

AGENDA

NOTICE OF REGULAR MEETING

TIME: 6 p.m.

DATE: Tuesday, February 6, 2024

PLACE: Regular Meeting Place
7051 Dublin Boulevard, Dublin, CA
www.dsrsd.com

Our mission is to protect public health and the environment by providing reliable and sustainable water, recycled water, and wastewater services in a safe, efficient, and fiscally responsible manner.

1. CALL TO ORDER
2. PLEDGE TO THE FLAG
3. ROLL CALL
4. SPECIAL ANNOUNCEMENTS/ACTIVITIES
 - 4.A. New Employee Introductions
5. PUBLIC COMMENT (MEETING OPEN TO THE PUBLIC)
At this time those in the audience are encouraged to address the Board on any item of interest that is within the subject matter jurisdiction of the Board and not already included on tonight's agenda. Comments should not exceed five minutes. Speaker cards are available from the District Secretary and should be completed and returned to the Secretary prior to addressing the Board. The President of the Board will recognize each speaker, at which time the speaker should proceed to the lectern, introduce him/herself, and then proceed with his/her comment. Written comments received by 3 p.m. on the day of the meeting will be provided to the Board.
6. AGENDA MANAGEMENT (CONSIDER ORDER OF ITEMS)
7. CONSENT CALENDAR
Matters listed under this item are considered routine and will be enacted by one Motion, in the form listed below. There will be no separate discussion of these items unless requested by a Member of the Board or the public prior to the time the Board votes on the Motion to adopt.
 - 7.A. Approve Regular Meeting Minutes of January 16, 2024
Recommended Action: Approve by Motion
 - 7.B. Approve Continuation of Emergency Action Procurement by General Manager for Repair of the LAVWMA Livermore Interceptor Pipeline and Find that the Need for the LAVWMA Livermore Interceptor Pipeline Emergency Still Exists
Recommended Action: Approve by Motion

Board of Directors

- 7.C. Accept Regular and Recurring Report: Treasurer's Report
Recommended Action: Accept by Motion

8. BOARD BUSINESS

- 8.A. Approve Proclamation Honoring Retired General Manager Daniel B. McIntyre
Recommended Action: Approve by Motion
- 8.B. First Reading of Ordinance Revising District Code Chapter 7.30 Regarding Facility Use Permits
Recommended Action: Introduce Ordinance and Waive Reading by Motion
- 8.C. Receive Draft Water Cost of Service Study, Set Public Hearing for April 16, 2024, and Authorize Proposition 218 Notice
Recommended Action: Receive Presentation, Authorize Notice, and Set Public Hearing by Motion

9. REPORTS

9.A. Boardmember Items

- 9.A.1. Joint Powers Authority and Committee Reports
DERWA Board Meeting of February 5, 2024
- 9.A.2. Submittal of Written Reports for Day of Service Events Attended by Directors
- 9.A.3. Request New Agenda Item(s) Be Placed on a Future Board or Committee Agenda

9.B. Staff Reports

10. ADJOURNMENT

All materials made available or distributed in open session at Board or Board Committee meetings are public information and are available for inspection during business hours by calling the District Secretary at (925) 828-0515. A fee may be charged for copies. District facilities and meetings comply with the Americans with Disabilities Act. If special accommodations are needed, please contact the District Secretary as soon as possible, but at least two days prior to the meeting.

**DUBLIN SAN RAMON SERVICES DISTRICT
MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS**

January 16, 2024

1. CALL TO ORDER

A regular meeting of the Board of Directors was called to order at 6 p.m. by President Johnson.

2. PLEDGE TO THE FLAG

3. ROLL CALL

Boardmembers present at start of meeting: President Ann Marie Johnson, Director Richard M. Halket, Director Dinesh Govindarao, and Director Georgean M. Vonheeder-Leopold.

Vice President Goel was absent.

District staff present: Jan Lee, General Manager; Carol Atwood, Administrative Services Director/Treasurer; Steve Delight, Engineering Services Director/District Engineer; Dan Gill, Operations Director; Michelle Gallardo, Special Assistant to the General Manager; Douglas E. Coty, General Counsel; and Nicole Genzale, Executive Services Supervisor/District Secretary.

4. SPECIAL ANNOUNCEMENTS/ACTIVITIES

- 4.A. New Employee Introductions
Natalie Croak, Public Affairs Specialist
Michele Tan, Accountant II

5. PUBLIC COMMENT (MEETING OPEN TO THE PUBLIC) – 6:03 p.m. No public comment was received.

6. AGENDA MANAGEMENT (CONSIDER ORDER OF ITEMS) – No changes were made.

7. CONSENT CALENDAR

Director Vonheeder-Leopold MOVED for approval of the items on the Consent Calendar.
Director Govindarao SECONDED the MOTION, which CARRIED with FOUR AYES and ONE ABSENT (Goel).

- 7.A. Approve Regular Meeting Minutes of December 19, 2023 – Approved

- 7.B. Approve Continuation of Emergency Action Procurement by General Manager for Repair of the LAVWMA Livermore Interceptor Pipeline and Find that the Need for the LAVWMA Livermore Interceptor Pipeline Emergency Still Exists – Approved

8. BOARD BUSINESS

- 8.A. Receive Presentation on the Energy Facilities Master Plan Project (CIP 22-P009) and Proposed Energy Policy

Engineering Services Director Delight introduced the item, Senior Engineer Jason Ching, and Carollo consultants Paul Friedlander and Ricky Gutierrez. Mr. Ching reviewed the Energy Facilities Master Plan (“Plan”) presentation and draft Energy policy for the Board. An updated presentation was subsequently provided on the website as supplemental materials.

The Board and staff discussed various aspects of the presentation, including the 17 proposed Plan projects and their individual and cumulative energy/greenhouse gas impacts, respective costs, potential funding opportunities, timing, operational considerations, and return on investment. The projects support the areas of regulatory compliance, renewable energy generation/energy diversification, asset replacement (efficiency), and electrical resiliency/reliability, with some supporting multiple areas. Five of the 17 recommended projects are already included in the current adopted Capital Improvement Program (CIP). If fully implemented, the recommended Plan would cost \$121.2 million and add an additional \$66.9 million to the District’s CIP over a 25-year period.

Mr. Ching reported on two recent regulation changes that will benefit the following Plan projects:

- Project #1: Fleet Assets Program – will be easier to accomplish due to new flexibility in the timeline to convert fleet vehicles to Zero Emission Vehicles (ZEVs). (Staff will also research if leasing ZEVs is a possibility based on President Johnson’s inquiry).
- Project #9: Co-Digestion of Food Waste & Other High-Strength Wastes – will be more feasible due to DSRSD’s Dedicated Land Disposal facility no longer being considered a “landfill.”

As a point of interest, Mr. Ching shared that the cogeneration engines (Project #2: Cogeneration Engine Replacement) installed in 1983 are one of the 10 oldest installations in the country.

Other key Plan discussion points pertained to exploring potential cost offsets and revenue opportunities from solar installation and food waste projects, seeking potential state and federal funding opportunities, and assessing the forecast data (cost break-even point, equipment warranties, maintenance, etc.) and viability of PPA (power purchase agreement) funded projects. The Board and staff discussed the difficulty in evaluating cost savings and return on investment (ROI) for projects given the uncertainty in future energy costs and other factors. The Board requested that staff include additional information on District funded versus PPA funded solar projects when the item is brought to the Board.

The Board and staff also discussed the projects’ overall estimated timeline (a 25-year outlook), if any project(s) are considered marginal, and which would be the riskiest to take on in terms of operations, maintenance, and cost. After some discussion of these matters, President Johnson requested that the long-term operational and maintenance costs and other potential risks and uncertainties be evaluated as part of staff’s process for incorporating the Plan projects into the next CIP and operating budget.

Mr. Ching reviewed the draft Energy policy which reflects the Board's Energy Guiding Principles, the Plan projects, and elements of the District's Green Business policy. President Johnson asked staff to reconcile the Green Business policy's Energy Management section with the Energy policy and stated her preference that measurable targets be included under policy item 4 rather than programs.

Director Halket informed the Board he will confer with General Counsel Coty prior to Board consideration of project approvals as he may have a conflict of interest relating to solar projects.

The Board thanked and commended staff for the great presentation and expressed its support for the staff proposals. The Board directed staff to proceed with finalizing the Plan, refining the Energy policy for adoption, amending the current CIP to add two new solar projects and advance one existing project, and recommend strategies to incorporate other projects during development of the next CIP and operating budget.

9. REPORTS

9.A. Boardmember Items

9.A.1. Joint Powers Authority and Committee Reports – None

9.A.2. Submittal of Written Reports for Day of Service Events Attended by Directors

Director Vonheeder-Leopold submitted written reports to Executive Services Supervisor/District Secretary Genzale. She reported that she attended the virtual California Association of Sanitation Agencies Board of Directors meetings on December 21 and 27. She summarized the activities and discussions at the meetings.

9.A.3. Request New Agenda Item(s) Be Placed on a Future Board or Committee Agenda

Director Govindarao requested that staff keep the Board apprised of the State's newly adopted regulations regarding direct potable reuse.

9.B. Staff Reports

General Manager Lee reported that a DERWA Board meeting will be held on Tuesday, February 5 at 6 p.m.

10. ADJOURNMENT

President Johnson adjourned the meeting at 7:23 p.m.

Submitted by,

Nicole Genzale, CMC
Executive Services Supervisor/District Secretary



TITLE: Approve Continuation of Emergency Action Procurement by General Manager for Repair of the LAVWMA Livermore Interceptor Pipeline and Find that the Need for the LAVWMA Livermore Interceptor Pipeline Emergency Still Exists

RECOMMENDATION:

Staff recommends the Board of Directors approve, by Motion, a continuation of the Emergency Action as declared in Board Resolution Nos. 22-23 and 36-23 and find that there exists a need for continuing the LAVWMA Livermore Interceptor Pipeline Emergency which the Board last confirmed on January 16, 2024.

DISCUSSION:

From late 2022 through March of 2023, a series of severe winter storms characterized as “atmospheric rivers” struck California bringing damaging winds and historic precipitation. On February 9, 2023, District staff discovered that these storms had left a portion of LAVWMA’s Livermore Interceptor Pipeline and its associated manhole exposed in the Arroyo Mocho Creek, and caused significant erosion in the nearby creek bed and banks.

The LAVWMA’s Livermore Interceptor Pipeline serves the sole benefit of the City of Livermore, and as such, all costs (100 percent) associated with the repair of the pipeline will be allocated to the City of Livermore. On September 5, 2023, the District’s Board of Directors approved Resolution No. 36-23, confirming the District State of Emergency declared by the General Manager on June 12, 2023, and authorizing emergency action procurement for the repair of the LAVWMA Livermore Interceptor Pipeline. Per Public Contract Code 22050, the Declaration of the District State of Emergency shall be reviewed by the Board of Directors at every regular meeting to determine, by a four-fifths vote, that there is a need to continue the emergency action.

To date, six task orders have been issued to Carollo Engineers and DPI, Inc. for engineering design services, construction services and construction management services totaling \$5,827,630.52 and a total of \$2,798,572.67 has been spent. Additional task orders, purchase orders, and/or other contracts are expected to be awarded in the near term for property acquisition.

Construction began October 3, 2023, and has reached approximately 75% construction completion. Due to several weeks of inclement weather from late December 2023 through early January 2024, a contract time extension has been approved and the project is now anticipated to be completed by early March 2024. In parallel with the construction effort, staff also continues to work with property owners on negotiating property rights for the new pipeline easements and pursuing funding assistance through the Federal Emergency Management Agency (FEMA) and the California Office of Emergency Services (CalOES).

To ensure the project can meet the aggressive project schedule, staff recommends the Board of Directors find the need to continue the State of Emergency declared by the General Manager on June 12, 2023. Expedited action, including construction services and construction management services, is necessary to mitigate any additional damage to the pipeline and avoid the potential discharge of treated wastewater effluent to the Arroyo Mocho Creek. A four-fifths vote is necessary to extend the emergency.

Originating Department: Engineering and Technical Services	Contact: K. Castro/S. Delight	Legal Review: Not Required
Financial Review: Not Required	Cost and Funding Source: \$7,000,000 to be reimbursed by LAVWMA	
Attachments: <input checked="" type="checkbox"/> None <input type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Task Order <input type="checkbox"/> Proclamation <input type="checkbox"/> Other (see list on right)	6 of 105	



TITLE: Accept Regular and Recurring Report: Treasurer's Report

RECOMMENDATION:

Staff recommends the Board of Directors accept, by Motion, the regular and recurring report: Treasurer's Report.

DISCUSSION:

To maximize openness and transparency and to allow the Board to be informed about key aspects of District finances, the Board directed that various regular and recurring reports be presented for Board acceptance at regular intervals (see Attachment 1).

The following report is presented this month for acceptance:

Ref Item B: Treasurer's Report

The Treasurer's Report as of December 31, 2023, is attached as required under Government Code §53646. The District portfolio has a market value of \$237,194,350.25, is in compliance with the District's Investment policy, and provides sufficient cash flow liquidity to meet the next six months' operating expenses. The prior quarter's portfolio management summary (second table on page 1 of the report included for comparison) reflects an update to the LAIF (Local Agency Investments Fund) investment to denote the actual fair market value as of September 30, 2023.

Government Code §53646 (b)(1) states, "The treasurer or chief fiscal officer may render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency. The quarterly report shall be so submitted within 45 days following the end of the quarter covered by the report."

Originating Department: Administrative Services	Contact: C. Chen/C. Atwood	Legal Review: Not Required
Financial Review: Yes	Cost and Funding Source: N/A	
Attachments: <input type="checkbox"/> None <input type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Task Order <input type="checkbox"/> Proclamation <input checked="" type="checkbox"/> Other (see list on right)	Attachment 1 – Summary of Regular and Recurring Reports	
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SUMMARY OF REGULAR AND RECURRING REPORTS

Ref	Description	Frequency	Authority	Last Acceptance	Acceptance at this Meeting?	Next Acceptance
A	Warrant List	Monthly	Board Direction	N/A	N/A – Posted monthly on District website	N/A
B	Treasurer’s Report ¹	Quarterly	CA Government Code §53646	November 2023		May 2024
C	Quarterly Financial Report	Quarterly	Board Direction	September 2022		Pending
D	Outstanding Receivables Report	Annually – Fiscal Year	District Code 1.50.050	August 2023		August 2024
E	Employee and Director Reimbursements greater than \$100 ²	Annually – Fiscal Year	CA Government Code §53065.5	August 2023		August 2024
F	Utility Billing Adjustments ³	Annually – Fiscal Year	Utility Billing Adjustment Policy	Total FYE 2023 credits below \$25,000		August 2024
G	Annual Rate Stabilization Fund Transfer Calculation	Annually – After Audit	Financial Reserves Policy	March 2023		Pending
H	“No Net Change” Operating Budget Adjustments	As they occur but not more frequently than monthly	Board Direction Budget Accountability Policy (See table below)	September 2022		Before end of month after occurrence
I	Capital Outlay Budget Adjustments			June 2020		
J	Capital Project Budget Adjustments			April 2019		
K	Unexpected Asset Replacements			June 2019		

For the fiscal year ending 2024, the totals for these reports are as follows:

Ref	Category	YTD	This Meeting	Total
I	Capital Outlay Budget Adjustments	\$0	\$0	\$0
J	Capital Project Budget Adjustments	\$0	\$0	\$0
K	Unexpected Asset Replacements	\$0	\$0	\$0

¹ For compliance with California Government Code §53646, the Quarterly Treasurer’s Report (Ref B) will be included in either (1) the General Manager Report to Board and the Board meeting agenda packet or (2) the Board meeting agenda packet only. The report will also be posted on the District website.

² Reimbursements also reported monthly in the Warrant List (Ref A).

³ Per Utility Billing Adjustments policy, a report will be presented to the Board if total credits in any fiscal year exceed \$25,000.

Dublin San Ramon Services District
Treasurer's Report - Portfolio Management Summary
As of: December 31, 2023

Description	Face Amount/ Par Value	Market Value	Book Value	% of Portfolio	Permitted by Policy	In Compliance	YTM @ Cost
CAMP	37,924,474.53	37,924,474.53	37,924,474.53	17.99%	100%	Yes	5.56%
Certificate of Deposit	3,500,000.00	3,366,147.70	3,500,000.00	1.66%	30%	Yes	2.31%
Corporate Bonds	28,500,000.00	26,725,321.50	28,500,000.00	13.52%	30%	Yes	1.28%
Federal Agency Callables	62,666,666.65	59,294,575.34	62,666,666.65	29.72%	100%	Yes	1.48%
LAIF - Operating	19,810,039.12	19,680,368.81	19,810,039.12	9.40%	100%	Yes	4.00%
Municipals	25,895,000.00	24,038,327.29	25,895,000.00	12.28%	100%	Yes	1.82%
US Treasuries	32,550,000.00	31,789,851.17	32,510,795.63	15.44%	100%	Yes	3.73%
Total Investments	\$ 210,846,180.30	\$ 202,819,066.34	\$ 210,806,975.93	100.00%			2.88%
Bank of America	34,375,283.91	34,375,283.91	34,375,283.91				
Total Cash & Investments	\$ 245,221,464.21	\$ 237,194,350.25	\$ 245,182,259.84				2.88%

I certify that this report reflects all Government Agency pooled investments and is in conformity with the Investment Policy
 The investment program herein shown provides sufficient cash flow liquidity to meet the next six month's expenses.

Market values for investments other than CAMP and LAIF were provided by Wells Fargo Securities, LLC.

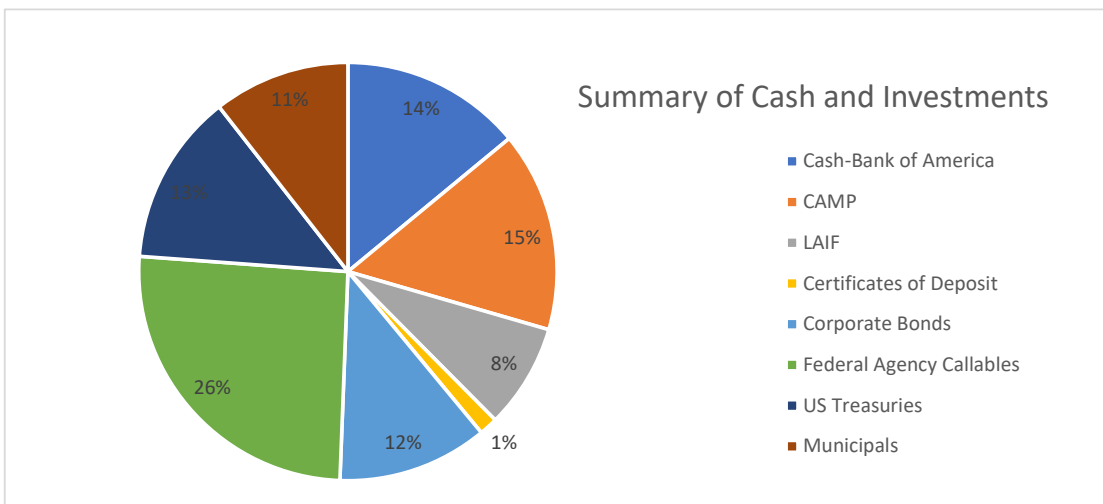
Carol Atwood Digitally signed by Carol Atwood
 Carol Atwood, Treasurer Date: 2024.01.26 14:31:12 -08'00'

For comparison - prior quarter ending summary as 9/30/2023

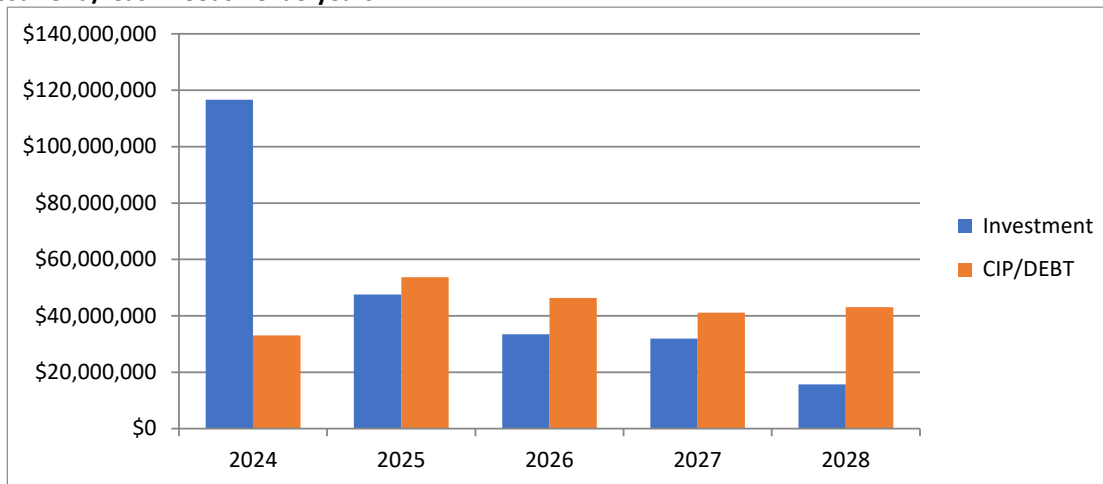
Description	Face Amount/ Par Value	Market Value	Book Value	% of Portfolio	Permitted by Policy	In Compliance	YTM @ Cost
CAMP	37,397,639.30	37,397,639.30	37,397,639.30	16.99%	100%	Yes	5.55%
Certificate of Deposit	3,500,000.00	3,312,912.26	3,500,000.00	1.59%	30%	Yes	1.85%
Corporate Bonds	28,500,000.00	26,036,286.38	28,500,000.00	12.95%	30%	Yes	1.30%
Federal Agency Callables	62,666,666.65	57,932,364.36	62,666,666.65	28.47%	100%	Yes	1.54%
LAIF - Operating	19,632,996.65	19,364,176.54	19,632,996.65	8.92%	100%	Yes	3.17%
Municipals	25,895,000.00	23,399,568.97	25,895,000.00	11.76%	100%	Yes	1.82%
US Treasuries	42,550,000.00	41,309,993.15	42,480,229.51	19.33%	100%	Yes	3.96%
Total Investments	\$ 220,142,302.60	\$ 208,752,940.96	\$ 220,072,532.11	100.00%			2.74%
Bank of America	15,532,365.23	15,532,365.23	15,532,365.23				
Total Cash & Investments	\$ 235,674,667.83	\$ 224,285,306.19	\$ 235,604,897.34				2.74%

Investment Review for : December 31, 2023
Summary of Current Cash & Investments

	Face Amount	% of Portfolio	Avg Maturity (in Years)	Avg Yield
Cash-Bank of America	\$ 34,375,283.91	14.02%		
CAMP	37,924,474.53	15.47%		5.56%
LAIF	19,810,039.12	8.08%		4.00%
Certificates of Deposit	3,500,000.00	1.43%	1.3	2.31%
Corporate Bonds	28,500,000.00	11.62%	2.2	1.28%
Federal Agency Callables	62,666,666.65	25.56%	1.9	1.48%
US Treasuries	32,550,000.00	13.27%	0.6	3.73%
Municipals	25,895,000.00	10.56%	2.8	1.82%
	\$ 245,221,464.21	100.00%	1.5	2.88%



Investment / Cash needs next 5 years



FYE	Investment	CIP/DEBT
2024	\$ 116,609,797.56	\$ 33,008,047.95
2025	\$ 47,550,000.00	\$ 53,678,474.33
2026	\$ 33,500,000.00	\$ 46,362,684.14
2027	\$ 31,895,000.00	\$ 41,089,699.67
2028	\$ 15,666,666.65	\$ 43,075,715.26
	\$ 245,221,464.21	\$ 217,214,621.35



TITLE: Approve Proclamation Honoring Retired General Manager Daniel B. McIntyre

RECOMMENDATION:

The General Manager recommends the Board of Directors approve, by Motion, a Proclamation honoring Daniel B. McIntyre, retired General Manager of Dublin San Ramon Services District.

DISCUSSION:

On December 22, 2023, General Manager Daniel B. McIntyre retired from the Dublin San Ramon Services District (District). Mr. McIntyre spent almost the entirety of his 35-year career working for public agencies within the Tri-Valley. In 2015, Mr. McIntyre was hired as the District’s Engineering Services Manager and District Engineer. He was promoted to General Manager in 2016, where he served as the chief executive for the District for the past seven years.

As General Manager of DSRSD, Daniel B. McIntyre provided unwavering dedication, visionary leadership, and a relentless commitment to continuous improvement. He was a champion of sustainable business practices—incorporating long-term financial planning models into the District’s budget process, establishing professional training and career development programs, strengthening the District’s asset management program, and ensuring adequate staffing resources to accomplish the District’s mission and vision. He promoted a culture of safety and collaboration within the District and was a tireless advocate for improving long-term water resiliency and expanding the use of recycled water through regional partnerships. Mr. McIntyre also led the District with a steady hand through unprecedented and challenging times, such as the District Office flood, global pandemic, and a multi-year drought.

Throughout his career and years at DSRSD, Mr. McIntyre demonstrated his passion for public service. He fostered strong and collaborative working relationships with the DSRSD Board of Directors, staff, and neighboring agencies, and will be fondly remembered by all who had the privilege of working with him.

Originating Department: Office of the General Manager	Contact: J. Lee	Legal Review: Not Required
Financial Review: Not Required	Cost and Funding Source: N/A	
Attachments: <input type="checkbox"/> None <input type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Task Order <input checked="" type="checkbox"/> Proclamation <input type="checkbox"/> Other (see list on right)		12 of 105



Proclamation

Honoring

Daniel B. McIntyre

In Recognition of His Service to Dublin San Ramon Services District and to the Community

WHEREAS, on February 18, 2015, Daniel (“Dan”) B. McIntyre was hired as the District’s Engineering Services Manager and District Engineer to oversee and direct all activities of the Engineering Services Department, including the asset management, capital projects, and planning and permitting functions; and

WHEREAS, on April 6, 2016, the Board of Directors appointed Dan as the next DSRSD General Manager to oversee and direct all activities of the District; and

WHEREAS, Dan held the position of General Manager for more than seven years, provided unwavering dedication, visionary leadership, and a steadfast commitment to providing reliable and sustainable water, recycled water, and wastewater services in a safe, efficient, and fiscally responsible manner; and

WHEREAS, Dan adeptly managed the District’s finances and improved the District’s business practices by incorporating long-term financial planning models into the District’s budget process, implementing strategies to address the CalPERS unfunded actuarial liability, and utilizing information from the District’s asset management program to properly set aside funds to address future aging infrastructure needs; and

WHEREAS, under Dan’s direction, the District completed over \$80 million of capital improvement projects, including the construction of a fourth digester, expansion and renovation of the primary clarifiers, improvements to increase the capacity of the recycled water treatment facility, purchase and installation of standby and portable generators, rehabilitation of the Dublin Trunkline Sewer, and preparation of water and wastewater treatment plant master plans; and

WHEREAS, Dan has fostered a culture of collaboration and community engagement, partnering with agencies and building strong relationships and with colleagues, elected officials, and key stakeholders within the community to further the interests of the District; and

WHEREAS, Dan has been a tireless advocate for potable reuse and improving long-term water resiliency and was a major driver in the formation in the Tri-Valley Water Liaison Committee, which led to the completion of the Joint Tri-Valley Potable Reuse Technical Feasibility Study; and

WHEREAS, under Dan’s leadership, the District weathered a silver tsunami of retirements, responsibly increased staffing levels to address operational needs, established professional training and career development programs, and developed succession plans; and

WHEREAS, Dan oversaw the transition from 66 years of at-large to by-division Boardmember elections and launched the award-winning Citizens Water Academy to build public awareness of the District’s service and encourage community members to run for the Board; and

WHEREAS, Dan navigated the District through numerous emergencies during his tenure, such as the flooding of the District Office, the DERWA electrical emergency, PG&E public safety power shutoffs, the COVID-19 pandemic, and drought; and

WHEREAS, Dan relied not only on his talented staff, but also his Diet Coke, chocolate, and banana bread to get him through each day.

NOW, THEREFORE, BE IT PROCLAIMED that the Board of Directors of Dublin San Ramon Services District, a public agency in the State of California, Counties of Alameda and Contra Costa, congratulates:

Daniel B. McIntyre

on his retirement and recognizes his more than eight years of outstanding leadership and dedicated service.

Adopted this 6th day of February, 2024

Ann Marie Johnson, President

Arun Goel, Vice President

Richard M. Halket, Director

Dinesh Govindarao, Director

Georgian M. Vonheeder-Leopold, Director

Nicole Genzale, District Secretary



TITLE: First Reading of Ordinance Revising District Code Chapter 7.30 Regarding Facility Use Permits

RECOMMENDATION:

Staff recommends the Board of Directors 1) waive, by Motion, the first reading of an Ordinance that, if adopted, will amend District Code Chapter 7.30, Facility Use Permits, and 2) schedule the Ordinance for a second reading, a public hearing, and adoption at the February 20, 2024 Board meeting.

DISCUSSION:

At the regular meeting of the Board of Directors on December 5, 2023, the Board directed staff to prepare a revision to the District Code Chapter 7.30, Facility Use Permits, in order to limit use of District building facilities to only governmental entities and organizations with whom the District conducts business (with exception of outdoor District Office spaces) and require applicants to provide necessary insurance coverage to use a District facility, and to make non-substantive updates and clarifications to bring this chapter up to date and address any potential legal concerns.

Proposed revisions to the District Code Chapter 7.30 include:

- Adding of references to “employees associations” as a group who may request facility use permits;
- Removing references to “local advocacy organizations”;
- Clarifying the definition of “facility” or “facilities” in District Code Section 7.30.020, Definitions, specifically to define use of certain District facilities by governmental agencies or affiliates, exclusive employee groups, employees associations, and exclusive bargaining agents, and use of the outdoor lawn, patio, and parking lot of the District Main Office by not-for-profit community interest organizations;
- Removing Subsection C, Modify or Waiver, of District Code Section 7.30.070, Insurance, to conform with a consistent application of District insurance requirements for all contracts (such as facility use permits);
- Adding to District Code Section 7.30.120 the prohibition of smoking and/or vaping of tobacco or cannabis products, and use of open flames, dry ice, paint, etc., to the list of prohibited activities while on District property, in conjunction with a permit;
- Clarifying District Code Section 7.30.130, Use of appurtenant facilities, that use of rest rooms is prohibited when the permitted use is limited to the outdoor lawn, patio, and/or parking lot;
- Adding of language to District Code Section 7.30.150, Regulations, which would allow the Board to establish regulations or other limitations governing the use of facilities, in addition to those specified in this chapter, by way of an ordinance or resolution.

Staff recommends scheduling the proposed Ordinance amending District Code Chapter 7.30, Facility Use Permits, for a second reading, a public hearing, and adoption at the February 20, 2024 Board meeting.

Originating Department: Office of the General Manager	Contact: M. Gallardo/J. Lee	Legal Review: Yes
Financial Review: Not Required	Cost and Funding Source: N/A	
Attachments: <input type="checkbox"/> None <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Task Order <input type="checkbox"/> Proclamation <input checked="" type="checkbox"/> Other (see list on right)	Attachment 1 – Marked-up District Code Chapter 7.30, Facility Use Permits	
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Chapter 7.30**FACILITY USE PERMITS**

Sections:

7.30.010	Purpose.
7.30.020	Definitions.
7.30.030	Use authorized.
7.30.040	Permit required.
7.30.050	Scheduling.
7.30.060	Supervision required.
7.30.070	Insurance.
7.30.080	Defense – Indemnification.
7.30.090	Insurance and indemnification waiver.
7.30.100	Nonassignability.
7.30.110	Temporary, revocable use.
7.30.120	Prohibited activities.
7.30.130	Use of appurtenant facilities.
7.30.140	Fees.
7.30.150	Regulations.

7.30.010 Purpose.

The purpose of this chapter is to authorize and provide a procedure for use of certain District-owned facilities by governmental agencies or affiliates, not-for-profit community interest organizations, ~~employees associations local advocacy organizations,~~ exclusive employee groups, and exclusive bargaining agents in furtherance of the interests of the District with respect to its water, wastewater, and recycled water enterprise responsibilities to protect public health and the environment. public health and general welfare of the residents of the District. [Ord. 265, 1995; Ord. 273, 1997; Ord. 302, 2004; Ord. 327, 2010.]

