



Adopted Biennial Budget

Fiscal Years 2025/26 & 2026/27

Cover Photo:

Quarry Lakes Groundwater Recharge pond in Fremont, California



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Jackie McCloud	Special Assistant to the General Manager

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**ALAMEDA COUNTY WATER DISTRICT
ADOPTED BIENNIAL BUDGET
FY 2025/26 & FY 2026/27
TABLE OF CONTENTS**

BUDGET MESSAGE.....	9
INTRODUCTION AND OVERVIEW	15
DISTRICT OVERVIEW	15
SERVICE FUNCTIONS	17
DISTRICT ORGANIZATION.....	23
FIVE YEAR STRATEGIC PLAN	25
FINANCIAL AND BUDGET OVERVIEW	28
FUND STRUCTURE AND DESCRIPTION	28
DEPARTMENT/FUND RELATIONSHIP.....	29
BUDGET PROCESS.....	30
DEBT ADMINISTRATION	33
FINANCIAL POLICIES SUMMARY	37
FINANCIAL SUMMARIES	40
BUDGET SUMMARIES AND BUDGET TRENDS.....	41
MAJOR REVENUE ASSUMPTIONS	49
EXPENSES.....	56
FUND BALANCES	64
LONG RANGE FINANCIAL PLANNING	66
CAPITAL IMPROVEMENT PROGRAM.....	70
PERSONNEL	80
DEPARTMENT INFORMATION.....	87
BOARD OF DIRECTORS	89
OFFICE OF THE GENERAL MANAGER.....	91
PUBLIC AFFAIRS.....	95
ENGINEERING & TECHNOLOGY SERVICES DEPARTMENT	97
ENGINEERING ADMINISTRATION.....	98
DEVELOPMENT SERVICES.....	100
PROJECT ENGINEERING	103
INFORMATION TECHNOLOGY	106
OPERATIONS & MAINTENANCE DEPARTMENT	110
OPERATIONS ADMINISTRATION.....	111
DISTRIBUTION MAINTENANCE.....	113
LABORATORY SERVICES.....	115

WATER PRODUCTION	117
FACILITIES MAINTENANCE	120
FINANCE & ADMINISTRATION DEPARTMENT	122
FINANCE & ADMINISTRATION DEPARTMENT	123
BUDGET & FINANCIAL ANALYSIS	126
ACCOUNTING & TREASURY	128
CUSTOMER & ACCOUNT SERVICES	130
PROCUREMENT & CONTRACTS	132
HUMAN RESOURCES & RISK MANAGEMENT	134
WATER RESOURCES DEPARTMENT	136
WATER RESOURCES ADMINISTRATION	137
WATER SUPPLY & PLANNING	138
GROUNDWATER RESOURCES	140
SUPPLEMENTAL INFORMATION AND APPENDICES	142
STATISTICAL AND SUPPLEMENTAL INFORMATION	143
25-YEAR CAPITAL IMPROVEMENT PROGRAM (CIP)	146
FINANCIAL POLICIES	152
BUDGET RESOLUTION	186
GLOSSARY	188



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**Alameda County Water District
California**

For the Biennium Beginning

July 01, 2023

Christopher P. Morrill

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, 2023**. 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

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JAMES G. GUNTHER
JUDY C. HUANG
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Special Assistant to the General Manager

BUDGET MESSAGE

June 12, 2025

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

Dear Board of Directors:

Subject: Biennial Budget for Fiscal Years 2025/26 (FYE 26) and 2026/27 (FYE 27)

I am pleased to present to you and our customers the Alameda County Water District’s (District) operating budgets for FYE 26 and FYE 27 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 347,000 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 April 2025, unemployment rates for the cities of Fremont, Newark, and Union City were 4.0%, 3.8%, and 4.3% respectively, which are lower than the State (5.0%), and on par with Alameda County (4.2%). Regionally, the Tri-City's unemployment rates are slightly higher than the City and County of San Francisco (3.6%) and the County of Santa Clara (3.8%). The District's customer base is anticipated to grow slightly in size and income. Last calendar year, the population of Alameda County grew 0.18%. The US Census Bureau data, as of July 1, 2024, estimated median household income of \$176,350 for the City of Fremont, \$164,909 for the City of Newark, and \$137,194 for the City of Union City.

PRIORITIES AND CHALLENGES FOR FYE 26 AND FYE 27

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. In the coming years, the District faces key challenges, including adapting to climate change, disaster preparedness, increasing regulations, water supply reliability, aging infrastructure, and implementation of the District's Capital Improvement Program (CIP). The District is proactive in addressing these challenges. The budget includes \$131.2 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. To support these efforts, the budget includes continued evaluation of initiatives to ensure water supply reliability with projects as identified through the Water Resources Master Plan and ongoing participation in the Delta Conveyance Project. The District is committed to an aggressive Capital Improvement Program, ensuring continued investments in infrastructure replacement and seismic improvements to enhance water system reliability, such as the main renewal program, and reservoir and pump station improvement projects.

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 26 & FYE 27 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 also includes annual debt service payments for the District's long-term debt.

Total Budget – All Funds Revenues and Expenses (\$ in thousands)					
	FYE 25 Estimated Budget	FYE 26 Adopted Budget	FYE 27 Adopted Budget	% Change FYE 25 FYE 26	% Change FYE 26 FYE 27
Beginning Balance	\$174,691	\$172,950	\$147,050	-1%	-15%
Revenues	163,627	177,798	178,622	9%	0%
Operating Expenses (excl. Expense Projects)	124,283	128,147	131,947	3%	3%
Capital Projects (incl. Expense Projects)	69,930	67,662	63,552	-3%	-6%
Debt Service	6,155	7,888	8,503	28%	8%
Total Expenses	200,368	203,697	204,003	2%	0%
Capital Financing Proceeds	35,000	-	20,000		
Addition to/(Use of) Reserves	(1,741)	(25,899)	(5,380)		
Ending Balance	\$172,950	\$147,050	\$141,670	-15%	-4%

FYE 26 Adopted Budget totals \$203.7 million, which includes \$128.1 million in operating expenses (excluding Expense Projects), \$7.9 million in debt service, and \$67.7 million in the Capital Improvement Program budget (including Expense Projects and Customer Capital Contributions). Compared to the FYE 25 Estimated Budget, the FYE 26 Adopted Budget increased \$3.3 million or 2%, Operating Expenses (excluding Expense Projects) increased \$3.9 million or 3%, and the Capital Improvement Program budget decreased \$2.3 million or -3%.

FYE 27 Adopted Budget totals \$204.0 million, which includes \$131.9 in operating expenses (excluding Expense Projects), \$8.5 million in debt service, and \$67.7 million in the Capital Improvement Program budget (including Expense Projects and Customer Capital Contributions). Compared to the FYE 26 Adopted Budget, the FYE 27 Adopted Budget remains relatively flat (increased \$0.3 million or 0%), Operating Expenses (excluding Expense Projects) increased \$3.8 million or 3%, and the Capital Improvement Program budget decreased \$4.1 million or -6%.

Major Revenues

Total Revenues are budgeted at \$177.8 million and \$178.6 million for FYE 26 and FYE 27, respectively. The District's largest revenue source is water revenue, which includes service charges and commodity charges, and is budgeted at \$134.0 million and \$140.0 million for FYE 26 and FYE 27, 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) for FYE 26 and FYE 27, respectively. The budget includes the approved 4% water rate increases effective March 1, 2025 and March 1, 2026.

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 \$16.7 million and \$17.0 million for FYE 26 and FYE 27, respectively.

Grants and Reimbursements are budgeted at \$6.5 million and \$7.5 million for FYE 26 and FYE 27, respectively. The District aggressively pursues grant funding opportunities and successfully obtained over \$22.4 million in grants and reimbursements for FYE 23 through FYE 27. The largest grant is a \$12.4 million FEMA grant for hazard

mitigation of the Alvarado Niles Pipeline. Other notable awards include: \$2.0 million in from the U.S. Bureau of Reclamation for Advanced Metering Infrastructure; \$5.0 million for fishery projects in Alameda Creek that include grants from the California Department of Water Resources Integrated Regional Water Management program, California Department of Fish and Wildlife, 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; and \$2.0 million in Proposition 1 grants for brackish groundwater reclamation. The District is pursuing future grant opportunities, such as: Proposition 4 Climate Bond funding for various projects, including PFAS IX Treatment Phase 2, seismic retrofit projects, and Del Valle Reservoir Storage Expansion; FEMA Hazard Mitigation funding for seismic retrofit projects at Patterson and Decoto Reservoirs; 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 \$1.7 million and \$2.4 million for FYE 26 and FYE 27, respectively. FRF revenues are budgeted at \$0.8 million and \$1.2 million for FYE 26 and FYE 27, 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 \$128.2 million and \$131.9 million in FYE 26 and FYE 27, 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 \$94.3 million and \$97.1 million; 2) Customer Accounts expenses budgeted at \$5.6 million and \$5.8 million; and 3) Administrative and General (A&G) expenses budgeted at \$28.2 million and \$29.1 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, 2023 valuation date, the District's funded ratio for pension is 79.0% and OPEB is estimated at 67.7%. These estimates vary from year to year with investment earnings and losses. However, the District is still on course to achieve full funding by 2032. The budget includes \$13.0 million in advanced payment for pension and \$7.1 million in OPEB payments across FYE 26 and FYE 27. These payments are in addition to the District's annual normal contributions.

Purchased water expenses are budgeted at \$40.1 million and \$41.2 million for FYE 26 and FYE 27, respectively. Overall purchased water costs are projected to be lower for the next two years because the IX facility is online and thus reducing total purchase costs from the San Francisco Public Utilities Commission (SFPUC) despite escalating unit costs. The SFPUC is increasing its wholesale water rate 2.3% effective July 1, 2025. SFPUC water purchases are budgeted at \$24.5 million for FYE 26 and \$24.8 million for FYE 27, a decrease of \$3.2 million or 12% compared to FYE 25 Estimated Actual. Purchases from the State Water Project are budgeted at \$13.6 million and \$13.3 million for FYE 26 and FYE 27, respectively. Semitropic water storage and retrieval costs are budgeted at \$1.3 million each year for FYE 26 and FYE 27.

Expense Projects

Expense Projects (Extraordinary Expense Projects) are budgeted at \$2.9 million and \$3.7 million in FYE 26 and FYE 27, respectively. 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), and Integrated Resources Planning (\$1.6 million). Other Expense Projects include the IT Enterprise Software Upgrades – Cayenta (\$2.0 million), Zero-Emission Fleet Transition Master Plan (\$0.7 million) and Water Quality Extraordinary Expense (\$0.5 million).

Debt Service

The District has three bonds outstanding – 2015 Revenue Bonds, 2022 Revenue Bonds, and 2025 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. The 2025 Water Revenue Bonds were issued to provide \$35 million in funds to finance and reimburse the design, acquisition, and construction of improvements to the water system and refund a portion of the 2015 Revenue Bonds. Annual debt service payments for FYE 26 total \$7.9 million for the outstanding bonds. Annual debt service payments for FYE 27 total \$8.5 million, \$7.9 million for outstanding bonds and \$0.6 million for interim financing cost. Despite recent borrowing, the District continues to have flexibility to issue debt to finance capital projects. The District’s debt coverage ratios are projected to be above 350% 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 helped earned a rating upgrade to Aaa 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 \$67.7 million and \$63.6 million in FYE 26 and FYE 27, respectively. Near-term capital investments include the following large projects and costs (total costs for FYE 26 and FYE 27) – final phase of the Alvarado Niles Pipeline Seismic Improvement Project (\$19.2 million), Main Renewals Fremont Crestwood (\$11.5 million), Main Renewals Lindsay Tract (\$8.9 million), Main Renewals Central Newark (\$5.6 million), Heavy Duty Vehicle Replacements (\$5.0 million), Seismic Upgrades at Hidden Valley Tank (\$3.9 million), New Cedar Wells (\$3.9 million), Brackish Groundwater Reclamation to the Desalination Facility (\$3.7 million), Small Diameter Main Renewal at Dairy Street and H Street (\$3.6 million), Service Line Emergency Replacements (\$3.2 million), Mission San Jose Tank Improvements (\$3.2 million), Water Main in Old Town Streetscape (\$3.0 million), and Patterson Reservoir Remediation (\$1.9 million).

Customer Capital Contributions are budgeted at \$3.6 million in FYE 26 and \$3.5 million in FYE 27 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 budget includes increasing the staffing level from 242 to 243 full-time positions. The additional position, Limited-Term Employee Health and Safety Specialist position, will help to strengthen the District’s Safety and Health program, meet current industry standards, and ensure regulatory compliance and protect employees and the public. The position will have a strong field presence to support the District’s field-based employees, including hands-on training, hazard identification, operational support, and fostering proactive safety measures. The budget also includes reclassifying an Administrative Analyst to a Senior Administrative Analyst position in

the Finance and Administration Department. This position has grown to be responsible for working and collaborating on significant District-wide programs and projects, which represent new, higher level duties.

The budget includes five defined-term positions within the 243 full-time positions to support current workload in Development Services (Construction Inspector), Customer and Account Services (Meter Reader), Human Resources (Employee Health & Safety Specialist), and Water Supply and Planning (Water Use Efficiency Specialist, Engineer/Hydrologist). The budget includes 13 Temporary/Part-Time positions that are Intern and Work Experience Education Student positions. These positions are not counted within the 243 FTEs. The District's internship program has been successful in finding new college graduates, giving them work experience, and ultimately hiring some of them to full-time roles.

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. 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 FY 2023/24 and FY 2024/25 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 longstanding cost control measures. 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,



Ed Stevenson
General Manager

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 347,000 people in southern Alameda County. The District covers approximately 105 square miles and as of June 2022, the District provided water service through approximately 88,000 service connections. As of the end of June 2024, the most recent 12-month average daily consumption was 33.02 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 242 full-time positions. The District is a rate-based organization and operates in accordance within Division 12 of the California Water Code.

The Alameda County Water District Financing Authority, a joint powers authority in partnership with the Union Sanitary District, was formed on November 14, 2011 to facilitate the issuance of the 2012, 2015, and 2022 Water System Revenue Bonds to enable the District to accomplish a number of critical capital projects and refund prior debt issuances at lower rates. The Board of Directors of the Alameda County Water District Financing Authority is comprised of the Board of the Alameda County Water District and one Board Member from the Union Sanitary District.

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.

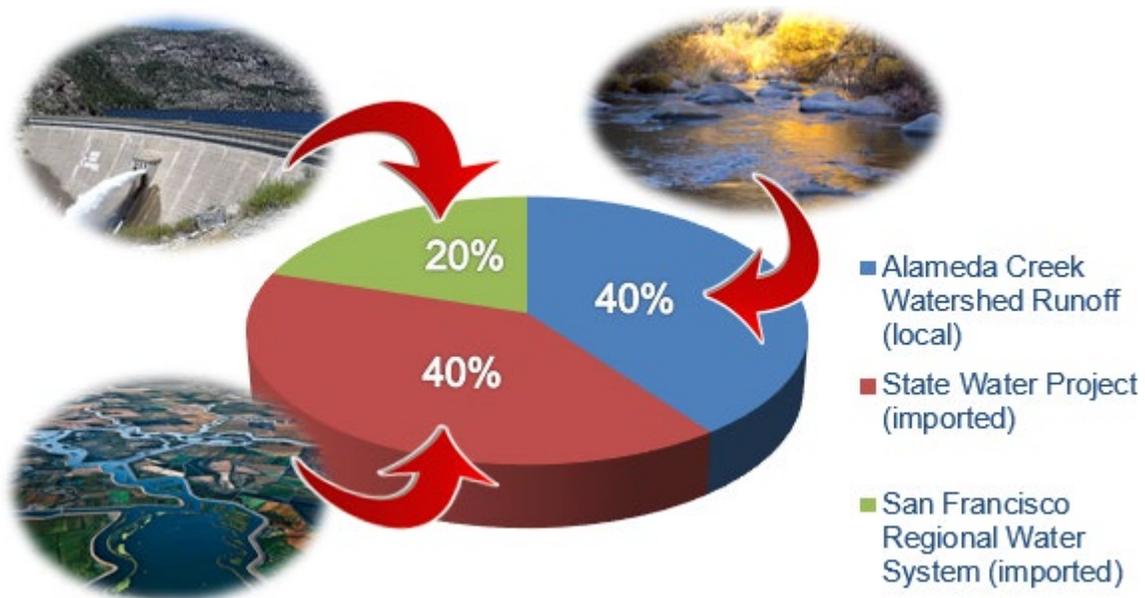
For a complete history of the Alameda County Water District, please visit the ACWD's history page at acwd.org/95/History.

Service Functions

The Alameda County Water District provides water services to 347,000 residents through 88,000 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 water 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.

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 approach for implementing new long-term water conservation requirements. A key element of the report was 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 are 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.

Making Conservation a California Way of Life Regulation

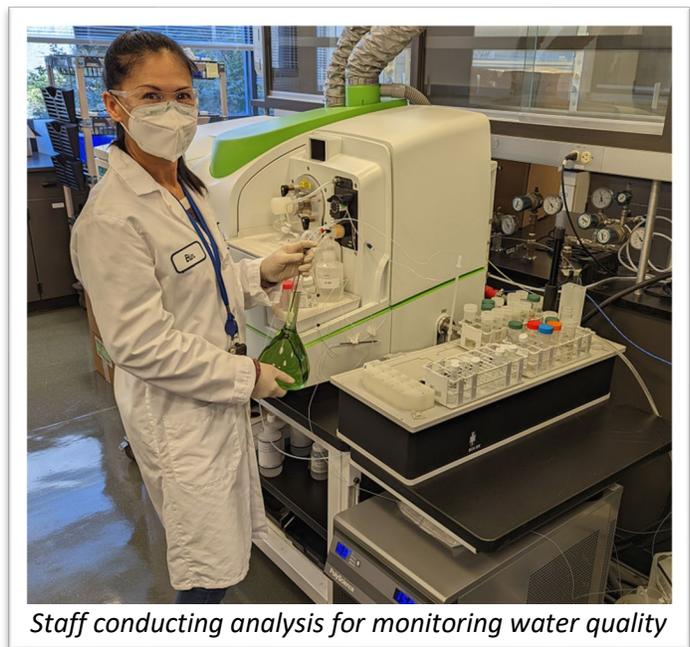
Making Conservation a California Way of Life is a new regulation adopted by the State Water Board that establishes individualized efficiency goals for each urban retail water supplier, such as the Alameda County Water District. The regulation is a comprehensive framework for managing urban water use in California. It requires suppliers to annually calculate and achieve a defined urban water use objective, implement performance measures for commercial, industrial, and institutional sectors, and provide regular progress reports to ensure accountability and efficiency. As part of the regulation, the suppliers – not individual households or businesses – will be responsible for meeting annual “urban water use objectives.” The regulation gives suppliers significant flexibility to meet objectives in a way that works best for them. To promote efficient water use, suppliers can implement various measures, such as public education and outreach, leak detection programs, rate reform, incentives for planting climate-resilient landscapes, and rebates for upgrading outdated, inefficient fixtures and appliances. The regulation is expected to reduce inefficient water use in the urban sector, helping California adapt to climate change. The regulation can be found at California Code of Regulations, title 23, section 965 et seq.

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.

PFAS Groundwater Treatment Facility

ACWD's \$23 million PFAS Groundwater Treatment Facility removes PFAS from local Peralta-Tyson Wellfield and Mowry Wellfield groundwater, improving water quality. The facility treats 6 million gallons of water every day using ion exchange and is a significant step toward ensuring ACWD's continued commitment to providing water that meets or exceeds all drinking standards.

Per- and polyfluoroalkyl substances, abbreviated as PFAS, are a group of synthetic chemicals widely used in consumer and industrial products. Their long-lasting makeup has impacted many water supply sources worldwide and their ubiquitous presence in the environment has required water agencies of all sizes to address their effects on water quality. The facility opened in July 2024 and took 20 months to construct.



PFAS Groundwater Treatment Facility

District Organization

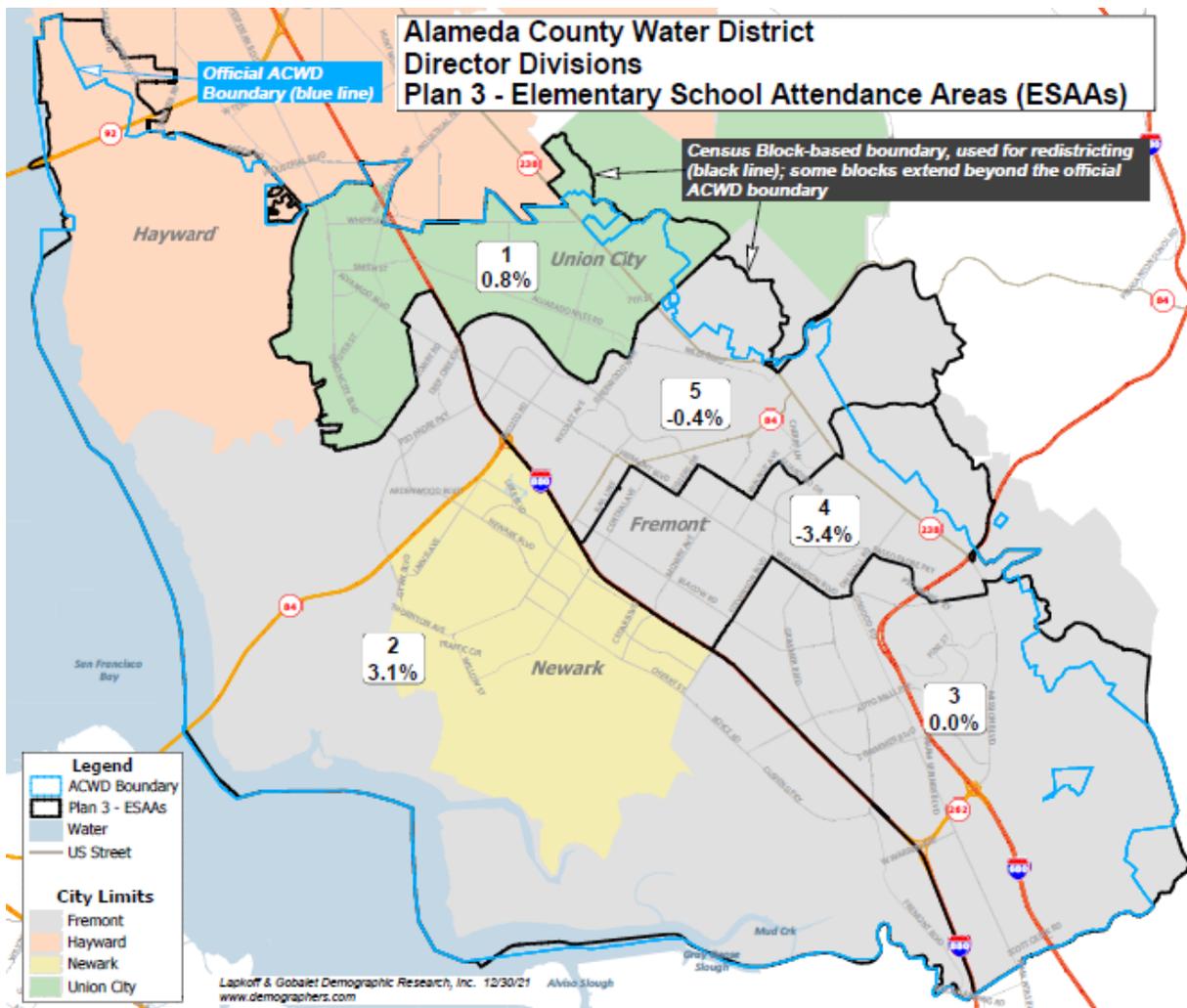
BOARD OF DIRECTORS

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.

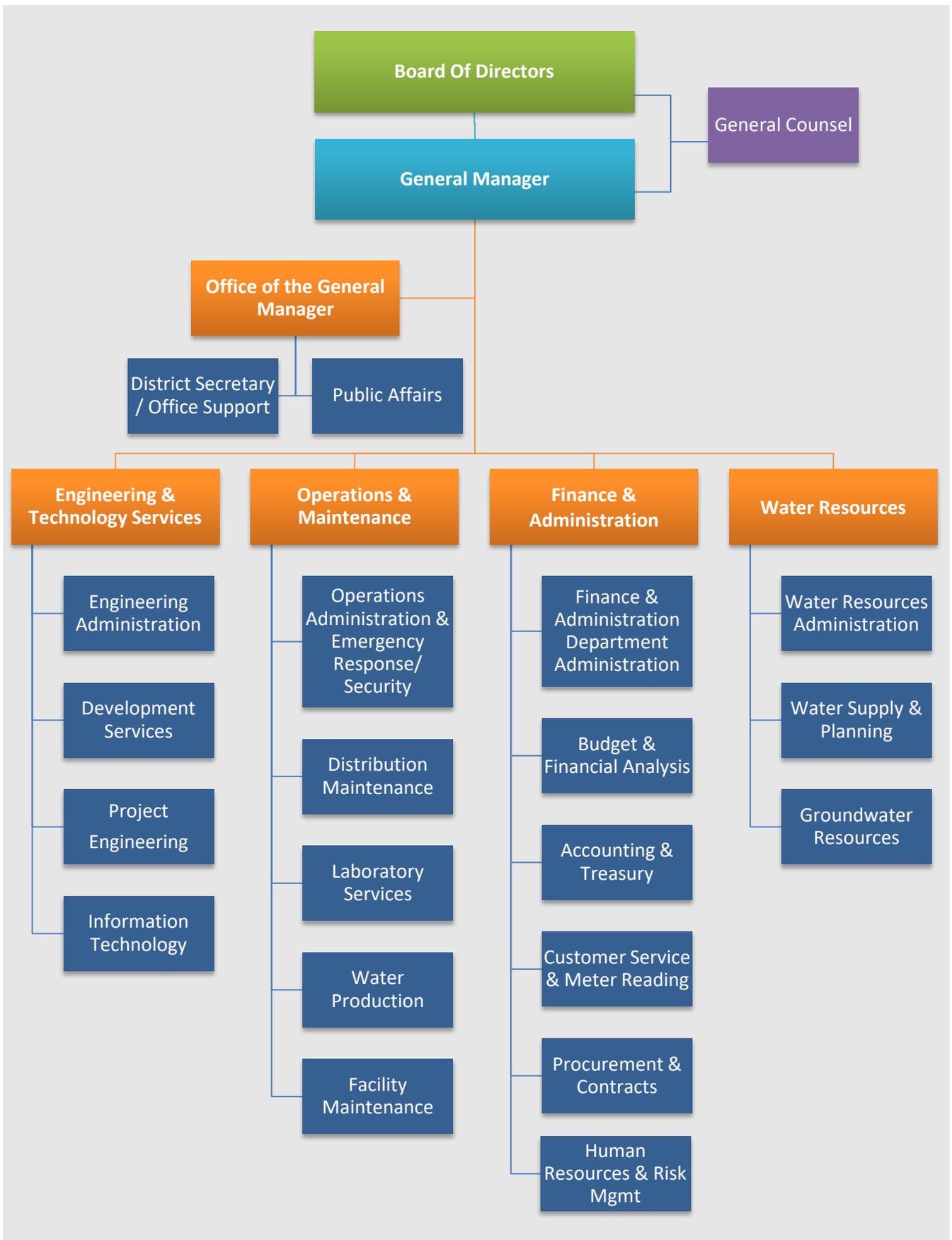
The ACWD Board of Directors transitioned from at-large to ward-based elections in 2022. Voters within the ACWD service area now elect their representatives on the ACWD Board based on which ward they are in, and voters only elect one representative for their ward. Voters in wards 2 and 3 elect their representatives 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](#).

