

# Proposed Operating Budget Fiscal Years 2024 and 2025

**Board of Directors Meeting**

*June 6, 2023*



**Dublin San Ramon  
Services District**

*Water, wastewater, recycled water*



# DSRSD'S Business Enterprises



**LOCAL**  
**Wastewater Collection**  
Collect

*Dublin and South San Ramon*



**REGIONAL**  
**Wastewater Treatment**  
Treat

*Dublin, South San Ramon and Pleasanton*



**Water**  
Distribute drinking water  
and recycled water

*Dublin and Dougherty Valley (San Ramon)*

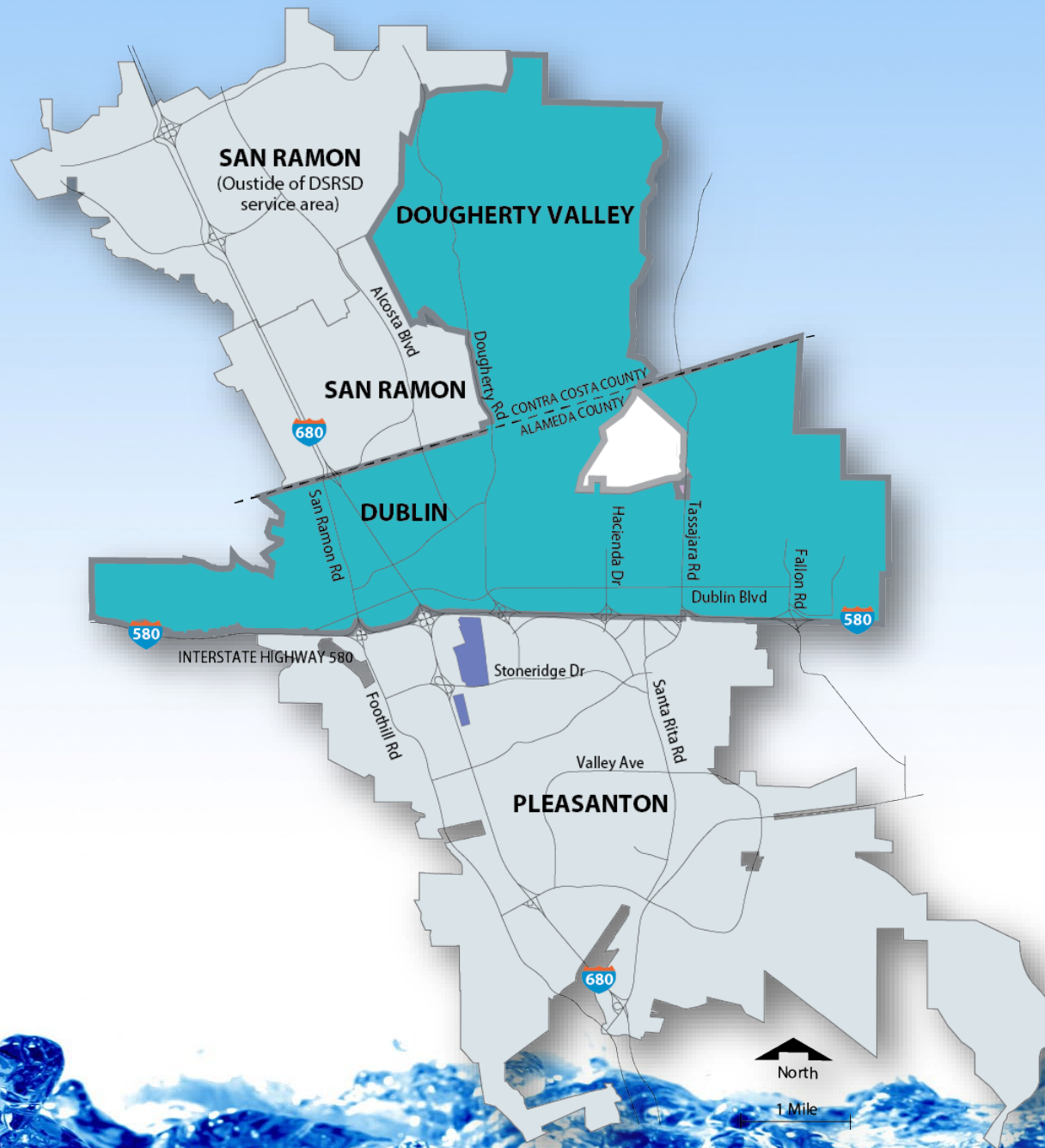


# Local Wastewater Collection





# Water and Recycled Water



# Regional Wastewater Treatment





# Joint Powers Authorities



DERWA

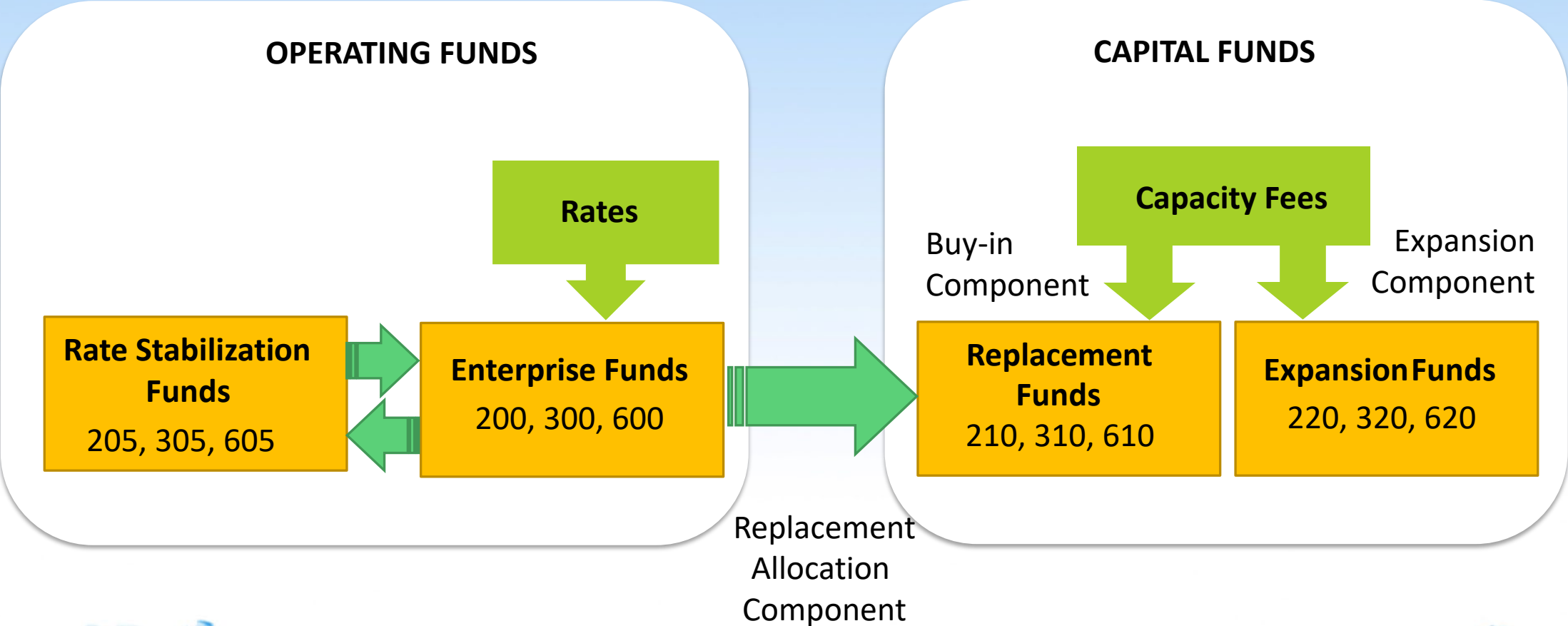


LAVWMA



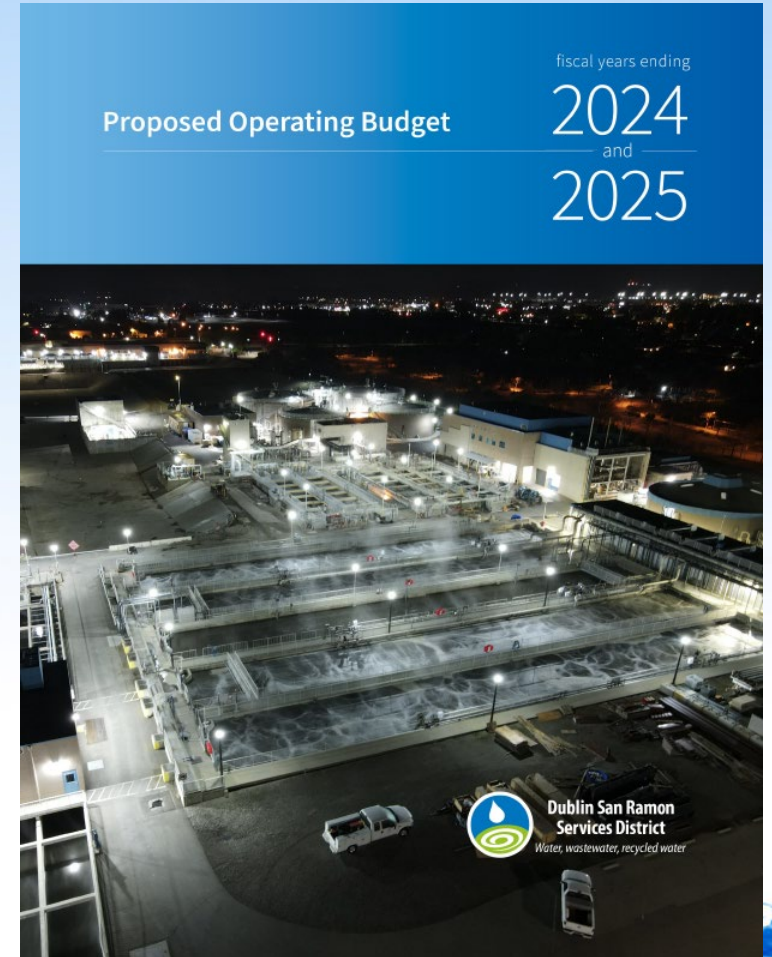


# District Funds



# Proposed FY24 and FY25 Operating Budget

- » **New 2024 – 2028 Strategic Plan**
- » **Addition of 9 Full-time Positions per the 2023 Operations Workforce Study**
- » **New Wastewater Rates per the 2023 Local & Regional Wastewater Rate Study**







# Major Policy and Operational Issues

- » New and Evolving Regulatory Requirements
- » Investment in a proactive preventative maintenance and rehabilitation program
- » Rising Supply, Chemical and Energy Costs
- » Contractual obligations to operate and maintain DERWA and LAVWMA facilities





# Operating Budget Format

Fund	Category	Department
<ul style="list-style-type: none"><li>• Local</li><li>• Regional</li><li>• Water</li><li>• Interdepartmental Service Center</li></ul>	<ul style="list-style-type: none"><li>• Wages &amp; Benefits</li><li>• Materials</li><li>• Contracts</li><li>• Other Expenses, Water, JPA &amp; Debt</li></ul>	<ul style="list-style-type: none"><li>• Board &amp; Office of General Manager</li><li>• Administrative</li><li>• Engineering</li><li>• Operations</li><li>• Non-Departmental</li></ul>