7.30.020 Definitions.

In the construction of this chapter, the general definitions set forth in DSRSDC 1.20.080, Definitions, shall apply except where such definitions would be inconsistent with the manifest intent of the Board, or the context clearly requires otherwise, or where contrary definitions are set forth in this chapter, or as otherwise stated in DSRSDC 1.20.080, Definitions. The following definitions shall apply to this chapter, unless such definitions would be inconsistent with the manifest intent of the Board of Directors or the context clearly requires otherwise.

“**Community interest purpose**” means an activity or program for public recreation, education, welfare, cultural, health, safety, ~~advocacy~~ or similar purpose which is consistent with DSRSDC 7.30.010, Purpose, and applicable DSRSD policies.

“**Employees association**” means any association of District employees approved or recognized by the General Manager other than an exclusive bargaining agent or an exclusive employee group.

“**Exclusive bargaining agent**” means a union or similar organization which has been certified in accordance with appropriate legal requirements to be the exclusive representative of all the employees in a particular bargaining unit or group and afforded recognition by the District as the exclusive bargaining agent for a group of its employees.

“**Exclusive employee group**” means a bargaining unit or group consisting exclusively of District employees who are not represented by a union or similar organization, and their invited guests, as approved by the General Manager.

“**Facility**” or “**facilities**” means the facility or facilities specifically identified in the facilities use permit approved by the General Manager under this chapter, which may include ~~one or more of the following:~~ 1) For governmental agencies or affiliates, exclusive employee groups, employees associations, and exclusive bargaining

~~agents only, use of~~ the Board of Directors meeting room, ~~general office space~~, conference rooms, or any other appropriate indoor space at any of the District facilities or buildings, or any outdoor portion of any property of the District appropriate for an outside program or event; ~~and 2) for not-for-profit community interest organizations, use of the outdoor lawn, patio, and parking lot of the District Main Office for an outside program or event.~~ The General Manager may be authorized to develop a list of specific facilities that may, or may not, be made available for use and may update that list from time to time.

“**Governmental agency**” or “**affiliate**” means a federal, state or county agency; a special district, including this District; or any department, office or organization identified with any such governmental agency, which carries out or is engaged in a governmental or community interest purpose.

“**Governmental purposes**” means an activity or program carried out by a governmental agency or affiliate in its official capacity.

~~—“**Local advocacy organization**” means a locally organized group or committee existing for the purpose of advocating a position on a local non-District specific ballot measure, but specifically excludes organizations existing for the purpose of advocacy of candidates for any office whatsoever. There shall be no preference given towards any advocacy organization on a particular ballot measure.~~

“**Not-for-profit community interest organization**” means a not-for-profit unincorporated association, corporation, partnership or other organization which is organized for and carries out a community interest purpose. [Ord. 265, 1995; Ord. 273, 1997; Ord. 302, 2004; Ord. 327, 2010.]

7.30.030 Use authorized.

The General Manager may issue a permit to use a facility to a governmental agency or affiliate, ~~a local advocacy organization~~, a not-for-profit community interest organization, ~~employees association~~, an exclusive employee group, ~~and/or an exclusive bargaining agent~~, ~~or an employees organization~~. When a permit is issued the use shall be subject to the terms of this chapter, any regulations adopted under this chapter, and the specific terms and conditions of the permit. [Ord. 265, 1995; Ord. 273, 1997; Ord. 302, 2004; Ord. 327, 2010.]

7.30.040 Permit required.

Use of the facilities is only authorized pursuant to a permit issued by the General Manager. The General Manager shall provide application forms specifying the information appropriate and necessary for the issuance of a permit. [Ord. 265, 1995; Ord. 273, 1997; Ord. 302, 2004; Ord. 327, 2010.]

7.30.050 Scheduling.

The General Manager is authorized to schedule and regulate the time, place and manner of the use of the facilities. The General Manager may issue a permit for a specific date or activity, or for recurring meetings or activities upon the dates or days, and at such times or with the frequency, as the General Manager specifies in the permit. [Ord. 265, 1995; Ord. 273, 1997; Ord. 302, 2004; Ord. 327, 2010.]

7.30.060 Supervision required.

Each activity permitted shall be supervised by a responsible person ~~twenty-one (21)~~ years or older, who shall remain on the premises at all times during the use by the permittee. [Ord. 265, 1995; Ord. 273, 1997; Ord. 302, 2004; Ord. 327, 2010.]

7.30.070 Insurance.

A. Requirement. No facility may be used under a permit unless the permittee obtains and maintains during the term or period of use general liability and property damage insurance covering the use and occupancy in minimum amounts established by separate ordinance, resolution, or policy of the Board from time to time.

B. Endorsements. The permittee shall provide the District a copy of each insurance policy, or the declaration page, evidencing the insurance coverage. In addition to the evidence of insurance, the permittee shall file with the General Manager endorsements to each policy:

1. Precluding cancellation or reduction in coverage of insurance before the expiration of 30 days after the District receives written notice by first class mail from the insurance carrier;
2. Naming the Dublin San Ramon Services District, its Board of Directors, committees, officers, employees and agents as additional insureds;
3. Providing that the permittee's insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer's liability;
4. Providing that the permittee's insurance coverage shall be primary insurance with respect to the District, its Board of Directors, committees, officers, employees and agents, and that any insurance or self-insurance maintained by the District shall be excess of the permittee's insurance, and not contributory with it.

~~C. — Modify or Waiver. The Board of Directors may, by resolution, modify or waive these insurance requirements as they relate to a specific use permit.~~ [Ord. 265, 1995; Ord. 273, 1997; Ord. 302, 2004; Ord. 327, 2010.]

7.30.080 Defense – Indemnification.

Each permittee issued a permit under this chapter shall, by acceptance of the facilities use permit, be obligated to defend, indemnify and hold harmless the District, its Board of Directors, committees, officers, employees, agents and volunteers from and against any and all claims, damages, losses and expenses (including without limitation costs of suit and attorneys' fees), arising out of the use or occupancy of the facility or facilities under the permit, and caused, or alleged to have been caused, in whole or in part, by any negligent, willful, or intentional tortious act, or omission to act, of the permittee. Each permit shall include these provisions. [Ord. 265, 1995; Ord. 273, 1997; Ord. 302, 2004; Ord. 327, 2010.]

7.30.090 Insurance and indemnification waiver and conformity.

A. DSRSDC 7.30.070, Insurance, and DSRSDC 7.30.080, Defense – Indemnification, may be waived by the General Manager for exclusive employee groups and employees associations.

B. If and to the extent the provisions of DSRSDC 7.30.070, Insurance, and DSRSDC 7.30.080, Defense – Indemnification, are inconsistent with existing agreements entered into by the District, the insurance and indemnification requirements for use of the facilities shall be governed by those existing agreements. [Ord. 327, 2010.]

7.30.100 Nonassignability.

The permittee shall not assign a permit, or any interest in it, without the prior written consent of the General Manager. [Ord. 265, 1995; Ord. 273, 1997; Ord. 302, 2004; Ord. 327, 2010.]

7.30.110 Temporary, revocable use.

The issuance of a permit does not constitute a deed, grant of easement, lease, or conveyance or transfer of any proprietary interest, and each permit is revocable without cause at any time at the will of the District, effective upon written notice by the General Manager of the revocation. The revocation is effective on the date or time specified in the notice, which shall be within 30 days of the notice. [Ord. 265, 1995; Ord. 273, 1997; Ord. 302, 2004; Ord. 327, 2010.]

7.30.120 Prohibited activities.

The following activities and conduct within a facility or on District property, in conjunction with a permit, are prohibited:

- A. The possession, sale, serving or consumption of alcoholic beverages;
- B. Smoking and/or vaping of tobacco or cannabis products;
- C. Gambling or betting;

D. The possession, sale, serving or consumption of food, or food items, other than soft drinks, coffee, tea, milk or other nonalcoholic beverages, except as may otherwise be expressly permitted by the General Manager in the permit;

E. The use of a public address system, radio, broadcasting system, amplifier, television or other audio or visual equipment or device, except as is expressly permitted by the General Manager in the permit;

F. The use of District-owned equipment, including, without limitation, telephone, copier/[printer](#), computer, [typewriter](#) or other business machines [and supplies](#), except as is expressly permitted by the General Manager in the permit; provided, that there is no cost to the District for the use of these facilities; or provided, that the permittee reimburses the District for the cost of the use of this equipment;

G. Permitting an animal, other than a service animal, within or on a facility, or within or on District premises, in conjunction with an activity under a permit; or permitting or allowing, expressly or impliedly, a person associated with an activity conducted under a permit to bring upon, possess or allow an animal within a facility, except as is expressly permitted by the General Manager in the permit or as required by law;

H. An activity which causes, or tends to cause, undue wear or tear on a facility or a furnishing or furniture in or on the facility, [including use of open flames, dry ice, paint, etc.](#);

I. An activity which interferes with District business;

J. An unlawful activity; or

K. Any other prohibited act or activity which the General Manager specifies in the permit, or as otherwise provided by Board regulation. [Ord. 265, 1995; Ord. 273, 1997; Ord. 302, 2004; Ord. 327, 2010.]

7.30.130 Use of appurtenant facilities.

The use of a facility under a permit is deemed to include reasonable use of property appurtenant to the facility, including, without limitation, the use of District's parking ~~facilities-lot~~ and rest rooms. [Use of rest rooms is prohibited when the permitted use is limited to the outdoor lawn, patio, and/or parking lot.](#) The General Manager shall specify any limitation on the use of parking facilities in the permit. [Ord. 265, 1995; Ord. 273, 1997; Ord. 302, 2004; Ord. 327, 2010.]

7.30.140 Fees.

The Board may establish fees, by resolution, to defray costs incurred by the District for the administration of this chapter and the use of District facilities. [Ord. 265, 1995; Ord. 273, 1997; Ord. 302, 2004; Ord. 327, 2010.]

7.30.150 Regulations.

The Board may, [by ordinance or resolution](#), establish regulations or other limitations governing the use of facilities, in addition to those specified in this chapter. [Ord. 265, 1995; Ord. 273, 1997; Ord. 302, 2004; Ord. 327, 2010.]

ORDINANCE NO. _____

AN ORDINANCE OF DUBLIN SAN RAMON SERVICES DISTRICT AMENDING DISTRICT CODE TITLE 7, CHAPTER 7.30, FACILITY USE PERMITS

WHEREAS, on November 2, 2010, the Board of Directors adopted Ordinance No. 327 revising District Code Chapter 7.30, Facility Use Permits; and

WHEREAS, at the regular meeting of the Board of Directors on December 5, 2023, the Board of Directors directed staff to prepare revisions to the District Code Chapter 7.30, Facility Use Permits, in order to make updates and clarifications.

NOW, THEREFORE, BE IT ORDAINED by the Board of Directors of Dublin San Ramon Services District as follows:

1. The purpose of this Ordinance is to revise District Code Chapter 7.30, Facility Use Permits, to modify the procedures and requirements applicable to the use of certain District-owned facilities.
2. Chapter 7.30, Facility Use Permits, of the District Code is hereby amended as shown in Exhibit "1."
3. This Ordinance shall take effect thirty (30) days after its adoption.
4. The General Manager, or designee, is authorized and directed to establish appropriate administrative procedures consistent with the provisions of this ordinance and to take reasonable and appropriate action to fully implement the provisions of this ordinance.
5. The General Manager, or designee, is further authorized and directed to make further non-substantive administrative changes for publishing the District Code, as approved by District General Counsel, to Chapter 7.30 (including revisions in formatting as may be suggested by the publisher) for consistency and ease of reference within sixty (60) days from date of adoption.

Ord. No. _____

ADOPTED by the Board of Directors of Dublin San Ramon Services District, a public agency in the State of California, Counties of Alameda and Contra Costa, at its regular meeting held on the 20th day of February, 2024, by the following vote:

AYES:

NOES:

ABSENT:

Ann Marie Johnson, President

ATTEST: _____
Nicole Genzale, District Secretary

DATE OF ATTESTATION: _____

Chapter 7.30**FACILITY USE PERMITS**

Sections:

7.30.010	Purpose.
7.30.020	Definitions.
7.30.030	Use authorized.
7.30.040	Permit required.
7.30.050	Scheduling.
7.30.060	Supervision required.
7.30.070	Insurance.
7.30.080	Defense – Indemnification.
7.30.090	Insurance and indemnification waiver.
7.30.100	Nonassignability.
7.30.110	Temporary, revocable use.
7.30.120	Prohibited activities.
7.30.130	Use of appurtenant facilities.
7.30.140	Fees.
7.30.150	Regulations.

7.30.010 Purpose.

The purpose of this chapter is to authorize and provide a procedure for use of certain District-owned facilities by governmental agencies or affiliates, not-for-profit community interest organizations, employees associations exclusive employee groups, and exclusive bargaining agents in furtherance of the interests of the District with respect to its water, wastewater, and recycled water enterprise responsibilities to protect public health and the environment. [Ord. 265, 1995; Ord. 273, 1997; Ord. 302, 2004; Ord. 327, 2010.]

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In the construction of this chapter, the general definitions set forth in DSRSDC 1.20.080, Definitions, shall apply except where such definitions would be inconsistent with the manifest intent of the Board, or the context clearly requires otherwise, or where contrary definitions are set forth in this chapter, or as otherwise stated in DSRSDC 1.20.080, Definitions. The following definitions shall apply to this chapter, unless such definitions would be inconsistent with the manifest intent of the Board of Directors or the context clearly requires otherwise.

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“**Exclusive bargaining agent**” means a union or similar organization which has been certified in accordance with appropriate legal requirements to be the exclusive representative of all the employees in a particular bargaining unit or group and afforded recognition by the District as the exclusive bargaining agent for a group of its employees.

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buildings, or any outdoor portion of any property of the District appropriate for an outside program or event; and 2) for not-for-profit community interest organizations, use of the outdoor lawn, patio, and parking lot of the District Main Office for an outside program or event. The General Manager is authorized to develop a list of specific facilities that may, or may not, be made available for use and may update that list from time to time.

“**Governmental agency**” or “**affiliate**” means a federal, state or county agency; a special district, including this District; or any department, office or organization identified with any such governmental agency, which carries out or is engaged in a governmental or community interest purpose.

“**Governmental purposes**” means an activity or program carried out by a governmental agency or affiliate in its official capacity.

“**Not-for-profit community interest organization**” means a not-for-profit unincorporated association, corporation, partnership or other organization which is organized for and carries out a community interest purpose. [Ord. 265, 1995; Ord. 273, 1997; Ord. 302, 2004; Ord. 327, 2010.]

7.30.030 Use authorized.

The General Manager may issue a permit to use a facility to a governmental agency or affiliate, not-for-profit community interest organization, employees association, exclusive employee group, and/or exclusive bargaining agent.. When a permit is issued the use shall be subject to the terms of this chapter, any regulations adopted under this chapter, and the specific terms and conditions of the permit. [Ord. 265, 1995; Ord. 273, 1997; Ord. 302, 2004; Ord. 327, 2010.]

7.30.040 Permit required.

Use of the facilities is only authorized pursuant to a permit issued by the General Manager. The General Manager shall provide application forms specifying the information appropriate and necessary for the issuance of a permit. [Ord. 265, 1995; Ord. 273, 1997; Ord. 302, 2004; Ord. 327, 2010.]

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The General Manager is authorized to schedule and regulate the time, place and manner of the use of the facilities. The General Manager may issue a permit for a specific date or activity, or for recurring meetings or activities upon the dates or days, and at such times or with the frequency, as the General Manager specifies in the permit. [Ord. 265, 1995; Ord. 273, 1997; Ord. 302, 2004; Ord. 327, 2010.]

7.30.060 Supervision required.

Each activity permitted shall be supervised by a responsible person twenty-one (21) years or older, who shall remain on the premises at all times during the use by the permittee. [Ord. 265, 1995; Ord. 273, 1997; Ord. 302, 2004; Ord. 327, 2010.]

7.30.070 Insurance.

A. Requirement. No facility may be used under a permit unless the permittee obtains and maintains during the term or period of use general liability and property damage insurance covering the use and occupancy in minimum amounts established by separate ordinance, resolution, or policy of the Board from time to time.

B. Endorsements. The permittee shall provide the District a copy of each insurance policy, or the declaration page, evidencing the insurance coverage. In addition to the evidence of insurance, the permittee shall file with the General Manager endorsements to each policy:

1. Precluding cancellation or reduction in coverage of insurance before the expiration of 30 days after the District receives written notice by first class mail from the insurance carrier;
2. Naming the Dublin San Ramon Services District, its Board of Directors, committees, officers, employees and agents as additional insureds;
3. Providing that the permittee’s insurance shall apply separately to each insured against whom a claim is made or suit is brought, except with respect to the limits of the insurer’s liability;

4. Providing that the permittee's insurance coverage shall be primary insurance with respect to the District, its Board of Directors, committees, officers, employees and agents, and that any insurance or self-insurance maintained by the District shall be excess of the permittee's insurance, and not contributory with it. [Ord. 265, 1995; Ord. 273, 1997; Ord. 302, 2004; Ord. 327, 2010.]

7.30.080 Defense – Indemnification.

Each permittee issued a permit under this chapter shall, by acceptance of the facilities use permit, be obligated to defend, indemnify and hold harmless the District, its Board of Directors, committees, officers, employees, agents and volunteers from and against any and all claims, damages, losses and expenses (including without limitation costs of suit and attorneys' fees), arising out of the use or occupancy of the facility or facilities under the permit, and caused, or alleged to have been caused, in whole or in part, by any negligent, willful, or intentional tortious act, or omission to act, of the permittee. Each permit shall include these provisions. [Ord. 265, 1995; Ord. 273, 1997; Ord. 302, 2004; Ord. 327, 2010.]

7.30.090 Insurance and indemnification waiver and conformity.

A. DSRSDC 7.30.070, Insurance, and DSRSDC 7.30.080, Defense – Indemnification, may be waived by the General Manager for exclusive employee groups and employees associations.

B. If and to the extent the provisions of DSRSDC 7.30.070, Insurance, and DSRSDC 7.30.080, Defense – Indemnification, are inconsistent with existing agreements entered into by the District, the insurance and indemnification requirements for use of the facilities shall be governed by those existing agreements. [Ord. 327, 2010.]

7.30.100 Nonassignability.

The permittee shall not assign a permit, or any interest in it, without the prior written consent of the General Manager. [Ord. 265, 1995; Ord. 273, 1997; Ord. 302, 2004; Ord. 327, 2010.]

7.30.110 Temporary, revocable use.

The issuance of a permit does not constitute a deed, grant of easement, lease, or conveyance or transfer of any proprietary interest, and each permit is revocable without cause at any time at the will of the District, effective upon written notice by the General Manager of the revocation. The revocation is effective on the date or time specified in the notice, which shall be within 30 days of the notice. [Ord. 265, 1995; Ord. 273, 1997; Ord. 302, 2004; Ord. 327, 2010.]

7.30.120 Prohibited activities.

The following activities and conduct within a facility or on District property, in conjunction with a permit, are prohibited:

- A. The possession, sale, serving or consumption of alcoholic beverages;
- B. Smoking and/or vaping of tobacco or cannabis products
- C. Gambling or betting;
- D. The possession, sale, serving or consumption of food, or food items, other than soft drinks, coffee, tea, milk or other nonalcoholic beverages, except as may otherwise be expressly permitted by the General Manager in the permit;
- E. The use of a public address system, radio, broadcasting system, amplifier, television or other audio or visual equipment or device, except as is expressly permitted by the General Manager in the permit;
- F. The use of District-owned equipment, including, without limitation, telephone, copier/printer, computer, or other business machines and supplies, except as is expressly permitted by the General Manager in the permit; provided, that there is no cost to the District for the use of these facilities; or provided, that the permittee reimburses the District for the cost of the use of this equipment;
- G. Permitting an animal, other than a service animal, within or on a facility, or within or on District premises, in conjunction with an activity under a permit; or permitting or allowing, expressly or impliedly, a person associated

with an activity conducted under a permit to bring upon, possess or allow an animal within a facility, except as is expressly permitted by the General Manager in the permit or as required by law;

H. An activity which causes, or tends to cause, undue wear or tear on a facility or a furnishing or furniture in or on the facility, including use of open flames, dry ice, paint, etc.;

I. An activity which interferes with District business;

J. An unlawful activity; or

K. Any other prohibited act or activity which the General Manager specifies in the permit, or as otherwise provided by Board regulation. [Ord. 265, 1995; Ord. 273, 1997; Ord. 302, 2004; Ord. 327, 2010.]

7.30.130 Use of appurtenant facilities.

The use of a facility under a permit is deemed to include reasonable use of property appurtenant to the facility, including, without limitation, the use of District's parking lot and rest rooms. Use of rest rooms is prohibited when the permitted use is limited to the outdoor lawn, patio, and/or parking lot. The General Manager shall specify any limitation on the use of parking facilities in the permit. [Ord. 265, 1995; Ord. 273, 1997; Ord. 302, 2004; Ord. 327, 2010.]

7.30.140 Fees.

The Board may establish fees, by resolution, to defray costs incurred by the District for the administration of this chapter and the use of District facilities. [Ord. 265, 1995; Ord. 273, 1997; Ord. 302, 2004; Ord. 327, 2010.]

7.30.150 Regulations.

The Board may, by ordinance or resolution, establish regulations or other limitations governing the use of facilities, in addition to those specified in this chapter. [Ord. 265, 1995; Ord. 273, 1997; Ord. 302, 2004; Ord. 327, 2010.]



TITLE: Receive Draft Water Cost of Service Study, Set Public Hearing for April 16, 2024, and Authorize Proposition 218 Notice

RECOMMENDATION:

Staff recommends the Board of Directors receive a presentation on the Draft 2024 Water Cost of Service Study, and by Motion, set a public hearing for April 16, 2024, and authorize a Proposition 218 notice.

SUMMARY:

DSRSD conducts water rate studies approximately every five years with the objective of developing cost-based rates that fund the District’s operation, maintenance, and capital replacement needs. Water rates were last updated in July 2019. In August 2023, DSRSD retained HDR Engineering, Inc. (HDR) to prepare the 2024 Water Cost of Service Study (Study). A discussion of the District’s cost of service and revenue requirements and proposed rates for 2024 through 2028 is included in this report. If approved, water rate revenues are proposed to increase 5.5 percent effective May 1, 2024, and 5.5 percent effective January 1, 2025, with increases for future calendar years 2026 through 2028 limited to the rate of inflation. The proposed revenue increases are necessary to pay for rising labor, energy, and chemical costs and address aging infrastructure needs. In addition, the District would draw down \$7 million in reserves from the Water Rate Stabilization Fund over the next two years to minimize rate adjustment impacts to customers, while still providing sufficient revenues to fund operations. This results in an increase of \$5.60 per each two-month billing period based on the average single family residential customer usage of 18 hundred cubic feet (CCF). To inform ratepayers of the proposed rate changes, a public hearing notice will be mailed to all property owners and tenants in the District’s water service area in compliance with the State’s Proposition 218 requirements.

BACKGROUND:

The District provides potable and recycled water service to customers in the City of Dublin and the Dougherty Valley area of the City of San Ramon. Types of customers include residential, commercial, industrial, and institutional. The District receives wholesale treated water from Zone 7 Water Agency (Zone 7). The District also partners with East Bay Municipal Utility District (EBMUD) to produce and distribute recycled water through the DSRSD-EBMUD Recycled Water Authority (DERWA), a joint powers authority formed in 1995. In an average year, 75 percent of DSRSD’s water supply to its customers is potable water from Zone 7, and about 25 percent of its water supply is recycled water for outdoor irrigation.

In accordance with the District Rate Policies and Guidelines policy (DSRSD Policy P400-16-1), District water rates are periodically reviewed to ensure financial sufficiency to meet operation and maintenance and capital replacement costs, achieve policy reserve fund targets, and realign rates to adequately recover the water enterprise’s revenue requirements. A comprehensive water rate study and recalculation of water rates was last completed in 2019. In adopting the rates in 2019, the Board authorized annual Consumer Price Index (CPI) percentage adjustments, commencing January 1, 2021 through January 1, 2024.

In August 2023, the District retained HDR, a third-party independent rate consultant, to prepare a comprehensive water and recycled water rate study to review cost of service and revenue requirements for the water enterprise. This effort was accelerated when the District’s Adopted Operating Budget for Fiscal Years 2024 and 2025 identified \$2 million per

Originating Department: Office of the General Manager	Contact: C. Ferreyra/J. Lee	Legal Review: Yes
Financial Review: Yes	Cost and Funding Source: N/A	
Attachments: <input type="checkbox"/> None <input type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Task Order <input type="checkbox"/> Proclamation <input checked="" type="checkbox"/> Other (see list on right)	Attachment 1 – Draft 2024 Water Cost of Service Study Attachment 2 – Draft Proposition 218 Notice	
		25 of 105

year in unanticipated cost increases to the Water Fund that were not included in the cost of service assumptions in the 2019 Comprehensive Water Cost of Service Study. These unanticipated costs include increases to DERWA operating expenses, energy prices, and underground repairs, and additional labor to address preventative maintenance and regulatory compliance needs.

Policy Direction

The cost of distributing water to individual customers is reflected in the District's "retail rate." The retail rate consists of two types of water charges: a fixed service charge and variable consumption charges. A fixed service charge is a fixed amount charged to each customer based on meter size. A variable consumption charge is based on water demand and is charged per hundred cubic feet of water (CCF) used. The District purchases all of its potable water supplies from Zone 7 Water Agency (Zone 7), the Tri-Valley's wholesale water supplier. Zone 7 charges the District a "wholesale rate" for purchasing treated water, which is itself comprised of fixed and variable charges.

At the September 19, October 17, and December 19, 2023 Board meetings, staff requested guidance from the Board on water rate policy issues to provide the framework for the 2024 Study. The two primary policy issues were:

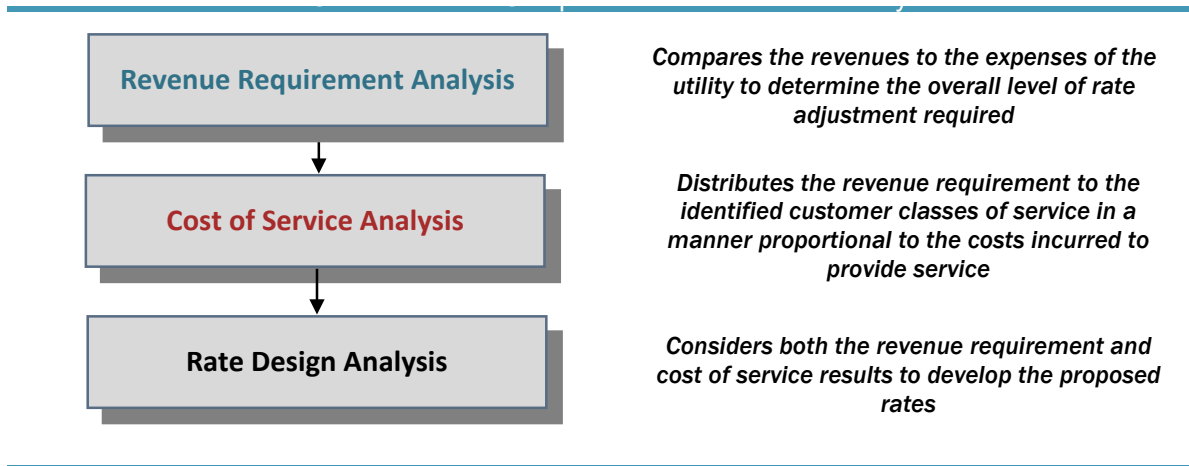
- *Zone 7 Wholesale Water Rate Structure.* Staff sought Board direction on the concept of establishing a separate fixed charge for the Zone 7 wholesale cost of water. This approach, a shift from the current methodology of blending the fixed and variable wholesale charges from Zone 7, mitigates the potential financial risk if actual water sales are less than projected and DSRSD collects insufficient revenues to fully pay the Zone 7 fixed charge. DSRSD must pay the Zone 7 fixed charge regardless of actual water sales. Blending the Zone 7 fixed and variable charges allows customers to control a greater percentage of their bill through their individual water usage.
- *DSRSD Retail Rate Structure.* The District's current water charges for DSRSD's retail rate generate approximately 20 percent of the total rate revenues from fixed charges and the remaining 80 percent from variable charges. Collecting a higher percentage of revenue requirements through fixed charges provides greater revenue stability during periods of lower demand. However, higher fixed charge allocations represent a greater proportion of the overall water bill for low water usage customers.

On October 17, 2023, the Board directed staff to defer implementation of water rate adjustments in January 2024 pending the results of the 2024 Study. On December 19, 2023, the Board reviewed a range of draft rate scenarios and directed staff to proceed with establishing a separate wholesale fixed charge to collect 30 percent of the Zone 7 fixed charge, and to continue collecting 20 percent of DSRSD retail revenues from fixed charges and 80 percent from variable charges. The Board also agreed with staff's recommendation to utilize reserves from the Water Rate Stabilization Fund, consistent with the District's Financial Reserves policy, to lessen rate adjustment impacts to customers. Board direction has been incorporated into the Draft 2024 Study and reflected in the proposed water rates.

DISCUSSION:

HDR has reviewed the District's water and recycled water rates and prepared the Draft Study provided as Attachment 1. As shown in Figure 1, a comprehensive water rate study utilizes three interrelated analyses to address the adequacy and proportionality of the District's rates. These three analyses are a revenue requirement analysis, a cost of service analysis, and a rate design analysis.

Figure 1. Overview of Comprehensive Water Rate Study



In developing the Study, the District had a number of key objectives:

- Develop the Study in a manner that is consistent with the principles and methodologies contained in the American Water Works Association Principles of Water Rates, Fees, and Charges manual (AWWA M1 Manual).
- Review and utilize best industry practices in establishing the District’s water and recycled water rates, while recognizing and acknowledging the specific and unique characteristics of the District’s water systems.
- Utilize the findings from the District’s rate study to establish cost-based and proportional rates for fiscal year (FY) 2024 through FY 2028. The proposed FY 2024 rate adjustment is proposed to be effective May 1, 2024. All subsequent year adjustments are proposed to take effect January 1, which aligns with the rate adjustment schedule for Zone 7.
- Propose rates which do not exceed the proportional cost of providing service to meet the legal requirements of Proposition 218 (Article XIII(D) of the California Constitution, approved by voters in 1996).

Proposition 218 Compliance

Increases in charges for “property related fees and charges” are subject to the provisions of Article XIII(D), Section 6 of the California Constitution. These provisions were added by the voters through an initiative in 1996, known as Proposition 218. Public involvement in the rate-setting process is mandated by Proposition 218. The District must mail out notices of proposed rate increases no less than 45 days prior to a scheduled public hearing on the rate increases. Pursuant to Proposition 218, if written protests to the rate increases are submitted for a majority of properties served by DSRSD (a “majority protest”), the District is prohibited from implementing the rate increases.

