963,853	\$ 27,809,425	\$ 8,544,040	\$ 10,899,560	\$ 19,443,600	\$ 11,534,362	\$ 10,428,286
2,800,962		7,205,245	9,852,200	3,530,521	3,530,521		6,358,930	11,041,930
5,601,924	16,805,773			7,061,042	7,061,042	21,203,126		
				10,591,563				
Within Band	Below Maximum	Above Minimum	Above Minimum	Within Band	Within Band	Below Maximum	Above Minimum	Below Minimum
Below Target				Above Target	Above Target			
3.19 Months WC	6.96 Months WC			4.84 Months WC	6.17 Months WC	11.01 Months WC		



Financial Policies

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

Policies are not permanent documents but may be modified or rescinded in whole or in part at any time by the Board. District policies are reviewed on a regular basis and are adopted by resolution at a duly noticed meeting of the Board of Directors. The District has a number of financial policies, some of which are summarized below. The following policies are also included in their entirety in the appendix.

Auditor Selection and Services

[\(P400-14-3; page A-2/Appendix A\)](#)

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

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

Budgeting Accountability

[\(P400-15-2; page A-3/Appendix B\)](#)

Provides Operations and Capital Improvement Program (CIP) budget controls. The General Manager is accountable to the Board of Directors for meeting the budgetary objectives set by the Board. The Board approves the Operating Budget at the total fund level, ensuring that it maintains control of rates and fees. In addition, the Board approves the maximum number of full time equivalent (FTE) staff positions as well as the number of those FTEs that are limited-term positions.

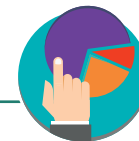
In adopting the CIP budget, the Board authorizes new projects and programs, and approves total project and program budgets. Expenses are controlled at the project total level and project managers are responsible for their assigned projects. The General Manager is responsible for ensuring that the individual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

DSRSD prepares and submits its Operating Budget to the California Society of Municipal Finance Officers (CSMFO) for inclusion in its awards program. The District has received the association's *Operating Budget Excellence Award* each time it has submitted a report. The District's current and past Operating and CIP budgets are available online at www.dsrdsd.com/open-gov/library/financial-information.

Capital Financing and Debt Management

[\(P400-14-2; page A-6/Appendix C\)](#)

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



Consolidated Water Enterprise Fund

[\(P400-12-6; page A-9/Appendix D\)](#)

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

Financial Reserves

[\(P400-15-1; page A-11/Appendix E\)](#)

Provides guidance for the prudent accumulation and management of designated reserves. Designated reserves are earmarked by the Board of Directors for purposes such as funding new capital facilities, construction, repair, replacement or refurbishment of existing facilities, rate stabilization, emergency and operating reserves. These funds can be utilized at the discretion of the District. The Board can change fund designations at any time.

Investment

[\(P400-14-4; page A-15/Appendix F\)](#)

Directs public funds to be invested in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the District's investment policy.

Project Cost Allocation

[\(P400-13-2; page A-20/Appendix G\)](#)

Establishes basis for determining how the cost of projects should be allocated between funds. Project costs are to be allocated in proportion to the benefits that accrue to existing and future customers of each enterprise of the District. In carrying out this policy and depending on the nature of the project, allocation of a project cost may be to more than one enterprise and/or to more than one fund within the enterprise.

Rate Policies and Guidelines

[\(P400-12-5; page A-22/Appendix H\)](#)

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

Water Expansion Fund Management

[\(P400-14-1; page A-31/Appendix I\)](#)

Prioritizes the obligations of the Water Expansion fund. The Water Expansion fund is dedicated to paying for the expansion of water facilities to serve growth (and to pay a share of debt related to facilities that have already been built to serve growth). This fund remains one of the most critically funded of the various funds maintained by the District and faces a number of ongoing obligations that will have a material bearing on its fund balance.

All current District policies are available online at www.dsrdsd.com/open-gov/district-policies.

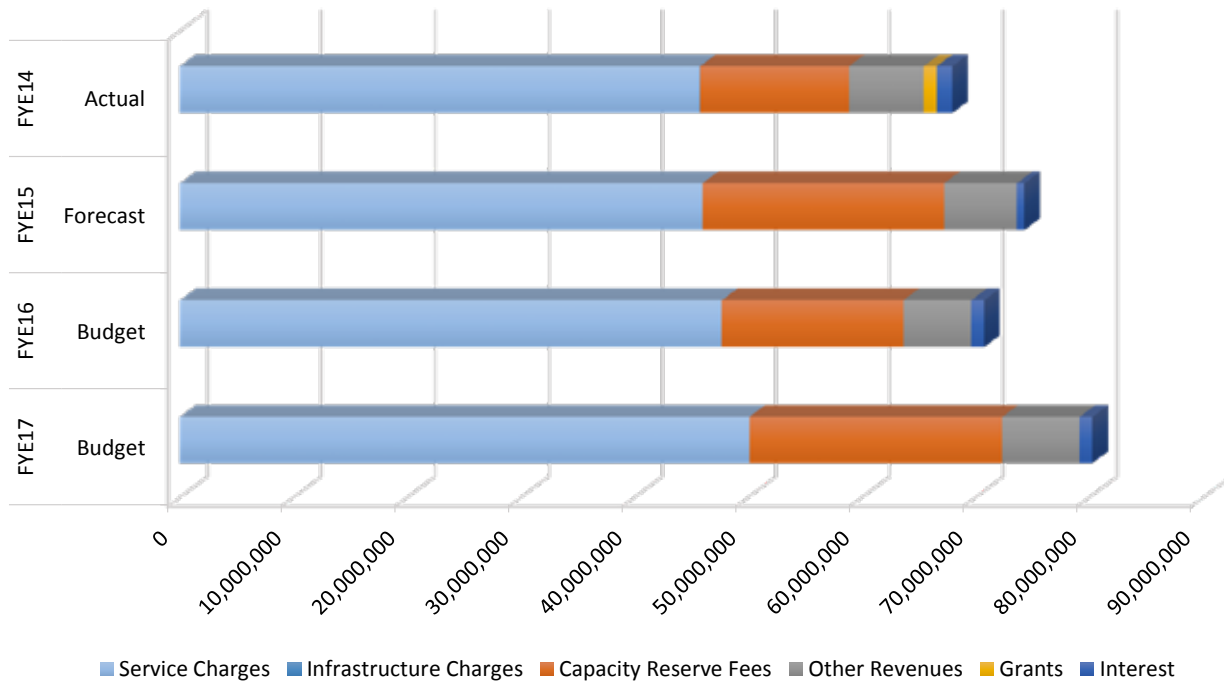


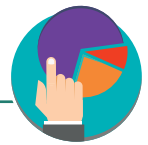
Operating Revenues

Service charges are the District’s main source of revenue. The District conducts periodic rate studies to determine if rates are covering the cost of service. The current budget reflects adopted rates and fees, as well as anticipated annual Consumer Price Index (CPI) or Construction Cost Index (CCI) increases. A conservative consumption level, customer growth projection, and development forecast have been used to develop operating revenue budgets.

DSRSD’s current rates, fees, and charges are available on the District’s website at www.dsrdsd.com/your-account/rates-fees. The following charts and graphs summarize District operating revenues. Descriptions and historical rates of each revenue type follows. Historical rates presented are for single-family residential accounts.

Revenue Type	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Service Charges	45,734,731	45,964,526	47,674,516	50,091,008
Infrastructure Charges	29,742	-	-	-
Capacity Reserve Fees	13,093,841	21,262,833	15,963,939	22,249,059
Other Revenues	6,585,633	6,396,464	5,967,346	6,804,557
Grants	1,130,000	-	-	-
Interest	1,376,223	659,744	1,142,404	1,142,908
Total	67,950,170	74,283,568	70,748,205	80,287,532
% Change		9.32%	-4.76%	13.48%





Fund Summary

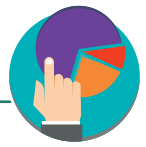
	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Service Charges	2,195,746	2,138,511	2,308,980	2,408,528
Other Revenues	20,891	9,000	-	-
Interest	12,069	1,788	9,299	8,831
Local Wastewater Enterprise	2,228,705	2,149,299	2,318,279	2,417,359
<i>% Change</i>		-3.56%	7.86%	4.27%
Interest	6,567	2,901	5,984	6,044
Local Wastewater Rate Stabilization	6,567	2,901	5,984	6,044
<i>% Change</i>		-55.83%	106.29%	1.00%
Capacity Reserve Fees	305,058	523,747	296,752	540,469
Interest	110,321	44,349	79,120	68,443
Local Wastewater Replacement	415,379	568,096	375,872	608,912
<i>% Change</i>		36.77%	-33.84%	62.00%
Capacity Reserve Fees	297,099	509,233	288,558	525,544
Other Revenues	390,076	381,000	444,000	444,000
Interest	60,649	26,336	53,005	53,066
Local Wastewater Expansion	747,824	916,569	785,563	1,022,610
<i>% Change</i>		22.56%	-14.29%	30.18%
Service Charges	18,576,353	19,374,765	19,347,168	20,102,912
Other Revenues	626,000	498,119	497,000	497,000
Interest	94,001	44,510	59,971	64,874
Regional Wastewater Enterprise	19,296,354	19,917,394	19,904,139	20,664,786
<i>% Change</i>		3.22%	-0.07%	3.82%
Interest	68,295	31,783	77,858	58,977
Regional Wastewater Rate Stabilization	68,295	31,783	77,858	58,977
<i>% Change</i>		-53.46%	144.97%	-24.25%
Capacity Reserve Fees	937,515	1,663,501	1,033,114	1,789,601
Interest	138,507	69,159	170,334	182,072
Regional Wastewater Replacement	1,076,022	1,732,659	1,203,448	1,971,673
<i>% Change</i>		61.02%	-30.54%	63.84%
Capacity Reserve Fees	6,339,445	10,846,201	6,820,299	11,286,317
Other Revenues	50,727	43,063	43,063	-
Interest	405,060	225,810	264,140	273,170
Regional Wastewater Expansion	6,795,232	11,115,075	7,127,502	11,559,487
<i>% Change</i>		63.57%	-35.88%	62.18%



FINANCIAL OVERVIEW

Fund Summary (continued)

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Service Charges	24,962,633	24,451,250	26,018,368	27,579,568
Other Revenues	569,828	416,500	533,099	536,562
Interest	139,772	54,608	96,973	102,464
Water Enterprise	25,672,233	24,922,358	26,648,440	28,218,593
% Change		-2.92%	6.93%	5.89%
Other Revenues	576,999	492,539	562,435	564,308
Interest	61,164	32,119	101,459	107,916
Water Rate Stabilization	638,163	524,658	663,894	672,224
% Change		-17.79%	26.54%	1.25%
Capacity Reserve Fees	1,371,209	2,063,802	2,046,528	2,224,584
Other Revenues	3,875	3,636	3,875	3,875
Grants	1,130,000	-	-	-
Interest	88,501	35,243	86,000	105,782
Water Replacement	2,593,585	2,102,682	2,136,403	2,334,241
% Change		-18.93%	1.60%	9.26%
Infrastructure Charges	29,742	-	-	-
Capacity Reserve Fees	3,843,515	5,656,349	5,478,688	5,882,544
Other Revenues	1,185,405	1,179,699	1,219,256	2,093,926
Interest	179,112	79,874	135,974	108,959
Water Expansion	5,237,774	6,915,922	6,833,918	8,085,429
% Change		32.04%	-1.19%	18.31%
Other Revenues	1,574,444	1,179,647	1,134,461	1,134,730
Administrative Cost Center	1,574,444	1,179,647	1,134,461	1,134,730
% Change		-25.08%	-3.83%	0.02%
Other Revenues	82,296	764,050	-	-
Interest	2,920	11,263	2,287	2,310
Other Post-Employment Benefits	85,216	775,313	2,287	2,310
% Change		809.82%	-99.71%	1.01%
Other Revenues	1,505,092	1,429,211	1,530,156	1,530,156
Interest	9,285	-	-	-
DV Standby Assessment District	1,514,377	1,429,211	1,530,156	1,530,156
% Change		-5.62%	7.06%	0.00%
TOTAL	67,950,170	74,283,568	70,748,205	80,287,532
% Change		9.32%	-4.76%	13.48%

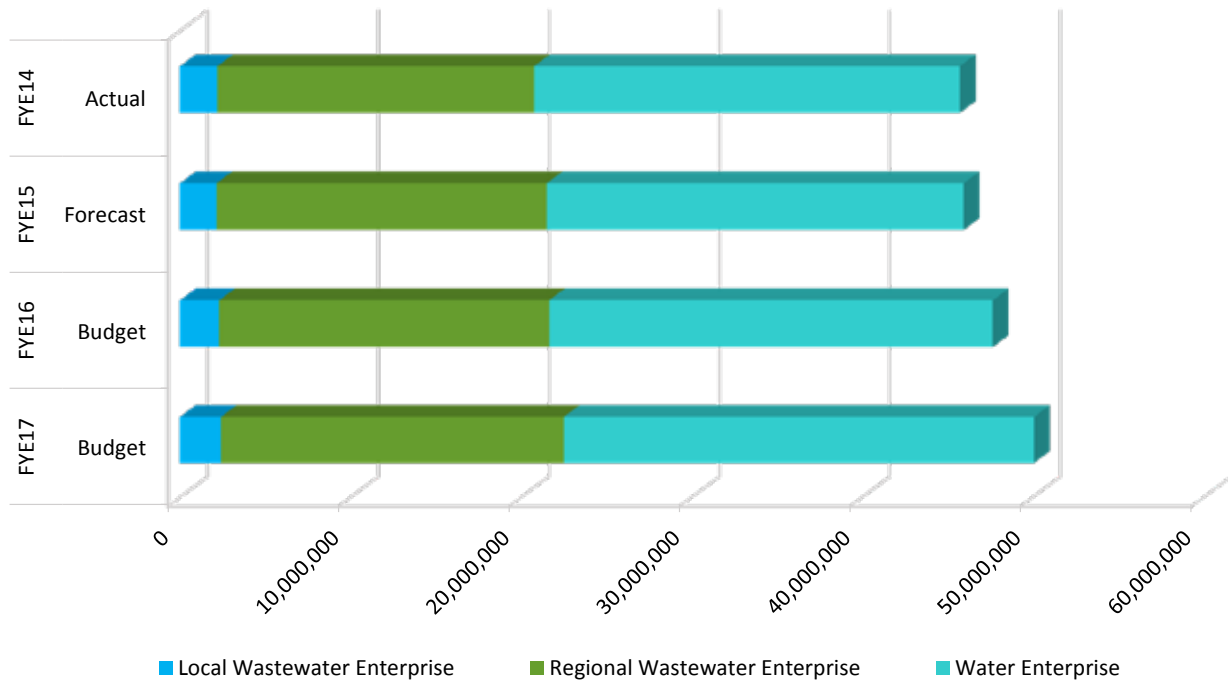


Service Charges

Total service charge revenue is anticipated to have growth of 3.72% in FYE 2016 and 5.07% in FYE 2017. Increases are primarily due to scheduled Consumer Price Index (CPI) adjustments and customer growth.

Additional discussion of service charges for each enterprise fund follows.

Service Charges	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Local Wastewater Enterprise	2,195,746	2,138,511	2,308,980	2,408,528
Regional Wastewater Enterprise	18,576,353	19,374,765	19,347,168	20,102,912
Water Enterprise	24,962,633	24,451,250	26,018,368	27,579,568
Total	45,734,731	45,964,526	47,674,516	50,091,008
% Change		0.50%	3.72%	5.07%

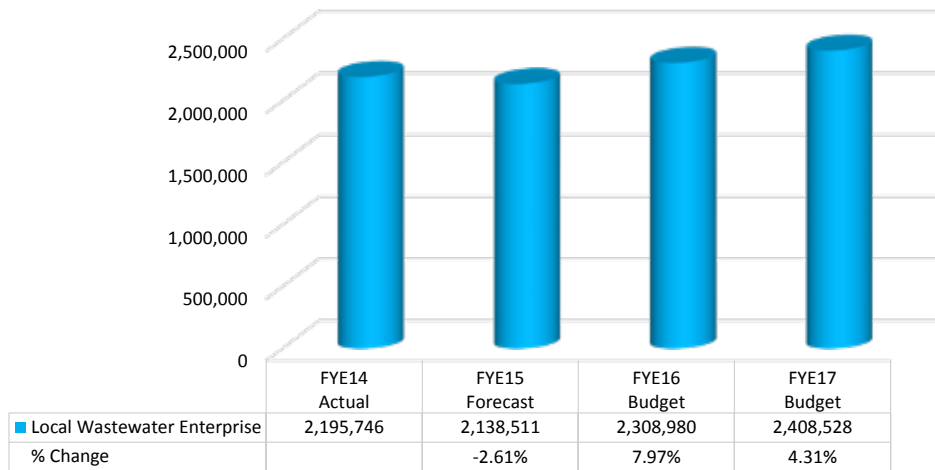




Local Wastewater Service Charge

Local wastewater collection service charges are billed to customers in the City of Dublin and the southern part of the City of San Ramon. Residential customers (except multifamily) are primarily billed through county property tax rolls (Alameda and Contra Costa). Non-residential customers in Dublin are billed directly by the District. For south San Ramon, customers excluded from the Contra Costa property tax roll such as apartments and commercial accounts are billed by the East Bay Municipal Utility District (EBMUD) and remitted to DSRSD on a monthly basis.

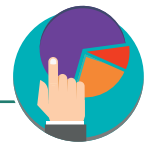
Local Wastewater service charge revenue is projected to increase by 7.97% and 4.31% over the next two fiscal years due primarily to customer growth (6.54% in FYE 2016 and 2.17% in FYE 2017) and CPI adjustments (adopted 2.53% effective July 1, 2016 and assumed 2.50% effective July 1, 2017). Since south San Ramon is almost built out, growth is primarily driven by construction in Dublin.



Historical Rate Summary

Local wastewater rates were last evaluated March 2010 in conjunction with the Comprehensive Regional Sewer Rate Study and adopted July 2010 (January 1, 2011 effective date). Subsequent CPI adjustments have been implemented annually from FYE 2012 to FYE 2016 to reflect the inflationary impact on the District’s operating costs. FYE 2016 represents that last allowable CPI adjustment without conducting a new rate study. An updated local wastewater rate study that includes appropriate cash reserves is listed as a Strategic Work Plan item (1.01.04) for FYE 2016.

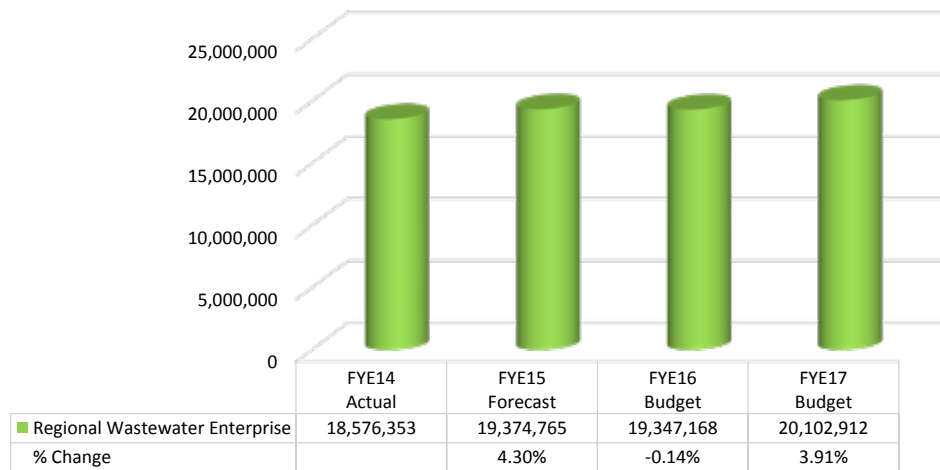
Effective Date	Bimonthly Rate (Single-Family)	% Change
June 1, 2007	\$12.20	-
March 19, 2008	\$9.80	-19.67%
July 1, 2008	\$10.08	2.86%
July 1, 2009	\$10.16	0.79%
July 1, 2010	\$10.33	1.67%
January 1, 2011	\$10.33	0.00%
July 1, 2011	\$10.51	1.74%
July 1, 2012	\$10.83	3.04%
July 1, 2014	\$11.36	4.89%
July 1, 2015	\$11.64	2.46%



Regional Wastewater Service Charge

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

Regional Wastewater service charge revenue is projected to decrease by -0.14% in FYE 2016 and increase by 3.91% in FYE 2017. Revenue increases from customer growth (2.90% in FYE 2016 and 1.64% in FYE 2017) and CPI adjustments (adopted 2.53% effective July 1, 2016 and assumed 2.50% effective July 1, 2017) will be partially mitigated by lower industrial revenue over the next two fiscal years.



Historical Rate Summary

The District completed its last *Comprehensive Regional Sewer Study* in March 2010 (January 1, 2011 effective date). Subsequent CPI adjustments have been implemented annually from FYE 2012 to FYE 2016 to reflect the inflationary impact on the District’s operating costs. FYE 2016 represents that last allowable CPI adjustment without conducting a new rate study. An updated regional wastewater rate study that includes appropriate cash reserves and debt coverage is listed as a Strategic Work Plan item (1.01.03) for FYE 2016.

Effective Date	Bimonthly Rate (Single-Family)	% Change
March 19, 2008	\$41.30	-
July 1, 2008	\$38.60	-6.54%
July 1, 2009	\$38.91	0.80%
July 1, 2010	\$39.58	1.72%
January 1, 2011	\$44.47	12.35%
July 1, 2011	\$47.00	5.69%
July 1, 2012	\$48.41	3.00%
July 1, 2013	\$49.59	2.44%
July 1, 2014	\$50.80	2.44%
July 1, 2015	\$52.09	2.54%



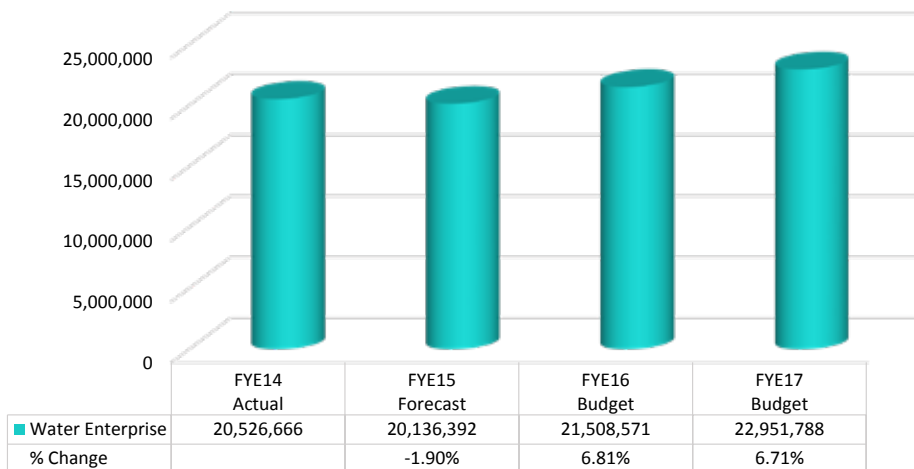
Potable Water Service Charge

Potable water service is provided to Dublin and Dougherty Valley (San Ramon and unincorporated Contra Costa County) customers. The District delivers water that is purchased, which represents the largest cost to the Water Enterprise Fund, through the Tri-Valley’s wholesaler, Zone 7 Water Agency (Zone 7). On December 3, 2002, the District adopted a revised rate schedule that established a “Zone 7 component.” This component is adjusted based on the rate established by Zone 7, typically effective on January 1 each year, and is designed to separate the cost of purchasing water from the cost of delivering water to DSRSD customers.

While wastewater revenues are largely predictable, water revenues are influenced by consumption, which is impacted by seasonal weather variations, water conservation measures (landscaping with drought-tolerant plants, low-flow shower heads, high-efficiency toilets, etc.), new housing (typically with smaller yards, fewer leaks, and more efficient fixtures), and a number of other factors.

Although DSRSD staff meet regularly with other Tri-Valley retailers (Cities of Pleasanton and Livermore, and California Water Service Company - Livermore District) to discuss ways of working proactively with Zone 7 to improve the quality of the water and keep rate increases to a minimum, the District does not directly control the wholesale cost of water. Zone 7 pricing reflects an average annual increase of 7.6% per year between 2006 and 2013. Zone 7 has adopted rate increases of 3.00% for the next two calendar years (effective January 1, 2015 and January 1, 2016). Since revenue from the Zone 7 rate is a pass-through and is generally offset with equivalent expenses, there are no net impacts to the budget. Further detail about the District’s water purchases can be found in the [materials expense section \(page 2-36\)](#).

Potable water service charge revenue is projected to increase by 6.81% and 6.71% over the next two fiscal years. Revenue is primarily driven by customer growth (7.33% in FYE 2016 and 2.96% in FYE 2017) and CPI adjustments (assumed 2.50% effective January 1, 2016 and 2017 respectively).





Historical Rate Summary

In January 2013, the District completed a *Comprehensive Water Rate Study*, which revises residential tier blocks effective FYE 2013.

- Tier 1: from 0-20 ccf to 0-10 ccf
- Tier 2: from 21-34 ccf to 11-34 ccf
- Tier 3: remains the same at greater than 34 ccf

Subsequent CPI adjustments have been implemented annually from FYE 2014 to FYE 2015 to reflect the inflationary impact on the District's operating costs. Per Government Code §53756(a), CPI adjustments are allowable through FYE 2018. An updated water rate study that includes appropriate cash reserves and debt coverage is listed as a Strategic Work Plan item (1.01.05) for FYE 2017.

Effective Date	Bimonthly Fixed Charge (5/8")	Zone 7 Cost of Water (CCF)	Tier 1 (CCF)	Tier 2 (CCF)	Tier 3 (CCF)
January 1, 2008	\$16.00	\$1.58	\$0.55	\$0.70	N/A
January 1, 2009	\$16.00	\$1.85	\$0.60	\$0.75	N/A
July 1, 2009	\$16.00	\$1.94	\$0.77	\$0.94	\$1.07
January 1, 2010	\$16.03	\$2.11	\$0.77	\$0.94	\$1.07
January 1, 2011	\$16.18	\$2.16	\$0.78	\$0.95	\$1.08
January 1, 2012	\$16.66	\$2.27	\$0.80	\$0.98	\$1.11
January 1, 2013	\$17.12	\$2.27	\$0.83	\$1.01	\$1.14
July 1, 2013	\$31.75	\$2.27	\$0.50	\$1.05	\$1.40
January 1, 2014	\$32.56	\$2.33	\$0.51	\$1.08	\$1.44
January 1, 2015	\$33.54	\$2.33	\$0.53	\$1.11	\$1.48

Water Shortage Condition Rates

The Board may implement water shortage conditions when additional conservation is necessary to ensure the reliability of the water supply. Water shortage rates are designed to provide revenue sufficiency during the declaration of conservation, meaning that essentially the same amount of revenue is generated with a slight increase for anticipated outreach costs.

The District's Board of Directors have adopted Stage 2—Severe Reduction Water Shortage Condition effective May 19, 2015.

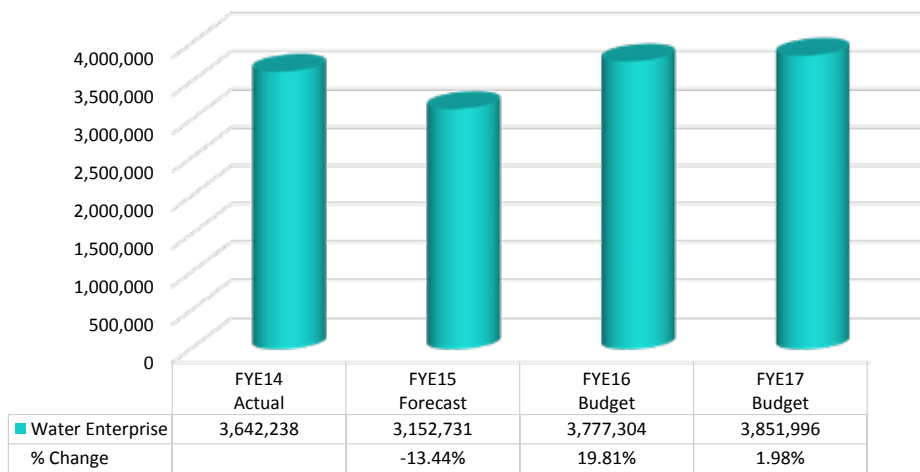
	Normal Conditions	Water Shortage Conditions			
		Stage 1	Stage 2	Stage 3	Stage 4
Target Reduction Goal	0%	10%	20%	35%	50%
Tier 1 (1-10 units)	\$0.53	\$0.59	\$0.66	\$0.92	\$1.35
Tier 2 (11-34 units)	\$1.11	\$1.39	\$1.72	\$2.22	\$3.60
Tier 3 (over 34 units)	\$1.48	\$1.92	\$2.88	\$4.14	\$5.69



Recycled Water Service Charge

Water recycling continues to be a prime focus for the District. With California’s water supply situation worsening, recycled water is becoming increasingly critical to water resource conservation. DSRSD has worked many years in partnership with EBMUD to develop a comprehensive recycled water program for Dublin and San Ramon Valley customers. This effort is represented by the DSRSD-EBMUD Recycled Water Authority (DERWA). DERWA has completed its facilities additions and improvements and is currently delivering recycled water to irrigation customers in both Dublin and the Dougherty Valley portion of San Ramon.

Recycled Water Service Charge revenue is projected to increase by 19.81% in FYE 2016 and 1.98% in FYE 2017. Growth is primarily driven by greater consumption and the District’s proactive recycled water conversions. As a response to the ongoing drought, DSRSD converted 44 major irrigation accounts from potable to recycled water, which permanently reduced demand for drinking water by 177 million gallons per year.



Historical Rate Summary

The District utilizes a formula driven approach to establish its recycled water rate, which is defined as follows: 90% of the combined rate of the District’s Zone 7 rate and the normal potable irrigation rate per hundred cubic feet (ccf)

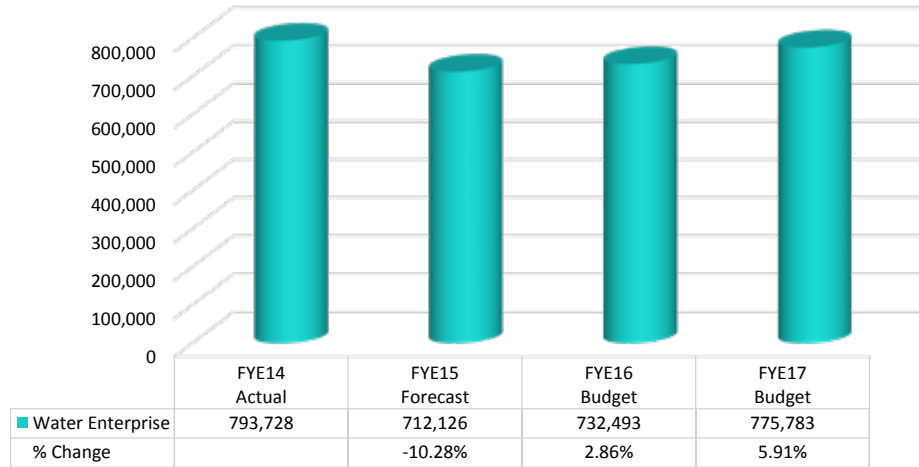
Effective Date	Per CCF	% Change
January 1, 2008	\$2.34	-
January 1, 2009	\$2.34	0.00%
July 1, 2009	\$2.75	17.52%
January 1, 2010	\$2.96	7.64%
January 1, 2011	\$2.96	0.00%
January 1, 2012	\$3.09	4.39%
January 1, 2013	\$3.12	0.97%
July 1, 2013	\$3.30	5.77%
January 1, 2014	\$3.39	2.73%
January 1, 2015	\$3.43	1.18%



Power Charge

A power charge applies to service locations in Pressure Zones 2-4 (where water must be pumped above 389 feet in elevation). This charge is reviewed each year to determine if revenue is sufficient to cover pumping costs.

Staff review determined that the current power charge was adequate to fund the District’s pumping costs, therefore the budget assumes no rate increase to the power charge for either fiscal year. Power charge revenue is projected to increase by 2.86% in FYE 2016 and 5.91% in FYE 2017. The increase was primarily due to higher pumping costs from anticipated customer growth.



Historical Rate Summary

No rate increases are included in the budget.

Effective Date	Per CCF	% Change
January 1, 2008	\$0.19	-
January 1, 2009	\$0.19	0.00%
July 1, 2009	\$0.23	21.05%
January 1, 2010	\$0.24	4.35%
January 1, 2011	\$0.25	4.17%
January 1, 2012	\$0.27	8.00%
January 1, 2013	\$0.28	3.70%
July 1, 2013	\$0.28	0.00%
January 1, 2014	\$0.28	0.00%
January 1, 2015	\$0.28	0.00%

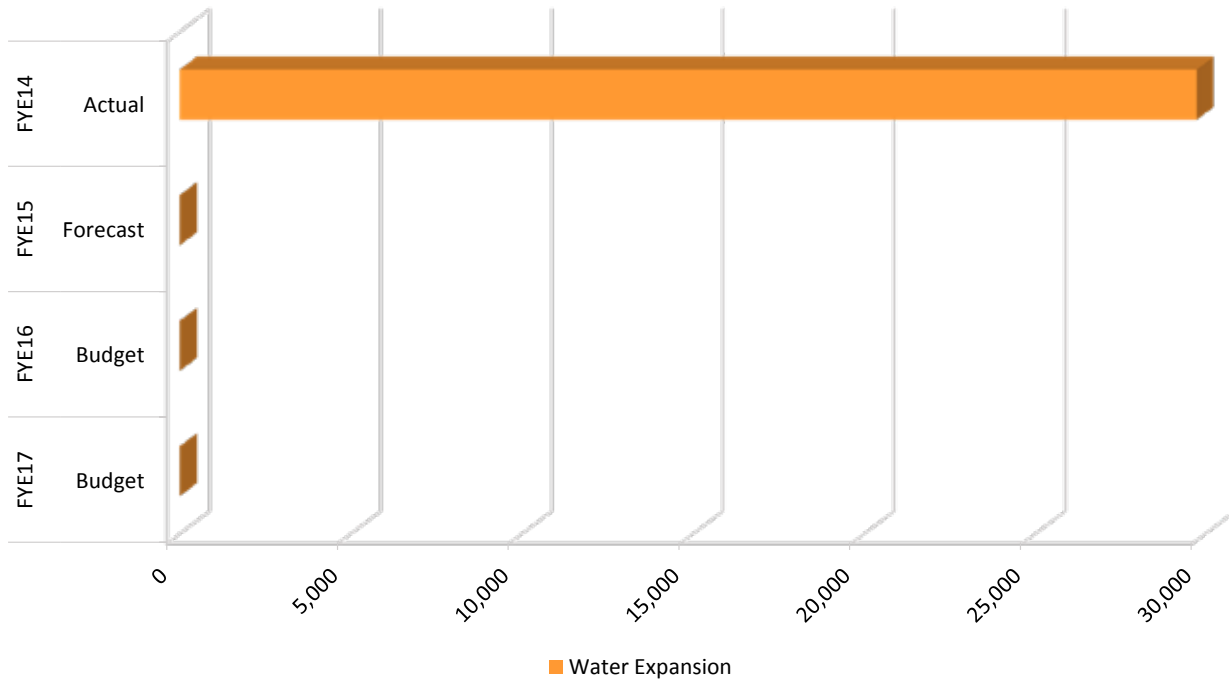


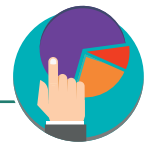
Infrastructure Charges

In FYE 2010, DSRSD implemented a Temporary Infrastructure Charge (TIC), which was implemented to help the District repay outstanding debt in the Water Expansion fund. The implementation was structured to provide flexibility and allow the Board of Directors to periodically review and adjust the charge, including TIC suspension or reinstatement, within the maximum amount as established.