Judy C. Huang	President, Board of Directors (Term 2022 - 2026)	Ward 2
Aziz Akbari	Vice President, Board of Directors (Term 2025 - 2029)	Ward 5
James G. Gunther	Member, Board of Directors (Term 2025 - 2029)	Ward 1
Paul Sethy	Member, Board of Directors (Term 2022 - 2026)	Ward 3
John H. Weed	Member, Board of Directors (Term 2025 - 2029)	Ward 4



ORGANIZATION CHART



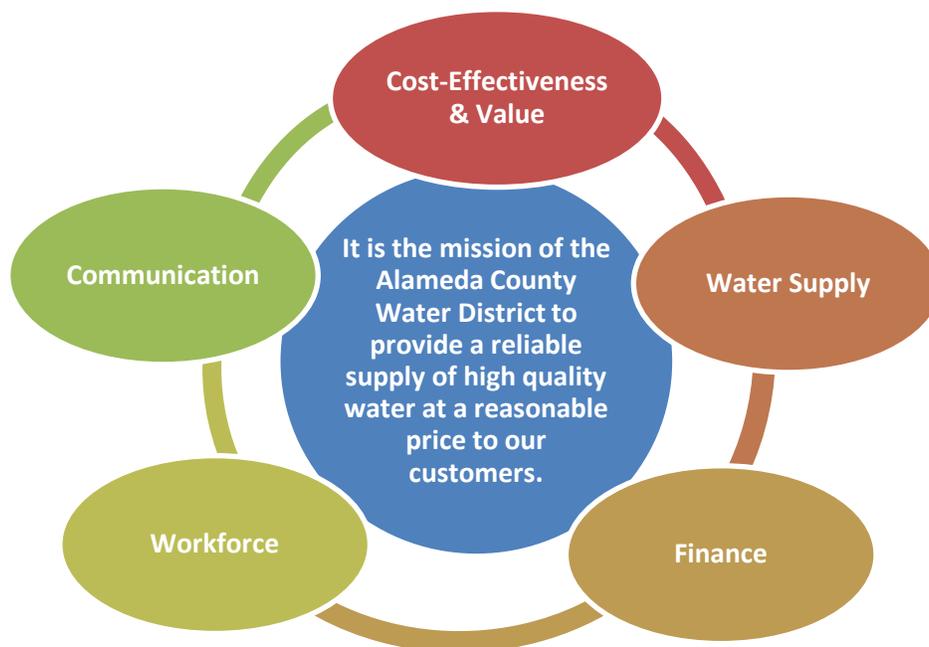
Five Year Strategic Plan

SUMMARY

For more than 111 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 COVID-19 pandemic and 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:

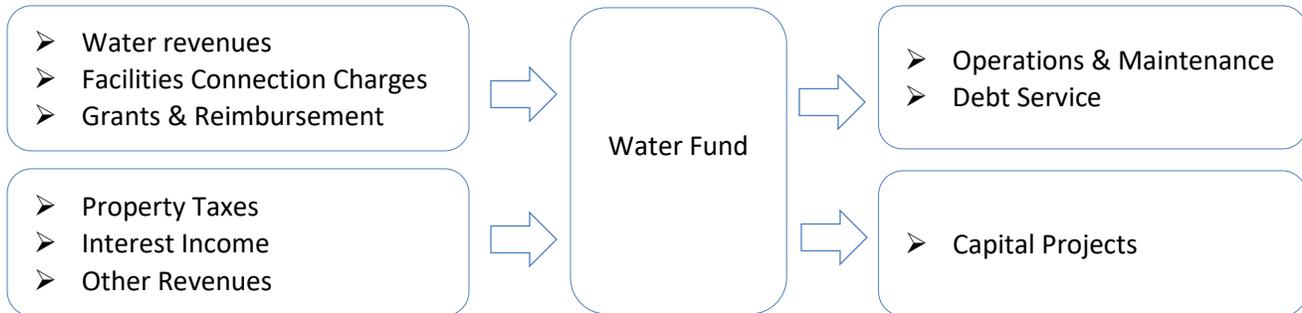
- 5.1. Increase awareness of District services, mission & value in the community.
- 5.2. Enhance customer outreach and engagement with new tools.
- 5.3. Strengthen communications through consistent messages and connection with diverse communities in the District.

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](#).

In March 2025, the Board conducted the first in a series of strategic planning workshops planned for 2025 that will focus on updating the District's 5-year strategic plan. The initial workshop was an opportunity for the Board and the public to provide initial input on an update to the strategic plan and the strategic planning process. Additional workshops are planned to incorporate public, staff, and Board input into the Strategic Plan update.

Fund Structure 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 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 & Account Services	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 proposed budget is then presented to the [Finance and Administration Committee in April](#), and the final proposed budget is presented to the Board of Directors for review at the [Budget Workshops in May](#), and for [Board adoption June](#). FY 2026/27 Midcycle Budget revisions will follow a similar process and will be reviewed at a budget workshop in May 2026 and any amendments to the budget will be presented to the Board for adoption in June 2026.

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 24 and FYE 25 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 26 and FYE 27 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.

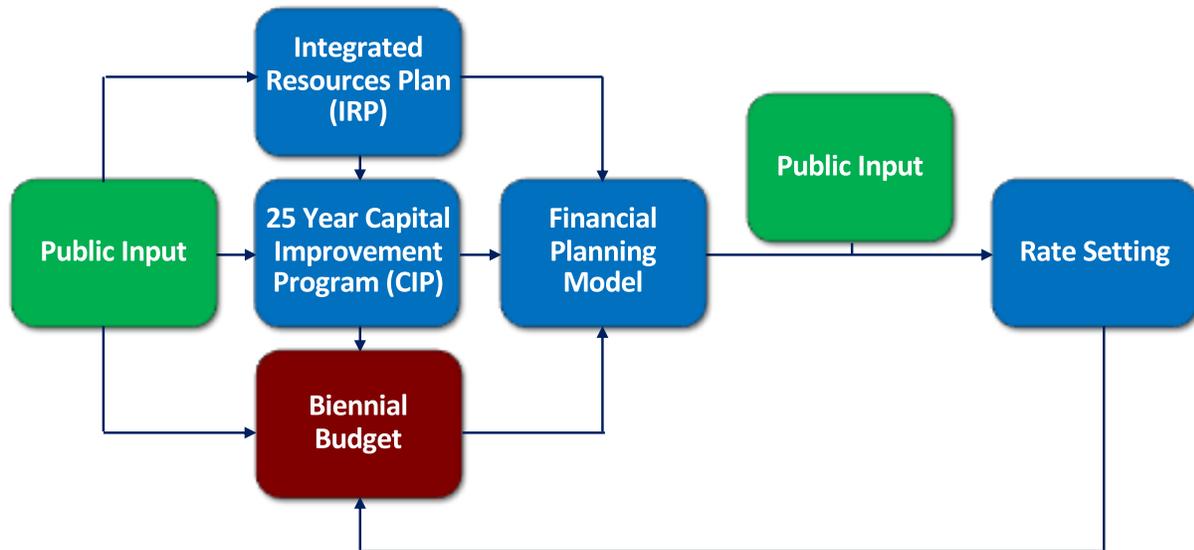
District Two Year Budget Process



Date	Activity
December 2024	Capital Improvement Program (CIP) Kick-off Meeting
December 2024	Distribution of Budget Development Memo and Labor-to-Spread
January 2025	Completion of all CIP Entry by Requesting Departments
March 2025	Submission of operating budget requests by Departments
April 2025	Review of preliminary proposed budget at Executive Staff
April 2025	Review of preliminary proposed budget at Finance and Administration Committee
May 2025	Review of the CIP at Engineering & Information Technology Services Committee
May 2025	Budget Workshop to review the proposed biennial budget
June 2025	Adoption of proposed operating and capital budget and 25-year CIP
May-June 2026	Review and adoption of FYE 27 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

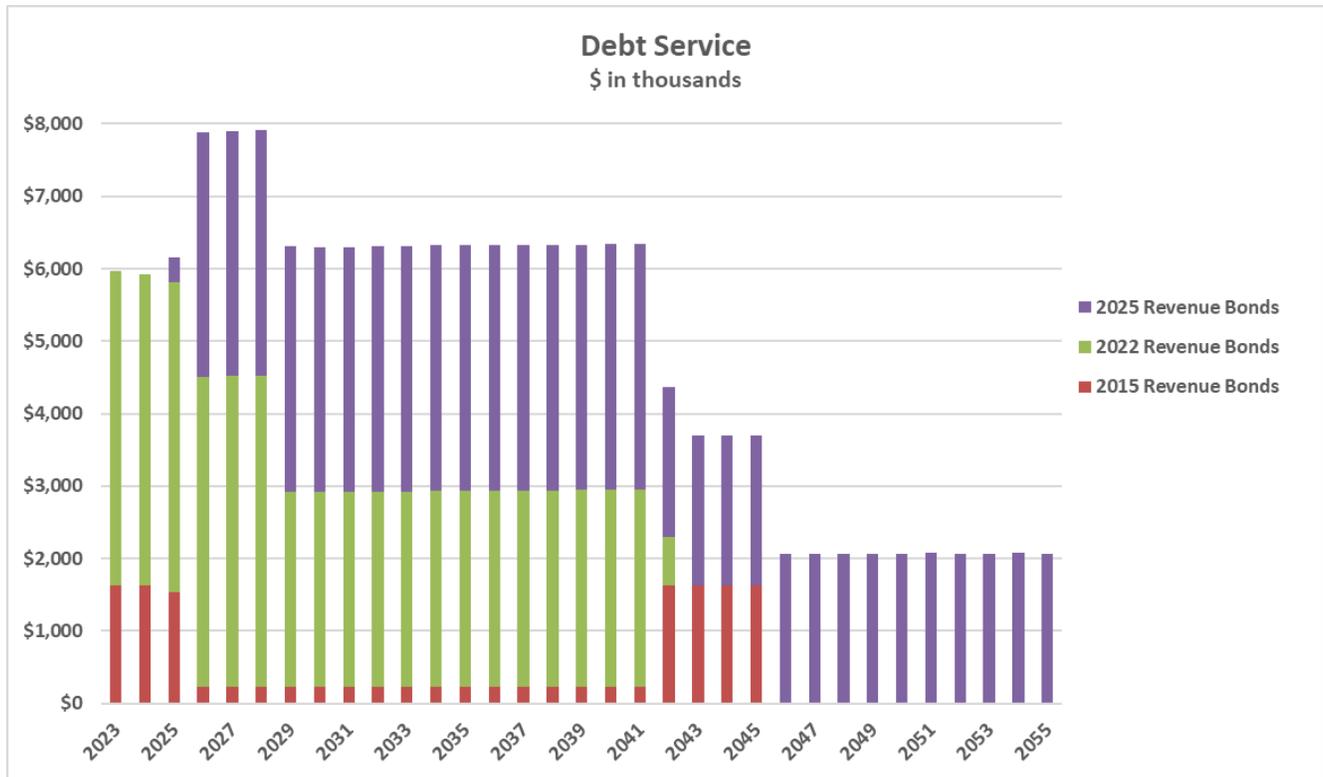
Water System Revenue Bonds are issued primarily to finance the construction of capital improvements related to the District's water system. The bonds are payable solely from and secured by the revenues received from the operation of the District's water system. The District has covenanted for its current 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 three outstanding bonds – 2015 Revenue Bonds, 2022 Revenue Bonds, and 2025 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. A portion of these bonds was refunded in 2025.
- 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.
- 2025 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 a portion of the 2015 Revenue Bonds.

DEBT SERVICE REQUIREMENTS

As of June 30, 2024, the District had \$61.7 million in outstanding debt. The District’s total debt service payments for FYE 26 and FYE 27 are \$7.9million, and \$8.5 million, respectively. The annual debt service payments on the 2015 Water Revenue Bonds, 2022 Water Revenue Bonds, and 2025 Water Revenue Bonds are presented below.



	2015 WATER REVENUE BONDS			2022 WATER REVENUE BONDS			2025 WATER REVENUE BONDS			
(\$ in thousands)										
Period Ending (June 1)	Principal	Interest	Period Debt Service	Principal	Interest	Period Debt Service	Principal	Interest	Period Debt Service	TOTAL DEBT SERVICE
2015		\$240	\$240							-
2016	455	1,170	1,625							-
2017	480	1,147	1,627							-
2018	500	1,123	1,623							-
2019	525	1,098	1,623							-
2020	555	1,072	1,627							-
2021	580	1,044	1,624							-
2022	\$610	\$1,015	\$1,625	-	-	-	-	-	-	\$1,625
2023	640	984	1,624	2,130	2,211	4,341	-	-	-	\$5,965
2024	675	952	1,627	2,490	1,807	4,297	-	-	-	\$5,924
2025	705	823	1,528	2,605	1,682	4,287	-	339	339	\$6,155
2026	-	236	236	2,715	1,552	4,267	1,080	2,305	3,385	\$7,888
2027	-	236	236	2,865	1,416	4,281	1,135	2,251	3,386	\$7,903
2028	-	236	236	3,015	1,273	4,288	1,195	2,194	3,389	\$7,913
2029	-	236	236	1,555	1,122	2,677	1,255	2,135	3,390	\$6,303
2030	-	236	236	1,635	1,044	2,679	1,315	2,072	3,387	\$6,302
2031	-	236	236	1,720	963	2,683	1,375	2,006	3,381	\$6,300
2032	-	236	236	1,810	877	2,687	1,450	1,937	3,387	\$6,310
2033	-	236	236	1,905	786	2,691	1,525	1,865	3,390	\$6,317
2034	-	236	236	2,010	691	2,701	1,600	1,789	3,389	\$6,326
2035	-	236	236	2,085	610	2,695	1,680	1,709	3,389	\$6,320
2036	-	236	236	2,175	527	2,702	1,765	1,625	3,390	\$6,328
2037	-	236	236	2,260	440	2,700	1,850	1,536	3,386	\$6,323
2038	-	236	236	2,355	350	2,705	1,940	1,444	3,384	\$6,325
2039	-	236	236	2,455	255	2,710	2,040	1,347	3,387	\$6,333
2040	-	236	236	2,535	182	2,717	2,145	1,245	3,390	\$6,343
2041	-	236	236	2,610	106	2,716	2,250	1,138	3,388	\$6,339
2042	1,390	236	1,626	645	21	666	1,045	1,025	2,070	\$4,362
2043	1,445	181	1,626	-	-	-	1,100	973	2,073	\$3,698
2044	1,505	123	1,628	-	-	-	1,155	918	2,073	\$3,701
2045	1,565	63	1,628	-	-	-	1,210	860	2,070	\$3,698
2046	-	-	-	-	-	-	1,270	800	2,070	\$2,070
2047	-	-	-	-	-	-	1,335	736	2,071	\$2,071
2048	-	-	-	-	-	-	1,400	669	2,069	\$2,069
2049	-	-	-	-	-	-	1,470	599	2,069	\$2,069
2050	-	-	-	-	-	-	1,545	526	2,071	\$2,071
2051	-	-	-	-	-	-	1,625	449	2,074	\$2,074
2052	-	-	-	-	-	-	1,705	367	2,072	\$2,072
2053	-	-	-	-	-	-	1,790	282	2,072	\$2,072
2054	-	-	-	-	-	-	1,880	193	2,073	\$2,073
2055	-	-	-	-	-	-	1,970	99	2,069	\$2,069
TOTAL	\$8,535	\$8,156	\$16,691	\$43,575	\$17,915	\$61,490	\$46,100	\$37,428	\$83,528	\$161,709

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
2025 Water Revenue Bonds	AAA	Aaa

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 new debt anticipated in the budget timeframe.

DEBT COVERAGE RATIO (\$ in thousands)						
	FYE 23 Actual	FYE 24 Actual	FYE 25 Amended	FYE 25 Estimated	FYE 26 Adopted	FYE 27 Adopted
Total Revenue	\$162,535	\$150,706	\$161,539	\$163,627	\$177,798	\$178,622
State Water Contract Revenue	(6,349)	(6,347)	(6,452)	(6,452)	(7,348)	(7,354)
Customer Capital Contributions	(3,428)	(3,869)	(4,093)	(2,691)	(3,619)	(3,524)
Revenue	152,757	140,491	150,994	154,484	166,831	167,745
Total Operating Expenses	114,484	122,510	128,288	127,798	131,095	135,598
State Water Bond Expenses	(6,349)	(6,347)	(6,452)	(6,452)	(7,348)	(7,354)
Operating Expenses	108,135	116,163	121,836	121,347	123,748	128,244
Annual Debt Service	5,965	5,924	5,911	6,155	7,888	8,503
Debt Coverage Ratio	748%	411%	493%	538%	546%	465%

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, 2025.

DEBT SERVICE SCHEDULE (\$ in thousands)									
	Amount of Outstanding			FYE 23	FYE 24	FYE 25	FYE 25	FYE 26	FYE 27
	Original Issue	Balance at 6/30/2025		Actual	Actual	Amended	Estimated	Adopted Budget	Adopted Budget
2015 Revenue Bonds	27,810	5,905	Principal	640	675	705	705	-	-
4.0% - 5.0%			Interest	984	952	919	823	236	236
Maturity: FYE 45			Total	1,624	1,627	1,624	1,528	236	236
2022 Refunding Rev Bonds	43,575	36,350	Principal	2,130	2,490	2,605	2,605	2,715	2,865
4.0% - 5.0%			Interest	2,211	1,807	1,682	1,682	1,552	1,416
Maturity: FYE 45			Total	4,341	4,297	4,287	4,287	4,267	4,281
2025 Refunding Rev Bonds	46,100	46,100	Principal	-	-	-	-	1,080	1,135
3.96%			Interest	-	-	-	339	2,305	2,251
Maturity: FYE 55			Total	-	-	-	339	3,385	3,386
Interim Financing Interest Only Payments				-	-	-	-	-	600
Grand Total	\$117,485	\$88,355		\$5,965	\$5,924	\$5,911	\$6,155	\$7,888	\$8,503

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 2023 (Board Resolution 23-042). 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 first 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 February 2025 (Board Resolution 25-006). 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 May 2024 (Board Resolution 24-019). 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.



FINANCIAL SUMMARIES

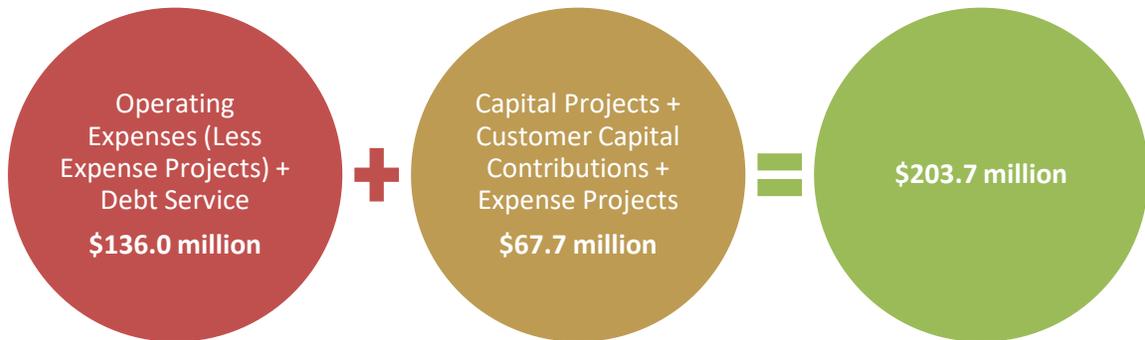
Budget Summaries and Budget Trends

The table below shows the beginning cash balances, revenues, expenses, and ending cash balances for FYE 26 and FYE 27 for All Funds. Revenues for All Funds are budgeted at \$177.8 million and \$178.6 million in FYE 26 and FYE 27, respectively. Expenses for All Funds are budgeted at \$203.7 million and \$204.0 million in FYE 26 and FYE 27, respectively.

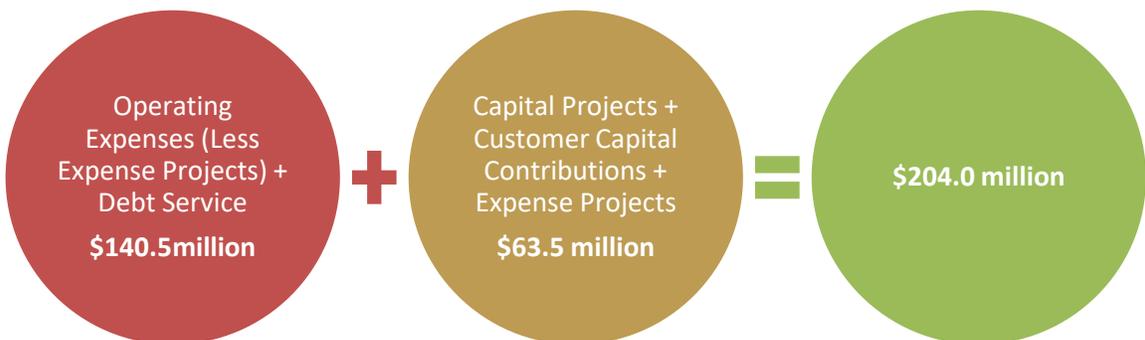
	FYE 26 Adopted Budget	FYE 27 Adopted Budget	% Change FYE 26 FYE 27
	(\$ in thousands)		
Beginning Balance	\$172,950	\$147,050	-15%
Revenues	177,798	178,622	0%
Expenses	203,697	204,003	0%
Ending Balance	\$147,050	\$141,670	-4%

As illustrated below, operating budget includes operating expenses (excluding expense projects) and debt service totaling \$136.0 in FYE 26 and \$140.5 in FYE 27. Capital budget includes capital project expenditures, customer capital contributions, and expense projects totaling \$67.7 million in FYE 26 and \$63.5 million in FYE 27.

Adopted Budget - FYE 26



Adopted Budget – FYE 27



The tables on the following pages present the Adopted 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 Adopted Budget for All Funds for FYE 26.

ADOPTED BUDGET – FYE 26

FYE 26	ALL FUNDS SUMMARY (\$ in thousands)			Total All Funds
	General Fund	Facilities Improvement Fund	Facilities Renewal Fund	
Beginning Balance	\$106,460	\$66,490	-	\$172,950
Revenues				
Water Revenue	134,044	-	-	134,044
Drought Surcharge Revenue	-	-	-	-
Ground Water Revenue	634	-	-	634
1% Tax Allocation	9,316	-	-	9,316
State Water Contract Tax	7,348	-	-	7,348
Interest Revenue	2,875	1,854	-	4,729
Facilities Connection Charges - FIF	-	1,680	-	1,680
Facilities Connection Charges - FRF	-	-	820	820
Customer Capital Contributions	3,619	-	-	3,619
Grants, Reimbursements	6,515	-	-	6,515
Other Revenue	9,092	-	-	9,092
Total Revenues	173,444	3,534	820	177,798
Expenses				
Source of Supply	54,358	-	-	54,358
Pumping	2,939	-	-	2,939
Water Treatment	19,495	-	-	19,495
Transmission & Distribution	17,510	-	-	17,510
Customer Accounts	5,647	-	-	5,647
Administrative & General	28,200	-	-	28,200
Expense Projects	2,948	-	-	2,948
Total Operating Expenses	131,095	-	-	131,095
Capital Projects	49,223	11,052	820	61,095
Customer Capital Contributions	3,619	-	-	3,619
Debt Service	7,888	-	-	7,888
Total Non-Operating Expenses	60,730	11,052	820	72,602
Total Expenses	191,825	11,052	820	203,697
Capital Financing Proceeds	-	-	-	-
Addition to/(Use of) Reserves	(18,381)	(7,518)	-	(25,899)
Reconciling Timing Difference	-	-	-	-
Ending Cash Balance	\$88,079	\$58,972	-	\$147,050

The table below presents the Adopted Budget for All Funds for FYE 27.

ADOPTED BUDGET – FYE 27

FYE 27	ALL FUNDS SUMMARY (\$ in thousands)			Total All Funds
	General Fund	Facilities Improvement Fund	Facilities Renewal Fund	
Beginning Balance	\$88,079	\$58,972	-	\$147,050
Revenues				
Water Revenue	140,013	-	-	140,013
Drought Surcharge Revenue	-	-	-	-
Ground Water Revenue	634	-	-	634
1% Tax Allocation	9,642	-	-	9,642
State Water Contract Tax	7,354	-	-	7,354
Interest Revenue	2,596	1,671	-	4,267
Facilities Connection Charges - FIF	-	2,350	-	2,350
Facilities Connection Charges - FRF	-	-	1,150	1,150
Customer Capital Contributions	3,524	-	-	3,524
Grants, Reimbursements	7,474	-	-	7,474
Other Revenue	2,214	-	-	2,214
Total Revenues	173,451	4,021	1,150	178,622
Expenses				
Source of Supply	56,427	-	-	56,427
Pumping	2,987	-	-	2,987
Water Treatment	19,523	-	-	19,523
Transmission & Distribution	18,163	-	-	18,163
Customer Accounts	5,774	-	-	5,774
Administrative & General	29,073	-	-	29,073
Expense Projects	3,650	-	-	3,650
Total Operating Expenses	135,598	-	-	135,598
Capital Projects	46,326	8,901	1,150	56,378
Customer Capital Contributions	3,524	-	-	3,524
Debt Service	8,503	-	-	8,503
Total Non-Operating Expenses	58,353	8,901	1,150	68,405
Total Expenses	193,951	8,901	1,150	204,003
Capital Financing Proceeds	20,000	-	-	20,000
Addition to/(Use of) Reserves	(500)	(4,881)	-	(5,380)
Reconciling Timing Difference	-	-	-	-
Ending Cash Balance	\$87,579	\$54,091	-	\$141,670

The following table present the Budget Summary by Fund.

BUDGET SUMMARY – GENERAL FUND

GENERAL FUND REVENUES & EXPENSES (\$ in thousands)								
	FYE 23 Actual	FYE 24 Actual	FYE 25 Amended	FYE 25 Estimated	FYE 26 Adopted Budget	FYE 27 Adopted Budget	% Chg FYE 25 FYE 26	% Chg FYE 26 FYE 27
Beginning Balance	\$135,429	\$135,386	\$102,409	\$101,538	\$106,460	\$88,079	5%	-17%
Revenues								
Water Revenue	112,188	118,260	128,471	128,096	134,044	140,013	5%	4%
Drought Surcharge Revenue	10,259	-	-	-	-	-	0%	0%
Ground Water Revenue	611	675	631	626	634	634	1%	0%
1% Tax Allocation	8,063	8,697	8,445	9,001	9,316	9,642	3%	3%
State Water Contract Tax	6,349	6,347	6,452	6,452	7,348	7,354	14%	0%
Interest Revenue	2,012	2,287	2,192	2,263	2,875	2,596	27%	-10%
Customer Capital Contributions	3,428	3,869	4,093	2,691	3,619	3,524	34%	-3%
Grants, Reimbursements	5,569	645	1,078	2,222	6,515	7,474	193%	15%
Other Revenue	1,759	3,404	1,316	6,615	9,092	2,214	37%	-76%
Total Revenues	150,239	144,183	152,678	157,967	173,444	173,451	10%	0%
Expenses								
Source of Supply	47,564	51,393	55,245	54,304	54,358	56,427	0%	4%
Pumping	2,148	2,182	2,586	2,644	2,939	2,987	11%	2%
Water Treatment	15,632	15,364	19,532	19,505	19,495	19,523	0%	0%
Transmission & Distribution	16,530	15,730	16,053	16,101	17,510	18,163	9%	4%
Customer Accounts	5,318	4,938	5,232	5,668	5,647	5,774	0%	2%
Administrative & General	23,104	27,759	25,518	26,062	28,200	29,073	8%	3%
Expense Projects	4,187	5,144	4,121	3,515	2,948	3,650	-16%	24%
Total Operating Expenses	114,484	122,510	128,288	127,798	131,095	135,598	3%	3%
Capital Projects	24,645	48,716	46,045	51,401	49,223	46,326	-4%	-6%
Customer Capital Contributions	3,817	4,230	4,093	2,691	3,619	3,524	34%	-3%
Debt Service	5,965	5,923	7,646	6,155	7,888	8,503	28%	8%
Total Non-Operating Expenses	34,427	58,868	57,784	60,247	60,730	58,353	1%	-4%
Total Expenses	148,911	181,379	186,072	188,045	191,825	193,951	2%	1%
Capital Financing Proceeds	-	-	30,000	35,000	-	20,000		
Addition to/(Use of) Reserves	1,328	(37,195)	(3,394)	4,922	(18,381)	(500)		
Reconciling Timing Difference	(1,371)	3,348	-	-	-	-		
Ending Balance	\$135,386	\$101,538	\$99,015	\$106,460	\$88,079	\$87,579	-17%	-1%

The following tables present the Budget Summary by Fund.

