
ALAMEDA COUNTY WATER DISTRICT
Fremont, California

Adopted Budget
FY 2023/24 & FY 2024/25



Cover Photo:

Quarry Lakes Groundwater Recharge pond in Fremont, California



BOARD OF DIRECTORS

| | | |
|------------------|---|--------|
| Paul Sethy | Board President (Term 2022 - 2026) | Ward 3 |
| James G. Gunther | Board Vice President (Term 2020 - 2024) | Ward 1 |
| Aziz Akbari | Board Member (Term 2020 - 2024) | Ward 5 |
| Judy C. Huang | Board Member (Term 2022 - 2026) | Ward 2 |
| John H. Weed | Board Member (Term 2020 - 2024) | Ward 4 |

EXECUTIVE MANAGEMENT

| | |
|---------------------|--|
| Ed Stevenson | General Manager |
| Kurt Arends | Director of Operations and Maintenance |
| Girum Awoke | Director of Engineering and Technology |
| Laura J. Hidas | Director of Water Resources |
| Jonathan Wunderlich | Director of Finance and Administration |

BUDGET TEAM

| | |
|--------------|-------------------------------|
| Sydney Oam | Financial Analysis Supervisor |
| Martin Koran | Senior Financial Analyst |
| Ethan Burch | Administrative Analyst |

Contact Us

Alameda County Water District
43885 S Grimmer Boulevard, Fremont, CA 94538
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acwd.org

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**ALAMEDA COUNTY WATER DISTRICT
ADOPTED BIENNIAL BUDGET
FY 2023/24 & FY 2024/25
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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Alameda County Water District
California**

For the Biennium Beginning

July 01, 2021

Christopher P. Morill

Executive Director

Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to **Alameda County Water District, California**, for its Biennial Budget for the fiscal year beginning **July 01, 2021**. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

This award is valid for a period of two years only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

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BOARD MEMBERS

43885 SOUTH GRIMMER BOULEVARD • FREMONT, CALIFORNIA 94538
(510) 668-4200 • www.acwd.org

MANAGEMENT

AZIZ AKBARI
JAMES G. GUNTHER
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General Manager
KURT ARENDS
Operations and Maintenance
GIRUM AWOKE
Engineering and Technology
LAURA J. HIDAS
Water Resources
JONATHAN WUNDERLICH
Finance and Administration

June 8, 2023

Board of Directors
Alameda County Water District
43885 South Grimmer Boulevard
Fremont, CA 94538

Dear Board of Directors:

Subject: Biennial Budget for Fiscal Years 2023/24 (FYE 24) and 2024/25 (FYE 25)

I am pleased to present to you and our customers the Alameda County Water District’s (District) operating budgets for FYE 24 and FYE 25 and the 25-Year Capital Improvement Program (CIP).

This budget has been developed to support the District’s core mission to provide a reliable supply of high quality water at a reasonable price to our customers and reflects the District’s commitment to the Board’s current Five-Year Strategic Plan, which includes the following goals and strategies:

- Maintain and improve the cost effectiveness and value of District services.
- Sustain a reliable, high quality water supply for District customers.
- Improve the District’s financial stability and transparency.
- Improve workforce recruitment, maintain retention, and enhance employee engagement.
- Promote clear and open communications, outreach, and engagement with customers and communities.

ECONOMIC OUTLOOK

The District’s service area covers approximately 105 square miles of the southern portion of Alameda County in the San Francisco Bay Area. Since its founding, the District has been a water conservation agency and is responsible for managing the groundwater supply in the Niles Cone Groundwater Basin. Since 1930, the District has also been a water distribution agency and produces, stores, treats, and distributes water to a population of approximately 344,000 as well as a diverse commercial, institutional, and industrial customer base, predominantly within the cities of Fremont, Newark, and Union City. The Tri-City’s diverse economic base supports a healthy mix of large and small businesses and produces greater economic stability and less volatility

than more specialized economies. As of March 2023, unemployment rates for the cities of Fremont, Newark, and Union City were 3.5%, 3.6%, and 3.9% respectively, which are lower than the State (4.8%), and on par with Alameda County (3.8%). Regionally, the Tri-City's unemployment rates are slightly higher than the City and County of San Francisco (3.0%) and the County of Santa Clara (3.2%). The District's customer base is anticipated to grow slightly in size and income. Last calendar year, population grew 0.15% to 229,467 for the City of Fremont and 0.66% to 47,459 for the City of Newark, while declining -1.4% to 66,754 for the City of Union City. The US Census Bureau data, as of July 1, 2022, estimated median household income of \$153,475 for the City of Fremont, \$144,011 for the City of Newark, and \$127,828 for the City of Union City.

PRIORITIES AND CHALLENGES FOR FYE 24 AND FYE 25

The District's ability to reliably provide supplies of high-quality water has played, and will continue to play, a foundational role in the daily lives of all who live and work in the Tri-Cities. The District is facing several key issues and decisions in the upcoming years that include adapting to climate change, disaster preparedness, increasing regulations, water supply reliability, aging infrastructure, and implementation of the Capital Improvement Program. The District is proactive in addressing these challenges. The budget includes \$119.8 million in capital projects, customer jobs, and expense projects planned over the next two fiscal years to help address these issues.

The District takes a long-term approach to water supply planning and has forged partnerships with several Bay Area and regional water agencies to explore and invest in alternative water supplies and water supply reliability. The budget includes continued evaluation of initiatives to ensure water supply reliability with participation in the Delta Conveyance Project, Los Vaqueros Reservoir Expansion Project, and other water supply planning initiatives. The District maintains an aggressive Capital Improvement Program that includes prudent investments in infrastructure replacement and seismic improvements to enhance water system reliability.

Per and Poly-fluoroalkyl Substances (PFAS) are emerging contaminants of concern and have been detected at very low levels in the District's groundwater supplies. Three PFAS compounds have been detected above their Notification Levels (NLs) established by the State of California, but below their corresponding Response Levels. The District has an objective to deliver water to customers with PFAS below their NLs and has adjusted water production operations at the Blending Facility to ensure customers only receive water which meets or surpasses all State and federal water quality standards. The budget includes an investment of over \$19 million for capital projects over the next two fiscal years to address this issue. Specifically, the Capital Improvement Program budget includes construction of a 6 million gallon per day system that will treat raw groundwater from the District's wells to remove PFAS and restore the capacity of the Blending Facility.

To address financial preparedness, the District maintains a \$10 million Emergency Reserve to handle unforeseen events such as a natural disaster, water shortage emergency, or other unanticipated adverse situation. In addition to the Emergency Reserve, the District retains a \$10 million emergency line of credit that is available to the District during a declared state of emergency to finance emergency response activities if District reserves are insufficient. The line of credit can be increased if needed to respond to a major disaster.

BUDGET OVERVIEW

Total Budget

A major objective of the overall FYE 24 & FYE 25 Budget is to achieve the Board's priorities in a cost-effective manner while maintaining the District's goal of continuously improving financial stability and transparency. The budget includes the Operating Budget and Capital Improvement Program Budget. The Operating Budget considers costs to operate, maintain, treat, and supply reliable water service to customers. The Capital Improvement Program Budget includes capital projects needed to renew and improve existing infrastructure

and construct new facilities to ensure reliable service for current and future customers. The budget includes annual debt service payments for the District’s long-term debt.

| Total Budget – All Funds Revenues and Expenses (\$ in thousands) | | | | | |
|---|--------------------------------------|--------------------------|--------------------------|---------------------------------------|---------------------------------------|
| | FYE 23 Amended Budget | FYE 24 Budget | FYE 25 Budget | % Change FYE 23 FYE 24 | % Change FYE 24 FYE 25 |
| Beginning Balance | \$202,375 | \$211,193 | \$186,085 | 4% | -12% |
| Revenues | 159,622 | 156,756 | 164,192 | -2% | 5% |
| Operating Expenses (excl. Expense Projects) | 113,169 | 117,299 | 120,669 | 4% | 3% |
| Capital Projects (incl. Expense Projects) | 56,661 | 58,641 | 61,146 | 3% | 4% |
| Debt Service | 5,965 | 5,924 | 5,911 | -1% | 0% |
| Total Expenses | 175,795 | 181,864 | 187,726 | 3% | 3% |
| Net of Revenues & Expenses | (16,173) | (25,108) | (23,534) | 55% | -6% |
| Ending Balance | \$186,202 | \$186,085 | \$162,551 | 0% | -13% |

FYE 24 Budget totals \$181.9 million, which includes \$117.3 million in operating expenses (excluding Expense Projects), \$5.9 million in debt service, and \$58.6 million in the Capital Improvement Program budget (including Expense Projects and Customer Capital Contributions). Compared to the FYE 23 Amended Budget, the FYE 24 Budget increased \$6.1 million or 3%, Operating Expenses (excluding Expense Projects) increased \$4.1 million or 4%, and the Capital Improvement Program budget increased \$2.0 million or 3%.

FYE 25 Budget totals \$187.7 million, which includes \$120.7 in operating expenses (excluding Expense Projects), \$5.9 million in debt service, and \$61.1 million in the Capital Improvement Program budget (including Expense Projects and Customer Capital Contributions). Compared to the FYE 24 Budget, the FYE 25 Budget increased \$5.9 million or 3%, Operating Expenses (excluding Expense Projects) increased \$3.4 million or 3%, and the Capital Improvement Program budget increased \$2.5 million or 3%.

Major Revenues

Total Revenues are budgeted at \$156.8 million and \$164.2 million for FYE 24 and FYE 25, respectively. The District’s largest revenue source is water revenue, which includes service charges and commodity charges, and is budgeted at \$124.4 million and \$131.4 million for FYE 24 and FYE 25, respectively. The projected billed water demands are updated to align with budgeted water purchases and Water Resources projections at 33.7 million gallons per day (MGD) and 34.4 MGD for FYE 24 and FYE 25, respectively. The budget includes the approved 4% water rate increase effective March 1, 2024.

Property Tax revenues are the District’s second largest revenue source. The District receives two types of property tax revenue: 1) A portion of the 1% ad valorem tax based on the assessed valuation of parcels within the District’s service area, and 2) The State Water Contract Override Tax (Override Tax) that is also assessed based on property valuations and is collected to recover the cost of State Water Project deliveries that are used to replenish the Niles Cone Groundwater Basin. The Override Tax proceeds are accounted for separately in the General Fund. The budget reflects an increase to both property tax revenue types. Based on historical trends and the economic environment, property valuations are expected to continue to increase resulting in higher estimates for the 1% ad valorem tax portion while Override Tax collections are set at a specific dollar amount based on projected State Water costs to replenish the Niles Cone Groundwater Basin. Property tax proceeds are budgeted at \$14.6 million and \$14.9 million for FYE 24 and FYE 25, respectively.

Grants and Reimbursements are budgeted at \$1.0 million and \$1.1 million for FYE 24 and FYE 25, respectively. The District aggressively pursues grant funding opportunities and successfully obtained over \$26 million in grants and reimbursements for the fishery projects in Alameda Creek, that include grants from the California Department of Fish and Wildlife and the California Wildlife Conservation Board and the State of California's Proposition 1 Restoration Grants, and reimbursements from the Alameda County Flood Control and Water Conservation District (the District's primary partner on the fishery projects) for their share of fishery project costs. The District is pursuing future grant opportunities, such as the Urban Community Drought Relief Program from the California Department of Water Resources for various projects, including a Groundwater PFAS Treatment Facility, New Mowry Deep Aquifer Production Well, and Conservation Rebate Programs; FEMA Public Assistance for damages sustained in January 2023 atmospheric river storms; FEMA Hazard Mitigation Grant Program funding for various seismic retrofit projects, including Patterson, Decoto, and Alameda reservoirs and the Alvarado Niles Pipeline project; and additional funding opportunities for priority projects as available.

The District collects a Facilities Connection Charge (FCC) for all new or expanded connections to the water system. The FCC includes two components – 1) Facilities Improvement Fund (FIF), and 2) Facilities Renewal Fund (FRF). The FIF accounts for the incremental cost or growth component revenues of the FCC for the sole purpose to fund the growth-related component of capital projects in the District's CIP. The FRF accounts for the equity buy-in component revenues of the FCC for the sole purpose to fund capital projects that refurbish or replace the District's existing facilities and is charged to reflect the value the existing water system provides to new connections. FIF revenues are budgeted at \$4.2 million and \$4.6 million for FYE 24 and FYE 25, respectively. FRF revenues are budgeted at \$2.5 million and \$2.8 million for FYE 24 and FYE 25, respectively. These revenue estimates represent the projected level of completed development during the next two fiscal years.

Operating Expenses

Operating Expenses (excluding Expense Projects) are budgeted at \$117.3 million and \$120.7 million in FYE 24 and FYE 25, respectively. For the respective fiscal years, the Operating Expenses include 1) Direct Operations and Maintenance Expenses related to Source of Supply, Pumping, Water Treatment, and Water Transmission and Distribution budgeted at \$88.9 million and \$91.2 million; 2) Customer Accounts expenses budgeted at \$6.3 million and \$6.6 million; and 3) Administrative and General (A&G) expenses budgeted at \$22.1 million and \$22.9 million.

The A&G expenses include significant additional payments to reduce long-term costs by responsibly prefunding the District's pension and other post-employment benefits (OPEB) liabilities, as directed by the Board. To fulfill the District's obligations for these benefits, the Board directed staff to accelerate funding to meet a payoff schedule by June 2032. As of the June 30, 2021 valuation date, the District's funded ratio for pension is 89.5% and OPEB is estimated at 77.5%. These estimates are based on significant investment earnings during FYE 21 and will come down based on investment losses incurred in FYE 22; however, the District is still on course to achieve full funding by 2032. The budget includes \$13.6 million in advanced payment for pension and \$9.0 million in OPEB payments across FYE 24 and FYE 25. These payments are in addition to the District's annual normal contributions.

Purchased water expenses are budgeted at \$37.1 million and \$38.0 million for FYE 24 and FYE 25, respectively. The San Francisco Public Utilities Commission (SFPUC) is increasing its wholesale water rate 9.7% effective July 1, 2023. SFPUC water purchases are budgeted at \$24.6 million for FYE 24, an increase of \$6.5 million or 35% compared to FYE 23 Amended Budget; and \$25.8 million for FYE 25, an increase of \$1.2 million or 5% compared to FYE 24 Budget. Purchases from the State Water Project are budgeted at \$11.3 million and \$11.1 million for FYE 24 and FYE 25, respectively. Semitropic water storage and retrieval costs are budgeted at \$1.2 million each year for FYE 24 and FYE 25.

Expense Projects

Expense Projects are budgeted at \$4.5 million and \$4.1 million in FYE 24 and FYE 25, respectively. Expense Projects (Extraordinary Expense Projects) are projects that are infrequent and unusual expenditures that will not immediately result in an asset or increase the life of an existing asset or may not be identifiable with a specific asset. There are substantial Expense Projects related to evaluating water supply options as the District works to enhance water supply reliability despite challenges related to climate change, environmental regulations, natural disasters, and other factors. Looking ahead, the Board has emphasized investment in cost-effective measures to address water supply uncertainty and to ensure water supply reliability for the Tri-City community. Specifically, the budget includes the evaluation of initiatives such as Delta Conveyance (which is included in the Source of Supply operating costs), Los Vaqueros Reservoir Expansion (\$1.9 million), and Integrated Resources Planning (\$0.6 million). Other Expense Projects include Capital Leased Vehicle (\$0.7 million), Water Quality Extraordinary Expense (\$0.9 million), and Water Treatment Plant Filter Media Replacement (\$0.8 million).

Debt Service

The District has two bonds outstanding – 2015 Revenue Bonds and 2022 Revenue Bonds. The 2022 Bonds were issued in April 2022 to refund the 2012 Revenue Bonds and provide \$10 million in new funds to finance capital project costs. Annual debt service payments for the outstanding bonds are \$5.9 million annually over the next two fiscal years. Despite recent borrowing, the District continues to have significant flexibility to issue debt to finance capital projects. The District's debt coverage ratios are projected to be above 500% over the next two fiscal years, well above the bond covenant requirement of 125% and the District's debt policy coverage target of 200%. The high debt coverage helps maintain the District's AAA credit rating from Standard & Poor's and Aa1 from Moody's.

Capital Improvement Program Budget

The District's capital improvement program budget reflects the District's core activities to provide excellent customer service, ensure a reliable high quality water supply, maintain critical infrastructure, and prepare for disasters and emergencies. Over half of the capital expenditures in the budget for the next two fiscal years reflect investments to improve the District's distribution system and water production facilities.

The budget includes capital expenditures of \$58.6 million and \$61.1 million in FYE 24 and FYE 25, respectively. Near-term capital investments include the following projects and costs (total costs for FYE 24 and FYE 25) – PFAS Treatment (\$18.7 million), Advanced Metering Infrastructure Program (\$15.7 million), Alameda Reservoir Roof Replacement (\$10.9 million), Decoto Reservoir Roof Replacement (\$3.2 million), Alvarado Niles Pipeline Seismic Improvement Project - Main Renewal (\$5.5 million), Main Renewal – MR1 Driscoll (\$4.4 million), Main Renewal - MR3 Central Newark (\$3.6 million), Small Diameter Main Renewal – Dairy St./H St. and Fremont Sites (\$5.9 million), Service Line Emergency Replacement Program (\$3.0 million), Curtner Road Booster Station Upgrade (\$2.6 million), and Brackish Groundwater Reclamation Project-Desal Replacement Wells (\$2.8 million).

Customer Capital Contributions are budgeted at \$3.8 million for each fiscal year to accommodate new developments and customer-requested service-related improvements. The District's expenditures for Customer Capital Contributions are reimbursed by the customers that receive benefits from those projects.

Staffing

The District will maintain the current staffing level of 244 authorized full-time positions for both FYE 24 and FYE 25. The budget includes continuation of existing defined-term positions to support current workload in Development Services (Construction Inspector, Engineering Technician), Customer Service and Meter Reading Division (Meter Reader and Customer Account Representative), Office of the General Manager (Public Affairs Specialist), and Water Supply and Planning (Water Use Efficiency Specialist I/II). The budget includes 12

Temporary/Part-Time positions that are Intern and Work Experience Education Student positions. The District's internship program has been successful in finding new college graduates, giving them work experience, and ultimately hiring some of them in full-time roles.

The budget includes the following changes – Added Water Use Efficiency Specialist I/II (Defined Term) and deleted Engineer I/II/Associate; reclassified Engineering Technician to Engineer; reclassified Network Analyst to Information Technology Analyst; reclassified Network Technician and Server & System Administrator to Information Technology Administrator; reclassified Water Treatment Plant Operator/Trainee/Advanced to Treatment Facilities Operator/Trainee/Advanced and Utility Worker I/II/III. Succession planning will continue to be a challenge as approximately half of the District's employees are eligible to retire within the next five years.

Using the Budget Document

This budget is the product of staff from every department working collaboratively to align resources that are consistent with the Board of Directors' priorities, while continuing to maintain fiscal responsibility. Starting with the last two-year budget, staff has incorporated several improvements into the budget process and how information is presented in the budget documents that are consistent with industry best practices in order to provide more complete financial information and also to provide the reader with a better understanding of the District, its priorities, and its specific plans. Through those efforts, the District's FYE 22 and FYE 23 Biennial Budget received the Government Finance Officers Association's Distinguished Budget Presentation Award, which is the highest recognition for a public agency budget.

CONCLUSION

This budget serves as a policy document and a financial plan for the next two fiscal years. It reflects careful and responsible planning and continues cost control measures established during the drought. The District has made significant strides in achieving the five strategic goals identified by the Board in 2018 and I am confident that the District will continue making meaningful and measurable progress over the next two years to address the District's highest priorities. I want to thank staff whose collaborative efforts resulted in a budget that is based on reasonable water rates as we continue to meet our mission to provide a reliable supply of high quality water at a reasonable price to our customers.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read 'Ed Stevenson', with a horizontal line extending to the right.

Ed Stevenson
General Manager

Introduction and Overview

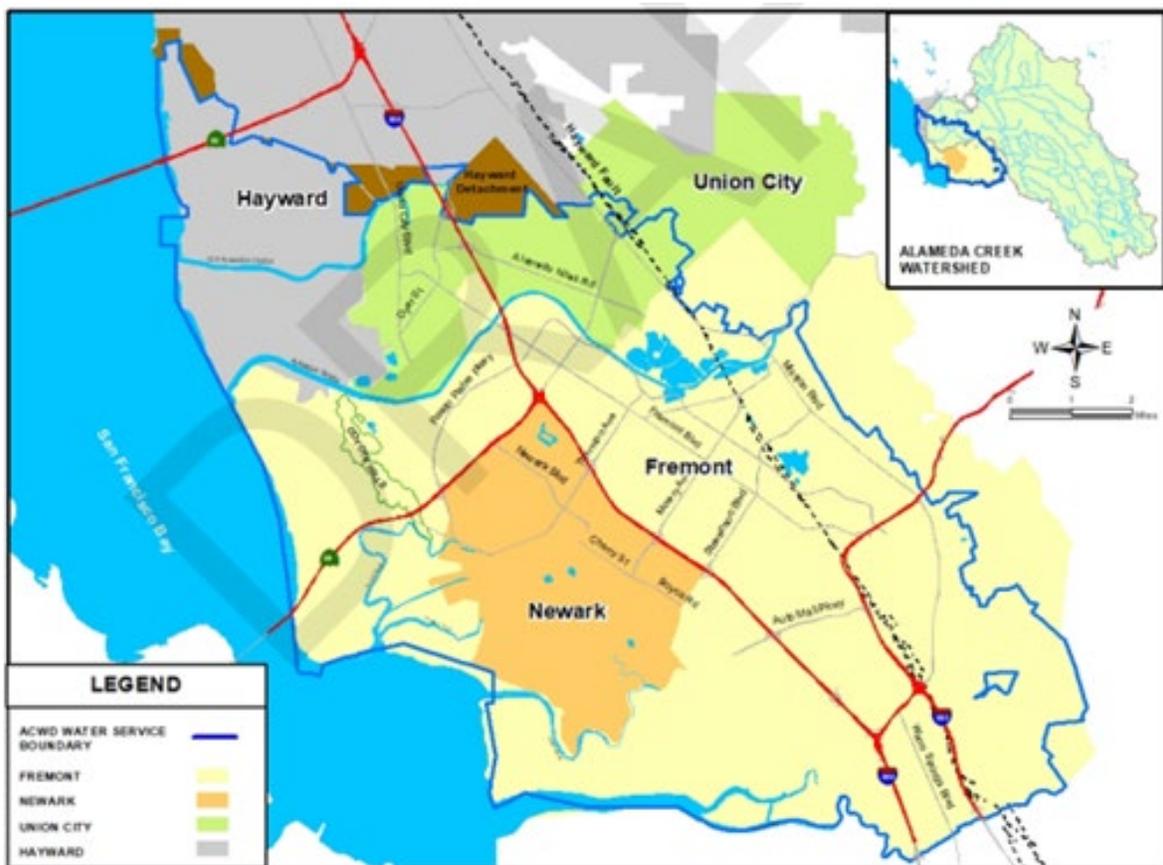
DISTRICT OVERVIEW

The Alameda County Water District (ACWD or the District) was founded in 1914, making it the first public water agency created under California’s County Water District Law, adopted in 1913. While initially created to manage the Alameda Creek Watershed and Niles Cone Groundwater Basin, since 1930 the District has also been a water distribution agency. From the purchase of a small water distribution system in Alvarado (now part of Union City), the District has expanded to serve almost all of the area covered by its conservation activities. The District provides, stores, treats, and distributes water for a population of approximately 344,000 people in southern Alameda County. The District covers approximately 105 square miles and as of June 2022, the District provided water service through approximately 87,000 service connections. As of the end of June 2022, the most recent 12-month average daily consumption was 34.0 million gallons per day (MGD).

The District is governed by a five-member Board of Directors (Board) elected by voters from wards within the service area for four-year overlapping terms. The Board represents the public’s interest as policy makers with regards to service levels, water rates, policies, ordinances, and budget adoption. The Board appoints the General Manager who is responsible for the administration of the District through its five departments - Office of the General Manager, Engineering & Technology Services, Finance & Administration, Operations & Maintenance, and Water Resources. The General Manager’s Office organizes and directs District activities in accordance with the Board’s policies. The District currently has an authorized staff of 244 full-time positions. The District is a rate-based organization and operates in accordance within Division 12 of the California Water Code.

SERVICE AREA

The District provides retail water service predominantly within the cities of Fremont, Newark, and Union City.



HISTORY

Since 1914, the Alameda County Water District has predominantly served the communities we now know as Fremont, Newark, and Union City. The first District founded under the County Water District Act of 1913, the history of the District has been closely intertwined with the area it serves. In fact, the District was originally formed to protect and manage the Niles Cone Groundwater Basin, which underlies the local area and was threatened by the rapid development of the Bay Area following the 1906 earthquake.

The first half of the 20th Century saw steady expansion of the District. In the late 1930s and early 1940s, the District purchased several established water systems, and over the course of the next two decades annexed additional local areas, gradually growing into the service territory that exists today. The expansion and development of the service territory led to the need for additional water supply, and in 1962 the District was the first agency to receive water from the State Water Project through the South Bay Aqueduct. Two years later, the District incorporated an additional source of supply, contracting with San Francisco to purchase water from the Hetch Hetchy reservoir.

In the late 1960s and 1970s, construction of additional District facilities continued as the District built water tanks, water treatment and softening plants, reservoirs, and a first-in-the-country rubber dam, installed in the Alameda Creek flood control channel to increase groundwater recharge capacity. This first rubber dam, the largest in the world at that time, was followed just a few years later by a second rubber dam.

In 1985, the District moved to its current headquarters in the Warm Springs area of Fremont. The 1980s and 1990s were another important period of capital improvement for the District, as in 1986 the District completed a new 21-million-gallon reservoir, in 1988 completed the first phase of a SCADA telemetry system, and in 1989 completed a third rubber dam to further enhance groundwater recharge. In 1991, the District began constructing of a second water treatment plant, which went online in 1993. This facility is the District's primary water treatment plant today.

As development continued and the population served by the District grew, water production capacity grew with it. In an effort to deliver a more uniform water supply throughout the service territory, the District began blending water from various sources in the early 1990s. An additional source was added when the District opened the Newark Desalination Facility in 2003, allowing the District to treat brackish groundwater for distribution. The success of this project led to further investment, and the Newark Desalination Facility was expanded in 2010.

In the late 2000s and 2010s, the District began several high-profile efforts to protect threatened species in the Alameda Creek Watershed. In 2008 and 2009, the District installed several fish screens, and from 2018 – 2021 two new, state-of-the-art fish ladders were constructed. With the dawn of the 2020s, the District remains dedicated to improving its operational efficiency and ecological soundness: in 2021 the District began installing smart water meters that will provide customers with key conservation insights, reduce the District's carbon footprint, and enhance operational efficiency.

Since its founding, the Alameda County Water District has been committed to serving its customers and protecting the Alameda Creek Watershed. Through constant improvement, innovation, and a commitment to efficiency, the District is well poised to continue to do so into the future.

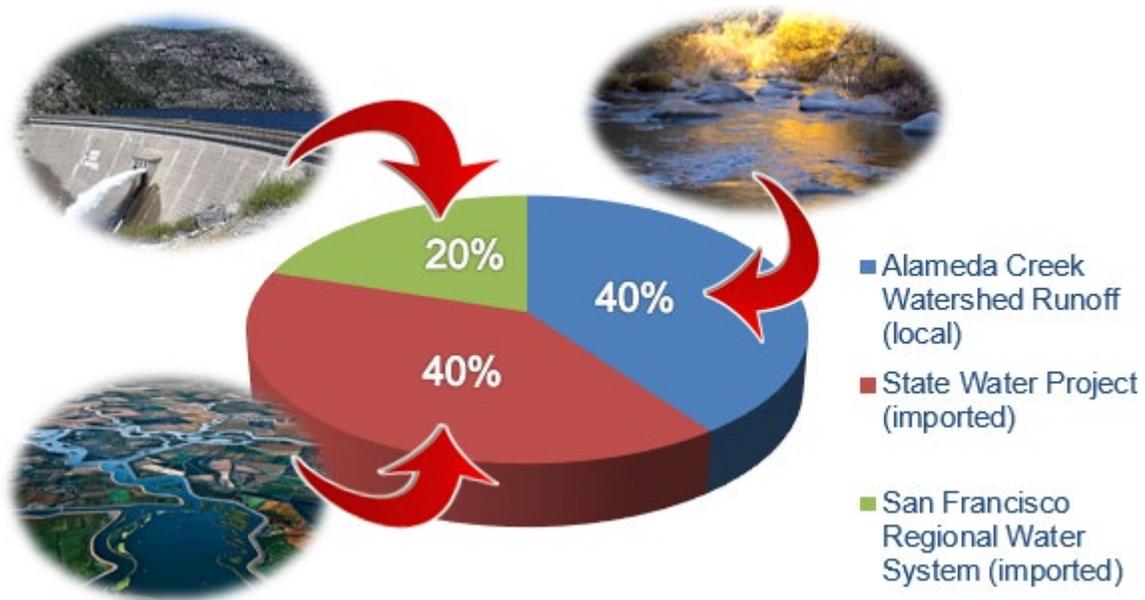
For a complete history of the Alameda County Water District, please visit the [history page](#).

Service Functions

The Alameda County Water District provides water services to 344,000 residents through 87,000 water meter connections predominantly within the cities Fremont, Newark, and Union City. The District operates and maintains more than 900 miles of transmission and distribution pipeline, 13 reservoirs and tanks, a surface water treatment facility with 26 million gallons per day (MGD) of capacity (another surface water treatment facility with 8 MGD capacity is temporarily decommissioned due to lower water demands since the 2012-2016 statewide drought), a desalination facility with 12.5 MGD of capacity, and a blending facility with 48 MGD of capacity.

WATER SUPPLY

The District currently has three primary water supply sources: San Francisco Public Utilities Commission (SFPUC), local rainwater runoff into the Alameda Creek Watershed, and the State Water Project (SWP).



The SWP and SFPUC supplies are imported into the District service area through the South Bay Aqueduct and Hetch Hetchy Aqueduct, respectively. Local supplies include fresh groundwater from the Niles Cone Groundwater Basin (underlying the District service area), desalinated brackish groundwater from portions of the groundwater basin previously impacted by seawater intrusion, and surface water from the Del Valle Reservoir and Alameda Creek Watershed. The primary source of recharge for the Niles Cone Groundwater Basin is the percolation of runoff from the Alameda Creek Watershed. A portion of the District's SWP supplies is also used for local groundwater recharge by percolation. Infiltration of rainfall and applied water also contribute to local groundwater recharge.

The Alameda Creek Watershed and the Niles Cone Groundwater Basin

Rainfall in the 633-square-mile Alameda Creek Watershed provides the main source of recharge for the Niles Cone Groundwater Basin. Flows in the creek fluctuate depending on the year's precipitation and releases from upstream reservoirs. In past years, annual flow has exceeded 300,000 acre-feet — theoretically, more than enough to supply ACWD's customers for six years if there was a place to store the water — but annual totals have also been less than 1,000 acre-feet. In a typical year, the District diverts 20,000 to 30,000 acre-feet of the creek's flow for groundwater recharge.

The Niles Cone Groundwater Basin is the hub of the District's water system. It serves as an underground reservoir. The District recharges the basin by diverting Alameda Creek water and State Water Project supplies into Quarry Lakes and withdraws water as needed at the two main production well fields. Aside from the Niles Cone Groundwater Basin, ACWD has relatively little water storage capacity in the Alameda Creek Watershed. The District has the right to use one-tenth of the volume of the 75,000-acre-foot Lake Del Valle Reservoir to store local runoff. Most of the remaining space in Lake Del Valle is allocated to flood control and State Water Project storage, while runoff captured in the watershed's other two large reservoirs, Calaveras Reservoir (100,000 acre-feet) and San Antonio Reservoir (50,000 acre-feet) belongs to the San Francisco Public Utilities Commission.

ACWD also collects roughly 1,200 acre-feet per year of direct urban runoff, which is percolated into the groundwater basin via the Quarry Lakes Groundwater Recharge System. This practice, known as "stormwater capture," benefits the environment by reducing intense peak runoff to sensitive aquatic habitats. It is also a key sustainable water supply strategy advocated by the state Department of Water Resources in the California Water Plan.

The State Water Project

On November 29, 1961, the District entered into a water supply contract with the Department of Water Resources (DWR) for a water supply from the State Water Project (the "Project"). The Project is a system of reservoirs, aqueducts, pumping stations, and hydroelectric power facilities that provides a portion of the water supply for roughly 27 million Californians and 750,000 acres of farmland. Runoff from the northern Sierra Nevada mountains provides the main source of water for the Project. That runoff flows into the Feather River and its tributaries and is collected in Lake Oroville. Water released from Lake Oroville flows down the Feather River, into the Sacramento River, and then into the Sacramento-San Joaquin Delta. Pumps in the southern Delta then lift the water into the 444-mile California Aqueduct, which runs to Southern California. The South Bay Aqueduct branches off from the California Aqueduct to deliver water to the District and other water agencies (Zone 7 Water Agency and the Santa Clara Valley Water District) in Alameda and Santa Clara counties.



State Water Project's South Bay Aqueduct

The California Department of Water Resources began constructing the State Water Project in 1959. The District received its first deliveries in 1962. The District is one of 29 water agencies across the state that contracts with the State Water Project. The District's share is about 1 percent of the 2.6 million acre-feet of water the Project provides in an average year. The District has a contract to purchase up to 42,000 acre-feet of water annually from the Project. But that full amount is seldom available, due both to year-to-year variations in precipitation and to environmental restrictions on pumping from the Delta. Projected future water availability averages roughly 20,800 acre-feet annually, and state projections indicate that, in the future, the District will receive less than 15,000 acre-feet in roughly 30 percent of all years (DWR, 2019).

To address the year-to-year variability of State Water Project supplies, the District's 1995 Integrated Resources Plan identified the need to secure storage to improve dry year reliability. The District contracted with Semitropic

Water Storage District for participation in the Semitropic Groundwater Banking Program and secured 150,000 AF of groundwater storage capacity at Semitropic in Kern County. In wet years, the District delivers its surplus State Water Project supplies to Semitropic for storage in their groundwater basin. In dry years, the District can recover these supplies through either of two methods: (1) an “in-lieu” exchange whereby the District uses Semitropic’s State Water Project supplies while Semitropic utilizes the previously stored groundwater; or (2) a “pumpback” program where Semitropic directly pumps the stored groundwater into the California Aqueduct. While this program does not provide a new supply for the District, it provides a means to store unused supplies in wet years for recovery and use during dry years when the delivery of State Water Project supplies may be significantly curtailed.

The San Francisco Regional Water System

The District’s second source of imported water is the San Francisco Public Utilities Commission (SFPUC) regional water system. The District has a 25-year contract with SFPUC that runs through 2034 and provides up to 15,400 acre-feet per year (13.76 MGD) from the San Francisco Hetch Hetchy Regional Water System. The supply is derived predominantly from runoff and melted snowpack collected in Hetch Hetchy Reservoir located within Yosemite National Park in the Sierra Nevada mountain range. It is seasonally supplemented by treated water produced from SFPUC lands and facilities within the Alameda Creek Watershed. Because of its high-mountain source, SFPUC water is very high quality, requiring only minimal treatment before being blended with local groundwater and delivered to customers.

The SFPUC water source is more reliable than the State Water Project for two main reasons. First, there is substantial reservoir storage in the SFPUC system. Second, the Hetch Hetchy Aqueduct bypasses the Delta and is not subject to the pumping restrictions that can reduce State Water Project deliveries. Even in a severe long-term drought, SFPUC likely will be able to provide at least 67 percent of ACWD’s maximum contracted amount of 15,400 acre-feet. The District is one of 26 wholesale customers that have collectively contracted with SFPUC for up to 184 MGD on an annual average basis, but the supply can be, and has been, reduced at SFPUC’s discretion in times of drought.

WATER TREATMENT

The District operates three active potable drinking water treatment plants: 1) Water Treatment Plant No. 2 - a surface water treatment plant, which receives water from the California Department of Water Resources State Water Project via the South Bay Aqueduct, 2) Peralta-Tyson Blending Facility - a facility that blends purchased treated water from the SFPUC with groundwater from local wellfields; and 3) Newark Desalination Facility - a brackish water desalination facility, which treats brackish water produced as part of the District’s Aquifer Reclamation Program. These multiple sources of supply and variety of water treatment processes provide reliability and operational flexibility.



Newark Desalination Facility

The District optimizes distribution system pumping and facility operations to take advantage of tiered power rate structures and to realize savings in electrical costs. In October 2017, the District received state approval to operate the Water Treatment Plant No. 2/Whitfield Reservoir complex in a gravity-flow mode, minimizing pumping and saving on electrical costs.

WATER USE EFFICIENCY

The District's water use efficiency service mission is to promote the efficient use of water by offering cost-effective water use efficiency measures, services, education, and outreach to all service area customers. The District has embraced this mission for over 40 years. The District helped found the California Urban Water Conservation Council (CUWCC) in 1991, now known as the California Water Efficiency Partnership (CalWEP). The CUWCC established an Urban Water Conservation Memorandum of Understanding to make water use efficiency services accessible to all customers through the implementation of cost-effective water use efficiency best management practices (BMPs).

The District further formalized its commitment to water use efficiency through adoption of the 1995 Integrated Resources Plan (IRP) which identified water use efficiency as a preferred alternative to developing more costly, higher-risk new water supplies. In doing so, water use efficiency investments have supported the District's mission by increasing reliability while reducing operating costs.

The District's water use efficiency program has been extremely successful. Coupled with plumbing code changes, current customer gallons per capita per day (GPCD) use is 35% lower when compared to 1990 GPCD. District customers have been consistently on-track to meet the incremental long-term savings goals set in the 1995 IRP and continuation of the District's water use efficiency program is critical to attain its original 2030 IRP savings target, in addition to meeting new state water use objectives and future water supply uncertainty.

Water Efficiency Master Plan

In 2018, the District adopted the Alameda County Water District [Five-Year Strategic Plan](#) (Strategic Plan). In the Strategic Plan, Goal 2 - Sustain a reliable, high quality water supply for District customers - outlined that the District should "develop and implement a [Water Efficiency Master Plan](#) (WEMP) to leverage the benefits of Advanced Metering Infrastructure (AMI) and address changing water use efficiency regulations," as well as provide a baseline analysis for future water supply planning efforts.

The WEMP development process included a comprehensive review of historical and current water use, water use efficiency program participation data, and input from the community through a professional survey, which identified saturation of high efficiency fixtures, water use efficiency actions and behaviors, including changes made during the historic statewide drought of 2012-2016, and customer interests.

The WEMP was completed and approved by the District's Board of Directors on April 13, 2021. It identifies a strategy with estimated costs and savings to meet the District's water use efficiency goals for the next five years, which include maintaining progress toward the original 1995 IRP targets and meeting new state water use objectives, and it provides a foundation for identifying strategies to meet long-term water supply needs.

The WEMP's near-term strategy for the water use efficiency program includes extended measures for outdoor efficiency such as residential, commercial, industrial, and institutional outdoor water surveys, online landscape water budgets, irrigation system upgrades, and other water-efficient landscape incentives. In addition, this strategy includes measures for surveys and rebates for commercial properties, incentives to install high efficiency fixtures in both residential and commercial properties, and measures that improve accessibility of water use efficiency services for lower income customers in the District's service area. Many measures also integrate well with the District's AMI project.

During the WEMP development process the District’s Board of Directors approved implementation of a service area-wide AMI deployment project. The AMI project includes a best-in-class customer web portal to provide customers access to their usage data at any time during their billing cycle and will provide a tremendous amount of water consumption data that can be used to analyze customer water use trends, identify leaks and high-water use, target customers for water use efficiency measures, and evaluate the success of these measures.

The WEMP’s water use efficiency program strategy is intended to be flexible and structured as a toolbox to allow individual measures to change both how and when they are implemented. This flexible format will allow adaptation to new or best-available technology, and adoption of changes that make sense from a cost and/or

| Strategy B | 2020-2025 | 2025-2030 | 2030-2035 | 2035-2040 | 2040-2045 | 2045-2050 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| CII Water Survey* | 2020-2050 | | | | | |
| CII Water Efficient Technology (WET) Rebate | 2022-2050 | | | | | |
| School Building Retrofit | 2020-2028 | | | | | |
| Ultra-High Efficiency Toilet Incentive | 20-23 | | | | | |
| Plumber Initiated Ultra High Efficiency Toilet Retrofit Program | 2020-2029 | | | | | |
| Residential Outdoor Water Surveys* | 2023-2050 | | | | | |
| Large Landscape Outdoor Water Surveys* | 2020-2050 | | | | | |
| Large Landscape (Waterfluence)* | 2020-2039 | | | | | |
| Water Efficient Landscape Rebate* | 2020-2050 | | | | | |
| Financial Incentives for Irrigation and Landscape Upgrades* | 2020-2050 | | | | | |
| Residential Water-Savings Devices Giveaway | 2020-2050 | | | | | |
| Leak Repair & Plumbing Emergency Assistance* | 2023-2050 | | | | | |
| Fixture Retrofit on Resale or Water Account Change | 2020-2050 | | | | | |
| ACWD Public & School Education* | 2020-2050 | | | | | |
| AMI Portal Data Analysis | 2023-2050 | | | | | |
| Prohibition of Water Waste & Practices* | 2020-2050 | | | | | |

*Benefits from AMI Data ■ New Measure ■ Existing Measure ■ Existing Measure with Modifications

savings perspective. Program costs can be reduced if grants or other cost-sharing partnerships are available and if regional implementation partnerships are identified.

Additionally, new State of California water use efficiency regulations will set indoor and outdoor water use objectives that the District will be required to meet. By adhering to the WEMP’s recommended strategy, the District will be in a good position to meet these future requirements and objectives.

State Regulations Governing Water Use Efficiency

In 2009 the California legislature passed SB X7-7 which required a statewide 20% reduction in urban per capita water use by 2020. SB X7-7 required water agencies to set water efficiency targets based on specified requirements and report the status of meeting these targets in their Urban Water Management Plans (UWMPs). The District's 2020 SB X7-7 GPCD target was determined to be 137 gallons, as documented in both the 2010-2015 and 2015-2020 UWMPs. At the end of 2020, the District's GPCD was 114 gallons, so the District has exceeded its SB X7-7 target.

From 2012-2016 California experienced historic drought conditions and on April 7, 2017, the State of California released "Making Water Conservation a California Way of Life, implementing Executive Order B-37-16" Final Framework Report (State Framework Report). The State Framework Report, which builds upon then-Governor Brown's call for new long-term water use efficiency requirements in Executive Order B-37-16, provided the state's proposed approach for implementing new long-term water conservation requirements. A key element of the report was proposed new water use targets for urban water suppliers that go beyond existing SB X7-7 requirements.

On May 17, 2018, the California Legislature adopted Assembly Bill 1668 (Friedman) and Senate Bill 606 (Hertzberg) to implement the new long-term water use efficiency requirements, including new urban water use objectives for urban water suppliers. Senate Bill 606 and Assembly Bill 1668 provisions and requirements are based on strengthened standards for indoor residential per capita use, outdoor irrigation, and water loss, plus performance measures for commercial, industrial, and institutional water use and documented preparation for long-term droughts. Urban retail water suppliers will be required to calculate and report urban water use objectives by January 1, 2024, then by January 1 every year thereafter, and to compare actual water use to the objective for the prior year by the same date. These new regulations will have profound effects on urban water suppliers over the coming years.

Water Use Efficiency Metrics

The District actively tracks performance metrics related to participation in indoor and outdoor measures including rebates and incentives awarded, giveaways provided, technical assistance program participation, school education program participation, and public attendance at events and workshops. While the District tracks all water use efficiency measures, it is working to streamline this process through the development of a water use efficiency measure tracking database. This database will contain past activities data as well as current data. The database will tie in with a new AMI system, and eventually allow customers to apply for all ACWD programs online, which will reduce the manual processing and reporting burden on the District's water use efficiency staff and will be critical for tracking and reporting progress on meeting new state long-term water use efficiency targets.

DRINKING WATER QUALITY

The District's state-certified laboratory continues to collect samples and conduct analyses for monitoring the quality of water as required by state and federal regulations. Additional sampling and analyses are performed for monitoring the operation of treatment facilities, the condition of water in the distribution system, and to meet other analytical needs of the District. Most analyses are performed in-house by District staff, but some samples are sent to contract laboratories when it is more cost effective to do so given specific sampling frequency and expense of associated instrumentation and supplies. The District continues to meet or exceed all federal and state drinking water quality and treatment regulations, including those for lead. The State Water Resources Control Board Division of Drinking Water (DDW) conducted a Sanitary Survey inspection, which is an in-depth assessment of all production facilities, wellfields, tanks, and reservoirs. The Sanitary Survey findings were received in 2019 and the District's water system was found to be in good condition, operated by

conscientious staff, and capable of providing safe, potable water which meets all applicable primary and secondary drinking water standards.

As required by drinking water regulations, the District maintains a Water Quality Monitoring Plan, which provides the framework for water quality sampling and reporting. The District completed the required initial monitoring at groundwater sources, distribution system entry points, and standby sources for 1,2,3 TCP, which is a recently regulated contaminant. The District did not detect 1,2,3 TCP in any of the locations monitored. In addition, in FYE 20, the District completed water quality parameter monitoring as required by US EPA Unregulated Contaminant Monitoring Rule (UCMR) 4. The information collected from the UCMR program is used as a basis to determine the source occurrence of potential contaminants during the regulatory development process.

In March 2019, the California State Water Resources Control Board (State Board) began a state-wide PFAS investigation and issued orders to approximately 200 water utilities throughout California to test groundwater wells that are in close proximity to fire training/fire response sites (e.g., airfields), industrial sites, landfills, and/or wastewater treatment plants for PFAS. Since ACWD groundwater sources are not located near potential sources of contamination, ACWD was not issued orders to monitor for PFAS by the State Board at that time.

In March 2020, ACWD elected to undertake a voluntary sampling program starting in June 2020, to monitor for the presence of PFAS in groundwater and surface water sources and the treated water being provided to our customers. Effective January 1, 2023, ACWD received monitoring orders from the State Board to monitor for PFAS compounds on a quarterly basis in all source groundwater. The voluntary monitoring conducted since June 2020 meets all the requirements of this order and ACWD will continue its regular quarterly monitoring. Data will continue to be posted on the District's website.



ACWD is committed to delivering high-quality drinking water to our customers. This commitment included a voluntary approach to monitoring drinking water for PFAS, prior to being issued monitoring orders by the Division of Drinking Water (DDW). Our findings from the PFAS monitoring confirm that no ACWD customers are receiving water with concentrations of PFOS/PFOA, PFBS, or PFHxS above the notification levels and meets all state and federal drinking water quality standards.

The budget includes over \$20 million for a PFAS treatment project and related engineering studies and water sampling projects.

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District Organization

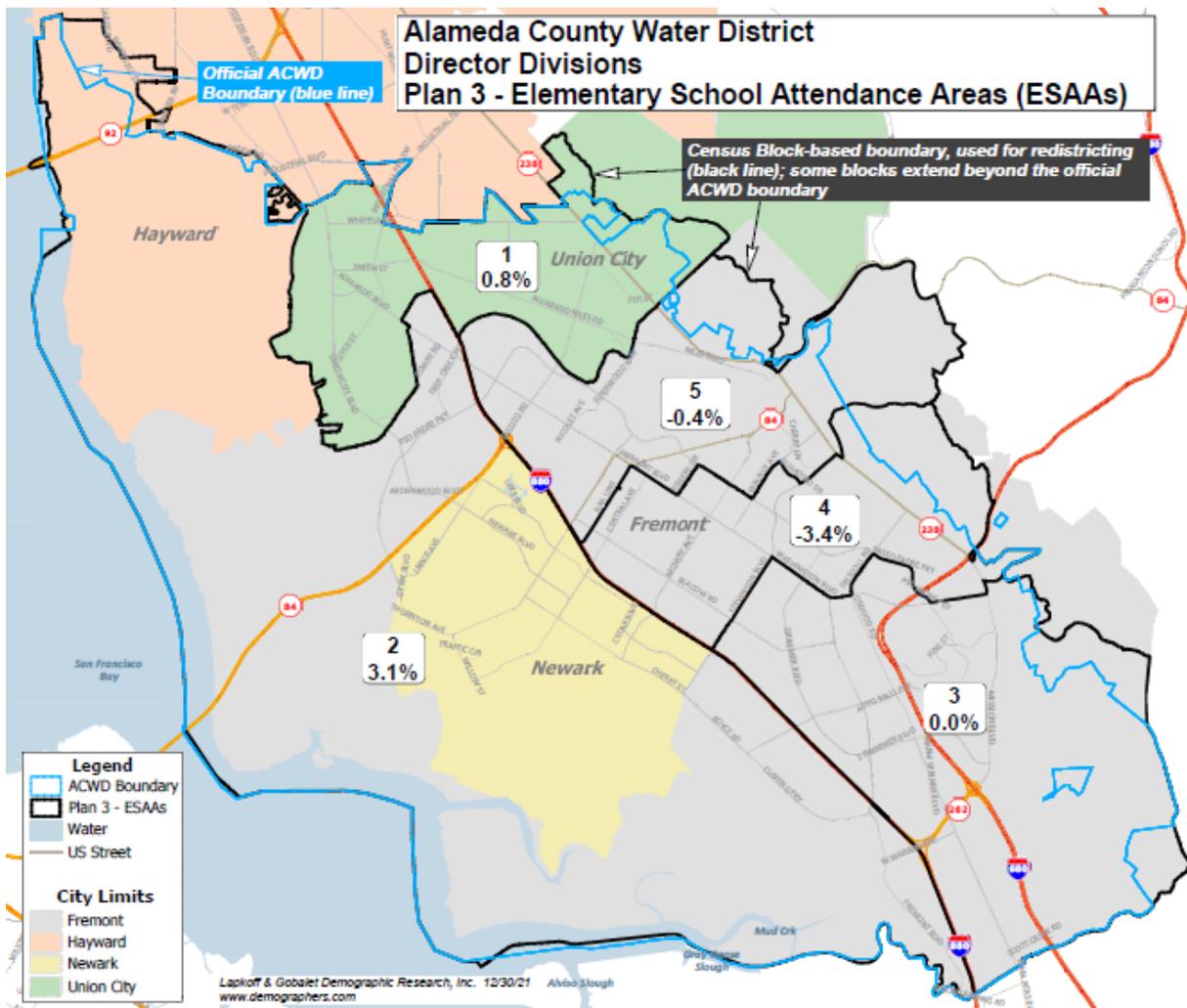
BOARD OF DIRECTORS

The Alameda County Water District (ACWD) has a five-member elected Board of Directors who determine overall policies, which are then implemented under the direction of the General Manager.

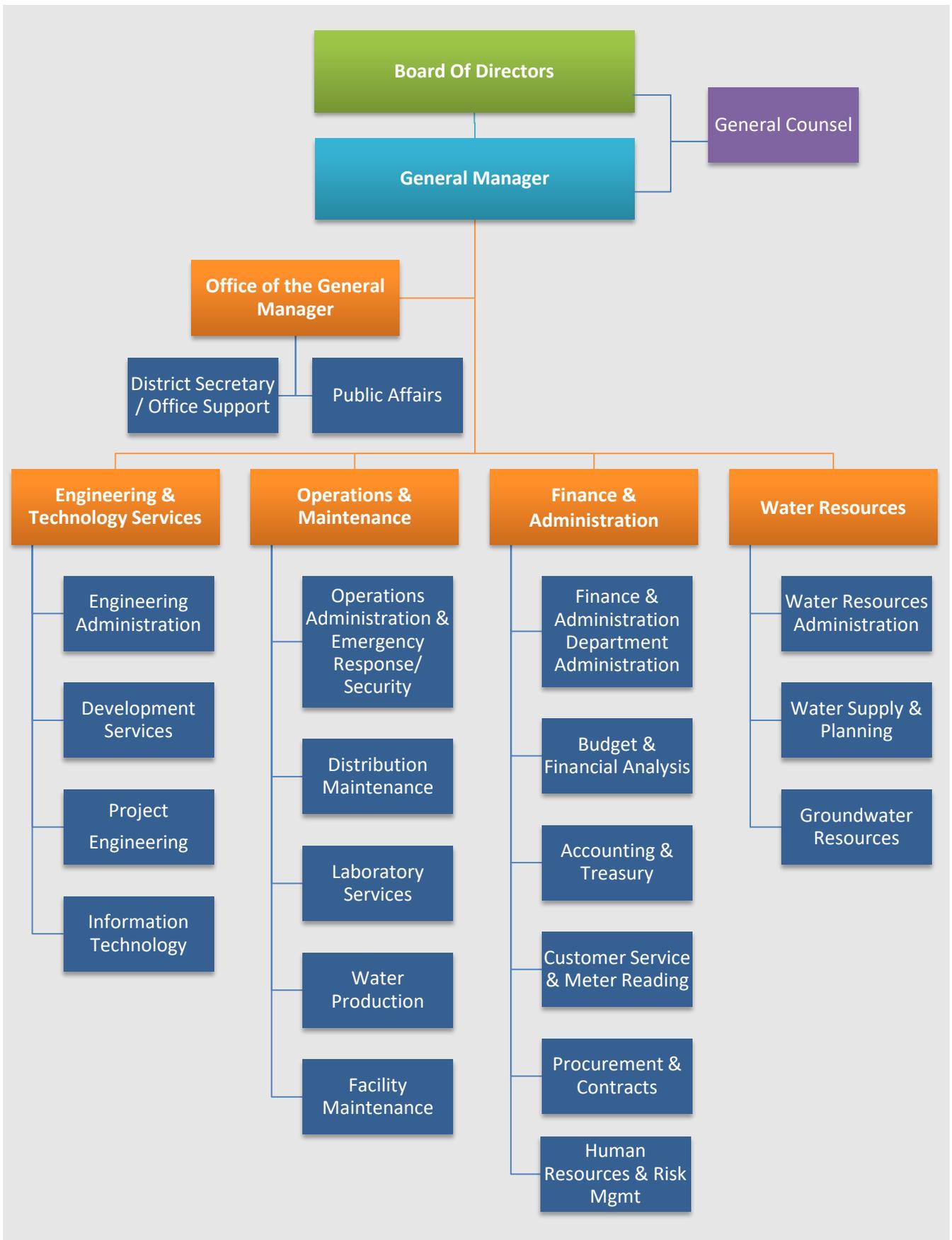
The ACWD Board of Directors transitioned from at-large to ward-based elections in 2022. Voters within the ACWD service area now elect their representatives on the ACWD Board based on which ward they are in, and voters only elect one representative for their ward. Voters in wards 2 and 3 elect their representatives every four years beginning in November 2022. Voters in wards 1, 4, and 5 elect their representatives every four years beginning in November 2024.

The current Board of Directors is as shown below. Directors serve four-year staggered terms and are elected in even-numbered years. Additional information can be found on the [Board of Directors webpage](#).

| | | |
|------------------|---|--------|
| Paul Sethy | President, Board of Directors (Term 2022 - 2026) | Ward 3 |
| James G. Gunther | Vice President, Board of Directors (Term 2020 - 2024) | Ward 1 |
| Aziz Akbari | Member, Board of Directors (Term 2020 - 2024) | Ward 5 |
| Judy C. Huang | Member, Board of Directors (Term 2022 - 2026) | Ward 2 |
| John H. Weed | Member, Board of Directors (Term 2020 - 2024) | Ward 4 |



ORGANIZATION CHART



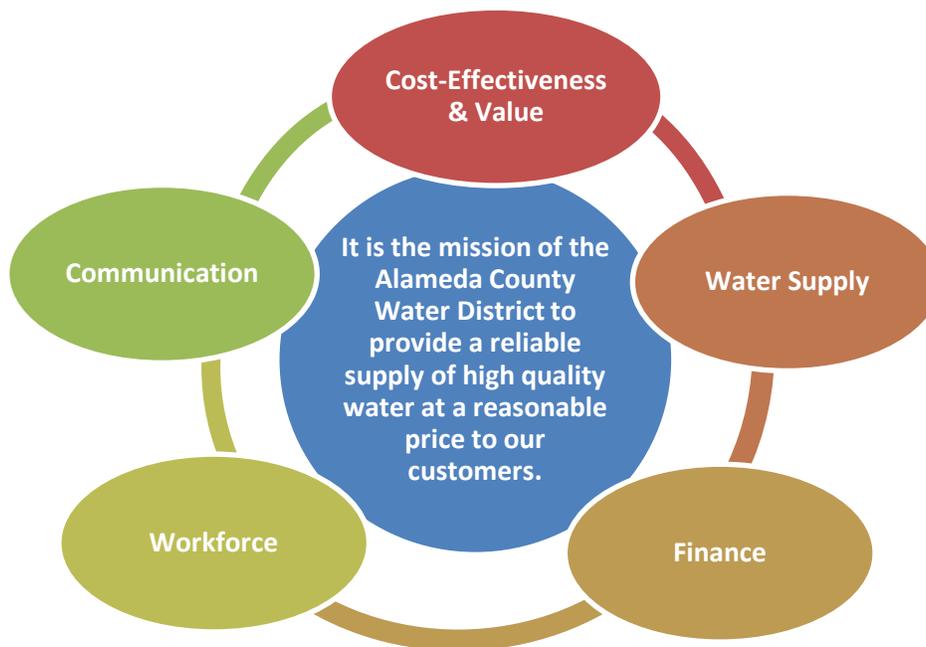
Five Year Strategic Plan

SUMMARY

For more than 109 years, Alameda County Water District has provided a reliable supply of high-quality water at a reasonable price to the communities of Fremont, Newark, and Union City. As we begin our second century of service, ACWD needs to adapt to the changes in the world around us to ensure the continued reliability and high quality of your water service. In 2017, the ACWD Board of Directors undertook a Strategic Planning effort to step back, consider the big picture, discuss current challenges, and set the strategic direction for the future.

Adapting to change is not easy, and the path is not always clear. Although ACWD successfully weathered the recent historic drought, many uncertainties lie ahead: climate change, future environmental and water-quality regulations, urbanization, a changing workforce, and evolving technology. Through the strategic planning process, the Board delved into the most important current and future issues—the challenges and opportunities facing the District. This included taking inventory of where we have been and where we need to be in the future to meet our mission and continue to earn the trust and respect of the communities we serve. We have examined all aspects of our work, including the areas of water supply, water quality, cost-effectiveness, staffing resources, financial stability and resiliency, emergency preparedness and response, and community outreach and engagement.

The Strategic Planning process consisted of three public workshops with the Board and senior staff. Through this process, the Board reaffirmed ACWD’s core mission and established five strategic goals to drive organizational alignment and priorities for the next five years. This Five-Year Strategic Plan (Plan) was developed to communicate and track ACWD’s strategic goals and objectives, as well as the activities being undertaken to achieve them. In some areas, the Plan documents how success will be measured in meeting these objectives. In other areas, we subsequently developed measurements of success and report on them annually.



MISSION STATEMENT

It is the mission of the District to provide a reliable supply of high quality water at a reasonable price to our customers. To fulfill this mission, we will:

- Provide prompt, courteous, and responsive customer service.
- Ensure that sound, responsible financial management practices are observed in the conduct of district business.
- Plan, design, and operate district facilities efficiently, effectively, and safely, bearing in mind our responsibility to be a good neighbor and a good steward of the environment.
- Promote ethical behavior in the conduct of district affairs and facilitate the public's involvement in the planning and development of district policy.
- Recruit and retain a qualified, productive workforce and maintain a workplace environment where diversity and excellence are valued and where creativity, teamwork, and open communication are actively encouraged.

FIVE-YEAR STRATEGIC GOALS AND OBJECTIVES

Through the Strategic Planning process, the Board identified five strategic goals, as shown below. The Five Year Strategic Plan documents the objectives, activities, timelines, and outcomes associated with each of these five goals, and also includes a discussion of resources, costs, and tracking of progress.

Strategic Goal #1 – Cost-Effectiveness & Value

Maintain and Improve the Cost Effectiveness and Value of District Services.

Objectives:

- 1.1. Efficiently manage and maintain our infrastructure to ensure reliability.
- 1.2. Continue to meet water quality standards 100% of the time.
- 1.3. Continuously improve emergency preparedness and response capabilities.
- 1.4. Invest in system improvements to increase customer water use efficiency and engagement.

Strategic Goal #2 – Water Supply

Sustain a Reliable, High Quality Water Supply for District Customers.

Objectives:

- 2.1. Maintain and enhance sustainability and reliability of local and regional water supplies.
- 2.2. Protect existing imported water supplies.
- 2.3. Evaluate new and innovative water management concepts.
- 2.4. Plan for future water supplies.
- 2.5. Ensure high quality water supplies into the future.

Strategic Goal #3 – Finance

Improve the District's Financial Stability and Transparency.

Objectives:

- 3.1. Enhance revenue stability.
- 3.2. Ensure cost reasonableness.
- 3.3. Promote financial transparency.

Strategic Goal #4 – Workforce

Improve Workforce Recruitment, Maintain Retention, and Enhance Employee Engagement.

Objectives:

- 4.1. Enhance recruitment procedures to ensure a highly qualified and diverse workforce.
- 4.2. Maintain employee retention by encouraging and valuing employee work efforts and skills.
- 4.3. Enhance employee engagement to drive productivity and innovation.

Strategic Goal #5 – Communication

Promote Clear and Open Communications, Outreach, and Engagement With Customers and Communities.