At its May 7, 2013 meeting, the Board of Directors approved the suspension of the Temporary Infrastructure Charge, therefore, no TIC revenue has been budgeted for FYE 2016 or FYE 2017. The District’s Water Expansion Fund Management policy ([page A-31/Appendix I](#)) prioritizes the fund’s obligations including an evaluation TIC repayment. As of the end of FYE 2015, \$8.2M in TIC revenue has been collected and \$4.2M has been repaid resulting in an outstanding balance of \$3.995M.

Infrastructure Charges	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Water Expansion	29,742	-	-	-
Total	29,742	-	-	-
% Change		-100.00%	0.00%	0.00%





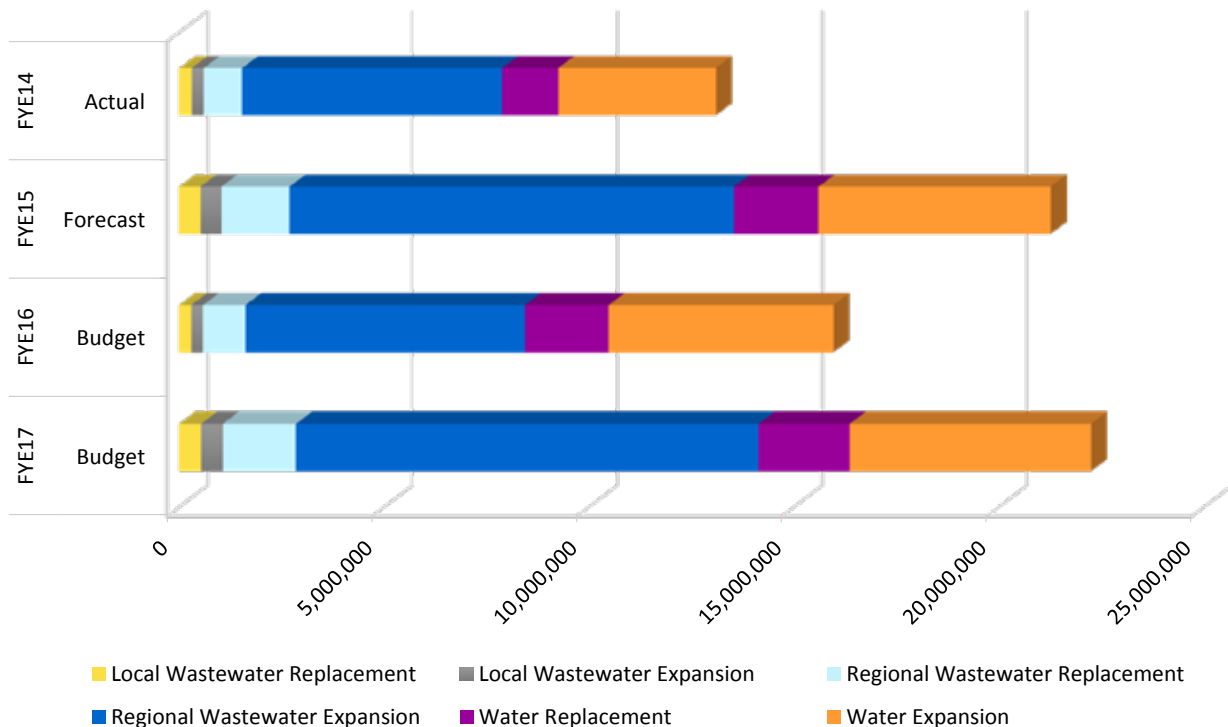
Capacity Reserve Fees

Capacity reserve fees are collected to finance the cost of building expanded District facilities to support new customers. These fees consists of a combination of the following components:

- **Expansion** - Component for future facilities that will be needed to support planned development.
- **Buy-in** - “Buy-in” component to existing facilities (net of the principal on any related debt) that are available to serve development.
- **Debt** - Component for the principal and interest costs associated with the “expansion” portion of facilities built to support growth (projects are allocated between current and future customers when they are built; only the “future” portion of those facilities that have been funded by debt are included).

Capacity reserve fee revenues are cyclical and are tied to new building activity. The budget includes assumed Construction Cost Index (CCI) adjustments of 2.00% for both FYE 2016 and FYE 2017 for each capacity reserve fee. Capacity reserve fees are projected to decrease -24.92 % in FYE 2016 and increase 39.37% in FYE 2017 due delayed revenue receipt. The District now collects capacity reserve fees upon building permit issuance instead of construction permit issuance, which delays when fees are due. In collaboration with the planning departments from the Cities of Dublin and San Ramon, DSRSD revised its anticipated development schedule and associated revenue receipt to reflect the change in business process.

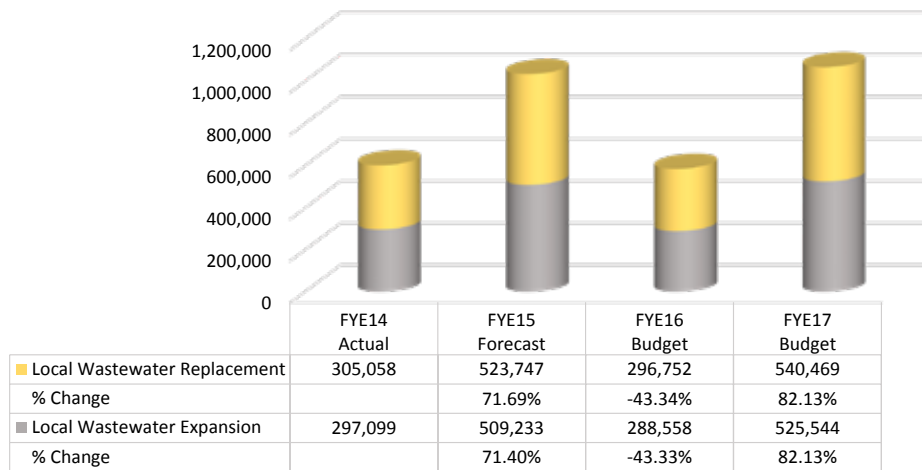
Capacity Reserve Fees	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Local Wastewater Replacement	305,058	523,747	296,752	540,469
Local Wastewater Expansion	297,099	509,233	288,558	525,544
Regional Wastewater Replacement	937,515	1,663,501	1,033,114	1,789,601
Regional Wastewater Expansion	6,339,445	10,846,201	6,820,299	11,286,317
Water Replacement	1,371,209	2,063,802	2,046,528	2,224,584
Water Expansion	3,843,515	5,656,349	5,478,688	5,882,544
Total	13,093,841	21,262,833	15,963,939	22,249,059
% Change		62.39%	-24.92%	39.37%





Local Wastewater Capacity Reserve Fee

Local Wastewater capacity reserve fees are comprised of an expansion component and a “buy-in” component; there is no debt component. Revenue is projected to decrease by -43.33% in FYE 2016 and increase by 82.13% in FYE 2017. Customer growth (6.54% in FYE 2016 and 2.17% in FYE 2017) and assumed CCI adjustments of 2.00% are offset in FYE 2016 by delayed revenue receipt. The District now collects capacity reserve fees upon building permit issuance instead of construction permit issuance, which delays when fees are due. In collaboration with the planning departments from the Cities of Dublin and San Ramon, DSRSD revised its anticipated local wastewater development schedule and associated revenue receipt to reflect the change in business process.



Historical Fee Summary

The last *Local Sewer Connection Fee Study* was completed in June 2010. Subsequent CPI adjustments have been implemented annually from FYE 2011 to FYE 2015 to reflect the inflationary impact on development costs. In conjunction with an update to the *Collection System Master Plan*, an updated local wastewater capacity reserve fee study is listed as a Strategic Work Plan item (1.05.03) for FYE 2019.

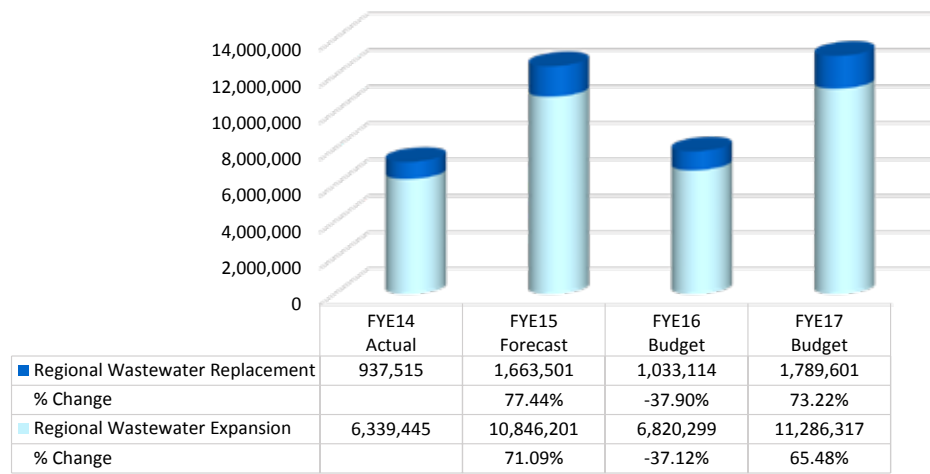
Effective Date	Buy-In Component	Expansion Component	Total	% Change
October 1, 2005	\$695.59	\$634.41	\$1,330.00	-
July 1, 2006	\$732.72	\$668.28	\$1,401.00	5.34%
July 1, 2007	\$767.24	\$699.76	\$1,467.00	4.71%
July 1, 2008	\$771.00	\$704.00	\$1,475.00	0.55%
June 23, 2009	\$771.00	\$704.00	\$1,475.00	0.00%
July 1, 2010	\$830.00	\$807.00	\$1,637.00	10.98%
July 1, 2011	\$867.01	\$842.99	\$1,710.00	4.46%
July 1, 2012	\$884.76	\$860.24	\$1,745.00	2.05%
July 1, 2013	\$885.27	\$860.73	\$1,746.00	0.06%
July 1, 2014	\$929.38	\$903.62	\$1,833.00	4.98%



Regional Wastewater Capacity Reserve Fees

Regional Wastewater capacity reserve fees include a debt component for LAVWMA issued 2011 Sewer Revenue Re-funding Bonds. Revenue is projected to decrease by -37.12% in FYE 2016 and increase by 65.48% in FYE 2017.

Customer growth (2.90% in FYE 2016 and 1.64% in FYE 2017) and assumed CCI adjustments of 2.00% are offset in FYE 2016 by delayed revenue receipt. The District now collects capacity reserve fees upon building permit issuance instead of construction permit issuance, which delays when fees are due. In collaboration with the planning departments from the Cities of Dublin and San Ramon, DSRSD revised its anticipated regional wastewater development schedule and associated revenue receipt to reflect the change in business process.



Historical Fee Summary

The District completed its last *Comprehensive Regional Sewer Connection Fee Study* in May 2010. Subsequent CCI adjustments have been implemented annually from FYE 2012 to FYE 2015 to reflect the inflationary impact on development costs. In conjunction with an update to the *Regional Treatment Plant Master Plan*, an updated regional wastewater capacity reserve fee study is listed as a Strategic Work Plan item (1.05.02) for FYE 2018.

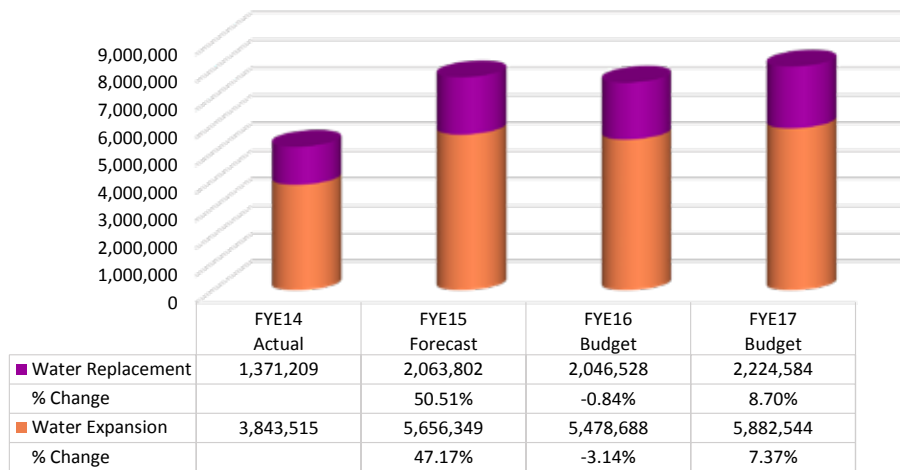
Effective Date	Buy-In Component	Expansion Component	Debt Component	Total	% Change
July 1, 2007	N/A	N/A	N/A	\$9,900.00	-
July 1, 2008	\$1,727.00	\$4,258.00	\$7,015.00	\$13,000.00	31.31%
June 23, 2009	\$1,727.00	\$4,258.00	\$7,015.00	\$13,000.00	0.00%
July 1, 2009	\$1,840.50	\$4,537.50	\$7,015.00	\$13,393.00	3.02%
July 1, 2010	\$1,835.50	\$4,525.50	\$7,015.00	\$13,376.00	-0.13%
August 1, 2010	\$1,820.00	\$6,390.00	\$5,630.00	\$13,840.00	3.47%
July 1, 2011	\$1,900.50	\$6,672.50	\$5,630.00	\$14,203.00	2.62%
July 1, 2012	\$1,939.93	\$6,811.07	\$5,630.00	\$14,381.00	1.25%
July 1, 2013	\$1,940.37	\$6,812.63	\$5,630.00	\$14,383.00	0.01%
July 1, 2014	\$2,037.91	\$7,155.09	\$5,630.00	\$14,823.00	3.06%



Water Capacity Reserve Fees

Water capacity reserve fees include a debt component for 2011 Water Revenue Refunding Bonds. Revenue is projected to decrease by -3.14% in FYE 2016 and increase by 7.37% in FYE 2017.

Customer growth (7.33% in FYE 2016 and 2.96% in FYE 2017) and assumed CCI adjustments of 2.00% are offset in FYE 2016 by delayed revenue receipt. The District now collects capacity reserve fees upon building permit issuance instead of construction permit issuance, which delays when fees are due. In collaboration with the planning departments from the Cities of Dublin and San Ramon, DSRSD revised its anticipated water development schedule and associated revenue receipt to reflect the change in business process.



Historical Fee Summary

The District completed its last *Comprehensive Regional Sewer Connection Fee Study* in May 2010. Subsequent CCI adjustments have been implemented annually from FYE 2012 to FYE 2016 to reflect the inflationary impact on the District's operating costs. In conjunction with an updated *Water Master Plan*, an updated water capacity reserve fee study is listed as a Strategic Work Plan item (1.05.01) for FYE 2016.

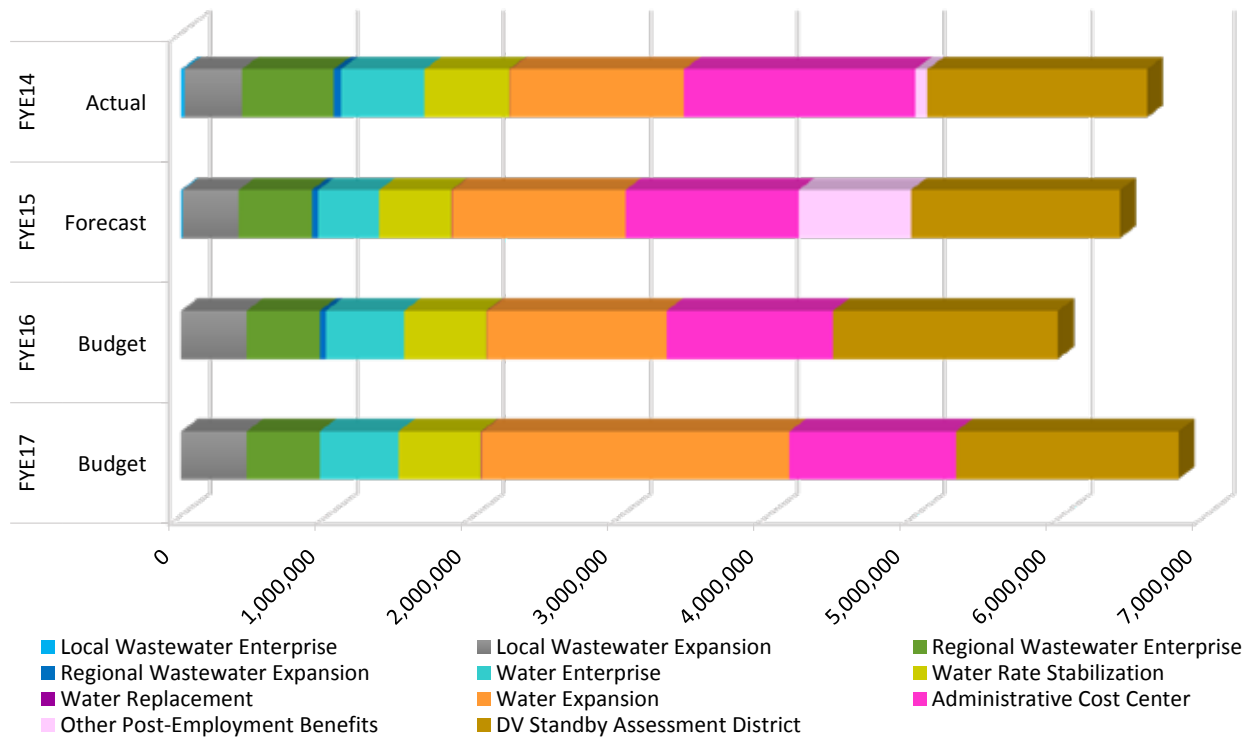
Effective Date	Buy-In Component	Expansion Component	Debt Component	Total	% Change
July 10, 2006	\$1,460.00	\$4,790.00	N/A	\$6,250.00	-
July 1, 2007	\$1,528.00	\$5,013.00	N/A	\$6,541.00	4.66%
July 1, 2008	\$1,537.00	\$5,042.00	N/A	\$6,579.00	0.58%
July 1, 2009	\$1,638.00	\$5,373.00	N/A	\$7,011.00	6.57%
July 1, 2010	\$1,634.00	\$5,359.00	N/A	\$6,993.00	-0.26%
July 1, 2011	\$2,628.00	\$1,893.00	\$5,679.00	\$10,200.00	45.86%
January 1, 2012	\$3,077.00	\$3,046.00	\$5,679.00	\$11,802.00	15.71%
July 1, 2012	\$3,141.00	\$3,109.00	\$5,679.00	\$11,929.00	1.08%
July 1, 2013	\$3,142.00	\$3,110.00	\$5,679.00	\$11,931.00	0.02%
July 1, 2014	\$3,300.00	\$3,267.00	\$5,679.00	\$12,246.00	2.64%



Other Revenue

Other revenues include administrative fees charged by the District, Dougherty Valley Standby Assessments, overtime inspections, cell tower leases, rental of office space, and other miscellaneous items. Revenue is projected to decrease by -6.71% in FYE 2016 and 14.03% in FYE 2017 due a change in how the draw from CERBT is budgeted in FYE 2016 and Pleasanton’s buy-in contribution of the 1.9 MGD expansion project in FYE 2017.

Other Revenues	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Local Wastewater Enterprise	20,890.50	9,000	-	-
Local Wastewater Expansion	390,076	381,000	444,000	444,000
Regional Wastewater Enterprise	626,000	498,119	497,000	497,000
Regional Wastewater Expansion	50,727	43,063	43,063	-
Water Enterprise	569,828	416,500	533,099	536,562
Water Rate Stabilization	576,999	492,539	562,435	564,308
Water Replacement	3,875	3,636	3,875	3,875
Water Expansion	1,185,405	1,179,699	1,219,256	2,093,926
Administrative Cost Center	1,574,444	1,179,647	1,134,461	1,134,730
Other Post-Employment Benefits	82,296	764,050	-	-
DV Standby Assessment District	1,505,092	1,429,211	1,530,156	1,530,156
Total	6,585,633	6,396,464	5,967,346	6,804,557
% Change		-2.87%	-6.71%	14.03%

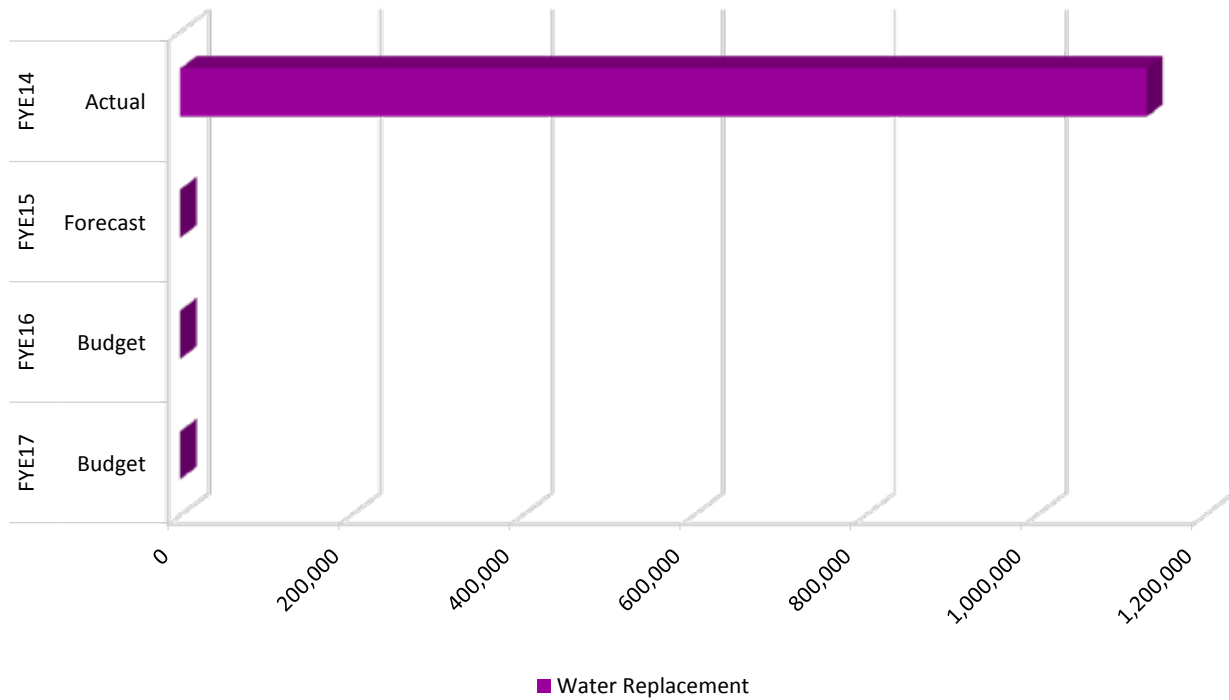


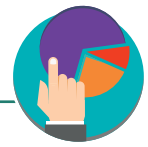


Grants

Beginning with FYE 2016, grant revenue will directly offset associated CIP project expenses instead of recorded separately. Please refer to the combined [Capital Improvement Program Ten Year Plan for Fiscal Years Ending 2016 through 2025 and Two Year Budget for Fiscal Years Ending 2016 and 2017](#) for additional detail.

Grants	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Water Replacement	1,130,000	-	-	-
Total	1,130,000	-	-	-
% Change		-100.00%	0.00%	0.00%



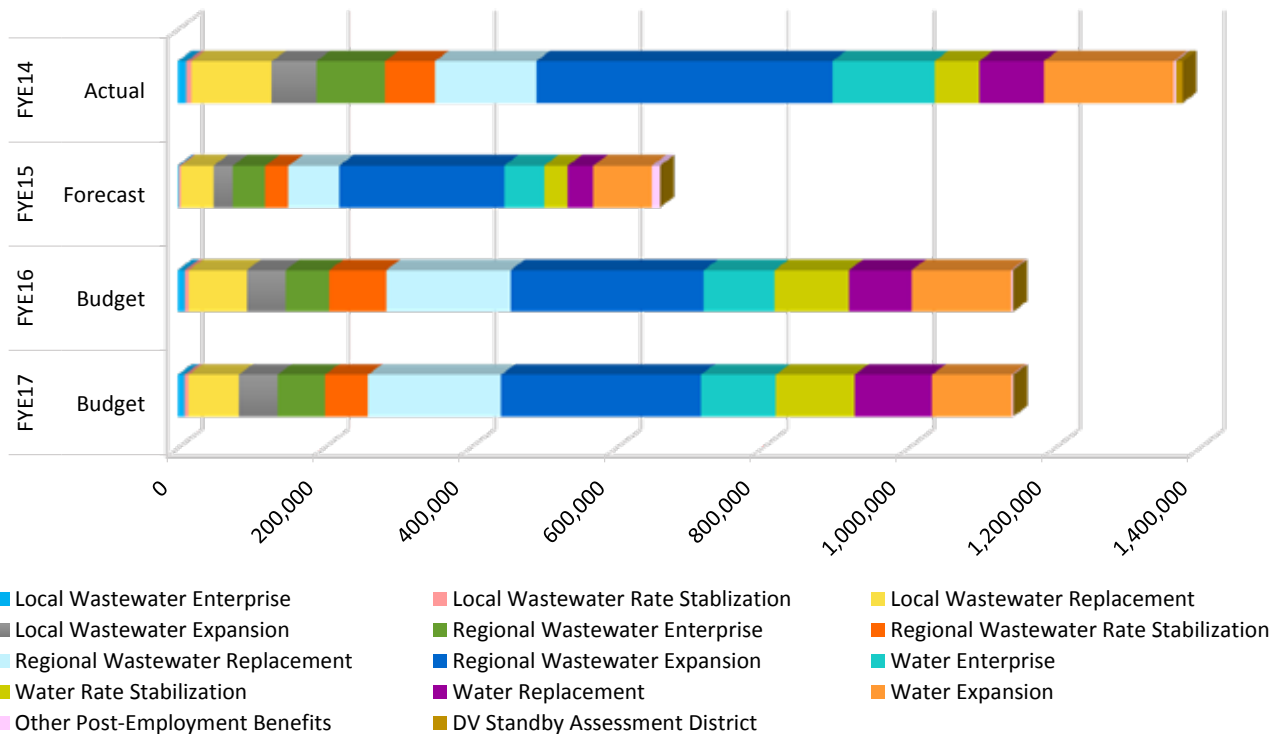


Interest

The District uses a pooled interest allocation method for all funds, which means that any unrestricted interest that is earned is allocated each month based upon the cash balances in each fund. For the next two fiscal years, a 1.00% interest rate is assumed. This reflects the current low but improving interest rate environment.

FYE 2015 interest earnings are 0.866%. Staff has kept funds liquid the past few years due to the low returns and uncertainty about capacity fee revenues. Investment rates are at historical lows due to the current Federal Reserve monetary policy and it is not anticipated that these rates will increase materially during the budget cycle.

Interest	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Local Wastewater Enterprise	12,069	1,788	9,299	8,831
Local Wastewater Rate Stabilization	6,567	2,901	5,984	6,044
Local Wastewater Replacement	110,321	44,349	79,120	68,443
Local Wastewater Expansion	60,649	26,336	53,005	53,066
Regional Wastewater Enterprise	94,001	44,510	59,971	64,874
Regional Wastewater Rate Stabilization	68,295	31,783	77,858	58,977
Regional Wastewater Replacement	138,507	69,159	170,334	182,072
Regional Wastewater Expansion	405,060	225,810	264,140	273,170
Water Enterprise	139,772	54,608	96,973	102,464
Water Rate Stabilization	61,164	32,119	101,459	107,916
Water Replacement	88,501	35,243	86,000	105,782
Water Expansion	179,112	79,874	135,974	108,959
Other Post-Employment Benefits	2,920	11,263	2,287	2,310
DV Standby Assessment District	9,285	-	-	-
Total	1,376,223	659,744	1,142,404	1,142,908
% Change		-52.06%	73.16%	0.04%





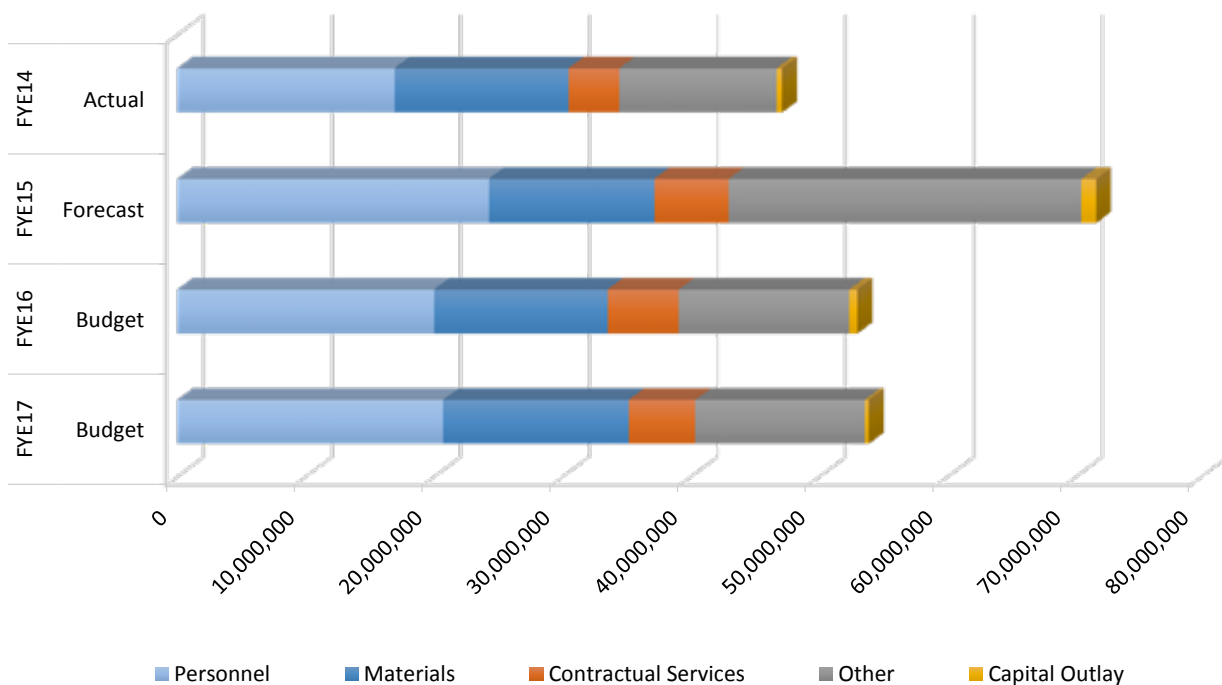
Operating Expenses

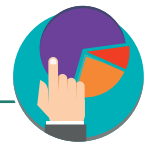
The Board approves the Operating Budget at the fund level, providing resources for the General Manager to run the District while ensuring that it maintains overall control of rates and fees. The General Manager is authorized to make “no net change” budget adjustments within a fund. The FYE 2015 forecast includes a payment towards unfunded pension liabilities in personnel and payoff of the District’s 2009 Refunding Note in other expenses.

The following charts and graphs summarize District operating expenses. Descriptions of each expense type follows. The other expenses category reflects the allocation of overhead charges from the Administrative Cost Center to other funds. Additional departmental detail is included in Section 3—Department Overview.