BUDGET SUMMARY – FACILITIES IMPROVEMENT FUND

FACILITIES IMPROVEMENT FUND (FIF)								
REVENUES & EXPENSES								
(\$ in thousands)								
	FYE 23	FYE 24	FYE 25	FYE 25	FYE 26	FYE 27	% Chg	% Chg
	Actual	Actual	Amended	Estimated	Adopted	Adopted	FYE 25	FYE 26
					Budget	Budget	FYE 26	FYE 27
Beginning Balance	\$73,441	\$77,577	\$73,479	\$73,153	\$66,490	\$58,972	-9%	-11%
Revenues								
Facilities Connection Charges - FIF	7,179	3,212	4,621	2,780	1,680	2,350	-40%	40%
Interest Revenue	1,116	1,398	1,562	1,519	1,854	1,671	22%	-10%
Total FIF Revenues	8,295	4,610	6,183	4,299	3,534	4,021	-18%	14%
Expenses								
Capital Projects	4,159	9,034	9,567	10,963	11,052	8,901	1%	-19%
Total FIF Expenses	4,159	9,034	9,567	10,963	11,052	8,901	1%	-19%
Addition to/(Use of) Reserves	4,136	(4,424)	(3,384)	(6,663)	(7,518)	(4,881)	13%	-35%
Ending Balance	\$77,577	\$73,153	\$70,095	\$66,490	\$58,972	\$54,091	-11%	-8%

BUDGET SUMMARY – FACILITIES RENEWAL FUND

FACILITIES RENEWAL FUND (FRF)								
REVENUES & EXPENSES								
(\$ in thousands)								
	FYE 23	FYE 24	FYE 25	FYE 25	FYE 26	FYE 27	% Chg	% Chg
	Actual	Actual	Amended	Estimated	Adopted	Adopted	FYE 25	FYE 26
					Budget	Budget	FYE 26	FYE 27
Beginning Balance	-	-	-	-	-	-	0%	0%
Revenues								
Facilities Connection Charges - FRF	4,000	1,913	2,679	1,361	820	1,150	-40%	40%
Interest Revenue	-	-	-	-	-	-	0%	0%
Total FRF Revenues	4,000	1,913	2,679	1,361	820	1,150	-40%	40%
Expenses								
Capital Projects	4,000	1,913	2,679	1,361	820	1,150	-40%	40%
Total FRF Expenses	4,000	1,913	2,679	1,361	820	1,150	-40%	40%
Addition to/(Use of) Reserves	-	-	-	-	-	-	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 23	FYE 24	FYE 25	FYE 25	FYE 26	FYE 27	% Chg	% Chg
	Actual	Actual	Amended	Estimated	Adopted Budget	Adopted Budget	FYE 25	FYE 26
							FYE 26	FYE 27
Beginning Balance								
General Fund	\$135,429	\$135,386	\$102,409	\$101,538	\$106,460	\$88,079	5%	-17%
Facilities Improvement Fund (FIF)	73,441	77,577	73,479	73,153	66,490	58,972	-9%	-11%
Facilities Renewal Fund (FRF)	-	-	-	-	-	-	0%	0%
Total Beginning Balance	208,870	212,963	175,889	174,691	172,950	147,050	-1%	-15%
Revenues								
Water Revenue	112,188	118,260	128,471	128,096	134,044	140,013	5%	4%
Drought Surcharge Revenue	10,259	-	-	-	-	-	0%	0%
Ground Water Revenue	611	675	631	626	634	634	1%	0%
1% Tax Allocation	8,063	8,697	8,445	9,001	9,316	9,642	3%	3%
State Water Contract Tax	6,349	6,347	6,452	6,452	7,348	7,354	14%	0%
Interest Revenue	3,128	3,684	3,754	3,782	4,729	4,267	25%	-10%
Facilities Connection Charges - FIF	7,179	3,212	4,621	2,780	1,680	2,350	-40%	40%
Facilities Connection Charges - FRF	4,000	1,913	2,679	1,361	820	1,150	-40%	40%
Customer Capital Contributions	3,428	3,869	4,093	2,691	3,619	3,524	34%	-3%
Grants, Reimbursements	5,569	645	1,078	2,222	6,515	7,474	193%	15%
Other Revenue	1,759	3,404	1,316	6,615	9,092	2,214	37%	-76%
Total Revenues	162,535	150,706	161,539	163,627	177,798	178,622	9%	0%
Expenses								
Source of Supply	47,564	51,393	55,245	54,304	54,358	56,427	0%	4%
Pumping	2,148	2,182	2,586	2,644	2,939	2,987	11%	2%
Water Treatment	15,632	15,364	19,532	19,505	19,495	19,523	0%	0%
Transmission & Distribution	16,530	15,730	16,053	16,101	17,510	18,163	9%	4%
Customer Accounts	5,318	4,938	5,232	5,668	5,647	5,774	0%	2%
Administrative & General	23,104	27,759	25,518	26,062	28,200	29,073	8%	3%
Expense Projects	4,187	5,144	4,121	3,515	2,948	3,650	-16%	24%
Total Operating Expenses	114,484	122,510	128,288	127,798	131,095	135,598	3%	3%
Capital Projects	32,805	59,663	58,290	63,724	61,095	56,378	-4%	-8%
Customer Capital Contributions	3,817	4,230	4,093	2,691	3,619	3,524	34%	-3%
Debt Service	5,965	5,923	7,646	6,155	7,888	8,503	28%	8%
Total Non-Operating Expenses	42,587	69,816	70,029	72,570	72,602	68,405	0%	-6%
Total Expenses	157,070	192,326	198,317	200,368	203,697	204,003	2%	0%
Capital Financing Proceeds *	-	-	30,000	35,000	-	20,000		
Addition to/(Use of) Reserves	5,464	(41,620)	(6,778)	(1,741)	(25,899)	(5,380)		
Reconciling Timing Difference	(1,371)	3,348	-	-	-	-		
Ending Cash Balance								
General Fund	135,386	101,538	99,015	106,460	88,079	87,579	-17%	-1%
Facilities Improvement Fund	77,577	73,153	70,095	66,490	58,972	54,091	-11%	-8%
Facilities Renewal Fund	-	-	-	-	-	-	0%	0%
Total Ending Cash Balance	\$212,963	\$174,691	\$169,111	\$172,950	\$147,050	\$141,670	-15%	-4%

* Proceeds from 2025 debt issuance reimbursed District costs for Driscoll Rd Main Renewal (\$11 million), Groundwater PFAS Treatment Facility (\$10.5 million), Advanced Metering Infrastructure (\$5.2 million), Alameda Reservoir Roof Replacement (\$5.1 million), and Central Newark Thornton Ave. Main Renewal (\$3.2 million).

The table below presents the Budget Trends by Department.

BUDGET TRENDS BY DEPARTMENT

TOTAL BUDGET REVENUES & EXPENSES (\$ in thousands)								
	FYE 23	FYE 24	FYE 25	FYE 25	FYE 26	FYE 27	% Chg	% Chg
	Actual	Actual	Amended	Estimated	Adopted Budget	Adopted Budget	FYE 25 FYE 26	FYE 26 FYE 27
Beginning Balance								
General Fund	\$135,429	\$135,386	\$102,409	\$101,538	\$106,460	\$88,079	5%	-17%
Facilities Improvement Fund (FIF)	73,441	77,577	73,479	73,153	66,490	58,972	-9%	-11%
Facilities Renewal Fund (FRF)	-	-	-	-	-	-	0%	0%
Total Beginning Balance	208,870	212,963	175,889	174,691	172,950	147,050	-1%	-15%
Revenues								
Water Revenue	112,188	118,260	128,471	128,096	134,044	140,013	5%	4%
Drought Surcharge Revenue	10,259	-	-	-	-	-	0%	0%
Ground Water Revenue	611	675	631	626	634	634	1%	0%
1% Tax Allocation	8,063	8,697	8,445	9,001	9,316	9,642	3%	3%
State Water Contract Tax	6,349	6,347	6,452	6,452	7,348	7,354	14%	0%
Interest Revenue	3,128	3,684	3,754	3,782	4,729	4,267	25%	-10%
Facilities Connection Charges - FIF	7,179	3,212	4,621	2,780	1,680	2,350	-40%	40%
Facilities Connection Charges - FRF	4,000	1,913	2,679	1,361	820	1,150	-40%	40%
Customer Capital Contributions	3,428	3,869	4,093	2,691	3,619	3,524	34%	-3%
Grants, Reimbursements	5,569	645	1,078	2,222	6,515	7,474	193%	15%
Other Revenue	1,759	3,404	1,316	6,615	9,092	2,214	37%	-76%
Total Revenues	162,535	150,706	161,539	163,627	177,798	178,622	9%	0%
Expenses								
Board of Directors	147	141	144	144	144	144	0%	0%
General Manager's Office	2,249	2,395	3,048	2,809	3,086	3,172	10%	3%
Engineering & Technology Services	7,224	7,656	8,027	8,368	9,266	9,291	11%	0%
Operations & Maintenance	43,522	43,030	48,853	48,225	51,983	53,543	8%	3%
Water Resources	47,184	50,684	53,583	52,629	52,684	54,686	0%	4%
Finance & Administration	12,056	12,178	13,210	13,781	14,237	14,728	3%	3%
District-Wide	26,123	27,280	29,016	28,365	29,158	29,740	3%	2%
Expense Credits	(28,209)	(25,997)	(31,715)	(30,037)	(32,410)	(33,506)	8%	3%
Dept Operating Expenses	110,296	117,366	124,166	124,283	128,147	131,797	3%	3%
Expense Projects	4,187	5,144	4,121	3,515	2,948	3,650	-16%	24%
Total Operating Expenses	114,484	122,510	128,288	127,798	131,095	135,448	3%	3%
Capital Projects	32,805	59,663	58,290	63,724	61,095	56,378	-4%	-8%
Customer Capital Contributions	3,817	4,230	4,093	2,691	3,619	3,524	34%	-3%
Debt Service	5,965	5,923	7,646	6,155	7,888	8,503	28%	8%
Total Non-Operating Expenses	42,587	69,816	70,029	72,570	72,602	68,405	0%	-6%
Total Expenses	157,070	192,326	198,317	200,368	203,697	203,853	2%	0%
Capital Financing Proceeds	-	-	30,000	35,000	-	20,000		
Addition to/(Use of) Reserves	5,464	(41,620)	(6,778)	(1,741)	(25,899)	(5,230)		
Reconciling Timing Difference	(1,371)	3,348	-	-	-	-		
Ending Cash Balance								
General Fund	135,386	101,538	99,015	106,460	88,079	87,579	-17%	-1%
Facilities Improvement Fund	77,577	73,153	70,095	66,490	58,972	54,091	-11%	-8%
Facilities Renewal Fund	-	-	-	-	-	-	0%	0%
Total Ending Cash Balance	\$212,963	\$174,691	\$169,111	\$172,950	\$147,050	\$141,670	-15%	-4%

The table below presents the Expense Summary by Department.

EXPENSE SUMMARY BY DEPARTMENT

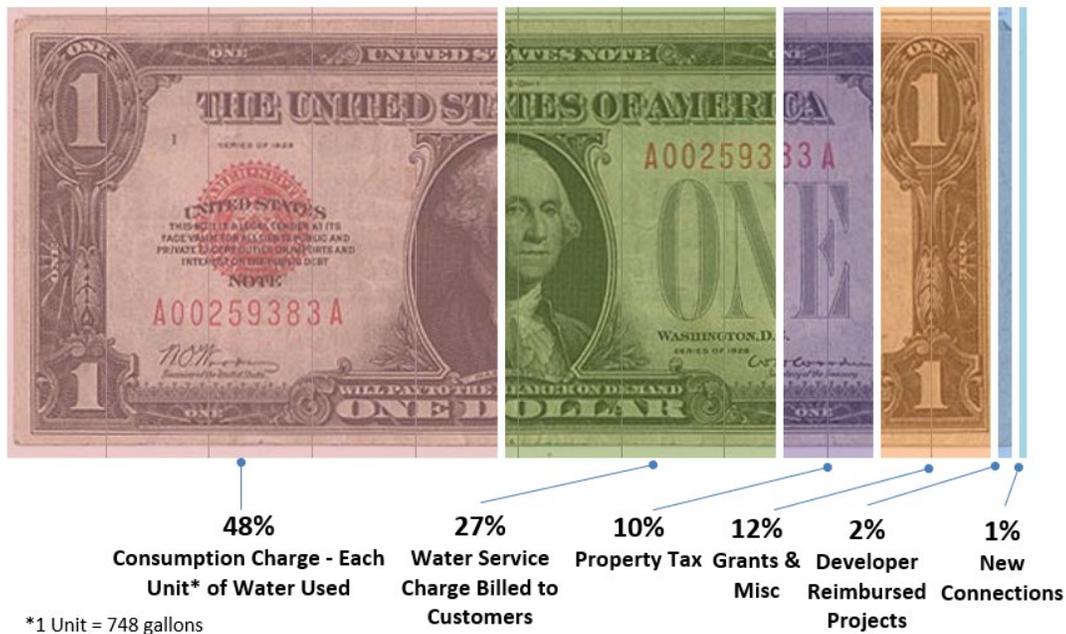
EXPENSE SUMMARY DEPARTMENT (\$ in thousands)								
	FYE 23	FYE 24	FYE 25	FYE 25	FYE 26	FYE 27	% Chg	% Chg
	Actual	Actual	Amended	Estimated	Adopted Budget	Adopted Budget	FYE 25 FYE 26	FYE 26 FYE 27
Department								
Board of Directors	\$147	\$141	\$144	\$144	\$144	\$144	0%	0%
General Manager's Office	2,249	2,395	3,048	2,809	3,086	3,172	10%	3%
Engineering & Technology Services	7,224	7,656	8,027	8,368	9,266	9,291	11%	0%
Operations & Maintenance	43,522	43,030	48,853	48,225	51,983	53,543	8%	3%
Water Resources	47,184	50,684	53,583	52,629	52,684	54,686	0%	4%
Finance & Administration	12,056	12,178	13,210	13,781	14,237	14,728	3%	3%
Department Expenses	112,383	116,083	126,865	125,955	131,399	135,563	4%	3%
Non-Department								
District-Wide	26,123	27,280	29,016	28,365	29,158	29,740	3%	2%
Expense Credits	(28,209)	(25,997)	(31,715)	(30,037)	(32,410)	(33,506)	8%	3%
Non-Department Expenses	(2,087)	1,283	(2,698)	(1,672)	(3,252)	(3,766)	94%	16%
Total Expenses	\$110,296	\$117,366	\$124,166	\$124,283	\$128,147	\$131,797	3%	3%

Major Revenue Assumptions

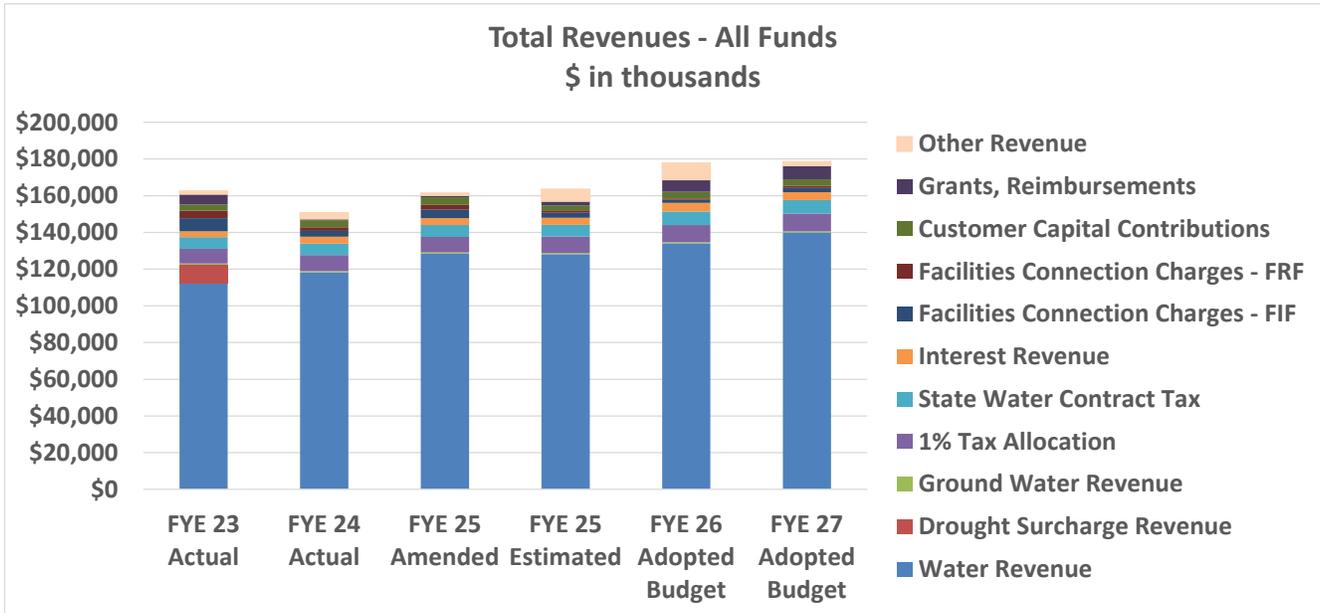
TOTAL REVENUES

FYE 26 and FYE 27 revenues for all funds are estimated to be \$177.8 million and \$178.6 million, respectively. The graphic and table below illustrate the sources of revenue.

Every \$1 flowing in comes from:



REVENUES DETAIL (\$ in thousands)								
	FYE 23 Actual	FYE 24 Actual	FYE 25 Amended	FYE 25 Estimated	FYE 26 Adopted Budget	FYE 27 Adopted Budget	% Chg FYE 25 FYE 26	% Chg FYE 26 FYE 27
Water Revenue	\$112,188	\$118,260	\$128,471	\$128,096	\$134,044	\$140,013	5%	4%
Drought Surcharge Revenue	10,259	-	-	-	-	-	0%	0%
Ground Water Revenue	611	675	631	626	634	634	1%	0%
1% Tax Allocation	8,063	8,697	8,445	9,001	9,316	9,642	3%	3%
State Water Contract Tax	6,349	6,347	6,452	6,452	7,348	7,354	14%	0%
Interest Revenue	3,128	3,684	3,754	3,782	4,729	4,267	25%	-10%
Facilities Connection Charges - FIF	7,179	3,212	4,621	2,780	1,680	2,350	-40%	40%
Facilities Connection Charges - FRF	4,000	1,913	2,679	1,361	820	1,150	-40%	40%
Customer Capital Contributions	3,428	3,869	4,093	2,691	3,619	3,524	34%	-3%
Grants, Reimbursements	5,569	645	1,078	2,222	6,515	7,474	193%	15%
Other Revenue								
Fire Flow Testing	12	21	23	19	16	16	-13%	0%
Lease of Property	318	330	355	335	324	324	-3%	0%
Scrap Sales	19	29	19	21	22	22	7%	0%
Sales of Fixed Assets	222	193	113	113	149	149	33%	0%
Licenses and Permits	121	87	120	115	115	115	0%	0%
Misc Revenues	990	2,671	612	5,937	8,391	1,513	41%	-82%
Residential Service Line Insurance	77	73	75	75	74	74	-1%	0%
Total Other Revenue	\$1,759	\$3,404	\$1,316	\$6,615	\$9,092	\$2,214	37%	-76%
Total Revenues	\$162,535	\$150,706	\$161,539	\$163,627	\$177,798	\$178,622	9%	0%



GENERAL FUND

FYE 26 and FYE 27 revenues for the General Fund are estimated to be \$177.8 million and \$178.6 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, 2025 and 4% rate increase effective March 1, 2026 approved by the Board at the conclusion of the Proposition 218 process and the public hearing in February 2025. The long term financial planning assumes a future water rate increase of 5% in March 2027, 5% in March 2028, and 4% annually thereafter.

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.

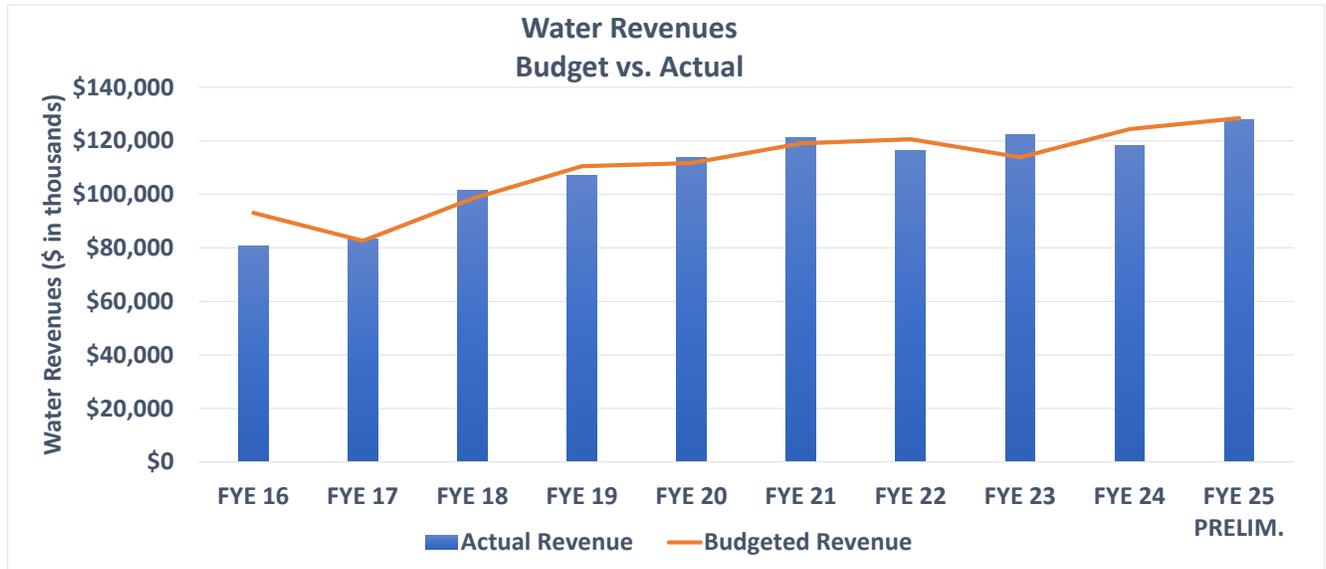
Water customers are charged a fixed service charge based on the size of each meter at the customer’s property and consumption charge based on water use. For residential customers – who typically have a meter accommodating either 5/8- or 3/4-inch pipe – the service charge is \$66.30 bi-monthly as of March 1, 2025. 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 \$5.17 per unit as of March 1, 2025.

The budget assumes total projected billed water demand (consumption) of 33.7 million gallons per day (MGD) for FYE 26 (0.8% increase from FYE 25) and 33.7 MGD for FYE 27 (0.0% increase from FYE 26). The assumed flattening of water demand is due to efficiency of new residential and commercial development, as well as

improvement in meter accuracy from the replacement of older water meters. New water service connections are estimated to increase by 310 units or 0.35% annually for the next two fiscal years. Total water revenue is budgeted at \$134.0 million in FYE 26 and \$140.0 for FYE 27 (4% increase).

WATER REVENUES DETAIL (\$ in thousands)								
	FYE 23	FYE 24	FYE 25	FYE 25	FYE 26	FYE 27	% Chg	% Chg
	Actual	Actual	Amended	Estimated	Projected Budget	Projected Budget	FYE 25 FYE 26	FYE 26 FYE 27
Consumption Charge	\$70,511	\$74,840	\$81,537	\$82,051	\$86,046	\$89,782	5%	4%
Water Service Charge	41,677	43,420	46,935	46,046	47,999	50,231	4%	5%
Drought Surcharge Revenue	10,259	-	-	-	-	-	0%	0%
Total Water Revenues	\$122,447	\$118,260	\$128,472	\$128,096	\$134,044	\$140,013	5%	4%

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, 2025, and March 1, 2026.

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

Meter Size	Charge per Meter	Charge per Meter
	Eff. 3-1-2025	Eff. 3-1-2026
5/8" & 3/4" meter	\$66.30	\$68.95
1" meter	\$105.94	\$110.18
1-½" meter	\$205.00	\$213.20
2" meter	\$323.91	\$336.87
3" meter	\$700.39	\$728.41
4" meter	\$1,255.20	\$1,305.41
6" meter	\$3,177.24	\$3,304.33

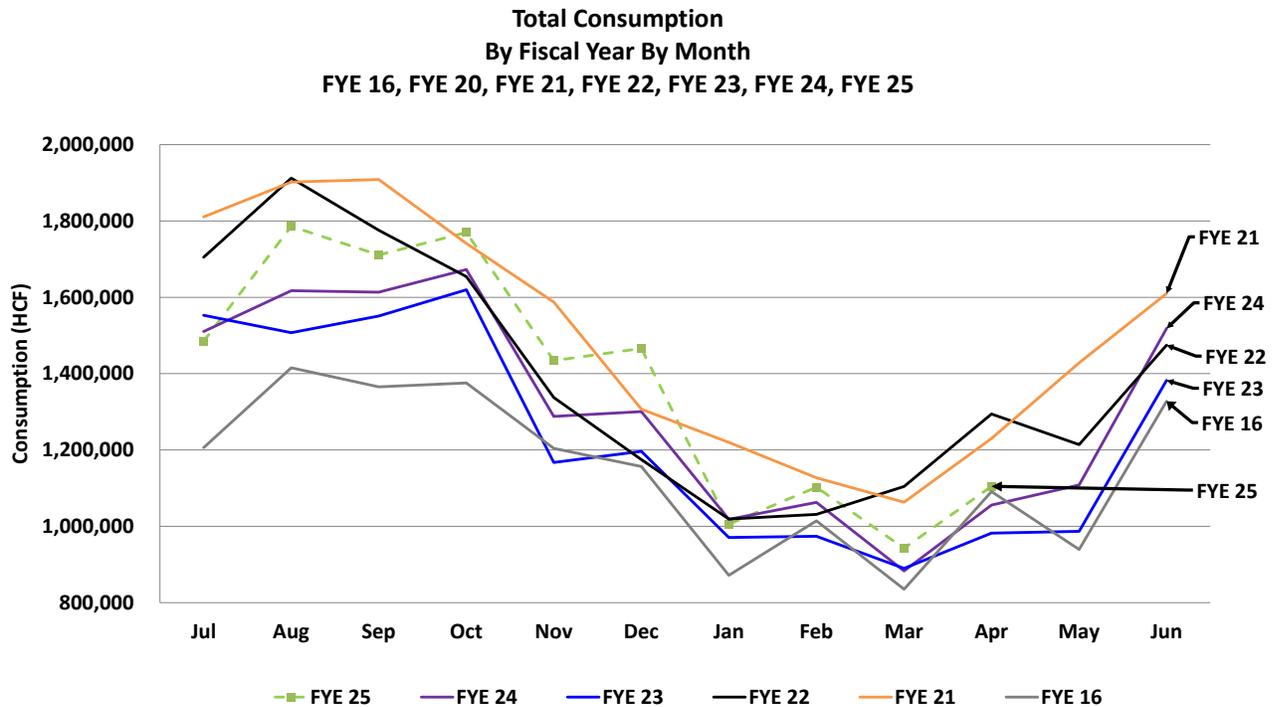
8" meter	\$5,555.04	\$5,777.24
10" meter	\$8,329.13	\$8,662.30

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

	<u>Per Hundred Cubic Feet*</u> <u>Eff. 3-1-2025</u>	<u>Per Hundred Cubic Feet*</u> <u>Eff. 3-1-2026</u>
All usage – Inside District Customers	\$5.17/unit	\$5.38/unit
All usage – Outside District Customers	\$5.91/unit	\$6.15/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 2025. 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 \$9.3 million and \$9.6 million for FYE 26 and FYE 27, 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

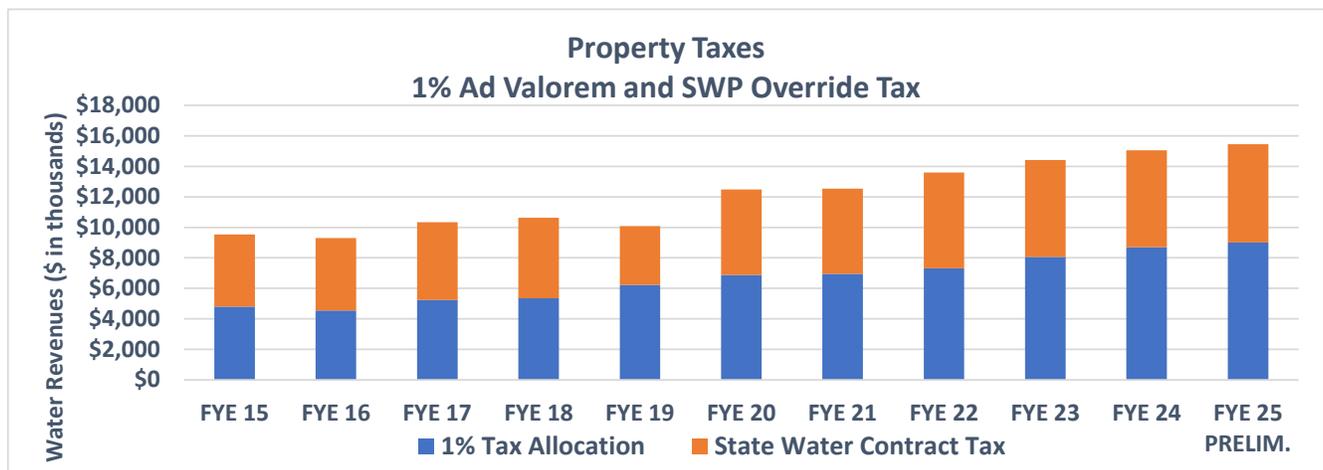
increases up to a maximum of 2% per year. The District receives approximately 1% of the 1% ad valorem tax with most of the proceeds allocated to schools and city and county governments.

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 \$7.3 million and \$7.3 million for FYE 26 and FYE 27, 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 \$2.0 million for implementation of the Advanced Metering Infrastructure Project. The District has also been awarded \$12.3 million for the Alvarado Niles Pipeline. From 2023 to 2027, the District is expecting to receive over \$22.4 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: Proposition 4 Climate Bond funding for various projects in including PFAS IX Treatment Phase 2, seismic retrofit projects, Del

Valle Reservoir Storage Expansion; and FEMA Hazard Mitigation funding for seismic retrofits at Patterson and Decoto Reservoirs. Additional detail on these and other grants received by the District is detailed in the following table.