# REVENUES AND EXPENDITURES



# Revenue Assumptions

## » Service Charges

- 2023 Wastewater Rate Study adopted by Board in May 2023
- Water rate revenues based on projected growth, inflation, and demand

## » Capacity Reserve Fees – based on projected development

## » Other Revenues – Dougherty Valley standby fees, inspection and permitting fees, and administrative fees from charging to CIP and JPAs





# District Revenues

Revenues by Category	FY23 Estimated	FY24 Budget	FY25 Budget
Service Charges	66,357,836	70,774,044	74,550,353
Capacity Reserve Fees	24,135,485	9,981,126	20,476,992
Other Revenues	6,472,053	9,673,500	10,195,500
Interest	1,853,188	4,475,000	4,475,000
<b>Total</b>	<b>98,818,562</b>	<b>94,903,670</b>	<b>109,697,845</b>
<b>% Change</b>	<b>7.57%</b>	<b>-3.96%</b>	<b>15.59%</b>





A close-up photograph of a person's hands writing in a notebook. The notebook is open, and the person is holding a pen. In the background, there are several financial charts and documents, including a bar chart with blue bars and a pie chart. The overall scene suggests a professional or business setting.

## Expenditure Assumptions

- » **Personnel** – 4% Cost of Living Adjustments, nine new positions
- » **Materials** – Increase of 16% in FY24 and 6.6% in FY25 driven by increases in water purchases, supplies, energy, and chemical costs
- » **Contracts** – Increase of 8% in FY24 and 4% in FY25 mostly attributed to software maintenance costs
- » **Other Expenses** – Substantial increase in contributions to JPA, especially DERWA O&M expenses
- » **Replacement Funding** – \$9.6 million of replacement fund allocations in FY24



# District Expenses

Expenses by Category	FY23 Estimated	FY24 Budget	FY25 Budget
Wages and Benefits	26,927,966	28,299,260	29,590,558
Materials	23,572,818	27,284,231	29,076,183
Contracts	8,592,528	9,282,220	9,668,217
Other Expenses / JPA / Service	13,532,856	16,235,176	15,925,694
Capital Outlay	1,548,110	-	-
<b>Total</b>	<b>74,174,278</b>	<b>81,100,887</b>	<b>84,260,652</b>
<b>% Change</b>	<b>9.90%</b>	<b>9.34%</b>	<b>3.90%</b>



**10-YEAR FINANCIAL PLANNING MODELS**



# 10-year Financial Planning Model Assumptions

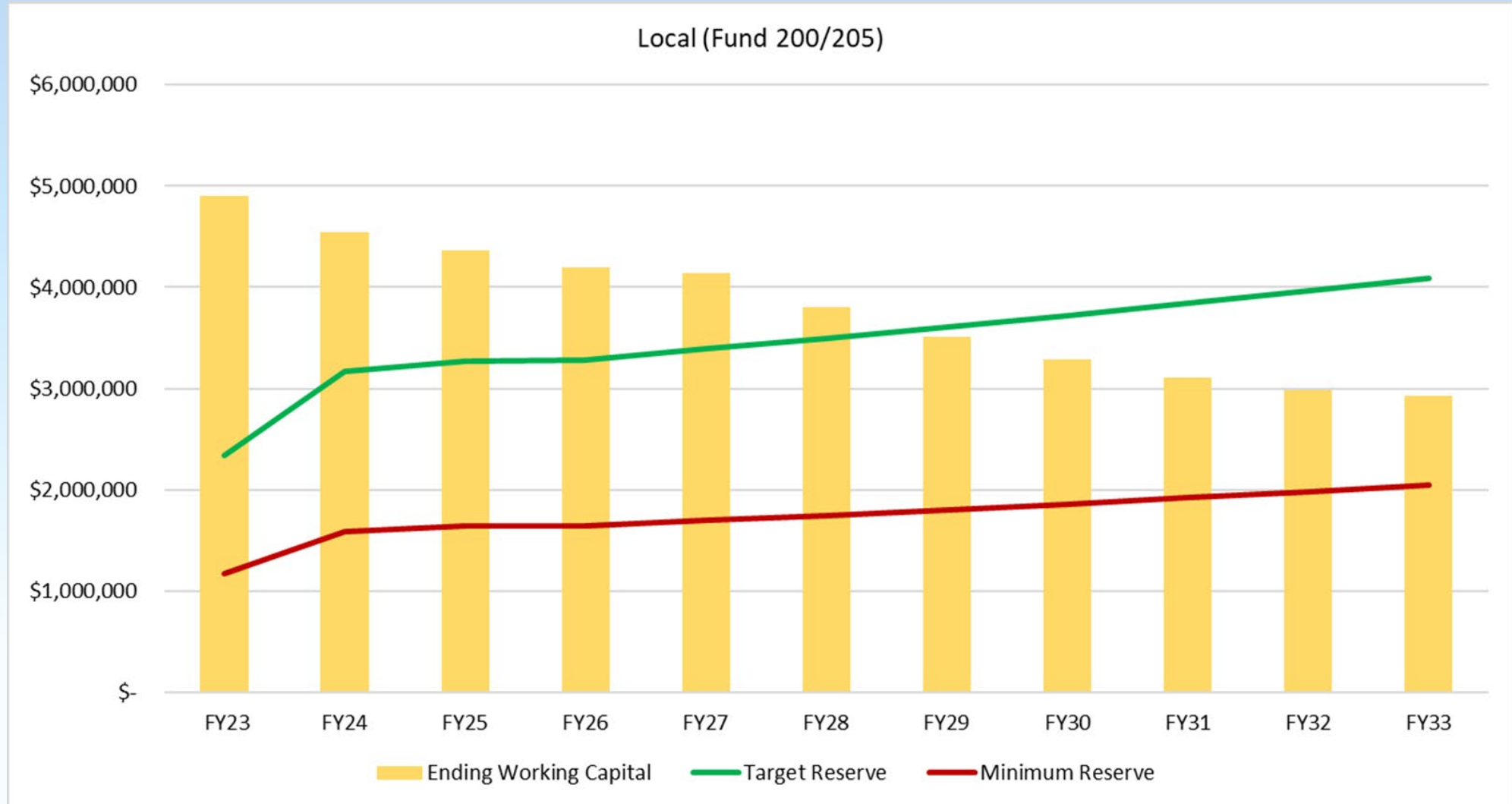
» Incorporates FY24 and FY25 Operating Budget

