



Dublin San Ramon Services District

Water, wastewater, recycled water



Adopted Operating Budget Fiscal Years Ending 2018 and 2019

Providing reliable and sustainable water, recycled water, and wastewater services in a safe, efficient, and environmentally responsible manner.

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Dublin San Ramon Services District
Board of Directors
Fiscal Years Ending 2018 and 2019



Richard Halket
President



Georgean Vonheeder-Leopold
Vice President



Edward Duarte
Director



D.L. (Pat) Howard
Director



Madelyne (Maddi) Misheloff
Director

Senior Management Team

Daniel McIntyre – General Manager
Carol Atwood – Administrative Services Manager
Jeff Carson – Operations Manager
Judy Zavadil – Engineering Services Manager



The California Society of Municipal Finance Officers issues annual awards for outstanding achievement and contributions to the profession. Dublin San Ramon Services District received the award shown above for its Operating Budget for fiscal years ending (FYE) 2015 and 2016.. In bestowing this honor, the Society acknowledges the District for its outstanding presentation of financial and budgetary data.

Our FYE 2017 and 2018 Operating Budget is intended to meet the society's high standards and will be submitted again this year to determine eligibility for another award.

RESOLUTION NO. 30-17

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT APPROVING AND ADOPTING THE OPERATING BUDGET FOR FISCAL YEARS ENDING 2018 AND 2019

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

WHEREAS, the budget 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 budget incorporate expenditures for operating the District to provide reliable and sustainable water, wastewater, and recycled water to the communities it serves in a safe, efficient, and environmentally responsible manner; and

WHEREAS, the Board was provided assurance that the Proposed Budget meets Board priorities, realizes efficiencies and responsible cost savings, demonstrates fiscal accountability and value to customers, is balanced, and ensures future financial sustainability; and

WHEREAS, on May 16, 2017, the Board was provided a comprehensive overview of the development process and assumptions, a District-wide financial review and a presentation of fund financial allocations in the proposed budget for Fiscal Years Ending 2018 and 2019 to review and provided guidance on 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 the revenues, expenditures, and transfers as noted in the Proposed Operating Budget for Fiscal Years Ending 2018 and 2019 attached as Exhibit A, are hereby approved. In addition, the Board directs the General Manager to make minor editorial changes as needed and to publish a final version incorporating the above.

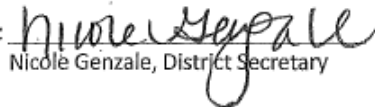
ADOPTED by the Board of Directors of the Dublin San Ramon Services District, a public agency in the State of California, Counties of Alameda and Contra Costa, at its regular meeting held on the 6th day of June, 2017, and passed by the following vote:

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

NOES: 0

ABSENT: 0

ATTEST:


Nicole Genzale, District Secretary


Richard M. Halket, President

CERTIFIED AS A TRUE AND CORRECT COPY OF
THE ORIGINAL ON FILE IN THE OFFICE OF
DUBLIN SAN RAMON SERVICES DISTRICT
Secretary



JUN 08 2017

May 5, 2017

Honorable President and District Directors:

I am pleased to submit the FYE 2018 and FYE 2019 operating budget for the Board's review and consideration. The FYE 2018 and FYE 2019 operating budget provides an overview of the budget process, gives highlights of District challenges and accomplishments over the last two years, provides an overview of major policy issues facing the District, and describes detailed financial plans over the next two years.

The Tri-Valley has strongly rebounded from the Great Recession, and the revenue base in all the District's three main business enterprises continues to grow significantly as a result of growth in the customer base from new development. Two major challenges lie ahead: continuing to build a proactive Asset Management Program and addressing a continuing wave of staff retirements. To address both of these challenges, the budget anticipates the addition of seven Full Time Equivalent (FTE) positions, and the addition of one Limited Term position (three year term). These additions will bring the total full time positions up from 113 to 121, still below the District's peak of 134 FTE's prior to the Great Recession. The pace of development continues to strengthen the District's financial position, with the benefit that the addition of new resources will have only a modest impact on utility rates over the next five years. Most notably, there will be a two year period of no rate increases to the Regional Wastewater Program in FYE 2017 and FYE 2018, followed by four years of planned increases tied to the Consumer Price Index (CPI).

Budget Development Process

The FYE 2018 and FYE 2019 budget process began with the Annual Leadership Team Retreat in January of 2017. Senior managers, all new to the District in the past two years, met with division managers for two days to identify the strengths, weaknesses, challenges, and opportunities facing the District over the next five years. There was broad consensus on issues facing the District; as a result, the Leadership Team developed a concise, streamlined 2017 – 2022 Strategic Plan Update (Strategic Plan) for the Board's consideration.

The Board reviewed and commented on the draft Strategic Plan at a March workshop, laying the foundation for a new budget proposal. The Leadership Team worked together to consider several options for the FYE 2018 and FYE 2019 proposal, carefully evaluating the tradeoffs from a number of approaches. As a result, funding for some programs and activities was reduced to allow for resources to be reallocated to new priorities, consistent with the new Strategic Plan.

Highlights and Review of FYE 2016 and FYE 2017

The last two fiscal years have been a period of unprecedented challenge and transition for the District. Most prominently, the Great Drought that began in 2012 continued until the early spring of 2016.

Governor Brown declared a statewide drought emergency in early 2014, which remained in force until April 7, 2017. During this time, the District operated under a number of emergency conservation regulations imposed by the State Water Resources Control Board. The District's customers heroically conserved 24 percent in 2014, 34 percent in 2015, and 28 percent in 2016 (total system-wide volume compared to the 2013 baseline year). To provide an option to manage mandatory water curtailments in the drought, the District opened a fill station where residents could pick up recycled water in 2014 at the Regional Wastewater Treatment Facility. The fill station remained open until the end of 2016 when construction traffic from a major expansion of the water recycling plant forced its closure. Additionally, the District opened a second residential fill station on Dublin Boulevard in 2015 and 2016.

In response to the Tri-Valley's water supply vulnerability revealed by the Great Drought, the Board of Directors adopted a visionary Water Supply, Storage, Conveyance, Quality, and Conservation Policy in the fall of 2015. This policy guides District planning by emphasizing greater diversification and resiliency in our future water supply, guiding both our advocacy and planning efforts. Moreover, the District was successful over the last three years in collaborating with seven other entities to initiate a Tri-Valley Joint Potable Reuse Feasibility Study that may ultimately lead to a new potable water supply for the District and the Tri-Valley.

During 2016, the District updated its Water System Master Plan and concurrently updated the Water Capacity Reserve Fee Study. The Water Capacity Fee Study included a provision for the addition of \$10 million from new development fees to serve as "seed funding" for a potable reuse project. Thus, not only has the District begun planning for alternative water supplies, it has also taken the first early steps to fund alternative water supplies.

A second major challenge was the large number of staff retirements in the last two years. Of the District's 113 Full Time Equivalent (FTE) positions, 26 recruitments occurred from vacancies arising during this period. Most notably, an entirely new senior management team was assembled in 2016, and is working together effectively to revitalize water and wastewater operations, streamline policies and procedures, enhance communication both within the organization and externally with the public and partner agencies, and align financial and operational strategies with long-term goals. Additionally, the senior management team has helped the broader Leadership Team to create a streamlined Strategic Plan Update for the Board's consideration.

Originally, contract negotiations with all of the bargaining groups were scheduled during the transitional period for the new Senior Management team. To mitigate the impacts of the Senior Management Team transition in 2016, the Administrative Services Department was successful in negotiating one year contract extensions, allowing for negotiations on new contracts to begin only after the new team was in place. These negotiations are scheduled to start in July of 2017.

Another key transition for the District involved relocating the Field Operations Division from its "temporary facilities" since 1977 at Camp Parks to a remodeled industrial building on Commerce Circle in Pleasanton. The District acquired the new property, arranged for environmental remediation, remodeled the vacant industrial building to meet our needs, and relocated the Field Operations Division's equipment, supplies, and staff to the new facility.

Significant work by the Information Technology Services Division was needed to ensure a smooth transfer. Moreover, the staff within the Field Operations Division, the Maintenance Division, and the Electrical Division had to perform magnificently under tight time constraints to switch over the supervisory control and data acquisition (SCADA) equipment, and to ready the new facility for temporary occupancy in the midst of the remodeling work.



Including the Field Operations Facility acquisition and remodel, key capital projects completed in FYE 2016 and FYE 2017 include:

- Field Operations Facility - \$7.5 million
- West Dublin Recycled Water Extension - \$8.2 million
- Water System SCADA Upgrades - \$6.9 million (nearly complete)
- DERWA Recycled Water Treatment Plant – Sixth Filter - \$0.9 million
- Clarifier #3 Renovation - \$1.3 million

Projects with construction in progress or just started include:

- DERWA Recycled Water Treatment Plant Phase 2 Expansion - \$18.2 million (in progress)
- Dublin Boulevard Lift Station Relocation - \$1.9 million (just started)
- Dublin Trunk Sewer Rehabilitation - \$6.7 million (just started)

Projects under design that the District anticipates constructing in FYE 2018 and FYE 2019 include:

- Primary Clarifiers - \$10 million
- Digester #4 - \$13.3 million
- Reservoir 10A Reconstruction - \$7.6 million
- Wastewater Treatment Plant SCADA - \$2.9 million

The start of the DERWA Recycled Water Treatment Plant Phase Two Expansion offered an opportunity to foster a spirit of community and partnership with other agencies, with the groundbreaking ceremony in January 2017 for this major project drawing elected officials and senior staff representatives from 12 agencies to celebrate the recycled water program expansion.

The District is nearing completion of a comprehensive Wastewater Treatment Plant and Bio solids Management Master Plan, which will guide development of both expansion, rehabilitation, and improvement at the Regional Wastewater Treatment Facility over the next 20 years. As an adjunct to this study, the District has completed a preliminary asset replacement model for the Regional Wastewater Treatment Facility. Information from the model played a significant role in developing the 2017 Regional Wastewater Rate Study. The replacement model and the Regional Wastewater Rate Study show that current annual replacement funding transfer from the Regional Wastewater Enterprise Fund to the Regional Replacement Fund of approximately \$2.5 million per year need to be escalated gradually to \$4.5 million per year over the next 10 years. The Wastewater Rate Study provides a blueprint for accomplishing this strategy in a smooth manner.



Other major highlights include:

- Fully implemented an automated agenda management software, which efficiently compiles and organizes electronic Board agenda packets.
- Recycled 100 percent of wastewater influent flow for 12 days in 2016.
- Connected 25 customer sites to the recycled water system.
- Completed the 2015 Urban Water Management Plan.

Major Policy and Operational Issues in FYE 2018 and FYE 2019

Many of the major policy issues facing the District over the next two to five years are reflected in the 2017-2022 Strategic Plan Update. The eight main goals of the updated Strategic Plan including a summary of programs and resources to address the goals are as follows:

1. Develop a fully integrated Asset Management Program as the backbone of a cohesive business management strategy.

To address planned capital rehabilitation and replacement, the budget proposes increasing annual capital replacement transfers from the Local Wastewater Enterprise Fund from \$287,000 to \$685,500, and ramping up an additional \$168,000 per year thereafter. Existing annual capital replacement transfers to the Regional Wastewater Enterprise are adequate at \$2.5 million, but will need to be ramped up \$200,000 per year over a ten year period to address buy-in revenues from new development receding as DSRSD approaches buildout over the next 8-10 years. For the Water Enterprise, existing capital funding of \$4.0 million will be increased by \$400,000 per year to address capital needs over the next 10 to 15 years.

A comprehensive Asset Management Program reflects not only capital replacement, but also a proactive preventative maintenance program. Currently, a majority of District's effort on operations and maintenance is dedicated to unscheduled emergency repairs, whereas a strong Asset Management Program would invest a majority of time on preventative scheduled maintenance. The budget proposes the addition of two Full Time Equivalent positions for the Water Enterprise, two Full Time Equivalent positions for the Local Wastewater Enterprise, and three Full Time Equivalent positions for the Regional Wastewater Enterprise. These positions will provide the resources to transition to a healthy preventative maintenance program over the next three to four years.

2. Develop and maintain a highly qualified workforce to ensure a continuously high performing organization with sufficient resilience and redundancy to thrive in the face of staffing transitions.

The District faces continuing challenges arising from retirements over the next two to five years. Already 52 percent of the District's staff are eligible for early retirement. Within the two year budget window, 44 staff members (out of 108 currently filled positions) will reach normal retirement age in the CalPERS system. The Leadership Team will devote additional attention to this area, to bolster and diversify the skill level of staff throughout the organization to mitigate the impact of the coming wave of retirements. The budget increases resources allocated for external training from \$150,000/year to \$200,000/year to augment planned internal training and knowledge transfer programs.

3. Work collaboratively with other agencies in the Tri-Valley to improve service quality and efficiency.

No new resources are proposed to address this goal.

4. Revitalize and renew our business practices and procedures.

There has been an acceleration in operational and administrative streamlining over the last two years with existing resources, and this effort will be sustained in FYE 2018 and FYE 2019. One area of extra effort will be the increasing use of technology to strengthen the organization's productivity and efficiency. A major area of emphasis will be an increase in Information Technology in an effort to increase mobility of staff, use of new and existing technology, and more efficient retrieval of information.

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

The District will complete a needs assessment using existing resources in FYE 2018 and FYE 2019, and full implementation of this five year strategic goal will be undertaken in the following two year budget cycle.

6. Develop and implement an integrated recycled and potable water program that meets the objectives of the District's water supply policy.

To increase and accelerate our efforts in this area, additional consultant assistance in the amount of \$150,000/year is needed over the next five years, and is reflected in this two year budget. Major work efforts for this Strategic Goal include completion of the Tri-Valley Joint Potable Reuse Feasibility Study, further collaborative studies by the Tri-Valley agencies, and research work on other alternative water supply options to develop a solid foundation for the 2020 Urban Water Management Plan.

7. Aggressively develop an electronic records management program

Information Technology Service staffing will have to be dedicated over the next two years to sustain momentum on this effort. This will require consultant "backfill" to keep the Information Technology program running smoothly. The amount of these additional resources is \$75,000 in FYE 2018 and \$100,000 in FYE 2019. These costs will sunset after that time.

8. Diversify our bio-solids management practices to address economic opportunities and regulatory challenges.

No additional resources are needed for this area.

Other Policy Consideration

A new five year water rate study to be conducted in 2018 will require major policy decisions by the Board of Directors. We are transitioning from a period of heavy conservation to a period of normal water use, which requires careful rate design. The 2015 California Court of Appeals decision, Capistrano Taxpayers Association Inc. v. City of San Juan Capistrano, may have implications for conservation pricing and tiered rate structures. Creative rate design will be necessary to retain economic incentives for conservation, while remaining compliant with state requirements on cost of service pricing mandated by Article XIII D of the State Constitution. Lastly, the Board will need to consider how it will fund expensive alternative water supply project(s) in the future. In FYE 2019, \$40,000 is allocated for a comprehensive rate study.

District Financial Issues

The strong local economy, reflected in the rapid increase in new development in Dublin and Dougherty Valley, continues to serve as a beneficial tailwind to the District's finances. Because many of the District's costs are fixed, additions to its customer base enhance the financial condition of the Local Wastewater Enterprise, the Regional Wastewater Enterprise, and the Water Enterprise. The addition of new customer connections also brings in significant "buy in" revenue, a component of capacity reserve fees, which has the effect of strengthening our various replacement and improvement funds. Growth in the customer base of up to three percent over the last two years is anticipated to continue during the term of this budget.

District Financial Issues

Total District revenues are projected to grow at 22.49 percent and 11.06 percent in FYE 2018 and 2019, respectively. As shown below, this increase is primarily due to customer growth, CPI adjustments, post-drought expected water use increases, and increases in the Zone 7 Water Agency (Zone 7) wholesale water rate that are passed through to customers.

The following chart summarizes the District operating revenues.

	Actual FYE 15	Actual FYE 16	Adopted FYE 17	Budget FYE 18	Budget FYE 19
Revenue by Type					
Service Charges	\$ 44,733,175	\$ 45,372,033	\$ 50,091,008	\$ 58,259,520	\$ 61,878,463
Capacity Reserve Fees	29,905,252	34,462,453	22,249,059	32,206,566	38,884,424
Other Revenues	8,643,456	9,106,623	7,027,557	6,580,783	7,038,106
Interest	958,041	1,639,423	1,142,908	1,574,179	1,724,163
Total	\$ 84,239,924	\$ 90,580,532	\$ 80,510,532	\$ 98,621,048	\$ 109,525,156
% Change		7.53%	-11.12%	22.49%	11.06%

District operating expenditures are projected to grow at 15.52 percent and 2.22 percent, respectively. This is due primarily to increases in Zone 7 wholesale water costs of \$5.6 million based on usage, growth, and rate increases, as well as the additional cost of eight new FTE positions.

	Actual FYE 15	Actual FYE 16	Adjusted FYE 17	Budget FYE 18	Budget FYE 19
Expenditure by Category					
Salary and Benefits	\$ 16,979,108	\$ 16,894,081	\$ 20,709,158	\$ 21,655,927	\$ 22,681,063
Materials	11,016,462	12,404,304	14,444,728	20,573,676	21,552,434
Contracts	6,243,606	5,413,744	5,953,281	6,344,020	6,343,283
Other	29,172,668	11,226,165	13,180,881	13,925,507	13,921,793
Capital Outlay	1,110,255	375,338	568,900	871,803	277,000
Total	\$ 64,522,099	\$ 46,313,632	\$ 54,856,948	\$ 63,370,933	\$ 64,775,573
% Change		-28.22%	18.45%	15.52%	2.22%

The difference between revenues and expenditures is used to fund asset replacement projects, debt service, and pending capital projects to serve new development. Revenue and expenditure categories are discussed in detail in the Financial Overview section of the budget.

CalPERS Liability

In FYE 2017 the District will be making the third and final \$5.0 million installment of an early payment to CalPERS, as directed by the Board in 2015 to help manage long-term liability. Even with this significant commitment to controlling long-term costs, the District's CalPERS rates are anticipated to increase in future years. CalPERS employee contribution rates are 11.675 percent for FYE 2018 and 12.450 percent for FYE 2019. Based on an April 2017 analysis by Bartel & Associates, the District CalPERS rates could increase from two percent to six percent over the next several years. This is due to the fact that CalPERS has modified its return on investment assumptions (from 7.5 percent to 7.0 percent) and adjusted contributions for longevity trends.

Other Post-Employment Benefits (OPEB)

Compared to almost all other public agencies in California that have retiree medical benefits, the District's funding of OPEB is strong. The program is 96.58 percent funded as of June 30, 2015, the date of our most recent valuation, and future impacts on the District's finances, and costs to ratepayers, are expected to be moderate.

Fund Highlights

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

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

The budget contains a detailed review of starting working capital, revenues, expenses, debt service, and inter-fund transfers for each fund. Additionally, the District has three more funds to account for allocated administrative overhead, other post-employment benefits ("OPEB"), and the Dougherty Valley Standby Assessment District.

A detailed overview of each of the fifteen individual funds is found in the Financial Overview section of the budget. Moreover, a master Fund Working Capital Worksheet showing all funds on one worksheet can be found the appendix to this document.

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

Department Operating Budget Highlights

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

Operations Department

The Operations Department is the largest of four departments in the District. Existing FTE staffing is proposed to increase from 61 to 68 positions in FYE 2018. Three temporary positions in the Operations Department are proposed to be eliminated concurrently with the addition of seven FTE. The additional FTE will provide for increasing focus on preventative maintenance for the sewer collections program, the water distribution program, the mechanical maintenance program, and the electrical program.

Major areas of focus over the next two years will include formalizing a structured, organized preventative maintenance program, sustained effort in knowledge transfer in anticipation of retirements, and development and full implementation of an automated computer maintenance management system that fully supports and integrates with the District-wide Asset Management Program.

The Department has gone through a recent reorganization, with the Environmental Compliance unit being merged with the Laboratory Division, and a new title created called the Laboratory and Technical Services Division. Administrative Support, Safety, and Asset Management functions have been consolidated into a new Operations Support Services Division.

Engineering Services Department

The addition of one three year limited term engineering inspector position is reflected in the budget. Although this function could continue to be provided by contract services, the cost of providing the service in-house is only \$150,000, whereas consultant services would cost \$300,000.

Major efforts will focus on implementing a very aggressive Capital Improvement Program. In the short-term, there is greater funding for the capital budget than there are project managers to implement the program. The controlling factor in the short-term will be staffing rather than financial constraints. However, the work demands will be balanced out in the intermediate term. Other major efforts focus on water supply, including both completing the Tri-Valley Joint Potable Reuse Feasibility Study and conducting research on other alternative water supplies for inclusion in the 2020 Urban Water Management Plan.

It should be noted that Dublin is anticipated to reach build-out in eight to ten years, and therefore the level of effort devoted to planning, permitting, plan checking, and inspection will be sustained for the foreseeable future. Once the District approaches buildout, resources may be recommended for reallocation to the Asset Management Program, or phased out through a plan of strategic attrition.

Administrative Services Department

No additional staffing is proposed for the Administrative Services Department, although additional consulting services are proposed. Moreover, an increase in capital outlay is proposed for information technology to help the entire District become more efficient.

Major work programs for Administrative Services over the next two years includes:

- Contract negotiations in late 2017
- Wastewater Capacity Reserve Fee Update in late 2017
- Cost of Service Study for development processing in early 2018
- Water Rate Study in 2018

Executive and Legislative Services Department

This group encompasses the Legislative Division (Board's budget), the Office of the General Manager, the Executive Services Division (Office of District Secretary), and Communications (formerly "Public Information"). No additional staffing is proposed.

Major programs for this department in FYE 2018 and 2019 include developing a District annual report and implementing an electronic content management system.

Concluding Comments:

I would like to express my appreciation for the talents and dedication of the three members of the Senior Management Team, Administrative Services Manager Carol Atwood, Engineering Services Manager Judy Zavadil, and Operations Manager Jeff Carson. I would also like to thank all the division managers that form the balance of the organization's Leadership Team for their great effort in imaginatively rethinking the District's Strategic Plan and Operating Budget for FYE 2018 and beyond.

I'd like to particularly acknowledge the work of the Finance Division staff for their perseverance and dedication in preparing this completely new budget document, especially Karen Vaden, Mayette Bailey, and Natalie Russo. Lastly, the support, engagement, and guidance of the Board of Directors is much appreciated.

Respectfully submitted,



Daniel McIntyre
General Manager

Executive Overview

2017 – 2022 Strategic Plan

Mission Statement

Provide reliable and sustainable water, recycled water, and wastewater services in a safe, efficient, and environmentally responsible manner.

Vision Statements

1. Enhance resiliency in our capabilities in the face of staffing transitions.
2. Proactively maintain our financial stability and sustainability.
3. Use technology to improve operations and efficiency.
4. Lead innovation in the water, wastewater, and recycling industry in an economically prudent manner.
5. Demonstrate leadership in engendering productive collaborations and partnerships in the Tri-Valley.
6. Develop a more reliable water supply.
7. When our communities approach buildout, reduce development-related staffing appropriately and reallocate resources to address long-term Asset Management needs.

Strategic Goals and Action Items

1. Develop a fully integrated Asset Management Program as the backbone of a cohesive business management strategy.
 - Integrate CIP planning and operations/maintenance activities to optimize life-cycle costs (including a greater emphasis on preventative maintenance in our operations).
 - Develop long-term (10 year) financial models to guide future operating budgets and rate studies.
 - Continuously match District staffing to business needs, reallocating resources as necessary to address new challenges and opportunities.
2. Develop and maintain a highly qualified workforce to ensure a continuously high performing organization with sufficient resilience and redundancy to thrive in the face of staffing transitions.
3. Work collaboratively with other agencies in the Tri-Valley to improve service quality and efficiency.
 - Explore creative service delivery strategies, including expanded use of the Tri-Valley Reciprocal Services Agreement.
4. Revitalize and renew our business practices and procedures.
 - Fully utilize information technology tools available to us and make additional financial investment in information systems.
 - Update our financial, human resources, safety, and operational practices and procedures.



Executive Overview

2017 – 2022 Strategic Plan

5. Enhance our ability to respond to emergencies and maintain business continuity.
6. Develop and implement an integrated recycled and potable water program that meets the objectives of the District's water supply policy.
 - Complete a feasibility study for a Tri-Valley advance purification project and implement a joint Tri-Valley strategy.
 - Obtain new recycled water sources to meet long-term demands.
 - Develop strategy for balancing limited water resources to appropriately balance tertiary treated recycled water and advanced purified water needs.
 - Complete a 2020 Urban Water Management Plan that creates a blueprint for improving long-term water supply reliability.
 - Cooperate with our partners in the Tri-Valley in development of further water recycling.
 - Support and encourage our Tri-Valley partners in the development of a more diversified and resilient potable water supply.
7. Aggressively develop an electronic records management program.
8. Diversify our bio-solids management practices to address economic opportunities and regulatory challenges.



Executive Overview

Performance Measures

The District is pleased to present performance measures in our budget document. Departments will be tracking more objectives in future documents.