GRANTS & REIMBURSEMENTS DETAIL (\$ in thousands)							
Grants	FYE 23 Actual	FYE 24 Actual	FYE 25* Amended	FYE 25 Estimated	FYE 26 Adopted Budget	FYE 27 Adopted Budget	FYE 23 - FYE 27 Total
FEMA HMGP for Alvarado Niles Pipeline				400	6,000	5,954	\$12,354
IRWMP Grant RD1 System Fish Passage Improvements	3,347	-	-	-	-	-	\$3,347
Proposition 1 - Brackish Groundwater Reclamation	-	-	1,078	53	515	1,520	\$2,088
USBR WaterSmart for AMI	-	-	-	2,000	-	-	\$2,000
ACFCD for RD1/Drop Struct. Fish ladder	\$1,281	-	-	(231)	-	-	\$1,050
CA WCB Rubber Dam Fish Ladder No. 1	-	536	-	-	-	-	\$536
SWRCB - Niles Cone GW Basin Extract. Well Site Eval.	384	-	-	-	-	-	\$384
EBMUD BAIRWMP Prop 1 Regional Conservation Grant	310	2	-	-	-	-	\$312
SFPUC/USD Water Purchase Cost Share	156	106	-	-	-	-	\$263
DWR Alternative Update & Model Upgrade Niles Cone	50	-	-	-	-	-	\$50
Coastal Conservancy Prop 1 for RD3	41	-	-	-	-	-	\$41
State Arrearages Program	-	1	-	-	-	-	\$01
Total	\$5,569	\$645	<i>\$1,078</i>	\$2,222	\$6,515	\$7,474	\$22,425

*Note: FYE 25 Amended Budget is not included in the FYE 23- FYE 27 Total column.

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 can be found on the District's website: [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 are in the Rate & Fee Schedule and can be found on the District's website: [Water Rates](#).

FACILITIES IMPROVEMENT FUND

FYE 26 and FYE 27 revenues for the Facilities Improvement are estimated to be \$1.7 million and \$2.4 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 26 and FYE 27 revenues for the General Fund are estimated to be \$0.8 million and \$1.2 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 \$203.7 million for FYE 26 and \$204.0 million for FYE 27. 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:

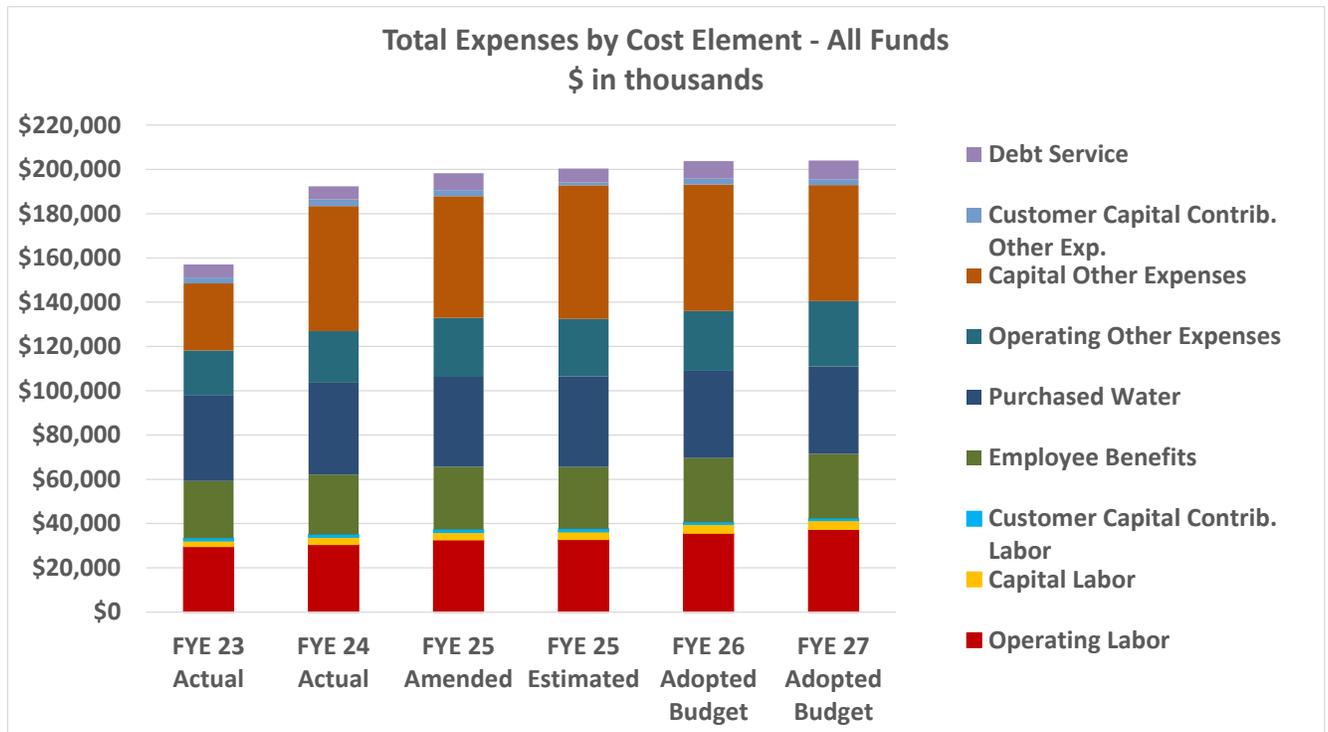


The District's expenses are presented by Cost Element and Cost Center. The Expense Summary by Cost Element shows labor, purchase water, employee benefits, debt service, and other expenses. Labor and other expenses are broken out into operating expenses, capital expenditures, and customer capital contributions. 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 \$203.7 million in FYE 26 and \$204.0 million in FYE 27.

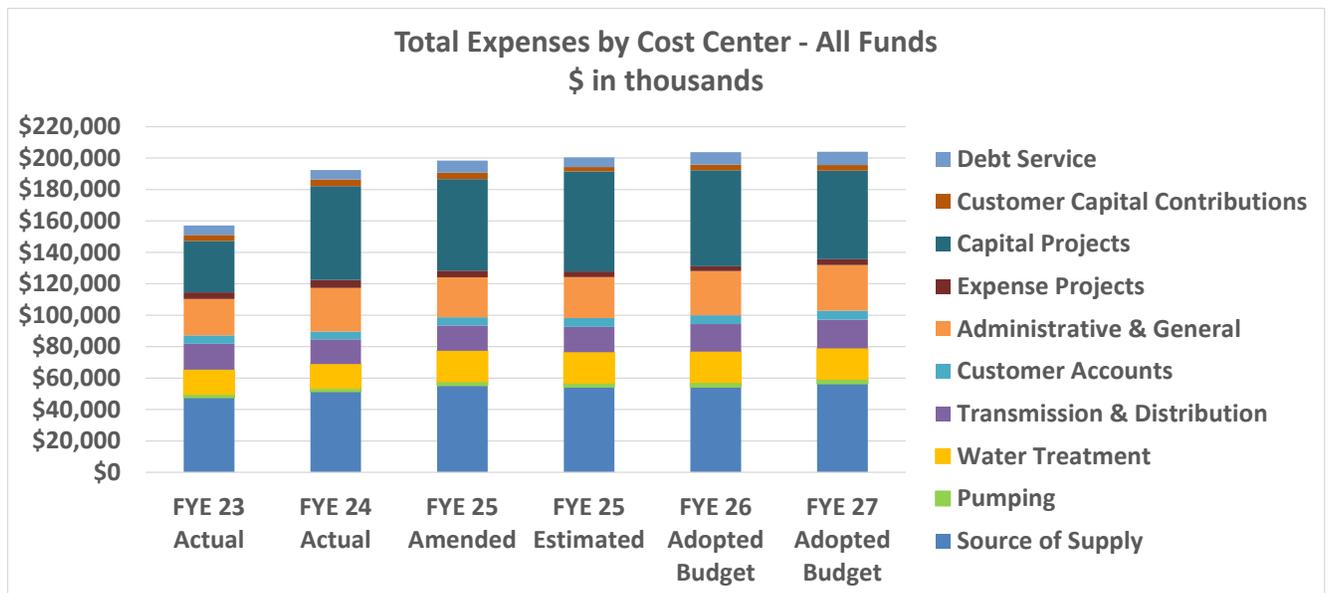
The table below illustrates the District’s expenses for all funds by Cost Element – labor, purchased water, employee benefits, other expenses, and debt service. Capital labor is a portion of District labor costs supporting the capital improvement program.

EXPENSE SUMMARY									
COST ELEMENT									
(\$ in thousands)									
	FYE 23	FYE 24	FYE 25	FYE 25	FYE 26	FYE 27	% Chg	% Chg	
	Actual	Actual	Amended	Estimated	Adopted Budget	Adopted Budget	FYE 25	FYE 26	FYE 27
Labor									
Operating	\$29,698	\$30,608	\$32,659	\$32,883	\$35,650	\$37,412	8%	5%	
Capital	2,502	3,204	3,385	3,385	3,988	3,983	18%	0%	
Customer Jobs	1,166	1,228	1,289	1,289	960	940	-26%	-2%	
Total Labor	33,366	35,041	37,332	37,557	40,599	42,335	8%	4%	
Purchased Water	38,836	41,439	40,548	40,927	39,417	39,442	-4%	0%	
Employee Benefits	25,871	27,126	28,359	28,042	28,980	29,214	3%	1%	
Other Expenses									
Operating	20,079	23,337	26,721	25,946	27,048	29,529	4%	9%	
Capital	30,302	56,459	54,905	60,340	57,106	52,395	-5%	-8%	
Customer Capital Contributions	2,651	3,002	2,804	1,402	2,659	2,584	90%	-3%	
Total Other Expense	53,032	82,798	84,431	87,687	86,814	84,507	-1%	-3%	
Debt Service	5,965	5,923	7,646	6,155	7,888	8,503	28%	8%	
Total Expenses	\$157,070	\$192,326	\$198,317	\$200,368	\$203,697	\$204,003	2%	0%	



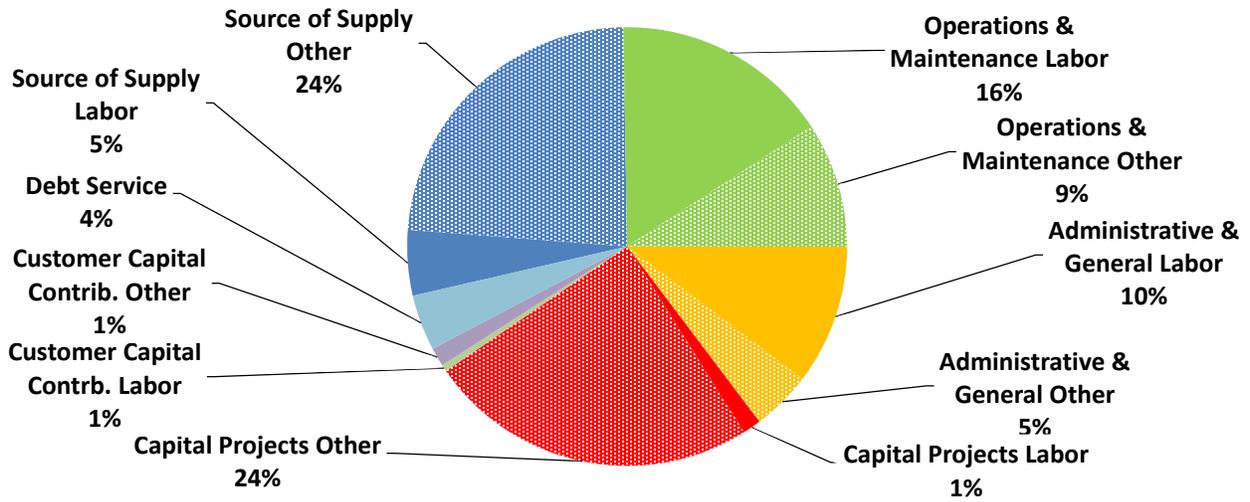
The following table illustrates the District’s expenses for all funds by Cost Center – Operations and Maintenance (O&M) Expenses, Administration and General, and Non-Operating Expenses.

EXPENSE SUMMARY COST CENTER (\$ in thousands)								
	FYE 23 Actual	FYE 24 Actual	FYE 25 Amended	FYE 25 Estimated	FYE 26 Adopted Budget	FYE 27 Adopted Budget	% Chg FYE 25 FYE 26	% Chg FYE 26 FYE 27
Expenses								
Source of Supply	\$47,564	\$51,393	\$55,245	\$54,304	\$54,358	\$56,427	0%	4%
Pumping	2,148	2,182	2,586	2,644	2,939	2,987	11%	2%
Water Treatment	15,632	15,364	19,532	19,505	19,495	19,523	0%	0%
Transmission & Distribution	16,530	15,730	16,053	16,101	17,510	18,163	9%	4%
Total O&M Expenses	81,874	84,669	93,416	92,553	94,300	97,100	2%	3%
Customer Accounts	5,318	4,938	5,232	5,668	5,647	5,774	0%	2%
Administrative & General	23,104	27,759	25,518	26,062	28,200	29,073	8%	3%
Expense Projects	4,187	5,144	4,121	3,515	2,948	3,650	-16%	24%
Total A&G/Exp Proj Expenses	32,610	37,841	34,872	35,246	36,795	38,497	4%	5%
Capital Projects - General Fund	24,645	48,716	46,045	51,401	49,223	46,326	-4%	-6%
Capital Projects - FIF	4,159	9,034	9,567	10,963	11,052	8,901	1%	-19%
Capital Projects - FRF	4,000	1,913	2,679	1,361	820	1,150	-40%	40%
Customer Capital Contributions	3,817	4,230	4,093	2,691	3,619	3,524	34%	-3%
Debt Service	5,965	5,923	7,646	6,155	7,888	8,503	28%	8%
Total Non-Operating Expenses	42,587	69,816	70,029	72,570	72,602	68,405	0%	-6%
Total Expenses	\$157,070	\$192,326	\$198,317	\$200,368	\$203,697	\$204,003	2%	0%

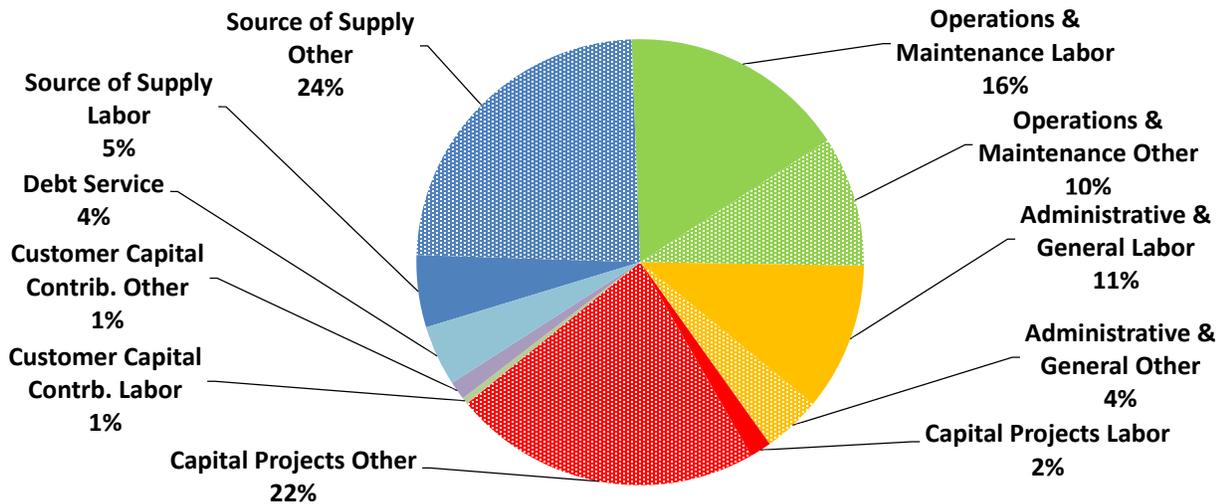


The following charts illustrate the labor component of cost categories for the General Fund Expenses.

**FYE 26 General Fund Budget
\$191.2 million**



**FYE 27 General Fund Budget
\$193.8 million**



The below table illustrates Operations and Maintenance (O&M) operating expense detail.

OPERATING EXPENSES OPERATIONS & MAINTENANCE (O&M) DETAIL (\$ in thousands)								
	FYE 23 Actual	FYE 24 Actual	FYE 25 Amended	FYE 25 Estimated	FYE 26 Adopted Budget	FYE 27 Adopted Budget	% Chg FYE 25 FYE 26	% Chg FYE 26 FYE 27
Source of Supply								
Oper & Planning of Supply System	\$2,952	\$3,247	\$3,724	\$3,445	\$4,074	\$4,231	18%	4%
Operations of Takeoffs	3	1	3	3	3	3	0%	0%
Ground Water Resources	2,933	2,809	4,179	3,877	4,258	4,883	10%	15%
Maint of Recharge Facilities	731	560	821	966	1,041	1,030	8%	-1%
Maintenance of Wells	2,032	1,965	2,459	2,388	2,574	2,722	8%	6%
Maint of Take Offs	57	38	101	83	97	100	17%	3%
Maint of Replenishment Meters	12	-	5	5	5	6	0%	38%
Water Conservation Pgm	8	775	2,288	2,050	2,202	2,290	7%	4%
Purchased Water - SWP	11,182	11,710	11,903	11,918	13,638	13,313	14%	-2%
Purchased Water - SF Water	24,490	28,014	26,705	27,716	24,488	24,839	-12%	1%
Purchased Water - Semitropic	3,161	1,714	1,939	1,293	1,290	1,290	0%	0%
Purchased Water-Other	3	559	1,118	559	688	1,719	23%	150%
Total Source of Supply	47,564	51,393	55,245	54,304	54,358	56,427	0%	4%
Pumping								
Operation of Prod Wells	10	14	21	21	16	16	-24%	0%
Operation of Booster Pumps	14	23	25	25	13	13	-47%	0%
Operation of Desal Supply	-	-	4	4	4	4	0%	0%
Maintenance of Booster Pumps	1,549	1,557	1,818	1,801	1,912	2,033	6%	6%
Maintenance of SCADA System	574	588	719	793	994	921	25%	-7%
Total Pumping	2,148	2,182	2,586	2,644	2,939	2,987	11%	2%
Water Treatment								
Operation of Blending Facility	822	695	1,815	1,815	1,238	1,059	-32%	-14%
Oper of Water Treatment Plant #1	38	13	60	60	26	37	-57%	43%
Oper of Water Treatment Plant #2	5,734	6,209	7,220	7,220	7,237	7,253	0%	0%
Operation of Desalination Facility	1,073	1,065	1,264	1,264	1,401	1,508	11%	8%
Operations Tech Support	1,009	999	1,446	1,446	1,443	1,451	0%	1%
Maintenance of Blending Facility	540	492	734	708	695	718	-2%	3%
Maint of Water Treatment Plant #1	163	112	175	154	146	163	-6%	12%
Maint of Water Treatment Plant #2	2,205	2,022	2,098	2,007	2,236	2,299	11%	3%
Maintenance of Desalination Plant	1,371	1,323	1,658	1,798	1,768	1,634	-2%	-8%
Laboratory Services	2,676	2,434	3,062	3,034	3,306	3,402	9%	3%
Total Water Treatment	15,632	15,364	19,532	19,505	19,495	19,523	0%	0%
Transmission & Distribution								
Engineering of Distrib System	2,122	2,216	1,450	1,674	2,135	2,016	28%	-6%
Operation of Distrib System	3,081	3,309	2,914	2,914	2,988	3,058	3%	2%
Maintenance of Reservoirs	961	843	1,147	1,105	1,180	1,144	7%	-3%
Maintenance of Mains	2,578	2,261	2,689	2,628	2,890	3,017	10%	4%
Maintenance of Cathodic Stations	2	5	16	12	12	13	1%	2%
Maintenance of Service Lines	1,820	1,482	1,909	1,909	1,783	1,828	-7%	3%
Maintenance of Meters	723	681	810	810	850	1,171	5%	38%
Maintenance of Fire Hydrants	260	305	358	358	391	417	9%	7%
Maintenance of Backflow Preventers	711	735	652	652	666	711	2%	7%
Maintenance of Distribution System	2,526	2,346	2,396	2,396	2,590	2,720	8%	5%
Maintenance - Facilities Engineering	1,541	1,377	1,436	1,411	1,762	1,804	25%	2%
Maintenance of Regulator Stations	207	171	276	231	261	265	13%	2%
Total Transmission & Distribution	16,530	15,730	16,053	16,101	17,510	18,163	9%	4%
Total Operations and Maintenance	\$81,874	\$84,669	\$93,416	\$92,553	\$94,300	\$97,100	2%	3%

The below table illustrates the Administrative and General operating expense detail.

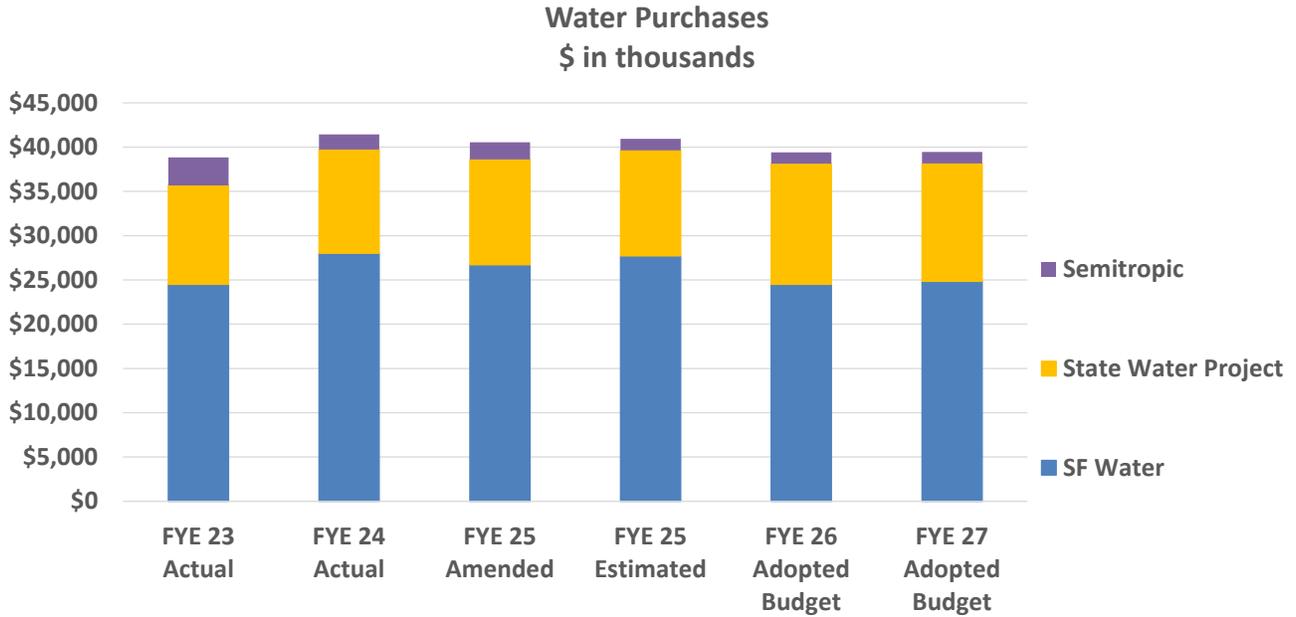
OPERATING EXPENSES ADMINISTRATIVE & GENERAL (A&G) DETAIL (\$ in thousands)								
	FYE 23 Actual	FYE 24 Actual	FYE 25 Amended	FYE 25 Estimated	FYE 26 Adopted Budget	FYE 27 Adopted Budget	% Chg FYE 25 FYE 26	% Chg FYE 26 FYE 27
Administrative & General								
Salaries	\$7,994	\$8,626	\$9,955	\$10,111	\$12,018	\$12,611	19%	5%
Employees' Retirement & Benefits	16,155	15,410	17,228	16,879	18,617	19,498	10%	5%
Other Pay (Vacation, Sick Leave, Etc.)	6,811	7,188	5,805	5,901	6,365	6,729	8%	6%
Pension Advanced Funding	5,602	7,330	6,650	6,675	6,804	6,202	2%	-9%
Other Post-Emp. Benefits (OPEB)	4,114	4,387	4,481	4,488	3,559	3,513	-21%	-1%
Information Technology	1,681	1,838	2,390	2,643	2,817	2,924	7%	4%
Security & Emergency Services	935	1,224	1,865	1,187	1,996	2,182	68%	9%
Property Maintenance	1,222	1,247	1,401	1,335	1,423	1,459	7%	3%
Property and Liability Insurance	1,219	1,270	1,365	1,365	1,325	1,350	-3%	2%
Professional/Legal Services	1,760	2,074	2,656	2,415	2,625	2,528	9%	-4%
Equipment/Auto Maintenance	970	847	1,107	1,181	1,175	1,198	0%	2%
Public Information	900	205	404	405	384	452	-5%	18%
Travel, Subscriptions, & Dues	376	402	476	450	498	496	11%	0%
Education & Training	121	120	236	177	237	237	34%	0%
Election Expense	-	-	421	169	-	280	-100%	0%
Misc A&G	1,452	1,588	792	718	766	768	7%	0%
Total A&G Before Expense Transfers	51,313	53,756	57,233	56,099	60,609	62,428	8%	3%
Expense Transfer - Overhead	(27,205)	(24,991)	(30,983)	(29,300)	(31,684)	(32,771)	8%	3%
Expense Transfer - Equipment	(1,004)	(1,007)	(731)	(737)	(726)	(735)	-1%	1%
Total Expense Transfer	(28,209)	(25,997)	(31,715)	(30,037)	(32,410)	(33,506)	8%	3%
Net A&G After Expense Transfers	\$23,104	\$27,759	\$25,518	\$26,062	\$28,200	\$28,923	8%	3%

The below table summarizes total operating expenses.

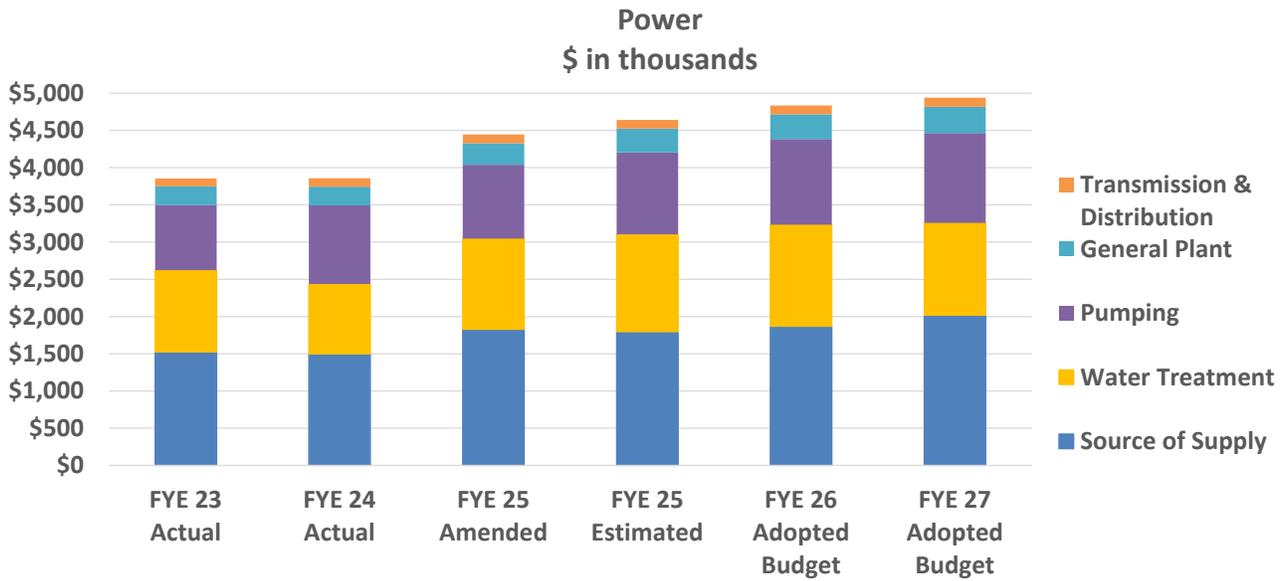
OPERATING EXPENSES SUMMARY (\$ in thousands)								
	FYE 23 Actual	FYE 24 Actual	FYE 25 Amended	FYE 25 Estimated	FYE 26 Adopted Budget	FYE 27 Adopted Budget	% Chg FYE 25 FYE 26	% Chg FYE 26 FYE 27
Operating Expenses								
Source of Supply	\$47,564	\$51,393	\$55,245	\$54,304	\$54,358	\$56,427	0%	4%
Pumping	2,148	2,182	2,586	2,644	2,939	2,987	11%	2%
Water Treatment	15,632	15,364	19,532	19,505	19,495	19,523	0%	0%
Transmission & Distribution	16,530	15,730	16,053	16,101	17,510	18,163	9%	4%
Total O&M Expenses	81,874	84,669	93,416	92,553	94,300	97,100	2%	3%
Customer Accounts	5,318	4,938	5,232	5,668	5,647	5,774	0%	2%
Administrative & General	23,104	27,759	25,518	26,062	28,200	29,073	8%	3%
Expense Projects	4,187	5,144	4,121	3,515	2,948	3,650	-16%	24%
Total A&G/Exp Proj Expenses	32,610	37,841	34,872	35,246	36,795	38,497	4%	5%
Total Operating Expenses	\$114,484	\$122,510	\$128,288	\$127,798	\$131,095	\$135,598	3%	3%

The below charts and table show the water purchases, power costs, and the expense projects.