» Key Assumptions for FY26 –FY33:

- General inflation and personnel costs increasing at 3% per year
- Energy increases at 8% per year
- Water and wastewater rate increases in line with general inflation
- Staffing vacancy rate of 3% per year
- Assumes level paydown of CalPERS unfunded actuarial liability
- Includes modest level of growth within service area (0.5-1%)

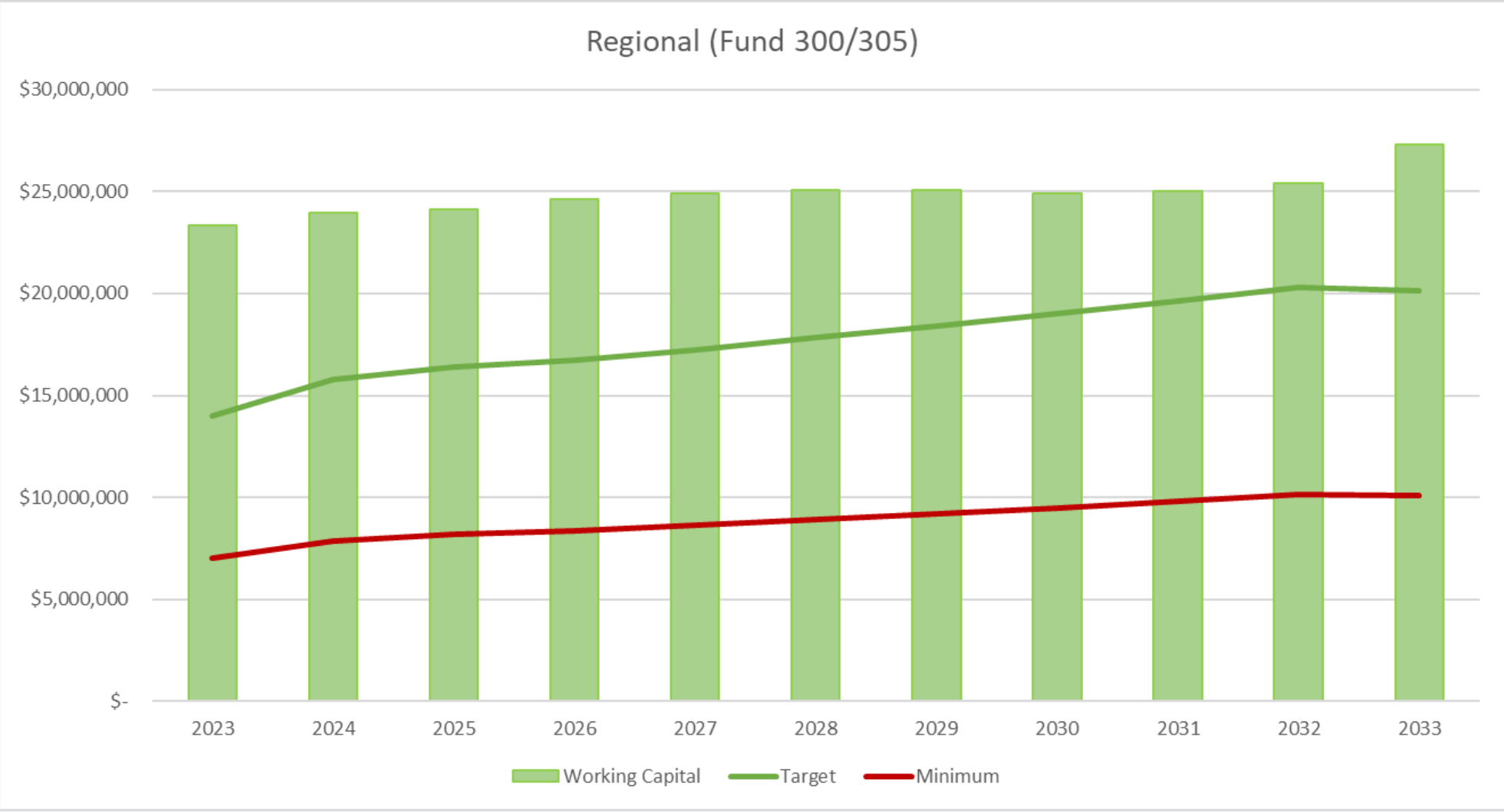


# Local Wastewater Fund (Collections)

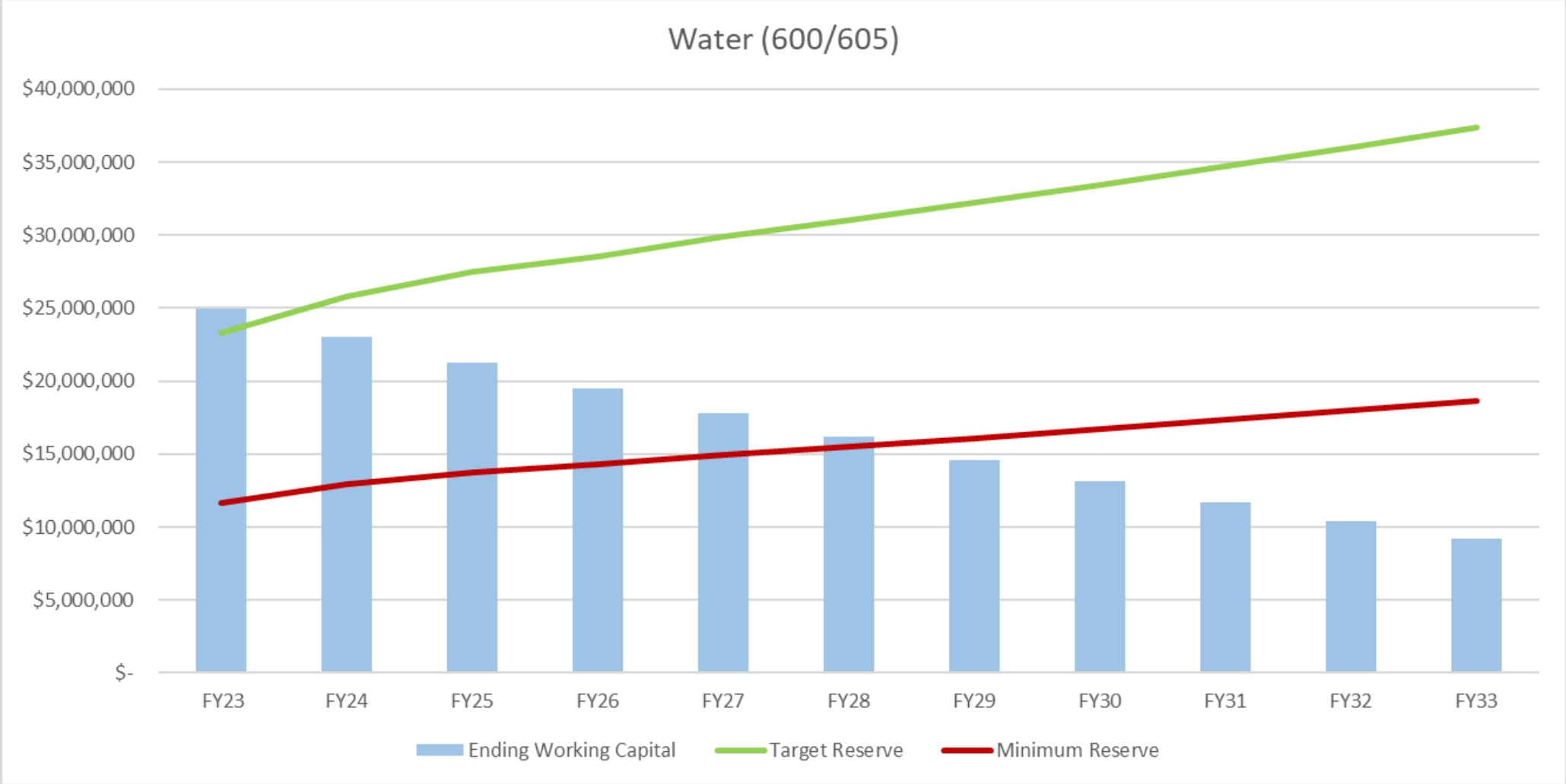




# Regional Wastewater Fund (Treatment)



# Water Fund



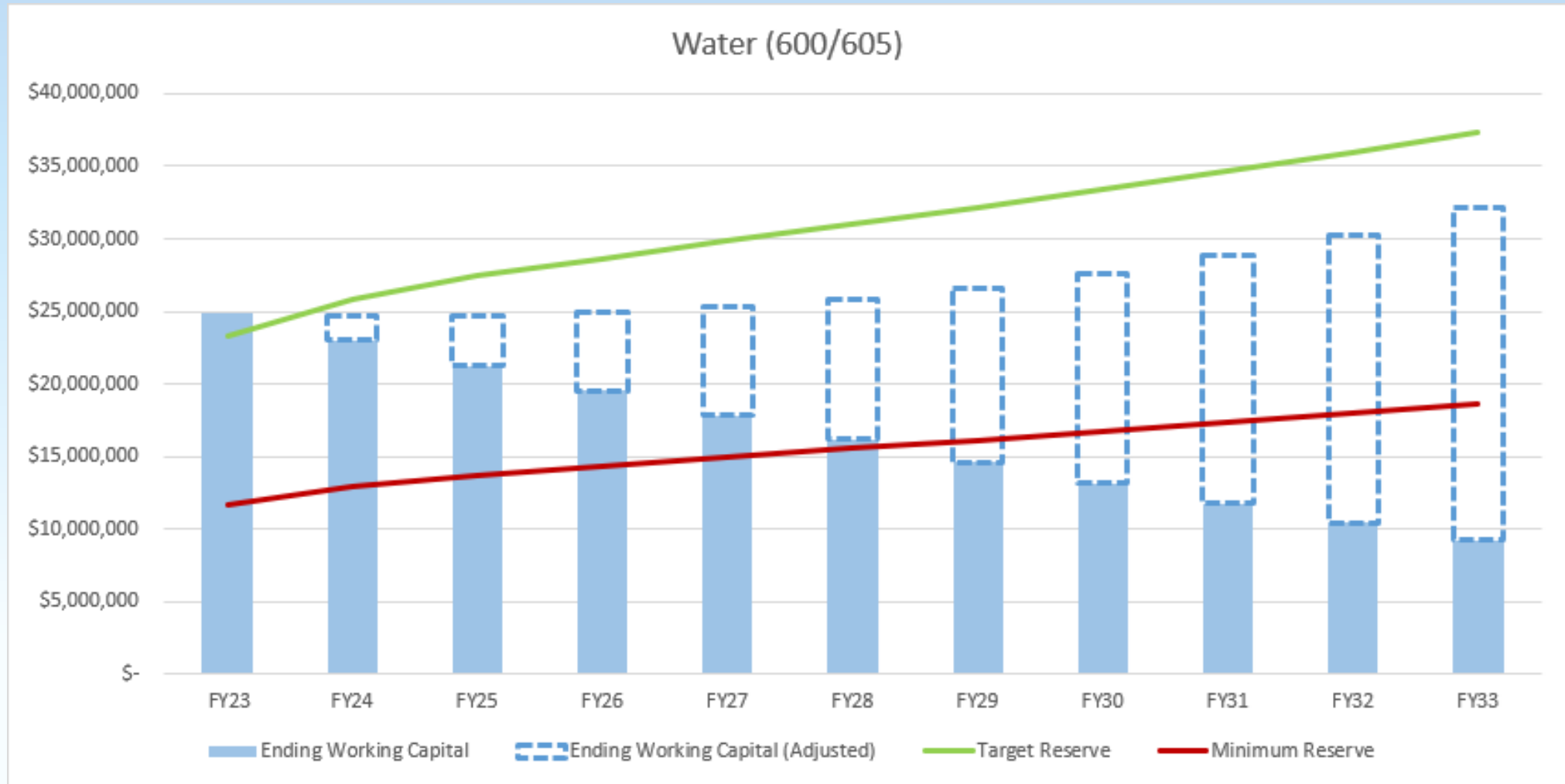


A photograph of a water treatment facility at dusk. The scene shows concrete structures, metal railings, and pipes. Several tall