Objectives:

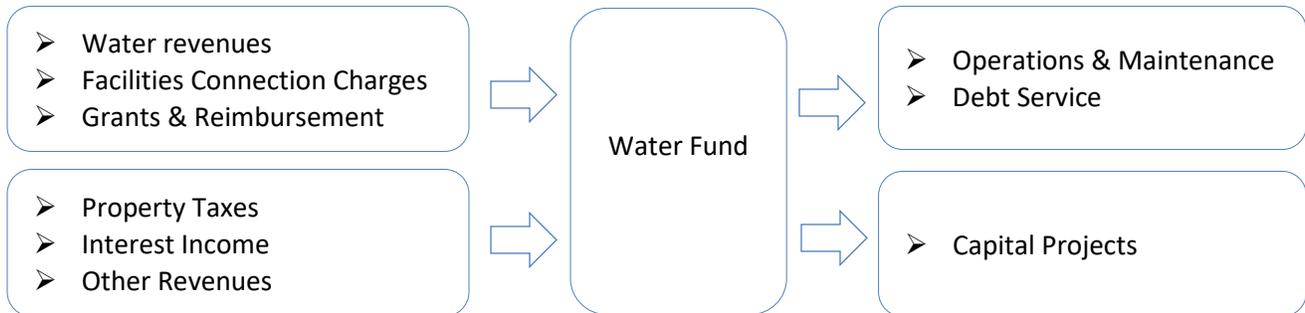
- 5.1. Increase awareness of District services, mission & value in the community.
- 5.2. Enhance customer outreach and engagement with new tools.
- 5.3. Strengthen communications through consistent messages and connection with diverse communities in the District.

The Strategic Plan continues to guide the priorities and activities of the District. The complete ACWD Five-Year Strategic Plan is available on the District website at: [Five Year Strategic Plan](#)

Financial & Budget Overview

FUND STRUCTURES AND DESCRIPTION

The District accounts for its water operations in one major fund – Water Fund. The Water Fund is utilized to account for activities such as operations and maintenance expense, debt payments, and capital expenditures.



The Water Fund is segmented into three primary internal sub-funds as described below:

- **General Fund (GF):** This fund provides for the general operations and maintenance, water supply, pumping, transmission and distribution, and administration of ACWD. The fund accounts for non-growth related activities including revenues, operating expenses, capital expenditures and debt service. Primary sources of revenue for this fund are water sales, property taxes, grants and reimbursements, and interest income.
- **Facilities Improvement Fund (FIF):** This fund is designated to track revenues and expenditures related to growth-related facilities. The purpose of this fund is to ensure the District is able to meet future needs for increased water demand. The revenue for this fund is generated from the incremental cost component of the Facilities Connection Charges (FCC) for new or expanded water service connections in the District’s service area. The FCC is intended to provide funding for new facilities and additional water supplies to serve additional capacity requirements of new development.
- **Facilities Renewal Fund (FRF):** This fund is designated to track revenues and expenditures for capital projects that refurbish or replace existing facilities to ensure the District’s existing water system is functioning effectively. The revenue for this fund is generated from the equity buy-in component of the FCC, which is essentially a mechanism for new customers to fund their proportional share of existing infrastructure that benefits them upon connecting to the water system.

While the District’s budget is organized on the basis of one major fund, for internal tracking, reporting, and budgeting purposes, the Water Fund is allocated into the three sub-funds.

| Fund | Primary Funding Sources | Primary Fund Purpose | Appropriated? | Included in Annual Report |
|-----------------------------|-------------------------------|--|---------------|---------------------------|
| General Fund | Water Sales | Accounts for general operations and maintenance, capital projects, and debt service. | Yes | Yes |
| Facilities Improvement Fund | Facilities Connection Charges | Accounts for capital projects related to growth and expansion of the water system. | Yes | Yes |
| Facilities Renewal Fund | Facilities Connection Charges | Accounts for capital projects needed to keep the current water system functioning effectively. | Yes | Yes |

Department/Fund Relationship

The cost of operating expenses, including employee wages, are allocated to each division and department. District-wide expenses which are general in nature and not attributable to a particular project or department, including employee benefits such as pension and Other Post-Employment Benefits payments, medical, and workers compensation are allocated to a District-Wide Organization Unit.

The chart below exemplifies the current relationship between Fund and Department and Program.

| Department/Program | Division | General Fund | Facilities Improvement Fund | Facilities Renewal Fund |
|-----------------------------------|-----------------------------------|--------------|-----------------------------|-------------------------|
| Board Of Director | Board of Directors | X | | |
| Office Of The General Manager | Administrative Support | X | | |
| | Public Affairs | X | | |
| Engineering & Technology Services | Engineering Administration | X | | |
| | Development Services | X | | |
| | Project Engineering | X | | |
| | Information Technology | X | | |
| Operations & Maintenance | Operations Administration | X | | |
| | Distribution Maintenance | X | | |
| | Laboratory Services | X | | |
| | Water Production | X | | |
| | Facility Maintenance | X | | |
| Finance & Administration | Finance & Administration | X | | |
| | Department Administration | X | | |
| | Budget & Financial Analysis | X | | |
| | Accounting & Treasury | X | | |
| | Customer Service & Meter Reading | X | | |
| | Procurement & Contracts | X | | |
| | Human Resources & Risk Management | X | | |
| Water Resources | Water Resources Administration | X | | |
| | Water Supply and Planning | X | | |
| | Groundwater Resources | X | | |
| Capital Improvement Program | | X | X | X |

Budget Process

SUMMARY

The District operates on a two-year budget cycle. Budgets are adopted biennially and at the end of the first budget year, amendments to the second budget year are adopted as part of a midcycle budget review. Budget development requires input from every organizational level. Proper communication is maintained with staff from different departments throughout the process of reviews and approvals to ensure the integrity of the numbers in development of the budget and that adequate resources are available. It is the responsibility of the departments to ensure that shared budget items are reviewed and approved by the respective Department Heads, and that they are submitted with the responsible department's budget.

The budget process commences in December and begins at the division level. The division managers prepare their respective operating and capital budgets required for the two fiscal year budget and submit them to Executive Staff. The requests also include estimated expenditures for the current fiscal year. The budget also includes estimated funding sources for each fiscal year. Executive Staff then propose their respective department budgets to the General Manager, who considers the District's strategic priorities, budget policies, long range fiscal sustainability, legal mandates, and service level prioritization. The General Manager's draft budget is then presented to the [Finance and Administration Committee in April](#), and the final budget is presented to the Board of Directors for review at the [Budget Workshops in May](#), and for [Board adoption June](#). The FYE 25 Midcycle Budget revisions will follow a similar process and will be reviewed at a budget workshop in May 2024 and any amendments to the budget will be presented to the Board for adoption in June 2024.

Communication and community engagement plays a significant role in the budget process. Board budget workshops and meetings are open to the public, providing a forum for public input where comments are encouraged and valued. The budget process commences with the following Strategic Goals in mind:

- Maintain and improve the cost effectiveness and value of District services.
- Sustain a reliable, high quality water supply for District customers.
- Improve the District's financial stability and transparency.
- Improve workforce recruitment, maintain retention, and enhance employee engagement.
- Promote clear and open communications, outreach, and engagement with customers and communities.

The District received the GFOA's Distinguished Budget Presentation Award for its FYE 22 and FYE 23 biennial budget document. To qualify for this award, the budget document had to meet stringent guidelines and criteria.

BALANCED BUDGET

The District's budget shall be balanced for each budgeted fund. The budget is considered balanced when total expenditures are less than or equal to total revenues. The budget is also balanced in situations when the District spends fund balances that are available from previous years on one-time or non-routine expenditures, such as for non-recurring capital improvement projects. In these situations, reserve funds must still be maintained at or above Board-approved targets with the exception that rate stabilization and emergency reserve funds may be drawn down if warranted. The District considers the budget to be balanced provided the funds from previous years are available as described and the budget does not build ongoing expenditures into this type of funding. The District's FYE 24 and FYE 25 budget is balanced by utilizing available reserve funds to cover the cost of non-recurring capital improvement projects. The District is spending down its reserves to cover the net budgeted revenue shortfall.

Budget Development Calendar

The District has a biennial budget process which is represented in the graphic below.

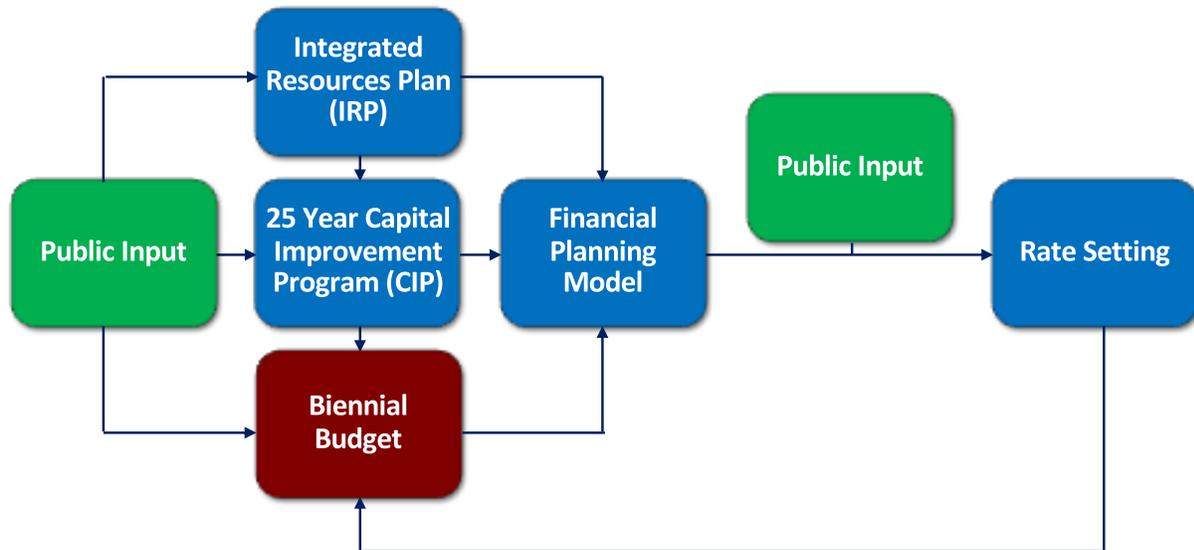
District Two Year Budget Process



| Date | Activity |
|---------------|---|
| December 2022 | Capital Improvement Program (CIP) Kick-off Meeting |
| December 2022 | Distribution of Budget Development Memo and Labor-to-Spread |
| January 2023 | Completion of all CIP Entry by Requesting Departments |
| March 2023 | Submission of operating budget requests by Departments |
| April 2023 | Review of preliminary budget at Executive Staff |
| April 2023 | Review of preliminary budget at Finance and Administration Committee |
| May 2023 | Review of the CIP at Engineering & Information Technology Services Committee |
| May 2023 | Budget Workshop to review the biennial budget |
| June 2023 | Adoption of operating and capital budget and 25-year CIP |
| May-June 2024 | Review and adoption of FYE 25 Midcycle Budget at Budget Workshop and Board of Directors Meeting |

The Board approves the budget covering a two-year period. The Board reviews and reaffirms the second year of the two-year budget prior to the start of a new fiscal year in July. A Midcycle Budget Update workshop provides the Board with the budget status and any projected changes to revenues, expenditures, and staffing. The District’s budget process is part of the District’s overall Financial Planning Process that includes public input, the Integrated Resources Plan, Capital Improvement Program, Financial Planning Model, and the rate setting process as illustrated in the following graphic.

District Financial Planning Process



Basis of Budgeting

Basis of budgeting for the District’s budget is different from the basis of accounting used in the District’s audited financial statements. The District’s audited financial statements are prepared on a full accrual basis of accounting. The District’s biennial budget is prepared on a cash basis of budgeting.

On a cash basis of budgeting, the revenues and related assets are recognized when received, regardless of when earned; and expenditures are recognized when paid, regardless of when the obligation is incurred. Depreciation and amortization are not budgeted since these costs are non-cash transactions. Accordingly, the accompanying budget reports are not intended to present the financial position and results of operations in accordance with GAAP. Through this budget and its adoption by the Board, funds are appropriated to each sub-fund that presents the budget in the form of revenues, expenses, and an overall contribution to or draw from the reserve funds.

Budget Control and Amendments

The District operates on a two-year budget cycle. Budgets are adopted biennially and at the end of the first budget year, amendments to the second budget year are adopted as part of a midcycle budget review. For the budget to be a meaningful fiscal management tool, budget amounts should reflect the total estimated expenses that will be spent during a given fiscal year. However, it is a projected spending plan and there will always be underspending in some line items and overspending in other line items in any given year. Each department is responsible for ensuring that total expenses do not exceed the approved budget.

Budget Amendments – after budget adoption, the budget change requests that result in an increase to the Department budget, but do not result in overspending the total District budget, are approved by the General Manager. The budget change requests, through the use of reserve funds, which result in an increase to the overall District budget must be approved by the Board.

In addition to the budget process, staff presents a monthly budget report to the Finance and Administration Committee for review of all operating revenues, expenses, and capital improvement program expenditures. Quarterly budget reports are presented to the Board. The Finance and Administration Committee and the Board also undertake a midcycle review of the District’s operating and capital improvement program budgets for the second year of the two-year budget cycle.

Cost Allocation

The District allocates General Fund overhead costs from support services that provide vital services and essential activities to other funds, operational divisions, and outside entities as fringe and overhead charges. The charges are based on the administrative and general (A&G) services provided. These costs include employee labor and fringe benefits that include employee pension, medical, retiree health costs, workers' compensation, and other benefits. The A&G costs include Finance and Administration (excluding Customer Service and Meter Reading), Information Technology, Office of the General Manager, and the positions of department heads and division managers. A&G costs also include health and safety/emergency services, general public information, and facility maintenance. Office of Management and Budget (OMB) Circular A-87 compliant allocations remove certain A&G costs such as the compensation of elected officials and public information/outreach expenses. The separate OMB A-87 allocation is utilized as required for grants reimbursements while full cost allocation is utilized in all other situations.

Debt Administration

The District has historically relied on cash reserves to fund capital projects mostly on a pay-as-you-go basis. This approach can work well during periods in which net revenues are strong and capital funding needs are modest. The increased need for capital projects in the future may create the need for external funding. The District's Debt Policy sets forth guidelines for the financing of capital projects and establishes general parameters for the issuance and administration of bonds and other forms of indebtedness.

REVENUE BONDS

Water System Revenue Bonds are issued primarily to finance the construction of capital improvements related to the District's water system. The bonds are payable solely from and secured by the revenues received from the operation of the District's water system. The District has covenanted for its current revenue bonds that it will fix, prescribe and collect rates, fees and charges for use of the District's water system during each fiscal year, which are at least sufficient to yield in each fiscal year net revenues equal to 125% of the debt service for such fiscal year, plus any amount necessary to restore the bond reserve fund to the reserve requirement.

The District currently has two outstanding bonds – 2015 Revenue Bonds and 2022 Revenue Bonds. The bonds were issued by the Alameda County Water District Financing Authority, a Joint Power Authority formed by the Alameda County Water District and the Union Sanitary District.

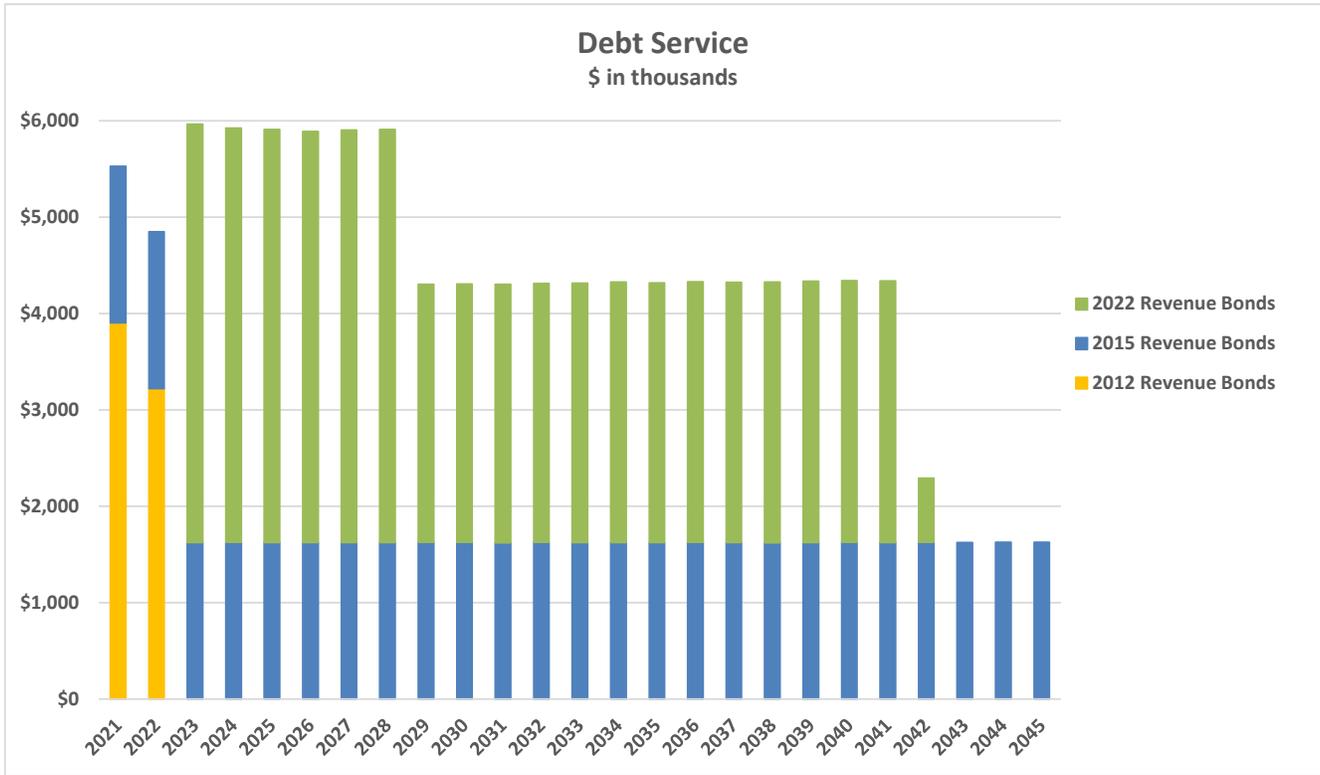
- **2015 Water Revenue Bonds:** The bonds were issued to finance the design, acquisition, and construction of improvements to the water system related to improving seismic reliability, replacing aging infrastructure, improving water supply reliability through environmental stewardship, and improving water quality and production reliability.
- **2022 Water Revenue Bonds:** The bonds were issued to provide funds to finance and reimburse the design, acquisition, and construction of improvements to the water system and refund the District's 2012 Water Revenue Bonds.

DEBT SERVICE REQUIREMENTS

As of June 30, 2022, the District had \$75.2 million in outstanding debt. The District’s total debt service payments for FYE 24 and FYE 25 are \$5,924,000, and \$5,911,000, respectively. The annual debt service payments on the 2015 Water Revenue Bonds and 2022 Water Revenue Bonds are presented below.

| 2015 WATER REVENUE BONDS | | | | 2022 WATER REVENUE BONDS | | | | |
|--------------------------|-----------------|-----------------|---------------------|--------------------------|-----------------|-----------------|---------------------|--------------------|
| (\$ in thousands) | | | | | | | | |
| Period Ending (June 1) | Principal | Interest | Period Debt Service | Period Ending (June 1) | Principal | Interest | Period Debt Service | TOTAL DEBT SERVICE |
| 2022 | \$610 | \$1,015 | \$1,625 | | - | - | - | \$1,625 |
| 2023 | 640 | 984 | 1,624 | 2023 | 2,130 | 2,211 | 4,341 | 5,965 |
| 2024 | 675 | 952 | 1,627 | 2024 | 2,490 | 1,807 | 4,297 | 5,924 |
| 2025 | 705 | 919 | 1,624 | 2025 | 2,605 | 1,682 | 4,287 | 5,911 |
| 2026 | 740 | 883 | 1,623 | 2026 | 2,715 | 1,552 | 4,267 | 5,890 |
| 2027 | 770 | 854 | 1,624 | 2027 | 2,865 | 1,416 | 4,281 | 5,905 |
| 2028 | 800 | 823 | 1,623 | 2028 | 3,015 | 1,273 | 4,288 | 5,911 |
| 2029 | 835 | 791 | 1,626 | 2029 | 1,555 | 1,122 | 2,677 | 4,303 |
| 2030 | 870 | 758 | 1,628 | 2030 | 1,635 | 1,044 | 2,679 | 4,307 |
| 2031 | 900 | 723 | 1,623 | 2031 | 1,720 | 963 | 2,683 | 4,305 |
| 2032 | 940 | 687 | 1,627 | 2032 | 1,810 | 877 | 2,687 | 4,313 |
| 2033 | 975 | 649 | 1,624 | 2033 | 1,905 | 786 | 2,691 | 4,315 |
| 2034 | 1,015 | 610 | 1,625 | 2034 | 2,010 | 691 | 2,701 | 4,326 |
| 2035 | 1,055 | 570 | 1,625 | 2035 | 2,085 | 610 | 2,695 | 4,320 |
| 2036 | 1,100 | 527 | 1,627 | 2036 | 2,175 | 527 | 2,702 | 4,329 |
| 2037 | 1,140 | 483 | 1,623 | 2037 | 2,260 | 440 | 2,700 | 4,323 |
| 2038 | 1,185 | 438 | 1,623 | 2038 | 2,355 | 350 | 2,705 | 4,327 |
| 2039 | 1,235 | 390 | 1,625 | 2039 | 2,455 | 255 | 2,710 | 4,336 |
| 2040 | 1,285 | 341 | 1,626 | 2040 | 2,535 | 182 | 2,717 | 4,343 |
| 2041 | 1,335 | 290 | 1,625 | 2041 | 2,610 | 106 | 2,716 | 4,340 |
| 2042 | 1,390 | 236 | 1,626 | 2042 | 645 | 21 | 666 | 2,292 |
| 2043 | 1,445 | 181 | 1,626 | 2043 | - | - | - | 1,626 |
| 2044 | 1,505 | 123 | 1,628 | 2044 | - | - | - | 1,628 |
| 2045 | 1,565 | 63 | 1,628 | 2045 | - | - | - | 1,628 |
| TOTAL | \$24,715 | \$14,290 | \$39,005 | | \$43,575 | \$17,915 | \$61,490 | \$100,494 |

Totals may not add due to rounding.



CREDIT RATINGS

The District strives to obtain the highest credit rating to ensure that borrowing costs are minimized and access to future credit is preserved. The District’s credit profile reflects its large and diverse service area within the affluent San Francisco Bay Area, diverse water supply with ample water in storage, and low debt burden. The District has strong debt service coverage, maintains robust liquidity, and has a consistent history of prudent fiscal management, including maintaining and annually updating a comprehensive 25-year Capital Improvement Program and the long-range Financial Planning Model.

The District’s water revenue bonds ratings are shown in the table below:

| Water Systems Credit Ratings | | |
|------------------------------|---------------------|---------|
| BOND | Standard and Poor’s | Moody’s |
| 2015 Water Revenue Bonds | AAA | Aa1 |
| 2022 Water Revenue Bonds | AAA | Aa1 |

DEBT CAPACITY AND DEBT SERVICE COVERAGE

There are no statutory or charter debt limitations for the District and there is no policy limit on the amount of debt that may be issued. However, the Board of Directors adheres to strict guiding principles for debt issuance and administration as documented within the Debt Management and Disclosure Policy.

The budget provides the following Net Revenue-to-Annual Debt Coverage Ratio for the existing debt and any proposed new debt anticipated in the budget timeframe.

| DEBT COVERAGE RATIO (\$ in thousands) | | | | | | |
|---|------------------|------------------|------------------|---------------------|------------------|------------------|
| | FYE 21 Actual | FYE 22 Actual | FYE 23 Budget | FYE 23 Estimated | FYE 24 Budget | FYE 25 Budget |
| Total Revenue | \$157,259 | \$157,787 | \$159,622 | \$165,166 | \$156,756 | \$164,192 |
| State Water Contract Revenue | (5,581) | (6,283) | (5,924) | (6,150) | (6,545) | (6,452) |
| Customer Capital Contributions Revenue | (1,439) | (2,517) | (5,090) | (4,459) | (3,800) | (3,800) |
| Total Operating Expenses | 150,239 | 148,987 | 148,608 | 154,557 | 146,411 | 153,940 |
| State Water Bond Expenses | 106,382 | 110,316 | 119,047 | 119,020 | 121,796 | 124,762 |
| Operating Expenses | (5,581) | (6,283) | (5,924) | (6,150) | (6,545) | (6,452) |
| Facilities Improvement Fund (already included in Total Revenue Above) | 100,800 | 104,033 | 113,123 | 112,870 | 115,251 | 118,310 |
| Annual Debt Service | 5,529 | 4,848 | 5,965 | 5,965 | 5,924 | 5,911 |
| Debt Coverage Ratio | 894% | 927% | 595% | 699% | 526% | 603% |

The table below shows the debt service schedule of the existing debt and the projected outstanding principal balances of the existing debt as of June 30, 2023.

| DEBT SERVICE SCHEDULE (\$ in thousands) | | | | | | | | |
|---|-----------------------|----------------------|----------------------------|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | Amount of Outstanding | | | FYE 21 | FYE 22 | FYE 23 | FYE 24 | FYE 25 |
| | Original Issue | Balance at 6/30/2023 | | Actual | Actual | Estimated | Budget | Budget |
| 2012 Revenue Bonds 3.0% - 5.0% Maturity: FYE 41 | 45,240 | - | Principa Interest Total | \$2,335 1,570 3,905 | \$2,496 727 3,223 | - - - | - - - | - - - |
| 2015 Revenue Bonds 4.0% - 5.0% Maturity: FYE 45 | 27,810 | 23,465 | Principa Interest Total | 580 1,044 1,624 | 610 1,015 1,625 | 640 984 1,624 | 675 952 1,627 | 705 919 1,624 |
| 2022 Refunding Rev Bonds 4.0% - 5.0% Maturity: FYE 45 | 43,575 | 41,445 | Principa Interest Total | - - - | - - - | 2,130 2,211 4,341 | 2,490 1,807 4,297 | 2,605 1,682 4,287 |
| Grand Total | \$142,965 | \$64,910 | | \$5,529 | \$4,848 | \$5,965 | \$5,924 | \$5,911 |

Financial Policies Summary

The District has been entrusted with the care of public funds and takes the stewardship of those limited resources to be one of the District's primary responsibilities. The financial policies are designed to ensure the fiscal stability of the District and provide guidance for the development of the District's rates and budgets. The financial policies are developed in collaboration with staff, financial consultants, the Finance and Administration Committee, and are regularly reviewed and adopted by the Board of Directors.

The District maintains the following Board-adopted financial policies:

- Reserve
- Debt Management and Disclosure
- Investment
- Procurement

The below provides a summary of each of the District's financial policies – Reserve Fund Policy, Debt Management and Disclosure Policy, Investment Policy, and Procurement Policy.

A complete copy of the District's financial policies is included in the Attachment B in this budget document and available on the District's Finance & Administration Department website at: [Finance & Administration](#).

RESERVE FUND POLICY

The District's first Reserve Fund Policy (Reserve Policy) was adopted on June 9, 2005 (Board Resolution 05-025) and the policy is subject to Board review on an annual basis in conjunction with the review and approval of the District's budget. The most recent review and update was adopted by the Board in June 2022 (Board Resolution 22-042). The Reserve Policy is intended to ensure that sufficient resources are available to meet operating expenses, capital expenditures, debt service obligations, and address unanticipated events. The reserve funds may be utilized to maintain a balanced budget in certain situations.

The District maintains two types of reserve funds – Restricted Reserves and Designated Reserves. Restricted reserves are reserves that are restricted by an outside source, such as by statute, court determination, or contract. Designated reserves are reserves that are established and set aside to be used for a specific, Board designated purpose. The District maintains the following reserves:

- **Restricted Reserves:** Facilities Improvement Fund Reserve; Installer's Reimbursement Fund Reserve; Management Retirement Bonus Reserve
- **Designated Reserves:** Operations & Maintenance (O&M) Reserve; Capital Reserve; Rate Stabilization Reserve; Emergency Reserve

DEBT MANAGEMENT AND DISCLOSURE POLICY

The District's first Debt Management and Disclosure Policy (Debt Policy) was adopted on August 10, 2017 (Board Resolution 17-059) and is subject to Board review on an annual basis and prior to any new debt issuance. The most recent review and update was adopted by the Board in September 2021 (Board Resolution 21-052). The Debt Policy sets forth guidelines for the financing of capital projects and establishes general parameters for the issuance and administration of bonds and other forms of indebtedness. All indebtedness shall be integrated with the District's biennial Operating Budget, 25-Year Capital Improvement Program, and Financial Planning Model. New indebtedness will be evaluated for impact to pledged revenue, debt service coverage, and annual debt service. The policy establishes guidelines for: Criteria for Debt Financing/Policy Goals; Methods of Financing; Debt Issuance; Debt Administration/Internal Control Procedures; SB 1029 Compliance; Policy Review.

INVESTMENT POLICY

The District's first Investment Policy was adopted on February 10, 2005 and is subject to annual review by the Board. The most recent review and update was adopted by the Board on June 2022 (Board Resolution 22-041). The Investment Policy establishes guidelines for the investment of District funds and ensures the District conforms to all applicable federal, state, and local statutes. The Investment Policy also incorporates industry best practices.

The District Investment Policy establishes three objectives for District investments, in order of priority: 1) Safety of principal; 2) Sufficient liquidity to meet all operating and capital cash requirements which might be reasonably anticipated; 3) Achieve a market rate of return through budgetary and economic cycles while conforming to the safety and liquidity criteria above.

The Investment Policy also addresses: Ethics and Conflicts of Interest; Internal Controls; Authorized Investments; Authorized Financial Dealers and Institutions; Prohibited Investments; Investment in Pools/Mutual Funds; Collateralization; Investment Placement; Safekeeping and Custody; Maximum Maturities; Risk Management and Diversification; Reporting; Performance Evaluation; Board Review of Investment Policy.

PROCUREMENT POLICY

The District's updated Procurement Policy was adopted on February 13, 2020 (Board Resolution 20-010). The policy sets forth standards and methods for obtaining goods, equipment, materials, and professional and technical services, and is intended to: Foster competition for District contracts; Promote efficiency in District procurement; Ensure adherence to proper standards of conduct by District employees and representatives; Guard against waste, fraud, and abuse; Maintain proper, fair, and equitable relationships with all vendors; and Provide appropriate public access to contracting information.

To this end, the Procurement Policy addresses the following topics: Conflicts of Interest; Procurement Authority; Methods of Procurement; Procurement Documentation and Consideration of Bids and Proposals; Execution of Procurement Contract Documents; Items Excluded from Procurement Policy; Sole and Single Source Procurements; Discretion to Waive the Competitive Process; Emergency Contracts; Cooperative Purchasing Agreements; Purchasing and Accounts Payable Credit Card Programs; Disposal of Surplus Materials or Equipment; Revenue Generation Contracts/Concessions; and Procurement Administrative Guidelines.

The District's Procurement Policy and Procurement administrative guidelines are established in accordance with applicable laws and best procurement practices, and the General Manager has the authority to maintain and update the administrative guidelines, as necessary. The full Procurement Policy can be viewed on the District's website here: [Procurement Policy](#).



Financial Summaries

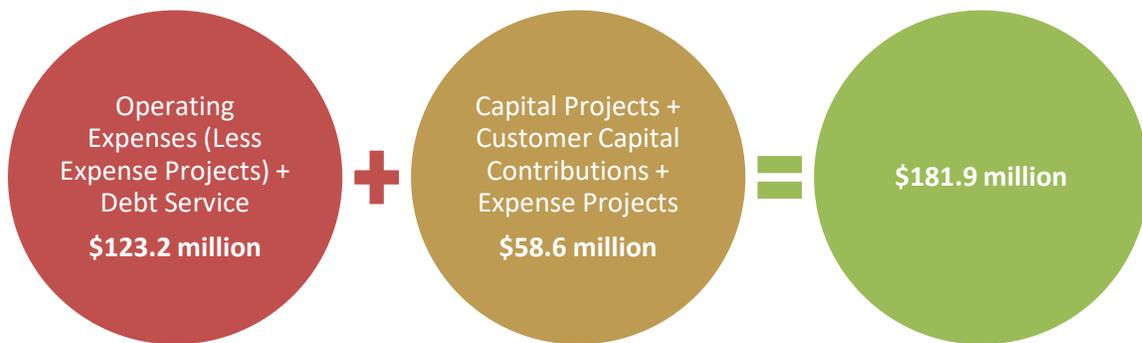
Budget Summaries and Budget Trends

The Board of Directors adopted the General Manager's proposed budget without modifications. The table below shows the beginning cash balances, revenues, expenses, and ending cash balances for FYE 24 and FYE 25 for All Funds. Revenues for All Funds are budgeted at \$156.8 million and \$164.2 million in FYE 24 and FYE 25, respectively. Expenses for All Funds are budgeted at \$181.9 million in FYE 24 and \$187.7 million in FYE 25.

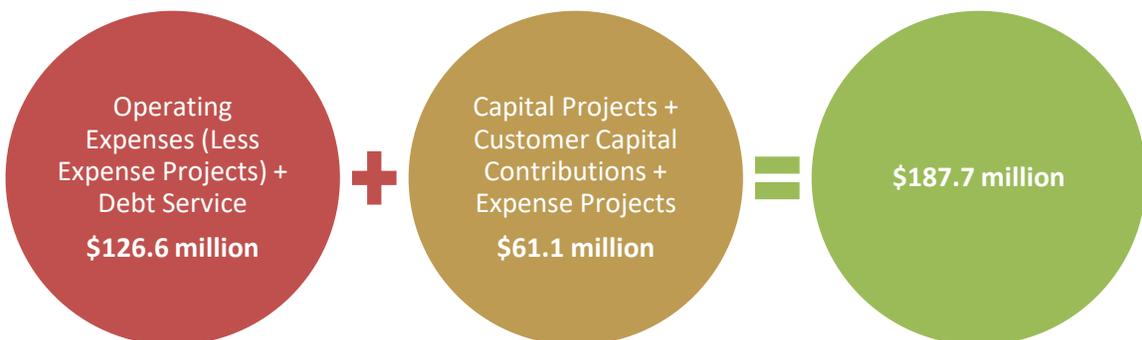
| | FYE 24 Proposed Budget (\$ in thousands) | FYE 25 Proposed Budget | % Change FYE 24 FYE 25 |
|-------------------|---|------------------------------|------------------------------|
| Beginning Balance | \$211,193 | \$186,085 | -17% |
| Revenues | 156,756 | 164,192 | 5% |
| Expenses | 181,864 | 187,726 | 3% |
| Ending Balance | \$186,085 | \$162,551 | -13% |

As illustrated below, operating budget includes operating expenses (excluding expense projects) and debt service totaling \$123.2 in FYE 24 and \$126.6 in FYE 25. Capital budget includes capital project expenditures, customer capital contributions, and expense projects totaling \$58.4 million in FYE 24 and \$61.1 million in FYE 25.

FYE 24 Budget



FYE 25 Budget



The tables on the following pages present the Budget, Budget Summary, Budget Trends, and Expense Summary. Operating revenues are presented by type and operating expenses are presented by Cost Center and Cost Element. Detailed descriptions for the major revenues and expenses are provided in the following section.

The table below presents the Budget for All Funds for FYE 24.

FYE 24 BUDGET

| ALL FUNDS SUMMARY (\$ in thousands) | | | | |
|--|------------------|-----------------------------------|-------------------------------|-----------------------|
| | General Fund | Facilities Improvement Fund | Facilities Renewal Fund | Total All Funds |
| Beginning Balance | \$134,304 | \$76,889 | - | \$211,193 |
| Revenues | | | | |
| Water Revenue | 124,403 | - | - | 124,403 |
| Drought Surcharge Revenue | - | - | - | - |
| Ground Water Revenue | 560 | - | - | 560 |
| 1% Tax Allocation | 8,081 | - | - | 8,081 |
| State Water Contract Tax | 6,545 | - | - | 6,545 |
| Interest Revenue | 2,668 | 1,655 | - | 4,323 |
| Facilities Connection Charges - FIF | - | 4,213 | - | 4,213 |
| Facilities Connection Charges - FRF | - | - | 2,540 | 2,540 |
| Customer Capital Contributions | 3,800 | - | - | 3,800 |
| Grants, Reimbursements | 1,007 | - | - | 1,007 |
| Other Revenue | 1,284 | - | - | 1,284 |
| Total Revenues | 148,348 | 5,867 | 2,540 | 156,755 |
| Expenses | | | | |
| Source of Supply | 50,126 | - | - | 50,126 |
| Pumping | 2,808 | - | - | 2,808 |
| Water Treatment | 19,373 | - | - | 19,373 |
| Transmission & Distribution | 16,545 | - | - | 16,545 |
| Customer Accounts | 6,339 | - | - | 6,339 |
| Administrative & General | 22,107 | - | - | 22,107 |
| Expense Projects | 4,497 | - | - | 4,497 |
| Total Operating Expenses | 121,796 | - | - | 121,796 |
| Capital Projects | 40,228 | 7,575 | 2,540 | 50,344 |
| Customer Capital Contributions | 3,800 | - | - | 3,800 |
| Debt Service | 5,924 | - | - | 5,924 |
| Total Non-Operating Expenses | 49,952 | 7,575 | 2,540 | 60,068 |
| Total Expenses | 171,748 | 7,575 | 2,540 | 181,864 |
| Net of Revenues & Expenses | (23,400) | (1,708) | - | (25,108) |
| Debt Proceeds | - | - | - | - |
| Reconciling Timing Difference | - | - | - | - |
| Ending Cash Balance | \$110,904 | \$75,181 | - | \$186,085 |

The table below presents the Budget for All Funds for FYE 25.

FYE 25 BUDGET

| ALL FUNDS SUMMARY (\$ in thousands) | | | | |
|--|-----------------|-----------------------------------|-------------------------------|-----------------------|
| | General Fund | Facilities Improvement Fund | Facilities Renewal Fund | Total All Funds |
| Beginning Balance | \$110,904 | \$75,181 | - | \$186,085 |
| Revenues | | | | |
| Water Revenue | 131,405 | - | - | 131,405 |
| Drought Surcharge Revenue | - | - | - | - |
| Ground Water Revenue | 571 | - | - | 571 |
| 1% Tax Allocation | 8,445 | - | - | 8,445 |
| State Water Contract Tax | 6,452 | - | - | 6,452 |
| Interest Revenue | 2,181 | 1,612 | - | 3,793 |
| Facilities Connection Charges - FIF | - | 4,593 | - | 4,593 |
| Facilities Connection Charges - FRF | - | - | 2,769 | 2,769 |
| Customer Capital Contributions | 3,800 | - | - | 3,800 |
| Grants, Reimbursements | 1,078 | - | - | 1,078 |
| Other Revenue | 1,287 | - | - | 1,287 |
| Total Revenues | 155,217 | 6,205 | 2,769 | 164,192 |
| Expenses | | | | |
| Source of Supply | 51,531 | - | - | 51,531 |
| Pumping | 2,898 | - | - | 2,898 |
| Water Treatment | 19,895 | - | - | 19,895 |
| Transmission & Distribution | 16,903 | - | - | 16,903 |
| Customer Accounts | 6,552 | - | - | 6,552 |
| Administrative & General | 22,890 | - | - | 22,890 |
| Expense Projects | 4,093 | - | - | 4,093 |
| Total Operating Expenses | 124,762 | - | - | 124,762 |
| Capital Projects | 42,114 | 8,370 | 2,769 | 53,253 |
| Customer Capital Contributions | 3,800 | - | - | 3,800 |
| Debt Service | 5,911 | - | - | 5,911 |
| Total Non-Operating Expenses | 51,825 | 8,370 | 2,769 | 62,964 |
| Total Expenses | 176,586 | 8,370 | 2,769 | 187,726 |
| Net of Revenues & Expenses | (21,369) | (2,165) | - | (23,534) |
| Debt Proceeds | - | - | - | - |
| Reconciling Timing Difference | - | - | - | - |
| Ending Cash Balance | \$89,535 | \$73,016 | - | \$162,551 |

The following table present the Budget Summary by Fund.

BUDGET SUMMARY – GENERAL FUND

| GENERAL FUND REVENUES & EXPENSES (\$ in thousands) | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|--------|--------|
| | FYE 21 | FYE 22 | FYE 23 | FYE 23 | FYE 24 | FYE 25 | % Chg | % Chg |
| | Actual | Actual | Budget | Estimated | Budget | Budget | FYE 23 | FYE 24 |
| | | | | | | | FYE 24 | FYE 25 |
| Beginning Balance | \$123,822 | \$123,949 | \$131,875 | \$135,429 | \$134,304 | \$110,904 | 2% | -17% |
| Revenues | | | | | | | | |
| Water Revenue | 121,339 | 116,429 | 113,828 | 114,052 | 124,403 | 131,405 | 9% | 6% |
| Drought Surcharge Revenue | - | 2,976 | 11,281 | 10,442 | - | - | -100% | 0% |
| Ground Water Revenue | 499 | 443 | 577 | 577 | 560 | 571 | -3% | 2% |
| 1% Tax Allocation | 6,953 | 7,310 | 7,613 | 7,639 | 8,081 | 8,445 | 6% | 4% |
| State Water Contract Tax | 5,581 | 6,283 | 5,924 | 6,150 | 6,545 | 6,452 | 10% | -1% |
| Interest Revenue | 2,331 | 2,380 | 2,415 | 2,035 | 2,668 | 2,181 | 10% | -18% |
| Customer Capital Contributions | 1,439 | 2,517 | 5,090 | 4,459 | 3,800 | 3,800 | -25% | 0% |
| Grants, Reimbursements | 10,206 | 6,969 | 8,744 | 6,754 | 1,007 | 1,078 | -88% | 7% |
| Other Revenue | 1,423 | 1,330 | 1,205 | 1,287 | 1,284 | 1,287 | 7% | 0% |
| Total Revenues | 149,771 | 146,638 | 156,676 | 153,395 | 148,348 | 155,217 | -5% | 5% |
| Expenses | | | | | | | | |
| Source of Supply | 41,982 | 43,516 | 44,487 | 49,563 | 50,126 | 51,531 | 13% | 3% |
| Pumping | 1,895 | 1,838 | 2,626 | 2,446 | 2,808 | 2,898 | 7% | 3% |
| Water Treatment | 14,949 | 14,725 | 19,294 | 19,093 | 19,373 | 19,895 | 0% | 3% |
| Transmission & Distribution | 15,219 | 15,717 | 17,881 | 17,660 | 16,545 | 16,903 | -7% | 2% |
| Customer Accounts | 4,599 | 4,770 | 5,948 | 6,081 | 6,339 | 6,552 | 7% | 3% |
| Administrative & General | 23,226 | 25,050 | 22,933 | 20,096 | 22,107 | 22,890 | -4% | 4% |
| Expense Projects | 4,512 | 4,700 | 5,878 | 4,082 | 4,497 | 4,093 | -23% | -9% |
| Total Operating Expenses | 106,382 | 110,316 | 119,047 | 119,020 | 121,796 | 124,762 | 2% | 2% |
| Capital Projects | 37,687 | 26,022 | 38,733 | 25,076 | 40,228 | 42,114 | 4% | 5% |
| Customer Capital Contributions | 3,653 | 3,078 | 4,459 | 4,459 | 3,800 | 3,800 | -15% | 0% |
| Debt Service | 5,529 | 4,848 | 5,965 | 5,965 | 5,924 | 5,911 | -1% | 0% |
| Total Non-Operating Expense: | 46,869 | 33,948 | 49,157 | 35,500 | 49,952 | 51,825 | 2% | 4% |
| Total Expenses | 153,251 | 144,264 | 168,204 | 154,520 | 171,748 | 176,586 | 2% | 3% |
| Net of Revenues & Expenses | (3,480) | 2,375 | (11,528) | (1,125) | (23,400) | (21,369) | 103% | -9% |
| Debt Proceeds | - | 10,000 | - | - | - | - | | |
| Reconciling Timing Difference | 3,211 | (870) | - | - | - | - | | |
| Ending Balance | \$123,949 | \$135,429 | \$120,347 | \$134,304 | \$110,904 | \$89,535 | -8% | -19% |

The following tables present the Budget Summary by Fund.

BUDGET SUMMARY – FACILITIES IMPROVEMENT FUND

| FACILITIES IMPROVEMENT FUND (FIF) | | | | | | | | |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------|------------|
| REVENUES & EXPENSES | | | | | | | | |
| (\$ in thousands) | | | | | | | | |
| | FYE 21 | FYE 22 | FYE 23 | FYE 23 | FYE 24 | FYE 25 | % Chg | % Chg |
| | Actual | Actual | Budget | Estimated | Budget | Budget | FYE 23 | FYE 24 |
| | | | | | | | FYE 24 | FYE 25 |
| Beginning Balance | \$70,693 | \$71,352 | \$70,500 | \$73,441 | \$76,889 | \$75,181 | 9% | -2% |
| Revenues | | | | | | | | |
| Facilities Connection Charges - FIF | 4,157 | 6,414 | 1,050 | 6,833 | 4,213 | 4,593 | 301% | 9% |
| Interest Revenue | 1,307 | 1,324 | 1,306 | 1,134 | 1,655 | 1,612 | 27% | -3% |
| Total FIF Revenues | 5,463 | 7,738 | 2,356 | 7,967 | 5,867 | 6,205 | 149% | 6% |
| Expenses | | | | | | | | |
| Capital Projects | 4,804 | 5,649 | 7,000 | 4,519 | 7,575 | 8,370 | 8% | 10% |
| Total FIF Expenses | 4,804 | 5,649 | 7,000 | 4,519 | 7,575 | 8,370 | 8% | 10% |
| Net of Revenues & Expenses | 659 | 2,089 | (4,645) | 3,448 | (1,708) | (2,165) | -63% | 27% |
| Ending Balance | \$71,352 | \$73,441 | \$65,855 | \$76,889 | \$75,181 | \$73,016 | 14% | -3% |

BUDGET SUMMARY – FACILITIES RENEWAL FUND

| FACILITIES RENEWAL FUND (FRF) | | | | | | | | |
|---------------------------------------|--------------|--------------|------------|--------------|--------------|--------------|-------------|-----------|
| REVENUES & EXPENSES | | | | | | | | |
| (\$ in thousands) | | | | | | | | |
| | FYE 21 | FYE 22 | FYE 23 | FYE 23 | FYE 24 | FYE 25 | % Chg | % Chg |
| | Actual | Actual | Budget | Estimated | Budget | Budget | FYE 23 | FYE 24 |
| | | | | | | | FYE 24 | FYE 25 |
| Beginning Balance | - | - | - | - | - | - | 0% | 0% |
| Revenues | | | | | | | | |
| Facilities Connection Charges - FRF | 2,025 | 3,410 | 590 | 3,804 | 2,540 | 2,769 | 331% | 9% |
| Interest Revenue | - | - | - | - | - | - | 0% | 0% |
| Total FRF Revenues | 2,025 | 3,410 | 590 | 3,804 | 2,540 | 2,769 | 331% | 9% |
| Expenses | | | | | | | | |
| Capital Projects | 2,025 | 3,410 | 590 | 3,804 | 2,540 | 2,769 | 331% | 9% |
| Total FRF Expenses | 2,025 | 3,410 | 590 | 3,804 | 2,540 | 2,769 | 331% | 9% |
| Net of Revenues & Expenses | - | - | - | - | - | - | 0% | 0% |
| Ending Balance | - | - | - | - | - | - | 0% | 0% |

The table below presents the Budget Trends by Cost Center.

BUDGET TRENDS BY COST CENTER

| TOTAL BUDGET REVENUES & EXPENSES (\$ in thousands) | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|-----------------|
| | FYE 21 | FYE 22 | FYE 23 | FYE 23 | FYE 24 | FYE 25 | % Chg FYE 23 | % Chg FYE 24 |
| | Actual | Actual | Budget | Estimated | Budget | Budget | FYE 23 | FYE 24 |
| | | | | | | | FYE 24 | FYE 25 |
| Beginning Balance | | | | | | | | |
| General Fund | \$123,822 | \$123,949 | \$131,875 | \$135,429 | \$134,304 | \$110,904 | 2% | -17% |
| Facilities Improvement Fund (FIF) | 70,693 | 71,352 | 70,500 | 73,441 | 76,889 | 75,181 | 9% | -2% |
| Facilities Renewal Fund (FRF) | - | - | - | - | - | - | 0% | 0% |
| Total Beginning Balance | 194,515 | 195,301 | 202,375 | 208,870 | 211,193 | 186,085 | 4% | -12% |
| Revenues | | | | | | | | |
| Water Revenue | 121,339 | 116,429 | 113,828 | 114,052 | 124,403 | 131,405 | 9% | 6% |
| Drought Surcharge Revenue | - | 2,976 | 11,281 | 10,442 | - | - | -100% | 0% |
| Ground Water Revenue | 499 | 443 | 577 | 577 | 560 | 571 | -3% | 2% |
| 1% Tax Allocation | 6,953 | 7,310 | 7,613 | 7,639 | 8,081 | 8,445 | 6% | 4% |
| State Water Contract Tax | 5,581 | 6,283 | 5,924 | 6,150 | 6,545 | 6,452 | 10% | -1% |
| Interest Revenue | 3,638 | 3,705 | 3,721 | 3,168 | 4,323 | 3,793 | 16% | -12% |
| Facilities Connection Charges - FIF | 4,157 | 6,414 | 1,050 | 6,833 | 4,213 | 4,593 | 301% | 9% |
| Facilities Connection Charges - FRF | 2,025 | 3,410 | 590 | 3,804 | 2,540 | 2,769 | 331% | 9% |
| Customer Capital Contributions | 1,439 | 2,517 | 5,090 | 4,459 | 3,800 | 3,800 | -25% | 0% |
| Grants, Reimbursements | 10,206 | 6,969 | 8,744 | 6,754 | 1,007 | 1,078 | -88% | 7% |
| Other Revenue | 1,423 | 1,330 | 1,205 | 1,287 | 1,284 | 1,287 | 7% | 0% |
| Total Revenues | 157,259 | 157,787 | 159,622 | 165,166 | 156,756 | 164,192 | -2% | 5% |
| Expenses | | | | | | | | |
| Source of Supply | 41,982 | 43,516 | 44,487 | 49,563 | 50,126 | 51,531 | 13% | 3% |
| Pumping | 1,895 | 1,838 | 2,626 | 2,446 | 2,808 | 2,898 | 7% | 3% |
| Water Treatment | 14,949 | 14,725 | 19,294 | 19,093 | 19,373 | 19,895 | 0% | 3% |
| Transmission & Distribution | 15,219 | 15,717 | 17,881 | 17,660 | 16,545 | 16,903 | -7% | 2% |
| Customer Accounts | 4,599 | 4,770 | 5,948 | 6,081 | 6,339 | 6,552 | 7% | 3% |
| Administrative & General | 23,226 | 25,050 | 22,933 | 20,096 | 22,107 | 22,890 | -4% | 4% |
| Expense Projects | 4,512 | 4,700 | 5,878 | 4,082 | 4,497 | 4,093 | -23% | -9% |
| Total Operating Expenses | 106,382 | 110,316 | 119,047 | 119,020 | 121,796 | 124,762 | 2% | 2% |
| Capital Projects | 44,515 | 35,082 | 46,324 | 33,399 | 50,344 | 53,253 | 9% | 6% |
| Customer Capital Contributions | 3,653 | 3,078 | 4,459 | 4,459 | 3,800 | 3,800 | -15% | 0% |
| Debt Service | 5,529 | 4,848 | 5,965 | 5,965 | 5,924 | 5,911 | -1% | 0% |
| Total Non-Operating Expense: | 53,698 | 43,008 | 56,748 | 43,823 | 60,068 | 62,964 | 6% | 5% |
| Total Expenses | 160,079 | 153,324 | 175,795 | 162,843 | 181,864 | 187,726 | 3% | 3% |
| Net of Revenues & Expenses | (2,820) | 4,463 | (16,173) | 2,323 | (25,108) | (23,534) | 55% | -6% |
| Debt Proceeds | - | 10,000 | - | - | - | - | | |
| Reconciling Timing Difference | 3,211 | (870) | - | - | - | - | | |
| Ending Cash Balance | | | | | | | | |
| General Fund | 123,949 | 135,429 | 120,347 | 134,304 | 110,904 | 89,535 | -8% | -19% |
| Facilities Improvement Fund | 71,352 | 73,441 | 65,855 | 76,889 | 75,181 | 73,016 | 14% | -3% |
| Facilities Renewal Fund | - | - | - | - | - | - | 0% | 0% |
| Total Ending Cash Balance | \$195,301 | \$208,870 | \$186,202 | \$211,193 | \$186,085 | \$162,551 | 0% | -13% |

The table below presents the Budget Trends by Department.

BUDGET TRENDS BY DEPARTMENT

| TOTAL BUDGET REVENUES & EXPENSES (\$ in thousands) | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------|-------------|
| | FYE 21 | FYE 22 | FYE 23 | FYE 23 | FYE 24 | FYE 25 | % Chg | % Chg |
| | Actual | Actual | Budget | Estimated | Budget | Budget | FYE 23 | FYE 24 |
| | | | | | | | FYE 24 | FYE 25 |
| Beginning Balance | | | | | | | | |
| General Fund | \$123,822 | \$123,949 | \$131,875 | \$135,429 | \$134,304 | \$110,904 | 2% | -17% |
| Facilities Improvement Fund (FIF) | 70,693 | 71,352 | 70,500 | 73,441 | 76,889 | 75,181 | 9% | -2% |
| Facilities Renewal Fund (FRF) | - | - | - | - | - | - | 0% | 0% |
| Total Beginning Balance | 194,515 | 195,301 | 202,375 | 208,870 | 211,193 | 186,085 | 4% | -12% |
| Revenues | | | | | | | | |
| Water Revenue | 121,339 | 116,429 | 113,828 | 114,052 | 124,403 | 131,405 | 9% | 6% |
| Drought Surcharge Revenue | - | 2,976 | 11,281 | 10,442 | - | - | -100% | 0% |
| Ground Water Revenue | 499 | 443 | 577 | 577 | 560 | 571 | -3% | 2% |
| 1% Tax Allocation | 6,953 | 7,310 | 7,613 | 7,639 | 8,081 | 8,445 | 6% | 4% |
| State Water Contract Tax | 5,581 | 6,283 | 5,924 | 6,150 | 6,545 | 6,452 | 10% | -1% |
| Interest Revenue | 3,638 | 3,705 | 3,721 | 3,168 | 4,323 | 3,793 | 16% | -12% |
| Facilities Connection Charges - FIF | 4,157 | 6,414 | 1,050 | 6,833 | 4,213 | 4,593 | 301% | 9% |
| Facilities Connection Charges - FRF | 2,025 | 3,410 | 590 | 3,804 | 2,540 | 2,769 | 331% | 9% |
| Customer Capital Contributions | 1,439 | 2,517 | 5,090 | 4,459 | 3,800 | 3,800 | -25% | 0% |
| Grants, Reimbursements | 10,206 | 6,969 | 8,744 | 6,754 | 1,007 | 1,078 | -88% | 7% |
| Other Revenue | 1,423 | 1,330 | 1,205 | 1,287 | 1,284 | 1,287 | 7% | 0% |
| Total Revenues | 157,259 | 157,787 | 159,622 | 165,166 | 156,756 | 164,192 | -2% | 5% |
| Expenses | | | | | | | | |
| Board of Directors | 77 | 93 | 127 | 139 | 144 | 144 | 13% | 0% |
| General Manager's Office | 4,000 | 4,630 | 2,893 | 2,339 | 2,962 | 2,949 | 2% | 0% |
| Engineering & Technology Services | 6,775 | 7,244 | 7,818 | 7,381 | 7,396 | 7,752 | -5% | 5% |
| Operations & Maintenance | 40,675 | 41,458 | 49,463 | 49,150 | 49,017 | 50,243 | -1% | 3% |
| Water Resources | 41,740 | 43,573 | 44,576 | 48,924 | 48,399 | 49,638 | 9% | 3% |
| Finance & Administration | 8,118 | 8,532 | 12,752 | 12,807 | 14,124 | 14,492 | 11% | 3% |
| District-Wide | 28,065 | 27,499 | 29,190 | 27,635 | 29,112 | 30,368 | 0% | 4% |
| Expense Credits | (27,581) | (27,414) | (33,651) | (33,437) | (33,856) | (34,916) | 1% | 3% |
| Dept Operating Expenses | 101,869 | 105,616 | 113,168 | 114,938 | 117,299 | 120,669 | 4% | 3% |
| Expense Projects | 4,512 | 4,700 | 5,878 | 4,082 | 4,497 | 4,093 | -23% | -9% |
| Total Operating Expenses | 106,382 | 110,316 | 119,046 | 119,020 | 121,796 | 124,762 | 2% | 2% |
| Capital Projects | 44,515 | 35,082 | 46,324 | 33,399 | 50,344 | 53,253 | 9% | 6% |
| Customer Capital Contributions | 3,653 | 3,078 | 4,459 | 4,459 | 3,800 | 3,800 | -15% | 0% |
| Debt Service | 5,529 | 4,848 | 5,965 | 5,965 | 5,924 | 5,911 | -1% | 0% |
| Total Non-Operating Expenses | 53,698 | 43,008 | 56,748 | 43,823 | 60,068 | 62,964 | 6% | 5% |
| Total Expenses | 160,079 | 153,324 | 175,794 | 162,843 | 181,864 | 187,726 | 3% | 3% |
| Net of Revenues & Expenses | (2,820) | 4,463 | (16,172) | 2,323 | (25,108) | (23,534) | 55% | -6% |
| Debt Proceeds | | | | | | | | |
| | - | 10,000 | - | - | - | - | | |
| Reconciling Timing Difference | 3,211 | (870) | - | - | - | - | | |
| Ending Cash Balance | | | | | | | | |
| General Fund | 123,949 | 135,429 | 120,347 | 134,304 | 110,904 | 89,535 | -8% | -19% |
| Facilities Improvement Fund | 71,352 | 73,441 | 65,855 | 76,889 | 75,181 | 73,016 | 14% | -3% |
| Facilities Renewal Fund | - | - | - | - | - | - | 0% | 0% |
| Total Ending Cash Balance | \$195,301 | \$208,870 | \$186,202 | \$211,193 | \$186,085 | \$162,551 | 0% | -13% |

The table below presents the Expense Summary by Department.

EXPENSE SUMMARY BY DEPARTMENT

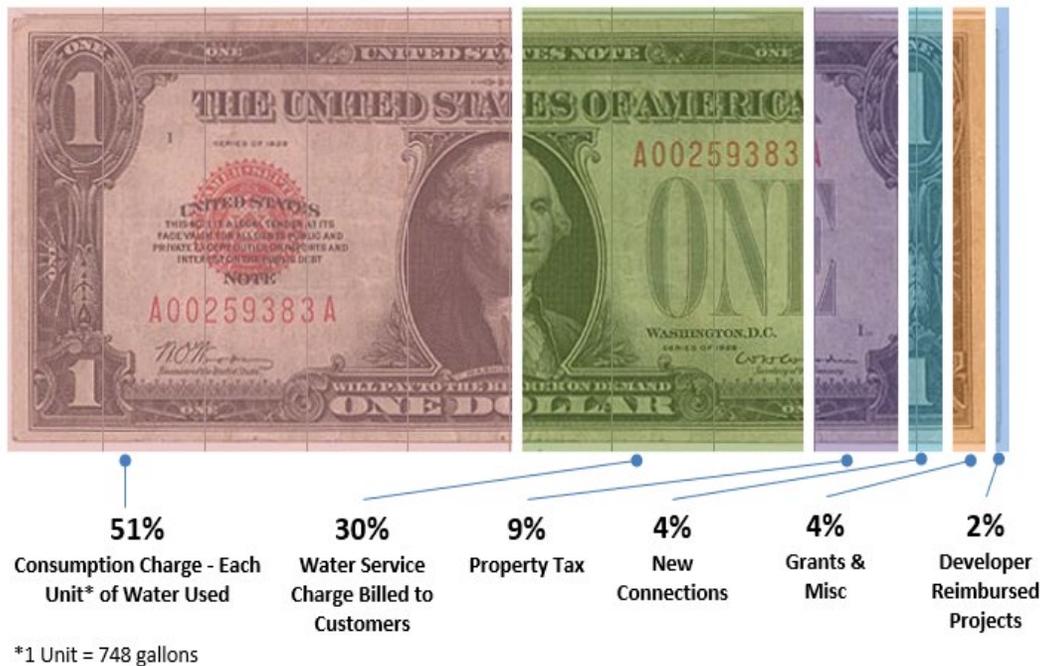
| EXPENSE SUMMARY DEPARTMENT (\$ in thousands) | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|-----------|------------|
| | FYE 21 | FYE 22 | FYE 23 | FYE 23 | FYE 24 | FYE 25 | % Chg | % Chg |
| | Actual | Actual | Budget | Estimated | Budget | Budget | FYE 23 | FYE 24 |
| Department | | | | | | | FYE 24 | FYE 25 |
| Board of Directors | \$77 | \$93 | \$127 | \$139 | \$144 | \$144 | 13% | 0% |
| General Manager's Office | 4,000 | 4,630 | 2,893 | 2,339 | 2,962 | 2,949 | 2% | 0% |
| Engineering & Technology Services | 6,775 | 7,244 | 7,818 | 7,381 | 7,396 | 7,752 | -5% | 5% |
| Operations & Maintenance | 40,675 | 41,458 | 49,463 | 49,150 | 49,017 | 50,243 | -1% | 3% |
| Water Resources | 41,740 | 43,573 | 44,576 | 48,924 | 48,399 | 49,638 | 9% | 3% |
| Finance & Administration | 8,118 | 8,532 | 12,752 | 12,807 | 14,124 | 14,492 | 11% | 3% |
| Department Expenses | 101,385 | 105,531 | 117,629 | 120,740 | 122,042 | 125,217 | 4% | 3% |
| Non-Department | | | | | | | | |
| District-Wide | 28,065 | 27,499 | 29,190 | 27,635 | 29,112 | 30,368 | 0% | 4% |
| Expense Credits | (27,581) | (27,414) | (33,651) | (33,437) | (33,856) | (34,916) | 1% | 3% |
| Non-Department Expenses | 484 | 85 | (4,461) | (5,802) | (4,743) | (4,548) | 6% | -4% |
| Total Expenses | \$101,869 | \$105,616 | \$113,168 | \$114,938 | \$117,299 | \$120,669 | 4% | 3% |

Major Revenue Assumptions

TOTAL REVENUES

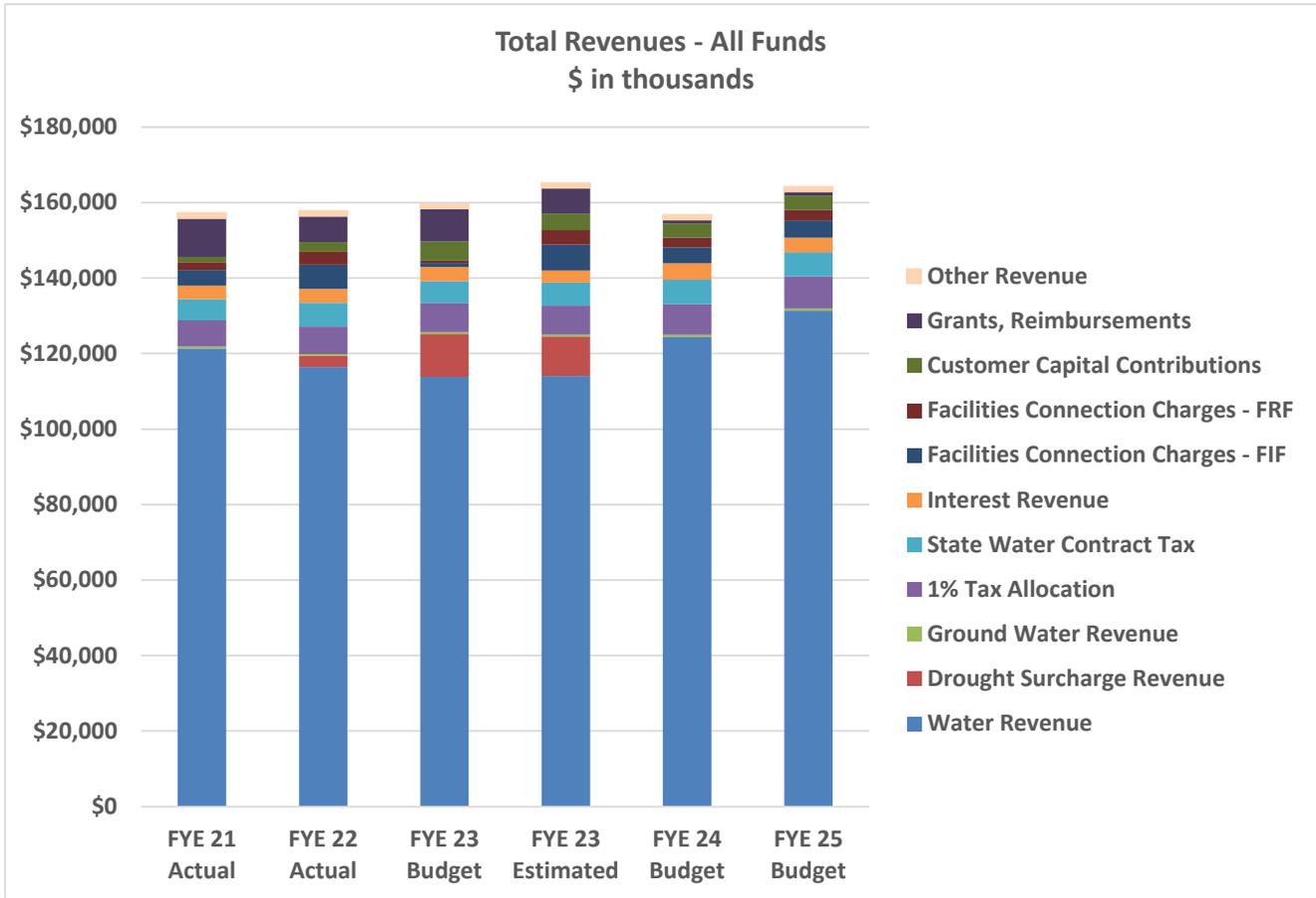
FYE 24 and FYE 25 revenues for all funds are estimated to be \$156.8 million and \$164.2 million, respectively. The graphic and table below illustrate the sources of revenue.