Administrative Services	Objective	Goal	Actual
Human Resources & Risk Management	% of employees receiving performance evaluations	100%	100%
	% of recruitments completed with successful hire in 90 days or less	100%	New for 2017
	% of employees current on AB1825, workplace violence prevention and diversity compliance training	100%	New for 2017
Customer Services & Billing	Mail bills within five days of the first or 15 th of each month	90%	100%
	Provide error free bills	90%	99.64%
	Customer survey responses as satisfied or very satisfied	90%	100%
Information Technology Services	Full network connectivity available	99%	99.91%
	SQL server for all database applications available	99%	99.96%
	Blocked SPAM email messages	99%	99%
Financial Services	Maintain good credit rating for debt service	AA	AA
	Process payments in a timely manner	Within 10 business days	Within 10 business days

Executive Overview

Performance Measures

Executive & Legislative Department	Objective	Goal	Actual
Executive Services	Brown Act compliance of public meeting notice requirements	100%	100%
	Respond to public records requests within initial 10 day requirement	100%	100%
Engineering Department			
Capital Improvement Program	Complete a minimum of projects that are outlined by staff and approved by the Board for each biennial budget cycle	70%	70%
Planning & Permitting	Review planning applications on or before due dates	90%	90%
	Return review comments of improvement plan submittals within 15 days for first submittal and 10 days for second submittal	95%	95%
Operations Department			
Regulatory Compliance	Sustain compliance of regulatory permit limits at all times	100%	100%
Treatment Plant Facilities	Sustain steady-state performance with no major breakdowns/upsets	100%	100%
Water Distribution	Deliver purchased Zone 7 water to customers in a safe and efficient manner and manage water storage time to minimize water quality problems	100%	99%

Executive Overview

District Policies

Financial Policies

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

Policies are not permanent documents but may be modified or rescinded in whole or in part at any time by the Board. District policies are reviewed on a regular basis and are adopted by resolution at a duly noticed meeting of the Board of Directors. The District has a number of financial policies, some of which are summarized below. The following policies can be found in their entirety on our website at www.dsrdsd.com/about-us/district-policies.

Auditor Selection and Services

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

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

Budgeting Accountability

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

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

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

Executive Overview

District Policies

Capital Financing and Debt Management

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

Consolidated Water Enterprise Fund

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

Financial Reserves

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

Investment

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

Project Cost Allocation

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

Executive Overview

District Policies

Rate Policies and Guidelines

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

Water Expansion Fund Management

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

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

Executive Overview

District Overview & Economic Conditions

Overview

The District was formed in 1953 as the Parks Community Service District. The name was changed to Valley Community Services District (VCSD) in the early 1960s. VCSD became the vehicle for delivering local government services, including water and wastewater services, recreation and parks, garbage collection, and fire protection before city governments existed. The name of the District was changed again in 1977 to Dublin San Ramon Services District (DSRSD) to reflect its service areas. By 1988, the cities of Dublin and San Ramon had incorporated and assumed responsibility for many of the services originally provided by the District. This allowed DSRSD to focus on water and wastewater services. In 1999, the District began providing a third service, recycled water. DSRSD currently provides water, recycled water, and wastewater services to more than 173,000 residents in Dublin, southern San Ramon, Dougherty Valley, and Pleasanton.

The District is governed by a board of directors that sets policy, adopts budgets, and appoints a general manager to run operations. The Board exercises these powers under the authority of the Community Services District Law (California Government Code 61000 et. Seq). Five directors are elected at-large to overlapping four-year terms.

Economic Conditions

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



Executive Overview

District Overview & Economic Conditions

The diversified commercial 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 and technology). Several large business parks are located in the Tri-Valley, supporting a healthy mix of large and small businesses. As of March 2017, unemployment rates for the cities of Dublin and San Ramon are 2.4 percent and 2.8 percent respectively, significantly lower than the rate for the state (5.2 percent) or counties (3.9 percent for Alameda and 4.1 percent for Contra Costa). Unemployment rates also were higher for San Francisco (3.0 percent) and San Jose (3.9 percent).¹

As reported by the East Bay Economic Alliance, the East Bay continues to post record high employment levels. Non-farm employment reached 1,117,200 in June 2016, a 2.3 percent increase from June 2015. The East Bay is continuing to outpace the other regional economies, highlighting its rising role as an engine of economic growth in the Bay Area.² The estimated median household income is \$128,737 for Dublin and \$151,494 for San Ramon.³ The housing market in the East Bay remains strong, with increases in both assessed property values and median existing home prices in Alameda County (6.99 percent⁴ and 9.9 percent² respectively) and Contra Costa County (6.01 percent⁵ and 6.9 percent²).

Both Dublin and San Ramon anticipate continued growth in the coming years. Dublin has an estimated population of 57,349, an increase of 2.69 percent over the previous year. San Ramon's population grew 1.2 percent to 78,363.⁶ According to buildout projections, by 2035 Dublin and San Ramon overall population will grow to 106,610, an increase of 30 percent.⁷ The outlook for new development in the DSRSD service area remains positive for the long term.

On May 9, 2016, Governor Edmund G. Brown issued an executive order to make water conservation "a California way of life." The order directs regulators to develop and implement permanent, long-term improvements in water use that improve efficiency, reduce waste, and make communities and agriculture more resilient to future droughts.⁸ This was in response to five consecutive years of dry conditions persisting in many areas of the state which severely depleted groundwater basins. Through most of fiscal year 2016, state-imposed restrictions required the District to reduce potable water consumption by 12 percent compared to the same time period in 2013. In May 2016, as a result of regulatory changes and improvements in water supplies, the District suspended the local state of drought emergency and set a voluntary conservation goal of 10 percent.

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

2. East Bay Economic Development Alliance, East Bay Economic Outlook 2016-17

3. United States Census Bureau, 2010-2014 American Community Survey 5-Year Estimates

4. Alameda County 2016-17 Fiscal Year Assessments

5. Contra Costa County 2016-2017 County Assessment Roll

6. State of California Department of Finance, E-5 Population and Housing Estimates for Cities, Counties, and the State, January 2011-2016, with 2010 Census Benchmark

7. Dublin San Ramon Services District 2015 Urban Water Management Plan, June 2016

8. Office of Governor Edmund G. Brown, Jr. Executive Order B-37-16

Executive Overview

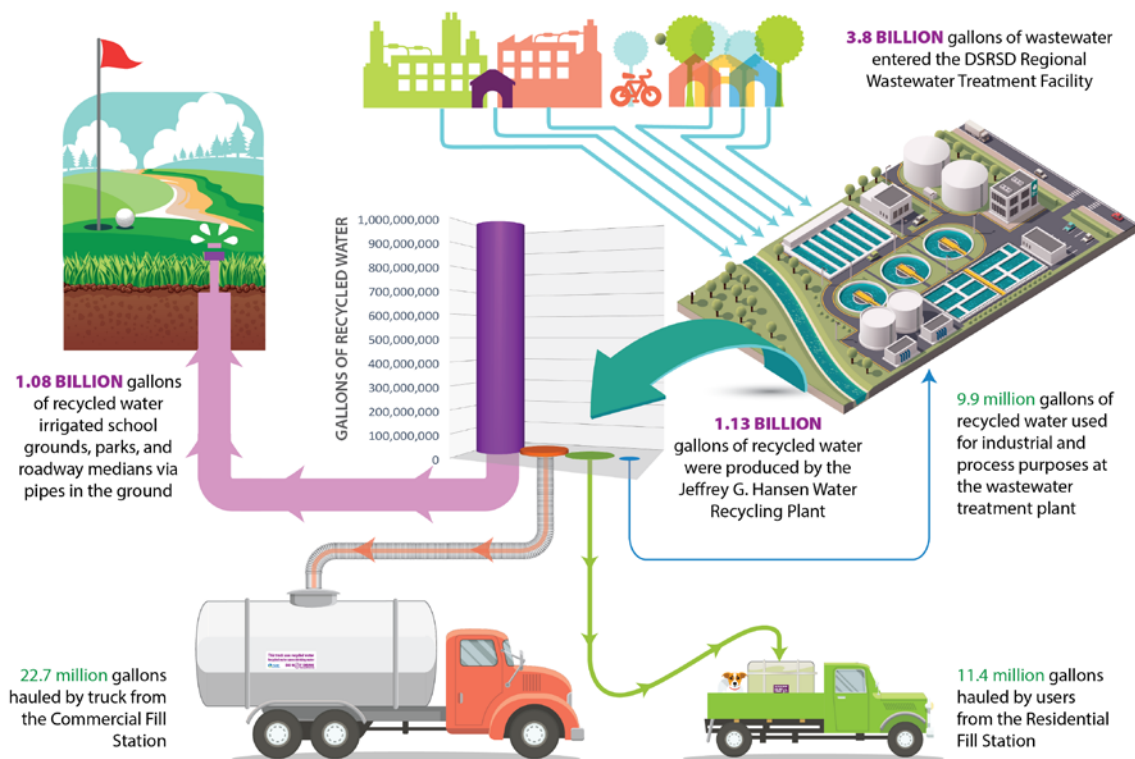
District Overview & Economic Conditions

The District's drought response plan includes targeted restrictions in water use, public outreach and education, and implementation of previously adopted water shortage rates. In addition, the District has worked with customers to convert landscape irrigation from potable water to recycled water where practical and cost-effective. The District also conducted a study of alternatives for improving long-term water reliability. This study led to the adoption of a revised policy on water supply and conservation and collaboration with other Tri-Valley water agencies in investigating the feasibility of indirect potable reuse in the region.



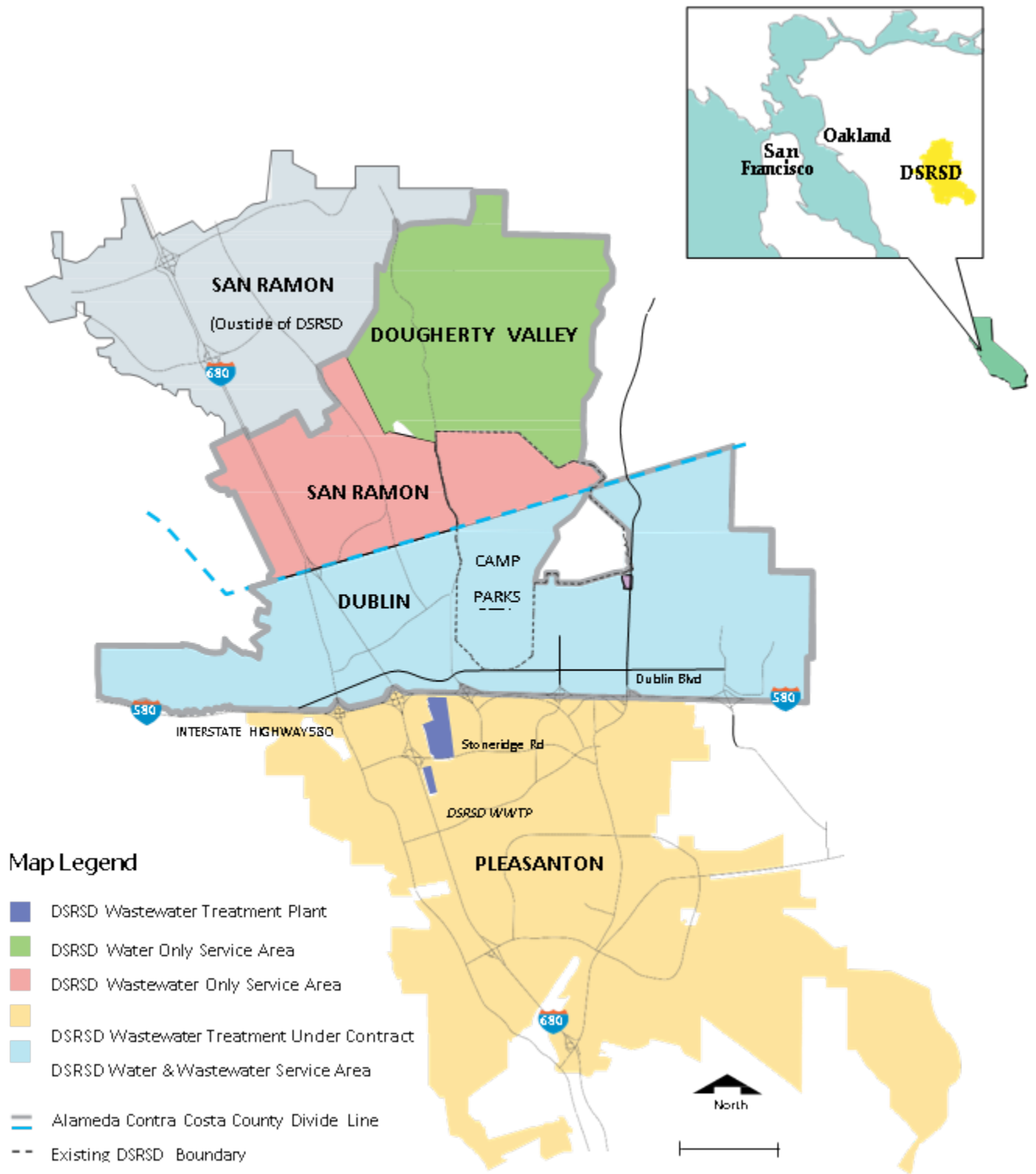
Recycled Water Uses in Fiscal Year 2016

Providing 24% of overall water supply in the Dublin San Ramon Services District service area



Executive Overview

Service Area Map



Executive Overview

Annual Budget Process

Dublin San Ramon Services District operates on a fiscal year which runs July 1 through June 30. In this document, if a year is used, it means the end of the fiscal year; for example, 2017 refers to the fiscal year ending June 30, 2017. "Fiscal year ending" is abbreviated as "FYE".

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

The District's budget process started at the January 2017 management retreat which identified strengths, weaknesses, opportunities, and threats facing DSRSD. From that exercise management developed revenue estimates and forecasted expenses for the ensuing two fiscal years. The District's General Manager provided guidance to division management regarding budget development. Senior Managers revised division budgets as appropriate prior to General Manager review before presentation to the Board.

All Board discussions are held in open session and all materials are made publicly available in accordance with the Brown Act. The Board will receive a detailed budget presentation at its May 16, 2017 meeting. A noticed public hearing will be held on June 6, 2017 providing the public the opportunity to formally make comments regarding the budget directly to the Board prior to adoption.

Financial Overview

Description of Funds

Working Capital in Operations Funds

The District funds operations from its enterprise and rate stabilization funds. Operating reserves, referred to as “working capital,” are defined as current assets minus current liabilities. Working capital is a measure of available resources to meet fluctuations in cash flows.

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

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

The District’s *Financial Reserves Policy* (P400-15-1) establishes reserve guidelines for enterprise, replacement, and expansion funds.

Enterprise Funds

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

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

Rate Stabilization Funds

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

The estimated transfer of funds between the enterprise and rate stabilization funds in accordance with the District’s Financial Reserves Policy is reflected in the budget. Cell tower lease and property tax revenues are recorded in the water rate stabilization fund.

Financial Overview

Description of Funds

Replacement Funds

Replacement 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 preliminary 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, including debt service for assets built to serve new development. Capacity reserve fees, which are considered “non-operating” revenue, are recognized upon receipt but may not be used for many years until the need arises.

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

Administrative Cost Center

The District uses the Administrative Cost Center to capture costs that are not specifically identifiable to any one of its enterprises. Costs for all of the District’s administrative divisions are included in this fund. General administrative costs for services provided to two joint powers authorities (DERWA and LAVWMA) are also recorded 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.

Financial Overview

Description of Funds

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.

Basis of Accounting

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

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

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

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

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

Article XIII B 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.

Working Capital

The following pages summarize the District's overall financial picture by individual fund, including revenue and expenses, as well as cash activity that is not accounted for as a revenue or expense (such as loans). The fund schedules are grouped by enterprise, followed by the Administrative Cost Center, the Other Post-Employment Benefits Fund, and the Dougherty Valley Standby Assessment District Fund. Financial reserve/working capital targets and status for each enterprise are included for each fiscal year.

Financial Overview

Working Capital by Fund Families

Local Wastewater Fund Group (200 Series)

The Local Wastewater funds account for operations (200), replacement (210), and expansion (220) related to wastewater collection. The service area consists of the city of Dublin and the southern part of San Ramon.

Service charge rates for the Local Wastewater Enterprise Fund were reduced in 2008, with minimal rate increases through 2016. Employee count was reduced from 11 FTE to 8 FTE (including allocated staff) in conjunction with the economic recession. Since that time, miles of sanitary sewers have increased from 185.5 to 206.0 (11 percent), and the service area population expanded by over 37 percent. In recent years, maintenance has been reactive versus proactive and the projected net change in working capital for FYE 2017 was a negative \$152,000.

Local Wastewater and Regional Wastewater rate studies completed in April 2017 identified further issues in the Local Wastewater fund group pertaining to transfers from the enterprise fund (200) to the replacement fund (210). Transfers, historically at \$287,000 per year, were insufficient to cover projected replacement costs over the upcoming 10-year cycle as identified in the new Asset Management Program. In addition, the replacement fund relied heavily on developer capacity reserve fees, a revenue source earmarked to sunset over the next 8 to 10 years with the buildout of Dublin. To correct the negative cash flow, and to provide an influx of capital replacement funding, rates are proposed to increase substantially over the next five years. Continued growth in the customer base also will contribute to improving the financial condition of this enterprise.

In order to correct the maintenance issues existing in this enterprise, two new positions are proposed for this fund group in FYE 2018.

As can be seen in the FYE 2018 and 2019 working capital statements below, the service charge revenues to the enterprise fund will increase until the working capital trend reverses and becomes positive over the next five years. Salary and benefits will increase to reflect the two new FTE positions proposed in FYE 2018, and funding to the replacement fund will increase from the current \$287,000 in FYE 2017 to \$567,900 in FYE 2018 and \$685,000 in FYE 2019. Based on actual cash flow, it may be necessary to curtail these transfers for two to three years. Finally, contracts increased by approximately \$100,000 from FYE 2017 to 2018 due to the cost of the new Field Office Facility and other expenses.

For FYE 2018, the Wastewater Expansion Fund (220) will loan the Wastewater Replacement Fund (210) \$5 million for a period of six years to bridge the cash flow needed for the upcoming Dublin Boulevard Lift Station Relocation (\$1.9 million) and the Dublin Trunk Sewer Rehabilitation (\$6.6 million) starting in the summer of 2017. This will ensure the replacement fund has sufficient reserves to meet the Board's reserve policy limits during construction of these major projects. Over the next five years, rate increases in the enterprise fund will replace this working capital.

The Wastewater Expansion fund (220) is funded primarily by developer capacity reserve fees. This capital improvement project fund has \$513,750 earmarked for the upcoming two budget years for master planning. The reserve levels, even after the above loan, are above the minimum policy levels. At the end of FYE 2018, the combined working capital of the enterprise and RSF funds is estimated to be 2.56 months of operating expenses, in conformance with Board policy. At the end of FYE 2019, the combined working capital is estimated to be negative \$95,000, well below the policy level, which will reverse itself as service change rates move upward.

Local Wastewater Fund Groups - Change in Working Capital

FYE 2018 PROPOSED OPERATING BUDGET	Local Wastewater Enterprise 200	Local Wastewater RSF 205	Local Wastewater Replacement 210	Local Wastewater Expansion 220
(Estimated) Ending Working Capital July 1, 2017	926,611	795,650	6,853,702	7,566,446
Revenues:				
Total Service Charges	2,575,811	-	-	-
Capacity Reserve Fees	-	-	898,893	874,072
Other Revenues	20,683	-	-	549,196
Interest	12,214	7,957	26,896	70,007
Total Revenues	2,608,708	7,957	925,789	1,493,275
Transfers In:				
Replacement Allocations	-	-	567,900 ⁽¹⁾	-
Interfund Loan	-	-	5,000,000 ⁽²⁾	-
Total Transfers In	-	-	5,567,900	-
Total Revenue	2,608,708	7,957	6,493,689	1,493,275
Operating Expenses:				
Salaries & Benefits	1,997,994	-	-	400,764
Materials & Supplies	99,178	-	10,800	1,580
Contracts	181,629	-	800	59,220
Other	24,525	-	-	280
Debt Service	-	-	-	-
Capital Outlay	-	-	52,276	-
Allocated Costs	804,173	-	-	158,224
Total Operating Expenses	3,107,499	-	63,876	620,068
<i>Capital Projects - Proposed Fund Limits</i>	-	-	6,384,082	534,330
Transfers Out:				
Replacement Allocations	567,900 ⁽¹⁾	-	-	-
Interfund Loan	-	-	-	5,000,000 ⁽²⁾
Total Transfers Out	567,900	-	-	5,000,000
Total Expenses	3,675,399	-	6,447,958	6,154,398
Net increase (decrease) pre RSF	(1,066,691)	7,957	45,731	(4,661,123)
Ending Working Capital pre RSF	(140,080)	803,607	6,899,433	2,905,322
RSF Transfer In (Out)	200,902	(200,902)	-	-
Net increase (decrease) post RSF	(865,789)	(192,945)	45,731	(4,661,123)
(Estimated) Ending Working Capital June 30, 2018	\$ 60,822	\$ 602,705	\$ 6,899,433	\$ 2,905,322

FYE 2019 PROPOSED OPERATING BUDGET	Local Wastewater Enterprise 200	Local Wastewater RSF 205	Local Wastewater Replacement 210	Local Wastewater Expansion 220
(Estimated) Ending Working Capital July 1, 2018	60,822	602,705	6,899,433	2,905,322
Revenues:				
Total Service Charges	3,121,140	-	-	-
Capacity Reserve Fees	-	-	1,091,155	1,061,024
Other Revenues	20,683	-	-	565,672
Interest	8,030	8,036	20,716	72,487
Total Revenues	3,149,853	8,036	1,111,871	1,699,183
Transfers In:				
Replacement Allocations	-	-	685,800 ⁽¹⁾	-
Interfund Loan Repaid	-	-	-	833,333 ⁽²⁾
Total Transfers In	-	-	685,800	833,333
Total Revenue	3,149,853	8,036	1,797,671	2,532,516
Operating Expenses:				
Salaries & Benefits	2,079,603	-	-	420,135
Materials & Supplies	97,260	-	10,800	1,580
Contracts	183,361	-	800	37,220
Other	24,525	-	-	280
Contribution to JPA	-	-	-	-
Debt Service	-	-	-	-
Capital Outlay	-	-	16,800	-
Allocated Costs	845,514	-	-	168,629
Total Operating Expenses	3,230,263	-	28,400	627,845
<i>Capital Projects - Proposed Fund Limits</i>	-	-	1,726,764	-
Transfers Out:				
Replacement Allocations	685,800 ⁽¹⁾	-	-	-
Interfund Loan Repayment	-	-	833,333 ⁽²⁾	-
Total Transfers Out	685,800	-	833,333	-
Total Expenses	3,916,063	-	2,588,497	627,845
Net increase (decrease) pre RSF	(766,210)	8,036	(790,827)	1,904,671
Ending Working Capital pre RSF	(705,387)	610,741	6,108,607	4,809,994
RSF Transfer In (Out)	610,741	(610,471)	-	-
Net increase (decrease) post RSF	(155,469)	(602,705)	(790,827)	1,904,671
(Estimated) Ending Working Capital June 30, 2019	\$ (94,646)	\$ -	\$ 6,108,607	\$ 4,809,994

Financial Overview

Working Capital by Fund Families

Regional Wastewater Fund Groups (300 series)

The Regional Wastewater funds account for the operations (300), replacement (310), and expansion (320) related to wastewater treatment. The service area consists of the city of Dublin, the southern part of San Ramon and the city of Pleasanton (under contract).

Rates for the Regional Wastewater enterprise have increased with CPI from July 2012 to June 2016. The Regional Wastewater enterprise is in a very strong financial condition. As a result, there were no rate increases in FYE 2016 and 2017, and none is proposed in FYE 2018 for single-family residential customers. In addition, based on the April 2017 rate study, the majority of commercial customers will see reduced treatment rates. A CPI adjustment to Regional rates is proposed starting in FYE 2019 for all customer categories.

Service charge revenues in the enterprise fund (300) are estimated to increase in FYE 2018 by six percent due to growth in the service area and by four percent in FYE 2019 from growth and CPI adjustments. Other revenues and interest income in FYE 2018 and 2019 remain fairly consistent with FYE 2017. This enterprise is adding three new FTEs to address deferred maintenance and transition to an aggressive preventative maintenance program as a vital element is a comprehensive Asset Management Program. Contract expense is expected to increase by approximately \$450,000 in FYE 2018 due to expanded janitorial service for the Field Office Facility and equipment replacement. Other expenditures are consistent with FYE 2017.

Transfers from the Enterprise fund to the replacement reserve fund (310) will increase from the FYE 2017 level of \$2.5 million to \$4.5 million per year over the next 10 years. This can be seen in the transfers-out section of the working capital table below (1). Starting in FYE 2018, approximately \$90,000 per year will be transferred from the enterprise fund to the expansion fund (320) for the Pleasanton advance sale of sewer permits (2).

FYE 2017 is the third and last year of additional payments to CalPERS to help manage long-term pension liabilities. As a result, this payment of \$2.8 million does not appear in the proposed budget for this fund group.

At the end of FYE 2018 the combined working capital of the enterprise and RSF funds is estimated to be 10.86 months of operating expenses plus debt service. At the end of FYE 2019, the combined working capital is estimated to be 12.08 months of operating expenses plus debt service, slightly above the Board's policy maximum.

Replacement (310) funds are used to replace and improve the Regional Wastewater Treatment Facility. Expansion (320) funds are used to expand the facility and related appurtenances to process future wastewater flows. The replacement and expansion funds for the Regional Wastewater enterprise are very well funded, with ending balances for FYE 2019 of \$24.3 million and \$58.1 million, respectively.