light poles with glowing lamps are visible against the darkening sky. The overall atmosphere is industrial and somewhat somber due to the low light.

# Increased Water Fund Expenditures

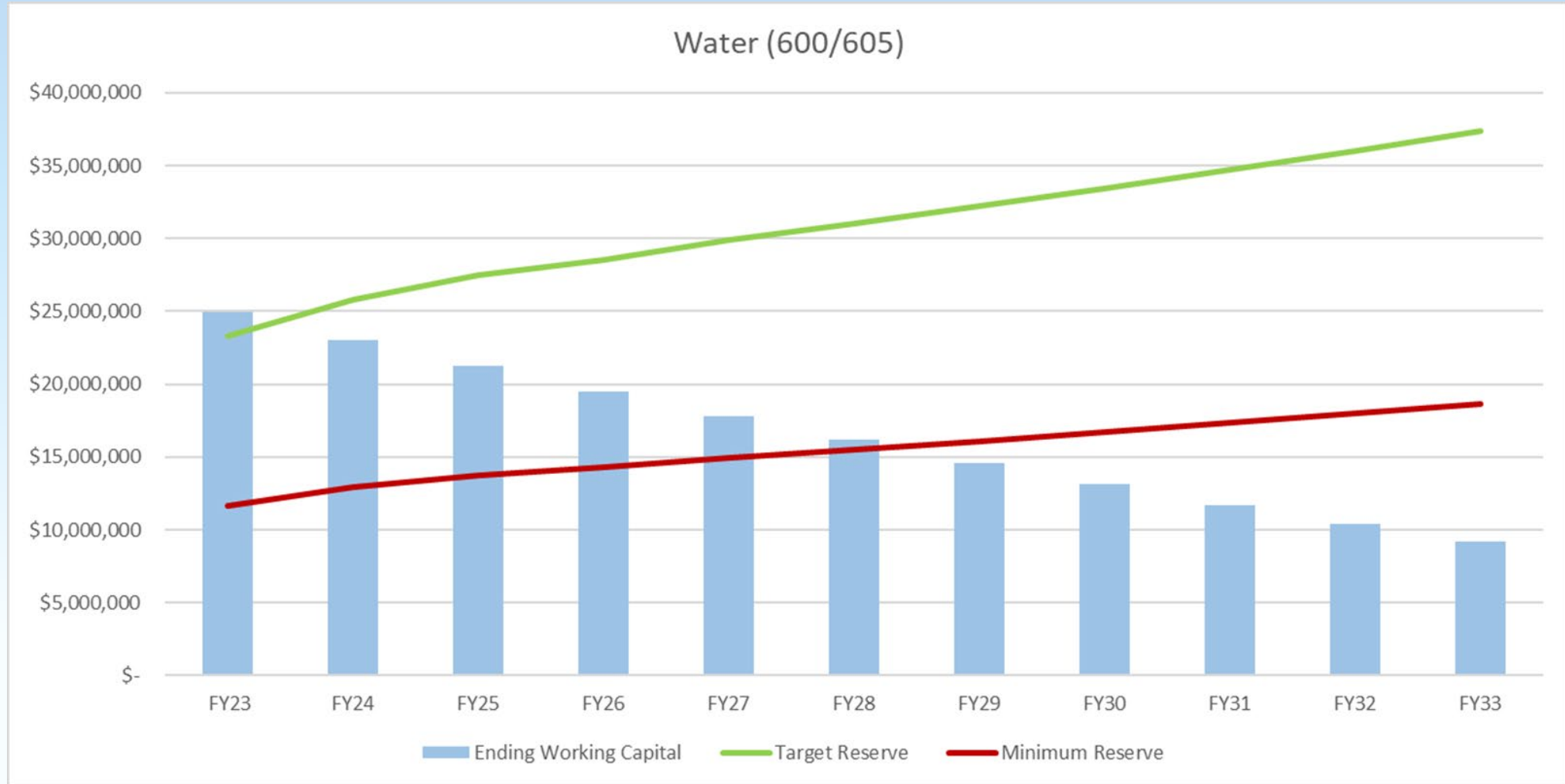
Expenditure	Increased Cost
DERWA Contributions	\$900,000
Energy	\$400,000
Underground Emergency Repairs	\$400,000
Staffing	\$300,000