Every \$1 flowing in comes from:



REVENUES DETAIL (\$ in thousands)

| | FYE 21 Actual | FYE 22 Actual | FYE 23 Budget | FYE 23 Estimated | FYE 24 Budget | FYE 25 Budget | % Chg FYE 23 FYE 24 | % Chg FYE 24 FYE 25 |
|-------------------------------------|------------------|------------------|------------------|---------------------|------------------|------------------|---------------------------|---------------------------|
| Water Revenue | \$121,339 | \$116,429 | \$113,828 | \$114,052 | \$124,403 | \$131,405 | 9% | 6% |
| Drought Surcharge Revenue | - | 2,976 | 11,281 | 10,442 | - | - | -100% | 0% |
| Ground Water Revenue | 499 | 443 | 577 | 577 | 560 | 571 | -3% | 2% |
| 1% Tax Allocation | 6,953 | 7,310 | 7,613 | 7,639 | 8,081 | 8,445 | 6% | 4% |
| State Water Contract Tax | 5,581 | 6,283 | 5,924 | 6,150 | 6,545 | 6,452 | 10% | -1% |
| Interest Revenue | 3,638 | 3,705 | 3,721 | 3,168 | 4,323 | 3,793 | 16% | -12% |
| Facilities Connection Charges - FIF | 4,157 | 6,414 | 1,050 | 6,833 | 4,213 | 4,593 | 301% | 9% |
| Facilities Connection Charges - FRF | 2,025 | 3,410 | 590 | 3,804 | 2,540 | 2,769 | 331% | 9% |
| Customer Capital Contributions | 1,439 | 2,517 | 5,090 | 4,459 | 3,800 | 3,800 | -25% | 0% |
| Grants, Reimbursements | 10,206 | 6,969 | 8,744 | 6,754 | 1,007 | 1,078 | -88% | 7% |
| Other Revenue | | | | | | | | |
| Fire Flow Testing | 17 | 13 | 23 | 23 | 23 | 23 | 0% | 0% |
| Lease of Property | 323 | 315 | 355 | 355 | 355 | 355 | 0% | 0% |
| Scrap Sales | 24 | 17 | 23 | 17 | 16 | 19 | -27% | 15% |
| Sales of Fixed Assets | 140 | 81 | 39 | 81 | 84 | 84 | 117% | 0% |
| Licenses and Permits | 125 | 121 | 126 | 126 | 120 | 120 | -5% | 0% |
| Misc Revenues | 724 | 710 | 557 | 611 | 611 | 612 | 10% | 0% |
| Residential Service Line Insurance | 70 | 75 | 82 | 75 | 75 | 75 | -9% | 0% |
| Total Other Revenue | \$1,423 | \$1,330 | \$1,205 | \$1,287 | \$1,284 | \$1,287 | 7% | 0% |
| Total Revenues | \$157,259 | \$157,787 | \$159,622 | \$165,166 | \$156,756 | \$164,192 | -2% | 5% |



GENERAL FUND

FYE 24 and FYE 25 revenues for the General Fund are estimated to be \$148.3 million and \$155.2 million, respectively.

WATER REVENUE

Water revenues are the District’s primary source of General Fund revenue, comprising approximately 80% of the District’s total source of revenues. The budget includes a 4% rate increase effective March 1, 2023 and 4% rate increase effective March 1, 2024 approved by the Board at the conclusion of the Proposition 218 process and the public hearing in February 2023. The long term financial planning assumes a future water rate increase of 4% annually.

Water revenues include water sales, fireline service, backflow testing, and account establishment charges. Water sales are overwhelmingly comprised of commodity and service charges billed to customers. Water revenue estimates are determined based on customer demand, which fluctuates based on many factors such as weather, water rates, meter accuracy, new connections, drought conditions and conservation mandates. Trend analyses and growth of customer accounts are based on various general planning documents.

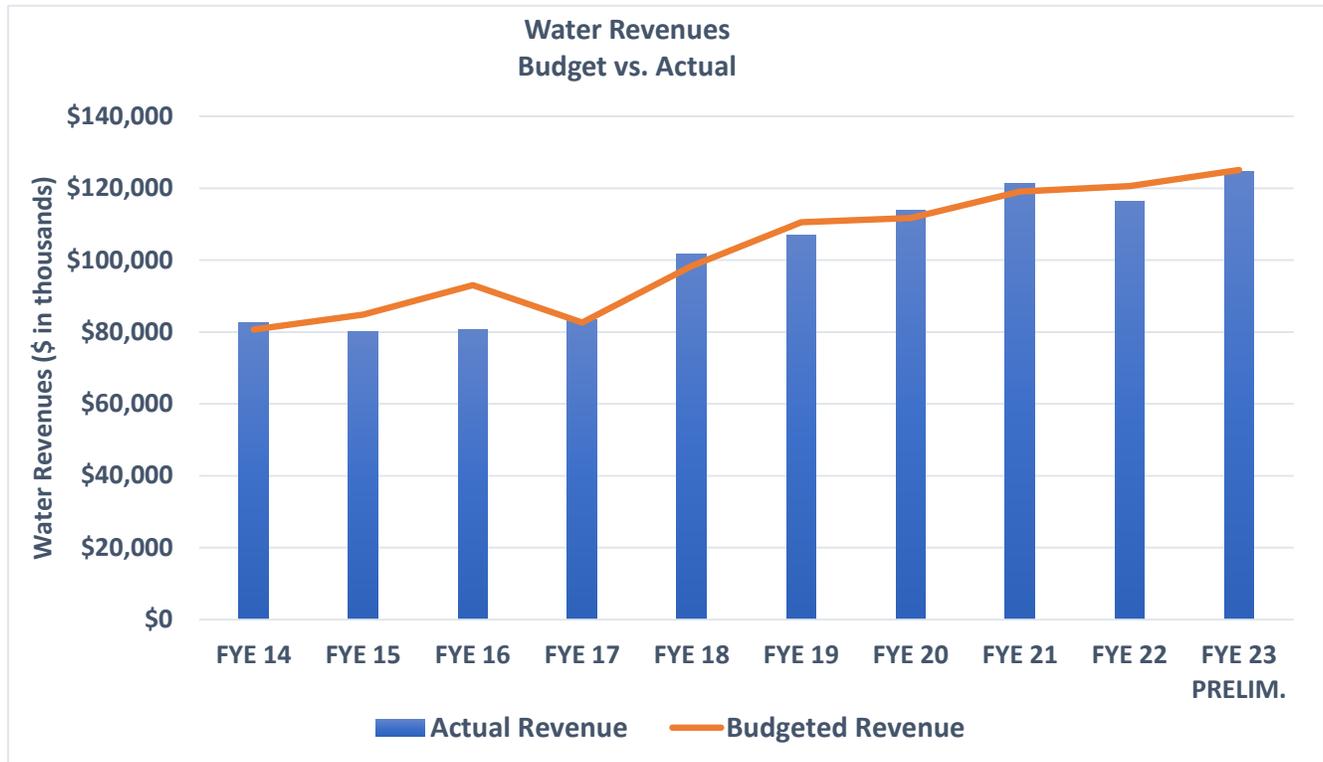
Water customers are charged a fixed service charge based on the size of each meter at the customer’s property and consumption charge based on water use. For residential customers – who typically have a meter accommodating either 5/8- or 3/4-inch pipe – the service charge is \$61.30 bi-monthly as of March 1, 2023. Residential customers whose meter has been upsized solely to accommodate fire sprinkler flows are also charged this amount. The charge is designed to recover costs which do not vary with consumption. These costs

include meter reading and billing customers for each bimonthly period, a portion of the District's debt service costs, maintenance and replacement of meters and service lines in the distribution system, and capital costs. The charge is in addition to the District's commodity charge which is based on the amount of water consumed. The water consumption charge is based on the number of "units" used by each customer. One unit is equivalent to 100 cubic feet or 748 gallons of water. The water consumption charge is \$4.78 per unit as of March 1, 2023.

The budget assumes total projected billed water demand (consumption) of 33.7 million gallons per day (MGD) for FYE 24 (7.7% increase from FYE 23) and 34.4 MGD for FYE 25 (2.0% increase from FYE 24). The assumed increases in water demand are due to new residential and commercial development, projected drought rebound, as well as improvement in meter accuracy from the replacement of older water meters. New water service connections are estimated to increase by 660 units or 0.8% annually for the next two fiscal years. Total water revenue is budgeted at \$124.4 million in FYE 24 and \$131.4 for FYE 25 (6% increase).

| WATER REVENUES DETAIL (\$ in thousands) | | | | | | | | |
|---|------------------------------|------------------------------|-----------------------------|-------------------------------|------------------------------|------------------------------|---------------------------|---------------------------|
| | FYE 21 Actual Activity | FYE 22 Actual Activity | FYE 23 Amended Budget | FYE 23 Estimated Actual | FYE 24 Proposed Budget | FYE 25 Proposed Budget | % Chg FYE 23 FYE 24 | % Chg FYE 24 FYE 25 |
| Consumption Charge | \$80,369 | \$74,129 | \$74,634 | \$71,109 | \$79,488 | \$84,428 | 7% | 6% |
| Water Service Charge | 40,970 | 42,301 | 39,194 | 42,943 | 44,915 | 46,977 | 15% | 5% |
| Drought Surcharge Revenue | - | 2,976 | 11,281 | 10,442 | - | - | -100% | 0% |
| Total Water Revenues | \$121,339 | \$119,406 | \$125,109 | \$124,495 | \$124,403 | \$131,405 | -1% | 6% |

The chart below shows the actual and budgeted water revenue trends.



The table below shows the approved service charge and commodity charge, effective March 1, 2023, and March 1, 2024.

1. Bimonthly Service Charge Based on the size of the meter:

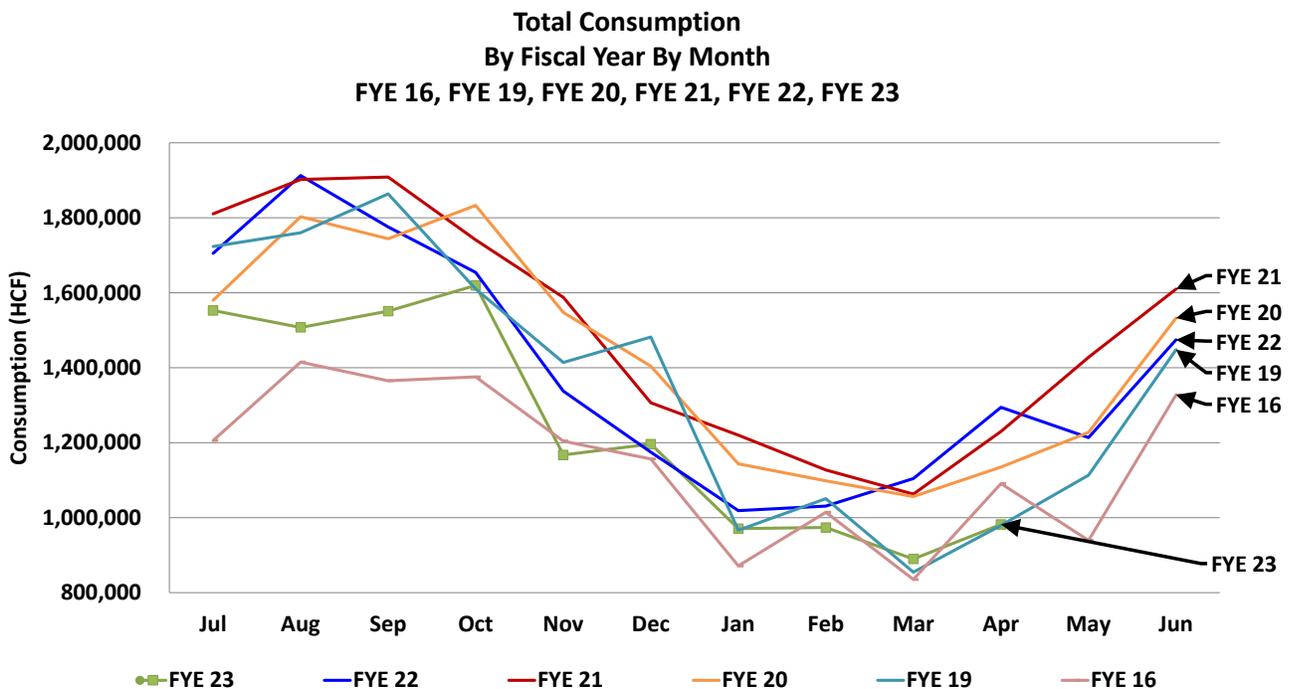
| <u>Meter Size</u> | <u>Charge per Meter</u> | <u>Charge per Meter</u> |
|-------------------|-------------------------|-------------------------|
| | <u>Eff. 3-1-2023</u> | <u>Eff. 3-1-2024</u> |
| 5/8" & 3/4" meter | \$61.30 | \$63.75 |
| 1" meter | \$97.95 | \$101.87 |
| 1-½" meter | \$189.54 | \$197.12 |
| 2" meter | \$299.47 | \$311.45 |
| 3" meter | \$647.55 | \$673.45 |
| 4" meter | \$1,160.50 | \$1,206.92 |
| 6" meter | \$2,937.54 | \$3,055.04 |
| 8" meter | \$5,135.95 | \$5,341.38 |
| 10" meter | \$7,700.75 | \$8,008.78 |

2. Consumption Charge Based on two-month meter readings:

| | <u>Per Hundred Cubic Feet*</u> | <u>Per Hundred Cubic Feet*</u> |
|--|--------------------------------|--------------------------------|
| | <u>Eff. 3-1-2023</u> | <u>Eff. 3-1-2024</u> |
| All usage – Inside District Customers | \$4.78/unit | \$4.97/unit |
| All usage – Outside District Customers | \$5.46/unit | \$5.68/unit |

*1 unit = 100 cubic feet or 748 gallons of water

The chart below compares total consumption by fiscal year by month from FYE 16 through April 2023. The low year from recent history is FYE 16, and is therefore shown here for comparative purposes.



PROPERTY TAX – 1% AD VALOREM

Property tax proceeds are the second largest consistent General Fund revenue source. The District receives two distinct types of property tax revenue – a share of the 1% tax allocation (ad valorem tax) and the State Water Contract Tax for the State Water Project. The 1% Tax Allocation revenues are budgeted at \$8.1 million and \$8.4 million for FYE 24 and FYE 25, respectively.

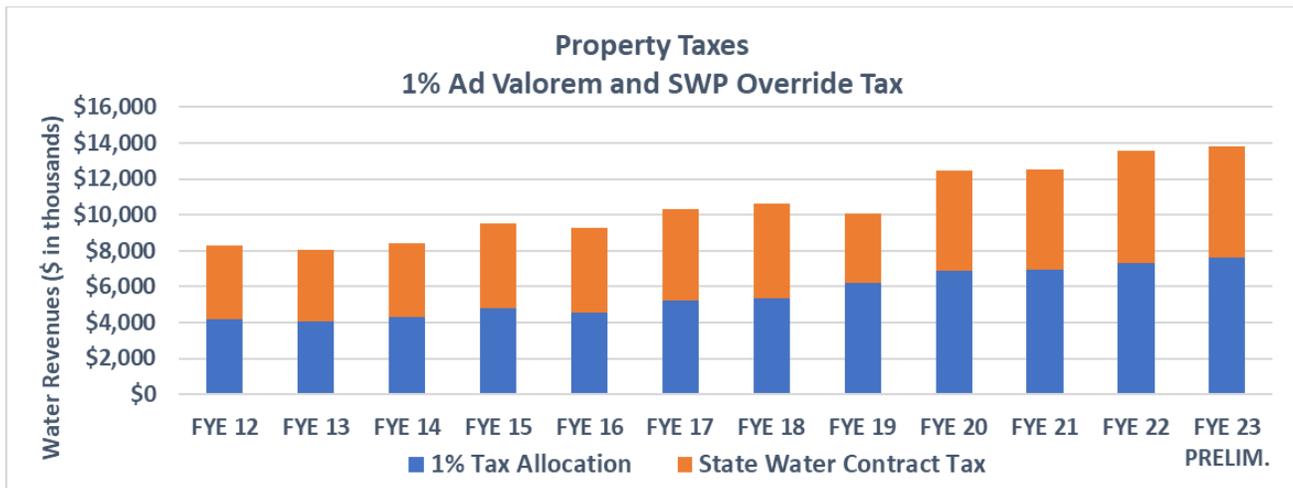
The 1% ad valorem tax allocation is based on the assessed values of the property located within the District’s service area (City of Fremont, City of Newark, and City of Union City) determined annually by the Alameda County Assessor as of January 1. Property Taxes are due from property owners on November 1 and February 1. The County is permitted by State Law (Proposition 13) to levy taxes at 1% of the full market value of the property (at the time of purchase) and can only increase the property’s assessed valuation by reappraisals of property due to new construction or change. The county can also increase the property’s assessed valuation for cost of living increases up to a maximum of 2% per year. The District receives approximately 1% of the 1% ad valorem tax with most of the proceeds allocated to schools and city and county governments.

PROPERTY TAX – STATE WATER PROJECT OVERRIDE TAX

In addition to the ad valorem property tax revenues received from the County, the District receives the State Water Project (SWP) Override Tax (override tax) that helps fund the groundwater portion of both the fixed and variable costs of the SWP water purchased by the District. Annually, the District submits to Alameda County the portion of the fixed and variable SWP costs to be collected through property taxes. The District only collects the groundwater portion of the SWP costs through the override tax. The District divides the SWP fixed cost between groundwater and surface water costs based on “nominal design capacity” of the District’s groundwater and surface water production facilities, excluding SFPUC take-off capacity. The variable SWP costs are divided between groundwater and surface water based on actual water deliveries in a given fiscal year. Given the current production facility design capacities, the District collects 67.7% of SWP fixed costs through the override tax. The override tax amount is collected as a percentage of the assessed value of the property located in the District’s service area. It is not reasonably feasible to pay the groundwater share of the SWP costs, including fixed and variable costs, from user charges.

The override tax revenues are budgeted at \$6.5 million and \$6.5 million for FYE 24 and FYE 25, respectively. The District projects the SWP costs and requests that the County collect the projected amount on an annual basis. The annual request to the Alameda County is adjusted for prior year’s over or under collections of the SWP override tax revenue, and actual prior year’s SWP-related costs. The proceeds of the SWP override tax revenues and SWP costs are all separately accounted for within the District’s financial system.

The below chart shows the property tax revenues trends – 1% Tax Allocation and State Water Contract Tax.



GRANTS AND REIMBURSEMENTS

The District has had considerable success securing funding for many capital improvement projects, as well as sustainability, hazard mitigation, and repair efforts. The District’s Fish Ladder, Rubber Dam, and Shinn Pond fish screen projects each received several million dollars in grant funding and the District was recently awarded \$2,000,000 for implementation of the Advanced Metering Infrastructure Project. The District has also negotiated substantial reimbursement from the Alameda County Flood Control District for their share of fishery projects in Alameda Creek. From 2021 to 2025, the District received over \$26 million from various agencies that support its capital improvement program.

The District regularly reviews and pursues grant opportunities from a variety of sources, primarily state and federal agencies. Future opportunities the District’s grants team is currently pursuing include the Urban Community Drought Relief Program from the California Department of Water Resources for various projects, including Groundwater PFAS Treatment Facility, New Mowry Deep Aquifer Production Well, and Conservation Rebate Programs; FEMA Public Assistance for damages sustained in January 2023 atmospheric river storms; and FEMA Hazard Mitigation Grant Program funding for various seismic retrofit projects. Additional detail on these and other grants received by the District is detailed in the following table.

| GRANTS & REIMBURSEMENTS DETAIL (\$ in thousands) | | | | | | | |
|--|-----------------|----------------|----------------|----------------|----------------|----------------|--------------------|
| | FYE 21 | FYE 22 | FYE 23 | FYE 23 | FYE 24 | FYE 25 | FYE 21 - FYE 25 |
| Grants | Actual | Actual | Budget | Estimated | Budget | Budget | Total |
| ACFCD for RD1/Drop Struct. Fish ladder | \$4,494 | \$2,633 | \$3,329 | \$1,281 | (\$189) | - | \$8,219 |
| CA WCB Rubber Dam Fish Ladder No. 1 | 3,405 | 312 | 536 | 536 | - | - | 4,252 |
| IRWMP Grant RD1 System Fish Passage Improvemen | - | - | 3,347 | 3,012 | 335 | - | 3,347 |
| CDFW Restoration Grant for RD1 and Shinn Screens | 1,670 | 1,440 | - | - | - | - | 3,110 |
| USBR WaterSmart for AMI | - | - | 1,500 | 1,500 | 500 | - | 2,000 |
| Proposition 1 - Brackish Groundwater Reclamation | - | - | - | - | 50 | 1,078 | 1,128 |
| Oliver de Silva Inc for Fish Passage | - | 1,000 | - | - | - | - | 1,000 |
| State Arrearages Program | - | 920 | - | - | - | - | 920 |
| SWRCB - Niles Cone GW Basin Extract. Well Site Eval. | 16 | 213 | 32 | 384 | - | - | 613 |
| DWR Alternative Update & Model Upgrade Niles Cor | 276 | 174 | - | - | - | - | 450 |
| EBMUD BAIRWMP Prop 1 Regional Conservation Gra | - | - | - | - | 312 | - | 312 |
| SFPUC/USD Water Purchase Cost Share | 139 | 148 | - | - | - | - | 287 |
| SWRCB for GW Sustain. Prog. (Old Jarvis) | 65 | 130 | - | - | - | - | 194 |
| Avalon Tank CalOES/FEMA | 128 | - | - | - | - | - | 128 |
| Coastal Conservancy Prop 1 for RD3 | - | - | - | 41 | - | - | 41 |
| Solano County Conservation Grant RD2 | 12 | - | - | - | - | - | 12 |
| Mayhew Reservoir CalOES/FEMA | 1 | - | - | - | - | - | 1 |
| Total | \$10,206 | \$6,969 | \$8,744 | \$6,754 | \$1,007 | \$1,078 | \$26,014 |

FACILITIES CONNECTION CHARGES

The District imposes Facilities Connection Charges (FCC) to property developers to recover the cost of water system facilities required for serving growth. These are one-time charges on new or expanded connections to the District's water system that are designed to cover the cost of growth-related infrastructure benefiting new development. The FCC is a full cost-recovery capacity charge that provides an equitable means by which new (or increased) system users can pay for the costs of the potable water facilities required to serve them. FCC is based on a reasonable relationship between the needs and benefits brought about by the development (or required increase in capacity). There are two components of the FCC – incremental cost and equity buy-in.

The estimated revenues for the FCC reflect the continued strong development activities in the service area. The most recent nexus study and report from the District’s financial consultant on fees for new developments connecting to the District’s water system is available on the District’s website here: [Facilities Connection Charges Calculation Methodology](#).

All applicants, prior to connecting to a water main, prior to increasing the size of an existing water meter, are required to pay the comprehensive FCCs. FCCs are based on the type of connections, such as residential meter, residential dormitory meter, or non-residential meter. The current FCCs can be found on the District’s website here: [2023 Rate and Fee Schedule](#).

FACILITIES IMPROVEMENT FUND

FYE 24 and FYE 25 revenues for the Facilities Improvement are estimated to be \$5.9 million and \$6.2 million, respectively. The FCC incremental cost component revenues are deposited into the Facilities Improvement Fund (FRF) for the sole purpose to fund the growth-related component of capital projects in the District’s Capital Improvement Program (CIP).

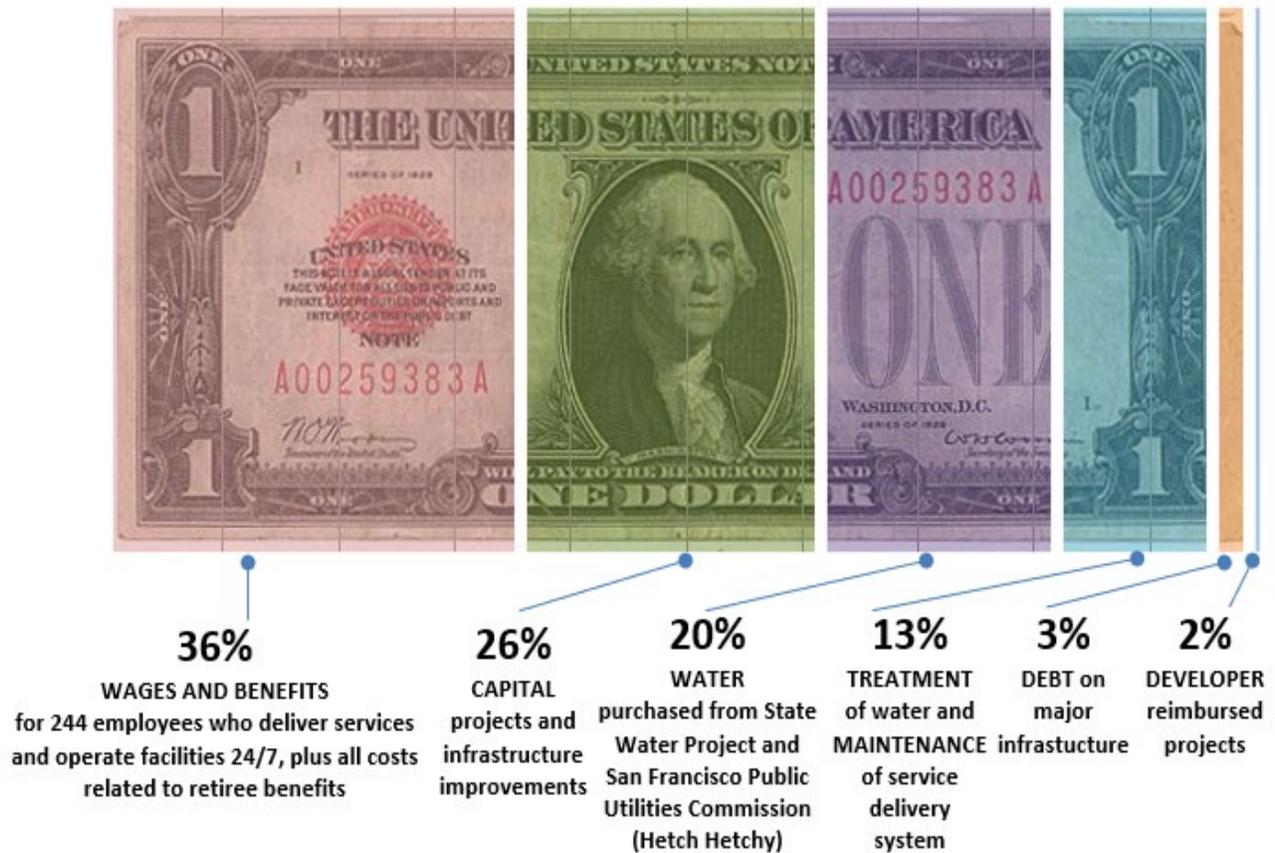
FACILITIES RENEWAL FUND

FYE 24 and FYE 25 revenues for the General Fund are estimated to be \$2.5 million and \$2.8 million, respectively. The FCC equity buy-in component revenues are deposited into the Facilities Renewal Fund (FRF) for the sole purpose to fund capital projects that refurbish or replace the District’s existing core facilities. The equity buy-in component is included in addition to the traditional incremental method component to recognize the benefit new customers receive from the investments existing customers have made in the District’s water system.

Expenses

Expenses for All Funds are budgeted at \$181.9 million for FYE 24 and \$187.7 million for FYE 25. The District’s costs are not just for the supply of water but for many other costs including such items as debt service, capital expenditures, labor and benefits, and water treatment. If the District’s cost components were spread evenly across every dollar spent, the breakdown would be as shown below.

Every \$1 pays for:

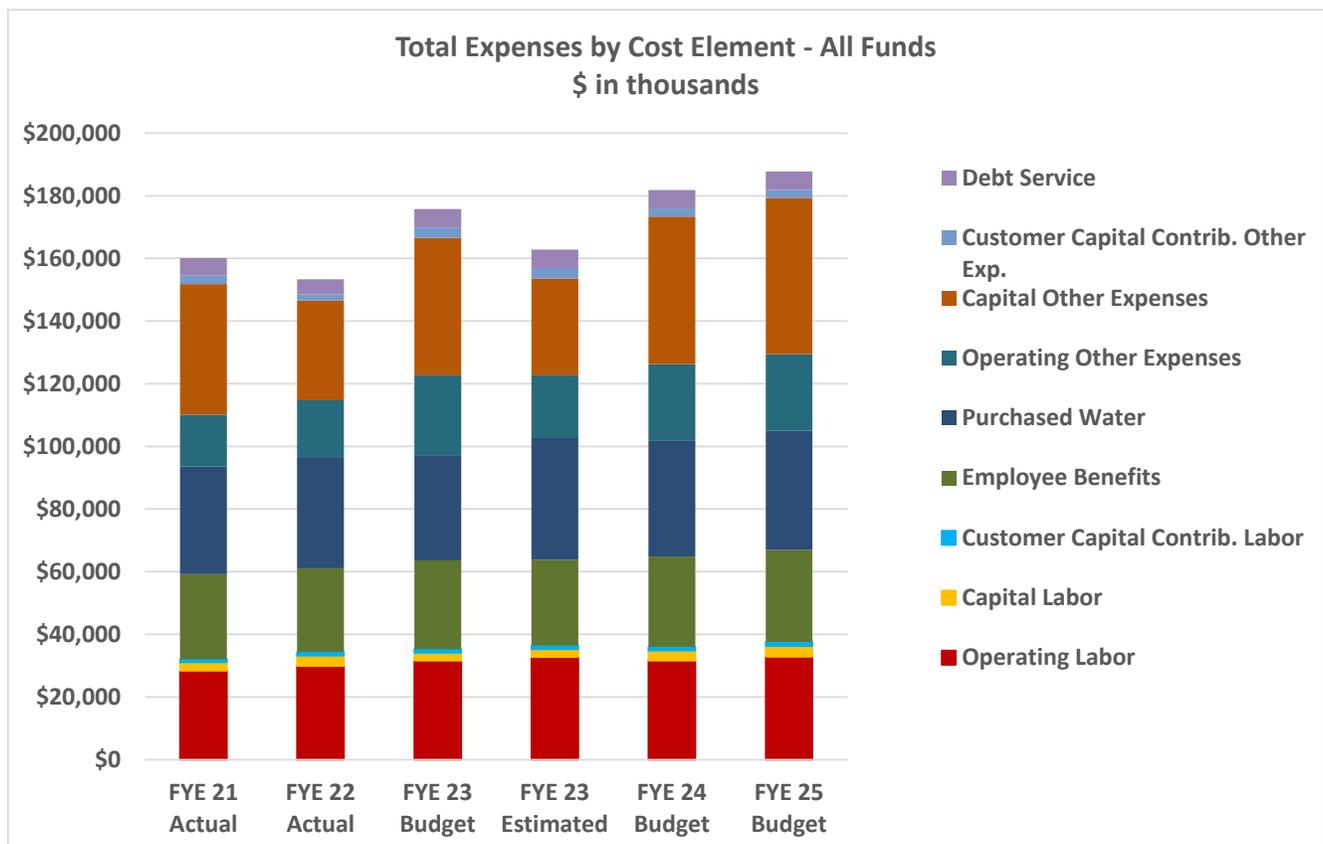


The District’s expenses are presented by Cost Element and Cost Center. The Expense Summary by Cost Element shows labor, purchase water, employee benefits, debt service, and other expenses. Labor and other expenses are broken out into operating expenses, capital expenditures, and customer capital contributions. The Expense Summary by Cost Center shows sources of supply (including water purchases), pumping, water treatment, transmission and distribution, customer accounts, administrative and general, expense projects, capital projects, customer capital contributions, and debt service.

The following tables and graphics illustrate the District’s expenses totaling \$181.9 million in FYE 24 and \$187.7 million in FYE 25.

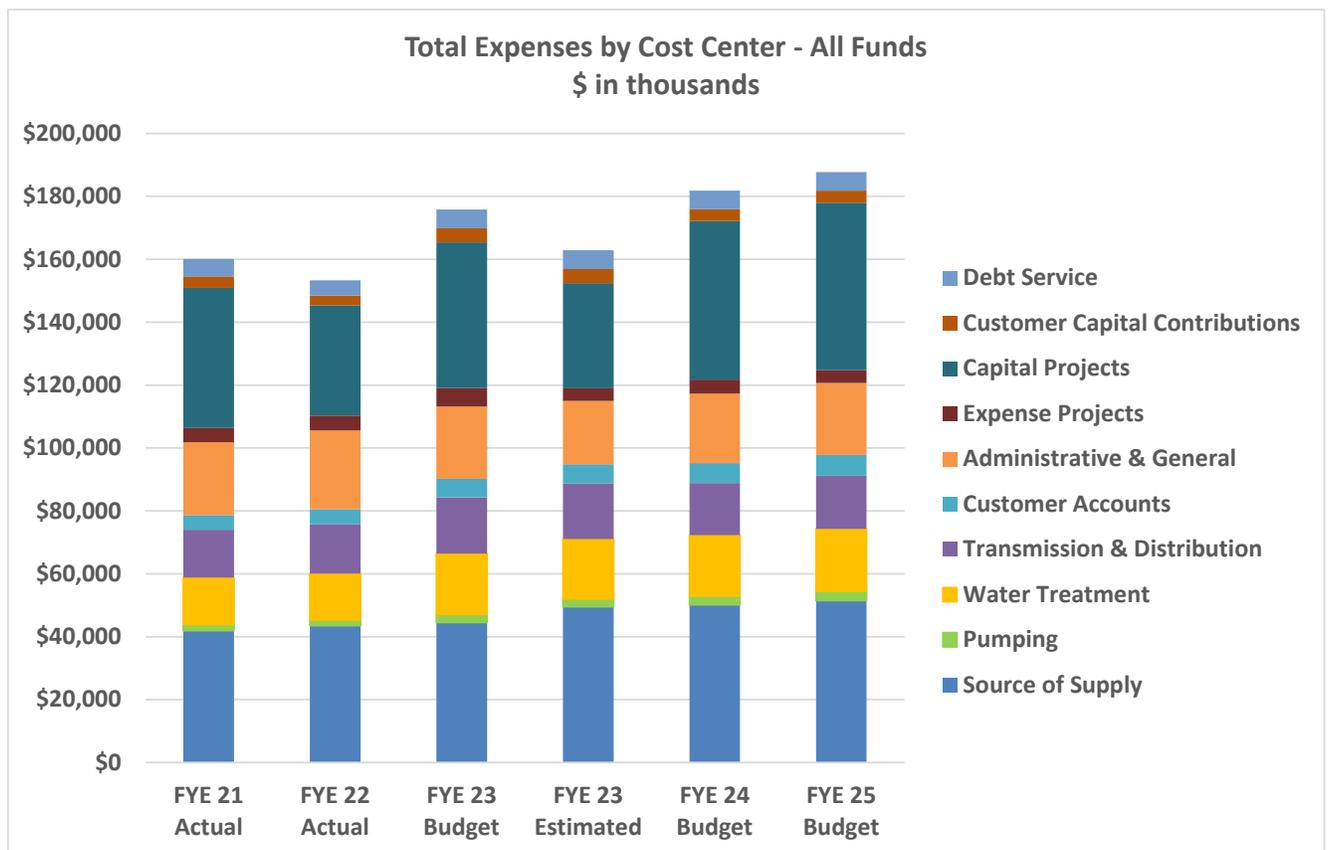
The table below illustrates the District’s expenses for all funds by Cost Element – labor, purchased water, employee benefits, other expenses, and debt service. Capital labor is a portion of District labor costs supporting the capital improvement program.

| EXPENSE SUMMARY COST ELEMENT (\$ in thousands) | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|-----------|-----------|
| | FYE 21 | FYE 22 | FYE 23 | FYE 23 | FYE 24 | FYE 25 | % Chg | % Chg |
| | Actual | Actual | Budget | Estimated | Budget | Budget | FYE 23 | FYE 24 |
| | | | | | | | FYE 24 | FYE 25 |
| Labor | | | | | | | | |
| Operating | \$28,359 | \$29,926 | \$31,634 | \$32,733 | \$31,574 | \$32,876 | 0% | 4% |
| Capital | 2,742 | 3,323 | 2,503 | 2,502 | 3,204 | 3,385 | 28% | 6% |
| Customer Jobs | 948 | 1,125 | 1,166 | 1,166 | 1,228 | 1,289 | 5% | 5% |
| Total Labor | 32,049 | 34,374 | 35,302 | 36,401 | 36,007 | 37,550 | 2% | 4% |
| Purchased Water | 34,281 | 35,460 | 33,581 | 38,902 | 37,081 | 38,048 | 10% | 3% |
| Employee Benefits | 27,182 | 26,751 | 28,277 | 27,384 | 28,878 | 29,409 | 2% | 2% |
| Other Expenses | | | | | | | | |
| Operating | 16,559 | 18,178 | 25,555 | 20,002 | 24,262 | 24,429 | -5% | 1% |
| Capital | 41,773 | 31,758 | 43,821 | 30,897 | 47,139 | 49,869 | 8% | 6% |
| Customer Capital Contributions | 2,705 | 1,954 | 3,293 | 3,293 | 2,572 | 2,511 | -22% | -2% |
| Total Other Expense | 61,037 | 51,890 | 72,669 | 54,192 | 73,974 | 76,809 | 2% | 4% |
| Debt Service | 5,529 | 4,848 | 5,965 | 5,965 | 5,924 | 5,911 | -1% | 0% |
| Total Expenses | \$160,079 | \$153,324 | \$175,794 | \$162,843 | \$181,864 | \$187,726 | 3% | 3% |



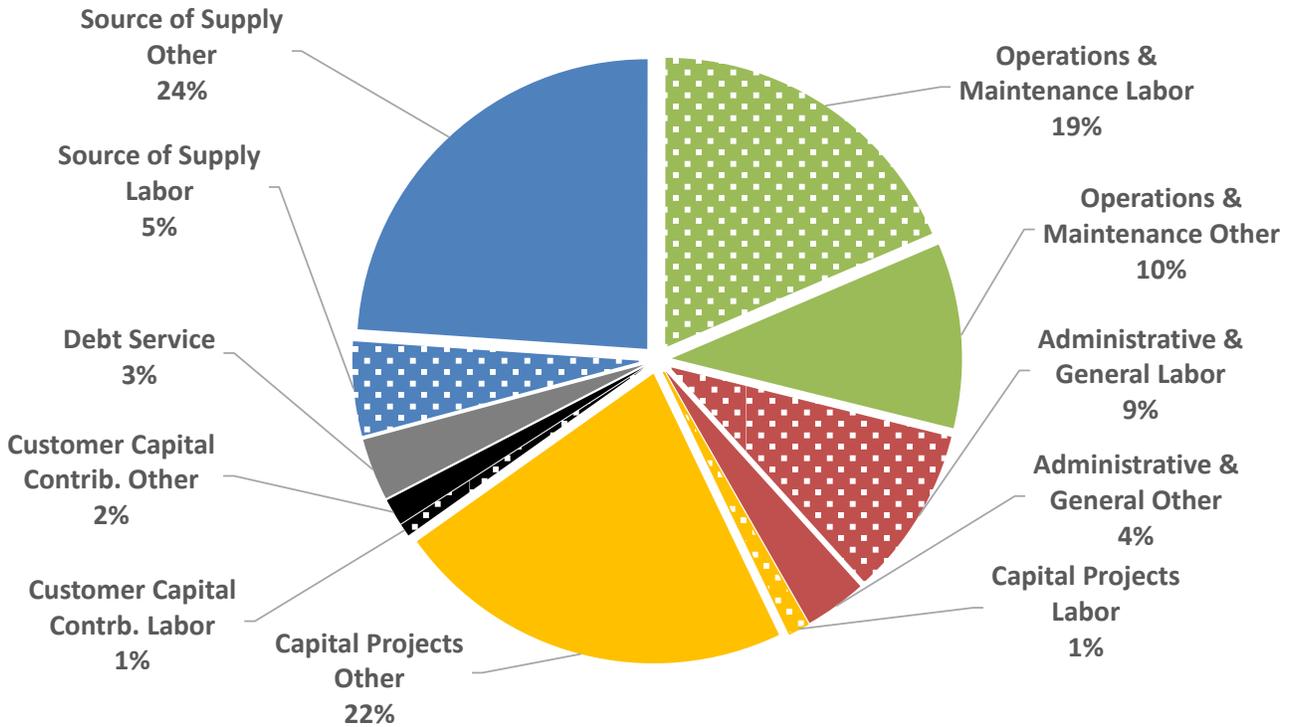
The following table illustrates the District’s expenses for all funds by Cost Center – Operations and Maintenance Expenses, Administration and General, and Non-Operating Expenses.

| EXPENSE SUMMARY COST CENTER (\$ in thousands) | | | | | | | | |
|---|------------------|------------------|------------------|---------------------|------------------|------------------|---------------------------|---------------------------|
| | FYE 21 Actual | FYE 22 Actual | FYE 23 Budget | FYE 23 Estimated | FYE 24 Budget | FYE 25 Budget | % Chg FYE 23 FYE 24 | % Chg FYE 24 FYE 25 |
| Expenses | | | | | | | | |
| Source of Supply | \$41,982 | \$43,516 | \$44,487 | \$49,563 | \$50,126 | \$51,531 | 13% | 3% |
| Pumping | 1,895 | 1,838 | 2,626 | 2,446 | 2,808 | 2,898 | 7% | 3% |
| Water Treatment | 14,949 | 14,725 | 19,294 | 19,093 | 19,373 | 19,895 | 0% | 3% |
| Transmission & Distribution | 15,219 | 15,717 | 17,881 | 17,660 | 16,545 | 16,903 | -7% | 2% |
| Total O&M Expenses | 74,045 | 75,796 | 84,288 | 88,762 | 88,853 | 91,226 | 5% | 3% |
| Customer Accounts | 4,599 | 4,770 | 5,948 | 6,081 | 6,339 | 6,552 | 7% | 3% |
| Administrative & General | 23,226 | 25,050 | 22,933 | 20,096 | 22,107 | 22,890 | -4% | 4% |
| Expense Projects | 4,512 | 4,700 | 5,878 | 4,082 | 4,497 | 4,093 | -24% | -9% |
| Total A&G/Exp Proj Expenses | 32,337 | 34,520 | 34,759 | 30,258 | 32,943 | 33,535 | -5% | 2% |
| Capital Projects - General Fund | 37,687 | 26,022 | 38,733 | 25,076 | 40,228 | 42,114 | 4% | 5% |
| Capital Projects - FIF | 4,804 | 5,649 | 7,000 | 4,519 | 7,575 | 8,370 | 8% | 10% |
| Capital Projects - FRF | 2,025 | 3,410 | 590 | 3,804 | 2,540 | 2,769 | 331% | 9% |
| Customer Capital Contributions | 3,653 | 3,078 | 4,459 | 4,459 | 3,800 | 3,800 | -15% | 0% |
| Debt Service | 5,529 | 4,848 | 5,965 | 5,965 | 5,924 | 5,911 | -1% | 0% |
| Total Non-Operating Expense: | 53,698 | 43,007 | 56,747 | 43,823 | 60,068 | 62,964 | 6% | 5% |
| Total Expenses | \$160,080 | \$153,323 | \$175,794 | \$162,843 | \$181,864 | \$187,726 | 3% | 3% |

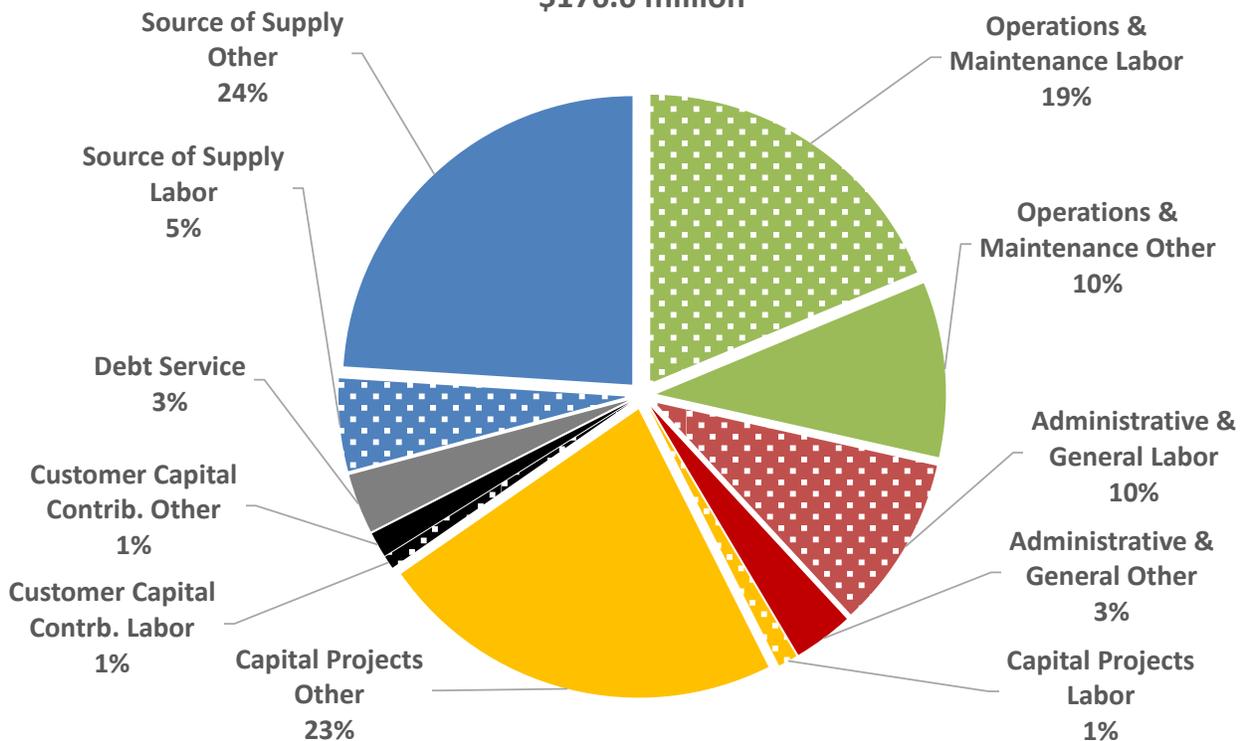


The following charts illustrate the labor component of cost categories for the General Fund expenses.

**FYE 24 General Fund Budget
\$171.7 million**



**FYE 25 General Fund Budget
\$176.6 million**



The below table shows the Operating Expenses detail for Operations and Maintenance (O&M).

| OPERATING EXPENSES OPERATIONS & MAINTENANCE (O&M) DETAIL (\$ in thousands) | | | | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|
| | FYE 21 | FYE 22 | FYE 23 | FYE 23 | FYE 24 | FYE 25 | % Chg | % Chg |
| | Actual | Actual | Budget | Estimated | Budget | Budget | FYE 23 FYE 24 | FYE 24 FYE 25 |
| Source of Supply | | | | | | | | |
| Oper & Planning of Supply System | \$2,620 | \$2,874 | \$3,620 | \$3,504 | \$3,453 | \$3,523 | -5% | 2% |
| Operations of Takeoffs | 4 | 1 | 8 | 7 | 3 | 3 | -58% | 0% |
| Ground Water Resources | 2,833 | 2,879 | 4,139 | 4,109 | 3,949 | 3,930 | -5% | 0% |
| Maint of Recharge Facilities | 369 | 449 | 709 | 777 | 889 | 921 | 25% | 4% |
| Maintenance of Wells | 1,832 | 1,806 | 2,279 | 2,155 | 2,446 | 2,631 | 7% | 8% |
| Maint of Take Offs | 43 | 47 | 149 | 106 | 113 | 119 | -24% | 5% |
| Maint of Replenishment Meters | 5 | 0 | 3 | 3 | 5 | 5 | 97% | 0% |
| Water Conservation Pgm | - | - | - | - | 2,186 | 2,350 | 100% | 8% |
| Purchased Water - SWP | 9,938 | 10,559 | 11,198 | 11,183 | 11,277 | 11,062 | 1% | -2% |
| Purchased Water - SF Water | 20,783 | 19,875 | 18,151 | 24,704 | 24,580 | 25,761 | 35% | 5% |
| Purchased Water - Semitropic | 3,366 | 4,748 | 4,232 | 3,015 | 1,224 | 1,224 | -71% | 0% |
| Purchased Water-Other | 189 | 278 | - | - | - | - | 0% | 0% |
| Total Source of Supply | 41,982 | 43,516 | 44,487 | 49,563 | 50,126 | 51,531 | 13% | 3% |
| Pumping | | | | | | | | |
| Operation of Prod Wells | 13 | 7 | 23 | 18 | 15 | 15 | -34% | 2% |
| Operation of Booster Pumps | 31 | 36 | 25 | 22 | 25 | 26 | 0% | 3% |
| Operation of Desal Supply | - | - | 7 | 7 | 4 | 4 | -46% | 0% |
| Maintenance of Booster Pumps | 1,402 | 1,347 | 1,879 | 1,764 | 2,004 | 2,080 | 7% | 4% |
| Maintenance of SCADA System | 448 | 449 | 692 | 634 | 760 | 773 | 10% | 2% |
| Total Pumping | 1,895 | 1,838 | 2,626 | 2,446 | 2,808 | 2,898 | 7% | 3% |
| Water Treatment | | | | | | | | |
| Operation of Blending Facility | 672 | 752 | 838 | 913 | 1,030 | 1,064 | 23% | 3% |
| Oper of Water Treatment Plant #1 | 37 | 49 | 57 | 57 | 51 | 53 | -10% | 3% |
| Oper of Water Treatment Plant #2 | 5,601 | 5,594 | 7,300 | 7,261 | 7,749 | 8,004 | 6% | 3% |
| Operation of Desalination Facility | 977 | 907 | 1,464 | 1,464 | 1,386 | 1,432 | -5% | 3% |
| Operations Tech Support | 1,221 | 1,034 | 1,401 | 1,411 | 1,359 | 1,331 | -3% | -2% |
| Maintenance of Blending Facility | 431 | 500 | 658 | 639 | 745 | 710 | 13% | -5% |
| Maint of Water Treatment Plant #1 | 143 | 70 | 195 | 189 | 194 | 203 | -1% | 5% |
| Maint of Water Treatment Plant #2 | 1,871 | 1,962 | 2,393 | 2,479 | 2,143 | 2,181 | -10% | 2% |
| Maintenance of Desalination Plant | 1,316 | 1,262 | 1,582 | 1,473 | 1,611 | 1,695 | 2% | 5% |
| Laboratory Services | 2,680 | 2,594 | 3,406 | 3,206 | 3,106 | 3,221 | -9% | 4% |
| Total Water Treatment | 14,949 | 14,725 | 19,294 | 19,093 | 19,373 | 19,895 | 0% | 3% |
| Transmission & Distribution | | | | | | | | |
| Engineering of Distrib System | 1,793 | 1,873 | 1,757 | 1,698 | 1,441 | 1,418 | -18% | -2% |
| Operation of Distrib System | 2,943 | 2,786 | 3,191 | 3,188 | 3,098 | 3,056 | -3% | -1% |
| Maintenance of Reservoirs | 811 | 1,021 | 1,085 | 1,052 | 1,194 | 1,199 | 10% | 0% |
| Maintenance of Mains | 2,617 | 2,633 | 3,247 | 3,167 | 2,783 | 2,901 | -14% | 4% |
| Maintenance of Cathodic Stations | 4 | 5 | 18 | 13 | 17 | 17 | -5% | 2% |
| Maintenance of Service Lines | 1,518 | 1,850 | 1,762 | 1,760 | 2,017 | 2,061 | 14% | 2% |
| Maintenance of Meters | 795 | 710 | 966 | 966 | 808 | 849 | -16% | 5% |
| Maintenance of Fire Hydrants | 205 | 359 | 351 | 351 | 312 | 340 | -11% | 9% |
| Maintenance of Backflow Preventers | 650 | 666 | 688 | 688 | 665 | 682 | -3% | 3% |
| Maintenance of Distribution System | 2,172 | 2,254 | 2,860 | 2,860 | 2,445 | 2,504 | -14% | 2% |
| Maintenance - Facilities Engineering | 1,535 | 1,426 | 1,680 | 1,677 | 1,479 | 1,582 | -12% | 7% |
| Maintenance of Regulator Stations | 177 | 134 | 277 | 241 | 286 | 293 | 3% | 2% |
| Total Transmission & Distribut | 15,219 | 15,717 | 17,881 | 17,660 | 16,545 | 16,903 | -7% | 2% |
| Total Operations and Maintenance | \$74,045 | \$75,796 | \$84,288 | \$88,762 | \$88,853 | \$91,226 | 5% | 3% |

The below table shows the Operating Expenses detail for Administrative and General (A&G).

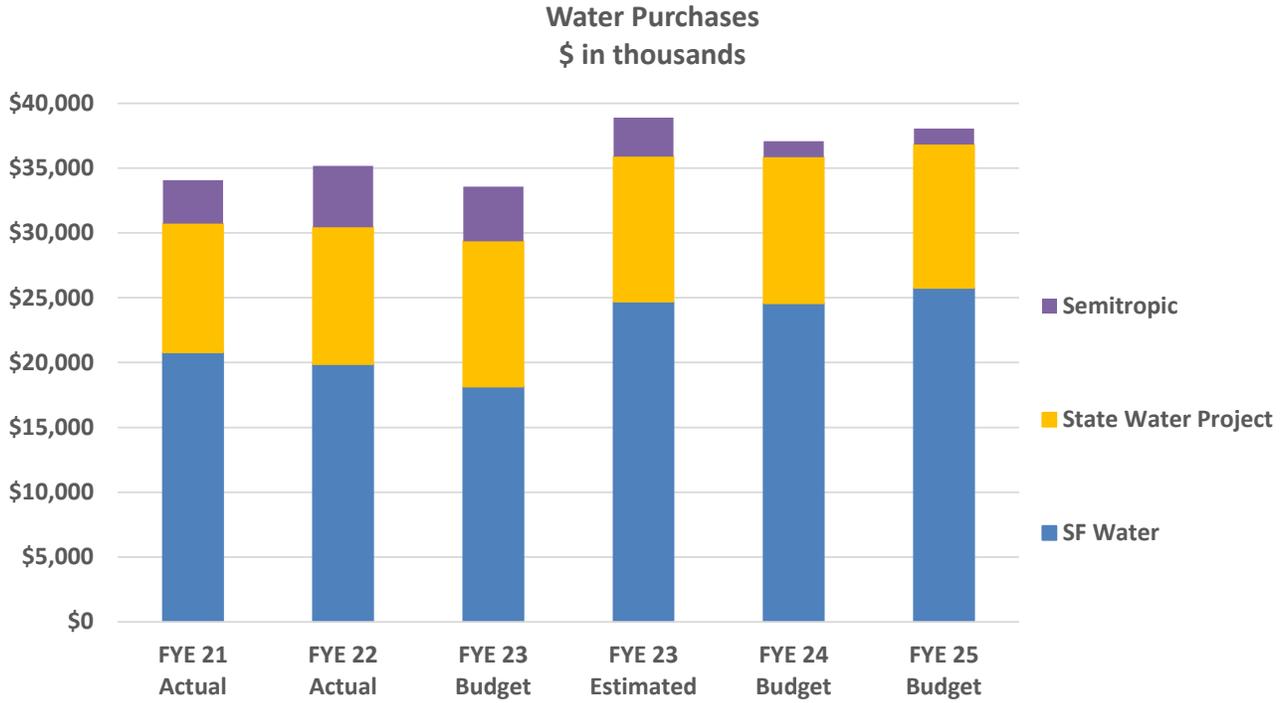
| OPERATING EXPENSES ADMINISTRATIVE & GENERAL (A&G) DETAIL (\$ in thousands) | | | | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------|-----------|
| | FYE 21 | FYE 22 | FYE 23 | FYE 23 | FYE 24 | FYE 25 | % Chg | % Chg |
| | Actual | Actual | Budget | Estimated | Budget | Budget | FYE 23 | FYE 24 |
| | | | | | | | FYE 24 | FYE 25 |
| Administrative & General | | | | | | | | |
| Salaries | \$8,041 | \$7,911 | \$8,508 | \$9,298 | \$9,398 | \$9,844 | 10% | 5% |
| Employees' Retirement & Benefits | 17,671 | 17,164 | 18,575 | 17,608 | 17,787 | 17,989 | -4% | 1% |
| Other Pay (Vacation, Sick Leave, Etc.) | 5,821 | 7,618 | 5,570 | 6,083 | 5,488 | 5,808 | -1% | 6% |
| Pension Advanced Funding | 5,506 | 5,465 | 5,566 | 5,602 | 6,636 | 6,922 | 19% | 4% |
| Other Post-Emp. Benefits (OPEB) | 4,005 | 4,122 | 4,136 | 4,174 | 4,454 | 4,498 | 8% | 1% |
| Information Technology | 1,689 | 1,644 | 2,115 | 1,880 | 2,193 | 2,281 | 4% | 4% |
| Security & Emergency Services | 876 | 871 | 1,612 | 1,416 | 1,591 | 1,426 | -1% | -10% |
| Property Maintenance | 1,191 | 1,160 | 1,329 | 1,351 | 1,411 | 1,457 | 6% | 3% |
| Property and Liability Insurance | 691 | 880 | 950 | 1,168 | 1,289 | 1,365 | 36% | 6% |
| Professional/Legal Services | 1,759 | 1,895 | 2,295 | 1,929 | 2,574 | 2,541 | 12% | -1% |
| Equipment/Auto Maintenance | 858 | 815 | 1,045 | 1,117 | 1,122 | 1,139 | 7% | 2% |
| Public Information | 631 | 820 | 1,985 | 995 | 524 | 417 | -74% | -21% |
| Travel, Subscriptions, & Dues | 223 | 271 | 408 | 384 | 442 | 445 | 8% | 1% |
| Education & Training | 81 | 141 | 320 | 189 | 229 | 230 | -28% | 0% |
| Election Expense | 625 | - | 625 | - | - | 421 | -100% | 100% |
| Misc A&G | 1,141 | 1,687 | 2,954 | 339 | 824 | 1,025 | -72% | 24% |
| Total A&G Before Expense Transfers | 50,807 | 52,464 | 57,994 | 53,532 | 55,963 | 57,806 | -4% | 3% |
| Expense Transfer - Overhead | (26,482) | (26,434) | (32,926) | (32,726) | (33,128) | (34,177) | 1% | 3% |
| Expense Transfer - Equipment | (1,099) | (980) | (725) | (710) | (728) | (739) | 0% | 2% |
| Total Expense Transfer | (27,581) | (27,414) | (32,926) | (33,437) | (33,856) | (34,916) | 3% | 3% |
| Net A&G After Expense Transfers | \$23,226 | \$25,050 | \$25,068 | \$20,096 | \$22,107 | \$22,890 | -12% | 4% |

The below table shows a summary of the total Operating Expenses.