WATER PURCHASES



POWER COSTS



OPERATING EXPENSES
EXPENSE PROJECTS DETAIL
(\$ in thousands)

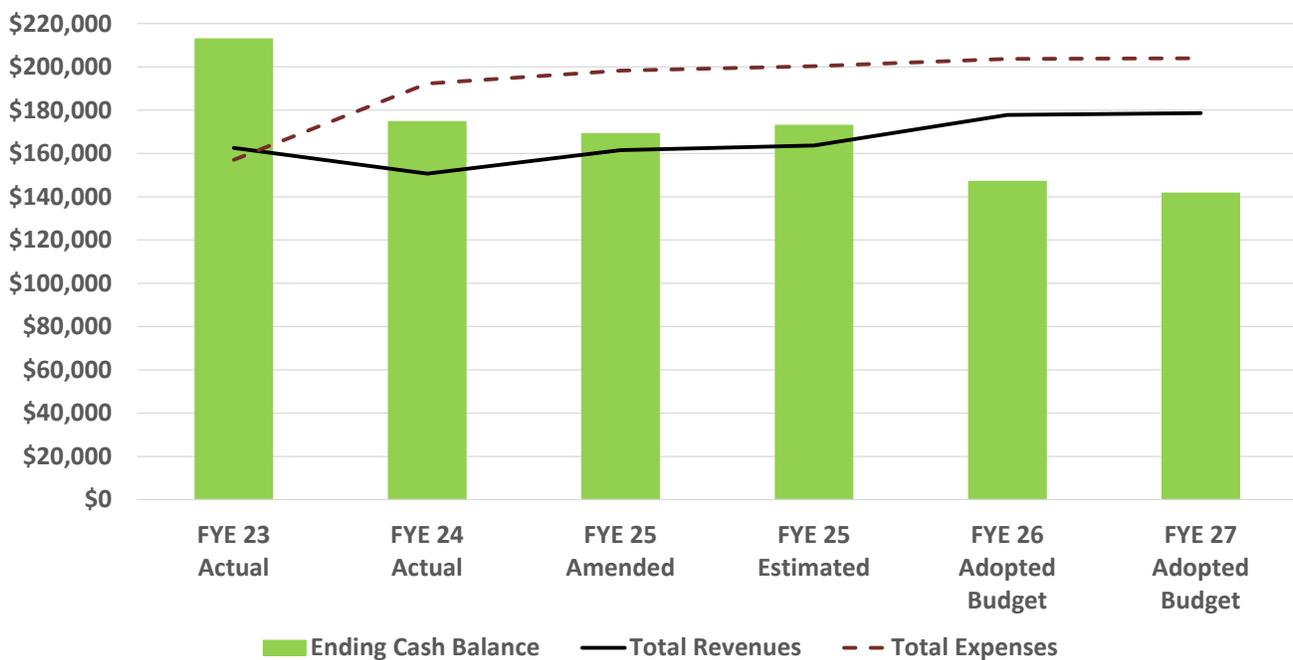
	FYE 23	FYE 24	FYE 25	FYE 25	FYE 26	FYE 27
	Actual	Actual	Amended	Estimated	Adopted	Adopted
					Budget	Budget
Expense Projects						
2019 Joint Purified Water Feasibility Evaluation	\$251	\$89	-	-	-	-
Alameda Creek Low Flow Channel Evaluation ET	190	566	236	-	-	-
Alternative Coagulant Investigation ET	15	280	-	9	-	-
Alternative Update and Model Upgrade Project	21	-	199	-	-	-
AMI Related Responses ET	25	121	-	240	-	-
Asbestos Cement Pipe Assessment Update	32	66	-	3	-	-
Atmospheric River Response	211	214	-	1,782	-	-
BARR DCP Study ET	4	-	-	-	-	-
Cathodic Protection Improvements and Additions ET	26	-	-	-	-	-
Clean Energy Plan Implementation ET	175	223	-	-	-	-
COVID-19 Prevention Activities ET	7	-	-	-	-	-
Desal Supply Well Pilot Study	78	2	-	-	-	-
Development Services Cityworks PLL Improvements	11	-	255	27	150	75
Distribution System Seismic Study Update	9	-	-	-	-	-
Drought Expenses	343	-	-	-	-	-
Echologics Leak Detection ET	136	136	-	148	-	-
E-14 Office Furniture	-	-	-	39	-	-
Electrical Redundancy & Reliability for IT Systems	4	0	46	-	-	-
Emergency Services ET	109	82	-	-	-	-
Engineering Report for CIP ET	97	297	158	158	50	-
Evaluation of System and Facilities ET	48	-	-	-	-	-
Facility Arc Flash Calculation and Labeling ET	33	7	-	33	-	-
Facility Division Asset Management Master Plan	-	-	235	-	121	121
Finance & Admin Depart Remodel	-	395	-	-	-	-
Groundwater PFAs Sampling and Source Investigation	92	53	129	50	115	65
Headquarters Parking Lot Resurfacing	-	69	-	-	-	-
Integrated Resources Planning	161	570	531	500	1,200	400
Irrigation Controllers Upgrade	-	-	70	-	-	-
IT Enterprise Software Upgrades - Cayenta	-	-	-	-	314	1,760
IT Enterprise Software Upgrades - Cityworks	49	13	-	-	-	439
IT - Cityworks for Groundwater Permits ET	38	-	-	-	-	-
IT Enterprise Software Upgrades - JD Edwards ET	63	-	-	-	-	-
IT Enterprise Software Upgrades - Microsoft	1	-	-	-	-	-
Los Vaqueros Reservoir Expansion Project	1,570	1,239	637	-	-	-
Meter Shop Software	96	104	-	108	-	-
Misc Extraordinary Expenses	19	62	-	-	-	-
Niles-Newark Intertie Pipeline	-	4	-	-	-	-
PFAS Monitoring Program	38	54	-	102	95	112
Pit T-2 Slope Rehabilitation ET	1	-	-	-	-	-
RD1 Fishway & Shinn FS Database ET	17	11	-	-	-	-
Rubber Dam No. 3 Fabric Replacement ET	1	-	-	-	-	-
Rubber Dam 1 - Fish Ladder Miscellaneous Safety Modifica	9	8	126	7	168	-
SCADA Replacement Project ET	-	22	-	-	-	-
School Lead Testing	0	-	-	-	-	-
Service Lines - Lead Evaluation	16	58	102	243	-	-
Technology Master Plan	-	-	25	-	250	-
Vallecitos Channel Betterments ET	87	-	-	-	-	-
Vehicle Capital - Leased Vehicle ET	-	216	435	-	-	-
Vineyard Heights Tank Site Stability	1	-	-	-	-	-
Water Efficiency Master Plan	93	117	-	2	-	-
Water Quality Extraordinary Expenses	-	-	737	-	284	178
Water Quality Laboratory Equipment Program ET	1	-	-	-	-	-
WTP2 Process Basin Concrete Grouting ET	6	-	-	-	-	-
Zero Emission Fleet Transition Master Plan	-	-	200	65	200	500
Total Expense Projects	\$4,187	\$5,144	\$4,121	\$3,515	\$2,948	\$3,650

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. 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 26 and FYE 27.

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 REVENUES & EXPENSES (\$ in thousands)								
	FYE 23 Actual	FYE 24 Actual	FYE 25 Amended	FYE 25 Estimated	FYE 26 Adopted Budget	FYE 27 Adopted Budget	% Chg FYE 25 FYE 26	% Chg FYE 26 FYE 27
General Fund (GF)								
Beginning Balance	\$135,429	\$135,386	\$102,409	\$101,538	\$106,460	\$88,079	5%	-17%
Revenues	150,239	144,183	152,678	157,967	173,444	173,451	10%	0%
Expenses	148,911	181,379	186,072	188,045	191,825	193,951	2%	1%
Debt Proceeds	-	-	30,000	35,000	-	20,000	-100%	0%
Reconciling Timing Difference	(1,371)	3,348	-	-	-	-	0%	0%
GF Ending Balance	135,386	101,538	99,015	106,460	88,079	87,579	-17%	-1%
Change in Fund Balance \$	(43)	(33,848)	(3,394)	4,922	(18,381)	(500)	-473%	-97%
Change in Fund Balance %	0%	-25%	-3%	5%	-17%	-1%	-456%	-97%
Facilities Improvement Fund (FIF)								
Beginning Balance	\$73,441	\$77,577	\$73,479	\$73,153	\$66,490	\$58,972	-9%	-11%
Revenues	8,295	4,610	6,183	4,299	3,534	4,021	-18%	14%
Expenses	4,159	9,034	9,567	10,963	11,052	8,901	1%	-19%
FIF Ending Balance	77,577	73,153	70,095	66,490	58,972	54,091	-11%	-8%
Change in Fund Balance \$	4,136	(4,424)	(3,384)	(6,663)	(7,518)	(4,881)	13%	-35%
Change in Fund Balance %	6%	-6%	-5%	-9%	-11%	-8%	24%	-27%
Facilities Renewal Fund (FRF)								
Beginning Balance	-	-	-	-	-	-	0%	0%
Revenues	4,000	1,913	2,679	1,361	820	1,150	-40%	40%
Expenses	4,000	1,913	2,679	1,361	820	1,150	-40%	40%
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 23 Actual	FYE 24 Actual	FYE 25 Amended	FYE 25 Estimated	FYE 26 Adopted Budget	FYE 27 Adopted Budget
Reserves						
Management Retirement Bonus	1,079	755	701	701	701	701
Emergency	10,000	10,000	10,000	10,000	10,000	10,000
Operations & Maintenance	30,612	30,617	32,118	32,024	33,511	35,003
Capital	15,000	15,552	15,552	15,552	15,552	15,552
Rate Stabilization	7,685	7,991	7,474	6,553	6,819	7,161
GENERAL FUND	64,376	64,915	65,844	64,830	66,583	68,417
Capital Sinking Fund	65,283	36,623	28,067	27,603	14,978	14,478
Operations Contingency Fund	5,727	-	5,104	14,028	6,518	4,684
TOTAL GENERAL FUND	\$135,386	\$101,538	\$99,015	\$106,460	\$88,079	\$87,579
FACILITIES IMPROVEMENT FUND	77,577	73,153	70,095	66,490	58,972	54,091
FACILITIES RENEWAL FUND	-	-	-	-	-	-

Long Range 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.

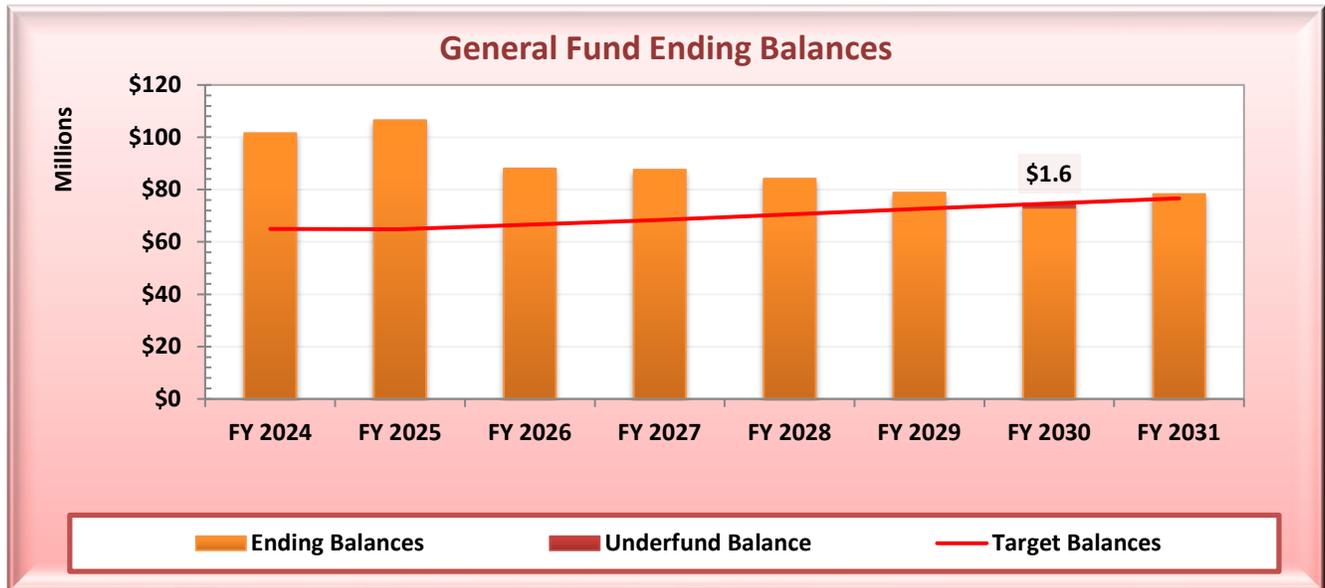
The District's long range Financial Planning Model is a comprehensive spreadsheet model of the District's revenues, operating and maintenance expenses, capital expenditures, and reserves over a 25-year period. These projections are derived from other planning tools and models, including the District's 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.

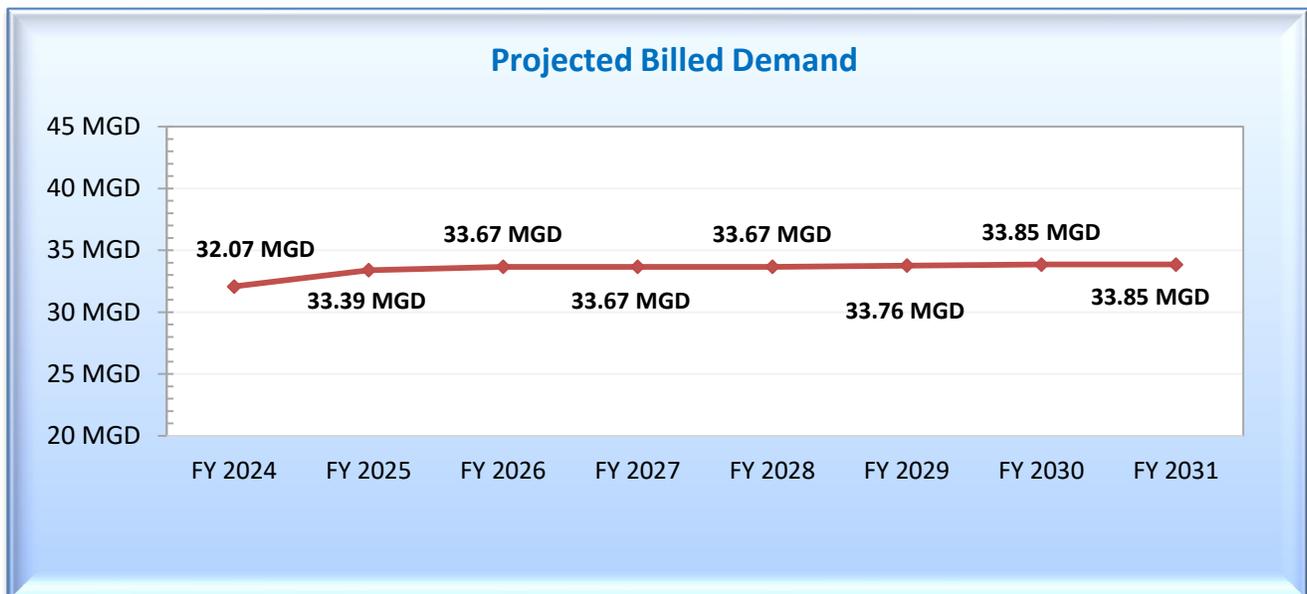
GENERAL FUND ENDING BALANCES

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 30 with a balance \$1.6 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 2024 and is reviewed on an annual basis.



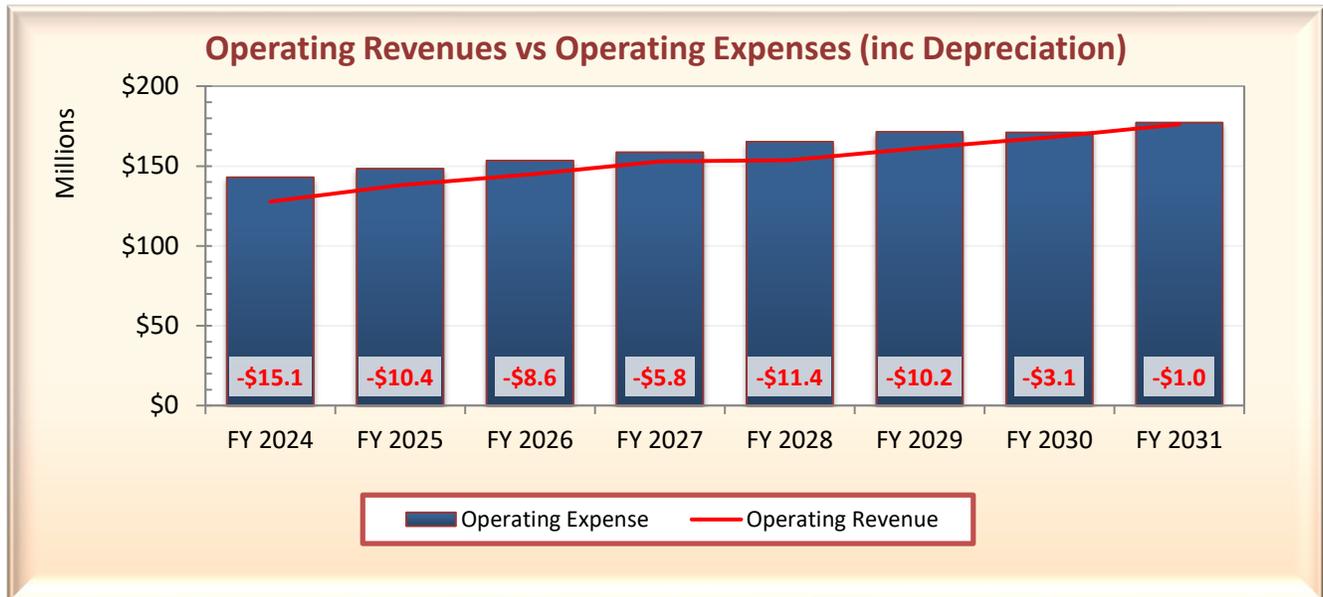
PROJECTED BILLED DEMAND

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 modest increase starting in FYE 26 at 33.67 million gallons per day (MGD) to 33.85 MGD in FYE 31. The slightly higher projected demands are due to the efficiency of new residential and commercial development and improvement in meter accuracy from the replacement of older water meters.



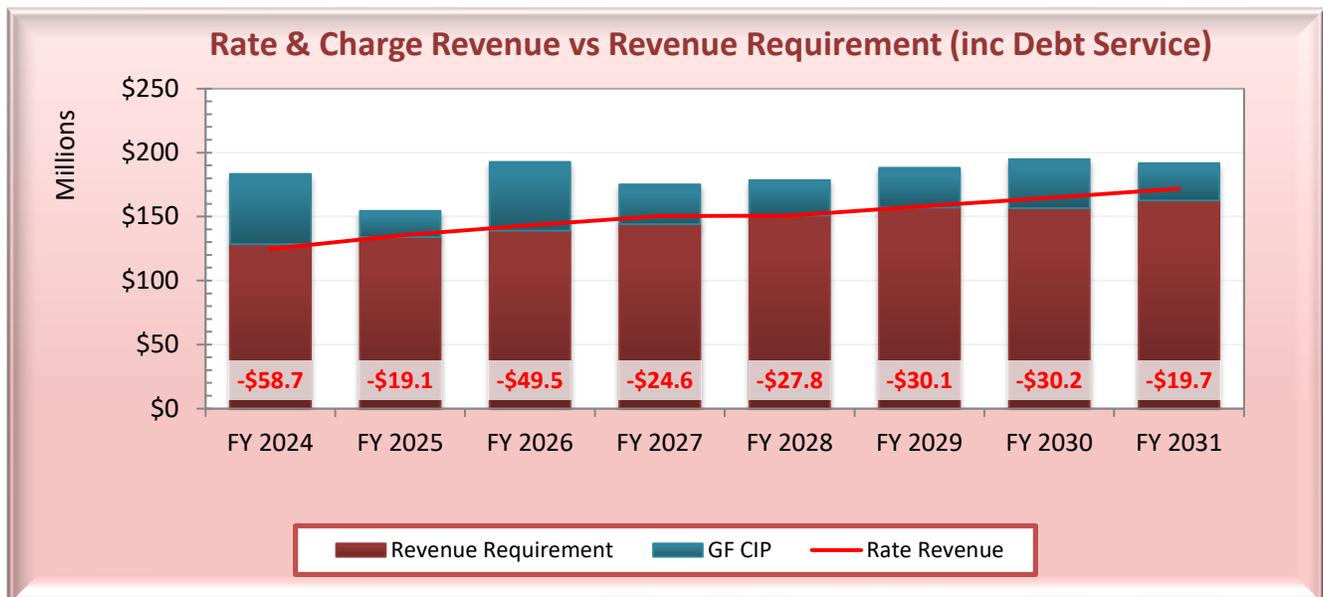
OPERATING REVENUES VS. OPERATING EXPENSES

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 throughout the planning horizon from FYE 25 to FYE 31 in amounts ranging from -\$11.4 million to -\$1.0 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.



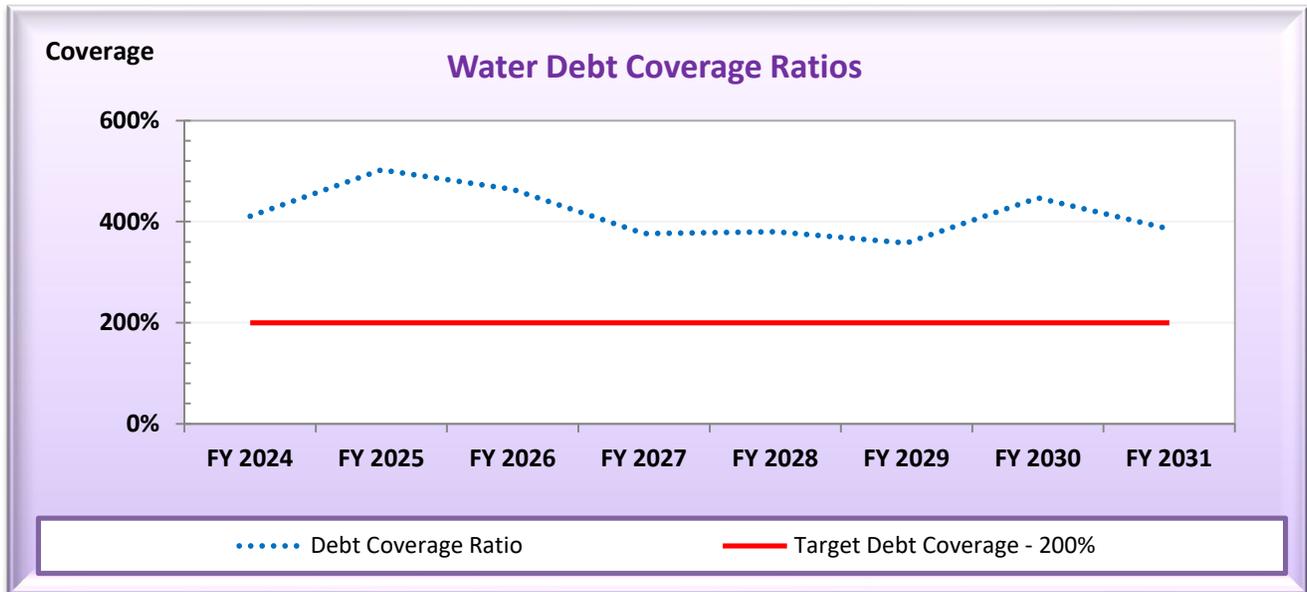
RATE AND CHARGE REVENUE VS. REVENUE REQUIREMENT

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 throughout the planning horizon from FYE 25 to FYE 31, ranging from -\$49.5 million to -\$19.1 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.



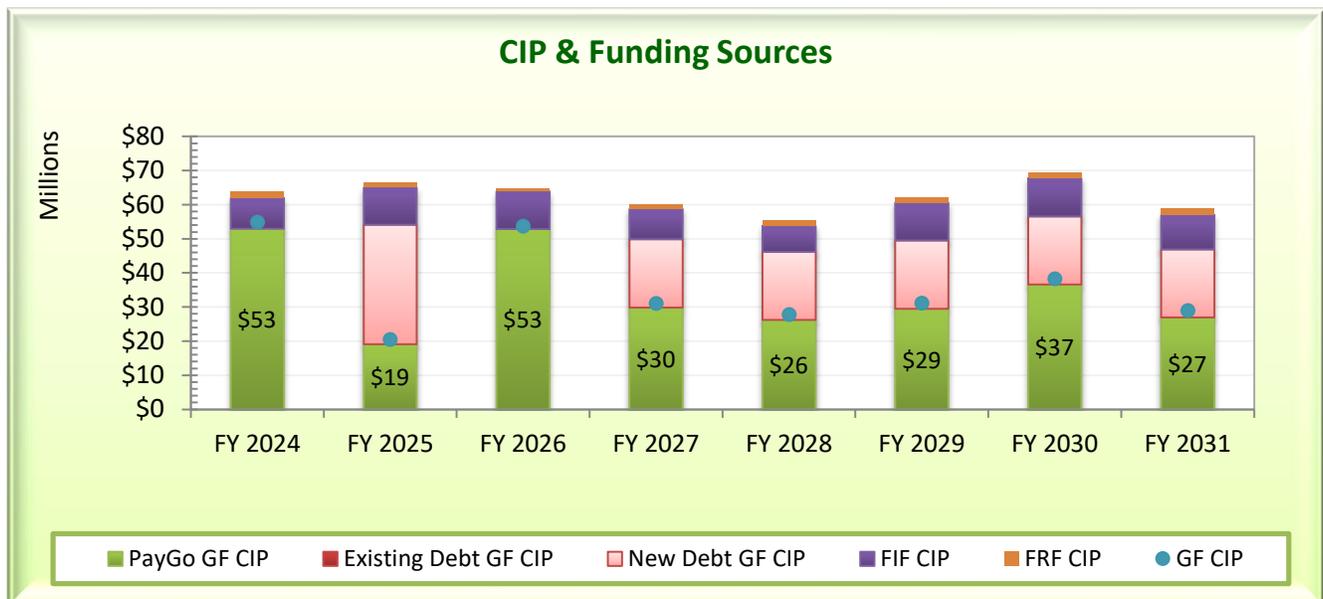
DEBT COVERAGE RATIOS

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 29 with the debt coverage ratio of 358%.



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.



Examples of Capital Projects Funded by Rate Dollars



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 into 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 \$10,000.

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.

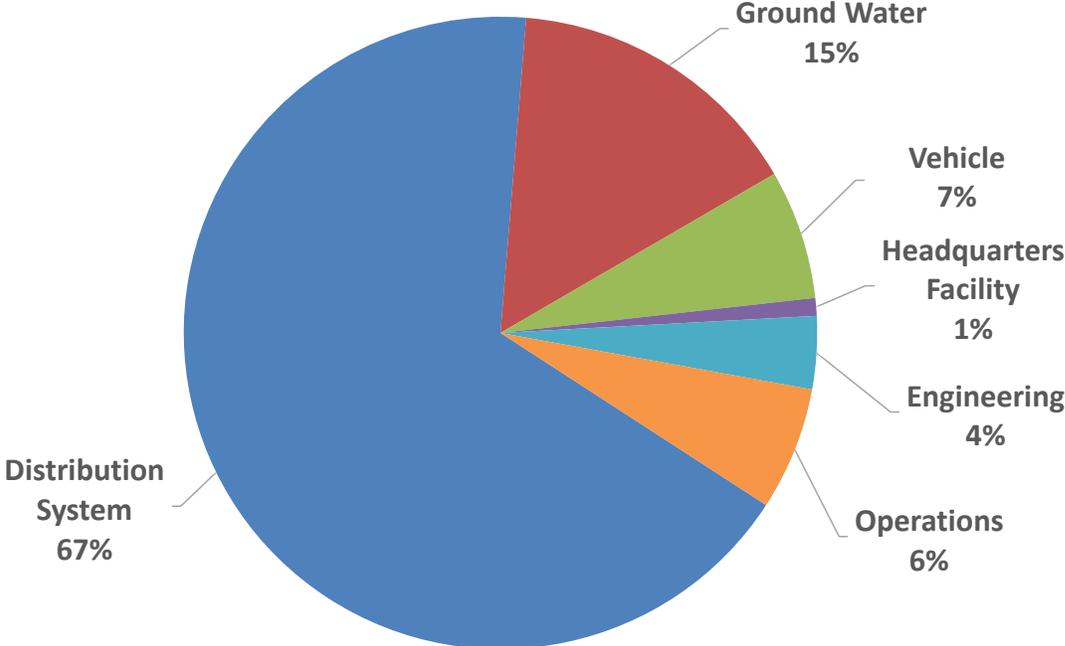
The budget for total capital program, including customer capital contributions and extraordinary expense projects, is \$67.7 million in FYE 26 and \$63.5M in FYE 27. The Capital Improvement Program budget is shown by the following category – Distribution System, Engineering, Ground Water, Headquarters Facility, Operations, and Vehicles.