Expense Type	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Personnel	16,905,267	24,258,611	19,983,876	20,709,158
Materials	13,555,686	12,874,914	13,523,119	14,444,728
Contractual Services	3,956,057	5,812,534	5,554,712	5,200,281
Other	12,258,566	27,466,336	13,246,297	13,180,881
Capital Outlay	435,752	1,182,659	632,000	322,900
Total	47,111,328	71,595,054	52,940,005	53,857,949
% Change		51.97%	-26.06%	1.73%

Department	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Executive	1,280,458	1,532,148	1,636,136	1,867,688
Administrative Services	4,986,963	6,108,530	5,942,645	6,049,535
Engineering	3,575,656	4,160,502	4,246,144	4,381,260
Operations	12,923,907	12,618,784	13,893,873	14,336,167
Non-Departmental	23,908,592	45,992,431	26,589,207	26,900,399
Total	46,675,577	70,412,395	52,308,005	53,535,049
% Change		50.85%	-25.71%	2.35%





Fund Summary

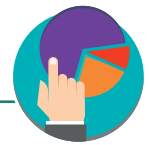
	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Personnel	1,128,622	1,340,237	1,337,746	1,385,052
Materials	47,900	55,279	69,913	61,196
Contractual Services	186,887	227,472	150,243	129,343
Other	359,972	570,293	507,221	551,813
Local Wastewater Enterprise	1,723,381	2,193,281	2,065,123	2,127,404
% Change		27.27%	-5.84%	3.02%
Personnel	184	-	-	-
Materials	5,162	5,400	5,400	5,400
Contractual Services	-	800	225,800	225,800
Capital Outlay	22,475	842,700	81,915	28,500
Local Wastewater Replacement	27,820	848,900	313,115	259,700
% Change		2951.38%	-63.12%	-17.06%
Personnel	309,236	362,629	315,074	328,086
Materials	1,617	1,000	1,090	1,090
Contractual Services	3,156	18,841	39,720	35,720
Other	65,704.66	104,606	116,034	126,737
Local Wastewater Expansion	379,713	487,076	471,919	491,633
% Change		28.27%	-3.11%	4.18%
Personnel	6,379,196	9,460,022	7,117,323	7,389,939
Materials	2,266,038	2,000,894	2,025,955	2,055,553
Contractual Services	641,813	678,268	696,080	644,600
Other	5,536,936	6,707,441	6,463,795	6,715,681
Regional Wastewater Enterprise	14,823,983	18,846,625	16,303,153	16,805,773
% Change		27.14%	-13.50%	3.08%
Materials	24,520	25,650	25,650	25,650
Contractual Services	441	700	5,700	5,700
Other	-	-	75,000	-
Capital Outlay	344,449	121,159	174,100	94,500
Regional Wastewater Replacement	369,410	147,509	280,450	125,850
% Change		-60.07%	90.12%	-55.13%
Personnel	39,218	102,620	76,760	79,736
Materials	-	-	545	545
Contractual Services	800	40,101	11,760	10,260
Other	3,872,945	18,701,692	4,675,436	4,679,134
Regional Wastewater Expansion	3,912,963	18,844,413	4,764,501	4,769,674
% Change		381.59%	-74.72%	0.11%



FINANCIAL OVERVIEW

Fund Summary (continued)

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Personnel	4,287,256	6,341,023	4,864,258	5,059,754
Materials	10,517,073	10,331,491	10,756,427	11,637,618
Contractual Services	1,054,752	1,002,102	992,711	956,063
Other	2,559,427	3,677,385	3,363,426	3,529,691
Water Enterprise	18,418,509	21,352,001	19,976,821	21,183,126
% Change		15.93%	-6.44%	6.04%
Other	16,756.97	50,000	20,000	20,000
Water Rate Stabilization	16,757	50,000	20,000	20,000
% Change		198.38%	-60.00%	0.00%
Personnel	1,688	-	-	-
Materials	142,133	121,950	327,869	327,869
Contractual Services	2,777	1,528	398,700	110,350
Other	-	47,310	-	-
Capital Outlay	68,828	218,800	375,985	199,900
Water Replacement	215,425	389,588	1,102,554	638,119
% Change		80.85%	183.01%	-42.12%
Personnel	458,227	683,576	539,195	560,696
Materials	415,099	157,395	144,250	153,435
Contractual Services	16,970	1,155,039	129,960	17,310
Other	3,419,008	3,384,739	3,256,389	3,272,687
Water Expansion	4,309,303	5,380,748	4,069,794	4,004,128
% Change		24.86%	-24.36%	-1.61%
Personnel	4,301,641	5,204,455	4,950,975	5,138,240
Materials	136,144	175,855	166,020	176,371
Contractual Services	708,841	1,258,472	1,373,883	1,534,980
Other	(3,572,183)	(5,777,131)	(5,231,004)	(5,714,861)
Administrative Cost Center	1,574,444	861,652	1,259,873	1,134,730
% Change		-45.27%	46.22%	-9.93%
Personnel	-	764,050	782,545	767,655
Other Post-Employment Benefits	-	764,050	782,545	767,655
% Change			2.42%	-1.90%
Contractual Services	1,339,619	1,429,211	1,530,156	1,530,156
DV Standby Assessment District	1,339,619	1,429,211	1,530,156	1,530,156
% Change		6.69%	7.06%	0.00%
TOTAL	47,111,328	71,595,054	52,940,005	53,857,949
% Change		51.97%	-26.06%	1.73%

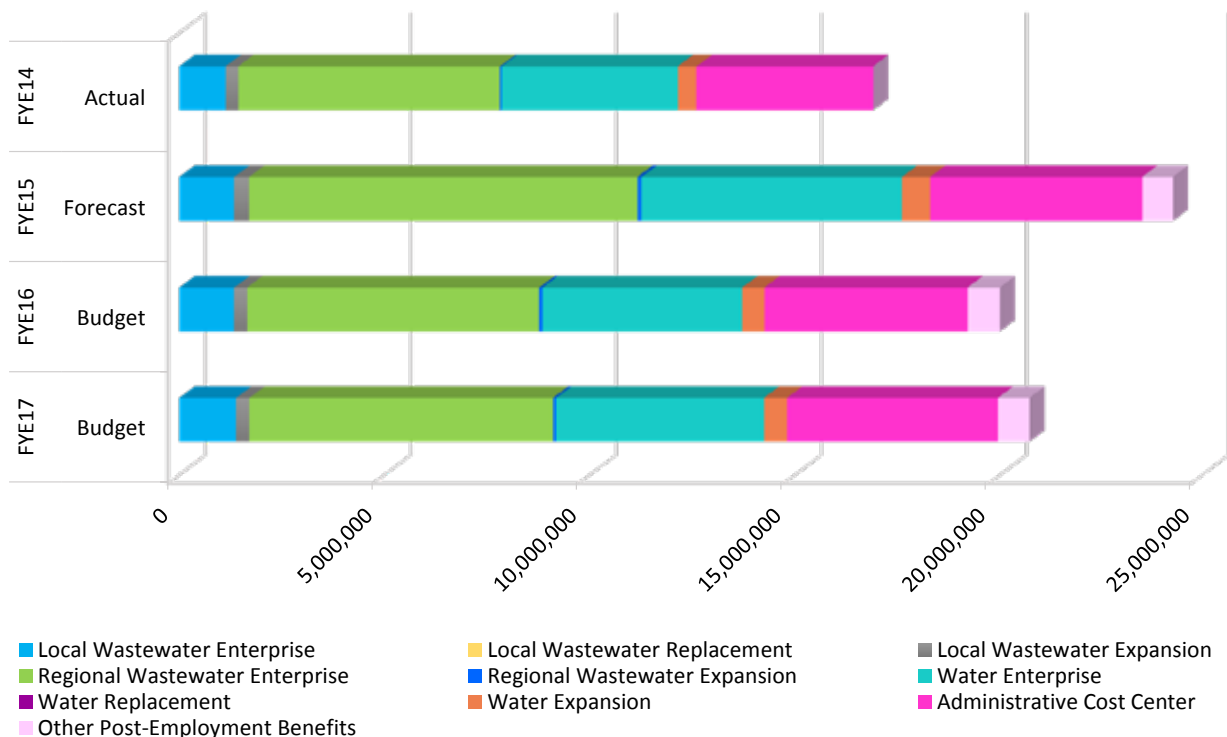


Personnel

Staffing levels have not been increased for this budget cycle and will remain at 113.00 FTEs. Position detail by division can be found in [Appendix K \(page A-37\)](#). Personnel expense is projected to decrease by -17.62% in FYE 2016 and increase by 3.63% in FYE 2017. The forecast for FYE 2015 includes a \$5.0M payment towards unfunded pension liabilities. These payments will fund the District’s pension liabilities within a three to five year time frame and reduce operating expenses in the long term by approximately \$1.0M per year. Overall, personnel costs remain flat.

As in most service businesses, personnel costs are the District’s largest expense. Personnel expense is primarily comprised of salaries, temporary staffing, training, and benefits. While scheduled salary adjustments (based on 2.50% CPI estimates from the State of California) represent a portion of the increase in personnel expenses, benefit costs have also had a significant impact on the budget in prior years and they will continue to do so into the future. Health care costs are projected to increase 10.00% each fiscal year and CalPERS employer contribution rate are 15.67% for FYE 2016 and 16.31% for FYE 2017.

Personnel	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Local Wastewater Enterprise	1,128,622	1,340,237	1,337,746	1,385,052
Local Wastewater Replacement	184	-	-	-
Local Wastewater Expansion	309,236	362,629	315,074	328,086
Regional Wastewater Enterprise	6,379,196	9,460,022	7,117,323	7,389,939
Regional Wastewater Expansion	39,218	102,620	76,760	79,736
Water Enterprise	4,287,256	6,341,023	4,864,258	5,059,754
Water Replacement	1,688	-	-	-
Water Expansion	458,227	683,576	539,195	560,696
Administrative Cost Center	4,301,641	5,204,455	4,950,975	5,138,240
Other Post-Employment Benefits	-	764,050	782,545	767,655
Total	16,905,267	24,258,611	19,983,876	20,709,158
% Change		43.50%	-17.62%	3.63%





Staffing and Benefits

The Board reviews all new position requests, authorizes total “full time equivalent” (FTE) positions, and approves salary ranges for positions after negotiation with relevant bargaining units.

Department Summary

Department	FYE14	FYE15	FYE16	FYE17
Executive	5.00	5.00	5.00	5.00
Administrative Services	30.00	31.00	29.50	29.50
Engineering	22.00	22.00	22.50	22.50
Operations	55.00	55.00	56.00	56.00
Total	112.00	113.00	113.00	113.00
Change		1.00	-	-

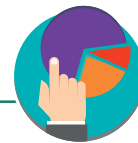
Employee Benefits

All regular and limited term employees who work more than 1,000 hours per fiscal year are enrolled as “classic members” in the CalPERS (California Public Employees Retirement System) 2.7% @ age 55 retirement program (if employment with the District began prior to January 1, 2013, or, if hired after January 1, 2013, was a member of a public retirement system no more than 6 months prior to enrollment in CalPERS). New employees, who are also “new members,” are enrolled in the CalPERS 2.0% @ age 62 plan in accordance with state law. Classic employees contribute 10% of salary toward their retirement (8% is the “employee’s portion” and 2% is paid by the employees on behalf of the employer as negotiated in exchange for the current retirement plan). New members contribute 50% of the total normal cost of benefits (currently 6.25%) of their salary toward retirement. The District contribution varies from year-to-year. For FYE 2014, the District’s contribution was 13.685% of salary. The contribution will be 14.691% in FYE 2015 and is projected to be 15.671% in FYE 2016.

All full-time employees and Board members are eligible to receive medical, dental, and vision benefits. Part-time employees receive prorated benefits. The Board annually reviews and sets the maximum premium that will be paid by the District (according to a cost sharing agreement in each of the contracts). Currently, the maximum monthly District contribution for medical is set at \$1,569 per month.

The District provides retiree medical and dental coverage for employees hired prior to June 30, 2014 (in accordance with contracts). Funding of these benefits is from the Other Post- Employment Benefits (OPEB) fund ([see pages 2-2 and 2-3 for fund descriptions](#)).

The District budgets each year’s expense for future post-employment benefits as a percentage of wages. For FYE 2016 and FYE 2017, the District budgeted 6.43% of salaries for future post-employment benefits. Contributions are based upon an actuarial study that is completed every two years.



Bargaining Units

The District has four employee bargaining units and four personal service agreements (PSAs) with each at-will Senior Manager and the General Manager. All Memorandum of Understandings (MOUs) will expire this budget cycle. The District anticipates beginning labor negotiations in early 2016. Below is a listing of each unit with highlights from their contracts:

Senior Management Team

- Personal service agreements by Board resolution
- Annual CPI adjustment (San Francisco Bay Area index) with a 0% floor
- 100% match of the first \$2,500 of employee's voluntary contribution to deferred compensation 457 plan

Mid-Management Employees Bargaining Unit (MEBU)

- Contract term: December 26, 2011 – December 18, 2016
- Annual CPI adjustment (San Francisco Bay Area index) with a 0% floor
- 100% match of the first \$2,500 of employee's voluntary contribution to deferred compensation 457 plan

Professional Employees Bargaining Unit (PEBU)

- Contract term: December 26, 2011 – December 18, 2016
- Annual CPI adjustment (San Francisco Bay Area index) with a 0% floor
- 100% match of the first \$2,500 of employee's voluntary contribution to deferred compensation 457 plan

Stationary Engineers Local 39

- Contract term: December 26, 2011 - December 18, 2016
- Annual CPI adjustment (San Francisco Bay Area index) with a 0% floor
- For calendar years 2012, 2013, and 2014: \$1,000 lump sum District contribution to employee's 457 plan on 1st pay period of calendar year and 100% match of the first \$1,500 of employee's voluntary contribution to deferred compensation 457 plan
- For calendar years 2015 and 2016: 100% match of the first \$2,500 of employee's voluntary contribution to deferred compensation 457 plan

Confidential Employees Bargaining Unit (CEBU)

- Contract term: December 26, 2011 – April 30, 2017
- Annual CPI adjustment (San Francisco Bay Area index) with a 0% floor
- 100% match of the first \$2,500 of Employee's voluntary contribution to deferred compensation 457 plan

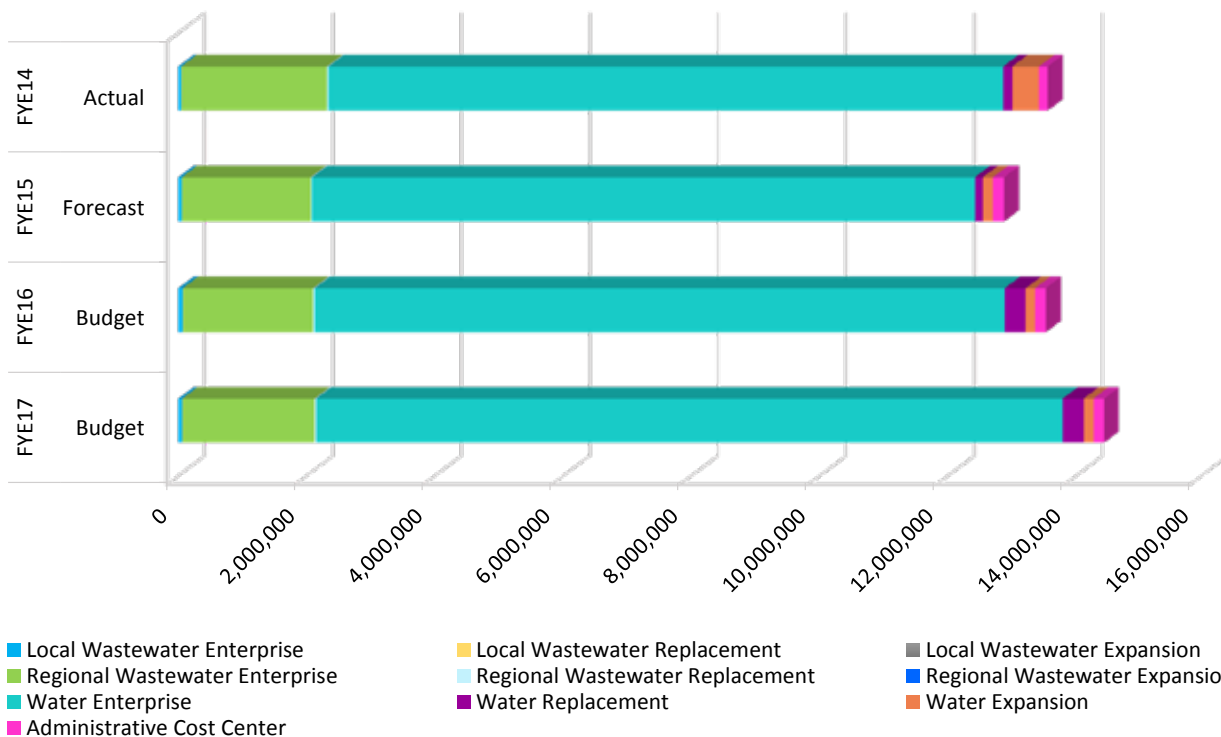


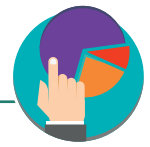
Materials

All of the District’s potable water is purchased from Zone 7 Water Agency, which represents the largest District materials expense. Materials expense also includes chemicals, gas and electric, and general supplies. Materials are budgeted to grow 5.03% in FYE 2016 and 6.82% in FYE 2017 primarily due to increase in water purchases.

As noted in the Potable Water Service Charge discussion (page 2-18), wholesale water rates (Zone 7 component) is designed to cover the full cost of water and is adjusted based upon the rate established by Zone 7, generally effective January 1st of each year. Water purchase costs are mainly driven by customer growth and CPI rate adjustments. The District continues to focus on identifying and minimizing water that is used but not billed for. Some reasons for unbilled water include inaccurate data (under-reading) from water meters, flushing fire hydrants, and testing new water lines. The budget currently factors a 4.6% rate of unbilled water, compared to the industry standard of roughly 6.0%.

Materials	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Local Wastewater Enterprise	47,900	55,279	69,913	61,196
Local Wastewater Replacement	5,162	5,400	5,400	5,400
Local Wastewater Expansion	1,617	1,000	1,090	1,090
Regional Wastewater Enterprise	2,266,038	2,000,894	2,025,955	2,055,553
Regional Wastewater Replacement	24,520	25,650	25,650	25,650
Regional Wastewater Expansion	-	-	545	545
Water Enterprise	10,517,073	10,331,491	10,756,427	11,637,618
Water Replacement	142,133	121,950	327,869	327,869
Water Expansion	415,099	157,395	144,250	153,435
Administrative Cost Center	136,144	175,855	166,020	176,371
Total	13,555,686	12,874,914	13,523,119	14,444,728
% Change		-5.02%	5.03%	6.82%

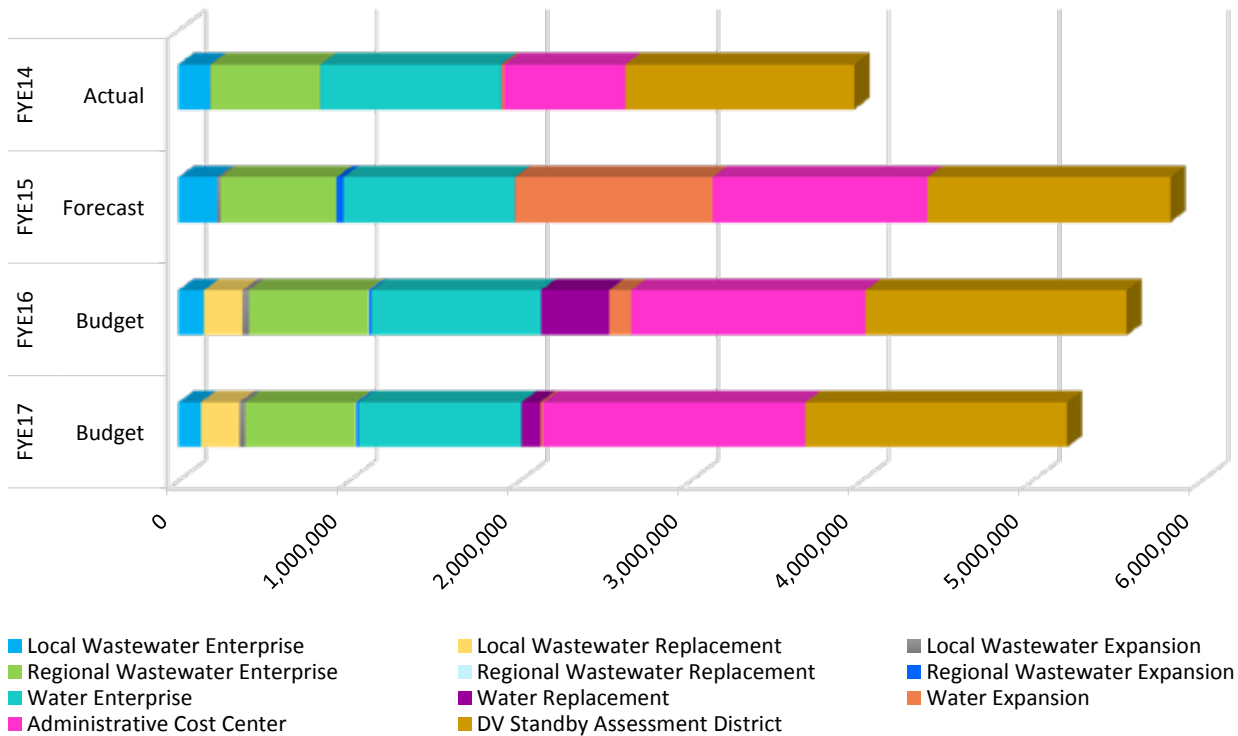




Contractual Services

DSRSD’s largest contractual services expense is the remittance of assessments collected in the Dougherty Valley Standby Assessment District (DVSAD) fund. FYE 2015 includes \$1.1M in expenses associated with the sixth supplemental agreement between the District and the City of Pleasanton. Contractual Services are projected to decrease by -4.44% in FYE 2016 and -6.38% in FYE 2017. Costs for the District’s *Urban Water Master Plan* update are also included in FYE 2016.

Contractual Services	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Local Wastewater Enterprise	186,887	227,472	150,243	129,343
Local Wastewater Replacement	-	800	225,800	225,800
Local Wastewater Expansion	3,156	18,841	39,720	35,720
Regional Wastewater Enterprise	641,813	678,268	696,080	644,600
Regional Wastewater Replacement	441	700	5,700	5,700
Regional Wastewater Expansion	800	40,101	11,760	10,260
Water Enterprise	1,054,752	1,002,102	992,711	956,063
Water Replacement	2,777	1,528	398,700	110,350
Water Expansion	16,970	1,155,039	129,960	17,310
Administrative Cost Center	708,841	1,258,472	1,373,883	1,534,980
DV Standby Assessment District	1,339,619	1,429,211	1,530,156	1,530,156
Total	3,956,057	5,812,534	5,554,712	5,200,281
% Change		46.93%	-4.44%	-6.38%

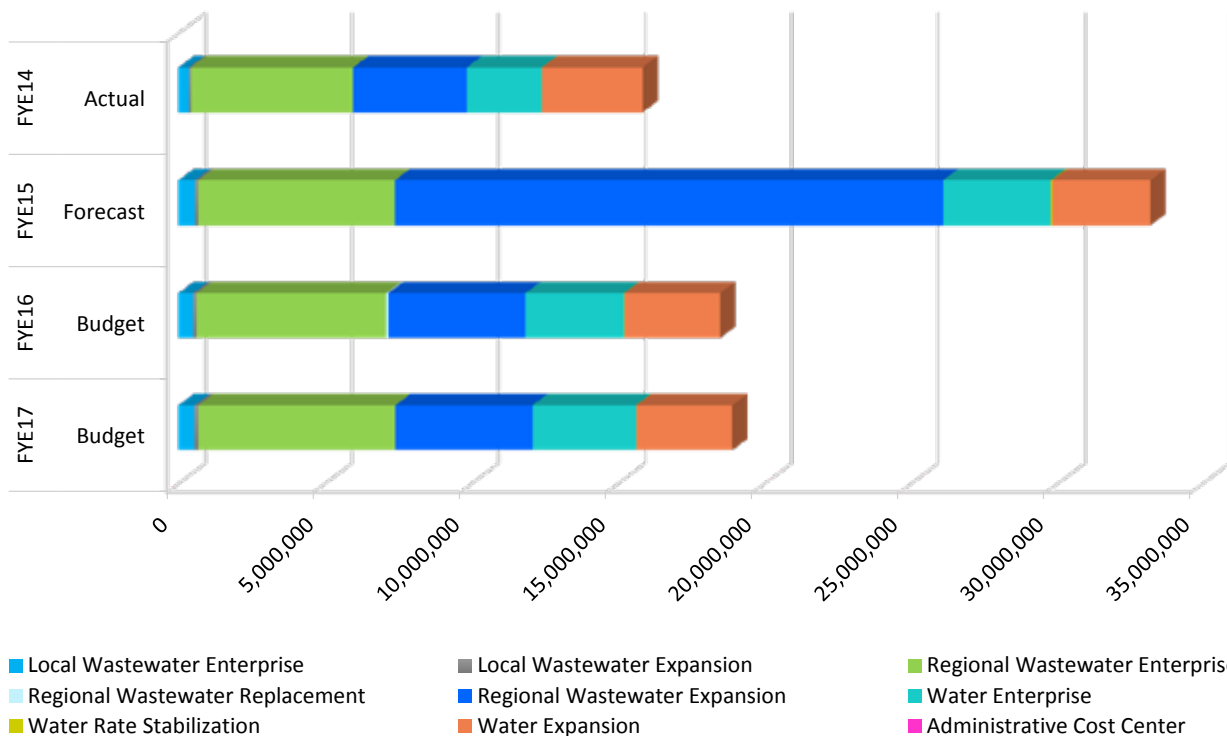




Other Expenses

Costs that cannot be classified in other categories are budgeted to other expenses. The three most significant costs in this expense category are contributions to JPAs, debt service, and overhead charges, which are further detailed in the following pages.

Other Expenses	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Local Wastewater Enterprise	359,971.50	570,293	507,221	551,813
Local Wastewater Expansion	65,705	104,606	116,034	126,737
Regional Wastewater Enterprise	5,536,936	6,707,441	6,463,795	6,715,681
Regional Wastewater Replacement	-	-	75,000	-
Regional Wastewater Expansion	3,872,945	18,701,692	4,675,436	4,679,134
Water Enterprise	2,559,427	3,677,385	3,363,426	3,529,691
Water Rate Stabilization	16,757	50,000	20,000	20,000
Water Expansion	3,419,008	3,384,739	3,256,389	3,272,687
Administrative Cost Center	(3,572,183)	(5,777,131)	(5,231,004)	(5,714,861)
Total	12,258,566	27,466,336	13,246,297	13,180,881
% Change		124.06%	-51.77%	-0.49%





Joint Powers Authorities

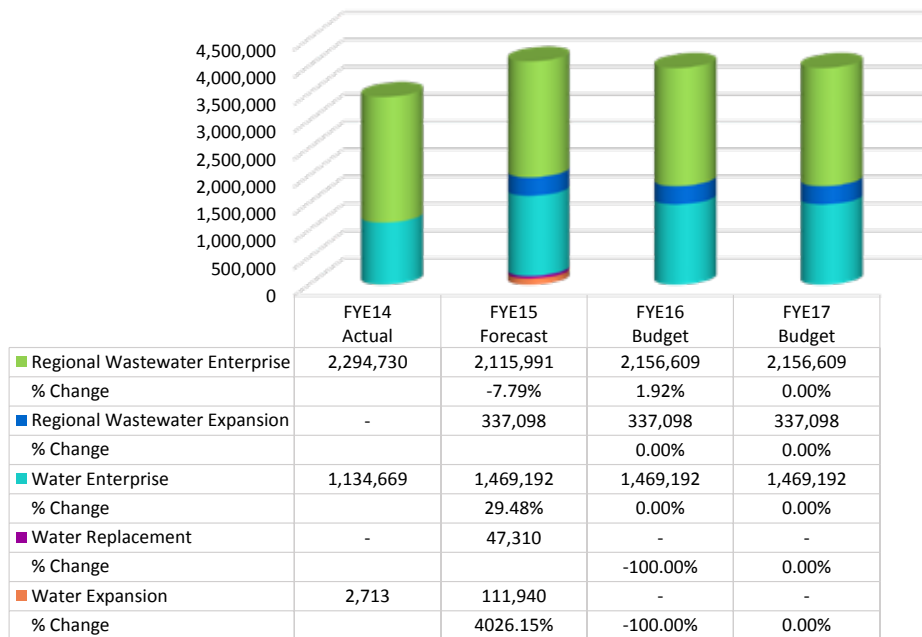
The District participates in two joint powers authorities: the Livermore Amador Valley Water Management Agency (LAVWMA) and the DSRSD-EBMUD Recycled Water Authority (DERWA).

LAVWMA

Participants in LAVWMA include the District and the cities of Livermore and Pleasanton. The authority operates an export pumping facility through which all wastewater in the area is discharged. Contributions to LAVWMA from the Regional Wastewater Enterprise fund are used for LAVWMA operations and maintenance (O&M), repair and replacement of LAVWMA facilities, and to pay DSRSD’s portion of the LAVWMA debt that was used to repair and improve the existing facilities and pipeline. LAVWMA has its own operating and capital budgets and issues its own debt.

DERWA

DSRSD and East Bay Municipal Utility District (EBMUD) participate in DERWA to provide recycled water service. The recycled water treatment plant began operations in 2006. The District contributes to DERWA from the Water funds.





Debt Service

The District has a *Capital Financing and Debt Management Policy* ([page A-6/Appendix C](#)). In general, the District may only use debt financing to purchase or build capital assets that cannot be acquired from either current revenues or replacement reserves and to fund capital improvements and additions. Debt is not used for operating and maintenance costs. The District paid off its 2009 Refunding Note in FYE 2015 and currently has debt obligation to the 2011 Water Revenue Refunding Bonds and pledge obligation to a portion of the 2011 LAVWMA Bonds.

2009 Refunding Note

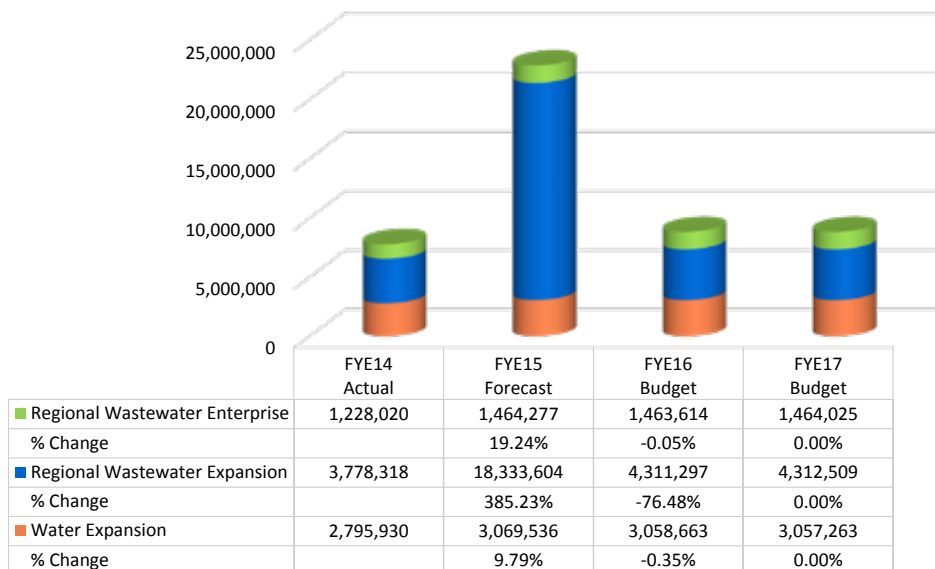
The District entered into a Refunding Note with Bank of America, N.A., on September 1, 2009, for the purpose of refinancing and retiring the District’s 2000 Series COPs/Bank Certificates. The Note amount totals \$18,486,000 with a stated interest rate of 4.38% annum. On June 2, 2015, the Board approved early redemption of the Note, resulting in an additional \$9.42M in debt service expenses for FYE 2015.

2011 Water Revenue Refunding Bonds

The District issued \$35,620,000 of 2011 Water Revenue Refunding Bonds on January 6, 2011. Proceeds of the issuance were used to fund a contribution to DERWA, which it used to retire its commercial paper obligations, to refund and retire the WaterReuse Finance Authority Obligation, and to pay costs of issuance. Interest rates range from 4.00% to 6.00%.

2011 LAVWMA Pledge Obligation

On September 28, 2011, LAVWMA issued \$105,345,000 of 2011 Sewer Revenue Refunding Bonds (2011 LAVWMA Bonds) to refund and retire its Series A Sewer Revenue Bonds and to pay costs of issuance. As a member of LAVWMA, the District has pledged its regional service charges to a portion of the 2011 LAVWMA Bonds.

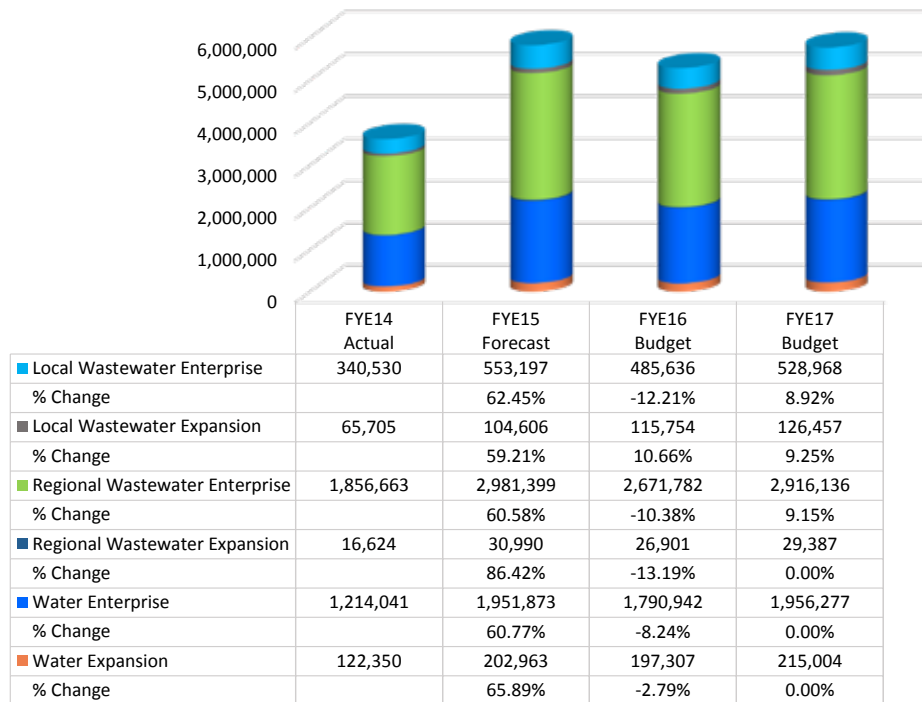




Overhead Charges

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

The Administrative Cost Center is allocated each month to the other funds based on total proportional staffing costs.

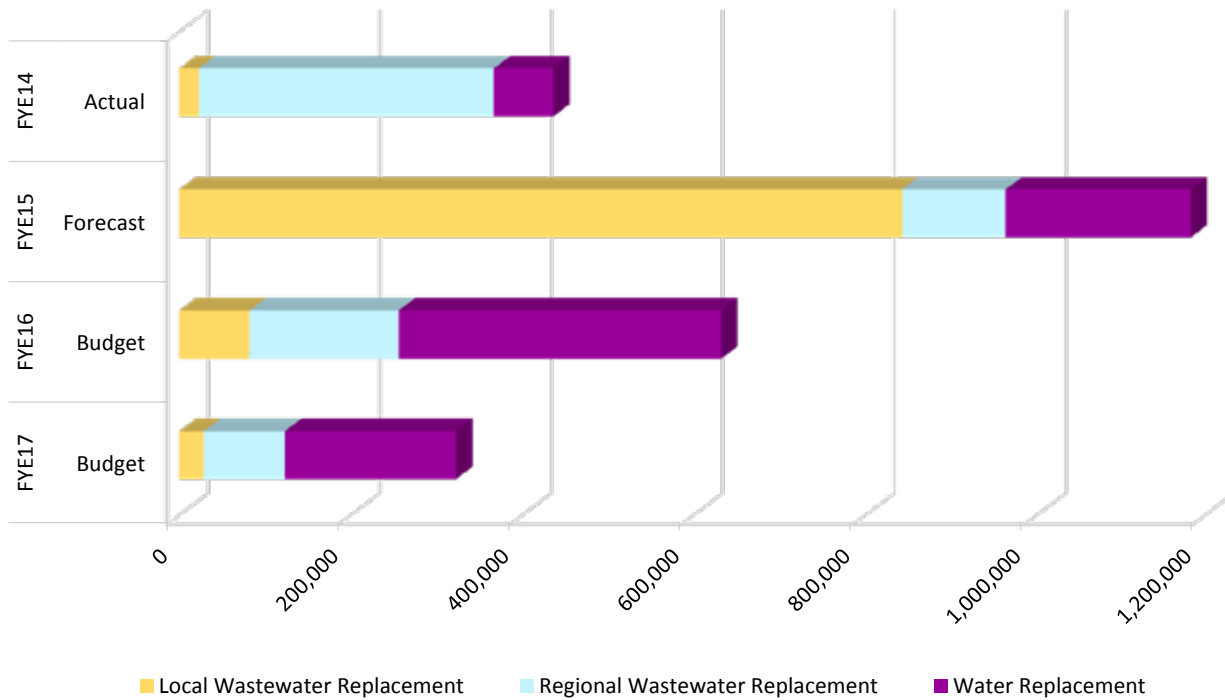




Capital Outlay

Unlike any other expenses, capital outlay assets (generally vehicles and equipment) currently require separate identification and approval by the Board. A capitalization limit of \$10,000 per item has been used since FYE 2012. Approved Capital Outlay detail is available in [Appendix K \(page A-37\)](#).