The process for notification and rate setting is as follows:

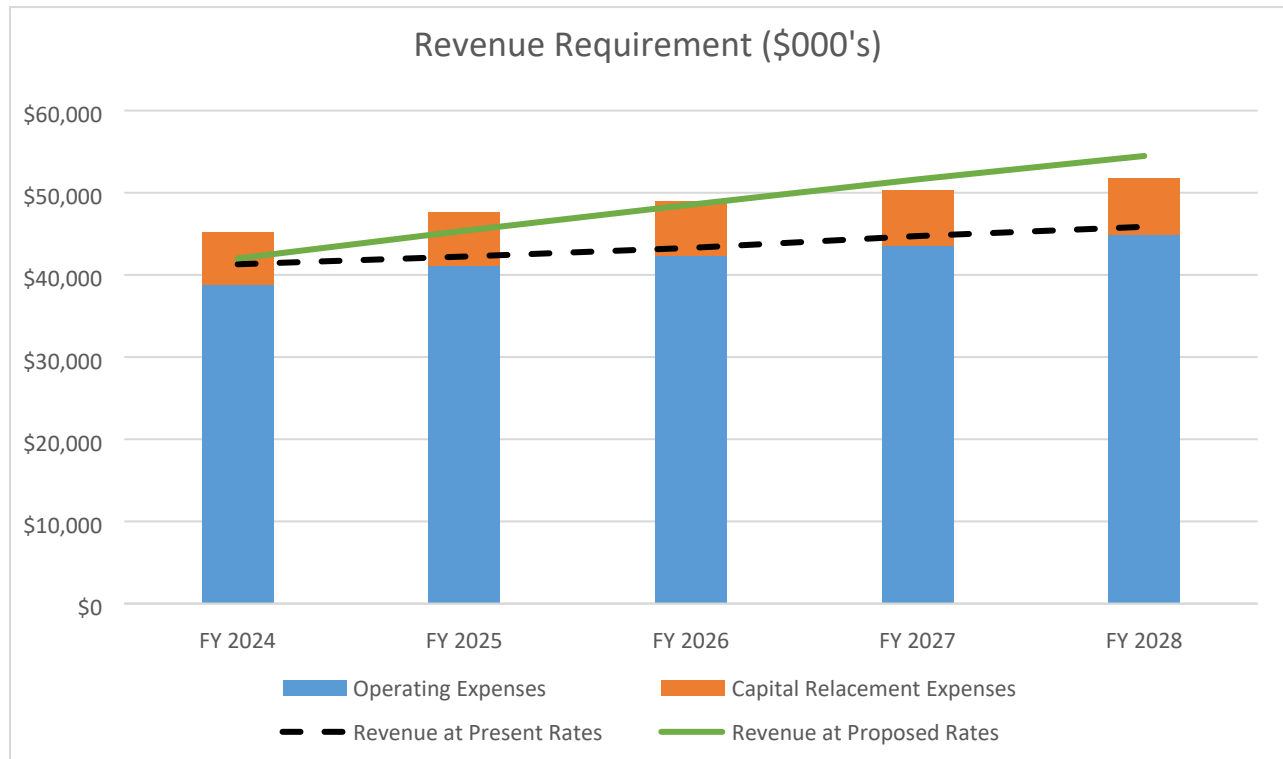
- Board receives background on proposed rates.
- Board directs issuance of required Proposition 218 notice to property owners and tenants.
- Board sets public hearing for a date not less than 45 days after the mailing of the Proposition 218 notice.
- Staff mails the Proposition 218 notices and posts the Draft Study on the District’s website.
- Public hearing is held by the Board (at least 45 days after latest date that Proposition 218 notices are mailed). Written protests may be submitted up to the end of the public hearing.
- In absence of a majority protest, the Board may impose the recommended rates.

Proposition 218 requires that water rates setting methodology be sound and that there must be a nexus between costs of service and the rates charged and the rates charged to customers must be proportional to the costs of service. While Proposition 218 requires the development of proportional, cost-based rates, it does not prescribe a specific approach or methodology to ensure meeting this legal requirement. There are multiple acceptable methodologies which have been upheld after court scrutiny. HDR and DSRSD staff collaborated to select such a methodology that best reflects DSRSD’s financial and operational needs.

Revenue Requirement

The first step of the revenue requirement analysis is to establish the funding (i.e., revenue) needed to provide potable and recycled water services. The primary inputs for the District’s revenue requirement were the District’s Adopted Operating Budget for FY 2024 and FY 2025; debt service schedules; and adopted Capital Improvement Program Ten-Year Plan for FY 2024 through FY 2033 and Two-Year Budget for FY 2024 and FY 2025. The revenue requirement analysis conducted for the Study is a ten-year period, from FY 2024 through FY 2033. While the focus of the rate setting period is five years, the revenue requirement analysis was extended an additional five years (through FY 2033) to provide District management long term trends that may be important for planning purposes. Figure 2 illustrates that the revenue requirement exceeds the revenue generated from present rates.

Figure 2 – Summary of Revenue Requirement



Rate adjustments for FY 2024 and FY 2025 are proposed to be increased overall by 5.5 percent annually with the remaining three years projected to be limited to annual inflation (assumed to be 3% for planning purposes) in order to generate sufficient revenue to fund the District’s revenue requirement over the 5-year period. The actual revenue adjustment for FY 2026 through FY 2028 will be based on the August to August change in Consumer Price Index (CPI) – All Urban Consumers for San Francisco/Oakland/Hayward. This increase in revenue assumes the drawdown of approximately \$7 million from the District’s Rate Stabilization Fund in the first two fiscal years to minimize the rate adjustment impacts to customers and address the revenue deficit in FY 2024 and FY 2025. The District has a Rate Stabilization Fund that is used to achieve and maintain financial stability and avoid wide fluctuations in the rates.

Cost of Service Analysis

The cost of service analysis determines the proportional manner to collect the revenue from each customer class of service or rate component. This is different from the revenue requirement, which determines the overall financial needs to provide water service. A summary of the cost of service analysis is shown in Table 1.

Table 1 - FY 2024 Cost of Service Results (\$000)

CLASS OF SERVICE	PRESENT RATE REVENUE (FY 2024)	DISTRIBUTED COSTS	\$ CHANGE	% CHANGE
RESIDENTIAL/COMMERCIAL	\$29,445	\$30,096	(\$652)	2.2%
IRRIGATION	3,272	3,312	(40)	1.2%
RECYCLED WATER	6,218	7,252	(1,034)	16.6%
POWER COSTS	1,013	1,484	(472)	46.6%
TOTAL SYSTEM	\$39,948	\$42,146	(\$2,197)	5.5%

The cost of service analysis results indicate that cost differences exist between the customer classes of service. The District charges all customers the same fixed meter charge but different consumption rates based on the costs associated with each class of service. For example, potable water customers, but not recycled water customers, are charged for wholesale water from Zone 7. Similarly, both potable and recycled water customers are charged a power charge for deliveries to customers in higher elevation areas of the District's service area. The power charges represent the cost of power required to pump water to those higher elevation areas.

Rate Design and Proposed DSRSD Water Rates

The final step of the comprehensive rate study process is to design the proposed rates based on both the revenue requirement results and the cost of service analysis. The revenue requirement sets the level of overall amount of funding needed and the cost of service distributed the costs identified in the revenue requirement to customer classes. Individual rates are then determined by dividing the cost by the billing units, consumption, and meters for the associated service. Proposed DSRSD water rates are discussed in the following sections.

Retail Rates

The District's retail water rates are comprised of a bimonthly meter charge and variable consumption charges. The consumption charges have different cost components based on the type of customer and service. If the customer is in an elevated zone which requires pumping, then a power charge is also applied to recover the direct costs of pumping water to the higher elevation. The proposed rate design would continue to collect 20 percent of retail revenues from fixed charges and 80 percent from variable charges.

Proposed retail water rates are shown in Tables 2 and 3. If adopted, the Fiscal Year 2024 rate adjustment would be effective on May 1, 2024. The FY 2025 would be effective January 1, 2025. All subsequent year adjustments would take effect January 1, which also aligns with the rate adjustment schedule for Zone 7. Rates adjustments from FY 2026 through FY 2028, will be calculated annually based on the August-to-August change in CPI – All Urban Consumers for San Francisco/Oakland/Hayward (assumed to be 3% for planning purposes).

Table 2 - Proposed Bimonthly Fixed Service Charges

METER SIZE	CURRENT	EFFECTIVE 5/1/2024	EFFECTIVE 1/1/2025
5/8"	\$39.37	\$40.68	\$42.92
3/4"	\$54.88	\$59.62	\$62.90
1"	\$85.93	\$97.50	\$102.87
1.5"	\$163.53	\$192.21	\$202.78
2"	\$256.67	\$305.85	\$322.68
3"	\$683.51	\$826.73	\$872.20
4"	\$1,172.45	\$1,423.36	\$1,501.65
6"	\$2,491.79	\$3,033.33	\$3,200.17
8"	\$4,354.40	\$5,306.23	\$5,598.07
10"	\$6,527.43	\$7,957.95	\$8,395.63

Table 3 - Proposed Consumption Rates (\$/CCF)

CLASS OF SERVICE	CURRENT	EFFECTIVE 5/1/2024	EFFECTIVE 1/1/2025
RESIDENTIAL/COMMERCIAL	\$1.45	\$1.59	1.67
IRRIGATION	1.86	2.02	2.13
RECYCLED WATER	4.45	5.23	5.51
POWER COSTS	0.29	0.43	0.45

Water Shortage Condition Rates

All California water agencies are required to have a Water Shortage Contingency Plan (WSCP). The WSCP outlines the actions the water agency will take during different stages of drought or other water shortage emergencies. WSCPs provide for water shortage condition rates to ensure enough revenue to cover the cost of providing water service during times of water shortage and reduced customer deliveries. Revised water shortage condition rates were calculated so that DSRSD generates sufficient revenue to cover the cost of providing water service during times of water shortage and reduced customer deliveries. These rates are only implemented during specified drought conditions and other water shortage emergencies, and require a declaration from the District’s Board of Directors to impose.

In the past, the State of California required agencies to have four stages of water shortages in their WSCP. However, in 2019 the requirement was changed to six stages. DSRSD is proposing six stages of water shortage condition rates to align with these new requirements. In addition, the water shortage condition rates have been designed to include an allowance for baseline water use, in recognition that a certain amount of water is required for essential uses. This baseline allowance, established as 5 CCF/bimonthly, provides residential and commercial customers 5 CCF of water per billing period at the normal condition rate before charging the corresponding water shortage condition rate for all consumption in excess of 5 CCF. Tables 4 and 5 show the proposed water shortage condition rates for FY 2024 and FY 2025 residential/commercial and potable irrigation customers.

Table 4 - Water Shortage Condition Rates – Residential/Commercial

	WATER REDUCTION GOAL	CURRENT	EFFECTIVE 5/1/2024	EFFECTIVE 1/1/2025
STAGE 1	10%	\$1.62	\$1.81	\$1.91
STAGE 2	20%	\$1.83	\$2.11	\$2.23
STAGE 3	30%	\$2.24	\$2.54	\$2.68
STAGE 4	40%	\$2.92	\$3.17	\$3.34
STAGE 5	50%	n/a	\$4.22	\$4.46
STAGE 6	>50%	n/a	\$6.33	\$6.68

Table 5 - Water Shortage Condition Rates – Potable Irrigation

	WATER REDUCTION GOAL	CURRENT	EFFECTIVE 5/1/2024	EFFECTIVE 1/1/2025
STAGE 1	10%	\$2.07	\$2.24	\$2.36
STAGE 2	20%	\$2.33	\$2.52	\$2.66
STAGE 3	30%	\$2.86	\$2.88	\$3.04
STAGE 4	40%	\$3.72	\$3.36	\$3.55
STAGE 5	50%	n/a	\$4.03	\$4.26
STAGE 6	>50%	n/a	\$5.04	\$5.32

Pass-Through Charges

California law authorizes agencies providing water service to directly pass through to customers increases to the wholesale water charges paid by the water retailer.

Zone 7 Cost of Water

The District purchases all of its potable water supplies from Zone 7, the Tri-Valley’s wholesale water supplier. Zone 7 charges the District a wholesale rate for purchasing treated water. This rate includes Zone 7’s direct cost of purchasing water from the California Department of Water Resources through the State Water Project, and associated costs to treat, store, and distribute treated water to the retailers. Similar to the District’s rates, Zone 7’s wholesale rates are comprised of fixed and variable charges. The District currently blends the fixed and variable wholesale charges, in proportion to estimated water use, and passes through a “Zone 7 Cost of Water” charge to District customers. In addition, Zone 7 levies an assessment for other State Water Project costs on all properties in Alameda County.

The Study establishes a separate Zone 7 fixed and variable consumption rate to more closely reflect the manner in which Zone 7 charges the District for wholesale water. The FY 2024 rates are designed to collect 30 percent of the Zone 7 fixed charge imposed by Zone 7 through a new bimonthly meter charge. The remainder of the fixed charge and all consumption charges would be blended and collected through the consumption charge. The proposed Zone 7 consumption charge declines for FY 2024 because of the establishment of the separate bi-monthly fixed meter charge. For FY 2025 through FY 2028, the District will pass through any future adjustments to the wholesale rate that the Zone 7 Board of Directors authorizes, using the same methodology described above.

Tables 6 and 7 show proposed rates to recover the Zone 7 costs based on a revised rate structure which includes a new bi-monthly meter charge and a variable consumption charge for potable water customers.

Table 6 - Proposed Zone 7 Bimonthly Fixed Service Charges

METER SIZE	CURRENT	EFFECTIVE 5/1/2024
5/8"	n/a	\$12.93
3/4"	n/a	\$19.39
1"	n/a	\$32.32
1.5"	n/a	\$64.64
2"	n/a	\$103.42
3"	n/a	\$281.17
4"	n/a	\$484.78
6"	n/a	\$1,034.19
8"	n/a	\$1,809.84
10"	n/a	\$2,714.76

Table 7 - Proposed Zone 7 Consumption Rates (\$/CCF)

	CURRENT	EFFECTIVE 5/1/2024
ZONE 7 COST OF WATER	\$4.45	\$3.83

Dougherty Valley Standby Charge District 2001-1 (DVSCD) Incremental State Water Project Charge

The State Water Project supplies 90 percent of Zone 7’s potable water. Zone 7 recovers the costs associated with purchasing State Water Project water through wholesale water charges to Tri-Valley retailers and property taxes levied in Alameda County. However, Zone 7 does not have the authority to recover State Water Project costs through the Contra Costa County property tax rolls. As a result, Dougherty Valley customers’ proportionate share of State Water Project costs are levied by DSRSD on behalf of Zone 7, and then remitted to Zone 7. In 2001, the Dougherty Valley Standby District Charge (Standby Charge) was established to provide potable water service to the then developing Dougherty Valley. The current annual Standby Charge is \$170.75 for a single family home, which is the maximum amount established for the DVSCD.

The maximum Standby Charge, however, does not recover the full proportionate Dougherty Valley share of Zone 7’s State Water Project costs because State Water Project costs have increased beyond what was estimated when the maximum Standby Charge amount was set in 2001. To address this, in 2019 the DSRSD Board of Directors established a Dougherty Valley Incremental State Water Project Charge (Incremental Charge) to recover those costs which exceed the maximum Standby Charge. As with the Standby Charge, DSRSD collects the Incremental Charge via the Contra Costa County tax roll, and then remits these funds to Zone 7. Following the requirements of Proposition 218, DSRSD considers and approves a five-year schedule of adjustments to the Incremental Charge based on an Annual Report for the Dougherty Valley Incremental State Water Project Charge (Engineers Report). This report is prepared by an independent rate consultant and calculates the full proportionate Dougherty Valley share of Zone 7’s State Water Project costs. The Engineers Report includes an analysis of Zone 7 actual and projected State Water Project costs, administrative costs, and credits for previous payments (including the Standby Charge). Following adoption of the rate, Dougherty Valley customers are notified of each annual adjustment to the Incremental Charge a minimum of 30 days prior to the effective date.

The current and proposed Dougherty Valley Incremental State Water Project Charge is shown in Table 8. Annual adjustments to the Incremental Charge for Fiscal Years 2025 through 2028 will be based on the Dougherty Valley Incremental State Water Project Charge Annual Report. Dougherty Valley customers are notified of each annual adjustment to the Incremental Charge at least thirty (30) days before the effective date.

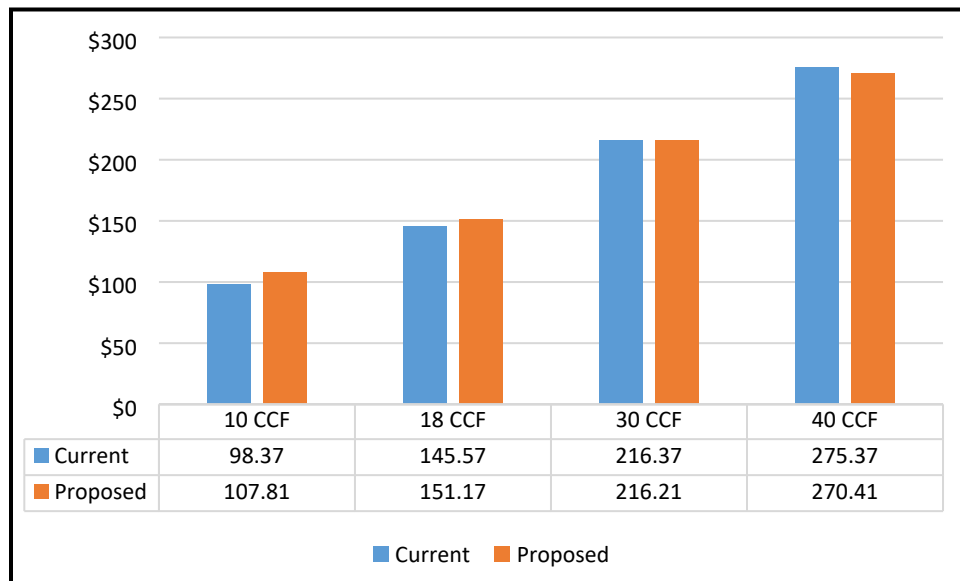
Table 8 - Dougherty Valley Incremental State Water Project Charge
Bimonthly, \$/dwelling unit equivalent

CURRENT	EFFECTIVE 7/1/2024
\$19.51	\$21.61

Customer Bill Impacts

If the proposed rates are adopted, the bimonthly water bill for an average single family residential customer using 18 CCF of water will increase by \$5.60 per bill (\$2.80 per month). Figure 3 shows the bill impacts of the proposed rates at various consumption levels.

Figure 3 - Bimonthly Bill Impact by Consumption (5/8" meter)



NEXT STEPS

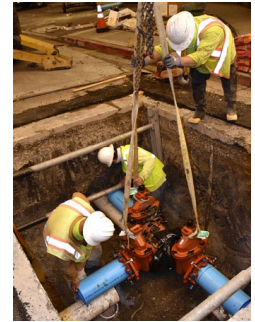
Staff recommends the Board of Directors receive a presentation on the 2024 Study, set a public hearing to consider adoption of water rates for April 16, 2024, and authorize a Proposition 218 notice to be mailed no later than forty-five (45) days before the public hearing. The notice will be mailed to all property owners and tenants in the District’s water service area. The draft Proposition 218 notice is included as Attachment 2 to this staff report.

Draft Report



**Dublin San Ramon
Services District**

Water, wastewater, recycled water



Dublin San Ramon Service District

Water Cost of Service Study

February 1, 2024



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Ms. Corinne Ferreyra
Senior Management Analyst
Dublin San Ramon Services District
7051 Dublin Blvd.
Dublin, California 94568

Subject: Comprehensive Water and Recycled Water Rate Study

Dear Ms. Ferreyra:

HDR Engineering, Inc. (HDR) is pleased to present to Dublin San Ramon Services District (District/DSRSD) the final report for the water rate study. The District's water rate study was developed using water industry standard methodologies and approaches. The analyses conducted for the District includes a revenue requirement, cost of service, and rate design analysis. The findings and conclusions from these analyses were used to develop proposed water rates that are equitable and proportional to the District's customers and sufficient to fund the operating and capital needs of the water utility. This report outlines the overall approach used to achieve these objectives, along with our findings, conclusions, and recommendations.

The District owns and operates a potable water distribution system and a recycled water treatment plant and distribution system. The District provides potable and recycled water service to customers in the City of Dublin and the Dougherty Valley area of the City of San Ramon. The District purchases wholesale potable water from the Zone 7 Water Agency (Zone 7) and partners with East Bay Municipal Utility District (EBMUD) to produce and distribute recycled water through the DSRSD-EBMUD Recycled Water Authority (DERWA). The cost of the operations and maintenance for the potable water and recycled water systems plus the wholesale potable water has been developed based on District provided information and included within the development of the proposed water rates. HDR's study provides the basis for developing and implementing water rates which are cost-based, proportional, defensible, and understandable for the District's customers.

We appreciate the assistance provided by the District's management team in the development of this study. More importantly, HDR appreciates the opportunity to provide these technical and professional services to the District.

Sincerely yours,
HDR Engineering, Inc.

A handwritten signature in black ink, appearing to read "Shawn Koorn".

Shawn Koorn
Associate Vice President



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Technical Appendix



Executive Summary

Introduction

HDR Engineering, Inc. (HDR) was retained by the Dublin San Ramon Services District (District) to perform a comprehensive water and recycled water rate study. The purpose of this study is to determine the adequacy of the existing potable water and recycled water rates and propose recommended changes to address identified revenue shortfalls and calculate cost-based and proportional rates.

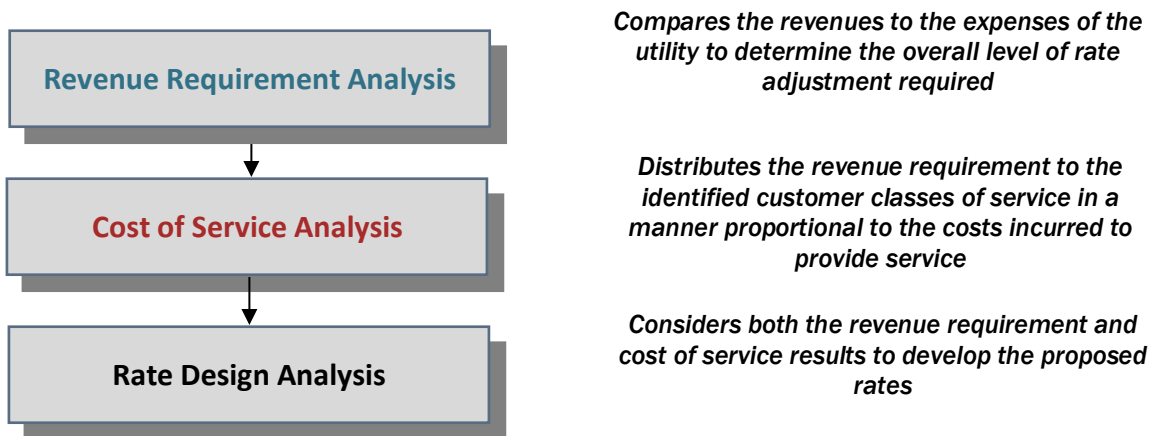
As noted, the District's water enterprise consists of two water systems, a potable water system and a recycled water system. The potable system is comprised of a distribution system where wholesale potable water is purchased from Zone 7 Water Agency (Zone 7). The District provides potable water services for residential, commercial (which includes industrial, multi-family and institutional uses), and irrigation customers. The recycled water system is comprised of a recycled water treatment plant and a recycled water distribution system. The District partners with East Bay Municipal Utility District (EBMUD) to produce and distribute recycled water through the DSRSD-EBMUD Recycled Water Authority (DERWA).

Within the water enterprise, there are two operating funds (enterprise fund and rate stabilization fund) and two capital funds (replacement fund and expansion fund). The water enterprise fund is a self-supporting fund that covers the costs of water system operations and maintenance. The water rate stabilization fund is the reserve to the water enterprise fund and can be used to achieve and maintain financial stability and avoid wide fluctuations in rates to fund operations.

Study Overview

A water rate study uses three interrelated analyses to address the adequacy and proportionality of a utility's rates. These three analyses are a revenue requirement analysis, a cost of service analysis, and a rate design analysis. These three analyses are illustrated below in Figure ES - 1.

Figure ES-1 Overview of the Comprehensive Water Rate Study



This study uses the framework described above to review and evaluate the District's potable and recycled water rates.

Key Water Rate Study Results

The water rate study technical analysis was developed based on the operating costs and the rate funded portion of capital costs necessary to provide potable and recycled water service to the District's customers. The water rate study resulted in the following key findings, conclusions, and recommendations:

- The District's Fiscal Year (FY) 2024 and FY 2025 budgets were used as the starting point for the annual operating expense.
- A revenue requirement analysis was developed for the FY 2024 and FY 2025 budget years and projected period of FY 2026 through FY 2033.
- Operations and Maintenance expenses are projected to increase at inflationary levels.
- An overall 5.5% revenue adjustment for both FY 2024 and FY 2025 was determined to be necessary to support annual operating and capital costs. Beyond FY 2025 a 3% revenue increase was estimated to reflect annual inflationary increases.
- A cost of service analysis was conducted to establish proportional rates for potable water and recycled water customers.
- Distribution factors used in the cost of service analysis were based on District specific system and customer information.
- Water shortage condition rates were established for use during times of water shortages. The rates are intended to recover sufficient revenue for District operations.

- Based on the results of the revenue requirement and cost of service study, proposed rates were developed for FY 2024 and FY 2025. Beginning with FY 2026, annual inflationary adjustments are projected through FY 2028.

Summary of the Water Revenue Requirement Analysis

The District provides water service to customers in the City of Dublin and the Dougherty Valley area of San Ramon. The District collects revenue from customers to fund the expenses associated with providing potable water and recycled water services. The first step of the revenue requirement analysis is to establish the funding (i.e., revenue) needed to provide potable and recycled water services. This is done by accumulating the District’s expenses, or “revenue requirement.” The next step in the revenue requirement analysis is to compare the revenue requirement to the existing revenue sources.

A “cash basis” methodology was used to establish the District’s revenue requirement. This method of determining the amount of revenue required to operate the utility conforms to industry standards, is the most common approach used by publicly owned utilities, and is also the method historically used by the District in past rate studies. The accumulation of costs for the cash basis includes annual operations and maintenance expenses, interfund transfers, debt service (principal and interest), and funding for the rate funded share of capital expenditures. The primary inputs for the District’s cash basis revenue requirement was the District’s Adopted Operating Budget for FY 2024 and FY 2025, debt service schedules, and adopted Capital Improvement Program Ten Year Plan for FY 2024 through 2033 and Two-Year Budget for FY 2024 – 2025.

The revenue requirement analysis conducted for this study is a ten-year period, from FY 2024 through FY 2033. While the focus of the report and Proposition 218 rate setting period is five years, the revenue requirement analysis was extended an additional five years (through FY 2033) to provide District management long term trends that may be important for planning purposes. The technical appendix includes the full ten-year revenue requirement analysis.

Provided below, in Table ES-1, is a summary of the five-year revenue requirement analysis (Financial Plan) developed for the District’s study. More details of the revenue requirement analysis can be found in Section 3 of this report, as well as in the technical appendices.

Table ES-1
Summary of the Revenue Requirement Analysis (000's)

	Budget		Projected		
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenue					
Rate Revenue	\$39,948	\$40,855	\$41,886	\$43,300	\$44,401
Misc. Revenue	<u>1,348</u>	<u>1,379</u>	<u>1,404</u>	<u>1,429</u>	<u>1,455</u>
Total Revenue	\$41,296	\$42,234	\$43,289	\$44,730	\$45,856
Expenses					
Water Enterprise - 600	\$38,819	\$41,065	\$42,323	\$43,621	\$44,961
Capital Replacement Funding	<u>6,390</u>	<u>6,500</u>	<u>6,610</u>	<u>6,720</u>	<u>6,830</u>
Total Expenses	\$45,209	\$47,565	\$48,933	\$50,341	\$51,791
Net Transfers-In from Other Funds	(\$4,296)	(\$2,851)	\$471	\$517	\$666
Bal./(Def.) Funds	\$384	(\$2,480)	(\$6,114)	(\$6,128)	(\$6,600)
Bal. as % of Rate Rev.	-1.0%	6.1%	14.6%	14.2%	14.9%
Proposed Rate Adj.	5.5%	5.5%	3.0%	3.0%	3.0%

It is important to note the annual deficiencies in ES-1 are cumulative. That is, any adjustments in the initial years will reduce the deficiency in the later years. Over the projected five-year time period, rate revenue needs to be adjusted approximately 14.9% in order to adequately and properly fund the District's water fund maintenance and capital replacement needs. Rate adjustments for FY 2024 and FY 2025 are proposed to be an overall 5.5% annually and the remaining three years are projected to be limited to annual inflation, which was assumed to be 3% for planning purposes. The actual revenue adjustment for FY 2026 through FY 2028 will be based on the August to August change in Consumer Price Index (CPI) – All Urban Consumers for San Francisco/Oakland/Hayward, as permitted by Government Code section 53756.

The proposed FY 2024 rate adjustment is projected to be effective in May 2024. All subsequent years are proposed to take effect January 1, which also aligns with the rate adjustment schedule for Zone 7.

HDR has concluded that the proposed rate adjustments will provide sufficient revenue to fund the District's revenue requirement over the 5-year period. HDR has reached this conclusion for the following reasons:

- The proposed revenue (rate) adjustments will generate revenue to fund the District's potable and recycled water systems operating and rate funded portion of capital costs as identified in this study.
- The proposed rates maintain the water system's financial health and integrity by providing consistent long term cash flow.
- The proposed rate adjustments follow the District's financial policies.

- The proposed rates are consistent with DSRSD Board of Directors policy direction.

HDR recommends that the District adopt the proposed rate adjustments for FY 2024 through FY 2025, and adjust rates for FY 2026 through 2028 based on the August to August change in CPI – All Urban Consumers for San Francisco/Oakland/Hayward.

Summary of the Water Cost of Service Analysis

A cost of service analysis determines the proportional distribution of the water revenue requirement to the identified customer classes, or rate components. The objective of the cost of service analysis is different from the revenue requirement. Whereas a revenue requirement analysis determines the overall financial needs, the cost of service analysis determines the proportional manner to collect the revenue from each customer class of service or rate component. The cost of service analysis developed as part of this study utilizes generally accepted cost of service principles and methodologies as defined by the American Water Works Association Principles of Water Rates, Fees, and Charges manual (AWWA M1).

The cost service analysis begins by functionalizing the revenue requirement, and then allocating the functionalized revenue requirement to the appropriate cost component(s) (e.g., commodity-related, capacity-related, customer-related). The individual allocation totals are then distributed to the appropriate customer classes of service and rate component based on the proportional burden placed on the system. A summary of the water cost of service results by customer type for FY 2024 is shown in Table ES - 2.

Class Of Service	Present Rate Revenue (FY 2024)	Distributed Costs	\$ Change	% Change
Residential / Commercial	\$29,445	\$30,096	(\$652)	2.2%
Irrigation	3,272	3,312	(40)	1.2%
Recycled Water	6,218	7,252	(1,034)	16.6%
Power Costs	1,013	1,484	(472)	46.6%
Total System	\$39,948	\$42,146	(\$2,197)	5.5%

The cost of service analysis results indicate that cost differences exist between the customer classes of service. The District charges all customers the same fixed meter charge but different consumption rates based on the cost and type of service. For example, potable water customers, but not recycled water customers, are charged for wholesale water from Zone 7. Similarly, both potable and recycled water customers are charged a power charge for deliveries to customers in higher elevation areas of the District's service area. The power charges represent the cost of power required to pump water to those higher elevation areas.

Table ES-3
Summary of the Cost of Service Unit Costs (\$ / CCF)

Rate Component	Present Revenue (FY 2024)	Distributed Costs	\$ Difference	% Difference
Bi-Monthly Equivalent Meter	\$39.37	\$40.68	\$1.31	3.3%
DSRSD Consumption Rates				
Residential/Commercial	\$1.45	\$1.59	\$0.14	9.4%
Irrigation	1.86	2.02	0.16	8.5%
Recycled Water	4.45	5.23	0.78	17.5%
Power Charge	0.29	0.43	0.14	46.6%
Wholesale Pass Through Consumption Rates				
Zone 7	\$4.45	\$4.42	(\$0.03)	(0.7%)

Summary of the Water Rate Design

The final step of the District’s water rate study is to design rates to collect the desired levels of revenue, based on the results of the revenue requirement and cost of service analyses. In reviewing the District’s rates, consideration was given to both the rate amount and structure. The proposed rates within this report reflect the findings, conclusions and recommendations of the District’s revenue requirement and cost of service analysis prepared as part of this study.

The District’s proposed water rates have been developed with the intent of meeting the legal requirements of California Constitution Article XIII D, Section 6 (Article XIII D), adopted as a part of Proposition 218. While Article XIII D requires the development of cost-based rates, it does not prescribe a specific approach or methodology to ensure meeting this legal requirement. There are multiple acceptable methodologies. HDR and DSRSD staff collaborated to select a methodology that best reflects DSRSD’s financial and operational needs. Consequently, HDR has developed this report, along with the District’s proposed water rates, based on the principles and methodologies contained in the AWWA M1 Manual, while tailoring the methodology to be reflective of the District’s unique system and customer characteristics. HDR is of the opinion that this approach meets the requirements of Article XIII D and recent legal decisions to provide an administrative record of the steps taken to establish the District’s proposed potable and recycled water rates. HDR reaches this conclusion based upon the following:

“While Article XIII D requires the development of cost-based rates, it does not prescribe a specific approach or methodology to assure meeting this legal requirement.”

- **The revenue derived from water rates does not exceed the funds required to provide the property related service (i.e., water service).** The proposed rates are designed to collect the revenue requirement of the District’s water utility as developed in this study.

