

AGENDA

NOTICE OF REGULAR MEETING

TIME: 6 p.m.

DATE: Tuesday, June 18, 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

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 June 4, 2024

Recommended Action: Approve by Motion

7.B. Authorize the General Manager to Execute Contracts with Hasa Inc. for the Supply and Delivery of Sodium Hypochlorite, Chemtrade Chemicals US LLC for the Supply and Delivery of Aluminum Sulfate, and Kemira Water Solutions Inc. for the Supply and Delivery of Ferrous Chloride for Fiscal Year Ending 2025

Recommended Action: Authorize by Motion

Board of Directors

- 7.C. Approve Amendment to the Capital Improvement Program Ten-Year Plan and Two-Year Budget for Fiscal Years 2024 and 2025 to Add the Cross Valley Trail Sewer Main Rehabilitation Project (CIP 24-S053), and Award Construction Agreement for the Project to WestRock Engineering
Recommended Action: Approve by Resolution and Award by Motion

8. BOARD BUSINESS

- 8.A. Public Hearing: Approve the Annual Wastewater Service Charges Levy Report and Direct the Levy and Collection of Wastewater Service Charges on the 2024–2025 Alameda County and Contra Costa County Secured Property Tax Rolls
Recommended Action: Hold Public Hearing and Approve by Resolution
- 8.B. Accept Regular and Recurring Report: Quarterly Financial Report
Recommended Action: Accept by Motion
- 8.C. Discuss Proposed New Capital Assets Policy
Recommended Action: Discuss and Provide Direction

9. REPORTS

9.A. Boardmember Items

- 9.A.1. Joint Powers Authority and Committee Reports
DSRSD/Central Contra Costa Sanitary District Liaison Committee Meeting of June 11, 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**

June 4, 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/Treasurer; Steve Delight, Engineering Services Director/District Engineer; Michelle Gallardo, Special Assistant to the General Manager/Interim Administrative Services Director; Douglas E. Coty, General Counsel; and Nicole Genzale, Executive Services Supervisor/District Secretary.

4. SPECIAL ANNOUNCEMENTS/ACTIVITIES

4.A. New Employee Introductions

Sean Sargiotto, Water/Wastewater Systems Operator 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 Halket MOVED for approval of the items on the Consent Calendar. Director Vonheeder-Leopold SECONDED the MOTION, which CARRIED with FOUR AYES and ONE ABSENT (Goel).

7.A. Approve Regular Meeting Minutes of May 21, 2024 – Approved

7.B. Authorize Consolidation of District Election with Statewide General Election on November 5, 2024 – Approved – Resolution No. 15-24

8. BOARD BUSINESS

8.A. Public Hearing: Adopt Engineer’s Report and Direct Levy of Annual Assessments in the Dublin San Ramon Services District Dougherty Valley Standby Charge District 2001-1 for Fiscal Year 2024–2025

President Johnson announced the item and declared the Public Hearing open. She asked for the staff presentation. Senior Management Analyst Corinne Ferreyra reviewed the item for the Board.

President Johnson inquired if there were any comments from the public. There was no public comment received. President Johnson declared the Public Hearing closed. The Board had no further discussion.

Director Vonheeder-Lepold MOVED to approve Resolution No. 16-24, Adopting Engineer's Report and Directing the Levy of Annual Assessments in the Dublin San Ramon Services District Dougherty Valley Standby Charge District 2001-1 for Fiscal Year 2024–2025. Director Govindarao SECONDED the MOTION, which CARRIED with FOUR AYES and ONE ABSENT (Goel).

- 8.B. Public Hearing: Adopt Annual Dougherty Valley Incremental State Water Project Charge Report for Fiscal Year 2024–2025 and Direct the Levy of the Dougherty Valley Incremental State Water Project Charge for Non-Governmental Parcels on the Contra Costa County Secured Property Tax Roll and for Government Potable Water Customers on Utility Bills

President Johnson announced the item and declared the Public Hearing open. She asked for the staff presentation. Senior Management Analyst Ferreyra reviewed the item for the Board.

President Johnson inquired if there were any comments from the public. There was no public comment received. President Johnson declared the Public Hearing closed. The Board had no further discussion.

Director Govindarao MOVED to approve Resolution No. 17-24, Adopting the Annual Dougherty Valley Incremental State Water Project Charge Report and Directing the Levy and Collection of the Dougherty Valley Incremental State Water Project Charge on the Contra Costa County Property Tax Roll for Non-Governmental Parcels and on the Utility Bills for Governmental Customers for Fiscal Year 2024–2025. Director Vonheeder-Leopold SECONDED the MOTION, which CARRIED with FOUR AYES and ONE ABSENT (Goel).

- 8.C. Receive Presentation on District Governance (New Laws Update) and on Legislative and Regulatory Affairs

Special Assistant to the General Manager/Interim Administrative Services Director Gallardo introduced Associate Attorney Gavin Ralphs from the District's General Counsel firm Bartkiewicz, Kronick & Shanahan. Mr. Gavin Ralphs provided a legal briefing on recent amendments to pertinent statutes and regulations. The Board and staff discussed and clarified certain aspects of the new laws and how they affect or may affect District operations and the Board of Directors.

Ms. Gallardo provided the Board with a brief overview of the District's legislative and regulatory affairs activities, highlights of advocacy issues and interests, and ongoing monitoring efforts. She stated that staff have access to and rely on industry-related

District memberships to provide pertinent legislative and advocacy information. General Manager Lee also noted that excepting unique issues specific to DSRSD, the District's positions and main arguments regarding legislative matters are generally consistent with other professional organizations.

- 8.D. Adopt Revised Legislative and Regulatory Advocacy Policy and Rescind Resolution No. 59-18

Special Assistant to the General Manager/Interim Administrative Services Director Gallardo reviewed the item for the Board.

Director Halket MOVED to adopt Resolution No. 18-24, Revising the Legislative and Regulatory Advocacy Policy and Rescinding Resolution No. 59-18. Director Vonheeder-Leopold SECONDED the MOTION, which CARRIED with FOUR AYES and ONE ABSENT (Goel).

- 8.E. Receive Update on Miscellaneous Fees and Charges and Suspend Collection of Certain Fees and Charges Established by Resolution No. 8-24

Engineering Services Director Delight reviewed the item for the Board. Staff clarified that the fees proposed for suspension will not be removed from the fee schedule, but rather the collection of these fees will be suspended to allow staff to gather additional data to inform the fee administration.

Director Halket MOVED to approve Resolution No. 19-24, Suspending Collection of Certain Miscellaneous Fees and Charges Imposed Under District Code Sections 3.70.070 (A) and (B) Established by Resolution No. 8-24. Director Govindarao SECONDED the MOTION, which CARRIED with FOUR AYES and ONE ABSENT (Goel).

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 Govindarao stated that the employee recognition event held last week was great and thanked staff for their hard work and many accomplishments in 2023. He encouraged staff to have a wonderful 2024.

Director Vonheeder-Leopold submitted a written report to Executive Services Supervisor/District Secretary Genzale. She reported that she attended the virtual California Association of Sanitation Agencies Board of Directors meeting on May 22. She summarized the activities and discussions at the meeting.

President Johnson submitted a written report to Executive Services Supervisor/District Secretary Genzale. She reported that she attended the

virtual Alameda County Special Districts Association Fiscal Committee meeting on May 30. She summarized the activities and discussions at the meeting.

9.A.3. Request New Agenda Item(s) Be Placed on a Future Board or Committee Agenda – None

9.B. Staff Reports

General Manager Lee reported on the following:

- A DSRSD/Central San Liaison Committee meeting will be held on Tuesday, June 11, at 4 p.m.
- A special DERWA Board meeting will be held on Monday, July 1, at 6 p.m.
- The July 2 Board meeting is expected to be cancelled.

10. ADJOURNMENT

President Johnson adjourned the meeting at 7:03 p.m.

Submitted by,

Nicole Genzale, CMC
Executive Services Supervisor/District Secretary



TITLE: Authorize the General Manager to Execute Contracts with Hasa Inc. for the Supply and Delivery of Sodium Hypochlorite, Chemtrade Chemicals US LLC for the Supply and Delivery of Aluminum Sulfate, and Kemira Water Solutions Inc. for the Supply and Delivery of Ferrous Chloride for Fiscal Year Ending 2025

RECOMMENDATION:

Staff recommends the Board of Directors authorize, by Motion, the General Manager to execute contracts for the fiscal year ending (FYE) 2025 (July 1, 2024, through June 30, 2025) with the following chemical vendors:

1. Hasa Inc. for the supply and delivery of sodium hypochlorite in an amount not to exceed \$1,147,000
2. Chemtrade Chemicals US LLC for the supply and delivery of aluminum sulfate in an amount not to exceed \$279,000
3. Kemira Water Solutions Inc. for the supply and delivery of ferrous chloride in an amount not to exceed \$192,000

SUMMARY:

The District uses various chemicals as part of the wastewater treatment and recycled water treatment processes, and for disinfection in the drinking water distribution system. The cost for these chemicals is budgeted in the adopted FYE 2025 Operating Budget. Three chemical contracts for FYE 2025 will exceed the General Manager’s authority limit of \$175,000, and therefore the Board must authorize the General Manager to execute the contracts and approve the purchases.

DISCUSSION:

The District participates in the annual competitive bid process for several chemicals under the Bay Area Chemical Consortium (BACC) program administered by the Bay Area Clean Water Agencies (BACWA). BACC, created in 2010, allows Bay Area water and wastewater agencies to cooperatively purchase chemicals used in wastewater and water treatment, and water distribution. Participation in BACC allows the District to benefit from bulk pricing on chemicals used in operation of the Regional Wastewater Treatment and Water Enterprises.

Chemicals are a significant material cost for the District. DSRSD’s adopted Operating Budget for FYE 2025 includes \$1.3 million for the purchase of chemicals. Additionally, the District purchases chemicals for the DSRSD-East Bay Municipal Utility District Recycled Water Authority (DERWA) in the capacity as the operator of DERWA. DERWA’s adopted FYE 2025 Operating Budget includes \$400,000 for the cost of chemicals utilized in the recycled water treatment process. The cost for chemicals associated with DERWA recycled water production are reimbursed to the District by DERWA.

Three FYE 2025 chemical contracts will exceed the General Manager’s authority limit of \$175,000. Therefore, the Board must authorize the General Manager to execute the contracts and approve the purchases. Details of each contract are summarized in the following table and sections.

Originating Department: Operations	Contact: C. Ferreyra/D. Gill	Legal Review: Not Required
Financial Review: Yes	Cost and Funding Source: \$1,618,000 with \$1,234,000 from Regional Wastewater Treatment (Fund 300), \$365,000 from DERWA Operations & Maintenance, and \$19,000 from Water (Fund 600)	
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)		

Chemical	Vendor	DSRSD Contract Share		DERWA Contract Share ¹	Total Contract Amount
		Wastewater Treatment	Water		
Sodium Hypochlorite	Hasa, Inc.	\$981,000	\$19,000	\$147,000	\$1,147,000
Aluminum Sulfate	Chemtrade Chemicals US LLC	\$61,000		\$218,000	\$279,000
Ferrous Chloride	Kemira Water Solutions Inc.	\$192,000			\$192,000
Total:		\$1,234,000	\$19,000	\$365,000	\$1,618,000

¹Chemicals purchased to operate the DERWA system are budgeted in the adopted DERWA Operating Budget. DSRSD’s share of chemical costs for DERWA are budgeted in the associated contribution to JPA for the Water Fund.