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

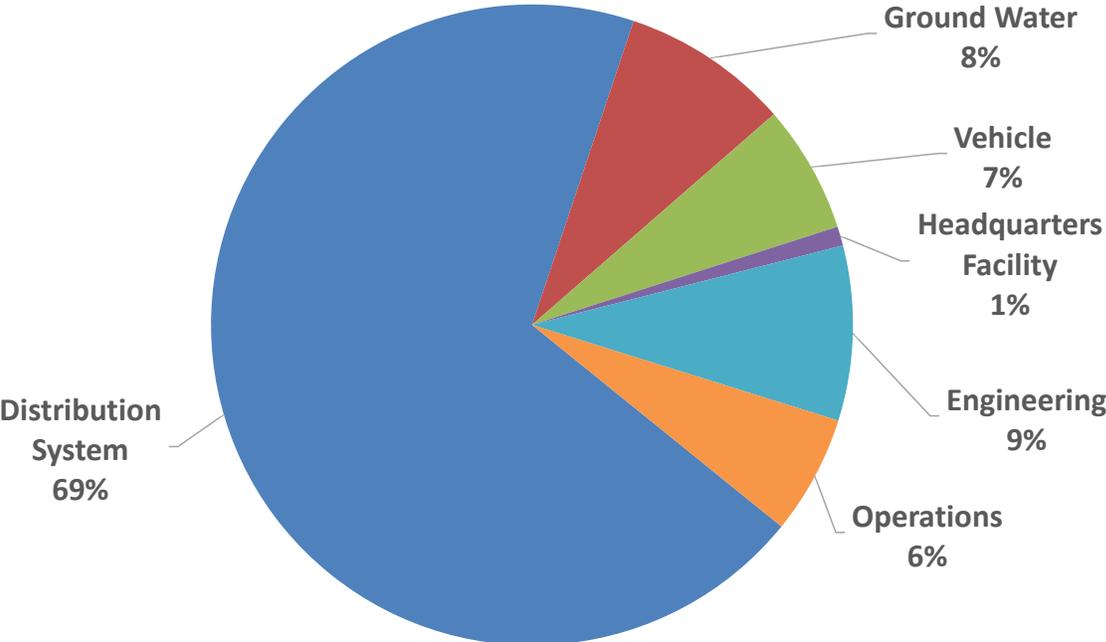
CAPITAL PROJECTS SUMMARY (\$ in thousands)								
	FYE 23	FYE 24	FYE 25	FYE 25	FYE 26	FYE 27	% Chg	% Chg
	Actual	Actual	Amended	Estimated	Adopted Budget	Adopted Budget	FYE 25 FYE 26	FYE 26 FYE 27
Capital Projects By Category								
Distribution System	\$24,606	\$43,059	\$39,385	\$45,480	\$41,011	\$39,067	-5%	-7%
Engineering	284	372	708	151	2,276	4,970	118%	-49%
Ground Water	2,261	649	6,466	2,089	9,362	4,768	-49%	41%
Headquarters Facility	403	438	593	170	555	546	-2%	11%
Operations	4,582	13,900	10,046	14,461	3,849	3,385	-12%	24%
Vehicles	678	1,344	1,091	1,373	4,041	3,641	-10%	-68%
Total Capital Projects	\$32,814	\$59,762	\$58,290	\$63,724	\$61,095	\$56,378	-8%	-8%
Capital Projects By Fund								
General Fund	24,645	48,716	46,045	51,401	49,223	46,326	-6%	-8%
Facilities Improvement Fund	4,159	9,034	9,567	10,963	11,052	8,901	-19%	-15%
Facilities Renewal Fund	4,000	1,913	2,679	1,361	820	1,150	40%	34%
Capital Projects Funding Total	32,805	59,663	58,290	63,724	61,095	56,378	-8%	-8%
Customer Capital Contributions	3,817	4,230	4,093	2,691	3,619	3,524	-3%	-1%
Extraordinary Expense	4,187	5,144	4,121	3,515	2,948	3,650	24%	-78%
Grand Total Capital Program	\$40,809	\$69,037	\$66,505	\$69,930	\$67,662	\$63,552	-6%	-12%

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

FYE 26 Capital Improvement Program
\$61.1 million



FYE 27 Capital Improvement Program
\$56.4 million



The following tables show the individual capital projects included in the FYE 26 and FYE 27 Adopted budget.

CAPITAL PROJECTS DETAIL (\$ in thousands)						
	FYE 23 Actual	FYE 24 Actual	FYE 25 Amended	FYE 25 Estimated	FYE 26 Adopted Budget	FYE 27 Adopted Budget
Distribution System						
Advanced Metering Infrastructure	\$8,434	\$14,314	\$9,678	\$6,250	\$13	-
Alameda Reservoir Chlortec WQ system replacement	-	-	-	-	-	411
Alameda Reservoir Roof Replacement	978	16,881	2,802	2,732	125	-
Alvarado Niles Pipeline Seismic Improvement Project - Main	2,252	344	100	71	9,544	9,657
Avalon Heights Booster Improvements and Equipment Replac	97	5	-	-	-	-
Avalon Tank Slope Stabilization Improvements	2,691	-	-	-	-	-
B16 WTP2 Zone 3 Booster Discharge Pipeline Replacement	5	2	191	676	78	-
Blender Chemical Storage Tank Replacements	-	-	-	-	-	60
Blender Mains Reconfiguration	-	-	-	-	14	14
Blending Facility Low Flow Control Modifications/Neat Feec	709	4	-	-	-	-
Booster Stations- Facility Improvements / Equipment Replac	61	154	141	42	385	50
Canyon Heights Booster Station Upgrade/Replacement	4	-	-	-	-	-
Cathodic Protection Improvements and Additions	-	102	441	67	170	170
Central Avenue Grade Separation Improvements and ACWD	-	18	120	4	488	88
Clean Energy Plan Implementation	-	-	212	636	248	23
Curtner Road Booster Station Upgrade	4,889	3,162	-	19	-	-
Curtner Tunnel Inspection	-	-	126	-	-	65
Decoto Lux Tie-in	-	-	-	-	125	-
Decoto Reservoir Electrical Infrastructure Replacement	-	-	-	-	-	53
Decoto Reservoir Roof Replacement	372	439	500	103	13	13
Desal Facility Improvements / Equipment Replacements	90	226	61	291	260	60
Desal PLC Upgrade Project	-	38	790	135	969	1,276
Desal Production Well Equipment Replacement	38	192	74	-	75	72
Distribution Leak Detection System	-	-	132	132	135	135
Distribution PLC Upgrade Program	230	327	409	747	-	607
Distribution System Large Valve Replacement Program	-	-	72	72	73	73
Dry Creek Regulator Upgrade	-	-	-	-	-	129
FR1 Upgrade	-	-	-	-	102	312
Inserta Valve Insertion Equipment	-	-	35	35	36	35
Main Renewal - Lindsay Tract	163	161	1,826	1,285	6,908	2,005
Main Renewal - Mission Boulevard/I-680 - North	-	-	-	-	586	582
Main Renewal - Mission Boulevard/I-680 - South	-	-	-	-	604	600
Main Renewal - Mission Boulevard/Tamarack Drive - North	-	-	-	-	239	235
Main Renewal - MR1 Driscoll	236	1,950	8,223	19,500	-	-
Main Renewal - MR3 Central Newark	226	1,148	7,835	5,669	5,577	-
Main Renewal - Old Town Streetscape and Main Renewal	-	3	254	-	-	-
Main Renewal - Peralta Boulevard	-	-	-	-	566	562
Main Renewal - Small Diameter Pipeline Renewal	1,187	365	-	238	-	-
Main Renewal Fremont - Crestwood	-	-	-	384	3,965	7,524
Membranes for Desal Facility	-	-	-	-	-	155
Meter Test Bench Upgrades	-	-	75	75	105	110
Middlefield Reservoir Roof - Improvements	-	-	-	-	288	-
Mowry and PT Wellfields - Replacement Pumping Equipmen	174	-	123	234	266	150
MSJ Tank Improvements	9	-	-	5	381	2,855
MSJWTP Improvements & Equipment Replacements	19	-	31	20	20	17
Old Town Streetscape ACWD Water Main	-	-	-	15	292	2,660
Paseo Padre and 680 Bridge overpass	-	70	330	100	193	699
Patterson - Lining/Structural/Mechanical/WQ Improvement	-	-	-	-	100	24
Patterson Reservoir Remediation Project	79	257	338	695	544	1,315
Patterson Reservoir Roof Replacement	-	-	-	30	-	485
PT Blending Facility Improvements and Equipment Replacerr	17	-	98	25	190	130
Quarry Lakes Parkway Improvements and ACWD Water Mai	-	0	20	1	25	25
Regulator Site Improvements and Equipment Replacements	-	-	32	-	17	17
Reservoir- Facility Improvements/ Equipment Replacement	-	-	34	-	18	100

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

	FYE 23 Actual	FYE 24 Actual	FYE 25 Amended	FYE 25 Estimated	FYE 26 Adopted Budget	FYE 27 Adopted Budget
Service Line Emergency Replacement Program	1,366	1,797	1,927	1,927	1,563	1,646
Service Line Incidental Replacement Program	122	95	169	169	146	143
Seven Hills Booster Station Study and Upgrade	-	-	-	-	17	17
Small Diameter Main Renewal – Dairy St and H Street	-	4	731	2,394	3,599	-
Small Diameter Main Renewal - Fremont Sites	-	-	528	-	-	-
T03 - Hidden Valley Tank Seismic Upgrade Phase II	-	-	385	150	784	3,095
Tamarack Knolls Tank	-	-	-	-	88	-
Tank and Reservoir Seismic Upgrades/ Appian Tank and Pipe	-	85	-	-	-	-
Tanks- Facility Improvements/ Equipment Replacement	8	70	16	-	17	17
Vineyard Heights Tank Site Stability	-	-	-	2	-	-
Washington Booster Improvements (Phase 1 and 2)	24	220	-	-	-	-
Water Meter Replacements - Large Meters	2	-	30	30	41	40
Water Meter Replacements - Medium Meters	-	-	6	6	6	6
Water Meter Replacements - Small Meters	-	-	25	25	26	25
Water Quality Laboratory Equipment Program	-	-	200	29	206	200
Watershed SCADA additions to Distribution SCADA	4	-	-	-	-	-
Wellfield General Improvements and Equipment Replaceme	11	20	66	18	30	44
WTP No.2 Improvements and Equipment Replacements	107	604	200	442	667	230
WTP2 Process Basin Concrete Grouting	-	-	-	-	89	-
Zone Valve Relocation - Warm Springs	-	-	-	-	-	53
Distribution System Projects Total	\$24,606	\$43,059	\$39,385	\$45,480	\$41,011	\$39,067
Engineering						
AI Tools and Licenses	-	-	-	-	\$33	\$33
District-wide Phone System Replacement	-	-	-	-	351	-
End-User Web Management and Protection	-	-	-	-	128	-
Eng Dept - Capital Equipment and Materials	-	-	-	-	5	5
HQ Space Planning Study	-	-	-	-	134	298
IT Automated Inventory Management System (AIMS)	-	-	-	-	163	-
IT - Cityworks for Groundwater Permits	-	69	83	-	-	-
IT Custom Applications-DCJETS Replacement and Upgrades	-	-	-	-	85	25
IT Enterprise Software Upgrades - JD Edwards	-	-	300	-	300	1,500
IT Infrastructure Disaster Recovery Site Replacement	-	-	-	-	539	539
IT Infrastructure Upgrades - Capital	284	303	150	151	300	150
IT Records Management Project	-	-	170	-	150	1,754
Reports Now for JDE Reporting	-	-	-	-	38	-
Sequoia Throttling Valve Station	-	-	-	-	6	454
Water Controllers Relocation Planning Study	-	-	-	-	46	156
WTP2 Redundancy and Reliability of Filter Press	-	-	-	-	-	57
Engineering Projects Total	\$284	\$372	\$708	\$151	\$2,276	\$4,970
Ground Water						
ACWD Groundwater Alternative Data Gap Project	-	-	\$2,171	\$48	\$2,910	\$13
Alameda Creek Low Flow Channel Evaluation	-	-	-	546	200	-
Brackish Groundwater Reclamation Project-Desal Replacem	12	13	2,829	181	1,224	2,525
Fisheries Facilities Modifications	-	-	76	-	-	-
Groundwater SGMA Enhancement	-	-	140	-	1,227	626
GW Supply Facilities Improv/Equip Replacements	-	69	57	-	15	15
H02 - Foundation Fieldbus Replacement	-	-	291	309	820	491
Kaiser Pond Diversion Improvement Project	62	11	12	14	-	-
Monitoring Well Construction Project	-	-	7	-	-	-
New Cedar ARP Wells	3	137	782	800	2,790	1,061
New Mowry Deep Aquifer Production Well	30	10	-	-	-	-
Niles Cone Groundwater Basin Extraction Well Site Evaluatic	200	-	-	-	-	-
Pit T-2 Slope Rehabilitation	-	-	-	-	25	-
Rubber Dam 1 - Fish Ladder	1,066	303	40	27	20	-
Rubber Dam No. 1 - Fabric Replacement, and Control Buildir	131	57	8	127	93	-
Rubber Dam No. 3 Fish Ladder	4	22	-	-	-	-

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

	FYE 23 Actual	FYE 24 Actual	FYE 25 Amended	FYE 25 Estimated	FYE 26 Adopted Budget	FYE 27 Adopted Budget
Shinn Pond Fish Screen	753	29	16	0	-	-
Vallecitos Channel Betterments	-	-	37	37	38	38
Ground Water Projects Total	\$2,261	\$649	\$6,466	\$2,089	\$9,362	\$4,768
Headquarters Facility						
Board Room Audio-Visual Upgrades	-	\$78	-	-	-	-
Board Room Rehab and Reconfigure	-	-	102	-	-	-
Headquarter Facility -HVAC Upgrades	79	52	330	110	304	250
Headquarters Facility Improvement/ Equipment Replaceme	324	309	161	60	251	296
Headquarters Facility Projects Total	\$403	\$438	\$593	\$170	\$555	\$546
Operations						
Blender Ion Exchange Media Replacement	-	-	-	-	-	\$535
Blender SCADA - Mowry & PT Wellfield Controls	-	-	-	-	315	-
Communications Projects - Production and Storage	9	-	-	368	21	-
Desalination Facility - Replace Chemical Piping	-	-	-	-	-	600
Distribution Chlorine Analyzers For Storage Facilities	-	-	-	-	46	80
Equipment and Tools - Facilities Maintenance	9	9	25	-	45	15
Facilities Maintenance Shop	-	-	330	-	330	-
Facility Arc Flash Calculation and Labeling	-	7	-	-	-	-
Hydraulic Modelling - Distribution System	-	-	-	-	172	205
PFAS related wellfield or distribution system modifications (-	-	-	-	60	113
PFAS treatment (CIP)	2,109	12,249	7,276	11,200	-	-
Physical Security Upgrades at Critical District Facilities	-	59	-	-	-	-
Re-pipe Blending Facility S-1 sample line	-	-	10	-	-	-
Replace Desal Backup Generator	-	-	-	-	355	-
SCADA Systems Infrastructure Upgrades	121	32	70	50	-	70
SCADA Systems Replacements	1,992	1,544	1,192	1,200	1,411	1,508
TP2 Process Block Construction Joint Assessment and Sealin	-	-	-	-	206	-
Vallecitos Channel Storm Damage Repairs	-	-	1,143	1,643	-	-
WTP-2 chlorine system upgrades	-	-	-	-	-	259
WTP2 Filter Media Replacement	342	-	-	-	888	-
Operations Projects Total	\$4,582	\$13,900	\$10,046	\$14,461	\$3,849	\$3,385
Vehicles						
Equipment and Tools - Distribution Maintenance	-	-	\$60	\$60	\$62	\$60
Equipment and Tools - Facilities Maintenance	9	-	-	-	-	-
Equipment and Tools - General Facilities	-	10	10	10	15	15
Vehicle Capital - Leased Vehicle V	100	-	-	520	717	739
Vehicle Capital - Air Quality Reg'd Equip Upgrades	-	-	130	130	0	280
Vehicle Capital - Construction Equipment and Machinery	311	518	116	50	297	250
Vehicle Capital - Heavy -Duty Vehicles	116	816	625	603	2,765	2,220
Vehicle Capital - Light Duty Vehicles	142	-	150	-	185	77
Vehicles Total	\$678	\$1,344	\$1,091	\$1,373	\$4,041	\$3,641
Capital Projects By Fund						
General Fund	\$24,645	\$48,716	\$46,045	\$51,401	\$49,223	\$46,326
Facilities Improvement Fund	4,159	9,034	9,567	10,963	11,052	8,901
Facilities Renewal Fund	4,000	1,913	2,679	1,361	820	1,150
Capital Projects Total	\$32,805	\$59,663	\$58,290	\$63,724	\$61,095	\$56,378
Customer Capital Contributions						
Customer Generated Distribution Systems Improvements	3,817	4,230	4,093	2,691	3,619	3,524
Customer Capital Contributions	\$3,817	\$4,230	\$4,093	\$2,691	\$3,619	\$3,524
Extraordinary Expense	\$4,187	\$5,144	\$4,121	\$3,515	\$2,948	\$3,650
Grand Total Capital Program	\$40,809	\$69,037	\$66,505	\$69,930	\$67,662	\$63,552

FEATURED CAPITAL PROJECTS

Main Renewal and Seismic Improvement Program (MRSIP)

As part of its commitment to delivering a reliable drinking water supply to homes and businesses in Fremont, Newark, and Union City, the District implemented a District-wide Main Renewal and Seismic Improvement Program (MRSIP). MRSIP projects include upgrading and seismically retrofitting water delivery pipelines and facilities. Intensive infrastructure upgrades will help improve water supply reliability for District customers in the event of a major earthquake and will reduce service interruptions due to aging pipelines.

MRSIP projects planned for FYE 26 and FYE 27 include the following.

Distribution System	FYE 2026 (\$ in thousands)	FYE 2027 (\$ in thousands)
Alvarado Niles Pipeline Seismic Improv Project - Main Renewal	\$9,544	\$9,657
Small Diameter Main Renewal – Dairy St and H Street	3,599	0
Main Renewal - Lindsay Tract	6,908	2,005
Main Renewal - MR3 Central Newark	5,577	0
Main Renewal Fremont - Crestwood	3,965	7,524

Alvarado Niles Pipeline (ANP) Seismic Improvement

Design, construction, and improvement of a vulnerable large diameter pipeline through a seismically susceptible (e.g. Liquefiable) area to ensure availability of water to northern customers during and after a major seismic event. This Project includes an evaluation of pipelines and geotechnical conditions connecting the pipeline along Alvarado Niles Road to water sources as well as the design and construction of identified improvements to the vulnerable pipelines.

Main Renewal - Lindsay Tract

Replace approximately 6,700' of existing 4-inch, 6-inch, and 8-inch asbestos-cement water mains, fire hydrants, water service laterals, and related appurtenances within the City of Newark. The existing facilities were originally constructed in the 1950s and 1960s, and have been identified as needing replacement as part of the Small Diameter Main Renewal Program. The scope of the replacement includes George Avenue between Sycamore Street and Cherry Street, Magnolia Street between Dairy Avenue and Sycamore Street, Olive Street between Dairy Avenue and its northern cul-de-sac terminus, and Mulberry Street between Dairy Avenue and its northern cul-de-sac terminus, as well as Birch St between Thornton Avenue and Baine Avenue.

Main Renewal – MR3 Central Newark

The Thornton Avenue, Cherry Street, Cedar Blvd, and Central Avenue pipelines are critical for distributing water to City of Newark (Cherry, Thornton, Cedar) and to Fremont (Central Avenue). The Central Avenue Transmission Main and the Cherry Street Pipeline are critical for distributing water from the Desal Plant. Phase 1: Central Newark Thornton Avenue project will replace approximately 1 mile of the existing 12-inch ACP pipe on Thornton Avenue Between Cherry Street and Cedar Blvd. Phase 2: Central Newark Central Avenue project will replace approximately 2 miles of water mains on Cherry (8-inch), Cedar Blvd (18-inch), and Central Avenue (12-inch).

Main Renewal Fremont - Crestwood

Replacement of approximately 3 miles of 4-8" AC water main with 8" minimum restrained joint PVC and steel pipe, at 5 sites within the City of Fremont, delivered via Fixed Price Design Build.

Other featured projects include the following.

Ground Water	FYE 2026 (\$ in thousands)	FYE 2027 (\$ in thousands)
ACWD Groundwater Alternative Data Gap Project	\$2,910	\$13
Brackish Groundwater Reclamation Project-Desal Replacement	1,224	2,525
Groundwater SGMA Enhancement	1,227	626

New Cedar ARP Wells	2,790	1,061
Operations		
SCADA Systems Replacements	1,411	1,508
Vehicles		
Vehicle Capital - Heavy -Duty Vehicles	2,765	2,220

ACWD Groundwater Alternative Data Gap Project

Installation of monitoring wells to acquire additional data to refine the District’s understanding of the hydrodynamics within the Niles Cone in areas where data gaps exist, to incorporate the additional data into the District’s monitoring network, and to incorporate the information collected into the District’s Alternative to a Groundwater Sustainability Plan annual reports and next five-year update.

Brackish Groundwater Reclamation Project-Desal Replacement

Purchase property and install up to two Aquifer Reclamation Program (ARP) well(s) to continue removing trapped brackish groundwater in the Centerville-Fremont Aquifers. The long term goal is to evaluate the wells for possible connection to the District’s Newark Desalination Facility. The first evaluation of potential locations was performed under Job #10097, the Niles Cone Groundwater Basin Well Site Evaluation Project (Well Site Evaluation Project). Recent completion of field activities and evaluation of aquifer characterization data from three possible locations associated with the Well Site Evaluation Project, indicate that only one of the locations would be suitable for a potential ARP facility. Phase 2 of the project is to connect the new well(s) to the Desal line at Farewell which is about 1600 feet along the levee.

Groundwater SGMA Enhancement

Ongoing project for continued enhancement of ACWD’s SGMA efforts as new information is presented or new technology is developed. It includes possible refinement to the IWFM Upgrade and update to ACWD’s MODFLOW model based on the IWFM Upgrade. It will also include addressing any recommendations from the Alternative Update submitted in 2021.

New Cedar ARP Wells

New water wells that enable ACWD to remove trapped brackish water from the deeper Centerville-Fremont Aquifer that also can be treated at the existing Newark Desalination Facility and delivered as drinking water. Cedar 1 well is beginning to fail. The project will destroy the existing Cedar 1 and install a new well. This project includes one well destruction, construction of two new wells and associated pumping equipment. As a result, the reliability of the local water supply will be enhanced.

ACWD Groundwater Alternative Data Gap Project

This project includes replacement of the District’s SCADA systems; these systems encompass Water Supply, Production, Treatment and Distribution Systems. Scope includes evaluation and development of standards and documentation necessary to design, implement and support the new SCADA systems.

Vehicle Capital - Heavy -Duty Vehicles

Replacement of medium and heavy-duty vehicles with a weight class rating of 8,500 GVWR or greater.

IMPACTS OF CAPITAL PROJECTS ON OPERATING COSTS

Nearly all the capital projects budgeted for FYE 26 and FYE 27 relate to renewal or replacement of existing water infrastructure and there are few significant operating impacts. The remaining capital projects budgeted over the next two fiscal years have minimal impact on the operating costs.

ALAMEDA COUNTY WATER DISTRICT



PERSONNEL

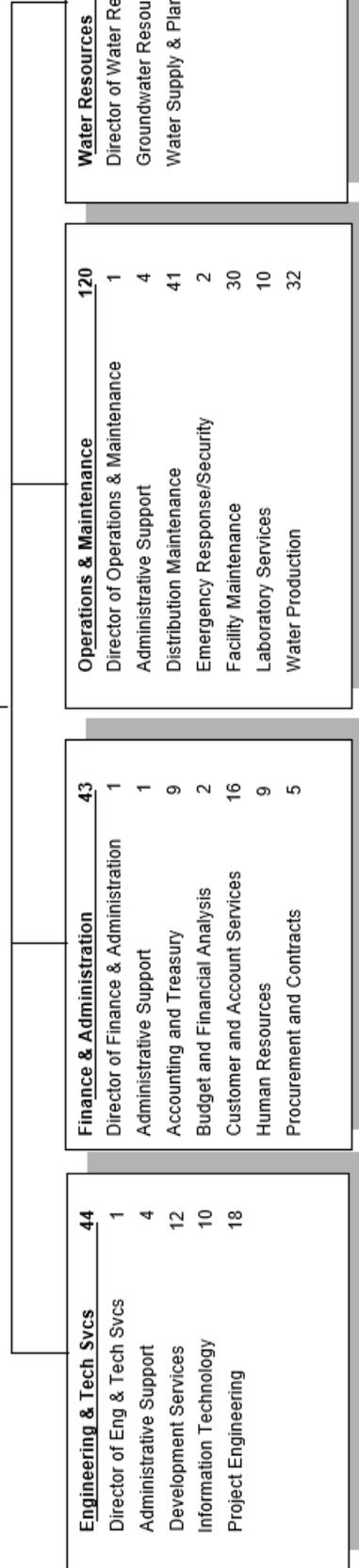
PERSONNEL

The Adopted Budget for FYE 26 and FYE 27 includes 243 full-time positions.

BOARD OF DIRECTORS

Office of the General Manager	7
General Manager	1
Administrative Support	2
Public Affairs	3
Special Assistant to GM	1

Total = 243



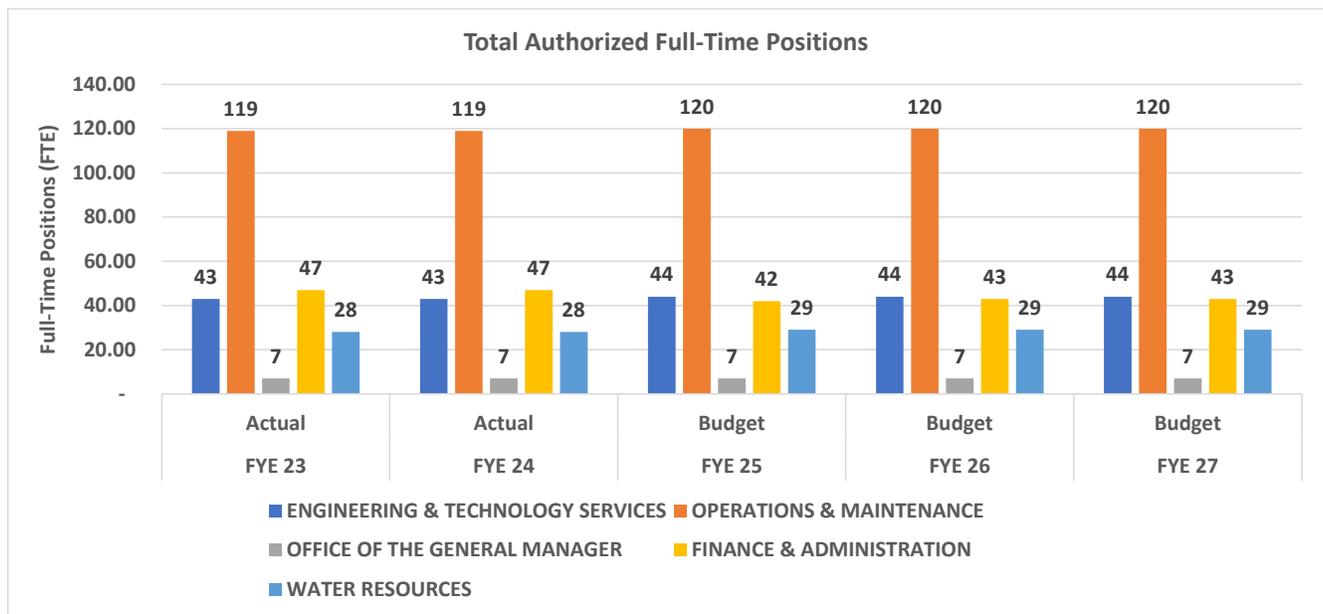
PERSONNEL

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 5 defined term full-time positions and 13 temporary/part-time positions included in the budget.

The table and chart below show the 243 full-time positions that include 10 defined term positions.