# Water Fund – Impact of Increased Expenditures





# Water Fund – Impact of Increased Expenditures



# Potential Course Correction Measures

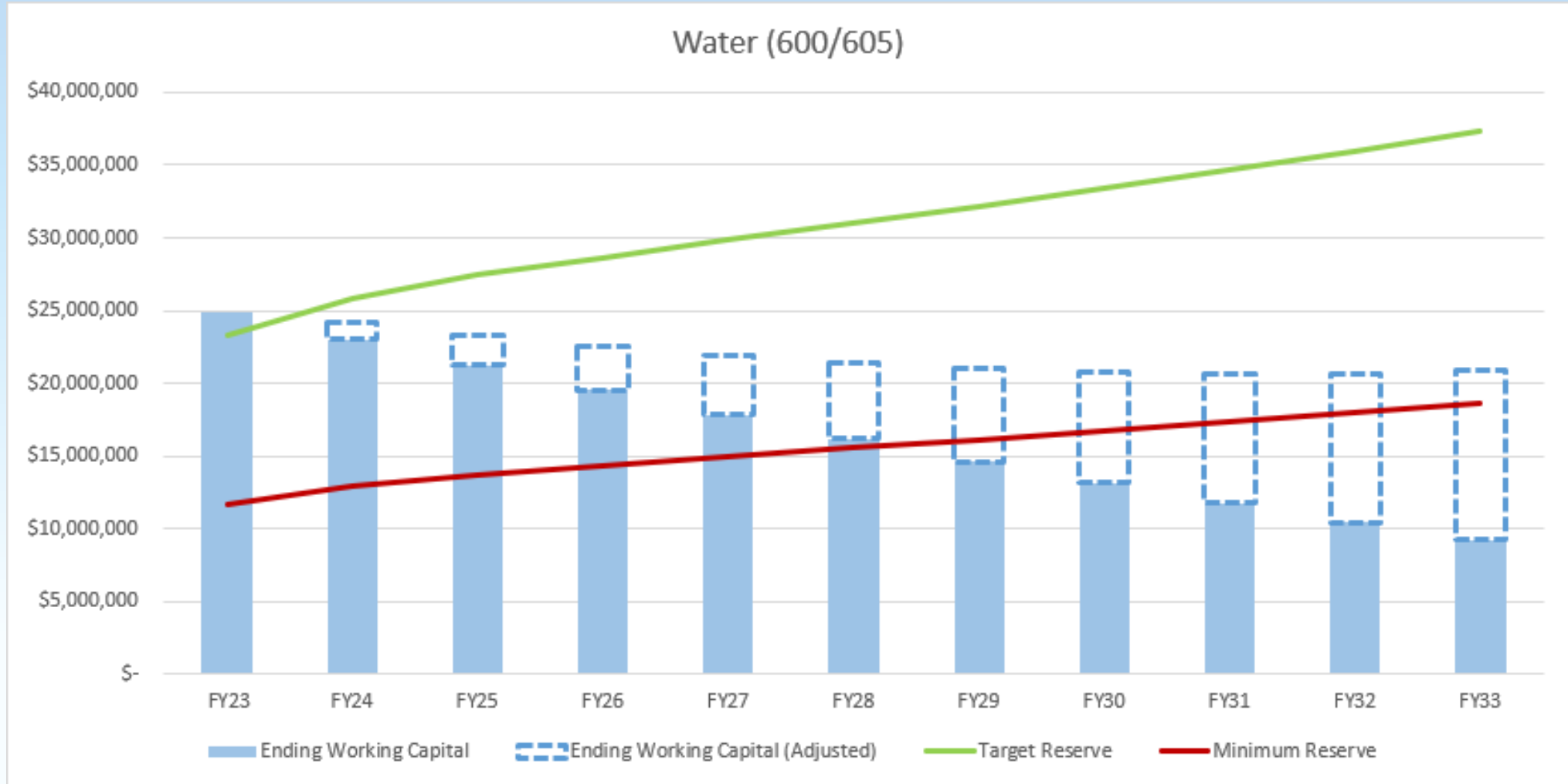
- » **Water Rate Study in Fall 2023**
- » **Comprehensive permit/inspection fee study**
- » **DERWA backwash treatment improvements**
- » **Energy efficiency and conservation projects**
- » **Debt financing for large infrastructure projects**