Sodium Hypochlorite

Sodium hypochlorite is primarily used in the wastewater treatment process as a disinfectant. A smaller volume is also used in the recycled water treatment process and the water distribution system. Hasa Inc. was determined to be the lowest responsive bid for the supply and delivery of sodium hypochlorite per BACC Bid No. 13-2024. The contract cost for the District is \$3.27 per gallon, and the total estimated cost based on approximate usage requirements for the contract period is \$1,147,000. The unit cost for sodium hypochlorite increased 22 percent over FYE 2024. The FYE 2025 Operating Budget assumed a 15 percent overall increase in chemical costs from FYE 2024. Given the unit cost increase exceeds this assumption, staff will request a mid-cycle FYE 2025 budget adjustment to accommodate the increase and in addition, closely monitor the usage of sodium hypochlorite to manage costs. The allocation between wastewater treatment, recycled water, and water distribution is shown below:

- \$981,000 – Regional Wastewater Treatment (Fund 300)
- \$147,000 – DERWA Operations and Maintenance
- \$19,000 – Water (Fund 600)

Aluminum Sulfate

Aluminum sulfate, commonly referred to as “alum,” is used in wastewater treatment and recycled water production. Alum is used to increase solids settling, which is the process by which suspended solids in wastewater are separated from the liquid. By promoting settling, the concentration of solids in the wastewater effluent is reduced, resulting in cleaner water that is easier to further treat for recycled water irrigation. Alum is also used to bind phosphates. When phosphate is combined with magnesium and ammonium during the treatment process, it creates a concrete-like substance called struvite, which can clog pipes and equipment. Chemtrade Chemicals US LLC was determined to be the lowest responsive bid for the supply and delivery of aluminum sulfate per BACC Bid No. 01-2024. The contract cost for the District is \$0.84 per gallon, and the total estimated amount based on estimated usage requirements for the contract period is \$279,000. The unit cost for aluminum sulfate decreased 6 percent over FYE 2024. The distribution between wastewater treatment and recycled water is shown below:

- \$61,000 – Regional Wastewater Treatment (Fund 300)
- \$218,000 – DERWA Operations and Maintenance

Ferrous Chloride

Ferrous chloride is used in the wastewater treatment process as a coagulant to remove suspended solid, as well as odor control agent. Kemira Water Solutions Inc. was determined to be the lowest responsive bid for the supply and delivery of ferrous chloride per BACC Bid No. 07-2024. The contract cost for the District is \$1,197.33 per dry ton, and the total estimated cost based on approximate usage requirements for the contract period is \$192,000. The unit cost for ferrous chloride increased by 1 percent over FYE 2024. All costs to purchase ferrous chloride are funded by the Regional Wastewater Treatment (Fund 300).

TITLE: Approve Amendment to the Capital Improvement Program Ten-Year Plan and Two-Year Budget for Fiscal Years 2024 and 2025 to Add the Cross Valley Trail Sewer Main Rehabilitation Project (CIP 24-S053), and Award Construction Agreement for the Project to WestRock Engineering

RECOMMENDATION:

Staff recommends the Board of Directors approve, by two separate actions, the following:

1. Approve, by Resolution, an amendment to the Capital Improvement Program (CIP) Ten-Year Plan for Fiscal Years 2024 and 2033 and Two-Year Budget for Fiscal Years 2024 and 2025 to add the Cross Valley Trail Sewer Main Rehabilitation Project (CIP 24-S053).
2. Award, by Motion, a construction agreement for the Cross Valley Trail Sewer Main Rehabilitation Project (CIP 24-S053) to WestRock Engineering, the lowest responsive, responsible bidder, in the amount of \$172,000.

SUMMARY:

During a recent routine inspection, staff identified a damaged sewer collection main that needs repair near the intersection of the Iron Horse Trail and the Cross Valley Trail in southern San Ramon. The damaged section of pipeline is located where the main crosses under Coyote Creek. Staff recommends that the Board approve an amendment to the Capital Improvement Program to add a new project with a total project cost of \$300,000 and award a construction contract to WestRock Engineering in the amount of \$172,000.

DISCUSSION:

District staff regularly inspects and assesses the condition of the sewer collection system using closed-circuit television (“CCTV”) cameras. During a recent CCTV inspection, staff identified significant deterioration in an 8-inch vitrified clay sewer main in the southern area of San Ramon (Figure 1). Installed in 1977, the affected sewer main segment crosses beneath Coyote Creek near the intersection of the Iron Horse and Cross Valley Trails (Figure 2). The sewer main is critical for conveying wastewater flows from the surrounding residential areas in southern areas of San Ramon to the District’s Regional Wastewater Treatment Facility (RWTF).



Figure 1 – Broken Pipe Void at 37 Feet

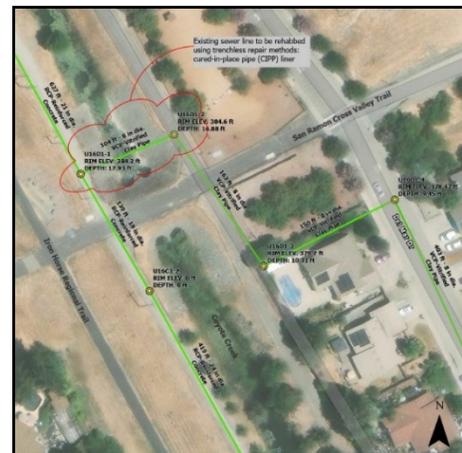


Figure 2 – Project Location

Originating Department: Engineering and Technical Services	Contact: J. Ching/S. Delight	Legal Review: Not Required
Financial Review: Not Required	Cost and Funding Source: \$300,000 from Local Wastewater Replacement (Fund 210)	
Attachments: <input type="checkbox"/> None <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Ordinance <input type="checkbox"/> Task Order <input type="checkbox"/> Proclamation <input type="checkbox"/> Other (see list on right)	9 of 40	

The Cross Valley Trail Sewer Main Rehabilitation Project (CIP 24-S053) (“Project”) will rehabilitate approximately 150 linear feet of an 8-inch vitrified clay sewer main beneath the Coyote Creek in San Ramon. The integrity of the sewer main will be restored using a cured-in-place pipe (CIPP) liner. The contractor’s scope of work for the Project includes reviewing existing CCTV inspection records to develop a work plan to address the deterioration seen in the pipe; installing temporary bypass pumping system to facilitate inspection, cleaning, and the rehab work of the sewer main; performing pre-CCTV and post-CCTV inspections; and performing site restoration and cleanup upon completion.

The District’s purchasing requirements (outlined in District Code Chapter 7.40) allow for projects estimated between \$60,000 and \$200,000 to utilize an informal bidding process. In accordance with the informal bidding process and Public Contract Code Sections 22034 and 22036, the District may post the notice inviting informal bids and publish the notice in applicable trade journals. On April 17, 2024, staff solicited informal bids for the Project. The notice inviting informal bids were emailed to the following construction trade journals: Construction Bid Board, Dodge & Data Analytics, Bay Area Builders Exchange, Builders’ Exchange of Santa Clara County, the San Francisco Builders Exchange, Marin Builders Association, Placer County Contractors Association & Builders, and the Builders’ Exchange for San Joaquin. One bid was received on May 23, 2024.

Staff recommends the Board award a construction contract for the Project to WestRock Engineering, the lowest responsive, responsible bidder, in the amount of \$172,000. The engineer’s estimate was \$150,000.

A Notice of Exemption for the Project per California Environmental Quality Act (“CEQA”) was filed on June 12, 2024. The Project is exempt from CEQA pursuant to CEQA Guidelines 15301(b).

Fiscal Impact:

The proposed project budget is \$300,000. As shown below, the project budget includes the \$172,000 recommended construction contract, and \$53,000 in staff time for engineering and project management. In addition, due to the sewer main’s location and field conditions (i.e., crosses under the Coyote Creek), staff is recommending a construction contingency of \$75,000.

Construction Contract	\$172,000
Project Management/Engineering	\$53,000
<u>Construction Contingency</u>	<u>\$75,000</u>
Total	\$300,000

On June 20, 2023, the Board adopted the current CIP Two-Year Budget for Fiscal Years 2024 and 2025, authorizing fund budgets for fiscal years 2024 and 2025 to meet the District’s capital infrastructure needs. The Project will be 100% funded by the Local Wastewater Replacement (Fund 210). The adopted fund budget for the Local Wastewater Replacement (Fund 210) for fiscal years 2024 and 2025 includes sufficient budget for the Project.

Next Steps:

If approved by the Board, staff will proceed with award of a construction contract for the Project to WestRock Engineering, in an amount of \$172,000. Work under the contract is planned to occur during the dry summer season from July to September 2024.

RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT APPROVING AN AMENDMENT TO THE CAPITAL IMPROVEMENT PROGRAM TEN-YEAR PLAN FOR FISCAL YEARS 2024 THROUGH 2033 AND TWO-YEAR BUDGET FOR FISCAL YEARS 2024 AND 2025 TO ADD THE CROSS VALLEY TRAIL SEWER MAIN REHABILITATION PROJECT (CIP 24-S053)

WHEREAS, the Board of Directors approved the District’s Capital Improvement Program (“CIP”) Ten-Year Plan for Fiscal Years 2024 through 2033 (“CIP Plan”) on June 20, 2023, to serve as a budgetary planning document providing direction and guidance, in accordance with District policies, for the replacement and improvement of existing District facilities and the construction of new facilities; and

WHEREAS, the Board of Directors adopted the current CIP Two-Year Budget for Fiscal Years 2024 and 2025 (“CIP Budget”) on June 20, 2023, authorizing fund budgets for fiscal years 2024 and 2025 to meet the District’s capital infrastructure needs; and

WHEREAS, during a recent inspection, District staff identified significant deterioration in an 8-inch sewer main; and

WHEREAS, District staff assessed that the 8-inch sewer main requires immediate rehabilitation; and

WHEREAS, staff recommends adding the Cross Valley Trail Sewer Main Rehabilitation Project (CIP 24-S053) funded from Local Wastewater Replacement (Fund 210) to the CIP; and

WHEREAS, the fund budgets for fiscal years 2024 and 2025 remain as adopted.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT, a public agency located in the Counties of Alameda and Contra Costa, California, as follows:

The Cross Valley Trail Sewer Main Rehabilitation Project (CIP 24-S053) is hereby added into the CIP Ten-Year Plan for Fiscal Years 2024 through 2033 and the CIP Two-Year Budget for Fiscal Years 2024 and 2025 in accordance with the project description sheet attached as Exhibit “A.”