FYE 2018 PROPOSED OPERATING BUDGET	Regional Wastewater Enterprise 300	Regional Wastewater RSF 305	Regional Wastewater Replacement 310	Regional Wastewater Expansion 320
(Estimated) Ending Working Capital July 1, 2017	5,805,726	7,903,986	22,644,610	51,918,320
Revenues:				
Total Service Charges	21,253,849	-	-	-
Capacity Reserve Fees	-	-	2,614,672	15,870,684
Other Revenues	629,822	-	-	43,063
Interest	122,215	79,101	202,342	487,991
Total Revenues	22,005,886	79,101	2,817,014	16,401,738
Transfers In:				
Replacement Allocations	-	-	2,710,000 ⁽¹⁾	-
Pleasanton Advance Sale Sewer Permits	-	-	-	88,919 ⁽²⁾
Total Transfers In	-	-	2,710,000	88,919
Total Revenue	22,005,886	79,101	5,527,014	16,490,657
Operating Expenses:				
Salaries & Benefits	7,136,722	-	-	76,091
Materials & Supplies	2,378,763	-	51,300	440
Contracts	1,005,616	-	500	53,160
Other	2,446,149	-	-	337,238
Debt Service	1,464,483	-	-	4,313,856
Capital Outlay	-	-	650,234	-
Allocated Costs	2,890,761	-	-	30,576
Total Operating Expenses	17,322,494	-	702,034	4,811,361
<i>Capital Projects - Proposed Fund Limits</i>	-	-	3,914,117	10,328,019
Transfers Out:				
Replacement Allocations	2,710,000 ⁽¹⁾	-	-	-
Pleasanton Advance Sale Sewer Permits	88,919 ⁽²⁾	-	-	-
Total Transfers Out	2,798,919	-	-	-
Total Expenses	20,121,413	-	4,616,151	15,139,380
Net increase (decrease) pre RSF	1,884,474	79,101	910,863	1,351,278
Ending Working Capital pre RSF	7,690,200	7,983,088	23,555,473	53,269,597
RSF Transfer In (Out)	-	-	-	-
Net increase (decrease) post RSF	1,884,474	79,101	910,863	1,351,278
(Estimated) Ending Working Capital June 30, 2018	\$ 7,690,200	\$ 7,983,088	\$ 23,555,473	\$ 53,269,597

FYE 2019 PROPOSED OPERATING BUDGET	Regional Wastewater Enterprise 300	Regional Wastewater RSF 305	Regional Wastewater Replacement 310	Regional Wastewater Expansion 320
(Estimated) Ending Working Capital July 1, 2018	7,690,200	7,983,088	23,555,473	53,269,597
Revenues:				
Total Service Charges	22,115,091	-	-	-
Capacity Reserve Fees	-	-	3,021,146	18,094,130
Other Revenues	642,419	-	-	43,063
Interest	133,288	79,892	246,147	537,775
Total Revenues	22,890,797	79,892	3,267,293	18,674,968
Transfers In:				
Replacement Allocations	-	-	2,920,000 ⁽¹⁾	-
Pleasanton Advance Sale Sewer Permits	-	-	-	88,919 ⁽²⁾
Total Transfers In	-	-	2,920,000	88,919
Total Revenue	22,890,797	79,892	6,187,293	18,763,887
Operating Expenses:				
Salaries & Benefits	7,477,270	-	-	82,241
Materials & Supplies	2,429,894	-	51,300	440
Contracts	860,988	-	500	13,160
Other	2,446,149	-	-	337,238
Debt Service	1,464,003	-	-	4,313,022
Capital Outlay	-	-	229,800	-
Allocated Costs	3,077,845	-	-	32,701
Total Operating Expenses	17,756,149	-	281,600	4,778,801
<i>Capital Projects - Proposed Fund Limits</i>	-	-	5,126,225	9,189,750
Transfers Out:				
Replacement Allocations	2,920,000 ⁽¹⁾	-	-	-
Pleasanton Advance Sale Sewer Permits	88,919 ⁽²⁾	-	-	-
Total Transfers Out	3,008,919	-	-	-
Total Expenses	20,765,068	-	5,407,825	13,968,551
Net increase (decrease) pre RSF	2,125,730	79,892	779,468	4,795,335
Ending Working Capital pre RSF	9,815,929	8,062,980	24,334,941	58,064,932
RSF Transfer In (Out)	(937,855)	937,855	-	-
Net increase (decrease) post RSF	1,187,875	1,017,747	779,468	4,795,335
(Estimated) Ending Working Capital June 30, 2019	\$ 8,878,074	\$ 9,000,835	\$ 24,334,941	\$ 58,064,932

Financial Overview

Working Capital by Fund Families

Water Enterprise Fund Groups (600 series)

The Water funds account for the operations (600), replacement (610), and expansion (620) of the potable and recycled water systems. The District has provided recycled water service since 1999. The water service area consists of the city of Dublin, and Dougherty Valley in the west portion of the city of San Ramon.

Rates for the Water enterprise were reviewed in 2013 with the next study scheduled in 2018. This rate study will require major policy decisions by the Board and careful rate design as the District is transitioning from a period of heavy conservation to a period of normal water use. In addition, a recent court case may have implications for conservation pricing and tiered rate structures.

Potable water service charge revenue is projected to increase by 24.84 percent and 6.35 percent over the next two fiscal years, driven primarily by rate increases from the Tri-Valley's water wholesaler, Zone 7 Water Agency. Increases also reflect customer growth, the District's CPI adjustments, and projected increases in customer water use now that the drought is officially over. Other revenues and interest have remained relatively flat.

Salary and benefits will increase in the Water enterprise with the addition of two new FTE positions. As seen in the other fund families, adding staff will enable the District to provide a higher level of proactive maintenance. Between 2009 and 2016, miles of potable water mains increased by almost 10 percent and miles of recycled water mains increased by 25 percent. Proactive maintenance will be even more crucial as the recycling facility capacity expands by 70 percent in 2018 in conjunction with the DERWA project. Water purchase costs also increased substantially due to the Zone 7 charges and the anticipated demand for water. The additional CalPERS contributions of \$2 million ends in FYE 2017.

In the Water Replacement Fund (610), developer capacity reserve fees are projected to increase significantly over the next two years based on development information received from the planning departments in the cities of Dublin and San Ramon. Replacement allocation transfers from the enterprise fund are also increasing by \$400,000 in FYE 2018 and \$200,000 in FYE 2019 to address capital needs over the next 10 to 15 years. Both the replacement (610) and the expansion (620) funds are very well funded. If current trends continue, these funds may accumulate sufficient resources over the next 5 to 10 years to make a major investment in an alternative water supply project without the need for major rate increases. Additional details are contained in the *2018 – 2027 Capital Improvement Program Plan*.

At the end of FYE 2018, the combined working capital for enterprise and RSF is estimated to be 11.45 months of operating expenses plus debt service. At the end of FYE 2019 the combined working capital is estimated to be 12.19 months of operating expenses plus debt service, slightly in excess of the reserve maximum specified by Board policy.

The replacement fund for the Water enterprise is very well funded, with an ending FYE 2019 balance of \$17.4 million, representing a net gain of \$2.3 million over the two years.

FYE 2018 PROPOSED OPERATING BUDGET	Water Enterprise 600	Water RSF 605	Water Replacement 610	Water Expansion 620
(Estimated) Ending Working Capital July 1, 2017	10,743,447	14,127,902	15,135,695	21,254,455
Revenues:				
Total Service Charges	34,429,859	-	-	-
Capacity Reserve Fees	-	-	3,599,600	8,348,644
Other Revenues	549,441	713,244	3,875	1,406,296
Interest	109,976	124,808	142,455	187,052
Total Revenues	35,089,276	838,052	3,745,931	9,941,992
Transfers In:				
Replacement Allocations	-	-	2,901,000 ⁽¹⁾	-
Allocation Recycled Water Program Fund	-	-	1,500,000 ⁽²⁾	-
Debt Service	-	-	-	675,000 ⁽³⁾
Total Transfers In	-	-	4,401,000	675,000
Total Revenue	35,089,276	838,052	8,146,931	10,616,992
Operating Expenses:				
Salaries & Benefits	5,333,838	-	-	560,415
Materials & Supplies	17,162,425	-	267,900	382,785
Contracts	1,698,492	-	2,600	25,960
Other	2,174,299	35,000	-	846,714
Debt Service	-	-	-	2,214,569
Capital Outlay	-	-	169,293	-
Allocated Costs	2,122,683	-	-	222,489
Total Operating Expenses	28,491,737	35,000	439,793	4,252,932
<i>Capital Projects - Proposed Fund Limits</i>	-	-	4,919,526	8,338,461
Transfers Out:				
Replacement Allocations	2,901,000 ⁽¹⁾	-	-	-
Allocation Recycled Water Program Fund	1,500,000 ⁽²⁾	-	-	-
Debt Service	675,000 ⁽³⁾	-	-	-
Total Transfers Out	5,076,000	-	-	-
Total Expenses	33,567,737	35,000	5,359,319	12,591,392
Net increase (decrease) pre RSF	1,521,539	803,052	2,787,612	(1,974,400)
Ending Working Capital pre RSF	12,264,986	14,930,954	17,923,307	19,280,056
RSF Transfer In (Out)	-	-	-	-
Net increase (decrease) post RSF	1,521,539	803,052	2,787,612	(1,974,400)
(Estimated) Ending Working Capital June 30, 2018	\$ 12,264,986	\$ 14,930,954	\$ 17,923,307	\$ 19,280,056

FYE 2019 PROPOSED OPERATING BUDGET	Water Enterprise 600	Water RSF 605	Water Replacement 610	Water Expansion 620
(Estimated) Ending Working Capital July 1, 2018	12,264,986	14,930,954	17,923,307	19,280,056
Revenues:				
Total Service Charges	36,642,232	-	-	-
Capacity Reserve Fees	-	-	4,748,138	10,868,832
Other Revenues	565,627	731,532	3,875	1,799,787
Interest	129,671	132,884	137,975	216,085
Total Revenues	37,337,530	864,416	4,889,988	12,884,704
Transfers In:				
Replacement Allocations	-	-	3,101,000 ⁽¹⁾	-
Allocation Recycled Water Program Fund	-	-	1,500,000 ⁽²⁾	-
Debt Service	-	-	-	675,000 ⁽³⁾
Total Transfers In	-	-	4,601,000	675,000
Total Revenue	37,337,530	864,416	9,490,988	13,559,704
Operating Expenses:				
Salaries & Benefits	5,595,537	-	-	585,044
Materials & Supplies	18,052,481	-	289,900	426,455
Contracts	1,714,369	-	2,600	15,960
Other	2,174,299	35,000	-	846,714
Debt Service	-	-	-	2,212,169
Capital Outlay	-	-	30,400	-
Allocated Costs	2,265,661	-	-	236,783
Total Operating Expenses	29,802,347	35,000	322,900	4,323,125
<i>Capital Projects - Proposed Fund Limits</i>	-	-	9,662,850	6,223,152
Transfers Out:				
Replacement Allocations	3,101,000 ⁽¹⁾	-	-	-
Allocation Recycled Water Program Fund	1,500,000 ⁽²⁾	-	-	-
Debt Service	675,000 ⁽³⁾	-	-	-
Total Transfers Out	5,276,000	-	-	-
Total Expenses	35,078,347	35,000	9,985,750	10,546,277
Net increase (decrease) pre RSF	2,259,183	829,416	(494,762)	3,013,427
Ending Working Capital pre RSF	14,524,169	15,760,369	17,428,545	22,293,483
RSF Transfer In (Out)	-	-	-	-
Net increase (decrease) post RSF	2,259,183	829,416	(494,762)	3,013,427
(Estimated) Ending Working Capital June 30, 2019	\$ 14,524,169	\$ 15,760,369	\$ 17,428,545	\$ 22,293,483

Financial Overview

Working Capital by Fund Families

Internal Service Funds Group (900 Series)

The District has three internal service funds, Administrative Costs Center (900), Other Post-Employment Benefits (965), and Dougherty Valley Standby Assessment District (995).

Administrative Cost Center

The Administrative Cost Center (900) captures costs that are not specifically identifiable to any one of the District's operational activities. A majority of the cost for the Administrative Services Department is included in this fund. Revenue is generated in the fund for general administrative services provided to the two joint powers authorities (DERWA and LAVWMA), the Dougherty Valley Standby Assessment District and miscellaneous services to customers and other agencies. The net fund costs are allocated across funds of the District's three main enterprises based upon staff cost allocations.

The Administrative Cost Center budgets are \$6.2million and \$6.6 million for FYE 2018 and FYE 2019 respectively. The FYE2018 budget reflects a \$580,000 increase over FYE 2017; \$200,000 of the increase is for projected cost increases in salary and benefits and the balance is an increase in contracts for professional services to assist with records management and information technology services and maintenance.

Other Post-Employment Benefits Fund

The Other Post-Employment Benefits (OPEB) Fund records transactions between the District and California Employers' Retiree Benefit Trust (CERBT), an irrevocable trust established to fund future OPEB costs. The fund reflects the costs of current retiree benefits and the amount that may be drawn from CERBT to cover these costs. As of the last OPEB actuarial valuation in 2015 the funding in CERBT has reached the point where the District may elect to draw funds from the trust to cover current retiree benefits. The FYE 2018 and FYE 2019 budgets reflect the Districts ability to draw from CERBT to cover current retiree benefit costs.

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 of approximately \$1.5 million is levied each year. All assessments received for the DVSAD, as well as related expenses, are accounted for in this fund. The revenue collected from the assessment are submitted to Zone 7 to cover State Department of Water Resources projects. The fund has no projected increases in revenue or expenses in the next two year cycle as the maximum amount that may be assessed per parcel has been reached.

FYE 2018 PROPOSED OPERATING BUDGET	Administrative Cost Center 900	OPEB 965	DV Standby District 995
(Estimated) Ending Working Capital July 1, 2017	-	-	1,080,870
Revenues:			
Total Service Charges	-	-	-
Other Revenues	1,135,007	-	1,530,156
Interest	-	1,165	-
Total Revenues	1,135,007	1,165	1,530,156
Transfers In:			
Replacement Allocations	-	-	-
Interfund Loan	-	-	-
Debt Service	-	-	-
Total Transfers In	-	-	-
Total Revenue	1,135,007	1,165	1,530,156
Operating Expenses:			
Salaries & Benefits	5,295,772	854,331	-
Materials & Supplies	218,505	-	-
Contracts	1,781,241	-	1,534,802
Other	68,394	-	-
Debt Service	-	-	-
Capital Outlay	-	-	-
Allocated Costs	(6,228,905)	-	-
Total Operating Expenses	1,135,007	854,331	1,534,802
<i>Capital Projects - Proposed Fund Limits</i>	-	-	-
Transfers Out:			
Replacement Allocations	-	-	-
Interfund Loan	-	-	-
Debt Service	-	-	-
Total Transfers Out	-	-	-
Total Expenses	1,135,007	854,331	1,534,802
Net increase (decrease) pre RSF	-	-	-
Ending Working Capital pre RSF	-	-	-
RSF Transfer In (Out)	-	-	-
Net increase (decrease) post RSF	-	(853,166)	(4,646)
(Estimated) Ending Working Capital June 30, 2018	\$ -	\$ -	\$ 1,076,224

FYE 2019 PROPOSED OPERATING BUDGET	Administrative Cost Center 900	OPEB 965	DV Standby District 995
(Estimated) Ending Working Capital July 1, 2018	-	-	1,076,224
Revenues:			
Total Service Charges	-	-	-
Other Revenues	1,135,292	-	1,530,156
Interest	-	1,177	-
Total Revenues	1,135,292	1,177	1,530,156
Transfers In:			
Replacement Allocations	-	-	-
Interfund Loan Repaid	-	-	-
Debt Service	-	-	-
Total Transfers In	-	-	-
Total Revenue	1,135,292	1,177	1,530,156
Operating Expenses:			
Salaries & Benefits	5,527,230	914,003	-
Materials & Supplies	197,324	-	-
Contracts	1,969,476	-	1,534,849
Other	68,394	-	-
Debt Service	-	-	-
Capital Outlay	-	-	-
Allocated Costs	(6,627,132)	-	-
Total Operating Expenses	1,135,292	914,003	1,534,849
<i>Capital Projects - Proposed Fund Limits</i>	-	-	-
Transfers Out:			
Replacement Allocations	-	-	-
Interfund Loan Repayment	-	-	-
Debt Service	-	-	-
Total Transfers Out	-	-	-
Total Expenses	1,135,292	914,003	1,534,849
Net increase (decrease) pre RSF	-	-	-
Ending Working Capital pre RSF	-	-	-
RSF Transfer In (Out)	-	-	-
Net increase (decrease) post RSF	-	(912,826)	(4,693)
(Estimated) Ending Working Capital June 30, 2019	\$ -	\$ -	\$ 1,071,532

Financial Overview

Operating Revenue

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 and proposed rates and fees, as well as anticipated annual increases to the Consumer Price Index (CPI) or Construction Cost Index (CCI). A consumption level based on recent post-drought trends, 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.drsrd.com/your-account/rates-fees.

The following chart summarizes the District operating revenues.

	Actual FYE 15	Actual FYE 16	Adopted FYE 17	Budget FYE 18	Budget FYE 19
Revenue by Type					
Service Charges	\$ 44,733,175	\$ 45,372,033	\$ 50,091,008	\$ 58,259,520	\$ 61,878,463
Capacity Reserve Fees	29,905,252	34,462,453	22,249,059	32,206,566	38,884,424
Other Revenues	8,643,456	9,106,623	7,027,557	6,580,783	7,038,106
Interest	958,041	1,639,423	1,142,908	1,574,179	1,724,163
Total	\$ 84,239,924	\$ 90,580,532	\$ 80,510,532	\$ 98,621,048	\$ 109,525,156
% Change		7.53%	-11.12%	22.49%	11.06%

Service Charges

Total Service Charge revenue is anticipated to grow by 16.31 percent in FYE 2018 and 6.21 percent in FYE 2019. The increases in FYE 2018 is primarily due to an increase in water costs passed through from Zone 7. Additional discussion of service charges for each enterprise fund follows.

	Actual FYE 15	Actual FYE 16	Adopted FYE 17	Budget FYE 18	Budget FYE 19
Service Charges by Fund					
Local Wastewater Enterprise	\$ 2,149,476	\$ 2,225,849	\$ 2,408,528	\$ 2,575,811	\$ 3,121,140
Regional Wastewater Enterprise	19,398,132	19,866,369	20,102,912	21,253,850	22,115,091
Water Enterprise					
Potable Water	18,911,366	19,070,945	22,951,788	28,570,600	30,384,306
Recycled Water	3,670,495	3,629,904	3,851,996	5,235,019	5,602,586
Power Charge	603,706	578,966	775,784	624,240	655,340
Total	\$ 44,733,175	\$ 45,372,033	\$ 50,091,008	\$ 58,259,520	\$ 61,878,463
% Change		1.43%	10.40%	16.31%	6.21%

Financial Overview

Operating Revenue

Local Wastewater Service Charges

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

Local Wastewater service charge rates are projected to increase by 21.48 percent and 17.68 percent over the next two fiscal years for a single-family residence to cover the cost of service identified by the rate study completed in April 2017. Fees have decreased or remained relatively flat since 2007; rate increases are needed now to fund maintenance and replacement costs on the existing infrastructure.

Historical Rate Summary

Below is recap of the historical and proposed bi-monthly rate for a single-family residence.

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%
July 1, 2017 proposed	\$14.14	21.48%
July 1, 2018 proposed	\$16.64	17.68%

Financial Overview

Operating Revenue

Regional Wastewater Service Charges

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

Based on the rate study completed in April 2017, Regional Wastewater rates will not increase for a single-family residence in FYE 2018 and are projected to decrease for the majority of our commercial customers. The budget has assumed two percent CPI increase for all customer categories in FYE 2019 and beyond.

Historical Rate Summary

Below is recap of the historical and proposed bi-monthly rate for a single-family residence.

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%
July 1, 2017 proposed	\$52.09	0.00%
July 1, 2018 proposed	\$53.13	2.00%

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 purchased from Zone 7; this expense represents the largest cost to the Water Enterprise Fund. 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.

Financial Overview

Operating Revenue

While wastewater revenues are largely predictable, water revenues are influenced by consumption, which is impacted by seasonal weather variations, water conservation measures, new housing, and a number of other factors.

The District does not directly control the wholesale cost of water. Zone 7 pricing increased 37 percent January 1, 2016 and 13 percent January 1, 2017. 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.

Potable water service charge revenue is projected to increase by 24.84 percent and 6.35 percent over the next two fiscal years, primarily driven by rate increases from Zone 7 and partially from customer growth and CPI adjustments to the District's cost of delivering water.

Historical Rate Summary

The District has a tiered residential rate structure, as follows:

- Tier 1: 0-10 ccf
- Tier 2: 11-34 ccf
- Tier 3: greater than 34 ccf

The most recent water rate study was completed in January 2013. Since July 1, 2013 the residential bimonthly fixed charge and tier rates have adjusted by CPI; per Government Code §53756(a), CPI adjustments are allowable through FYE 2018. The Zone 7 rate is a pass-through and is adjusted as the agency adopts rate changes.

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	\$2.40	\$0.53	\$1.11	\$1.48
January 1, 2016	\$34.31	\$3.29	\$0.54	\$1.13	\$1.51
February 1, 2017	\$35.23	\$3.72	\$0.55	\$1.16	\$1.55

A water rate study will be completed in 2018 to recommend rates effective January 1, 2019.

Financial Overview

Operating Revenue

Recycled Water Service Charges

Water recycling continues to be a prime focus for the District. With California’s water supply situation, recycled water is becoming increasingly critical to water resource conservation. DSRSD has worked many years in partnership with East Bay Municipal Utility District (EBMUD) to develop a comprehensive recycled water program for Dublin and San Ramon Valley customers. This effort is represented through the DSRSD-EBMUD Recycled Water Authority (DERWA). DERWA is currently delivering recycled water to irrigation customers in both Dublin and the Dougherty Valley portion of San Ramon. This program has been so successful that DERWA is currently expanding the water recycling plant. The expansion is anticipated to be completed by May 2018 and will boost local water recycling capacity by 70 percent.

Because recycled rates are established at a discount to the potable wholesale rate by the Board’s “Consolidated Water Enterprise” Policy, changes to recycled water rates fluctuate with changes in the Zone 7 wholesale rate and the DSRSD potable irrigation rate. Recycled water rate increases the past two years have been primarily driven by increases in the Zone 7 rate.

Historical Rate Summary

The District utilizes a formula driven approach to establish its recycled water rate, which is defined as follows: 90 percent of the combined rate of the District’s Zone 7 rate and the normal potable irrigation rate per ccf. Any temporary surcharge by Zone 7, such as a “drought surcharge” has always been excluded from the recycled water rate calculation.

Effective Date	Per CCF	% Change
January 1, 2008	\$2.34	0.00%
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%
January 1, 2016	\$3.79	10.50%
February 1, 2017	\$4.23	11.61%

Financial Overview

Operating Revenue

Power Charge

A power charge applies to service locations in Pressure Zones 2 – 4 (where water must be pumped above 389 feet in elevation). 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 for anticipated customer growth.

Historical Rate Summary

Effective Date	Per CCF	% Change
January 1, 2008	\$0.19	0.00%
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%

Financial Overview

Operating Revenue

Capacity Reserve Fees

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

Expansion – for future facilities that will be needed to support planned development

Buy-in – “buy-in” to existing facilities (net of the principal on any related debt) that are available to serve development

Debt – for the principal and interest costs associated with the “expansion” portion of facilities built to support growth (when projects are allocated between current and future customers when built; only the “future” portion of those facilities funded by debt are included)

Capacity Reserve Fee revenue is cyclical and tied to new building activity. Fees are projected to increase significantly in FYE 2018 and FYE 2019 based on development information received from the Dublin and San Ramon planning departments. Below is a summary of actual and budgeted capacity reserve fees.

	Actual FYE 15	Actual FYE 16	Adopted FYE 17	Budget FYE 18	Budget FYE 19
Capacity Reserve Fees by Fund					
Local Wastewater Replacement	\$ 580,221	\$ 642,674	\$ 540,469	\$ 898,893	\$ 1,091,155
Local Wastewater Expansion	564,200	625,027	525,544	874,072	1,061,024
Regional Wastewater Replacement	2,832,947	2,613,075	1,789,601	2,614,672	3,021,146
Regional Wastewater Expansion	18,504,827	16,993,575	11,286,317	15,870,684	18,094,130
Water Replacement	1,952,264	3,573,671	2,224,584	3,599,600	4,748,137
Water Expansion	5,470,793	10,014,431	5,882,544	8,348,645	10,868,832
Total	\$ 29,905,252	\$ 34,462,453	\$ 22,249,059	\$ 32,206,566	\$ 38,884,424
% Change		15.24%	-35.44%	44.75%	20.73%

Local Wastewater capacity reserve fees are comprised of expansion and “buy-in” components; there is no debt component. Regional Wastewater capacity reserve fees include a debt component for LAVWMA – issued 2011 Sewer Revenue Refunding Bonds. Water capacity reserve fees include a debt component for 2011 Water Revenue Refunding Bonds.

Financial Overview

Operating Revenue

In conjunction with an update to the *Water System Master Plan*, a Water capacity reserve fee study was completed in May 2016 and resulted in a 2.86 percent increase to the fee (less than the Engineering News Record inflation rate for that year). On July 1 of each year, the District adjusts the components of water capacity reserve fees, except for the debt component, by the ENR Construction Cost Index for the San Francisco Bay Area. The fee study is available at www.dsrds.com/about-us/library/financial-information.

The last Local Wastewater fee study was completed in 2010. In conjunction with an update to the *Wastewater Collection System Master Plan*, an updated wastewater capacity reserve fee study will be completed within the two-year budget cycle.

Financial Overview

Operating Revenue

Other Revenue

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

	Actual FYE 15	Actual FYE 16	Adopted FYE 17	Budget FYE 18	Budget FYE 19
Other Revenue by Fund					
Local Wastewater Enterprise	\$ 85,698	\$ 72,060	\$ -	\$ 20,683	\$ 20,683
Local Wastewater Expansion	1,019,018	1,072,490	533,200	549,196	565,672
Regional Wastewater Enterprise	556,885	583,704	497,000	629,822	642,419
Regional Wastewater Expansion	43,095	29,960	-	43,063	43,063
Water Enterprise	682,467	656,855	536,562	549,441	565,626
Water Rate Stabilization	634,590	713,227	564,308	713,244	731,532
Water Replacement	35,805	3,875	3,875	3,875	3,875
Water Expansion	2,328,898	2,822,943	2,227,726	1,406,296	1,799,787
Administrative Cost Center	1,653,142	1,598,789	1,134,730	1,135,007	1,135,293
Other Post-Employment Benefits	61,425	5,646		-	-
DV Standby Assessment District	1,542,433	1,547,074	1,530,156	1,530,156	1,530,156
Total	\$ 8,643,456	\$ 9,106,623	\$ 7,027,557	\$ 6,580,783	\$ 7,038,106
% Change		5.36%	-22.83%	-6.36%	6.95%

Below is a summary of Other Revenue by Type:

	Actual FYE 15	Actual FYE 16	Adopted FYE 17	Budget FYE 18	Budget FYE 19
Other Revenue by Type					
Administrative Fees	\$ 1,387,807	\$ 1,320,462	\$ 995,000	\$ 995,000	\$ 995,000
Backflow Prevention	215,595	234,715	175,000	179,200	183,501
Fireline Service	167,781	181,462	177,242	181,495	185,851
Inspections	1,926,924	2,367,146	1,083,320	1,119,824	1,148,363
Meter Assemblies	458,181	782,792	328,536	336,421	344,495
Miscellaneous Revenue	1,236,270	1,184,623	1,613,303	990,835	1,370,980
Penalties	132,049	111,900	130,000	130,000	130,000
Plan Check Fees	1,022,535	766,857	495,000	508,260	521,880
Property Tax	553,882	609,592	500,000	609,592	627,880
DV Standby Assessment District	1,542,432	1,547,074	1,530,156	1,530,156	1,530,156
Total	\$ 8,643,456	\$ 9,106,623	\$ 7,027,557	\$ 6,580,783	\$ 7,038,106
% Change		5.36%	-22.83%	-6.36%	6.95%

Financial Overview

Operating Revenue

Interest

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

Investment rates are at historical lows due to current Federal Reserve monetary policy; these rates are not expected to increase materially during the budget cycle.