Capital Outlay	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Local Wastewater Replacement	22,475	842,700	81,915	28,500
Regional Wastewater Replacement	344,449	121,159	174,100	94,500
Water Replacement	68,828	218,800	375,985	199,900
Total	435,752	1,182,659	632,000	322,900
% Change		171.41%	-46.56%	-48.91%





Transfers

Transfers are internal transactions that are used to move money from one fund to another for specified purposes. Transfers are included in both the revenue and expense sections of the District budget.

Each enterprise fund contributes money to its respective replacement fund for the future repair and replacement of its facilities and infrastructure. Amounts are determined each budget cycle based on the fund balance and future projected expenses and are budgeted on the *Estimated Change in Net Assets* ([pages 2-5 to 2-8](#)) under transfers as “Replacement Allocations.” Water Replacement Allocations have been adjusted to include anticipated funding for the District’s recycled water system. On June 7, 2011, the Board of Directors recognized Water Operations fund responsibility for ratepayer’s portion of outstanding debt. Amounts are budgeted on the Estimated Change in Net Assets under transfers as “Debt Service.”

Replacement Allocations

Funds Transferred	FYE 2016	FYE 2017
Local Wastewater Enterprise transferred to Local Wastewater Replacement	287,000	287,000
Regional Wastewater Enterprise transferred to Regional Wastewater Replacement	2,574,461	2,574,461
Water Enterprise transferred to Water Replacement	4,001,000	4,001,000
Total	6,862,461	6,862,461

Debt Service

Funds Transferred	FYE 2016	FYE 2017
Water Enterprise transferred to Water Expansion	675,000	675,000
Total	675,000	675,000



The complete Capital Improvement Program (CIP) Ten-Year Plan for Fiscal Years Ending 2016 through 2025 and the Two-Year Budget for Fiscal Years Ending 2016 through 2017 have been combined into one document that includes detailed project information. This section contains excerpts from that document.

The complete Ten-Year CIP and the Two-Year CIP Budget are available online at www.dsrzd.com/open-gov/library/financial-information.

Capital Improvement Program Overview

The Capital Improvement Program (CIP) is integral to the achievement of the District's mission and implementation of the Strategic Plan. Many of the Strategic Plan goals required to carry the mission are accomplished through the CIP.

The District's CIP defines the projects to:

- Protect human health and the environment
- Maintain and rehabilitate existing assets
- Respond to regulatory requirements
- Accommodate planned future growth

The CIP consists of the Ten-Year Capital Improvement Plan (CIP Ten-Year Plan) and the Two-Year Capital Improvement Budget (CIP Two-Year Budget). The CIP Ten-Year Plan guides long-range policy and is also used to:

- Identify, prioritize, and schedule capital projects for the ten-year period
- Establish a plan for generating the financial resources needed to complete these capital projects

The first two years of expenditures in the CIP Ten-Year Plan comprise the District's CIP Two-Year Budget.

By adopting the CIP Two-Year Budget, the Board:

- Authorizes the initiation of project expenditures in either fiscal year 2016 or 2017
- Authorizes total budgets for the individual capital projects
- Establishes the maximum expenditures from each fund for fiscal years 2016 and 2017

**Examples of capitalized projects:**

- New, expanded, renovated or modified facilities
- Repair or replacement of facilities
- Relocation of facilities
- Repaving of facility access roads
- Installation of a new roof
- Repainting of reservoirs and major equipment
- Major water meter replacement project
- Rehabilitation or replacement of existing facilities, which is not routine maintenance
- Engineering studies and services that lead to, or are directly related to, capitalized facilities such as master plans and the CIP

Non-capitalized projects include recurring, normal and routine maintenance projects, examples of which include, but are not limited to:

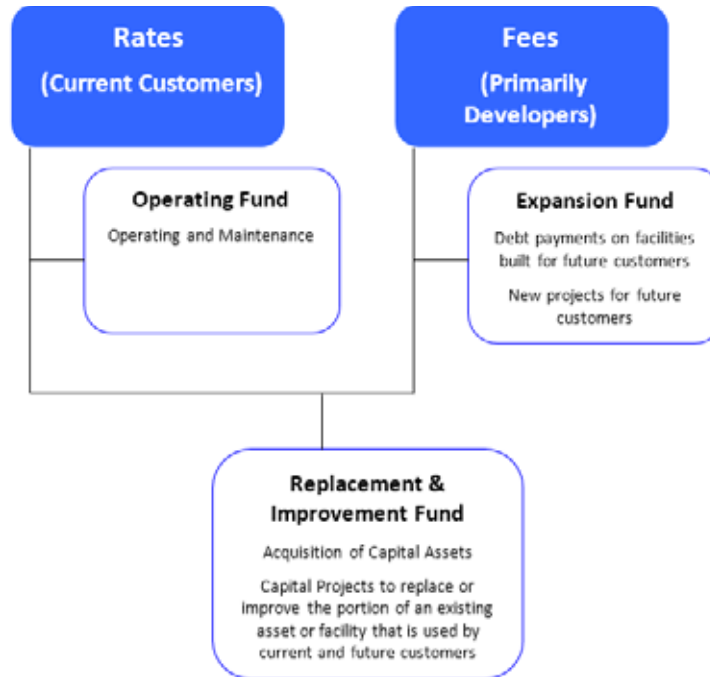
- Repair of potholes
- Fixing fencing
- Spot patching of roof
- Touch-up painting
- Annual equipment maintenance
- Annual water meter replacement
- Engineering services and studies that do not lead to, or are not directly related to, capitalized facilities
- Ongoing Financial, Engineering Design and Geographic Information Systems (GIS) computer hardware and software upgrades not related to the CIP

Sources of Revenue

The District collects two main sources of revenue: rates and fees. Rates are collected from current customers and are used to pay normal operating costs. A portion of the rates is also set aside in the Replacement and Improvement fund to pay for acquisition of capital assets and for capital projects that replace or improve facilities that benefit existing customers.

Capacity Reserve Fees (Fees) are collected from the development community. The Fees are used to pay debt related to facilities that were built to add capacity for future customers and to pay for new projects that serve future customers. The District will often build a facility that is sized to meet capacity needs into the distant future. A portion of the Fee is deposited in the Replacement and Improvement funds to maintain and improve the portion of any facility that is available for future customers.

In addition to rates and fees, the District receives other project revenues such as State or Federal grants, and reimbursements from other agencies such as DERWA and the City of Pleasanton. Grants and reimbursements may be used for rehabilitation projects or new infrastructure, depending on the terms of the funding source.



Capital Funds

The District has three businesses: Water, Wastewater Collection (Local) and Wastewater Treatment (Regional). Each business has three funds; Enterprise, Replacement and Improvement, and Expansion. The Capital Improvement Program outlines the capital expenditures planned in the Replacement and Improvement and Expansion funds. A summary of the funds follows.

Local Wastewater Replacement (Fund 210) – The funding source to replace and improve local wastewater facilities to handle existing wastewater flows. Facilities include trunk wastewater lines, lift stations, and related appurtenances that transfer wastewater from the point of origin to the Regional Wastewater Treatment Plant.

Local Wastewater Expansion (Fund 220) – The funding source to expand or add local wastewater facilities to accommodate increased wastewater flows from new development.

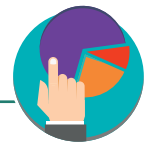
Regional Wastewater Replacement (Fund 310) – The funding source to replace and improve the Regional Wastewater Treatment Plant to process existing wastewater flows before further treatment for recycled water or transit through the LAVWMA pipeline to the San Francisco Bay for disposal.

Regional Wastewater Expansion (Fund 320) – The funding source to expand or add to the Regional Wastewater Treatment Plant and related appurtenances that process future wastewater flows.

Water Replacement (Fund 610) – The funding source to replace and improve facilities to treat recycled water and to distribute potable and recycled water. These facilities include the recycled water treatment facility and pipelines, pump stations, reservoirs, and related appurtenances to distribute potable water from the Zone 7 turnouts to the customers and to distribute recycled water from the DERWA turnouts to the recycled water customers.

Water Expansion (Fund 620) – The funding source to expand or add facilities to treat recycled water and to distribute potable and recycled water.

A project can have more than one funding source depending on the project scope. The fund split for multi-funded projects are determined based on the District's [Project Cost Allocation Policy \(P400-13-2\)](#).



Fund Cash Flow

Expenditures

The CIP Ten-Year Plan for FYES 2016 through 2025 includes 117 projects/allowances totaling \$136 million. The CIP Two-Year Budget includes 54 projects totaling \$44.57 million. All expenditures are provided in current dollars.

The total capital expenditures by fund are shown the following table and the expenditures in each fund by project are provided in Appendix B.

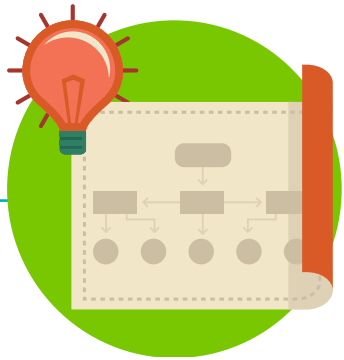
Project Totals by Fund (in \$1000's)											
Fund	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	10 Year Total
210	1,679	1,715	2,085	2,484	1,537	2,480	270	230	452	230	13,161
220	377	390	-	-	-	-	-	-	-	-	767
310	3,281	3,235	4,475	3,833	2,436	1,274	1,432	4,512	900	8,556	33,934
320	1,306	5,850	4,002	1,709	1,170	491	3,584	2,219	1,600	5,234	27,164
610	10,319	3,699	3,776	1,134	2,839	2,010	385	225	2,593	968	27,947
620	5,458	7,258	3,784	1,179	4,022	4,151	-	-	-	7,359	33,210
Total	22,420	22,146	18,123	10,338	12,003	10,406	5,671	7,185	5,544	22,347	136,184
	2-Year:	44,566									

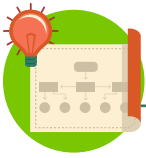
The following table shows the 2-year fund expenditures for each project category.

Project Categories:	Local Wastewater Replacement (Fund 210)	Local Wastewater Expansion (Fund 220)	Regional Wastewater Replacement (Fund 310)	Regional Wastewater Expansion (Fund 320)	Water Replacement (Fund 610)	Water Expansion (Fund 620)	Totals per Category
Study/Master Plan	\$ 125,000	\$ 375,000	\$ 187,211	\$ 1,060,862	\$ 16,800	\$ 95,931	\$ 1,860,804
General	\$ 1,588,500	\$ 325,000	\$ 317,420	\$ -	\$ 4,266,080	\$ 1,950,000	\$ 8,447,000
Water System	\$ 113,672	\$ 3,000	\$ 7,000	\$ -	\$ 9,734,984	\$ 8,618,040	\$ 18,476,696
Wastewater Collection	\$ 1,566,100	\$ 64,000	\$ -	\$ -	\$ -	\$ -	\$ 1,630,100
Resource Recovery Facilities	\$ -	\$ -	\$ 6,004,300	\$ 6,095,590	\$ -	\$ 2,052,000	\$ 14,151,890
Totals per Fund	\$ 3,393,272	\$ 767,000	\$ 6,515,931	\$ 7,156,452	\$ 14,017,864	\$ 12,715,971	\$ 44,566,490

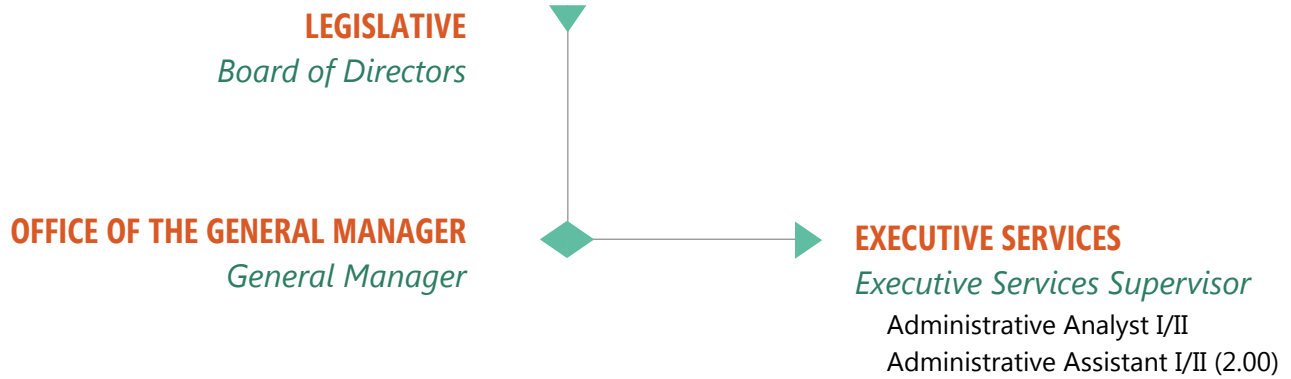
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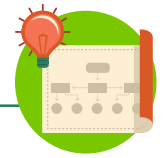
Section 3: DEPARTMENT OVERVIEW





EXECUTIVE DEPARTMENT Organizational Chart



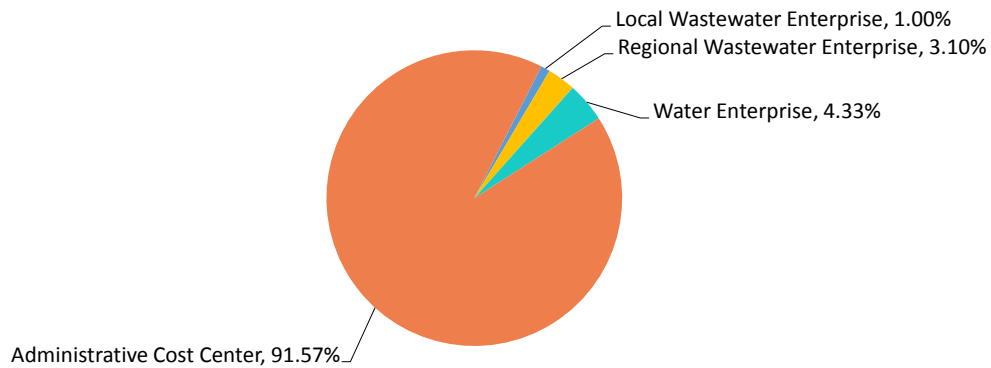


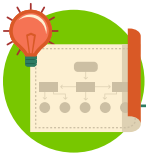
Budget Summary

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Personnel	1,045,265	1,213,003	1,198,195	1,249,247
Materials	5,163	10,600	8,600	8,600
Contracts	114,695	172,550	280,980	460,080
Other	115,335	135,995	148,361	149,761
Total	1,280,458	1,532,148	1,636,136	1,867,688
% Change		19.66%	6.79%	14.15%

Fund Summary

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Local Wastewater Enterprise	15,864	14,750	16,400	16,700
Regional Wastewater Enterprise	60,054	45,725	50,675	51,575
Water Enterprise	80,548	72,450	70,850	71,000
Administrative Cost Center	1,123,993	1,399,223	1,498,211	1,728,413
Total	1,280,458	1,532,148	1,636,136	1,867,688
% Change		19.66%	6.79%	14.15%





LEGISLATIVE

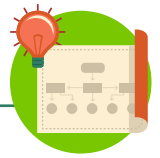
Division 10

Mission Statement

Set policy and provide resources to enable the District to meet its mission of providing reliable water and wastewater services to the communities we serve in a safe, efficient, and environmentally responsible manner.

The Legislative Division (five Board Directors, elected at large by voters of the District in Dublin and those parts of San Ramon and Dougherty Valley within the District's boundaries) provides legislative, policy, and political direction and guidance for the District by developing and adopting long-term planning documents including: the biennial Operating and Capital Improvement Program budgets, the Ten-Year Capital Improvement Plan, the Urban Water Management Plan, the Water System Master Plan, the Collection System Master Plan, the Wastewater Treatment Master Plan, and specialty plans for biosolids, disposal, and security.

The Board of Directors also adopts and oversees the District's Strategic Plan using goals established by the five committees of the Board, the General Manager, and the Senior Managers. The Board appoints, evaluates, and determines compensation for the General Manager, General Counsel, Treasurer, and District Secretary; and protects the interests of the District's customers by monitoring proposed regulations and legislation affecting the District. Board members' stipends and benefits are reflected in the Personnel category.

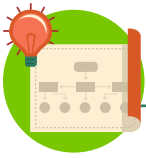


Board Committee Meetings

	Members	Alternates
Administrative Affairs		
Dublin Liaison	D. Benson	E. Duarte
Livermore Liaison	R. Halket	D. Howard
San Ramon Liaison		
All School Districts Liaison		
Financial Affairs		
	R. Halket	E. Duarte
	G. Vonheeder-Leopold	D. Howard
Technical Affairs		
	D. Benson	E. Duarte
	G. Vonheeder-Leopold	D. Howard
Executive		
DERWA JPA	E. Duarte	D. Benson
LAVWMA JPA	D. Howard	R. Halket
Pleasanton Liaison		G. Vonheeder-Leopold
Tr-Valley Water Policy Roundtable		
Tri-Valley Water Policy Roundtable Liaison	R. Halket	E. Duarte
Zone 7 Liaison	G. Vonheeder-Leopold	D. Howard
		D. Benson

Budget Summary

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Personnel	71,692	126,752	116,947	116,947
Materials	1,595	4,800	2,800	2,800
Contracts	50,565	124,500	58,500	193,500
Other	1,867	700	700	700
Total	125,719	256,752	178,947	313,947
% Change		104.23%	-30.30%	75.44%



OFFICE OF THE GENERAL MANAGER

Division 12

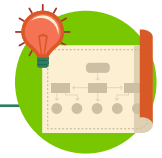
Mission Statement

Ensure the District provides reliable water and wastewater services to the communities we serve in a safe, efficient, and environmentally responsible manner in accordance with policy direction received from the Board of Directors and the District's adopted Strategic Plan.

The Office of the General Manager provides executive leadership and management for the District, ensuring that the policies, directives, and Strategic Plan of the Board of Directors are appropriately carried out. The Office of the General Manager represents the Board's policies and direction with employees, customers, community organizations, other agencies, and the general public; coordinates District-wide legal issues; provides day-to-day guidance to District General Counsel interpreting Board direction; and coordinates all relations between the District and other governmental entities, including cities, counties, and other special districts.

Top Accomplishments in FYE 2014 & 2015

- Ensured the long-term financial stability of the District, including the attainment of a solid AA credit rating.
- Successfully navigated District customers through state-mandated drought conservation period.
- Started the first recycled water residential fill station in the nation during the drought.
- Entered into agreements with DERWA and City of Pleasanton to provide recycled water treatment and delivery services to the City of Pleasanton.
- JURY STILL OUT AT THE MOMENT Accomplished successful water transfer and wheeling agreements with Yuba County Water Agency and East Bay Municipal Utility District to enhance water supply for District customers.
- Provided leadership and served as key participant in development of the Tri-Valley Utility Coordination/Integration Study.
- Coordinated District participation in the Tri-Valley Water Policy Roundtable process.
- Participated in the Bay Area Biosolids Coalition and helped steer that process of agreeing on terms with a vendor to implement a large-scale demonstration project.
- Concluded District staff reorganization, reducing senior manager count from four to three.
- Successfully navigated the transition to a new senior management team by retaining two new senior managers to replace three retirees.
- Under Board direction, oversaw update to the Board Guidelines policy and began the video and audio recording of District Board meetings.
- Held several leadership positions in water and wastewater professional organizations.



Strategic Plan Goals

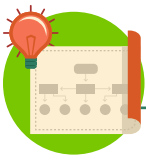
2.01 INCREASE WATER SUPPLY RELIABILITY BY DIVERSIFYING THE SUPPLY PORTFOLIO IN CONFORMANCE WITH A BOARD-ADOPTED POLICY DERIVED FROM THE LONG-TERM WATER SUPPLY MASTER PLAN - TENTATIVELY		FYE 16	FYE 17
2.01.03	Support regional desalination programs that will benefit District customers	X	X
2.01.07	Negotiate the Zone 7 Water Supply Contract as opportunities arise, with an objective of obtaining discretion to diversify DSRSD's water supply at the earliest opportunity		X
2.02 MANAGE POTABLE WATER DEMAND WHILE MEETING STATE MANDATES FOR WATER USAGE: GOAL TO BE FINALIZED IN CONFORMANCE WITH FINAL GOALS OF LONG-TERM WATER SUPPLY MASTER PLAN – TENTATIVELY:			
2.02.02	Sustain compliance with Zone 7 and State of California potable use reduction mandates during water shortages	X	X
2.03 PARTICIPATE IN THE IMPLEMENTATION OF RECYCLED WATER DELIVERIES TO TRI-VALLEY COMMUNITIES OUTSIDE OF OUR SERVICE AREA			
2.03.01	Revise institutional arrangements for recycled water delivery that involve DSRSD, EBMUD, DERWA, and Pleasanton to improve efficiency	X	X
3.01 GOVERN IN AN EFFECTIVE, EFFICIENT, OPEN, AND TRANSPARENT MANNER			
3.01.05	Update the Strategic Plan Mission, Vision, Values, and Goals every two years		X
3.01.06	Update the Strategic Work Plan Tasks every year	X	X
3.01.07	Evaluate the operation of the Board's revised Committee system a year after it goes into operation	X	
3.01.09	Conduct orientation programs for prospective and newly elected Boardmembers		X
4.01 MAINTAIN FAIR AND EQUITABLE LABOR AGREEMENTS WITH COMPETITIVE SALARY AND BENEFIT PACKAGES			
4.01.01	Develop a long-term compensation and benefits philosophy	X	X
4.01.04	Complete PEBU negotiations for new MOU		X
4.01.05	Complete CEBU negotiations for new MOU		X
4.01.06	Complete L39 negotiations for new MOU		X

Personnel Summary

	FYE14	FYE15	FYE16	FYE17
General Manager	1.00	1.00	1.00	1.00
Total	1.00	1.00	1.00	1.00
Change		-	-	-

Budget Summary

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Personnel	387,843	418,102	408,836	422,097
Materials	64	200	200	200
Contracts	14,662	5,500	5,600	5,600
Other	112,589	134,125	146,291	147,691
Total	515,158	557,927	560,927	575,588
% Change		8.30%	0.54%	2.61%



EXECUTIVE SERVICES

Division 15

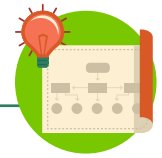
Mission Statement

Provide efficient and conscientious customer service and support to the Board of Directors, senior managers, local agencies, and the public by facilitating Board and Committee meetings, overseeing and implementing governmental rules and regulations (Political Reform Act and Brown Act), coordinating contract administration, conducting elections, managing the District's records program (vital and permanent records), performing general administrative duties, ensuring staff compliance with the AB 1234 ethics laws, coordinating travel and training for the Board of Directors, planning annual District events, and managing the District's reception and mail room services.

The Executive Services Division provide efficient and conscientious customer service and support to the Board of Directors, senior managers, local agencies, and the public by facilitating Board and Committee meetings, overseeing and implementing governmental rules and regulations (Political Reform Act and Brown Act), coordinating contract administration, conducting elections, managing the District's records program (vital and permanent records), performing general administrative duties, ensuring staff compliance with the AB 1234 ethics laws, coordinating travel and training for the Board of Directors, planning annual District events, and managing the District's reception and mail room services.

Top Accomplishments in FYE 2014 & 2015

- Developed Board Minutes policy to streamline reporting of Board meetings.
 - Assisted with review and revisions to *Board Guidelines* policy.
 - Obtained funding and negotiated contracts for CIP project to purchase a trustworthy Electronic Content Management system for long-term District-wide implementation.
 - Completed Phase I of Electronic Content Management System implementation.
 - Participated in agency website conversion and regularly updated applicable content.
 - Completed successful upgrade to Versatile Enterprise records management system with enhanced capabilities.
 - Eliminated severe backlog of District records for disposal in compliance with the Records Retention Schedule policy.
 - Accomplished comprehensive update to Records Retention Schedule policy.
- Provided input to focus groups and other forums for District reorganization.
 - Successfully completed District Board election.
 - Achieved District Transparency Certificate of Excellence recognition from the Special District Leadership Foundation.
 - Promoted staff member to Administrative Analyst I.
 - On behalf of the Board of Directors, planned and held two employee recognition events.



Strategic Plan Goals

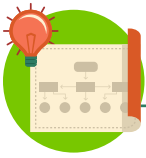
3.01	GOVERN IN AN EFFECTIVE, EFFICIENT, OPEN, AND TRANSPARENT MANNER	FYE 16	FYE 17
3.01.01	Respond to all Public Records Act requests within the “spirit of the law”	x	x
3.01.02	Maintain the District Code and District policies online on a continuous basis	x	x
3.01.03	Monitor Board compliance with and provide training for Ethics, Conflict of Interest, Brown Act, Public Records Act, FPPC Disclosures, and Anti-Harassment	x	x
3.01.04	Annually review 25% of District policies	x	x
3.01.08	Renew CSDA transparency certification	x	
3.01.10	Conduct consolidated District elections		x
3.01.11	Undertake biennial review of Conflict of Interest Code		x
3.05	IMPLEMENT NEEDED CHANGES TO RECORDS MANAGEMENT, RETENTION, AND RETRIEVAL POLICIES AND SYSTEMS (INCLUDING ELECTRONIC RECORDS)		
3.05.01	Implement a streamlined and enhanced records management program with an appropriate electronic content management system, email retention program, contract management system, and records administration	x	x

Personnel Summary

	FYE14	FYE15	FYE16	FYE17
Executive Services Supervisor	1.00	1.00	1.00	1.00
Administrative Analyst I/II	1.00	1.00	1.00	1.00
Administrative Assistant I/II	2.00	2.00	2.00	2.00
Total	4.00	4.00	4.00	4.00
Change		-	-	-

Budget Summary

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Personnel	585,731	668,149	672,411	710,203
Materials	3,504	5,600	5,600	5,600
Contracts	49,468	42,550	216,880	260,980
Other	879	1,170	1,370	1,370
Total	639,582	717,469	896,261	978,153
% Change		12.18%	24.92%	9.14%



ADMINISTRATIVE SERVICES DEPARTMENT Organization Chart

**ADMINISTRATIVE SERVICES
ADMINISTRATION**

*Administrative Services
Manager*

Administrative Assistant I/II
(0.50)

HUMAN RESOURCES AND SAFETY

Human Resources Supervisor

- Human Resources Analyst II
- Human Resources Technician (2.00)
- Administrative Assistant I/II – Confidential (0.50)
- Safety Officer
- Safety Technician

PUBLIC INFORMATION

Community Affairs Supervisor

- Graphic Designer
- Community Affairs Specialist I/II
- Administrative Assistant I/II – Confidential (0.50)

ACCOUNTING

- Financial Analyst
- Accountant II
- Senior Accounting Technician
- Accounting Technician

CUSTOMER SERVICES

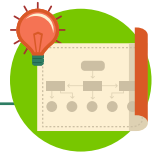
Customer Services Supervisor

- Customer Services Representative III
- Customer Field Representative I/II (2.00)
- Administrative Assistant I/II
- Customer Services Representative II (3.00)

INFORMATION TECHNOLOGY SERVICES

Information Services Supervisor

- Information Technology Analyst I/II (4.00)
- Information Systems Technician I/II

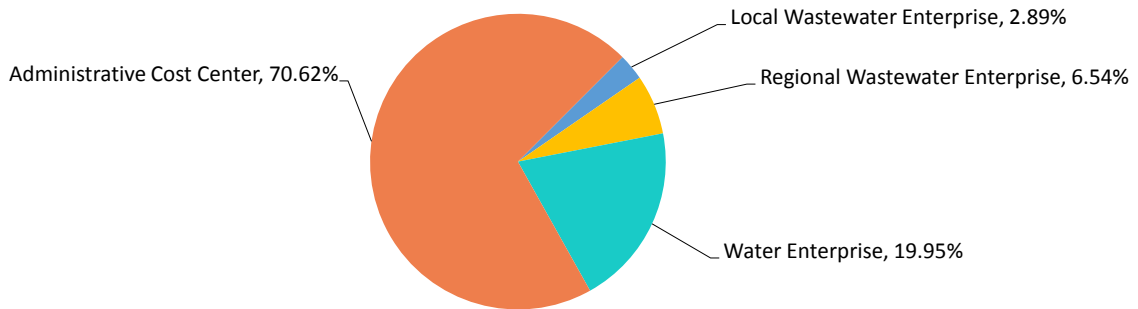


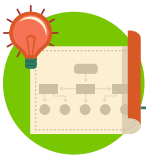
Budget Summary

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Personnel	4,256,107	5,142,046	4,926,840	5,108,446
Materials	49,978	72,025	76,625	89,282
Contracts	670,782	878,119	921,639	834,265
Other	10,096	16,340	17,542	17,542
Total	4,986,963	6,108,530	5,942,645	6,049,535
% Change		22.49%	-2.72%	1.80%

Fund Summary

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Local Wastewater Enterprise	126,893	171,044	171,918	157,843
Regional Wastewater Enterprise	309,576	388,898	388,601	352,066
Regional Wastewater Expansion	-	35,001	-	-
Water Enterprise	1,055,543	1,182,549	1,185,606	1,242,237
Administrative Cost Center	3,494,951	4,331,035	4,196,520	4,297,389
Total	4,986,963	6,108,528	5,942,645	6,049,535
% Change		22.49%	-2.72%	1.80%





ADMINISTRATIVE SERVICES ADMINISTRATION

Division 30

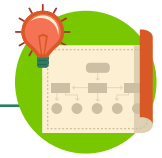
Mission Statement

Provide resources and support to the Administrative Services Department team so they can effectively and efficiently work together and with other departments to achieve the District's goals and objectives.

The Administrative Services Administration Division provides oversight of and direction to the Administrative Services Department, which includes Accounting, Customer Services, Information Technology, Human Resources, and Public Information.

Top Accomplishments in FYE 2014 & 2015

- Worked with staff in all departments to seamlessly implement the new Administrative Services Department, created as a result of an internal evaluation of District structure.
 - Following the retirement of three senior managers in FYE 2013, provided evaluation and support to senior management and the Board in developing a new management structure and team.
-
- Working with all departments and divisions, enabled the District to meet its water reduction target during a drought emergency.
 - Influenced Zone 7 Water Agency to raise its rates the minimum amount needed to achieve its mission while maintaining prudent reserves and developing prudent budgets.
 - Working with the General Manager, took action to pay back a portion of the funds advanced from the Temporary Infrastructure Charge, reducing the liability to a level that is consistent with the Board's water rate decision, reserve levels, and debt obligations.
 - Took actions necessary to maintain District's AA credit rating.
 - Provided annual updates to the Board of Directors regarding the status of the employee retirement funds for pension, medical and dental benefits.
 - Maintained the OPEB Fund (medical and dental) at 100% funding level.



Strategic Plan Goals

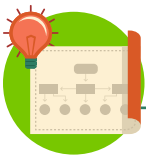
1.01	ENSURE APPROPRIATE INVESTMENT AND SOUND FINANCIAL PLANNING TO SUPPORT THE DISTRICT'S MISSION WELL AHEAD OF NEED	FYE 16	FYE 17
1.01.01	Report on adherence of investments made to the investment policy and benchmark to market returns	X	X
1.01.02	Explore in good faith the closeout of the Windemere BLC credit-against-fee agreement	X	
1.01.03	Prepare an updated Regional rate study that includes appropriate cash reserves and debt coverage	X	
1.01.04	Prepare an updated Local rate study that includes appropriate cash reserves	X	
1.01.05	Prepare an updated Water rate study that includes appropriate cash reserves and debt coverage (next study effective 2018)		X
1.02	SATISFY PENSION AND OPEB (OTHER POST EMPLOYMENT BENEFITS) OBLIGATIONS WITHIN FIVE YEARS		
1.02.03	Develop a policy for payment of unfunded PERS liability in 3-5 years	X	
1.03	SATISFY RESIDUAL TEMPORARY INFRASTRUCTURE CHARGE OBLIGATION WITHIN FIVE YEARS IN ACCORDANCE WITH BOARD POLICY		
1.03.01	Review annually the ability to pay back the funds advanced through the Temporary Infrastructure Charge	X	X
1.04	USE AN ASSET MANAGEMENT DATA-DRIVEN APPROACH FOR SETTING REPLACEMENT RESERVE TARGETS		
1.04.01	Review the adequacy of the District's reserve policies to ascertain if revisions are needed to protect the District ratepayers against a significant economic downturn	X	
1.05	INTEGRATE MASTER PLANS WITH FEE SETTING FOR CAPACITY RIGHTS		
1.05.01	Update Water Capacity Reserve Fee study in conjunction with the update to the Water Master Plan	X	

Personnel Summary

	FYE14	FYE15	FYE16	FYE17
Administrative Services Manager	-	1.00	1.00	1.00
Administrative Assistant I/II	-	-	0.50	0.50
Financial Services Manager	1.00	-	-	-
Organizational Services Manager	1.00	1.00	-	-
Total	2.00	2.00	1.50	1.50
Change		-	(0.50)	-

Budget Summary

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Personnel	470,942	275,192	325,481	336,399
Materials	252	1,150	400	400
Contracts	911	19,250	6,558	6,558
Other	874	1,300	1,900	1,900
Total	472,979	296,892	334,339	345,257
% Change		-37.23%	12.61%	3.27%



HUMAN RESOURCES AND SAFETY

Division 22/26

Mission Statement

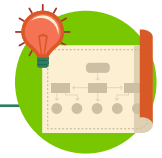
Serve the organization by assisting employees and the community in a manner that enriches relationships within the District and protects business resources, as well as ensures health, safety, and security throughout the District.