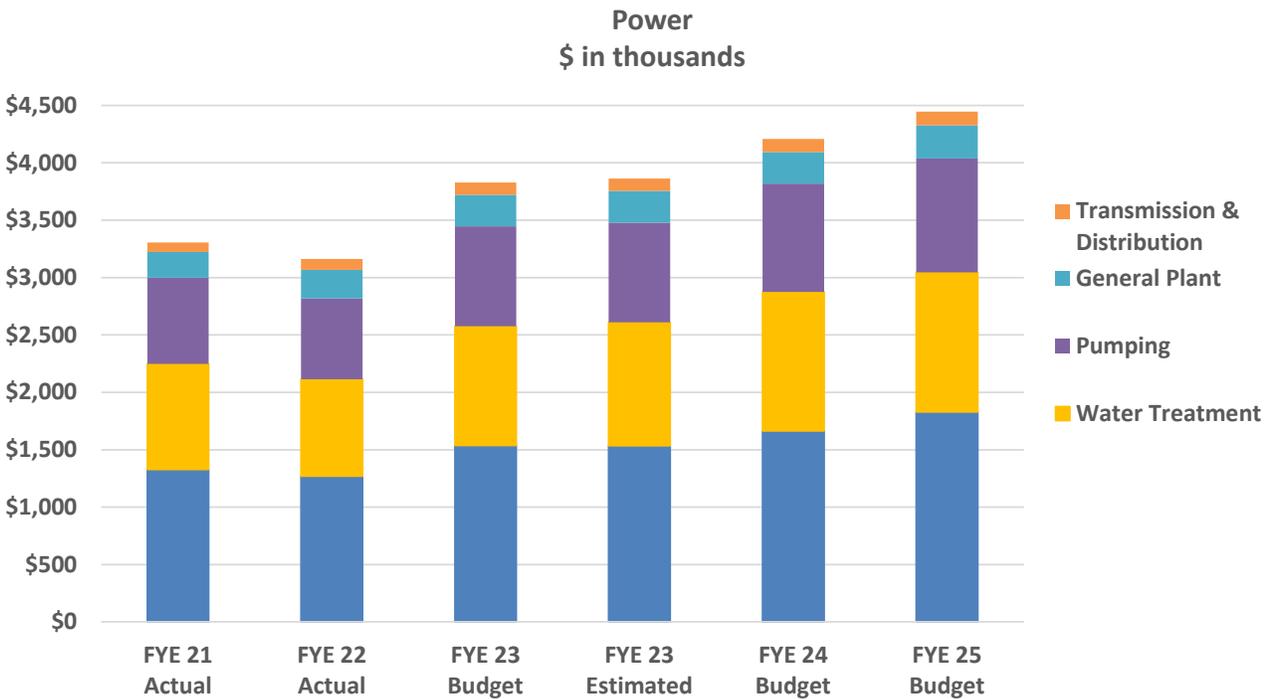
| OPERATING EXPENSES SUMMARY (\$ in thousands) | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------|-----------|
| | FYE 21 | FYE 22 | FYE 23 | FYE 23 | FYE 24 | FYE 25 | % Chg | % Chg |
| | Actual | Actual | Budget | Estimated | Budget | Budget | FYE 23 | FYE 24 |
| | | | | | | | FYE 24 | FYE 25 |
| Operating Expenses | | | | | | | | |
| Source of Supply | \$41,982 | \$43,516 | \$44,487 | \$49,563 | \$50,126 | \$51,531 | 13% | 3% |
| Pumping | 1,895 | 1,838 | 2,626 | 2,446 | 2,808 | 2,898 | 7% | 3% |
| Water Treatment | 14,949 | 14,725 | 19,294 | 19,093 | 19,373 | 19,895 | 0% | 3% |
| Transmission & Distribution | 15,219 | 15,717 | 17,881 | 17,660 | 16,545 | 16,903 | -7% | 2% |
| Total O&M Expenses | 74,045 | 75,796 | 84,288 | 88,762 | 88,853 | 91,226 | 5% | 3% |
| Customer Accounts | 4,599 | 4,770 | 5,948 | 6,081 | 6,339 | 6,552 | 7% | 3% |
| Administrative & General | 23,226 | 25,050 | 22,933 | 20,096 | 22,107 | 22,890 | -4% | 4% |
| Expense Projects | 4,512 | 4,700 | 5,878 | 4,082 | 4,497 | 4,093 | -24% | -9% |
| Total A&G/Exp Proj Expenses | 32,337 | 34,520 | 34,759 | 30,258 | 32,943 | 33,535 | -5% | 2% |
| Total Operating Expenses | \$106,382 | \$110,316 | \$119,047 | \$119,020 | \$121,796 | \$124,762 | 2% | 2% |

The below charts and table show the water purchases, power costs, and Expense Projects detail.

WATER PURCHASES



POWER COSTS



OPERATING EXPENSES
EXPENSE PROJECTS DETAIL
(\$ in thousands)

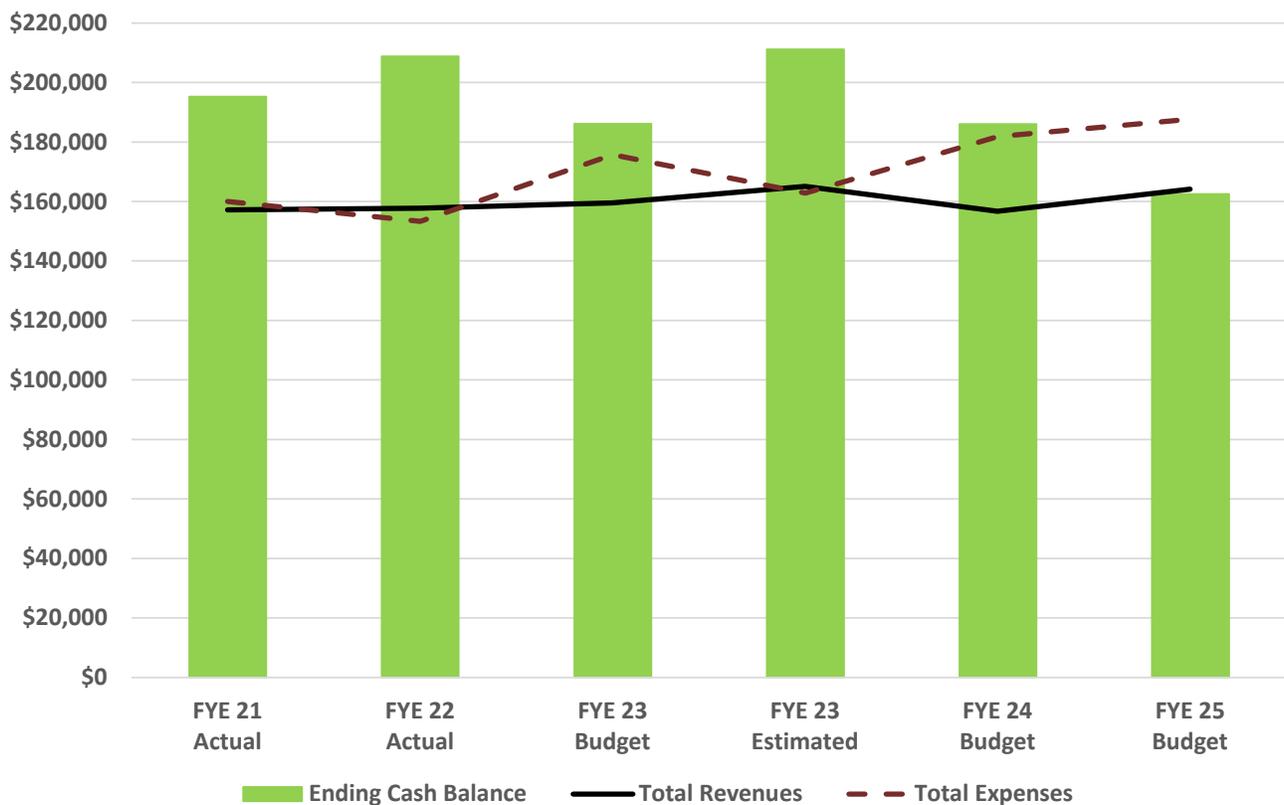
| | FYE 21 | FYE 22 | FYE 23 | FYE 23 | FYE 24 | FYE 25 |
|--|----------------|----------------|----------------|------------------|----------------|----------------|
| | Actual | Actual | Budget | Estimated | Budget | Budget |
| Expense Projects | | | | | | |
| 2019 Joint Purified Water Feasibility Evaluation | \$167 | \$129 | - | \$236 | \$20 | - |
| Alameda Creek Low Flow Channel Evaluation | - | - | - | 147 | 203 | - |
| Alternative Update and Model Upgrade Project | 646 | 719 | 315 | 30 | 194 | 271 |
| Asbestos Cement Pipe Assessment Update | - | - | - | 34 | 101 | 100 |
| Atmospheric River Response | - | - | - | 113 | - | - |
| Blending Facility PFAS Voluntary Monitoring Program | - | - | 93 | - | - | - |
| Business Continuity Plan | 68 | - | - | - | - | - |
| Cityworks Interface DMD | - | - | - | 50 | 25 | - |
| Clean Energy Plan Review/Implementation | 361 | - | - | - | - | - |
| COVID-19 Prevention Activities | 75 | 36 | - | - | - | - |
| Cubicle Replacement in Customer Service | - | 121 | - | - | - | - |
| Desal Supply Well Pilot Study | 167 | 281 | - | 74 | - | - |
| Development Services Cityworks PLL Improvements | - | - | - | - | 115 | 140 |
| District Security Master Plan | 145 | - | - | - | - | - |
| Drought Expenses | - | 452 | - | 320 | - | - |
| Echologics Leak Detection/Surv | 73 | 125 | - | - | - | - |
| Electrical Redundancy & Reliability for IT Systems | - | - | - | 49 | 143 | 27 |
| Emergency Services ET | - | - | - | 109 | - | - |
| Eng Dept - Capital Equipment and Materials | 3 | - | - | - | 5 | 5 |
| Engineering Report for CIP ET | 37 | 29 | 135 | - | - | - |
| Evaluation of System and Facilities | 73 | 246 | - | - | - | - |
| Facility Arc Flash Calculation | 136 | 341 | 60 | - | - | - |
| Facility Division Asset Management Master Plan | - | - | 225 | - | 225 | 10 |
| Groundwater PFAs Sampling and Source Investigation | - | - | - | 100 | 129 | 129 |
| Groundwater SGMA Enhancement | - | - | - | - | 102 | 140 |
| Integrated Resources Planning | - | 44 | 277 | 150 | 300 | 300 |
| IT Enterprise Software Upgrades - Cityworks | 33 | 89 | 20 | 50 | - | 70 |
| IT Enterprise Software Upgrades - JDE ET | 360 | 1 | 100 | - | - | - |
| IT Enterprise Software Upgrades - Microsoft | 65 | 22 | - | - | - | - |
| Jarvis Rd Well Destruction | 220 | 163 | - | - | - | - |
| Los Vaqueros Reservoir Expansion Project | 652 | 684 | 1,543 | 1,548 | 1,239 | 637 |
| Meter Shop Software | - | - | - | 96 | - | - |
| Misc Extraordinary Expenses | 96 | 128 | - | 760 | - | - |
| Patterson Reservoir Remediation | 57 | 26 | 89 | - | - | - |
| PFAS Monitoring Program | 56 | 77 | - | - | 103 | 103 |
| PFAS treatment study (EE) | 1 | 237 | 1,202 | - | - | - |
| Pit T-2 Slope Rehabilitation ET | 15 | - | - | - | - | - |
| RD1 Fishway & Shinn FS Database | - | 88 | - | - | - | - |
| RD3 Fabric Replacement | - | 65 | - | - | - | - |
| Rehab of Mowry 9 | 49 | - | - | - | - | - |
| Rubber Dam 1 - Fish Ladder Miscellaneous Safety Mod. | - | - | - | 40 | 126 | - |
| Sample Master Software | - | 20 | - | - | - | - |
| SCADA Replacement Project ET | 762 | 511 | 920 | - | - | - |
| School Lead Testing | - | - | - | - | 13 | 33 |
| Service Lines - Lead Evaluation | 36 | 15 | 31 | 81 | 102 | 102 |
| Technology Master Plan | - | - | - | - | 250 | 25 |
| Vehicle Capital - Leased Vehicle | - | - | 172 | - | 271 | 435 |
| Vineyard Heights Tank Site Stability | - | - | - | - | 315 | 209 |
| Water Efficiency Master Plan | 47 | 3 | - | 93 | - | - |
| Water Quality Extraordinary Expenses | 59 | - | 407 | - | 316 | 567 |
| WTP2 Filter Media Replacement | - | - | - | - | - | 790 |
| WTP2 Process Basin Concrete Gr | 53 | 48 | 291 | - | - | - |
| Zero Emission Fleet Transition Master Plan | - | - | - | - | 200 | - |
| Total Expense Projects | \$4,512 | \$4,700 | \$5,878 | \$4,082 | \$4,497 | \$4,093 |

Fund Balances

The following schedules illustrate the projected changes in fund balances for the General Fund, Facilities Improvement Fund, and Facilities Renewal Fund. Since the District budgets on a cash basis, the schedules show beginning and ending cash rather than fund balance. The fund balance is the excess of the total assets of a fund over its total liabilities and reserves. It is divided into three categories: (1) reserved – indicating that there are legal restrictions governing the future expenditures, (2) non-discretionary-indicating that the Board of Directors expects to expend it for certain purposes, or (3) discretionary – indicating it is available for expenditures for general governmental purposes. The Board established the target balances to assure cash flow requirements are met, comply with applicable statutory requirements, finance capital projects, repair and replace existing assets, provide for economic uncertainties, and contingencies for unforeseen operating or capital needs. Maintaining fund balances at appropriate levels is a prudent, ongoing business process.

The chart below shows the total revenues, total expenses, and ending cash balances for all funds, General Fund, Facilities Improvement Fund, and Facilities Renewal Fund. As shown in the Long-Term Financial Planning section in this document, the budget includes ending balances that are well above the reserve targets for FYE 24 and FYE 25. Total cash balance is anticipated to decline from \$211.2 million at the beginning of FYE 24 to \$162.3 million at the end of FYE 25. General Fund ending balance is anticipated to decline by \$23.4 million in FYE 24 and \$21.4 million in FYE 25. The District funds its capital improvement program primarily on a pay-as-you-go basis and anticipates spending accumulated reserves on planned capital projects over the two budget years. The use of the available cash balances is factored into the water rate calculation and adjustment. The ending balances at the end of the planning horizon in FYE 28 are maintained above the reserve targets.

Total Revenues, Expenses, and Ending Cash Balances - All Funds
\$ in thousands



The table below shows the changes in Fund Balance for the General Fund, Facilities Improvement Fund, and Facilities Renewal Funds.

| CHANGES IN FUND BALANCE (\$ in thousands) | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | FYE 21 | FYE 22 | FYE 23 | FYE 23 | FYE 24 | FYE 25 | % Chg | % Chg |
| | Actual | Actual | Budget | Estimated | Budget | Budget | FYE 23 FYE 24 | FYE 24 FYE 25 |
| General Fund (GF) | | | | | | | | |
| Beginning Balance | \$123,822 | \$123,949 | \$131,875 | \$135,429 | \$134,304 | \$110,904 | 2% | -17% |
| Revenues | 149,771 | 146,638 | 156,676 | 153,395 | 148,348 | 155,217 | -5% | 5% |
| Expenses | 153,251 | 144,264 | 168,204 | 154,520 | 171,748 | 176,586 | 2% | 3% |
| Debt Proceeds | - | 10,000 | - | - | - | - | 0% | 0% |
| Reconciling Timing Difference | 3,211 | (870) | - | - | - | - | 0% | 0% |
| GF Ending Balance | 123,949 | 135,429 | 120,347 | 134,304 | 110,904 | 89,535 | -8% | -19% |
| Change in Fund Balance \$ | 126 | 11,481 | (11,528) | (1,125) | (23,400) | (21,369) | 103% | -9% |
| Change in Fund Balance % | 0% | 9% | -9% | -1% | -17% | -19% | 94% | 11% |
| Facilities Improvement Fund (FIF) | | | | | | | | |
| Beginning Balance | \$70,693 | \$71,352 | \$70,500 | \$73,441 | \$76,889 | \$75,181 | 9% | -2% |
| Revenues | 5,463 | 7,738 | 2,356 | 7,967 | 5,867 | 6,205 | 149% | 6% |
| Expenses | 4,804 | 5,649 | 7,000 | 4,519 | 7,575 | 8,370 | 8% | 10% |
| FIF Ending Balance | 71,352 | 73,441 | 65,855 | 76,889 | 75,181 | 73,016 | 14% | -3% |
| Change in Fund Balance \$ | 660 | 2,089 | (4,645) | 3,448 | (1,708) | (2,165) | -63% | 27% |
| Change in Fund Balance % | 1% | 3% | -7% | 5% | -2% | -3% | -68% | 30% |
| Facilities Renewal Fund (FRF) | | | | | | | | |
| Beginning Balance | - | - | - | - | - | - | 0% | 0% |
| Revenues | 2,025 | 3,410 | 590 | 3,804 | 2,540 | 2,769 | 331% | 9% |
| Expenses | 2,025 | 3,410 | 590 | 3,804 | 2,540 | 2,769 | 331% | 9% |
| FRF Ending Balance | - | - | - | - | - | - | 0% | 0% |
| Change in Fund Balance \$ | - | - | - | - | - | - | 0% | 0% |
| Change in Fund Balance % | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |

The table below shows the District's reserves. Target reserve levels are set by the Board. Funds accumulated over recent years are needed to fund upcoming capital projects and are therefore shown as part of the Capital reserve.

| RESERVES DETAIL (\$ in thousands) | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|-----------------|
| | FYE 21 | FYE 22 | FYE 23 | FYE 23 | FYE 24 | FYE 25 |
| | Actual | Actual | Budget | Estimated | Budget | Budget |
| Reserves | | | | | | |
| Management Retirement Bonus | 1,157 | 1,079 | 1,079 | 755 | 755 | 755 |
| Emergency | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Operations & Maintenance | 30,659 | 29,555 | 30,827 | 30,646 | 30,617 | 32,360 |
| Capital | 47,931 | 14,499 | 14,499 | 15,000 | 15,000 | 15,000 |
| Rate Stabilization | 34,203 | 6,424 | 6,616 | 7,685 | 7,991 | 8,312 |
| GENERAL FUND | 123,949 | 61,556 | 63,021 | 64,087 | 64,363 | 66,427 |
| Capital Sinking Fund | - | 66,354 | 54,182 | 63,828 | 40,427 | 23,108 |
| Operations Contingency Fund | - | 7,519 | 3,144 | 6,389 | 6,114 | - |
| TOTAL GENERAL FUND | \$123,949 | \$135,429 | \$120,347 | \$134,304 | \$110,904 | \$89,535 |
| FACILITIES IMPROVEMENT FUND | 71,352 | 73,441 | 65,855 | 76,889 | 75,181 | 73,016 |
| FACILITIES RENEWAL FUND | - | - | - | - | - | - |

Long-Term Financial Planning

The District utilizes three main comprehensive long range integrated planning models: The Integrated Resources Plan (IRP); Capital Improvement Program (CIP); and the Financial Planning Model (FPM). The IRP process evaluates a wide range of water supply and water conservation options as well as land use projections in the District's service area to develop the District's long range water supply strategy necessary to meet projected demands. The CIP includes project schedules and estimated costs for production facilities and other projects identified in the IRP needed to support and maintain water supply and system reliability, public health and water quality, and environmental compliance over a 25-year planning horizon. The model includes short and long range projections of the District's revenues, operating and maintenance expenses, capital expenditures, and reserves over a 25-year planning horizon. The District has implemented a financial planning cycle that typically includes:

- Overall review of the operating and capital plan in the first quarter of the calendar year,
- Budget development during late spring,
- Adoption of the operating and capital budgets in June,
- Rate design and review through the fall, and
- Rate adoption, if necessary, usually in the first quarter of the following calendar year.

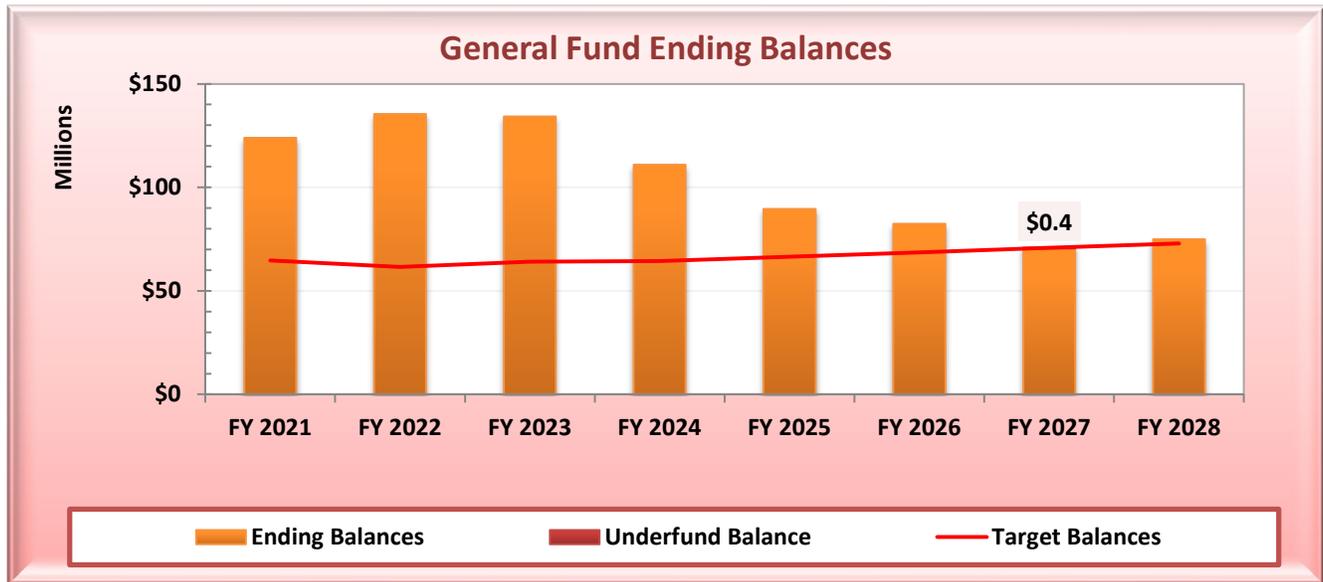
The District's long range Financial Planning Model is a comprehensive spreadsheet model of the District's revenues, operating and maintenance expenses, capital expenditures, and reserves over a 25-year period. These projections are derived from other planning tools and models, including the District's IRP, CIP, and the two-year budget. The model can reflect a wide range of assumptions and forecast scenarios and it provides a dashboard of charts and metrics that include General Fund Ending Balances, Projected Billed Demand, Debt Coverage Ratios, Operating Revenues vs. Operating Expenses, Rate & Charges vs. Revenue Requirements, and CIP and Funding Sources.

Forecast results are based on multiple assumptions. The major assumptions incorporated into the FPM include water rates increases, billed water demand, assumed growth rate in customer accounts, salary and benefits, employee medical costs, and water purchase costs. The model provides the revenue requirement enabling the District to set rates and charges to generate sufficient water revenues. These revenues are required to meet the District's short- and long-term obligations in an orderly manner and to minimize significant rate fluctuations from year-to-year. The FPM also shows the level of revenues that will maintain minimum cash balance levels and provide adequate debt service coverage.

The following charts from the Financial Planning Model Dashboard illustrate the key metrics that help the District with long range financial planning and decision making during the budget and rates process.

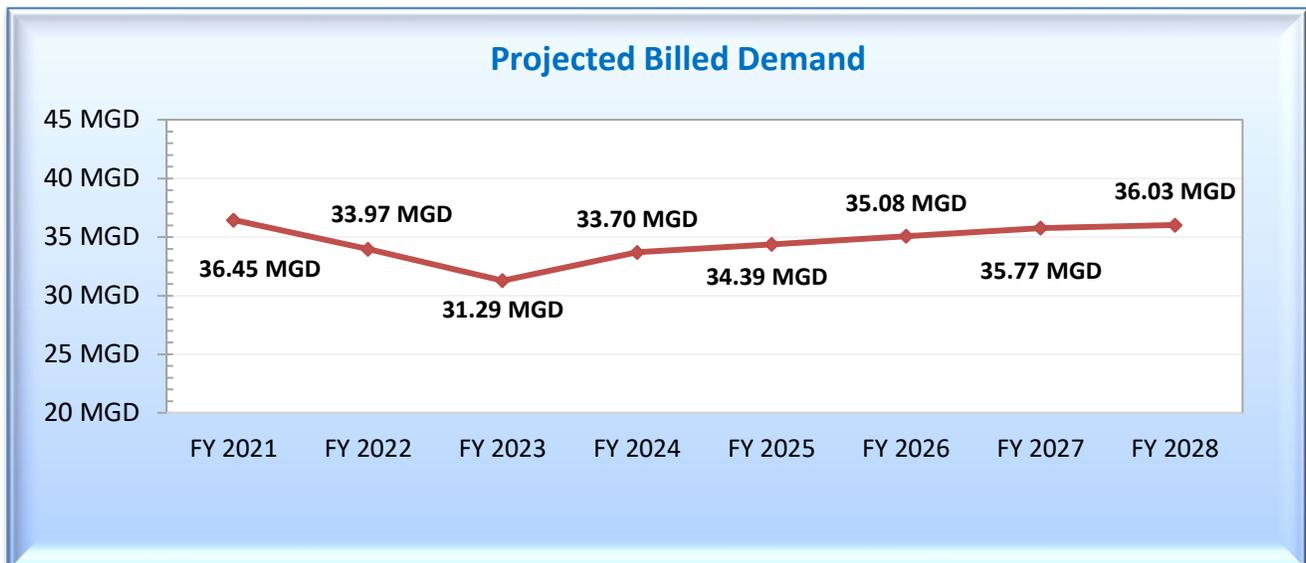
GENERAL FUND ENDING BALANCES

The below metric shows the District’s General Fund ending balances remain above the Board’s reserve target balances over the current planning period. The low year is in FYE 27 with a balance \$0.4 million below the reserve target. The reserves include operations and maintenance reserve, capital reserve, management retirement bonus reserve, emergency reserve, and rate stabilization reserve. The updated Reserve Fund Policy was approved by the Board in June 2022 and is reviewed on an annual basis.



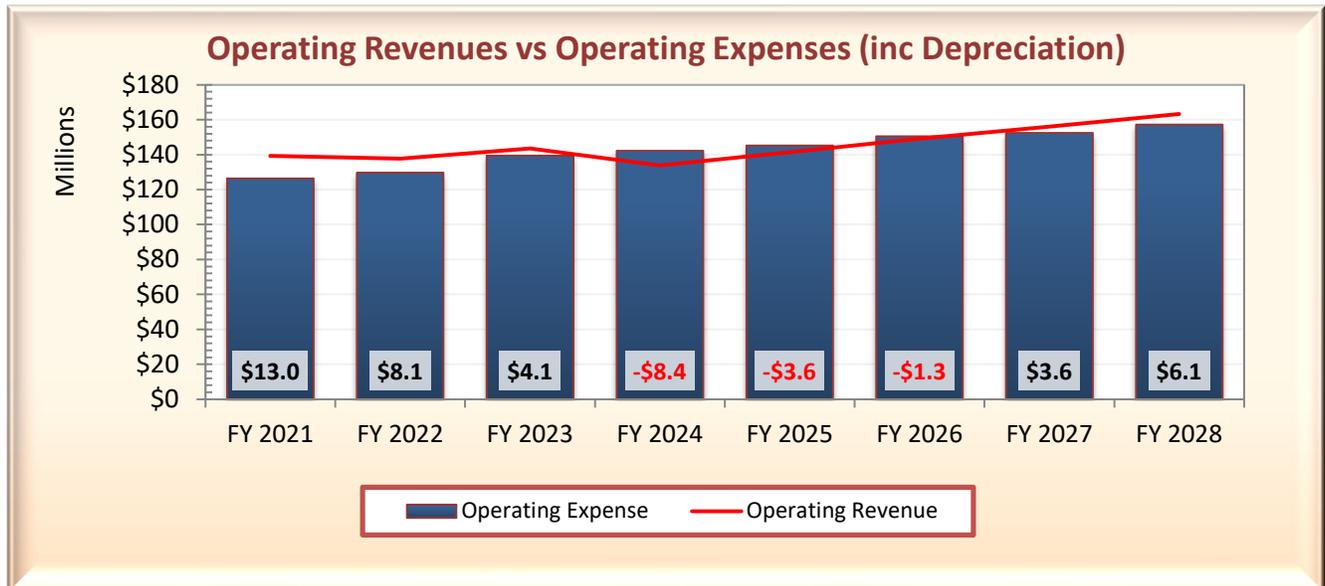
PROJECTED BILLED DEMAND

The Projected Bill Demand metric shows the actual demands for prior years and the projected demands for the two budget years and future years in the planning horizon. The long range financial plan assumes a five-year drought rebound starting in FYE 24 at 33.7 million gallons per day (MGD) to 36.0 MGD in FYE 28. In addition, the higher projected demands are due to new residential and commercial development and improvement in meter accuracy from the replacement of older water meters.



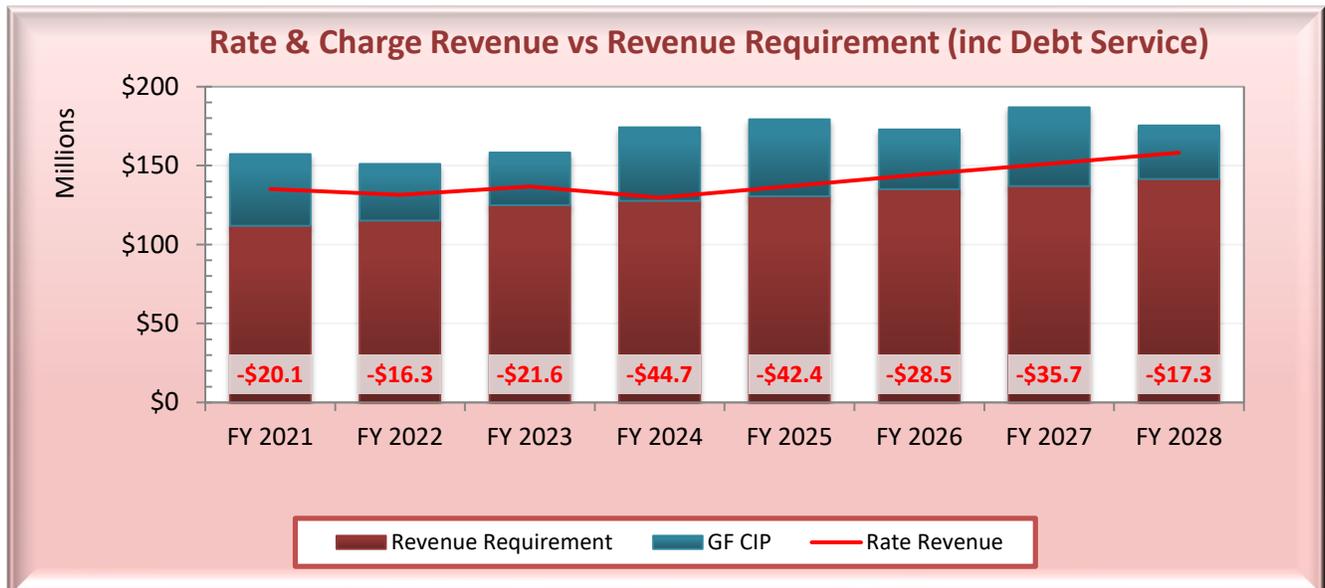
OPERATING REVENUES VS. OPERATING EXPENSES

The metric below shows that operating revenues are insufficient to cover operating expenses (including depreciation) over the two-year budget period. Operating expenses are projected to exceed operating revenues from FYE 24 to FYE 26 in the amounts ranging from -\$8.4 million to -\$1.3 million. This shows that the District relies on non-operating revenues (such as property taxes, grants and reimbursements, and interest income) to cover its operating expenses including depreciation.



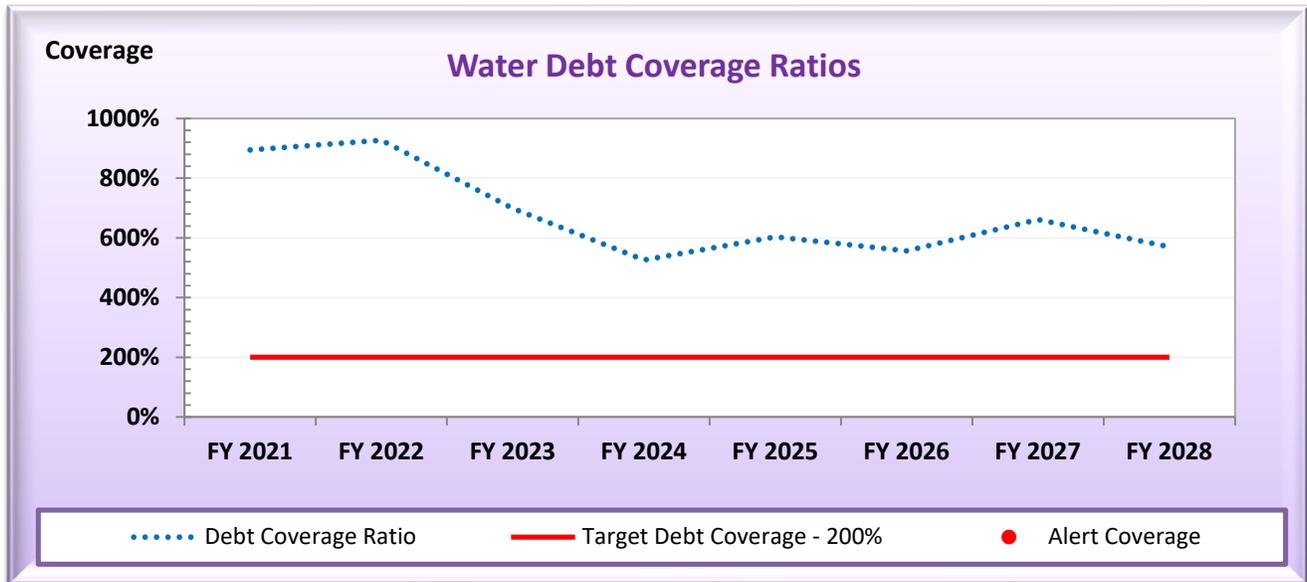
RATE AND CHARGE REVENUE VS. REVENUE REQUIREMENT

The metric below compares the Rate and Charge Revenue to Revenue Requirement (operations and maintenance expenses), including capital projects and debt service payment. The metric shows that there are funding gaps from FYE 21 to FYE 28, ranging from -\$44.7 million to -\$17.3 million. The District utilizes other revenue sources (such as property taxes, grants and reimbursements, and interest income), in addition to accumulated reserves, to fill the funding gaps.



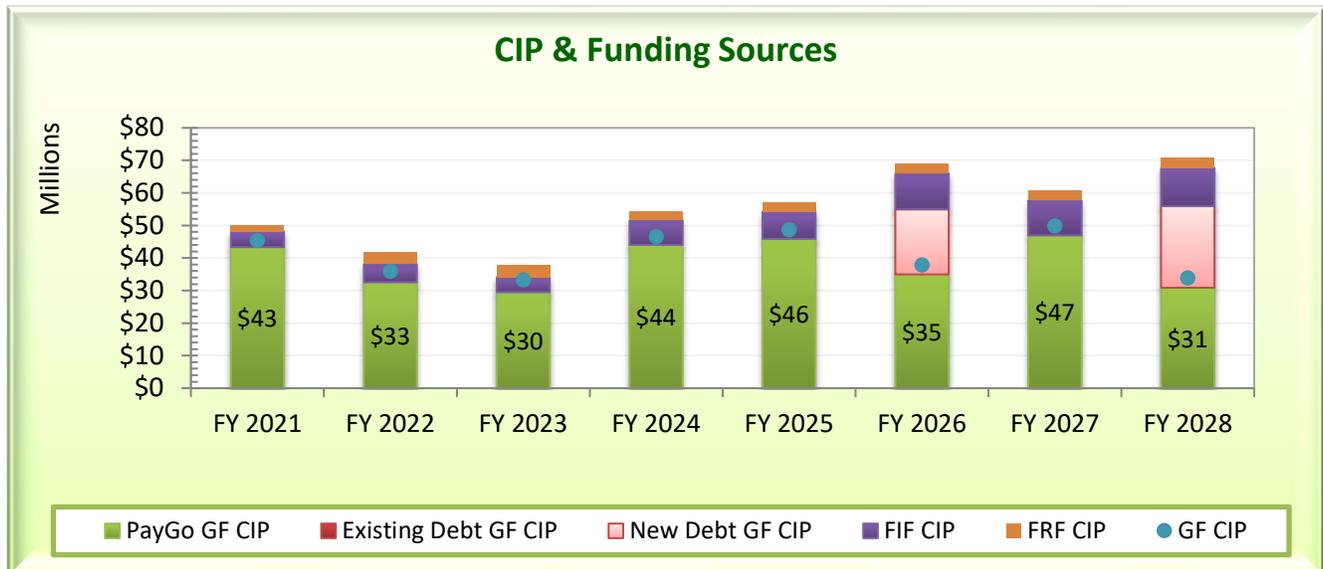
DEBT COVERAGE RATIOS

The debt coverage ratio compares net revenue to annual debt service. The Board set the target at 200%. The below metric shows the District continues to maintain strong debt coverage ratios over the planning period. The low year is in FYE 24 with the debt coverage ratio of 526%.



CIP AND FUNDING SOURCES

The below metric shows the District's Capital Improvement Program (CIP) by funding sources – General Fund (GF), Facilities Improvement Fund (FIF), Facilities Renewal Fund (FRF), and new debt proceeds.





Capital Improvement Program

Capital Improvement Program

The District's mission is to provide a reliable supply of high quality water at a reasonable price to our customers. To continue meeting the District's mission, the following goals need to be consistently achieved when implementing Capital Improvement Program (CIP) projects:

- CIP Projects are planned, identified, and executed in a manner that ensures overall project success.
- CIP Project implementation efficiency is maximized, both in terms of resources and expenditures.
- CIP Projects are consistently implemented, regardless of the lead department and/or individual(s) assigned to complete a particular project.
- District stakeholders understand their respective roles and all collectively share responsibility, accountability, and credit for the successful completion of CIP Projects.
- Project status and financial reports are timely, accurate, and consistently formatted.

The District uses a Team Approach to complete CIP Projects. This means that projects are identified and executed in a manner which involves all stakeholders, both within the District (Board of Directors, Office of the General Manager, Engineering and Technology Services, Finance and Administration, Operations and Maintenance, and Water Resources) and outside the District (District ratepayers, other agencies and interested organizations, and impacted businesses and residences) as appropriate.

CIP PLANNING PROCESS

In order to meet its mission, the District strives to ensure that the following goals and objectives are maintained over a 25-year planning horizon:

- **Water Supply Reliability:** Avoid chronic shortages, manage risk from future uncertainty, and maximize local control.
- **Production and Distribution Facility Reliability:** Maintain the District's infrastructure, improve employee and/or public safety, perform other work necessary to maintain or improve service to customers, and address vulnerabilities from seismic and other possible events.
- **High Quality:** Consistently meet or exceed existing and future water quality regulations. Provide uniform aesthetic quality to all customers to the extent practicable.
- **Reasonable Cost:** Ensure that sound, responsible fiscal management practices are observed in the conduct of District business.
- **Environmental Protection:** Plan, design, and operate District facilities efficiently, effectively, and safely, bearing in mind our responsibility to be a good neighbor and a good steward of the environment by avoiding or mitigating environmental impacts, reliably complying with existing and future environmental regulations, and protecting groundwater resources.

The District's planning process has been developed to ensure that the following is well documented and understood by all stakeholders – District's overall planning objectives, justification of planned CIP Projects, relationship of individual projects, and refinement of project criteria as more information becomes known. The planning process begins with the general plans of the three cities that the District serves (City of Fremont, City of Newark, and City of Union City). As such, the District's planning is intended to allow for the orderly expansion of urban development consistent with both the local land use and growth management plans and the District's mission. To accomplish this, the District's Water Resources Planning section periodically performs or updates an Integrated Resources Planning (IRP) Study (and a complementary Urban Water Management Plan) to determine the size, type, and timing of water supply and production facilities needed to meet projected demands over a 25-year period. Key components of the planning process include accurately predicting future water demands and confirming existing and planned water supplies.

To implement the recommendations of the IRP Study, more detailed, short-range reports are needed. The CIP Engineering Report serves to ensure that appropriate project-specific decisions are made over a 10-year specific planning period. CIP Engineering Reports establish refined criteria for water production and groundwater, water quality (as related to CIP projects), transmission mains, storage facilities and booster pump stations, reliability, and major replacements. These reports are based upon detailed analyses and hydraulic modeling, current and projected customer demands, the current and projected state of water supply infrastructure such as pipelines, pumping stations, and production facilities, and current and projected regulations and standards related to water quality, water storage, land uses, and other factors impacting water service needs. Because of the relatively short planning horizon of the CIP Engineering Report, additional project criteria refinement for projects identified in the IRP is appropriate.

The District's CIP includes all projects identified in both the IRP and CIP Engineering Reports, as well as other maintenance and reliability projects and extraordinary expense items. New projects that are not developed during the planning process, and thus not contained within the CIP database and spreadsheet, may be added as needed. Depending on the cost and type of project, Board approval for funding may be required. Typically, new projects are identified either during the annual budget process or as a result of regularly held Engineering/Operations Project Coordination Meetings.

The CIP projects are classified in to the following three major categories:

- "Priority A" - High priority projects where a failure of a critical facility or function will occur without the project or compliance with regulatory or statutory requirements and/or would cause major impact to health and safety, water quality, water supply, production and distribution reliability if not completed in the near term.
- "Priority B" - Projects that have moderate impact to operations (production and distribution reliability) and/or those needed for compliance with probable regulatory or statutory requirements.
- "Priority C" - Projects that improve our ability to comply with regulatory standards, and improvement to operational efficiencies. These are low priority projects as they have minimal impact to operations and are not time sensitive.

CAPITAL IMPROVEMENT PROGRAM BUDGET

The District's Capital Improvement Program Budget totals \$58.6 million for FYE 24 and \$61.1 million for FYE 25. The projects included in this two-year budget are consistent with the District's water master plan, the IRP, and CIP Engineering Report, which identify projects as being required for the replacement of existing infrastructure or projects for expansion.

CAPITAL EXPENDITURES

Projects that are budgeted within the Capital Improvement Program Budget fall within the definition of Capital Expenditures, meaning they (1) create or extend the lives of assets, (2) their work products have a useful life of greater than one year, and (3) they involve an expenditure of District resources in excess of \$5,000.

Extraordinary Expense (Expense Projects) consist of infrequent and unusual expenses which are not part of the District's ordinary, day to day operations. Costs for these projects will not result in an asset, increase the life of an existing asset or may not be directly identifiable with a specific asset. Expense Projects roll-up under the operating expenses, but because they may have a material impact on the District and may use significant resources, they are broken out separately in the budget and included in the CIP.

The budget for total capital program, including customer capital contributions and extraordinary expense projects, is \$58.6 million in FYE 24 and \$61.1M in FYE 25. The Capital Improvement Program budget is shown by the following category – Distribution System, Engineering, Ground Water, Headquarters Facility, Operations, and Vehicles. Distribution System accounts for over 50% of the Total Capital Program budget; and Operations accounts for approximately 20% of the total.

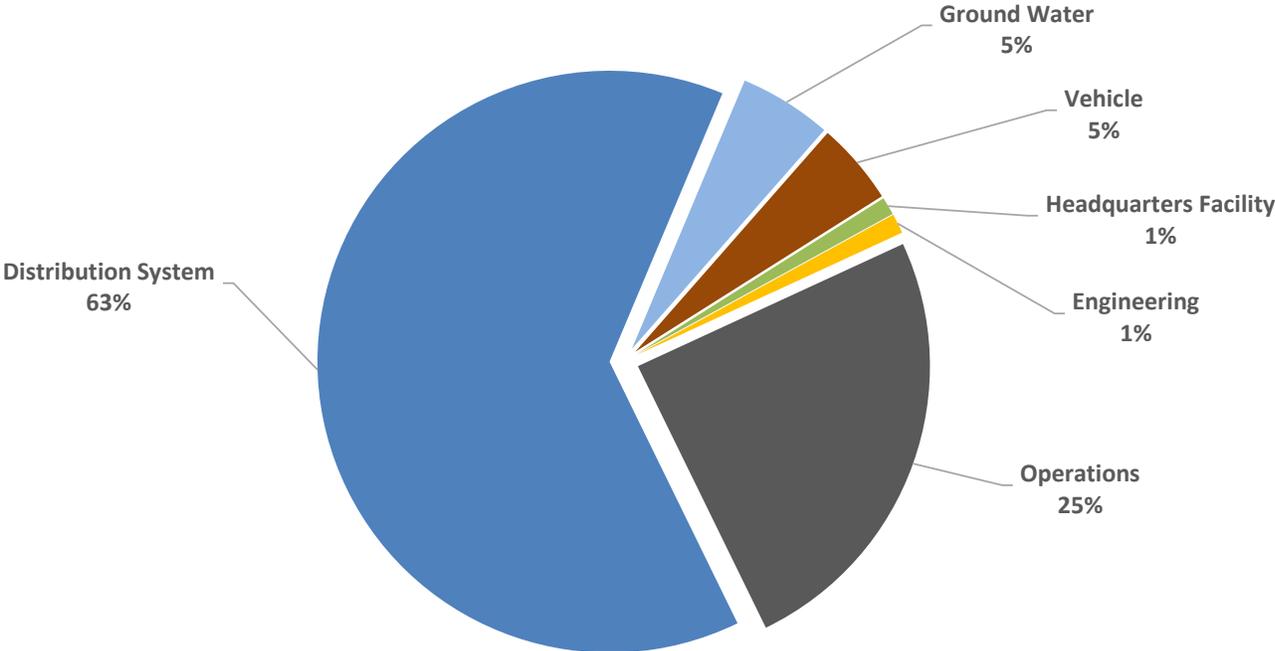
Capital projects are funded by three funds – General Fund, Facilities Improvement Fund, and Facilities Renewal Fund. General Fund funded projects account for approximately 80%, Facilities Improvement Fund accounts for 15%, and the Facilities Renewal Fund accounts for 5% of the Total Capital Projects (excluding Customer Capital Contributions and Extraordinary Expense).

The table below shows the total Capital Improvement Program budget by Category and by Fund, including Customer Capital Contributions, and Extraordinary Expense.

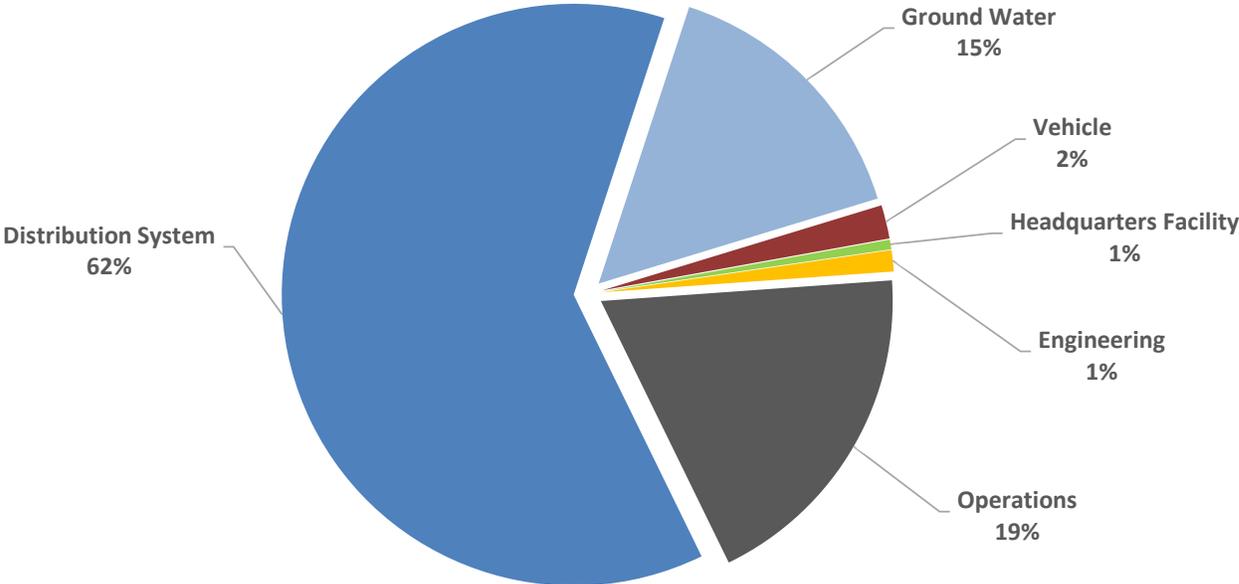
| CAPITAL PROJECTS SUMMARY (\$ in thousands) | | | | | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|
| | FYE 21 | FYE 22 | FYE 23 | FYE 23 | FYE 24 | FYE 25 | % Chg | % Chg |
| | Actual | Actual | Budget | Estimated | Budget | Budget | FYE 23 FYE 24 | FYE 24 FYE 25 |
| Capital Projects By Category | | | | | | | | |
| Distribution System | \$21,876 | \$17,913 | \$35,382 | \$27,131 | \$31,989 | \$33,149 | -10% | 4% |
| Engineering | 89 | 104 | 1,195 | 310 | 550 | 630 | -54% | 15% |
| Ground Water | 20,458 | 16,319 | 1,741 | 2,559 | 2,583 | 8,123 | 48% | 214% |
| Headquarters Facility | 1,399 | 57 | 495 | 405 | 501 | 286 | 1% | -43% |
| Operations | 287 | 586 | 6,134 | 2,934 | 12,421 | 10,071 | 102% | -19% |
| Vehicles | 407 | 102 | 1,377 | 60 | 2,300 | 995 | 67% | -57% |
| Total Capital Projects | \$44,516 | \$35,081 | \$46,324 | \$33,399 | \$50,344 | \$53,253 | 9% | 6% |
| Capital Projects By Fund | | | | | | | | |
| General Fund | 37,687 | 26,022 | 38,733 | 25,076 | 40,228 | 42,114 | 4% | 5% |
| Facilities Improvement Fund | 4,804 | 5,649 | 7,000 | 4,519 | 7,575 | 8,370 | 8% | 10% |
| Facilities Renewal Fund | 2,025 | 3,410 | 590 | 3,804 | 2,540 | 2,769 | 330% | 9% |
| Capital Projects Funding Total | 44,516 | 35,081 | 46,324 | 33,399 | 50,344 | 53,253 | 9% | 6% |
| Customer Capital Contributions | 3,653 | 3,078 | 4,459 | 4,459 | 3,800 | 3,800 | -15% | 0% |
| Extraordinary Expense | 4,512 | 4,700 | 5,878 | 4,041 | 4,371 | 4,093 | -26% | -6% |
| Grand Total Capital Program | \$52,681 | \$42,859 | \$56,661 | \$41,899 | \$58,515 | \$61,146 | 3% | 4% |

The following pie charts illustrate a breakdown of Total Capital Projects by category (excluding Customer Capital Contributions and Expense Projects).

FYE 24 Capital Improvement Program
\$50.3 million



FYE 25 Capital Improvement Program
\$53.3 million



The following tables show the individual capital project included in the FYE 24 and FYE 25 budget.

| CAPITAL PROJECTS DETAIL (\$ in thousands) | | | | | | |
|--|------------------|------------------|------------------|---------------------|------------------|------------------|
| | FYE 21 Actual | FYE 22 Actual | FYE 23 Budget | FYE 23 Estimated | FYE 24 Budget | FYE 25 Budget |
| Distribution System | | | | | | |
| ACFC Crossings | \$27 | \$28 | - | - | - | - |
| Advanced Metering Infrastructure | 2,091 | 7,189 | 13,779 | 8,553 | 6,327 | 9,327 |
| Alameda Reservoir Roof Replacement | 53 | 555 | 4,514 | 766 | 8,369 | 2,545 |
| Alvarado Niles Pipeline Seismic Improvement Project | 11,900 | 2,211 | 138 | 1,962 | 2,304 | 3,189 |
| Avalon Heights Booster Improvements and Equipment | - | - | 40 | 97 | - | - |
| Avalon Tank Slope Stabilization Improvements | 236 | 156 | 2,261 | 2,688 | - | - |
| B16 WTP2 Zone 3 Booster Discharge Pipeline Replacement | 12 | 29 | 21 | 10 | 239 | - |
| Blending Facility Low Flow Control Modifications/Network | 119 | 150 | 433 | 702 | - | - |
| Booster Stations- Facility Improvements / Equipment | 62 | 94 | 36 | 50 | 134 | 141 |
| Canyon Heights Booster Station Upgrade/Replacement | 1,059 | 361 | - | - | - | - |
| Canyon Heights Tank Improvements | 96 | - | - | - | - | - |
| Cathodic Protection Improvements and Additions | - | - | 465 | - | 216 | 441 |
| Central Avenue Grade Separation Improvements and | - | - | - | 15 | 80 | 120 |
| Clean Energy Plan Implementation | - | 209 | 207 | 339 | 188 | 102 |
| Curtner Road Booster Station Upgrade | 473 | 676 | 4,276 | 5,437 | 2,585 | - |
| Decoto Reservoir Electrical Infrastructure Replacement | (1) | - | - | - | - | 510 |
| Decoto Reservoir Roof Replacement | 49 | 102 | 359 | 804 | 208 | 3,000 |
| Desal Facility Improvements / Equipment Replacement | 58 | 37 | 41 | 114 | 216 | 61 |
| Desal PLC Upgrade Project | - | - | 13 | - | 110 | 740 |
| Desal Production Well Equipment Replacement | 33 | 87 | 44 | 35 | 70 | 74 |
| Desal Reliability Project | - | - | 27 | - | - | - |
| Distribution Leak Detection System | - | - | 132 | 132 | 132 | 132 |
| Distribution PLC Upgrade Program | 200 | 173 | 579 | 579 | 916 | - |
| Distribution System Large Valve Replacement Program | - | - | 72 | 50 | 72 | 72 |
| Durham Take-off Improvements | 1 | - | - | - | - | - |
| East West Connector Project | - | - | 5 | - | - | - |
| Engineering Report for CIP | - | - | - | 10 | 253 | 158 |
| Inserta Valve Insertion Equipment | 120 | 2 | 35 | 30 | 35 | 35 |
| Main Renewal - Lindsay Tract | 4 | 190 | 430 | 175 | 615 | 103 |
| Main Renewal - MR1 Driscoll | 404 | 165 | 3,878 | 0 | 2,360 | 2,023 |
| Main Renewal - MR3 Central Newark | 411 | 64 | 200 | 100 | 961 | 2,685 |
| Main Renewal - Small Diameter Pipeline Renewal | 1,799 | 3,291 | 100 | 1,050 | - | - |
| Membranes for Desal Facility | - | - | - | - | - | 150 |
| Meter Test Bench Upgrades | - | 209 | 60 | 70 | 75 | 75 |
| Mowry and PT Wellfields - Replacement Pumping Equipment | 189 | 27 | 112 | 190 | 60 | 63 |
| MSJ Tank Improvements | 30 | 27 | 224 | 9 | - | 316 |
| MSJWTP Improvements & Equipment Replacement | - | - | 65 | 194 | 15 | 16 |
| MSJWTP Property Improvements | - | 329 | 425 | - | - | - |
| Paseo Padre and 680 Bridge overpass | - | - | - | - | 20 | 193 |
| Patterson Reservoir Remediation Project | - | - | - | 0 | 464 | 674 |
| Patterson Reservoir Roof Replacement | - | - | 112 | - | - | - |
| PR-1 Booster Station | 5 | - | - | - | - | - |
| PT Blending Facility Improvements and Equipment | 28 | 50 | 40 | 18 | 32 | 66 |
| Quarry Lakes Parkway Improvements and ACWD Well | - | - | - | 15 | 80 | 120 |
| Regulator Site Improvements and Equipment Replacement | 125 | 2 | 28 | - | 16 | 16 |
| Reservoir- Facility Improvements/ Equipment Replacement | 38 | 16 | 9 | 11 | 17 | 17 |
| Service Line Emergency Replacement Program | 1,225 | 1,191 | 1,400 | 2,428 | 1,500 | 1,500 |
| Service Line Incidental Replacement Program | 140 | 121 | 168 | 169 | 140 | 140 |
| Small Diameter Main Renewal – Dairy St and H Street | - | - | - | - | 1,531 | 1,531 |
| Small Diameter Main Renewal - Fremont Sites | - | - | - | 76 | 618 | 2,191 |

**CAPITAL PROJECTS
DETAIL
(\$ in thousands)**

| | FYE 21 Actual | FYE 22 Actual | FYE 23 Budget | FYE 23 Estimated | FYE 24 Budget | FYE 25 Budget |
|--|--------------------------|--------------------------|--------------------------|-----------------------------|--------------------------|--------------------------|
| Distribution System | | | | | | |
| Tamarack Knolls Tank | - | - | - | - | 27 | - |
| Tanks- Facility Improvements/ Equipment Replacem | - | 22 | 45 | 8 | 16 | 16 |
| TP2 Filter Press Polymer System Upgrade | - | - | - | - | - | 153 |
| Washington Booster Improvements (Phase 1 and 2) | - | 9 | 281 | 15 | 238 | - |
| Water Meter Replacements - Large Meters | 113 | 68 | 20 | 20 | 30 | 30 |
| Water Meter Replacements - Medium Meters | - | - | 5 | 4 | 6 | 6 |
| Water Meter Replacements - Small Meters | - | - | 26 | 16 | 25 | 25 |
| Water Quality Laboratory Equipment Program | - | - | - | 53 | 200 | 200 |
| Watershed SCADA additions to Distribution SCADA | - | - | 27 | 4 | - | - |
| Wellfield General Improvements and Equipment Re | - | 29 | 70 | 12 | 42 | 44 |
| WTP No.2 Improvements and Equipment Replacem | 776 | 43 | 179 | 117 | 450 | 150 |
| Distribution System Projects Total | \$21,876 | \$17,913 | \$35,382 | \$27,131 | \$31,989 | \$33,149 |
| Engineering | | | | | | |
| Asbestos Cement Pipe Assessment Update | - | - | \$300 | - | - | - |
| Distribution System Seismic Study Update | - | - | 402 | - | - | - |
| Electrical Redundancy for IT Systems | - | - | 13 | - | - | - |
| Eng Dept Capital Equip and Materials | - | - | 5 | - | - | - |
| IT - Cityworks for Groundwater Permits | - | - | 25 | 35 | 30 | - |
| IT Enterprise Software Upgrades - JD Edwards | - | - | - | - | - | 300 |
| IT Infrastructure Upgrades - Capital | 68 | 103 | 325 | 250 | 350 | 150 |
| IT Records Management Project | 19 | 1 | 125 | 25 | 150 | 170 |
| Niles-Newark Intertie Pipeline, Fremont Phase | - | - | - | - | 20 | 10 |
| Engineering Projects Total | \$88 | \$104 | \$1,195 | \$310 | \$550 | \$630 |
| Ground Water | | | | | | |
| ACWD Groundwater Alternative Data Gap Project | - | - | - | - | \$133 | \$2,171 |
| Brackish Groundwater Reclamation Project-Desal R | - | 9 | 148 | 40 | 1,078 | 1,754 |
| Fish Passage Facility Grating Assessment | - | - | 99 | - | - | - |
| Fisheries Facilities Modifications | - | - | - | - | 47 | 76 |
| GW PFAS Sampling and Source Investigation | - | - | 150 | - | - | - |
| GW SGMA Enhancement | - | - | 102 | - | - | - |
| GW Supply Facilities Improv/Equip Replacements | - | - | 40 | - | 42 | 42 |
| H02 - Foundation Fieldbus Replacement | - | - | 13 | - | 377 | 541 |
| Kaiser Pond Diversion Improvement Project | 43 | 48 | 238 | 60 | 197 | 1,098 |
| Monitoring Well Construction Project | - | - | 354 | - | 7 | 7 |
| New Cedar ARP Wells | 126 | 2 | 100 | 10 | 186 | 891 |
| New Mowry Deep Aquifer Production Well | - | - | 131 | 107 | 270 | 1,497 |
| Niles Cone Groundwater Basin Extraction Well Site | 47 | 1,247 | 78 | 225 | - | - |
| Rubber Dam 1 - Fish Ladder | 13,682 | 7,011 | 75 | 1,170 | 80 | - |
| Rubber Dam 2 - Larinier Fishway | - | - | 181 | - | - | - |
| Rubber Dam No. 1 - Fabric Replacement, and Contr | 1,403 | 1,253 | - | 158 | 27 | - |
| Rubber Dam No. 3 Fish Ladder | 40 | 40 | - | - | - | - |
| Shinn Pond Fish Screen | 4,419 | 4,680 | - | 715 | 27 | - |
| Vallecitos Channel Betterments | 699 | 2,028 | 33 | 75 | 113 | 45 |
| Ground Water Projects Total | \$20,458 | \$16,319 | \$1,741 | \$2,559 | \$2,583 | \$8,123 |
| Headquarters Facility | | | | | | |
| Board Room Audio-Visual Upgrades | \$19 | - | \$125 | \$80 | \$80 | - |
| Headquarter Facility -HVAC Upgrades | - | - | - | - | 260 | 125 |
| Headquarter Facility- Reroof Building Office Compl | 1,269 | - | - | - | - | - |
| Headquarters Facility Improvement/ Equipment Re | 111 | 57 | 370 | 325 | 161 | 161 |
| Headquarters Facility Projects Total | \$1,399 | \$57 | \$495 | \$405 | \$501 | \$286 |

**CAPITAL PROJECTS
DETAIL
(\$ in thousands)**

| | FYE 21 Actual | FYE 22 Actual | FYE 23 Budget | FYE 23 Estimated | FYE 24 Budget | FYE 25 Budget |
|---|--------------------------|--------------------------|--------------------------|-----------------------------|--------------------------|--------------------------|
| Operations | | | | | | |
| Avalon System Fiber Optic Systems Upgrades | - | - | \$20 | - | - | - |
| Citywork Interface DMD | - | - | 15 | - | - | - |
| Communications Projects - Production and Storage | 44 | 9 | 50 | 9 | - | - |
| Equipment and Tools - Facilities Maintenance | - | - | - | 10 | 20 | 15 |
| Facilities Maintenance Shop | - | - | 330 | - | 150 | 180 |
| Facility Arc Flash Calculation and Labeling | - | - | - | 40 | - | - |
| PFAS related wellfield or distribution system modif | - | - | 13 | - | - | - |
| PFAS treatment (CIP) | - | - | 4,789 | 1,500 | 10,302 | 8,418 |
| Re-pipe Blending Facility S-1 sample line | - | - | 3 | - | - | 10 |
| SCADA Systems Infrastructure Upgrades | 230 | 110 | 197 | 75 | 100 | 50 |
| SCADA Systems Replacements | - | - | - | 1,300 | 1,390 | 1,398 |
| Vallecitos Channel Storm Damage Repairs | - | - | - | - | 459 | - |
| WTP2 Filter Media Replacement | 12 | 466 | 717 | - | - | - |
| Operations Projects Total | \$287 | \$586 | \$6,134 | \$2,934 | \$12,421 | \$10,071 |
| Vehicles | | | | | | |
| Equipment and Tools - Distribution Maintenance | - | - | \$60 | \$60 | \$60 | \$60 |
| Equipment and Tools - General Facilities | - | 8 | 32 | - | 10 | 10 |
| Vehicle Capital - Air Quality Reg'd Equip Upgrades | - | - | - | - | 125 | - |
| Vehicle Capital - Construction Equipment and Mach | 223 | - | 900 | - | 580 | 150 |
| Vehicle Capital - Heavy -Duty Vehicles | 36 | 85 | 385 | - | 1,250 | 625 |
| Vehicle Capital - Light Duty Vehicles | 149 | 9 | - | - | 275 | 150 |
| Vehicles Total | \$407 | \$102 | \$1,377 | \$60 | \$2,300 | \$995 |
| Capital Projects By Fund | | | | | | |
| General Fund | \$37,687 | \$26,022 | \$38,733 | \$25,076 | \$40,228 | \$42,114 |
| Facilities Improvement Fund | 4,804 | 5,649 | 7,000 | 4,519 | 7,575 | 8,370 |
| Facilities Renewal Fund | 2,025 | 3,410 | 590 | 3,804 | 2,540 | 2,769 |
| Capital Projects Total | \$44,516 | \$35,081 | \$46,324 | \$33,399 | \$50,344 | \$53,253 |
| Customer Capital Contributions | | | | | | |
| Customer Generated Distribution Systems Improve | 3,653 | 3,078 | 4,459 | 4,459 | 3,800 | 3,800 |
| Customer Capital Contributions | \$3,653 | \$3,078 | \$4,459 | \$4,459 | \$3,800 | \$3,800 |
| Extraordinary Expense | \$4,512 | \$4,700 | \$5,878 | \$4,041 | \$4,371 | \$4,093 |
| Grand Total Capital Program | \$52,681 | \$42,859 | \$56,661 | \$41,899 | \$58,515 | \$61,146 |

IMPACTS OF CAPITAL PROJECTS ON OPERATING COSTS

Renewal and Replacement Projects: Nearly all the capital projects budgeted for FYE 24 and FYE 25 relate to renewal or replacement of existing water infrastructure and there are few significant operating impacts.