Res. 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 18th day of June, 2024, and passed by the following vote:

AYES:

NOES:

ABSENT:

Ann Marie Johnson, President

ATTEST: _____
Nicole Genzale, District Secretary

DSRSD CIP 10-Year Plan for FYEs 2024 through 2033

CATEGORY: WASTEWATER COLLECTION

Local Wastewater Replacement (Fund 210)

CIP No. 24-S053 Cross Valley Trail Sewer Main Rehabilitation
Funding Allocation: 100% 210

Project Manager: Ryan Pendergraft

Status: New Project

Project Summary:

This project consists of repair and maintenance of the District’s existing 8-inch sewer line located near Del Mar Drive in San Ramon. The project will include the installation of a temporary bypass pumping system above grade. The sewer line is critical to conveying wastewater from surrounding area to the District’s Regional Wastewater Treatment Facility. The line is located near Coyote Creek by Iron Horse Regional Trail and San Ramon Cross Valley Trail in San Ramon.

Anticipated CEQA: Categorical Exemption [CEQA Guideline 15301].

Reference: None.

Fund Allocation Basis: Project is required to replace or rehabilitate existing local wastewater fund assets.

10-Year Cash Flow and Estimated Project Cost:

Prior	FYE 24	FYE 25	FYE 26	FYE 27	FYE 28	FYE 29	FYE 30	FYE 31	FYE 32	FYE 33	Future
0	10,000	290,000	0	0	0	0	0	0	0	0	0

Total Estimated Project Cost **\$300,000**
 Current Adopted Budget \$0
 Increase/(Decrease) \$300,000



TITLE: Public Hearing: Approve the Annual Wastewater Service Charges Levy Report and Direct the Levy and Collection of Wastewater Service Charges on the 2024–2025 Alameda County and Contra Costa County Secured Property Tax Rolls

RECOMMENDATION:

Staff recommends the Board of Directors hold a Public Hearing and approve, by Resolution, the Annual Wastewater Service Charges Levy Report and direct the levy and collection of wastewater service charges on the 2024–2025 Alameda County and Contra Costa County secured property tax rolls.

DISCUSSION:

On May 2, 2023, the Board of Directors adopted Resolution No. 14-23 (Attachment 1), establishing annual wastewater service charges for fiscal year ending (FYE) 2025.

Under the provisions of Section 5.30.120 (*Methods of billing wastewater charges*) of the District Code, the District may use a variety of methods to collect wastewater charges as authorized by the Board, whether delinquent or not, including use of the property tax roll, use of internal billing system, third-party billing system, or any other reasonable method. If the District elects to have its wastewater charges collected on the tax roll in the same manner as property taxes, the proceedings shall be those set forth in California Health and Safety Code Section 5473 and California Government Code Section 61115(b). The District has elected to place residential wastewater service charges on the property tax roll since 1971.

It should be noted that the Board is not considering adopting the rates with this agenda item because the rates were previously adopted by Resolution No. 14-23 (Attachment 1) at the public hearing held on May 2, 2023. This evening’s public hearing is to elect placing the residential wastewater service charges on the Alameda County and Contra Costa County property tax rolls, in lieu of manually billing all the residential accounts. Wastewater service charges for non-residential accounts will continue to be included on the non-residential utility bills.

Staff contracted with NBS to prepare the Annual Wastewater Service Charges Levy Report for fiscal year 2024–2025, describing each affected parcel of real property and the applicable charges for the forthcoming fiscal year to be collected on the property tax roll. The Annual Wastewater Service Charge Levy Report is available for review on the District’s website at www.dsrsd.com/your-account/rates-fees (Rates and Fees page) and at the District Office at 7051 Dublin Boulevard, Dublin, California. On May 16, 2024, a written public hearing notice of the wastewater charges to be placed on the property tax roll for the upcoming fiscal year was mailed to affected parcel owners as required under the Community Services District Law, California Government Code Section 61115. A Notice of Public Hearing was also published in the local newspaper via the Bay Area News Group on June 4 and June 11, 2024. As of the deadline for agenda preparation, five written protests have been received. As shown in the Summary of Comments and Protests (Attachment 2), four protests concern the service charge increases, and one protest objects to the levy of the wastewater service charges on the property tax roll.

Originating Department: Administrative Services	Contact: A. Hernandez/M. Gallardo	Legal Review: Not Required
Financial Review: Yes	Cost and Funding Source: N/A	
Attachments: <input type="checkbox"/> None <input checked="" 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 – Resolution No. 14-23 Attachment 2 – Summary of Comments and Protests	

RESOLUTION NO. 14-23

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT ESTABLISHING LOCAL AND REGIONAL WASTEWATER RATES UNDER SECTION 5.30.020 (SERVICE AND DEMAND CHARGES) OF THE DISTRICT CODE AND RESCINDING RESOLUTION NO. 33-17 AND RESOLUTION NO. 36-22

WHEREAS, Section 5.30.020 of the District Code of Regulations allows the Board of Directors to establish user charges by resolution, and

WHEREAS, the District Board last approved a Comprehensive Regional and Local Sewer Rate Study in June 2017 by the adoption of Resolution No. 33-17; and

WHEREAS, the current Local and Regional Wastewater Service Charges were adopted on July 19, 2022, by Resolution No. 36-22, and

WHEREAS, on March 7, 2023, the Board of Directors received the final draft 2023 Comprehensive Regional and Local Sewer Rate Study, dated February 28, 2023, which described recommendations for cost allocation and rate setting; and

WHEREAS, the Board of Directors has considered the recommendations therein and agree that adjustments to the allocation of costs among customer classes are necessary to maintain desired levels of wastewater service within the District's service area; and

WHEREAS, the Board of Directors conducted a duly noticed public hearing on May 2, 2023, and notice of the hearing was provided to all District customers by mail on March 17, 2023, and the Board has considered all of the information received by the Board regarding the proposed recommendation, including the written protests received prior to and comments received at the public hearing; and

WHEREAS, the Board of Directors accepted and caused a tabulation of all written protests against the proposed wastewater rates, in accordance with Article XIII D of the California Constitution (Proposition 218) and the District's Proposition 218 Receipt, Tabulation and Validation of Written Protests Policy P100-19-5, and based upon the results of the tabulation a majority protest against the proposed rates does not exist; and

WHEREAS, the Board of Directors finds and determines that the District has complied with the procedural and substantive requirements set forth in Article XIII D of the California Constitution (Proposition 218) and all relevant statutes that provide for revisions to property-related rates and charges, and the Board further finds and determines that the recommended revisions to the wastewater rates are in the best interests of the District and will pay for ongoing operations, maintenance, repair and improvements to the District's facilities; and

WHEREAS, the California Environmental Quality Act (CEQA), Section 15273. Rates, Tolls, Fares, and Charges, states that CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies which the public agency finds are for the purpose of:

- (1) Meeting operating expenses, including employee wage rates and fringe benefits;
- (2) Purchasing or leasing supplies, equipment, or materials;
- (3) Meeting financial reserve needs and requirements;
- (4) Obtaining funds for capital projects, necessary to maintain service within existing service areas;
- (5) Obtaining funds necessary to maintain such intra-city transfers as are authorized by city

charter; and

WHEREAS, the proposed wastewater rates are explicitly for the purposes above, as described in detail in the 2023 Comprehensive Regional and Local Sewer Rate Study.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT, a public agency located in the Counties of Alameda and Contra Costa, California, that the Board of Directors hereby declares each of the foregoing recitals true and correct and fully incorporated herein; and

BE IT FURTHER RESOLVED that the Board of Directors hereby adopts the 2023 Comprehensive Regional and Local Sewer Rate Study prepared by HDR Engineering, Inc., dated February 28, 2023, including adoption of the local and regional wastewater rate schedules for Fiscal Years 2024 through 2028 inclusive; and

BE IT FURTHER RESOLVED by the Board of Directors as follows:

1. That this resolution shall be effective immediately upon its adoption and the Local and Regional Wastewater Rates, as shown in the attached Exhibit A, are hereby established as operative for all billing periods commencing on and after July 1, 2023, unless and until subsequently revised as provided for herein.

2. The Consumer Price Index — All urban Consumers for the San Francisco-Oakland-San Jose, California area (CPI), provides an appropriate and accurate measure of the increases in operating costs of the sort used to calculate the amount of the District's user charges, and the Board therefore adopts said Consumer Price Index as the index for measuring increases in the cost of such costs for the purpose of future automatic adjustments to the District's user charges.

3. Unless otherwise acted upon by the Board, the amount of the Local Wastewater Rates will be automatically adjusted effective July 1 of each year as shown in the attached Exhibit A,

commencing with Fiscal Year 2024 and ending with Fiscal Year 2028 and as described in the sentence that follows. The General Manager is authorized and directed to increase the Local Wastewater Rates by the percentage by which the most recent CPI available as of the last day of February for that calendar year has increased in relation to the most recent corresponding CPI available the last day of February of the preceding calendar year. These automatic increases shall apply to Fiscal Years 2026, 2027 and 2028, unless further authorized pursuant to the procedures specified in section 6 of Article XIII D of the California Constitution and Government Code section 53755.

4. Unless otherwise acted upon by the Board, the amount of the Regional Wastewater Rates will be automatically adjusted effective July 1 of each year as shown in the attached Exhibit A, commencing with Fiscal Year 2024 and ending with Fiscal Year 2028 and as described in the sentence that follows. The General Manager is authorized and directed to increase the Regional Wastewater Rates by the percentage by which the most recent CPI available as of the last day of February for that calendar year has increased in relation to the most recent corresponding CPI available the last day of February of the preceding calendar year. These automatic increases shall apply to Fiscal Years 2026, 2027 and 2028, unless further authorized pursuant to the procedures specified in section 6 of Article XIII D of the California Constitution and Government Code section 53755.

5. The General Manager shall notify the Board of an automatic adjustment per this resolution and post the new Local and Regional Wastewater Rates on the District's website by April 30 of each year and customers shall receive notification thereof in accordance with Government Code section 53756.

6. The wastewater service charges are subject to the statute of limitations provided for in California Government Code section 53759.

7. Resolution No. 33-17 and Resolution No. 36-22 are rescinded in full effective July 1, 2023, and are included as Exhibit B to this document and this resolution shall thereafter supersede any prior resolutions of the Board of Directors setting wastewater service charges, to the extent contrary to this resolution.

8. If any provision of this resolution, or any part thereof, is for any reason held to be ultra vires, invalid, unenforceable, or unconstitutional, the remaining provisions shall not be affected but shall remain in full force and effect, and to this end the provisions of this resolution are severable.