The Human Resources and Safety Division includes both human resources and safety and risk management functions. The Human Resources Unit conducts recruitment and selection processes, maintains classification and compensation structure, and coordinates employee benefits, employee relations, organizational personnel planning, and policy development. The unit also supports labor relations and administers the employee training and development program. The Safety Unit manages and advises the District of its responsibilities regarding health, safety, and security (HS&S). This unit monitors compliance with HS&S programs (occupational safety and health, industrial hygiene, laboratory safety, hazardous materials, information technology, ergonomics, security, and emergency management) to minimize or prevent occupational injuries and illnesses in the workplace and to protect the quality of the surrounding environ-

ment. It also recommends appropriate corrective actions, helps implement new health, safety, and security programs; and serves as liaison between the District and various external agencies and regulatory bodies. Both units provide risk management administration support for the District.

Top Accomplishments in FYE 2014 & 2015

- Provided project support for District-wide reorganization and executive compensation studies and completed classification updates to reflect new organizational and senior management structure.
- Successfully recruited and brought on board two senior management employees, eight professional and technical employees, 18 temporary employees, and one Operator in Training.
- Saved over \$60,000 in employee benefit costs for life and disability insurance by selecting and implementing a new provider (Cigna).
- Provided liability claim case management support resulting in the recovery of over \$35,000 from liability claims and protecting the District from losses of over \$25,000.
- Updated District recruitment systems and programs, including using RFPs to select executive recruitment firms and background check vendors, developing intranet materials on recruitment, selection, and onboarding/orientation; and implemented customized recruitment marketing plans to attract highly qualified candidates.
- Reviewed and updated: District Code, Employee-Employer Relations Rules, and nine Personnel Rules
- Selected, implemented, and rolled out to management and staff an electronic Learning Management System integrated with the District's Performance Management System.
- Conducted training needs assessment, provided mandatory training, and worked collaboratively with District divisions to identify as-needed employee training opportunities.
- Conducted the triennial Employee Satisfaction Survey, analyzed results, and supported District management in publicizing results and follow-up actions.
- Actively collaborated on District-wide initiatives, including implementation of new website and ongoing implementation of an Electronic Content Management System.
- Represented the District and kept abreast of changing legislation by participating in BAYWORK, HR Special District Forum, CALPELRA, and local and regional chapters of IPMA-HR.



Strategic Plan Goal - Human Resources

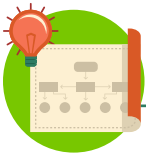
2.08	ENHANCE OUR CAPABILITY TO RESPOND TO AND RECOVER FROM EMERGENCIES	FYE 16	FYE 17
2.08.05	Regularly train employees and conduct drills to prepare for emergencies, both local and regional	X	X
2.08.07	Biannually update the Emergency Response Plan	X	
2.08.10	Conduct emergency preparedness training for the District's elected officials		X
4.01	MAINTAIN FAIR AND EQUITABLE LABOR AGREEMENTS WITH COMPETITIVE SALARY AND BENEFIT PACKAGES	FYE 16	FYE 17
4.01.02	Monitor and implement as appropriate the provisions of the enacted California pension reform legislation and meet and confer as may be needed to address issues as they arise		X
4.01.03	Monitor and implement as appropriate the provisions of the enacted federal health care reform legislation and meet and confer as may be needed to address issues as they arise		X
4.02	DEVELOP AND IMPLEMENT A HUMAN RESOURCES MASTER PLAN		
4.02.01	Assess the District's Deferred Compensation (457) plan and conduct marketing review every four years	X	
4.02.02	Assess District-wide safety program to ensure a vigilant safety program supported by management's attention of safety in the workplace		X
4.02.03	Update long-term staffing plan that is compatible with revenue projections and operational needs in conjunction with budget process		X

Personnel Summary

	FYE14	FYE15	FYE16	FYE17
Human Resources Supervisor	1.00	1.00	1.00	1.00
Human Resources Analyst II	1.00	1.00	1.00	1.00
Human Resources Tech.	2.00	2.00	2.00	2.00
Administrative Assistant I/II - Conf	0.50	0.50	0.50	0.50
Safety Officer	1.00	1.00	1.00	1.00
Safety Technician	1.00	1.00	1.00	1.00
Total	6.50	6.50	6.50	6.50
Change		-	-	-

Budget Summary

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Personnel	736,164	1,171,807	1,199,042	1,239,475
Materials	23,134	25,000	37,350	37,700
Contracts	187,848	187,258	229,334	214,112
Other	5,072	6,350	6,752	6,752
Total	952,218	1,390,415	1,472,478	1,498,039
% Change		46.02%	5.90%	1.74%



PUBLIC INFORMATION

Division 24

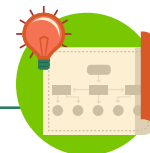
Mission Statement

Brand the District so customers know who we are, what we do, and how we work to provide reliable, safe water and wastewater services, 24/7, and protect public health and the environment. Educate and inform the communities we serve through District messages that are clear, concise, and consistent.

The Public Information Division manages content on the District website and social media sites, produces key District documents, and develops and implements programs in community outreach, public education, media relations, employee communication, and legislative relations.

Top Accomplishments in FYE 2014 & 2015

- Spearheaded a regional multimedia drought campaign that inspired DSRSD customers to reduce water use 25%, one of the largest reductions in the state.
- Teamed with the Information Technology Services Division to create a modern, secure, and mobile-friendly website for the District and trained a team of “web experts” to maintain each division’s content.
- Redesigned and trademarked the District logo and updated the hundreds of places it appears, including web and social media sites, signage, document templates, uniforms, and vehicles.



Strategic Plan Goals

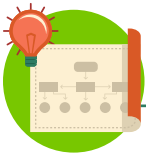
3.03	ENSURE THE PUBLIC IS AWARE OF AND UNDERSTANDS IMPORTANT ISSUES FACING THE DISTRICT	FYE 16	FYE 17
3.03.01	Undertake appropriate education (all levels) and outreach in the District's service area	X	X
3.03.02	Sponsor regional science fair awards related to the water sciences	X	X
3.03.03	Sponsor and promote the James B. Kohnen scholarship program as part of ACWA and CASA scholarships	X	X
3.03.04	Evaluate the cost of expanding/improving the broadcast of live board meetings and implement in FYE 2017 as directed	X	X
3.03.05	Develop communications with influential public community leaders who represent a broad cross-section of interests who are in a position to influence decisions	X	X
3.03.06	Manage legislative outreach efforts through letters of support or opposition with CASA, ACWA, and WasteReuse and prepare briefing materials and talking points for Board	X	X
3.03.08	Stay abreast of news stories, trends, issues, and realities associated with public sector	X	X
3.03.09	Identify key business values as a source document for all District communication	X	X
3.03.10	Rebrand the WWTP as a "Resource Recovery Facility"		X

Personnel Summary

	FYE14	FYE15	FYE16	FYE17
Community Affairs Supervisor	1.00	1.00	1.00	1.00
Graphic Designer	1.00	1.00	1.00	1.00
Community Affairs Specialist I/II	1.00	1.00	1.00	1.00
Administrative Assistant I/II - Conf	0.50	0.50	0.50	0.50
Total	3.50	3.50	3.50	3.50
Change		-	-	-

Budget Summary

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Personnel	573,650	632,731	610,540	631,798
Materials	3,617	13,650	7,750	13,750
Contracts	38,083	96,200	102,330	93,830
Other	2,330	4,140	4,640	4,640
Total	617,680	746,721	725,260	744,018
% Change		20.89%	-2.87%	2.59%



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ACCOUNTING

Division 31

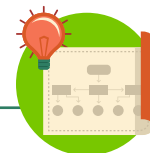
Mission Statement

Provide timely, accurate, and responsive financial data and services to our internal and external customers.

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

Top Accomplishments in FYE 2014 & 2015

- Completed an update of the Water Fund bond credit rating, resulting in Standard & Poor's Ratings Services (S&P) raising the credit rating two levels from "A" to "AA-" and Fitch Ratings affirming its "AA" credit rating.
- Received Certificates of Achievement for Excellence in Financial Reporting for the District's FYE 2012 and FYE 2013 *Comprehensive Annual Financial Reports*.
- Received a Certificate of Excellence in Operating Budget for the District's *Operating Budget FYE 2014 and 2015*.
- Planned, organized, and completed the two-year budget process for FYE 2014 and 2015 to support the District's mission.
- Provided ongoing support to Engineering in designing and implementing an Asset Management Program for the sewer collection system.
- Continued to provide established levels of support while absorbing duties of a retired senior manager.
- Updated miscellaneous fees in 2014.
- Invested District funds, yielding returns consistent with investment policy objectives.
- Provided data, technical support, and development of the District's new Drought Dashboard.
- Assisted with implementing the customer water-reporting portal, AquaHawk.
- Produced special and recurring reports from the AquaHawk system that helped management review customer water usage patterns for the weekly enforcement of drought ordinances during the Community Drought Emergency.



Strategic Plan Goals

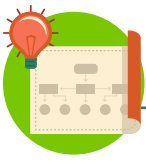
1.01	ENSURE APPROPRIATE INVESTMENT AND SOUND FINANCIAL PLANNING TO SUPPORT THE DISTRICT'S MISSION WELL AHEAD OF NEED	FYE 16	FYE 17
1.01.07	Prepare Biennial Operating Budget in odd-numbered fiscal years		X
1.01.08	Develop long-term financial planning models to allow the Board to make more informed long-term rate and budget decisions		X
1.02	SATISFY PENSION AND OPEB (OTHER POST EMPLOYMENT BENEFIT) OBLIGATIONS WITHIN FIVE YEARS		
1.02.01	Provide annual briefings to the Board regarding pension obligations and funding status	X	X
1.02.02	Pay down PERS unfunded liability in accordance with policy	X	X
1.02.04	Review OPEB liability and funding obligations bi-annually and maintain 100% funding	X	X
1.02.05	Evaluate and recommend one of three investment options offered by PERS for District OPEB investments	X	
2.08	ENHANCE OUR CAPABILITY TO RESPOND TO AND RECOVER FROM EMERGENCIES		
2.08.08	Develop formal disaster accounting procedures		X

Personnel Summary

	FYE14	FYE15	FYE16	FYE17
Financial Services Supervisor	1.00	1.00	-	-
Financial Analyst	1.00	1.00	1.00	1.00
Accountant II	1.00	1.00	1.00	1.00
Sr. Accounting Tech.	1.00	1.00	1.00	1.00
Accounting Tech.	1.00	1.00	1.00	1.00
Total	5.00	5.00	4.00	4.00
Change		-	(1.00)	-

Budget Summary

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Personnel	637,636	867,603	633,080	655,619
Materials	1,809	2,603	2,603	2,603
Contracts	48,587	153,262	132,719	92,728
Other	152	1,000	800	800
Total	688,184	1,024,469	769,202	751,750
% Change		48.87%	-24.92%	-2.27%



CUSTOMER SERVICES

Division 33

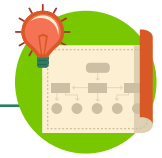
Mission Statement

Provide superior service to District customers, develop the most efficient processes to support the desired service level, and produce highly accurate and timely billing

The Customer Services Division provide superior service to District customers, develop the most efficient processes to support the desired service level, and produce highly accurate and timely billing.

Top Accomplishments in FYE 2014 & 2015

- Completed a CIP project to replace a failing drive-by meter reading system with a sophisticated, fixed-based AMI meter reading network that collects and provides the District with hourly water consumption data for every meter in the system.
- Completed the project to fully integrate the AMI fixed-base meter reading system, the utility billing system, and the AquaHawk Alerting Customer Portal, releasing access to the portal in time for customers to use it to manage their individual water conservation efforts and to insure compliance with the Board adopted Drought Ordinance.
- Developed and implemented new rate structures in the billing system.
- Developed new reporting tools and internal processes to accurately measure individual customer's weekly water consumption, by volume and activity, identifying Drought Ordinance violations then communicating with each customer to notify and educate.
- Worked with the vendor to develop custom features, specific to drought restrictions and enforcement, to provide customers with the ability to easily measure their individual weekly water consumption against the weekly water use limitations. Also, automated the totaling of weekly consumption (on-demand) to streamline and simplify necessary enforcement analysis.
- Worked with the vendor to develop daily reporting that identifies accounts with anomalous water use patterns to improve our service level to our customer, identifying and communicating significant leak, broken pipe, and other issues.



Strategic Plan Goals

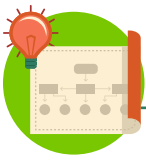
3.04	EXPAND THE USE OF TECHNOLOGY TO PROVIDE ENHANCED CUSTOMER SERVICE TO ALL DISTRICT CUSTOMERS	FYE 16	FYE 17
3.04.01	Conduct customer satisfaction surveys in a cost-effective manner and report the results annually	X	X
3.04.02	Expand the use of AquaHawk technology to allow more efficient use of customer services to enhance in-house processes (e.g. On/Offs automated)	X	
3.04.03	Implement new customer service to allow online access to billing history for viewing and printing	X	
3.04.04	Improve online customer payment process and system (e.g. current balance details)	X	
3.04.05	Re-evaluate cost of the District paying the credit card fee for debit/credit card transactions currently being paid by those customers who use this method of payment		X

Personnel Summary

	FYE14	FYE15	FYE16	FYE17
Customer Services Supervisor	1.00	1.00	1.00	1.00
Customer Services Representative III	1.00	1.00	1.00	1.00
Customer Field Representative I/II	3.00	3.00	2.00	3.00
Administrative Assistant I/II	1.00	1.00	1.00	1.00
Customer Services Representative II	2.00	2.00	3.00	2.00
Total	8.00	8.00	8.00	8.00
Change		-	-	-

Budget Summary

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Personnel	967,269	1,062,869	1,030,939	1,076,925
Materials	13,196	13,372	12,272	18,579
Contracts	147,348	187,807	217,818	201,332
Other	90	800	800	800
Total	1,127,903	1,264,847	1,261,829	1,297,636
% Change		12.14%	-0.24%	2.84%



INFORMATION TECHNOLOGY SERVICES

Division 34

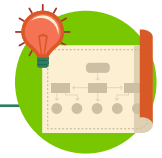
Mission Statement

The Information Technology Division's mission is to help other divisions achieve DSRSD's strategic plan, goals, and objectives by adding value to key business processes through partnering in the application of information technology solutions and by delivering the best quality products, services, and data in a timely, reliable, and cost-effective manner. ITS's vision is to add value by providing anywhere/anytime secure access to fully integrated voice and data technology to deliver actionable information to power business and operational decisions.

The Information Technology Services Division (ITS) delivers technology and information services to support the District's mission. These services include computing resources and technical assistance to staff, application development and management information systems, voice and data networks, system administration, business intelligence and process analysis, and technology project management.

Top Accomplishments in FYE 2014 & 2015

- Working with the divisions, Field Operations, Customer Service, Engineering, Asset Management, and GIS, ITS helped develop integrated management information systems (Pipe Dream, Poseidon MeterSet and MeterFix) to strengthen field staff knowledge-based decision-making, with the reduction of duplicative effort in field data input.
- Upgraded District technology platforms including Windows 7 and Office 2010 with some desktop virtualization. The District's server virtualization cluster was migrated to the Cisco Unified Computing Platform, expanding core computing by a factor of ten, quadrupling throughput to private cloud storage, and strengthening hardware resiliency to survive any single component failure. SQL server was upgraded to the current version without interruption.
- Partnering with the Electrical Instrumentation & SCADA Division and building upon the SCADA Master Plan, the "IP" SCADA network was significantly strengthened through an upgrade employing robust equipment allowing consolidation of Field Operations SCADA and Treatment Plant SCADA and then both the Security and PowerNet networks. SCADA data is now available on the business network via iHistorian through a project completed this year. Significant progress was made on the ridgeline IP wide area network backbone replacing spread spectrum radios.
- Working with Customer Service, implemented AMI fixed-base meter reading system.



Strategic Plan Goals

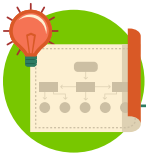
2.08	ENHANCE OUR CAPABILITY TO RESPOND TO AND RECOVER FROM EMERGENCIES	FYE 16	FYE 17
2.08.06	Regularly assess and test the security of the District's physical and cyber assets	X	X
2.09	IMPLEMENT A SECURE INFORMATION TECHNOLOGY PLATFORM ENABLING EMPLOYEES TO PERFORM DUTIES IN A WAY THAT ELIMINATES OR MINIMIZES THE RISK OF ERROR AND REPETITIVE AND REDUNDANT WORK AND IS SAFER AND MORE EFFICIENT		
2.09.01	Provide secure access to fully integrated voice and data technology to provide relevant information to ensure good business and operational decisions	X	X
2.09.02	Develop a Master Plan for the business network	X	

Personnel Summary

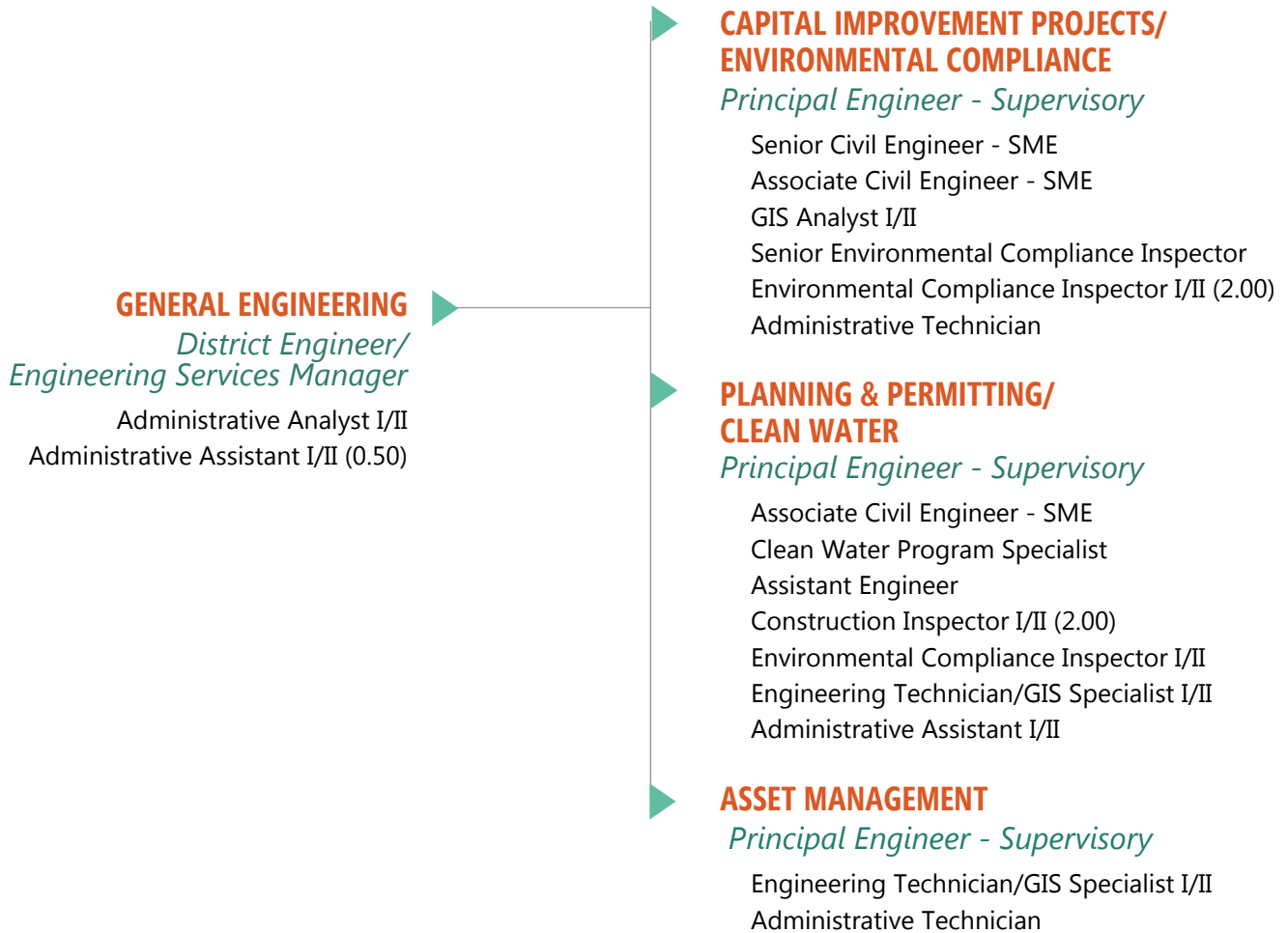
	FYE14	FYE15	FYE16	FYE17
Information Services Supervisor	1.00	1.00	1.00	1.00
Information Technology Analyst I/II	3.00	4.00	4.00	4.00
Information Sys.Tech. I/II	1.00	1.00	1.00	1.00
Total	5.00	6.00	6.00	6.00
Change		1.00	-	-

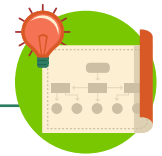
Budget Summary

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Personnel	870,446	1,131,843	1,127,758	1,168,230
Materials	7,970	16,250	16,250	16,250
Contracts	248,007	234,342	232,880	225,705
Other	1,577	2,750	2,650	2,650
Total	1,128,000	1,385,185	1,379,538	1,412,835
% Change		22.80%	-0.41%	2.41%



ENGINEERING DEPARTMENT Organization Chart



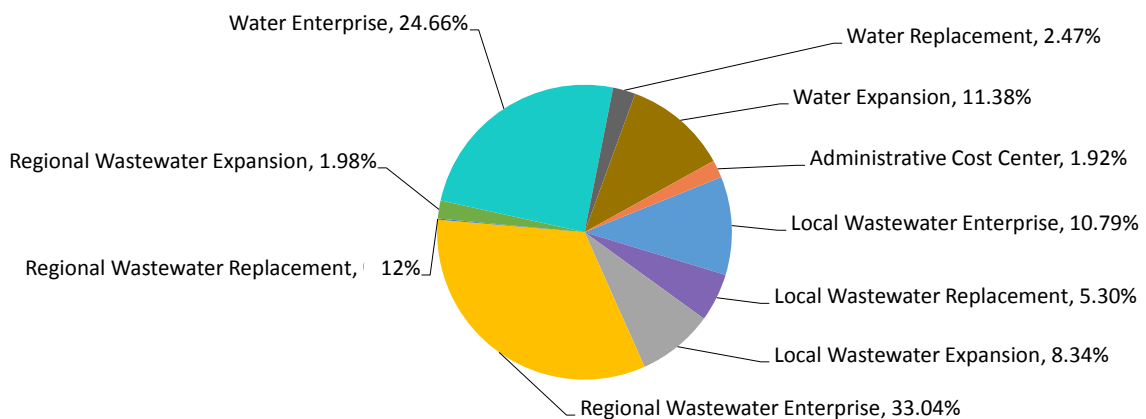


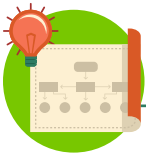
Budget Summary

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Personnel	3,256,361	3,795,062	3,681,874	3,809,790
Materials	29,026	25,900	30,750	29,450
Contracts	286,948	331,285	527,920	536,420
Other	3,321	8,255	5,600	5,600
Total	3,575,656	4,160,502	4,246,144	4,381,260
% Change		16.36%	2.06%	3.18%

Fund Summary

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Local Wastewater Enterprise	519,681	648,137	458,195	477,744
Local Wastewater Replacement	188	-	225,000	225,000
Local Wastewater Expansion	301,060	263,346	354,164	363,176
Regional Wastewater Enterprise	1,251,393	1,498,179	1,403,118	1,445,092
Regional Wastewater Replacement	-	-	5,000	5,000
Regional Wastewater Expansion	37,500	80,153	84,105	85,581
Water Enterprise	996,870	1,152,400	1,046,940	1,094,767
Water Replacement	1,707	-	105,000	105,000
Water Expansion	393,990	444,971	483,110	496,164
Administrative Cost Center	73,268	73,316	81,511	83,736
Total	3,575,656	4,160,502	4,246,144	4,381,260
% Change		16.36%	2.06%	3.18%





GENERAL ENGINEERING

Division 40

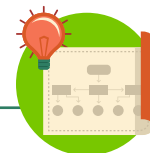
Mission Statement

Manage a diverse team that builds and maintains a water and wastewater infrastructure that meets the needs of our current and future customers.

The General Engineering Division ensures the District's infrastructure operates in a safe and efficient manner and assists Capital Improvement Projects/Environmental Compliance, Planning and Permitting/Clean Water, and Asset Management Divisions as needed to resolve issues. This division approves and implements Engineering Department standards and procedures and maintains standard contract forms. Within the District, the division assists management, leads water shortage contingency planning, and provides technical support to the Administrative Services and Operations Departments. The division also interfaces with other Tri-Valley agencies regarding utility issues.

Top Accomplishments in FYE 2014 & 2015

- Finalized agreements with DERWA and the City of Pleasanton that enable the DERWA partners to have access to "Schedule B" water for recycling.
- Completed an amendment to the District Code to eliminate the expiration of capacity reserve rights and prepared a Board-approved ordinance to implement a system to "true-up" fees associated with pre-purchased water and sewer capacity rights.
- Applied for and was awarded \$2 million in Proposition 84 Emergency Drought Grant funds for the District's Recycled Water Expansion Project to Alameda County facilities and western Dublin.
- Completed a combined *Ten-Year Capital Improvement Plan* update and a *Two-Year Capital Improvement Plan Budget*.
- Developed and implemented a District-specific permitting database to improve record keeping and staff efficiency.
- Assisted the City of Pleasanton in connecting Val Vista Park to the recycled water distribution system.
- Completed the feasibility study for the District's Recycled Water Expansion Project and received approval from the US Bureau of Reclamation.



Strategic Plan Goals

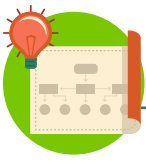
2.01 INCREASE WATER SUPPLY RELIABILITY BY DIVERSIFYING THE SUPPLY PORTFOLIO IN CONFORMANCE WITH A BOARD-ADOPTED POLICY DERIVED FROM THE LONG-TERM WATER SUPPLY MASTER PLAN - TENTATIVELY:		FYE 16	FYE 17
2.01.02	Encourage Zone 7 and other Tri-Valley retailers to formally develop and endorse a portfolio of local and/or alternative regional water supply options that can be implemented in the event efforts to fix the Delta are delayed or fail	X	X
2.01.05	Collaborate with other Tri-Valley agencies to pursue water reliability options agreed upon by the Tri-Valley Water Policy Roundtable Committee, including adoption of "agreed upon principles" or a formal MOU	X	X
2.01.06	Develop an Indirect Potable Reuse Project concept in partnership with one or more Tri-Valley partners		X
2.06 DIVERSIFY MANAGEMENT OF BIOSOLIDS TO REDUCE EXPOSURE TO OPERATIONAL, ENVIRONMENTAL, AND FINANCIAL RISKS			
2.06.02	Encourage City of Pleasanton to participate in the Bay Area Biosolids to Energy (BAB2E) program and pilot project	X	X
3.02 SEEK NEW WAYS TO IMPROVE THE INSTITUTIONAL WAY WE DELIVER SERVICES			
3.02.01	Implement Task Orders involving DSRSD under IRSMA	X	X
3.02.02	Reconvene Tri-Valley Utility Ad Hoc Committee each year to assess progress since 2014 meeting	X	X
3.02.03	Move forward with implementation/further evaluation as directed by Board	X	X

Personnel Summary

	FYE14	FYE15	FYE16	FYE17
District Eng./Eng. Services Mgr.	-	1.00	1.00	1.00
District Eng./Asst. General Mgr.	1.00	-	-	-
Administrative Analyst I/II	1.00	1.00	1.00	1.00
Administrative Assistant I/II	-	-	0.50	0.50
Total	2.00	2.00	2.50	2.50
Change		-	0.50	-

Budget Summary

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Personnel	394,902	436,877	492,325	511,661
Materials	504	200	200	200
Contracts	14,893	18,050	15,000	15,000
Other	1,401	2,605	2,400	2,400
Total	411,700	457,732	509,925	529,261
% Change		11.18%	11.40%	3.79%



CAPITAL IMPROVEMENT PROJECTS/ ENVIRONMENTAL COMPLIANCE

Division 41

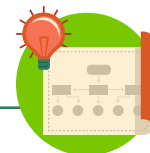
Mission Statement

Plan, design, and manage construction of the District's capital improvement projects in manner that consistently balances cost, operational efficiency, and sustainability. Support District operations with up-to-date water and wastewater system analyses and mapping. Protect the wastewater treatment plant processes and the environment through the District's Pretreatment Program.

The Capital Improvement Projects Division prepares and administers two elements of the Capital Improvement Projects (CIP): (1) the CIP Ten-Year Plan, which records the intended uses of capacity reserve fees and replacement and rehabilitation funds; and, (2) the CIP Two-Year Budget, which provides staff the authority to proceed with budgeted CIP projects. The division plans, designs and manages the construction of all of the District's CIP projects. The division supports the Wastewater Treatment Plant (WWTP) and Field Operations by evaluating processes and operations to improve efficiency and resolve issues, designing equipment and facility improvements, and procuring specialty equipment and services. The division also maintains the District's water, recycled water, and wastewater collection system mapping and hydraulic models. In addition, the Environmental Compliance section implements the District's Pretreatment Program, a requirement of the Wastewater Treatment Plant NPDES permit.

Top Accomplishments in FYE 2014 & 2015

- Completed the combined FYE 2016-2025 CIP Ten-Year Plan and the FYE 2016-2017 CIP Two-Year Budget.
- Completed construction of the Dissolved Air Flotation Thickener, Vactor Receiving Station, and landscaping and fencing at the WWTP.
- Completed the design of the Variable Frequency Drive Improvements at the WWTP.
- Completed motor control center and building improvements at Pump Station 2C.
- Completed design of the Water and Recycled Water SCADA Improvements Project.
- Began preparation of the WWTP and Biosolids Facility Master Plan.
- Completed an evaluation of Field Operations Division Corporation Yard Alternatives.
- Provided engineering support to LAVWMA for the replacement of holding basin gates, a pump, and air relief valves on one of the LAVWMA export pipelines, and provided a review of pump efficiencies and pipeline hydraulics.
- Provided project management for DERWA projects, including a hydraulic model update and a facility plan.
- Developed a draft Geographic Information System (GIS) base map of the process pipelines at the WWTP.
- Performed hydraulic modeling to evaluate the effect of operational changes imposed by Zone 7 during the drought and to evaluate operations using interties between agencies.
- Completed the local limits review for the WWTP NPDES permit Pretreatment Program .
- Integrated grease interceptor inspection and billing into Lucity maintenance management and Eden financial systems.
- Completed installation of recycled water distribution to Alameda County Governmental Properties, permanently reducing potable water use by approximately 200 acre-feet.



Strategic Plan Goals

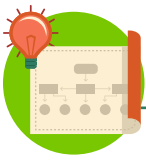
1.01 ENSURE APPROPRIATE INVESTMENT AND SOUND FINANCIAL PLANNING TO SUPPORT THE DISTRICT'S MISSION WELL AHEAD OF NEED		FYE 16	FYE 17
1.01.06	Prepare CIP ten-year plan every two years		X
2.03 PARTICIPATE IN THE IMPLEMENTATION OF RECYCLED WATER DELIVERIES TO TRI-VALLEY COMMUNITIES OUTSIDE OF OUR SERVICE AREA			
2.03.02	Expand DERWA's recycled water plant beyond the sixth sand filter to serve Pleasanton and to expand water delivery within the DSRSD boundary	X	X
2.04 COMPLETE MASTER PLANS AND IMPLEMENT KEY PROJECTS			
2.04.03	Complete the Wastewater Treatment Plant and Biosolids Facility Master Plan and reflect recommended projects in the Capital Improvement Plan and Budget	X	X
2.04.04	Complete potable water and recycled water SCADA improvements	X	
2.04.05	Secure, procure, or construct a permanent home for the Field Operations Corporation Yard	X	X
2.04.10	Reach a decision as to when the District has achieved appropriate odor mitigation for the wastewater treatment facilities	X	
2.06 DIVERSIFY MANAGEMENT OF BIOSOLIDS TO REDUCE EXPOSURE TO OPERATIONAL, ENVIRONMENTAL, AND FINANCIAL RISKS			
2.06.01	Incorporate projects recommended in the Wastewater Treatment Plant and Biosolids Master Plan into the FYE 2017 and beyond Capital Improvement Plan and Budget		X
2.06.05	Complete the Bay Area Biosolids to Energy (BAB2E) Feasibility Study, with objective of having DSRSD serve as one of the "pilot project" sites	X	X
2.08 ENHANCE OUR CAPABILITY TO RESPOND TO AND RECOVER FROM EMERGENCIES			
2.08.02	Update a risk/vulnerability assessment of District potable water facilities - identify remaining needs		X
2.10 DELIVER WATER OF A QUALITY THAT MEETS ALL STANDARDS AND IS ACCEPTABLE TO OUR CUSTOMERS			
2.10.02	Annually report data for water hardness in the District's water supply related to the operation and impact of Zone 7's demineralization facilities	X	X

Budget Summary

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Personnel	1,170,231	1,273,511	1,256,068	1,297,430
Materials	16,710	4,200	7,400	7,800
Contracts	89,139	39,535	46,360	46,360
Other	89	1,350	800	800
Total	1,276,169	1,318,596	1,310,628	1,352,390
% Change		3.32%	-0.60%	3.19%

Personnel Summary

	FYE14	FYE15	FYE16	FYE17
Principal Engineer - Supervisory	1.00	1.00	1.00	1.00
Sr. Civil Engineer - SME	1.00	1.00	1.00	1.00
Associate Civil Engineer - SME	1.00	1.00	1.00	1.00
GIS Analyst I/II	1.00	1.00	1.00	1.00
Sr. Environmental Comp. Inspector	1.00	1.00	1.00	1.00
Environmental Comp. Inspector I/II	2.00	2.00	2.00	2.00
Administrative Tech.	1.00	1.00	1.00	1.00
Total	8.00	8.00	8.00	8.00
Change		-	-	-



P LANNING & PERMITTING/CLEAN WATER

Division 42

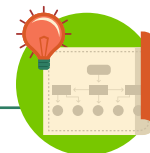
Mission Statement

Review development plans and determine fees in a timely and accurate manner, maintain accurate and accessible facilities records and projections of future service needs, and ensure that new projects and existing customers comply with regulatory and environmental requirements.

The Planning & Permitting/Clean Water Division manages the District's long-term utility planning activities, oversees the expansion of the District's water and sewer systems by development projects, and monitors water and wastewater users in accordance with best management practices (BMPs) for water conservation in accordance with the Urban Water Management Plan, BMPs for pollution prevention, and Department of Public Health regulatory requirements for backflow prevention. This division updates master plans for potable water, recycled water, and wastewater; maintains records of water and wastewater use and projections, coordinates annexation of properties into the District service area, oversees environmental compliance of all District-constructed facilities, reviews all environmental documents for projects being constructed by other entities, reviews designs and issues construction permits for connections to District facilities and developer-dedicated facilities, maintains capacity allocation records, and negotiates and administers reimbursement agreements associated with installation of Capital Improvement Program projects by developers.