- **The revenues derived from water rates shall not be used for any purpose other than that for which the fee or charge is imposed.** The revenues derived from the District's water rates are used exclusively to operate and maintain the District's potable and recycled water systems.
- **The amount of a fee or charge imposed upon a parcel or person as an incident of property ownership shall not exceed the proportional costs of the service attributable to the parcel.** Section 4 of this study, the cost of service analysis, focuses almost exclusively on the issue of proportional assignment of costs to customer classes of service. The cost of service analysis appropriately groups customers into customer classes of service (residential/commercial, irrigation, recycled water) that reflect the varying consumption patterns and system requirements of each. Grouping of customers into these classes of service addresses the proportionality requirement of Article XIII D by setting rates which consider the manner in which the costs of service are incurred and the differential demands and burdens on the District's water system which are fairly attributable to each customer class of service, without subsidizing between these customer classes of service.

Given the requirements to develop rates based on cost of service principles, the average unit costs developed in the cost of service analysis were used to design the proposed water rates for the District's customer classes of service.

The District's water rates has a bi-monthly meter charge and variable consumption charges. The consumption charges have different components based on the type of customer and service. If the customer is located in an elevated zone which requires pumping, then a power charge is also applied to recover the direct costs of pumping water to the higher elevation.

The FY 2024 rates are based on the result of the detailed cost of service analysis, the FY 2025 rates are a result of applying the necessary FY 2025 rate adjustment (determined in the revenue requirement analysis) to the FY 2024 rates. Rates adjustments from FY 2026 through FY 2028, will be calculated annually based on the August to August change in CPI – All Urban Consumers for San Francisco/Oakland/Hayward. Table ES-4 provides the proposed bi-monthly water rates.

Table ES-4
Current and Proposed Rates

	Current	FY 2024	FY 2025
Bi-monthly Charge by Meter Size			
5/8"	\$39.37	\$40.68	\$42.92
3/4"	54.88	59.62	62.90
1"	85.93	97.50	102.87
1-1/2"	163.53	192.21	202.78
2"	256.67	305.85	322.68
3"	683.51	826.73	872.20
4"	1,172.45	1,423.36	1,501.65
6"	2,491.79	3,033.33	3,200.17
8"	4,354.40	5,306.23	5,598.07
10"	6,527.43	7957.95	8,395.63
Consumption Rates (\$/CCF)			
Residential/Commercial	\$1.45	\$1.59	\$1.67
Irrigation	1.86	2.02	2.13
Recycled Water	4.45	5.23	5.51
Power Charge	0.29	0.43	0.45

The District purchases all of its potable water supplies from Zone 7, the Tri-Valley's wholesale water supplier. Zone 7 charges the District a wholesale rate for purchasing treated water. This rate covers Zone 7's cost of purchasing water from the California Department of Water Resources through the State Water Project, and all associated costs. Similar to the District's rates, Zone 7's wholesale rates are comprised of fixed and variable charges. The District currently blends the fixed and variable wholesale charges, in proportion to estimated water use, and passes through a "Zone 7 Cost of Water" charge to District customers.

It is proposed the District establish a separate Zone 7 fixed and variable consumption rate to more closely reflect the manner in which Zone 7 charges the District for wholesale water. Table ES -5 provides the proposed rate to recover the Zone 7 costs based on a revised rate structure which includes a new bi-monthly meter charge and a variable consumption charge for potable water customers. The FY 2024 rates are based on the result of the cost of service analysis and are designed to collect 30 percent of the Zone 7 fixed charge imposed by Zone 7 through the new bimonthly meter charge. The remainder of the fixed charge and all consumption charges would be collected through the consumption charge. DSRSD will pass through any future adjustments to Zone 7's wholesale water costs to potable water customers as described earlier.

Table ES-5
Current and Proposed Zone 7 Rates For Potable Customers

	Current	FY 2024
Bi-monthly Charge by Meter Size		
5/8"	NA	\$12.93
3/4"	NA	19.39
1"	NA	32.32
1-1/2"	NA	64.64
2"	NA	103.42
3"	NA	281.17
4"	NA	484.78
6"	NA	1,034.19
8"	NA	1,809.84
10"	NA	2,714.76
Variable Consumption Charge		
Zone 7 (\$/CCF)	\$4.45	\$3.83

The proposed Zone 7 consumption rate declines for 2024 because of the establishment of the separate bi-monthly fixed meter charge to recover a portion of the fixed costs of Zone 7 water purchases. For FY 2025 and after, the District will pass through any future adjustments to the wholesale rate that the Zone 7 Board of Directors authorizes, as authorized pursuant to California Government Code section 53756.

Summary of the Water Shortage Condition Rates

DSRSD's Adopted Water Shortage Contingency Plan is a strategic plan to prepare and respond to water shortage conditions resulting from drought and emergencies, including defined actions to reduce demand over six shortage condition levels from 10 percent to more than 50 percent demand reductions. Water shortage condition rates address the revenue impacts of decreased consumption during declared water shortages or emergencies. The District's current water shortage condition rates are provided in Table ES-6.

Revised water shortage condition rates were calculated so that DSRSD generates sufficient revenue to cover the cost of providing water service during times of water shortage and reduced customer deliveries. These rates are only implemented during drought conditions and other water shortage emergencies and require a declaration from the District's Board of Directors to impose.

Article X, section 2 of the State Constitution institutes the need to preserve the State's water supplies and to discourage the wasteful or unreasonable use of water by encouraging conservation. As such, public agencies are mandated to maximize the beneficial use of water,

prevent waste, and encourage conservation. In connection with meeting the objectives of Article X, section 2, Water Code Sections 370 and 375 et. Seq. authorize a water purveyor to utilize its water rate design to incentivize the efficient use of water.

As part of this study, the District will realign water shortage condition rates with the water shortage stages identified in the current Water Shortage Contingency Plan submitted to the California Department of Water Resources, which expands the stages of shortage from four to six. In addition, the water shortage rates have been designed to include an allowance for baseline water use, in recognition that a certain amount of water is required for essential uses and cannot be conserved. This baseline allowance, established as 5 CCF/bimonthly, provides the residential and commercial customers 5 CCF of water per billing period at the normal condition rate before charging the corresponding water shortage rate for all consumption in excess of 5 CCF. Table ES-7 provides the proposed water shortage rates.

Table ES-6					
Current Water Shortage Condition Rates (\$/CCF)					
	Normal Conditions	Water Shortage Condition			
		Stage 1	Stage 2	Stage 3	Stage 4
Water Reduction Goal	0%	10%	20%	35%	50%
Residential/Commercial Customers					
All Units	\$1.45	\$1.62	\$1.83	2.24	2.92
Irrigation					
All Units	\$1.86	\$2.07	\$2.33	2.86	3.72
Power Charges					
All Units	\$0.29	\$0.32	\$0.37	0.45	0.59

Table ES-7
Proposed Water Shortage Condition Rates (\$/CCF)

Year	FY 2024	FY 2025
Residential/Commercial Customers		
	All Units over 5 CCF per Billing Period	
Normal Conditions	\$1.59	\$1.67
Stage 1 - 10% Reduction	1.81	1.91
Stage 2 - 20% Reduction	2.11	2.23
Stage 3 - 30% Reduction	2.54	2.68
Stage 4 - 40% Reduction	3.17	3.34
Stage 5 - 50% Reduction	4.22	4.46
Stage 6 - Reduction over 50%	6.33	6.68
Irrigation		
	All Units	
Normal Conditions	\$2.02	\$2.13
Stage 1 - 10% Reduction	2.24	2.36
Stage 2 - 20% Reduction	2.52	2.66
Stage 3 - 30% Reduction	2.88	3.04
Stage 4 - 40% Reduction	3.36	3.55
Stage 5 - 50% Reduction	4.03	4.26
Stage 6 - Reduction over 50%	5.04	5.32
Power Charges		
All Units	NA	NA

It was determined that the Power Charge water shortage rate was not necessary to maintain revenue stability when water shortage stages are declared since the cost of power is proportionate to the volume of water pumped and any reduction in consumption should be commensurate to reduced power costs.

Summary

The above summary is the culmination of an extensive effort by the District and HDR Engineering to develop a comprehensive review of the District's water rates, methodologies, and structure. The recommendations and proposed rates contained herein are intended to provide a prudent level of funding for the water fund while providing proportional and cost-based rates.

1 Introduction and Overview

1.1 Introduction

HDR Engineering, Inc. (HDR) was retained by the Dublin San Ramon Services District (District) to conduct a potable and recycled water rate study. The objective of a water rate study is to develop proportional and cost-based water rates which are compliant with the legal requirements of Proposition 218. This is accomplished by first reviewing and analyzing the District's water operating expenses and capital costs and developing a projection of the overall revenue requirement of the water utility. Next, the District's revenue requirement is proportionally distributed to the appropriate District customer classes of service (e.g., residential/commercial, irrigation, etc.) or rate components. The findings and conclusions from the cost of service process are then used to develop the District's proposed water rates which are reflective of how the District incurs costs to provide water service. The result of the water rate study process is proportional water rates reflective of the water utility specific costs, differing customers classes of service levels and characteristics, and burdens on the water system. The District has historically developed water rate studies to establish their water rates and this study is a continuation of their past practices and commitment to establishing cost-based water rates.

The District owns and operates two water systems, a potable water distribution system, and a recycled water system that consists of a recycled water treatment plant and recycled water distribution system. The District's source for potable water is from the Zone 7 Water Agency. The District's service area is comprised of the City of Dublin and the Dougherty Valley area of the City of San Ramon. The District also partners with East Bay Municipal Utility District (EBMUD) to produce and distribute recycled water through the DSRSD-EBMUD Recycled Water Authority (DERWA), a joint powers authority formed in 1995. In an average year, 75% of DSRSD's water supply to its customers is potable water from Zone 7, and about 25% of its water supply is recycled water for outdoor irrigation.

1.2 Goals and Objectives

The District had a number of key objectives in developing the water rate study. These key objectives were as follows:

- Develop the study in a manner that is consistent with the principles and methodologies established by the American Water Works Association Principles of Water Rates, Fees, and Charges manual (AWWA M1).
- Review and utilize best industry practices, while recognizing and acknowledging the specific and unique characteristics of the District's potable and recycled water systems.
- Utilize the findings from the District's rate study to establish cost-based and proportional water rates for FY 2024 through 2028.

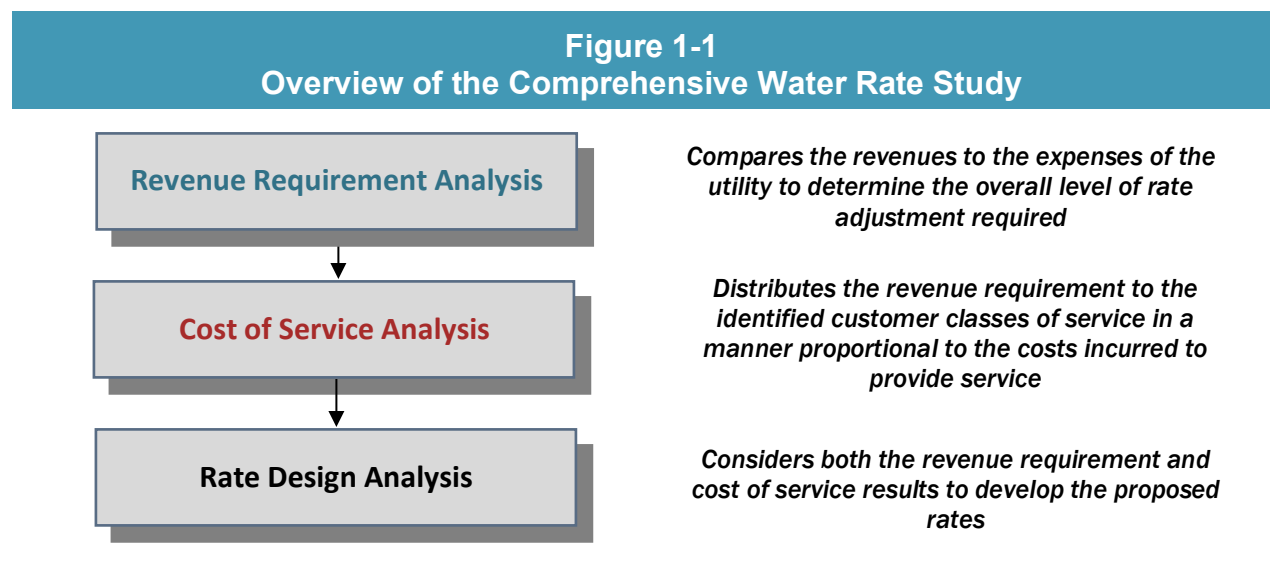
- Propose rates which do not exceed the reasonable cost of providing the service to meet the legal requirements of Proposition 218 (California Constitution Article XIII D) and which are understandable to the customer.
- Develop rates consistent with the District Board of Director’s guidance and policies.

These key goals and objectives for the study provided a framework for the technical analysis that follows.

1.3 Overview of the Rate Study Process

User rates must be set at a level where a utility’s operating expenses and rate funded capital expenditures are met. Failure to achieve this objective may lead to insufficient funds to maintain system integrity. In addition, the District must meet the requirements of Proposition 218. To accomplish this, a comprehensive water rate study is performed. Provided below in Figure 1-1 is an overview of the key analyses undertaken.

A comprehensive rate study consists of three interrelated analyses which includes a revenue requirement, cost of service, and rate design analysis. Figure 1-1 provides an overview of these analyses.



The revenue requirement analysis is concerned with the overall funding sources and expenses of the utility. From this analysis, a determination can be made as to the overall level of adjustment to rates. Next, a cost of service analysis is performed to proportionally distribute the revenue requirement to the customer classes served (e.g., residential/commercial, irrigation, etc.) and type of service (e.g., potable vs. recycled). Finally, given an overall level of rate adjustment and the proportional distribution of the costs between the customer classes of service, the last step of the rate study process is the design of rates to collect the appropriate level of revenues, based on the cost of service results, while considering other rate design goals and objectives of the utility (e.g., revenue stability, conservation, understandability).

In developing this review of the potable and recycled water systems, HDR utilized generally accepted cost of service and rate setting principles and methodologies.

1.4 Report Organization

This report is organized as follows:

- **Section 2** – Overview of Water Rate Setting Principles
- **Section 3** – Development of the Revenue Requirement Analysis
- **Section 4** – Development of the Cost of Service Analysis
- **Section 5** – Development of the Proposed Rate Designs

A technical appendix is attached at the end of the report which provides the analysis used in the preparation of this report.

1.5 Summary

This report will review the comprehensive water rate study prepared for the Dublin San Ramon Services District. This report was developed with assistance from District management and staff and has been developed utilizing generally accepted water rate setting principles and methodologies.

2 Overview of Water Rate Setting Principles

2.1 Introduction

This section of the report provides background information about the water rate setting process, including descriptions of generally accepted principles, methods of determining a revenue requirement and rate designs. This information is useful for gaining a better understanding of the details presented in Sections 3, 4, and 5.

2.2 Generally Accepted Rate Setting Principles

As a practical matter, all utilities should consider setting their rates around generally accepted or global principles and guidelines. That is, utility rates should be:

- Cost-based, proportional, and set at a level that meets the utility’s full revenue requirement.
- Easy to understand and administer.
- Designed to conform to “generally accepted” rate setting methodologies.
- Stable in their ability to provide adequate revenues for meeting the utility’s financial, operating, and regulatory requirements throughout the study period.
- Established at a level that is stable from year-to-year from a customer’s perspective.

The above global principles have been used by the District to establish their rates in the past and were considered in the current study.

2.3 Determining The Revenue Requirement

Most public utilities, such as the District, use the cash basis¹ approach for establishing their revenue requirement and setting rates. This approach conforms to most public utility budgetary requirements and the calculation is easy to understand. A public utility totals its cash expenditures for a period of time to determine required revenues. The revenue requirement for a public utility is usually comprised of the following costs or expenses:

- **Operation and maintenance (O&M)** expenses which typically includes the materials, electricity, labor, supplies, etc. needed to keep the utility functioning.
- **Taxes and/or Transfers**, either state or local utility taxes, or transfers to another fund.

¹ Cash basis as used in the context of rate setting is not the same as the terminology used for accounting purposes and recognition of revenues and expenses. As used for rate setting, cash basis simply refers to the specific cost components to be included with the revenue requirement analysis

- **Annual debt service payments** (principal and interest) which have been used to fund capital improvements. For the District, the annual debt service payments are funded through the capital replacement and expansion funds.
- **Capital improvements** financed with rate revenues, which also can reflect annual depreciation expense to stabilize the annual revenue requirement.

Under the cash basis approach, the sum of the total operating expenses plus the total capital expenditures equals the utility's revenue requirement during any selected period of time (historical or projected).

Note that the two portions of the capital expense component (debt service and capital improvements financed from rates) are necessary under the cash basis approach because utilities generally cannot finance all their capital facilities with long-term debt. An exception occurs if a public utility provides service to a wholesale or contract customer. In this situation, a public utility could use the "utility basis" approach (see below) to earn a fair return on its investment.

Table 2-1 provides an overview of the cash basis and utility basis revenue requirement methodology.

Table 2-1
Cash Basis Approach

+ O&M Expense
+ Taxes or Transfer Payments
+ Capital Improvements Financed with Rate Revenues (≥ Depreciation Expense)
+ Debt service (Principal + Interest)
= Total Revenue Requirement

2.4 Cost of Service Analysis

After the total revenue requirement is determined, it is proportionally distributed to the users (e.g., customer classes) of the service. The distribution, analyzed through a cost of service study, reflects the cost relationships for producing and delivering water services.

A cost of service study requires three steps:

1. Costs are **functionalized** or grouped into the various cost categories related to providing service (e.g., distribution, pumping, etc.). This step is largely accomplished by the utility's accounting system.
2. The functionalized costs are then **allocated** to specific cost components. Allocation refers to the arrangement of the functionalized data into cost components. For example, a water utility's costs – such as for the District - are typically allocated as commodity (average day), capacity (peak day), or customer-related costs.
3. Once the costs are allocated into components, they are **distributed** to the customer classes of service (residential/commercial, irrigation, etc.,). The distribution is based on each customer class's relative contribution to the specific cost component. For example, customer-related costs are distributed to each class of service based on the total number of customers in that class of service. Once costs are distributed, the necessary revenues for achieving cost-based rates can be determined.

The District's cost of service was developed based on water utility industry generally accepted approaches (i.e., AWWA M1), while at the same time, taking into consideration the District's unique customer and system characteristics. The cost of service analysis developed for the District is discussed in more detail in Section 4 of this report.

2.5 Designing Water Rates

Rates that meet the utility's objectives are designed based on both the revenue requirement and the cost of service analysis. This approach results in rates that are strictly cost-based and does not consider other non-cost based goals and objectives (economic development, ability to pay, revenue stability, etc.). In designing final proposed rates, factors such as continuity of past rate philosophy, economic development, ease of administration, and customer understanding may be taken into consideration. However, the proposed rates must meet the requirements of California Constitution article XIII D, section 6 (Proposition 218), including avoiding subsidization between customer classes of service.

2.6 Summary

This section of the report has provided a brief introduction to the general principles, methods, and economic theory used to set the water rates. These principles and methods will become the basis for the District's water rate analysis. The next section of this report will review the development of the revenue requirement for the District's water system.

3 Development of the Revenue Requirement

3.1 Introduction

The development of a revenue requirement analysis is the first analytical step in the three-step rate study process. This section describes the development of the revenue requirement analysis for the District’s water utility. The District provided to HDR detailed revenue and expenses data for the water system that allowed for the development of the revenue requirement analysis.

The revenue requirement analysis, as developed for the District’s water utility, determines the adequacy of water rates at current rate levels. From this analysis, a determination can be made as to the overall level of rate revenue adjustment needed to provide adequate and prudent funding for both operating and capital expenses. HDR has developed an independent analysis based on the data and information provided by the District.

“The revenue requirement analysis, as developed for the District’s water utility, determines the adequacy of water rates at current rate levels.”

3.2 Determining the Revenue Requirement

In the development of the revenue requirement the water utility must financially “stand on its own” and be properly funded. Within the water enterprise, there are two operating funds (enterprise fund and rate stabilization fund) and two capital funds (replacement fund and expansion fund). The water enterprise fund is a self-supporting fund that covers the costs of water system operations and maintenance. The water rate stabilization fund is the reserve to the water enterprise fund and can be used to achieve and maintain financial stability and avoid wide fluctuations in rates to fund operations.

3.2.1 Establishing a Time Frame

The first step in calculating the revenue requirement for the District’s water utility was to establish a time frame for the revenue requirement analysis. For this study, the revenue requirement was developed for the ten-year period of FY 2024 through FY 2033. Reviewing a multi-year time period is recommended in an attempt to identify any major expenses that may be on the horizon. By anticipating future financial requirements, the District can begin planning for these changes sooner, thereby, minimizing short-term rate impacts and rates over the long-term. For the purposes of establishing proposed rates, and the Proposition 218 process, the first five-year period (FY 2024 – FY 2028) is the focus for this report.

3.2.1 Method of Accumulating Costs

The second step in determining the revenue requirement was to decide on the basis for accumulating costs. Similar to previous studies completed for the District, the revenue requirement analysis utilized a cash basis approach. Table 3-1 provides a summary of the

District’s cash basis approach and cost components used to develop the District’s water revenue requirements.

The revenue requirement developed for the District was “customized” to follow the District’s system of accounts (e.g., the adopted annual operating budget) and contained the cash basis cost components. Given a time period around which to develop the revenue requirement and a method to accumulate the costs, the focus shifts to the development and projection of the revenues and expenses of the District’s water systems.

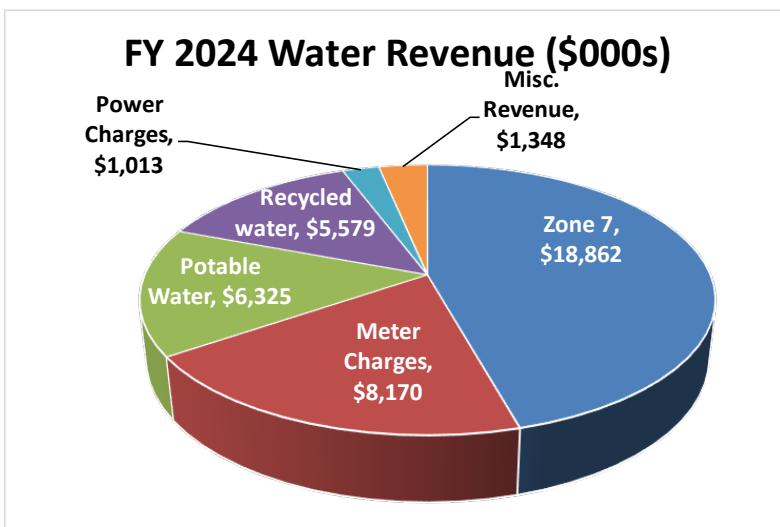
**Table 3-1
Overview of the District’s Cash Basis Revenue Requirement**

+	Operation and Maintenance Expenses
+	Debt Service (P + I) – Existing and Future
+	<u>Capital Improvement Funding Analysis</u>
=	Total Revenue Requirement
-	<u>Miscellaneous Revenues</u>
=	Net Revenue Requirement (Balance Required from Rates)

3.3 Water Revenue Requirement

3.3.1 Projection Water Revenue

The next step in developing the revenue requirement for the District was to develop a projection of rate revenues. District staff provided billing units for FY 2023 to which the FY 2023 rates were applied to estimate the revenue. Revenue beyond FY 2023, through FY 2033, was projected using customer growth assumptions developed in discussion with the District. These growth assumptions varied from year to year but on average were approximately 2.7% for the District. In total, District revenues range from \$41.3 million in FY 2024 increasing to \$45.8 million in FY 2028 based on estimated customer growth.



In addition to rate revenues, the District receives additional revenues from other sources such as interest income and miscellaneous fees. The total amount of miscellaneous revenues is

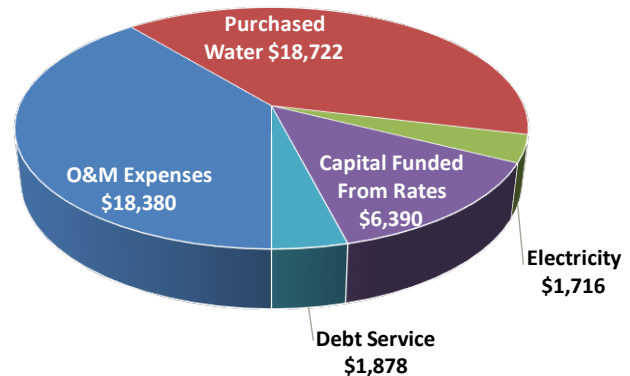
projected to be approximately \$1.3 million for FY 2024 and escalating to \$1.5 million in 2028. As a point of reference, nearly half of the miscellaneous revenue is from inspections, fireline service and backflow prevention.

3.3.2 Projection of O&M Expenses

Operation and maintenance (O&M) expenses are incurred by the District to provide potable and recycled water service. O&M expenses are expensed during the current year and are not capitalized or amortized over an extended period of years.

The FY 2024 and FY 2025 adopted budgets were the starting point for the analysis. The projected O&M expenses beyond FY 2025 were escalated using an appropriate escalation factor (such as CPI) for the type of cost being reviewed. Escalation factors ranged from 3% to 6% per year depending on the type of expense. The total projected water O&M expense ranged from \$38.8 million in FY 2024 increasing to \$44.9 million in FY 2028. Purchased water is a large portion of the District's O&M costs comprising 48% of Total O&M or 40% of the total revenue requirement excluding interfund transfers.

FY 2024 Revenue Requirement (\$000s)



3.3.3 Projection of Capital Replacement Funding

Given the projection of O&M expenses, the next area of costs to be included within the District's revenue requirement is capital costs. The District's capital funding analysis is shown as transfers to the replacement reserves that in turn fund capital projects. Transfers to the replacement fund averaged \$6.6 million from FY 2024 through FY 2028. Along with the replacement funds' existing fund balance, the budgeted transfers are sufficient pay for the projected capital expenditures over the analysis period.

3.4 Summary of the Water Revenue Requirement

The combined O&M, Capital Replacement funding, debt service, and transfers makes up the total revenue requirement. Presented below in Table 3-2 is the District's projected five-year revenue requirement for FY 2024 through FY 2028.

**Table 3-2
Water Revenue Requirement (\$000)**

	Budget			Projected	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenue					
Rate Revenue	\$39,948	\$40,855	\$41,886	\$43,300	\$44,401
Misc. Revenue	<u>1,348</u>	<u>1,379</u>	<u>1,404</u>	<u>1,429</u>	<u>1,455</u>
Total Revenue	\$41,296	\$42,234	\$43,289	\$44,730	\$45,856
Expenses					
Water Enterprise - 600	\$38,819	\$41,065	\$42,323	\$43,621	\$44,961
Capital Replacement Funding	<u>6,390</u>	<u>6,500</u>	<u>6,610</u>	<u>6,720</u>	<u>6,830</u>
Total Expenses	\$45,209	\$47,565	\$48,933	\$50,341	\$51,791
Net Transfers-In from Other Funds	(\$4,296)	(\$2,851)	\$471	\$517	\$666
Bal./(Def.) Funds	\$384	(\$2,480)	(\$6,114)	(\$6,128)	(\$6,600)
Bal. as % of Rate Rev.	-1.0%	6.1%	14.6%	14.2%	14.9%
Proposed Rate Adj.	5.5%	5.5%	3.0%	3.0%	3.0%

The revenue requirement identifies the District's water O&M expenses, debt service, transfers, and capital funding needs. The total revenue requirement is then compared to the total sources of funds, which includes the rate revenues, at present rate levels, and other miscellaneous revenues. From this comparison a balance or deficiency of funds can be determined. This balance or deficiency of funds is then compared to the rate revenues to determine the level of rate adjustment needed to meet the revenue requirement.

In viewing Table 3-2, it should be noted that the deficiencies shown are cumulative and compared to the current level of revenues received by the District. In other words, the cumulative deficiency of approximately \$6.6 million in FY 2028 is a function of the existing rates and no assumed adjustments to rates over time. Any adjustment to rates in the initial years will reduce the deficiency in the following years.

In reviewing the overall revenue and needs of the District, HDR and District staff reviewed the need for a rate transition plan to sufficiently fund the needs of the District. To meet these financial needs and reflect Board direction, it is proposed that the District utilize rate stabilization funds to minimize the overall rate adjustments to reflect the proposed annual adjustments to rates of 5.5%, in both FY 2024 and FY 2025. Beyond FY 2025 rates are proposed to be adjusted based on the annual August to August change in the Consumer Price Index - All Urban Consumers for San Francisco/Oakland/Hayward. For purposes of the study, the inflationary assumption is 3.0% annually in FY 2026 through FY 2028.

3.5 Consultant's Conclusions

Based on the revenue requirement analysis as developed in this study, current revenue is not sufficient to meet the systems operating and capital needs. Not adjusting rates in a timely manner will result in annual deficiencies which will be detrimental to the financial health of the District's potable and recycled water systems. It is recommended that the rates be adjusted annually as shown in tables 3-1 to prevent degradation of the systems financial health.

3.6 Summary

This section of the report has provided a discussion of the District's water revenue requirement analyses. The revenue requirement analysis developed a financial plan to support the District's operating and capital needs. The next section of the report will discuss the distribution of the revenue requirement to the customer classes of service and rate components for each system.

4 Development of the Cost of Service

4.1 Introduction

In the previous section, the revenue requirement analysis for the water systems focused on the total sources and application of funds required to adequately fund the District's potable and recycled water systems. This section will discuss and review the development and recommendations of the cost of service analysis for the water system.

A cost of service analysis is concerned with the proportional distribution of the total revenue requirement between the customer classes of service (e.g., residential/commercial, Irrigation). The previously developed revenue requirement for the water systems were utilized in the development of the cost of service analysis.

As with all public utilities, there has been increased importance on cost of service studies by various government agencies, customers, utility regulatory commissions, and other parties. This interest has been generated in part by increasing need to replace aging infrastructure, escalating operating costs, and concern about rate equity among customers. Following the generally accepted guidelines and principles of a cost of service analysis will inherently lead to water rates which are proportional, cost-based, and which do not subsidize any customer class.

“Following the generally accepted guidelines and principles of a cost of service analysis will inherently lead to rates which are equitable, costs-based, and not viewed as arbitrary or capricious in nature”

4.2 Objectives of a Cost of Service Study

There are two primary objectives in conducting a cost of service study:

1. Distribute the revenue requirement proportionally to the customer classes of service
2. Derive average unit costs for subsequent rate designs

The water cost of service analysis proportionally distributes the revenue requirements to the customer classes of service. To accomplish this, the revenue requirement must first be allocated among cost classification for which costs can then be distributed. The allocation cost classifications used for this analysis were commodity, capacity, actual customer, meters and services, recycled water, pumping power costs and purchased water. Since there are two systems, a potable water and recycled water system some cost allocation classifications were exclusive to either the potable or recycled water systems, while other cost classifications apply to both systems. The potable water system allocated costs to the components of commodity, capacity, and purchased water. The recycled water system costs allocation was the recycled water component only. The allocation components that applied to both the potable and recycled

water systems were the actual customer, meters, and services. These costs apply to both customers sets as they represent the costs of providing service to customers regardless of the amount of consumption or if the customer uses potable water or recycled water. The pumping power costs allocation classification is unique since it can apply to either potable water customers or recycled water customers depending on if the customer is located in an elevated part of the District's service area and requires pump stations for service.

4.3 Water Customer Classes of Service

Currently, the water system serves residential, commercial, irrigation, and recycled water customers. Distributing the allocated costs among the appropriate classes of service is the result of the cost of service process. This analysis groups customers into classes of service. The result of a cost of service analysis is the calculation of the unit costs, which are a product of the allocated costs divided by billing units, both meters and consumption. A key consideration of the District's study is the allocation of joint costs to provide both potable and recycled water service.

Each customer pays a bi-monthly fixed meter charge. Potable residential, commercial, and irrigation customers also pay a consumption charge, either for residential/commercial or irrigation, as well as a Zone 7 charge that reflects the cost of the wholesale water purchased. Recycled water customers do not pay a Zone 7 charge but do pay a separate recycled water consumption charge based on the cost of providing recycled water service. All customers who are served at higher elevations of the service area, regardless of potable or recycled water, pay a power cost rate that is intended to recover the cost of pumping what to those higher elevations. Table 4-1 provides the Districts classes of service and the rate components used in the costs of service analysis.