ADOPTED by the Board of Directors of Dublin San Ramon Services District, a public agency in the State of California, Counties of Alameda and Contra Costa, at its regular meeting held on the 2nd day of May, 2023, and passed by the following vote:

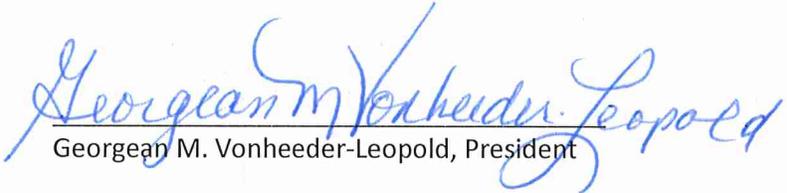
AYES: 5 – Directors Dinesh Govindarao, Richard M. Halket, Arun Goel, Ann Marie Johnson, Georgean M. Vonheeder-Leopold

NOES: 0

ABSENT: 0

ATTEST:


Nicole Genzale, District Secretary


Georgean M. Vonheeder-Leopold, President

**Residential – Current and Proposed Rates
(Combined Local and Regional Bimonthly Rates)**

Customer Class	Billing Unit	Current Rates (\$)	Effective July 1, 2023 (Fiscal Year 2024)	Effective July 1, 2024 (Fiscal Year 2025)	Effective July 1, 2025 July 1, 2026 July 1, 2027 (Fiscal Years 2026-28)
Single Family or Townhouse	Annual	82.62	82.58	86.03	Percentage increases will be set by and limited to inflation applied to the previous year's rate.*
Condominium	Annual	56.93	61.98	64.54	
Duplex	Annual	165.24	165.16	172.06	
Single Family w/ 2 nd Dwelling	Annual	130.84	144.55	150.58	
Multifamily	Bimonthly	48.22	61.98	64.54	

*Rates will be adjusted upward annually by the February to February CPI increase for each of the fiscal years ending 2026, 2027, and 2028. Examples illustrating the effect of CPI increases and the specific amounts of the combined rates attributable to the Local and Regional components may be found at www.DSRSD.com.

Non-Residential – Current Rates
(Classifications have been modified for proposed future rates)

Customer Class	Billing Unit	Current
Commercial		
Low: ≤ 300 mg/L	ccf	3.93
Medium: > 300 mg/L and ≤ 600mg/L	ccf	6.66
High: >600 mg/L	ccf	8.80
Institutional		
Schools (submetered)	ccf	3.92
Schools (not submetered)	ccf	3.29
Other Institutions	ccf	3.92
Industrial		
Low: ≤ 1,000 mg/L	ccf	10.52
Medium: > 1,000 mg/L and ≤ 1,500mg/L	ccf	12.91
High: >1,500 mg/L	ccf	15.31
Septic Haulers	gallon	0.069

Non-Residential – Proposed Rates
(Combined Local and Regional Bimonthly Rates)

Commercial/Institutional/Industrial (per CCF)	Effective July 1, 2023 (Fiscal Year 2024)	Effective July 1, 2024 (Fiscal Year 2025)	Effective July 1, 2025 July 1, 2026 July 1, 2027 (Fiscal Years 2026-28)
Less than or equal to 300 mg/L	4.58	4.77	Percentage increases will be set by and limited to inflation, applied to the previous year's rate.*
Between 300 and 450 mg/L	5.49	5.71	
Between 450 and 600 mg/L	6.41	6.65	
Between 600 and 750 mg/L	7.32	7.59	
Between 750 and 900 mg/L	8.23	8.53	
Between 900 and 1,050 mg/L	9.14	9.46	
Greater than 1,050 mg/L	To be determined by District on calculation basis		

Dublin San Ramon Services District – East Bay Municipal Utility District Recycled Water Agency (DERWA)	Current	Effective July 1, 2023	Effective July 1, 2024	Effective July 1, 2025 July 1, 2026 July 1, 2027
\$/Connection	6.65			Percentage increases will be set by and limited to inflation*, applied to the previous year's rate.
Demand (\$/MG)	125.90	3,888.52	4,005.18	
BOD (\$/lb)	0.0579	0.3549	0.3655	
TSS (\$/lb)	0.0194	0.7164	0.7379	
Septic Haulers (A1 Enterprises) (per CCF)	0.0690	0.0358	0.0369	

*Rates will be adjusted upward annually by the February to February CPI increase for each of the fiscal years ending 2026, 2027, and 2028. Examples illustrating the effect of CPI increases may be found at www.DSRSD.com..

RESOLUTION NO. 33-17

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT ESTABLISHING LOCAL AND REGIONAL WASTEWATER RATES UNDER SECTION 5.30.020 (SERVICE AND DEMAND CHARGES) OF THE DISTRICT CODE AND RESCINDING RESOLUTION NO. 31-10.

WHEREAS, Section 5.30.020 of the District Code of Regulations allows the Board of Directors to establish user charges by resolution, and

WHEREAS, the current Local and Regional Wastewater Service Charges were adopted on July 20, 2010 by Resolution No. 31-10, and

WHEREAS, cost of service studies were completed to determine the rates needed for the Local and Regional Wastewater Enterprise, and

WHEREAS, on April 18, 2017, the Board was provided a comprehensive overview of the rate study process and assumptions, a financial review of the Wastewater Enterprises and a presentation of rate allocations to review and provided guidance on the adoption thereof.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT, a public agency located in the Counties of Alameda and Contra Costa, California as follows:

1. The Consumer Price Index — All urban Consumers for the San Francisco-Oakland-San Jose, California area (CPI), provides an appropriate and accurate measure of the increases in operating costs of the sort used to calculate the amount of the District's user charges, and the Board therefore adopts said Consumer Price Index as the index for measuring increases in the cost of such costs for the purpose of future automatic adjustments to the District's user charges.
2. The Local and Regional Wastewater Rates as shown in the attached Exhibit A are hereby established effective July 1, 2017.
3. Unless otherwise acted upon by the Board, the amount of the Local Wastewater Rates will be adjusted automatically effective July 1 of each year as shown in the attached Exhibit A, commencing with FYE 2018 and ending with FYE 2022, unless further authorized pursuant to the procedures specified in section 6 of article XIID of the California Constitution and Government Code section 53755.
4. Unless otherwise acted upon by the Board, the amount of the Regional Wastewater Rates will be automatically adjusted effective July 1 of each year by the CPI as defined above and as described in the sentence that follows. The General Manager is authorized and directed to increase the Regional Wastewater Rates by the percentage by which the most recent CPI available as of the last day of February for that calendar year has increased in relation to the most recent corresponding CPI available the last day of February of the preceding calendar year. Examples of how a 2% CPI would affect the Regional Wastewater Rates is shown in the attached Exhibit A. These automatic increases shall apply to FYE 2019, FYE 2020, FYE 2021 and FYE 2022, unless further authorized pursuant to the procedures specified in section 6 of article XIID of the California Constitution and Government Code section 53755.

Res. No. 33-17

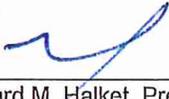
5. The General Manager shall post the new Local and Regional Wastewater Rates on the District's website by March 31 of each year and customers shall receive notification thereof in accordance with section 53756 of the Government Code.
6. Resolution No. 31-10 is rescinded effective July 1, 2017, and is included as Exhibit B to this document.

ADOPTED by the Board of Directors of the Dublin San Ramon Services District, a public agency in the State of California, Counties of Alameda and Contra Costa, at its regular meeting held on the 20th day of June 2017, and passed by the following vote:

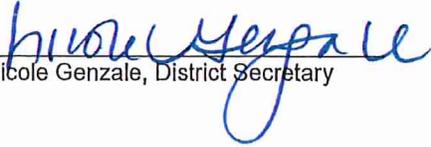
AYES: 4 - Directors D.L. (Pat) Howard, Georgean M. Vonheeder-Leopold,
Edward R. Duarte, Richard M. Halket

NOES: 0

ABSENT: 1 - Director Madelyne A. Misheloff



Richard M. Halket, President

ATTEST: 
Nicole Genzale, District Secretary

RESOLUTION NO. 36-22

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT ESTABLISHING LOCAL AND REGIONAL WASTEWATER RATES UNDER CHAPTER 5.30.020 OF THE DISTRICT CODE AND RESCINDING RESOLUTION NO. 33-17

WHEREAS, Chapter 5.30.020 of the District Code of Regulations allows the Board of Directors to establish user charges by resolution; and

WHEREAS, the current Local and Regional Wastewater Service Charges were adopted on June 20, 2017, by Resolution No. 33-17; and

WHEREAS, on May 17, 2022, the Board was provided an overview of the rate assumptions and financial review necessary to consider and justify extending the *2017 Regional Sewer Rate Study* and *2017 Local Wastewater Rate Study* for an additional year to develop proposed fiscal year ending 2023 wastewater service charges; and

WHEREAS, the public has received notification of the proposed rate adjustment and the public hearing in accordance with Proposition 218; and

WHEREAS, the Board reviewed the protests and determined that a majority protest does not exist; and

WHEREAS, the rates, as adopted by this resolution, will supersede those previously established in Resolution No. 33-17.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT, a public agency located in the Counties of Alameda and Contra Costa, California as follows:

1. The Local and Regional Wastewater Rates as shown in Exhibit "A," attached hereto and incorporated herein as if fully set forth, are hereby established effective September 1, 2022.
2. The General Manager shall post the new Local and Regional Wastewater Rates on the District website following the adoption of this Resolution.
3. Resolution No. 33-17, attached as Exhibit "B," is rescinded effective September 1, 2022.

Res. No. 36-22

ADOPTED by the Board of Directors of the Dublin San Ramon Services District, a public agency in the State of California, Counties of Alameda and Contra Costa, at its regular meeting held on the 19th day of July, 2022, and passed by the following vote:

AYES: 4 – Directors Georgean M. Vonheeder-Leopold, Ann Marie Johnson, Arun Goel, Marisol Rubio

NOES: 0

ABSENT: 1 – Director Richard M. Halket


Richard M. Halket, President

ATTEST: 
Nicole Genzale, District Secretary

**SUMMARY OF COMMENTS MADE IN PROTEST LETTERS RELATED TO THE
JUNE 18, 2024 WASTEWATER LEVY ON PROPERTY TAX ROLL**

No.	Date Received	Apparent Protest?	Summary of Comments Made
RECEIVED BEFORE AGENDA PREPARATION DEADLINE (SUMMARIZED IN STAFF REPORT FOR WASTEWATER RATES)			
1	May 20, 2024	Yes	<ul style="list-style-type: none"> We protest the rate increase since the rate is already too high.
2	May 20, 2024	Yes	<ul style="list-style-type: none"> I am writing to formally protest the proposed increase in the annual service charge imposed by the Dublin San Ramon Services District (DSRSD) on the secured property tax bill. As a resident and taxpayer within this jurisdiction, I am deeply concerned about the financial impact this increase will have on myself and other community members. Firstly, the timing of this increase is particularly burdensome. In the current economic climate, many residents are already struggling with the rising cost of living, stagnant wages, and the financial aftershocks of the COVID-19 pandemic. An additional increase in service charges exacerbates these challenges, placing undue strain on households trying to make ends meet. Secondly, there appears to be a lack of transparency and community involvement in the decision-making process leading to this increase. It is crucial that residents are fully informed about the reasons behind such increases and are given ample opportunity to voice their concerns. Furthermore, it is essential to consider whether all possible cost-saving measures have been explored and implemented by the DSRSD before deciding to pass additional costs onto the residents. Efficient management of resources and services should be a priority, and any inefficiencies or areas of potential savings should be thoroughly examined and addressed prior to increasing service charges Lastly, I urge the DSRSD to consider the cumulative effect of frequent rate increases on the community's financial stability. I strongly urge the Dublin San Ramon Services District to reconsider the proposed increase in the annual service charge. I believe a more measured and community-focused approach will better serve the long-term interests of both the DSRSD and its residents.
3	May 28, 2024	Yes	<ul style="list-style-type: none"> I protest Sewer service charges. Public hearing June 18 2024.
4	May 30, 2024	Yes	<ul style="list-style-type: none"> I understand service charges are increasing. I also understand that under Dwelling Type -Single Family w/ 2nd Dwelling Unit that charge should be increased for additional toilet, sink, and shower loads. However, all 2nd Dwellings are not the same. An ADU and a JADU may be completely different in water service load. My issue is that I find the fee increase excessive for a JADU that may not have additional sink, toilet or shower built in as those are not required for a JADU. Please consider reducing the service charge for any JADU as a 2nd Dwelling that does not have an additional bathroom and/or sink.
5	June 6, 2024	Yes	<ul style="list-style-type: none"> I understand that costs for sewer infrastructure go up, however I object to the service charge being levied onto my secured property taxes. I was not happy when the sewer charges originally were transferred from the bi-monthly bill to the property taxes and I would like to see it back onto the normal bill cycle rather than my property taxes.

RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT APPROVING THE ANNUAL WASTEWATER SERVICE CHARGES LEVY REPORT AND DIRECTING THE LEVY AND COLLECTION OF WASTEWATER SERVICE CHARGES ON THE ALAMEDA COUNTY AND CONTRA COSTA COUNTY SECURED PROPERTY TAX ROLLS FOR 2024–2025

WHEREAS, Section 5.30.020 of the District Code allows the Board of Directors to establish user charges by resolution; and

WHEREAS, on May 2, 2023, the Board of Directors conducted a duly noticed public hearing after a notice of the hearing was provided to all District customers by mail on March 17, 2023, under the provisions of Article XIII(D), Section 6 of the California State Constitution, known as Proposition 218; and

WHEREAS, at the public hearing on May 2, 2023, the Board considered all of the information received by the Board regarding the proposed recommendation, including the written protests received prior to and comments received at the public hearing; and

WHEREAS, after the public hearing was held on May 2, 2023, the Board adopted Resolution No. 14-23 establishing the Local and Regional Wastewater Rates with a five-year schedule of increases for Local and Regional Wastewater Rates for the period of July 1, 2023, to June 30, 2028; and

WHEREAS, the Board of Directors conducted a duly noticed public hearing on June 18, 2024, with a notice of the hearing of the collection of wastewater service charges on the Alameda County and Contra Costa County secured property tax rolls for fiscal year ending 2025 mailed to the parcel owners for all affected parcels on May 16, 2024, and published in a newspaper of general circulation on June 4 and June 11, 2024; and

WHEREAS, under Section 5473.1 of the California Health and Safety Code and Section 61115(b) of the California Government Code, the Board may provide that any charges and penalties may be collected on the tax roll in the same manner as property taxes; and

WHEREAS, Section 5.30.120 “Methods of billing wastewater charges” of the District Code allows the District to use a variety of methods to collect wastewater charges as authorized by the Board, whether delinquent or not, including use of property tax roll, use of internal billing system, third-party billing system, or any other reasonable method; and

WHEREAS, the District has been collecting wastewater charges on the property tax roll since 1971.

Res. No. _____

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF DUBLIN SAN RAMON SERVICES DISTRICT, a public agency located in the Counties of Alameda and Contra Costa, California, as follows:

1. **Objections and Protests.** Five protests, of which four were protesting the service charge increases and one was protesting the levy of the wastewater service charges on the property tax rolls for Alameda County and Contra Costa County, as a whole or as to any part thereof, were received prior to or at the Public Hearing.

2. **Collection of Wastewater Service Charges.** The Board hereby elects to have those certain wastewater charges established by the District for wastewater services collected on the tax roll of the Counties of Alameda and Contra Costa, and in the manner provided pursuant to Section 5473.1 of the California Health and Safety Code, Section 61115(b) of the California Government Code, and said resolutions of the District.

3. **Annual Wastewater Service Charges Levy Report Approved.** The Annual Wastewater Service Charges Levy Report, in the form on file with the District Secretary, and to which reference is hereby made for further particulars, including levy of service charges to affected parcels, is hereby approved and confirmed and shall stand as the Wastewater Service Charge Annual Report for the next fiscal year.

4. **Effective Date.** This resolution shall be effective upon the date of its adoption.

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 this 18th day of June, 2024, and passed by the following vote:

AYES:

NOES:

ABSENT:

Ann Marie Johnson, President

ATTEST: _____
Nicole Genzale, District Secretary



TITLE: Accept Regular and Recurring Report: Quarterly Financial Report

RECOMMENDATION:

Staff recommends the Board of Directors accept, by Motion, regular and recurring report: Quarterly Financial Report for the third quarter of fiscal year ending 2024 covering July 1, 2023 through March 31, 2024.

DISCUSSION:

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

The following report is presented this month for acceptance as part of Attachment 1:

Reference C – Quarterly Financial Report

The Quarterly Financial Report presents an unaudited budget-to-actual financial report of the District’s three enterprises (Local Wastewater, Regional Wastewater, and Water) and the Administrative Cost Center, including revenues and expenses, transfers, beginning and ending working capital, and reserve levels. The attached report covers the District’s operating funds through the third quarter of fiscal year ending (FYE) 2024. Information on the District’s capital funds will be included in the next Quarterly Financial Report for the fourth quarter of FYE 2024 that will be presented to the Board in September 2024.

For the unaudited third quarter financial report for FYE 2024, the District’s three enterprises have received 64% of budgeted operating revenues and expended 68% of budgeted operating expenses as of March 31, 2024. Operating expenses for the Local Wastewater and Water enterprises are currently projected to be at or below the FYE 2024 budget at year end. Operating expenses for Regional Wastewater are projected to exceed the FYE 2024 budget by approximately \$800,000, primarily due to the unbudgeted LAVWMA true-up for FYE 2023 and higher than budgeted natural gas prices. Staff will be requesting a mid-cycle budget adjustment for FYE 2024 to reflect these unanticipated costs for the Regional Wastewater enterprise.

Working capital for the Local Wastewater and Regional Wastewater operating funds (Enterprise and Rate Stabilization) are above policy target levels. The working capital for the Water enterprise is below target reserve levels but above the minimum reserve level.

Originating Department: Administrative Services	Contact: T. Lucero/K. Spray	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	
		28 of 40

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 website	N/A
B	Treasurer’s Report ¹	Quarterly	CA Government Code 53646	5/6/2024		August 2024
C	Quarterly Financial Report	Quarterly	Budget Accountability Policy	6/7/2022 ²	Yes	September 2024
D	Outstanding Receivables Report	Annually – Fiscal Year	District Code 1.50.050	8/15/2023		August 2024
E	Employee and Director Reimbursements greater than \$100 ³	Annually – Fiscal Year	CA Government Code 53065.5	8/15/2023		August 2024
F	Utility Billing Leak Adjustments ⁴	Annually – Fiscal Year	Utility Billing Leak Adjustments Policy	Total FYE 2023 credits below \$25,000		August 2024
G	Annual Rate Stabilization Fund Transfer Calculation	Annually – After Audit	Financial Reserves Policy	5/6/2024		March 2025
H	Capital Projects created from Programs	Quarterly	Budget Accountability Policy	N/A ⁵		September 2024
I	Capital Budget Adjustments approved by the General Manager			N/A ⁵		

¹ To meet the 45-day reporting requirement, the Quarterly Treasurer’s Report (Ref B) will be included in (1) the General Manager Report to Board and the next Board meeting agenda packet, or (2) the next Board meeting agenda packet only.

² Financial reporting for Fiscal Year Ending 2023 included in the 2023 Annual Comprehensive Financial Report, that was accepted by the Board in December 2023.

³ Reimbursements also reported monthly in the Warrant List (Ref A).

⁴ Per Utility Billing Leak Adjustments policy, a report will be presented to the Board if total credits in any fiscal year exceed \$25,000.

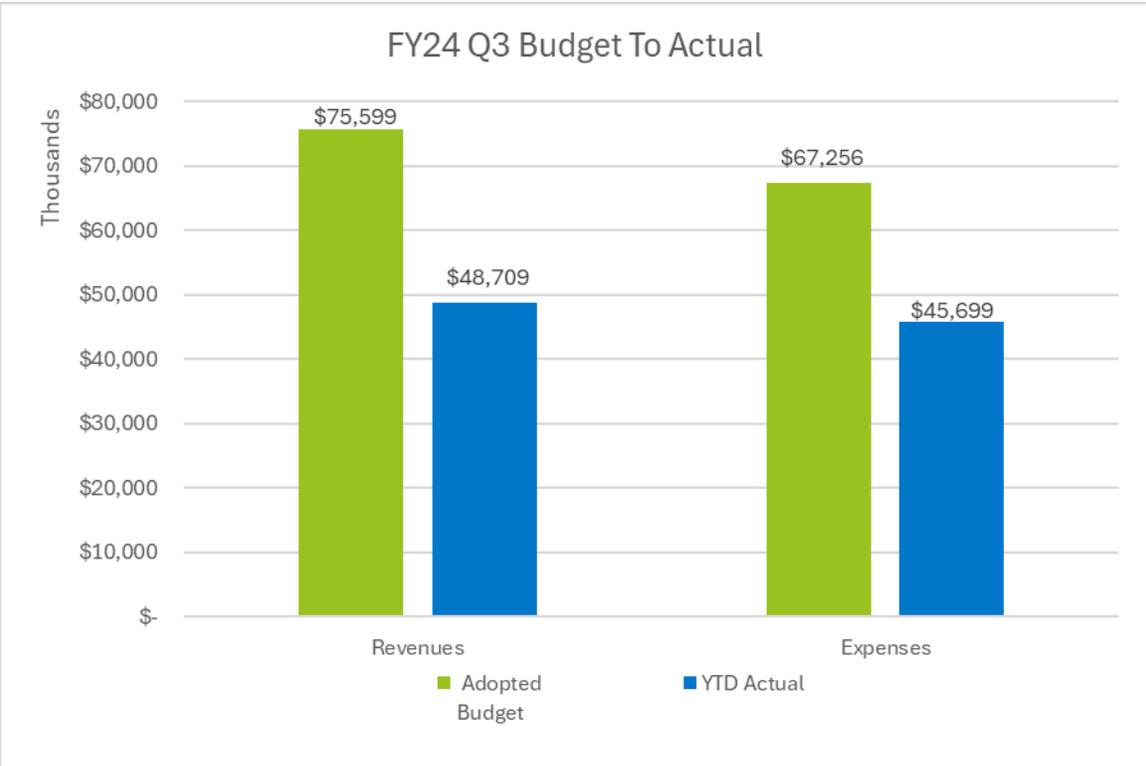
⁵ Capital reporting will be consistent with the Budget Accountability Policy adopted by the Board on May 16, 2023.