Top Accomplishments in FYE 2014 & 2015

- Received \$404,992 in federal grants for the District's Central Dublin Recycled Water Distribution and Retrofit Project and Recycled Water Expansion Project.
- Received \$1.13 million in Proposition 84 Implementation Grant funds for the District's Central Dublin Recycled Water Distribution and Retrofit Project.
- Successfully connected 27 sites to the recycled water system in response to the drought, representing over 320 acre feet of permanent potable water demand reduction.
- Applied for and received state regulatory approval for the District's Residential Recycled Water Program and set up the program for successful implementation.
- Applied for and received state regulatory approval for alternative cross connection control for individually metered multi-family residential units, which allows future residential projects to connect to recycled water for irrigation, thereby reducing ultimate potable water demand.
- Implemented and maintained best management practices for water conservation to meet and exceed the District's SB x7-7 20% by 2020 Target of 163 gallons per capita per day (gpcd); as of December 2014, water consumption by customers was 100 gpcd.
- In collaboration with the Administrative Services and Operations Departments, assisted in the implementation of the District's Drought Emergency Plan in 2014, which led to reductions in water use of 25% in 2014 compared to 2013.
- Accepted approximately 10.7 miles of potable water pipelines, 1.4 miles of recycled water pipelines, and 7.3 miles of sanitary sewer pipelines.
- Maintained a high level of service to developers, providing 100% on-time turnaround of more than 454 plan reviews and more than 78 over-the-counter services, allowing community-approved development to proceed in a timely manner.
- Monitored and maintained regulatory compliance for more than: 240 recycled water users (98% compliance), 2,800 backflow preventers (96% compliance), and 85 dental facilities (97% compliance).



Strategic Plan Goals

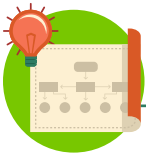
2.01 INCREASE WATER SUPPLY RELIABILITY BY DIVERSIFYING THE SUPPLY PORTFOLIO IN CONFORMANCE WITH A BOARD-ADOPTED POLICY DERIVED FROM THE LONG-TERM WATER SUPPLY MASTER PLAN - TENTATIVELY:				
2.01.01	Develop creative approaches to stretch the existing recycled water system in ways that are financially sound, such as the use of seasonal storage, use of fringe basin water, and other alternatives; and reflect project concepts in the 10 year CIP		X	X
2.01.04	Complete the 2015 Urban Water Management Plan		X	
2.02 MANAGE POTABLE WATER DEMAND WHILE MEETING STATE MANDATES FOR WATER USAGE: GOAL TO BE FINALIZED IN CONFORMANCE WITH FINAL GOALS OF LONG-TERM WATER SUPPLY MASTER PLAN – TENTATIVELY				
2.02.01	Monitor and regularly report per-capita water usage within the District to ensure the District continuously meets the state water conservation target of 20% by 2020		X	X
2.02.03	Implement a pilot project for recycled water for residential front yards			X
2.02.04	Develop incentives for new and existing structural conservation programs			X
2.04 COMPLETE MASTER PLANS AND IMPLEMENT KEY PROJECTS				
2.04.02	Complete the Water and Recycled Water Master Plan and corresponding Capacity Reserve Fee Study Update		X	
2.04.11	Successfully compete for state and federal grant projects to fund local and regional recycled water capital projects		X	X

Budget Summary

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Personnel	1,188,766	1,560,287	1,471,033	1,522,733
Materials	11,725	21,000	21,450	21,450
Contracts	10,296	75,700	106,560	100,060
Other	1,357	3,300	1,800	1,800
Total	1,212,144	1,660,287	1,600,843	1,646,043
% Change		36.97%	-3.58%	2.82%

Personnel Summary

	FYE14	FYE15	FYE16	FYE17
Principal Engineer - Supervisory	1.00	1.00	1.00	1.00
Associate Civil Engineer - SME	1.00	1.00	1.00	1.00
Clean Water Program Specialist	1.00	1.00	1.00	1.00
Assistant Engineer	1.00	1.00	1.00	1.00
Construction Inspector I/II	2.00	2.00	2.00	2.00
Environmental Comp. Inspector I/II	1.00	1.00	1.00	1.00
Engineering Tech./GIS Specialist I/II	1.00	1.00	1.00	1.00
Administrative Assistant I/II	1.00	1.00	1.00	1.00
Total	9.00	9.00	9.00	9.00
Change		-	-	-



ASSET MANAGEMENT

Division 43

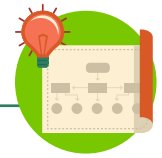
Mission Statement

Lead the development of the Asset Management Program (AMP) and the cultural change necessary to fully integrate the program into the District's activities.

The Asset Management Division was established in March 2010 with the goal to implement a modern asset management program consistent with the District's Strategic Plan. The objective is to develop a program that makes fuller use of data and analytical tools, rather than institutional knowledge, to facilitate smarter decisions on what, when, and how facilities should be operated, maintained, rehabilitated, and ultimately replaced. The program includes knowing what assets we have (inventory), where they are located, what condition they are in (condition assessments), and which are critical (highest risk if there is a failure); prioritizing work based on risk and probability of failure, and determining how we can best operate, maintain, repair and replace them to minimize overall risk and costs while providing the service our customers expect.

Top Accomplishments in FYE 2014 & 2015

- Continued to work with Field Operations Division (FOD) to expand their knowledge and use of the Computerized Maintenance Management System software (Lucity) and work toward implementing paperless work order processing.
- Completed CCTV, sonar, and laser field investigation for large diameter sewers and project identification for the 2016/17 CIP.
- Completed acoustic testing pilot project on the potable water system as a means to evaluate applicability of technology for non-destructive condition assessments.
- Compiled information regarding corrosive soil areas and potable water line break history.
- Developed a first-generation replacement model for the potable water system.
- Developed a shutdown matrix for WWTP processes and major equipment.
- Developed inventory of laboratory equipment, including dates of acquisition, average useful life, and costs.
- Provided asset management replacement models for project identification and funding estimates included in the 2016-2025 10-Year CIP.
- Facilitated Tri-Valley Water Agencies Emergency Action work group in planning and conducting table-top exercises.



Strategic Plan Goals

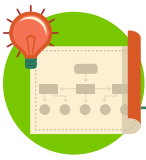
2.05	USE ASSET MANAGEMENT TO IMPROVE MAINTENANCE EFFICIENCY AND PLAN FOR REPLACEMENT OF CRITICAL INFRASTRUCTURE	FYE 16	FYE 17
2.05.01	Complete a comprehensive database of all utility assets by FYE 2020	X	X
2.05.02	Integrate CIP planning and operations/maintenance using Asset Management for optimizing life-cycle cost decision making by the end of FYE 2020	X	X
2.05.05	Complete an assessment of the Regional Sewer Facility Replacement needs as part of the Wastewater Treatment Master Plan and begin developing a database to track all maintenance and rehabilitative work on plant assets	X	X

Personnel Summary

	FYE14	FYE15	FYE16	FYE17
Principal Engineer - Supervisory	1.00	1.00	1.00	1.00
Engineering Tech./GIS Specialist I/II	1.00	1.00	1.00	1.00
Administrative Tech.	1.00	1.00	1.00	1.00
Total	3.00	3.00	3.00	3.00
Change		-	-	-

Budget Summary

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Personnel	502,463	524,387	462,449	477,965
Materials	87	500	1,700	-
Contracts	172,620	198,000	360,000	375,000
Other	474	1,000	600	600
Total	675,643	723,887	824,749	853,565
% Change		7.14%	13.93%	3.49%



OPERATIONS DEPARTMENT Organization Chart

OPERATIONS ADMINISTRATION

Operations Manager

Associate Civil Engineer – SME
Administrative Analyst I/II
Administrative Technician
Administrative Assistant I/II

FIELD OPERATIONS

Field Operations Supervisor

Water/Wastewater System Lead Operator (2.00)
Water/Wastewater System Operator (8.00)
Maintenance Worker I/II

PLANT OPERATIONS

WWTP Operations Supervisor

Process Lead WWTP Operator (2.00)
Senior WWTP Operator III (5.00)
WWTP Operator I/II (4.00)

MECHANICAL MAINTENANCE

Senior Mechanical Engineer - Supervisory

Senior Mechanic - Crane Certified (3.00)
Mechanic II - Crane Certified (2.00)
Mechanic I/II (3.00)
Fleet Mechanic (2.00)
Maintenance Worker I/II (2.00)

ELECTRICAL INSTRUMENTATION & SCADA

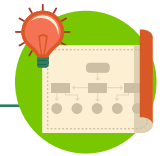
Senior Electrical Engineer – Supervisory

Senior Instrumentation & Controls Technician
Operations Control System Specialist (3.00)
Senior Electrician
Instrumentation Technician
Electrician (2.00)

LABORATORY SERVICES

Laboratory Supervisor

Senior Environmental Chemist
Environmental Chemist II
Laboratory Technician (2.00)

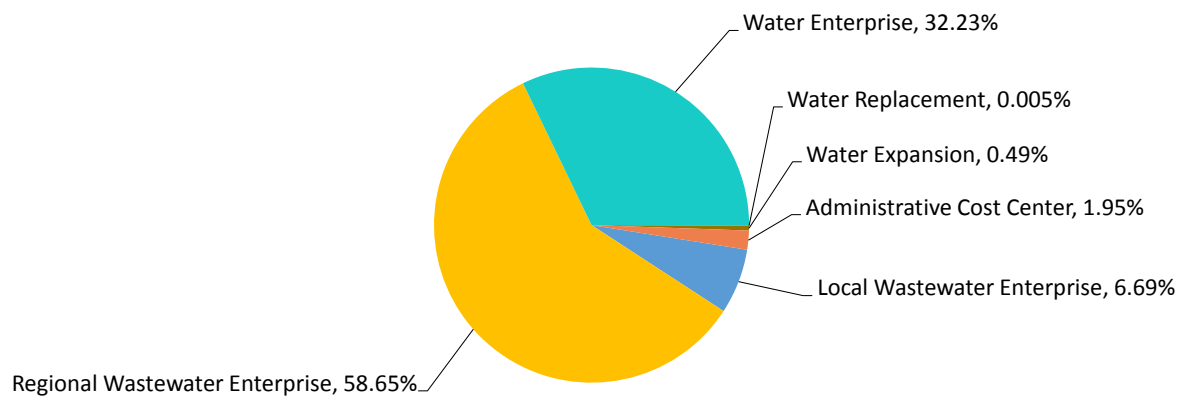


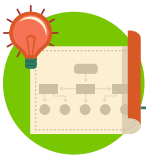
Budget Summary

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Personnel	8,198,191	8,336,650	9,386,623	9,766,220
Materials	3,245,905	2,909,994	2,967,997	3,097,037
Contracts	1,267,960	1,215,342	1,355,932	1,281,628
Other	211,851	156,798	183,322	191,282
Total	12,923,907	12,618,784	13,893,873	14,336,167
% Change		-2.36%	10.10%	3.18%

Fund Summary

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Local Wastewater Enterprise	711,224	734,236	928,974	942,149
Local Wastewater Expansion	9,697	-	-	-
Regional Wastewater Enterprise	7,790,697	7,571,185	8,148,279	8,399,794
Water Enterprise	4,054,471	3,929,906	4,477,323	4,644,589
Water Replacement	-	528	700	700
Water Expansion	63,637	63,079	68,099	70,547
Administrative Cost Center	294,180	319,851	270,498	278,389
Total	12,923,907	12,618,784	13,893,873	14,336,167
% Change		-2.36%	10.10%	3.18%





OPERATIONS ADMINISTRATION

Division 50

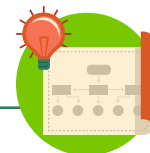
Mission Statement

The Division provides professional resources and administrative support to facilitate and ensure the success of the Operations Department and its Divisions. The Division also provides engineering support and coordinates inter-departmental functions and activities.

The Operations Administration Division provides essential assistance and professional resources to the other Divisions to complete tasks, maintain customer service levels, and ensure the coordinated and organized functioning of the Operations Department. The Division staff develops, monitors, and reports on key performance metrics, provides engineering solutions, processes regulatory documents and submittals, generates reports, compiles data, manages files, interacts with customers, supports on-the-job training, assists with electronic operations and maintenance manuals, manages computerized maintenance management records, supports capital projects and replacements, administers contracts, processes purchase orders and invoices, organizes special events, and implements new computer software applications.

Top Accomplishments in FYE 2014 & 2015

- Received regulatory approval to open the State's first residential recycled water fill station on June 12, 2014, which has since won the CASA Technological Achievement Award and the WateReuse Community Outreach and Public Education Program of the Year Award.
- Began supplying recycled water to Val Vista Park in March 2014, which represents the City of Pleasanton's first use of recycled water.
- Expanded the capacity of the District's recycled water fill station for contractors to accommodate significant traffic during the drought. The City of Pleasanton used the fill station to haul 80 loads of recycled water each week to Calippe Preserve Golf Course.
- Replaced both of the District's sewer cleaning trucks with new combination vacuum/jetter equipment that is also capable of performing hydraulic excavation.
- Purchased a used tractor to assist with biosolids harvesting and disposal, which will reduce equipment rental costs. District staff continues to perform biosolids harvesting using temporary labor and used equipment purchased from others which staff rehabilitates, at a considerable saving compared to hiring a contractor to provide the equipment and do the work.
- Eliminated or minimized radio communications system problems that were causing numerous "nuisance" alarms during off hours for the District's on-call Operator, which in turn led to high over-time costs. During 2015-2016 a CIP project will replace old radio communications equipment, further improving SCADA accuracy and response times.
- Obtained ELAP certification to use the Lab's new ICP-MS for performing metals analysis on wastewater and groundwater samples.
- Completed the replacement of the DAFT and the No. 1 secondary clarifier mechanism. Also blasted and recoated the No. 4 secondary clarifier mechanism.



Strategic Plan Goals

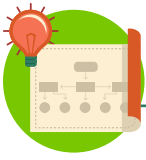
2.04 COMPLETE MASTER PLANS AND IMPLEMENT KEY PROJECTS		FYE 16	FYE 17
2.04.06	Hold meetings at least annually with the WWTP neighbors	X	X
2.04.07	Maintain odor control facilities to meet design criteria for performance	X	X
2.04.08	Identify and correct new and/or fugitive sources of odors at WWTP	X	X
2.05 USE ASSET MANAGEMENT TO IMPROVE MAINTENANCE EFFICIENCY AND PLAN FOR REPLACEMENT OF CRITICAL INFRASTRUCTURE			
2.05.04	Prepare a database of historical water distribution system failures to provide a set of proxy data for assessing long-term water system needs	X	X
2.06 DIVERSIFY MANAGEMENT OF BIOSOLIDS TO REDUCE EXPOSURE TO OPERATIONAL, ENVIRONMENTAL, AND FINANCIAL RISKS			
2.06.04	Using cake solids from the BAB2E pilot project described above, apply for and obtain regulatory approve to landfill and/or land apply biosolids as a backup method of disposal	X	X
2.07 PLAN FOR FUTURE WASTEWATER EFFLUENT NUTRIENT CONTROL BY ACTIVELY PARTICIPATING IN THE BAY AREA CLEAN WATER AGENCIES NUTRIENT MANAGEMENT STUDY			
2.07.01	Actively participate in Bay Area Clean Water Agencies Nutrient Management Studies, including efforts to address nutrients on a watershed basis	X	X
2.08 ENHANCE OUR CAPABILITY TO RESPOND TO AND RECOVER FROM EMERGENCIES			
2.08.09	Biennially update the unified communication plan (network/radio/phones)	X	
3.03 ENSURE THE PUBLIC IS AWARE OF AND UNDERSTANDS IMPORTANT ISSUES FACING THE DISTRICT			
3.03.07	Manage all inquiries, news releases, and emergency response (drought)	X	X

Personnel Summary

	FYE14	FYE15	FYE16	FYE17
Operations Manager	1.00	1.00	1.00	1.00
Associate Civil Engineer - SME	1.00	1.00	1.00	1.00
Administrative Analyst I/II	1.00	1.00	1.00	1.00
Administrative Tech.	1.00	1.00	1.00	1.00
Administrative Assistant I/II	1.00	1.00	1.00	1.00
Total	5.00	5.00	5.00	5.00
Change		-	-	-

Budget Summary

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Personnel	813,481	881,310	952,508	981,612
Materials	15,250	17,300	18,020	18,548
Contracts	52,146	51,481	56,341	56,977
Other	190,823	122,630	150,232	158,192
Total	1,071,701	1,072,720	1,177,101	1,215,329
% Change		0.10%	9.73%	3.25%



FIELD OPERATIONS

Division 51

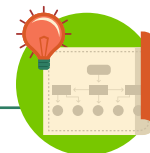
Mission Statement

Provide our customers with planned, uninterrupted, and responsive water, recycled water, and wastewater collection services.

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

Top Accomplishments in FYE 2014 & 2015

- Mitigated all roots in the collection system identified by CCTV work done the previous year to prevent sanitary sewer overflows (SSO).
- Completed tasks needed to return Reservoir 10A to service for the summer of 2014.
- Improved overall efficiency by using contractors to complete unscheduled repairs to water, recycled, and collection systems and diverting in-house crews to repairs only when it would not impact their planned workload.
- Captured work done on laptops and tablets for downloading to Lucity.
- Equipped and trained staff to pull up work orders and maps electronically in the field and discontinued using paper orders and maps.
- Dry fitted three EBMUD emergency interties (Alcosta-Davona, Southwick, and Dougherty Road), and wet tested two of them (Alcosta-Davona and Dougherty Road).
- Completed stockpiling Yelomine pipe and fittings at the FOD Corporation Yard and Pump Station 3C for emergencies.



Strategic Plan Goals

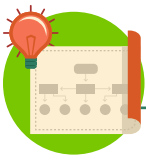
2.05	USE ASSET MANAGEMENT TO IMPROVE MAINTENANCE EFFICIENCY AND PLAN FOR REPLACEMENT OF CRITICAL INFRASTRUCTURE	FYE 16	FYE 17
2.05.03	Complete CCTV assessment and PACP evaluation of all local sewer facilities (installed prior to 2000) by end of FYE 2018	X	X

Personnel Summary

	FYE14	FYE15	FYE16	FYE17
Field Operations Supervisor	1.00	1.00	1.00	1.00
Water/Wastewater Sys. Lead Operator	-	-	2.00	2.00
Water/Wastewater Sys. Operator	9.00	9.00	8.00	8.00
Maintenance Worker I/II	1.00	1.00	1.00	1.00
Total	11.00	11.00	12.00	12.00
Change		-	1.00	-

Budget Summary

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Personnel	1,897,735	1,815,758	2,191,521	2,281,112
Materials	853,572	830,757	837,694	943,953
Contracts	694,281	583,625	690,835	620,423
Other	13,690	16,850	16,850	16,850
Total	3,459,278	3,246,990	3,736,900	3,862,338
% Change		-6.14%	15.09%	3.36%



PLANT OPERATIONS

Division 52

Mission Statement

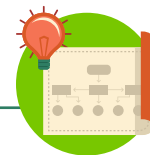
Operate DSRSD, LAVWMA, and DERWA facilities in a safe, environmentally responsible, efficient, and ethical manner while also providing high quality service to our neighbors and customers.

The Plant Operations Division operates and monitors the Regional Wastewater Treatment Facility, the DERWA Wastewater Recycling Treatment Plants, as well as, the LAVWMA Export Pumping Facilities. Personnel are licensed and certified by the State of California Water Resource Control Board. Accordingly, Plant Operators operate District facilities in compliance with the facility's National Pollutant Discharge Elimination (NPDES) permit. In addition, the Plant Operators operate the DERWA recycled water plant in compliance with the California Department of Health Services Title 22 regulations. The treatment plant operators also serve as electrical power plant operators as they operate and monitor facility electrical distribution, utility switchgear, cogeneration engines, and fuel cell systems.

24 hours each day, and 365 days each year, plant operators efficiently operate electrical, mechanical, hydraulic, and biological systems in order to maintain steady-state conditions. They serve as a first point of contact to some of the District's customers. Their diligence and attention to duty protects both the local and Bay Area environments, including the ecology of freshwater streams (wet weather discharges) and the San Francisco Bay.

Top Accomplishments in FYE 2014 & 2015

- Improved reliability of the sand filtration plant by overhaul # 1 and #2 Sand Filters.
- Completed the in-house harvesting of a facultative sludge lagoons numbers 7 and 3.
- Successfully cleaned and returned to service Anaerobic Digester No. 2 and 3 without an odor incident or process upset.
- Upgraded the LAVWMA Wet Weather Operational Strategy.
- Improved the operating efficiency of LAVWMA by managing pumps in service versus electrical charges during both winter and summer operating days.
- Operated without a process upset during the drought of 2014 which maximized recycled water production.
- Operated a Recycled Water Fill Station to assist residents in maintaining landscaping during water restrictions.
- Upgraded the overall level of operator certifications.
- Added a second Wastewater Plant Process Lead to give improved oversight of wastewater, recycled water, and LAVWMA system operations.
- Replaced air diffusers in two aeration basins.
- Revised and released the *District's Recycled Water Use Guidelines* so that it is an effective guide to both recycled water customers and District staff. The *Guidelines* now conform to the most updated Uniform Plumbing Code, and customer comments were considered in the revision.
- Completed Annual Neighborhood Meetings (Odors and Plant Improvements).
- Annually Reviewed and updated *e Operations and Maintenance Manual*.
- Participated in Bay Area Biosolids to Energy Meetings (BAB2E).



Top Accomplishments (Continued)

- Participated in CASA Regulatory Work Group.
- Participated in East Bay Discharge Authority Manager's Meetings.
- Hosted and Instructed classes in water and wastewater treatment thru the Bay Area Consortium for Water and Wastewater Education (BACWEE). Promoted a product of the program to Senior Wastewater Treatment Plant Operator.
- Supported Regional Occupation Program (ROP).

Strategic Plan Goals

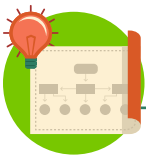
2.04	COMPLETE MASTER PLANS AND IMPLEMENT KEY PROJECTS	FYE 16	FYE 17
2.04.09	Maintain a 24-hour odor hotline and respond to odor complaints and issues	X	X
2.06	DIVERSIFY MANAGEMENT OF BIOSOLIDS TO REDUCE EXPOSURE TO OPERATIONAL, ENVIRONMENTAL, AND FINANCIAL RISKS		
2.06.03	Manage the operation of a portable solids dewatering facility to produce cake for hauling and testing with one or more BAB2E pilot projects	X	X

Personnel Summary

	FYE14	FYE15	FYE16	FYE17
WWTP Operations Supervisor	1.00	1.00	1.00	1.00
Process Lead WWTP Operator	2.00	2.00	2.00	2.00
Sr. WWTP Operator III	5.00	5.00	5.00	5.00
WWTP Operator I/II	4.00	4.00	4.00	4.00
Total	12.00	12.00	12.00	12.00
Change		-	-	-

Budget Summary

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Personnel	1,822,073	1,681,034	1,911,472	1,991,037
Materials	1,325,000	1,182,831	1,219,330	1,246,390
Contracts	219,222	166,726	180,505	174,877
Other	-	1,400	1,400	1,400
Total	3,366,295	3,031,991	3,312,707	3,413,704
% Change		-9.93%	9.26%	3.05%



M ECHANICAL MAINTENANCE

Division 53

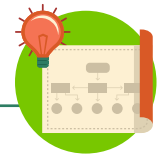
Mission Statement

Provide efficient and timely repairs and preventive maintenance on District facilities to ensure a safe and reliable work environment, while demonstrating professional customer service and a commitment to excellence.

The Mechanical Maintenance Division repairs and maintains mechanical systems for the wastewater treatment plant, potable water distribution system, recycled water treatment and distribution system, LAVWMA facilities, and DERWA facilities. The division also maintains the District's fleet of vehicles and mobile support equipment, as well as buildings and facilities at the District Office and Field Operations. The division performs routine preventative, corrective, and emergency maintenance around the clock; coordinates shutdowns required during construction projects, and responds to equipment failures. The division captures work completed and maintenance history in logs, reports, and computerized maintenance management software, and maintains fleet vehicles to ensure that employees operate safe and reliable vehicles and equipment.

Top Accomplishments in FYE 2014 & 2015

- Performed repairs and startup assistance to bring Reservoir 10A back in service, which was necessary for fire protection within its zone.
- Installed, commissioned, and modified a bio-gas/natural gas fuel blending system on cogeneration engine #1 to reduce flaring and costs.
- Designed and installed the commercial and residential recycled water fill stations at the WWTP in support of the District's water use reduction program.
- Designed and installed a secondary containment chemical piping system for ferrous injection directly into the three digesters.
- Rehabilitated recycled water sand filter #1: removed sand, made repairs, performed inspection, and brought filter back in service.
- Replaced all service air compressors at the WWTP with new models with modern controls.



Strategic Plan Goals

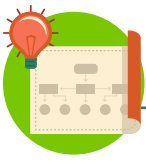
2.08		ENHANCE OUR CAPABILITY TO RESPOND TO AND RECOVER FROM EMERGENCIES		
2.08.04	Fully implement a modern inventory management and control system for spare parts and equipment	X	X	

Personnel Summary

	FYE14	FYE15	FYE16	FYE17
Sr. Mechanical Engineer - Supervisory	1.00	1.00	1.00	1.00
Co-Generation Specialist	1.00	1.00	-	-
Sr. Mechanic - Crane Certified	1.00	1.00	3.00	3.00
Sr. Mechanic	1.00	1.00	-	-
Mechanic II - Crane Certified	3.00	3.00	2.00	2.00
Mechanic I / II	3.00	3.00	3.00	3.00
Fleet Mechanic	2.00	2.00	2.00	2.00
Maintenance Worker I/II	1.00	1.00	2.00	2.00
Total	13.00	13.00	13.00	13.00
Change		-	-	-

Budget Summary

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Personnel	1,643,964	1,737,469	1,967,140	2,044,977
Materials	728,160	646,740	644,000	639,000
Contracts	174,658	185,345	204,500	205,600
Other	732	2,526	2,200	2,200
Total	2,547,515	2,572,080	2,817,840	2,891,777
% Change		0.96%	9.55%	2.62%



ELECTRICAL INSTRUMENTATION & SUPERVISORY CONTROL AND DATA ACQUISITION

DIVISION 54

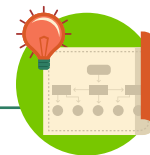
Mission Statement

Provide excellent customer service while maintaining electrical, instrumentation, and computer control systems for the District, LAVWMA, and DERWA in order to optimize energy efficiencies, facility operations, and business functions.

The Electrical Instrumentation & Supervisory Control and Data Acquisition (SCADA) Division (EIS) provides corrective, preventive, and predictive maintenance. EIS staff repairs breakdowns and enhances process controls for electrical, instrumentation and supervisory control and data acquisition (SCADA) systems. The division supports District, LAVWMA, and DERWA facilities. EIS staff helps design and construct new facilities, modify existing facilities, enhance the performance and reliability of process equipment, and optimize energy efficiencies. SCADA reporting provides vital information necessary for business functions. EIS staff also maintains environmental controls and security and safety systems. EIS staff make certain instrumentation is accurately calibrated to meter chemical and process flows, water levels, and pumping controls. EIS staff maintains electrical systems (24 to 21,000 volts) so they are ready and reliable for safe and efficient operations.

Top Accomplishments in FYE 2014 & 2015

- Assisted with construction and upgrade of electrical and SCADA equipment at Pump Station 2C
- Assisted with construction of Pump Station 4B and controls integration with Pump Station 4A and Reservoir 4A.
- Designed the Field Operations Division SCADA upgrade.
- Completed the LAVWMA SCADA upgrade, including SCADA server and software and upgrading the RTU controller to Ethernet.
- Completed the startup of Pump Station 10A and integrated controls with Reservoirs 10A and 10B and Turnouts 4 and 5.
- Completed the startup of Pump Station 20B and added controls for a new motor-operated valve. Installed new flow meters for all three digesters, as well as the flare, and the fuel skid for more accurate monitoring.
- Installed a new fuel blending system for Co-Generation Engine #1.
- Assisted with construction and upgrade of Secondary Clarifiers #1 and #2.
- Assisted with construction and upgrade of the Dissolved Air Flotation Thickener (DAFT).
- Completed upgrades of both Washer/Compactor units and controls.
- Successfully recruited and hired a new Electrician and a new Operations Controls System Specialist.
- Promoted two staff members to Senior Electrician and Senior Instrumentation & Controls Technician.
- Upgraded all exterior lighting to LED at the District Office.
- Replaced 300 ballast cards for DERWA SFUV Channel 1.



Strategic Plan Goals

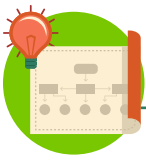
2.04	COMPLETE MASTER PLANS AND IMPLEMENT KEY PROJECTS	FYE 16	FYE 17
2.04.04	Complete potable water and recycled water SCADA improvements	X	
2.08	ENHANCE OUR CAPABILITY TO RESPOND TO AND RECOVER FROM EMERGENCIES	FYE 16	FYE 17
2.08.01	Complete remaining security improvements for the Maintenance Buildings	X	

Personnel Summary

	FYE14	FYE15	FYE16	FYE17
Sr. Electrical Engineer - Supervisory	1.00	1.00	1.00	1.00
Sr. Instrumentation & Controls Tech.	1.00	1.00	1.00	1.00
Operations Control Sys. Specialist	3.00	3.00	3.00	4.00
Sr. Electrician	1.00	1.00	1.00	1.00
Instrumentation Tech.	1.00	1.00	1.00	-
Electrician	2.00	2.00	2.00	2.00
Total	9.00	9.00	9.00	9.00
Change		-	-	-

Budget Summary

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Personnel	1,210,692	1,357,142	1,506,088	1,578,533
Materials	249,314	161,126	164,253	164,106
Contracts	74,646	110,416	116,501	116,501
Other	1,661	4,892	5,140	5,140
Total	1,536,312	1,633,576	1,791,982	1,864,280
% Change		6.33%	9.70%	4.03%



LABORATORY SERVICES

Division 55

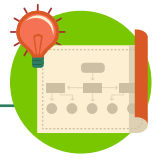
Mission Statement

Generate accurate and reliable analytical data in a competent, timely, and cost-effective manner to ensure compliance with federal and state regulations and provide quality services to internal and external customers.

The Laboratory Services Division monitors potable water to ensure compliance with all drinking water standards; analyzes and confirms compliance of wastewater effluent, recycled water, monitoring well groundwater, and biosolids to meet required state and federal standards; and provides routine and research data to operators and engineers to optimize process control and to environmental inspectors to monitor compliance of permitted industrial users. The Laboratory Services Division is the primary point of contact for District customers to answer questions on water quality. The Laboratory is certified (certificate number 1272) by the State Water Board Environmental Laboratory Accreditation Program (ELAP) and operates seven days a week.

Top Accomplishments in FYE 2014 & 2015

- Participated in proficiency testing and passed an audit by ELAP required for biennial renewal of the laboratory's certification.
- Participated in the following studies and projects:
 - Biosolids harvesting of lagoons
 - Converted from paper to electronic reporting for EPA-Discharge Monitoring Reports (DMR)
 - Participated in two-year nutrient study by Regional Water Quality Control Board
 - Received certificate to do in-house analysis of metals for NPDES and groundwater reporting by Inductively Coupled Plasma-Mass Spectrometry (ICP/MS)
 - Participated in nitrification study of reservoirs
 - Completed water distribution sampling and analysis by an outside lab for Unregulated Contaminant Monitoring Rule 3 (UCMR3), as mandated by EPA
 - Upgraded the District's Laboratory Information Management System (LIMS) to version 6.4 and interfaced all major equipment with LIMS
 - Participated in the Bay Area Clean Water Agencies (BACWA) San Francisco Bay nutrient study
 - Analyzed acrolein and acrylonitrile as additional compounds for EPA Method 624 analysis of organic volatiles
 - Performed extensive analysis for Pretreatment Local Limits study
 - Started new microbiological evaluation sheet for activated sludge microorganisms



Strategic Plan Goals

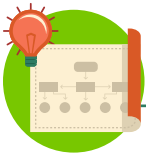
2.10	DELIVER WATER OF A QUALITY THAT MEETS ALL STANDARDS AND IS ACCEPTABLE TO OUR CUSTOMERS	FYE 16	FYE 17
2.10.01	Analyze and report organic and inorganic parameters in the District's water supply and assist in the preparation of the annual water quality report	X	X

Personnel Summary

	FYE14	FYE15	FYE16	FYE17
Laboratory Supervisor	1.00	1.00	1.00	1.00
Sr. Environmental Chemist	-	-	1.00	1.00
Environmental Chemist II	2.00	2.00	1.00	1.00
Laboratory Tech.	2.00	2.00	2.00	2.00
Total	5.00	5.00	5.00	5.00
Change		-	-	-

Budget Summary

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Personnel	810,245	863,937	857,894	888,951
Materials	74,609	71,240	84,700	85,040
Contracts	53,007	117,750	107,250	107,250
Other	4,946	8,500	7,500	7,500
Total	942,806	1,061,427	1,057,344	1,088,741
% Change		12.58%	-0.38%	2.97%



NON-DEPARTMENTAL

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

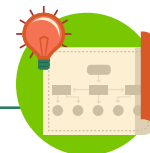
Expenses include:

Personnel—Retire medical and dental, unemployment payments, medical insurance administration fees

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

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

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

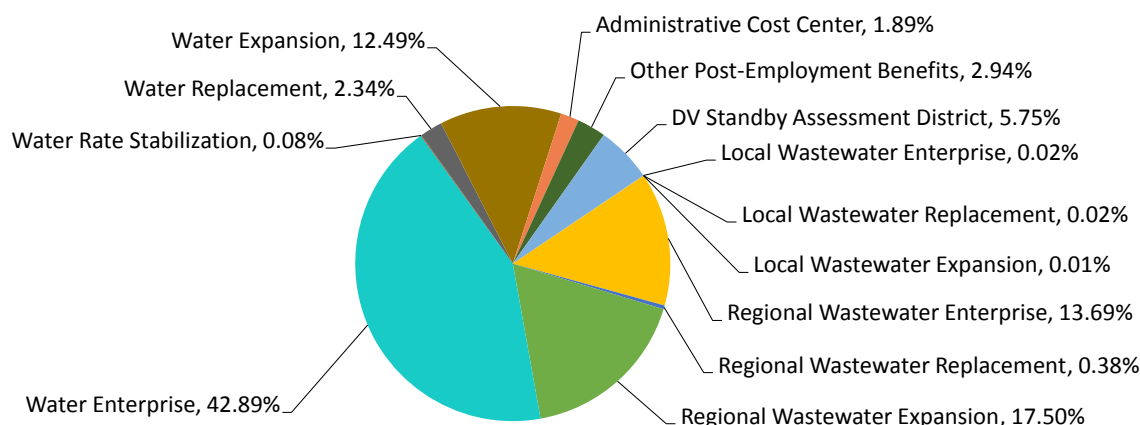


Budget Summary

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Personnel	149,343	5,771,850	790,345	775,455
Materials	10,225,615	9,856,395	10,439,147	11,220,359
Contracts	1,615,672	3,215,238	2,468,242	2,087,889
Other	11,917,962	27,148,948	12,891,472	12,816,696
Total	23,908,592	45,992,431	26,589,207	26,900,399
% Change		92.37%	-42.19%	1.17%

Fund Summary

	FYE14 - Actual	FYE15 - Forecast	FYE16 - Budget	FYE17 - Budget
Local Wastewater Enterprise	9,190	54,238	4,000	4,000
Local Wastewater Replacement	5,158	6,200	6,200	6,200
Local Wastewater Expansion	3,252	136,802	2,000	2,000
Regional Wastewater Enterprise	3,555,600	6,356,002	3,640,698	3,641,109
Regional Wastewater Replacement	24,961	26,350	101,350	26,350
Regional Wastewater Expansion	3,858,839	18,703,506	4,653,495	4,654,707
Water Enterprise	11,017,035	13,028,521	11,405,160	12,174,257
Water Rate Stabilization	16,757	50,000	20,000	20,000
Water Replacement	144,891	170,260	620,869	332,519
Water Expansion	3,729,326	4,704,036	3,321,278	3,222,413
Administrative Cost Center	203,965	563,254	501,455	519,032
Other Post-Employment Benefits	-	764,050	782,545	767,655
DV Standby Assessment District	1,339,619	1,429,211	1,530,156	1,530,156
Total	23,908,592	45,992,431	26,589,207	26,900,399
% Change		92.37%	-42.19%	1.17%



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APPENDICES





POLICY

Dublin San Ramon Services District

Policy No.:	P400-14-3	Type of Policy:	Finance
Policy Title:	Auditor Selection and Services		
Policy Description:	Establishes Guidelines for Auditor Selection and Scope of Services		
Approval Date: Aug 19, 2014 Last Review Date: 2014			
Approval Resolution No.: 51-14 Next Review Date: 2018			
Rescinded Resolution No.: 63-08 Rescinded Resolution Date: Nov 18, 2008			

It is the policy of the Board of Directors of Dublin San Ramon Services District:

It is in the District’s best interest to obtain auditing services from a highly-qualified firm, and to ensure that there are no financial incentives that would jeopardize that firm from maintaining their independence.