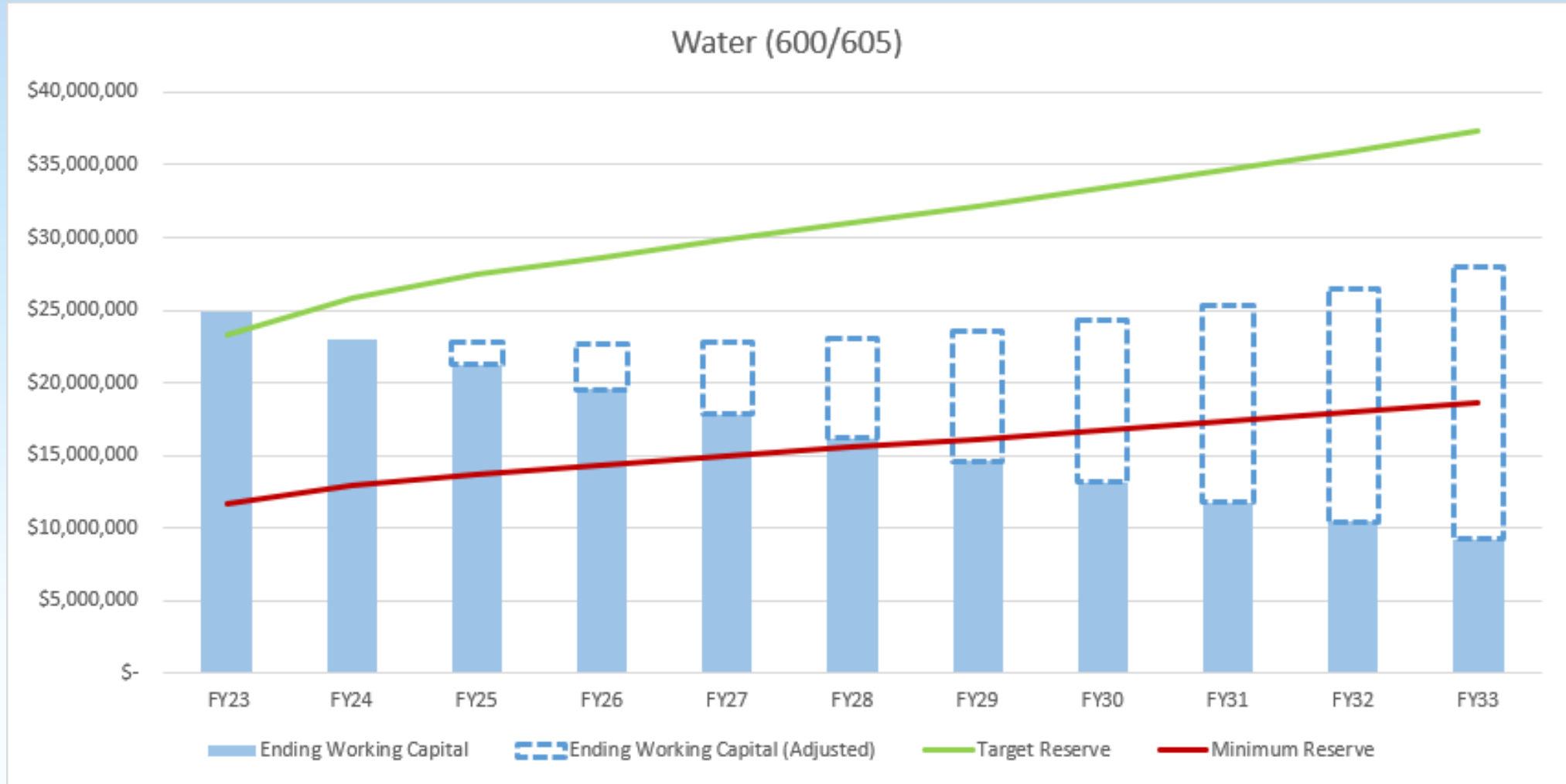
# Water Fund – Potential Scenario

One-time 4% increase in revenue requirement over annual CPI increases plus \$300k expenditure reduction



# Water Fund – Potential Scenario

## Debt Financing of Large Water Supply Project





# Long-term Financial Sustainability

## » Local Wastewater

- Stable and sustainable through 10-year period
- Above target thru FY28 and between target and minimum for remaining 5 years

## » Regional Wastewater

- Well-funded, above target for entire 10-year period

## » Water Fund

- Between target and minimum thru FY28
- Combination of potential reduction in future expenses and modest rate increases can provide needed course correction



# Next Steps

- » Receive Board Direction and Incorporate Changes
- » Hold Public Hearing – June 20, 2023
- » Adopt Budget – June 20, 2023







**Discussion**

# Positions Proposed for FY 2024 and FY 2025

Position	Division
1. Laboratory Technician	Laboratory and Environmental Compliance
2. Water/Wastewater System Operator	Field Operations
3. Wastewater Treatment Plant Operator	Plant Operations
4. Senior Environmental Chemist	Laboratory and Environmental Compliance
5. Wastewater Collection Systems Supervisor	Field Operations
6. Warehouse Specialist	Operations Administration
7. Senior Wastewater Treatment Plant Operator	Plant Operations
8. Electrician	Instrumentation, Controls, and Electrical
9. Mechanic	Mechanical



# Positions Proposed for FY 2024 and FY 2025

Division	Position Request	Local	Regional	Water
Laboratory and Environmental Compliance	2		1.5	0.5
Field Operations	2	2.0		
Plant Operations	2		2.0	
Operations Administration	1		0.5	0.5
Instrumentation, Controls, and Electrical	1		0.5	0.5
Mechanical	1		0.5	0.5
<b>TOTAL</b>	<b>9</b>	<b>2</b>	<b>5</b>	<b>2</b>





# Proposed/Adopted Water Rate Increases for 2024 and 2025

Agency	2024	2025
Alameda County Water District	4%	NA
Cal Water (Livermore Division)	6%	5.7%
Contra Costa Water District	7%	NA
East Bay Municipal Utility District	8.5%	8.5%
City of Hayward	10%	10%
San Francisco Public Utilities Commission	9%	8%



# Bay Area Annual Sewer Services Charges 2022-2023