	Actual FYE 15	Actual FYE 16	Adopted FYE 17	Budget FYE 18	Budget FYE 19
Interest by Fund					
Local Wastewater Enterprise	\$ 6,529	\$ 9,587	\$ 8,831	\$ 12,214	\$ 8,030
Local Wastewater Rate Stabilization	4,820	8,334	6,044	7,957	8,036
Local Wastewater Replacement	68,050	103,191	68,443	26,896	20,716
Local Wastewater Expansion	44,232	75,898	53,066	70,007	72,487
Regional Wastewater Enterprise	44,417	62,193	64,874	122,215	133,288
Regional Wastewater Rate Stabilization	54,042	83,938	58,977	79,101	79,892
Regional Wastewater Replacement	106,775	206,747	182,072	202,342	246,147
Regional Wastewater Expansion	262,929	492,216	273,170	487,991	537,775
Water Enterprise	89,949	110,864	102,464	109,976	129,671
Water Rate Stabilization	71,264	115,826	107,916	124,808	132,884
Water Replacement	75,347	145,998	105,782	142,455	137,975
Water Expansion	120,789	204,921	108,959	187,052	216,085
Administrative Cost Center	125	-	-	-	-
Other Post-Employment Benefits	2,019	2,455	2,310	1,165	1,177
DV Standby Assessment District	6,754	17,255	-	-	-
Total	\$ 958,041	\$ 1,639,423	\$ 1,142,908	\$ 1,574,179	\$ 1,724,163
% Change		71.12%	-30.29%	37.73%	9.53%

Financial Overview

Operating Expenses

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

The following charts summarize District operating expenses by fund and by expense type.

	Actual FYE 15	Actual FYE 16	Adjusted FYE 17	Budget FYE 18	Budget FYE 19
Total Expenses by Fund					
Local Wastewater Enterprise	\$ 3,473,266	\$ 1,884,328	\$ 2,144,404	\$ 3,107,498	\$ 3,230,262
Local Wastewater Replacement	855,465	247,313	265,750	63,876	28,400
Local Wastewater Expansion	829,797	592,862	741,633	620,068	627,844
Regional Wastewater Enterprise	23,442,542	15,121,871	16,851,773	17,322,492	17,761,148
Regional Wastewater Replacement	157,249	213,797	222,150	702,034	281,600
Regional Wastewater Expansion	4,098,841	3,559,432	4,769,674	4,811,361	4,778,802
Water Enterprise	22,355,153	18,218,127	21,248,126	28,491,735	29,802,346
Water Rate Stabilization (RSF)	18,536	(323,885)	20,000	35,000	35,000
Water Replacement	372,648	268,393	781,769	439,793	322,900
Water Expansion	5,529,011	4,317,339	4,379,128	4,252,932	4,323,125
Administrative Cost Center	1,653,267	1,598,789	1,134,730	1,135,011	1,135,294
Other Post-Employment Benefits	-	-	767,655	854,331	914,003
DV Standby Assessment District	1,736,324	615,266	1,530,156	1,534,802	1,534,849
Total	\$ 64,522,099	\$ 46,313,632	\$ 54,856,948	\$ 63,370,933	\$ 64,775,573
% Change		-28.22%	18.45%	15.52%	2.22%

	Actual FYE 15	Actual FYE 16	Adjusted FYE 17	Budget FYE 18	Budget FYE 19
Expenditure by Category					
Salary and Benefits	\$ 16,979,108	\$ 16,894,081	\$ 20,709,158	\$ 21,655,927	\$ 22,681,063
Materials	11,016,462	12,404,304	14,444,728	20,573,676	21,552,434
Contracts	6,243,606	5,413,744	5,953,281	6,344,020	6,343,283
Other	29,172,668	11,226,165	13,180,881	13,925,507	13,921,793
Capital Outlay	1,110,255	375,338	568,900	871,803	277,000
Total	\$ 64,522,099	\$ 46,313,632	\$ 54,856,948	\$ 63,370,933	\$ 64,775,573
% Change		-28.22%	18.45%	15.52%	2.22%

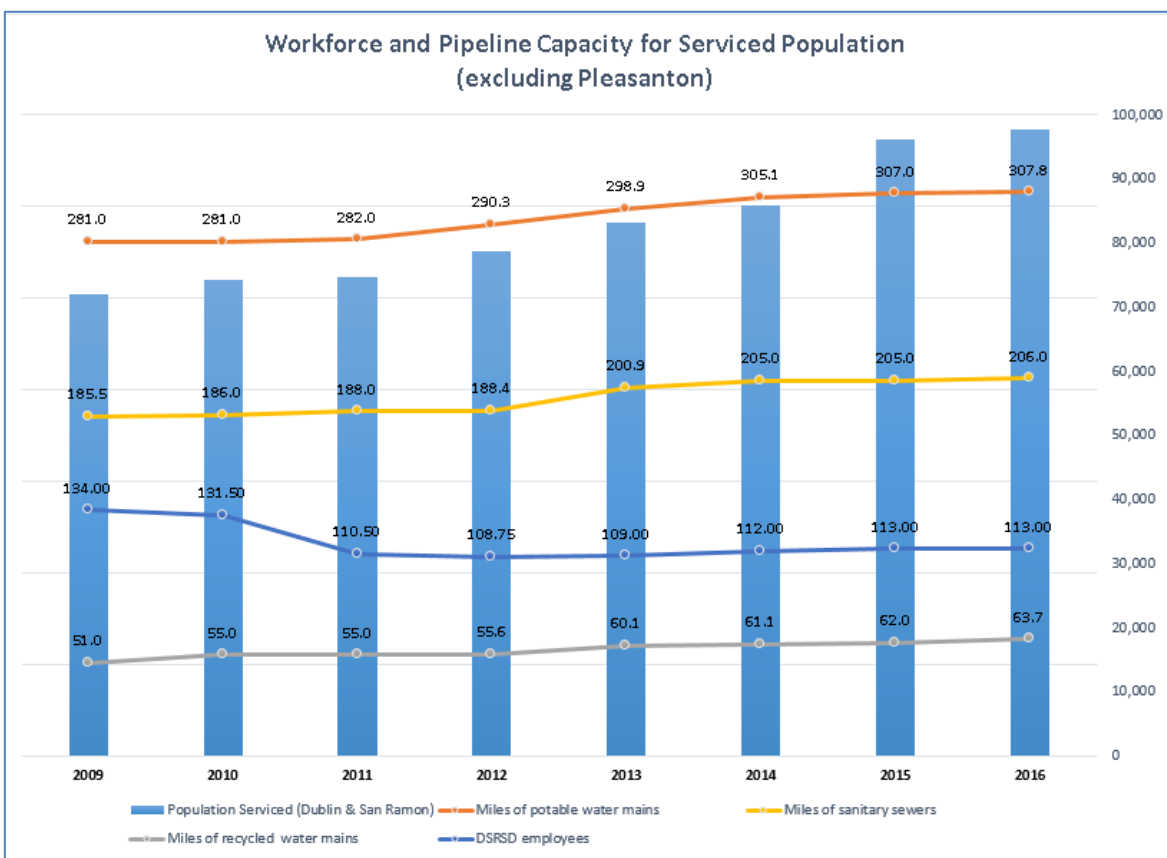
The changes driving expense increases by expenditure category are discussed in more detail on the following pages. Additional departmental detail is included in the Department Operating Budget section.

Financial Overview

Operating Expenses

Salary and Benefits

Staffing levels have remained at approximately 113.0 Full Time Equivalent (FTE) positions since the recession of 2009. The FYE 2018 and 2019 adopted budget includes seven new positions and one limited-term position. Over the past 10 years, DSRSD employee count has decreased 20 percent while service area population has increased 12 percent and utility systems have increased over 10 percent. The new positions have been adopted and incorporated into this budget to offer a high level of service to customers, maintain systems on a proactive basis, and fully implement an aggressive Asset Management Program. Position detail by division can be found in each division operating budget.



As in most service businesses, personnel costs are the District’s largest expense. Personnel expense is primarily comprised of salaries and benefits. While negotiated salary adjustments 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 8.0 percent each fiscal year and CalPERS employer contribution rates are 11.675 percent for FYE 2018 and 12.450 percent for FYE 2019.

Financial Overview

Operating Expenses

Personnel

The Board reviews all new position requests, authorizes total full time equivalent positions, and approves salary ranges for positions. Below is a summary of current and projected staffing levels. The adopted budget reflects the addition of 7.0 new FTE positions and one limited-term FTE. Of the 121 adopted employee count, 2.5 FTE are dedicated to LAVWMA, 2.0 FTE to DERWA, and 116.5 are exclusive to DSRSD.

	Actual FYE 15	Actual FYE 16	Adopted FYE 17	Budget FYE 18	Budget FYE 19
Personnel					
Executive & Legislative					
Office of General Manager	1.00	1.00	1.00	1.00	1.00
Executive Services	4.00	4.00	4.00	4.00	4.00
Communications	3.50	3.50	3.50	3.50	3.50
	8.50	8.50	8.50	8.50	8.50
Administrative Services					
Administrative Services Admin	2.00	1.50	1.50	1.50	1.50
Human Resources & Risk Mgmt	6.50	4.50	4.50	4.50	4.50
Financial Services	5.00	4.00	4.00	4.00	4.00
Customer Service & Billing	8.00	8.00	8.00	8.00	8.00
Information Technology Services	6.00	6.00	6.00	6.00	6.00
	27.50	24.00	24.00	24.00	24.00
Engineering					
Engineering Services Admin	2.00	2.50	2.50	2.50	2.50
Capital Improvement Projects	8.00	5.00	5.00	7.00	7.00 (1)
Planning & Permitting	9.00	9.00	10.00	11.00	11.00 (2)
Asset Management	3.00	2.00	2.00	-	- (1)
	22.00	18.50	19.50	20.50	20.50
Operations					
Operations Administration	5.00	5.00	5.00	1.00	1.00 (1)
Field Operations	11.00	12.00	12.00	16.00	16.00 (3)
Plant Operations	12.00	12.00	12.00	12.00	12.00
Mechanical Maintenance	13.00	14.00	14.00	15.00	15.00 (3)
Electrical & Automation	9.00	9.00	9.00	10.00	10.00 (3)
Laboratory & Technical Services	5.00	5.00	5.00	7.00	7.00 (1)
Operations Support Services	-	5.00	4.00	7.00	7.00 (1)
	55.00	62.00	61.00	68.00	68.00
Total	113.00	113.00	113.00	121.00	121.00
Change		-	-	8.00	-

- (1) Reflects the re-organization of the department to improve efficiencies.
- (2) Proposes one limited-term inspector for a three-year period to address increased workload from new development.
- (3) Proposes seven Operation Department positions to support the *Strategic Plan* emphasis on preventative maintenance; includes four water/wastewater systems operators, two mechanics, and one electrician.

Financial Overview

Operating Expenses

The proposed new positions included on page 46 are estimated to cost the District \$1,091,100 in additional salary and benefit costs in FYE 2018 and \$1,125,200 in FYE 2019. To offset the cost of these new positions, \$310,000 was removed from the Planning & Permitting budget for contract inspection services, and an additional \$167,000 was removed from the various Operations budgets for temporary positions. Permanent positions will gain efficiencies as they will provide an on-going and experienced employee base and eliminate the inefficiencies of temporary positions that need training and mentoring, but are only available for a six month equivalent basis.

Proposed Positions	Adopted FYE 17	Budget FYE 18	Budget FYE 19
Personnel			
Engineering			
Planning and Permitting	10.00	10.00	10.00
Three Year Limited Term Construction Inspector	-	1.00	1.00
	10.00	11.00	11.00
Operations			
Field Operations	12.00	12.00	12.00
Water/WW System Operator I	-	1.00	1.00
Water/WW System Operator I	-	1.00	1.00
Water/WW System Operator I	-	1.00	1.00
Water/WW System Operator I	-	1.00	1.00
	12.00	16.00	16.00
Mechanical Maintenance	14.00	14.00	14.00
Administrative Technician - moved to Support	-	-1.00	-1.00
Mechanic I	-	1.00	1.00
Mechanic I	-	1.00	1.00
	14.00	15.00	15.00
Electrical & Automation	9.00	9.00	9.00
Electrician	-	1.00	1.00
	9.00	10.00	10.00

Financial Overview

Operating Expenses

Employee Benefits

All regular and limited-term employees who work more than 1,000 hours per fiscal year are enrolled as “classic members” in the California Public Employees Retirement System (CALPERS) 2.7 percent @ age 55 retirement program (if employment with the District began prior to January 1, 2013, or, if hired after January 1, 2013, was a member of a public retirement system no more than 6 months prior to enrollment in CalPERS). New employees, who are designated “new members,” are enrolled in the CalPERS 2.0 percent @ age 62 plan in accordance with state law. Classic employees contribute 10 percent of salary toward their retirement (8 percent is the employee’s portion and 2 percent is paid by the employees on behalf of the employer, as negotiated in exchange for the current retirement plan). New members contribute 50 percent of the total normal cost of benefits (currently 6.25 percent of salary) toward retirement. The District’s employer contribution varies from year to year. For FYE 2017, the District’s employer contribution was 11.634 percent of salary. The contribution will be 11.675 percent in FYE 2018 and is projected to be 12.450 percent in FYE 2019.

All full-time employees and Board members are eligible to receive medical, dental, and vision benefits. Part-time employees receive prorated benefits. The Board annually reviews and sets the maximum premium that will be paid by the District (according to a cost sharing agreement in each of the labor contracts). Currently, the maximum monthly District contribution for medical is set at \$1,640 per month. The District provides retiree medical coverage subject to a vesting schedule established by the healthcare provider. Retiree dental coverage is provided to employees hired prior to July 1, 2014 (in accordance with contracts). Funding of these benefits is from the Other Post- Employment Benefits (OPEB) fund.

The District budgets each year’s expense for future post-employment benefits as a percentage of wages. For FYE 2018 and 2019, the District budgeted seven percent of salaries for future post-employment benefits. Contributions are based upon an actuarial study that is completed every two years.

	Actual FYE 15	Actual FYE 16	Adjusted FYE 17	Budget FYE 18	Budget FYE 19
Salary and Benefits by Fund					
Local Wastewater Enterprise	\$ 1,205,025	\$ 1,346,037	\$ 1,385,052	\$ 1,997,994	\$ 2,079,603
Local Wastewater Replacement	22	-	-	-	-
Local Wastewater Expansion	327,712	355,897	328,086	400,764	420,135
Regional Wastewater Enterprise	6,306,962	6,280,572	7,389,939	7,136,722	7,477,270
Regional Wastewater Replacement	-	-	-	-	-
Regional Wastewater Expansion	42,153	49,968	79,736	76,091	82,241
Water Enterprise	4,154,639	4,209,047	5,059,754	5,333,838	5,595,537
Water Replacement	109	80	-	-	-
Water Expansion	465,064	515,935	560,696	560,415	585,044
Administrative Cost Center	4,477,422	4,136,545	5,138,240	5,295,772	5,527,230
Other Post-Employment Benefits	-	-	767,655	854,331	914,003
Total	\$ 16,979,108	\$ 16,894,081	\$ 20,709,158	\$ 21,655,927	\$ 22,681,063
% Change		-0.50%	22.58%	4.57%	4.73%

Financial Overview

Operating Expenses

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 42.43 percent in FYE 2018 and 4.76 percent in FYE 2019 primarily due to increases in water purchases from Zone 7.

The Zone 7 component of water rates is designed to cover the full cost of water and is adjusted based upon the rate established by Zone 7, generally effective January 1 of each year. Zone 7 pricing increased by 13 percent on January 1, 2017 and is expected to increase the following year as well. Water purchase costs are mainly driven by this increase, 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 percent rate of unbilled water, compared to the industry standard of roughly 6.0 percent.

Chemicals and Gas and Electric costs continue to increase. To curtail the rise in chemical costs the District formed and facilitates the Bay Area Chemical Consortium (BACC). BACC is an informal cooperative of 68 water and wastewater agencies in the Bay Area working together to purchase chemicals in higher volume at lower cost.

	Actual FYE 15	Actual FYE 16	Adopted FYE 17	Budget FYE 18	Budget FYE 19
Materials by Account					
Chemicals	\$ 320,845	\$ 295,565	\$ 456,076	\$ 403,746	\$ 410,746
Equipment Under \$10,000	113,835	197,979	133,439	262,659	226,088
Fluids	59,046	40,975	45,500	48,910	48,910
Fuel	116,885	80,646	140,080	109,500	111,100
Gas & Electric	1,670,180	1,687,480	1,615,219	1,949,668	2,041,245
General Supplies	1,027,373	920,594	873,633	886,269	897,887
Tools	36,215	76,220	26,978	42,931	40,831
Office Supplies/Services	59,686	52,064	59,482	62,318	62,618
Meter Equipment	530,387	329,744	462,720	618,100	683,770
Water Purchase	7,082,010	8,723,037	10,631,601	16,189,575	17,029,239
Total	\$ 11,016,462	\$ 12,404,304	\$ 14,444,728	\$ 20,573,676	\$ 21,552,434
% Change		12.60%	16.45%	42.43%	4.76%

Financial Overview

Operating Expenses

Contracts

Professional Services and Other Services are the largest expenses under the Contracts category.

Professional Services has increased since FYE 2015 as the District has hired professionals to assist with long-range forecasts and master plans for wastewater, water and recycled water. In conjunction with updating master plans, consultants are used to help with setting rates and fees.

DSRSD's largest contractual services expense under Other Services is the remittance of assessments of \$1.5 million collected in the Dougherty Valley Standby Assessment District (DVSAD) fund to Zone 7. In order for DSRSD to provide water services to Dougherty Valley, DSRSD must collect the fee for State Department of Water Resources projects and costs from Dougherty Valley customers via the DVSAD and submit payment to Zone 7. The next largest contract service is for subsurface and emergency repairs, which increased in frequency due to the drought and then heavy rains.

	Actual FYE 15	Actual FYE 16	Adopted FYE 17	Budget FYE 18	Budget FYE 19
Contract Services by Account					
Insurance	\$ 24,869	\$ 459,032	\$ 305,926	\$ 332,032	\$ 348,499
Legal Services	\$ 345,581	\$ 261,034	\$ 233,600	292,800	292,800
Professional Services	\$ 739,128	\$ 1,019,704	\$ 1,734,011	1,325,350	1,122,753
Advertising	\$ 37,888	\$ 27,361	\$ 25,880	68,180	38,180
Equipment Lease/Rental	\$ 185,738	\$ 163,866	\$ 208,395	188,008	188,008
Maintenance Contracts	\$ 442,764	\$ 386,778	\$ 517,879	767,217	715,026
Monitoring & Testing Services	\$ 27,461	\$ 35,070	\$ 93,360	82,500	98,500
Other Services	\$ 4,315,877	\$ 2,945,575	\$ 2,663,234	3,054,704	3,253,788
Printing Services	\$ 8,826	\$ 4,875	\$ 57,250	140,056	180,056
Telecommunication Services	115,474	110,449	113,746	93,173	105,673
Total	\$ 6,243,606	\$ 5,413,744	\$ 5,953,281	\$ 6,344,020	\$ 6,343,283
% Change		-13.29%	9.97%	6.56%	-0.01%

Financial Overview

Operating Expenses

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 Joint Powers Authority (JPA), debt service, and overhead charges, which are further detailed below.

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 non-recycled treated wastewater 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 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 DERWA recycled water treatment plant began operations in 2006. The District contributes approximately \$846,000 per year to DERWA from the Water funds, representing our contribution to the Joint Powers Authority.

Debt Service

In general, the District may use debt financing only to purchase or build capital assets that cannot be acquired from either current revenues or replacement reserves and to fund capital improvements and additions. Debt 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. See Appendix for fund Debt Service schedule.

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 Water Reuse Finance Authority Obligation, and to pay costs of issuance. Interest rates range from 4.00% to 6.00%. The annual payment is approximately \$2 million and the debt will be retired in 2041. See Appendix for fund Debt Service schedule.

Financial Overview

Operating Expenses

2011 LAVWMA Pledge Obligation

On September 28, 2011, LAVWMA issued \$105,345,000 of 2011 Sewer Revenue Refunding Bonds (2011 LAVWMA Bonds) to refund and retire its Series A Sewer Revenue Bonds and to pay costs of issuance. As a member of LAVWMA, the District has pledged its regional service charges to a portion of the 2011 LAVWMA Bonds. DSRSD's portion of the original debt issue was \$40,975,094, the annual payment is approximately \$3 million and the debt will be retired in 2031. Payments for LAVWMA debt are part of Contribution to JPA. See Appendix for fund Debt Service schedule.

Other Expenses Summary

	Actual FYE 15	Actual FYE 16	Adopted FYE 17	Budget FYE 18	Budget FYE 19
Other Expenses by Account					
Meetings	\$ 15,152	\$ 15,202	\$ 25,340	\$ 29,600	\$ 29,600
Permits, Licenses & District Mbrshps	\$ 286,569	\$ 310,150	\$ 326,085	362,073	362,073
Subscriptions & Publications	\$ 7,829	\$ 6,918	\$ 12,760	13,570	13,570
UB Balance Write-Offs	\$ (418)	\$ 130	\$ -		
Low Income Credit (UB)	\$ 18,536	\$ 26,115	\$ 20,000	35,000	35,000
Drought Expense	\$ 268,188	\$ 133,819	\$ -		
Drought Related Rebates	\$ 48,144	\$ 30,663	\$ -		
Debt Payments	\$ 2,361,265	\$ 1,927,369	\$ 2,211,469	2,214,569	2,212,169
Bond Issuance Costs	\$ 1,250	\$ 1,350	\$ -		
Contribution To JPA's	\$ 8,972,310	\$ 8,809,969	\$ 10,585,227	11,270,695	11,269,381
Prior Year Adjustments	\$ 17,193,843	\$ (35,520)	\$ -		
Total	\$ 29,172,668	\$ 11,226,165	\$ 13,180,881	\$ 13,925,507	\$ 13,921,793
% Change		-61.52%	17.41%	5.65%	-0.03%

Financial Overview

Operating Expenses

Capital Outlay

Capital outlay assets, generally vehicles and equipment, are assets costing \$10,000 or more per item with an estimated useful life of over two years. In 2015, the District initiated a facilities master plan on the wastewater treatment plant that identified assets requiring immediate replacement due to risk of failure. The following is the list of new and replacements assets to be purchased in FYE 2018 and FYE 2019.

ASSET DESCRIPTION	Division	Budget FYE 2018	Budget FYE 2019
Truck - Ford F-150 (replace #91)	33	\$ 30,000	
Truck - Ford F-150 (replace #92)	33	30,000	
Sharp Aqos Interactive 80" Board Display	34	11,604	
Truck - Ford F-350 (replace #27)	51	75,000	
CCTV Equipment for truck #82	51	75,000	
Ammonia Phosphorus Online Analyzers (1 per yr)	52	40,000	
Thickened Sludge Pump 1	53	19,200	
Building H Roof (Grit Building)	53	25,000	
FSL Surface Mixer	53	57,000	
Primary Sludge Pumps (4 X \$20,000/each)	53	80,000	
Water Pumps (3)	53	115,000	
Aeration Control Valve Actuator Assemblies (10)	53	150,000	
Replacement Heat Exchangers Cogen	53	120,000	
Purge & Trap Concentrator	55	24,000	
Fall protection Davit Arm Base	56	20,000	
Truck - Ford F-150 (replace #61)	42		26,000
Truck - Ford F-150 Supercab (replace #33)	42		29,000
Replace Secondary Tank Drainage Pump	52		70,000
Ammonia Phosphorus Online Analyzers (1 per yr)	52		40,000
Cap Water Pump	53		22,000
Primary Scum Pumps (3 x \$20,000/each)	53		60,000
Spare CoGen Circuit Breaker	54		30,000
GRAND TOTAL OF REQUESTS		\$ 871,804	\$ 277,000

	Actual FYE 15	Actual FYE 16	Adopted FYE 17	Budget FYE 18	Budget FYE 19
Capital Outlay					
Local Wastewater Replacement	\$ 850,015	\$ 27,007	\$ 34,550	\$ 52,276	\$ 16,800
Regional Wastewater Replacement	131,470	170,506	190,800	650,234	229,800
Water Replacement	128,770	115,826	343,550	169,293	30,400
Total	\$ 1,110,255	\$313,339	\$568,900	\$871,804	\$277,000

Financial Overview

Operating Expenses

Administrative Cost Center/Overhead Charges

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

	Actual FYE 15	Actual FYE 16	Adjusted FYE 17	Budget FYE 18	Budget FYE 19
Overhead Charges					
Local Wastewater Enterprise	\$ 380,520	\$ 378,333	\$ 528,968	\$ 804,172	\$ 845,513
Local Wastewater Expansion	72,174	90,256	126,457	158,224	168,629
Regional Wastewater Enterprise	2,051,380	2,082,070	2,916,136	2,890,759	3,077,844
Regional Wastewater Expansion	21,249	21,019	29,387	30,576	32,701
Water Enterprise	1,344,864	1,395,878	1,956,277	2,122,681	2,265,660
Water Expansion	139,543	153,724	215,004	222,489	236,783
Administrative Cost Center	(4,009,730)	(4,121,280)	(5,772,229)	(6,228,901)	(6,627,130)
Total	\$ -	\$ -	\$ -	\$ -	\$ -

Financial Overview

Operating Expenses

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 Working Capital Schedules under transfers typically “Replacement Allocations.”