Selection Policy – A full-scale competitive process will be held at least every five years for the selection of the independent auditor. The Financial Services Department is responsible for conducting the interview and selection process and recommending a firm to the Board.

Term of Contract – The initial contract term will be one year with four one-year renewal options. The General Manager has authority to renew the contract unless otherwise instructed by the Board.

Scope of Services – The auditor will perform the annual audit, prepare required tax filings and assist staff in analyzing/implementing accounting pronouncements. The auditor will not be asked to provide services unrelated to financial record keeping and compliance issues.

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Policy

Policy No.: P400-15-2	Type of Policy: Finance
Policy Title: Budget Accountability	
Policy Description: Operations and Capital Improvement Program Budget Controls.	
Approval Date: 6/2/2015	Last Review Date: 2015
Approval Resolution No.: 41-15	Next Review Date: 2019
Rescinded Resolution No.: 64-11	Rescinded Resolution Date: 11/1/2011

It is the policy of the Board of Directors of Dublin San Ramon Services District to provide guidelines for the implementation and monitoring of the District’s adopted Operating and Capital Budgets as follows:

Operating Budget

Accountability: The General Manager is responsible for meeting the budgetary objectives set by the Board. The Board approves the Operating Budget at the total fund level ensuring that it maintains control of rates and fees. In addition, the Board approves the maximum number of Full-Time Equivalent staff positions (FTE’s) as well as the number of those FTE’s that are limited-term positions. Finally, the Board approves budgets for the purchase or replacement of capital assets.

There are various “levels of control” within a budget. Although the District’s budget is prepared at the line-item level for internal monitoring purposes, it is impractical and inefficient to control the budget at this level.

Monitoring: Financial reports are distributed to the Board and management on a monthly basis as “Regular & Recurring Reports” to show budget and actual expenses at a level of detail sufficient to monitor accountability.

Administrative Adjustments: The General Manager may make ‘no net change’ budget adjustments within the same fund; this ensures that rates will not be affected.

Reporting: Administrative budget adjustments will be reported to the Board as “Regular & Recurring Reports.”



Dublin San Ramon Services District Policy

Policy No.: P400-15-2	Policy Title: Budget Accountability
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CAPITAL ASSETS: The budget contains funding for new capital assets, and for existing assets that are expected to be replaced or refurbished due to wear, age, or obsolescence. The District’s asset management program will typically identify items that are due for replacement or refurbishment.

Capital Assets that were not budgeted but need replacement or major refurbishment during the budget cycle:

1. Assets that are still functioning but are judged to be in need of replacement or major refurbishment must be addressed by proposing a budget adjustment prior to expending any funds.
2. Assets that fail and are no longer functioning must be identified as either “mission critical” or “non-mission critical” and then addressed as follows:
 - a) For all “mission critical” items, the General Manager has the authority to spend whatever funds are necessary to rehabilitate or replace the failed item.
 - b) For “non-mission critical” items of \$100,000 or less, the General Manager can approve the expenditure if there are sufficient reserves in the replacement fund.
 - c) For “non-mission critical” items over \$100,000, a budget adjustment must be prepared and approved by the Board prior to purchasing or refurbishing the asset.

Budgeted Capital Assets that cost more than the amount approved by the Board:

When a budgeted capital item’s cost is determined through the purchasing process to be in excess of the amount approved by the Board, the General Manager may approve the purchase of that item if the cost does not exceed the budgeted amount by more than 10%; however, if the item exceeds this amount or in total exceeds \$100,000, a budget adjustment is required prior to purchase.

Reporting: Capital asset purchases or refurbishments approved by the General Manager will be reported to the Board as “Regular & Recurring Reports.”

Capital Improvement Program (CIP) Budget

Accountability: In adopting the CIP Budget, the Board authorizes new projects and programs, and approves total project and program budgets. Project budgets are broken down by phase to assist the project manager in budgeting and managing the project. Expenses are controlled at the project total level. Project Managers are responsible for their assigned projects. The General Manager is responsible for ensuring that the individual project appropriations and total fund appropriations are not exceeded, except as otherwise permitted by other policy(ies).

Projects Created from Programs: The General Manager is authorized to create a CIP project from a CIP program up to a maximum of \$100,000. Projects with original budgets in excess of this amount are approved by the Board.

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**Dublin San Ramon Services District Policy**

Page 3 of 3

Policy No.: P400-15-2**Policy Title:** Budget Accountability

Project Budget Adjustments: If an individual project (including a project created from a program) is expected to exceed its total budget, the project manager is responsible for requesting a budget adjustment. The General Manager is authorized to approve budget adjustments of up to \$100,000 per project. If the project was originally funded from a program, program funds shall be used to fund the increase. Adjustments in excess of the General Manager's authority are approved by the Board.

Reporting: Financial reports are distributed to the Board and management on a monthly basis to show budget and actual expenses at a level of detail sufficient to monitor accountability. Any project budget adjustment approved by the General Manager will be reported to the Board as "Regular & Recurring Reports."

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POLICY

Dublin San Ramon Services District

Policy No.:	P400-14-2	Type of Policy:	Finance
Policy Title:	Capital Financing and Debt Management		
Policy Description:	Parameters for issuing and managing debt		
Approval Date:	March 18, 2014	Last Review Date:	2014
Approval Resolution No.:	16-14	Next Review Date:	2018
Rescinded Resolution No.:	43-10	Rescinded Resolution Date:	Oct 19, 2010

It is the policy of the Board of Directors of Dublin San Ramon Services District:

PURPOSE

The District will only use debt financing to purchase or build capital assets that cannot be acquired from either current revenues or replacement reserves and to fund capital improvements and additions; it will not be used for operating and maintenance costs.

Lease / Purchase agreements for the purchase of vehicles, equipment and other capital assets shall generally be avoided, particularly if smaller quantities of the asset can be purchased on a pay-as-you-go basis.

CRITERIA

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

Factors Favoring Pay-As-You-Go Financing

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



DSRSD Policy

Page 2 of 3

Policy No.: P400-14-2

Policy Title: Capital Financing and Debt Management

Factors Favoring Pay-As-You-Use Financing

- Asset life is equal to or greater than the term of the financing. Asset will be paid for as it is used, hence “pay-as-you-use” financing.
- Revenues available for debt service are sufficient and reliable so that long-term financings can be sold at favorable interest rates.
- A project is mandated by state or federal requirements, and resources are insufficient or unavailable.
- The project is immediately required to meet District needs and current resources are insufficient or unavailable.

TYPES OF DEBT

The District may use a combination of fixed and variable rate bonds, commercial paper, bank loans, state loans or any other type of debt allowable by law.

Each debt issuance should be evaluated on an individual basis within the framework of the District’s long-term financial plan when determining the type of debt to issue.

Interest-only debt may be used but once the project is completed a sinking fund shall be established to ensure full payment of the principal and interest on the debt over no more than 35 years or the life of the asset, whichever is less.

PROFESSIONAL SERVICES

A variety of specialized service providers will be used to provide professional assistance with the determination of the type of financial obligation to use as well as the process of issuing securities. These will include but are not limited to:

- **Financial Advisor** – The Financial Advisor (Advisor) is a consultant who advises the District (issuer) on matters pertinent to the issue, such as structure, timing, marketing, fairness of pricing, terms and bond ratings. While the Advisor is legally able to serve as underwriter for an issue under certain circumstances, in order to avoid any appearance of a conflict of interest, the District shall not use the Advisor as an underwriter on any issuances where they have served as the Advisor.
- **Underwriter** – A dealer which purchases a new issue of municipal securities for resale. The underwriter may acquire the securities either by negotiation with the issuer or by award on the basis of competitive bidding.
- **Bond Counsel** – An attorney retained by the issuer to give a legal opinion that the issuer is authorized to issue proposed securities, the issuer has met all legal requirements necessary for issuance, and interest on the proposed securities will be exempt from taxation. Typically, bond counsel may prepare, or review and advise the issuer regarding authorizing resolutions or ordinances, trust indentures, official statements, validation proceedings and litigation.



DSRSD Policy

Page 3 of 3

Policy No.: P400-14-2

Policy Title: Capital Financing and Debt Management

- **Trustee** - A financial institution with trust powers which acts in a fiduciary capacity for the benefit of the bondholders in enforcing the terms of the bond contract.

DEBT MANAGEMENT

- The District will generally conduct financings on a competitive basis. However, negotiated financings may be used due to market volatility or the use of an unusual or complex financing or security structure.
- The District will use credit enhancements such as letters of credit or insurance when necessary for marketing purposes, availability and cost-effectiveness.
- The District will diligently monitor its compliance with bond covenants and ensure its adherence to federal arbitrage regulations and continuing disclosure requirements.
- District staff and the financial advisor shall monitor the municipal bond market for opportunities to obtain interest savings by refinancing outstanding obligations.

DEBT CAPACITY

The District will set user rates at levels needed to fully cover operations, maintenance and administration and to meet debt coverage covenants.

Appropriate reserve levels shall be established by the Board to minimize impacts to ratepayers when development fees are insufficient to pay for expansion-related debt.

ISSUANCE OF JOINT DEBT

The District may enter into joint debt issuances with any of its Joint Powers Agencies. Any joint debt issuance with other parties will stipulate that the involved parties will take no action that will be to the detriment of the other party as related to the debt.

CREDIT RATING

Recognizing that the credit rating of the District has a direct impact on the cost of borrowing costs, the District shall take timely and appropriate actions to always maintain a very strong creditworthiness / very strong capacity to meet financial commitments (AA by S&P and Fitch).

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POLICY

Dublin San Ramon Services District

Policy No.:	P400-12-6	Type of Policy:	Finance
Policy Title:	Consolidated Water Enterprise Fund		
Policy Description:	Potable Water and Recycled Water to be Managed as a Consolidated Funds for Operations, Replacement and Expansion		
Approval Date:	Nov 6, 2012	Last Review Date:	2012
Approval Resolution No.:	45-12	Next Review Date:	2016
Rescinded Resolution No.:	30-06	Rescinded Resolution Date:	July 18, 2006

It is the policy of the Board of Directors of Dublin San Ramon Services District that potable and recycled water operations shall be managed as consolidated funds for operations, replacement and expansion.

Background, Definitions and Basis for Policy

In support of the District’s Mission¹, 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 maintained for both the potable and recycled water systems (collectively the “**Water System**”). It is equally important that an appropriate financial structure and reporting system be maintained to account for the cost of providing potable and recycled water service (collectively, “**Water Service**”) and the investments made by the District into the Water System.

The District has been providing potable water service since the 1960’s and started deliveries of recycled water within its service area in the 1990’s. The District anticipates a steady and continued expansion of those distribution systems. Recycled water is integrated into the District’s water supply and distribution system planning. The District’s recycled water system benefits all customers of the District by improving the reliability of the potable supply. Experience has also shown that it is more efficient and effective to maintain a consolidated and coordinated fund structure for the District’s Water Services.

Accordingly, it is the policy of the District:

¹ The District’s Mission is to efficiently provide high quality wastewater and water services to the communities we serve in an environmentally and fiscally responsible manner. (Strategic Plan FY 2012 – 2016)



DSRSD Policy

Page 2 of 2

Policy No.: P400-12-6

Policy Title: Consolidated Water Enterprise Fund

1. To maintain a consolidated fund structure for the potable and recycled enterprises (collectively, the “**Water Enterprise**”), the fund structure shall include, but not be limited to, an enterprise fund for ongoing operations and maintenance, an expansion fund for increasing the capacity of the system and a replacement fund for renewing and replacing assets; and
2. To charge equivalent system capacity fees in a given area (also known as connection fees) for all new potable and recycled water connections to the **Water System** (as well as connections for which the capacity is increased); and
3. To impose on all users of the **Water System** quantity charges for water and recycled water usage. The quantity charges for recycled water may be established by the Board to be less than the quantity charges for potable water so as to provide an incentive for recycled water use, provided that in setting the recycled water rate the Board shall not establish a rate that is less than the cost of potable water that the District purchases from Zone 7. Fixed (meter) charges may be established by the Board and shall be the same for potable and recycled water for a given meter size.

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Policy

Policy No.: P400-15-1	Type of Policy: Finance
Policy Title: Financial Reserves	
Policy Description: Provides guidance for the prudent accumulation and management of designated reserves.	
Approval Date: 6/2/2015	Last Review Date: 2015
Approval Resolution No.: 40-15	Next Review Date: 2019
Rescinded Resolution No.: 73-14	Rescinded Resolution Date: 11/18/2014

It is the policy of the Board of Directors of Dublin San Ramon Services District:

To designate financial reserves in order to protect the District’s investment in its various assets, satisfy its commitments under its numerous financial, regulatory and contractual obligations and to stabilize long-term rates for its customers.

Designated reserves are earmarked by the Board of Directors for purposes such as funding new capital facilities, construction, repair, replacement or refurbishment of existing facilities, rate stabilization, emergency and operating reserves. These funds can be utilized at the discretion of the District. The Board can change fund designations at any time. Designated reserves are different than restricted funds, which are used strictly to meet requirements established by creditors, grant agencies or law. Reserves held by a third-party as bond reserves or for pension obligations are examples of restricted reserves; the District has no discretion as to the use of these funds.

If the District is contractually obligated to hold additional reserves, the more stringent requirement takes precedence. In addition, if there is a declared emergency, the General Manager may utilize any unrestricted funds in accordance with the emergency purchasing policy.

To accomplish these objectives, the District shall adhere to the following:

Operating Reserves

Purpose: The purpose of Operating reserves (referred to as working capital) is to ensure adequate cash is available when needed to pay the District’s normal and recurring operating costs.

Use of Funds: Funds are utilized throughout the year in order to meet the District’s operating obligations.



Dublin San Ramon Services District Policy

Policy No.: P400-15-1

Policy Title: Financial Reserves

Target: Working capital equal to four months of budgeted operating expenses in each Operating Fund.

Minimum: Two months of budgeted operating expenses in each operating Fund. If reserves fall below this level, the District’s Rate Policies and Guidelines outline additional steps that shall be followed.

Maximum: Six months of budgeted operating expenses in each Operating Fund. If reserves are above this level at fiscal year end, the excess funds shall be moved into the Enterprise’s Rate Stabilization Fund.

Reporting: Working capital for each of the Enterprise’s Operating Funds shall be reported in the District’s monthly financial reports.

Rate Stabilization Fund Reserves

Purpose: The purpose of Rate Stabilization Fund (RSF) Reserves is to support the Board’s strategic goal to manage public funds to assure financial stability, including stability of revenues and the rates and charges related to each Enterprise.

Over the course of time, the District will have years where there is a financial surplus above the working capital target for one or more of the District’s Enterprises, and years when unexpected events may cause reserves to decrease below the target. The Rate Stabilization Fund allows the District to manage these different sets of circumstances.

Use of Funds: Each Enterprise’s Rate Stabilization Reserves are assessed at fiscal year-end.

- If the Reserves in any Operating Fund has decreased below the working capital target, a transfer from the Rate Stabilization Fund to the corresponding Operating Fund of no more than one-quarter of the Rate Stabilization Fund’s balance shall be made in an effort to bring the Operating Fund back to its working capital target.
- If any Enterprise Fund has exceeded its working capital target by an amount equal to an additional two months of working capital, the General Manager shall direct the Treasurer to transfer the excess working capital from the Enterprise Fund to the Rate Stabilization Fund for that Enterprise.
- The Board may also budget use of these funds for other purposes.

Target: Four months of the related Enterprise Fund’s budgeted operating expenses.

Minimum: Two months of the related Enterprise Fund’s budgeted operating expenses.

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Dublin San Ramon Services District Policy

Policy No.: P400-15-1	Policy Title: Financial Reserves
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Maximum: If the combined total of the Operating and the corresponding RSF exceeds 12 months working capital, the General Manager will make a recommendation to the Board of Directors as to how the funds should be used.

Reporting: The General Manager shall report annually to the Board of Directors on the results of the assessment.

Capital Asset Replacement & Improvement Reserves

Purpose: The purpose of Capital Asset Replacement & Improvement Reserves is to ensure that adequate funds are available to purchase new capital assets that benefit current ratepayers, to fund replacements, improvements and major refurbishments to existing capital assets and to provide two year’s debt service for debt which the Board has allocated to this fund.

Use of Funds: Funds are utilized in accordance with the budget adopted by the Board of Directors.

Minimum: The minimum replacement reserve shall consist of the sum of the following components:

- 1) An amount based on the 15-year cost projections included in the District’s Replacement Planning Model and the District’s 10-year Capital Improvement Plan which is equal to two times the average annual expense; and
- 2) A debt reserve of two year’s average debt service (or for any debt that has less than two years remaining, the entire remaining amount).

Revisions: It is the intent of the Board that this the Capital Asset and Replacement & Improvement reserve section of this policy be a “bridge policy” and that asset-management driven changes be made to the policy as the condition assessment of District assets and strategies for managing those assets become better understood.

Reporting: The General Manager shall report annually to the Board of Directors on the results of the assessment.

Capital Expansion Reserves

Purpose: The purpose of Capital Expansion Reserves is to minimize the need for ratepayers to pay for expansion debt by having sufficient reserves on hand to pay annual debt service on District bonds or loans for a two-year period.

Use of Funds: Funds are utilized in accordance with the budget adopted by the Board of Directors and applicable laws related to use of Capacity Reserve Fees.

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Dublin San Ramon Services District Policy

Policy No.: P400-15-1

Policy Title: Financial Reserves

- Target:** Two years of average debt service (or for any debt that has less than two years remaining, the entire remaining amount) charged to the Expansion Fund, plus two years of expansion project spending as projected in the District’s most current two-year Capital Improvement budget.
- Minimum:** A minimum reserve consists the greater of the reserve for the debt service or the next two years of planned expansion projects.
- Maximum:** There is no maximum reserve in this fund; Capacity Reserve Fees may be accumulated and used for their intended purpose with no maximum reserve limitation.
- Reporting:** The General Manager shall report annually to the Board of Directors on the results of the assessment.



POLICY

Dublin San Ramon Services District

Policy No.:	P400-14-4	Type of Policy:	Finance
Policy Title:	Investment		
Policy Description:	Investment Policy		
Approval Date:	Aug 19, 2014	Last Review Date:	2014
Approval Resolution No.:	52-14	Next Review Date:	2018
Rescinded Resolution No.:	15-12	Rescinded Resolution Date:	May 1, 2012

It is the Policy of the Board of Directors of Dublin San Ramon Services District:

To invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the investment of public funds as outlined in the attached Investment policy.



Attachment

**Dublin San Ramon Services District
Investment Policy**

1.0 Policy

It is the policy of Dublin San Ramon Services District (hereafter, the “District”) to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the investment of public funds.

2.0 Scope

This investment policy applies to all financial assets of the District under its direct control and authority. It does not cover deferred compensation plan investments, long-term debt proceeds and reserves held by a Trustee and invested pursuant to contractual agreement, or retirement investments held by a trustee (such as CalPERS).

3.0 Prudence

The District operates its investment portfolio under the Prudent Investor Standard (California Government Code Section 53600.3) which states, in essence, that “when investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated need of the District, that a prudent person in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District.”

This standard shall be applied in the context of managing the overall portfolio. Investment officers, acting in accordance with written procedures and this investment policy and exercising the above standard of diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0 Objective

The primary objectives, in priority order, of the District’s investment activities shall be:

4.1 Safety: Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, the District will diversify its investments by investing among a variety of securities offering independent returns and financial institutions.

4.2 Liquidity: The District’s investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.

4.3 Return on Investments: The District’s investment portfolio shall be designed with the objective of attaining a rate of return commensurate with the District’s investment risk constraints and the cash flow characteristics of the portfolio.



Attachment

5.0 Delegation of Authority

Pursuant to Section 53601 of the California Government Code (CGC), the District's Board of Directors has primary responsibility for the investment of all funds in the District treasury. As authorized under Section 53607 of the CGC, the Board hereby delegates its authority to invest or reinvest the funds of the District, and to sell or exchange securities so purchased, to the Treasurer who shall assume full responsibility for all such transactions until such time as this delegation of authority may be revoked by the Board.

The Treasurer shall establish written investment procedures for the operation of the investment program consistent with this policy.

6.0 Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Staff authorized to execute investment transactions shall disclose to the General Manager any material financial interests in financial institutions that conduct business within their jurisdiction, and they shall further disclose any material personal financial and/or investment positions that could be related to the performance of the District.

7.0 Authorized Financial Dealers and Institutions

The Treasurer will maintain an approved list of financial institutions authorized to provide investment services. In addition, a list will also be maintained for approved or security broker/dealers that are authorized to provide investment services in the State of California. These may include "primary" dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by state law. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Treasurer with the following: a completed broker/dealer questionnaire, audited financial statements and certification of having read the District's investment policy.

Each broker/dealer shall provide an audited financial statement to the Treasurer on an annual basis.

8.0 Authorized and Suitable Investments

The District is empowered by CGC Section 53600 et seq. to invest public monies. Of these investments, the District's Board of Directors authorizes the following investments:

- Bonds issued by the District, when in the best interest of and a prudent investment for the District. [53601(a)]
- United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest. [53601(b)]
- Registered state warrants or treasury notes or bonds of this state [53601(c)]
- Registered treasury notes or bonds of any of the other 49 United States in addition to California [53601(d)]



Attachment

- Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state [53601(e)]
- Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises [53601(f)]
- Negotiable certificates of deposit issued by a nationally or state-chartered bank or a savings association or federal association or a state or federal credit union or by a state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit may not exceed 30 percent of the agency's surplus money [53601(i)]
- Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated "A" or better by a nationally recognized rating service at the time of purchase. Purchases of medium-term notes shall not include other instruments authorized by this section and may not exceed thirty (30) percent of the agency's surplus money which may be invested pursuant to this section. [53601(k)]
- Deposits with bank and savings and loan associations, including certificates of deposit, where the deposits are insured by FDIC (Federal Deposit Insurance Corporation). Deposits in institutions in excess of FDIC insurance shall be fully collateralized as defined in Section 53652 of the CGC.
- The Local Agency Investment Fund (LAIF) established by the California State Treasurer for the benefit of local agencies and identified under the CGC Section 16429.1.
- Shares in California Asset Management Program (CAMP), a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the CGC which invests exclusively in investments permitted by Section 53601 of Title 5, Division 2, Chapter 4 of the CGC, as it may be amended.

9.0 Collateralization

Uninsured time deposits including certificates of deposit with banks and/or savings and loans shall be collateralized in the manner prescribed by law for depositories accepting local agency funds.

10.0 Safekeeping and Custody

All security transactions entered into by the District shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts.

11.0 Diversification

The District will diversify its portfolio by investment type, issuer and maturity dates. Limits, if any, for security types are set forth in Section 8.0 of this document.



Attachment

12.0 Maximum Maturities

The District will attempt to match its investments with anticipated cash flow requirements. No single investment shall exceed a term of five years except that 10% of the portfolio is deemed the “long-term” portfolio and may be invested with maturities up to seven years.

13.0 Conformance with Policy

At the time of purchase, all permitted investments shall conform in all respects with this Policy. If a percentage restriction is adhered to at the time of purchase, a later increase or decrease in percentage resulting from a change in values or assets will not constitute a violation of that restriction. Furthermore, if a credit rating standard is adhered to at the time of purchase; a later downgrade in credit rating will not constitute a violation of that standard. If securities are downgraded below the minimum acceptable rating levels the Treasurer shall advise the Board of Directors of the change at the next regular meeting, and use his/her best professional judgment concerning the retention of that security in the portfolio.

14.0 Internal Controls

The Treasurer shall establish and implement a system of internal controls, which shall be documented in writing. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets or imprudent actions by employees and officers of the District.

15.0 Performance Standards

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and cash flow needs.

16.0 Reporting

The Treasurer shall provide the Board of Directors a quarterly investment report. The report shall include the type of investment, issuer, maturity date, par and cost/book values of all securities, investments and monies held by the District. It shall also include the rate of interest, the current market value as of the report date and the source of the valuation. The report shall state compliance of the portfolio to the Investment Policy as well as the CGC and it shall state the District's ability to meet its estimated expenditures for the next six months.

17.0 Investment Policy Adoption

The District's investment policy shall be adopted by resolution of the District's Board of Directors. The Policy is generally reviewed every four years and any changes recommended by the Finance Committee are presented to the Board of Directors for consideration

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POLICY

Dublin San Ramon Services District

Policy No.:	P400-13-2	Type of Policy:	Finance
Policy Title:	Project Cost Allocation		
Policy Description:	Basis for determining how the cost of projects should be allocated between funds		
Approval Date:	Oct 20, 2009	Last Review Date:	2013
Approval Resolution No.:	57-09	Next Review Date:	2017
Rescinded Resolution No.:	N/A	Rescinded Resolution Date:	N/A

It is the policy of the Board of Directors of Dublin San Ramon Services District:

To allocate project costs in proportion to the benefits that accrue to existing and future customers of each enterprise of the District. In carrying out this policy and depending on the nature of the project, allocation of a project cost may be to more than one enterprise and/or to more than one fund within the enterprise. Procedures for implementing this policy shall be developed and administered by the General Manager to reflect the following guidelines:

1. Project costs are to be equitably allocated to the enterprise (water, local sewer, and regional sewer) in proportion to the benefits derived by that enterprise from the project.
2. Project costs are to be equitably allocated within each enterprise in proportion to the benefits derived by each customer class in proportion to the benefits derived from the project. Projects that provide facilities and capacity to accommodate future customers shall be allocated to expansion funds. Projects that replace and/or enhance an existing facility shall be allocated to replacement and improvement funds.
3. The basis for the allocation of benefits for each capital project shall be documented in the project budget approved by the Board and is to be equitably based upon parameters identifiable to the benefits received. The types of allocations may be Flow based, Product based, Employee based or Customer based. Examples of parameters that are identifiable to the benefit of a project are:



DSRSD Policy
 Page 2 of 2
 Policy No.: P400-13-2
 Policy Title: Project Cost Allocation

- a. Flow based – Example: new biosolids dewatering technology will be installed at the Wastewater Treatment Plant to accommodate 10 mgd of current flow and an additional 6 mgd of future flow – split 62.5%/37.5% replacement/expansion.
 - b. Product based – Example: A new generator may be installed to use excess gas available from the anaerobic digesters as a fuel supply; the excess originates as 500 cubic feet per day digester gas from existing users (replacement and improvement funds) and 9,500 cubic feet per day from future users (expansion funds) – split 5%/95% Regional replacement/expansion.
 - c. Employee based – Example: A new maintenance facility to accommodate 8 existing staff (replacement and improvement funds) and 3 staff that will be added as the District grows (expansion funds). – split 72.7%/27.3% to replacement/expansion in the appropriate enterprise or enterprises.
 - d. Customer Based – Example: A project to support the general administration of the District and/or that provide a general benefit to all customers of the District-split based upon the number of customers served by each enterprise.
4. If the above guidelines do not represent an equitable allocation of costs due to the specific circumstances associated with that project, the General Manager may propose an alternative allocation methodology for the Board’s consideration.
 5. All project allocations shall be approved by the Board at the time it approves and/or modifies project budgets.

Policy is current and no changes need to be adopted by the Board of Directors.
 Status Quo Chronology
 Date Adopted October 20, 2009

Reviewed by
 Committee Finance Date April 30, 2013
 Committee _____ Date _____
 Committee _____ Date _____
 Committee _____ Date _____



POLICY

Dublin San Ramon Services District

Policy No.:	P400-12-5	Type of Policy:	Finance
Policy Title:	Rate Policies and Guidelines		
Policy Description:	Provides guidance and consistency in decision-making for developing and adopting rates		
Approval Date:	August 21, 2012	Last Review Date:	2012
Approval Resolution No.:	38-12	Next Review Date:	2016
Nov			
Rescinded Resolution No.:	19-12	Rescinded Resolution Date:	May 1, 2012

It is the policy of the Board of Directors of Dublin San Ramon Services District:

To ensure that rates are developed using a generally-accepted methodology, to provide financial stability, to achieve rate stability, to ensure public well-being and safety and with consideration of the rate impact as outlined in the following guidelines.

The Rate Policies and Guidelines are attached hereto and made a part hereof as if written in full in this policy.



Dublin San Ramon Services District Rate Policies and Guidelines

The following rate policies and guidelines have been developed to provide guidance and consistency in decision-making for the District's management team. These policies and guidelines will assist the District in achieving financial and rate stability from year-to-year for the water and wastewater Enterprises. The proposed policies and guidelines should be reviewed periodically to determine if they are still relevant and appropriate. The policies framework is shown below:

1. **Rate Setting Methodology**
 - 1.1 Revenue Requirements
 - 1.2 Cost of Service
 - 1.3 Rate Design
2. **Financial Stability**
 - 2.1 Reserves
 - 2.2 Cash Flow
 - 2.3 Debt Service Coverage
 - 2.4 Capital Improvement Funding From Rates
3. **Rate Stability**
4. **Public Well-Being and Safety**
5. **Rate Impacts**



Dublin San Ramon Services District Rate Policies and Guidelines

Rate Setting Methodology

1. Rates Should Be Established Utilizing a “Generally Accepted” Rate Setting Methodology.

First and foremost, rate setting must conform to all legal constraints established for the District. In addition, when reviewing rates it is important to use a methodology that is “generally accepted” in the financial and rate setting community as well as the water and wastewater industries. This will assure a legally defensible approach as well as consistency of the analysis over time.

1.1 It is recommended the District use the following “generally accepted” approaches to establish rates.

- Revenue requirement analysis
- Cost of service analysis
- Rate design analysis

REVENUE REQUIREMENTS:

- 1.1.1 Revenue requirements will be established on a “cash basis” approach. The “cash basis” approach includes operation & maintenance (O&M) expenses, taxes/transfer payments, debt service (P&I) and funding for replacement of capital assets. The revenue requirements, as defined herein, are the basic components. Revenue requirements should also include any other cost items requiring funding (e.g. bond reserves) or needed to operate the Enterprise on a financially stable basis (e.g. accumulation or reduction in working capital).
- 1.1.2 Costs associated with each of the District's funds (i.e. Enterprise, replacement, expansion, etc.), for both water and wastewater, shall be tracked and budgeted separately for use within the revenue requirements.
- 1.1.3 At a minimum, revenues and costs will be projected for a six-year projected test period.
- 1.1.4 Projections of O&M costs should include any estimated incremental O&M costs associated with future capital improvements.
- 1.1.5 Costs associated with mandated program requirements will be identified and included within the cash basis approach.



Dublin San Ramon Services District Rate Policies and Guidelines

COST OF SERVICE:

- 1.2.1 A cost of service study will be utilized to allocate costs equitably to customer classifications of service.
- 1.2.2 The cost allocation methodology will utilize techniques that are “generally accepted” by the industry (e.g. American Water Works Association, American Public Works Association, etc.).
- 1.2.3 The water cost of service will, at a minimum, consider the following cost components:
- ✓ *Commodity costs* – those costs that vary with the total amount, or flow of water consumed by a customer over an extended period of time (e.g. electricity and chemicals).
 - ✓ *Capacity costs* – those costs that vary with maximum demand, or the maximum rates of flow to customers (e.g. sizing facilities to meet peak demands).
 - ✓ *Public fire protection costs* – those costs related to the public fire protection function (e.g. hydrants and over-sizing of mains).
 - ✓ *Customer related costs* – those costs that vary with the number of customers on the system (e.g. postage, meter maintenance expense).
 - ✓ *Revenue related costs* – those costs associated with the amount of revenue received by the water enterprise fund (e.g. a gross proceeds tax, delinquent fees).
- 1.2.4 The wastewater cost of service will, at a minimum, consider the following cost components:
- ✓ *Volume costs* – those costs that vary with the total flow of wastewater contributed by a customer over an extended period of time.
 - ✓ *Strength costs* – those treatment-related costs associated with the strength of wastewater (e.g. biochemical oxygen demand and suspended solids) will be determined separately and will depend on the class of service and type of service provided (local vs. regional).



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- ✓ *Customer related costs* – those costs that vary with the number of customers on the system (e.g. postage).
- ✓ *Revenue related costs* – those costs associated with the amount of revenue received by the wastewater enterprise fund (e.g. a gross proceeds tax, delinquent fees).