Operating Impacts: Minimal operating impacts.

The following nonrecurring projects have significant impacts on District operations. The projects will impact District operations. The budgetary impacts are not fully developed as the capital projects are largely still in the construction or planning stage during the budget period.

Advanced Metering Infrastructure Project: The District is in the process of implementing an Advanced Metering Infrastructure (AMI) Project designed to benefit the District and its customers. The District's AMI Project includes the deployment of both AMI metering technology for all consumption meters and a best-in-class customer web portal to provide customer self-service access to the AMI data and customer service functions.

Operating Impacts: The deployment of AMI will have significant impact on staff labor both during the transition deployment period and after AMI implementation. Industry leading practices will be utilized for recommending new positions, updating, or creating new policies, updating current business processes, and developing and adopting new business processes needed for the AMI system.

Operational impacts include:

- Manual meter reading will be automated through the AMI system.
- Addressing leaks proactively as consumption data is available in 15-minute intervals.
- Reduced field visits for customer requests and consumption related issues, such as tampering, reading verification and high bill complaints.
- Updated testing, installation, and removal process for new meter types with radio devices.
- Increased need for technological support for internal and external customers.
- Conduct water consumption analysis on daily, weekly, and monthly intervals.
- Enhanced efforts for customer engagement and conservation.
- Detecting meter issues, such as backflow events and non-registering meters, more frequently.
- Temporary dual processes during the transition phase of the project.

Project: PFAS Treatment Project: Per and Poly-fluoroalkyl Substances (PFAS) are an emerging contaminant of concern, and have been detected in the District's wells supplying our blending facility at very low levels. The Groundwater PFAS Treatment Project includes installation of an ion exchange treatment system that will treat raw groundwater from the PT and Mowry wells, thereby allowing the District to reduce the quantity of SFPUC purchased water and restore the capacity of the Blending Facility.

Operating Impacts: The budget includes over \$20 million for the PFAS Treatment and related project costs for FYE 24 and FYE 25. There are significant operational impacts related to the Project, including staff costs and annual operations and maintenance. The operating budget includes \$900,000 in annual operations and maintenance costs for the PFAS Treatment Project beginning in FYE 25.

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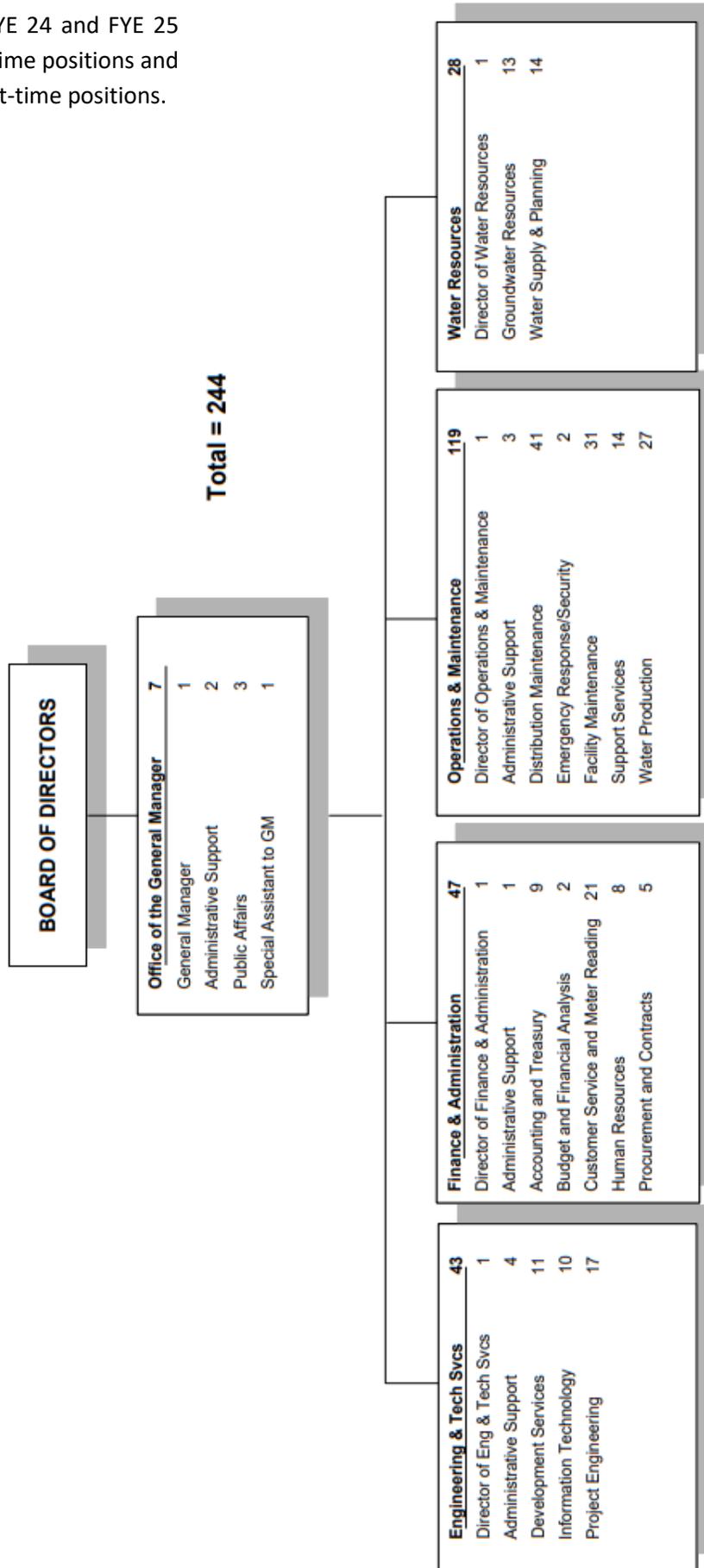




ACWD
ALAMEDA COUNTY WATER DISTRICT

Personnel

The budget for FYE 24 and FYE 25 includes 244 full-time positions and 12 temporary/part-time positions.



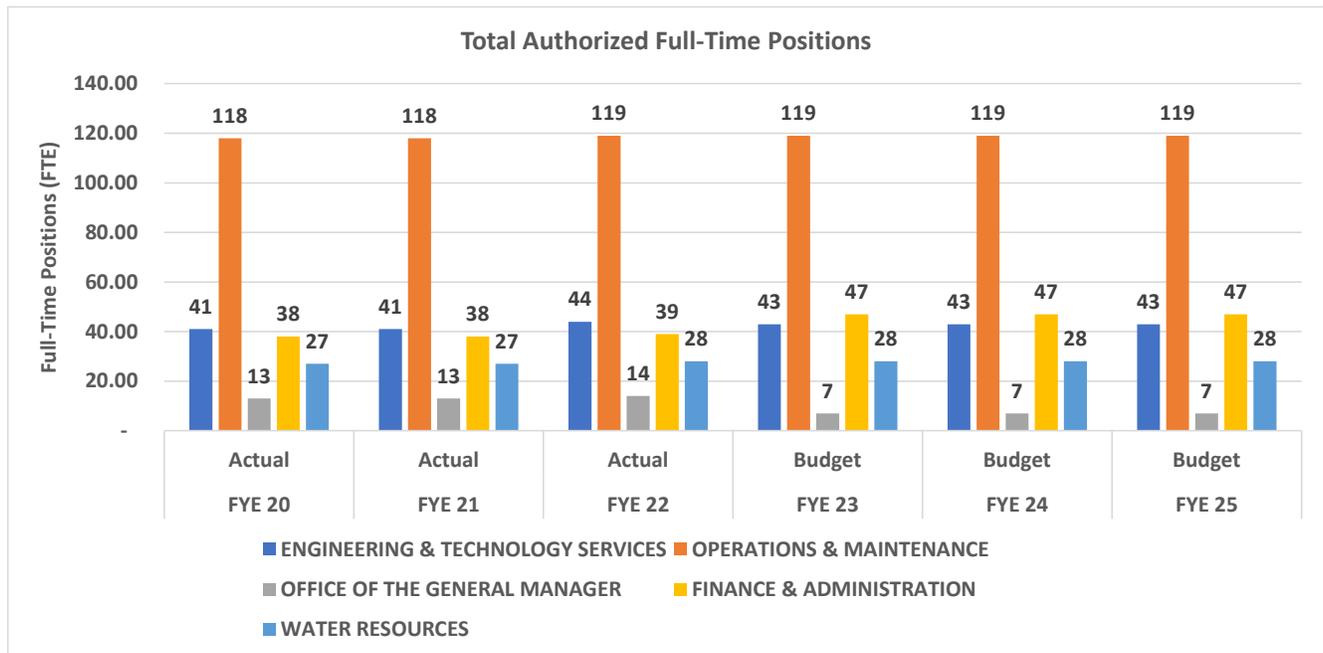
PERSONNEL

District staffing includes regular full-time positions, defined term full-time positions, and temporary/part-time positions. Defined term positions are full-time positions of limited duration that are intended to augment regular District staff to accomplish extra work or other operational programs and activities. There are 10 defined term full-time positions and 12 temporary/part-time positions included in the budget.

The table and chart below show the 244 authorized full-time positions that include 10 defined term position.

PERSONNEL SUMMARY BY DEPARTMENT – FULL TIME

| Classification | FYE 20 | FYE 21 | FYE 22 | FYE 23 | FYE 24 | FYE 25 |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Actual | Actual | Actual | Budget | Budget | Budget |
| ENGINEERING & TECHNOLOGY SERVICES | 41.00 | 41.00 | 44.00 | 43.00 | 43.00 | 43.00 |
| OPERATIONS & MAINTENANCE | 118.00 | 118.00 | 119.00 | 119.00 | 119.00 | 119.00 |
| OFFICE OF THE GENERAL MANAGER | 13.00 | 13.00 | 14.00 | 7.00 | 7.00 | 7.00 |
| FINANCE & ADMINISTRATION | 38.00 | 38.00 | 39.00 | 47.00 | 47.00 | 47.00 |
| WATER RESOURCES | 27.00 | 27.00 | 28.00 | 28.00 | 28.00 | 28.00 |
| TOTAL DISTRICT | 237.00 | 237.00 | 244.00 | 244.00 | 244.00 | 244.00 |



INTERNSHIP PROGRAM:

The budget includes 12 Temporary/Part-Time positions that are Intern and Work Experience Education Student positions. The District’s internship program has been successful in finding new college graduates, giving them work experience, and then hiring them in full-time roles. Recently, the District hired two interns into regular full-time positions – Engineer I in Project Engineering Division and an Engineering Technician in Water Production Division.

The following chart and tables show the authorized positions by department and division – regular and defined term full-time positions, and temporary/part-time (interns) positions.

The personnel changes for FYE 24 and FYE 25 are highlighted below.

PERSONNEL DETAIL BY DIVISION – FULL TIME & TEMPORARY/PART-TIME

| Classification | FYE 20 Actual | FYE 21 Actual | FYE 22 Actual | FYE 23 Budget | FYE 24 Budget | FYE 25 Budget |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Engineering Administration | | | | | | |
| Director of Engineering & Technology | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Office Assistant I/II | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Office Supervisor | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Development Services | | | | | | |
| Construction Inspector I/II | 2.00 | 2.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Construction Inspector I/II (Defined Term) | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Development Services Manager | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Engineer I/II/Associate | 2.00 | 2.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Engineering Technician I/II | 4.00 | 4.00 | 5.00 | 5.00 | 4.00 | 4.00 |
| Engineering Technician I/II (Defined Term) | 1.00 | 1.00 | 1.00 | - | - | - |
| Engineering Technician III | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| | 12.00 | 12.00 | 13.00 | 12.00 | 11.00 | 11.00 |
| Project Engineering | | | | | | |
| Engineer I/II/Associate | 6.00 | 6.00 | 8.00 | 8.00 | 9.00 | 9.00 |
| Senior Engineer | 4.00 | 4.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Engineering Supervisor | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Engineering Technician I/II | 1.00 | 1.00 | 1.00 | 1.00 | 2.00 | 2.00 |
| Engineering Technician III | 1.00 | 1.00 | 1.00 | 1.00 | - | - |
| Project Engineering Manager | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| | 15.00 | 15.00 | 16.00 | 16.00 | 17.00 | 17.00 |
| Information Technology | | | | | | |
| Information Security Officer | - | - | 1.00 | 1.00 | 1.00 | 1.00 |
| Information Technology Analyst I/II | 2.00 | 2.00 | 2.00 | 2.00 | 3.00 | 3.00 |
| Information Technology Manager | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Information Technology Supervisor | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Information Technology Administrator | 1.00 | 1.00 | 1.00 | 1.00 | 3.00 | 3.00 |
| Network Analyst II | 1.00 | 1.00 | 1.00 | 1.00 | - | - |
| Network Technician | 1.00 | 1.00 | 1.00 | 1.00 | - | - |
| Senior Info Technology Analyst | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Server & System Administrator II | 1.00 | 1.00 | 1.00 | 1.00 | - | - |
| | 9.00 | 9.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| ENGINEERING & TECHNOLOGY SERVICES – FULL TIME | 41.00 | 41.00 | 44.00 | 43.00 | 43.00 | 43.00 |
| Engineering Intern | - | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Work Experience Education Student | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| ENGINEERING & TECHNOLOGY SERVICES – TEMP/PART TIME | 1.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Operations Administration | | | | | | |
| Director of Operations & Maintenance | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Emergency & Security Services Planner | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Emergency Response/Security Officer | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Office Assistant II | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Office Supervisor | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| QA/QC Officer | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 |
| Laboratory Services | | | | | | |
| Chemist I/II | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Laboratory Services Supervisor | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Laboratory Technician I/II | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Senior Chemist | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 |

| Classification | FYE 20 Actual | FYE 21 Actual | FYE 22 Actual | FYE 23 Budget | FYE 24 Budget | FYE 25 Budget |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Distribution Maintenance | | | | | | |
| Distribution Maintenance Manager | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Distribution Maintenance Supervisor | 2.00 | 2.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Distribution Maintenance Supervisor II | 1.00 | 1.00 | - | - | - | - |
| Meter/Cross Connection Worker I/II | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Office Assistant I/II | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Storekeeper I/II | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Utility Worker I/II/III | 30.00 | 30.00 | 30.00 | 30.00 | 31.00 | 31.00 |
| | 40.00 | 40.00 | 40.00 | 40.00 | 41.00 | 41.00 |
| Water Production | | | | | | |
| Engineer I /II/Associate | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Engineering Supervisor | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Engineering Technician I/II | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Environmental Specialist | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Treatment & Distribution Supervisor | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Treatment Facilities Operator/Trn/Adv | 8.00 | 8.00 | 8.00 | 8.00 | 9.00 | 9.00 |
| Water Production Manager | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Water Treatment Plant Operator/Trn/Adv | 13.00 | 13.00 | 13.00 | 13.00 | 11.00 | 11.00 |
| | 32.00 | 32.00 | 32.00 | 32.00 | 31.00 | 31.00 |
| Facilities Maintenance | | | | | | |
| Vehicle & Equipment Mechanic I/II | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Electrician | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Engineer I/II/Associate | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Engineering Supervisor | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Engineering Technician II | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Facilities Maintenance Supervisor | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Facilities Maintenance Worker | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Facility Maintenance Manager | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Gardener I/II | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Gardener III | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| General Facilities Supervisor | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Office Assistant I/II | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Operations Systems Analyst | - | - | 1.00 | 1.00 | 1.00 | 1.00 |
| Planner/Scheduler | 2.00 | 2.00 | 2.00 | 1.00 | 1.00 | 1.00 |
| Instrument Technician I/II | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Operations Systems Administrator | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Senior Utility Mechanic | - | - | - | 1.00 | 1.00 | 1.00 |
| Utility Mechanic I/II | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| | 30.00 | 30.00 | 31.00 | 31.00 | 31.00 | 31.00 |
| OPERATIONS & MAINTENANCE – FULL TIME | | | | | | |
| | 118.00 | 118.00 | 119.00 | 119.00 | 119.00 | 119.00 |
| Intern | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| OPERATIONS & MAINTENANCE – TEMP/PART TIME | | | | | | |
| | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| General Manager Administration | | | | | | |
| Administrative Office Assistant III | 1.00 | 1.00 | - | - | - | - |
| Administrative Assistant/Assistant District Secretary | - | - | 1.00 | 1.00 | 1.00 | 1.00 |
| Executive Assistant/District Secretary | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| General Manager | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Special Assistant to the General Manager | - | - | 1.00 | 1.00 | 1.00 | 1.00 |
| | 3.00 | 3.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Human Resources | | | | | | |
| Administrative Analyst II | 1.00 | 1.00 | 1.00 | - | - | - |
| Human Resources Analyst II | 3.00 | 3.00 | 3.00 | - | - | - |
| Human Resources Technician II | 2.00 | 2.00 | 2.00 | - | - | - |
| Human Resources/Risk Manager | 1.00 | 1.00 | 1.00 | - | - | - |
| Workplace Health & Safety Officer | 1.00 | 1.00 | 1.00 | - | - | - |
| | 8.00 | 8.00 | 8.00 | - | - | - |

| Classification | FYE 20 Actual | FYE 21 Actual | FYE 22 Actual | FYE 23 Budget | FYE 24 Budget | FYE 25 Budget |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Public Affairs | | | | | | |
| Public Affairs Specialist I/II | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Public Affairs Supervisor | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Office Assistant (DT) | - | - | - | 1.00 | 1.00 | 1.00 |
| | 2.00 | 2.00 | 2.00 | 3.00 | 3.00 | 3.00 |
| OFFICE OF THE GENERAL MANAGER – FULL TIME | 13.00 | 13.00 | 14.00 | 7.00 | 7.00 | 7.00 |
| Public & Community Affairs Intern | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| OFFICE OF THE GENERAL MANAGER – TEMP/Part time | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Finance Management | | | | | | |
| Administrative Analyst II | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Director of Finance & Administration | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Budget and Financial Analysis | | | | | | |
| Senior Financial Analyst | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Financial Analysis Supervisor | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Accounting and Treasury | | | | | | |
| Accountant II | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Accounting & Treasury Manager | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Accounting Technician I/II | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Accounting Supervisor | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Senior Business Analyst | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 |
| Customer Service and Meter Reading | | | | | | |
| Business Analyst I/II | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Customer Account Field Technician I/II | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Customer Account Representative I/II | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 |
| Customer Account Rep. I/II (Defined Term) | - | - | 1.00 | 1.00 | 1.00 | 1.00 |
| Customer Account Representative III | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Customer Service Supervisor | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Customer Services & Systems Manager | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Meter Reader (DT) | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 |
| Meter Reader Supervisor | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| | 20.00 | 20.00 | 21.00 | 21.00 | 21.00 | 21.00 |
| Procurement and Contracts | | | | | | |
| Buyer I/II | 1.00 | 1.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Office Assistant I/II | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Procurement Specialist | 1.00 | 1.00 | - | - | - | - |
| Purchasing Officer | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Senior Buyer | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| Human Resources | | | | | | |
| Senior Administrative Analyst | - | - | - | 1.00 | 1.00 | 1.00 |
| Human Resources Analyst I/II | - | - | - | 3.00 | 3.00 | 3.00 |
| Human Resources Technician I/II | - | - | - | 1.00 | 1.00 | 1.00 |
| Senior Human Resources Technician | - | - | - | 1.00 | 1.00 | 1.00 |
| Human Resources/Risk Manager | - | - | - | 1.00 | 1.00 | 1.00 |
| Workplace Health & Safety Officer | - | - | - | 1.00 | 1.00 | 1.00 |
| | - | - | - | 8.00 | 8.00 | 8.00 |
| FINANCE & ADMINISTRATION – FULL TIME | 38.00 | 38.00 | 39.00 | 47.00 | 47.00 | 47.00 |
| Work Experience Education Student | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| FINANCE & ADMINISTRATION – TEMP/PART TIME | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |

| Classification | FYE 20 Actual | FYE 21 Actual | FYE 22 Actual | FYE 23 Budget | FYE 24 Budget | FYE 25 Budget |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Water Resources Administration | | | | | | |
| Director of Water Resources | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Water Supply and Planning | | | | | | |
| Engineer I/II | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Engineering Technician II | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Water Use Efficiency Specialist I/II | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Water Use Efficiency Specialist I/II (DT) | - | - | - | - | 1.00 | 1.00 |
| Water Use Efficiency Supervisor | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Water Controller I/II | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Water Resources Systems Analyst I/II | - | - | 1.00 | 1.00 | 1.00 | 1.00 |
| Water Supply and Planning Manager | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Water Supply Supervisor | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| | 12.00 | 12.00 | 13.00 | 13.00 | 14.00 | 14.00 |
| Groundwater Resources | | | | | | |
| Engineer I/II/Associate | 3.00 | 3.00 | 3.00 | 3.00 | 2.00 | 2.00 |
| Senior Engineer | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Engineering Technician I/II | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Engineering Technician III | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Groundwater Resources Manager | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Hydrogeologist I/II/Associate | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Well Ordinance Supervisor | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| | 14.00 | 14.00 | 14.00 | 14.00 | 13.00 | 13.00 |
| WATER RESOURCES – FULL TIME | 27.00 | 27.00 | 28.00 | 28.00 | 28.00 | 28.00 |
| Engineering Intern | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| WATER RESOURCES – TEMP/PART TIME | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| TOTAL DISTRICT - FULL TIME | 237.00 | 237.00 | 244.00 | 244.00 | 244.00 | 244.00 |
| TOTAL DISTRICT – TEMP/PART TIME | 10.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 |

CHANGES IN POSITION COUNTS

There are no changes in the position counts for FYE 24 and FYE 25. The District will maintain the current staffing level of 244 authorized full-time equivalents (FTE) for both FYE 24 and FYE 25.

The budget includes the following changes:

- Human Resources & Risk Management Division has been re-organized from the Office of the General Manager to the Finance & Administration Department as part of the FYE 23 Midcycle Budget.
- Added Water Use Efficiency Specialist I/II (Defined Term) in Water Supply and Planning and deleted Engineer I/II/Associate Groundwater Resources.
- Reclassed Engineering Technician I/II in Development Services Division to an Engineer I/II/Senior in Project Engineering Division.
- Reclassed Network Analyst to Information Technology Analyst, and reclassified Network Technician and Server & System Administrator to Information Technology Administrator in Information Technology.
- Reclassed two Water Treatment Plant Operator/Trainee/Advanced positions in Water Production Division to a Treatment Facilities Operator/Trainee/Advanced and a Utility Worker I/II/III in Distribution Maintenance Division.

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Department Information

Organization Structure

The Board of Directors is responsible for establishing the policies and priorities of the District and hiring a General Manager to be responsible for the day-to-day operation of the District. The General Manager is responsible for supporting the Board of Directors and implementing the policy direction of the Board, as well as directing all activities of the District.

- Board of Directors
- Office of the General Manager

Reporting to the General Manager are the following four Departments:

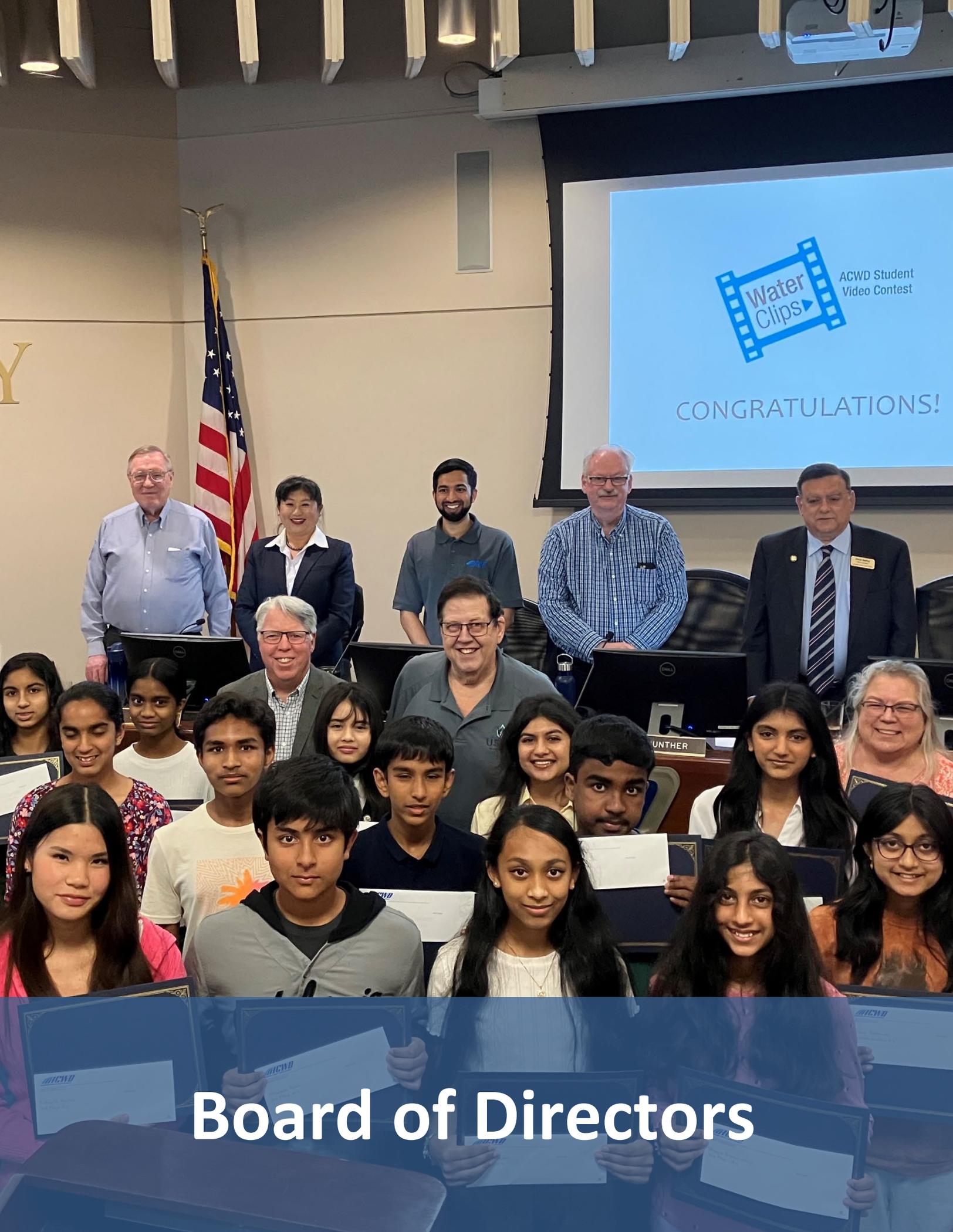
- Finance and Administration
- Engineering and Technology Services
- Operations and Maintenance
- Water Resources

The Departments are organized into Divisions and they are the link to achieving the District's strategic goals and objectives. Departments are overseen by the Executive Staff and the Divisions are overseen by the Division Managers.

The next section includes the department and division summaries. The department summaries include staffing levels, operating expenses, and significant budget changes. The division summaries include the following: Description of Services Provided, Accomplishments, Goals and Objects, and Performance Measure Indicators.

Budget information for each department is rolled-up into three broad categories: Labor, Materials, and Outside Services. The following illustrates the major expenses that are included in each category.

- **Labor** – Employee Salaries
- **Materials** – Purchased Water, Power, Chemicals, Fuel, Computer Software, Computer Hardware/Supplies, Vehicle/Equipment Usage, Property and Liability Insurance, Permits and Rights of Way, Dues, Rebates, General Postage, and Outside Materials
- **Outside Services** – Professional Services, Legal Services, Miscellaneous Services, Contractor Services, Computer Services, Education and Training, and Administrative Overhead Allocation



ACWD Student Video Contest

CONGRATULATIONS!

Board of Directors

Board Of Directors

DESCRIPTION OF SERVICES PROVIDED

The Board of Directors is responsible for establishing the policies and priorities of the District, hiring a General Manager to be responsible for the day-to-day operation of the agency, and holding the General Manager accountable to the community that the District serves.

The Board conducts monthly Regular Board Meetings, holds less formal Board Workshops (both open to the public for input), and delegates specific issues to five separate Board Committees.

Members of the Board represent the District to the community and hold positions in outside organizations in which the District holds an interest.

FEATURED MAJOR PROJECTS, PROGRAMS, OR INITIATIVES

The District has been engaged with federal and state agencies, local public agencies, and legislative issues associated with the Los Vaqueros Expansion Project, as well as numerous other issues impacting the State Water Project, the SFPUC regional water system, and Special District Governance. While FYE 23 has been an especially challenging year for the District due to the scope and breadth of impacts associated with the unprecedented COVID-19 pandemic, the District has maintained a high level of customer service with very little impact to the customer.

FYE 22 & FYE 23 ACCOMPLISHMENTS

- Successfully transitioned from At-Large to Zone-Based elections as of March 10, 2022.
- Completed contract negotiations with the District's represented groups.
- Adopted a Water Shortage Contingency Plan.
- Adopted the Urban Water Management Plan update.
- Provided guidance and direction related to drought; Passed a drought emergency ordinance in December 2021; Established drought surcharges effective March 2022; Rescinded drought surcharges effective April 2023; Took action to rescind the drought emergency ordinance in April 2023.
- Participated in numerous District webinars and public meetings to inform customers of the severity of drought and water savings assistance provided by the District; Participated in two regional townhalls sponsored by members of the legislature and Board of Supervisors.
- Provided guidance and direction during four public workshops and meetings related to the District's finances and water rates; Conducted a public hearing and adopted revisions to the Rate and Fee Schedule and related resolutions, including an increase to the Help on Tap Program benefit amount to 100% of bimonthly service charge amount.
- Provided guidance and direction related to addressing and treating PFAS in groundwater supplies.
- Updated Board member compensation and revised and improved the Board's compensation and expense reimbursement policies.
- Elected Board Officers for CY 2023.
- Revised Collection Policy to collect delinquent unpaid charges for owner-occupied single family residential accounts on the property tax roll.
- Attended Board Meetings and Committee Meetings as assigned.
- Represented the District in the Association of California Water Agencies, Association of California Water Agencies Joint Powers Insurance Agency, Bay Area Water Supply and Conservation Agency, Alameda County Special Districts Association, Delta Conveyance Design and Construction Authority, Delta Conveyance Financing Authority, the Fremont Chamber of Commerce Government Affairs Committee, County of

Alameda Countywide Oversight Board, Los Vaqueros Reservoir Joint Powers Authority, Southern Alameda County GIS Authority, and other organizations.

- Consulted with District’s General Counsel, General Manager, and District Secretary, as appropriate, to ensure compliance with all laws, statutes, and best practices for an elected County Water District Board of Directors.

FYE 24 & FYE 25 GOALS AND OBJECTIVES

| Strategic Goals | Objectives |
|---|--|
| Goal 1 – Maintain and Improve the Cost Effectiveness and Value of District Services | <ul style="list-style-type: none"> • Promote value and cost effectiveness through oversight of District operational activities and capital projects. |
| Goal 2 – Sustain a Reliable, High Quality Water Supply for District Customers | <ul style="list-style-type: none"> • Provide oversight and direction regarding District participation in water supply and storage initiatives. • Participate as appropriate in governing boards and committees of regional and state organizations advancing water supply and storage initiatives. • Provide oversight and direction regarding addressing PFAS in groundwater supplies. |
| Goal 3 – Improve the District’s financial stability and transparency | <ul style="list-style-type: none"> • Monitor the District’s finances and consider water rate increase(s) as appropriate to address rising costs and the District’s overall objectives. |
| Goal 4 – Improve Workforce Recruitment, Maintain Retention, and Enhance Employee Engagement | <ul style="list-style-type: none"> • Monitor and provide policy guidance to the General Manager, as appropriate. • Support initiatives flowing from Employee Engagement Surveys and Action Plans. |
| Goal 5 – Promote Clear and Open Communication, Outreach, and Engagement with Customers and Communities | <ul style="list-style-type: none"> • Work with the District’s Sacramento representative to support legislative-related outreach and activities, as needed. • Complete all required ethics and sexual harassment training, as required by law. • Attend conferences and educational seminars to keep abreast of important issues, and best practices related to water districts in California. |

DEPARTMENT EXPENDITURES

| EXPENSE SUMMARY DEPARTMENT DETAIL (\$ in thousands) | | | | | | | | |
|---|-------------|-------------|--------------|--------------|--------------|--------------|------------------|------------------|
| | FYE 21 | FYE 22 | FYE 23 | FYE 23 | FYE 24 | FYE 25 | % Chg | % Chg |
| | Actual | Actual | Budget | Estimated | Budget | Budget | FYE 23 FYE 24 | FYE 24 FYE 25 |
| Labor | \$74 | \$73 | \$100 | \$112 | \$117 | \$117 | 17% | 0% |
| Materials | 2 | 18 | 26 | 27 | 27 | 27 | 2% | 0% |
| Outside Services | 1 | 2 | 1 | 1 | 1 | 1 | -50% | 0% |
| Board of Directors | \$77 | \$93 | \$127 | \$139 | \$144 | \$144 | 13% | 0% |

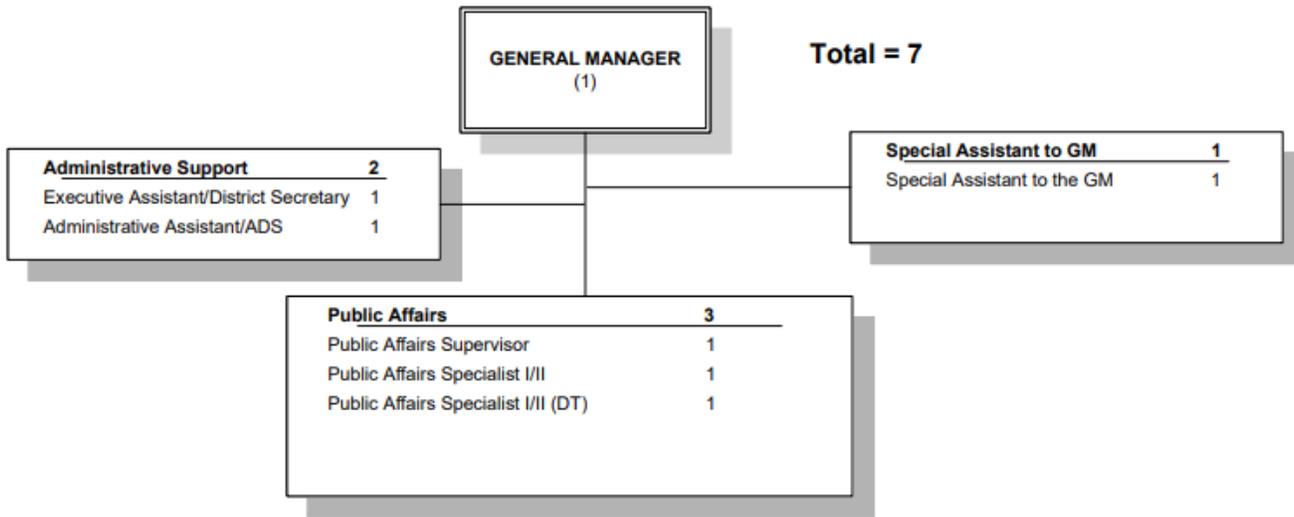
FINANCIAL COMMENTS

Increase in Labor in FYE 24 is due to the increase in Board compensation.



Office of the General Manager

Office of the General Manager



DESCRIPTION OF SERVICES PROVIDED

The Office of the General Manager is responsible for supporting the Board of Directors and implementing the policy direction of the Board, as well as directing all activities of the District. Activities include establishing strategies, goals, objectives, policies, and procedures, implementing the District's long-term capital improvement program, directing the preparation and implementation of the District's financial program, and representing the District to federal, state, and local public agencies, the media, and private organizations.

In addition to the chief executive function, the Office of the General Manager contains the Public Affairs, and District Secretary divisions.

FEATURED MAJOR PROJECTS, PROGRAMS, OR INITIATIVES

The District has been engaged with federal and state agencies, local public agencies, and legislative issues associated with drought and climate change, energy policy, the Los Vaqueros Expansion Project, as well as numerous other issues impacting the State Water Project, the SFPUC regional water system, and Special District Governance. While FYE 22 and FYE 23 have been especially challenging for the District due to the scope and breadth of impacts associated with the drought and evolving challenges related to PFAS as well as lingering issues related to COVID-19, the District has maintained high levels of performance, accomplishment, and customer service.

FYE 22 & FYE 23 ACCOMPLISHMENTS

- Organizationally, the District achieved or made substantial progress on the District's Strategic Plan priorities and goals.
- Transitioned public Board Meetings and Board Workshops from 100% virtual to 100% hybrid.
- Transitioned the Human Resources function to the new "Finance and Administration" department.
- Re-officed those employees required to work from home during the pandemic.
- Reconfigured employee workspaces to consolidate staff working in workgroups to specific areas where possible in order to provide greater collaboration and reduce "silos."
- Worked with the Board of Directors and the community to transition the District's election system from at-large to zone-based in accordance with the California Voting Rights Act.

- Working with the Board and the Ad-Hoc Committee on Board Compensation, revised, updated, and clarified the Board’s compensation and expense reimbursement policies as well as the internal expense reimbursement review and approval process.
- Developed an Employee Engagement Action Plan based upon results from the District’s prior engagement surveys.
- Worked with the DEI Steering Committee to advance the DEI work plan.
- Re-prioritized the Main Renewal Program and accelerated program planning.
- Negotiated final Power Purchase Agreements for the Clean Energy Program.
- Prioritized completion of planning documents and program plan for emergency preparedness and response.
- Represented the District and the California water industry as a member of the California Urban Water Agencies board of directors.
- Represented the District and the water desalination industry as a member of the Executive Committee of CalDesal.
- Represented the District as a member of the Bay Area Water Agencies Coalition.
- Engaged with the Governor and Administration on state policy related to drought, helping to craft statewide approach for conservation targets and actions, as well as messaging; Engaged with the Administration and state agency executive leadership on water supply system priorities, funding enhancements, and resource agency permit streamlining.
- Engaged with several coalitions and groups of General Managers from throughout the state to coordinate on standards, funding, and actions required to address drought and climate change.

FYE 24 & FYE 25 GOALS AND OBJECTIVES

| Strategic Goals | Objectives |
|--|--|
| Strategic Planning | <ul style="list-style-type: none"> • Substantially complete objectives that were identified in the 2018 Five Year Strategic Plan and work with the Board of Directors to create and implement a new 5-year Strategic Plan. |
| Goal 2 – Sustain a Reliable, High Quality Water Supply for District Customers | <ul style="list-style-type: none"> • Strategically participate in water supply and storage initiatives, including those associated with Los Vaqueros Reservoir, Del Valle Reservoir, and Alameda Creek. • Ensure the District is positioned to exceed water quality regulations while increasing available production capacity from both the Blending Facility and Newark Desalination Facility. |
| Goal 3 – Improve the District’s Financial Stability and Transparency | <ul style="list-style-type: none"> • Work with the Board of Directors and the community to evaluate the District’s rate structure and water rates. • Evaluate approaches to update/modernize the Replenishment Assessment Act. |
| Goal 4 – Improve Workforce Recruitment, Maintain Retention, and Enhance Employee Engagement | <ul style="list-style-type: none"> • Implement Employee Engagement Action Plan District-wide elements by developing a Communications Plan, a Change Management Plan, and an Employee Suggestion Program. • Implement new Employee Code of Conduct. • Implement new Workplace Safety Program, including a new Employee Safety Training Program. • Implement DEI Counsel recommendations related to recruitment process improvements. • Continue to host “All Hands” meetings with employees. • Arrange opportunities for employees to engage in support of underserved and disadvantaged communities through the state’s Technical Assistance Provider Program. |

| Strategic Goals | Objectives |
|---|---|
| Goal 5 – Promote Clear and Open Communication, Outreach, and Engagement with Customers and Communities | <ul style="list-style-type: none"> Coordinate with external agencies and other organizations to further the District’s interests, goals, and objectives. Ramp up community tours of District production facilities and Alameda Creek facilities. Engage with students, youth, and other members of the public through the Integrated Resources Planning process and coordinate with the Fremont Unified School District on the State Seal of Civic Engagement program. |

DEPARTMENT EXPENDITURES

| EXPENSE SUMMARY DEPARTMENT DETAIL (\$ in thousands) | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|
| | FYE 21 | FYE 22 | FYE 23 | FYE 23 | FYE 24 | FYE 25 | % Chg | % Chg |
| | Actual | Actual | Budget | Estimated | Budget | Budget | FYE 23 FYE 24 | FYE 24 FYE 25 |
| Labor | \$1,838 | \$2,057 | \$1,220 | \$1,084 | \$1,251 | \$1,312 | 3% | 5% |
| Materials | 918 | 1,240 | 306 | 191 | 239 | 242 | -22% | 1% |
| Outside Services | 1,244 | 1,334 | 1,367 | 1,060 | 1,464 | 1,386 | 7% | -5% |
| General Manager's Office | \$4,000 | \$4,630 | \$2,893 | \$2,339 | \$2,962 | \$2,949 | 2% | 0% |
| Funded Staffing Level (FTE) | 13.00 | 6.00 | 7.00 | 7.00 | 7.00 | 7.00 | 0% | 0% |

FINANCIAL COMMENTS

Increase in Labor costs for FYE 24 and FYE 25 is for cost-of-living adjustments consistent with existing labor contracts. The increase in Outside Services is for miscellaneous contract for customer billing, and other printing and mailing services.

Public Affairs

DESCRIPTION OF SERVICES PROVIDED

The Public Affairs division is responsible for public outreach and community engagement, water education, media relations, and legislative affairs. Activities include development and dissemination of District news, outreach of the District’s capital improvement, conservation, rates and water quality programs, District and community event planning, local and regional coordination of public information, implementation of the school education program, and legislative tracking.

FEATURED MAJOR PROJECTS, PROGRAMS, OR INITIATIVES

As drought conditions persisted, the District’s drought campaign was instrumental in achieving its 15% demand reduction goal. The multi-pronged campaign included traditional and non-traditional media, participation at community events, social media, and amplified messaging through partner agencies’ communication channels.

FYE 22 & FYE 23 ACCOMPLISHMENTS

- Increased drought messaging through partnerships with Tri-City schools and cities, and Ohlone College.
- Successfully coordinated Bay Area media event in partnership with Bay Area water agencies, Save Our Water and UC Master Gardener Program of Alameda County for drought outreach.

- Developed Pro Tips to engage customers and offer functional water-saving tools.
- Partnered with Newark Unified School District’s Environmental Literacy Program and Fremont Unified School District’s Climate Literacy and Environmental Education Network (CLEEN) program to increase water education initiatives in area schools.
- Supported the successful launch of ACWD’s customer portal and mobile app, My Smart Water Connect, through customer outreach.
- Assisted with the development of the Climate Adaptation Plan Public Summary.
- Provided water education teacher training in coordination with Project WET to area teachers.
- Awarded California Association of Public Information Officials EPIC Award for Crisis Communication Response and Innovative Communication for use of District’s Rapid Alert Notification System for drought communications.
- Monitored state legislative and executive branch activities.

FYEE 24 & FYEE 25 GOALS AND OBJECTIVES

| Strategic Goals | Objectives |
|--|--|
| <p>Goal 5 – Promote Clear and Open Communication, Outreach, and Engagement with Customers and Communities</p> | <ul style="list-style-type: none"> • Develop an electronic newsletter. • Expand water education program with mobile interpretive education center. • Develop crisis communication plan. • Develop volunteer and creek cleanup program. • Increase public awareness of District-wide initiatives, programs, and projects including outreach for water conservation, water quality, rates, capital improvement projects, and emergency preparedness. • Continue to monitor state and federal legislation on water policy, quality, conservation, local agency governance, and other issues impacting the District. |

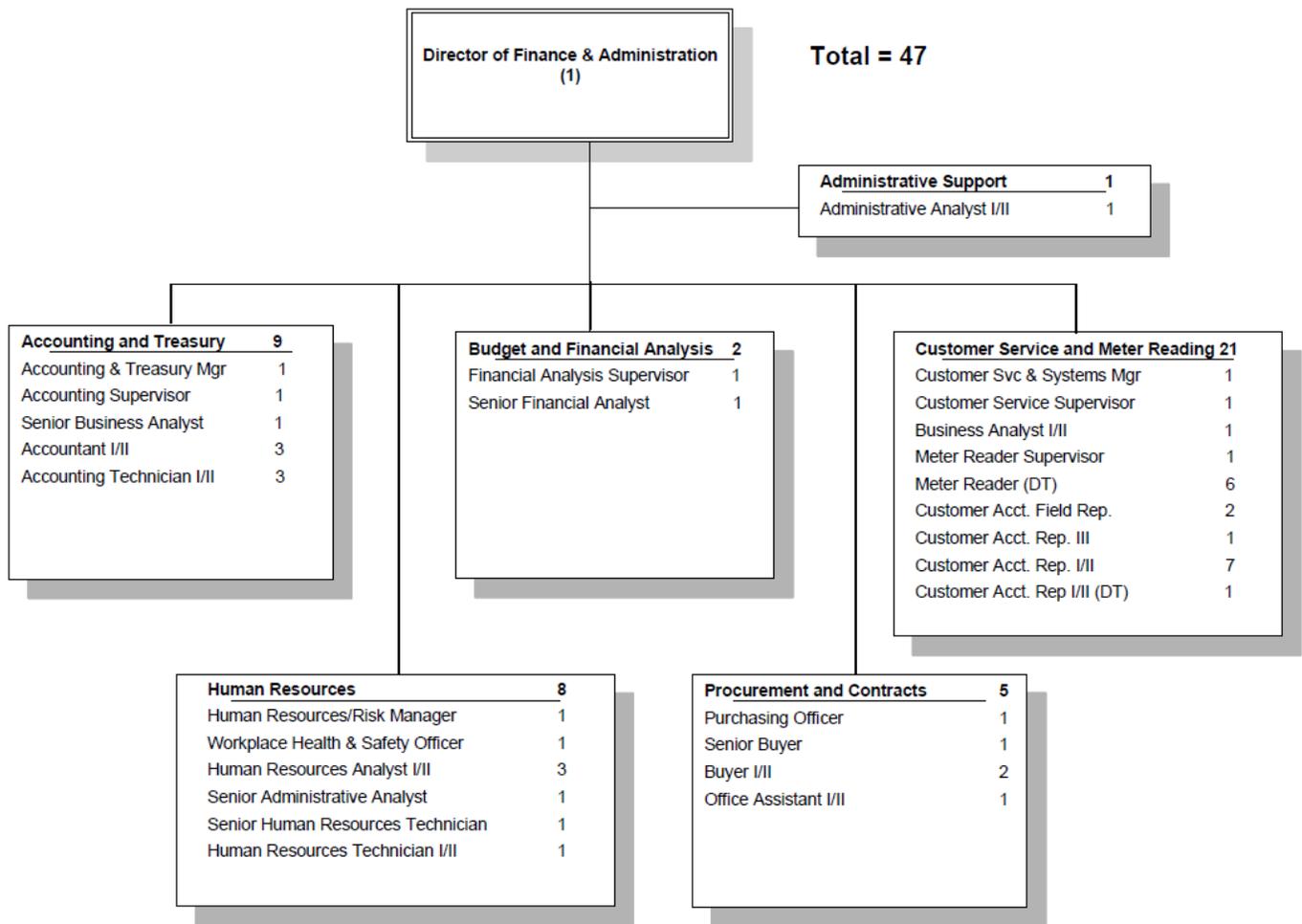
PERFORMANCE MEASURES

| Performance Measures | Target | FYE 22 Actual | FYE 23 Estimate | FYE 24 Target | FYE 25 Target |
|---|---|--------------------------------------|--|--|---|
| Timely mailing of minimum of three ACWD Aqueduct newsletters annually | ~124,000 newsletters per issue | 100% | 100% | 100% | Transition to e-newsletter |
| Host District sponsored biennial event | One event every two years | Supported Niles Canyon Stroll & Roll | Host Public Tour of Water Treatment Plant #2 | Support Niles Canyon Stroll & Roll event | Host Public Tour of Fish Passage Facilities |
| Water education program | Provide water education to 10,000 students annually | 15,908 | 15,000 | 15,000 | 15,000 |

**SAVE
WATER
LIVE
BETTER**

Finance & Administration

Finance & Administration Department



Finance & Administration Department Administration

DESCRIPTION OF SERVICES PROVIDED

It is the mission of the Finance & Administration Department to assure financial and administrative responsibility in a customer-focused manner. Department Administration supports this mission by providing leadership and support to each Finance & Administration Department workgroup and has responsibility for the District's overall financial and administrative management. This includes both support for Division managers, supervisors, and employees, and development of Department goals, priorities, and strategy. Additionally, the Department Administration group is responsible for managing the District's Customer Assistance Program (Help on Tap), the District's Grants Team, and other special projects.

FEATURED MAJOR PROJECTS, PROGRAMS, OR INITIATIVES

The District is currently a partner in the regional Los Vaqueros Reservoir Expansion project, which has the potential to provide additional storage for surplus water, a new water conveyance option, and enhanced water system resiliency. The Department Administration group is leading partner agencies in evaluating proposed fees for use of certain existing facilities as part of the project, is actively supporting various project workgroups, and serves as the District's alternate representative to the Los Vaqueros Reservoir Joint Powers Authority.

FYE 22 & FYE 23 ACCOMPLISHMENTS

- Successfully integrated the Human Resources/Risk Management Division into the department.
- Supported formation of the Los Vaqueros Reservoir Joint Powers Authority.
- Implemented an online Help On Tap application through the new Customer Portal, implemented a benefit increase, and translated the Help on Tap Application into 7 additional languages.
- Ensured District financial stability through the COVID-19 pandemic while adhering to emergency customer assistance measures.
- Ensured compliance with District strategic goals and objectives, including additional reviews of various financial policies.
- Developed a Department operational priorities document.
- Completed the annual financial benchmarking analysis each year.
- Led District participation in the state-administered Low-Income Household Water Assistance Program.

FYE 24 & FYE 25 GOALS AND OBJECTIVES

| Strategic Goals | Objectives |
|---|---|
| Goal 2 – Sustain a Reliable, High Quality Water Supply for District Customers | <ul style="list-style-type: none"> • Continue to support all facets of the District’s participation in the Los Vaqueros project with a leadership role on financial aspects of the project. |
| Goal 3 – Improve the District’s Financial Stability and Transparency | <ul style="list-style-type: none"> • Continue to pursue and secure additional grant funding to support the District’s Capital Improvement Program. • Promote transparency by publicly reviewing each financial policy and financial benchmarking results each year. |
| Goal 4 – Improve Workforce Recruitment, Maintain Retention, and Enhance Employee Engagement | <ul style="list-style-type: none"> • Implement recommended strategies to enhance employee engagement in the Department based on feedback provided in the most recent employee engagement survey and support implementation of Districtwide employee engagement initiatives. |
| Goal 5 – Promote Clear and Open Communication, Outreach, and Engagement with Customers and Communities | <ul style="list-style-type: none"> • Refine and improve Finance & Administration Department webpages to promote customer knowledge of District finances and policies. |

PERFORMANCE MEASURES

| Performance Measures | Target | FYE 22 Actual | FYE 23 Estimate | FYE 24 Target | FYE 25 Target |
|--|--------|-------------------------|------------------------|------------------------|------------------------|
| Process Help on Tap applications within two weeks of receipt | 90% | 99% | 99.7% | 99% | 99% |
| Total Cost of Water Production ^{1, 2} | Median | Higher Cost than Median | Lower Cost than Median | Lower Cost than Median | Lower Cost than Median |
| Connections per Employee | Median | Above Median | Above Median | Above Median | Above Median |
| Operating Revenue per Employee | Median | Above Median | Above Median | Above Median | Above Median |
| Operating Cost per Connection | Median | Lower Cost than Median | Lower Cost than Median | Lower Cost than Median | Lower Cost than Median |
| Debt Coverage Ratio | Median | Above Median | Above Median | Above Median | Above Median |

| Performance Measures | Target | FYE 22 Actual | FYE 23 Estimate | FYE 24 Target | FYE 25 Target |
|------------------------------|--------|------------------------------|------------------------------|------------------------------|------------------------------|
| Pension/OPEB Liability Ratio | Median | Lower Ratio than Median | Lower Ratio than Median | Lower Ratio than Median | Lower Ratio than Median |
| Rate Increase Percentage | Median | Smaller Increase than Median |
| Monthly Bill | Median | Median | Median | Lower than Median | Lower than Median |
| Total Debt Capacity | Median | More Capacity than Median | More Capacity than Median | More Capacity than Median | More Capacity than Median |

1. It is the District's goal to rank at or 'better' than the median in each measure (in certain measures lower is better while in other measures higher is better).
2. Financial benchmarks are separately presented in more detail during the budget workshop.

DEPARTMENT EXPENDITURES

**EXPENSE SUMMARY
DEPARTMENT DETAIL
(\$ in thousands)**

| | FYE 21 Actual | FYE 22 Actual | FYE 23 Budget | FYE 23 Estimated | FYE 24 Budget | FYE 25 Budget | % Chg FYE 23 FYE 24 | % Chg FYE 24 FYE 25 |
|-------------------------------------|----------------|----------------|-----------------|------------------|-----------------|-----------------|---------------------|---------------------|
| Labor | \$4,289 | \$4,519 | \$5,993 | \$5,936 | \$6,010 | \$6,283 | 0% | 5% |
| Materials | 433 | 544 | 1,850 | 2,012 | 2,727 | 2,760 | 47% | 1% |
| Outside Services | 3,395 | 3,469 | 4,909 | 4,859 | 5,386 | 5,450 | 10% | 1% |
| Finance & Administration | \$8,118 | \$8,532 | \$12,752 | \$12,807 | \$14,124 | \$14,492 | 11% | 3% |
| Funded Staffing Level (FTE) | 38.00 | 47.00 | 47.00 | 47.00 | 47.00 | 47.00 | 0% | 0% |

FINANCIAL COMMENTS

Increase in Labor costs for FYE 24 and FYE 25 is for cost-of-living adjustments consistent with existing labor contracts. The increase in Outside Services is primarily for the contracts for the professional and miscellaneous services primarily for employee training and safety, and other expenses. Overall, the increase in FYE 24 is due primarily to the overhead cost allocation, customer billing, and contract services. The increase in FYE 23 is due to merging with Human Resources/Risk Management.

Budget & Financial Analysis

DESCRIPTION OF SERVICES PROVIDED

The Budget & Financial Analysis Division (B&FA) is responsible for the development, preparation, and management of the District’s budget and long-range financial plan, and overseeing the rate setting process and debt management. The division provides the financial analysis needs of the District, prepares revenue and expenditure forecasts, provides ad hoc reports and analysis on special projects, and assists in the preparation of the capital improvement program budget. The division is also charged with managing the District’s participation in the California Employers’ Retiree Benefit Trust Fund to finance retiree health care benefits.

FEATURED MAJOR PROJECTS, PROGRAMS, OR INITIATIVES

The District levies one-time development charges on new or expanded connections to the District’s water system to recover the proportional cost of existing and planned future infrastructure benefitting new development. In 2019, the District implemented an equity buy-in component to the facilities connection charges (FCC) phased-in over five years. Starting this summer/fall of 2023, the B&FA Division will take the lead and work with the District’s rates consultant and District staff to review and update the FCC.

FYE 22 & FYE 23 ACCOMPLISHMENTS

- Completed a water rate setting process and the water rates update and financial plan. Completed the process in each fiscal year, including establishing and then rescinding drought surcharges during the District’s declared water shortage emergency.
- Received the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) for the FYE 22 & FYE 23 Biennial Budget.
- Updated the miscellaneous fees and charges including implementation of the inflationary update to the Facilities Connection Charges.
- Completed the annual fringe and overhead rate updates.
- Developed a new Financial Planning Model and Budget Model.
- Completed refunding of the 2012 Revenue Bonds that resulted in savings of approximately \$2 million and issuance of \$10 million of new bond proceeds.

FYE 24 & FYE 25 GOALS AND OBJECTIVES

| Strategic Goals | Objectives |
|--|--|
| <p>Goal 3 – Improve the District’s financial stability and transparency</p> | <ul style="list-style-type: none"> • Prepare the budget in accordance with best practices to improve financial transparency and achieve GFOA’s Distinguished Budget Presentation recognition. • Review and update the Reserve Fund Policy and Debt Management and Disclosure Policy. • Update the miscellaneous fees and charges and the Rate and Fee Schedule. • Complete the fringe and overhead rate updates. • Update the District’s equipment/vehicle rates. • Develop Capital, Extraordinary Expense, and Operating Job guideline and training. • Complete a water rates process in year 2. |

PERFORMANCE MEASURES

| Performance Measures | Target | FYE 22 Actual | FYE 23 Estimate | FYE 24 Target | FYE 25 Target |
|--|--------|---------------|-----------------|---------------|---------------|
| Maintain bond rating through strong reserves and fiscal policies | AAA | AAA | AAA | AAA | AAA |
| Maintain strong debt service coverage ratio | >200% | >200% | >200% | >200% | >200% |
| Number of fiscal policies updated and reviewed with the Board | 2 | 2 | 2 | 2 | 2 |

Accounting & Treasury

DESCRIPTION OF SERVICES PROVIDED

The Accounting & Treasury Division provides financial and administrative support to all departments. The Division's responsibilities include accounts payable, accounts receivable, job costing, payroll processing, grant reporting, cash management, fixed asset management, and income and investment reporting. This division maintains the general ledger and all subsidiary ledgers and ensures internal controls over all financial functions. This division also ensures the District meets all state and federal financial reporting requirements, as well as compliance with General Accepted Accounting Principles (GAAP) and the Government Accounting Standards Board (GASB).

FEATURED MAJOR PROJECTS, PROGRAMS, OR INITIATIVES

The Accounting & Treasury Division is currently in the process of:

1. Implementing electronic payments for developer job invoices. This will allow the District to use the automated clearing house (ACH) network to receive payment from developers for services provided by the District. The implementation of this project will provide additional receipt payment methods for the District, reduce the amount of paper checks being deposited, provide the District faster receipt of payments, improve internal controls, reduce chances for check fraud, and provide reliability in being able to continue to receive payments in the case of business disruptions due to emergency events.

FYE 22 AND FYE 23 ACCOMPLISHMENTS

- Completed the Annual Comprehensive Financial Report for FYE 21 and FYE 22 with no audit findings.
- Worked with Information Technology and other stakeholders to complete the upgrade of the financial system JD Edwards to the new tools version 9.2 and 64Bit system upgrade.
- Received the Certificate of Achievement for Excellence in Financial Reporting award from the Government Finance Officers Association for the 22nd and 23rd consecutive year.
- Implemented electronic payments for vendor invoices using the automated clearing house (ACH) network.
- Completed the Accounting Procedures Manual which provides a general overview of the major accounting processes.