Replacement Allocations

Funds Transferred	FYE 2018	FYE 2019
Local Wastewater Enterprise (Fund 200) transfer to Local Wastewater Replacement (Fund 210)	\$ 567,900	\$ 685,800
Regional Wastewater Enterprise (Fund 300) transfer to Regional Wastewater Replacement (Fund 310)	2,710,000	2,920,000
Regional Wastewater Enterprise (Fund 300) transfer to Regional Wastewater Replacement (Fund 310) <i>Pleasanton Advance Sale Sewer Permits</i>	88,919	88,919
Water Enterprise (Fund 600) transfer to Water Replacement (Fund 610)	4,401,000	4,601,000
Total	\$ 7,767,819	\$ 8,295,719

Water Enterprise transfers funds to Water Expansion 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.

Debt Service

Funds Transferred	FYE 2018	FYE 2019
Water Enterprise (Fund 600) transfer to Water Expansion (Fund 620)	\$ 675,000	\$ 675,000
Total	\$ 675,000	\$ 675,000

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

Interfund Loan

Funds Transferred	FYE 2018	FYE 2019
Local Wastewater Expansion (Fund 220) transfer to Local Wastewater Replacement (Fund 210)	\$ 5,000,000	\$ -
Local Wastewater Replacement (Fund 210) transfer to Local Wastewater Expansion (Fund 220)	-	833,333
Total	\$ 5,000,000	\$ 833,333

Financial Overview

Capital Improvement Program

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

The 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 over 10 years
- Project revenue and expenditures and resultant working capital in the District's capital expansion and replacement funds.



The first two years of expenditures in the *CIP Ten-Year Plan* comprise the District's *CIP Two-Year Budget*. By adopting the budget, the Board:

- Authorizes the initiation of project expenditures in either FYE 2018 or 2019
- Authorizes total budgets for the individual capital projects
- Establishes the maximum expenditures from each fund for FYE 2018 and 2019

Capital Replacement and Expansion Funds

The District has three business enterprises: Local Wastewater (collection), Regional Wastewater (treatment and resource recovery), and Water. Each business has four funds: enterprise, rate stabilization, replacement and expansion. The CIP outlines the capital expenditures planned in the replacement, and expansion funds.

Local Wastewater Replacement (Fund 210)-the funding source to replace and improve local sewer facilities to handle existing wastewater flows. Facilities include trunk sewer lines, lift stations, and related appurtenances that transfer wastewater from the point of origin to the regional wastewater treatment plant.

Financial Overview

Capital Improvement Program

Local Wastewater Expansion (Fund 220)-the funding source to expand or add local sewer 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 Facility 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, as well as the pipelines, pump stations, reservoirs, and related appurtenances to distribute potable water from the Zone 7 turnouts to customers and recycled water from the DERWA turnouts to 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 CIP project can have more than one funding source depending on the project scope. The fund split for multi-funded projects is determined based on the District's *Project Cost Allocation Policy*.

Capital Improvement Program Expenditures

The *CIP Ten-Year Plan for FYE 2018 through 2027* includes 108 projects and programs totaling \$175.8 million. The *CIP Two-Year Budget* includes 64 projects and programs totaling \$66.3 million. The following table provides a summary of CIP expenditures in the *Two-Year CIP Budget* for each fund, grouped by business enterprise. All expenditures are shown in current dollars.

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	171,250	513,750	753,750	21,250	-	-	1,460,000
General	344,000	15,000	186,500	-	954,500	90,000	1,590,000
Water System	41,161	5,580	5,000	-	13,368,657	14,471,613	27,892,011
Wastewater Collection	7,515,935	-	-	-	92,219		7,608,154
Resource Recovery Facilities	38,500	-	8,095,092	19,496,519	167,000		27,797,111
Totals per Fund	8,110,846	534,330	9,040,342	19,517,769	14,582,376	14,561,613	66,347,276

The complete *CIP Ten-Year Plan for FYEs 2018 through 2027* and *Two-Year Budget for FYE 2018 and 2019* are available at www.dsrds.com/about-us/library/financial-information.

Operations Department

The Operations Department consists of seven divisions which provide our customers with planned, uninterrupted and responsive water, recycled water, and wastewater collection services. Staffing of this department totals 68 employees, or 56 percent of our workforce. In addition, to operating DSRSD operations, the divisions support our O & M oversight of DERWA's recycled water facility and LAVWMA's pump station and export transport pipeline to EBDA.



Department Overview

Operations

2016 and 2017 Accomplishments

Field Operations

- Assisted Engineering in designing and implementing potable water and recycled water SCADA improvements (ongoing).
- Received regulatory approval to reduce 3,000 drinking water monitoring samples annually.
- Successfully cleaned and returned to service all potable and recycled water reservoirs without an incident or disruption of service.
- Implemented data collection software (InfraMAP) to allow operators to view work locations and enter task data in the field.

Plant Operations

- Received the Water Management 2017 Leadership Award from Green California.
- Recycled 100% of Dublin, San Ramon and Pleasanton's influent flow for 12 days in 2016.
- Produced 1200.17 million gallons (3683.4 ACFT) of recycled water.
- Harvested 1,249 U.S. dry tons of bio solids from FSL #4 and applied to the dedicated land disposal area. Work was completed three and a half weeks ahead of schedule.
- Supported various employee development and operator training classes as executive committee member of BAYWORK and BACCWE.
- Awarded 2015 Employee of the Year to our DSRSD Wastewater Treatment Plant Process Lead.
- Awarded California Water Environmental Association (San Francisco Bay Section) Supervisor of the Year for 2015 to our Wastewater Treatment Plant Operations Supervisor, and 2016 DSRSD Supervisor of the Year.
- Operated Regional Wastewater Treatment Plan without any permit violations.

Mechanical Maintenance

- Worked with the Asset Management team on equipment and facilities records for rehabilitation and replacement of District wide vehicles, equipment, and facilities.
- Input all District vehicles, equipment, pumps and trailers into Lucity for PM, CM, scheduling, and repairs.
- Achieved zero mechanical failures during summer high demand of recycle water.
- Removed, rebuilt, and returned EPS 2 pump #2 & #3 to service.
- Removed, rebuilt, modified, and replaced TIPS pump #1 #2 #3 for DERWA expansion to 16 MGD.

Electrical & Automation

- Planned and installed the WWTP Co-Gen #3 Fuel switching system, Co-Gen #1 Detonation system, and Co-Gen #1 Gas mixing controller.
- Coordinated and supported the LAVWMA San Leandro Sample Station PLC and Ethernet communications upgrade.
- Planned, installed, and configured the WWTP SCADA server hardware and software upgrades and provided design/construction support for SCADA system for FOD (i.e. 16 out of 43 sites upgraded).
- Provided construction support to the DERWA 6th Filter and LAVWMA power cable replacement CIP's.
- Provided construction support for the Commerce Circle move including the environmental control system upgrade, security systems installation, and demolition of Camp Parks infrastructure.

Department Overview

Operations

Laboratory & Technical Services

- Provided annual water Quality report (CCR) to Public Information Division.
- Performed successful lead and copper testing (required by EPA every 3 years).
- Provided support for going on-line Division of Drinking Water report.
- Provided last eight years of plant data for the new NPDES permit.
- Passed proficiency testing 100% required to keep the lab certified.
- Completed pre-lab audit as required by The Nelac Institute accreditation standards.
- Supported Operations by harvesting Class A bio solids.

Operations Support

- Completed Pre-treatment Annual Report for 2016 including collection of 682 customer discharge samples, conducting 23 annual and 182 grease trap inspections, and issuing 28 violation notices to users and provided follow-up and re-inspection to ensure compliance.
- Conducted safety inspections at all sites and resolved deficiencies.
- Resolved Certified Unified Program Agencies (CUPA) inspection deficiencies at the WWTP.

	Actual	Actual	Adopted	Budget	Budget
	FYE 15	FYE 16	FYE 17	FYE 18	FYE 19
EXPENDITURES BY CATEGORY					
Salaries and Benefits	\$8,470,927	\$9,701,450	\$10,468,064	\$11,429,986	\$11,955,998
Materials	3,161,141	3,090,033	3,134,637	3,481,304	3,569,580
Contracts	1,408,963	1,671,833	1,345,948	2,098,541	2,058,900
Other	173,602	185,715	196,084	215,594	215,594
Capital Outlay	1,084,210	313,339	533,900	800,200	222,000
TOTAL EXPENDITURES	14,298,843	14,962,370	15,678,633	18,025,625	18,022,072
FUNDING					
Local Wastewater Enterprise	\$797,396	\$1,107,433	\$1,010,076	\$1,760,705	\$1,838,111
Local Wastewater Replacement	850,015	27,007	30,700	45,000	0
Local Wastewater Expansion	5,383	0	0		0
Regional Wastewater Enterprise	7,996,900	8,382,573	8,710,611	9,221,470	9,516,092
Regional Wastewater Replacement	131,470	170,506	172,600	638,200	222,000
Regional Wastewater Expansion	0	0	0		0
Water Enterprise	4,091,568	4,555,705	4,655,801	5,264,650	5,429,745
Water Replacement	102,910	116,252	331,300	118,600	1,600
Water Expansion	49,644	41,413	70,547	14,690	15,391
Administrative Cost Center	273,557	561,481	696,998	962,310	999,133
TOTAL FUNDING	14,298,843	14,962,370	15,678,633	18,025,625	18,022,072
PERSONNEL SUMMARY	55.00	62.00	61.00	68.00	68.00

Department Overview

Administration – Division 50

Mission

The Division practices administrative leadership to provide exceptional customer service measures to ensure the success of developing staff and successor planning, safety, regulatory compliance, and functional asset management for the Operations Department and its Divisions. The Division also coordinates inter-departmental functions and activities, and O&M oversight of DERWA's RWF-distribution system and LAVWMA's pump station and export transport pipeline to EBDA.

The Operations Administration Division provides innovative assistance in collaboration with other departments utilizing professional resources when necessary to the other Divisions to fully optimize our asset management programs, maintain and enhance customer service levels both internal and external, and sustain the coordinated and organized functioning of the Operations Department. The Division staff develops, monitors, and reports on key performance metrics to ensure operation at the best practice and lowest cost, provides continual coaching aimed at successor planning and

staff optimization, provides engineering solutions, processes regulatory documents and submittals, generates meaningful reports to sustain steady-state performance, compiles data, manages files, embraces customers, promotes on-the-job training, coordinates electronic operations and maintenance manuals using existing software and programs, directs asset management upkeep, supports capital projects and replacements, administers contracts, approves purchase orders and invoices, and coordinates special events.

Top Division Goals

- Finalize the Field Operation Division move into Commerce Circle Offices building and corporation yard.
- Obtain significant progress toward upgrades of the field services SCADA system.
- Submit application and comments for a new five year NPDES permit for the WWTP.
- Receive clean annual inspection from the Regional Water Quality Control Board for the WWTP.

Budget Trends

In February 2017, the department was reorganized to enhance efficiency. Four staff support positions have been moved to the new Operations Support Division (Division 56) to strengthen, align, and coordinate the vital functions of the department. This Division currently includes the Operations Manager only, which is consistent with the other District budgets.

All other line items are status quo.

Department Overview

Administration – Division 50

	Actual	Actual	Adopted	Budget	Budget
	FYE 15	FYE 16	FYE 17	FYE 18	FYE 19
EXPENDITURES BY CATEGORY					
Salaries and Benefits	\$810,382	\$852,655	\$902,510	\$288,180	\$306,796
Materials	14,006	15,846	18,548	18,548	18,548
Contracts	52,737	53,715	56,977	57,677	57,677
Other	149,133	146,315	158,192	157,392	157,392
TOTAL EXPENDITURES	1,026,258	1,068,531	1,136,227	521,797	540,413
FUNDING					
Local Wastewater Enterprise	\$48,218	\$50,188	\$54,377	\$42,325	\$44,407
Local Wastewater Replacement	0	0	0	0	0
Local Wastewater Expansion	0	0	0	0	0
Regional Wastewater Enterprise	687,949	549,095	563,992	330,197	340,604
Regional Wastewater Replacement	0	0	0	0	0
Regional Wastewater Expansion	0	0	0	0	0
Water Enterprise	228,233	305,516	292,300	133,751	142,078
Water Replacement	0	0	0	0	0
Water Expansion	0	0	0	0	0
Administrative Cost Center	61,858	163,732	225,558	15,524	13,324
TOTAL FUNDING	1,026,258	1,068,531	1,136,227	521,797	540,413
PERSONNEL SUMMARY	5.00	5.00	5.00	1.00	1.00

Department Overview

Field Operations – Division 51

Mission

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. The Field Operations Division operation and maintenance activities meet or exceed the regulatory requirements and best practices recommendations of the State Water Resources Control Board (SWRCB).

Top Division Goals

- Perform annual hydro cleaning of 600,000 feet of the wastewater collection system using frequencies and priorities established by the asset management program.
- Flush all dead end mains in the water distribution system on an annual basis.
- Update the Water System Operations and Maintenance Plan every five years.
- Exercise 1,100 system valves in the water distribution system annually.
- Use 300,000 feet of closed circuit television (CCTV) to view the wastewater collection system using frequencies and priorities established by the asset management program.
- Complete all USA locates accurately and within 48 hours.

Budget Trends

The division budget has increased to support the recommended staffing levels. The District has experienced rapid growth in size and needs additional staff to maintain the infrastructure. Two staff are proposed for the water maintenance function, and two staff are proposed for the collections function allowing us to implement a preventative maintenance program. The increase in contract services is for subsurface repairs due to the District's aging infrastructure.

Department Overview

Field Operations – Division 51

	Actual	Actual	Adopted	Budget	Budget
	FYE 15	FYE 16	FYE 17	FYE 18	FYE 19
EXPENDITURES BY CATEGORY					
Salaries and Benefits	\$1,840,922	\$2,010,411	\$2,281,111	\$2,763,595	\$2,892,736
Materials	745,165	737,277	943,953	922,114	962,368
Contracts	818,566	1,087,265	620,423	938,336	911,836
Other	15,042	12,066	16,850	27,600	27,600
Capital Outlay	919,348	118,859	147,000	150,000	0
TOTAL EXPENDITURES	4,339,043	3,965,878	4,009,337	4,801,645	4,794,540
FUNDING					
Local Wastewater Enterprise	\$664,596	\$822,931	\$743,459	\$1,314,612	\$1,372,254
Local Wastewater Replacement	847,027	27,007	28,500	45,000	0
Local Wastewater Expansion	5,383	0	0	0	0
Regional Wastewater Enterprise	771	1,841	850	850	850
Regional Wastewater Replacement	0	0	0	0	0
Regional Wastewater Expansion	0	0	0	0	0
Water Enterprise	2,697,540	2,978,532	3,046,181	3,319,293	3,403,845
Water Replacement	72,506	92,278	119,200	106,600	1,600
Water Expansion	49,644	41,413	70,547	14,690	15,391
Administrative Cost Center	1,576	1,876	600	600	600
TOTAL FUNDING	4,339,043	3,965,878	4,009,337	4,801,645	4,794,540
PERSONNEL SUMMARY	11.00	12.00	12.00	16.00	16.00

Department Overview

Plant Operations – Division 52

Mission

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 is an 11 person team of State certified wastewater treatment plant operators tasked with operating the District's wastewater and recycled water treatment plants, as well as, the District's Bio Solids treatment and disposal facilities. Currently, the DSRSD wastewater plant has a designed treatment capacity of 17 million gallons per day (mg). The recycled water treatment facilities consists of a 7.9

mg continuous backwash sand filtration (CBSF) plant which is currently being expanded to treat up to 16.2 mg. In addition, the recycled plant has a 2.5 mg micro filtration (MF) plant. Both the Continuous Backwash Sand Filtration (CBSF) and Microfiltration (MF) plants are followed by ultraviolet disinfection.

Top Division Goals

- Assist Engineering and the construction contractor in expanding the DERWA Recycled Water Treatment plant while meeting the recycled water production demands for DERWA and Pleasanton's recycled water customers. Operate new DERWA Facilities without additional staffing.
- Increase the volume of Bio Solids harvested from the District's facultative sludge lagoons and explore and identify a method(s) to increase the volume of Bio solids harvested in the future.
- Assist with the design and construction of a 4th Anaerobic Digester while meeting existing Bio Solids treatment requirements.
- Plan for future wastewater effluent nutrient control by actively participating in the Bay Area Clean Water Agencies Nutrient Management Study and by installing instrumentation that can gather more detailed nutrient data which can be used to properly size and design future nutrient treatment facilities and improve wastewater treatment process control.
- Assist the Asset Management program by developing a shoulder season schedule when major process units can be taken down for maintenance, inspection, and refurbishment while maintaining treatment reliability.

Budget Trends

The major adjustments in the budget reflect changes in the Materials category which includes chemical costs of approximately \$300,000 per year and gas and electric costs of \$1,198,000 and \$1,253,000 for FYE 2018 and 2019, respectively. The cost of chemicals has remained stable over the past few years but gas and electric costs have increased 33% over FYE 2017 budget. The increase in power usage is expected as our customer demand for recycled water increases. Capital outlay of \$150,000 over the next two years represents two ammonia phosphorus analyzers (\$80,000) and a secondary tank drainage pump (\$70,000).

Department Overview

Plant Operations – Division 52

	Actual	Actual	Adopted	Budget	Budget
	FYE 15	FYE 16	FYE 17	FYE 18	FYE 19
EXPENDITURES BY CATEGORY					
Salaries and Benefits	\$1,865,078	\$1,883,667	\$1,991,037	\$2,009,255	\$2,103,062
Materials	1,340,718	1,300,507	1,246,390	1,528,539	1,591,869
Contracts	167,825	146,461	174,877	227,877	224,877
Other	280	12,994	1,400	1,400	1,400
Capital Outlay	23,132	99,186	0	40,000	110,000
TOTAL EXPENDITURES	3,397,033	3,442,815	3,413,704	3,807,071	4,031,208
FUNDING					
Local Wastewater Enterprise	\$0	\$0	\$0	\$0	\$0
Local Wastewater Replacement	0	0	0	0	0
Local Wastewater Expansion	0	0	0	0	0
Regional Wastewater Enterprise	3,373,901	3,343,609	3,413,704	3,767,071	3,921,208
Regional Wastewater Replacement	23,132	99,186	0	40,000	110,000
Regional Wastewater Expansion	0	0	0	0	0
Water Enterprise	0	20	0	0	0
Water Replacement	0	0	0	0	0
Water Expansion	0	0	0	0	0
Administrative Cost Center	0	0	0	0	0
TOTAL FUNDING	3,397,033	3,442,815	3,413,704	3,807,071	4,031,208
PERSONNEL SUMMARY	12.00	12.00	12.00	12.00	12.00

Department Overview

Mechanical Maintenance – Division 53

Mission

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, and LAVWMA and DERWA facilities. The division also maintains the District's fleet of vehicles and mobile support equipment, as well as buildings and facilities at the District Office and Field Operations. The division performs routine preventative, corrective, and emergency maintenance around the

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

Top Division Goals

- Install all equipment specified in Capital Outlay request for operation in the year budgeted, except for digester gas flare which is contract installed, and cogen heat exchangers which require 14 to 18 weeks of lead time.
- Develop a structured fleet replacement policy/guideline by FYE 2018 and begin right-sizing the fleet.
- Achieve preventative maintenance orders and labor hours to be at least 60% of total by FYE 2019.
- Begin process of fully automating preventative maintenance, repair, and asset management data immediately into Lucity (eliminating manual and duplicative electronic data entry).

Budget Trends

Temporary labor costs will be decreased from \$52,000 to \$26,000 with the addition of two FTE and decreases are estimated in the fuel and chemical costs (materials) by approximately \$40,000. Two Mechanics are proposed to be added so that we can shift from a reactive to a preventative maintenance program. This is offset by an Administrative Technician position transferred to Division 56.

Maintenance contracts increased from \$40,000 to \$69,900 for HVAC, pest control, roof, aerator blower, and absorbson chiller services. Contracts for monitoring and testing of various equipment have also increased this budget. In addition, the District has expanded janitorial services from three to five days per week at the District Office and WWTP and has added the new Field Office Facility to this contract.

Capital Outlay requests of \$648,200 over the next two years represents a thickened sludge pump (\$19,200), Building H roof (\$25,000), FSL surface mixer (\$57,000), four primary sludge pumps (\$80,000), three water pumps (\$115,000), 10 aeration control valve actuator assemblies (\$150,000), replacement heat exchangers (\$120,000), cap water pump (\$22,000), and three primary scum pumps (\$60,000).

Department Overview

Mechanical Maintenance – Division 53

	Actual	Actual	Adopted	Budget	Budget
	FYE 15	FYE 16	FYE 17	FYE 18	FYE 19
EXPENDITURES BY CATEGORY					
Salaries and Benefits	\$1,758,437	\$1,863,063	\$2,044,977	\$2,385,353	\$2,495,960
Materials	765,479	751,797	639,000	614,110	614,110
Contracts	217,807	167,744	205,600	379,700	359,700
Other	2,876	1,629	2,200	2,400	2,400
Capital Outlay	103,318	71,320	317,900	566,200	82,000
TOTAL EXPENDITURES	2,847,917	2,855,553	3,209,677	3,947,763	3,554,170
FUNDING					
Local Wastewater Enterprise	\$83,176	\$138,069	\$143,892	\$170,552	\$178,048
Local Wastewater Replacement	2,988	0	0	0	0
Local Wastewater Expansion	0	0	0	0	0
Regional Wastewater Enterprise	2,088,252	2,078,391	2,205,820	2,465,949	2,519,329
Regional Wastewater Replacement	91,179	71,320	127,900	566,200	82,000
Regional Wastewater Expansion	0	0	0	0	0
Water Enterprise	429,853	463,292	421,715	544,364	569,243
Water Replacement	9,151	0	190,000	0	0
Water Expansion	0	0	0	0	0
Administrative Cost Center	143,318	104,481	120,350	200,698	205,550
TOTAL FUNDING	2,847,917	2,855,553	3,209,677	3,947,763	3,554,170
PERSONNEL SUMMARY	13.00	14.00	14.00	15.00	15.00

Department Overview

Electrical and Automation – Division 54

Mission

Provide excellent customer service while maintaining electrical, instrumentation, and computer control systems.

The Electrical and Automation Division provides corrective, preventative, and predictive maintenance repairs, and enhances process controls for electrical, instrumentation, and Supervisory Control and Data Acquisition (SCADA) systems. The Division supports District, LAVWMA, and DERWA facilities. Division staff helps design new facilities, modify existing facilities, and enhance the performance and reliability of process equipment.

SCADA provides vital information necessary for business functions, environmental controls, and the security for District personnel and property. Division personnel make certain instrumentation is accurately calibrated to meter chemical and process flows, water levels, and pumping controls. Division staff maintain electrical systems (24 to 21,000 volts) so that they are ready and reliable for safe operations.

Top Division Goals

- Complete the Wastewater Treatment and Recycled Water Treatment SCADA system upgrade.
- Address Asset Management by identifying critical equipment, procuring spares in order to be prepared for emergencies, and upgrading obsolete equipment.
- Perform safety gap analysis and address high-risk items such as completing arc flash studies at all District facilities.
- Begin process of fully automating preventative maintenance asset management assessment data immediately into Lucity (eliminating manual and duplicative electronic data entry).

Budget Trends

This budget proposes the addition of one electrician in FYE 2018 so that we can place greater emphasis on a preventative maintenance program as a foundation to one asset management program. In addition, materials increased in the area of equipment to accommodate replacement of the weather station and IQ, dissolved oxygen, Fluoride, PH and CL2 analyzers. Contracts have increased for outside consultant services to assist with Electrical and I&C design and to perform power systems studies. Lastly, the Maintenance Contract budget increased to cover contracts for the newly completed Field Operations SCADA Upgrade which included new SCADA software, PLC hardware and software, and new radio and network equipment.

Capital Outlay requests of \$30,000 in FYE 2019 represent a spare cogen circuit breaker.

Department Overview

Electrical and Automation – Division 54

	Actual	Actual	Adopted	Budget	Budget
	FYE 15	FYE 16	FYE 17	FYE 18	FYE 19
EXPENDITURES BY CATEGORY					
Salaries and Benefits	\$1,374,025	\$1,466,832	\$1,578,534	\$1,752,407	\$1,829,548
Materials	219,723	186,032	164,106	240,900	236,365
Contracts	103,906	84,117	116,501	284,479	269,038
Other	852	1,620	5,140	2,000	2,000
Capital Outlay	38,412	23,974	69,000	0	30,000
TOTAL EXPENDITURES	1,736,918	1,762,575	1,933,281	2,279,786	2,366,951
FUNDING					
Local Wastewater Enterprise	\$1,406	\$584	\$420	\$13,829	\$14,521
Local Wastewater Replacement	0	0	2,200	0	0
Local Wastewater Expansion	0	0	0	0	0
Regional Wastewater Enterprise	1,056,797	1,106,947	1,189,897	1,315,315	1,339,684
Regional Wastewater Replacement	17,159	0	44,700	0	30,000
Regional Wastewater Expansion	0	0	0	0	0
Water Enterprise	574,063	564,129	592,835	864,608	887,498
Water Replacement	21,253	23,974	22,100	0	0
Water Expansion	0	0	0	0	0
Administrative Cost Center	66,240	66,941	81,129	86,034	95,248
TOTAL FUNDING	1,736,918	1,762,575	1,933,281	2,279,786	2,366,951
PERSONNEL SUMMARY	9.00	9.00	9.00	10.00	10.00

Department Overview

Laboratory & Technical Services – Division 55

Mission

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 & Technical Services Division monitors potable water to ensure compliance with all drinking water standards; analyzes and confirms compliance of wastewater effluent, recycled water, monitoring well ground-water, and bio solids 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 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. In addition, the Environmental Compliance Section implements the District's Pre-treatment Program, a requirement of the Wastewater Treatment Plant NPDES permit.