Dublin San Ramon Services District
Unaudited Quarterly Financial Report – Third Quarter of Fiscal Year Ending 2024
Period: 7/1/2023 to 3/31/2024

This Quarterly Financial Report presents an unaudited budget-to-actual financial report of the District’s three enterprises (Local Wastewater, Regional Wastewater, and Water) and the Administrative Cost Center, including revenues and expenses, transfers, beginning and ending working capital, and reserve levels for the period from July 1, 2023 through March 31, 2024.

OPERATING FUNDS:

The District maintains two operating funds (Enterprise and Rate Stabilization) for each of its three enterprises (Local Wastewater, Regional Wastewater, and Water). For the unaudited third quarter financial report for fiscal year ending (FYE) 2024, the District’s three enterprises have received 64% of budgeted operating revenues and expended 68% of budgeted operating expenses as of March 31, 2024.



Operating expenses for the Local Wastewater and Water enterprises are currently projected to be at or below the FYE 2024 budget at year end. Operating expenses for Regional Wastewater are projected to exceed the FYE 2024 budget by approximately \$800,000, primarily due to the unbudgeted LAVWMA true-up for FYE 2023 and higher than budgeted natural gas prices. Staff will be requesting a mid-cycle budget adjustment for FYE 2024 to reflect these unanticipated costs.

Working capital for the Local Wastewater and Regional Wastewater operating funds (Enterprise and Rate Stabilization) are above policy target levels (combined eight months working capital). The working capital for the Water enterprise is below target reserve levels but above the minimum reserve level (four months of combined working capital).

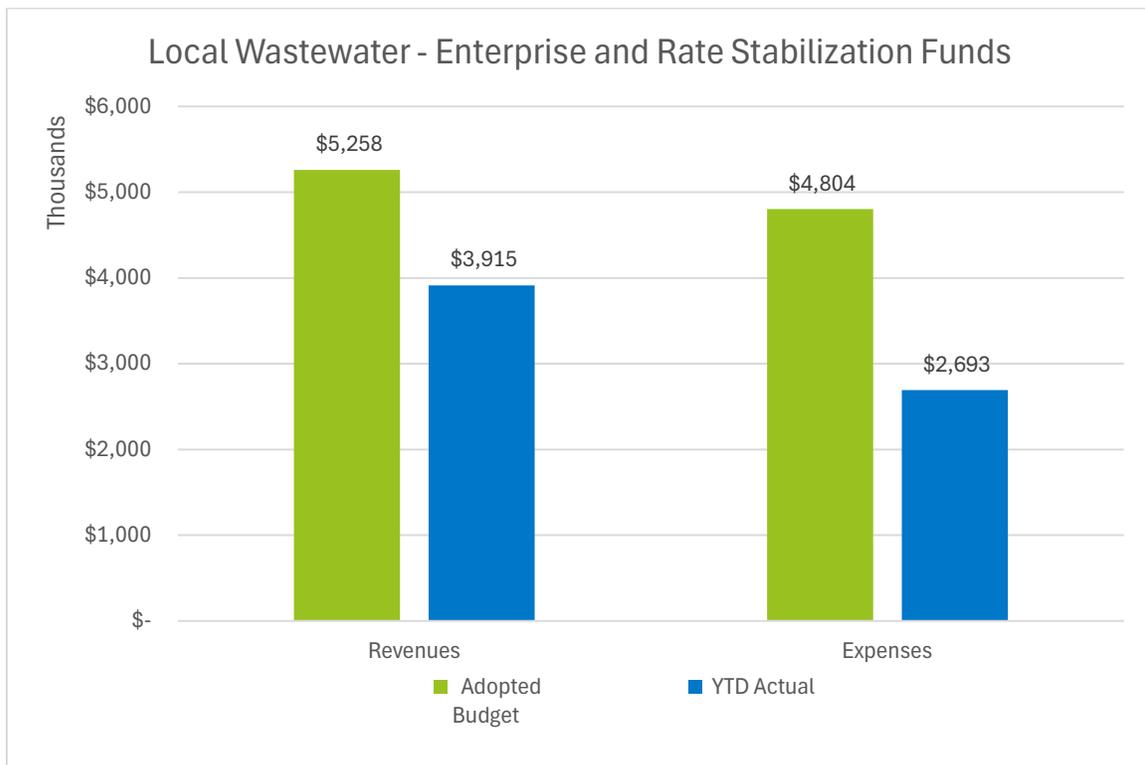
A breakdown of revenue, expenses, and working capital by enterprise is provided in the following sections.

Local Wastewater Funds 200 and 205:

The Local Wastewater enterprise provides sewer collection services in Dublin and southern San Ramon. The collection system consists of the sewer pipes that convey wastewater from residences and businesses to the Regional Wastewater Treatment Plant. For the unaudited third quarter financial report for FYE 2024, the District’s Local Wastewater enterprise received 74% of budgeted operating revenues and expended 56% of budgeted operating expenses as of March 31, 2024.

Highlights include:

- *Revenues* – Local Wastewater service charges year-to-date are tracking higher than the prior year but are projected to be lower than budgeted for FYE 2024. Interest earned year to date is substantially higher than budgeted due to higher short-term interest rates.
- *Expenses* – Overall operating expenses for FYE 2024 are projected to be below budget, primarily due to staffing vacancies.
- *Transfers* – Transfers include an unbudgeted residual equity transfer to Fund 900 for prior year expenses that were not previously allocated (see Fund 900).



Local Wastewater Funds
Enterprise (Fund 200) and Rate Stabilization (Fund 205)

	(a)	(b)	(a)-(b)	
	Adopted Adopted Budget	Actual YTD	Over/ Under Budget	Percentage Collect/Use
Operating Revenues				
Service Charges - Dublin	\$3,933,313	\$2,679,340	\$1,253,973	68.1%
Service Charges - San Ramon	875,127	627,848	247,279	71.7%
Inspections & Plan Check Fees	369,500	388,574	(19,074)	105.2%
Other Revenues (1)	500	17,069	(16,569)	3413.7%
Interest	80,000	201,768	(121,768)	252.2%
Total Revenues	\$5,258,440	\$3,914,599	\$1,343,841	74.4%
Operating Expenses				
Salaries & Benefits	\$3,284,670	\$1,909,279	\$1,375,391	58.1%
Staff Time Charged to CIP & JPAs	(159,635)	(112,574)	(47,061)	70.5%
Materials & Supplies	117,655	78,576	39,079	66.8%
Gas & Electric	16,060	10,745	5,315	66.9%
Contract Services	509,842	165,027	344,815	32.4%
Allocated Costs	1,020,019	628,681	391,338	61.6%
Other Expenses	15,740	13,537	2,203	86.0%
Total Expenses	\$4,804,351	\$2,693,270	\$2,111,081	56.1%
Transfers in	-	-	-	
Transfers Out to Replacement & OPEB (2)	891,254	600,000	291,254	67.3%
Residual Equity Transfer Out (3)	-	150,279	(150,279)	100.0%
Net Increase (Decrease)	(\$437,165)	\$471,050		
Beginning Working Capital	5,632,287	5,632,287		
Ending Working Capital	\$5,195,122	6,103,337		
Working Capital Minimum (4 mos)	\$1,601,450	\$1,601,450		
Working Capital Target (8 mos)	3,202,900	3,202,900		

(1) Other revenues reflect proceeds from the sale of a vehicle

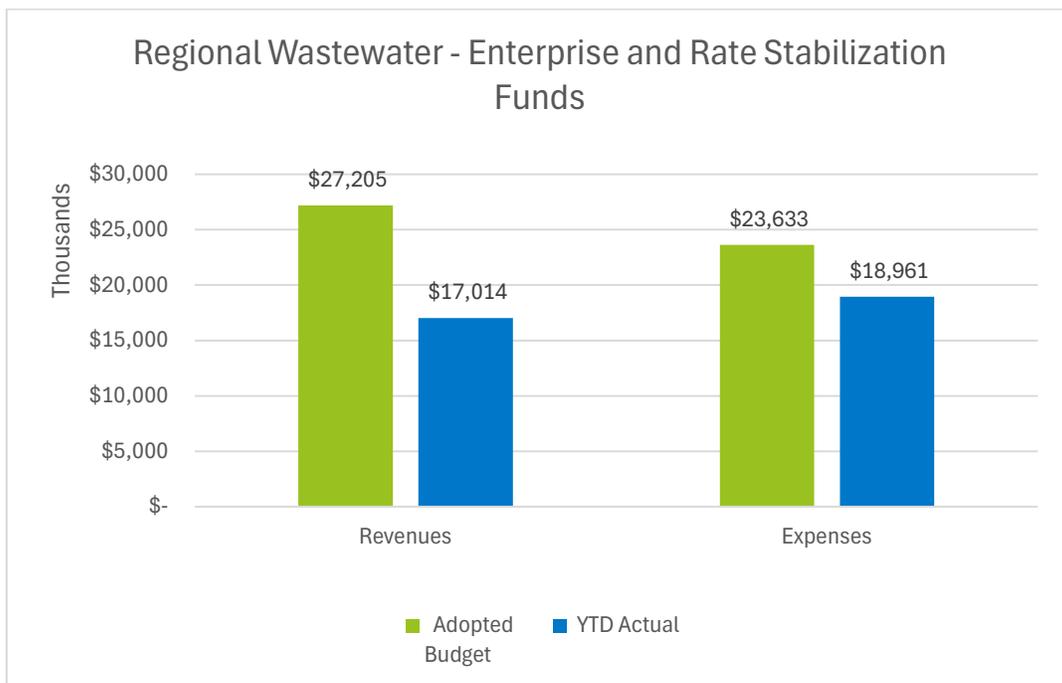
(2) Does not reflect transfers approved by the Board on May 6, 2024, based on the Fiscal Year Ending 2023 Annual Report on Rate Stabilization Funds Reserves.