PERSONNEL SUMMARY BY DEPARTMENT – FULL TIME

Classification	FYE 23 Actual	FYE 24 Actual	FYE 25 Budget	FYE 26 Budget	FYE 27 Budget
ENGINEERING & TECHNOLOGY SERVICES	43.00	43.00	44.00	44.00	44.00
OPERATIONS & MAINTENANCE	119.00	119.00	120.00	120.00	120.00
OFFICE OF THE GENERAL MANAGER	7.00	7.00	7.00	7.00	7.00
FINANCE & ADMINISTRATION	47.00	47.00	42.00	43.00	43.00
WATER RESOURCES	28.00	28.00	29.00	29.00	29.00
TOTAL DISTRICT	244.00	244.00	242.00	243.00	243.00



INTERNSHIP PROGRAM:

The budget includes 13 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 26 and FYE 27 are highlighted below.

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

Classification	FYE 23 Actual	FYE 24 Actual	FYE 25 Budget	FYE 26 Budget	FYE 27 Budget
Engineering Administration					
Director of Engineering & Technology	1.00	1.00	1.00	1.00	1.00
Office Assistant I/II	3.00	3.00	3.00	3.00	3.00
Office Supervisor	1.00	1.00	1.00	1.00	1.00
	5.00	5.00	5.00	5.00	5.00
Development Services					
Construction Inspector I/II	3.00	3.00	3.00	3.00	3.00
Construction Inspector I/II (Defined Term)	1.00	1.00	1.00	1.00	1.00
Development Services Manager	1.00	1.00	1.00	1.00	1.00
Engineer I/II/Associate	1.00	1.00	1.00	1.00	1.00
Engineering Technician I/II	5.00	4.00	4.00	4.00	4.00
Engineering Technician III	1.00	1.00	1.00	1.00	1.00
	12.00	11.00	11.00	11.00	11.00
Project Engineering					
Engineer I/II/Associate	8.00	9.00	9.00	9.00	9.00
Senior Engineer	3.00	3.00	3.00	3.00	3.00
Engineering Supervisor	2.00	2.00	2.00	2.00	2.00
Engineering Technician I/II	1.00	2.00	2.00	2.00	2.00
Engineering Technician III	1.00	-	-	-	-
Project Engineering Manager	1.00	1.00	1.00	1.00	1.00
	16.00	17.00	17.00	17.00	17.00
Information Technology					
Information Security Officer	1.00	1.00	1.00	1.00	1.00
Information Technology Analyst I/II	2.00	3.00	4.00	5.00	5.00
Information Technology Manager	1.00	1.00	1.00	1.00	1.00
Information Technology Supervisor	1.00	1.00	1.00	1.00	1.00
Information Technology Administrator	1.00	3.00	3.00	2.00	2.00
Network Analyst II	1.00	-	-	-	-
Network Technician	1.00	-	-	-	-
Senior Info Technology Analyst	1.00	1.00	1.00	1.00	1.00
Server & System Administrator II	1.00	-	-	-	-
	10.00	10.00	11.00	11.00	11.00
ENGINEERING & TECHNOLOGY SERVICES – FULL TIME	43.00	43.00	44.00	44.00	44.00
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
ENGINEERING & TECHNOLOGY SERVICES – TEMP/PART TIME	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
Emergency & Security Services Planner	1.00	1.00	1.00	1.00	1.00
Emergency Response/Security Officer	1.00	1.00	1.00	1.00	1.00
Office Assistant II	2.00	2.00	2.00	2.00	2.00
Office Supervisor	1.00	1.00	1.00	1.00	1.00
QA/QC Officer	1.00	1.00	1.00	1.00	1.00
	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
Laboratory Services Supervisor	1.00	1.00	1.00	1.00	1.00
Laboratory Technician I/II	3.00	3.00	3.00	3.00	3.00
Senior Chemist	1.00	1.00	1.00	1.00	1.00
	9.00	9.00	9.00	9.00	9.00

Classification	FYE 23 Actual	FYE 24 Actual	FYE 25 Budget	FYE 26 Budget	FYE 27 Budget
Distribution Maintenance					
Distribution Maintenance Manager	1.00	1.00	1.00	1.00	1.00
Distribution Maintenance Supervisor	3.00	3.00	3.00	3.00	3.00
Meter/Cross Connection Worker I/II	4.00	4.00	4.00	4.00	4.00
Office Assistant I/II	1.00	1.00	1.00	1.00	1.00
Storekeeper I/II	1.00	1.00	1.00	1.00	1.00
Utility Worker I/II/III	30.00	31.00	31.00	31.00	31.00
	40.00	41.00	41.00	41.00	41.00
Water Production					
Engineer I /II/Associate	4.00	4.00	4.00	4.00	4.00
Engineering Supervisor	1.00	1.00	1.00	1.00	1.00
Engineering Technician I/II	2.00	2.00	2.00	2.00	2.00
Environmental Specialist	1.00	1.00	1.00	1.00	1.00
Treatment & Distribution Supervisor	2.00	2.00	2.00	2.00	2.00
Treatment Facilities Operator/Trn/Adv (Defined Term)	-	-	1.00	1.00	1.00
Treatment Facilities Operator/Trn/Adv	8.00	9.00	9.00	9.00	9.00
Water Production Manager	1.00	1.00	1.00	1.00	1.00
Water Treatment Plant Operator/Trn/Adv	13.00	11.00	11.00	11.00	11.00
	32.00	31.00	32.00	32.00	32.00
Facilities Maintenance					
Vehicle & Equipment Mechanic I/II	2.00	2.00	2.00	2.00	2.00
Electrician	3.00	3.00	3.00	3.00	3.00
Engineer I/II/Associate	2.00	2.00	2.00	2.00	2.00
Engineering Supervisor	1.00	1.00	1.00	1.00	1.00
Engineering Technician II	1.00	1.00	1.00	1.00	1.00
Systems Maintenance Supervisor	1.00	1.00	1.00	1.00	1.00
Facilities Maintenance Worker	2.00	2.00	2.00	2.00	2.00
Facility Maintenance Manager	1.00	1.00	1.00	1.00	1.00
Gardener I/II	2.00	2.00	2.00	2.00	2.00
Gardener III	1.00	1.00	1.00	1.00	1.00
General Facilities Supervisor	1.00	1.00	1.00	1.00	1.00
Office Assistant I/II	1.00	1.00	1.00	1.00	1.00
Operations Systems Analyst	1.00	1.00	1.00	1.00	1.00
Planner/Scheduler	1.00	1.00	1.00	1.00	1.00
Instrument & Controls Technician I/II	4.00	4.00	4.00	4.00	4.00
Operations Systems Administrator	1.00	1.00	1.00	1.00	1.00
Senior Utility Mechanic	1.00	1.00	1.00	1.00	1.00
Utility Mechanic I/II	5.00	5.00	5.00	5.00	5.00
	31.00	31.00	31.00	31.00	31.00
OPERATIONS & MAINTENANCE – FULL TIME	119.00	119.00	120.00	120.00	120.00
Intern	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
General Manager Administration					
Administrative Assistant/Assistant District Secretary	1.00	1.00	1.00	1.00	1.00
Executive Assistant /District Secretary	1.00	1.00	1.00	1.00	1.00
General Manager	1.00	1.00	1.00	1.00	1.00
Special Assistant to the General Manager	1.00	1.00	1.00	1.00	1.00
	4.00	4.00	4.00	4.00	4.00

Classification	FYE 23 Actual	FYE 24 Actual	FYE 25 Budget	FYE 26 Budget	FYE 27 Budget
Public Affairs					
Public Affairs Specialist I/II	1.00	1.00	2.00	2.00	2.00
Public Affairs Supervisor	1.00	1.00	1.00	1.00	1.00
Office Assistant (Defined Term)	1.00	1.00	-	-	-
	3.00	3.00	3.00	3.00	3.00
OFFICE OF THE GENERAL MANAGER – FULL TIME	7.00	7.00	7.00	7.00	7.00
Office of the General Manager Intern	-	-	1.00	1.00	1.00
Public & Community Affairs Intern	1.00	1.00	1.00	1.00	1.00
OFFICE OF THE GENERAL MANAGER – TEMP/Part time	1.00	1.00	2.00	2.00	2.00
Finance Management					
Administrative Analyst I/II/Senior	1.00	1.00	1.00	1.00	1.00
Director of Finance & Administration	1.00	1.00	1.00	1.00	1.00
	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
Financial Analysis Supervisor	1.00	1.00	1.00	1.00	1.00
	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
Accounting & Treasury Manager	1.00	1.00	1.00	1.00	1.00
Accounting Technician I/II	3.00	3.00	3.00	3.00	3.00
Accounting Supervisor	1.00	1.00	1.00	1.00	1.00
Senior Business Analyst	1.00	1.00	1.00	1.00	1.00
	9.00	9.00	9.00	9.00	9.00
Customer and Account Services					
Business Analyst I/II	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
Customer Account Representative I/II	7.00	7.00	8.00	8.00	8.00
Customer Account Rep. I/II (Defined Term)	1.00	1.00	-	-	-
Customer Account Representative III	1.00	1.00	1.00	1.00	1.00
Customer Service Supervisor	1.00	1.00	1.00	1.00	1.00
Customer Services & Systems Manager	1.00	1.00	1.00	1.00	1.00
Meter Reader (Defined Term)	6.00	6.00	1.00	1.00	1.00
Customer Account Field Supervisor	1.00	1.00	1.00	1.00	1.00
	21.00	21.00	16.00	16.00	16.00
Procurement and Contracts					
Buyer I/II	2.00	2.00	2.00	2.00	2.00
Office Assistant I/II	1.00	1.00	1.00	1.00	1.00
Purchasing Officer	1.00	1.00	1.00	1.00	1.00
Senior Buyer	1.00	1.00	1.00	1.00	1.00
	5.00	5.00	5.00	5.00	5.00
Human Resources					
Senior Administrative Analyst	1.00	1.00	1.00	1.00	1.00
Human Resources Analyst I/II	3.00	3.00	3.00	3.00	3.00
Human Resources Technician I/II	1.00	1.00	1.00	1.00	1.00
Senior Human Resources Technician	1.00	1.00	1.00	1.00	1.00
Human Resources/Risk Manager	1.00	1.00	1.00	1.00	1.00
Employee Health & Safety Specialist (Defined Term)	-	-	-	1.00	1.00
Workplace Health & Safety Officer	1.00	1.00	1.00	1.00	1.00
	8.00	8.00	8.00	9.00	9.00
FINANCE & ADMINISTRATION – FULL TIME	47.00	47.00	42.00	43.00	43.00
Intern	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

Classification	FYE 23 Actual	FYE 24 Actual	FYE 25 Budget	FYE 26 Budget	FYE 27 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
Water Supply and Planning					
Engineer I/II/Associate	3.00	3.00	3.00	3.00	3.00
Engineering Technician II	1.00	1.00	1.00	1.00	1.00
Water Use Efficiency Specialist I/II	2.00	2.00	3.00	3.00	3.00
Water Use Efficiency Specialist I/II (Defined Term)	-	1.00	-	-	-
Water Use Efficiency Supervisor	1.00	1.00	1.00	1.00	1.00
Water Controller I/II	3.00	3.00	3.00	3.00	3.00
Water Resources Systems Analyst I/II	1.00	1.00	1.00	1.00	1.00
Water Supply and Planning Manager	1.00	1.00	1.00	1.00	1.00
Water Supply Supervisor	1.00	1.00	1.00	1.00	1.00
	13.00	14.00	14.00	14.00	14.00
Groundwater Resources					
Engineer I/II/Associate	3.00	2.00	2.00	2.00	2.00
Senior Engineer	1.00	1.00	1.00	1.00	1.00
Engineering Technician I/II	4.00	4.00	4.00	4.00	4.00
Engineering Technician III	1.00	1.00	1.00	1.00	1.00
Groundwater Resources Manager	1.00	1.00	1.00	1.00	1.00
Hydrogeologist I/II/Associate	3.00	3.00	3.00	3.00	3.00
Engineer/Hydrologist (Defined Term)	-	-	1.00	1.00	1.00
Well Ordinance Supervisor	1.00	1.00	1.00	1.00	1.00
	14.00	13.00	14.00	14.00	14.00
WATER RESOURCES – FULL TIME	28.00	28.00	29.00	29.00	29.00
Engineering Intern	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
TOTAL DISTRICT - FULL TIME	244.00	244.00	242.00	243.00	243.00
TOTAL DISTRICT – TEMP/PART TIME	12.00	12.00	13.00	13.00	13.00

CHANGES IN POSITION COUNTS

The budget includes the following changes, increasing staffing level from 242 to 243 FTE.

- Add a Limited-Term Employee Health and Safety Specialist position (1.00 FTE) in the Finance and administration Department. This is to strengthen the District’s Safety and Health program, meet current industry standards, and ensure regulatory compliance and protects employees and the public. The position will have a strong field presence to support the District’s field-based employees, including hands-on training, hazard identification, operational support, and fostering proactive safety measures.
- Reclassify an Administrative Analyst to a Senior Administrative Analyst position in the Finance and Administration Department. This position is responsible for a broad range of responsibility working and collaborating on significant District-wide programs and projects.
- 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.

This garden serves as an oasis for wildlife and people in an urban environment.

Many of us head to the local park, coast, or mountains when we want to spend time in nature. However, with a little care and planning, an urban landscape can also be natural, look beautiful, and provide habitat for birds, butterflies, beneficial insects, and other wildlife.



Between the branches of the large mature trees, you might see an Anna's Hummingbird zooming around.



California Fuchsia attracts pollinators with its brightly colored blooms.



Beneficial insects feed on native plant species.

DEPARTMENT INFORMATION

DEPARTMENT INFORMATION

The following 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

DESCRIPTION OF SERVICES PROVIDED

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 and additional Ad-Hoc Committees as appropriate.

Members of the Board represent the District to the community by Wards 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.

FY 23/24 & FY 24/25 ACCOMPLISHMENTS

- Appointed a new District Secretary and Assistant District Secretary in FY 2024.
- Provided guidance and direction during multiple 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.
- Provided guidance and direction to update miscellaneous fees and charges including implementation of the inflationary update to the Facilities Connection Charges.
- Complied with the Replenishment Assessment Act of the Alameda County Water District; Adopted Replenishment Assessment rate adjustments of 3.5% in FY 2024 and 0% in FY 2025 for groundwater pumping for uses other than municipal and agricultural in order to generate sufficient revenue to cover expected groundwater basin-related costs.
- Established an approach to enhanced debt financing of the capital program including in collaboration with the Alameda County Water District Financing Authority, the issuance of \$46M in revenue bonds in April 2025.
- Provided guidance and direction related to updates to the District's Strategic Plan and new Water Resources Master Plan.
- Directed the construction of a PFAS Treatment Facility to address PFAS in groundwater supplies and restore the nominal operating capacity of the Blending Facility.
- Elected Board Officers for CYs 2024 and 2025.
- Attended Board meetings, Standing Committee meetings, and Ad-Hoc 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.

FY 25/26 & FY 26/27 GOALS AND OBJECTIVES

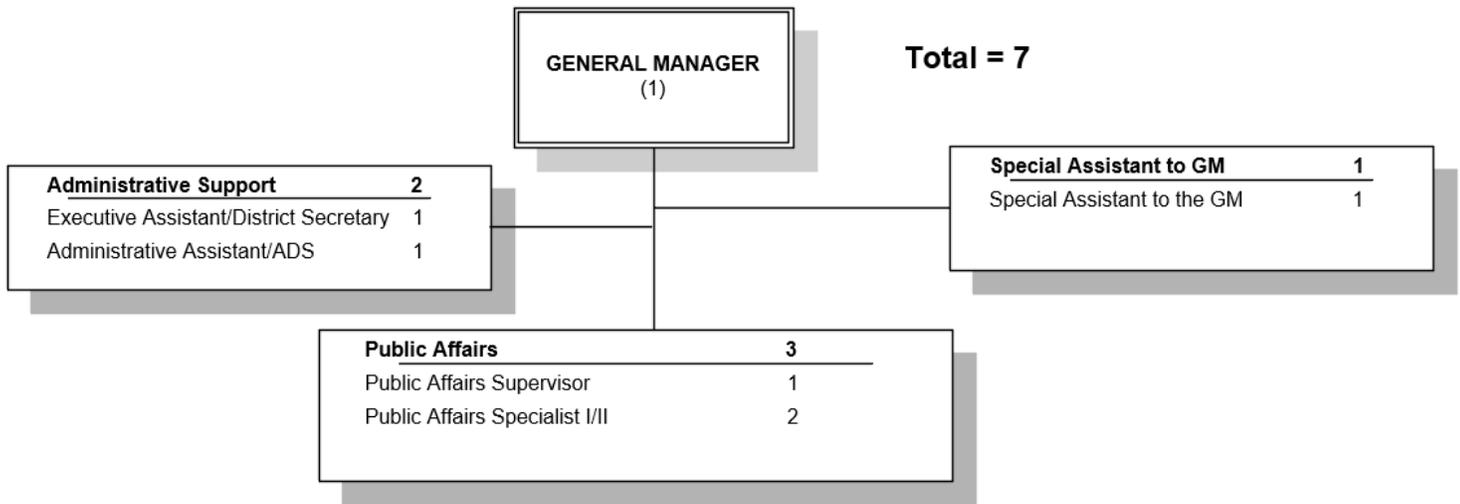
Strategic Goals	Objectives
Goal 1 – Maintain and Improve the Cost Effectiveness and Value of District Services	<ul style="list-style-type: none"> Promote value and cost effectiveness through oversight of District operational activities and capital projects. Provide authority, guidance, and direction regarding prioritization and implementation of the District’s capital program and operations and maintenance programs.
Goal 2 – Sustain a Reliable, High Quality Water Supply for District Customers	<ul style="list-style-type: none"> Provide guidance and direction in the completion of the District’s Water Resources Master Plan, Urban Water Management Plan, and other planning activities. 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.
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 financial objectives. Regularly review and update financial policies as appropriate.
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. Comply with applicable ethics and transparency laws, best practices, and the District’s Board Rules. Complete all assigned cybersecurity training and maintain best cybersecurity practices. 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 23	FYE 24	FYE 25	FYE 25	FYE 26	FYE 27	% Chg	% Chg
	Actual	Actual	Amended	Estimated	Adopted Budget	Adopted Budget	FYE 25 FYE 26	FYE 26 FYE 27
Labor	\$115	\$111	\$117	\$117	\$117	\$117	0%	0%
Materials	32	30	27	27	27	27	0%	0%
Outside Services	0	0	1	1	1	1	0%	0%
Board of Directors	\$147	\$141	\$144	\$144	\$144	\$144	0%	0%

There are no changes in budgeted expenditures.

ALAMEDA COUNTY WATER DISTRICT
OFFICE OF THE GENERAL MANAGER
FY 25/26



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 water and energy resources, climate change, water 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.

FY 23/24 & FY 24/25 ACCOMPLISHMENTS

- Partnered with EBMUD, U.C. Berkeley, and other water industry organizations to offer internships to prospective students considering a career in the water industry.
- Established new Workforce Development and Pipeline initiatives with San Jose State University, Cal State East Bay, and Fremont Unified School District.
- Completed a new Customer Service Satisfaction Survey representing input from the District's customers to inform organizational priorities.
- Organizationally, the District achieved or made substantial progress on the District's Strategic Plan priorities and goals.
- Developed and implemented an Internal Communications Plan (versions 1 and 2) and a Change Management Plan as part of continuing implementation of the 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 capital project production.
- Negotiated amended Power Purchase Agreements for the Clean Energy Program.
- Prioritized completion of planning documents and program plan for emergency preparedness and response. Conducted Board workshops on the topic.
- Prioritized cyber-security planning, penetration testing, audits, and exercises.
- 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 chair of the Bay Area Water Agencies Coalition.
- Engaged with the Governor and Administration on water supply system priorities, funding enhancements, resource agency permit streamlining, and workforce development opportunities.
- Engaged with several coalitions and groups of General Managers from throughout the state to coordinate on standards, funding, and actions required to address climate change.
- Maintained certification as a Platinum District of Distinction through the California Special District Institute.

FY 25/26 & FY 26/27 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. 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 Del Valle Reservoir, external groundwater banking, SFPUC Regional Water System, and Alameda Creek. Ensure the District is positioned to exceed water quality regulations while ensuring needed 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. Work with the Board of Directors to refine capital program financing and advance funding of post-employment benefit liabilities.
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 Input and Feedback Program. Maintain newly implemented 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” Townhall meetings with employees. Continue to arrange opportunities for employees to engage in support of underserved and disadvantaged communities through the state’s Technical Assistance Provider Program. Expand internship programs and develop workforce pipelines with partner academic and industry organizations.
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 Water Resources Master Planning process. Develop options for water bottle filling stations and partnerships with schools, municipalities, and others for installing stations at various locations throughout the community.

DEPARTMENT EXPENDITURES

EXPENSE SUMMARY
DEPARTMENT DETAIL
(\$ in thousands)

	FYE 23 Actual	FYE 24 Actual	FYE 25 Amended	FYE 25 Estimated	FYE 26 Adopted Budget	FYE 27 Adopted Budget	% Chg FYE 25 FYE 26	% Chg FYE 26 FYE 27
Labor	\$929	\$1,008	\$1,341	\$1,315	\$1,441	\$1,530	10%	6%
Materials	212	256	262	269	335	342	25%	2%
Outside Services	1,108	1,132	1,445	1,224	1,310	1,300	7%	-1%
General Manager's Office	\$2,249	\$2,395	\$3,048	\$2,809	\$3,086	\$3,172	10%	3%
Funded Staffing Level (FTE)	7.00	7.00	7.00	7.00	7.00	7.00	0%	0%

FINANCIAL COMMENTS

Increase in Labor costs for FYE 26 and FYE 27 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.

CHANGES IN POSITION COUNTS

There are no changes.

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. Legislative affairs and engagement activities were assumed by the Special Assistant to the General Manager in FY 24/25.

FEATURED MAJOR PROJECTS, PROGRAMS, OR INITIATIVES

The Public Affairs division continued to provide public information, outreach and education for several District-wide programs and initiatives raising awareness about water use efficiency through engaging and effective conservation giveaways; water supply reliability messaging in support of main renewal and seismic improvements, including public information meetings and outreach for the Dairy Avenue and H Street and Lindsay Tract and Birch Street Main Renewal Project and the Central Newark Pipeline Renewal Project; and increased messaging on emergency preparedness and the importance of storing an emergency water supply in preparation of natural disasters. In advance of the proposed water rate increase and public hearing in December 2024, Public Affairs launched Facilities in Focus. This multi-media campaign highlighted six District facilities to showcase ACWD's investments in infrastructure and how ratepayers' dollars fund critical projects. Through expanded community and school partnerships, the Public Affairs division strengthened the water education program with sustained participation in the WaterClips Student Video Contest and continued teacher workshops. With a wide-ranging public outreach approach, the division increased the District's messaging through traditional and social media, participation at community events, school education programs, and direct email marketing.

FY 23/24 & FY 24/25 ACCOMPLISHMENTS

- Designed and published 52 weekly Tri-City Voice advertisements.
- Issued three ACWD Aqueduct newsletters.
- Issued three Water Education newsletters and three News Flash announcements to Tri-City educators and school administrators.
- Assisted with outreach for the Water Resources Master Plan and the 2024 proposed water rate increase.
- Coordinated ACWD's Imagine a Day Without Water event and public tours of WTP No. 2.
- Hosted 6th annual WaterClips Student Video contest and achieved record participation.
- Expanded community partnerships and outreach through participation at the Union City's National Night Out event and the City of Fremont's Safety Fair.
- Continued to lead in coordination, and as a sponsor, along with eight other water and wastewater agencies, of the Alameda County Science and Engineering Fair 2025 for the Excellence in Water, Wastewater and Recycled Water Research award.
- Continued a partnership for the third year with the Fremont Unified School District's Garden Network to host a landscape workshop in conjunction with the UC Master Gardeners Program.
- Hosted a Climate Change and California Water workshop with the Department of Water Resources and Project WET.
- Launched Facilities in Focus, a campaign spotlighting six key facilities that showcase ACWD's investment in water infrastructure.
- Hosted an activity/information table featuring a Hydrogen Ion Testing Station, at City of Fremont's Spring Into STEAM event with over 2,000 attendees.
- Developed a draft Emergency-Crisis Communications Manual.
- Monitored state legislative and executive branch activities.

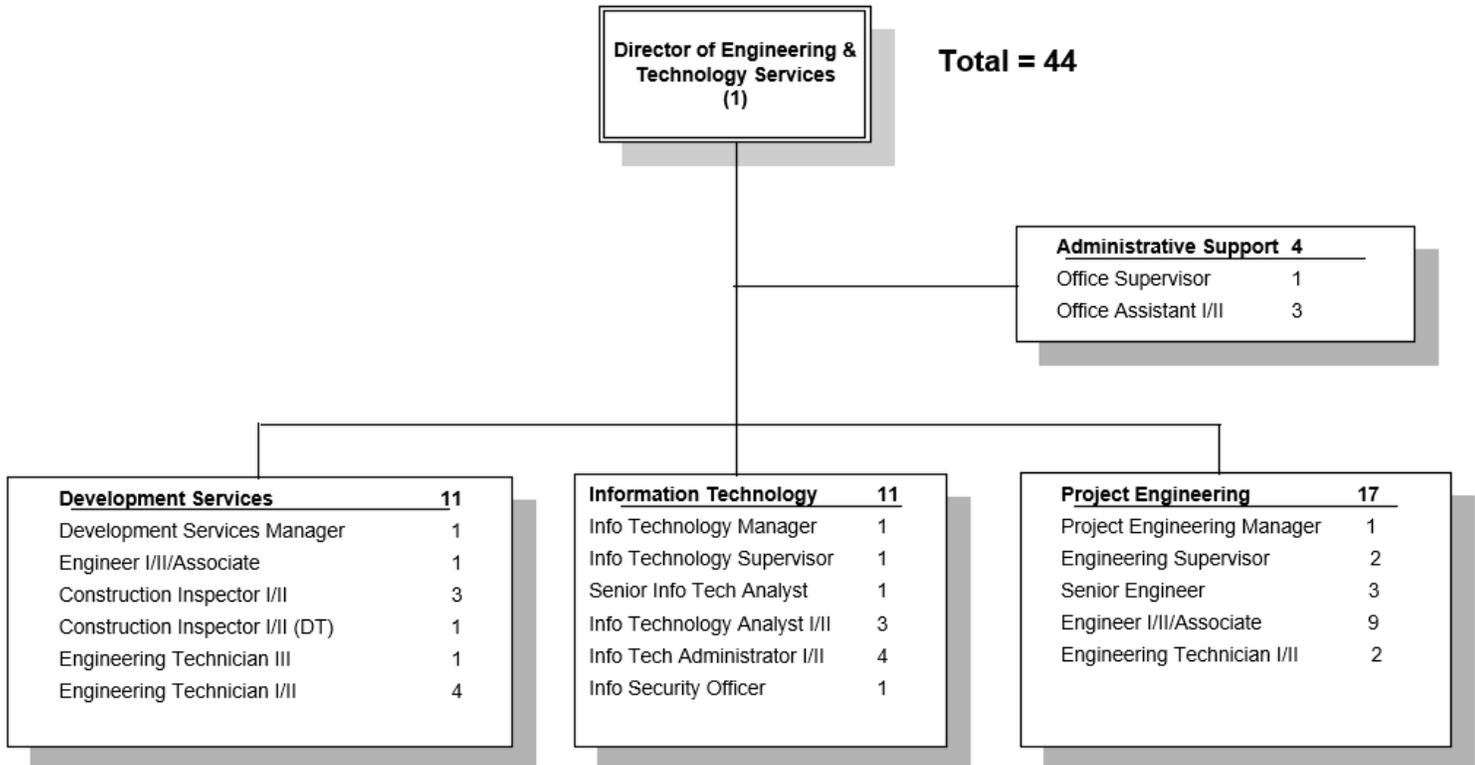
FY 25/26 & FY 26/27 GOALS AND OBJECTIVES

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"> • Expand school and community education and engagement with mobile interpretive education center and/or increased partnerships. • Finalize Emergency-Crisis Communications Manual. • Redesign the District’s website and enhance accessibility. • Increase public awareness of District-wide initiatives, programs, and projects including outreach for water conservation, water quality, rates, capital improvement projects, and emergency preparedness.

PERFORMANCE MEASURES

Performance Measures	Target	FY 23/24 Actual	FY 24/25 Estimate	FY 25/26 Target	FY 26/27 Target
Timely mailing of minimum of three ACWD Aqueduct newsletters annually	~125,000 newsletters per issue	100%	100%	100%	100%
Host District sponsored biennial event	One event every two years	Support Niles Canyon Stroll & Roll Event/ Host Public Tour of TP2	Host Public Tour of TP2	Host Public Tour of Fish Passage Facilities/P FAS Treatment Ribbon Cutting	Support City of Fremont Safety Fair event
Water education program	Provide water education to 10,000 students annually	19,300	15,000	15,000	15,000

ALAMEDA COUNTY WATER DISTRICT
ENGINEERING & TECHNOLOGY SERVICES DEPARTMENT
FY 25/26



DESCRIPTION OF SERVICES PROVIDED

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, and fosters innovation to help drive effective delivery of service and implementation of projects.