Top Division Goals

- Plan for future wastewater effluent nutrient control by actively participating in the Bay Area Clean Water Agencies (BACWA) Nutrient Management Study.
- Plan for future lab audit under the new "TNI" (The NELAC Institute) accreditation standards and keep all the documents-SOPs, QA manual and traceability records per new method update rule (MUR).
- Actively participate and analyze new samples as a result of Wastewater Master Plan, such as FOG (Fat, Oil and Grease) digester and other new engineering projects.

Budget Trends

As part of the department reorganization, the Environmental Compliance Division was transferred under the Laboratory Supervisor. This has resulted in the FYE 17 budget increases which absorbed two positions and the operating expenses related to that cost center.

Slight increases occurred in the Environmental Compliance budget due to the purchase of sampler equipment and pre-treatment workshops. More significant increases occurred in the Laboratory budget due to extra monitoring and compliance requirements related to lead sampling of drinking water in schools per AB 885 (\$24,600), nutrient removal in plant process, and higher lab audit fees and new accreditation standards.

Department Overview

Laboratory & Technical Services – Division 55

	Actual	Actual	Adopted	Budget	Budget
	FYE 15	FYE 16	FYE 17	FYE 18	FYE 19
EXPENDITURES BY CATEGORY					
Salaries and Benefits	\$822,083	\$913,061	\$907,388	\$1,230,631	\$1,281,962
Materials	76,050	59,132	85,040	101,393	103,620
Contracts	48,122	46,810	107,250	125,997	131,297
Other	5,419	7,913	7,500	12,200	12,200
Capital Outlay	0	0	0	24,000	0
TOTAL EXPENDITURES	951,674	1,026,916	1,107,178	1,494,221	1,529,079
FUNDING					
Local Wastewater Enterprise	\$0	\$27,047	\$18,437	\$160,992	\$166,887
Local Wastewater Replacement	\$0	\$0	\$0	\$0	\$0
Local Wastewater Expansion	\$0	\$0	\$0	\$0	\$0
Regional Wastewater Enterprise	789,230	804,169	865,687	1,061,077	1,098,877
Regional Wastewater Replacement	0	0	0	12,000	0
Regional Wastewater Expansion	0	0	0	0	0
Water Enterprise	161,879	195,085	223,054	248,152	263,315
Water Replacement	0	0	0	12,000	0
Water Expansion	0	0	0	0	0
Administrative Cost Center	565	615	0	0	0
TOTAL FUNDING	951,674	1,026,916	1,107,178	1,494,221	1,529,079
PERSONNEL SUMMARY	5.00	5.00	5.00	7.00	7.00

Department Overview

Operations Support Services – Division 56

Mission

Provide Department coordination and alignment to ensure the success of the divisions' safety, asset management, and administrative programs of the Operations Department and District.

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

Top Division Goals

- Provide functional administrative support to the Operations Department in all divisions.
- Align the Operations Divisions to fully implement a unified asset management program.
- Lead the District in a new campaign that will realign and strengthen our core safety program.
- Network operations programs with the rest of the District.
- Continue to lead and support the Bay Area Chemical Consortium (BACC) effort.
- Update several safety programs that are currently overdue for revision.
- Fully support asset management with a consistent, reliable, timely, and accessible maintenance management (Lucity) database.

Budget Trends

This Division was established in February 2017 as part of the Department reorganization for administrative support, the safety program and Plant Engineer responsibilities. Increases in the prior baseline budgets include an additional \$30,000 for an emergency preparedness consultant, additional safety training, and ergonomic equipment.

Department Overview

Operations Support Services – Division 56

	Actual FYE 15	Actual FYE 16	Adopted FYE 17	Budget FYE 18	Budget FYE 19
EXPENDITURES BY CATEGORY					
Salaries and Benefits	\$0	\$711,759	\$762,507	\$1,000,565	\$1,045,934
Materials	0	39,442	37,600	55,700	42,700
Contracts	0	85,721	64,320	84,475	104,475
Other	0	3,178	4,802	12,602	12,602
Capital Outlay	0	0	0	20,000	
TOTAL EXPENDITURES	0	840,100	869,229	1,173,342	1,205,711
FUNDING					
Local Wastewater Enterprise	\$0	\$68,612	\$49,491	\$58,395	\$61,994
Local Wastewater Replacement	0	0	0	0	0
Local Wastewater Expansion	0	0	0	0	0
Regional Wastewater Enterprise	0	498,521	470,661	281,011	295,540
Regional Wastewater Replacement	0	0	0	20,000	0
Regional Wastewater Expansion	0	0	0	0	0
Water Enterprise	0	49,131	79,716	154,482	163,766
Water Replacement	0	0	0	0	0
Water Expansion	0	0	0	0	0
Administrative Cost Center	0	223,836	269,361	659,454	684,411
TOTAL FUNDING	0	840,100	869,229	1,173,342	1,205,711
PERSONNEL SUMMARY	0.00	5.00	4.00	7.00	7.00

Engineering Department

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

The department leads the efforts in support of the Asset Management Program and oversees the Capital Improvement and two year CIP budget. In addition, the department ensures that developer dedicated facilities are in conformance with District Code.



Department Overview

Engineering

2016 and 2017 Accomplishments

Administration

- Completed the Regional Wastewater Treatment Plant and Bio Solids Master Plan.
- Developed a Rehabilitation and Replacement model for the District's Regional Wastewater Treatment Plant Assets.
- Completed a Facilities Plan for the DERWA Recycled Water Treatment Facility and developed a cost share arrangement among the agencies for the expansion of the facility.
- Investigated in coordination with DERWA several recycled water supplemental supply options.

Capital Improvement Projects

- Completed an accelerated design of the Recycled Water Treatment Facility expansion.
- Negotiated a pre-purchase of specialized equipment that is a part of the Recycled Water Treatment Plant expansion.
- Completed the installation of the Recycled Water Treatment Facility Sixth Filter.
- Completed the purchase of a permanent facility and remodel for Field Operations.
- Worked with Operations and consultants to determine the condition of Wastewater Treatment Plant (WWTP) infrastructure.

Planning & Permitting

- Completed the 2016 Water Master Plan and associated Water Capacity Reserve Fee Studies.
- Completed the 2015 Urban Water Management Plan.
- Completed a Long Term Alternative Water Supply Study.
- Commenced a Potable Reuse Feasibility Study in collaboration with Tri-Valley Water Agencies.
- Successfully connected 25 sites to the recycled water system in response to the drought, representing over 124 acre feet of permanent potable water demand reduction.
- Implemented and maintained best management practices for water conservation to meet and exceed the District's 2020 target of 169 gallons per capita per day (gpcd); as of December 2016, water consumption by customers was 68 gpcd.
- Accepted approximately 2.17 miles of potable water pipelines, 0.1 miles of recycled water pipelines, and 1.66 miles of sanitary sewer pipelines.
- Maintained a high level of service to developers, providing 100% on-time turnaround of more than 280 plan reviews and more than 1,000 over-the-counter services, allowing community approved development to proceed in a timely manner.
- Monitored and maintained regulatory compliance for 299 recycled water users (100% compliance), 3,186 backflow preventers (100% compliance), and 96 dental facilities (100% compliance).

Department Overview

Engineering

	Actual	Actual	Adopted	Budget	Budget
	FYE 15	FYE 16	FYE 17	FYE 18	FYE 19
EXPENDITURES BY CATEGORY					
Salaries and Benefits	\$3,282,371	\$2,769,608	\$3,460,169	\$3,488,116	\$3,691,658
Materials	34,871	19,758	27,050	27,765	26,765
Contracts	356,373	610,154	1,214,910	552,610	397,610
Other	3,704	5,228	5,300	5,300	5,300
Capital Outlay	26,045	62,000	35,000	0	55,000
TOTAL EXPENDITURES	3,703,364	3,466,748	4,742,429	4,073,791	4,176,333
FUNDING					
Local Wastewater Enterprise	\$547,225	\$315,986	\$414,224	\$356,448	\$370,752
Local Wastewater Replacement	22	214,340	228,850	0	16,800
Local Wastewater Expansion	356,190	511,931	613,176	447,844	457,215
Regional Wastewater Enterprise	1,155,175	670,948	1,144,784	1,027,411	964,590
Regional Wastewater Replacement	0	0	23,200	0	7,800
Regional Wastewater Expansion	44,194	53,401	85,580	86,831	92,981
Water Enterprise	1,048,634	920,339	1,159,766	1,460,721	1,514,609
Water Replacement	26,153	41,735	117,950	0	30,400
Water Expansion	452,796	675,690	871,163	562,290	576,218
Administrative Cost Center	72,975	62,378	83,736	132,246	144,968
TOTAL FUNDING	3,703,364	3,466,748	4,742,429	4,073,791	4,176,333
PERSONNEL SUMMARY	22.00	18.50	19.50	20.50	20.50

Department Overview

Administration – Division 40

Mission

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

This division sets the priorities and provides overall management for the Engineering Department which includes the Capital Improvement Projects Division and the Planning and Permitting Division. The division ensures district infrastructure is planned, designed, and constructed in accordance with district's ordinances, specifications and policies and all California laws. The division provides technical support to the Administrative Services and

Operations Departments and leads the Department's efforts in support of the Asset Management Program. The division also interfaces with other Tri-Valley agencies regarding water supply and utility issues.

Top Division Goals

- Secure in coordination with DERWA a supplemental source of recycled water.
- Integrate recycled water and potable water supply planning and revise the District's Water Recycling Policy to reflect the tradeoffs between the use of wastewater for recycled water irrigation versus potable reuse.
- Evaluate water supply options that would meet the objectives of the District's Water Supply, Storage, Conveyance, Quality and Conservation Policy.
- Implement the recommendations in the Wastewater Treatment Plant and Bio solids Master Plan to achieve long-term sustainable bio solids management.
- Finalize amendment to Agreement for Sale of Recycled Water by DERWA to DSRSD and EBMUD.

Budget Trends

Overall, the Administration Division's budget is status quo, except for the professional services budget that will increase by \$150,000 for consultant assistance in evaluating water supply options to meet the District's Water Supply, Storage, Conveyance, Quality and Conservation Policy.

Department Overview

Administration – Division 40

	Actual	Actual	Adopted	Budget	Budget
	FYE 15	FYE 16	FYE 17	FYE 18	FYE 19
EXPENDITURES BY CATEGORY					
Salaries and Benefits	\$399,460	\$409,519	\$511,661	\$556,731	\$634,003
Materials	1,238	188	200	200	200
Contracts	25,464	7,461	15,000	15,800	15,800
Other	2,586	1,432	2,400	2,400	2,400
Capital Outlay	0	0	35,000	0	0
TOTAL EXPENDITURES	428,748	418,600	564,261	575,131	652,403
FUNDING					
Local Wastewater Enterprise	\$38,383	\$39,583	\$51,445	\$49,726	\$57,244
Local Wastewater Replacement	0	0	3,850	0	0
Local Wastewater Expansion	840	0	0	0	0
Regional Wastewater Enterprise	154,265	156,917	207,535	205,159	235,233
Regional Wastewater Replacement	0	0	18,200	0	0
Regional Wastewater Expansion	2,796	2,195	0	0	0
Water Enterprise	158,053	157,276	196,545	193,000	219,958
Water Replacement	0	195	12,950	0	0
Water Expansion	3,706	2,195	0	0	0
Administrative Cost Center	70,705	60,239	73,736	127,246	139,968
TOTAL FUNDING	428,748	418,600	564,261	575,131	652,403
PERSONNEL SUMMARY	2.00	2.50	2.50	2.50	2.50

Department Overview

Capital Improvement Projects – Division 41

Mission

Supporting District operations and the community by building new, rehabilitating existing, and evaluating the condition of District infrastructure.

The Capital Improvement Projects Division prepares and administers two elements of the Capital Improvement Program (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 also develops and maintains asset

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

Top Division Goals

- Prepare a CIP 10-Year Plan in FYE 2019.
- Incorporate all wastewater treatment plant process piping and all district facilities (buildings) into an Asset Management rehabilitation and replacement model.
- Complete the DERWA Recycled Water Treatment Facility Expansion.
- Complete the construction of a fourth digester at the Regional Wastewater Treatment Facility.
- Complete the planning and design for potable water reservoir 10A.
- Coordinate with Operations and Maintenance to incorporate wastewater treatment plant and potable water pump station equipment condition information into the District's Computerized Maintenance and Management System and Asset Replacement Models.
- Update the District's procedures and policy to conform to the California Environmental Quality Act.
- Assist Finance in the preparation of a Regional Wastewater Capacity Reserve Fee update.

Budget Trends

The division is currently fully staffed and additional staff have not been proposed at this time. However, in order to keep up with projects, outside project management may be required. This additional cost will not be part of the division budget, but will be added to the CIP project cost.

In FYE 2018, the Asset Management Division with two FTE positions was consolidated into this cost center, thus explaining the increase in salary and benefits. Contracts have increased as a result of that consolidation and primarily represents work on the Facilities Asset Management Data (\$50,000) and enhancement of the WWTP Asset Management Replacement Model (\$70,000) in FYE 2018 only.

Department Overview

Capital Improvement Projects – Division 41

	Actual	Actual	Adopted	Budget	Budget
	FYE 15	FYE 16	FYE 17	FYE 18*	FYE 19*
EXPENDITURES BY CATEGORY					
Salaries and Benefits	\$1,038,982	\$714,661	\$807,216	\$1,107,773	\$1,152,004
Materials	12,615	5,591	5,400	5,700	4,700
Contracts	75,717	22,222	34,850	196,950	46,950
Other	32	379	500	600	600
TOTAL EXPENDITURES	1,127,346	742,853	847,966	1,311,023	1,204,254
FUNDING					
Local Wastewater Enterprise	\$194,937	\$148,466	\$151,747	\$212,503	\$215,101
Local Wastewater Replacement	0	0	0	0	0
Local Wastewater Expansion	13,515	1,251	0	0	0
Regional Wastewater Enterprise	678,233	354,935	429,805	576,059	470,942
Regional Wastewater Replacement	0	0	0	0	0
Regional Wastewater Expansion	0	0	0	0	0
Water Enterprise	222,904	235,288	256,414	517,461	513,211
Water Replacement	0	0	0	0	0
Water Expansion	17,060	1,160	0	0	0
Administrative Cost Center	697	1,753	10,000	5,000	5,000
TOTAL FUNDING	1,127,346	742,853	847,966	1,311,023	1,204,254
PERSONNEL SUMMARY	8.00	5.00	5.00	7.00	7.00

Department Overview

Planning & Permitting – Division 42

Mission

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 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 State Water Resources Control Board Division of Drinking Water

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, 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.

The division's core function is to ensure that developer-dedicated facilities are in conformance with the District's Code and Standard Procedures and Specifications. Through its Clean Water Section, the division must also ensure that customers meet regulatory requirements for recycled water use, backflow prevention, water conservation, and pollution prevention. Conformance to regulatory requirements is required in order for the District to maintain its certification and permits to distribute potable water, produce and distribute recycled water, and to discharge wastewater effluent.

Top Division Goals

- Develop a potable reuse project concept in partnership and collaboration with Tri-Valley water agencies.
- Sustain compliance with State of California long-term water use efficiency regulations.
- Complete the Wastewater Collection System Master Plan and support Finance in the preparation of the Local Capacity Reserve Fee Update.
- Maintain excellent customer service to permit applicants while ensuring minimal impact to the environment and current customers and conformance to regulatory requirements.
- Assist Finance in the completion of a cost of service study for plan check and inspection services.

Budget Trends

The communities that the District serves continue to expand due to development. The division must meet the service demand necessitated by the pace of development projects and increasing customer base that must be monitored. This division's budget reflects the response to those service demands. An environmental compliance inspector was transferred from the Operations Department to this division in FYE 2017 and will continue in the division to assist in Clean Water Section inspections. A three year limited-term construction inspector is proposed and included in the FYE 2018 expenditures. The cost is offset by a \$310,000 reduction in contract inspection services. Other than this addition, the budget is status quo.

Department Overview

Planning & Permitting – Division 42

	Actual	Actual	Adopted	Budget	Budget
	FYE 15	FYE 16	FYE 17	FYE 18	FYE 19
EXPENDITURES BY CATEGORY					
Salaries and Benefits	\$1,353,849	\$1,433,087	\$1,663,327	\$1,823,612	\$1,905,651
Materials	20,429	13,979	21,450	21,865	21,865
Contracts	142,817	381,701	790,060	339,860	334,860
Other	930	3,152	1,800	2,300	2,300
Capital Outlay	26,045	0	0	0	55,000
TOTAL EXPENDITURES	1,544,070	1,831,919	2,476,637	2,187,637	2,319,676
FUNDING					
Local Wastewater Enterprise	\$52,986	\$35,904	\$96,436	\$94,219	\$98,407
Local Wastewater Replacement	22	0	0	0	16,800
Local Wastewater Expansion	341,835	510,680	613,176	447,844	457,215
Regional Wastewater Enterprise	166,946	90,944	267,206	246,193	258,415
Regional Wastewater Replacement	0	0	0	0	7,800
Regional Wastewater Expansion	41,398	51,206	85,580	86,831	92,981
Water Enterprise	481,128	470,464	543,076	750,260	781,440
Water Replacement	26,153	0	0	0	30,400
Water Expansion	432,030	672,335	871,163	562,290	576,218
Administrative Cost Center	1,573	386	0	0	0
TOTAL FUNDING	1,544,070	1,831,919	2,476,637	2,187,637	2,319,676
PERSONNEL SUMMARY	9.00	9.00	10.00	11.00	11.00

Department Overview

GIS and Asset Management – Division 43

This Division has been consolidated into the Capital Improvement Projects Division 41. Please see this section for their mission, description, goals and budget trends.



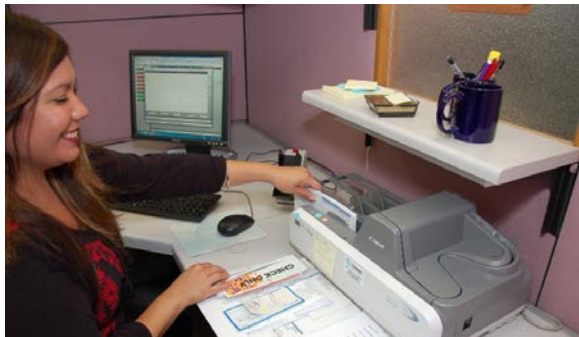
Department Overview

GIS & Asset Management – Division 43

	Actual	Actual	Adopted	Budget	Budget
	FYE 15	FYE 16	FYE 17	FYE 18*	FYE 19*
EXPENDITURES BY CATEGORY					
Salaries and Benefits	\$490,079	\$212,341	\$477,965	\$0	\$0
Materials	589	0	0	\$0	\$0
Contracts	112,375	198,770	375,000	\$0	\$0
Other	156	265	600	\$0	\$0
Capital Outlay	0	62,000	0	\$0	\$0
TOTAL EXPENDITURES	603,199	473,376	853,565	0	0
FUNDING					
Local Wastewater Enterprise	\$260,919	\$92,033	\$114,596	\$0	\$0
Local Wastewater Replacement	0	214,340	225,000	\$0	\$0
Local Wastewater Expansion	0	0	0	\$0	\$0
Regional Wastewater Enterprise	155,731	68,152	240,238	\$0	\$0
Regional Wastewater Replacement	0	0	5,000	\$0	\$0
Regional Wastewater Expansion	0	0	0	\$0	\$0
Water Enterprise	186,549	57,311	163,731	\$0	\$0
Water Replacement	0	41,540	105,000	\$0	\$0
Water Expansion	0	0	0	\$0	\$0
Administrative Cost Center	0	0	0	\$0	\$0
TOTAL FUNDING	603,199	473,376	853,565	0	0
PERSONNEL SUMMARY	3.00	2.00	2.00	0.00	0.00

Administrative Services Department

The Administrative Services Department consists of five divisions including Human Resource and Risk Management, Financial Services, Customer Service & Billing, and Information Technology Services. Staffing for this department totals 24 employees or 19 percent of our workforce. They provide all accounting functions, including payroll and manage all hiring, employee benefit administration and risk management. Our Customer Services Division bills both water and sewer bills to approximately 20,000 customer locations. The Information Technology Division supports three facilities and over 45 different software applications.



Department Overview

Administrative Services

2016 and 2017 Accomplishments

Administration

- Successfully facilitated the first full management retreat in many years.
- Streamlined several Board policies and District rules for efficiency.

Human Resources & Risk Management

- Facilitated recruitment and appointment of the new General Manager and three senior managers.
- Completed 25 recruitments, and on-boarded 13 new employees.
- Completed side-letters with labor groups to extend contracts for one year.
- Streamlined several Personnel rules including hiring practices, travel and training reimbursements.

Financial Services Division

- Received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the 15th year in a row for FYE 2015 CAFR.
- Received an 'AA' rating from Fitch Rating Services, stating the district is financially sound and its rating outlook is stable through 2021.
- Completed Water Capacity Reserve Fee study, which is completed every five years; and updated the water capacity reserve fee for new connections.
- Completed the Local & Regional Wastewater Rate Study, which is completed every five years and updated rates as directed by the Board.

Customer Service & Billing

- Expanded AMI infrastructure to cover neighborhoods in the westernmost area of the district, formerly separated by a ridgeline that stopped communication between water meters and the base station.
- Worked in partnership with Engineering to move the costs of expanding the AMI network to the development community.
- Accepted responsibility from FOD to streamline the installation process for all new residential meter sets, installing and programming an average of 100 meters per month.
- Increased the sign up rates for both the ACH and paperless billing (Ebill) programs with an achievement of 43 percent of our customers on ACH and 25 percent on Ebill.
- Accomplished all of our performance goals including 100 percent timely bill production and accuracy.
- Worked directly with customers to identify, notify, and fix leaks, and to change other consumption behaviors before the district would have to take more punitive action.

Department Overview

Administrative Services

Information Technology Services

- Implemented new software including: Fat, Oil and Grease Inspection for Environmental Compliance, Tokay for Clean Water Division, and InfraMAP for Field Operations Division.
- Assisted Asset Management Division with the Lucity asset realignment for the Waste Water Treatment Plant and designed new or improved Lucity web dashboards for field staff.
- Deployed mobile devices (Microsoft Surface Tablets) for Field Operations Division and Engineering Department.
- Implementation OnBase Enterprise Content Management System with initial use by Accounting Division and Engineering Department.
- Upgraded DSRSD SharePoint Intranet from version 2007 to 2013.
- Brought the new Field Operating Facility online before any infrastructure was in place so that other systems of HVAC and security could be installed.
- Created an online listing of data systems to meet the requirements of California, Senate Bill SB272 to increase transparency and public accountability.
- Worked with HR to update Personnel Rule, "Electronic Communications Resources" (ECR).

	Actual	Actual	Adopted	Budget	Budget
	FYE 15	FYE 16	FYE 17	FYE 18	FYE 19
EXPENDITURES BY CATEGORY					
Salaries and Benefits	\$3,823,987	\$3,496,466	\$4,124,422	\$4,075,227	\$4,253,275
Materials	72,145	86,480	40,332	45,857	39,386
Contracts	751,879	713,769	750,623	969,508	996,152
Other	7,977	2,876	8,400	9,550	9,550
	0	0	0	71,603	0
TOTAL EXPENDITURES	4,655,988	4,299,591	4,923,777	5,171,745	5,298,363
FUNDING					
Local Wastewater Enterprise	\$125,599	\$124,341	\$158,632	\$139,161	\$128,738
Local Wastewater Replacement	0	0	0	7,276	0
Local Wastewater Expansion	0	0	0	12,000	0
Regional Wastewater Enterprise	134,877	124,373	187,634	139,158	146,168
Regional Wastewater Replacement	0	0	0	12,034	0
Regional Wastewater Expansion	0	0	0	40,000	0
Water Enterprise	861,153	875,141	1,019,547	987,864	1,089,780
Water Replacement	0	0	0	52,293	0
Water Expansion	0	0	0	0	0
Administrative Cost Center	3,534,359	3,175,736	3,557,964	3,781,959	3,933,677
TOTAL FUNDING	4,655,988	4,299,591	4,923,777	5,171,745	5,298,363
PERSONNEL SUMMARY	27.50	24.00	24.00	24.00	24.00

Department Overview

Administration – Division 30

Mission

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

Top Division Goals

- Prepare a two year operating budget and create a streamlined budget document for enhanced use.
- Develop long-term financial planning models for operations, asset management and capital projects.
- Review the adequacy of the District's reserve policies.
- Clarify/streamline other policies as needed to enhance readability and compliance.
- Act as chief negotiator for the 2017 labor agreements.
- Assist the Finance Division with the Local and Regional Capacity Reserve Fee Studies and the Water Rate Fee Study.
- Monitor the bond market to capitalize on debt refinancing options.
- Assist Mechanical Maintenance Division with the development of a structured fleet replacement policy.

Budget Trends

In FYE 2015, the department reorganized and downsized from two Senior Managers to one. In addition, the Senior Manager was Acting General Manager for several months in FYE 2016, thus resulting in a wide fluctuation in salaries and benefits.

The proposed FYE 2018 and 2019 budget will start a consistent trend for the Division.