RATE DESIGN:

- 1.3.1 Rate designs will be reflective of the District's needs and also reflect the greater public purpose and policy goals of the District's Board (e.g. economic development, conservation, ability to pay, etc.).
- 1.3.2 Rate structures will recognize the appropriateness of both a fixed charge and a variable charge in order to provide the correct price signal to the District's customers. Fixed charges provide the District with a level of revenue stability and they are preferred by rating agencies as the method to best ensure debt coverage, while customers generally prefer variable charges, which allow them to control the amount of their bill. The balancing of these two competing rate components should be considered when reviewing rate structures. For water rates, variable rates will be established at no less than 70% of the total revenue requirement while the District remains subject to CUWCC BMP 11.
- 1.3.3 Rates will be set at a level that recovers necessary costs, by classification, yet flexible enough to accomplish the District's objectives (e.g. public purpose programs).
- 1.3.4 Rates should be designed to be equitable and detailed to a level to reflect the service provided (e.g., private fire protection, multi-family services, etc.).
- 1.3.5 Rates will be set at a level to ensure that bond covenants are met without reliance on capacity fees.

Financial Stability

2. The District Should Continue to be Managed to Maintain Financial Stability Over Time.

The District, like any other business, should strive to maintain financial stability over time, as it has done in the past. Financial stability is not only a prudent



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financial management goal; it can also minimize financial costs in the long-term (e.g. unnecessary borrowing). Above all, financial stability will provide the community with the confidence of knowing a strong, consistent management team is managing the Enterprise.

2.1 Financial Policies and Measures Will be Developed to Measure, Manage, and Achieve Financial Stability.

RESERVES:

2.1.1 The minimum and target reserve levels in the Enterprise funds (as defined in the Financial Reserves policy) are indicators of the financial health of the Enterprise and will be used to determine when certain actions should be taken.

- ✓ **Fund is below the target working capital level** - If the Enterprise fund's working capital is projected to go below the minimum reserve level and stay below that level in the subsequent year, a rate increase shall be considered in order to maintain the financial stability of that fund.
- ✓ **Fund is above the target working capital level and revenues exceed expenses** - If the Enterprise fund's working capital is projected to be in excess of the working capital target and the rate revenues in the fund exceed the sum of the O&M expenses and replacement transfer, a rate decrease shall be considered to bring the working capital target between the minimum and target levels.
- ✓ **Fund is above the target working capital level and expenses exceed revenues** - If the Enterprise fund's working capital is projected to be in excess of the working capital target and the rate revenues in the fund are less than the sum of the O&M expenses and replacement transfer, the excess reserves will be used to cover expenses. In these circumstances, current rates are not covering current costs, and it is likely that a rate increase will be needed in future periods.

CASH FLOW:

2.2.1 Except as noted in section 2.1, each Enterprise should have annual net income (total revenue less O&M, taxes, debt service and replacement funding) greater than or equal to zero unless the



Dublin San Ramon Services District Rate Policies and Guidelines

Board has made a policy decision to utilize Rate Stabilization Reserves.

DEBT SERVICE COVERAGE:

2.3.1 The Debt Service Coverage Ratio is an important financial measure that is reviewed by banks and bond companies to show the Enterprise's ability to make debt payments. The ratio is the Enterprise's Net Operating Income over the Total Debt service. Net Operating Income is gross income less operating and maintenance expense. For financial planning purposes, the annual debt service coverage ratio shall be the highest ratio, by Enterprise, for the District's current debt covenants.

2.3.2 For all debt issues with a legal bond covenant, when the debt service coverage ratio falls below the legal requirement the District's Board will abide by the specific covenants related to the bond issue.

2.3.3 While rates will be developed to achieve contractual debt coverage levels, the overall target for debt service coverage is 1.60, and will include revenue received from capacity reserve fees.

CAPITAL IMPROVEMENT FUNDING FROM RATES:

2.4.1 Each Enterprise should adequately fund through its rates, an amount sufficient for the replacement of District assets.

2.4.2 Replacement funding is determined based upon capital asset replacement needs and Capital Projects budgeted for the next six years.

Rate Stability

3. Rates Should be Stable Over Time.

Financial stability of an Enterprise also provides rate stability. Rate stability reinforces that costs are being managed and controlled, thereby gaining customers' confidence of the management team's credibility.



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3.1 Rates Should Not Only be Stable in Their Ability to Generate Sufficient Revenues, but also in the Customer's Perception of the Rate Changes from Year to Year.

3.1.1 The District should review rates during the biennial budget process to assure that they provide sufficient revenues. This does not imply that rates must be adjusted, simply that the rates are reviewed in the context of these policies to assure that they are adequately funding each Enterprise.

3.1.2 Rate reviews will consider a six-year projected period to attempt to stabilize and minimize rates over time.

3.1.3 The District will attempt to minimize impacts to customers when rate adjustments are needed.

3.1.4 A comprehensive rate study will be conducted at least every five years in order to assess the fairness of the rates to the District's ratepayers and to ensure that the necessary revenue is available for the District's operating and replacement needs.

Public Well-Being and Safety

4. The District will maintain its facilities at a level that will provide for the public well-being and safety of the residents.

The District's facilities will be maintained at a level that assures system reliability and efficiency. A well thought out renewal and replacement program will extend the life of the system that will in turn reduce infrastructure costs in the long-term.

4.1 Sufficient funding should be made available to provide for adequate renewal and replacement of capital assets and equipment.

4.2 The District will adequately fund costs for meeting current industry standards and regulations (e.g. Safe Drinking Water Act, Clean Water Act, NPDES II, etc.).

4.3 The District will fund improvements according to an adopted Capital Improvement Program.



Dublin San Ramon Services District Rate Policies and Guidelines

Rate Impacts

5. The District will consider the impacts of rates on their customers and financial and operating needs will be balanced against the rates and financial impacts.

Rates are one of the most important ways in which the District communicates with its customers, and should follow these guiding principles.

- 5.1 Rates will be easy to understand and the District will attempt to keep the frequency and magnitude of rate adjustments to a minimum.
- 5.2 Rates will be reviewed for their overall competitiveness.
- 5.3 Rates will be balanced to meet the varying competing needs.



POLICY

Dublin San Ramon Services District

Policy No.:	P400-14-1	Type of Policy:	Finance
Policy Title:	Water Expansion Fund Management		
Policy Description:	The obligations of the Water Expansion Fund are to be prioritized according to the direction provided in this policy		
Approval Date:	March 4, 2014	Last Review Date:	2014
Approval Resolution No.:	13-14	Next Review Date:	2018
Rescinded Resolution No.:	N/A	Rescinded Resolution Date:	N/A

It is the Policy of the Board of Directors of Dublin San Ramon Services District that the obligations of the Water Expansion fund (Fund) are to be prioritized according to the direction provided in this policy:

BACKGROUND, DEFINITIONS AND BASIS FOR POLICY

The District’s Water Expansion fund is dedicated to paying for the expansion of water facilities to serve growth (and to pay a share of debt related to facilities that have been already built to serve growth). The facilities funded by the Water Expansion fund were required to be built well in advance of the projected development and resultant capacity fee revenue required to pay for the facilities. The District secured funding for these projects in a variety of manners – traditional debt via the capital markets, loans from the State and advances in the form of developer construction or debts to be repaid by future connection revenue to be received over many years.

This fund remains one of the most critically funded of the various funds maintained by the District. The Water Expansion fund would have depleted its working capital in FYE 2010 had the District not taken the unprecedented step of instituting a Temporary Infrastructure Charge, as well as administratively suspending several “credit against fee” arrangements with developers. In the intervening years, the Board has taken various actions to significantly strengthen the Fund (refinanced District and some JPA debt and delayed many capital expenditures) so that, at the moment, the Fund has a working capital balance that meets debt covenants and Board established policy targets.

The Water Expansion fund faces a number of ongoing “issues” that will have a material bearing on the fund balance. How these issues are handled and their priority for resolution is critical to being able to



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manage the Fund in accordance with the Financial Reserve policy. It should be noted that this Water Expansion Fund Management policy is intended to be used in conjunction with the Financial Reserves policy for setting of targeted fund levels and is intended to ensure compliance with that primary policy. Also, in no way is this policy intended to supersede the District obligations in its various indentures and loans documents.

FUND MANAGEMENT ISSUES

While a number of emerging issues have already been resolved, a listing and brief explanation of those issues which continue to have impact on the Water Expansion fund are as follows:

- **Windemere BLC Closeout** Windemere BLC is one of the two organizations having major interests in the Dougherty Valley. Their portion of that development is now essentially complete. The District and Windemere BLC entered into a development agreement under which Windemere BLC directly funded some of the major infrastructure for the District of a size sufficient for the then-planned level of development. The District was obligated to provide credits to Windemere BLC for their capacity right payments in accordance with the development agreement. That agreement is now being closed out and it has become apparent that the process for extending the credits was not precisely followed in all instances due to the complexity associated with that project.
- **Other Reimbursements** The District has entered into development agreements with various other developers. These include Shapell / Lin and Pinn Brothers¹. The projects associated with those agreements have not yet been completed so the agreements are still active. The agreements allow the District, at its discretion, to administratively suspend providing credits against payments for capacity rights when the Water Expansion Fund's balance is insufficient. The credits were suspended in FYE 2010 and have remained suspended. The District has been asked to resume the crediting program. Doing so will affect future cash flows in that the connection fees received from those developments will be about fifty percent of the full price until the reimbursement amounts are fully satisfied. The recent Code revision to make payments for capacity rights payable at building permit also had the effect of deferring the crediting of these reimbursements.
- **Regional Wastewater Disposal Credits for Recycling** Given the size of the District's current and Pleasanton's planned recycled water programs, there is some degree of recycling that occurs year-round. Year-round recycling benefits the Wastewater Enterprise fund which is approximately 3 mgd short of the disposal capacity needed for build-out of the general plans of Dublin, San Ramon and Pleasanton. That deficiency arose when the District abandoned² its indirect potable reuse project (Clean Water Revival) in the face of litigation initiated by Pleasanton and Zone 7. Very preliminary analyses indicate that the value to the District's Water Expansion fund would be approximately \$1.0M. This value would arise as a transfer

¹ Pinn Brothers is no longer in business; their interest is now with Tralee.

² Per Board Policy P300-11-1 (Operations) adopted by Resolution No. 56-11



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from the Regional Expansion fund to the Water Expansion fund (in essence a “purchase” of the winter time disposal capacity that is embedded in the recycled water programs).

- **New Water Master Plan** The District’s Water Master Plan dates to 2005. Best practice is that master plans should be reviewed and updated every five years to keep them current. The District’s Water Master Plan was scheduled to be updated in FYE 2010. That effort was deferred at that time in response to the then reeling economy. The balance in the Water Expansion Fund in future years are heavily driven by anticipated CIP capital expenditures. The District’s Water Master Plan, which at the time represented a 15-year planning horizon, is out of date and does not project beyond FYE 2021. Funding is provided in the CIP for an update to the Water Master Plan. Earlier, more or larger facilities will affect the Fund. Later, fewer or smaller facilities will improve the Fund’s health. The update to the Water Master Plan is scheduled to be initiated in the second half of FYE 2014 and be completed in FYE 2015. The impact of the “updated Water Master Plan issue” is difficult to predict at the present time³ and is the single most critical piece of information needed to analyze the long-term health of the Water Expansion fund.
- **“Repayment” of Temporary Infrastructure Charge** During the four fiscal years during which the Temporary Infrastructure Charge was in place, the District ratepayers contributed \$8.2M towards obligations that were properly the responsibility of new growth. As of the date of adoption of this policy, \$3.3M of that amount has been “repaid,” leaving \$4.9M still to be addressed.

FUND MANAGEMENT GUIDELINES

Fund Management Guidelines in the following priority order:

- Priority I. **Pay Bonds, Meet Terms of Debt Covenants and Maintain Reserves** Payment of debt obligations and ensuring compliance with contractual debt covenants is a primary concern. It is a priority not only that funds be available to make all scheduled debt payments, but that the District comply with all contractual debt covenants including reserve and coverage ratios.
- Priority II. **Fund Approved CIP Expenditures** Undertake projects in furtherance of the Mission of the District to provide a safe, reliable water supply for the communities it serves and do so in accordance with the Board approved Capital Improvement Budget, including proceeding with the Water Master Plan in Fiscal Year Ending 2014 and Fiscal Year Ending 2015 CIP as approved by the Board in the Capital Improvement Budget.

³ It is anticipated that costs will go up for the anticipated facilities for inflationary reasons and that perhaps one additional water reservoir may be needed as driven by development at Camp Parks. Tempering this may be a slower pace needed for the facilities given the slow-down in building that has occurred over the last several years and which is expected to continue (at least as compared to the 2005-era pace of development).



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Priority III. **Windemere BLC Closeout** Equitable close-out the reimbursement agreement with Windemere BLC in general accordance with direction given by the Board.

Priority IV. **Other Reimbursements** Conditionally, un-suspend the reimbursements to developers with whom the District has other reimbursement agreements. The need to re-impose suspension shall be considered annually at the start of each fiscal year when analyzing the fund status and development projections.

Priority V. **Regional Wastewater Disposal Credits for Recycling** Equitably, ensure that the Regional fund contributes toward the cost of the District and Pleasanton's recycled water programs in an amount that is related to the benefit those recycled water programs provide to the Water Expansion fund because of the recycled water program's year round recycling in general accordance with the prior direction given by the Board.

Priority VI. **Conditional TIC Repayment** Equitably reimburse District ratepayers for obligations that were properly the responsibility of new growth and that were paid for by ratepayers through the imposition of the Temporary Infrastructure Charge (TIC). The repayment shall be done in accordance with the following principles until the outstanding amount is satisfied:

- A. Conditionally repay the TIC provided that the priorities above have been satisfied.
- B. At the end of each fiscal year, commencing with FYE 2014, the Board will review the Water Expansion fund balance and any surplus for the fiscal year. Based on the Board's assessment of the projected health of the Water Expansion fund over the ensuing ten-year period, the Board will use its best business judgment to repay all, some or none of the TIC each year in consideration of the following parameters:
 - a. Board established financial policies;
 - b. Fund balances as compared to fund reserve targets are the key decision making tool;
 - c. Contractual obligations;
 - d. District's infrastructure needs;
 - e. Projected fund balances should be at or above target levels based on development as planned scenario for the ensuing three-year period;
 - f. Projected fund balances should be no more than 15% below fund target level during years 4 through 10 and in no more than one such year; and
 - g. Projected fund balances should never be negative under the stressed development scenario (60% of the planned development after 3 years).
- C. An amount as decided above will be transferred from the Water Expansion fund to the Water Rate Stabilization fund. It is the intent to keep that amount in the Rate Stabilization fund, only to be used should Water Expansion fund balances



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drop, so as to offset, as much as possible, any potential need for the re-imposition of a TIC.

- D. The transfer amount would not be budgeted but is to be decided each year.
- E. This approach is guidance and shall not be binding and would only be done provided the targeted Fund balance can be maintained as described herein and upon approval by the Board of Directors.

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District Profile

When was DSRSD founded?

- April 1953

What services does DSRSD provide?

- DSRSD distributes drinking water to more than 78,000 people, in Dublin since March 1961 and in Dougherty Valley since May 2000.
- DSRSD provides wastewater collection and treatment for approximately 148,000 people in Dublin and southern San Ramon since March 1961 and in Pleasanton (by contract) since September 1965.
- DSRSD has produced recycled water for landscape irrigation and construction since 1999. In 2006, DSRSD and EBMUD formed the [San Ramon Valley Recycled Water Program \(SRVRWP\)](#). The SRVRWP serves customers at 410 locations.
- DSRSD serves more than 171,000 people.

Who governs DSRSD?

- Five Directors, elected at large, serve four year terms, and are compensated in accordance with Chapter 2 of Division 10 of the California Water Code, (§20200 et seq.)
- DSRSD is an independent special district governed under California's [Community Services District Law](#).

How many operational reservoirs are there?

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

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

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

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

- 240 gallons per day

What type of treatment does the plant provide?

- The District's Wastewater Treatment Plant provides secondary treatment by activated sludge.
- The District's Water Recycling Plant provides tertiary treatment using microfiltration or sand filtration, and ultraviolet disinfection.

How much potable water was used by District customers in Fiscal Year ending 2015?

- 2.4 billion gallons (3.2 million CCF)

How much recycled water was used by District customers in Fiscal Year ending 2015?

- 849.8 million gallons (1.1 million CCF) (26.0% of total water sales)

How many positions are budgeted for Fiscal Year ending 2016?

- 113 full-time equivalents (FTE)

What is the District's budget for Fiscal Year ending 2016?

- Operating: \$52.9 million
- Capital Improvement Program (CIP): \$22.4 million

Where does our water come from?

- Lake Oroville via the State Water Project
- Local groundwater
- Local runoff impounded at Lake Del Valle

Where does our treated water go?

- Into the San Francisco Bay
- Recycled for non-portable uses, primarily irrigation



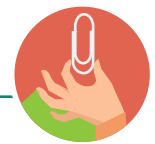
Asset description	Total Cost	FYE16			FYE17		
		Local	Regional	Water	Local	Regional	Water
Van - Ford Transit	35,000	3,850	18,200	12,950	-	-	-
Asset Management Software	140,500	46,365	-	94,135	-	-	-
F-450 Truck w/utility bed, crane, compressor	59,000	29,500	-	29,500	-	-	-
Truck mounted valve exercise mach/controller	45,000	-	-	45,000	-	-	-
Pump station emergency generator	50,000	-	-	50,000	-	-	-
Heavy Capacity Forklift for biosolids, used	35,000	-	35,000	-	-	-	-
Truck - Ford F-350 w/service body	60,000	-	60,000	-	-	-	-
Truck - Ford F-450 w/service body/crane	110,000	-	-	110,000	-	-	-
Grit Roll-off Container	12,000	-	12,000	-	-	-	-
Chlorine contact tank exit gate	12,500	-	12,500	-	-	-	-
Building "A" air compressor	13,000	-	13,000	-	-	-	-
Cogen Emission Analyzer	13,000	-	13,000	-	-	-	-
Van - Ford Transit	27,000	-	-	27,000	-	-	-
Update Security system	20,000	2,200	10,400	7,400	-	-	-
Truck - Ford F-150	25,000	-	-	-	12,500	-	12,500
Small SUV - Ford Escape 4WD (for FOD sup)	32,000	-	-	-	16,000	-	16,000
Portable Emergency Intertie Pump	40,000	-	-	-	-	-	40,000
Pump station emergency generator	50,000	-	-	-	-	-	50,000
Truck - Ford F-450 w/service body	70,000	-	-	-	-	-	70,000
Chilled water tank (for cooling system)	10,750	-	-	-	-	10,750	-
Bio-solids sludge grinder	22,150	-	-	-	-	22,150	-
Replacement WWTP Forklift, new	35,000	-	-	-	-	35,000	-
Truck - Ford F-250 w/service body	38,000	-	-	-	-	26,600	11,400
GRAND TOTAL OF REQUESTS	954,900	81,915	174,100	375,985	28,500	94,500	199,900
			FYE16	632,000		FYE17	322,900



APPENDIX L - Position Detail

	FYE14	FYE15	FYE16	FYE17
OFFICE OF THE GENERAL MANAGER (Div 12)	1.00	1.00	1.00	1.00
General Manager	1.00	1.00	1.00	1.00
EXECUTIVE SERVICES (Div 12)	4.00	4.00	4.00	4.00
Executive Services Supervisor	1.00	1.00	1.00	1.00
Administrative Analyst I/II	1.00	1.00	1.00	1.00
Administrative Assistant I/II	2.00	2.00	2.00	2.00
EXECUTIVE TOTAL	5.00	5.00	5.00	5.00

	FYE14	FYE15	FYE16	FYE17
ADMINISTRATIVE SERVICES ADMIN. (Div 30)	2.00	2.00	1.50	1.50
Administrative Services Manager	-	1.00	1.00	1.00
Administrative Assistant I/II	-	-	0.50	0.50
Financial Services Manager	1.00	-	-	-
Organizational Services Manager	1.00	1.00	-	-
HUMAN RESOURCES/SAFETY (Div 22/26)	6.50	6.50	6.50	6.50
Human Resources Supervisor	1.00	1.00	1.00	1.00
Human Resources Analyst II	1.00	1.00	1.00	1.00
Human Resources Tech.	2.00	2.00	2.00	2.00
Administrative Assistant I/II - Conf	0.50	0.50	0.50	0.50
Safety Officer	1.00	1.00	1.00	1.00
Safety Technician	1.00	1.00	1.00	1.00
PUBLIC INFORMATION (Div 24)	3.50	3.50	3.50	3.50
Community Affairs Supervisor	1.00	1.00	1.00	1.00
Graphic Designer	1.00	1.00	1.00	1.00
Community Affairs Specialist I/II	1.00	1.00	1.00	1.00
Administrative Assistant I/II - Conf	0.50	0.50	0.50	0.50
ACCOUNTING (Div 31)	5.00	5.00	4.00	4.00
Financial Services Supervisor	1.00	1.00	-	-
Financial Analyst	1.00	1.00	1.00	1.00
Accountant II	1.00	1.00	1.00	1.00
Sr. Accounting Tech.	1.00	1.00	1.00	1.00
Accounting Tech.	1.00	1.00	1.00	1.00
CUSTOMER SERVICES (Div 33)	8.00	8.00	8.00	8.00
Customer Services Supervisor	1.00	1.00	1.00	1.00
Customer Services Representative III	1.00	1.00	1.00	1.00
Customer Field Representative I/II	3.00	3.00	2.00	3.00
Administrative Assistant I/II	1.00	1.00	1.00	1.00
Customer Services Representative II	2.00	2.00	3.00	2.00
INFORMATION TECHNOLOGY SERVICES (Div 34)	5.00	6.00	6.00	6.00
Information Services Supervisor	1.00	1.00	1.00	1.00
Information Technology Analyst I/II	3.00	4.00	4.00	4.00
Information Sys.Tech. I/II	1.00	1.00	1.00	1.00
ADMINISTRATIVE SERVICES TOTAL	30.00	31.00	29.50	29.50



	FYE14	FYE15	FYE16	FYE17
GENERAL ENGINEERING (Div 40)	2.00	2.00	2.50	2.50
District Eng./Eng. Services Mgr.	-	1.00	1.00	1.00
District Eng./Asst. General Mgr.	1.00	-	-	-
Administrative Analyst I/II	1.00	1.00	1.00	1.00
Administrative Assistant I/II	-	-	0.50	0.50
CIP/ENVIRONMENTAL COMPLIANCE (Div 41)	8.00	8.00	8.00	8.00
Principal Engineer - Supervisory	1.00	1.00	1.00	1.00
Sr. Civil Engineer - SME	1.00	1.00	1.00	1.00
Associate Civil Engineer - SME	1.00	1.00	1.00	1.00
GIS Analyst I/II	1.00	1.00	1.00	1.00
Sr. Environmental Comp. Inspector	1.00	1.00	1.00	1.00
Environmental Comp. Inspector I/II	2.00	2.00	2.00	2.00
Administrative Tech.	1.00	1.00	1.00	1.00
PLANNING & PERMITTING/CLEAN WATER (Div 42)	9.00	9.00	9.00	9.00
Principal Engineer - Supervisory	1.00	1.00	1.00	1.00
Associate Civil Engineer - SME	1.00	1.00	1.00	1.00
Clean Water Program Specialist	1.00	1.00	1.00	1.00
Assistant Engineer	1.00	1.00	1.00	1.00
Construction Inspector I/II	2.00	2.00	2.00	2.00
Environmental Comp. Inspector I/II	1.00	1.00	1.00	1.00
Engineering Tech./GIS Specialist I/II	1.00	1.00	1.00	1.00
Administrative Assistant I/II	1.00	1.00	1.00	1.00
ASSET MANAGEMENT (Div 43)	3.00	3.00	3.00	3.00
Principal Engineer - Supervisory	1.00	1.00	1.00	1.00
Engineering Tech./GIS Specialist I/II	1.00	1.00	1.00	1.00
Administrative Tech.	1.00	1.00	1.00	1.00
ENGINEERING TOTAL	22.00	22.00	22.50	22.50



APPENDIX L - Position Detail

	FYE14	FYE15	FYE16	FYE17
OPERATIONS ADMINISTRATION (Div 50)	5.00	5.00	5.00	5.00
Operations Manager	1.00	1.00	1.00	1.00
Associate Civil Engineer - SME	1.00	1.00	1.00	1.00
Administrative Analyst I/II	1.00	1.00	1.00	1.00
Administrative Tech.	1.00	1.00	1.00	1.00
Administrative Assistant I/II	1.00	1.00	1.00	1.00
FIELD OPERATIONS (Div 51)	11.00	11.00	12.00	12.00
Field Operations Supervisor	1.00	1.00	1.00	1.00
Water/Wastewater Sys. Lead Operator	-	-	2.00	2.00
Water/Wastewater Sys. Operator	9.00	9.00	8.00	8.00
Maintenance Worker I/II	1.00	1.00	1.00	1.00
PLANT OPERATIONS (Div 52)	12.00	12.00	12.00	12.00
WWTP Operations Supervisor	1.00	1.00	1.00	1.00
Process Lead WWTP Operator	2.00	2.00	2.00	2.00
Sr. WWTP Operator III	5.00	5.00	5.00	5.00
WWTP Operator I/II	4.00	4.00	4.00	4.00
MECHANICAL MAINTENANCE (Div 53)	13.00	13.00	13.00	13.00
Sr. Mechanical Engineer - Supervisory	1.00	1.00	1.00	1.00
Co-Generation Specialist	1.00	1.00	-	-
Sr. Mechanic - Crane Certified	1.00	1.00	3.00	3.00
Sr. Mechanic	1.00	1.00	-	-
Mechanic II - Crane Certified	3.00	3.00	2.00	2.00
Mechanic I / II	3.00	3.00	3.00	3.00
Fleet Mechanic	2.00	2.00	2.00	2.00
Maintenance Worker I/II	1.00	1.00	2.00	2.00
ELECTRICAL INSTRUMENTATION & SCADA (Div 54)	9.00	9.00	9.00	9.00
Sr. Electrical Engineer - Supervisory	1.00	1.00	1.00	1.00
Sr. Instrumentation & Controls Tech.	1.00	1.00	1.00	1.00
Operations Control Sys. Specialist	3.00	3.00	3.00	4.00
Sr. Electrician	1.00	1.00	1.00	1.00
Instrumentation Tech.	1.00	1.00	1.00	-
Electrician	2.00	2.00	2.00	2.00
LABORATORY SERVICES (Div 55)	5.00	5.00	5.00	5.00
Laboratory Supervisor	1.00	1.00	1.00	1.00
Sr. Environmental Chemist	-	-	1.00	1.00
Environmental Chemist II	2.00	2.00	1.00	1.00
Laboratory Tech.	2.00	2.00	2.00	2.00
OPERATIONS TOTAL	55.00	55.00	56.00	56.00
EMPLOYEES DISTRICT-WIDE TOTAL	112.00	113.00	113.00	113.00



Accrual Basis of Accounting	Accounting basis under which transactions are recognized based on the period they benefit, regardless of the timing of cash receipts and disbursements.
AF	Acre-Foot . A unit of measurement equivalent to 325,900 gallons of water, the volume of water that would cover one acre to a depth of one foot.
ACWA	Association of California Water Agencies.
Allocated Administrative Costs	Costs that cannot be directly tied to a particular enterprise, but benefit the District as a whole, are allocated according to a cost allocation model that apportions costs based upon the functions of each Division.
Amador Valley	Valley in eastern Alameda County, California location of the cities of Dublin and Pleasanton.[1] The valley is bounded by foothills of the Diablo Range on the north and south, Pleasanton Ridge to the west, and Livermore Valley to the east.
AMP	Asset Management Program.
Appropriation	Authorization granted by the Board of Directors to expend money for the purpose outlined in the budget.
AWWA	American Waterworks Association.
Budget	A financial plan for a specific period of time.
CAFR	Comprehensive Annual Financial Report . The District’s "annual report" that includes the audited financial statements as well as other statistical and general information. This report is submitted to the Government Finance Officers Association for consideration of the Certificate of Achievement for Excellence in Financial Reporting award.
CalPERS	California Public Employees' Retirement System. The entity that provides retirement and medical benefits to District employees.
CIP	Capital Improvement Program. A long range construction plan for District facilities.
Capital Outlay	Items that meet the fixed asset capitalization criteria.
CASA	California Association of Sanitation Agencies.
CCCSD	Central Contra Costa Sanitary District.
CCF	One hundred cubic feet. A unit of measurement equivalent to 748 gallons of water.
CERBT	California Employers’ Retiree benefit Trust.
Certificate of Participation	A form of variable rate debt used by the District.
CMMS	Computerized Maintenance Management System.
Cogeneration (Cogen)	Refers to energy produced as a result of utilizing the by-products of the solids treatment process.
Contribution to JPA	Funding provided to support a joint powers agency.
COLA	Cost of Living Adjustment. An increase in salary or benefits to offset the effect of inflation.
CPI	Consumer Price Index. Cost adjustment factor based on cost increases.
CSDA	California Special Districts Association.
CWEA	California Water Environment Association.
Debt Service	The combination of interest expense and principal payments due to long-term debt.
Delivery Versus Payment	The basis on which all security transactions are entered into by the District.



APPENDIX M - GLOSSARY

DERWA	DSRSD-EBMUD Recycled Water Authority. A joint powers agency between the District and East Bay Municipal Utility District for the development of recycled water facilities, infrastructure, and services.
District	Dublin San Ramon Services District.
DLD	Dedicated Land Disposal. Application of wastewater sludges to land for disposal purposes.
Dougherty Valley	Approximately 6,000 acres of incorporated and unincorporated land in southwest Contra Costa County contiguous to the San Ramon Valley, just north of the Contra Costa County and Alameda County line. Incorporated into the City of San Ramon.
DSRSD	Dublin San Ramon Services District.
DUE	Dwelling Unit Equivalent. A unit of measure used to allocate sewer capacity. One DUE is equal to 220 gallons.
DVSAD	Dougherty Valley Standby Assessment District.
EBMUD	East Bay Municipal Utility District.
Enterprise Fund	A fund used to record the ongoing operations and maintenance costs (the cost of providing a service).
Expansion Fund	A fund used to record transactions related to the expansion of District facilities.
FDIC	Federal Deposit Insurance Corporation.
FAA	Financing Administrative Agreement. Agreement between the Dublin San Ramon Services District and the City of Pleasanton defining the amount of reserves necessary in the Regional Expansion fund, establishing criteria for Regional connection fee increases, and outlining uses for excess reserves.
Fixed Assets	Assets that have a useful life that exceeds two years with a value of \$10,000 or more, including land, buildings, and equipment.
Fixed Charges	Revenues received by DSRSD on a bimonthly basis for the installation and activity of permanent water meters (whether or not water is used). These charges vary based on the size of the meter.
FNMA	Federal National Mortgage Association.
FSL	Facultative Sludge Lagoon.
FTE	Full-Time Equivalent. Conversion of part-time positions to a decimal equivalent of a full-time position is based on an annual amount of 2,080 hours worked.
FYE	Fiscal Year Ending. A 12 - month period. The District has a fiscal year of July 1 to June 30.
GAAP	Generally Accepted Accounting Principles. Uniform guidelines used in the preparation of external financial statements. The primary authoritative body on the application of GAAP to state and local governments is the Governmental Accounting Standards Board (GASB).
GIS	Geographic Information System. The computerized system used to track and map certain District system assets such as pipe, manholes, valves, hydrants, etc.
Infrastructure	Physical assets owned by DSRSD that are generally not moveable, such as pipelines and facilities.
JPA	Joint Powers Authority. An agreement between two or more public agencies to “jointly exercise any power common to the contracting parties.” Usually accounted for as a separate entity. The District is a member of two JPAs, LAVWMA and DERWA.
Key Success Measures	Tracking measurements for set goals and initiatives.
LAF	Local agency funds.
LAIF	Local Agency Investment Fund, a voluntary investment alternative for California’s local governments and special districts authorized by California Government Code.



LAVWMA	Livermore-Amador Valley Water Management Agency. A JPA charged with the disposal of wastewater. The cities of Pleasanton and Livermore, as well as the District, are member agencies.
Legislative Advocacy Program	How the District aligns itself with the positions of industry associations to proactively address legislation and actions that have a direct bearing on how the District operates.
Livermore Valley	Formerly Valle De San Jose. Valley in eastern Alameda County, California location of the city of Livermore. The valley is bounded by the Diablo Range on the north, east and south and is linked to the west with the Amador Valley.
Local Wastewater Operations	Local Wastewater Enterprise Fund and Local Wastewater Rate Stabilization Fund.
MGD	Million Gallons per Day. Used when referring to wastewater treatment capacity.
MOU	Memorandum of Understanding.
OPEB	Other Post-Retirement Employment Benefits.
PMIA	Pooled Money Investment Account.
Recycled Water	Wastewater that has been processed and treated for irrigation and other non-potable purposes.
Regional Wastewater Operations	Regional Wastewater Enterprise Fund and Regional Wastewater Rate Stabilization Fund.
Replacement Fund	A fund used to account for the replacement and improvement of District property and equipment.
Restricted Funds	Funds restricted for a specific purpose.
Risk Management	Actions taken to protect the District, its employees, and its customers from possible loss or injury.
RPM	Replacement Planning Model.
S&P	Standard & Poor's. A nationally recognized rating source.
San Ramon Valley	Region in Contra Costa County and Alameda County, California, east of Oakland, with a population near 130,000 people. The cities of San Ramon, Danville and Alamo as well as the southern edge of Walnut Creek are located in the valley.
SCADA	Supervisory Control and Data Acquisition. The computerized system that monitors District facility acquisition functions.
SME	Subject Matter Expert.
Strategic Initiatives	Goals in the Strategic Plan that support the priorities set by the Board of Directors.
SWP	State Water Project.
TIC	Temporary Infrastructure Charge. A temporary charge implemented to water customers in 2010 to help pay debt related to recycled (both DERWA and DSRSD) and potable water facilities.
TQI	Total Quality Improvement. A District-wide practice of principles that support a participatory operational culture striving towards continuous improvement.
Tri-Valley	Triangle-shaped region in the eastern San Francisco Bay Area. The area is 18 miles southeast of Oakland and 33 miles from San Francisco. It encompasses the cities of Pleasanton, Livermore, Dublin, San Ramon, and Danville which includes Alamo, Blackhawk, Camino Tassajara, Diablo, Norris Canyon, and Sunol in the three valleys from which it takes its name: Amador Valley, Livermore Valley and San Ramon Valley.
UWMP	Urban Water Master Plan.
Water Operations	Water Enterprise Fund and Water Rate Stabilization Fund.
Working Capital	Current assets minus current liabilities; a measure of available resources that the District has to spend.
WWTP	Wastewater Treatment Plant.
Zone 7 Water Agency	The Alameda County agency that is the wholesale potable water provider in the Tri-Valley area.

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