Table 4-1 Water Customer Classes and Rates			
Rate Component	Potable Residential/Commercial	Potable Irrigation	Recycled Water
Meter Rate \$/Bi-monthly	X	X	X
Potable Residential/Commercial \$/CCF	X		
Potable Irrigation \$/CCF		X	
Zone 7 Water \$/CCF	X	X	
Recycled Water \$/CCF			X
Power Costs \$/CCF	X	X	X

4.4 General Cost of Service Procedures

In order to determine the cost to serve each customer class of service, a cost of service analysis is conducted. A cost of service study utilizes a three-step approach to review costs. These were previously discussed in our general overview in Section 2 and take the form of functionalization, allocation and distribution.

4.4.1 Functionalization of Costs

The first analytical step in the cost of service process is called functionalization. Functionalization is the arrangement of expenses and asset data by major operating functions within the utility (e.g., distribution, pumping, recycled water treatment).

4.4.2 Allocation of Costs

The second analytical task performed in a water cost of service analysis is the allocation of the costs. Allocation determines why the expenses were incurred or what type of need is being met. The District's water revenue requirements were reviewed and allocated using the following costs:

- **Commodity-Related Costs:** are those costs which tend to vary with the total quantity of water consumed by a customer. Commodity costs are costs that are incurred during average day demand conditions. Typically, chemicals or electricity are costs that tend to vary based on customer's average day demand. This cost allocation component is specifically for the potable water system allocation purposes. This method is used to distribute costs only as between residential/ commercial customers and irrigation customers.
- **Capacity Costs:** Capacity costs are those which vary with peak day demand, or the maximum rates of flow to customers. System capacity is required when there are large demands for water placed upon the system (e.g., summer lawn watering). For water utilities, capacity-related costs are generally related to the sizing of facilities needed to meet a customer's maximum water demand at any point in time. For

Terminology of a Water Cost of Service Analysis

Functionalization – The arrangement of the cost data by functional category (e.g. distribution, pumping, etc.).

Allocation – The assignment of functionalized costs to cost components (e.g. average day, peak day, and customer-related).

Distribution – Distribution the allocated costs to each class of service based upon each class's proportional contribution to that specific cost component.

Commodity Costs – Costs that are allocated as commodity-related vary with the total volume of water consumed (e.g., chemical, electricity for pumping).

Capacity Costs – Costs allocated as capacity-related are related to meeting peak day or peak hour usage. Facilities are often designed and sized around meeting peak demands.

Customer Costs – Costs allocated as customer related vary with the number of customers on the system, e.g. billing costs.

Purchased Water – This is specifically the cost of purchased water applicable only to potable water customers.

Customer Classes of Service – The grouping of customers into similar groups based upon usage characteristics and/or facility requirements.

example, portions of distribution storage reservoirs and mains (pipelines) must be adequately sized to meet these maximum water demand requirements. This allocation classification is also used specifically for distributing costs between the residential/commercial customers and the irrigation customers.

- **Customer Related Costs:** Customer costs are those costs which vary with the number of customers on the water system. They do not vary with water consumption. These costs are also sometimes referred to as readiness to serve or availability costs. Customer costs may also sometimes be further allocated as either actual or weighted. Actual customer costs vary proportionally, from customer to customer, with the addition or deletion of a customer regardless of the meter size of the customer. In contrast, a weighted customer cost reflects a disproportionate cost, from customer to customer, with the addition or deletion of a customer. An example of an actual customer cost is postage for mailing bills. This cost does not vary from customer to customer, regardless of the size or consumption characteristics of the customer. An example of a weighted customer cost can be the size of a customer meter, or potential demand. The District must be ready to serve each customer's potential demand, the customers portion of the system capacity, which is different than the systems actual demand which is captured by the capacity costs allocation described above.
- **Recycled Water Costs:** The District partners with EBMUD to produce and distribute recycled water through DERWA, a joint powers authority and the infrastructure and resulting costs are exclusive to recycled water customers.
- **Purchased Water:** The District is charged by the Zone 7 Water Agency for the potable water delivered to DSRSD for its potable water customers. Given the substantial amount of the cost and the direct nature of the cost, purchased water cost is specifically assigned to potable water customers using this allocation factor. This allocation factor is also the basis of the Zone 7 rate charged by the District to its potable water customers.

4.4.3 Development of Distribution Factors

Once the allocation process is complete, and the customer classes have been defined, the various allocated costs are proportionally distributed to each of the identified customer classes of service. The District's allocated costs for the water utility were distributed to the previously identified customer classes of service using the following distribution factors.

- **Commodity Distribution Factor:** As noted previously, commodity-related costs vary with the total water consumption. Therefore, the commodity distribution factor was based on the projected total metered water consumption plus water losses for each class of service for the projected test period. The commodity distribution factor was used to distribute potable commodity costs between residential/commercial, and irrigation customers.
- **Capacity Distribution Factor:** Capacity is related to peak usage. The capacity distribution factor was developed based on the estimated contribution to the water system peak day use of potable residential/commercial and irrigation customer classes of service. Peak day use by customer class of service was estimated using peaking factors for each customer group. In this case, the peaking factor was defined as the relationship between peak day

contribution and average day use and determined for each customer group based on a review of the average month to peak month usage. Given an estimated peaking factor, the peak day contribution for potable residential/commercial and irrigation customers was developed.

- **Customer Distribution Factor:** Customer costs vary with the number of customers on the system. Two basic types of customer distribution factors were identified – actual and weighted. The distribution factor for actual customer costs was based on the projection of the number of customers (accounts) developed within the revenue requirement.

The next customer related distribution factor is the weighted customer costs for meters and services. This factor reflects the additional cost a customer can place on the system such as the potential demand on the system given the size of their meter. For planning purposes, the potential for demand must be considered when designing and developing a water system.

The distribution factors used in this analysis were limited to the commodity, capacity and customers. The limited use of distribution factors was because other allocation classifications were not needed to distribute costs among different customer types since they were directly related to a specific rate. For example, recycled water costs apply only to the development of the recycled water rate. Similarly, the pumping power cost allocation is directly related to the power costs rate and do not need to be distributed between different customer types.

4.5 Functionalization and Allocation of the System Assets in Service

As noted above, the first steps of the cost of service analysis are the *functionalization* and *allocation* of system assets in service. In performing the functionalization of system assets in service, HDR utilized the District's replacement cost basis of its water system assets. Once the assets were functionalized, the analysis shifted to the allocation of the asset. The allocation process included reviewing each group of assets and determining the appropriate costs allocation component(s). For example, the District's assets were allocated as: commodity-related, capacity-related, customer-related, or recycled water. Provided below is a summary overview of the allocation process used for the District's system assets. The following approach is based on the methodology as described in the AWWA M1 Manual. The purpose of allocating system assets is to develop a means of allocating the water utilities expenses. The concept behind this process is that the value of system assets is proportional to the costs to operate and maintain the asset. For example, the largest asset in terms of replacement value is the small potable water mains which represents approximately 70% of the total water systems replacement costs. It is then presumed that 70% of an indirect water cost, such as labor are spent operating and maintaining the small potable water mains.

- **Pumping and Storage:** This includes mainly pump stations and reservoirs for both the potable water system and the recycled water system. The potable pump station was allocated as 100% commodity. The recycled water pump station was allocated 100% to the recycled water allocation factor. Potable reservoirs were allocated 29% to capacity and 71%

to customer meters and services. Recycled water reservoirs like recycled water pump stations were also allocated directly to the recycled water allocation factor since those assets only benefit the recycled water customers.

- **Transmission and Distribution:** Pipelines (mains) were broken down into small (less than or equal to 12”) and large (greater than 12”) for both the potable water system and the recycled water system. The small water lines were allocated 29% to capacity and 71% to meters and services. Large water lines were allocated 79% to commodity and 21% to capacity. Both small and large recycled water lines were allocated directly to the recycled water allocation factor because they are only used by recycled water customers.
- **General Equipment:** The general equipment allocation is used for assets such as administrative offices or field operations offices that are needed to serve utility needs overall. These assets serve all customers of the water utility both, potable and recycled water. These assets are allocated as actual customers because it is not related specifically to commodity, capacity, or recycled water.

The result of the functionalization and allocation of the system assets are provided in table 4-2 below.

Table 4-2 Allocation of System Assets					
	Commodity	Capacity	Actual Customer	Meters and Service	Recycled Water
Pumping and Storage	31%	18%	0%	45%	6%
Transmission & Distribution	7%	24%	0%	55%	14%
General Equipment	0%	0%	100%	0%	0%

Table 4 - 2 provides a summary of the basic functionalization and allocation of the major water plant items. A more detailed exhibit of the District’s functionalization and allocation of system assets can be found in the Technical Appendix.

4.6 Assumptions of the Cost of Service Analysis

A number of key assumptions were used within cost of service study. Provided below is a brief discussion of the major assumptions used.

- The test period used for the cost of service analysis was FY 2024. The revenue and expense data for FY 2024 was previously developed within the revenue requirement analysis.
- A cash basis approach was utilized which conforms to generally accepted cost of service approaches and methodologies. This is the same methodology that the District has historically utilized for past cost of service analyses.

- District staff provided detailed information on the allocation of costs, based on their knowledge of each facility and its operation.

4.7 Summary of the Water Cost of Service Analysis

In summary form, the water cost of service analysis began by functionalizing the District's FY 2024 revenue requirement.

The functionalized revenue requirement was then allocated to the appropriate cost component(s). The individual allocation totals were then proportionally distributed to the identified customer groups based upon the appropriate distribution factor. Table 4-3 provides the distributed revenue requirement by allocation component.

Commodity	Capacity	Actual Customer	Meters and Services	Recycled Water	Pumped Water Costs	Purchase Water	Total	
Residential/ Commercial	\$2,720	\$3,310	\$425	\$6,850	\$0	\$0	\$16,792	\$30,096
Irrigation	313	569	7	493	0	0	1,930	3,312
Recycled Water	0	0	8	691	6,553	0	0	7,252
Power	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,484</u>	<u>0</u>	<u>1,484</u>
Total	\$3,032	\$3,879	\$441	\$8,034	\$6,553	\$1,484	\$18,722	\$42,146

The distributed expenses for each customer group were then aggregated to determine each customer group's overall revenue responsibility. A summary of the detailed cost responsibility developed for each class of service versus the customer class present rate revenue is shown in Table 4-4.

Class of Service	Present Revenue (FY 2024)	Allocated Costs	\$ Difference	% Difference
Residential / Commercial	\$29,445	\$30,096	(\$652)	2.2%
Irrigation	3,272	3,312	(40)	1.2%
Recycled Water	6,218	7,252	(1,034)	16.6%
Power Costs	<u>1,013</u>	<u>1,484</u>	<u>(472)</u>	<u>46.6%</u>
Total	\$39,948	\$42,146	(\$2,197)	5.5%

The distribution of costs provided a proportional distribution of the facilities and costs to each customer class reflective of their respective benefit and burden on the water system. The cost

of service results indicated that costs differences exist between the customer classes of service. The largest difference is for power cost which is the result of recent increases in power cost expenses for the District as a whole.

While the District's cost of service analysis provides the distribution to each customer class of service, the average unit costs are the basis for the proposed rates. Table 4-5 below provides the unit costs calculated from the cost of service results.

Table 4 - 5 Summary of Cost of Service Unit Costs				
Allocation Component	Residential/ Commercial	Irrigation	Recycled Water	Power Costs
Commodity - \$/CCF	\$0.72	\$0.72	\$0.00	\$0.00
Capacity - \$/CCF	\$0.87	\$1.30	\$0.00	\$0.00
Actual Customer - \$/Bi-Monthly/Account	\$2.80	\$2.80	\$2.80	\$0.00
Meters & Services - \$/B-Monthly/Equivalent Meter	\$37.88	\$37.88	\$37.88	\$0.00
Recycled Water - \$/CCF	\$0.00	\$0.00	\$5.23	\$0.00
Pumped Water - \$/CCF	\$0.00	\$0.00	\$0.00	\$0.43
Purchased Water - \$/CCF	\$4.42	\$4.42	\$0.00	\$0.00

4.8 Consultant's Conclusions and Recommendations

The cost of service analysis provides the basis for cost-based adjustments between the customer classes of service for both systems. Historically, the District has followed cost of service principles to set rates, which is also the recommendation for this study. Given the results of the cost of service, the proposed rates will be set to reflect the results shown in Table 4-5.

This section of the report has reviewed the cost of service analyses developed for the District. This study provides the basis for proportionally distributing the utility's costs between the District's water rates. Furthermore, this study provides the basis for determining the level of revenue to be collected from each customer class of service within the rate design process. The next section of the report will discuss the design of the proposed water rates.

5 Development of the Water Rate Design

5.1 Introduction

The final step of the comprehensive rate study process is the design of the proposed rates. This step involves using the results of the revenue requirement and cost of service analysis to establish the overall level of adjustment required. This section of the report will provide a more detailed discussion of the development of the proposed rate designs.

5.2 Development of Cost-Based Water Rates

Developing rates that are cost-based and proportional is of paramount importance and the purpose of completing a rate study. While always a key consideration in developing rates, meeting the legal requirements, and documenting the steps taken to meet the requirements, has been in the forefront due to statutory requirements and judicial decisions. Given this, the development of the District's proposed potable and recycled water rates have been developed to meet the legal requirements of California Constitution article XIII D, section 6 (Article XIII D). A substantive component of Article XIII D is the development of rates which reflect the cost of providing service and which are proportionally distributed between the appropriate customer classes, or rate components based on differential burdens placed on the water system. HDR would point out that there is no single methodology for proportionally assigning costs to the various customer groups. HDR collaborated with District staff to utilize a methodology which best suited the goals of the District and reflected the unique characteristics of the District's water systems. The AWWA Principles of Water Rates, Fees, and Charges discusses various methodologies which may be used to establish cost-based rates. Article XIII D, however, is not prescriptive and does not provide a specific acceptable methodology for establishing rates. Given that, HDR developed the District's proposed water rates based on generally accepted rate setting methodologies to meet the requirements of Article XIII D.

HDR is of the opinion that the proposed rates meet the legal requirements of Article XIII D. HDR reaches this conclusion based upon the following:

- The revenue derived from water rates does not exceed the funds required to provide the property related service (i.e., potable and recycled water service) for which they are imposed. The proposed rates are designed to collect the overall revenue requirement of the District's potable and recycled water systems, including funding appropriate reserves.
- The revenues derived from water rates will be used solely for the water system costs as described herein and shall not be used for any purpose other than that for which the fee or charge is imposed.
- The proposed water rates do not exceed the proportional costs of the service attributable to the customer class of service. The cost of service analysis focused exclusively on the issues of proportional assignment and allocation of costs to the appropriate rate component.

- The proposed rates are based on the appropriate allocated costs as determined by the costs of service which is based on industry standard costs allocation principles and methods as described in the AWWA M1. The allocation of costs to the appropriate rate component creates the proportionality expected under Proposition 218 since the specific rate component is a direct function of the allocated costs. Proportionality is gained when a customer is charged the rate based on their actual consumption or meter size for which the rate is based.

5.3 Water Rate Design

The final step and the purpose for the revenue requirement and the cost of service is to design proportional, cost based rates. The revenue requirement set the level of overall amount of funding needs and the cost of service distributed the costs identified in the revenue requirement. These allocated and distributed costs are then the basis for the development of the proposed rates. The District's proposed rates are appropriately aligned with the allocated costs, in that the recycled water allocation is the cost basis for the recycled water rate and the purchased water allocation is the cost basis for the Zone 7 Rate. The next step is simply to divide the cost by the billing units (consumption in the case of variable rates (Table 5-1) and meters in the case of fixed charges (Table 5-2)), for the associated service. For example, the commodity and capacity costs are associated with the potable customers consumption rate, recycled water costs are associated with the recycled water consumption rate and the pumping power costs are associated with the power charge which is charged by consumptive volume.

Table 5-1 provides the development of the potable water rates for the residential/commercial and irrigation rates. The allocated costs were established by the cost of service analysis in Section 4 of this report.

Table 5 - 1			
Allocated Commodity and Capacity Related Costs (\$000s)			
	Total	Residential / Commercial	Irrigation
Allocated Commodity Costs	\$3,032	\$2,720	\$313
Allocated Capacity Costs	3,879	3,310	569
Total Commodity & Capacity Costs	\$6,911	\$6,030	\$882
Potable Water Units - CCF		3,801,584	437,037
Unit Cost of Potable Water - \$/CCF		\$1.59	\$2.02

In the above table, the distribution between the residential/commercial and irrigation customers was based on the customer class of service relative consumption. The distribution between the residential/commercial rate and the irrigation rate for capacity was based on each customer type's contribution to peak day. Peak day responsibility was estimated using information from the District's 2016 Water Master Plan and actual FY 2023 consumption data on a peak billing

period to average billing period basis.

The District's bi-monthly meter rate is comprised of two parts a customer cost allocation (actual customer) and a meters and service costs allocation. The actual customer component was calculated by dividing actual customer costs by the number of customer accounts, and then dividing by 6 to put the rate on a bi-monthly basis. The meters and service allocation component was divided by the equivalent meters then divided by 6 to convert it to a bi-monthly rates. Table 5-2 provides the development of the bi-monthly meter charges.

Table 5 - 2				
Allocated Customer Related Costs (\$000s)				
	Actual Customer		Meters and Services	
Allocated Actual Customer Costs	\$441		\$8,034	
Number of Units (Potable & Recycled Water)	26,222	Cust. Accts.	35,347	EqvInt. Mtrs.
Unit Cost - \$/Bi-Monthly	\$2.80	\$/Cust. Accts.	\$37.88	\$/EqvInt. Mtrs.

The two components of the allocated customer costs are added together to establish the actual bi-monthly meter rate charged to the District's customers. The actual customer components are charged the same rate for all meter sizes while the meters and services rate vary by meter size, with the rate increasing as the size and therefore the capacity (potential demand) of the meter increases. Table 5-3 provides the bi-monthly meter rates by meter size.

Table 5 - 3					
Customer Bi-Monthly Meter Rates					
Meter Size	Customer Rate		Meters and Service Rate		Total Meter Rate
5/8"	\$2.80	+	\$37.88	=	\$40.68
3/4"	2.80	+	56.82	=	59.62
1"	2.80	+	94.70	=	97.50
1-1/2"	2.80	+	189.41	=	192.21
2"	2.80	+	303.05	=	305.85
3"	2.80	+	823.93	=	826.73
4"	2.80	+	1,420.56	=	1,423.36
6"	2.80	+	3,030.53	=	3,033.33
8"	2.80	+	5,303.43	=	5,306.23
10"	2.80	+	7,955.15	=	7,957.95

Table 5-4 provides the recycled water and pumped water rate calculation.

Table 5 - 4 Allocated Recycled Water Costs and Pumped Water Costs				
	Recycled Water Costs		Pumped Water Costs	
Allocated Costs - Recycled/Pumped Water	\$6,553		\$1,484	
Units - Recycled/Pumped Water	1,253,657	CCF	3,492,402	CCF
Unit Costs	\$5.23	\$/CCF	\$0.43	\$/CCF

Recycled water and the power costs rates are both based on the customers consumption. The rates were calculated by dividing the allocated cost by the consumption units. Per direction from the District Board of Directors, which reaffirmed that development related costs should be funded through the expansion fund, Table 5-4 reflects a reimbursement of \$700,000 annually for each year of the rate study period from the expansion fund. This rate design reflects that recycled rates are intended to recover recycled operations and maintenance costs, and that capital and debt service costs are recovered through water capacity reserve fees.

Based on Board direction, the proposed rates establish a separate bi-monthly fixed charge for Zone 7 purchased water in addition to the existing consumption rate. The same level of revenue is collected as it would have been under the current single consumption rate method, just in a different manner with the addition of the fixed charge. This change in the Zone 7 rate was in recognition that the District is charged a fixed amount and a consumption rate by Zone 7. Table 5-5 provides the proposed Zone 7 fixed and variable rates.

Table 5 - 5 Zone 7 Water Agency Purchased Water Costs (\$000s)					
	Total	Fixed Zone 7 Costs		Variable Zone 7 Costs	
Allocated Purchased Water Costs	\$18,722	\$2,506		\$16,216	
Units - Purchased Water		32,307	EqvInt. Mtrs.	4,238,622	CCF
Unit Cost		\$12.93	\$/Bi-Monthly	\$3.83	\$/CCF

The preceding tables in this chapter provides the unit cost calculation for FY 2024. These rates will also serve as the basis for future rates. The FY 2024 rates will be implemented on May 1, 2024, and the 2025 rates will be implemented January 1, 2025. DSRSD will directly pass through future adjustments to the Zone 7 wholesale rate as allowed by California Government Code 53756.

Table 5-6
Current and Proposed Rates

	Current	FY 2024 Effective 4/1/24	FY 2025 Effective 1/1/25
Bi-monthly Charge by Meter Size			
5/8"	\$39.37	\$40.68	\$42.92
3/4"	54.88	59.62	62.90
1"	85.93	97.50	102.87
1-1/2"	163.53	192.21	202.78
2"	256.67	305.85	322.68
3"	683.51	826.73	872.20
4"	1,172.45	1,423.36	1,501.65
6"	2,491.79	3,033.33	3,200.17
8"	4,354.40	5,306.23	5,598.07
10"	6,527.43	7,957.95	8,395.63
Consumption Rates (\$/ccf)			
Residential/Commercial	\$1.45	\$1.59	\$1.67
Irrigation	1.86	2.02	2.13
Recycled Water	4.45	5.23	5.51
Power Charge	0.29	0.43	0.45

Zone 7 wholesale water rates for FY 2024 are shown in Table 5-7. As provided for in state law, DSRSD passes through any future adjustments to wholesale water costs to water customers, based on the rate adopted by the Zone 7 Board of Directors.

**Table 5-7
Current and Proposed Zone 7 Rates**

	Current	FY 2024
Bi-monthly Charge by Meter Size		
5/8"	NA	\$12.93
3/4"	NA	19.39
1"	NA	32.32
1-1/2"	NA	64.64
2"	NA	103.42
3"	NA	281.17
4"	NA	484.78
6"	NA	1,034.19
8"	NA	1,809.84
10"	NA	2,714.76
Variable Consumption Charge		
Zone 7 (\$/ccf)	\$4.45	\$3.83

5.4 Summary of the Water Shortage Condition Rates

In addition to the District's normal rate, water shortage condition rates were also developed. Article X, section 2 of the State Constitution institutes the need to preserve the State's water supplies and to discourage the wasteful or unreasonable use of water by encouraging conservation. As such, public agencies are mandated to maximize the beneficial use of water, prevent waste, and encourage conservation. In connection with meeting the objectives of Article X, section 2, Water Code Sections 370 and 375 et. Seq. authorize a water purveyor to utilize its water rate design to incentivize the efficient use of water.

When properly designed, water shortage condition rates address the issues of the financial/revenue impacts of decreased consumption during declared water shortages or emergencies. Prescribed reductions in consumption are assumed when a utility declares a water shortage or emergency. Water shortage condition rates are intended to collect the level of funding needed by the District to adequately operate the system. The District's current water shortage condition rates are provided in Table 5 - 8.

Table 5-8
Current Water Shortage Condition Rates (\$/CCF)

Water Reduction Goal	Normal	Water Shortage Condition			
	Conditions	Stage 1	Stage 2	Stage 3	Stage 4
	0%	10%	20%	35%	50%
Residential/Commercial Customers					
All Units	\$1.45	\$1.62	\$1.83	\$2.24	\$2.92
Irrigation					
All Units	\$1.86	\$2.07	\$2.33	\$2.86	\$3.72
Power Charges					
All Units	\$0.29	\$0.32	\$0.37	\$0.45	\$0.59

For this study the District wanted to better align their shortage rates with the State’s Department of Water Resources (DWR) water shortage definitions. In addition to this change, an allowance for health and safety was added to provide the residential and commercial customers five CCF of water per billing period at the normal rate before charging the corresponding water shortage rate.

Table 5 - 9 provides the proposed water shortage rates.

Table 5-9 Proposed Water Shortage Condition Rates (\$/CCF)		
Year	FY 2024	FY 2025
Residential/Commercial Customers		
	All Units over 5 CCF per Billing Period	
Normal Conditions	\$1.59	\$1.67
Stage 1 - 10% Reduction	1.81	1.91
Stage 2 - 20% Reduction	2.11	2.23
Stage 3 - 30% Reduction	2.54	2.68
Stage 4 - 40% Reduction	3.17	3.34
Stage 5 - 50% Reduction	4.22	4.46
Stage 6 - Reduction over 50%	6.33	6.68
Irrigation		
	All Units	
Normal Conditions	\$2.02	\$2.13
Stage 1 - 10% Reduction	2.24	2.36
Stage 2 - 20% Reduction	2.52	2.66
Stage 3 - 30% Reduction	2.88	3.04
Stage 4 - 40% Reduction	3.36	3.55
Stage 5 - 50% Reduction	4.03	4.26
Stage 6 - Reduction over 50%	5.04	5.32
Power Charges		
All Units	NA	NA

The above water shortage condition rates, when a water shortage stage has been declared, replace the potable rates for residential and commercial and irrigation customers. It was determined that the power charge water shortage rate was not necessary to maintain revenue stability when water shortage stages are declared since the cost of power is proportionate to the volume of water pumped and any reduction in consumption should be commensurate to reduced power costs.

5.5 Summary of the Comprehensive Water Rate Study

This section of the report has discussed the development and results of the comprehensive rate study conducted for the District. The results of the comprehensive study indicated that current rates are deficient for the projected 5-year time period reviewed. The implementation of as needed rate adjustments, as shown in the rate tables in this chapter, should generate the additional revenue needed to meet the DSRSD's water systems funding needs.

The proposed potable and recycled rates, and water shortage condition rates, as proposed herein

for FY 2024 through FY 2025, are designed to be cost-based and to recover the level of funding required by DSRSD. The proposed rates were developed using generally accepted rate making principles and methods. These rates will enable the District's water system to operate in a financially sound and prudent manner.



Appendix

Dublin San Ramon Service District
 Water
 Revenue Requirement
 Exhibit 1 - Escalation Factors

	<i>Budget</i>		<i>Projected</i>								<i>Notes</i>
	<i>FY 2024</i>	<i>FY 2025</i>	<i>FY 2026</i>	<i>FY 2027</i>	<i>FY 2028</i>	<i>FY 2029</i>	<i>FY 2030</i>	<i>FY 2031</i>	<i>FY 2032</i>	<i>FY 2033</i>	
Revenues											
Customer Growth	1.1%	2.4%	3.4%	4.0%	3.2%	1.7%	0.9%	0.8%	0.9%	0.6%	
Residential + Commercial	2.7%	2.8%	3.0%	4.0%	3.0%	1.7%	0.9%	0.8%	0.9%	0.6%	
Irrigation	6.2%	2.7%	3.0%	4.0%	3.0%	1.7%	0.9%	0.8%	0.9%	0.6%	
Recycled	3.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Zone 7	3.0%	2.7%	3.0%	4.0%	3.0%	1.7%	0.9%	0.8%	0.9%	0.6%	
Power	6.2%	2.7%	3.0%	4.0%	3.0%	1.7%	0.9%	0.8%	0.9%	0.6%	
Limited Access	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Consumer Price Index	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	
System Development Charges	1.0%	1.0%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	
Misc. Revenue	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Consumption Growth	1.0%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	
Flat	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Expenses											
Salaries and Wages	Budget	Budget	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Personnel Benefits	Budget	Budget	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Interfund Charges	Budget	Budget	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Office and Operating Supplies	Budget	Budget	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
Professional Services	Budget	Budget	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	
Machinery and Equipment	Budget	Budget	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	
Operational Rentals and Leases	Budget	Budget	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Purchased Water	Budget	Budget	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
DERWA	Budget	Budget	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Other Utilities	Budget	Budget	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Repairs and Maintenance	Budget	Budget	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Cost Share Reimbursements	Budget	Budget	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Miscellaneous	Budget	Budget	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Capital Costs	Budget	Budget	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Investment Interest	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
New Long-Term Debt Assumptions											
Revenue Bond											
Rate	4.8%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Term	20	20	20	20	20	20	20	20	20	20	
Low terest Loan											
Rate	2.8%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Term	20	20	20	20	20	20	20	20	20	20	

Dublin San Ramon Service District
 Water
 Revenue Requirement
 Exhibit 2 - Revenues & Expenses

	Budget	Budget	Projected							Notes	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032		FY 2033
Revenues											
Rate Revenue by Rate Component											
Zone 7 Revenue (600.1.150.10)	\$18,861,867	\$19,381,365	\$19,962,802	\$20,761,315	\$21,384,155	\$21,747,680	\$21,943,408	\$22,118,956	\$22,318,027	\$22,451,932	Calc'd Cust Data Tab
DSRSD Fixed Charge (600.1.150.10)	8,169,779	8,355,880	8,578,729	8,884,298	9,119,903	9,258,341	9,329,829	9,394,194	9,466,627	9,516,697	Calc'd Cust Data Tab
DSRSD Potable Revenue (600.1.150.10)	6,325,187	6,499,248	6,694,224	6,961,993	7,170,853	7,292,756	7,358,390	7,417,258	7,484,013	7,528,916	Calc'd Cust Data Tab
DSRSD Recycled Revenue (600.1.150.30)	5,578,773	5,578,774	5,578,774	5,578,774	5,578,774	5,578,774	5,578,774	5,578,774	5,578,774	5,578,774	Calc'd Cust Data Tab
Power Charge Revenue (600.1.150.35)	1,012,796	1,039,850	1,071,046	1,113,887	1,147,304	1,166,808	1,177,310	1,186,728	1,197,409	1,204,593	Calc'd Cust Data Tab
Total Rate Revenue by Rate Component	\$39,948,402	\$40,855,117	\$41,885,575	\$43,300,267	\$44,400,989	\$45,044,358	\$45,387,711	\$45,695,910	\$46,044,850	\$46,280,912	
General Inspections	\$395,000	\$395,000	\$402,900	\$410,958	\$419,177	\$427,561	\$436,112	\$444,834	\$453,731	\$462,805	As Misc. Revenue
Overtime Inspections	3,500	3,500	3,570	3,641	3,714	3,789	3,864	3,942	4,020	4,101	As Misc. Revenue
Plan Check Fees	60,000	76,000	77,520	79,070	80,652	82,265	83,910	85,588	87,300	89,046	As Misc. Revenue
Backflow Prevention	270,000	275,000	280,500	286,110	291,832	297,669	303,622	309,695	315,889	322,206	As Misc. Revenue
Recycled Water Irrigation	2,000	2,000	2,040	2,081	2,122	2,165	2,208	2,252	2,297	2,343	As Misc. Revenue
Fireline service	250,000	260,000	265,200	270,504	275,914	281,432	287,061	292,802	298,658	304,631	As Misc. Revenue
Meter Assemblies	60,000	60,000	61,200	62,424	63,672	64,946	66,245	67,570	68,921	70,300	As Misc. Revenue
Engineering Penalties	175,000	175,000	178,500	182,070	185,711	189,426	193,214	197,078	201,020	205,040	As Misc. Revenue
Limited Access	132,447	132,447	132,447	132,447	132,447	132,447	132,447	132,447	132,447	132,447	Calc'd Cust Data Tab
Total Other Revenues	\$1,347,947	\$1,378,947	\$1,403,877	\$1,429,306	\$1,455,243	\$1,481,699	\$1,508,684	\$1,536,209	\$1,564,284	\$1,592,921	
Total Revenues	\$41,296,349	\$42,234,064	\$43,289,452	\$44,729,573	\$45,856,232	\$46,526,057	\$46,896,395	\$47,232,119	\$47,609,134	\$47,873,832	

Dublin San Ramon Service District
Water
Revenue Requirement
Exhibit 2 - Revenues & Expenses