Department Overview

Administration – Division 30

	Actual	Actual	Adopted	Budget	Budget
	FYE 15	FYE 16	FYE 17	FYE 18	FYE 19
EXPENDITURES BY CATEGORY					
Salaries and Benefits	\$454,614	\$159,273	\$336,399	\$289,868	\$309,949
Materials	238	12	400	1,000	1,100
Contracts	11,013	0	6,558	7,500	7,500
Other	778	119	1,900	2,100	2,100
TOTAL EXPENDITURES	466,643	159,404	345,257	300,468	320,649
FUNDING					
Local Wastewater Enterprise	\$0	\$0	\$0	\$0	\$0
Local Wastewater Replacement	0	0	0	0	0
Local Wastewater Expansion	0	0	0	0	0
Regional Wastewater Enterprise	0	0	0	0	0
Regional Wastewater Replacement	0	0	0	0	0
Regional Wastewater Expansion	0	0	0	0	0
Water Enterprise	0	0	0	0	0
Water Replacement	0	0	0	0	0
Water Expansion	0	0	0	0	0
Administrative Cost Center	466,643	159,404	345,257	300,468	320,649
TOTAL FUNDING	466,643	159,404	345,257	300,468	320,649
PERSONNEL SUMMARY	2.00	1.50	1.50	1.50	1.50

Department Overview

Human Resources & Risk Management – Division 22

Mission

Serve the organization by assisting employees and the community in a manner that enriches relationships within the District and protects business resources.

The Human Resources and Risk Management Division includes both human resources and risk management functions. Human Resources conducts recruitment and selection processes, maintains classification and compensation structure, and coordinates employee benefits, employee relations, organizational personnel planning, and policy development. Human Resources also supports labor relations and administers employee engagement programs, including employee feedback,

coaching, and recognition, as well as District-wide training and development. Human Resources administers the District's pooled insurance programs, including liability, property and workers compensation.

Top Division Goals

- Support the District in the process of negotiating successor Memorandum of Understanding's (MOUs) for its four employee-organized units in FYE 2018 (Stationary Engineers – Local 39 (L39), Mid-Management Employees Bargaining Unit (MEBU), Professional Employees Bargaining Unit (PEBU), and Confidential Employees Bargaining Unit (CEBU)).
- Streamline Board Policies and Personnel Rules as needed per the Strategic Plan.
- Coordinate efforts to complete the marketing of the Dublin San Ramon 457b Plan and Trust deferred compensation plan and finalize the implementation of a Plan Administrative Committee.
- Update and implement employee engagement programs relevant for today's workforce, including performance feedback and coaching, employee recognition and training and development to maintain a highly qualified workforce per the Strategic Plan.
- Facilitate review and update of the District's job classification system, serving to build resilience and continuity to thrive in the face of staffing transitions.

Budget Trends

The Human Resources and Risk Management Division budget has increased slightly in the contracts category to provide for additional professional and legal services, related to the labor negotiations process, classification reviews, the 457 program, and training and development program expansion.

Department Overview

Human Resources & Risk Management – Division 22

	Actual	Actual	Adopted	Budget	Budget
	FYE 15	FYE 16	FYE 17	FYE 18	FYE 19
EXPENDITURES BY CATEGORY					
Salaries and Benefits	\$790,076	\$733,283	\$887,253	\$858,477	\$902,448
Materials	29,298	2,507	2,500	12,400	2,500
Contracts	311,415	252,607	161,302	242,083	226,001
Other	5,453	1,434	2,250	4,250	4,250
TOTAL EXPENDITURES	1,136,241	989,831	1,053,305	1,117,210	1,135,199
FUNDING					
Local Wastewater Enterprise	\$4,367	\$0	\$0	\$0	\$0
Local Wastewater Replacement	0	0	0	0	0
Local Wastewater Expansion	0	0	0	0	0
Regional Wastewater Enterprise	12,591	0	0	0	0
Regional Wastewater Replacement	0	0	0	0	0
Regional Wastewater Expansion	0	0	0	0	0
Water Enterprise	7,178	0	0	0	0
Water Replacement	0	0	0	0	0
Water Expansion	0	0	0	0	0
Administrative Cost Center	1,112,106	989,831	1,053,305	1,117,210	1,135,199
TOTAL FUNDING	1,136,241	989,831	1,053,305	1,117,210	1,135,199
PERSONNEL SUMMARY	6.50	4.50	4.50	4.50	4.50

Department Overview

Financial Services – Division 31

Mission

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

The Financial Services 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, performs various rate studies, and prepares long- term financial projections.

Top Division Goals

- Prepare a five year update to the District water rate study and recommend rate adjustments.
- Work in conjunction with the Engineering Department to prepare an update to Local and Regional capacity reserve fees.
- Assist Human Resources and Risk Management Division in efforts to market the Dublin San Ramon 457b Plan and Trust deferred compensation plan and implement a Plan Administrative Committee.
- In FYE 2018, assist Human Resources and Risk Management Division in negotiating successor Memorandum of Understanding's (MOUs) for the District's four employee-organized units (Stationary Engineers – Local 39 (L39), Mid-Management Employees Bargaining Unit (MEBU), Professional Employees Bargaining Unit (PEBU), and Confidential Employees Bargaining Unit (CEBU)).
- Update District purchasing procedures to be more streamlined and efficient.
- Prepare an update to the District Miscellaneous Fee Schedule. Work with the Engineering Department to analyze cost of service in the areas of permitting and inspection fees.

Budget Trends

Starting in FYE 2017, the Division was involved in several rate studies, including water and wastewater fees. This will continue in FYE 2018 and 2019 which accounts for the increase in contract costs.

Department Overview

Financial Services – Division 31

	Actual	Actual	Adopted	Budget	Budget
	FYE 15	FYE 16	FYE 17	FYE 18	FYE 19
EXPENDITURES BY CATEGORY					
Salaries and Benefits	\$574,648	\$573,592	\$655,618	\$667,717	\$703,074
Materials	818	2,588	2,603	3,000	3,200
Contracts	60,506	92,787	155,728	149,790	146,130
Other	44	337	800	1,000	1,000
TOTAL EXPENDITURES	636,016	669,304	814,749	821,507	853,404
FUNDING					
Local Wastewater Enterprise	\$0	\$0	\$17,000	\$0	\$0
Local Wastewater Replacement	0	0	0	0	0
Local Wastewater Expansion	0	0	0	12,000	0
Regional Wastewater Enterprise	1,052	0	46,000	0	0
Regional Wastewater Replacement	0	0	0	0	0
Regional Wastewater Expansion	0	0	0	40,000	0
Water Enterprise	0	0	30,000	0	52,000
Water Replacement	0	0	0	0	0
Water Expansion	0	0	0	0	0
Administrative Cost Center	634,964	669,304	721,749	769,507	801,404
TOTAL FUNDING	636,016	669,304	814,749	821,507	853,404
PERSONNEL SUMMARY	5.00	4.00	4.00	4.00	4.00

Department Overview

Customer Service & Billing – Division 33

Mission

Provide superior service to district customers, leverage technology and efficiencies to accommodate continued growth, and produce consistently accurate and timely billing.

The Customer Service & Billing Division manages all aspects of customer utility billing, communications, remittance processing, debt collections, equipment installation and maintenance, and the installation and management needed to support and expand the district's advanced metering infrastructure (AMI). They have been instrumental in educating our customers on the use of the new AMI software so that the customer has 24/7 feedback on their water usage.

Top Division Goals

- Work with our regional partners to resolve issues related to meter type and size and their associated Zone 7 connection fees to insure that developers are “right sizing” their meter requests so that the District can install the most appropriate meter for the planned use.
- Work with our engineering partners to move all AMI infrastructure expansion costs to the development community.
- Continue to educate our customers on the use of the AMI system.

Budget Trends

The proposed 2018-19 budget is status quo. Compared to the previous two-year budget, it increased by a percentage equal to 3.4 percent and 3.7 percent respectively. The majority of this increase is due to increases allowed by contract. The processes these contracts afford allow the Customer Service and Billing Division to continue to accommodate growth without requiring increases to headcount.

The FYE 2016 and 2017 budget included a one-time strategic plan to assess technology upgrades and customer awareness/satisfaction, thus the contract expenditure increase. The FYE 2018 and 2019 budget is status quo with the exception of the replacement of two vehicles for \$60,000 in the “other” category.

Department Overview

Customer Service & Billing – Division 33

	Actual	Actual	Adopted	Budget	Budget
	FYE 15	FYE 16	FYE 17	FYE 18	FYE 19
EXPENDITURES BY CATEGORY					
Salaries and Benefits	\$938,275	\$944,227	\$1,076,922	\$1,050,659	\$1,088,542
Materials	10,037	21,179	18,579	13,457	16,586
Contracts	169,631	181,044	201,330	213,745	219,831
Other	98	17	800	800	800
Capital Outlay	0	0	0	60,000	0
TOTAL EXPENDITURES	1,118,041	1,146,467	1,297,631	1,338,661	1,325,759
FUNDING					
Local Wastewater Enterprise	\$121,232	\$124,341	\$141,632	\$139,161	\$128,738
Local Wastewater Replacement	0	0	0	6,000	0
Local Wastewater Expansion	0	0	0	0	0
Regional Wastewater Enterprise	121,234	124,373	141,634	139,158	146,168
Regional Wastewater Replacement	0	0	0	6,000	0
Regional Wastewater Expansion	0	0	0	0	0
Water Enterprise	853,975	875,141	989,547	987,864	1,037,780
Water Replacement	0	0	0	48,000	0
Water Expansion	0	0	0	0	0
Administrative Cost Center	21,600	22,612	24,818	12,478	13,073
TOTAL FUNDING	1,118,041	1,146,467	1,297,631	1,338,661	1,325,759
PERSONNEL SUMMARY	8.00	8.00	8.00	8.00	8.00

Department Overview

Information Technology Services – Division 34

Mission

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.

Assists the District's Divisions to 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, cost-effective manner.

Top Division Goals

- Develop a Master Plan for the business network.
- Create a curriculum of short courses/talks to develop and increase the use of technology among staff. Work with Divisions to extend the use of existing software in their processes per the strategic plan.
- Support Asset Management through automating additional business processes so that field workers have the information at their fingertips for work orders and supporting documents.
- Optimize storage of electric documents via OnBase trusted Enterprise Content Management System, SharePoint Intranet and secure cloud-based storage. Review Enterprise Resource Planning life cycle planning.
- Create a redundant telephony and Internet infrastructure at Commerce Circle facility that links to the District Office and Water Treatment Plant via fiber and high speed wireless.
- Take ownership of the SCADA field network to insure secure, stable and resilient connectivity at completion of CIP 09-6101 Water and Recycled Water System Control and Data Acquisition (SCADA) Improvements. Enhance SCADA network security, field access and reporting.

Budget Trends

The budget has increased in FYE 2018 and 2019 as software warranty maintenance of network equipment expired from CIP funding and was absorbed into one operating budget. Professional Services also expanded to backfill system administration while current staff assists with OnBase implementation. Due to our improved networks, some savings were generated from consolidation of telephony charges and Internet Service Provision through CalNET3 state contracts.

Department Overview

Information Technology Services – Division 34

	Actual	Actual	Adopted	Budget	Budget
	FYE 15	FYE 16	FYE 17	FYE 18	FYE 19
EXPENDITURES BY CATEGORY					
Salaries and Benefits	\$1,066,374	\$1,086,091	\$1,168,230	\$1,208,506	\$1,249,262
Materials	31,754	60,194	16,250	16,000	16,000
Contracts	199,314	187,331	225,705	356,390	396,690
Other	1,604	969	2,650	1,400	1,400
Capital Outlay	0	0	0	11,603	0
TOTAL EXPENDITURES	1,299,046	1,334,585	1,412,835	1,593,899	1,663,352
FUNDING					
Local Wastewater Enterprise	\$0	\$0	\$0	\$0	\$0
Local Wastewater Replacement	0	0	0	1,276	0
Local Wastewater Expansion	0	0	0	0	0
Regional Wastewater Enterprise	0	0	0	0	0
Regional Wastewater Replacement	0	0	0	6,034	0
Regional Wastewater Expansion	0	0	0	0	0
Water Enterprise	0	0	0	0	0
Water Replacement	0	0	0	4,293	0
Water Expansion	0	0	0	0	0
Administrative Cost Center	1,299,046	1,334,585	1,412,835	1,582,296	1,663,352
TOTAL FUNDING	1,299,046	1,334,585	1,412,835	1,593,899	1,663,352
PERSONNEL SUMMARY	6.00	6.00	6.00	6.00	6.00

Notes

Executive & Legislative Department

The Executive and Legislative Department consists of four divisions including Legislative, the Office of the General Manager, Executive Services, and Communications. Staffing for this department totals 10 employees or eight percent of our workforce. The department is responsible for directing policy, providing executive leadership to the District, providing administrative support to the Board and General Manager, and managing public affairs and community outreach.



Department Overview

Executive & Legislative Services

2016 and 2017 Accomplishments

Office of the General Manager

- Impressively managed through the drought and set the standard, surpassing conservation and industry expectations.
- Recruited and assembled an entirely new senior management team.
- Streamlined the Strategic Plan into a succinct, readable document.

Executive Services

- Implemented an electronic Agenda Management system to produce Board and committee agendas.
- Successfully facilitated the 2016 Board of Director election and Board transition.

Communications

- Led the effort to upgrade the District Office lobby with assistance from Engineering, Electrical, ITS, and Maintenance Divisions.
- Facilitated a community groundbreaking ceremony for the DERWA Phase 2 expansion.
- Kicked off a potable reuse study with partner agencies in the Tri-Valley.
- Assisted the Financial Division with the publication of the FYE 2015 CAFR which received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for the 15th consecutive year.
- Assisted with the Prop 218 noticing for water and local/regional sewer rates.
- Provided tours for 1,134 visitors since October 2012, averaging 284 visitors annually, a 54 percent increase in attendees since Public Information and WWTP Plant Operations began promoting the tours four years ago.

Department Overview

Executive & Legislative Services

	Actual	Actual	Adopted	Budget	Budget
	FYE 15	FYE 16	FYE 17	FYE 18	FYE 19
EXPENDITURES BY CATEGORY					
Salaries and Benefits	\$1,663,512	\$1,519,646	\$1,881,045	\$1,800,467	\$1,858,029
Materials	16,023	17,761	22,350	28,370	23,370
Contracts	143,610	115,321	553,910	510,064	650,053
Other	124,060	127,639	154,401	174,799	174,799
TOTAL EXPENDITURES	1,947,205	1,780,367	2,611,706	2,513,700	2,706,251
FUNDING					
Local Wastewater Enterprise	\$15,899	\$15,199	\$28,500	\$28,900	\$28,900
Local Wastewater Replacement	0	0	0	0	0
Local Wastewater Expansion	0	0	0	0	0
Regional Wastewater Enterprise	232,733	235,110	251,500	266,224	274,418
Regional Wastewater Replacement	0	0	0	0	0
Regional Wastewater Expansion	0	0	0	0	0
Water Enterprise	268,667	269,047	282,477	302,329	309,023
Water Replacement	0	0	0	0	0
Water Expansion	0	0	0	0	0
Administrative Cost Center	1,429,906	1,261,011	2,049,229	1,916,247	2,093,910
TOTAL FUNDING	1,947,205	1,780,367	2,611,706	2,513,700	2,706,251
PERSONNEL SUMMARY	8.50	8.50	8.50	8.50	8.50

Department Overview

Legislative – Division 10

Mission

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

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

people of the District. The Board of Directors' budget includes Board member travel and training costs at industry conferences, meetings, and community events as well as the consolidated election held every two years with the statewide general election.

Top Division Goals

- Represent the District at industry conferences, meetings, and community events.
- Adopt fair and equitable rates for DSRSD customers.
- Set policy direction for the District to function in an effective manner.

Budget Trends

This is a status quo budget with the exception of elections, which occur every other year. Fiscal Year 2018 has no election related costs, however, in fiscal year 2017 and 2019, the budget for these costs are \$135,500 and \$198,000, respectively.



Department Overview

Legislative – Division 10

	Actual	Actual	Adopted	Budget	Budget
	FYE 15	FYE 16	FYE 17	FYE 18	FYE 19
EXPENDITURES BY CATEGORY					
Salaries and Benefits	\$63,863	\$72,589	\$116,948	\$116,948	\$116,948
Materials	4,778	2,961	2,800	11,300	6,300
Contracts	44,968	34,258	193,500	50,500	248,753
Other	755	609	700	700	700
TOTAL EXPENDITURES	114,364	110,417	313,948	179,448	372,701
FUNDING					
Local Wastewater Enterprise	\$2,668	\$4,866	\$6,250	\$0	\$0
Local Wastewater Replacement	0	0	0	0	0
Local Wastewater Expansion	0	0	0	0	0
Regional Wastewater Enterprise	2,668	4,866	6,250	12,500	12,500
Regional Wastewater Replacement	0	0	0	0	0
Regional Wastewater Expansion	0	0	0	0	0
Water Enterprise	268	5,495	6,000	6,000	6,000
Water Replacement	0	0	0	0	0
Water Expansion	0	0	0	0	0
Administrative Cost Center	108,760	95,190	295,448	160,948	354,201
TOTAL FUNDING	114,364	110,417	313,948	179,448	372,701
PERSONNEL SUMMARY	0.00	0.00	0.00	0.00	0.00

Department Overview

Office of the General Manager – Division 12

Mission

Ensure the District provides reliable water, recycled 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 General Manager provides executive leadership and management of the District's business. The General Manager provides oversight to the three main operating departments (Operations, Administrative Services, and Engineering), and two administrative divisions: Communications and Executive Services. The General Manager is the primary liaison between the Board of Directors and the staff of the District, and is responsible for interagency coordination and collaborations.

Top Division Goals

- Facilitate the completion of a Tri-Valley Joint Feasibility Study on Potable Reuse in partnership with other Tri-Valley water agencies, and initiate community outreach and engagement on bolstering a resilient water supply.
- Lead all the District's staff and resources to develop a fully integrated Asset Management Program as the backbone of a cohesive business management strategy.
- Foster a continuously high performing organization with sufficient resilience and continuity to thrive in the face of staffing transitions.
- Implement the new Strategic Plan adopted in May 2017.

Budget Trends

Salary and benefits increased in FYE 2017 with the addition of a limited term Assistant General Manager to help facilitate the transition to a new senior management team. This position ended in December 2016. The budget includes increases in the "other" category, representing increases in membership costs for interagency collaborations.

Department Overview

Office of the General Manager – Division 12

	Actual	Actual	Adopted	Budget	Budget
	FYE 15	FYE 16	FYE 17	FYE 18	FYE 19
EXPENDITURES BY CATEGORY					
Salaries and Benefits	\$388,610	\$357,783	\$422,096	\$381,286	\$390,450
Materials	0	373	200	200	200
Contracts	2,507	1,034	5,600	6,300	6,300
Other	119,764	124,316	147,691	167,079	167,079
TOTAL EXPENDITURES	510,881	483,506	575,587	554,865	564,029
FUNDING					
Local Wastewater Enterprise	\$11,892	\$8,986	\$10,450	\$8,400	\$8,400
Local Wastewater Replacement	0	0	0	0	0
Local Wastewater Expansion	0	0	0	0	0
Regional Wastewater Enterprise	48,072	41,992	45,325	53,697	53,697
Regional Wastewater Replacement	0	0	0	0	0
Regional Wastewater Expansion	0	0	0	0	0
Water Enterprise	73,413	63,979	65,000	74,600	73,100
Water Replacement	0	0	0	0	0
Water Expansion	0	0	0	0	0
Administrative Cost Center	377,504	368,549	454,812	418,168	428,832
TOTAL FUNDING	510,881	483,506	575,587	554,865	564,029
PERSONNEL SUMMARY	1.00	1.00	1.00	1.00	1.00

Department Overview

Executive Services – Division 15

Mission

Provide efficient and conscientious customer service and support to the Board of Directors, General Manager, senior managers, local agencies, and the public.

The Executive Services Division provides critical Administrative services to the Board of Directors, General Manager, Senior Managers, staff, other agencies and the public. The Division provides District secretary and supervisory services handling production of over 40 Board and Committee agendas and minutes, 25 timely Public Records Act requests, the annual employee recognition event and special

event planning, Board of Directors election and oaths of office to Board members, newly hired staff, FPPC filings, records management, 40 legal ads/public notices published annually, CIP project bid openings and contract facilitation, recordation, facilities management, Board policy management, District Code maintenance, and special projects. In addition, staff serve as the DERWA JPA Authority Secretary and provide JPA administrative support.

Top Division Goals

- Continue to develop and implement the Electronic Content Management System.
- Increase technical and industry knowledge through training opportunities.
- Automate FPPC reporting system.
- Continue to streamline and increase efficiencies in work strategies.
- Update the Strategic Plan in 2019.
- Conduct consolidated District elections.
- Evaluate the cost of expanding/improving the broadcast of live Board meetings.
- Implement needed changes to records management, retention, and retrieval policies.

Budget Trends

Emphasis has been put on implementation of a physical and electronic records management system with specific milestones achieved per our Strategic Plan. FYE 2017 had appropriated funds towards this endeavor. In FYE 2018 and 2019, \$285,000 and \$223,000, respectively, have been proposed for inventory control, consulting services, and maintenance and support of the OnBase application including records management.

Department Overview

Executive Services – Division 15

	Actual	Actual	Adopted	Budget	Budget
	FYE 15	FYE 16	FYE 17	FYE 18	FYE 19
EXPENDITURES BY CATEGORY					
Salaries and Benefits	\$613,808	\$476,670	\$710,204	\$660,744	\$682,541
Materials	3,789	2,159	5,600	3,920	3,920
Contracts	50,031	53,744	260,980	309,134	243,870
Other	657	687	1,370	1,370	1,370
TOTAL EXPENDITURES	668,285	533,260	978,154	975,168	931,701
FUNDING					
Local Wastewater Enterprise	\$0	\$0	\$0	\$0	\$0
Local Wastewater Replacement	0	0	0	0	0
Local Wastewater Expansion	0	0	0	0	0
Regional Wastewater Enterprise	0	0	0	0	0
Regional Wastewater Replacement	0	0	0	0	0
Regional Wastewater Expansion	0	0	0	0	0
Water Enterprise	0	0	0	0	0
Water Replacement	0	0	0	0	0
Water Expansion	0	0	0	0	0
Administrative Cost Center	668,285	533,260	978,154	975,168	931,701
TOTAL FUNDING	668,285	533,260	978,154	975,168	931,701
PERSONNEL SUMMARY	4.00	4.00	4.00	4.00	4.00

Department Overview

Communications – Division 24

Mission

The primary purpose of the Communications Division is to provide well crafted, public outreach materials to influence people's thoughts, attitudes, beliefs, and behaviors.

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

Top Division Goals

- Produce the District's first annual report
- Work with Tri-Valley partners to develop a public outreach program on water supply alternatives, including potable reuse
- Rebrand the Regional Wastewater Treatment Facility as the Regional Resource Recovery Facility

Budget Trends

The increase in the Communications Division budget for FYE 2018 is due to producing an annual report and mailing it to all our customers, conducting a customer survey to identify ways to communicate more effectively, including in emergencies, covering actual costs for staff to attend ACWA board and committee meetings and CASA committee meetings, purchasing equipment to produce more videos, and reviving the Sewer Science high school classroom program.

In addition, in FYE 2019, the Division will facilitate creating educational signs to enhance public tours at the treatment plant and painting a mural on the maintenance building facing Highway 680 to help brand the District as protecting public health and the environment 24/7. These projects are reflected in the Capital Improvement Projects.

Department Overview

Communications – Division 24

	Actual	Actual	Adopted	Budget	Budget
	FYE 15	FYE 16	FYE 17	FYE 18	FYE 19
EXPENDITURES BY CATEGORY					
Salaries and Benefits	\$597,231	\$612,604	\$631,797	\$641,489	\$668,090
Materials	7,456	12,268	13,750	12,950	12,950
Contracts	46,104	26,285	93,830	144,130	151,130
Other	2,884	2,027	4,640	5,650	5,650
TOTAL EXPENDITURES	653,675	653,184	744,017	804,219	837,820
FUNDING					
Local Wastewater Enterprise	\$1,339	\$1,347	\$11,800	\$20,500	\$20,500
Local Wastewater Replacement	0	0	0	0	0
Local Wastewater Expansion	0	0	0	0	0
Regional Wastewater Enterprise	181,993	188,252	199,925	200,027	208,221
Regional Wastewater Replacement	0	0	0	0	0
Regional Wastewater Expansion	0	0	0	0	0
Water Enterprise	194,986	199,573	211,477	221,729	229,923
Water Replacement	0	0	0	0	0
Water Expansion	0	0	0	0	0
Administrative Cost Center	275,357	264,012	320,815	361,963	379,176
TOTAL FUNDING	653,675	653,184	744,017	804,219	837,820
PERSONNEL SUMMARY	3.50	3.50	3.50	3.50	3.50

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 Department. Expenses Include:

Personnel – Retiree 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 and gasoline for pooled vehicles;

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

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

Department Overview

Non-Departmental

2016 and 2017 Accomplishments

- Monitored liability costs and implemented proactive training to reduce injuries, resulting in a premium refund of \$44,194, which represents approximately 16% of our annual cost of coverage.
- Negotiate with Dental and Vision providers to keep the annual rates as low as possible.
- Contracted legal services to control costs and have accessibility to specialists on an “as needed” basis, thus reducing costs to the District.
- Paid all debt on time and maintained a “AA” bond rating.

Mission

To monitor and properly account for non-departments costs and allocated between funds in a reasonable and responsible manner.

Top Division Goals

- Continue to monitor the bond market to take advantage of refunding opportunities, if available.
- Negotiate upcoming labor contracts to ensure the District maintains a solid and sustainable financial position in the area of retiree medical and dental benefits.
- Proactively monitor our technology replacement program to trade up equipment before maintenance issues occur.

Budget Trends

The primary increase in this division’s materials budget represents an additional \$5.6 million dollars in estimated water purchases from Zone 7 due to economic growth and changes in rate payer demand now that the drought is “officially over”. Contracts have increased slightly due to property taxes associated with the new Field Operations Facility.