(3) FY 2023 Unfunded Accrued Liability payment allocation

Regional Wastewater Funds 300 and 305:

The Regional Wastewater enterprise provides wastewater treatment and disposal services in Dublin and southern San Ramon, and the City of Pleasanton (by contract). For the unaudited third quarter financial report for FYE 2024, the District’s Regional Wastewater enterprise received 63% of budgeted operating revenues and expended 80% of budgeted operating expenses as of March 31, 2024. Highlights include:

- *Revenues* - Regional Wastewater charges year-to-date are tracking higher than the prior year but are projected to be lower than budgeted for FYE 2024. Pleasanton service charges are low due to the timing of billing and collections. Pleasanton collects DSRSD wastewater treatment charges on their combined bimonthly water/sewer bill and remits payments to DSRSD. Therefore, it is typical for there to be a delay in the timing between when services are billed and when payments are remitted to DSRSD. Other revenues reflect increased laboratory and inspection fees, including laboratory services provided to Pleasanton under the Tri-Valley Intergovernmental Reciprocal Services Agreement. Interest earned year-to-date is substantially higher than budgeted due to higher short-term interest rates.
- *Expenses* – Operating expenses for Regional Wastewater are projected to exceed the FYE 2024 budget by approximately \$800,000, primarily due to the LAVWMA true-up for FYE 2023 and higher than budgeted natural gas prices. The LAVWMA member agencies pay their proportion of estimated LAVWMA expenses upfront, at the beginning of each fiscal year, based on projected wastewater discharges. At the close of the fiscal year, actual expenses are reconciled based on each member agency’s actual wastewater flows that are discharged through the LAVWMA system. The reconciled costs are credited or billed to the member agencies in the following fiscal year. The winter of 2022/2023 was historically wet and resulted in an unbudgeted true-up charge of nearly \$600,000 that was paid by DSRSD in FYE 2024. Staff will be requesting a mid-cycle budget adjustment for FYE 2024 to reflect these unanticipated costs.
- *Transfers* - Transfers include an unbudgeted residual equity transfer to Fund 900 for prior year expenses that were not previously allocated (see Fund 900).



Regional Wastewater Funds
Enterprise (Fund 300) and Rate Stabilization (Fund 305)

	(a)	(b)	(a) - (b)	
	Adopted Budget	Actual YTD	Over/ Under Budget	Percentage Collect/Use
Operating Revenues				
Wastewater Charges-Dublin (1)	\$9,816,719	\$7,471,468	\$2,345,251	76.1%
Wastewater Charges-Pleasanton	11,985,722	5,181,706	6,804,016	43.2%
Wastewater Charges-San Ramon	2,281,115	1,575,029	706,086	69.0%
Industrial Waste-Dublin	80,000	57,318	22,682	71.6%
Industrial Waste-Pleasanton	85,000	55,598	29,402	65.4%
DERWA charges	2,577,048	1,706,375	870,673	66.2%
Other Revenues	30,000	109,053	(79,053)	363.5%
Interest	349,000	857,315	(508,315)	245.6%
Total Revenues	\$27,204,604	\$17,013,862	\$10,190,742	62.5%
Operating Expenses				
Salaries & Benefits	\$11,259,368	\$8,330,966	\$2,928,402	74.0%
Staff Time Charged to CIP & JPAs	(1,699,611)	(1,066,222)	(633,389)	62.7%
Materials & Supplies	2,903,585	1,929,975	973,610	66.5%
Gas & Electric	1,978,206	1,532,578	445,628	77.5%
Contractual Services	1,624,168	1,085,630	538,538	66.8%
Allocated costs	3,071,473	2,057,036	1,014,437	67.0%
LAVWMA JPA Contribution	4,472,908	5,066,497	(593,589)	113.3%
Other Expenses	22,520	24,261	(1,741)	107.7%
Total Expenses	\$23,632,616	\$18,960,721	\$4,671,895	80.2%
Transfer In	-	-	-	
Transfers Out to Replacement & OPEB (1)	274,784	1,800,000	(1,525,216)	655.1%
Transfers Out to Water for 5th Supplement Agreement	400,000	332,069	67,931	83.0%
Residual Equity Transfer Out (2)	-	616,477	(616,477)	100.0%
Net Increase (Decrease)	\$2,897,204	(\$4,695,405)		
Beginning Working Capital	24,415,324	24,415,324		
Ending Working Capital	\$27,312,527	\$19,719,919		
Working Capital Minimum (4 mos)	\$7,877,539	\$7,877,539		
Working Capital Target (8 mos)	15,755,078	15,755,078		

(1) Dublin wastewater charges revised to exclude DERWA charges.

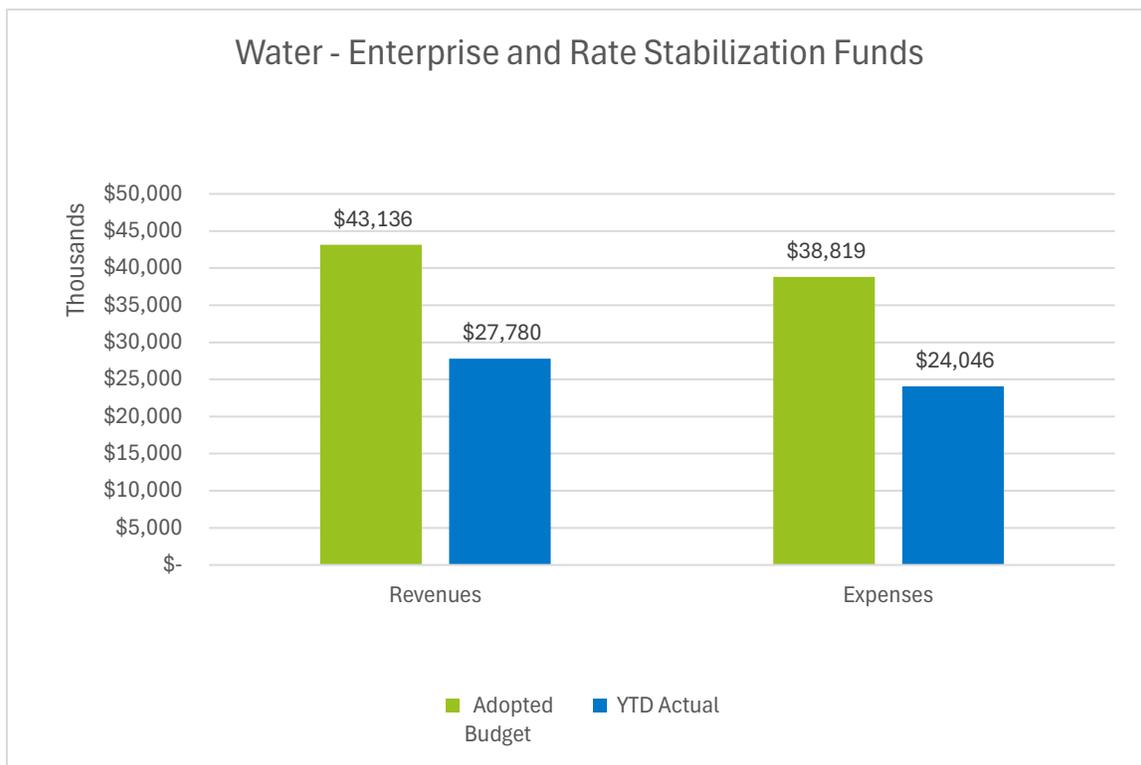
(2) Does not reflect transfers approved by the Board on May 6, 2024, based on the Fiscal Year Ending 2023 Annual Report on Rate Stabilization Funds Reserves.

(3) FY 2023 Unfunded Accrued Liability payment allocation.

Water Funds 600 and 605:

The Water enterprise provides potable and recycled water to Dublin and the Dougherty Valley area of San Ramon. For the unaudited third quarter financial report for FYE 2024, the District’s Water enterprise received 64% of budgeted operating revenues and expended 62% of budgeted operating expenses as of March 31, 2024.

- *Revenues* – Potable water and recycled water service charges year-to-date are similar to the prior year and projected to be under budget for FYE 2024. DSRSD is not seeing signs of a post-drought recovery in water sales. In addition, the weather, which is a major factor for recycled water irrigation demands, has been relatively mild this fiscal year. Overall water sales are down approximately 10% from pre-drought levels. Similarly, the power charge is lower than budgeted due to decreased water sales and customer billing credits that were reflected during this financial reporting period. Other revenues consist of an allocation of a property tax settlement and telecommunication lease revenues. Interest earned year to date is substantially higher than budgeted due to higher short-term interest rates.
- *Expenses* – Expenses are projected to be under budget for FYE 2024 primarily due to lower water purchases and energy usage for pumping water. Material, supply, and contract service expenses are also lower than budgeted. Several studies and projects are not anticipated to be completed in FYE 2024. Staff plans to request a mid-cycle budget adjustment so these efforts can be completed in FYE 2025. The DERWA JPA contribution percentage will adjust to 77%, which is on track, once the March invoices are processed.
- *Transfers* - Transfers include an unbudgeted residual equity transfer to Fund 900 for prior year expenses that were not previously allocated (see Fund 900).



Water Funds
Enterprise (Fund 600) and Rate Stabilization (Fund 605)

	(a)	(b)	(a) - (b)	
	Adopted Budget	Actual YTD	Over/ Under Budget	Percentage Collect/Use
Operating Revenues				
Potable Water Charges	\$33,600,000	\$21,654,053	\$11,945,947	64.4%
Recycled Water	5,680,000	3,259,658	2,420,342	57.4%
Power Charge	1,030,000	372,095	657,905	36.1%
Inspections & Plan Check Fees	1,040,500	867,254	173,246	83.3%
Other Revenues	1,175,000	693,344	481,656	59.0%
Interest	610,000	933,697	(323,697)	153.1%
Total Revenues	\$43,135,500	\$27,780,100	\$15,355,400	64.4%
Operating Expenses				
Salaries & Benefits	\$9,151,597	\$6,634,019	\$2,517,578	72.5%
Staff Time Charged to CIP & JPAs	(958,118)	(719,267)	(238,851)	75.1%
Water Purchases	18,722,350	11,799,998	6,922,352	63.0%
Gas & Electric	1,716,000	980,235	735,765	57.1%
Materials & Supplies	1,429,575	622,379	807,196	43.5%
Contract Services	2,381,893	1,024,462	1,357,431	43.0%
Allocated Costs	2,623,577	1,787,782	835,796	68.1%
DERWA JPA Contribution	3,583,200	1,760,288	1,822,912	49.1%
Other Expenses	168,590	155,841	12,749	92.4%
Total Expenses	\$38,818,664	\$24,045,736	\$14,772,928	61.9%
Transfer In	400,000	332,069	67,931	83.0%
Transfers Out to Replacement & OPEB	6,624,714	4,792,500	1,832,214	72.3%
Non-Cash Reconciling Items	-	-	-	100.0%
Residual Equity Transfer Out (1)	-	557,292	(557,292)	100.0%
Net Increase/(Decrease)	(\$1,907,879)	(\$1,283,359)		
Beginning Working Capital	24,812,930	24,812,930		
Ending Working Capital	\$22,905,052	\$23,529,572		
Working Capital Minimum (4 mos)	\$12,939,555	\$12,939,555		
Working Capital Target (8 mos)	25,879,110	25,879,110		

(1) FY 2023 Unfunded Accrued Liability payment allocation.

Period: 7/1/2023 to 3/31/2024

Administrative Cost Center Fund 900

The Administrative Cost Center captures costs not specifically identifiable to any one of the District's operational activities. A majority of the cost for the Administrative Services Department and the Board of Directors/Office of the General Manager Department is included in this fund. Revenue is generated in the fund for general administrative services provided to the two joint powers authorities (DERWA and LAVWMA), the general overhead for capital project management, and miscellaneous services to customers and other local agencies. The net fund costs are allocated across funds of the District's three enterprises based upon proportionate personnel costs. The Administrative Cost Center received 72% of budgeted operating revenues and expended 72% of budgeted operating expenses as of March 31, 2024.