FYE 24 & FYE 25 GOALS AND OBJECTIVES

| Strategic Goals | Objectives |
|---|---|
| Goal 3 – Improve the District's financial stability and transparency | <ul style="list-style-type: none"> • Promote transparency by publicly reviewing the investment policy and recommending any needed revisions. • Complete the Comprehensive Annual Financial Report for FYE 23 and FYE 24 with no audit findings. |

| Strategic Goals | Objectives |
|---|--|
| Goal 3 – Improve the District’s financial stability and transparency | <ul style="list-style-type: none"> Review and update existing accounting administrative guidelines. Prepare an administrative guideline to support the capital assets and depreciation policy. Consider options to receive electronic payments for payments managed outside of Customer Service Develop physical inventory guidelines. |

PERFORMANCE MEASURES

| Performance Measures | Target | FYE 22 Actual | FYE 23 Estimate | FYE 24 Target | FYE 25 Target |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Timely payment of invoices | 80% of invoices | 61% of invoices | 70% of invoices | 80% of invoices | 80% of invoices |
| Completion of financial audit and Annual Comprehensive Financial Report | 120 days after fiscal year end | 154 days after fiscal year end | 120 days after fiscal year end | 120 days after fiscal year end | 120 days after fiscal year end |
| Filing of tax forms with regulatory agencies. | 5 days before due | 4 days before due | 4 days before due | 5 days before due | 5 days before due |
| Filing of State Controller’s Office Reporting | 5 days before due | 20 days before due | 5 days before due | 5 days before due | 5 days before due |
| Fiscal Year End Close | 65 days after fiscal year end | 119 days after fiscal year end | 65 days after fiscal year end | 65 days after fiscal year end | 65 days after fiscal year end |

Customer Service & Meter Reading

DESCRIPTION OF SERVICES PROVIDED

The Customer Service & Meter Reading Division manages the day-to-day account management activities for customers of the Alameda County Water District. This includes issuing bills; operating the Customer Service Call Center with customer interactions through telephone, emails, chat and counter visits; processing electronic, pay by mail, and front counter payments; addressing customer complaints; reading water meters on a bimonthly cycle; completing service orders, and managing collections and assistance programs.

FEATURED MAJOR PROJECTS, PROGRAMS, OR INITIATIVES

Customer Service and Meter Reading is heavily involved in the District’s Advanced Metering Infrastructure (AMI) project and will have operational responsibility for the AMI system upon project completion. This will allow water meters to be read remotely providing customers the ability to detect potential leaks early, reduce surprise water bills, and view up-to-date usage using the customer portal or mobile app. During AMI implementation, the division will run parallel processes for meters that are read manually and meters that are already transitioned to the AMI system. Project completion is currently scheduled for second half of 2024.

FYE 22 & FYE 23 ACCOMPLISHMENTS

- Successful implementation of new stage rates, rate and fee charges, and rate structure.
- Reduced manual reading and truck rolls for service requests.
- Successfully completed application and processed payments for State Arrearages Program.

- Implemented processes to support AMI project roll out.
- Implemented My Smart Water Connect, the District’s new customer portal.
- Revised Collections and Residential Water Termination Policy to include collection past due balances on the Property Tax Roll.
- Increased credit amount for customers on Help on Tap and added online application form.

FYE 24 & FYE 25 GOALS AND OBJECTIVES

| Strategic Goals | Objectives |
|---|--|
| Goal 3 – Improve the District’s financial stability and transparency | <ul style="list-style-type: none"> • Develop and implement processes in support of the AMI system. |
| Goal 5 – Promote Clear and Open Communication, Outreach, and Engagement with Customers and Communities | <ul style="list-style-type: none"> • Actively promote and enhance customer self-service options and electronic payment offerings for customers, including My Smart Water Connect. • Provide customers with courteous, accurate and timely solutions to their inquiries and requests. |

PERFORMANCE MEASURES

| Performance Measures | Target | FYE 22 Actual | FYE 23 Estimate | FYE 24 Target | FYE 25 Target |
|--|--------|---------------|-----------------|---------------|---------------|
| Percent of customer calls answered within 60 seconds | 80% | 82% | 84% | 80% | 80% |
| Average hold time | 1:00 | 0:43 | 0:53 | 1:00 | 1:00 |
| Percent of abandoned calls | 5% | 3.8% | 3.4% | 5% | 5% |
| Average number of accounts paid by automated method | 37,000 | 34,350 | 35,300 | 36,000 | 37,000 |
| Number of customers receiving paperless billing | 40,000 | 35,737 | 36,000 | 38,000 | 40,000 |
| Average number of bimonthly meter reads | 87,000 | 86,824 | 87,000 | 87,000 | 87,000 |
| Number of months where all assigned routes are read and billed | 12 | 12 | 12 | 12 | 12 |
| Average percentage of AMI meters communicating* daily | 99% | N/A | 99.6% | 99% | 99% |
| Average number of AMI meter tampers daily* | <25 | N/A | 10 | <25 | <25 |

*New performance measures added for FYE 23

Procurement & Contracts

DESCRIPTION OF SERVICES PROVIDED

The Procurement and Contracts (Procurement) Division purchases materials, goods, equipment, and services to meet the District’s needs of providing a safe water supply to the residents of its service area. Procurement also manages the janitorial and breakroom supplies and ensures that external and internal mail is both metered and delivered. Procurement also administers the Surplus programs for the District’s purchased assets.

FEATURED MAJOR PROJECTS, PROGRAMS, OR INITIATIVES

The Job Order Contracting (JOC) pilot has concluded successfully. Next steps involve a presentation to the Board of Directors, revising the District’s Procurement Policy and implementation. Procurement is also working with stakeholders in order put together a comprehensive Districtwide employee safety training and program. Additionally, Procurement is working with the Facility Maintenance Division (FMD) in order to solicit and award a consultant contract for a Vertical Asset Master Plan and Zero Emission Fleet Program.

FYE 22 AND FYE 23 ACCOMPLISHMENTS

- The District’s insurance requirements have been updated.
- Created and implemented a professional development roadmap for P&C staff.
- Worked with stakeholders to perform an inventory/warehouse assessment.
- Realized cost savings of approximately \$850,000 to the District.

FYE 24 & FYE 25 GOALS AND OBJECTIVES

| Strategic Goals | Objectives |
|---|---|
| Goal 1 – Maintain and improve the cost effectiveness and value of District services | <ul style="list-style-type: none"> • Continue to support all departments in obtaining products and services. • Work with DMD to implement recommendations from the warehouse assessment. • Implement a Job Order Contracting Program for the District. |
| Goal 3 – Improve the District’s financial stability and transparency | <ul style="list-style-type: none"> • Continue to realize cost saving for the District through full and open competition and the use of Cooperative Agreements. • Develop and implement electronic workflows for various P&C processes minimizing administrative costs. • Conduct procurement training for internal staff in order to facilitate the procurement process and minimize administrative costs. • Obtain the Achievement of Excellence in Procurement Award. |
| Goal 5 – Promote Clear and Open Communication, Outreach, and Engagement with Customers and Communities | <ul style="list-style-type: none"> • Conduct a vendor fair / training on how to do business with the District. |

PERFORMANCE MEASURES

| Performance Measures | Target | FYE 22 Actual | FYE 23 Estimate | FYE 24 Target | FYE 25 Target |
|--|---------|---------------|-----------------|---------------|---------------|
| Timely processing of requisitions <\$10k | 3 days | 5 days | 4 days | 4 days | 3 days |
| Timely processing of requisitions >\$10k | 10 days | 14 days | 14 days | 12 days | 10 days |
| Timely processing of requisitions >\$25k | 60 days | 55 Days | 60 days | 60 days | 60 days |
| Accuracy of purchase orders | 95% | 90% | 91% | 92% | 93% |
| P-Card policy & procedure compliance | 95% | 91% | 92% | 94% | 95% |

Human Resources & Risk Management

DESCRIPTION OF SERVICES PROVIDED

The Human Resources and Risk Management division is responsible for employee attraction, recruitment, engagement, and retention as well as identifying and evaluating risk exposure and the implementation of policies and procedures to avoid or minimize the impacts. Program areas include labor relations; employee wellness and engagement; performance management; employee training; risk management, including health and safety programs, safety training, property and liability claims, and workers' compensation claims; recruitment and onboarding; and benefits administration.

FEATURED MAJOR PROJECTS, PROGRAMS, OR INITIATIVES

The Division will be leading a number of improvement initiatives to enhance employee engagement (specifically development of District-wide Communications and Change Management plans), safety, organizational development, as well as internal division protocols and procedures. Additionally, the Division will take the lead on negotiations with represented employee groups, which are scheduled to occur in Fiscal Year 2024/25.

FYE 22 & FYE 23 ACCOMPLISHMENTS

- Monitored and implemented newly/revised legislated COVID-19 related benefits and additional District enhancements to maximize support to employees and their families.
- Implemented significant new safety protocols to prevent the exposure and spread of COVID-19 in the workplace, including segmentation.
- Facilitated the District's first Diversity, Equity, and Inclusion (DEI) Council and District-wide DEI Work Plan.
- Launched the District's second Employee Engagement Survey.
- Initiated development of District Communication Plan and Change Management Plan
- Launched the reimplementation of the District's recruitment and onboarding software to streamline services and better leverage technology.
- Completed an initial Performance Evaluation Pilot Program, with the goal to implement a coaching and goal-based model for unrepresented employee evaluations, and updating related software tools.
- Implementation of the Classification and Compensation Study.
- Continued standard recruitment, onboarding, and training activities and employee services in a virtual setting, and returning to in-person activities.

FYE 24 & FYE 25 GOALS AND OBJECTIVES

| Strategic Goals | Objectives |
|---|--|
| <p>Goal 4 – Improve Workforce Recruitment, Maintain Retention, and Enhance Employee Engagement</p> | <ul style="list-style-type: none"> • Develop post-COVID workplace policies and environment. • Continue labor relations and meet/confer on common interest with both union organizations as needed. • Implement updated Health and Safety Program Manual. • Ongoing review of all HR-related Administrative Guidelines. • Review Recruitment Procedures Policy, following completion of recruitment platform reimplementation. Implement associated training for Managers/Supervisors. • Implement the Diversity, Equity and Inclusion (DEI) Work Plan. • Complete and implement District Communication Plan and Change Management Plan. • Revise MCP Employee Evaluation Pilot Program and finalize new standard approach for MCP performance evaluations. |

| Strategic Goals | Objectives |
|-----------------|--|
| | <ul style="list-style-type: none"> • Launch the third cohort of the Leadership Skills Training program. • Continue streamlining onboarding process, including virtual onboarding process as well as post-hire onboarding and orientation process beyond an employee’s first day. |

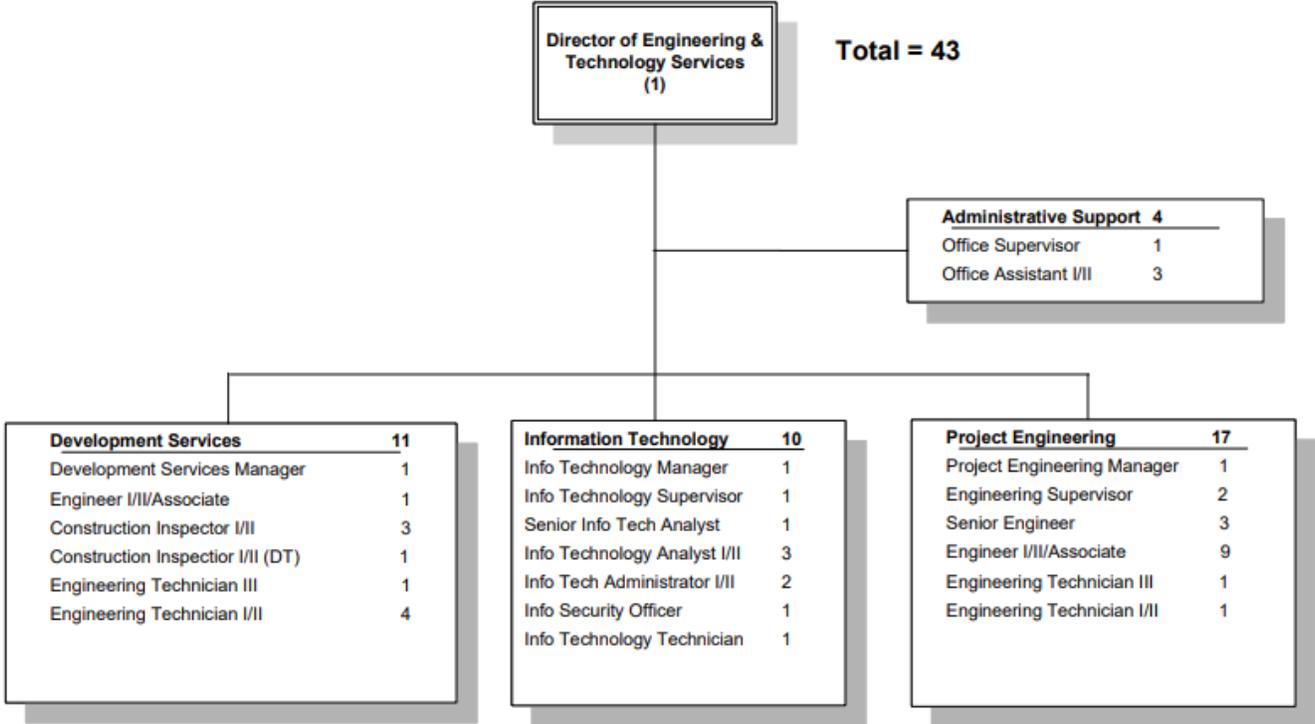
PERFORMANCE MEASURES

| Performance Measures | Target | FYE 22 Actual | FYE 23 Estimate | FYE 24 Target | FYE 25 Target |
|---|-------------|---------------|-----------------|---------------|---------------|
| Recruitment cycle duration – 5 months from requisition to candidate offer | 5 months | Approx. 70% | Approx. 70% | Goal 90% | Goal 90% |
| Maintain healthy attrition rate | 5-10% | 9.13% | 4.92% | 9% | 10% |
| Performance Evaluation Completion Compliance | 75% on-time | 35.49% | 24.58% | 60% | 70% |



Engineering & Technology Services

Engineering & Technology Services Department



Engineering Administration

It is the Mission of the Engineering & Technology Services (ETS) Department to provide exceptional service and expertise in the areas of information technology, new development, engineering planning, design, construction, and related technical and administrative support, in order to advance the District's Mission, while remaining effective stewards of the public trust. To achieve this goal, the department promotes and supports open communication, collaboration, and accountability within and outside the department.

FEATURED MAJOR PROJECTS, PROGRAMS, OR INITIATIVES

As part of the District's plan to adapt to a relatively new hybrid work environment, the ETS department continued to provide and support tools and resources that allow District employees to perform their functions both remotely and on premise, which has enabled District staff to maximize their efficiency and productivity. To deal with the ever-evolving cybersecurity threats, the Information Technology Division has completed several initiatives including upgrading hardware and software systems, incident response planning and conducting phishing simulation exercises.

Development activity in the service area remains strong and the Development Services Division continued supporting development and property acquisition efforts which resulted in the mapping of more than 34 miles of newly installed or renewed water mains. The Development Services Division continues to seek ways to improve project quality, service delivery and efficiency by upgrading the District's standard specifications details, and approved materials, and with the deployment of a new development review and application processing system called Cityworks PLL.

The District has a long-term infrastructure upgrade and rehabilitation plan to support its mission of providing

high quality drinking water at an affordable price. The Project Engineering Division has advanced and/or completed several high-profile Capital Improvement Program (CIP) projects including the Fish Passage Improvements Program, the Alvarado-Niles Pipeline Seismic Improvement project, the Vallecitos Channel Restoration project, and the full deployment and launch of a customer service portal for the Advanced Metering Infrastructure (AMI) project. In addition, significant progress was made on the Alameda Reservoir Roof Replacement and the Curtner Road Booster Station upgrade projects. The Project Engineering Division is taking an active role in the District’s efforts in dealing with the impacts of emerging contaminants, and is the lead for an interim PFAS Treatment project at ACWD’s Groundwater Facilities.

The ETS department leadership and administrative staff continued to support the Department by putting in place improved processes and workflows, adopting electronic approval processes, and conducting trainings for consistent and timely delivery of services. Through department-wide meetings as well as monthly and weekly division and section staff meetings, and message boards, the department strived to maintain communication and collaboration across the department and the District. Several department staff presented in District Informational Presentation Series (DIPS) and Lunch and Learn sessions to allow staff to remain informed about important topics across the District and the water industry. In line with the District’s strategic goals to improve workforce and enhance employee engagement, the department continued to support hiring, training, succession planning, and professional development of staff.

DEPARTMENT EXPENDITURES

| EXPENSE SUMMARY DEPARTMENT DETAIL (\$ in thousands) | | | | | | | | |
|---|------------------|------------------|------------------|---------------------|------------------|------------------|---------------------------|---------------------------|
| | FYE 21 Actual | FYE 22 Actual | FYE 23 Budget | FYE 23 Estimated | FYE 24 Budget | FYE 25 Budget | % Chg FYE 23 FYE 24 | % Chg FYE 24 FYE 25 |
| Labor | \$3,703 | \$4,012 | \$4,084 | \$4,425 | \$3,831 | \$4,121 | -6% | 8% |
| Materials | 405 | 464 | 461 | 316 | 440 | 430 | -5% | -2% |
| Outside Services | 2,667 | 2,769 | 3,273 | 2,641 | 3,126 | 3,201 | -4% | 2% |
| Engineering & Technology Services | \$6,775 | \$7,244 | \$7,818 | \$7,381 | \$7,396 | \$7,752 | -5% | 5% |
| Funded Staffing Level (FTE) | 41.00 | 43.00 | 43.00 | 43.00 | 43.00 | 43.00 | 0% | 0% |

FINANCIAL COMMENTS

Increase in Labor costs for FYE 24 and FYE 25 is for cost-of-living adjustments consistent with existing labor contracts. The budget includes additional resources reallocated from the operating budget to the capital budget. Overall, FYE 24 Budget are relatively flat compared to FYE 23 Estimated Actual.

Development Services

DESCRIPTION OF SERVICES PROVIDED

The Development Services Division (DSD) assists customers and developers needing new or modified water services or extensions to the public water system. It also handles distribution system related records, design and construction standards, cathodic protection and corrosion control program, and property related issues such as surplus property, licenses, acquisitions, disposal, annexations, and easements.

FEATURED MAJOR PROJECTS, PROGRAMS, OR INITIATIVES

The Development Services Division will continue implementation of the Cityworks PLL software system, which will provide significant improvements to the Customer Work Request workflow process, in addition to the Public

Water System Extension (PWSE) workflow process. Cityworks PLL will be further used to implement a customer-facing portal for customers to submit and keep track of their project submittals and other District processes. Customer Work Requests and PWSE processes are largely paper processes and rely on excel spreadsheets. Cityworks PLL will improve Development Services Division’s efficiency regarding these tasks and integrate with Cityworks AMS, used by the District’s Operations Department.

The Cathodic Protection and Corrosion Control Program will evaluate and replace or rehabilitate existing impressed current cathodic protection systems, which protect buried steel pipelines and water storage tanks, and update related District standard specifications and drawings.

Development Services will continue to support Capital Improvement Projects (CIP), including critical pipeline projects. Development Services Construction Inspectors will be assigned plan review, inspection, and operator-type roles for Capital Improvement projects including, Alvarado-Niles Seismic Improvements, Main Renewal Program projects such as Driscoll Rd main replacement, and Central Newark main replacements, and City-driven CIP projects including, improvements and water main relocations associated with the Central Avenue Grade Separation project in Newark, and Quarry Lakes Parkway project in Union City.

FYE 22 & FYE 23 ACCOMPLISHMENTS

- The DSD provided infrastructure information and data to support the CA State Water Resources Control Board Large Water System report, and the American Water Works Association (AWWA) Water Loss Audit.
- Met or made significant progress on meeting turn-around goals for improvement plan reviews and customer job processing.
- Through the third quarter of FYE 23, the Development Services Division (DSD):
 - has mapped or updated approximately 34.4 miles of newly installed or renewed water mains.
 - has reviewed 37 PWSE improvement plans drawings.
 - has processed 13 PWSE agreements and 13 new construction permits.
 - has processed 130 customer work request projects totaling 406 individual customer jobs.
 - Processed easement vacations and quit claim deeds associated with several development projects.
- The Division continued to provide support related to new or modified water service and perform fire flow tests on behalf of both internal and external customers.
- Provided GIS maps and related records for existing facilities and infrastructure to both internal and external customers.
- Went live with Cityworks PLL for Development Services’ functions and continues to refine and make improvements. DSD plans to add additional processes, including the PWSE workflow process, in the near future.

FYE 24 & FYE 25 GOALS AND OBJECTIVES

| Strategic Goals | Objectives |
|---|--|
| <p>Goal 1 – Maintain and improve the cost effectiveness and value of District services</p> | <ul style="list-style-type: none"> • Continue to review proposed development projects that include new water infrastructure to ensure compliance with standards, regulations, and District requirements for reliable service. • Review and update the District’s Standard Specifications, Development Specifications, and the Approved Materials List to be consistent with current industry standards and practices and the District’s needs. • Continue to map new water system facilities and make updates to the District’s infrastructure records, as field verified information is provided, in GIS to provide accurate mapping of the District’s facilities. |

| Strategic Goals | Objectives |
|--|---|
| | <ul style="list-style-type: none"> Implement consultant services for review and valuation of existing corrosion control and cathodic protection systems and provide recommendations to the program and specifications/drawings, as appropriate, to be consistent with current industry standards. Fully implement Cityworks PLL for Development Services to provide significant improvements to the Customer Job Order and Public Water System Extension workflow process. Continue to support Project Engineering efforts for City-driven CIP projects including Central Avenue Grade separation and Quarry Lakes Parkway projects. |
| Goal 2 – Sustain a Reliable, High Quality Water Supply for District Customers | <ul style="list-style-type: none"> Continue to assist with property acquisition and sales in support of watershed protection, water supply protection, and other District objectives. |
| Goal 4 – Improve Workforce Recruitment, Maintain Retention, and Enhance Employee Engagement | <ul style="list-style-type: none"> Provide opportunities for growth and employee engagement within Development Services. Continue to engage with other divisions/departments on collaboration, communication, and coordination related to new developments, new or revised water service, and support of District workgroups and programs. |

PERFORMANCE MEASURES

| Performance Measures | Target | FYE 22 Actual | FYE 23 Estimate | FYE 24 Target | FYE 25 Target |
|---|---|---------------|-----------------|---------------|---------------|
| Meet Improvement Plan Review Turn-Around Goal | 75% COF 101-150* | 70% | 70-75% | 80-85% | 80-85% |
| Meet Job Order Turn-Around Goal | 6 weeks | 75% | 75-80% | 75-80% | 80-85% |
| Meet Public Water System Extension Agreement Preparation Goal | w/in 14 days of receipt of signed plans | 85% | 85-95% | 85-95% | 85-95% |
| Complete GIS Data/Mapping updates within Goal | w/in 30 days of receipt of information | 75% | 80% | 80% | 80% |

*“COF 101-150” refers to City of Fremont development submittal review timeline objectives.

Project Engineering

DESCRIPTION OF SERVICES PROVIDED

The Project Engineering (PE) division develops, implements, and manages the District’s Capital Improvement Program. The division secures permits, prepares designs and contract documents, and constructs capital projects that include new facilities and infrastructure replacements that support the operation and maintenance activities of the District. The Project Engineering division also provides technical support to other District divisions and functions.

FEATURED MAJOR PROJECTS, PROGRAMS, OR INITIATIVES

The Fish Passage Improvements Program is restoring migratory fish passage through Lower Alameda Creek through the construction of two new fishways, new screened water diversions, and related improvements to existing rubber dams. Construction of the first fishway was completed in May 2019. The three-year project to construct the second fishway and associated improvements commenced May 2019 and construction of major components of the project was completed during FYE 23.

The Advanced Metering Infrastructure (AMI) Project will implement AMI technology throughout the District's service area. AMI will provide the District's customers access to leak detection and water use efficiency tools, enable enhanced customer service, and improve the District's operational efficiencies. The AMI deployment work will be completed in two phases. A Proof of Concept (PoC) phase was completed in FYE 22 in which the District installed approximately 3,300 new AMI compatible ultrasonic meters. A full-deployment phase commenced in mid FYE 22 and is anticipated to be completed in the beginning of FYE 25. The project also deployed an online customer portal named "My Smart Water Connect" in FYE 23 to provide District customers with safe and secure access to their AMI water consumption data, as well as enhanced customer service features and access to conservation tools.

The Main Renewal and Seismic Upgrade Program focuses on proactive renewal of distribution system water pipelines, water storage facilities, and other infrastructure to improve water service reliability and seismic reliability. The program is currently focused on the proactive renewal of aging water distribution and transmission infrastructure to prevent unmanageable numbers of pipeline failures while minimizing overall costs over the long term. Pipelines are prioritized for renewal based on a risk-model that considers several factors including likelihood of failure, consequence of failure, capacity constraints, and service to critical facilities. As part of the program, the District has replaced nearly 43,122 feet of pipeline and plans to invest an average of \$10 Million/year with increasing investments over time.

FYE 22 & FYE 23 ACCOMPLISHMENTS

- Received Association of California Water Agencies (ACWA) the Clair A. Hill Award for Excellence in California Water in 2022 for the Fish Passage Improvements Program.
- Completed major construction work for the Rubber Dam No. 1 Fish Passage project in accordance with environmental permits.
- Completed construction of Alvarado-Niles Pipeline Seismic Improvement Project (Phase I) in Union City that includes installation of approximately 9,000 feet of 14-inch and 16-inch pipeline designed to resist seismic forces. The project includes installation of service laterals, fire hydrant assemblies, and 21 system branch connections to the surrounding water system.
- Completed construction of Souza Avenue and Concord Street Project in Newark that includes installation of approximately 5,100 feet of 8-inch pipeline, service laterals, fire hydrant assemblies, and 15 system branch connections to the surrounding water system.
- Awarded the AMI Deployment Contract, Customer Service Portal, Software as a Service (SaaS) and Network as a Service (NaaS) agreements. Substantial completion of AMI Proof of Concept (PoC) phase that includes installation of approximately 3,300 meters. Also, deployed the "My Smart Water Connect" to provide District customers with safe and secure access to their AMI water consumption data.
- Completed construction of Canyon Heights Booster Station Improvements Project that includes the replacement of existing electrical and control system equipment within the existing pump station and improvements to site safety and facility access.
- Completed construction of the Avalon Tank Hillside Slope Erosion Protection Project (Project) that consists of retrofitting existing soil nails, installing new soil nails, a concrete soil nail wall facing, bulkheads, and concrete access steps on the Avalon Tank hillside.
- Completed construction of the Blending Facility Low Flow Modifications Project (Project) that includes replacement of flow control valves and associated facility modifications.

- Completed construction of the Vallecitos Channel Restoration Project to restore and optimize the groundwater recharge capacity during the drought situation.
- Completed Phase 1 of the SCADA Replacements and Upgrades Project that includes an engineering study to develop and Identify the project scope, selection of a new SCADA system, preliminary design work, and the execution of any pre-requisite work necessary to adopt the new SCADA technology. Completed the deployment of the first SCADA system at the Blending Facility.
- Completed Clean Energy Plan Review and entered into a Power Purchase Agreement with the service provider. Completed 30% design of the Phase I project sites.
- Completed design of the Alameda Reservoir Roof Replacement Project and commenced construction.
- Completed design of Curtner Road Booster Station and Washington Booster Station Improvements. Commenced construction of the Curtner Road Booster Station improvements project.
- Commenced design and pre-procurement of equipment for PFAS Treatment at ACWD’s Groundwater Facilities.

FYE 24 & FYE 25 GOALS AND OBJECTIVES

| Strategic Goals | Objectives |
|--|---|
| <p>Goal 1 – Maintain and improve the cost effectiveness and value of District services</p> | <ul style="list-style-type: none"> • Milestone completions for the Main Renewal and Seismic Improvement Program including completing construction of Alvarado-Niles Pipeline Seismic Improvement Project Phase 2, Driscoll Road Main Replacement Project, and select reservoir roof replacements. • Complete final phase of major construction for Lower Alameda Creek Fish Passage Improvements program. • Milestone completions for Clean Energy Program including implementation of solar arrays at Phase 1 sites under the program. • Milestone completion for the PFAS Treatment at ACWD’s Groundwater Facilities Project. • Complete the Capital Improvement Program (CIP) Engineering Report and the Main Renewal Program plan. • Annual Capital Improvement Program updates. • Support the development of a CIP policy and procedures manual. • Support main renewal and extension efforts associated with City-led CIP projects including the Central Avenue Grade separation and Quarry Lakes Parkway projects. |
| <p>Goal 4 – Improve Workforce Recruitment, Maintain Retention, and Enhance Employee Engagement</p> | <ul style="list-style-type: none"> • Continue to support strategies to enhance employee engagement within the Project Engineering Division. • Fully staff the Project Engineering Division and provide opportunities for growth and employee engagement. • Continue to engage with other divisions/departments on collaboration, communication, and coordination related to the Capital Improvement Program. |
| <p>Goal 5 – Promote Clear and Open Communication, Outreach, and Engagement with Customers and Communities</p> | <ul style="list-style-type: none"> • Milestone completions for Advanced Metering Infrastructure Project including the final implementation phase of meter replacements/upgrades and full system integrations. |

PERFORMANCE MEASURES

| Performance Measures | Target | FYE 22 Actual | FYE 23 Estimate | FYE 24 Target | FYE 25 Target |
|---|-----------------------|---------------------|--------------------|---------------------|---------------------|
| | (\$ in thousands) | | | | |
| Fiscal year capital expenditures for PE Division capital projects | 85% to 100% of budget | \$30,384,822 (105%) | \$28,166,697 (70%) | \$44,471,021 (100%) | \$48,455,986 (100%) |
| Contract change orders for PE Division construction contracts | <10% | <5% | <10% | <10% | <10% |

Information Technology

DESCRIPTION OF SERVICES PROVIDED

The Information Technology (IT) Division provides comprehensive technology planning, development, integration, operation, maintenance, and support to all areas of the District to maximize efficiency. The division's primary responsibilities include day-to-day IT helpdesk support activities; support and maintenance of end-user devices; operation and administration of local and wide-area networks, servers, telecommunications, and storage environment; cyber-security; and support and administration of enterprise software applications including Geographic Information Systems (GIS). Extended responsibilities include support, administration, and management of audiovisual systems, databases, disaster recovery, mobile devices, printers, scanners, multi-function copiers, custom report and software development, project management of software implementation and upgrade projects, WI-FI, and Internet. In FYE 22 and FYE 23, the IT Help Desk received approximately 550 tickets per quarter.

FEATURED MAJOR PROJECTS, PROGRAMS, OR INITIATIVES

The District continued improvements and upgrades to its information technology programs and practices in accordance with the Information Technology Master Plan.

The IT Division continued to support a hybrid work environment, including continued expansion and rollout of mobile devices as part of its annual renewal and replacement program. The District completed the upgrade of its Cityworks Workorder and Permit processing system and an upgrade of the foundational platform of its JD Edwards (JDE) Enterprise Resource Planning system. In addition, the IT Division continued making progress in implementing several IT infrastructure and cyber-security enhancements including completion of a third-party penetration testing project while supporting several District initiatives such as the Advanced Metering Infrastructure Project and the SCADA Systems Replacement Project.

FYE 22 & FYE 23 ACCOMPLISHMENTS

- Completed the upgrade of District end user devices to the Windows 10 22H2 version.
- Completed the upgrade of the District's enterprise Geographic Information System (GIS) platform.
- Completed upgrade of Cityworks Asset Management System (AMS) and Permits, Licensing and Land (PLL) modules.
- Completed upgrade of JDE Tools platform.
- Initiated RFP process for procurement of cybersecurity services for a virtual Information Security Officer.
- Completed upgrade of the District's phone system hardware and software.
- Completed several cyber-security enhancements to the District's network and systems including development of an Incident Response plan and completion of several phishing simulation exercises.
- Completed the upgrade of backup and recovery system hardware & software to support immutable backups.

- Implemented a new system for Microsoft 365 backups.
- Initiated upgrade of Windows 2012 servers.
- Initiated planning and design of the upgrade of the District’s core network infrastructure.
- Continued support of SCADA Systems Replacement Project by implementing IT related changes to network and systems.
- Continued enhancement of the District’s Cityworks AMS Workorder system to accommodate FEMA/Tactical Worksheets.
- Continued supporting the implementation of Advanced Metering Infrastructure (AMI) by implementing several enhancements to the interface between Cayenta CIS and Cityworks AMS Workorder system.
- Continued implementation of Cityworks PLL for Groundwater Resources division.
- Commenced a pilot project to transition the District’s Mitel Phone system for more enhanced remote connectivity and access.

FYE 24 & FYE 25 GOALS AND OBJECTIVES

| Strategic Goals | Objectives |
|---|--|
| Goal 1 – Maintain and improve the cost effectiveness and value of District services | <ul style="list-style-type: none"> • Initiate development of a new Information technology Master Plan. • Initiate implementation of adopted Records Retention Schedule for electronic documents in SharePoint Online. • Upgrade District’s core network infrastructure. • Complete the selection and onboarding of Information Security Officer and Desktop Administrator. • Continue updates to the District technology infrastructure for increased cyber-security and high availability. • Enhance Disaster Recovery capabilities for IT systems. |
| Goal 4 – Improve Workforce Recruitment, Maintain Retention, and Enhance Employee Engagement | <ul style="list-style-type: none"> • Fully staff IT Division, provide opportunities for succession planning, growth, and employee engagement within the Division. • Support employee engagement efforts with the help of Technology for District workgroups and programs. • Continue to engage with other divisions/departments on collaboration, communication, and coordination related to the Technology Initiatives. |
| Goal 5 – Promote Clear and Open Communication, Outreach, and Engagement with Customers and Communities | <ul style="list-style-type: none"> • Support the implementation of Advanced Metering Infrastructure (AMI). • Engage with internal customers for the development of the district’s Technology Master plan. |

PERFORMANCE MEASURES

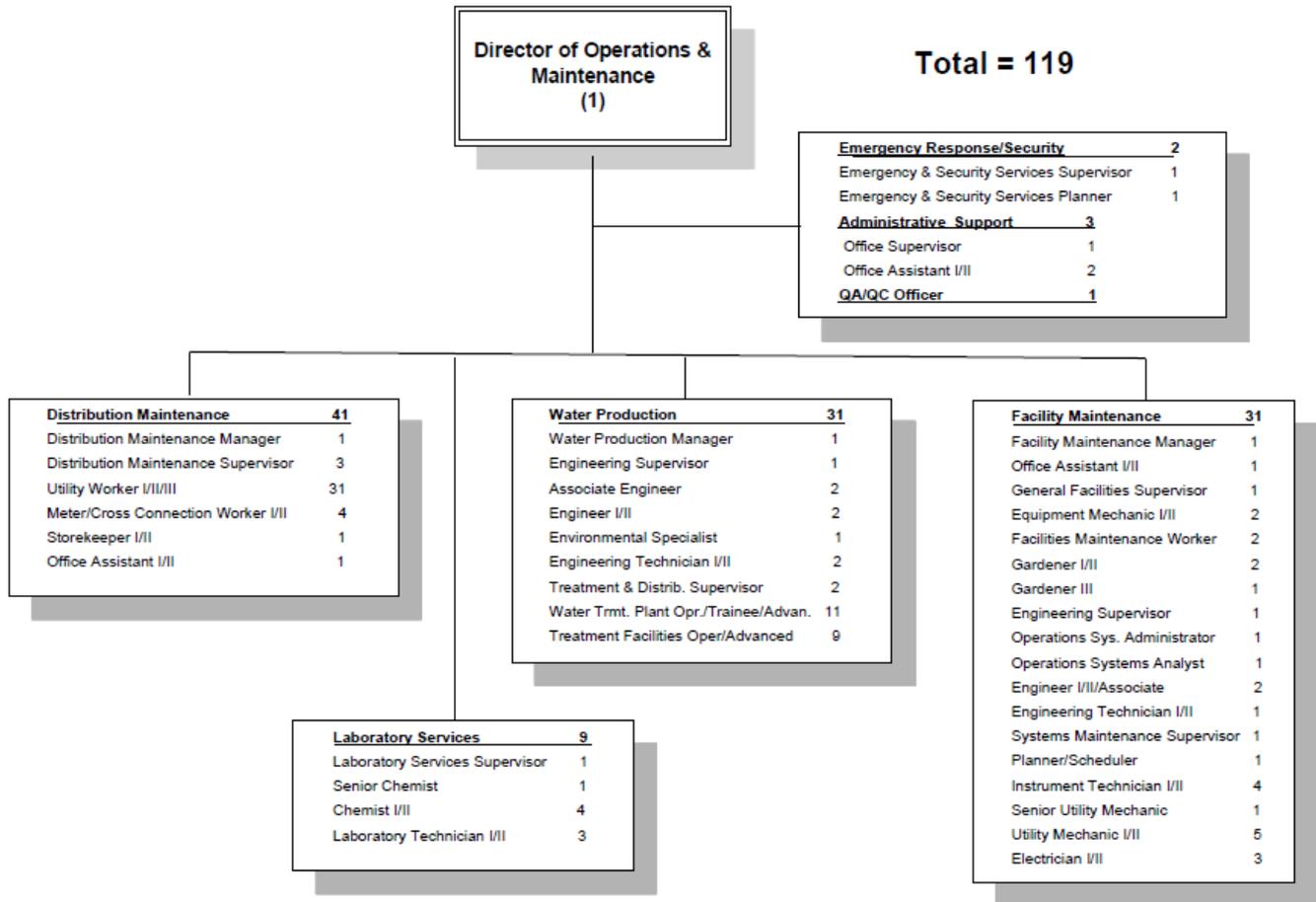
| Performance Measures | Target | FYE 22 Actual | FYE 23 Estimate | FYE 24 Target | FYE 25 Target |
|---|--------|---------------|-----------------|---------------|---------------|
| Meet Service Level Agreement Response Commitments | 90% | 77% | 82% | 85% | 85% |
| Network and Systems Availability | 99.9% | 99.9% | 99.9% | 99.9% | 99.9% |
| Helpdesk Ticket Resolution (% close w/in quarter) | 75% | 74% | 79% | 75% | 75% |



**From Source
to Tap 24/7 —**
Working to
deliver safe
reliable water

Operations & Maintenance

Operations & Maintenance Department



Operations Administration

DESCRIPTION OF SERVICES PROVIDED

Operations Administration is responsible for leading the Operations and Maintenance Department workgroups and the District's overall water production, distribution, and maintenance programs. This includes both support for Division managers, supervisors, and employees, and development of Department goals, priorities, and strategy. Additionally, the Operations Administration group is responsible for fielding customer water emergency and water quality calls and managing special projects as needed. The Office of Emergency and Security Services supports the District's critical infrastructure, employees, and customers through preparedness, response, and recovery operations.

FEATURED MAJOR PROJECTS, PROGRAMS, OR INITIATIVES

Emergency Operations Center (EOC) – The District's EOC was activated in response to the pandemic. The EOC objectives were to implement COVID-19 prevention protocols, draft infection response plans, and draft business continuity plans. In addition, the EOC synchronized with local and state EOCs to ensure staff could be updated weekly on all COVID related efforts. Additional EOC activation and coordination was required related to major wildfire disasters such as the SCU fire complex and atmospheric river events.

FYE 22 & FYE 23 ACCOMPLISHMENTS

- Optimized District Uniform Program resulting in an overall savings of 19% or \$16,262 each fiscal year.
- Responded to 1,200+ customer calls per year related to water quality and leaks.
- Completed agency-wide Business Continuity Plan identifying and prioritizing all District mission essential functions and how the functions are supported to be used when there is a business interruption.
- Hosted Incident Command System (ICS) 300 training course that used the SCU fire complex as an exercise to train command and general staff on how to conduct incident action planning.
- Complied with the American Water Infrastructure Act requirements by conducting a risk and resilience assessment and creating a related emergency response plan.
- Maintained and responded to systems to ensure operational readiness including burglar, fire, radio, and access control located throughout 11 facilities including production, treatment, distribution, and headquarters.
- Finalized an approved Emergency Action Plan for Middlefield Reservoir.
- Updated Hazard Mitigation Plan complaint with the Disaster Mitigation act of 2000.
- Completed security upgrades at Whitfield Reservoir and Rubber Dam 1.
- Held Board Workshop to review and recommend a workplan to increase emergency preparedness.

FYE 24 & FYE 25 GOALS AND OBJECTIVES

| Strategic Goals | Objectives |
|---|--|
| Goal 1 – Maintain and improve the cost effectiveness and value of District services | <ul style="list-style-type: none"> • Complete and adopt multijurisdictional Local Hazard Mitigation Plan. • Complete Security Master Plan establishing District wide standards, recommend updates and integration of systems. • Create and gain approval of Dam Emergency Action Plans for Decoto Reservoir, Shin Dam, Quarry Pitts Dam and Rubber Dam 3. • Establish an emergency response training and exercise program for incident response staff. |
| Goal 5 – Promote Clear and Open Communication, Outreach, and Engagement with Customers and Communities | <ul style="list-style-type: none"> • Answer customer calls with courtesy and attention, addressing all concerns and questions. • Communicate water outages with customers and inform customers of any potential change in water supply or quality through mailings and other media. |

DEPARTMENT EXPENDITURES

| EXPENSE SUMMARY DEPARTMENT DETAIL (\$ in thousands) | | | | | | | | |
|---|------------------|------------------|------------------|---------------------|------------------|------------------|---------------------------|---------------------------|
| | FYE 21 Actual | FYE 22 Actual | FYE 23 Budget | FYE 23 Estimated | FYE 24 Budget | FYE 25 Budget | % Chg FYE 23 FYE 24 | % Chg FYE 24 FYE 25 |
| Labor | \$14,489 | \$14,980 | \$15,527 | \$15,591 | \$15,040 | \$15,504 | -3% | 3% |
| Materials | 8,165 | 8,147 | 10,545 | 10,663 | 12,234 | 12,653 | 16% | 3% |
| Outside Services | 18,021 | 18,331 | 23,392 | 22,896 | 21,743 | 22,087 | -7% | 2% |
| Operations & Maintenance | \$40,675 | \$41,458 | \$49,463 | \$49,150 | \$49,017 | \$50,243 | -1% | 3% |
| Funded Staffing Level (FTE) | 118.00 | 119.00 | 119.00 | 119.00 | 119.00 | 119.00 | 0% | 0% |

FINANCIAL COMMENTS

Increase in Labor costs for FYE 24 and FYE 25 is for cost-of-living adjustments consistent with existing labor contracts. Increase in Materials are for various contracts for professional and miscellaneous services.

Distribution Maintenance

DESCRIPTION OF SERVICES PROVIDED

The Distribution Maintenance Division is responsible for the proper operation and overall maintenance of the District’s water distribution system. The Division, through three separate work groups, performs maintenance, new construction, and support activities that are all directed at maintaining and improving the quality of the water distribution system. Additionally, the Division oversees the District’s Cross Connection Control Program, Meter Shop and Warehouse to support all aspects of water distribution system maintenance and improvements.

FEATURED MAJOR PROJECTS, PROGRAMS, OR INITIATIVES

The Distribution Maintenance Division is partnering with the District’s Project Engineering Group and Customer Service & Meter Reading Group in the development and implementation of an Advanced Metering Infrastructure Project that will bring automated meter reading and the change out or upgrade of over 86,000 water meters throughout the District. The Division will support the field activities of this 3-year project.

FYE 22 & FYE 23 ACCOMPLISHMENTS

- Ensured that annual testing of Backflow Assemblies was completed and in compliance with state requirements.
- Completed the annual Flushing Program of the District’s water distribution system to ensure water quality goals are met.
- Responded to and repaired/replaced over 177 for FYE 22 and currently over 125 for FYE 23 service line and main leaks to assure reliability of the water distribution system on a 24/7 basis.
- In conjunction with Development Services, maintained an under three-month or better new construction installation window for customers during continued historic new construction boom in the Tri-City area.
- Ensured annual completion of Warehouse Physical Inventory by June 30th of each year.

FYE 24 & FYE 25 GOALS AND OBJECTIVES

| Strategic Goals | Objectives |
|---|---|
| <p>Goal 1 – Maintain and improve the cost effectiveness and value of District services</p> | <ul style="list-style-type: none"> • Ensure continued planned Polybutylene (PB) service line replacements in conjunction with emergency PB replacement to minimize excavation and paving costs. • Continue to proactively monitor water distribution system leaks to determine if leaks can be held to repair or replace during normal working hours as opposed to overtime hours. • Continue to look for cost saving opportunities through new repair techniques and cost saving equipment such as Inserta-Valve. • Ensure water quality measures are routinely performed in conjunction with repairs, replacements, and new installations to the water distribution system. • Continue to plan and complete the annual Flushing Program of the District’s water distribution system to ensure water quality goals are met. |
| <p>Goal 4 – Improve Workforce Recruitment, Maintain Retention, and Enhance Employee Engagement</p> | <ul style="list-style-type: none"> • Continue to support strategies to enhance employee engagement based on updated feedback of the employee engagement survey. • Continue to recruit qualified employees to promote a more diverse and professional work group. |

| Strategic Goals | Objectives |
|---|---|
| Goal 5 – Promote Clear and Open Communication, Outreach, and Engagement with Customers and Communities | <ul style="list-style-type: none"> Ensured employee water distribution system knowledge retention through continued on-site Water Distribution classes. |
| | <ul style="list-style-type: none"> Ensure continued outstanding customer service while performing water distribution repairs and installations within the Tri-City communities we serve. Continue to proactively notify customers of pending water shutdowns for repairs, replacements, and new installations of the water distribution system. |

PERFORMANCE MEASURES

| Performance Measures | Target | FYE 22 Actual | FYE 23 Estimate | FYE 24 Target | FYE 25 Target |
|--|----------|---------------|---|---------------------------|---------------------------|
| Annual required testing of Backflow Assemblies per State of CA regulation | 100% | 100% | 100% | 100% | 100% |
| Complete annual Warehouse Physical Inventory Count by June 30 th | Complete | Complete | Planned and anticipate “completion” week of June 21st | Completion Spring of 2024 | Completion Spring of 2025 |
| Ensure yearly Flushing Program completion to maintain water quality | 100% | 100% | 85% anticipate completion May of 2023 | 100% | 100% |
| Complete new construction installation jobs within a 3 month ¹ or better time frame after receipt | 90% | 90% | 90% | 100% | 100% |

1. Some new construction jobs are delayed outside of the District’s control (COVID-19, Developer delays)

Laboratory Services

DESCRIPTION OF SERVICES PROVIDED

Laboratory Services staff produce and report analytical data of known and documented quality for proper operation of District facilities and compliance with water quality regulations, collect samples at sources, treatment facilities, and from the distribution system, manage water quality monitoring programs, and support analytical testing by field staff and treatment facility operators.

FEATURED MAJOR PROJECTS, PROGRAMS, OR INITIATIVES

The California Code of Regulations sections on Certification of Environmental Laboratories require compliance with the 2016 TNI Standard by January 1, 2024. The Water Quality Laboratory proactively implemented the TNI prescribed quality management system, passed an on-site audit before the compliance date, and was awarded an “Early Adopter” certificate of recognition by the SWRCB - Environmental Laboratory Accreditation Program (ELAP).

FYE 22 & FYE 23 ACCOMPLISHMENTS

- Developed a laboratory quality management system that meets the California Code requirements for certification of environmental laboratories.
- Purchased and began implementation of a new Laboratory Information Management System (LIMS).

FYE 24 & FYE 25 GOALS AND OBJECTIVES

| Strategic Goals | Objectives |
|---|---|
| Goal 1 – Maintain and improve the cost effectiveness and value of District services | <ul style="list-style-type: none"> • Replace instruments before reliability decreases including ion chromatograph used for analysis of bromide, chloride, nitrate, nitrite, and sulfate. • Continue to notify Water Production of outlier or unusual water quality results and follow procedures to confirm findings. |
| Goal 4 – Improve Workforce Recruitment, Maintain Retention, and Enhance Employee Engagement | <ul style="list-style-type: none"> • Continue to encourage and support staff suggestions for improving policies and procedures, document, and track improvements, and periodically verify if changes are continuing to be followed and are effective. |
| Goal 5 – Promote Clear and Open Communication, Outreach, and Engagement with Customers and Communities | <ul style="list-style-type: none"> • Continue to respond to customer calls regarding water quality promptly, courteously, and professionally. |

PERFORMANCE MEASURES

| Performance Measures | Target | FYE 22 Actual | FYE 23 Estimate | FYE 24 Target | FYE 25 Target |
|--|--|---|---|---|---|
| Collect Samples per Standard Operating Procedures | 100% -Samples representative of location with correct container type and preservation | 100% | 100% | 100% | 100% |
| Analyze Samples per Standard Operating Procedures | 100% - Samples analyzed within holding time and validated by acceptable quality control results | 100% | 100% | 100% | 100% |
| Respond to Customer Inquiries and Water Quality Complaints | 100% - Chemists speak with customers about tap water appearance, taste, odor, and analytical results | 100% - Customer concerns addressed and documented |
| Meet all requirements for ELAP Certification | Every two years | Not required | Completed Feb. 2023 | Not required | Complete Feb. 2025 |

| Performance Measures | Target | FYE 22 Actual | FYE 23 Estimate | FYE 24 Target | FYE 25 Target |
|--|----------|---------------------|---------------------|--------------------|--------------------|
| Analyze and Report Acceptable Proficiency Testing Results for all Parameters in ELAP Certificate | Annually | Completed Nov. 2021 | Completed Nov. 2022 | Complete Nov. 2023 | Complete Nov. 2024 |

Water Production

DESCRIPTION OF SERVICES PROVIDED

The Water Production division is responsible for the operation of the District’s water treatment and distribution system facilities and ensuring compliance with water quality and environmental regulations. This includes providing water quality and permitting support to staff at multiple levels throughout the District. Additionally, the Water Production division is responsible for operating the Districts various water treatment facilities to meet customer demands, and water quality and water supply reliability goals; and tracking upcoming drinking water, air quality, environmental discharge, and hazardous materials handling, storage, and disposal regulations and developing implementation strategies to meet more stringent regulations and customer requirements.

FEATURED MAJOR PROJECTS, PROGRAMS, OR INITIATIVES

Per- and Polyfluoroalkyl substances (PFAS) are an emerging contaminant of concern which have been detected in the District’s groundwater supply. Regulations for PFAS are currently in development at both the federal and state level. Continue to implement operations and treatment options to ensure PFAS levels in water going to our customers remains below notification levels and any future maximum contaminant levels.

The Lead and Copper Rule is an existing regulation which was recently revised to include more stringent requirements for water agencies to ensure public protection from lead in drinking water. The Lead and Copper Rule Revisions (LCRR) rule were finalized in December 2021. Continue efforts in evaluating and implementing the requirements of the new rule.

Manganese is an inorganic drinking water contaminant that is naturally occurring and may be present in source waters. Excess manganese has been associated with various health impacts and is currently regulated as an aesthetic concern. California is in the process of developing regulations for manganese as a health concern and is lowering the currently established health-based Notification Levels as part of this process. Continue evaluating and addressing the impacts of a reduced manganese Notification Level.

FYE 22 & FYE 23 ACCOMPLISHMENTS

- Met or surpassed all primary and secondary drinking water standards 100% of the time.
- Completed replacement of the filter media for three filters at WTP-2.
- Completed and presented the Triennial Public Health Goals Report at a public hearing.
- Completed a PFAS treatment study at the Blending facility which recommended a PFAS treatment system to meet the District’s operational and water quality goals.
- Began development of an inventory of service line material for the portion of the service lines located on the customer side of the water meter as required by the federal regulation (LCRR).
- Completed California Accidental Releases Program (CalARP) 5-year assessments for the Blending Facility, and Newark Desalination Facility (NDF).
- Completed NDF source well pilot testing to ascertain if improved aquifer water quality conditions would allow mixing of the two aquifers in raw water supplied to the NDF.

FYE 23 & FYE 24 GOALS AND OBJECTIVES

| Strategic Goals | Objectives |
|---|--|
| Goal 1 – Maintain and improve the cost effectiveness and value of District services | <ul style="list-style-type: none"> • Re-introduce Darvon 1 to the NDF source water flow • Complete the logic validation documentation and system improvements supporting optimization effort. • Comply with environmental regulations 100% of the time. • Complete an alternative coagulant study at WTP-2. • Leverage economies of scale for water treatment chemical purchases by participating in the BACC for bulk chemical purchases. |
| Goal 2 – Sustain a Reliable, High Quality Water Supply for District Customers | <ul style="list-style-type: none"> • Meet or surpass all primary and secondary drinking water standards 100% of the time. • Prepare for and operate PFAS treatment system. • Implement the elements of the Revised Lead and Copper rule. • Complete tri-ennial customer lead and tap sampling. • participate in source water quality monitoring collaboratives such as the MWQI program, the SBCWQTF, and the BAWSCA/SFPUC Joint Water Quality Committee. • Continue to employ operational strategies with the goal of ensuring that no District customers receive water with PFAS levels above established Notification Levels. • Conduct monitoring for emerging contaminants in accordance with the federal UCMR-5 requirements. |
| Goal 5 – Promote Clear and Open Communication, Outreach, and Engagement with Customers and Communities | <ul style="list-style-type: none"> • Continue to update the District’s public outreach as water quality regulations develop. • Utilize multiple notifications methods to customers for the annual mains cleaning program. • Complete and publicize water quality Consumer Confidence Reports |

PERFORMANCE MEASURES

| Performance Measures | Target | FYE 22 Actual | FYE 23 Estimate | FYE 24 Target | FYE 25 Target |
|--|--------|---------------|-----------------|---------------|---------------|
| Compliance with Primary Drinking Water Standards – Percentage of Days/Year | 100% | 100% | 100% | 100% | 100% |
| Compliance with Secondary Drinking Water Standards – Percentage of Days/Year | 100% | 100% | 100% | 100% | 100% |
| Compliance with Environmental Regulation – Number of Notice of violations. | 0 | 1 | 7* | 0 | 0 |

*Administrative irregularities noted during inspection. All remediated and closed.

Facility Maintenance

DESCRIPTION OF SERVICES PROVIDED

Facilities Maintenance Division (FMD) provides maintenance and repair for the District’s vertical (or above ground) assets. FMD responsibilities include mechanical, electrical, instrumentation and telemetry, fleet, buildings, and vegetation management for District facilities and assets. FMD engineering staff provides technical support for skilled trades staff and performs small capital replacement projects.

FEATURED MAJOR PROJECTS, PROGRAMS, OR INITIATIVES

Development of an Asset Management Master Plan to provide the foundation to maximize the life of assets and create a comprehensive life-cycling plan for equipment rehabilitation and replacement. The goal is to reduce costs by developing a systematic approach and program to capitalize on data to proactively manage District assets to maximize their value and replace or rehabilitate before failures occur.

Development of a Zero Emission Fleet Master Plan to development of a fleet transition plan to comply with upcoming CARB zero emission regulatory requirements. Project to include assessment and development of future infrastructure projects to provide support for alternate fuel, zero emission vehicles (i.e.; charging stations, hydrogen fuel cell generators, etc.).

FYE 22 & FYE 23 ACCOMPLISHMENTS

- Completed over 90% of scheduled Preventative Maintenance (PM) work.
- Implemented vehicle lease program for light duty vehicles.
- Completed replacement and upgrade of valves at the Avalon Heights and Scott Creek Booster Stations.
- Painted and sealed exterior of Headquarters building complex.
- Replaced emergency generator at Headquarters building complex.
- Completed project to upgrade and install flow control valve at Rancho Higuera Booster Station.
- Replaced and automated several large process valves at Treatment Plant #2.
- Completed emergency generator plug upgrade and standardization across District facilities.
- Completed extensive assessments, maintenance, and testing of several sites in support of Curtner Booster Station Rehabilitation Project.
- Completed project to upgrade and automate valving at Whitfield Reservoir.
- Completed LED lighting energy savings project.

FYE 24 & FYE 25 GOALS AND OBJECTIVES

| Strategic Goals | Objectives |
|--|--|
| Goal 1 – Maintain and improve the cost effectiveness and value of District services | <ul style="list-style-type: none"> • Continue to evaluate opportunities and upgrade equipment for energy efficiency for cost savings. • Implement building management system (BMS) upgrade for HVAC and lighting controls. • Complete asset management master plan for vertical assets. |
| Goal 4 – Improve Workforce Recruitment, Maintain Retention, and Enhance Employee Engagement | <ul style="list-style-type: none"> • Continue specialized training and certification opportunities for FMD staff. • Develop electrical safety program. |

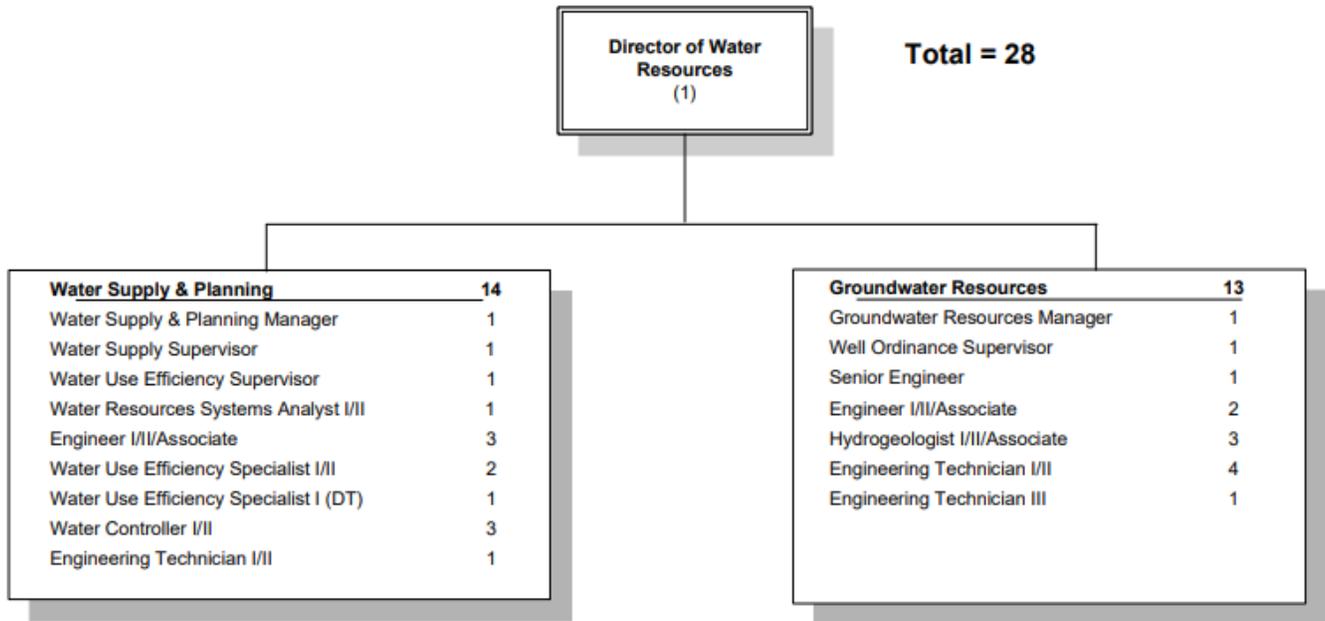
PERFORMANCE MEASURES

| Performance Measures | Target | FYE 22 Actual | FYE 23 Estimate | FYE 24 Target | FYE 25 Target |
|---|------------------------|---------------|-----------------|---------------|---------------|
| Preventive Maintenance (PM) to Corrective Repair Work Ratio | 1:1 | 2.17:1 | 1.58:1 | 1:1 | 1:1 |
| 90% or Greater of PMs on Fleet | 90% or Greater | 96% | 93% | 95% | 95% |
| # of Work Orders Completed | 2,000 or Greater | 2,153 | 2,581 | 2,250 | 2,250 |
| Maintain SCADA Up Time | 100% | 100% | 100% | 100% | 100% |
| Renewable Energy Self-Generation Bill Credit Transfer program (RES-BCT) Credits in Kilowatt Hours (KWH) | 500,000 or Greater KWH | 833,416 KWH | 486,000 KWH | 750,000 KWH | 750,000 KWH |



Water Resources

Water Resources Department



Water Resources Administration

DESCRIPTION OF SERVICES PROVIDED

It is the mission of the Water Resources Department to plan for, manage, and protect the District’s water resources in support of the District’s Mission. The Department is comprised of the Groundwater Resources Division and the Water Supply & Planning Division, and is responsible for overseeing protection and management of groundwater resources, near- and long-term planning for water supplies, water use efficiency programs, operations of fish passage and groundwater recharge facilities, and management of the District’s imported water supplies.

FEATURED MAJOR PROJECTS, PROGRAMS, OR INITIATIVES

In October 2021, Governor Newsom declared a statewide drought emergency and called upon all Californians to reduce their water use by 15%, directed water districts to initiate the appropriate stage in their Water Shortage Contingency Plans, and asked the State Water Resources Control Board to consider adopting emergency regulations with water waste prohibitions. In response to the prevailing drought conditions, the District enhanced its drought campaign, and in December 2021 adopted a Water Shortage Emergency Ordinance with use restrictions and waste prohibitions designed to achieve a systemwide 15% reduction to meet both District and state water use reduction goals. Unprecedented dry conditions continued for a third dry year through 2022 and drought response and water management activities were a major focus of the Department’s work in FYE 22 and FYE 23.

Early 2023 brought several atmospheric river storm events and a shift to extreme wet conditions, and with it the Department will be winding down drought response activities and returning focus to several major initiatives in FYE 24 and FY 25, including development of a long-term integrated water resources plan, planning for compliance with future water conservation regulations, pursuing new well projects for local water supply resiliency and sustainable groundwater management, and optimizing operations of new fish ladders and screens

in Alameda Creek. Key Department projects, programs and initiatives are featured in the following sections for each Division.