Department Overview

Non-Departmental – Division 70

	Actual	Actual	Adopted	Budget	Budget
	FYE 15	FYE 16	FYE 17	FYE 18	FYE 19
EXPENDITURES BY CATEGORY					
Salaries and Benefits	-\$261,689	-\$483,066	\$775,455	\$862,131	\$922,103
Materials	7,732,279	9,190,269	11,220,358	16,990,380	17,898,333
Contracts	3,582,781	2,302,672	2,087,888	2,213,297	2,230,568
Other	40,143,759	22,862,171	12,816,696	13,520,264	13,516,550
Capital Outlay	-1,110,255	0	0	0	0
TOTAL EXPENDITURES	50,086,874	33,872,046	26,900,397	33,586,072	34,567,554
FUNDING					
Local Wastewater Operations	2,684,197	1,114,599	4,000	18,112	18,248
Local Wastewater Replacement	-844,588	5,966	6,200	11,600	11,600
Local Wastewater Expansion	396,050	-3,775	2,000	2,000	2,000
Regional Wastewater Operations	16,006,872	7,951,654	3,641,109	3,777,470	3,777,036
Regional Wastewater Replacement	-105,689	43,292	26,350	51,800	51,800
Regional Wastewater Expansion	5,707,641	5,159,886	4,654,707	4,653,954	4,653,120
Water Operations	18,544,355	14,148,649	12,174,256	18,353,490	19,193,529
Water Rate Stabilization (RSF)	18,536	26,115	20,000	35,000	35,000
Water Replacement	114,812	110,407	332,519	268,900	290,900
Water Expansion	5,472,411	4,040,515	3,222,413	3,453,463	3,494,733
Administrative Cost Center	355,953	659,471	519,032	571,150	590,736
Other Post-Employment Benefits	0	0	767,655	854,331	914,003
DV Standby Assessment District	1,736,324	615,267	1,530,156	1,534,802	1,534,849
TOTAL FUNDING	50,086,874	33,872,046	26,900,397	33,586,072	34,567,554

Appendix

District Profile

What products and services does DSRSD provide and to whom?

- Founded in 1953, DSRSD serves more than 173,000 people.
- DSRSD distributes drinking water for approximately 80,000 people, in Dublin since March 1961 and in Dougherty Valley since May 2000.
- DSRSD provides wastewater collection and treatment for approximately 150,000 in Dublin and southern San Ramon since March 1961, and wastewater treatment for Pleasanton (by contract) since September 1965.
- DSRSD has produced recycled water for landscape irrigation and construction since 1999. In 2006 DSRSD and East Bay Municipal Utility District (EBMUD) formed the San Ramon Valley Recycled Water Program (SRVRWP). The program serves DSRSD, EBMUD, and Pleasanton irrigation customers at 472 locations.

Who governs DSRSD?

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

How many accounts does DSRSD serve?

- 21,837 potable water accounts (residential, commercial, industrial and institutional).
- 421 recycled water irrigation accounts.
- 20,934 single-family residential wastewater tax roll assessments (excludes commercial, industrial and institutional).

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

- Hydrants: 3,256 potable water hydrants, 20 recycled water hydrants.
- Pipelines: 307.8 miles of potable water pipes, 63.7 miles of recycled water pipes, 206 miles of sewer pipes.

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

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

How much potable water is used by District customers?

- 1.906 billion gallons annual (July 1, 2015 – June 30, 2016).
- 5.22 million gallons per day, average daily consumption (July 1, 2015 – June 30, 2016).
- 37.40 gallons per person per day, residential use only (12 month rolling average as of June 30, 2016).
- 65.28 gallons per person per day, all customers (12 month rolling average as of June 30, 2016).

How much recycled water is used by District customers annually (July 1, 2015 – June 30, 2016)?

- 979 million gallons, equal to 30% of total water sales.
- 89% was delivered via purple pipes, primarily for irrigation; 7% via the Commercial Fill Station, primarily for construction; and 4% via the Residential Fill Station, for residential irrigation during the drought emergency.

Appendix

District Profile

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

- 328 gallons per day.

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

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

What types of wastewater treatment does the District provide?

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

How many full-time equivalent positions are approved by the Board at DSRSD for fiscal year 2017?

- 113

What is the District's budget for fiscal year 2017?

- Operations: \$53.86 million.
- Capital Improvement Program: \$22.1 million.

Where does our water come from?

- State Water Project (Lake Oroville is the primary reservoir)
- Local groundwater.
- Local runoff impounded at Lake Del Valle.

Where does our treated water go?

- Discharged into the San Francisco Bay.
- Recycled for non-potable uses, primarily irrigation.

Appendix

Glossary of Budget Terms

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

Appendix

Glossary of Budget Terms

CASA:	California Association of Sanitation Agencies.
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 authority.
COLA:	Cost of Living Adjustment. An increase in salary or benefits to offset the effect of inflation.
CPI:	Consumer Price Index. Cost adjustment factor based on cost increases.
CSDA:	California Special Districts Association.
CWEA:	California Water Environment Association.
Debt Service:	The combination of interest expense and principal payments due to long-term debt.
Delivery Versus Payment:	The basis on which all security transactions are entered into by the District.
DERWA:	DSRSD-EBMUD Recycled Water Authority. A joint powers agency between the District and East Bay Municipal Utility District for the development of recycled water facilities, infrastructure, and services.
District:	Dublin San Ramon Services District.
DLD:	Dedicated Land Disposal. Application of wastewater sludges to land for disposal purposes.

Appendix

Glossary of Budget Terms

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

Appendix

Glossary of Budget Terms

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

Appendix

Glossary of Budget Terms

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

Appendix

Glossary of Budget Terms

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

Appendix

Debt Service Schedules

Fiscal Year	2011 Water Revenue Refunding Bonds			LAVWMA 2011 Sewer Revenue Refunding Bonds (DSRSD Portion)			DERWA State Loan (DSRSD Portion)		
	Principal Due:	Interest Due:	Total Debt Service:	Principal Due:	Interest Due:	Total Debt Service:	Principal Due:	Interest Due:	Total Debt Service:
2014-15	\$ 270,000	\$ 1,943,869	\$ 2,213,869	\$ 1,355,529	\$ 1,758,240	\$ 3,113,769	\$ 638,420	\$ 207,374	\$ 845,794
2015-16	\$ 280,000	\$ 1,932,869	\$ 2,212,869	\$ 1,423,597	\$ 1,688,762	\$ 3,112,359	\$ 654,381	\$ 191,413	\$ 845,794
2016-17	\$ 290,000	\$ 1,921,469	\$ 2,211,469	\$ 1,497,500	\$ 1,615,734	\$ 3,113,234	\$ 670,740	\$ 175,054	\$ 845,794
2017-18	\$ 305,000	\$ 1,909,569	\$ 2,214,569	\$ 1,575,292	\$ 1,538,914	\$ 3,114,206	\$ 687,508	\$ 158,285	\$ 845,793
2018-19	\$ 315,000	\$ 1,897,169	\$ 2,212,169	\$ 1,655,029	\$ 1,458,156	\$ 3,113,185	\$ 704,697	\$ 141,098	\$ 845,794
2019-20	\$ 330,000	\$ 1,884,269	\$ 2,214,269	\$ 1,740,600	\$ 1,373,266	\$ 3,113,866	\$ 722,314	\$ 123,480	\$ 845,794
2020-21	\$ 340,000	\$ 1,869,169	\$ 2,209,169	\$ 1,830,061	\$ 1,283,999	\$ 3,114,061	\$ 740,372	\$ 105,422	\$ 845,794
2021-22	\$ 360,000	\$ 1,851,669	\$ 2,211,669	\$ 1,921,467	\$ 1,190,211	\$ 3,111,678	\$ 758,881	\$ 86,913	\$ 845,794
2022-23	\$ 375,000	\$ 1,833,294	\$ 2,208,294	\$ 2,020,652	\$ 1,091,658	\$ 3,112,310	\$ 777,853	\$ 67,941	\$ 845,794
2023-24	\$ 395,000	\$ 1,814,044	\$ 2,209,044	\$ 2,123,727	\$ 1,003,976	\$ 3,127,703	\$ 797,300	\$ 48,495	\$ 845,794
2024-25	\$ 415,000	\$ 1,794,313	\$ 2,209,313	\$ 2,201,519	\$ 911,773	\$ 3,113,292	\$ 817,232	\$ 28,562	\$ 845,794
2025-26	\$ 435,000	\$ 1,773,581	\$ 2,208,581	\$ 2,314,318	\$ 798,877	\$ 3,113,195	\$ 325,253	\$ 8,131	\$ 333,384
2026-27	\$ 975,000	\$ 1,738,331	\$ 2,713,331	\$ 2,431,006	\$ 692,399	\$ 3,123,405			
2027-28	\$ 1,360,000	\$ 1,679,956	\$ 3,039,956	\$ 2,532,136	\$ 580,476	\$ 3,112,612			
2028-29	\$ 1,425,000	\$ 1,609,441	\$ 3,034,441	\$ 2,662,438	\$ 450,611	\$ 3,113,049			
2029-30	\$ 1,500,000	\$ 1,533,550	\$ 3,033,550	\$ 2,798,574	\$ 324,581	\$ 3,123,155			
2030-31	\$ 1,580,000	\$ 1,450,725	\$ 3,030,725	\$ 2,921,097	\$ 201,212	\$ 3,122,309			
2031-32	\$ 1,665,000	\$ 1,361,488	\$ 3,026,488	\$ 3,051,399	\$ 68,656	\$ 3,120,055			
2032-33	\$ 1,755,000	\$ 1,267,438	\$ 3,022,438						
2033-34	\$ 1,855,000	\$ 1,168,163	\$ 3,023,163						
2034-35	\$ 1,955,000	\$ 1,063,388	\$ 3,018,388						
2035-36	\$ 2,060,000	\$ 952,975	\$ 3,012,975						
2036-37	\$ 2,175,000	\$ 836,513	\$ 3,011,513						
2037-38	\$ 2,295,000	\$ 707,850	\$ 3,002,850						
2038-39	\$ 2,435,000	\$ 565,950	\$ 3,000,950						
2039-40	\$ 2,580,000	\$ 415,500	\$ 2,995,500						
2040-41	\$ 2,735,000	\$ 256,050	\$ 2,991,050						
2041-42	\$ 2,900,000	\$ 87,000	\$ 2,987,000						
Total	\$ 35,360,000	\$ 39,119,597	\$ 74,479,597	\$ 38,055,942	\$ 18,031,502	\$ 56,087,444	\$ 8,294,951	\$ 1,342,168	\$ 9,637,119

FYE 2018 OPERATING BUDGET Level 6 Board Approved	Local Wastewater Enterprise 200	Local Wastewater RSF 205	Local Wastewater Replacement 210	Local Wastewater Expansion 220	Regional Wastewater Enterprise 300	Regional Wastewater RSF 305	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
(Estimated) Ending Working Capital July 1, 2017	926,611	795,650	6,853,702	7,566,446	5,805,726	7,903,986	22,644,610	51,918,320	10,743,447	14,127,902	15,135,695	21,254,455	-	-	1,080,870	166,757,420
Payment of Internal Receivable																-
Draw from CERBT														853,166		853,166
Adjusted Working Capital	926,611	795,650	6,853,702	7,566,446	5,805,726	7,903,986	22,644,610	51,918,320	10,743,447	14,127,902	15,135,695	21,254,455	-	853,166	1,080,870	167,610,586
Revenues:																
Zone 7 Revenue (600.1.150.10)									16,077,404							16,077,404
DSRSD Fixed Charge (600.1.150.10)									7,757,436							7,757,436
DSRSD Potable Revenue (600.1.150.10)									4,735,760							4,735,760
DSRSD Recycled Revenue (600.1.150.30)									5,235,019							5,235,019
Power Charge Revenue (600.1.150.35)									624,240							624,240
Dublin Sewer Service Charge (1.110.10)	2,059,666				9,668,035											11,727,702
San Ramon Sewer Service Charge (1.110.30)	516,145				1,870,053											2,386,197
Pleasanton Sewer Service Charge (1.110.15)					9,498,945											9,498,945
Miscellaneous Revenues																
Pretreatment/Lab Tests- DSRSD (1.110.40)					98,945											98,945
Pretreatment/Lab Tests- Pleasanton (1.110.45)					117,871											117,871
Total Service Charges	2,575,811				21,253,849				34,429,859							58,259,519.62
Capacity Reserve Fees			898,893	874,072			2,614,672	15,870,684			3,599,600	8,348,644				32,206,566
Other Revenues	20,683			549,196	629,822			43,063	549,441	713,244	3,875	1,406,296	1,135,007		1,530,156	6,580,783
Interest (as adjusted/proposed)	12,214	7,957	26,896	70,007	122,215	79,101	202,342	487,991	109,976	124,808	142,455	187,052		1,165		1,574,179
Total Revenues	2,608,708	7,957	925,789	1,493,275	22,005,886	79,101	2,817,014	16,401,738	35,089,276	838,052	3,745,931	9,941,992	1,135,007	1,165	1,530,156	98,621,048
Transfers In:																
Replacement Allocations			567,900				2,710,000				2,901,000					6,178,900
Pleasanton Advance Sale Sewer Permits								88,919								88,919
Interfund Loan			5,000,000													5,000,000
Allocation Recycled Water Program Fund											1,500,000					1,500,000
Debt Service												675,000				675,000
Total Transfers In			5,567,900				2,710,000	88,919			4,401,000	675,000				13,442,819
Total Revenue	2,608,708	7,957	6,493,689	1,493,275	22,005,886	79,101	5,527,014	16,490,657	35,089,276	838,052	8,146,931	10,616,992	1,135,007	1,165	1,530,156	112,063,867
Operating Expenses:																
Operating																
Wages and Benefits	2,027,373			401,445	7,334,426			77,577	5,385,661			564,498	5,038,850			20,829,829
Staff Time Charged to Projects/JPAs	(71,915)			(6,118)	(653,898)			(4,127)	(376,211)			(20,777)	(14,437)			(1,147,482)
Other Personnel Costs	42,536			5,437	456,194			2,640	324,388			16,694	271,359	854,331		1,973,579
Chemicals, Gas & Electric	3,764		10,800		1,558,180				718,800				72,670			2,364,214
Other Materials	95,414			1,580	820,583			51,300	254,050		267,900	382,785	145,835			2,019,887
Water Purchase									16,189,575							16,189,575
Contracts	181,629		800	59,220	1,005,616		500	53,160	1,698,492		2,600	25,960	1,781,241		1,534,802	6,344,021
Other	24,525			280	188,487			140	122,497	35,000		920	68,394			440,243
Contribution to JPA					2,257,662			337,098	2,051,802			845,794				5,492,356
Debt Service					1,464,483			4,313,856				2,214,569				7,992,908
Capital Outlay			52,276				650,234				169,293					871,803
Allocated Costs (as adjusted/proposed)	804,173			158,224	2,890,761		30,576		2,122,683			222,489	(6,228,905)			-
Total Operating Expenses	3,107,499		63,876	620,068	17,322,494		702,034	4,811,361	28,491,737	35,000	439,793	4,252,932	1,135,007	854,331	1,534,802	63,370,933
Capital Projects - Proposed Fund Limits			6,384,082	534,330			3,914,117	10,328,019			4,919,526	8,338,461				34,418,535
Transfers Out:																
Replacement Allocations	567,900				2,710,000				2,901,000							6,178,900
Pleasanton Advance Sale Sewer Permits					88,919											88,919
Interfund Loan				5,000,000												5,000,000
Allocation Recycled Water Program Fund									1,500,000							1,500,000
Debt Service									675,000							675,000
Total Transfers Out	567,900			5,000,000	2,798,919				5,076,000							13,442,819
Total Expenses	3,675,399		6,447,958	6,154,398	20,121,413		4,616,151	15,139,380	33,567,737	35,000	5,359,319	12,591,392	1,135,007	854,331	1,534,802	111,232,287
CalPERS Liability																
Net increase (decrease) pre RSF	(1,066,691)	7,957	45,731	(4,661,123)	1,884,474	79,101	910,863	1,351,278	1,521,539	803,052	2,787,612	(1,974,400)	0	(853,166)	(4,646)	831,580
Ending Working Capital pre RSF	(140,080)	803,607	6,899,433	2,905,322	7,690,200	7,983,088	23,555,473	53,269,597	12,264,986	14,930,954	17,923,307	19,280,056	0		1,076,224	
RSF Transfer In (Out)	200,902	(200,902)														
Net increase (decrease) post RSF	(865,789)	(192,945)	45,731	(4,661,123)	1,884,474	79,101	910,863	1,351,278	1,521,539	803,052	2,787,612	(1,974,400)	0	(853,166)	(4,646)	831,580
(Estimated) Ending Working Capital June 30, 2018	\$ 60,822	\$ 602,705	\$ 6,899,433	\$ 2,905,322	\$ 7,690,200	\$ 7,983,088	\$ 23,555,473	\$ 53,269,597	\$ 12,264,986	\$ 14,930,954	\$ 17,923,307	\$ 19,280,056	\$ 0	\$ -	\$ 1,076,224	\$ 168,442,167

FYE 2018 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	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
(Estimated) Financial Reserve June 30, 2018	\$ 60,822	\$ 602,705	\$ 663,527	\$ 6,899,433	\$ 2,905,322	\$ 7,690,200	\$ 7,983,088	\$ 15,673,287	\$ 23,555,473	\$ 53,269,597	\$ 12,264,986	\$ 14,930,954	\$ 27,195,940	\$ 17,923,307	\$ 19,280,056
Reserve Minimum (per Financial Reserves Policy)	517,916	517,916		2,414,650	534,330	2,887,082	2,887,082		9,628,454	19,517,769	4,748,623	4,748,623		9,744,997	14,561,613
Reserve Target (per Financial Reserves Policy)	1,035,833	1,035,833				5,774,165	5,774,165				9,497,246	9,497,246			
Reserve Maximum (per Financial Reserves Policy)	1,553,749		3,107,499			8,661,247		17,322,494			14,245,869		28,526,737		
Status	Below Minimum	Within Band	Below Maximum	Above Minimum	Above Minimum	Within Band	Within Band	Below Maximum	Above Minimum	Above Minimum	Within Band	Within Band	Below Maximum	Above Minimum	Above Minimum
		Below Target				Above Target	Above Target				Above Target	Above Target			
	0.23 Months WC	2.33 Months WC	2.56 Months WC			5.33 Months WC	5.53 Months WC	10.86 Months WC			5.17 Months WC	6.29 Months WC	11.45 Months WC		

FYE 2019 OPERATING BUDGET Level 6 Board Approved	Local Wastewater Enterprise 200	Local Wastewater RSF 205	Local Wastewater Replacement 210	Local Wastewater Expansion 220	Regional Wastewater Enterprise 300	Regional Wastewater RSF 305	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
(Estimated) Ending Working Capital July 1, 2018	60,822	602,705	6,899,433	2,905,322	7,690,200	7,983,088	23,555,473	53,269,597	12,264,986	14,930,954	17,923,307	19,280,056	(0)	-	1,076,224	168,442,167
Payment of Internal Receivable																
Draw from CERBT														912,826		912,826
Adjusted Working Capital	60,822	602,705	6,899,433	2,905,322	7,690,200	7,983,088	23,555,473	53,269,597	12,264,986	14,930,954	17,923,307	19,280,056	(0)	912,826	1,076,224	169,354,993
Revenues:																
Zone 7 Revenue (600.1.150.10)									17,112,225							17,112,225
DSRSD Fixed Charge (600.1.150.10)									8,182,136							8,182,136
DSRSD Potable Revenue (600.1.150.10)									5,089,945							5,089,945
DSRSD Recycled Revenue (600.1.150.30)									5,602,586							5,602,586
Power Charge Revenue (600.1.150.35)									655,340							655,340
Dublin Sewer Service Charge (1.110.10)	2,529,418				10,201,546											12,730,964
San Ramon Sewer Service Charge (1.110.30)	591,722				1,923,771											2,515,493
Pleasanton Sewer Service Charge (1.110.15)					9,768,622											9,768,622
Miscellaneous Revenues																
Pretreatment/Lab Tests- DSRSD (1.110.40)					100,924											100,924
Pretreatment/Lab Tests- Pleasanton (1.110.45)					120,228											120,228
Total Service Charges	3,121,140				22,115,091				36,642,232							61,878,463
Capacity Reserve Fees			1,091,155	1,061,024			3,021,146	18,094,130			4,748,138	10,868,832				38,884,424
Other Revenues	20,683			565,672	642,419			43,063	565,627	731,532	3,875	1,799,787	1,135,292		1,530,156	7,038,106
Interest (as adjusted/proposed)	8,030	8,036	20,716	72,487	133,288	79,892	246,147	537,775	129,671	132,884	137,975	216,085		1,177		1,724,163
Total Revenues	3,149,853	8,036	1,111,871	1,699,183	22,890,797	79,892	3,267,293	18,674,968	37,337,530	864,416	4,889,988	12,884,704	1,135,292	1,177	1,530,156	109,525,156
Transfers In:																
Replacement Allocations			685,800				2,920,000				3,101,000					6,706,800
Pleasanton Advance Sale Sewer Permits								88,919								88,919
Interfund Loan Repaid				833,333												833,333
Allocation Recycled Water Program Fund											1,500,000					1,500,000
Debt Service												675,000				675,000
Total Transfers In			685,800	833,333			2,920,000	88,919			4,601,000	675,000				9,804,052
Total Revenue	3,149,853	8,036	1,797,671	2,532,516	22,890,797	79,892	6,187,293	18,763,887	37,337,530	864,416	9,490,988	13,559,704	1,135,292	1,177	1,530,156	119,329,208
Operating Expenses:																
Operating																
Wages and Benefits	2,107,225			420,266	7,670,736		81,498	5,646,576				590,120	5,313,979			21,830,399
Staff Time Charged to Projects/JPAS	(70,520)			(6,366)	(664,964)		(4,297)	(377,693)				(21,642)	(8,085)			(1,153,567)
Other Personnel Costs	42,898			6,236	471,499		5,040	326,653				16,566	221,337	914,003		2,004,232
Chemicals, Gas & Electric	3,968		10,800		1,614,760			753,050					75,213			2,457,792
Other Materials	93,292			1,580	815,134		51,300	270,193			289,900	426,455	122,110			2,070,403
Water Purchase								17,029,239								17,029,239
Contracts	183,361		800	37,220	860,988		500	13,160	1,714,369		2,600	15,960	1,969,476		1,534,849	6,333,284
Other	24,525			280	188,487			140	122,497	35,000		920	68,394			440,243
Contribution to JPA					2,257,662			337,098	2,051,802				845,794			5,492,356
Debt Service					1,464,003			4,313,022				2,212,169				7,989,193
Capital Outlay			16,800				229,800				30,400					277,000
Allocated Costs (as adjusted/proposed)	845,514			168,629	3,077,845			32,701	2,265,661			236,783	(6,627,132)			
Total Operating Expenses	3,230,263		28,400	627,845	17,756,149		281,600	4,778,801	29,802,347	35,000	322,900	4,323,125	1,135,292	914,003	1,534,849	64,770,573
Capital Projects - Proposed Fund Limits			1,726,764				5,126,225	9,189,750			9,662,850	6,223,152				31,928,741
Transfers Out:																
Replacement Allocations	685,800				2,920,000				3,101,000							6,706,800
Pleasanton Advance Sale Sewer Permits					88,919											88,919
Interfund Loan Repayment			833,333													833,333
Allocation Recycled Water Program Fund									1,500,000							1,500,000
Debt Service									675,000							675,000
Total Transfers Out	685,800		833,333		3,008,919				5,276,000							9,804,052
Total Expenses	3,916,063		2,588,497	627,845	20,765,068		5,407,825	13,968,551	35,078,347	35,000	9,985,750	10,546,277	1,135,292	914,003	1,534,849	106,503,367
CaIPERS Liability																
Net increase (decrease) pre RSF	(766,210)	8,036	(790,827)	1,904,671	2,125,730	79,892	779,468	4,795,335	2,259,183	829,416	(494,762)	3,013,427	(0)	(912,826)	(4,693)	12,825,841
Ending Working Capital pre RSF	(705,387)	610,741	6,108,607	4,809,994	9,815,929	8,062,980	24,334,941	58,064,932	14,524,169	15,760,369	17,428,545	22,293,483	(0)	(0)	1,071,532	
RSF Transfer In (Out)	610,741	(610,741)			(937,855)	937,855										
Net increase (decrease) post RSF	(155,469)	(602,705)	(790,827)	1,904,671	1,187,875	1,017,747	779,468	4,795,335	2,259,183	829,416	(494,762)	3,013,427	(0)	(912,826)	(4,693)	12,825,841
(Estimated) Ending Working Capital June 30, 2019	\$ (94,646)	\$ 0	\$ 6,108,607	\$ 4,809,994	\$ 8,878,074	\$ 9,000,835	\$ 24,334,941	\$ 58,064,932	\$ 14,524,169	\$ 15,760,369	\$ 17,428,545	\$ 22,293,483	\$ (0)	\$ (0)	\$ 1,071,532	\$ 182,180,834

FYE 2019 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	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
(Estimated) Financial Reserve June 30, 2019	\$ (94,646)	\$ 0	\$ (94,646)	\$ 6,108,607	\$ 4,809,994	\$ 8,878,074	\$ 9,000,835	\$ 17,878,909	\$ 24,334,941	\$ 58,064,932	\$ 14,524,169	\$ 15,760,369	\$ 30,284,538	\$ 17,428,545	\$ 22,293,483
Reserve Minimum (per Financial Reserves Policy)	538,377	538,377		2,414,650		2,959,358	2,959,358		9,628,454	22,616,250	4,967,058	4,967,058		9,744,997	11,792,352
Reserve Target (per Financial Reserves Policy)	1,076,754	1,076,754				5,918,716	5,918,716				9,934,116	9,934,116			
Reserve Maximum (per Financial Reserves Policy)	1,615,131		3,230,263			8,878,074		17,756,149			14,901,173		29,837,347		
Status	Below Minimum	Below Minimum	Below Maximum	Above Minimum	Above Minimum	Within Band	Within Band	Above Maximum	Above Minimum	Above Minimum	Within Band	Within Band	Above Maximum	Above Minimum	Above Minimum
	(0.35)	0.00	(0.35)			6.00	6.08	12.08			5.85	6.35	12.19		
	Months WC	Months WC	Months WC			Months WC	Months WC	Months WC			Months WC	Months WC	Months WC		