	Budget	Budget	Projected								Notes
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	
Expenses											
Water Enterprise - 600											
Salaries	\$5,532,219	\$5,883,255	\$6,059,753	\$6,241,545	\$6,428,792	\$6,621,655	\$6,820,305	\$7,024,914	\$7,235,662	\$7,452,731	As Salaries and Wages
Overtime	221,000	229,100	235,973	243,052	250,344	257,854	265,590	273,557	281,764	290,217	As Salaries and Wages
Standby Pay	117,620	138,120	\$142,264	\$146,532	\$150,927	\$155,455	\$160,119	\$164,923	\$169,870	\$174,966	As Salaries and Wages
Medical	977,460	1,017,100	1,047,613	1,079,041	1,111,413	1,144,755	1,179,098	1,214,471	1,250,905	1,288,432	As Personnel Benefits
Retirement	1,549,810	1,582,312	1,629,781	1,678,674	1,729,035	1,780,906	1,834,333	1,889,363	1,946,044	2,004,425	As Personnel Benefits
Other Benefits	267,977	280,322	288,732	297,394	306,315	315,505	324,970	334,719	344,761	355,104	As Personnel Benefits
Salary / Benefit Credit	(958,118)	(1,022,838)	(1,053,523)	(1,085,129)	(1,117,683)	(1,151,213)	(1,185,750)	(1,221,322)	(1,257,962)	(1,295,701)	As Personnel Benefits
Training Costs	92,825	95,535	97,446	99,395	101,383	103,410	105,478	107,588	109,740	111,934	As Miscellaneous
Group Training Services	8,250	8,250	8,415	8,583	8,755	8,930	9,109	9,291	9,477	9,666	As Miscellaneous
Temporary Help	102,400	67,620	68,972	70,352	71,759	73,194	74,658	76,151	77,674	79,228	As Miscellaneous
Interns	40,000	20,000	20,400	20,808	21,224	21,649	22,082	22,523	22,974	23,433	As Miscellaneous
Uniforms & Safety Equipment	21,350	22,392	23,120	23,871	24,647	25,448	26,275	27,129	28,011	28,921	As Machinery and Equipment
Permits, Cert., Licens, Member	219,686	228,527	233,098	237,760	242,515	247,365	252,312	257,359	262,506	267,756	As Miscellaneous
Chemicals	86,000	92,760	98,326	104,225	110,479	117,107	124,134	131,582	139,477	147,845	As Office and Operating Supplies
Equipment Under \$20,000	96,800	91,900	94,887	97,971	101,155	104,442	107,837	111,341	114,960	118,696	As Machinery and Equipment
Fuel	54,200	58,200	61,692	65,394	69,317	73,476	77,885	82,558	87,511	92,762	As Office and Operating Supplies
Gas & Electric	1,716,000	1,786,200	1,839,786	1,894,980	1,951,829	2,010,384	2,070,695	2,132,816	2,196,801	2,262,705	As Other Utilities
General Supplies	804,750	872,050	924,373	979,835	1,038,626	1,100,943	1,167,000	1,237,020	1,311,241	1,389,915	As Office and Operating Supplies
Tools	24,725	26,900	27,774	28,677	29,609	30,571	31,565	32,591	33,650	34,743	As Machinery and Equipment
Office Supplies/Services	10,600	11,240	11,914	12,629	13,387	14,190	15,042	15,944	16,901	17,915	As Office and Operating Supplies
Meter Equipment	353,500	353,500	364,989	376,851	389,099	401,744	414,801	428,282	442,201	456,573	As Machinery and Equipment
Water Purchase - Fixed	9,002,430	9,037,609	9,308,737	9,587,999	9,875,639	10,171,908	10,477,066	10,791,378	11,115,119	11,448,572	As Purchased Water
Water Purchase - Variable	9,719,920	11,219,391	11,555,973	11,902,652	12,259,732	12,627,524	13,006,349	13,396,540	13,798,436	14,212,389	As Purchased Water
Professional Services	433,800	331,600	338,232	344,997	351,897	358,935	366,113	373,435	380,904	388,522	As Miscellaneous
Advertising	13,085	13,085	13,347	13,614	13,886	14,164	14,447	14,736	15,031	15,331	As Miscellaneous
Equipment Lease/Rental	71,000	73,300	75,682	78,142	80,682	83,304	86,011	88,806	91,693	94,673	As Machinery and Equipment
Maintenance Contracts	237,050	239,550	244,341	249,228	254,212	259,297	264,483	269,772	275,168	280,671	As Miscellaneous
Software Maintenance	89,900	84,720	89,803	95,191	100,903	106,957	113,374	120,177	127,388	135,031	As Office and Operating Supplies
Monitoring & Testing Services	24,000	19,000	19,950	20,948	21,995	23,095	24,249	25,462	26,735	28,072	As Operational Rentals and Leases
Other Services	1,407,458	1,521,858	1,597,951	1,677,848	1,761,741	1,849,828	1,942,319	2,039,435	2,141,407	2,248,477	As Operational Rentals and Leases
Printing Services	105,600	105,600	107,712	109,866	112,064	114,305	116,591	118,923	121,301	123,727	As Miscellaneous
Meetings	7,640	7,740	7,895	8,053	8,214	8,378	8,546	8,716	8,891	9,069	As Miscellaneous
Subscriptions & Publications	950	950	969	988	1,008	1,028	1,049	1,070	1,091	1,113	As Miscellaneous
Credit Card Transaction Fees	90,000	90,000	91,800	93,636	95,509	97,419	99,367	101,355	103,382	105,449	As Miscellaneous
DERWA JPA	3,583,200	3,653,100	3,762,693	3,875,574	3,991,841	4,111,596	4,234,944	4,361,992	4,492,852	4,627,638	As DERWA
Overhead Charges	2,623,577	2,755,470	2,810,580	2,866,791	2,924,127	2,982,610	3,042,262	3,103,107	3,165,169	3,228,473	As Miscellaneous
Total Water Enterprise - 600	\$38,748,664	\$40,995,418	\$42,251,447	\$43,547,966	\$44,886,372	\$46,268,117	\$47,694,706	\$49,167,703	\$50,688,731	\$52,259,474	
Rate Stabilization - 605											
Low Income Credit (UB)	\$70,000	\$70,000	\$71,400	\$72,828	\$74,285	\$75,770	\$77,286	\$78,831	\$80,408	\$82,016	As Miscellaneous
Total Rate Stabilization - 605	\$70,000	\$70,000	\$71,400	\$72,828	\$74,285	\$75,770	\$77,286	\$78,831	\$80,408	\$82,016	
Water Replacement - 610											
Telecommunication Services	\$250	\$250	\$258	\$265	\$273	\$281	\$290	\$299	\$307	\$317	As Salaries and Wages
DERWA JPA	517,700	242,000	249,260	256,738	264,440	272,373	280,544	288,961	297,629	306,558	As DERWA
Total Water Replacement - 610	\$517,950	\$242,250	\$249,518	\$257,003	\$264,713	\$272,655	\$280,834	\$289,259	\$297,937	\$306,875	
Water Expansion - 620											
DERWA JPA	1,098,094	845,794	871,168	897,303	924,222	951,949	980,507	1,009,922	1,040,220	1,071,427	As DERWA
Total Water Expansion - 620	\$1,098,094	\$845,794	\$871,168	\$897,303	\$924,222	\$951,949	\$980,507	\$1,009,922	\$1,040,220	\$1,071,427	
Total Expenses	\$40,434,708	\$42,153,462	\$43,443,533	\$44,775,100	\$46,149,592	\$47,568,490	\$49,033,333	\$50,545,716	\$52,107,295	\$53,719,792	
Total Operations & Maintenance Expense	\$40,434,708	\$42,153,462	\$43,443,533	\$44,775,100	\$46,149,592	\$47,568,490	\$49,033,333	\$50,545,716	\$52,107,295	\$53,719,792	

Dublin San Ramon Service District
 Water
 Revenue Requirement
 Exhibit 2 - Revenues & Expenses

	Budget	Budget	Projected							Notes	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032		FY 2033
Rate Funded Capital											
Replacement Fund	\$6,390,000	\$6,500,000	\$6,610,000	\$6,720,000	\$6,830,000	\$6,940,000	\$7,050,000	\$7,160,000	\$7,270,000	\$7,380,000	
Expansion Fund	0	0	0	0	0	0	0	0	0	0	
Total Rate Funded Capital	\$6,390,000	\$6,500,000	\$6,610,000	\$6,720,000	\$6,830,000	\$6,940,000	\$7,050,000	\$7,160,000	\$7,270,000	\$7,380,000	FY 2023 Dep. Exp. = \$3,484,955
Debt Service											
2017 Water Rev. Ref. Bonds	\$1,877,813	\$1,877,188	\$1,875,313	\$2,306,063	\$2,586,563	\$2,577,063	\$2,579,188	\$2,577,563	\$2,572,188	\$2,567,938	Financial Plan
Total Debt Service	\$1,877,813	\$1,877,188	\$1,875,313	\$2,306,063	\$2,586,563	\$2,577,063	\$2,579,188	\$2,577,563	\$2,572,188	\$2,567,938	
Transfers											
In											
Transfer from Rate Stabilization Fund	(\$3,989,947)	(\$3,325,960)	(\$71,400)	(\$72,828)	(\$74,285)	(\$75,770)	(\$77,286)	(\$78,831)	(\$80,408)	(\$82,016)	
Transfer from Water Replacement Fund	(517,950)	(242,250)	(249,518)	(257,003)	(264,713)	(272,655)	(280,834)	(289,259)	(297,937)	(306,875)	
Transfer from Water Expansion Fund	(3,675,907)	(2,722,982)	(2,746,480)	(3,203,365)	(3,510,784)	(3,529,011)	(3,559,695)	(3,587,485)	(3,612,407)	(3,639,364)	
5th Supplement Agreement (Regional to Water)	(400,000)	(400,000)	(408,000)	(416,160)	(424,483)	(432,973)	(441,632)	(450,465)	(459,474)	(468,664)	As Miscellaneous
Out											
Transfers Out - Enterprise Fund	559,217	633,075	703,338	754,608	907,883	937,900	953,542	932,012	908,827	867,442	
Transfers Out - Other	234,714	241,756	246,591	251,523	256,553	261,684	266,918	272,256	277,701	283,255	As Miscellaneous
Total Transfers	(\$7,789,872)	(\$5,816,361)	(\$2,525,469)	(\$2,943,225)	(\$3,109,829)	(\$3,110,825)	(\$3,138,987)	(\$3,201,772)	(\$3,263,699)	(\$3,346,222)	
Total Revenue Requirements	\$40,912,649	\$44,714,289	\$49,403,376	\$50,857,937	\$52,456,325	\$53,974,728	\$55,523,533	\$57,081,507	\$58,685,784	\$60,321,507	
Balance / (Deficiency) of Funds	\$383,701	(\$2,480,224)	(\$6,113,924)	(\$6,128,364)	(\$6,600,093)	(\$7,448,671)	(\$8,627,138)	(\$9,849,388)	(\$11,076,650)	(\$12,447,675)	
Cumulative Rate Adjust. as a % of Rate Rev	-1.0%	6.1%	14.6%	14.2%	14.9%	16.5%	19.0%	21.6%	24.1%	26.9%	
Proposed Rate Adjustment	5.5%	5.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Month of Adjustment (FY begins July, July = 7)	2	1	1	1	1	1	1	1	1	1	
Add'l Rev from Proposed Adj.	\$707,456	\$3,142,427	\$5,262,373	\$6,902,321	\$8,622,146	\$10,360,824	\$12,114,625	\$13,933,672	\$15,842,619	\$17,789,983	
Net Bal/(Def) of Funds After Rate Adj.	\$1,091,157	\$662,202	(\$851,551)	\$773,957	\$2,022,053	\$2,912,152	\$3,487,487	\$4,084,284	\$4,765,968	\$5,342,308	
Additional Rate Increase Needed	-2.7%	-1.6%	2.0%	-1.8%	-4.6%	-6.5%	-7.7%	-8.9%	-10.4%	-11.5%	
Debt Service Coverage Ratio											
Before Rate Adjustment	0.46	0.04	-0.08	-0.02	-0.11	-0.40	-0.83	-1.29	-1.75	-2.28	
After Rate Adjustment	0.84	1.72	2.72	2.97	3.22	3.62	3.87	4.12	4.41	4.65	
Average Bi-monthly Residential Bill (3/4" meter + 20 CCF) \$157.37											
Average Bi-Monthly Bill After Rate Adjustment	\$166.03	\$175.16	\$180.41	\$185.82	\$191.40	\$197.14	\$203.05	\$209.15	\$215.42	\$221.88	
\$ Change Per Month	8.66	9.13	5.25	5.41	5.57	5.74	5.91	6.09	6.27	6.46	
Cumulative \$ Change per Month	8.66	17.79	23.04	28.45	34.03	39.77	45.68	51.78	58.05	64.51	

Dublin San Ramon Service District
 Water
 Revenue Requirement
 Exhibit 2 - Revenues & Expenses

	Budget	Budget	Projected							Notes	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032		FY 2033
Reserve Funds											
Beginning Reserve Balance	\$24,812,931	\$24,083,358	\$23,064,600	\$23,662,724	\$25,950,937	\$29,578,482	\$34,207,400	\$39,537,078	\$45,603,847	\$52,509,471	
Water Enterprise - 600											
Beginning Balance	\$8,853,143	\$10,779,517	\$11,717,719	\$11,083,492	\$12,094,597	\$14,398,983	\$17,657,358	\$21,567,742	\$26,165,066	\$31,549,655	
Plus: Additions	1,650,374	1,295,278	703,338	1,528,565	2,929,936	3,850,052	4,441,028	5,016,296	5,674,795	6,209,749	
Plus: Interest	276,000	276,000	217,323	237,149	282,333	346,223	422,897	513,041	618,621	737,839	
Less: Transfer of Excess Fund Balance	0	0	0	0	0	0	0	0	0	0	
Less: Uses of Funds	0	(633,075)	(1,554,889)	(754,608)	(907,883)	(937,900)	(953,542)	(932,012)	(908,827)	(867,442)	
Ending Balance	\$10,779,517	\$11,717,719	\$11,083,492	\$12,094,597	\$14,398,983	\$17,657,358	\$21,567,742	\$26,165,066	\$31,549,655	\$37,629,802	
Min Fund Balance = 2 months of O&M	\$6,646,801	\$6,929,336	\$7,141,403	\$7,360,290	\$7,586,234	\$7,819,478	\$8,060,274	\$8,308,885	\$8,565,583	\$8,830,651	
Target Fund Balance	\$13,293,603	\$13,858,672	\$14,282,805	\$14,720,581	\$15,172,469	\$15,638,956	\$16,120,548	\$16,617,770	\$17,131,166	\$17,661,301	
Water Rate Stabilization - 605											
Beginning Balance	\$15,959,788	\$13,303,841	\$11,346,881	\$12,579,232	\$13,856,339	\$15,179,499	\$16,550,042	\$17,969,335	\$19,438,780	\$20,959,816	
Plus: Additions - Property Tax & Misc Revenue	1,000,000	1,035,000	1,055,700	1,076,814	1,098,350	1,120,317	1,142,724	1,165,578	1,188,890	1,212,667	As Miscellaneous
Plus: Interest	334,000	334,000	248,052	273,121	299,094	325,996	353,855	382,698	412,553	443,450	
Plus: Loan Proceeds	0	0	0	0	0	0	0	0	0	0	
Plus: Bond Proceeds	0	0	0	0	0	0	0	0	0	0	
Less: Uses of Funds	(3,989,947)	(3,325,960)	(71,400)	(72,828)	(74,285)	(75,770)	(77,286)	(78,831)	(80,408)	(82,016)	
Ending Balance	\$13,303,841	\$11,346,881	\$12,579,232	\$13,856,339	\$15,179,499	\$16,550,042	\$17,969,335	\$19,438,780	\$20,959,816	\$22,533,916	
Min Fund Balance = 2 months of O&M	\$6,646,801	\$6,929,336	\$7,141,403	\$7,360,290	\$7,586,234	\$7,819,478	\$8,060,274	\$8,308,885	\$8,565,583	\$8,830,651	
Target Fund Balance	\$13,293,603	\$13,858,672	\$14,282,805	\$14,720,581	\$15,172,469	\$15,638,956	\$16,120,548	\$16,617,770	\$17,131,166	\$17,661,301	
Target Combined Fund Balance (600 + 605)	\$26,587,206	\$13,858,672	\$14,282,805	\$14,720,581	\$15,172,469	\$15,638,956	\$16,120,548	\$16,617,770	\$17,131,166	\$17,661,301	
Water Replacement - 610											
Beginning Balance	\$32,016,267	\$30,758,374	\$30,566,824	\$28,242,561	\$38,571,767	\$40,012,826	\$39,449,083	\$41,784,962	\$44,301,765	\$43,563,413	
Plus: Additions - Transfer from Operations	6,390,000	6,500,000	6,610,000	6,720,000	6,830,000	6,940,000	7,050,000	7,160,000	7,270,000	7,380,000	
Plus: Interest	580,000	580,000	553,776	756,309	784,565	773,511	819,313	868,662	854,185	656,659	
Plus: Capital Reserve Fees	2,130,526	4,760,700	7,126,000	8,964,000	3,298,000	3,397,000	3,499,000	3,604,000	3,712,000	3,823,000	
Less: Replacement Capital Projects	(9,840,469)	(11,790,000)	(16,364,521)	(5,854,100)	(9,206,793)	(11,401,600)	(8,751,600)	(8,826,600)	(12,276,600)	(21,626,600)	
Less: Uses of Funds Transfer to Operations	(517,950)	(242,250)	(249,518)	(257,003)	(264,713)	(272,655)	(280,834)	(289,259)	(297,937)	(306,875)	
Ending Balance	\$30,758,374	\$30,566,824	\$28,242,561	\$38,571,767	\$40,012,826	\$39,449,083	\$41,784,962	\$44,301,765	\$43,563,413	\$33,489,596	
Target Balance:											
Water Expansion - 620											
Beginning Balance	\$52,006,188	\$49,943,421	\$35,511,024	\$30,764,897	\$26,805,306	\$27,339,592	\$25,726,012	\$26,393,844	\$26,791,687	\$27,172,065	
Plus: Additions	0	0	0	0	0	0	0	0	0	0	
Plus: Interest	1,000,000	1,000,000	603,233	525,594	536,070	504,432	517,526	525,327	532,786	489,854	
Plus: Capital Reserve Fees	2,605,841	2,605,841	8,655,000	10,850,000	3,979,000	4,085,000	4,085,000	4,085,000	4,085,000	4,085,000	
Less: Debt Service	(1,877,813)	(1,877,188)	(1,875,313)	(2,306,063)	(2,586,563)	(2,577,063)	(2,579,188)	(2,577,563)	(2,572,188)	(2,567,938)	
Less: Expansion Capital Projects	(2,692,702)	(15,315,256)	(11,257,880)	(12,131,820)	(470,000)	(2,674,000)	(375,000)	(625,000)	(625,000)	(3,125,000)	
Less: Uses of Funds Transfer to Operations	(1,098,094)	(845,794)	(871,168)	(897,303)	(924,222)	(951,949)	(980,507)	(1,009,922)	(1,040,220)	(1,071,427)	
Ending Balance	\$49,943,421	\$35,511,024	\$30,764,897	\$26,805,306	\$27,339,592	\$25,726,012	\$26,393,844	\$26,791,687	\$27,172,065	\$24,982,555	

Dublin San Ramon Service District
 Water
 Revenue Requirement
 Exhibit 3 - Debt Service

Payment Date	Fiscal Year						Total
		Principal	Coupon	Interest	Debt Service	Annual Debt Service	P&I
8/1/2018	2018	410,000	0	737,506	1,147,506		0
2/1/2019	2019	-	-	733,406	733,406	1,880,913	1,880,913
8/1/2019	2019	420,000	0	733,406	1,153,406		0
2/1/2020	2020	-	-	727,106	727,106	1,880,513	1,880,513
8/1/2020	2020	435,000	0	727,106	1,162,106		0
2/1/2021	2021	-	-	718,406	718,406	1,880,513	1,880,513
8/1/2021	2021	455,000	0	718,406	1,173,406		0
2/1/2022	2022	-	-	707,031	707,031	1,880,438	1,880,438
8/1/2022	2022	475,000	0	707,031	1,182,031		0
2/1/2023	2023	-	-	695,156	695,156	1,877,188	1,877,188
8/1/2023	2023	500,000	0	695,156	1,195,156		0
2/1/2024	2024	-	-	682,656	682,656	1,877,813	1,877,813
8/1/2024	2024	525,000	0	682,656	1,207,656		0
2/1/2025	2025	-	-	669,531	669,531	1,877,188	1,877,188
8/1/2025	2025	550,000	0	669,531	1,219,531		0
2/1/2026	2026	-	-	655,781	655,781	1,875,313	1,875,313
8/1/2026	2026	1,020,000	0	655,781	1,675,781		0
2/1/2027	2027	-	-	630,281	630,281	2,306,063	2,306,063
8/1/2027	2027	1,360,000	0	630,281	1,990,281		0
2/1/2028	2028	-	-	596,281	596,281	2,586,563	2,586,563
8/1/2028	2028	1,420,000	0	596,281	2,016,281		0
2/1/2029	2029	-	-	560,781	560,781	2,577,063	2,577,063
8/1/2029	2029	1,495,000	0	560,781	2,055,781		0
2/1/2030	2030	-	-	523,406	523,406	2,579,188	2,579,188
8/1/2030	2030	1,570,000	0	523,406	2,093,406		0
2/1/2031	2031	-	-	484,156	484,156	2,577,563	2,577,563
8/1/2031	2031	1,645,000	0	484,156	2,129,156		0
2/1/2032	2032	-	-	443,031	443,031	2,572,188	2,572,188
8/1/2032	2032	1,725,000	0	443,031	2,168,031		0
2/1/2033	2033	-	-	399,906	399,906	2,567,938	2,567,938
8/1/2033	2033	1,815,000	0	399,906	2,214,906		0
2/1/2034	2034	-	-	354,531	354,531	2,569,438	2,569,438
8/1/2034	2034	1,905,000	0	354,531	2,259,531		0
2/1/2035	2035	-	-	306,906	306,906	2,566,438	2,566,438
8/1/2035	2035	1,995,000	0	306,906	2,301,906		0
2/1/2036	2036	-	-	257,031	257,031	2,558,938	2,558,938
8/1/2036	2036	2,100,000	0	257,031	2,357,031		0
2/1/2037	2037	-	-	204,531	204,531	2,561,563	2,561,563
8/1/2037	2037	2,200,000	0	204,531	2,404,531		0
2/1/2038	2038	-	-	149,531	149,531	2,554,063	2,554,063
8/1/2038	2038	2,290,000	0	149,531	2,439,531		0
2/1/2039	2039	-	-	113,750	113,750	2,553,281	2,553,281
8/1/2039	2039	2,355,000	0	113,750	2,468,750		0
Total		\$28,665,000	\$1	\$22,099,116	\$50,764,116	\$48,295,366	\$48,295,366

Notes

Dublin San Ramon Service District
 Water
 Revenue Requirement
 Exhibit 4 - Revenue at Present Rates

	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Total	
Residential														
Metered Residential	<i>As of 1/1/2023</i>		Bimonthly											
5/8"	\$39.37	11,502	11,502	11,502	11,502	11,502	11,502	11,502	11,502	11,502	11,502	11,502	23,003	
3/4"	54.88	1	1	1	1	1	1	1	1	1	1	1	2	
1"	85.93	9	9	9	9	9	9	9	9	9	9	9	18	
1 1/2"	163.53	10	10	10	10	10	10	10	10	10	10	10	21	
2"	256.67	9	9	9	9	9	9	9	9	9	9	9	18	
3"	683.51	5	5	5	5	5	5	5	5	5	5	5	10	
4"	1,172.45	0	0	0	0	0	0	0	0	0	0	0	0	
6"	2,491.79	1	1	1	1	1	1	1	1	1	1	1	2	
8"	4,354.40	0	0	0	0	0	0	0	0	0	0	0	0	
10"	6,527.43	0	0	0	0	0	0	0	0	0	0	0	0	
<i>Total Number of Customers</i>		11,538	11,538	11,538	11,538	11,538	11,538	11,538	11,538	11,538	11,538	11,538	23,075	
Total Monthly Charge		\$463,792	\$463,792	\$463,792	\$463,792	\$463,792	\$463,792	\$463,792	\$463,792	\$463,792	\$463,792	\$463,792	\$5,565,501	
Metered Consumption Pumped Water		284,510	241,339	309,552	248,871	295,044	200,144	188,948	151,292	175,931	131,098	191,537	2,711,863	
		180,913	153,461	196,836	158,251	187,611	127,266	120,147	96,203	111,870	83,362	121,794	1,724,405	
Metered Consumption (\$/100 CF)														
Zone 7 Cost of Water	\$4.45	\$1,266,072	\$1,073,957	\$1,377,505	\$1,107,475	\$1,312,947	\$890,640	\$840,819	\$673,249	\$782,891	\$583,387	\$852,341	\$1,306,508	
Power Charge	\$0.29	52,465	44,504	57,082	45,893	54,407	36,907	34,843	27,899	32,442	24,175	35,320	54,140	
Potable Uniform Rate (Commercial & Resic	\$1.45	412,540	349,941	448,850	360,863	427,814	290,209	273,975	219,373	255,099	190,092	277,729	425,716	
<i>Total Consumption Revenue</i>		\$1,731,077	\$1,468,402	\$1,883,438	\$1,514,230	\$1,795,168	\$1,217,756	\$1,149,636	\$920,520	\$1,070,432	\$797,654	\$1,165,390	\$16,500,068	
Total Residential		\$2,194,868	\$1,932,194	\$2,347,229	\$1,978,022	\$2,258,960	\$1,681,548	\$1,613,428	\$1,384,312	\$1,534,224	\$1,261,446	\$1,629,182	\$2,250,156	\$22,065,569
	\$25	\$21	\$27	\$22	\$26	\$17	\$16	\$13	\$15	\$11	\$17	\$25		
Commercial														
Commercial Fixed Charges														
5/8"	\$39.37	631	631	631	631	631	631	631	631	631	631	631	1,262	
3/4"	54.88	50	50	50	50	50	50	50	50	50	50	50	101	
1"	85.93	111	111	111	111	111	111	111	111	111	111	111	222	
1 1/2"	163.53	127	127	127	127	127	127	127	127	127	127	127	255	
2"	256.67	154	154	154	154	154	154	154	154	154	154	154	308	
3"	683.51	21	21	21	21	21	21	21	21	21	21	21	41	
4"	1,172.45	4	4	4	4	4	4	4	4	4	4	4	8	
6"	2,491.79	0	0	0	0	0	0	0	0	0	0	0	0	
8"	4,354.40	1	1	1	1	1	1	1	1	1	1	1	2	
10"	6,527.43	0	0	0	0	0	0	0	0	0	0	0	0	
<i>Total Number of Customers</i>		1,099	1,099	1,099	1,099	1,099	1,099	1,099	1,099	1,099	1,099	1,099	2,199	
Total Monthly Charge		\$120,825	\$120,825	\$120,825	\$120,825	\$120,825	\$120,825	\$120,825	\$120,825	\$120,825	\$120,825	\$120,825	\$1,449,899	
Metered Consumption Pumped Water		67,945	131,727	74,836	133,310	67,305	125,026	53,058	105,326	53,126	102,327	58,043	1,089,721	
		43,204	83,762	47,587	84,768	42,797	79,501	33,738	66,974	33,782	65,067	36,908	692,926	
Metered Consumption Revenue \$/100 CF														
Zone 7 Cost of Water	\$4.45	\$302,353	\$586,183	\$333,022	\$593,228	\$299,506	\$556,366	\$236,109	\$468,703	\$236,411	\$455,354	\$258,293	\$523,732	
Power Charge	0.29	12,529	24,291	13,800	24,583	12,411	23,055	9,784	19,423	9,797	18,869	10,703	21,703	
Potable Uniform Rate (Commercial & Resic	1.45	98,520	191,003	108,513	193,299	97,592	181,288	76,935	152,723	77,033	148,374	84,163	170,654	
<i>Total Consumption Revenue</i>		\$413,402	\$801,478	\$455,335	\$811,110	\$409,508	\$760,709	\$322,828	\$640,849	\$323,241	\$622,597	\$353,160	\$716,089	
Total Commercial		\$534,227	\$922,302	\$576,160	\$931,935	\$530,333	\$881,534	\$443,653	\$761,674	\$444,066	\$743,422	\$473,985	\$836,914	\$8,080,205

Dublin San Ramon Service District
 Water
 Revenue Requirement
 Exhibit 4 - Revenue at Present Rates

	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Total	
Irrigation														
Irrigation Fixed Charges														
5/8"	\$39.37	21	21	21	21	21	21	21	21	21	21	21	42	
3/4"	54.88	15	15	15	15	15	15	15	15	15	15	15	30	
1"	85.93	67	67	67	67	67	67	67	67	67	67	67	134	
1 1/2"	163.53	65	65	65	65	65	65	65	65	65	65	65	130	
2"	256.67	48	48	48	48	48	48	48	48	48	48	48	96	
3"	683.51	2	2	2	2	2	2	2	2	2	2	2	4	
4"	1,172.45	1	1	1	1	1	1	1	1	1	1	1	2	
6"	2,491.79	2	2	2	2	2	2	2	2	2	2	2	4	
8"	4,354.40	1	1	1	1	1	1	1	1	1	1	1	2	
10"	6,527.43	0	0	0	0	0	0	0	0	0	0	0	0	
<i>Total Number of Customers</i>		222	222	222	222	222	222	222	222	222	222	222	444	
Total Monthly Charge		\$42,895	\$42,895	\$42,895	\$42,895	\$42,895	\$42,895	\$42,895	\$42,895	\$42,895	\$42,895	\$42,895	\$514,736	
Metered Consumption Pumped Water		42,892	77,726	52,573	79,217	60,617	53,461	11,143	8,405	2,938	8,730	6,447	32,888	437,037
		27,274	49,424	33,430	50,372	38,545	33,995	7,086	5,344	1,868	5,551	4,099	20,913	277,901
Metered Consumption Revenue	\$/100 CF													
Zone 7 Cost of Water	\$4.45	\$190,868	\$345,882	\$233,952	\$352,514	\$269,746	\$237,903	\$49,587	\$37,401	\$13,074	\$38,848	\$28,689	\$146,353	\$1,944,817
Power Charge	0.29	7,909	14,333	9,695	14,608	11,178	9,858	2,055	1,550	542	1,610	1,189	6,065	80,591
Potable Irrigation	1.86	79,779	144,571	97,787	147,343	112,748	99,438	20,726	15,633	5,465	16,237	11,991	61,172	812,890
<i>Total Consumption</i>		\$278,556	\$504,786	\$341,433	\$514,465	\$393,672	\$347,200	\$72,368	\$54,583	\$19,081	\$56,695	\$41,869	\$213,591	\$2,838,298
Total Irrigation		\$321,451	\$547,681	\$384,328	\$557,359	\$436,567	\$390,094	\$115,262	\$97,478	\$61,975	\$99,590	\$84,764	\$256,485	\$3,353,034
Recycled Water														
Recycled Water Fixed Charges														
5/8"	\$39.37	4	4	4	4	4	4	4	4	4	4	4	8	
3/4"	54.88	6	6	6	6	6	6	6	6	6	6	6	12	
1"	85.93	57	57	57	57	57	57	57	57	57	57	57	114	
1-1/2"	163.53	97	97	97	97	97	97	97	97	97	97	97	195	
2"	256.67	73	73	73	73	73	73	73	73	73	73	73	145	
3"	683.51	10	10	10	10	10	10	10	10	10	10	10	21	
4"	1,172.45	3	3	3	3	3	3	3	3	3	3	3	6	
6"	2,491.79	1	1	1	1	1	1	1	1	1	1	1	2	
8"	4,354.40	0	0	0	0	0	0	0	0	0	0	0	0	
10"	6,527.43	0	0	0	0	0	0	0	0	0	0	0	0	
<i>Total Number of Customers</i>		252	252	252	252	252	252	252	252	252	252	252	504	
Total Monthly Charge		\$53,304	\$53,304	\$53,304	\$53,304	\$53,304	\$53,304	\$53,304	\$53,304	\$53,304	\$53,304	\$53,304	\$639,642	
Metered Consumption Pumped Water		959	420,094	26,057	418,437	9	242,042	52	31,932	540	19,505	30	93,999	1,253,657
		610	267,127	16,569	266,074	6	153,908	33	20,305	343	12,403	19	59,772	797,169
Metered Consumption Revenue	\$/100 CF													
Power Charge	0.29	177	77,467	4,805	77,161	2	44,633	10	5,888	100	3,597	6	17,334	231,179
Recycled Water	4.45	4,270	1,869,417	115,955	1,862,045	41	1,077,085	233	142,099	2,402	86,796	134	418,296	5,578,773
<i>Total Consumption</i>		4,447	1,946,884	120,761	1,939,206	42	1,121,719	242	147,988	2,502	90,393	139	435,630	5,809,952
Total Recycled Water		\$57,750	\$2,000,187	\$174,064	\$1,992,510	\$53,346	\$1,175,022	\$53,546	\$201,291	\$55,805	\$143,696	\$53,443	\$488,933	\$6,449,594

Dublin San Ramon Service District
 Water
 Revenue Requirement
 Exhibit 5 - Customer Forecast