Communication and employee engagement continues to be a focus of the Water Resources Department, with seven department-wide meetings held over the course of FY 22 and FY 23, as well as regular management team, division, and section meetings to maintain regular communications while many staff worked remotely during the COVID-19 pandemic and transitioned back to in-person and telecommute schedules in spring 2022. Department administration shared department-wide email messages and blog posts to provide key updates, promote connectedness, and provide encouragement for continued communication and collaboration throughout the year. Communication and feedback will continue to be a Department focus in FYE 24 and FYE 25.

DEPARTMENT EXPENDITURES

| EXPENSE SUMMARY DEPARTMENT DETAIL (\$ in thousands) | | | | | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------|-----------|
| | FYE 21 | FYE 22 | FYE 23 | FYE 23 | FYE 24 | FYE 25 | % Chg | % Chg |
| | Actual | Actual | Budget | Estimated | Budget | Budget | FYE 23 | FYE 24 |
| | | | | | | | FYE 24 | FYE 25 |
| Labor | \$3,405 | \$3,617 | \$4,149 | \$3,884 | \$4,190 | \$4,258 | 1% | 2% |
| Materials | 34,431 | 35,677 | 34,344 | 39,460 | 37,709 | 38,674 | 10% | 3% |
| Outside Services | 3,903 | 4,279 | 6,083 | 5,580 | 6,500 | 6,705 | 7% | 3% |
| Water Resources | \$41,740 | \$43,573 | \$44,576 | \$48,924 | \$48,399 | \$49,638 | 9% | 3% |
| Funded Staffing Level (FTE) | 26.00 | 26.00 | 28.00 | 28.00 | 28.00 | 28.00 | 0% | 0% |

FINANCIAL COMMENTS

Increase in Labor costs for FYE 24 and FYE 25 is for cost-of-living adjustments consistent with existing labor contracts. Increase in Materials are for various professional services contracts. The budget includes increase in water purchases from SFPUC as a result of their 9.7% rate increase effective July 1, 2023, as well as the District needing to purchase additional water to meet water supply and operational needs.

Water Supply & Planning

DESCRIPTION OF SERVICES PROVIDED

Water Supply & Planning (WS&P) is responsible for coordination of the District’s water supply operations and water resources planning efforts. This includes protecting and preserving District water supplies; development of long-range water supply plans, alternate water supplies, and regional partnerships; dry-year planning; and promoting efficient use of water by customers through cost-effective programs, outreach, and education. Additionally, WS&P is responsible for efficiently and cost-effectively managing the District’s imported water supplies, Alameda Creek fish passage and diversion facilities, and groundwater recharge operations in accordance with applicable contracts, permits, and regulations.

FEATURED MAJOR PROJECTS, PROGRAMS, OR INITIATIVES

WS&P is working toward updating the District’s water resources master plan, the 1995 Integrated Resources Plan (IRP), in 2023 - 2025. This multi-year effort will include numerous studies, beginning with an update to the Water Efficiency Master Plan (WEMP) and demand forecast to reflect drought period changes. Additional efforts will include public surveys and stakeholder work, plan scoping and development, and alternative water supply analyses.

FYE 22 & FYE 23 ACCOMPLISHMENTS

- Adopted and administered a Water Shortage Emergency Ordinance with water use restrictions and other related drought management activities, successfully meeting the Governor’s call for a 15% reduction in demand.
- Start-up of the new fish ladder and screens on Alameda Creek and implementation of the Fish Ladder Operations for Water Sustainability (FLOWS) program.
- Continued implementation of the Water Use Efficiency Master Plan (WEMP); several programs were updated and expanded to address WEMP goals and drought.
- Addressed District and customer drought needs through significant increase in Water Use Efficiency activities.
- Continued to monitor and participate in state workgroups to inform implementation of water conservation legislation; conducted a preliminary analysis of the District’s capacity to meet future requirements.
- Contributed to the development and user experience testing of the My Smart Water Connect portal for the District’s Advanced Metering Infrastructure (AMI) project.
- Began development of a Water Use Efficiency program tracking application, which will streamline the customer program application experience and track future water efficiency savings.
- Finalized a Climate Adaptation Plan (CAP).
- Began development of a new Integrated Water Resources Planning model.

FYE 24 & FYE 25 GOALS AND OBJECTIVES

| Strategic Goals | Objectives |
|--|--|
| Goal 1 – Maintain and improve the cost effectiveness and value of District services | <ul style="list-style-type: none"> • Minimize operating expenses through water supply and production optimization. |
| Goal 2 – Sustain a Reliable, High Quality Water Supply for District Customers | <ul style="list-style-type: none"> • Complete the Purified Water Feasibility Evaluation. • Continue working on the 2023-2025 Integrated Resource Plan update effort. • Prepare a “business case” evaluation update for potential participation in the Los Vaqueros Expansion Project as new information becomes available. • Implement cost-effective water use efficiency measures and leverage AMI through targeted outreach to assist all customers with water use efficiency improvements in alignment with the WEMP. • Finalize implementation of the Alameda Creek Biological Opinion via the FLOWS program. • Coordinate with the California Department of Water Resources to complete agreement related to Los Vaqueros participation. |

PERFORMANCE MEASURES

| Performance Measures | Target | FYE 22 Actual | FYE 23 Estimate | FYE 24 Target | FYE 25 Target |
|---|--|---------------|--------------------------|---------------------------------|-----------------------------------|
| Implement cost-effective water use efficiency measures in alignment with the WEMP | Achieve annual WEMP water savings goal | 133 AF | 314 AF | 468 AF | 617 AF |
| Updated Water Resources Master Plan | Develop a long-range planning document | n/a | n/a | Complete Phase 1 Scoping | Complete Phase 2 plan development |
| Develop new Integrated Resources Planning Model | Build a new decision support tool for water resources planning | n/a | n/a | Complete Phase 1 | Enhance for recharge operations |
| Implement FLOWS Program by January 2023 | Meet by January 2023 | n/a | Complete ladder start up | Complete 7-day pulse plan | Continue Adaptive Management |
| Complete Purified Water Feasibility Evaluation | Meet by December 2022 | n/a | Delayed | Meet | n/a |
| Milestone completions in Climate Change Adaption Planning | Complete Plan in 2023; begin implementation 2024-2025 | n/a | Met – Plan completed | Propose implementation elements | Further technical studies |

Groundwater Resources

DESCRIPTION OF SERVICES PROVIDED

Groundwater Resources is responsible for the management and protection of groundwater resources within the District, including contamination prevention, site investigation and cleanup, aquifer reclamation, replenishment assessment, well ordinance administration, support for operation and maintenance of production wells, hydro-geologic research, and the investigation and analysis of the groundwater basin. This includes collaboration with other departments and divisions on key projects, and collaboration with local cities and agencies on groundwater-related issues for development and other land use projects. Additionally, Groundwater Resources is responsible for compliance with the Sustainable Groundwater Management Act (SGMA) and other regulations and technical guidelines that relate to groundwater management and protection.

FEATURED MAJOR PROJECTS, PROGRAMS, OR INITIATIVES

Groundwater Resources prepared and submitted the first 5-year update of the District’s Alternative to a Groundwater Sustainability Plan (Alternative) to the Department of Water Resources (DWR). The District’s first 5-year update or Alternative Update was submitted in December 2021. The Alternative Update is not a plan amendment but is a written assessment that describes and provides an update on the District’s groundwater management efforts, incorporates DWR’s seven recommended actions, and includes information on proposed projects and ongoing management actions, to ensure the continued sustainable management of the Niles Cone. The Alternative Update is expected to be reviewed by DWR towards the end of 2023.

The Niles Cone Groundwater Basin Extraction Well Site Evaluation Project was completed in 2022 and entailed installing three test wells, and eight monitoring/observation wells to evaluate three potential locations where water wells can be installed to extract brackish water in the Centerville-Fremont Aquifer to expedite removal of saltwater from aquifers, improve the ability to store fresh groundwater, improve water supply reliability, and reduce the District’s reliance on outside water resources. The Brackish Groundwater Reclamation Project is the implementation phase of the Extraction Well Site Evaluation Project above and will install one well for future use as a replacement for Newark Desalination Facility (NDF) source wells. The existing NDF wells were primarily installed in 1974 and have been used as source wells for NDF since 2003 and 2010, and replacement wells are needed to address this aging infrastructure and ensure long-term reliability of the NDF.

The New Mowry Deep Aquifer Production Well Project will install one production well screened primarily in the Deep Aquifer at the District’s Mowry Wellfield to increase the District’s water supply resiliency and flexibility during dry years and periods of drought.

FYE 22 & FYE 23 ACCOMPLISHMENTS

- Met various state deadlines regarding groundwater management, such as compliance with the California Statewide Groundwater Elevation Monitoring Program (CASGEM) and the Sustainable Groundwater Management Act (SGMA).
- Submitted the 5-year Alternative to a Groundwater Sustainability Plan update to the Department of Water Resources.
- Initiated cleanup at four sites within the basin with soil and/or groundwater contamination.
- Closed four cases in the Groundwater Protection Program as part of ongoing efforts to protect the quality of the District’s groundwater resources.
- Complied with the Replenishment Assessment Act of the Alameda County Water District.
- Adopted a 2.6% increase in the replenishment assessment rate for groundwater pumping for uses other than municipal and agricultural in order to generate sufficient revenue to cover expected groundwater basin-related costs.
- Issued an annual Survey Report on Groundwater Conditions in February 2022 and in February 2023. Also issued the annual 2021 Groundwater Monitoring Report and the 2022 Groundwater Monitoring Report in support of the replenishment assessment rate increase.
- Issued the District’s annual report pursuant to requirements of SGMA on March 31, 2022, and again on March 29, 2023.
- Applied and enforced compliance with the Alameda County Water District Groundwater Protection Act.
- Conducted 573 inspections in FYE 22 and as of the end of March of FYE 23, conducted 483 inspections of drilling operations to ensure compliance with the District’s Ordinance “to Regulate Wells, Exploratory Holes, and Other Excavations within the Cities of Fremont, Newark, and Union City.”

FYE 24 & FYE 25 GOALS AND OBJECTIVES

| Strategic Goals | Objectives |
|---|--|
| <p>Goal 2 – Sustain a Reliable, High Quality Water Supply for District Customers</p> | <ul style="list-style-type: none"> • Complete the annual Groundwater Monitoring Report and Survey Report on Groundwater Conditions and meet Replenishment Assessment deadlines. • Complete the SGMA Annual Report by the April 1 deadline each year. • Continue implementing the Alternative to a Groundwater Sustainability Plan and enhancement of the District’s SGMA efforts as new information is presented or new technology is developed. • Support near-term and long-term groundwater production facility maintenance and improvement projects. |

| Strategic Goals | Objectives |
|--|--|
| <p>Goal 5 – Promote Clear and Open Communication, Outreach, and Engagement with Customers and Communities</p> | <ul style="list-style-type: none"> • Conduct one or more Board Workshops with public participation regarding water resources planning-related topics, including groundwater management and SGMA implementation. • Send letters and communications informing all well owners/operators and interested parties about Board of Directors or other public discussions that consider items regarding the management of Niles Cone Subbasin 2-09.01 (Niles Cone) during Committee Meetings, Regular Board of Directors meetings, Board Workshops or other public meetings. |

PERFORMANCE MEASURES

| Performance Measures | Target | FYE 22 Actual | FYE 23 Estimate | FYE 24 Target | FYE 25 Target |
|---|----------|---------------|-----------------|---------------|---------------|
| Compliance with Replenishment Assessment Act of the Alameda County Water District | 100% | 100% | 100% | 100% | 100% |
| Compliance with the Sustainable Groundwater Management Act (SGMA) | 100% | 100% | 100% | 100% | 100% |
| Submittal of SGMA Annual Report by April 1 deadline | Meet | Met | Met | Meet | Meet |
| Aquifer Reclamation Program-pumping minimum of 7,000 acre-feet (AF) to remove brackish groundwater. | 7,000 AF | 10,379 AF | 9,600 AF (est.) | ≥7,000 AF | ≥7,000 AF |

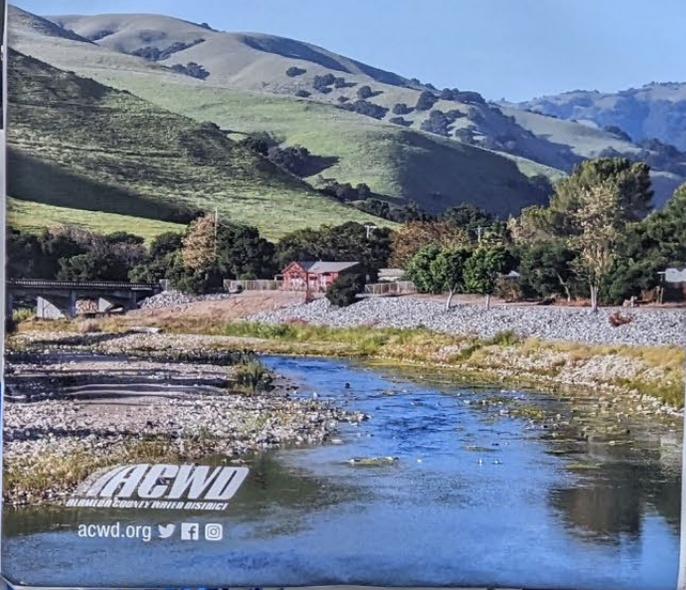
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▶▶▶▶ SEVERE DROUGHT ◀◀◀◀
Please Save Water

Alameda Creek 2018
Local Water Supply



Alameda Creek 2022
Local Water Supply



Appendices

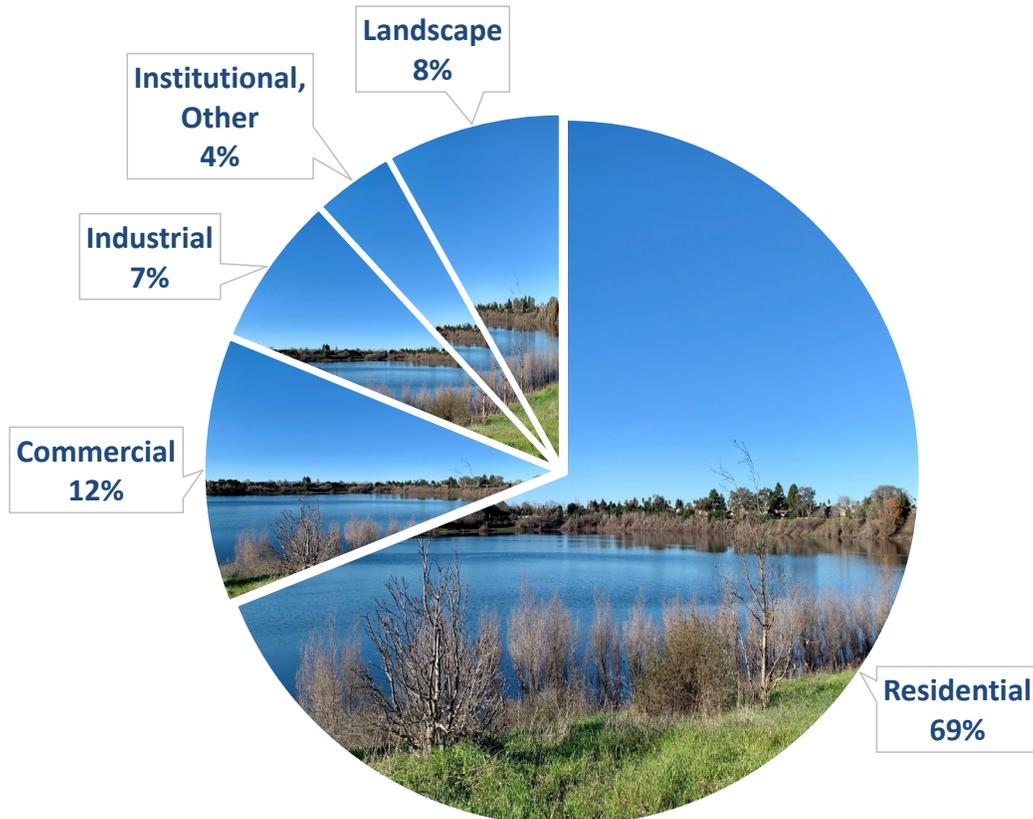
Appendix

A: Statistical and Supplemental Information

OUR CUSTOMER BASE

The District provides water primarily to urban customers: on average, approximately 70% of water supplies are used by residential customers, with the balance (approximately 30%) utilized by commercial, industrial, institutional, and large landscape customers. Total consumption for FYE 22 was approximately 38,052 Acre-Feet. The graphic below represents the water consumption by different customer class for FYE 22.

**Water Consumption
by Customer Class (FYE 23)**



LOCAL ECONOMY

The local economy of ACWD's service area has been a reflection of nearby Silicon Valley and the greater Bay Area. The Tri-City's diverse economic base supports a healthy mix of large and small businesses and produces greater economic stability and less volatility than more specialized economies. As of March 2023, unemployment rates for the cities of Fremont, Newark, and Union City were 3.5%, 3.6%, and 3.9% respectively, which are lower than the State of California (4.8%), and on par with Alameda County (3.8%). Regionally, the Tri-City's unemployment rates are slightly higher than the City and County of San Francisco (3.0%) and the County of Santa Clara (3.2%). The District's customer base is anticipated to grow slightly in size and income. Last calendar year, population grew 0.15% to 229,467 for the City of Fremont and 0.66% to 47,459 for the City of Newark, while declining -1.4% to 66,754 for the City of Union City. The US Census Bureau data, as of July 1, 2022, estimated median household income of \$153,475 for the City of Fremont, \$144,011 for the City of Newark, and \$127,828 for the City of Union City.

TEN LARGEST WATER CUSTOMERS

The District has a diverse customer base and the largest ten water service customers by water revenues represented only about 7.4% of total water sales revenue in FYE 22. The table below shows the District's ten largest water customers by water revenues (FYE 22).

| Water Revenue Account | (1=Highest to 10=Lowest) | | | | | | | | | | Water Revenues (\$ in thousands) |
|---------------------------------|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------------------------------------|
| | FYE 13 | FYE 14 | FYE 15 | FYE 16 | FYE 17 | FYE 18 | FYE 19 | FYE 20 | FYE 21 | FYE 22 | |
| Tesla Motors, Inc. | - | 7 | 3 | 2 | 3 | 2 | 3 | 3 | 1 | 1 | \$ 1,723 |
| Fremont Unified School District | 2 | 2 | 2 | 3 | 2 | 3 | 2 | 2 | 3 | 2 | \$ 1,402 |
| City of Fremont | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 3 | \$ 1,384 |
| Lam Research Corporation | - | - | - | - | 9 | 8 | 5 | 5 | 5 | 4 | \$ 816 |
| Western Digital Technologies | 4 | 4 | 5 | 4 | 5 | 5 | 4 | 4 | 4 | 5 | \$ 707 |
| Prologis Trust | 3 | 3 | 4 | 5 | 4 | 4 | 7 | 6 | 7 | 6 | \$ 686 |
| City of Union City | 6 | 5 | 6 | 6 | 6 | 6 | 6 | 7 | 6 | 7 | \$ 634 |
| Ardenwood Forest Apartments | 8 | 8 | 9 | 8 | 7 | 7 | 8 | 8 | 8 | 8 | \$ 582 |
| Contempo Homeowners | 7 | 6 | 7 | 7 | 8 | 9 | 9 | 9 | 9 | 9 | \$ 492 |
| US Pipe & Foundry Company | - | - | - | - | - | - | - | - | - | 10 | \$ 458 |

TEN LARGEST EMPLOYERS WITHIN THE DISTRICT

| Employer | Number of Employees | City |
|-----------------------------------|---------------------|------------|
| Tesla Motors, Inc. | 15,000 | Fremont |
| Fremont Unified School District | 2,895 | Fremont |
| LAM Research | 2,600 | Fremont |
| Washington Hospital | 2,350 | Fremont |
| Kaiser Permanente Medical Group | 1,600 | Fremont |
| Synnex Corporation | 1,350 | Fremont |
| New Haven Unified School District | 1,154 | Union City |
| Western Digital | 1,100 | Fremont |
| Seagate Technology, Inc | 990 | Fremont |
| City of Fremont | 963 | Fremont |

TEN YEAR SUMMARY OF ASSESSED VALUATION

The table below shows the total assessed values in the service area that includes the City of Fremont, City of Newark, and City of Union City.

| Fiscal Year | Local Secured | Utility | Unsecured | Total |
|-------------|---------------|----------|-------------|--------------|
| FYE 13 | \$43,846,946 | \$70,042 | \$3,053,241 | \$46,970,229 |
| FYE 14 | \$46,275,494 | \$61,871 | \$2,950,912 | \$49,288,277 |
| FYE 15 | \$49,570,672 | \$54,995 | \$3,040,221 | \$52,665,889 |
| FYE 16 | \$53,069,367 | \$54,995 | \$3,583,125 | \$56,707,487 |
| FYE 17 | \$58,389,837 | \$6,180 | \$3,137,408 | \$61,533,425 |
| FYE 18 | \$62,474,273 | \$12,332 | \$3,373,572 | \$65,860,178 |
| FYE 19 | \$67,212,187 | \$12,332 | \$3,346,586 | \$70,571,105 |
| FYE 20 | \$71,895,590 | \$12,332 | \$3,621,653 | \$75,529,575 |
| FYE 21 | \$76,254,891 | \$11,297 | \$4,075,303 | \$80,341,491 |
| FYE 22 | \$79,731,238 | \$15,572 | \$4,436,006 | \$84,182,816 |

Appendix

B: Board of Directors' Budget Resolution

RESOLUTION NO. 23-043

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
ADOPTING THE FY 2023/24 AND FY 2024/25 BUDGET AND THE 25-YEAR
CAPITAL IMPROVEMENT PROGRAM

BE IT RESOLVED by the BOARD OF DIRECTORS of ALAMEDA COUNTY WATER DISTRICT that the attached Budget for the Fiscal Year beginning July 1, 2023 and ending June 30, 2023, and the Fiscal Year beginning July 1, 2024 and ending June 30, 2025, which has been reviewed and considered by this Board, is approved and adopted.

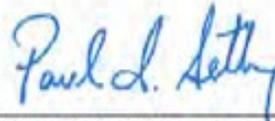
BE IT FURTHER RESOLVED that the attached 25-Year Capital Improvement Program for the period from Fiscal Year 2023/24 through Fiscal Year 2047/48, which has been reviewed and considered by this Board, is approved and adopted.

PASSED AND ADOPTED this 8th day of June 2023, by the following vote:

AYES: Directors Gunther, Akbari, Weed, and Sethy

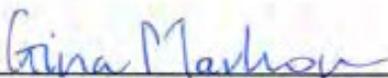
NOES: None

ABSENT: Director Huang



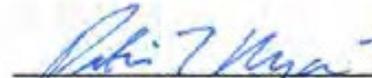
Paul S. Sethy, President
Board of Directors
Alameda County Water District

ATTEST:



Gina Markou, District Secretary
Alameda County Water District
(Seal)

APPROVED AS TO FORM:



Patrick T. Miyaki, General Counsel
Alameda County Water District

Appendix

C: 25-Year Capital Improvement Program

ACWD CAPITAL IMPROVEMENT PROGRAM
REFLECTS ESTIMATED EXPENDITURES FOR FY2022/23 AND PROPOSED BUDGET FOR FY 2023/24 and FY 2024/25
FY 2024/25 AND LATER PROJECTS IN 2023 DOLLARS
ALL BUDGETS (\$) PRESENTED IN THOUSANDS

| Item | CIP No | % FIF | FRF | Project Description | FYE 23 Est. | FYE 24 | FYE 25 | FYE 26 | FYE 27 | FYE 28 | FYE 29 | FYE 30 | FYE 31 | FYE 32 | FYE 33 | FYE 34 | FYE 35 | FYE 36 | FYE 37 | FYE 38 | FYE 39 | FYE 40 | FYE 41 | FYE 42 | FYE 43 | FYE 44 | FYE 45 | FYE 46 | FYE 47 | FYE 48 | Total |
|----------------------------|----------|-------|-----|---|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|--------|
| Distribution System | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 | MD60.05 | 10% | no | Advanced Metering Infrastructure | 8,553 | 6,327 | 9,327 | 9,683 | 1,100 | | | | | | | | | | | | | | | | | | 18,000 | 18,000 | | 70,991 | |
| 2 | SR01.51 | 0% | no | Alameda Reservoir Chlorotec WQ system replacement | | - | | | | 53 | 200 | | | | | | | | | | | | | | | | | | | 253 | |
| 3 | SR01.01 | 20% | no | Alameda Reservoir Roof Replacement | 766 | 8,369 | 2,545 | 8,000 | | | | | | | | | | | | | | | | | | | | | | 19,679 | |
| 4 | MM8006 | 20% | yes | Alvarado Niles Pipeline Seismic Improv. Proj - Main Renewal | 1,962 | 2,304 | 3,189 | 6,281 | 9,000 | 2,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 24,737 | |
| 5 | BB13.51B | 10% | no | Avalon Heights Booster Improvements and Equipment Repl. | 97 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 97 | |
| 6 | ST07.52 | 17% | no | Avalon Tank Slope Stabilization Improvements | 2,688 | - | - | | | | | | | | | | | | | | | | | | | | | | | 2,688 | |
| 7 | BB16.02 | 0% | no | B16 WTP2 Zone 3 Booster Discharge Pipeline Replacement | 10 | 239 | - | | | | | | | | | | | | | | | | | | | | | | | 249 | |
| 8 | PH01.54B | 10% | no | Blending Facility Low Flow Control Mod./Neat Feed | 702 | - | - | | | | | | | | | | | | | | | | | | | | | | | 702 | |
| 9 | YI01.07 | 0% | no | Blending Facility PLC Replacements | - | - | - | 126 | 775 | 1,439 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,340 | |
| 10 | BB50.01 | 0% | no | Booster Stations- Facility Improvements / Equipment Repl. | 50 | 134 | 141 | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 1,154 |
| 11 | MN01.01B | 20% | no | Cathodic Protection Improvements and Additions | | 216 | 441 | | | | | 342 | | | | | | | | | | | | | | | | | | 1,000 | |
| 12 | | 20% | yes | Central Ave Grade Separate Impr & ACWD Water Main Reloc. | 15 | 80 | 120 | 120 | 120 | 100 | | | 2,200 | 2,200 | | | | | | | | | | | | | | | | 4,954 | |
| 13 | MM80.14 | 20% | yes | Central Avenue Main Renewal | | - | - | 218 | 1,506 | 6,506 | 15,000 | 1,500 | | | | | | | | | | | | | | | | | | 24,729 | |
| 14 | YI02.04 | 20% | no | Clean Energy Plan Implementation | 339 | 188 | 102 | 107 | | | | | | | | | | | | | | | | | | | | | | | 736 |
| 15 | BB02.03B | 20% | no | Curtner Road Booster Station Upgrade | 5,437 | 2,585 | - | | | | | | | | | | | | | | | | | | | | | | | 8,022 | |
| 16 | SR02.51 | 20% | no | Decoto Reservoir Electrical Infrastructure Replacement | | | 510 | 693 | 693 | | | | | | | | | | | | | | | | | | | | | 1,895 | |
| 17 | SR02.01 | 20% | no | Decoto Reservoir Roof Replacement | 804 | 208 | 3,000 | 4,158 | 6,158 | 7,000 | | | | | | | | | | | | | | | | | | | | 21,328 | |
| 18 | MM16.03 | 20% | yes | Desal BPW Main Renewal | | - | | | | | | | 13 | 711 | 4,608 | 4,608 | | | | | | | | | | | | | | 9,941 | |
| 19 | PH02.51B | 0% | no | Desal Facility Improvements / Equipment Replacements | 114 | 216 | 61 | 58 | 58 | 58 | 58 | 58 | 58 | 58 | 58 | 58 | 58 | 58 | 58 | 58 | 58 | 58 | 58 | 58 | 58 | 58 | 58 | 58 | 58 | 58 | 1,716 |
| 20 | YI01.06 | 0% | no | Desal PLC Upgrade Project | - | 110 | 740 | 1,000 | 295 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,146 | |
| 21 | GA50.05 | 0% | no | Desal Production Well Equipment Replacement | 35 | 70 | 74 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 1,789 |
| 22 | MD01.12 | 10% | no | Distribution Leak Detection System | 132 | 132 | 132 | 132 | 132 | 132 | 132 | 132 | 132 | | | | | | | | | | | | | | | | | 1,184 | |
| 23 | YI01.02B | 0% | no | Distribution PLC Upgrade Program | 579 | 916 | - | - | 816 | 1,395 | 816 | 1,395 | 816 | 1,395 | 816 | 1,395 | 816 | 1,395 | 816 | 1,395 | 816 | 1,395 | 816 | 1,395 | 816 | 1,395 | 816 | 1,395 | 816 | 1,395 | 25,816 |
| 24 | MD50.01 | 0% | no | Distribution System Large Valve Replacement Program | 50 | 72 | 72 | 72 | 72 | 72 | 72 | 72 | 72 | 72 | 72 | | | | | | | | | | | | | | | | 766 |
| 25 | BB90.01 | 100% | no | District Participation - Booster Pump Stations | - | - | - | 750 | | | | | | | | | | | | | | | | | | | | | | 750 | |
| 26 | ST90.01 | 100% | no | District Participation - Tanks at Upper Zones | - | - | - | | | 3,719 | | | | | | | | | | | | | | | | | | | | 3,719 | |
| 27 | MU05.01B | 10% | no | Dry Creek Regulator Upgrade | | | - | | 46 | | | | | | | | | | | | | | | | | | | | | 46 | |
| 28 | EE02.01B | 20% | no | Engineering Report for CIP | 10 | 253 | 158 | | | | | | | | | | | | | | | | | | | | | | | 421 | |
| 29 | MU01.01B | 10% | no | FR1 Upgrade | - | | | | | 104 | 297 | | | | | | | | | | | | | | | | | | | 401 | |
| 30 | MM11.02 | 80% | no | Gallegos Av.-MSJWTP2 Zone 3 Intertie, Phase 2 - 18" (5709) | | - | - | 515 | 2,524 | 567 | | | | | | | | | | | | | | | | | | | | 3,606 | |
| 31 | MD50.01B | 0% | no | Inserta Valve Insertion Equipment | 30 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | | | | | | | | | | | | | | | 380 | |
| 32 | PP01.02 | 0% | no | M.J. Bernardo Softening Plant Decomm. & Building Upgrade | | - | - | | | | | | | | | | | 225 | 709 | 422 | | | | | | | | | | 1,356 | |
| 33 | MM80.12 | 20% | yes | Main Renewal - Lindsay Tract | 175 | 615 | 103 | 1,503 | 3,000 | 2,000 | | | | | | | | | | | | | | | | | | | | 7,397 | |
| 34 | | 20% | yes | Main Renewal - Mission Blvd at Tamarack Knolls | - | - | - | - | - | - | - | - | - | 3,143 | 9,185 | 9,185 | - | - | - | - | - | - | - | - | - | - | - | - | - | 21,514 | |
| 35 | MM80.07 | 20% | yes | Main Renewal - MR1 Driscoll | 0 | 2,360 | 2,023 | 5,860 | 8,500 | | | | | | | | | | | | | | | | | | | | | 18,742 | |
| 36 | MM80.08 | 20% | yes | Main Renewal - MR3 Central Newark | 100 | 961 | 2,685 | 3,500 | 1,000 | 3,028 | 11,198 | 11,198 | | | | | | | | | | | | | | | | | | 33,670 | |
| 37 | MM80.09 | 20% | yes | Main Renewal - MR4 Cherry | | - | - | | | | | | 1,668 | 8,323 | 8,323 | | | | | | | | | | | | | | | 18,313 | |
| 38 | MM80.10 | 20% | yes | Main Renewal - MR5 Patterson | | - | - | | | | | 4,087 | 7,265 | 7,265 | 7,265 | 7,265 | | | | | | | | | | | | | | 33,145 | |
| 39 | | 20% | yes | Main Renewal - Peralta Blender to Fremont Boulevard | | - | - | | | | | | | | 1,737 | 8,932 | 8,932 | | | | | | | | | | | | | 19,601 | |
| 40 | MM80.11 | 20% | yes | Main Renewal - Small Diameter Pipeline Renewal | 1,050 | - | - | | | | | | | | | | | | | | | | | | | | | | | 1,050 | |
| 41 | MM80.01 | 20% | yes | Main Renewal Program | | - | - | | | | | | | | 10,000 | 20,000 | 20,000 | 41,000 | 41,000 | 41,000 | 41,000 | 41,000 | 41,000 | 41,000 | 41,000 | 41,000 | 41,000 | 41,000 | 41,000 | 542,000 | |
| 42 | SR04.03 | 10% | no | Mayhew Reservoir Control Valve Vault | | | | | | | 230 | 1,066 | | | | | | | | | | | | | | | | | | 1,296 | |
| 43 | SR04.51 | 20% | no | Mayhew Reservoir Electrical Infrastructure Replacement | - | - | - | - | - | - | - | 148 | 345 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 493 | |
| 44 | PH02.52B | 5% | no | Membranes for Desal Facility | | - | 150 | 1,350 | | | | | 1,350 | | | | 150 | 1,350 | | | | 1,350 | | | | 150 | 1,350 | | | 7,199 | |
| 45 | MD60.04 | 20% | no | Meter Test Bench Upgrades | 70 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | 75 | | | | | | | | | | | | | | | | 745 |
| 46 | SR05.51 | 20% | no | Middlefield - Lining/Structural/Mechanical/WQ Improv. | - | - | - | - | - | 585 | 5,530 | 5,530 | | | | | | | | | | | | | | | | | | 11,644 | |
| 47 | SR05.03 | 0% | no | Middlefield Reservoir Roof - Improvements | - | - | - | 330 | | | | 0 | | | | | | | | | | | | | | | | | | 330 | |
| 48 | MM80.15 | 20% | yes | Mission Phase 1 Main Renewal | | - | - | | | 1,698 | 7,069 | 7,069 | | | | | | | | | | | | | | | | | | 15,836 | |
| 49 | GA60.02 | 0% | no | Montecito Well Site Demolition | | - | - | | | | | | | | | | 385 | | | | | | | | | | | | | 385 | |
| 50 | PW03.51B | 0% | no | Mowry and PT Wellfields - Replacement Pumping Equip. | 190 | 60 | 63 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 1,688 |
| 51 | PW01.03 | 20% | no | Mowry Generator Fuel Tank Replacement | | - | - | | 80 | | | | | | | | | | | | | | | | | | | | | 80 | |
| 52 | ST05.51B | 20% | no | MSJ Tank Improvements | 9 | - | 316 | 1,455 | 1,455 | | | | | | | | | | | | | | | | | | | | | 3,236 | |
| 53 | PJ01.50 | 0% | no | MSJWTP Improvements & Equipment Replacements | 194 | 15 | 16 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 580 | |
| 54 | PW04.51 | 20% | no | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

ACWD CAPITAL IMPROVEMENT PROGRAM
REFLECTS ESTIMATED EXPENDITURES FOR FY2022/23 AND PROPOSED BUDGET FOR FY 2023/24 and FY 2024/25
FY 2024/25 AND LATER PROJECTS IN 2023 DOLLARS
ALL BUDGETS (\$) PRESENTED IN THOUSANDS

| Item | CIP No | % FIF | FRF | Project Description | FYE 23 Est. | FYE 24 | FYE 25 | FYE 26 | FYE 27 | FYE 28 | FYE 29 | FYE 30 | FYE 31 | FYE 32 | FYE 33 | FYE 34 | FYE 35 | FYE 36 | FYE 37 | FYE 38 | FYE 39 | FYE 40 | FYE 41 | FYE 42 | FYE 43 | FYE 44 | FYE 45 | FYE 46 | FYE 47 | FYE 48 | Total |
|----------------------------------|----------|-------|-----|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------------------|
| 59 | SR06.01 | 20% | no | Patterson Reservoir Roof Replacement | - | - | - | 335 | 335 | 14,715 | | | | | | | | | | | | | | | | | | | | 15,384 | |
| 60 | SR06.03 | 20% | no | Patterson Reservoir Water Quality Enhancement | - | - | - | | 630 | 630 | 4,385 | | | | | | | | | | | | | | | | | | | 5,645 | |
| 61 | MM09.01 | 80% | no | Peralta-BART Wellfield Pipeline 2600ft x 36-in | | | | | | | | | | 711 | 11,220 | | | | | | | | | | | | | | | 11,930 | |
| 62 | BB15.02 | 50% | no | PR-1/MSJWTP Power Facility (Future) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 266 | 515 | 548 | - | - | - | - | - | - | - | - | 1,329 | |
| 63 | EE03.01B | 20% | no | Program and 10 Year EIR Documentation | | | | 100 | 350 | | | | | | | | | | | | | | | | | | | | | 450 | |
| 64 | PH01.51B | 0% | no | PT Blending Facility Improv. and Equip. Repl. | 18 | 32 | 66 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 852 | |
| 65 | | 50% | yes | Quarry Lakes Parkway Improv. & ACWD Water Main Reloc. | 15 | 80 | 120 | 250 | | | | | 2,000 | 2,000 | | | | | | | | | | | | | | | | 4,464 | |
| 66 | BB09.51 | 20% | no | R03/B09-Whitfield Res. & Zone 2 Booster Elect. Upgrades | - | | | 223 | 826 | 445 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,494 | |
| 67 | MU50.02 | 0% | no | Regulator Site Improvements and Equipment Repl. | - | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 388 | |
| 68 | SR50.01 | 10% | no | Reservoir- Facility Improvements/ Equipment Repl. | 11 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 424 | |
| 69 | GG02.11B | 20% | no | Rock Pond to Horseshoe Lake Pipeline | - | - | - | | | | | | | 164 | 1,067 | | | | | | | | | | | | | | | 1,231 | |
| 70 | MD01.01 | 0% | no | Service Line Emergency Replacement Program | 2,428 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 2,428 | 2,428 | 2,428 | 2,428 | 2,428 | 2,185 | 2,185 | 2,185 | 2,185 | 2,185 | 2,185 | 2,185 | 2,185 | 2,185 | 2,185 | 2,185 | 2,185 | 2,185 | 2,185 | 55,089 | |
| 71 | MD01.02 | 0% | no | Service Line Incidental Replacement Program | 169 | 140 | 140 | 140 | 140 | 140 | 169 | 169 | 169 | 169 | 169 | 169 | 152 | 152 | 152 | 152 | 152 | 152 | 152 | 152 | 152 | 152 | 152 | 152 | 152 | 4,016 | |
| 72 | BB06.02B | 10% | no | Seven Hills Booster Station Study and Upgrade | | | | | | 27 | 445 | 2,318 | 61 | | | | | | | | | | | | | | | | 2,850 | | |
| 73 | | 20% | yes | Small Diameter Main Renewal – Dairy St and H Street | | 1,531 | 1,531 | 1,531 | | | | | | | | | | | | | | | | | | | | | | 4,593 | |
| 74 | MM80.11 | 20% | yes | Small Diameter Main Renewal - Fremont Sites | 76 | 618 | 2,191 | 1,240 | 3,289 | 5,000 | 4,000 | 2,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 18,415 | |
| 75 | MM80.19 | 20% | yes | Stevenson Main Renewal | | | | | | | | | | | 1,599 | 5,235 | 5,235 | | | | | | | | | | | | | 12,069 | |
| 76 | SR80.01B | 20% | no | T03 - Hidden Valley Tank Seismic Upgrade Phase II | | | | | | | 624 | 3,163 | | | | | | | | | | | | | | | | | 3,787 | | |
| 77 | ST08.01 | 100% | no | Tamarack Knolls Tank | | 27 | - | | | | 1,447 | 7,925 | 61 | | | | | | | | | | | | | | | | 9,459 | | |
| 78 | ST50.01 | 10% | no | Tanks- Facility Improvements/ Equipment Replacement | 8 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 396 | |
| 79 | PJ02.12 | 0% | no | TP2 Filter Press Polymer System Upgrade | - | - | 153 | | | | | | | | | | | | | | | | | | | | | | | 153 | |
| 80 | BB08.51 | 20% | no | Washington Booster Improvements (Phase 1 and 2) | 15 | 238 | - | | | | | | | | | | | | | | | | | | | | | | 253 | | |
| 81 | MD02.01 | 0% | no | Water Meter Replacements - Large Meters | 20 | 30 | 30 | 40 | 40 | 40 | 40 | 40 | 40 | | | | | | | | | | | | | | | | 320 | | |
| 82 | MD02.02 | 0% | no | Water Meter Replacements - Medium Meters | 4 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | | | | | | | | | | | | | | | 52 | | |
| 83 | MD02.03 | 20% | no | Water Meter Replacements - Small Meters | 16 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | | | | | | | | | | | | | | 266 | | |
| 84 | AK03.52 | 0% | no | Water Quality Laboratory Equipment Program | 53 | 200 | 200 | 200 | 200 | 50 | 20 | 15 | | | | 200 | 200 | 200 | 200 | | 20 | 15 | | | | | | | 1,773 | | |
| 85 | YI01.03B | 0% | no | Watershed SCADA additions to Distribution SCADA | 4 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 4 | | |
| 86 | PW50.01B | 10% | no | Wellfield General Improvements and Equipment Repl. | 12 | 42 | 44 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 1,069 | |
| 87 | PW07.51 | 20% | no | Whipple Well Electrical Infrastructure Replacement | - | - | - | - | - | - | - | 153 | 358 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 511 | | |
| 88 | BB11.01 | 100% | no | Whitfield Zone 3 Booster Station | | | | | | | 52 | 663 | 2,650 | | | | | | | | | | | | | | | | 3,365 | | |
| 89 | PJ02.51C | 0% | no | WTP No.2 Improvements and Equipment Replacements | 117 | 450 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 4,167 | |
| 90 | PJ02.08B | 20% | no | WTP2 Process Basin Concrete Grouting | - | - | - | 84 | | 962 | | | | | | | | | | | | | | | | | | | | 1,046 | |
| 91 | MM12.02 | 20% | no | Zone 4 Intercom Pipeline, Phase 2 - 3,640 ft x 12-inch | | | | | | | | | 1,648 | 4,121 | 2,472 | | | | | | | | | | | | | | 8,242 | | |
| 92 | MD01.10B | 20% | no | Zone Valve Relocation - Warm Springs | | | | | | | | | | | | 32 | 36 | 247 | | | | | | | | | | | 315 | | |
| Distribution System Total | | | | | 27,131 | 31,989 | 33,149 | 53,468 | 45,534 | 60,136 | 63,189 | 54,223 | 31,298 | 33,346 | 48,195 | 39,130 | 38,602 | 40,432 | 45,839 | 46,180 | 45,232 | 45,258 | 46,014 | 45,243 | 44,664 | 45,243 | 62,814 | 64,593 | 44,664 | 45,243 | 1,180,807 |
| Engineering | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 93 | AK01.04B | 20% | no | IT - Cityworks for Groundwater Permits | 35 | 30 | - | | | | | | | | | | | | | | | | | | | | | | 65 | | |
| 94 | AK01.67 | 0% | no | IT Enterprise Software Upgrades - JD Edwards | | | 300 | 1,500 | 1,500 | | | | 300 | | | | | 350 | | | | 400 | | | | | 500 | | 4,850 | | |
| 95 | AK01.09 | 0% | no | IT Infrastructure Upgrades - Capital | 250 | 350 | 150 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 300 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 300 | 60 | 60 | 60 | 2,610 | |
| 96 | AK01.10 | 0% | no | IT Records Management Project | 25 | 150 | 170 | 50 | 50 | | | | | | | | | | | | | | | | | | | | 445 | | |
| 97 | MM80.16 | 20% | yes | Mission Phase 2 Main Renewal | | | | | | | | 237 | 893 | 2,893 | 1,500 | 2,000 | | | | | | | | | | | | | 7,524 | | |
| 98 | MM17.03B | 75% | no | Niles-Newark Intertie Pipeline, Fremont Phase | | 20 | 10 | | | | | | | 794 | 794 | 794 | 794 | 24,060 | 23,399 | 4,864 | | | | | | | | 55,529 | | | |
| 99 | PJ02.10 | 5% | no | WTP No. 2 - Second Filter Press | | | | | | | | | | | | | | | | | 500 | 2,000 | 2,000 | | | | | | 4,500 | | |
| 100 | PJ02.07 | 5% | no | WTP2 Hose-less, Cable-driven Sludge Rem. Sys. to Improve Rel | | | | | | | 50 | 150 | 500 | 50 | | | | | | | | | | | | | | | 750 | | |
| 101 | PJ02-13 | 5% | no | WTP2 Increased Chemical Delivery and Storage | | | | | | | 50 | 150 | 500 | 50 | | | | | | | | | | | | | | | 750 | | |
| Engineering Total | | | | | 310 | 550 | 630 | 1,610 | 1,610 | 60 | 160 | 597 | 2,253 | 3,848 | 2,354 | 2,854 | 1,094 | 24,470 | 23,459 | 4,924 | 560 | 2,060 | 2,460 | 60 | 60 | 60 | 300 | 560 | 60 | 60 | 77,023 |
| Ground Water | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 20% | no | ACWD Groundwater Alternative Data Gap Project | - | 133 | 2,171 | | | | | | | | | | | | | | | | | | | | | | 2,304 | | |
| 102 | GA50.07 | 20% | no | Brackish Groundwater Reclamation Project-Desal Repl. | 40 | 1,078 | 1,754 | 2,304 | | | 3,954 | | | | 3,954 | | | | | | | | | | | | | | 13,084 | | |
| 103 | GG01.01 | 20% | no | Bunting Pumping Plant Decommissioning | - | - | - | | | | 197 | 643 | | | | | | | | | | | | | | | | | 840 | | |
| 104 | GA07.02 | 0% | no | Convert Lowry Well to Standby Well | - | - | - | | 250 | | | | | | | | | | | | | | | | | | | | 250 | | |
| 105 | GG43.03B | 20% | no | Fish Passage Facility Grating Assessment | - | - | - | 133 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 133 | | |
| 106 | | 20% | no | Fisheries Facilities Modifications | - | 47 | 76 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 699 | |
| 107 | GG50.05 | 20% | no | Fisheries SCADA integration | - | - | - | 79 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 79 | | |
| 108 | GG50.03 | 0% | no | GW Basin Reclamation and Protection Improvements | | | | 20 | 50 | | | | | | | | | | | | | | | | | | | | 70 | | |
| 109 | GG50.01 | 20% | no | GW Supply Facilities Improv/Equip Replacements | - | 42 | 42 | 42 | 147 | 95 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 1,208 | | |
| 110 | YI01.04 | 20% | no | H02 - Foundation Fieldbus Replacement | - | 377 | 541 | 541 | | | | | | | | | | | | | | | | | | | | | 1,458 | | |
| 111 | GG03.03 | 20% | no | Kaiser Pit BHF Rehabilitation | - | - | - | - | 2,980 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 2,980 | | |

ACWD CAPITAL IMPROVEMENT PROGRAM
REFLECTS ESTIMATED EXPENDITURES FOR FY2022/23 AND PROPOSED BUDGET FOR FY 2023/24 and FY 2024/25
FY 2024/25 AND LATER PROJECTS IN 2023 DOLLARS
ALL BUDGETS (\$) PRESENTED IN THOUSANDS

| Item | CIP No | % FIF | FRF | Project Description | FYE 23 Est. | FYE 24 | FYE 25 | FYE 26 | FYE 27 | FYE 28 | FYE 29 | FYE 30 | FYE 31 | FYE 32 | FYE 33 | FYE 34 | FYE 35 | FYE 36 | FYE 37 | FYE 38 | FYE 39 | FYE 40 | FYE 41 | FYE 42 | FYE 43 | FYE 44 | FYE 45 | FYE 46 | FYE 47 | FYE 48 | Total | |
|---|----------|-------|-----|---|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|------------------|--------|
| Customer Capital Contributions | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 161 | MD01.09 | 0% | no | CUSTOMER GENERATED DISTRIBUTION SYSTEMS IMPROV. | 4,459 | 3,800 | 3,800 | 3,800 | 3,800 | 3,800 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 83,459 | |
| Customer Capital Contributions Total | | | | | 4,459 | 3,800 | 3,800 | 3,800 | 3,800 | 3,800 | 3,000 | 83,459 | |
| Expense Projects | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 162 | EE01.65 | 0% | no | 2019 Joint Purified Water Feasibility Evaluation | 236 | 20 | - | | | | | | | | | | | | | | | | | | | | | | | 256 | | |
| 163 | | 0% | no | Alameda Creek Low Flow Channel Evaluation | 147 | 203 | - | | | | | | | | | | | | | | | | | | | | | | | 350 | | |
| 164 | GG70.01 | 0% | no | Alternative Update and Model Upgrade Project | 30 | 194 | 271 | 1,900 | | | | | | | | | | | | | | | | | | | | | | 2,395 | | |
| 165 | MD01.04 | 0% | no | Asbestos Cement Pipe Assessment Update | 34 | 101 | 100 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 235 | | |
| 166 | | 0% | no | Atmospheric River Response | 113 | | | | | | | | | | | | | | | | | | | | | | | | 113 | | | |
| 167 | AK01.04 | 0% | no | Cityworks Interface DMD | 50 | 25 | - | | | | | | | | | | | | | | | | | | | | | | 75 | | | |
| 168 | GA50.06 | 0% | no | Desal Supply Well Pilot Study | 74 | - | - | | | | | | | | | | | | | | | | | | | | | | 74 | | | |
| 169 | | 0% | no | Development Services Cityworks PLL Improvements | - | 115 | 140 | | | | | | | | | | | | | | | | | | | | | | 255 | | | |
| 170 | MM60.02 | 0% | no | Distribution Pressure near NDF and Patterson Res. in Newark | - | - | - | | | | 162 | | | | | | | | | | | | | | | | | | 162 | | | |
| 171 | MD01.04 | 0% | no | Distribution System Seismic Study Update | | | | | | | 76 | 424 | | | | | | | | | | | | | | | | | 501 | | | |
| 172 | | 0% | no | Drought Expenses | 320 | | | | | | | | | | | | | | | | | | | | | | | | 320 | | | |
| 173 | YI06.03 | 0% | no | Electrical Redundancy & Reliability for IT Systems | 49 | 143 | 27 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 218 | | |
| 174 | | 0% | no | Emergency Services ET | 109 | | | | | | | | | | | | | | | | | | | | | | | | 109 | | | |
| 175 | AK02.51 | 0% | no | Eng Dept - Capital Equipment and Materials | - | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 125 | | |
| 176 | PJ02.04 | 0% | no | Evaluate and Replace TP2 electrical equipment | - | - | | | | | 1,000 | 1,000 | 3,000 | | | | | | | | | | | | | | | | 5,000 | | | |
| 177 | AK03.53 | 0% | no | Facility Division Asset Management Master Plan | | 225 | 10 | | | | | | | | | | | | | | | | | | | | | | 235 | | | |
| 178 | GG50.07 | 0% | no | Groundwater PFAs Sampling and Source Investigation | 100 | 129 | 129 | | | | | | | | | | | | | | | | | | | | | | | 358 | | |
| 179 | GG50.08 | 0% | no | Groundwater SGMA Enhancement | - | 102 | 140 | | | | | | | | | | | | | | | | | | | | | | 241 | | | |
| 180 | EE01.61 | 0% | no | Integrated Resources Planning | 150 | 300 | 300 | 300 | 200 | | | | | | | | | | | | | | | | | | | | | 1,250 | | |
| 181 | AK01.64 | 0% | no | IT Enterprise Software Upgrades - Cayenta | | - | - | 300 | | | | | 300 | | | | | | | | | 300 | | | | | | 300 | 1,500 | | | |
| 182 | AK01.66 | 0% | no | IT Enterprise Software Upgrades - Cityworks | 50 | - | 70 | | 70 | | | 70 | | 70 | | | | | | | | 70 | | | | 70 | | 70 | 680 | | | |
| 183 | EE01.63 | 0% | no | Los Vaqueros Reservoir Expansion Project | 1,548 | 1,239 | 637 | 656 | 675 | 696 | 716 | 738 | 5,095 | 5,248 | 5,406 | 5,568 | 5,735 | 5,907 | 6,084 | 6,267 | 6,455 | 6,648 | 6,848 | 7,053 | 7,265 | 7,483 | 7,707 | 7,938 | 8,177 | 8,422 | 126,210 | |
| 184 | | 0% | no | Meter Shop Software | 96 | | | | | | | | | | | | | | | | | | | | | | | | 96 | | | |
| 185 | | 0% | no | MISC EXTRAORDINARY EXPENSES | 760 | | | | | | | | | | | | | | | | | | | | | | | | 760 | | | |
| 186 | PJ01.55 | 0% | no | MSJWTP Recommission and Upgrade | | - | - | | | | 515 | 1,030 | 16,480 | 4,120 | 2,060 | | | | | | | | | | | | | | | 24,205 | | |
| 187 | PF11.70 | 0% | no | Paseo Padre Take-off Utilization Study & Pipeline Project | | - | - | | | | 100 | 25 | | | | | | | | | 500 | 500 | 8,000 | 10,000 | | | | | 19,125 | | | |
| 188 | PH01.08 | 0% | no | PFAS monitoring program | | 103 | 103 | | | | | | | | | | | | | | | | | | | | | | | 206 | | |
| 189 | PH01.08 | 0% | no | PFAS treatment study (EE) | - | - | - | | 80 | 80 | | | | 80 | | | | | | | | | | | | 80 | | 80 | 480 | | | |
| 190 | GG41.03B | 0% | no | Rubber Dam 1 - Fish Ladder Miscellaneous Safety Mod. | 40 | 126 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 167 | | |
| 191 | AK03.64 | 0% | no | School lead testing | | 13 | 33 | 33 | 33 | 33 | 33 | | | | | | | | | | | | | | | | | | 180 | | | |
| 192 | MD01.11 | 0% | no | Service Lines - Lead Evaluation | 81 | 102 | 102 | | | | | | | | | | | | | | | | | | | | | | 286 | | | |
| 193 | AK01.69 | 0% | no | Technology Master Plan | | 250 | 25 | | | | | | | | | | | | | | | | | | | | | | 275 | | | |
| 194 | PJ02.08B | 0% | no | TP2 Process Block Construction Joint Assessment and Sealing | - | - | - | 200 | | | 1,223 | | | | | | | | | | | | | | | | | | 1,423 | | | |
| 195 | AV01.55 | 0% | no | Vehicle Capital - Leased Vehicle | | 271 | 435 | 575 | 717 | 717 | 717 | 725 | 725 | 725 | 725 | 750 | 750 | 750 | 750 | 750 | 750 | 750 | 750 | 750 | 750 | 750 | 750 | 750 | 750 | 17,582 | | |
| 196 | SR01.01 | 0% | no | Vineyard Heights Tank site stability | - | 315 | 209 | | | | | | | | | | | | | | | | | | | | | | 523 | | | |
| 197 | | 0% | no | Water Efficiency Master Plan | 93 | | | | | | | | | | | | | | | | | | | | | | | | 93 | | | |
| 198 | AK03.62 | 0% | no | Water Quality Extraordinary Expenses | | 316 | 567 | 100 | | | | | | | | | | | | | | | | | | | | | 984 | | | |
| 199 | WZ04.01 | 0% | no | Water Reclamation, Phase 1 | | - | - | | | | | | | | | | | | | | 7,101 | 7,314 | 4,236 | 4,363 | 4,494 | 4,629 | 4,768 | 20,073 | 20,675 | 21,295 | 98,949 | |
| 200 | PJ02.62 | 0% | no | WTP2 Filter Media Replacement | | - | 790 | | | | | | | 600 | 600 | | | | | | | | | | 1,200 | 1,200 | | | 4,390 | | | |
| 201 | PJ02.10 | 0% | no | WTP2 Redundancy and Reliability of Filter Press | | - | - | | 50 | 150 | 50 | - | | | | | | | | | | | | | | | | | 250 | | | |
| 202 | AV01.70 | 0% | no | Zero Emission Fleet Transition Master Plan | | | 200 | - | - | 500 | | | | | | | | | | | | | | | | | | | 700 | | | |
| Expense Projects Total | | | | | 4,082 | 4,497 | 4,093 | 4,069 | 2,251 | 1,681 | 4,678 | 4,017 | 25,605 | 10,168 | 8,276 | 6,923 | 7,160 | 6,962 | 6,909 | 7,102 | 14,811 | 15,287 | 20,139 | 22,172 | 12,664 | 14,067 | 14,430 | 29,136 | 29,606 | 30,552 | 311,336 | |
| | | | | | FYE 23 Est. | FYE 24 | FYE 25 | FYE 26 | FYE 27 | FYE 28 | FYE 29 | FYE 30 | FYE 31 | FYE 32 | FYE 33 | FYE 34 | FYE 35 | FYE 36 | FYE 37 | FYE 38 | FYE 39 | FYE 40 | FYE 41 | FYE 42 | FYE 43 | FYE 44 | FYE 45 | FYE 46 | FYE 47 | FYE 48 | Total | |
| General Fund CIP | | | | | 37,420 | 51,065 | 52,776 | 61,926 | 52,172 | 60,625 | 66,476 | 58,709 | 61,439 | 65,244 | 68,031 | 50,889 | 43,268 | 50,569 | 53,821 | 49,726 | 55,879 | 58,698 | 63,748 | 62,624 | 55,934 | 54,762 | 70,783 | 87,674 | 69,583 | 71,004 | 1,534,843 | |
| Less FRF CIP | | | | | 3,804 | 2,540 | 2,769 | 2,898 | 2,985 | 3,075 | 3,167 | 3,262 | 3,360 | 3,460 | 3,564 | 3,671 | 3,781 | 3,895 | 4,011 | 4,132 | 4,256 | 4,383 | 4,515 | 4,650 | 4,790 | 4,934 | 5,082 | 5,234 | 5,391 | 5,553 | 103,162 | |
| Less Extraordinary Expense | | | | | 4,082 | 4,497 | 4,093 | 4,069 | 2,251 | 1,681 | 4,678 | 4,017 | 25,605 | 10,168 | 8,276 | 6,923 | 7,160 | 6,962 | 6,909 | 7,102 | 14,811 | 15,287 | 20,139 | 22,172 | 12,664 | 14,067 | 14,430 | 29,136 | 29,606 | 30,552 | 311,336 | |
| Less Customer Jobs CIP | | | | | 4,459 | 3,800 | 3,800 | 3,800 | 3,800 | 3,800 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 83,459 |
| Net General Fund CIP | | | | | 25,076 | 40,228 | 42,114 | 51,159 | 43,137 | 52,069 | 55,631 | 48,430 | 29,474 | 48,615 | 53,191 | 37,295 | 29,326 | 36,712 | 39,901 | 35,493 | 33,813 | 36,027 | 36,094 | 32,802 | 35,480 | 32,761 | 48,271 | 50,304 | 31,585 | 31,900 | 1,036,886 | |
| FIF CIP | | | | | 4,519 | 7,575 | 8,370 | 11,044 | 10,764 | 11,880 | 17,967 | 17,556 | 9,277 | 13,035 | 21,540 | 9,230 | 7,465 | 25,016 | 25,903 | 12,126 | 8,520 | 8,321 | 8,388 | 8,221 | 8,221 | 8,221 | 10,028 | 10,088 | 8,221 | 8,221 | 299,717 | |
| Capital Improvement Program Total | | | | | 41,940 | 58,641 | 61,146 | | | | | | | | | | | | | | | | | | | | | | | | | |

Appendix

D: Financial Policies

Statement of Reserve Fund Policy

Effective June 8, 2023

POLICY

A key element of prudent financial planning is to ensure that sufficient funding is available for current operating, capital, and debt service cost needs. Another critical aspect of fiscal responsibility is to not only anticipate and prepare for future funding requirements for ongoing operations and maintenance expenses and capital expenditures, but also to prepare for unforeseen disasters and other unforeseen events. In addition, reserves need to be maintained when defined by statute, court determinations, contractual agreements, or bond resolutions. The Alameda County Water District will at all times strive to have sufficient funding available to meet its operating, capital, debt service cost, and any other obligations.

Reserve funds will be accumulated and managed in a manner which allows the District to fund costs consistent with the Capital Improvement Plan, the Long Range Financial Planning Model, and the Integrated Resource Management Plan while avoiding significant rate fluctuations due to changes in cash flow requirements. The District will maintain a cash reserve position that may be utilized to fund unexpected fluctuations in revenues and operating and capital expenditures. In addition, annual net revenue levels will be maintained to ensure that the Debt Service Coverage Ratio stays at or above the target rate of 2.0 while also adequately funding all cash reserves at their designated minimums and targets. Staff will review with the Board of Directors, during the annual budget review, the level of reserve funds needed.

DEFINITIONS

The District maintains two types of reserve funds:

Restricted Reserves

Restricted reserves are reserves that are restricted by an outside source, such as by statute, court determination, or contract.

Designated Reserves

Designated reserves are reserves that are established and set aside to be used for a specific, Board designated purpose.

RESTRICTED RESERVES

Facilities Improvement Fund Reserve

The Facilities Improvement Fund Reserve is a restricted reserve, required by California Government Code Section §66013, for the purposes of depositing Facilities Connection Charges from customers and then utilizing the funds to help pay for the growth related component of capital projects in the District's Capital Improvement Program. The Facilities Connection Charge amount is reviewed regularly and has a cost basis calculated on the cost of growth capital in the 25-Year Capital Improvement Plan.

The Facilities Improvement Fund Reserve may make loans to the Installer's Reimbursement Fund Reserve as needed to ensure an adequate reserve balance to reimburse developers for eligible projects. Notwithstanding the authorization to make loans, funds in the Facilities Improvement Fund Reserve and Installer's Reimbursement Fund Reserve shall continue to be separately accounted for to ensure the funds are not comingled. Any loans shall identify the date that the loan will be repaid and shall be repaid to the Facilities Improvement Fund Reserve with interest calculated at the rate paid by the Local Agency Investment Fund.

Installer's Reimbursement Fund Reserve

The Installer's Reimbursement Fund Reserve is a restricted reserve for the purpose of depositing Facilities Reimbursement Charges from developers. The funds are used to reimburse developers for the

marginal cost of building over-sized mains or other infrastructure that supports growth and that exceeds the requirements to serve their development, and is built at the direction of the District. The Facilities Reimbursement Charge is reviewed regularly and has a cost basis calculated on the cost of anticipated developer reimbursements.