The Administrative Cost Center includes a residual equity transfer from the three operating enterprises to Fund 900 for the FY 2023 Unfunded Accrued Liability payment and other minor operating expenses that were not previously allocated. Cumulative 900 fund allocations for this period total \$1,324,048 leaving a balance of \$602,407 that will be allocated across the District's three enterprises in the fourth quarter of FYE 2024. These fourth quarter allocations will complete and reset the working capital balance in Fund 900 to zero.

	(a)	(b)	(a) - (b)	
	Budget	Actual YTD	Over/ Under Budget	Percentage Collect/Use
Operating Revenues				
Customer Service Late Fees	\$200,000	\$289,911	(\$89,911)	145.0%
Administrative Fees	200,000	73,711	126,289	36.9%
LAVWMA	909,000	823,277	85,723	90.6%
DERWA	1,376,000	860,521	515,479	62.5%
CIP	806,000	448,497	357,503	55.6%
Misc Revenues	-	14,019	(14,019)	100.0%
Total Revenues	\$3,491,000	\$2,509,936	\$981,064	71.9%
Operating Expenses				
Salaries & Benefits	\$7,612,251	\$5,110,004	\$2,502,247	67.1%
Staff Time Charged to CIP & JPAs	(213,889)	(99,086)	(114,803)	46.3%
Materials & Supplies	399,800	220,307	179,493	55.1%
Contract Services	2,360,067	1,724,944	635,124	73.1%
Allocated Costs	(6,715,069)	(4,473,499)	(2,241,571)	66.6%
Total Expenses	47,840	27,266	20,574	57.0%
Total Expenses	\$3,491,000	\$2,509,936	\$981,064	71.9%
Residual Equity Transfer In (1)	-	\$1,324,048	(1,324,048)	100.0%
Net Increase/(Decrease)	-	\$1,324,048	(\$1,324,048)	
Beginning Working Capital	(1,926,455)	(1,926,455)		
Ending Working Capital	(\$1,926,455)	(\$602,407)		

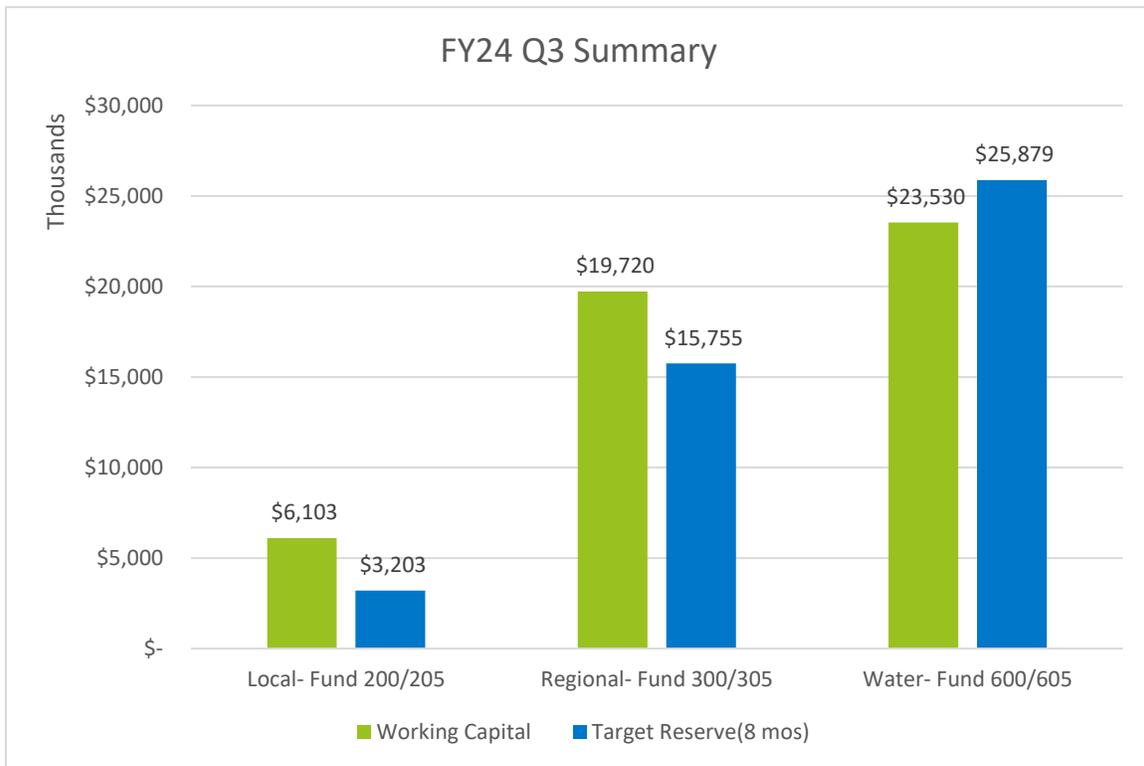
(1) FY 2023 Unfunded Accrued Liability payment allocation.

Operating Reserves:

The District funds water and wastewater operations from its Enterprise and Rate Stabilization funds. Operating reserves, referred to as “working capital,” are defined as current assets minus current liabilities. Working capital is a measure of available resources to meet fluctuations in cash flow. The District’s Financial Reserves policy (P400-15-1) establishes working capital targets to define the appropriate amount of operating reserves available in each fund to cover ongoing costs. These targets are defined in terms of “months of working capital,” or the amount of cash needed to cover expenses for a set period. For all three enterprise funds, the target is four months of working capital for the Enterprise fund and four months of working capital for the Rate Stabilization fund, or a combined eight months of budgeted operating expenses.

As shown in the following figure, working capital for the Local Wastewater and Regional Wastewater operating funds (Enterprise and Rate Stabilization) are above policy target levels through the third quarter of FYE 2024. The working capital for the Water enterprise is below target but above the minimum reserve level. The District’s recently adopted [Water Cost of Service Study \(HDR, 2024\)](#) and 5-year schedule of rate adjustments for calendar years 2024 through 2028 are projected to bring operating reserves back up to target levels by 2028.

The working capital balances do not reflect transfers from the Local Wastewater and Regional Wastewater operating funds to capital replacement funds that were approved by the Board on May 6, 2024. These transfers will be reflected in the FYE2024 unaudited financial report for the fourth quarter.





TITLE: Discuss Proposed New Capital Assets Policy

RECOMMENDATION:

Staff recommends the Board of Directors discuss the proposed new Capital Assets policy and provide direction.

SUMMARY:

Capital assets being depreciated historically consisted of long-lived tangible assets that are capitalized and depreciated over their useful lives that can span from three (3) to fifty (50) years. Depreciable capital asset classifications for the District consist of land improvements, buildings, equipment, and sub-surface lines. Recently, the Governmental Accounting Standards Board (GASB) issued two new pronouncements for leases and subscription-based information technology arrangements that are classified as capital assets and amortized over the life of the contractual arrangement. A new policy has been drafted to account for the change in capital assets.

DISCUSSION:

The Governmental Accounting Standards Board (GASB) recently issued two new standards, Statement No. 87 for Leases and Statement No. 96 for Subscription-Based Information Technology Arrangements (SBITAs) that are effective for fiscal years beginning 2020–21 and 2022–23, respectively. The Statements define leases and SBITAs as a contract that conveys control of the right to use another entity’s nonfinancial assets for a specified period of time for District lessee contracts, and similarly with SBITAs the noncancellable right to use IT assets.

As required by Statement Nos. 87 and 96, the present value of the contractual lease or SBITA payments become the cost basis of the capital assets that are reflected on the balance sheet, and in the notes to the financial statements, and these capital assets are amortized over the life of the lease or SBITA contract. Lease or SBITA contracts less than one (1) year should not be capitalized, but rather treated as an operating expense. Lease and SBITA assets and their accumulated amortization are carried on the balance sheet and in the capital assets note to the financial statements. The capital assets note previously contained only depreciable long-lived assets and did not contain amortizable assets. With these new GASB requirements, it became necessary to develop a new policy for capital assets, depreciation, and amortization.

The attached proposed policy describes the accounting treatment for leases and SBITAs in the general case. Actual contracts may vary depending upon terms and conditions of certain circumstances or situations as they apply. The new policy would direct staff to refer to the standards for Statement Nos. 87 and 96 when applying accounting treatment to lease and SBITA contracts.

Lastly, the Budget Accountability policy (P400-23-2) currently includes a definition of capital assets as “real or personal property that has a unit acquisition cost equal to or greater than \$20,000 and an estimated life greater than three years.” This definition is now incorporated into the new Capital Assets policy. Staff plans to revise the Budget Accountability policy to reference the new Capital Assets policy for the definition of capital assets.

On June 18, 2024, staff will discuss the proposed new Capital Assets policy with the Board. Staff will incorporate Board input and direction and bring the new Capital Assets policy and the revised Budget Accountability policy back to the Board for adoption at a future meeting.

Originating Department: Administrative Services	Contact: K. Spray	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 type="checkbox"/> Proclamation <input checked="" type="checkbox"/> Other (see list on right)	Attachment 1 – Draft Capital Assets Policy	
		39 of 40



Policy

Policy No.: P-XXX-XX-X	Type of Policy: Finance
Policy Title: Capital Assets	
Policy Description: Defines capital assets, depreciation, and amortization for regular audits of the District's accounts and financial records	
Approval Date:	Last Review Date: 2024
Approval Resolution No.:	Next Review Date: 2028
Rescinded Resolution No.: N/A	Rescinded Resolution Date: N/A

The purpose of this policy of the Board of Directors of Dublin San Ramon Services District is define capital assets, depreciation, and amortization as they relate to DSRSD in accordance with Generally Accepted Accounting Principles for purposes of audits of special districts, pursuant to California Government Code Section 26909 as required by California Government Code Section 61118, part of the Community Services District Law.

There are two types of capital assets:

1. Depreciable Water and Wastewater Facilities and Equipment

Depreciable water and wastewater facilities capital assets include real or personal property, purchased new, with a unit acquisition cost equal to or greater than \$20,000, and an estimated life greater than three years. Common examples of plant and facilities assets include land improvements, buildings, equipment, and subsurface pipelines. Depreciation of an asset begins when the capital asset is placed in service and is provided over their useful lives on a straight-line basis. Depreciable asset lives are generally as follows:

Land improvements	15–25 years
Buildings	10–50 years
Equipment	3–25 years
Sub-surface lines	25–50 years

2. Amortizable Right of Use and Subscription-Based IT Arrangements (SBITA)

Right of use assets includes leases as lessee, such as cellular lease agreements. SBITA assets include the use of software and IT-related equipment for the specified term of a contract. District lessor contracts are not capital assets but rather are income producing arrangements. Right of use assets and SBITA assets are recorded at the present value of the payment stream based upon terms of the contract, with amortization of these assets provided over the life of the asset when greater than one year. There may be certain special situations with accounting for right of use assets and SBITA assets such as for modifications, terminations, and others. The District shall follow Governmental Accounting Standards Board Statement No. 87 for leases and Statement No. 96 for SBITAs for special situations in connection with contract terms.