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Projected		FY 2030	FY 2031	FY 2032	FY 2033	Notes
						FY 2029						
Residential												
Metered Residential	<i>As of 1/1/2023</i>											
5/8"	\$39.37	23,003	23,639	24,348	25,322	26,082	26,525	26,764	26,978	27,221	27,384	As Residential + Commercial
3/4"	\$54.88	2	2	2	2	2	2	2	2	2	2	As Residential + Commercial
1"	\$85.93	18	19	20	21	22	22	22	22	22	22	As Residential + Commercial
1 1/2"	\$163.53	21	21	22	23	24	24	24	24	24	24	As Residential + Commercial
2"	\$256.67	18	19	20	21	22	22	22	22	22	22	As Residential + Commercial
3"	\$683.51	10	11	11	11	11	11	11	11	11	11	As Residential + Commercial
4"	\$1,172.45	0	0	0	0	0	0	0	0	0	0	As Residential + Commercial
6"	\$2,491.79	2	2	2	2	2	2	2	2	2	2	As Residential + Commercial
8"	\$4,354.40	0	0	0	0	0	0	0	0	0	0	As Residential + Commercial
10"	\$6,527.43	0	0	0	0	0	0	0	0	0	0	As Residential + Commercial
<i>Total Number of Customers</i>		23,075	23,713	24,425	25,402	26,165	26,608	26,847	27,061	27,304	27,467	
Total Monthly Charge	\$5,565,501	\$5,719,337	\$5,889,854	\$6,122,969	\$6,305,533	\$6,410,179	\$6,466,635	\$6,517,186	\$6,574,588	\$6,613,092		
Metered Consumption	2,711,863	2,786,812	2,870,416	2,985,233	3,074,790	3,127,061	3,155,205	3,180,447	3,209,071	3,228,325		As Residential + Commercial
Pumped Water	1,724,405	1,770,467	1,823,581	1,896,524	1,953,420	1,986,628	2,004,508	2,020,544	2,038,729	2,050,961		As Power
Metered Consumption (\$/100 CF)												
Zone 7 Cost of Water	\$4.45	\$12,067,790	\$12,401,313	\$12,773,351	\$13,284,287	\$13,682,816	\$13,915,421	\$14,040,662	\$14,152,989	\$14,280,366	\$14,366,046	
Power Charge	0.29	500,078	513,435	528,838	549,992	566,492	576,122	581,307	585,958	591,231	594,779	
Potable Uniform Rate (Commercial)	1.45	3,932,201	4,040,877	4,162,103	4,328,588	4,458,446	4,534,238	4,575,047	4,611,648	4,653,153	4,681,071	
<i>Total Consumption Revenue</i>	\$16,500,068	\$16,955,626	\$17,464,293	\$18,162,867	\$18,707,753	\$19,025,782	\$19,197,017	\$19,350,595	\$19,524,750	\$19,641,896		
Total Residential	\$22,065,569	\$22,674,964	\$23,354,147	\$24,285,836	\$25,013,286	\$25,435,961	\$25,663,652	\$25,867,781	\$26,099,338	\$26,254,988		

Dublin San Ramon Service District
 Water
 Revenue Requirement
 Exhibit 5 - Customer Forecast

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Projected		FY 2030	FY 2031	FY 2032	FY 2033	Notes
						FY 2029						
Commercial												
Multifamily Fixed Charges												
5/8"	39.37	1,262	1,297	1,336	1,389	1,431	1,455	1,468	1,480	1,493	1,502	As Residential + Commercial
3/4"	54.88	101	103	106	110	113	115	116	117	118	119	As Residential + Commercial
1"	85.93	222	228	235	244	251	255	257	259	261	263	As Residential + Commercial
1 1/2"	163.53	255	262	270	281	289	294	297	299	302	304	As Residential + Commercial
2"	256.67	308	317	327	340	350	356	359	362	365	367	As Residential + Commercial
3"	683.51	41	42	43	45	46	47	47	47	47	47	As Residential + Commercial
4"	1,172.45	8	8	8	8	8	8	8	8	8	8	As Residential + Commercial
6"	2,491.79	0	0	0	0	0	0	0	0	0	0	As Residential + Commercial
8"	4,354.40	2	2	2	2	2	2	2	2	2	2	As Residential + Commercial
10"	6,527.43	0	0	0	0	0	0	0	0	0	0	As Residential + Commercial
<i>Total Number of Customers</i>	2,199	2,259	2,327	2,419	2,490	2,532	2,554	2,574	2,596	2,612		
Total Monthly Charge	\$1,449,899	1,483,876	1,525,036	1,582,528	1,624,397	1,651,034	1,663,029	1,673,807	1,685,802	1,694,331		
Metered Consumption Pumped Water	1,089,721	1,119,839	1,153,434	1,199,571	1,235,558	1,256,562	1,267,871	1,278,014	1,289,516	1,297,253		As Residential + Commercial
	692,926	711,436	732,779	762,090	784,953	798,297	805,482	811,926	819,233	824,148		As Power
Metered Consumption Revenue \$/100 CF												
Zone 7 Cost of Water	\$4.45	4,849,261	4,983,284	5,132,781	5,338,091	5,498,233	5,591,701	5,642,026	5,687,162	5,738,346	5,772,776	
Power Charge	0.29	200,949	206,316	212,506	221,006	227,636	231,506	233,590	235,459	237,578	239,003	
Potable Uniform Rate (Commerci	1.45	1,580,096	1,623,767	1,672,479	1,739,378	1,791,559	1,822,015	1,838,413	1,853,120	1,869,798	1,881,017	
<i>Total Consumption Revenue</i>	\$6,630,305	\$6,813,367	\$7,017,767	\$7,298,475	\$7,517,429	\$7,645,222	\$7,714,029	\$7,775,741	\$7,845,722	\$7,892,796		
Total Commercial	\$8,080,205	\$8,297,242	\$8,542,803	\$8,881,003	\$9,141,826	\$9,296,256	\$9,377,058	\$9,449,548	\$9,531,524	\$9,587,126		

Dublin San Ramon Service District
 Water
 Revenue Requirement
 Exhibit 5 - Customer Forecast

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Projected		FY 2030	FY 2031	FY 2032	FY 2033	Notes
						FY 2029						
Irrigation												
Irrigation Fixed Charges												
5/8"	\$39.37	42	44	45	47	48	49	49	49	49	49	As Irrigation
3/4"	54.88	30	31	32	33	34	35	35	35	35	35	As Irrigation
1"	85.93	134	137	141	147	151	154	155	156	157	158	As Irrigation
1 1/2"	163.53	130	133	137	142	146	148	149	150	151	152	As Irrigation
2"	256.67	96	98	101	105	108	110	111	112	113	114	As Irrigation
3"	683.51	4	4	4	4	4	4	4	4	4	4	As Irrigation
4"	1,172.45	2	2	2	2	2	2	2	2	2	2	As Irrigation
6"	2,491.79	4	4	4	4	4	4	4	4	4	4	As Irrigation
8"	4,354.40	2	2	2	2	2	2	2	2	2	2	As Irrigation
10"	6,527.43	0	0	0	0	0	0	0	0	0	0	As Irrigation
<i>Total Number of Customers</i>		444	455	468	486	499	508	511	514	517	520	
Total Monthly Charge	\$514,736	\$515,184	\$526,357	\$541,318	\$552,491	\$559,645	\$562,682	\$565,719	\$568,755	\$571,792		
Metered Consumption	437,037	448,712	462,173	480,660	495,080	503,496	508,027	512,091	516,700	519,800		As Irrigation
Pumped Water	277,901	285,324	293,884	305,639	314,808	320,160	323,041	325,625	328,556	330,527		As Power
Metered Consumption Revenue	\$/100 CF											
Zone 7 Cost of Water	\$4.45	1,944,817	1,996,768	2,056,670	2,138,937	2,203,106	2,240,557	2,260,720	2,278,805	2,299,315	2,313,110	
Power Charge	0.29	80,591	82,744	85,226	88,635	91,294	92,846	93,682	94,431	95,281	95,853	
Potable Irrigation	1.86	812,890	834,604	859,642	894,028	920,849	936,503	944,930	952,489	961,062	966,828	
<i>Total Consumption Revenue</i>		2,838,298	\$2,914,117	\$3,001,538	\$3,121,600	\$3,215,249	\$3,269,906	\$3,299,332	\$3,325,725	\$3,355,658	\$3,375,791	
Total Irrigation	\$3,353,034	\$3,429,301	\$3,527,895	\$3,662,918	\$3,767,740	\$3,829,551	\$3,862,014	\$3,891,444	\$3,924,414	\$3,947,583		

Dublin San Ramon Service District
 Water
 Revenue Requirement
 Exhibit 5 - Customer Forecast

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Projected		FY 2030	FY 2031	FY 2032	FY 2033	Notes
						FY 2029						
Recycled Water												
Recycled Water Fixed Charges												
5/8"	39.37	8	8	8	8	8	8	8	8	8	8	As Recycled
3/4"	54.88	12	12	12	12	12	12	12	12	12	12	As Recycled
1"	85.93	114	114	114	114	114	114	114	114	114	114	As Recycled
1 1/2"	163.53	195	195	195	195	195	195	195	195	195	195	As Recycled
2"	256.67	145	145	145	145	145	145	145	145	145	145	As Recycled
3"	683.51	21	21	21	21	21	21	21	21	21	21	As Recycled
4"	1,172.45	6	6	6	6	6	6	6	6	6	6	As Recycled
6"	2,491.79	2	2	2	2	2	2	2	2	2	2	As Recycled
8"	4,354.40	0	0	0	0	0	0	0	0	0	0	As Recycled
10"	6,527.43	0	0	0	0	0	0	0	0	0	0	As Recycled
<i>Total Number of Customers</i>	504	503	503	503	503	503	503	503	503	503	503	
Total Monthly Charge	\$639,642	\$637,482	\$637,482	\$637,482	\$637,482	\$637,482	\$637,482	\$637,482	\$637,482	\$637,482	\$637,482	
Metered Consumption	1,253,657	1,253,657	1,253,657	1,253,657	1,253,657	1,253,657	1,253,657	1,253,657	1,253,657	1,253,657	1,253,657	As Recycled
Pumped Water	797,169	818,463	843,017	876,738	903,040	918,392	926,658	934,071	942,478	948,133	948,133	As Power
Metered Consumption Revenue	\$/100 CF											
Power Charge	0.29	231,179	237,354	244,475	254,254	261,882	266,334	268,731	270,881	273,319	274,959	
Recycled Water	4.45	5,578,773	5,578,774	5,578,774	5,578,774	5,578,774	5,578,774	5,578,774	5,578,774	5,578,774	5,578,774	
<i>Total Consumption Revenue</i>		5,809,952	5,816,128	5,823,249	5,833,028	5,840,655	5,845,107	5,847,504	5,849,654	5,852,092	5,853,732	
Total Recycled Water	\$6,449,594	\$6,453,610	\$6,460,731	\$6,470,510	\$6,478,137	\$6,482,590	\$6,484,987	\$6,487,136	\$6,489,574	\$6,491,214		

**Dublin San Ramon Service District
Water
Development of Allocation Factors
Exhibit 6 - Commodity & Capacity**

	Commodity					Capacity		
	Water (CCF)	5.2% Losses ^[1]	Consumption & Losses (CCF)	Water Flow (MGD)	% of Total	Peaking Factor	Peak Day ^[2] Use (MGD)	% of Total
Residential / Commercial	3,801,584	197,682	3,999,267	8.20	89.7%	1.21	9.92	85.3%
Irrigation	437,037	22,726	459,763	0.94	10.3%	1.81	1.70	14.7%
Recycled Water	1,253,657	0	0	0.00	0.0%	2.13	0.00	0.0%
Power Costs	3,492,402	0	0	0.00	0.0%	0.00	0.00	0.0%
Total	8,984,680	220,408	4,459,030	9.14	100.0%	1.27	11.62	100.0%

Actual Production ^[3]

9.55 MGD

Actual Peak ^[4]

12.14 MGD

Allocation Factor

(COM)

(CAP-1)

Notes

[1] West Yost 2016 Water Master Plan Table 3-5 pg. 3-7, Average of 2011 - 2015.

[2] Based on Peak month to average month calculation

[3] Provided by District Staff

[4] Provided by District Staff

**Dublin San Ramon Service District
Water
Development of Allocation Factors
Exhibit 7 - Customer**

	<i>Actual Customer</i>		<i>Meters & Services</i>	
	Number of Billing Units	% of Total	Equiv. Meters	% of Total
Residential / Commercial	25,274	96.4%	30,139	85.3%
Irrigation	444	1.7%	2,169	6.1%
Recycled Water	504	1.9%	3,040	8.6%
Power Costs	0	0.0%	0	0.0%
<i>Total</i>	26,222	100.0%	35,347	100.0%

Allocation Factor

(AC)

(WCMS)

Dublin San Ramon Service District
 Water
 Development of Allocation Factors
 Exhibit 8 - Distribution Main Analysis

<i>Distribution Storage</i>				<i>Distribution Main Analysis</i>			
<i>hrs</i>	<i>gpm</i>	<i>Total</i>		<i>Ma Size</i>	<i>Length (ft)^[3]</i>	<i>Installed Replcmt \$^[4]</i>	<i>Total</i>
Zone 1	4	4,500	1,080,000	1"	0	0	\$0
Zone 2	4	1,625	390,000	2"	10,696	340	3,636,640
Zone 3	2	2,500	300,000	3"	2,634	360	948,240
Zone 4	2	2,500	300,000	4"	16,267	380	6,181,460
Zone 20	4	4,000	960,000	6"	198,963	420	83,564,460
Zone 30	2	1,500	180,000	8"	961,922	460	442,484,120
Zone 200	4	4,000	960,000	10"	115,152	510	58,727,520
Zone 300	4	4,000	960,000	12"	280,498	570	159,883,860
Fire Flow Requirements ^[1]			5,130,000 (a)	14"	92,081	630	58,011,030
Storage Capacity ^[2]			24,980,000 (b)	16"	62,995	690	43,466,550
Public Fire Protection			20.5% (FP)	18"	7,813	760	5,937,880
(a) / (b) = FP%				20"	23,519	840	19,755,960
Capacity			79.5% (CAP)	24"	20	1,020	20,400
1 - FP% = CAP				36"	0	0	0
				42"	0	0	0
				2" - 12" Total	1,586,132		\$755,426,300 (e)
Source of Supply				Customer%			
Capacity / Commodity				(f) Total @ 2" Equivalent Cost			539,284,880
<i>Average Day</i>	9.14 (c)		79.0% (COM)	(f) / (e) = Cust.%			71.0% (AC)
(c) / (d) = COM%				Capacity			
<i>Peak Day</i>	11.62 (d)		21.0% (CAP)	(g) Cost for 2" - 6"			\$94,330,800
1 - ((c) / (d)) = CAP%				(h) 8" - 12" @ Equivalent 6" Cost			570,180,240
				(g + h - f) / (e) = CAP%			16.6% (CAP)
				Fire Protection			
				1 - CUST.% - CAP% = FP%			12.4% (FP)

Notes

[1] - 2016 Water System Master Plan Page 5-7, table 5-4
 [2] - 2016 Water System Master Plan Page 2-8, table 5-5 (sum of reservoirs)
 [3] - Provided by DSRSD Staff, file name W_1 Functional Asset Records__081620023.xlsx

Dublin San Ramon Service District
 Water
 Functionalization and Classification
 Exhibit 9 - System Assets in Service

Total System Assets Replacement Costs	Commodity (COM)	Capacity (CAP-1)	Customer Related		Recycled Water (RW)	Pumping Power Costs (PPC)	Purchased Water (PW)	Basis of Classification
			Actual Customer (AC)	Meters & Svcs (WCMS)				
System Assets in Service								
Source, Pumping and Storage								
Field Ops. Facility	\$30,800	\$0	\$0	\$0	\$0	\$0	\$0	100% (COM)
Pleasanton Recycled Water Turnout	0	0	0	0	0	0	0	100% (RW)
SCADA - Distribution System	7,700	0	0	0	0	0	0	100% (COM)
Turnouts	1,315,693	0	0	0	0	0	0	100% (COM)
Pump Stations	28,608,901	0	0	0	0	0	0	100% (COM)
Potable Water Reservoirs	59,817,557	17,347,091	0	42,470,465	0	0	0	29% (CAP-1)/ 71% (WCMS)
Recycled Pump Stations	5,603,203	0	0	0	5,603,203	0	0	100% (RW)
Recycled Water Reservoirs	27,700	0	0	0	27,700	0	0	100% (RW)
Total Source of Supply	\$95,411,554	\$29,963,094	\$17,347,091	\$0	\$42,470,465	\$5,630,903	\$0	\$0
Transmission & Distribution								
Small Potable Water Mains =<12"	\$793,066,000	\$0	\$229,989,140	\$0	\$563,076,860	\$0	\$0	29% (CAP-1)/ 71% (WCMS)
Large Potable Water Mains >12"	93,214,000	73,639,060	19,574,940	0	0	0	0	79% (COM)/ 21% (CAP-1)
Small Recycled Water Mains =<12"	119,139,000	0	0	0	0	119,139,000	0	100% (RW)
Large Recycled Water Mains >12"	25,717,500	0	0	0	0	25,717,500	0	100% (RW)
Total Storage	\$1,031,136,500	\$73,639,060	\$249,564,080	\$0	\$563,076,860	\$144,856,500	\$0	\$0
System Assets Before General	\$1,126,548,054	\$103,602,154	\$266,911,171	\$0	\$605,547,325	\$150,487,403	\$0	\$0
Percent System Assets Before General	100.0%	9.2%	23.7%	0.0%	53.8%	13.4%	0.0%	0.0%
G&A Equipment								
District Admin Offices	\$2,877,807	\$0	\$0	\$2,877,807	\$0	\$0	\$0	100% (AC)
Field Ops Dept. Admin. Offices	5,468,438	0	0	5,468,438	0	0	0	100% (AC)
	\$8,346,245	\$0	\$0	\$8,346,245	\$0	\$0	\$0	\$0
Total System Assets	\$1,134,894,299	\$103,602,154	\$266,911,171	\$8,346,245	\$605,547,325	\$150,487,403	\$0	\$0

Dublin San Ramon Service District
 Water
 Functionalization and Classification
 Exhibit 10 - Revenue Requirement

	Total Expenses FY 2024	Commodity (COM)	Capacity (CAP-1)	Customer Related				Pumping Power Costs (PPC)	Purchased Water (PW)	Basis of Classification
				Actual Customer (AC)	Meters & Svc (WCMS)	Recycled Water (RW)	Weighted for:			
Expenses										
Water Enterprise - 600										
Salaries	\$5,532,219	\$505,025	\$1,301,100	\$40,685	\$2,951,835	\$733,574	\$0	\$0	as System Assets in Service	
Overtime	221,000	20,175	51,976	1,625	117,919	29,305	0	0	as System Assets in Service	
Standby Pay	117,620	10,737	27,663	865	62,759	15,596	0	0	as System Assets in Service	
Medical	977,460	89,230	229,885	7,188	521,545	129,612	0	0	as System Assets in Service	
Retirement	1,549,810	141,479	364,493	11,398	826,935	205,505	0	0	as System Assets in Service	
Other Benefits	267,977	24,463	63,024	1,971	142,985	35,534	0	0	as System Assets in Service	
Salary / Benefit Credit	(958,118)	(87,465)	(225,336)	(7,046)	(511,225)	(127,047)	0	0	as System Assets in Service	
Training Costs	92,825	8,474	21,831	683	49,529	12,309	0	0	as System Assets in Service	
Group Training Services	8,250	753	1,940	61	4,402	1,094	0	0	as System Assets in Service	
Temporary Help	102,400	9,348	24,083	753	54,638	13,578	0	0	as System Assets in Service	
Interns	40,000	3,652	9,407	294	21,343	5,304	0	0	as System Assets in Service	
Uniforms & Safety Equipment	21,350	1,949	5,021	157	11,392	2,831	0	0	as System Assets in Service	
Permits, Cert., Licens, Member	219,686	20,055	51,667	1,616	117,218	29,130	0	0	as System Assets in Service	
Chemicals	86,000	86,000	0	0	0	0	0	0	100% (COM)	
Equipment Under \$20,000	96,800	8,837	22,766	712	51,650	12,836	0	0	as System Assets in Service	
Fuel	54,200	4,948	12,747	399	28,920	7,187	0	0	as System Assets in Service	
Gas & Electric	1,716,000	231,660	0	0	0	0	1,484,340	0	14% (COM)/ 87% (PPC)	
General Supplies	804,750	73,464	189,266	5,918	429,392	106,710	0	0	as System Assets in Service	
Tools	24,725	2,257	5,815	182	13,193	3,279	0	0	as System Assets in Service	
Office Supplies/Services	10,600	0	0	10,600	0	0	0	0	100% (AC)	
Meter Equipment	353,500	0	0	0	353,500	0	0	0	100% (WCMS)	
Water Purchase - Fixed	9,002,430	0	0	0	0	0	0	9,002,430	100% (PW)	
Water Purchase - Variable	9,719,920	0	0	0	0	0	0	9,719,920	100% (PW)	
Professional Services	433,800	39,601	102,024	3,190	231,463	57,522	0	0	as System Assets in Service	
Advertising	13,085	1,195	3,077	96	6,982	1,735	0	0	as System Assets in Service	
Equipment Lease/Rental	71,000	6,481	16,698	522	37,884	9,415	0	0	as System Assets in Service	
Maintenance Contracts	237,050	21,640	55,751	1,743	126,483	31,433	0	0	as System Assets in Service	
Software Maintenance	89,900	8,207	21,143	661	47,968	11,921	0	0	as System Assets in Service	
Monitoring & Testing Services	24,000	24,000	0	0	0	0	0	0	100% (COM)	
Other Services	1,407,458	1,111,892	295,566	0	0	0	0	0	79% (COM)/ 21% (CAP-1)	
Printing Services	105,600	0	0	105,600	0	0	0	0	100% (AC)	
Meetings	7,640	697	1,797	56	4,076	1,013	0	0	as System Assets in Service	
Subscriptions & Publications	950	87	223	7	507	126	0	0	as System Assets in Service	
Credit Card Transaction Fees	90,000	0	0	90,000	0	0	0	0	100% (AC)	
DERWA JPA	3,583,200	0	0	0	0	3,583,200	0	0	100% (RW)	
Overhead Charges	2,623,577	239,501	617,029	19,294	1,399,866	347,887	0	0	as System Assets in Service	
Total Water Enterprise - 600	\$38,748,664	\$2,608,340	\$3,270,658	\$299,230	\$7,103,157	\$5,260,589	\$1,484,340	\$18,722,350		

Dublin San Ramon Service District
 Water
 Functionalization and Classification
 Exhibit 10 - Revenue Requirement

	Total Expenses FY 2024	Customer Related							Basis of Classification
		Commodity (COM)	Capacity (CAP-1)	Actual Customer (AC)	Meters & Svc (WCMS)	Recycled Water (RW)	Pumping Power Costs (PPC)	Purchased Water (PW)	
Rate Stabilization - 605									
Low Income Credit (UB)	\$70,000	\$0	\$0	\$70,000	\$0	\$0	\$0	\$0	100% (AC)
Total Rate Stabilization - 605	\$70,000	\$0	\$0	\$70,000	\$0	\$0	\$0	\$0	
Water Replacement - 610									
Telecommunication Services	\$250	\$23	\$59	\$2	\$133	\$33	\$0	\$0	as System Assets in Service
DERWA JPA	517,700	0	0	0	0	517,700	0	0	100% (RW)
Total Water Replacement - 610	\$517,950	\$23	\$59	\$2	\$133	\$517,733	\$0	\$0	
Water Expansion - 620									
DERWA JPA	\$1,098,094	\$0	\$0	\$0	\$0	\$1,098,094	\$0	\$0	100% (RW)
Total Water Expansion - 620	\$1,098,094	\$0	\$0	\$0	\$0	\$1,098,094	\$0	\$0	
Total Expenses	\$40,434,708	\$2,608,363	\$3,270,717	\$369,232	\$7,103,290	\$6,876,416	\$1,484,340	\$18,722,350	
Additional Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	as System Assets in Service
Total Operations & Matenance Expense	\$40,434,708	\$2,608,363	\$3,270,717	\$369,232	\$7,103,290	\$6,876,416	\$1,484,340	\$18,722,350	
Rate Funded Capital									
Replacement Fund	\$6,390,000	\$583,330	\$1,502,838	\$46,993	\$3,409,522	\$847,316	\$0	\$0	as System Assets in Service
Expansion Fund	0	0	0	0	0	0	0	0	as System Assets in Service
Total Rate Funded Capital	\$6,390,000	\$583,330	\$1,502,838	\$46,993	\$3,409,522	\$847,316	\$0	\$0	
Debt Service									
2017 Water Rev. Ref. Bonds	\$1,877,813	\$0	\$0	\$0	\$1,877,813	\$0	\$0	\$0	100% (WCMS)
Total Debt Service	\$1,877,813	\$0	\$0	\$0	\$1,877,813	\$0	\$0	\$0	

Dublin San Ramon Service District
 Water
 Functionalization and Classification
 Exhibit 10 - Revenue Requirement

	Total Expenses FY 2024	Commodity (COM)	Capacity (CAP-1)	Customer Related				Pumping Power Costs (PPC)	Purchased Water (PW)	Basis of Classification
				Actual Customer (AC)	Meters & Svc (WCMS)	Recycled Water (RW)	Weighted for:			
Transfers										
In										
Transfer from Rate Stabilization Fund	(\$3,989,947)	(\$419,915)	(\$1,081,831)	(\$33,829)	(\$2,454,373)	\$0	\$0	\$0	as System Assets in Service less R	
Transfer from Water Replacement Fund	(517,950)	0	0	0	0	(517,950)	0	0	100% (RW)	
Transfer from Water Expansion Fund	(3,675,907)	0	0	0	(1,877,813)	(1,798,094)	0	0	as System Assets in Service less R	
5th Supplement Agreement (Regional to Water)	(400,000)	(42,097)	(108,456)	(3,391)	(246,056)	0	0	0	as System Assets in Service less R	
Partial Year Rate Adjustment Correction	2,580,863	332,797	417,306	47,110	906,298	877,352	0	0	as O&M Expense less Pumping ar	
Out										
Transfers Out - Enterprise Fund	\$559,217	\$72,110	\$90,421	\$10,208	\$196,375	\$190,103	\$0	\$0	as O&M Expense less Pumping ar	
Transfers Out - Other	234,714	30,266	37,952	4,284	82,422	79,790	0	0	as O&M Expense less Pumping ar	
Total Transfers	(\$5,209,009)	(\$26,839)	(\$644,608)	\$24,382	(\$3,393,145)	(\$1,168,799)	\$0	\$0		
Total Revenue Requirements	\$43,493,512	\$3,164,854	\$4,128,947	\$440,607	\$8,997,480	\$6,554,933	\$1,484,340	\$18,722,350		
Less: Other Income										
General Inspections	\$395,000	\$0	\$0	\$0	\$395,000	\$0	\$0	\$0	100% (WCMS)	
Overtime Inspections	3,500	0	0	0	3,500	0	0	0	100% (WCMS)	
Plan Check Fees	60,000	0	0	0	60,000	0	0	0	100% (WCMS)	
Backflow Prevention	270,000	0	0	0	270,000	0	0	0	100% (WCMS)	
Recycled Water Irrigation	2,000	0	0	0	0	2,000	0	0	100% (RW)	
Fireline service	250,000	0	250,000	0	0	0	0	0	100% (CAP-1)	
Meter Assemblies	60,000	0	0	0	60,000	0	0	0	100% (WCMS)	
Engineering Penalties	175,000	0	0	0	175,000	0	0	0	100% (WCMS)	
Limited Access	132,447	132,447	0	0	0	0	0	0	100% (COM)	
Total Other come	\$1,347,947	\$132,447	\$250,000	\$0	\$963,500	\$2,000	\$0	\$0		
Net Revenue Requirements	\$42,145,564	\$3,032,407	\$3,878,947	\$440,607	\$8,033,980	\$6,552,933	\$1,484,340	\$18,722,350		

Dublin San Ramon Service District
Water
Cost of Service Summary
Exhibit 11 - Allocation by Component

Classification Components	FY 2024 Total	Residential / Commercial	Irrigation	Recycled Water	Power Costs	Distribution Factor
Commodity	\$3,032,407	\$2,719,740	\$312,667	\$0	\$0	(COM)
Capacity	\$3,878,947	\$3,309,902	\$569,045	\$0	\$0	(CAP-1)
Customer Related						
Actual Customer	\$440,607	\$424,676	\$7,462	\$8,469	\$0	(AC)
Meters & Svcs	8,033,980	6,850,183	492,883	690,914	0	(WCMS)
Total Customer Related	\$8,474,587	\$7,274,859	\$500,346	\$699,383	\$0	
Recycled Water	\$6,552,933	\$0	\$0	\$6,552,933	\$0	(DA)
Pumped Power Costs	\$1,484,340	\$0	\$0	\$0	\$1,484,340	(PPC)
Variable Zone 7 Costs	\$10,369,421	\$9,300,247	\$1,069,174	\$0	\$0	
Fixed Zone 7 Costs	8,352,929	7,491,672	861,257	0	0	
Purchased Water	\$18,722,350	\$16,791,919	\$1,930,431	\$0	\$0	(DA)
Net Revenue Requirement	\$42,145,564	\$30,096,420	\$3,312,489	\$7,252,316	\$1,484,340	

Dublin San Ramon Service District
 Water
 Cost of Service Summary
 Exhibit 12 - Summary of Cost Allocation

	FY 2024 Total	Residential / Commercial	Irrigation	Recycled Water	Power Costs	Source
Revenues at Present Rates	\$39,948,402	\$29,444,748	\$3,272,443	\$6,218,415	\$1,012,796	
Allocated Revenue Requirement	\$42,145,564	\$30,096,420	\$3,312,489	\$7,252,316	\$1,484,340	
Subtotal Balance/(Deficiency) of Funds	(\$2,197,162)	(\$651,672)	(\$40,046)	(\$1,033,901)	(\$471,544)	
% Change Over Present Rates	5.5%	2.2%	1.2%	16.6%	46.6%	

Dublin San Ramon Service District
Water
Cost of Service Summary
Exhibit 13 - Average Unit Cost