Management Retirement Bonus Reserve

The Management Retirement Bonus Reserve is a restricted reserve established by the Board of Directors to fund the total estimated remaining amount of future bonuses for any current employees that meet the eligibility requirements of the Management Retirement Bonus program. This program was established for employees hired on or before December 31, 2000. Employees hired on or after January 1, 2001 are not eligible.

DESIGNATED RESERVES

Operations & Maintenance (O&M) Reserve

The O&M Reserve is a designated reserve, which has been established by the Board of Directors to maintain a level of funding to meet the daily cash needs for ongoing operations and maintenance of the water system. This also provides funds to ensure District operations are not affected by the timing of planned expenses, an unexpected expense, or disruption in revenue.

The O&M Reserve has an established minimum target of three months of water revenues.

Capital Reserve

The Capital Reserve is a designated reserve, which has been established by the Board of Directors to maintain a minimum level of funding to meet the cash flow requirements of the Capital Improvement Program and fund up to one-year of capital improvements. The District's main current source of funding for capital improvements is from water revenues. Capital improvements are designed to meet regulatory requirements, improve system reliability, and address future water demand in the District and are included in the 25-Year Capital Improvement Program and Long Range Financial Planning Model, both of which are reviewed by the Board of Directors each fiscal year.

The Capital Reserve has an established minimum target of one year of water system depreciation. This total minimum level of capital cash reserves is to ensure there are sufficient reserves maintained to help minimize the risk from year to year of not having enough cash in reserve to fund unanticipated swings in "pay-go" capital expenditures or to fund capital investments to maintain the value of the water system during a decline in revenues. However, the funding in the Capital Reserve will be revised annually based on the prior year's depreciation and will be adjusted to account for unanticipated timing issues that may affect the reserve balance.

Capital Projects Sinking Fund

Funds for planned capital projects may temporarily accumulate due to unanticipated timing issues and will be retained for paying capital expenditures as the expenses are incurred. Due to the timing of capital projects, the Capital Projects Sinking Fund is utilized to account for resources specifically designated for future capital projects. The annual Capital Improvement Program appropriations are drawn from this fund as needed.

The Capital Projects Sinking Fund has an established target equal to the difference between the current General Fund ending balance and lowest ending balance within the next five years as presented in the Financial Planning Model.

Operations Contingency Fund

The Operations Contingency Fund is established to account for General Fund balances that are not required to fund other reserves and the Capital Projects Sinking Fund. These funds are used to pay for one-time projects, smooth out rate increases, pay down unfunded liabilities, or provide for unforeseen costs of an unusual or extraordinary nature that could not be planned for in the budget process.

Rate Stabilization Reserve

The Rate Stabilization Reserve is a designated reserve, which at the direction of the Board of Directors is maintained at an amount equal to six months of variable water sales – the difference in revenue that would result from using the lowest water usage year versus the most recent year or a typical year based on current commodity rates.

These reserve funds may be designated to address revenue shortfalls resulting from lower than anticipated water sales due to unusually wet weather, conservation in response to a water shortage emergency, or any other reason that may cause lower water sales. Rate Stabilization Reserve funds will be replenished as needed during years of higher than anticipated water sales. The purpose of this reserve is to moderate the need for rate increases resulting from lower water demand.

Emergency Reserve

The Emergency Reserve is a designated reserve, which at the direction of the Board of Directors, is to be maintained at a target level of \$10 million. This is the calculated additional amount of funds needed to purchase water in a year of adverse water conditions. The Emergency Reserve is to be used only with the authorization of the Board of Directors in the event of an unforeseen event such as a natural disaster, water shortage emergency, or other unanticipated adverse situation.

In addition to the Emergency Reserve, the District retains a \$10 million emergency line of credit that is available to the District during a declared state of emergency to finance emergency response activities if District reserves are insufficient. The line of credit can be increased if needed to respond to a major disaster.

RESERVE POLICY REVIEW

The provisions of this Reserve Policy will be reviewed by the Board of Directors on an annual basis in conjunction with the review and approval of the District's budget.

Debt Management and Disclosure Policy

Effective November 10, 2022

POLICY

The Debt Management and Disclosure Policy (the “Debt Policy”) sets forth guidelines for the financing of capital projects and establishes general parameters for the issuance and administration of bonds and other forms of indebtedness. This Debt Policy is intended to comply with the requirements of Senate Bill 1029 (SB 1029), codified as part of Government Code Section 8855(i), effective on January 1, 2017 and shall govern all debt undertaken by the District.

The Alameda County Water District (the “District”) is committed to prudent financial management, systematic capital planning, and long-term financial planning. It is the purpose of the Debt Policy to further the District’s mission to provide a reliable supply of high quality water at a reasonable price to customers through the pursuit of the following objectives:

- guide the prudent use of resources
- maintain access to cost-effective borrowing
- minimize debt service and issuance costs
- retain the highest possible credit rating
- maintain full and complete financial disclosure and reporting
- achieve full and timely repayment of debt
- ensure future financial flexibility

All indebtedness shall be integrated with the District’s biennial Operating Budget, 25-Year Capital Improvement Program, and Financial Planning Model. New indebtedness will be evaluated for impact to pledged revenue, debt service coverage, and annual debt service.

CRITERIA FOR DEBT FINANCING/POLICY GOALS

As a guiding policy, debt financing shall only be used to fund the design, construction, or acquisition of capital assets; it will not be used for operating and maintenance or other recurring costs. The District will use the following criteria to evaluate pay-as-you-go versus pay-as-you-use (debt) financing for portions of its capital improvement program from time to time:

Factors Favoring Pay-As-You-Go Financing

- Projects or assets with short useful lives
- Ongoing renewal and replacement projects or assets
- Project can be adequately funded with current resources without impairing the District’s future financial position
- Additional debt would adversely affect the District’s cash flow position, operating flexibility, or ability to maintain compliance with existing debt covenants
- Capital market conditions are unstable or present difficulties in financing

Favoring Pay-As-You-Use (Debt) Financing

- Projects or assets with long useful lives
- Major and periodic projects or assets
- Proposed pledged revenues for debt service are sufficient and reliable so that long-term financing can be obtained at favorable interest rates
- Additional debt would not adversely impact covenants of outstanding debt
- Determination that it would be prudent to provide intergenerational equity
- Project is mandated by state or federal requirements and other funding options are insufficient or

- unavailable
- Project is immediately required to meet District needs and other funding options are insufficient or unavailable

METHODS OF FINANCING

The District will evaluate all possible project financing alternatives including, but not limited to, bonds (issued either directly by the District or through a joint powers authority), bank loans, lines of credit, commercial paper, state revolving funds, Water Infrastructure Finance and Innovation Act (WIFIA) loans, interfund borrowing, and grants. Financing methods will be evaluated within the framework of the District's outstanding debt, capital improvement plan and long-term financial planning model. Additionally, the District recognizes that the terms and covenants associated with various financing methods may differ. As such, the use of particular financing methods will also be analyzed as to any impacts to existing bondholder/lender terms and covenants and impacts to future financial flexibility. Financing will be evaluated in combination of all outstanding debt to ensure debt coverage and District creditworthiness is not adversely impacted.

DEBT ISSUANCE

While the District strives to adhere to the Debt Policy, changes in capital markets, unforeseen circumstances, or extraordinary conditions may require exceptions. Exceptions to the Debt Policy will be reviewed with the Board of Directors (the "Board") for consideration prior to debt issuance.

Method of Sale – Bonds will primarily be sold through competitive sale, but may alternatively be sold through a negotiated sale due to volatile market conditions, complex security features, or policy goals. Private Placements will generally be avoided, except if implemented through state or federal loan programs offering advantageous interest rates.

Type – The District will typically issue special revenue bonds secured by a pledge of the District's water revenue.

Term – Debt terms will not exceed the useful life of the asset. Debt will be structured to have a fair allocation of costs to current and future users.

Lien Level – Senior, Junior, and Subordinated Junior Liens will be evaluated based on cost or capacity of the revenue source securing the debt.

Coupon – The District will generally seek to issue fixed rate debt and avoid variable rate debt to minimize interest rate risk.

Maturity – Debt issuances will typically be a combination of serial and term bonds. Only under certain market conditions will capital appreciation (zero coupon) bonds be used.

Structure – Level debt service, level principal, or "wrap around" option bond structures will be evaluated based on projected cash flow, current annual debt service, and estimated project revenues.

Tax Exempt – The District will evaluate tax status of any bond sales with bond counsel and comply with all applicable laws and regulations to ensure the tax-exempt status of its bonds. Taxable debt will generally be avoided to reduce interest expense unless there is a legally required or advantageous reason for utilizing taxable bonds vis-à-vis tax-exempt bonds.

Capitalized Interest – The District will evaluate whether or not to capitalize interest during the construction period of a project on a case-by-case basis. Generally, capitalized interest will only be considered for a revenue-producing project and such that debt service expense does not begin until the project is expected to be operational and producing revenues.

Debt Service Coverage – The District’s existing bond covenants require a debt service coverage ratio (net revenues to debt service) of at least 1.25. It is the intent of the District to maintain the debt service coverage ratio at 2.00 or higher.

Redemption Provisions – For all debt issuances, the District will evaluate the cost benefit of redemption provisions against potential interest savings through refunding. Periodic reviews of all outstanding debt will be undertaken to determine redemption opportunities. Redemption will only be considered if allowable by debt covenants and there are sufficient resources to prepay/retire debt without adverse impact to the District’s financial position.

Credit Enhancement – Credit enhancements will be evaluated on a case-by-case basis for each debt issuance.

Debt Service Reserve – The size of Debt Service Reserve Funds is generally the lesser:

- 10% of par
- 125% of average annual debt service
- 100% of maximum annual debt service

In consultation with the District’s underwriter and financial advisor, debt service reserve funds will not be utilized unless it is determined beneficial to the District’s bond issuance or borrowing needs.

Derivatives – Derivative products carry certain risks that are not associated with standard debt instruments. Derivatives will generally not be utilized by the District.

DEBT ADMINISTRATION/INTERNAL CONTROL PROCEDURES

The District shall maintain compliance with all bond covenants and agreement of each debt issuance on an ongoing basis.

Investment of Proceeds – Bond proceeds and reserve funds shall be invested in accordance with each issue’s indenture or trust agreement. All investments will be made in compliance with the District’s Investment Policy and State and federal laws.

Arbitrage Compliance – The District will diligently monitor its compliance with Internal Revenue Service regulations and the federal Tax Code to ensure adherence to arbitrage and rebate requirements. The District will implement quinquennial arbitrage reviews or reviews no less frequently than the maximum period allowed by law.

Filing Requirements – The District shall file all required notices and reports with the California Debt and Investment Advisory Commission (CDIAC) in compliance with applicable laws.

Refunding – Periodic reviews of all outstanding debt will be undertaken to determine refunding opportunities. Refunding will be considered (within federal tax law constraints) if and when there is a significant economic benefit of the refunding or the refunding is essential in order to modernize covenants essential to operations and management.

Continuing Disclosure – The District shall comply with the requirements of the Continuing Disclosure Certificate(s) entered into at the time of each debt issuance. The District shall be responsible for overseeing the continuing disclosure process and providing ongoing disclosure information to the Municipal Securities Rulemaking Board’s (MSRB) Electronic Municipal Market Access (EMMA) system. The District shall require that its dissemination agent provide confirmation that all required documents have been properly distributed to the appropriate parties within the legal deadlines.

In addition to annual reports, Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) (“Rule”) obligates the District to disclose in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the securities being offered:

- Principal and interest payment delinquencies
- Non-payment related defaults, if material
- Unscheduled draws on debt service reserves reflecting financial difficulties
- Unscheduled draws on credit enhancements reflecting financial difficulties
- Substitution of credit or liquidity providers, or their failure to perform
- Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
- Modifications to rights of securities holders, if material
- Bond calls, if material, or tender offers
- Defeasances
- Release, substitution, or sale of property securing repayment of the securities, if material
- Rating changes
- Bankruptcy, insolvency, receivership, or similar event of an obligated person
- The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- Appointment of a successor or additional trustee or the change of name of a trustee, if material
- (For any transactions closed after February 2019) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material.
- (For any transactions closed after February 2019) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

For purposes of the Rule, “Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities (defined in the Rule) as to which a final official statement (defined in the Rule) has been provided to the MSRB consistent with the Rule.

Use of Proceeds – The District shall prepare monthly bond expenditure and drawdown reports for management review and approval to ensure that debt proceeds are directed to their intended use and spent within a timely manner. The monthly Revenue & Expenditures report tracks year-to-date capital project expenses and the Bond Project Expenses report tracks the inception-to-date bond project expenses. On a quarterly basis, bond drawdowns are requested based on the Bond Expenses report.

The District shall prepare an annual Revenue & Expenditures report to the Board of Directors for review of remaining bond proceeds and annual spending of each capital project. The report shall be prepared by the District for review by the Board of Directors within 90 days after the close of each fiscal year.

Trustee – In compliance with the Installment Purchase Contract for each debt issuance, the District will annually file with the designated Trustee, all required certificates and will furnish a copy of the certificates to any bondholder and any investment banker, securities dealer and other interested parties requesting copies of the certificates.

Retention – A copy of all relevant documents and records will be maintained by the District for the term of the bonds (including refunding bonds, if any) plus ten years. Relevant documents and records will include sufficient documentation to support the requirements relating to the tax-exempt status, including:

- Bond transcripts, official statement, and other offering documents.
- Documents relating to capital expenditures financed by bond proceeds.
- Records identifying the assets or portions of assets that are financed with bond proceeds.
- All records of investments, investment agreements, arbitrage reports, return filings with the IRS and underlying documents, trustee statements, rating correspondence, and continuing disclosure.

SB 1029 COMPLIANCE

SB 1029, signed by Governor Brown on September 12, 2016, and enacted as Chapter 307, Statutes of 2016, requires issuers to adopt debt policies addressing each of the five items below, all of which are addressed within this debt policy.

- A. The purposes for which the debt proceeds may be used.
- B. The types of debt that may be issued.
- C. The relationship of the debt to, and integration with, the issuer's capital improvement program or budget, if applicable.
- D. Policy goals related to the issuer's planning goals and objectives.
- E. The internal control procedures that the issuer has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.

POLICY REVIEW

The provisions of this policy will be reviewed by the Board of Directors on an annual basis and prior to any new debt issuance.

Statement of Investment Policy

Effective June 8, 2023

Policy

It is the policy of the Alameda County Water District (the District) to invest District funds in a prudent manner which will provide the highest investment return with the maximum security of principal while meeting the daily cash flow demands of the District and conforming to all applicable federal, state and local statutes governing the investment of public funds.

This policy is written to incorporate industry best practices and recommendations from sources such as the Government Finance Officers Association (GFOA), California Municipal Treasurers Association (CMTA), California Debt and Investment Advisory Commission (CDIAC) and the Association of Public Treasurers (APT).

Scope

This investment policy applies to all District funds which are under the direct oversight of the Board of Directors, excluding deferred compensation, other post-employment benefit assets, and bond proceeds. The investment of bond proceeds shall be governed by the provisions of the related bond indentures or resolutions.

Delegation of Authority

Authority to manage the District's investment program is derived from California Government Code, Sections 53600 et seq. The management responsibility for the investment program is hereby delegated to the Treasurer for the following Fiscal Year. No person may engage in an investment transaction except as provided under the limits of this policy unless specifically exempted by statute or ordinance. The Treasurer may delegate the day-to-day placement of investments to a registered Investment Advisor under the Investment Advisers Act of 1940, via written agreement approved by the Board of Directors. The Investment Advisor shall make all investment decisions and transactions in strict accordance with state law and this Policy. The Treasurer shall establish a system of written internal controls to regulate the District's investment activities, including the activities of the Investment Advisor and any staff acting on behalf of the District.

The District's overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The District recognizes that in a diversified portfolio, occasional measured losses may be inevitable and must be considered within the context of the overall portfolio's return and the cash flow requirements of the District

Investment officers and staff acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Standard of Care

The Board of Directors and those persons authorized to make investment decisions on behalf of the District are trustees of public funds. The standard of care to be used in all investment transactions shall be the "prudent investor" standard and shall be applied in the context of managing an overall portfolio (Government Code Section 53600.3). The Code section states:

"...all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the

conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.”

Objective

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

- Safety: Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification by issuer and type and maturity of securities will be made to avoid or minimize loss on individual securities.
- Liquidity: The District's investment portfolio will remain sufficiently liquid to enable the District to meet all operating and capital cash requirements which might be reasonably anticipated.
- Return: The District's investment portfolio shall be designed with the objective of providing a market rate of return throughout budgetary and economic cycles while conforming to the safety and liquidity criteria above.

Ethics and Conflicts of Interest

All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. Thus employees and officials involved in the investment process shall refrain from personal business activity that could create a conflict of interest or the appearance of a conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Employees and investment officials shall disclose to the General Manager any material interests in financial institutions with which they conduct business, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking any personal investment transactions with the same individual with whom business is conducted on behalf of the District.

Internal Controls

The Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Periodically, as deemed appropriate by the District and/or the Board of Directors, an independent analysis by an external auditor shall be conducted to review internal controls, account activity and compliance with policies and procedures

Authorized Investments

The Districts' investments are governed by California Government Code, Sections 53600 et seq. Within the investments permitted by the Government Code, the District seeks to further restrict eligible investments to the guidelines listed below. In the event a discrepancy is found between this policy and the Government Code, the more restrictive parameters will take precedence. Percentage holding limits and minimum credit quality listed in this section apply at the time the security is purchased.

Any investment currently held at the time the policy is adopted which does not meet the new policy guidelines can be held until maturity, and shall be exempt from the current policy. At the time of the investment's maturity

or liquidation, such funds shall be reinvested only as provided in the current policy.

Rating requirements and percentage limitations, where indicated, apply at the time of purchase. In the event a security held by the District is subject to a rating change that brings it below the minimum specified rating requirement, the Treasurer shall notify the Board of Directors of the change as required by this policy. The course of action to be followed will then be decided on a case-by-case basis, considering such factors as the reason for the ratings change, prognosis for recovery or further ratings changes, and the market price of the security.

An appropriate risk level shall be maintained by primarily purchasing securities that are of high quality, liquid, and marketable. The portfolio shall be diversified by security type and institution to avoid incurring unreasonable and avoidable risks regarding specific security types or individual issuers.

The following investments may be purchased in accordance with the provisions of Section 53601 et. seq. of the California Government Code:

- Certificates of Deposit. Federal Deposit Insurance Corporation (FDIC)-insured or fully collateralized time certificates of deposit in financial institutions. All time deposits exceeding \$250,000 must be collateralized in accordance with Section 53652 of the California Government Code. All certificates of deposit will be supported by a contract for deposit of money with the depositing bank. No more than 20% of the portfolio will be invested in a combination of federally insured and collateralized time deposits, and the maximum maturity shall not exceed five (5) years.
- United States Treasury notes, bonds, bills or other obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest. There are no limits on the dollar amount or percentage in which the District may invest in United State Treasuries.
- Federal agency or United States government-sponsored enterprise (GSE) obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. No more than 30% of the portfolio may be invested in any single Agency/GSE issuer. The maximum percent of agency callable securities in the portfolio will be 20%.
- Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled or operated by the state or any local agency or by a department, board, agency, or authority of the state or any local agency; provided such obligations are rated in a rating category of "A" or its equivalent or better by at least one nationally recognized statistical ratings organization ("NRSRO"). California and local California agency obligations combined with the municipal obligations of the other 49 United States may not exceed 30% of the District's surplus funds. No more than 5% of the portfolio may be invested in any single issuer.
- Registered treasury notes or bonds of any of the other 49 United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California; provided such obligations are rated in a rating category of "A" or its equivalent or better by at least one NRSRO. Municipal obligations of the other 49 United States combined with California and local California agency obligations may not exceed 30% of the District's surplus funds. No more than 5% of the portfolio may be invested in any single issuer.
- Bankers' acceptances provided that such obligations are rated "A-1" or its equivalent or better by at least one NRSRO; or long-term debt obligations which are rated in a rating category of "A" or its

equivalent or better by at least one NRSRO. Bankers' acceptances may not exceed 180 days maturity or 40% of the District's surplus funds. No more than 5% of the portfolio may be invested in any single issuer.

- Commercial paper provided that such obligations are rated "A-1" or its equivalent or better by at least one NRSRO. Issuing corporations must be organized and operating within the United States as a general corporation, have total assets in excess of \$500 million, and must have outstanding debt, other than commercial paper, rated in the rating category of "A" or its equivalent or better by at least one NRSRO. Commercial paper may not exceed 270 days maturity. Commercial paper holdings may not represent more than 10% of the outstanding paper of an issuing corporation. No more than 5% of the portfolio may be invested in one single issuer. Additionally, Commercial paper cannot exceed 25% of the District's surplus funds. Under a provision sunseting on January 1, 2026, no more than 40% of the portfolio may be invested in Commercial Paper if the District's investment assets under management are greater than \$100,000,000.
- Negotiable certificates of deposit or deposit notes issued by a nationally or state- chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Negotiable certificates of deposit may not exceed 30% of the District's surplus funds. Any amount insured up to the FDIC limit does not require any credit ratings. Any amount above the FDIC insured limit must be issued by institutions which have short-term debt obligations rated "A-1" or its equivalent or better by at least one NRSRO; or long-term obligations rated in a rating category of "A" or its equivalent or better by at least one NRSRO.
- Medium-term corporate notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States provided that the senior debt obligations of the issuing institution is in a rating category of "A" or its equivalent or better by at least NRSRO. Medium-term corporate notes may not exceed 30% of the District's total surplus funds. No more than 5% of the portfolio may be invested in any single issuer and the maximum maturity does not exceed five (5) years.
- State of California Local Agency Investment Fund (LAIF). The District may invest up to the maximum amount permitted by LAIF. LAIF's investments in instruments prohibited by or not specified in the District's policy do not exclude the investment in LAIF itself from the District's list of allowable investments, provided LAIF's reports allow the Treasurer to adequately judge the risk inherent in LAIF's portfolio.
- Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (q), inclusive, of California Government Code Section 53601. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:
 - (1) The adviser is registered or exempt from registration with the Securities and Exchange Commission.
 - (2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.
 - (3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

- Mutual Funds and Money Market Mutual Funds that are registered with the Securities and Exchange Commission under the Investment Company Act of 1940, provided that:
 - (1) Mutual Funds that invest in the securities and obligations as authorized under California Government Code, Section 53601 (a) to (k) and (m) to (q) inclusive and that meet either of the following criteria:
 - attained the highest ranking or the highest letter and numerical rating provided by not less than two (2) NRSROs; or Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by California Government Code, Section 53601 and with assets under management in excess of \$500 million.
 - no more than 10% of the total portfolio may be invested in shares of any one mutual fund.
 - (2) Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S. C. Sec. 80a-1, et seq.). The company must have met either of the following criteria:
 - attained the highest ranking letter and numerical rating provided by not less than two NRSROs or
 - have an investment advisor registered with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of \$500 million.
 - No more than 20% of the total portfolio may be invested in the shares of any one Money Market Mutual Fund.

The purchase price of shares may not exceed 20% of the District's total surplus funds.

- Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations from Issuers not defined in sections on US Treasuries and Federal Agencies provided that the securities are rated in a rating category of "AA" or its equivalent or better by a NRSRO; no more than 20% of the total portfolio may be invested in these securities; no more than 5% of the portfolio may be invested in any single Asset-Backed or Commercial Mortgage security issuer; and the maximum legal final maturity does not exceed five (5) years.
- Supranationals, provided that issues are US dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter- American Development Bank. The securities are rated in a rating category of "AA" or its equivalent or better by a NRSRO; no more than 30% of the total portfolio may be invested in these securities; no more than 10% of the portfolio may be invested in any single issuer. The maximum maturity does not exceed five (5) years.

Authorized Financial Dealers and Institutions

1. If a third party Investment Advisor is authorized to conduct investment transactions on the District's behalf, the Investment Advisor may use its own list of approved broker/dealers and

financial institutions for investment purposes. The Investment Advisor's approved list must be made available to District upon request. The District may instruct the Advisor not to use a particular broker for the investment of District funds.

2. For any investment transactions conducted by the Treasurer on behalf of the District, the Treasurer shall comply with the following requirements

Investments not purchased directly from the issuer will be purchased from:

- Institutions licensed by the State of California as broker-dealers
- Member of a federally regulated securities exchange
- Federal or California state chartered banks or savings institutions
- Brokerage firms designated as a primary government dealer by the Federal Reserve bank

Public deposits will be made only in qualified public depositories as established by State law. Deposits will be insured by the, or, to the extent the amount exceeds the insured maximum, will be collateralized in accordance with State law.

Prior to providing investment services to the District, and annually thereafter, each financial institution shall acknowledge in writing that it has received a copy of the District's investment policy and that the policy has been reviewed by all persons handling the District's account. All authorized financial institutions will be required to annually submit audited financial statements to the Treasurer. The Treasurer shall maintain a list of established dealers, brokers, banks and savings and loan associations with which securities trading and placement of funds are authorized. Dealers and brokers shall be regulated by the Securities and Exchange Commission and be members in good standing of the National Association of Securities Dealers.

Prohibited Investments

State law notwithstanding, any investments not specifically described herein are prohibited, including, but not limited to futures and options. In accordance with Government Code, Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited. Investment in any security that could result in a zero interest accrual if held to maturity is prohibited. Under a provision sunseting on January 1, 2026, securities backed by the U.S. Government that could result in a zero- or negative-interest accrual if held to maturity are permitted. Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited. Purchasing or selling securities on margin is prohibited. The use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited. The purchase of foreign currency denominated securities is prohibited.

Investment in Pools/ Mutual Funds

The District shall conduct a thorough investigation of any pool or mutual fund prior to making an investment, and on a continual basis thereafter. The Treasurer shall develop a questionnaire which will answer the following general questions:

- A description of eligible investment securities, and a written statement of investment policy and objectives.
- A description of interest calculations and how it is distributed, and how gains and losses are treated.
- A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
- A schedule for receiving statements and portfolio listings.

- Are reserves, retained earnings, etc. utilized by the pool/fund
- A fee schedule, and when and how is it assessed.
- Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds

Collateralization

Certificates of Deposit (CDs). The District shall require any commercial bank or savings and loan association to deposit eligible securities with an agency of a depository approved by the State Banking Department to secure any uninsured portion of a Non-Negotiable Certificate of Deposit. The value of eligible securities as defined pursuant to California Government Code, Section 53651, pledged against a Certificate of Deposit shall be equal to 150% of the face value of the CD if the securities are classified as mortgages and 110% of the face value of the CD for all other classes of security.

Collateralization of Bank Deposits. This is the process by which a bank or financial institution pledges securities, or other deposits for the purpose of securing repayment of deposited funds. The District shall require any bank or financial institution to comply with the collateralization criteria defined in California Government Code, Section 53651.

Investment Placement

Investment placement shall be determined by, but not limited to, continual evaluation and projection of market conditions, interest rate trends, cash flow needs, economic data and interest rate forecasts. Where possible, transactions with broker/dealers shall be selected on a competitive basis and their bid or offering prices shall be recorded. If there is no other readily available competitive offering, best efforts will be made to document quotations for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price.

Safekeeping and Custody

All security transactions entered into by the District shall be conducted on a delivery-versus- payment basis. All securities owned by the District shall be delivered to the District by book entry, physical delivery or a third party custodial agreement. Securities held by a third party custodian will be evidenced by safekeeping receipts that establish the District's ownership. The District's deposits with the State of California Local Agency Investment Fund, mutual funds, money market mutual funds, and joint powers authorities will be evidenced by the standard reporting requirements of those entities.

Maximum Maturities

To the extent possible, the District will attempt to match its investments with anticipated cash flow requirements. The District will not invest in securities maturing more than five (5) years from the date of trade settlement, unless the Board of Directors has by resolution granted authority to make such an investment no less than three months prior to the investment, either specifically or as a part of an investment program.

Effective April 10, 2020, for those securities for which Government Code does not specify a maximum maturity limit, the District may purchase securities whose maturities do not exceed ten years.

Risk Management and Diversification

Mitigating Credit Risk in the Portfolio:

Credit risk is the risk that a security or a portfolio will lose some or all its value due to a real or perceived change in the ability of the issuer to repay its debt. The District will mitigate credit risk by adopting the following strategies:

- The diversification requirements included in the “Authorized Investments” section of this

policy are designed to mitigate credit risk in the portfolio.

- No more than 5% of the total portfolio may be deposited with or invested in securities issued by any single issuer unless otherwise specified in this policy.
- The District may elect to sell a security prior to its maturity and record a capital gain or loss in order to manage the quality, liquidity or yield of the portfolio in response to market conditions or District's risk preferences.
- If the credit ratings of any security owned by the District are downgraded to a level below the quality required by this investment policy, making the security ineligible for additional purchases, the following steps will be taken.
 - If the District employs a professional investment manager, any actions taken related to the downgrade by the investment manager will be communicated to the Treasurer in a timely manner.
 - If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported monthly to the Board of Directors.

Mitigating Market Risk in the Portfolio:

Market risk is the risk that the portfolio value will fluctuate due to changes in the general level of interest rates. The District recognizes that, over time, longer-term portfolios have the potential to achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. The District will mitigate market risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes.

The District further recognizes that certain types of securities, including variable rate securities, securities with principal paydowns prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. The District, therefore, adopts the following strategies to control and mitigate its exposure to market risk:

- The District will maintain a target of at least the amount of its operating reserve plus its emergency reserve in short term investments to provide sufficient liquidity for expected disbursements.
- The maximum stated final maturity of individual securities in the portfolio will be five (5) years, except as otherwise stated in this policy.
- The duration of the District's main operating portfolio will generally be approximately equal to the duration (typically, plus or minus 20%) of an applicable Market Benchmark, an index selected by the District based on the District's investment objectives, constraints and risk tolerances for its main operating portfolio. If a subset of District funds is invested separate from the main operating portfolio with a longer-term strategy as authorized by this Policy, the duration of the funds invested in that longer-term strategy will also be generally equal to an appropriate Market Benchmark (plus or minus 20%) for that strategy.

Reporting

The Treasurer shall submit to the Board of Directors a monthly report containing a complete description of the District's investment portfolio, including the types of investments, issuing institutions, maturity dates, par values and current market values. In addition, the report shall state the portfolio's rate of return for the month, the average weighted life of the portfolio, a statement regarding the portfolio's compliance with the District's investment policy and a statement regarding the District's ability to meet expenditure requirements over the following six month period.

Performance Evaluation

The investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the District's risk constraints, the cash flow characteristics of the portfolio, and state and local laws, ordinances or resolutions that restrict investments.

The Treasurer shall monitor and evaluate the portfolio's performance relative to the chosen market benchmark(s), which will be included in the Treasurer's quarterly report. The Treasurer shall select an appropriate, readily available index to use as a market benchmark.

Board Review of Investment Policy

On an annual basis, the investment policy shall be presented to the Board of Directors for consideration. The investment policy shall remain in effect until a new or amended policy is approved by the Board of Directors.

This investment policy was endorsed and adopted by the District's Board of Directors and is effective as of the 8th day of June, 2023, and replaces any previous versions.

GLOSSARY OF INVESTMENT TERMS

AGENCIES. Shorthand market terminology for any obligation issued by a *government-sponsored entity (GSE)*, or a *federally related institution*. Most obligations of GSEs are not guaranteed by the full faith and credit of the US government. Examples are:

FFCB. The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.

FHLB. The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.

FHLMC. Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, also called "FreddieMac" issues discount notes, bonds and mortgage pass-through securities.

FNMA. Like FHLB and FreddieMac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as "FannieMae," issues discount notes, bonds and mortgage pass-through securities.

GNMA. The Government National Mortgage Association, known as "GinnieMae," issues mortgage pass-through securities, which are guaranteed by the full faith and credit of the US Government.

PEFCO. The Private Export Funding Corporation assists exporters. Obligations of PEFCO are not guaranteed by the full faith and credit of the US government.

TVA. The Tennessee Valley Authority provides flood control and power and promotes development in portions of the Tennessee, Ohio, and Mississippi River valleys. TVA currently issues discount notes and bonds.

ASSET BACKED SECURITIES. Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

AVERAGE LIFE. In mortgage-related investments, including CMOs, the average time to expected receipt of principal payments, weighted by the amount of principal expected.

BANKER'S ACCEPTANCE. A money market instrument created to facilitate international trade transactions. It is highly liquid and safe because the risk of the trade transaction is transferred to the bank which "accepts" the obligation to pay the investor.

BENCHMARK. A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

BROKER. A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.

CALLABLE. A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline, the issuer will likely call its current securities and reissue them at a lower rate of interest.

CERTIFICATE OF DEPOSIT (CD). A time deposit with a specific maturity evidenced by a certificate.

CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SYSTEM (CDARS). A private placement service that allows local agencies to purchase more than \$250,000 in CDs from a single financial institution (must

be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS is currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than \$250,000 each, so that FDIC coverage is maintained.

COLLATERAL. Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

COLLATERALIZED BANK DEPOSIT. A bank deposit that is collateralized at least 100% (principal plus interest to maturity). The deposit is collateralized using assets set aside by the issuer such as Treasury securities or other qualified collateral to secure the deposit in excess of the limit covered by the Federal Deposit Insurance Corporation.

COLLATERALIZED MORTGAGE OBLIGATIONS (CMO). Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

COLLATERALIZED TIME DEPOSIT. Time deposits that are collateralized at least 100% (principal plus interest to maturity). These instruments are collateralized using assets set aside by the issuer such as Treasury securities or other qualified collateral to secure the deposit in excess of the limit covered by the Federal Deposit Insurance Corporation.

COMMERCIAL PAPER. The short-term unsecured debt of corporations.

COUPON. The rate of return at which interest is paid on a bond.

CREDIT RISK. The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

DEALER. A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.

DEBENTURE. A bond secured only by the general credit of the issuer.

DELIVERY VS. PAYMENT (DVP). A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.

DERIVATIVE. Any security that has principal and/or interest payments which are subject to uncertainty (but not for reasons of default or credit risk) as to timing and/or amount, or any security which represents a component of another security which has been separated from other components ("Stripped" coupons and principal). A derivative is also defined as a financial instrument the value of which is totally or partially derived from the value of another instrument, interest rate, or index.

DISCOUNT. The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as discount securities. They sell at a discount from par and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

DIVERSIFICATION. Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

DURATION. The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a security to changes interest rates.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC). The Federal Deposit Insurance Corporation (FDIC) is an independent federal agency insuring deposits in U.S. banks and thrifts in the event of bank failures. The FDIC was created in 1933 to maintain public confidence and encourage stability in the financial system through the promotion of sound banking practices.

FEDERALLY INSURED TIME DEPOSIT. A time deposit is an interest-bearing bank deposit account that has a specified date of maturity, such as a certificate of deposit (CD). These deposits are limited to funds insured in accordance with FDIC insurance deposit limits.

LEVERAGE. Borrowing funds in order to invest in securities that have the potential to pay earnings at a rate higher than the cost of borrowing.

LIQUIDITY. The speed and ease with which an asset can be converted to cash.

LOCAL AGENCY INVESTMENT FUND (LAIF). A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.

LOCAL GOVERNMENT INVESTMENT POOL. Investment pools that range from the State Treasurer's Office Local

Agency Investment Fund (LAIF) to county pools, to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.

MAKE WHOLE CALL. A type of call provision on a bond that allows the issuer to pay off the remaining debt early. Unlike a call option, with a make whole call provision, the issuer makes a lump sum payment that equals the net present value (NPV) of future coupon payments that will not be paid because of the call. With this type of call, an investor is compensated, or "made whole."

MARGIN. The difference between the market value of a security and the loan a broker makes using that security as collateral.

MARKET RISK. The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

MARKET VALUE. The price at which a security can be traded.

MATURITY. The final date upon which the principal of a security becomes due and payable.

MEDIUM TERM NOTES. Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts on either a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

MODIFIED DURATION. The percent change in price for a 100-basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.

MONEY MARKET. The market in which short-term debt instruments (T-bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.

MONEY MARKET MUTUAL FUND. A mutual fund that invests exclusively in short-term securities. Examples of investments in money market funds are certificates of deposit and U.S. Treasury securities. Money market funds attempt to keep their net asset values at \$1 per share.

MORTGAGE PASS-THROUGH SECURITIES. A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

MUNICIPAL SECURITIES. Securities issued by state and local agencies to finance capital and operating expenses.

MUTUAL FUND. An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds, and money market instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO).

A credit rating agency that the Securities and Exchange Commission in the United States uses for regulatory purposes. Credit rating agencies provide assessments of an investment's risk. The issuers of investments, especially debt securities, pay credit rating agencies to provide them with ratings. The three most prominent NRSROs are Fitch, S&P, and Moody's.

NEGOTIABLE CERTIFICATE OF DEPOSIT (CD). A short-term debt instrument that pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor).

PRIMARY DEALER. A financial institution (1) that is a trading counterparty with the Federal Reserve in its execution of market operations to carry out U.S. monetary policy, and (2) that participates for statistical reporting purposes in compiling data on activity in the U.S. Government securities market.

PRUDENT PERSON (PRUDENT INVESTOR) RULE. A standard of responsibility which applies to fiduciaries. In California, the rule is stated as "Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes."

REPURCHASE AGREEMENT. Short-term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a reverse repurchase agreement.

SAFEKEEPING. A service to bank customers whereby securities are held by the bank in the customer's name.

SECURITIES AND EXCHANGE COMMISSION (SEC). The U.S. Securities and Exchange Commission (SEC) is an

independent federal government agency responsible for protecting investors, maintaining fair and orderly functioning of securities markets and facilitating capital formation. It was created by Congress in 1934 as the first federal regulator of securities markets. The SEC promotes full public disclosure, protects investors against fraudulent and manipulative practices in the market, and monitors corporate takeover actions in the United States.

SECURITIES AND EXCHANGE COMMISSION (SEC) RULE 15c3-1. An SEC rule setting capital requirements for brokers and dealers. Under Rule 15c3-1, a broker or dealer must have sufficient liquidity in order to cover the most pressing obligations. This is defined as having a certain amount of liquidity as a percentage of the broker/dealer's total obligations. If the percentage falls below a certain point, the broker or dealer may not be allowed to take on new clients and may have restrictions placed on dealings with current client.

STRUCTURED NOTE. A complex, fixed income instrument, which pays interest, based on a formula tied to other interest rates, commodities or indices. Examples include inverse floating rate notes which have coupons that increase when other interest rates are falling, and which fall when other interest rates are rising, and "dual index floaters," which pay interest based on the relationship between two other interest rates - for example, the yield on the ten-year Treasury note minus the Libor rate. Issuers of such notes lock in a reduced cost of borrowing by purchasing interest rate swap agreements.

SUPRANATIONAL. A Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in the member countries.

TOTAL RATE OF RETURN. A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

U.S. TREASURY OBLIGATIONS. Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

TREASURY BILLS. All securities issued with initial maturities of one year or less are issued as discounted instruments and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth out cash flows.

TREASURY NOTES. All securities issued with initial maturities of two to ten years are called Treasury notes and pay interest semi-annually.

TREASURY BONDS. All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

YIELD TO MATURITY. The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.

Procurement Policy

Effective February 2, 2020

PURPOSE

This Procurement Policy (Policy) provides a broad overview of the standards and methods which will guide the Alameda County Water District (District) in obtaining goods, equipment, materials, and professional and technical services. It shall be the District's policy to procure all goods and services in an open manner that permits, wherever possible, the agency to receive the best quality and best value of public funds. To this end, this Policy has been prepared to give direction to all employees.

Wherever in this Policy the General Manager is the designated authority, such authority shall be understood to include the designee of the General Manager.

A. Fundamental Principles

The District's Procurement Policy is guided by seven fundamental principles to:

1. Foster open competition for District contracts;
2. Promote economy and efficiency in District procurement activities;
3. Ensure adherence to proper standards of conduct by District Board members, officers and employees to guard against corruption, fraud, waste and abuse;
4. Maintain procurement policies and procedures that ensure compliance with applicable state and federal laws and regulations;
5. Establish and maintain an arm's length relationship with all vendors;
6. Treat all prospective contractors, consultants, and vendors in a fair and equitable manner; and
7. Provide appropriate public access to contracting information.

Based on these fundamental principles and the general standards of public sector procurement, the following set of procurement and contracting policies have been developed.

B. Conflicts of Interest

No director, officer, employee or agent of the District shall participate in any procedure, tasks, or decisions relative to initiation, evaluation, award, or administration of a contract if a conflict of interest, real or apparent, exists. Such a conflict of interest arises when (a) the director, officer, employee or agent, (b) any member of his or her immediate family,

(c) his or her business associate, or (d) an organization which employs, or which is about to employ, any of the above described individuals has a financial or other interest in a firm that participates in a District procurement process or that is selected for an award. The standards governing the determination as to whether such an interest exists are set forth in the Political Reform Act (Section 8100 *et seq.* of the California Government Code) and in Sections 1090, 1091, and 1091.5 of the California Government Code.

C. Procurement Authority

1. Board Authorization is required for all procurements exceeding \$100,000.
2. The Board at its discretion may authorize the General Manager to approve all procurements, execute agreements, amend agreements and change orders in an amount greater than \$100,000.
3. The General Manager is authorized to approve all procurements and agreements, in an amount not to exceed \$100,000.
4. The General Manager may approve all contract amendments and change orders as follows:

(a) When the original contract amount exceeds \$100,000, (and has been approved by the Board), the

General Manager may approve amendments and change orders up to a total cumulative amount not to exceed \$100,000,

- (b) When the Board approves any contract amendment or change order, the General Manager may approve subsequent contract amendments or change orders up to a total cumulative amount not to exceed \$100,000.
- (c) The General Manager has \$100,000 authorization to approve contract amendments and change orders after each Board action on that contract.

5. Procedures for procurements less than \$100,000 shall be established by the General Manager.

D. Methods of Procurement

- 1. All purchases and contracts, whether by informal bidding or formal bidding, shall be made on a competitive basis to the greatest extent practicable.
- 2. The method of procurement, such as informal bids or, formal competitive bidding, shall be appropriate for the type of procurement and shall be in the best interest of the District.
- 3. Competitive bids should be requested for maintenance repairs and public work greater than \$25,000 and awarded to the lowest responsive, responsible bidder. Alternative methods of procurement, such as a design build approach, may be utilized and in full compliance with all applicable requirements.
- 4. Formal competitive bidding should be used when purchasing goods and related services greater than \$25,000 and awarded to the lowest responsive, responsible bidder. On a case by case basis, a best value approach as defined in Section E below may be used in evaluating the bids received.
- 5. Formal competitive proposals that evaluate factors in addition to price shall be used when purchasing professional services greater than \$25,000. Specialized State and federal laws will apply to the procurement of professional services as identified in section 4525 of the Government Code.
- 6. An informal procurement method may be utilized for the purchase of goods and services when the estimated expenditure is greater than \$10,000 but does not exceed \$25,000. To the extent reasonable, a minimum of three written quotes shall be obtained that permit prices and other terms to be compared. The District will make every effort to undertake adequate outreach to ensure open competition. The District's informal bidding procedures using a lowest responsive, responsible bidder standard for bid comparison will serve as the typical standard on which to base the purchase of materials, equipment, or supplies; unless it is determined in writing that it is in the District's best interest to apply a "best value" approach.
- 7. An informal procurement method may be utilized for the purchase of goods and services when the estimated expenditure does not exceed \$10,000. To the extent reasonable, a minimum of one written quote shall be obtained.
- 8. In certain circumstances, a competitive negotiation process utilizing a Request for Proposal (RFP) process may be necessary or appropriate to accomplish the District's procurement goals, such as to procure specialized goods and related services.
- 9. The use of existing cooperative agreements (as defined in section L below) resulting from a cooperative procurement is encouraged in order to reduce duplicative effort and to achieve cost economies.
- 10. The District may purchase items or services without further competition under the following conditions:
 - (a) If the District rejects bids received in connection with a procurement of materials, supplies and

equipment requiring formal competitive bidding, or

- (b) When no bids or proposals are received in response to an Invitation to Bid or Request for Proposals, in which case the General Manager is authorized to procure the required item or services through direct negotiations with a vendor or to resolicit as appropriate.

E. Procurement Documentation and Consideration of Bids and Proposals

1. Formal competitive bidding requires preparation of bid documents that clearly set forth all requirements which must be fulfilled in order for the bid to be responsive and, once bids are received, an award, if made, to the lowest responsive and responsible bidder.
2. Formal competitive proposals, including the "best value" approach, require issuance of RFPs, which clearly set forth all the requirements, and state the qualitative factors, in addition to price, which will be used to evaluate and rank the Proposals. An award, if made, will be to the proposer receiving the highest consensus ranking based on the evaluation criteria set forth in the RFP, subject to successful negotiations with the District as may be applicable.
3. Board approval is required when rejecting all bids received for any procurement exceeding \$100,000.
4. The District may only contract with persons, firms or entities that are qualified and possess the ability to perform successfully under the terms and conditions of the solicitation documents.
5. The General Manager is authorized to establish protest procedures for competitive bidding processes.

F. Execution of Procurement Contract Documents

1. All District contracts and amendments will be in writing and executed prior to beginning performance under the contract.
2. The General Manager shall execute all contracts, with an attestation by the District Secretary, on behalf of the District that are duly approved by the Board of Directors and delegated to the General Manager.
3. The General Manager shall determine procedures for executing contracts, amendments, and change orders not subject to Board approval.

G. Contract Administration

The District shall administer all contracts to ensure that contractors conform to the terms, conditions, and specifications of all contracts and to ensure all purchases and services are received in a timely manner.

H. Excluded From Procurement Policy

A non-exclusive list of examples of non-discretionary services not governed under this policy includes, but is not limited to:

1. Electrical, water, or other regulated utility services provided by a municipality or vendor
2. Advertisements placed in a newspaper of general circulation
3. Non-discretionary Payments to other government agencies
4. Association dues
5. Inventory items

I. Sole and Single Source Procurements

Regardless of the estimated cost of the procurement, the District is not required to engage in the competitive bidding process when procuring materials, equipment, supplies or services for which there exists a single or proprietary sole source of supply. The General Manager is authorized to make a single or sole source determination in lieu of following the competitive procurement requirements outlined in Section D of this policy for procurements that do not exceed \$100,000. When the total cumulative amount exceeds \$100,000, the approval of single or sole source procurement shall be made by the Board.

J. Discretion to Waive the Competitive Process

The Board of Directors may waive the requirements for formal competitive bidding or other procedures set forth in this Policy, when a determination is made that the best interests of the District are served thereby, and provided there is adequate documentation of the need for such material, supplies, equipment, public works or services. These circumstances shall be evaluated on a case-by-case basis, keeping in mind the fundamental principles of procurement set forth in this Policy. The findings justifying the waiver must be documented in the record.

K. Emergency Contracts

For procurements requiring competitive bidding and/or Board approval, in case of any sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services, the Board hereby authorizes the General Manager to take all necessary and proper measures in such emergency conditions to maintain the District's systems in operation. The Board also grants the General Manager the authority to determine that there is insufficient time for competitive bidding and that public interest and necessity demand the immediate expenditure of public money to safeguard life, health, or property. If the General Manager makes such a determination, the General Manager may expend or enter into a contract involving the expenditure of any sum needed in such emergency without observance of the provisions requiring competition, bids or notice. The General Manager shall promptly report on the reasons and necessity for proceeding without a competitive solicitation to the Board of Directors at the next available meeting, provided that the General Manager reports to the Board no later than 30 days after the General Manager takes such emergency action. Upon hearing the General Manager report, the Board shall determine, by a majority vote, whether or not there is a need to continue the emergency action. The Board shall continue to evaluate the emergency action, determining whether or not the emergency procurement is still required, at every regularly scheduled meeting thereafter until the action is terminated.

L. Cooperative Purchasing Agreements

To foster greater economy and efficiency, the District may avail itself of national, state and local intergovernmental agreements for procurement or use of common goods, materials and services. Joint procurements, state cooperative purchasing programs, and assignment of existing contract rights ("piggyback" procurements) with other public agencies may be used when consistent with applicable regulatory requirements. Such programs may be used in lieu of following the competitive bidding requirements set forth in this policy.

M. Purchasing and Accounts Payable Credit Card Programs

To facilitate small purchases to meet daily operational needs and to take advantage of prompt payment discounts offered by suppliers, employees designated by the General Manager will be authorized to use either a purchasing or accounts payable credit card as issued by a bank under the State of California public agency credit card program known as CAL-Card. Credit card program policies and procedures shall be established by the General Manager.

N. Disposal of Surplus Materials or Equipment

Due to procedural changes, certain supplies, materials or equipment are retired from use; design and specification changes sometimes leave commodities unused; new systems can produce stocks of leftover items; and the installation of more complex hardware can render older equipment obsolete. All of these retired, unused and leftover items should be declared surplus or obsolete.

Declared surplus and obsolete items will be stored at the direction of the General Manager until requested by another department or until such time as the item(s) can be disposed of. Surplus supplies, materials or equipment that cannot be effectively utilized by the District must be disposed of in a manner clearly most advantageous to the District as established by the General Manager.

O. Revenue Generating Contracts/Concessions

To the extent they are not otherwise governed by District policies, concession agreements are contracts where the District grants permission to use District facilities or property to vendors to sell products or services, for which the District may receive a percentage of the proceeds and/or a flat rate of compensation. Generally, these arrangements are at no direct cost to the District.

Where it is determined that a number of potential vendors are available to provide similar products or services, a competitive procurement procedure should be followed taking into consideration the economic return to the District, quality of the product, service and experience of the vendor, or other criteria that may be established in the RFP.

Contracts generating \$100,000 per year or more in revenue are subject to Board approval. Contracts generating less than \$100,000 per year in revenue shall be approved according to procedures established by the General Manager.

P. Procurement Administrative Guidelines

This Policy sets forth the standards and methods to be followed by the District in obtaining goods and services. The District has in place Procurement Administrative Guidelines that set forth implementing guidelines and procedures consistent with applicable law, best procurement practices, and this Procurement Policy. The General

Manager shall have the authority to maintain and update as necessary the Procurement Administrative Guidelines to give effect to this Policy and may make subsequent revisions if necessary to implement changes in applicable laws and regulations and best procurement practices and standards, or other well accepted external references.

Appendix
E: Glossary

Glossary

ACFCD: Alameda County Flood Control and Conservation District

ACFR: Annual Comprehensive Financial Report

ACWA: Association of California Water Agencies

ACWD: Alameda County Water District

AF (Acre Feet or Acre Foot): A unit of measure equivalent to 325,851 gallons of water which is the volume of water required to cover one acre of land to a depth of one foot.

Adopted Budget: The Adopted Budget represents estimated revenues and appropriations for the two fiscal years that are adopted by the Board of Directors.

Ad Valorem Tax: A tax based on assessed value of taxable property. ACWD receives a portion of the ad valorem taxes levied by Alameda County on property in the District's service area.

Advanced Metering Infrastructure (AMI): This technology includes hardware, meter data management software, communications equipment and smart meters that provide real-time meter reads and consumption data to the customer and the utility.

Amended Budget: The prior year's Adopted Budget, plus adjustments approved by the Board of Directors through the midcycle budget review and adoption process.

American Water Works Association (AWWA): An international scientific and educational society dedicated to the improvement of drinking water quality and supply. ACWD is a member of AWWA.

Amortization: The process of allocating the cost of an intangible asset over a period of time. It also refers to the repayment of loan principal over time.

Appropriation: Funds for expenditures in the operating and capital budget authorized by the Board of Directors.

Assessed Valuation: An official government value placed upon real estate or other property as a basis for levying taxes.

Audit: A comprehensive review of the manner in which the government's resources were actually utilized. The main purpose of an audit is to issue an opinion over the presentation of financial statements and to test the controls over the safekeeping of assets while making any recommendations for improvements where necessary.

AWWA: American Water Works Association

Balanced Budget: A budget is balanced when budgeted expenditures are equal to or less than the amount of budgeted revenues plus other available sources.

Beginning Balance: The beginning balance is comprised of residual funds brought forward from the previous fiscal year (ending balance).

Biennial Budget: A biennial budget contains two standalone annual budgets. The second year of the budget (Midcycle Budget) is reviewed and reaffirmed by the Board of Directors.

BMP: Best Management Practices

Board of Directors (Board): The governing body of the AWCD made up of five directors. Members of the District's Board of Directors are elected based on voting District Wards (also known as Districts or Zones).

Bonds: A form of borrowing where bonds are sold to investors, and the proceeds are used to pay for capital expenditures. Debt service payments are made to repay the bond holders.

Budget: A financial plan for a specified period of time that matches all planned revenues and expenditures. The District uses a fiscal year beginning each July 1 and ending each June 30 for budgetary and financial reporting purposes.

CalOES: California Governor's Office of Emergency Services

CalPERS: California Public Employees Retirement System

CalWEP: California Water Efficiency Partnership

CA WCB: California Wildlife Conservation Board

Capital Improvement Program (CIP): The District's 25-year plan for the construction, rehabilitation, and modernization of the District's water system infrastructure.

Capital Projects: Capital projects consist of an expense or related group of expenses which are used to acquire, build, rehabilitate, replace, or improve an asset. A capital project is used during the budget process to allocate District resources over the next two fiscal years. Projects that are budgeted within the Capital Improvement Program Budget and fall within the definition of Capital Expenditures, meaning they (1) create or extend the lives of assets, (2) their work products have a useful life of greater than one year, and (3) they involve an expenditure of District resources in excess of \$5,000.

CCF (Centum Cubic Feet or Hundred Cubic Feet): CCF is the standard rate of billing for retail water service. One CCF is equal to 100 cubic feet of water, which is equal to 748 gallons of water. Sometimes referred to as HCF.

CDFW: California Department of Fish and Wildlife

CEQA: California Environmental Quality Act

CIP: Capital Improvements Program

CNRA: California Natural Resources Agency

Commodity Charge: A charge per CCF that includes retail water usage charges and pass through charges for purchased water.

Cost Center: Cost Centers are separate accounts in the financial accounting system in which costs are accumulated for tracking and planning purposes. A cost center generally represents a division or functional area of the District (such as water supply planning or information technology).

Cost Element: Cost Elements are separate accounts in the financial accounting system in which costs are accumulated for tracking and planning purposes. Cost elements include categories such as wages, power costs, professional services, etc.

Customer Capital Contributions: Charges and costs for the customer generated distribution system improvements for new developments connecting to the District's water system.

COLA: Cost of Living Adjustment

CUWA: California Urban Water Agencies

DDW: Department of Drinking Water

Debt Coverage: The ratio of net revenues to debt service requirements, calculated in accordance with the District's bond documents. The District's policy is to maintain a debt coverage ratio of at least 2.0.

Debt Service: The District's obligation to pay the principal and interest of bonds and other debt instruments according to a predetermined payment schedule.

Department of Water Resources (DWR): The state agency responsible for financing, constructing and operating State Water Project facilities. DWR operates and maintains the State Water Project, including the South Bay Aqueduct that brings water to the Bay Area.

Depreciation: An accounting method of allocating the cost of an asset over the useful life of the asset.

Desalination: Removal of salts from salt water by evaporation or distillation. Specific treatment processes, such as reverse osmosis or multi-stage flash distillation, to de-mineralize seawater or brackish (saline) waters for reuse.

Division: A major administrative unit of the District which has overall management responsibility for a group of related operations within a functional area.

DWR: Department of Water Resources

EBMUD: East Bay Municipal Utility District

Enterprise Fund: A type of proprietary fund in which user charge, rather than taxes, is charged to external users for goods or services, and costs are recovered.

Expenditure: An amount of money disbursed or obligated. Expenditures include current operating expenses and capital improvements requiring the present or future use of net current assets and the current year portion of debt service.

Extraordinary Expense Projects: Extraordinary Expense Projects (Expense Projects) consist of infrequent and unusual expenses which are not part of the District's ordinary, day to day operations. Costs for these projects will not result in an asset, increase the life of an existing asset or may not be directly identifiable with a specific asset.

Facilities Connection Charge (FCC): The charge is a capacity fee imposed when a customer requests a new or expanded service connection. Charges paid at the time of new connections to the water system to compensate the District for construction of capital facilities that provide water service, such as reservoirs, transmission facilities, treatment facilities, and treated water storage facilities.

Facilities Improvement Fund (FIF): This fund is used by ACWD to plan, design and construct facilities to support the additional demand placed on the water system by expanded, new, and future service connections.

FCC: Facilities Connection Charge

FEMA: Federal Emergency Management Agency

FIF: Facilities Improvement Fund

Financial Policies: Documents approved by the Board of Directors that identify parameters through which ACWD manages its finances and provides a standard in which fiscal performance can be reviewed.

Fiscal Year End (FYE): The 12-month period that begins July 1 and ends June 30 of the following calendar year. FYE 23 is FY 2023/24.

FRF: Facilities Renewal Fund

Full-Time Equivalent (FTE): An employee that works full time and receives full benefits. The amount of time a position has been budgeted for in terms of the amount of time a regular, full-time employee normally works in a year (2,080 hours).

Fund: A set of accounts used to account for a specific activity, such as a water enterprise fund. A fiscal and accounting entity with a self-balancing set of accounts, recording cash and other financial resources, together with all related liabilities and changes in these assets and liabilities.

Fund Balance: The net position of governmental funds calculated in accordance with the generally accepted accounting principles and used in financial reporting. Since the District's budget is prepared on a cash-basis, fund balance refers to actual cash balance.

FYE: Fiscal Year End.

GAAP: Generally Accepted Accounting Principles

GASB: Governmental Accounting Standards Board

General Fund: Unrestricted funds used to pay for general or operating expenditures.

Generally Accepted Accounting Principles (GAAP): Uniform minimum standards of, and guidelines for, external financial accounting and reporting. They govern the form and content of the basic Financial Statements of an entity.

Geographic Information System (GIS): GIS is a system designed to capture, store, manipulate, analyze, manage, and present all types of geographically referenced data.

GFOA: Government Finance Officers Association

GIS: Geographic Information Services

GPCD: Gallons per Capita per Day

Grant: A contribution by a government or other organization to support a particular function.

Groundwater: Water that has percolated into natural, underground aquifers; water in the ground, not water collected on the surface. Groundwater is water pumped from underground aquifers.

HCF: One hundred cubic feet (HCF) of water which equals 748 gallons or one unit. Also known as CCF.

Imported Water: Water imported by ACWD from the State Water Project through the South Bay Aqueduct system and water purchased from the San Francisco Public Utility Commission (SFPUC).

Integrated Resource Plan (IRP): The water resource planning document that looks broadly at the options available for matching the District's water supplies and customer demands.

IRP: Integrated Resources Planning

IRWMP: Integrated Regional Water Management Plan

LAIF: Local Agency Investment Fund

Major Fund: Funds that have revenue, expenditures/expenses, assets, or liabilities that are at least ten percent of corresponding totals for all governmental or enterprise funds.

MGD: Million Gallons per Day.

Midcycle Budget: The second year of the two year (biennial) budget. The Midcycle Budget is reviewed and reaffirmed by the Board of Directors.

Operating Expenses: Operating expenses consist of expenses required for the day-to-day operations of the District. These include necessary costs to purchase, treat, and distribute water to customers; ensure proper maintenance of facilities; and fund needed support services.

Other Post-Employment Benefits (OPEB): Post-employment benefits that an employee will begin to receive at the start of retirement, but it does not include pension benefits paid to the retired employee.

Overhead: General Fund expenses that cannot be specifically associated with a given service, program, project, or operational unit (i.e., accounting, technology services, human resources). Overhead expenses are allocated to programs and/or projects via an overhead rate that is calculated as a percentage of direct program/project salaries.

Pay-As-You-Go (PAYGO): The practice of funding capital projects with current and accumulated revenues rather than borrowing funds that will be repaid with future revenues.

Per- and Polyfluoroalkyl Substances (PFAS): PFAS are a group of man-made chemicals that includes PFOA, PFOS, GenX, and many other chemicals. PFAS have been manufactured and used in a variety of industries around the globe, including in the United States since the 1940s.

Performance Measurement: A qualitative or quantitative indicator of successful goal attainment.

PFAS: Per- and Polyfluoroalkyl Substances

Proprietary Fund: Proprietary funds are used to account for a government's ongoing activities that are similar to businesses found in the private sector. These funds are considered self-supporting in that the services rendered by them are generally financed through user charges or on a cost reimbursement basis.

Public Employees Retirement System (PERS). An agent, multiple-employer, public retirement system to which the District contributes that acts as a common investment and administrative agent for participating public entities within the State of California.

Rates: Charges for services to District customers that cover the cost of such services while allowing the District to remain revenue neutral.

Reserves: Reserves are available for operations and maintenance, capital projects, emergency, and unanticipated contingencies.

Restricted Reserves: Reserve funds set aside for a specific purpose either by Board action or by contractual or legal requirements.

Revenue Bond: The type of bond that is secured by the revenues from a specific source such as water revenues. Both of the District's outstanding bonds are water revenue bonds.

SCADA: Supervisory Control and Data Acquisition

SFPUC: San Francisco Water Public Utility Commission

State Water Contract Tax: This is the override tax collected through the property tax bill that helps pay for the District's State Water Project costs.

State Water Project (SWP): A water development and distribution system owned and operated by the State of California Department of Water Resources, which transports water from northern California to 29 contracting public agencies.

Strategic Plan: A five-year plan that outlines the District's mission, specific goals, strategies, objectives to guide the District and establishes criteria to measure progress.

SWP: State Water Project

SWRCB: State Water Resources Control Board

Target Reserve: A level of reserves set by the Board of Directors for various purposes such as operations and maintenance, rate stabilization, capital projects, and emergencies.

Unfunded Actuarial Accrued Liability (UAAL): The difference between the actuarial accrued liability and the actuarial value of assets accumulated to finance that obligation.

Urban Water Management Plan (UWMP): An engineering study prepared by a water purveyor to ensure the appropriate level of reliability of water service sufficient to meet the needs of its various categories of customers during normal, single dry or multiple dry years.

UWMP: Urban Water Management Plan

Water Rates: Retail water rates charged to District customers. The District currently has a uniform rate structure consisting of a fixed service charge and a variable commodity charge.

WEMP: Water Efficiency Master Plan