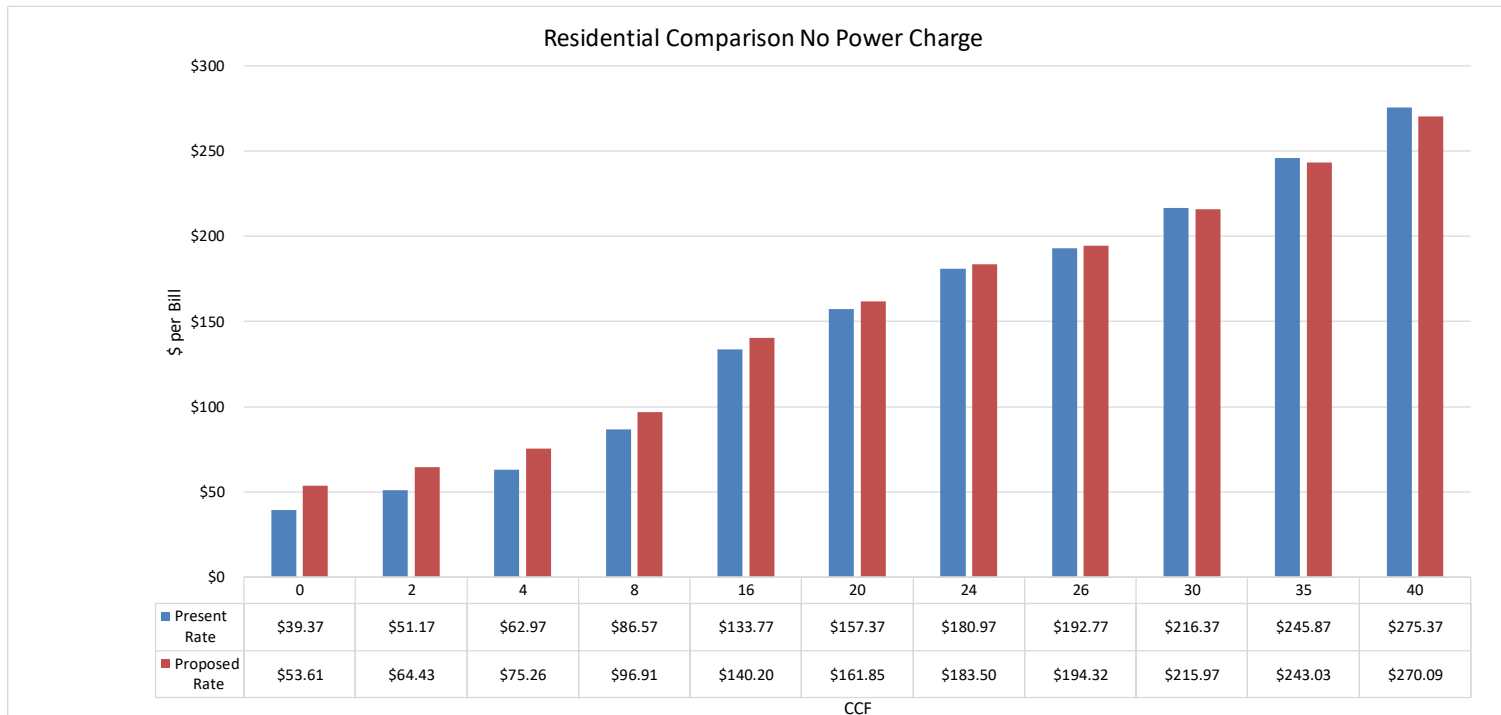
	FY 2024 Total	Residential / Commercial	Irrigation	Recycled Water	Power Costs
Commodity Costs - \$/CCF	\$0.72	\$0.72	\$0.72	\$0.00	\$0.00
Capacity Costs - \$/CCF	0.92	0.87	1.30	0.00	0.00
Total Water DSRSD Costs	\$1.63	\$1.59	\$2.02	\$0.00	\$0.00
Zone 7 - Purchased Water	\$4.42	\$4.42	\$4.42	\$0.00	\$0.00
Recycled Water Costs	\$5.23	\$0.00	\$0.00	\$5.23	\$0.00
Pumping Costs	\$0.43	\$0.00	\$0.00	\$0.00	\$0.43
Total Allocated Costs - \$/CCF	\$11.70	\$6.00	\$6.43	\$5.23	\$0.43
Meter Capacity - \$ / Equiv. Mtrs / month	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Meters and Service - \$ / Meter / month	37.88	37.88	37.88	37.88	\$0.00
Actual Customer	2.80	2.80	2.80	2.80	0.00
Total - \$ / Month	\$40.68	\$40.68	\$40.68	\$40.68	\$0.00
Fire Protection					
Rate Rev \$/CCF	\$9.42	\$7.75	\$7.49	\$0.00	\$0.29
Allocated Rev Req \$/CCF	\$9.94	\$7.92	\$7.58	\$0.00	\$0.00
Average Bi-monthly Distributed Cost	\$267.87	\$198.47	\$1,243.10	\$2,398.07	\$0.00
Basic Data					
Annualized Potable Water Flows - CCF	4,238,622	3,801,584	437,037	0	0
Annualized Potable Zone 7 Flow - CCF	4,238,622	3,801,584	437,037	0	0
Annualized Recycled Water Flows - CCF	1,253,657	0	0	1,253,657	0
Annualized Pumped Water Flows - CCF	3,492,402	0	0	0	3,492,402
No. of Customers	26,222	25,274	444	504	0
Equivalent Meters	35,347	30,139	2,169	3,040	0

Dublin San Ramon Service District
 Water
 Rate Design
 Exhibit 14 - Rate Design

			Cost of Service Results						Zone 7	
Meter Size	Meter Equivalency factor	Present Rates	Cust. Component	+	Meter Capacity Equiv. Meter	=	Total Meter Rate	\$ Change	% Change	Meter Capacity Equiv. Meter (Potable Only)
5/8"	1.00	\$39.37	\$2.80	+	\$37.88	=	\$40.68	\$1.31	3.3%	\$12.93
3/4"	1.50	54.88	\$2.80	+	56.82	=	59.62	4.74	8.6%	19.39
1"	2.50	85.93	\$2.80	+	94.70	=	97.50	11.57	13.5%	32.32
1-1/2"	5.00	163.53	\$2.80	+	189.41	=	192.21	28.68	17.5%	64.64
2"	8.00	256.67	\$2.80	+	303.05	=	305.85	49.18	19.2%	103.42
3"	21.75	683.51	\$2.80	+	823.93	=	826.73	143.22	21.0%	281.17
4"	37.50	1,172.45	\$2.80	+	1,420.56	=	1,423.36	250.91	21.4%	484.78
6"	80.00	2,491.79	\$2.80	+	3,030.53	=	3,033.33	541.54	21.7%	1,034.19
8"	140.00	4,354.40	\$2.80	+	5,303.43	=	5,306.23	951.83	21.9%	1,809.84
10"	210.00	6,527.43	\$2.80	+	7,955.15	=	7,957.95	1,430.52	21.9%	2,714.76
Consumption Charges		Current Rate	Proposed Rate	% change	Drought Surcharge					
Potable Uniform Rate (Commercial & Residential)		1.45	1.59	9.4%	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
Potable Irrigation		1.86	2.02	8.5%	1.81	2.11	2.54	3.17	4.22	6.33
Zone 7 Cost of Water		4.45	3.83	-14.0%	2.24	2.52	2.88	3.36	4.03	5.04
Recycled Water		4.45	5.23	17.5%						
Power Charge		0.29	0.43	46.6%						

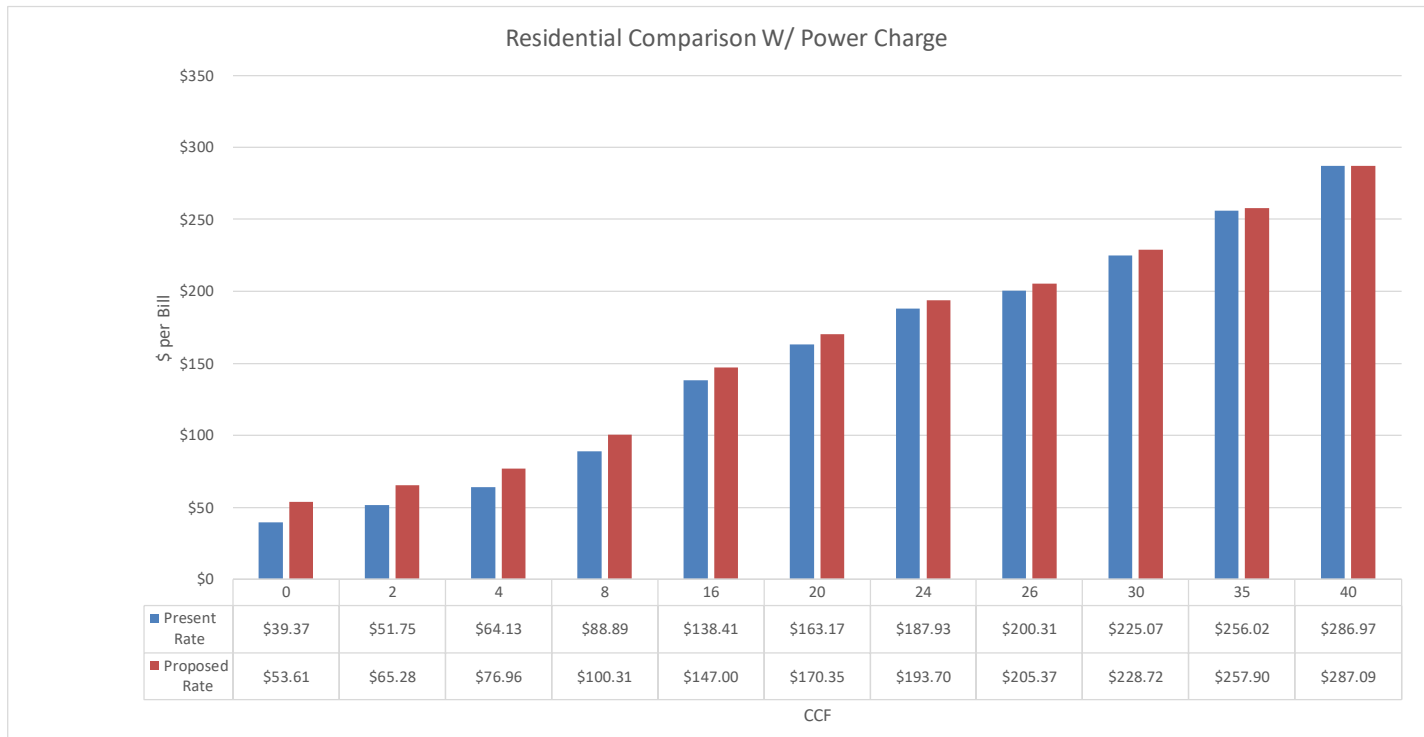
Dublin San Ramon Service District
 Water
 Rate Design
 Exhibit 14 - Rate Design

CCF	Residential 5/8" With Zone 7 & No Power Charge				With Drought Surcharges					
	Present Rate	Proposed Rate	\$ Change	% Change	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
0	\$39.37	\$53.61	\$14.24	36.2%	\$53.61	\$53.61	\$53.61	\$53.61	\$53.61	\$53.61
2	\$51.17	\$64.43	13.26	25.9%	\$64.43	\$64.43	\$64.43	\$64.43	\$64.43	\$64.43
4	\$62.97	\$75.26	12.29	19.5%	\$75.26	\$75.26	\$75.26	\$75.26	\$75.26	\$75.26
8	\$86.57	\$96.91	10.34	11.9%	\$102.34	\$103.25	\$104.52	\$106.42	\$109.58	\$115.90
16	\$133.77	\$140.20	6.43	4.8%	\$160.14	\$163.46	\$168.10	\$175.07	\$186.67	\$209.85
20	\$157.37	\$161.85	4.48	2.8%	\$189.04	\$193.56	\$199.90	\$209.40	\$225.22	\$256.82
24	\$180.97	\$183.50	2.53	1.4%	\$217.93	\$223.67	\$231.69	\$243.73	\$263.77	\$303.79
26	\$192.77	\$194.32	1.55	0.8%	\$232.38	\$238.72	\$247.59	\$260.89	\$283.04	\$327.28
30	\$216.37	\$215.97	(0.40)	-0.2%	\$261.28	\$268.83	\$279.39	\$295.22	\$321.59	\$374.25
35	\$245.87	\$243.03	(2.84)	-1.2%	\$297.40	\$306.46	\$319.13	\$338.13	\$369.77	\$432.97
40	\$275.37	\$270.09	(5.28)	-1.9%	\$333.53	\$344.09	\$358.87	\$381.04	\$417.95	\$491.68



Dublin San Ramon Service District
Water
Rate Design
Exhibit 14 - Rate Design

CCF	Residential 5/8" Meter With Zone 7 & Power Charge				With Drought Surcharges					
	Present Rate	Proposed Rate	\$ Change	% Change	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6
0	\$39.37	\$53.61	\$14.24	36.2%	\$53.61	\$53.61	\$53.61	\$53.61	\$53.61	\$53.61
2	\$51.75	\$65.28	13.53	26.2%	\$65.28	\$65.28	\$65.28	\$65.28	\$65.28	\$65.28
4	\$64.13	\$76.96	12.83	20.0%	\$76.96	\$76.96	\$76.96	\$76.96	\$76.96	\$76.96
8	\$88.89	\$100.31	11.42	12.8%	\$105.74	\$106.65	\$107.92	\$109.82	\$112.98	\$119.30
16	\$138.41	\$147.00	8.59	6.2%	\$166.94	\$170.26	\$174.90	\$181.87	\$193.47	\$216.65
20	\$163.17	\$170.35	7.18	4.4%	\$197.54	\$202.06	\$208.40	\$217.90	\$233.72	\$265.32
24	\$187.93	\$193.70	5.77	3.1%	\$228.13	\$233.87	\$241.89	\$253.93	\$273.97	\$313.99
26	\$200.31	\$205.37	5.06	2.5%	\$243.43	\$249.77	\$258.64	\$271.94	\$294.09	\$338.33
30	\$225.07	\$228.72	3.65	1.6%	\$274.03	\$281.58	\$292.14	\$307.97	\$334.34	\$387.00
35	\$256.02	\$257.90	1.88	0.7%	\$312.28	\$321.33	\$334.00	\$353.00	\$384.65	\$447.84
40	\$286.97	\$287.09	0.12	0.0%	\$350.53	\$361.09	\$375.87	\$398.04	\$434.95	\$508.68



NOTICE OF PUBLIC HEARING

PROPOSED CHANGES TO WATER RATES

DSRSD recently completed a comprehensive water and recycled water rate study. The purpose of the study, prepared by HDR Engineering, Inc., a third party independent rate consultant, is to determine the adequacy of the existing water rates, propose recommended changes to address any revenue shortfalls, and calculate cost-based and proportional rates.

Visit www.dsrds.com/WaterRates to view the proposed rates and the water rate study.

For additional information, you can:

- Contact Corinne Ferreyra, Financial Analyst, at 925-875-2298 or Ferreyra@dsrds.com
- Attend the public hearing on April 16, 2024
- Visit www.dsrds.com/WaterRates

Public hearing to consider rate adoption:

- Tuesday, April 16, at 6:00 p.m.
- DSRSD Office, 7051 Dublin Boulevard, Dublin, CA 94568

The Board will consider all public comments up to the close of the public hearing and, if adopted, the new rates will go into effect on May 1, 2024.

HOW DO I COMMENT/PROTEST?

DSRSD and its Board of Directors welcomes and will consider input from the community on the proposed changes to rates at any time, including during the public hearing. In accordance with Proposition 218 and District Policy 100-15-5, valid written protests as described below will be counted as formal protests.

Any record property owner or tenant-customer of a parcel receiving water service may submit a written protest. Only one written protest will be counted per parcel served by DSRSD.

A written protest must identify the affected property by assessor's parcel number, street address or DSRSD account number; identify the record property owner or tenant-customer; clearly state that the transmittal is a protest to the proposed charges; provide feedback on the proposed charges; and bear the original signature of the record property owner or tenant-customer. In the case of electronically delivered documents, a scanned signature will be accepted, subject to verification.

All comments and written protests should be addressed to District Secretary Nicole Genzale. For written protests, please note on the envelope (or in the subject line of a fax or an email), "Protest of Proposed Changes to Water Rates."

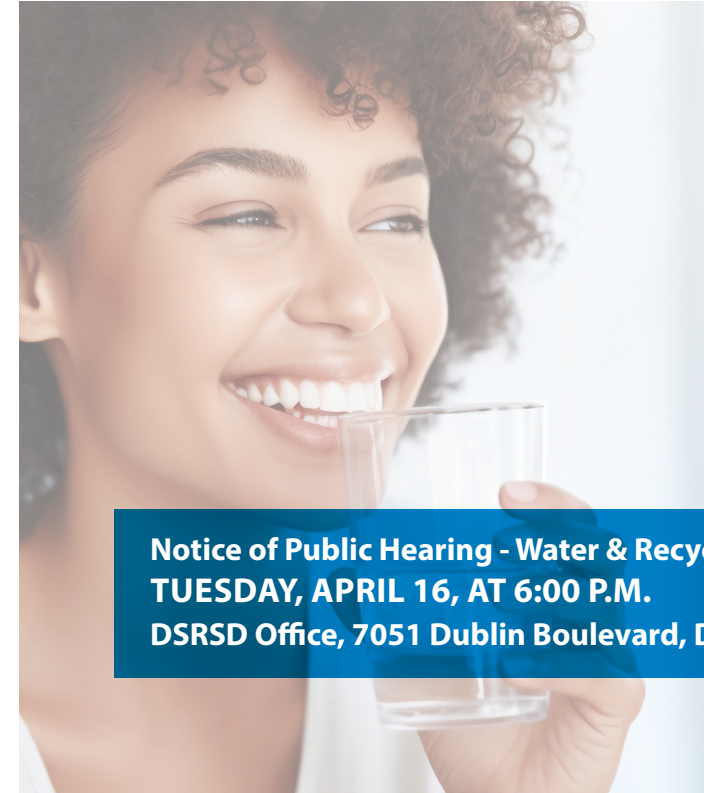
WRITTEN PROTESTS MUST BE RECEIVED BY BEFORE THE CLOSE OF THE PUBLIC HEARING ON APRIL 16, 2024

- Mail or hand deliver to 7051 Dublin Boulevard, Dublin, CA 94568
- Email a PDF document, attached to an email to Board@dsrds.com
- Fax to (925) 829-1180

Pursuant to California Government Code section 53759 there is a 120-day statute of limitations for challenging any new, increased, or extended fee or charge.



7051 Dublin Blvd.
Dublin, CA 94568
www.dsrds.com



Notice of Public Hearing - Water & Recycled Water Rates
TUESDAY, APRIL 16, AT 6:00 P.M.
DSRSD Office, 7051 Dublin Boulevard, Dublin, CA 94568

WHY ARE WATER RATES INCREASING?

DSRSD regularly conducts water rate studies to ensure that rates generate adequate funding and that customers are equitably charged for the services they receive. As a public agency, the District cannot collect more revenue than it needs.

DSRSD needs to:

- Adequately fund operation, maintenance and capital replacement needs
- Achieve or maintain reserve (savings) targets
- Align rates to reflect costs

Rate drivers:

- Rising labor, energy, and chemical costs
- Replacing aging infrastructure
- Addressing increasingly complex regulations

In recent years, rates have increased 3% on average per year. New rates are proposed for all water customers for the next five years. The proposed rates will allow the District to recover the cost of providing safe and reliable water services.

The District has a rate stabilization fund that is used to achieve and maintain financial stability and avoid wide fluctuations in rates. The proposed rates include the use of \$7 million in reserves over the next two years. This minimizes the rate adjustment impacts to customers while still allowing the District to fund operations.



Dublin San Ramon Services District

Water, wastewater, recycled water

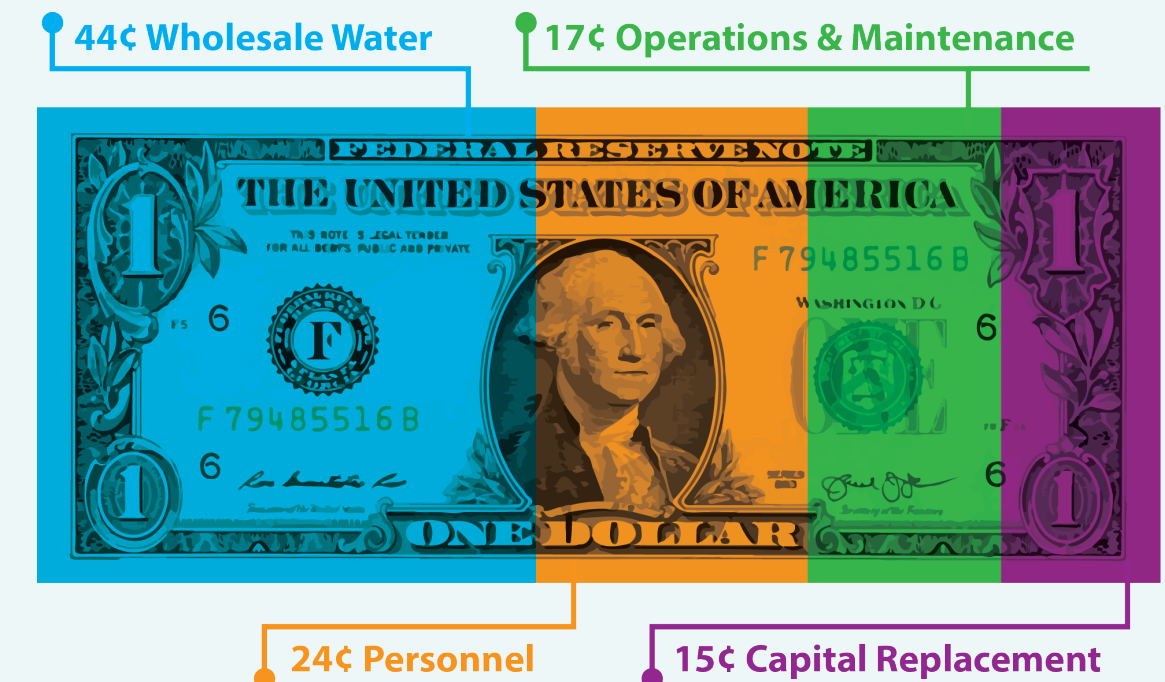


DUBLIN SAN RAMON SERVICES DISTRICT

Founded in 1953, Dublin San Ramon Services District (DSRSD) provides drinking water to nearly 100,000 people within the City of Dublin and the Dougherty Valley area of the City of San Ramon. DSRSD purchases its supply of wholesale treated water from Zone 7 Water Agency. DSRSD also partners with East Bay Municipal Utility District (EBMUD) to produce and distribute recycled water to nearly 360 sites through the DSRSD-EBMUD Recycled Water Authority.

WHERE DOES MY RATE DOLLAR GO?

Every \$1 paid by DSRSD's drinking water customers pays for the cost to provide water service, including wholesale water purchases from Zone 7, DSRSD personnel, operations and maintenance, and capital infrastructure replacement. If cost components were spread evenly across every dollar spent the breakdown would be as shown below:



WHAT ARE THE PROPOSED CHANGES?

DSRSD bills its water customers bimonthly, every two months. All customers pay a “Fixed Service Charge” based on their meter size. Customers also pay one or more variable charges depending on their service type and property location. If approved, the proposed rates below would become effective on May 1, 2024 and adjusted on January 1st for the years 2025 through 2028.

THE PROPOSED ADJUSTMENTS TO DSRSD’S WATER RATES ARE AS FOLLOWS:

Percentage increases effective 1/1/2026, 1/1/2027, and 1/1/2028 will be set by and limited to inflation, based on the annual August to August change in the Consumer Price Index - All Urban Consumers for San Francisco/Oakland/Hayward.

FIXED SERVICE CHARGE

This charge applies to all DSRSD water service customers and is based on the size of each meter serving a property. The bimonthly amount is shown in the table below.

Meter Size	Current	Effective 5/1/2024	Effective 1/1/2025	Effective 1/1/2026, 1/1/2027, 1/1/2028
5/8"	\$39.37	\$40.68	\$42.92	Percentage increases will be set by and limited to inflation, applied to the previous year's rate.
3/4"	\$54.88	\$59.62	\$62.90	
1"	\$85.93	\$97.50	\$102.87	
1-1/2"	\$163.53	\$192.21	\$202.78	
2"	\$256.67	\$305.85	\$322.68	
3"	\$683.51	\$826.73	\$872.20	
4"	\$1,172.45	\$1,423.36	\$1,501.65	
6"	\$2,491.79	\$3,033.33	\$3,200.17	
8"	\$4,354.40	\$5,306.23	\$5,598.07	
10"	\$6,527.43	\$7,957.95	\$8,395.63	

CONSUMPTION CHARGE

The consumption charge is based on the amount of water used during a two-month billing period. Water use is measured in hundred cubic feet (CCF). One CCF is equal to 748 gallons of water. This charge applies to all drinking water customers that do not have dedicated irrigation meters.

Variable Rate (\$/CCF)	Current	Effective 5/1/2024	Effective 1/1/2025	Effective 1/1/2026, 1/1/2027, 1/1/2028
Water Consumption Charge	\$1.45	\$1.59	\$1.67	Percentage increases will be set by and limited to inflation, applied to the previous year's rate.

POTABLE IRRIGATION CHARGE

The irrigation charge applies only to separate dedicated potable irrigation meters, typically found in commercial or industrial properties.

Variable Rate (\$/CCF)	Current	Effective 5/1/2024	Effective 1/1/2025	Effective 1/1/2026, 1/1/2027, 1/1/2028
Potable Irrigation Charge	\$1.86	\$2.02	\$2.13	Percentage increases will be set by and limited to inflation, applied to the previous year's rate.

RECYCLED WATER CHARGE

The recycled water charge applies only to separate dedicated recycled water customers.

Variable Rate (\$/CCF)	Current	Effective 5/1/2024	Effective 1/1/2025	Effective 1/1/2026, 1/1/2027, 1/1/2028
Recycled Water Charge	\$4.45	\$5.23	\$5.51	Percentage increases will be set by and limited to inflation, applied to the previous year's rate.

POWER CHARGE

The power charge applies only to those customers whose properties require that water be pumped due to elevation.

Variable Rate (\$/CCF)	Current	Effective 5/1/2024	Effective 1/1/2025	Effective 1/1/2026, 1/1/2027, 1/1/2028
Power Charge	\$0.29	\$0.43	\$0.45	Percentage increases will be set by and limited to inflation, applied to the previous year's rate.

AVERAGE CUSTOMER IMPACT

The bimonthly water bill for an average single-family residential customer using 18 CCF of water will increase by \$5.60 per bill (\$2.80 per month).

Single Family Residential (18 units bimonthly)	Current	Effective 5/1/2024
DSRSD Service Charge (5/8")	\$39.37	\$40.68
DSRSD Consumption Charge	\$26.10	\$28.62
Zone 7 Variable Cost of Water	\$80.10	\$68.94
Zone 7 Fixed Cost of Water	\$0.00	\$12.93
Total Bimonthly Bill	\$145.57	\$151.17

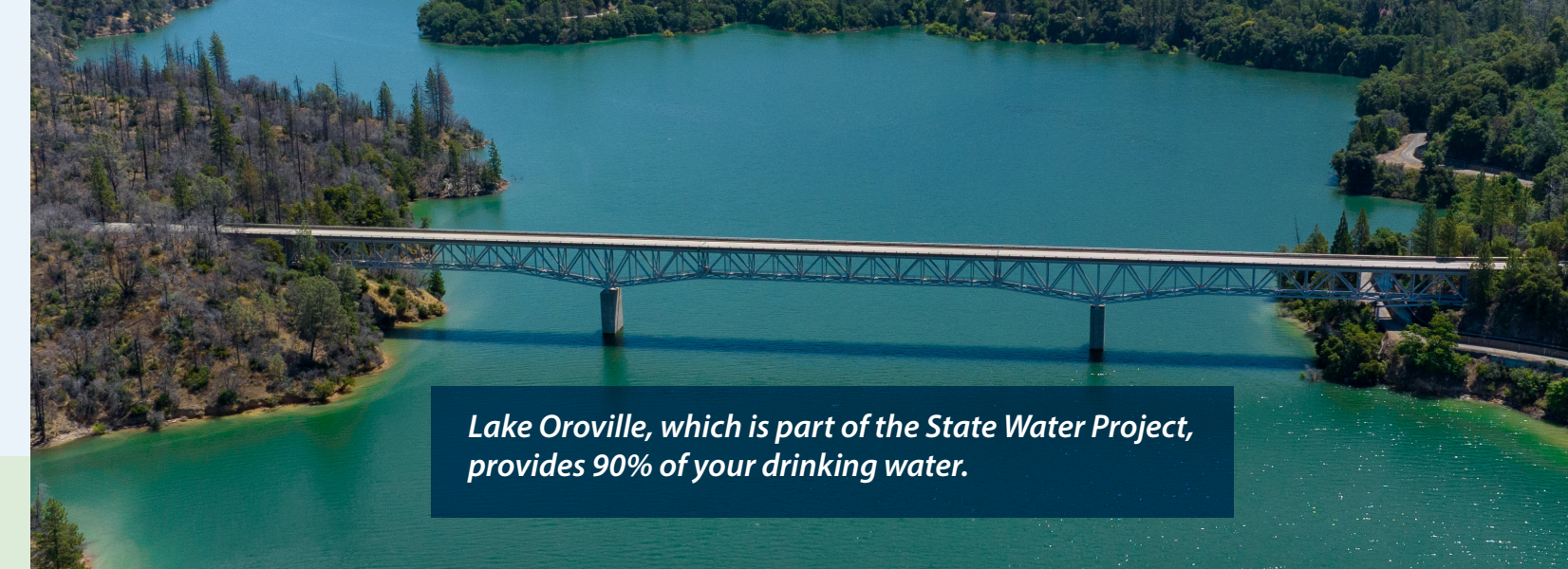
WATER SHORTAGE CONDITION CHARGES

DSRSD’s Water Shortage Contingency Plan prepares the District to respond to water shortages caused by drought or emergencies. It includes actions to reduce water usage by certain percentages based on the severity of the water shortage. The proposed water shortage condition rates will ensure that DSRSD generates enough revenue to cover the cost of providing water during times of water shortage when water deliveries are reduced.

The rates below go into effect only when the DSRSD Board of Directors declares a water shortage emergency. If this were to occur, customers would be charged the standard consumption charge for the first five CCF of water used. All additional water used would be charged at the Water Shortage Condition rate. The first 5 CCF per billing period are not subject to the water shortage rates in recognition that certain water uses are essential.

		Consumption Charges during Water Shortage Emergencies (6+ CCF)			Potable Irrigation Charges during Water Shortage Emergencies (6+ CCF)		
	Water Reduction Goal	Current	Effective 5/1/2024	Effective 1/1/2025	Current	Effective 5/1/2024	Effective 1/1/2025
Stage 1	10%	\$1.62	\$1.81	\$1.91	\$2.07	\$2.24	\$2.36
Stage 2	20%	\$1.83	\$2.11	\$2.23	\$2.33	\$2.52	\$2.66
Stage 3	30%	\$2.24	\$2.54	\$2.68	\$2.86	\$2.88	\$3.04
Stage 4	40%	\$2.92	\$3.17	\$3.34	\$3.72	\$3.36	\$3.55
Stage 5	50%	n/a	\$4.22	\$4.46	n/a	\$4.03	\$4.26
Stage 6	>50%	n/a	\$6.33	\$6.68	n/a	\$5.04	\$5.32

Rates effective January 1, 2026, January 1, 2027, January 1, 2028 will have percentage increases set by and limited to the annual August to August change in the Consumer Price Index - All Urban Consumers for San Francisco/Oakland/Hayward, applied to the previous year's rate.



ZONE 7 COST OF WATER

(WHOLESALE PASS-THROUGH)

DSRSD purchases all of its potable water supplies from Zone 7 Water Agency (Zone 7). Zone 7’s wholesale rates are comprised of fixed and variable charges. DSRSD must pay Zone 7 the fixed charge regardless of the amount of water sold. Currently, DSRSD blends the fixed and variable wholesale water rates to develop the “Zone 7 Cost of Water” charge and passes through the charge as a variable consumption charge to DSRSD customers.

The proposed Zone 7 Cost of Water charge separates the current blended charge into a fixed charge and a variable charge for wholesale water. The proposed fixed charge is designed to collect 30 percent of the Zone 7 fixed charge to DSRSD. This proposed methodology allows DSRSD greater revenue stability by ensuring collection of a portion of the fixed charge. Future adjustments to Zone 7 Cost of Water fixed and variable charges will be passed through to potable water customers using the same methodology and based on actual Zone 7 fixed and variable wholesale water rates, with adjustments effective January 1, 2025, January 1, 2026, January 1, 2027, and January 1, 2028.

Variable Rate (\$/CCF)	Current	Effective 5/1/2024
Zone 7 Cost of Water	\$4.45	\$3.83

Zone 7 Fixed Cost of Water (bimonthly)	
Meter Size	Effective 5/1/2024
5/8"	\$12.93
3/4"	\$19.39
1"	\$32.32
1-1/2"	\$64.64
2"	\$103.42
3"	\$281.17
4"	\$484.78
6"	\$1,034.19
8"	\$1,809.84
10"	\$2,714.76

DOUGHERTY VALLEY STANDBY CHARGE DISTRICT (DVSCD) INCREMENTAL PASS-THROUGH

(Dougherty Valley Customers in San Ramon Only)

The State Water Project (SWP) is the primary water source for Zone 7 (the District’s sole drinking water supplier). Zone 7 recovers a portion of the cost of purchasing SWP through property taxes levied in Alameda County. Dougherty Valley’s share of the SWP costs are collected through DSRSD’s retail water rates, the Dougherty Valley Standby District Charge (Standby Charge) and the Dougherty Valley Incremental State Water Project Charge (Incremental Charge). The Standby Charge and Incremental Charge appear on the Contra Costa County secured property tax rolls respectively as “DSRSD-DRTY VLY 01-1” and “DSRSD-DRTY VLY SWP.” The Standby Charge has been fixed at \$170.75 (annually) since 2019, while adjustments are made annually to the Incremental Charge based on the Dougherty Valley Incremental State Water Project Charge Annual Report.

Bimonthly, \$/dwelling unit equivalent	Current	Effective 7/1/2024	Effective 1/1/2026, 1/1/2027, 1/1/2028
Dougherty Valley Incremental State Water Project Charge	\$19.51	\$21.61	Adjustments based on Dougherty Valley Incremental State Water Project Charge Annual Report