FEATURED MAJOR PROJECTS, PROGRAMS, OR INITIATIVES

The District's strategic plan identifies managing and maintaining infrastructure to ensure reliability as one of the District's priorities. To that end, the District has developed an infrastructure renewal program with the help of the Engineering Report and a Capital Improvement Plan to improve and upgrade its water supply, storage and distribution infrastructure, and support its mission of providing high quality drinking water at an affordable price. The Project Engineering Division advanced and/or completed several high-profile Capital Improvement Program (CIP) projects including the Advanced Metering Infrastructure (AMI) project, Curtner Road and Washington Booster station upgrade project, Alameda Reservoir Roof Replacement, and PFAS treatment project. In addition, significant progress was made on the SCADA replacement, Driscoll Road pipeline upgrade, and Central Newark Thornton Avenue Main Renewal projects. Also, construction work started on Dairy and H Street and Lindsay Tract main renewal projects, and bidding and construction contract award was completed for the Alvarado Niles Road pipeline upgrade project. The Project Engineering Division conducted workshops and completed updates to the Engineering Report which identified critical system rehabilitation and upgrade needs for the next five to ten years.

Development activity in the service area remains strong with more in-fill and redevelopment of existing sites underway. The Development Services Division continued supporting development and property acquisition efforts by reviewing, approving, inspecting and mapping as-built information for nearly 42 miles of newly installed or renewed water mains. The Development Services Division continued expanding use of the Cityworks PLL for development project review and processing which will improve project quality, service delivery and efficiency. The development team also continued coordinating on city-led infrastructure upgrade projects that impact District facilities, and on property acquisition matters that affect District properties and/or facilities. As the main department dealing with property related matters, ETS led the effort in exempt surplus unused District property in order to make best use of these assets if and when the Board makes appropriate determinations to dispose or exchange property.

The ETS department continued to provide and support tools and resources that allow District employees to carry out their duties and responsibilities effectively, which has enabled District staff to maximize their efficiency and productivity. Some of these efforts include upgrading network and server infrastructure, and improving connectivity to District applications while ensuring improved threat detection and remedy. To deal with the ever-evolving cybersecurity threats, the Information Technology Division has completed several initiatives including upgrading hardware and software systems, implementing a new network and email monitoring system, preparing and testing incident response plans, and conducting phishing simulation exercises. Thanks to the continuing education and training as well as employees' vigilance, the District was able to achieve more than 95% phishing email reporting levels in all phishing tests conducted.

In support of the District's mission and strategic objectives, the ETS department has improved many processes and workflows, instituted electronic approval processes, and conducted various trainings for consistent and timely delivery of services, and implementation of mission critical projects and programs. Through department-wide meetings, monthly and weekly division and section staff check-ins, and message boards, the department administration continues to foster communication and collaboration within the department and across the

District. Several department staff presented in workshops, District Informational Presentation Series (DIPS), Lunch and Learn sessions etc. to allow staff to remain informed about important topics across the District and the water industry. Staff also attended trainings, conferences and seminars to learn and apply best practices. In line with the District’s strategic goals to improve workforce and enhance employee engagement, the department continues to support hiring, training, succession planning, and professional development of staff.

DEPARTMENT EXPENDITURES

EXPENSE SUMMARY DEPARTMENT DETAIL (\$ in thousands)								
	FYE 23 Actual	FYE 24 Actual	FYE 25 Amended	FYE 25 Estimated	FYE 26 Adopted Budget	FYE 27 Adopted Budget	% Chg FYE 25 FYE 26	% Chg FYE 26 FYE 27
Labor	\$3,906	\$4,124	\$4,281	\$4,331	\$4,359	\$4,494	1%	3%
Materials	382	429	523	643	672	698	5%	4%
Outside Services	2,936	3,103	3,223	3,224	4,135	4,048	28%	-2%
Engineering & Technology Services	\$7,224	\$7,656	\$8,027	\$8,368	\$9,266	\$9,291	11%	0%
Funded Staffing Level (FTE)	43.00	43.00	44.00	44.00	44.00	44.00	0%	0%

FINANCIAL COMMENTS

Increase in Labor costs for FYE 26 and FYE 27 is for cost-of-living adjustments consistent with existing labor contracts. Materials costs increase reflect general inflation.

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

DSD uses Cityworks Permits, Licensing, and Land Management (PLL) software system to manage the workflow of the Customer Work Request and Customer Job Order processes, a largely internal process for customer-driven projects. DSD has been live with Cityworks PLL since 2022 and has made incremental improvements to the workflow, including development of new saved searches (for users) and reports (for internal shareholders in other Divisions and Departments). Since going live with Cityworks PLL in FY 2022/23, DSD has processed approximately 260 individual customer jobs through the software.

Development activity has picked up in FY 2023/24 and FY 2024/25 from a period of lower volume work during the Covid-19 pandemic. During the FY 2023/24 and FY 2024/25 span, DSD has processed over 110 water service applications and completed 120 projects, totaling 400 individual customer jobs. The larger projects included public water system extensions (PWSE) for the Union Sanitary District Enhanced Treatment and Site Upgrade, Turk Island, Cedar Boulevard, and Niles Gateway projects, for which DSD staff both reviewed the improvement plans and inspected the new water main and appurtenance installations.

DSD continues to support Capital Improvement Projects (CIP), including critical pipeline projects such as Driscoll Road main replacement, Dairy and H Street main replacement, and Central Newark main replacement projects. DSD staff, including Engineering Technicians and Construction Inspectors are assigned plan review, inspection, and operator-type roles for Capital Improvement projects. Other CIP projects include the B16 Booster pipeline replacement, emergency work in the Vallecitos Creek watershed, and punch list work along Alameda Creek fish ladders. The DSD team has also supported City-driven water main relocation projects such as the Central Avenue Grade Separation project in Newark, and the Quarry Lakes Parkway project in Union City. The Development Services team also handles property acquisition and coordination matters on behalf of the District including acquisition of new water line easements and disposition of unused easements and properties. Some notable activities in this area include recent exempt surplus of certain District properties in accordance with the Surplus Land Act.

FY 23/24 & FY 24/25 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.
- The Division continued to provide support related to new or modified water service.
- Met or made significant progress on meeting turn-around goals for improvement plan reviews and customer job processing.
- From the start of FY 23/24 through the third quarter of FY 24/25, the Development Services Division:
 - Mapped or updated approximately 41.95 miles of newly installed or renewed water mains and service lines.
 - Mapped 205 customer job order drawings, 33 PWSE projects, 17 misc. as-built drawings, 42 Operations-led red line drawings, and 13 easements in ArcMap/GIS.
 - Reviewed 40 PWSE improvement plans drawings.
 - Processed 7 PWSE agreements and 5 new construction permits.
 - Processed 113 customer work request applications and completed 124 projects totaling 403 individual customer jobs.

- Spent 15.3 Weeks per Project and 4.7 Weeks per Job (Average)
- Processed 309 fire flow test applications and performed 158 fire hydrant flow tests
- Reviewed and provided comments for 182 preliminary planning documents from the cities of Fremont, Newark, and Union City.
- Processed 346 Public Records Act requests for GIS 200-scale maps, as-built drawings, and shapefiles.
- Processed easement vacations and quitclaim deeds associated with several development projects.
- Recruited and on-boarded a new entry-level Engineering Technician.

FY 25/26 & FY 26/27 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 and provide maps to requesting parties. • Continue 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. • Continue refining and improving 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.
<p>Goal 2 – Sustain a Reliable, High Quality Water Supply for District Customers</p>	<ul style="list-style-type: none"> • Continue to assist with property acquisition, lease and sales in support of watershed protection, water supply and distribution, and other District objectives. • Support the Water Resources and Operations Departments with ad-hoc GIS data for annual reporting.
<p>Goal 4 – Improve Workforce Recruitment, Maintain Retention, and Enhance Employee Engagement</p>	<ul style="list-style-type: none"> • Provide opportunities for growth and engagement within Development Services. • Continue to engage with other divisions/departments on collaboration, communication, and coordination related to new developments, new or upgraded water service, property acquisition or disposal, and support of District-wide projects. • Fully onboard and develop a new Engineering Technician.

PERFORMANCE MEASURES

Performance Measures	Target	FY 23/24 Actual	FY 24/25 Estimate	FY 25/26 Target	FY 26/27 Target
Meet Improvement Plan Review Turn-Around Goal	75% COF 101-150*	70%	80-85%	80%	80%
Meet Job Order Turn-Around Goal	6 weeks	80%	75-80%	80%	80%
Meet Public Water System Extension Agreement Preparation Goal	w/in 14 days of receipt of signed plans	90%	85-95%	90%	90%
Complete GIS Data/Mapping updates within Goal	w/in 30 days of receipt of information	95%	95-99%	90%	90%

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

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 Advanced Metering Infrastructure (AMI) Project provides the District’s customers access to leak detection and water use efficiency tools, enables enhanced customer service, and improves the District’s operational efficiencies by remotely reading water meters. The project also deployed an online customer portal named “My Smart Water Connect” in FY 2023/24 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 AMI full-deployment work was completed in FY 2024/25.

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 FY 2022/23. Efforts to address rubber dam repairs resulting from damages from 2022 and 2023 atmospheric storms were completed recently.

The Groundwater Per-and-Polyfluoroalkyl substances (PFAS) Treatment Project, Phase 1, will treat up to 6 MGD of groundwater from the District’s Peralta-Tyson and Mowry Wellfields for PFAS removal. The District began voluntary monitoring program for PFAS in June 2020. The monitoring program included all 18 PFAS compounds which could be analyzed using the current analytical United States Environmental Protection Agency (USEPA) method, 537.1. PFAS compounds were detected in several Peralta-Tyson and Mowry Wellfield wells at levels above the state established Notification Limits (NL). In mid FY 2023/24, construction commenced on a 6 MGD ion exchange treatment facility which will restore production at the blending facility. The facility was put into service with a manual operation mode in mid FY 2024/25, with the electrical and automation system scheduled to be in service by the end of FY 2024/25.

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 resilience. The program is currently focused on the proactive renewal of aging water distribution and transmission infrastructure to prevent increasing 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 provision of service to critical facilities. As part of the program, there are currently more than 25,000 feet of pipeline at various stages of development with four projects in construction. There District is also working on retrofitting existing reservoirs including replacing roofs and raising embankments for seismic resiliency with investments of up to \$25 million in this program with planned increase in investments over time.

FY 24/25 & FY 25/26 ACCOMPLISHMENTS

- Received the American Public Works Association, Northern California Chapter, 2024 Public Works Project Award, in the “Environment” category, for projects between \$25M and \$75M, for the Rubber Dam No. 1/Drop Structure Fishway, Rubber Dam No. 1 Control Building Modifications, and Shinn Pond Fish Screens Project.

- Completed deployment of AMI meter upgrades across the District’s entire service area.
- Completed the Blending Facility SCADA Replacements and Upgrades Project that includes development and commissioning of a new SCADA HMI system, historical data migration, SCADA server installation, back-up systems and reporting service integration. Completed development and commenced commissioning of the second SCADA Replacement system at WTP2.
- Started construction of solar panels and ancillary equipment at the Mayhew Reservoir, Headquarters, and Newark Desalination Facility sites.
- Completed construction of the Alameda Reservoir Roof Replacement Project.
- Completed construction and commissioning of Curtner Road Booster Station and Washington Booster Station Improvements Projects.
- Completed construction of the Groundwater PFAS Treatment Project – Phase 1. Executed contracts for the pre-procurement of needed equipment, including: feed and booster pumps, IX vessel systems, pre-treatment cartridge filters, IX media, electrical service transformer and PLC system components.
- Commenced construction of the Central Newark Thornton Main Renewal Project.
- Completed construction of the Driscoll Road Main Renewal Project.
- Completed 100% design for Alvarado-Niles Pipeline Seismic Improvement Project - Phase 2 and advertised for construction.
- Commenced construction of the Main Renewal - Dairy Avenue and H Street Project.
- Commenced construction of the Main Renewal – Lindsay Tract and Birch Street, and B16 Booster Station Upgrade Project.
- Completed construction of 3 sites for the Distribution Programmable Logic Controller Upgrade, Phase 3, Project.

FY 25/26 & FY 26/27 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, Main Renewal - Dairy Avenue and H Street Project, and Main Renewal - Central Newark Thornton Avenue Project. • Milestone completions for Clean Energy Program including implementation of solar arrays at Phase 1 sites under the program. • Complete the Capital Improvement Program (CIP) Engineering Report and the Main Renewal Program plan. • Complete construction of the New Cedar Aquifer Reclamation Program Wells Project. • Support main renewal and extension efforts associated with City-led CIP projects including the Central Avenue Grade separation, Newark Old Town Streetscape, 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</p>	

Engagement with Customers and Communities	<ul style="list-style-type: none"> Collaborate with the Public Affairs team on public outreach efforts for CIP projects.
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PERFORMANCE MEASURES

Performance Measures	Target	FY 23/24 Actual	FY 24/25 Estimate	FY 25/26 Target	FY 26/27 Target
Fiscal year capital expenditures for PE Division capital projects	85% to 100% of budget	\$54,121,631 (123%)	\$44,471,021 (100%)	\$48,455,986 (85% to 100%)	\$43,159,000 (85% to 100%)
Contract change orders for PE Division construction contracts	<10%	6%	<10%	<10%	<10%

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.

FEATURED MAJOR PROJECTS, PROGRAMS, OR INITIATIVES

The Information Technology (IT) Division has made substantial progress in enhancing the District's cybersecurity program, upgrading existing network infrastructure, deploying software upgrades, and planning for technological growth. Through a series of key initiatives, the Division has demonstrated its commitment to supporting the District's mission by ensuring technology is sufficiently available, secure, efficient, and effective.

One of the most significant accomplishments has been the adoption of the Center for Internet Security (CIS) Control Framework. This widely used framework provides a prioritized set of cybersecurity best practices that help mitigate the most common and severe cyber threats. By implementing the CIS Controls, the District has established a more structured and proactive cybersecurity program. This adoption enhances the District's ability to identify vulnerabilities, strengthen its security posture, and protect both sensitive data and critical infrastructure from potential cyberattacks.

To further improve the District's cybersecurity posture, the IT Division replaced outdated network monitoring and email filtering tools with advanced, next-generation solutions. These upgraded tools offer enhanced real-time threat detection, sophisticated analytics, and proactive security measures. This transition has significantly improved the District's ability to identify, respond to, and prevent cybersecurity incidents, including phishing attacks and unauthorized access attempts. As a result, the District is better positioned to maintain operational integrity and compliance while safeguarding critical digital assets. The IT Division is also actively developing a comprehensive IT Master Plan designed to guide the District's technology investments over the next five years. This strategic initiative involves reviewing available documents, conducting surveys, and interviewing all District business units to ensure that the plan aligns with operational objectives and priorities. Once completed, the IT Master Plan will serve as a long-term roadmap for prioritizing technology resources, supporting innovation, and enabling scalable and secure technology growth. The IT Master Plan will provide a clear direction for the District's digital future and will ensure technology investments deliver meaningful value.

Recognizing the growing use of artificial intelligence (AI) across many industries, the IT Division also developed the District's first AI Guideline document. This resource outlines expectations for the ethical, professional, and responsible use of AI tools by employees. The document supports the use of AI while providing clear guidance on data privacy, accuracy, and appropriate use. These guidelines help foster a culture of accountability and trust, ensuring AI technologies are used in ways that align with the District's values and public responsibilities. Collectively, the above projects and accomplishments reflect the IT Division's ongoing dedication to leveraging technology for the betterment of the District. Through careful planning, strategic upgrades, and forward-looking policies, the Division continues to support secure, efficient, and innovative operations across all departments.

FY 23/24 & FY 24/25 ACCOMPLISHMENTS

- Implemented Cityworks PLL customer portal for the Groundwater Resources Division.
- Milestone completions in IT/Cybersecurity Program including policy updates, vulnerability gap assessments, and adopting the CIS framework.
- Developed the Cybersecurity Incident Response Plan and Playbook. Conducted a tabletop exercise of the plan and playbook with support and guidance from state and federal agencies such as CISA, FBI, CalOES and others.
- Achieved the "2024 Excellence in IT" award from MISAC.
- Registered for a .gov domain for ACWD.
- Adopted an Artificial Intelligence (AI) Guideline document to guide employees in the professional, ethical, and responsible use of AI tools.
- Completed the Lead Service Line Inventory (LSLI) live data repository & web maps for Water Production to ensure compliance with State regulations.
- Developed additional SharePoint workflows to enhance business efficiency, including processes for single source justification, vendor solicitation, and CalCard requests.
- Developed new GIS mapping to visually represent agenda items as a map layer to support better visualization and planning.
- Implemented employee photos into Office 365 to enhance user experience and provide a polished look for internal directories and company profiles.
- Deployed new Nutanix servers at TP2 to enhance system performance, scalability, and reliability.
- Completed recruitment and hire of IT Security Officer and two IT Analysts.
- Assisted Finance with the selection and deployment of software used for tracking invoice payment.
- Replaced the District's network and email monitoring software to ensure better protection for its sensitive data and critical infrastructure.
- Provided network infrastructure and technical support for the upgrade of the Building Management System (BMS).
- Deployed a new video storage server to support Water Resources' sonar camera monitoring system at the RD1 Fish Ladder facility.
- Deployed Veeam Immutable repositories at HQ and TP2 for disaster recovery preparedness.
- Created customized reports and data analysis for the District's business network monitoring tools which were instrumental in identifying exploited vulnerabilities on end points.
- Upgraded both AT&T and Comcast internet circuits to 500Mbps for faster access to the internet.
- Conducted monthly phishing campaigns and remedial training with reportable analysis.

FY 25/26 & FY 26/27 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"> • Provide technical support to Customer Services for the upgrade of Cayenta from version 7.9 to 9.2. Provide new system infrastructure and testing of 3rd application integrations. • Complete a plan to migrate the District's email system from a .com domain to a acwdca.gov domain • Deploy and customize a digital signature software platform to support secure document routing and approval. • Identify a qualified vendor for implementing a records management system and start the implementation process. • Conduct a comprehensive assessment of existing IT infrastructure to inform the design and planning of a new disaster recovery site. • Complete the upgrade of XC2 to infraMAP Cloud for backflow

	<p>device management.</p> <ul style="list-style-type: none"> • Upgrade Windows 10 to Windows 11 for all desktops and laptops. • Create a GIS story map for CIP projects and emergency infrastructure planning and communication. • Collaborate with business units to build awareness and assist in the formulation of tailored business continuity plans. • Conduct annual penetration test to assess cybersecurity vulnerabilities. • Complete the annual CISA led cybersecurity tabletop exercise to prepare and assess the readiness of the District against a cyberattack. • Continue to strengthen the District’s cybersecurity program to enhance resilience against cyber threats and potential attacks. • Perform Disaster Recovery annual testing. • Complete the annual desktop life-cycle replacement schedule. • Implement Soft-Phones to employees as an alternative communications tool on an as-needed basis. • Deploy a system to provide software updates to end-points regardless of their location. • Upgrade the District’s conference rooms to support the audiovisual needs of employees, enhancing meeting engagement and fostering better collaboration.
<p>Goal 4 – Improve Workforce Recruitment, Maintain Retention, and Enhance Employee Engagement</p>	<ul style="list-style-type: none"> • Create career development plans with clear pathways for growth, promotions, and skills training for team members. • Provide annual cybersecurity training for District employees for the benefit of fostering a security-aware culture across the District. • Foster creativity where team members feel comfortable sharing ideas and/or concerns. • Engage with District employees to seek ways technology can be used to increase business efficiency. • Provide continuous learning opportunities (certifications, training budgets, tech conferences).
<p>Goal 5 – Promote Clear and Open Communication, Outreach, and Engagement with Customers and Communities</p>	<ul style="list-style-type: none"> • Provide on-going support for the Advanced Metering Infrastructure (AMI) system. • Continue providing SharePoint training to help employees confidently use the platform and apply it effectively in their daily work. • Engage with the District’s business groups to develop the new 5-year IT Master Plan. • Hold quarterly Information Systems Technology Advisory Committee (ISTAC) meetings to share information and to discuss technology-related concerns and tech-based solutions. • Collaborate with the Southern Alameda County Geographical Information System Authority (SACGISA) to improve its GIS platform that serves and benefits its members.

PERFORMANCE MEASURES

Performance Measures	Target	FY 23/24 Actual	FY 24/25 Estimate	FY 25/26 Target	FY 26/27 Target
Meet Service Level Agreement Response Commitments	90%	82%	90%	90%	90%
Network and Systems Availability	99.9%	99.9%	99.9%	99.9%	99.9%
Helpdesk Ticket Resolution (% close w/in quarter)	75%	79%	75%	75%	75%
Employee Email Phishing Tests (95% Pass Rate)	95%	99%	99%	95%	95%

ALAMEDA COUNTY WATER DISTRICT OPERATIONS & MAINTENANCE DEPARTMENT FY 25/26

Total = 120

Director of Operations & Maintenance (1)

Operations Admin
Office Supervisor 5
Office Assistant I/II 1
CJA/QC Officer 3
1

Emergency Response/Security
Emergency & Security Services Supervisor 2
Emergency & Security Services Planner 1
1

Distribution Maintenance
Distribution Maintenance Manager 41
Distribution Maintenance Supervisor 1
Utility Worker I/II/III 3
Meter/Cross Connection Worker I/II 31
Storekeeper I/II 4
Office Assistant I/II 1
1

Laboratory Services
Laboratory Services Supervisor 9
Senior Chemist 1
Chemist I/II 4
Laboratory Technician I/II 3

Water Production
Water Production Manager 32
Engineer I/II/Associate 1
Engineering Technician I/II 4
Engineering Supervisor 2
Environmental Specialist I/II 2
Treatment & Distrib. Supervisor 1
Water Trmt. Plant Opr./Trainee/Advan. 12
Treatment Facilities Oper/Advanced 9

Facility Maintenance
Facility Maintenance Manager 30
General Facilities Supervisor 1
Vehicle & Equipment Mechanic I/II 1
Facilities Maintenance Worker 2
Gardener I/II 2
Gardener III 2
Engineering Supervisor 1
Operations Systems Administrator 1
Operations Systems Analyst 1
Engineer I/II/Associate 2
Engineering Technician I/II 1
Systems Maintenance Supervisor 1
Planner/Scheduler 1
Instrument Technician I/II 4
Senior Utility Mechanic 1
Utility Mechanic I/II 5
Electrician I/II 3

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 (OESS) supports the District’s critical infrastructure, employees, and customers through preparedness, response, and recovery operations.

FEATURED MAJOR PROJECTS, PROGRAMS, OR INITIATIVES

The District’s entire electronic lock system was replaced decreasing the District’s vulnerability to cyberattacks in addition to making the system is more reliable and easier to use and manage. In addition, security at the Rubber Dam 1 site and fish ladder was upgraded to provide 24x7x365 monitoring and alarms.

Emergency Action Plans for all of the District’s regulated dams were completed and approved by the California Office of Emergency Services. Decoto Reservoir, Whitfield Reservoir, Patterson Reservoir, Rubber Dam 1, Shinn Dam, and Quarry Lakes Dam all now have action plans that will assist in responding to future emergencies. In addition, a Multi-Jurisdiction Hazard Mitigation Plan was completed in collaboration with the cities of Fremont, Union City, Newark and the Union Sanitation District. The result is a current list of mitigation actions to be completed by each agency and actions to be completed by a combination of agencies. The completion of the plan allows the District to maintain compliance with federal laws that allow the District to continue to pursue federal and state grants.

FY 23/24 & FY 24/25 ACCOMPLISHMENTS

- Responded to approximately 3,000 customer calls per year related to water quality and leaks.
- Complete security upgrades to the Blender Campus. Upgrades will significantly improve security of the infrastructure and staff on site.
- Responded to security incidents throughout the District’s jurisdiction. Investigated and/or coordinated additional law enforcement and/or fire department responses with each incident.
- Replaced signage at District facilities and District owned property to assist with preventing trespassing.
- Updated technology for the District’s security dispatch function.
- Operated, maintained, and responded to alarms within the access control and video monitoring system controlling access through card and license plate readers.
- Operated and maintained the electronic key system providing a series of locks and keys that enable access District wide.
- Operated and maintained the District’s Rapid Area Notification System (RANS). This system allows the District to send employees and/or customers information immediately via e-mails, texts, and phone calls.

FY 25/26 & FY 26/27 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 evaluate and analyze resource use, cost, and viability throughout the department. • Continue to seek best value for products that are procured for the Department.

Strategic Goals	Objectives
<p>Goal 4 – Improve Workforce Recruitment, Maintain Retention, and Enhance Employee Engagement</p>	<ul style="list-style-type: none"> Leverage interagency contracts as appropriate to reduce costs through economies of scale. Continue to engage employees by providing feedback, opportunities for training, and recognition to increase productivity, response, and knowledge. Continue to recruit qualified employees to promote a more diverse and professional work group. Promote clear and open communication between employees and management. Evaluate communication between divisions/ work groups and ensure timely communication and transfer of information is accurate and timely. Establish an emergency response training and exercise program for incident response staff.
<p>Goal 5 – Promote Clear and Open Communication, Outreach, and Engagement with Customers and Communities</p>	<ul style="list-style-type: none"> Communicate water outages with customers and inform customers of any potential change in water supply or quality through mailings. Answer customer calls with courtesy and attention addressing all concerns and questions. Continue to monitor and reply to concerns posted via Civic Plus, emails, or other media platforms.

DEPARTMENT EXPENDITURES

EXPENSE SUMMARY DEPARTMENT DETAIL (\$ in thousands)								
	FYE 23 Actual	FYE 24 Actual	FYE 25 Amended	FYE 25 Estimated	FYE 26 Adopted Budget	FYE 27 Adopted Budget	% Chg FYE 25 FYE 26	% Chg FYE 26 FYE 27
Labor	\$14,828	\$15,240	\$15,404	\$15,575	\$17,303	\$18,100	11%	5%
Materials	10,179	9,865	12,006	11,977	12,803	12,892	7%	1%
Outside Services	18,514	17,925	21,444	20,843	21,977	22,601	5%	3%
Operations & Maintenance	\$43,522	\$43,030	\$48,853	\$48,225	\$51,983	\$53,543	8%	3%
Funded Staffing Level (FTE)	119.00	119.00	120.00	120.00	120.00	120.00	0%	0%

FINANCIAL COMMENTS

Increase in Labor costs for FYE 26 and FYE 27 is for cost-of-living adjustments consistent with existing labor contracts. Increase in Materials are for various contracts for professional and miscellaneous services and inflation.

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 partnered 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 Distribution Maintenance Division is continuing to support the Project’s wrap up with performing the more difficult meter changes of this 3-year project’s close.

FY 24/25 & FY 25/26 ACCOMPLISHMENTS

- On track to complete 206 residual Advanced Metering Infrastructure Project RTU’s (retuned to user) meter changes by 2nd quarter FY 25/26
- Ensured that annual testing of Backflow Assemblies was completed and in compliance with state requirements.
- On track to complete the annual Flushing Program of the District’s water distribution system to ensure water quality goals are met by Q4 FY 25/26.
- Responded to and repaired/replaced over 126 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.

FY 25/26 & FY 26/27 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</p>	<ul style="list-style-type: none"> • Continue to support strategies to enhance employee engagement based on updated feedback of the employee engagement survey.

Strategic Goals	Objectives
Retention, and Enhance Employee Engagement	<ul style="list-style-type: none"> Continue to recruit qualified employees to promote a more diverse and professional work group. Ensured employee water distribution system knowledge retention through continued on-site Water Distribution classes.
Goal 5 – Promote Clear and Open Communication, Outreach, and Engagement with Customers and Communities	<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	FY 23/24 Actual	FY 24/25 Estimate	FY 25/26 Target	FY 26/27 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	Completion	Completion Spring of 2023	Completion Spring of 2024	Completion Spring of 2025	Completion Spring of 2026
Ensure yearly Flushing Program completion to maintain water quality	100%	100%	100%	100% completion. May of 2025	100% completion. May of 2026
Complete new construction installation jobs within a 3 month ¹ or better time frame after receipt	90%	90%	100%	90%	100%

Some new construction jobs are delayed outside of the District’s control (Supply chain, weather, Developer

DESCRIPTION OF SERVICES PROVIDED

The 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. 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).

FY 23/24 & FY 24/25 ACCOMPLISHMENTS

- Implemented new Laboratory Information Management System (LIMS) which is software used to track samples from login to reporting and interface with a database.
- Revised analytical test names in new LIMS to be more logical and consistent and align with industry standard.
- Purchased and brought online new Ion Chromatography System (instrument used for analysis of bromide, chloride, nitrate, nitrite, and sulfate).

FY 25/26 & FY 26/27 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. • 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	FY 23/24 Actual	FY 24/25 Estimate	FY 25/26 Target	FY 26/27 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	Completed Feb. 2023	Pass external audit	Application accepted Feb 2025	Complete Feb. 2027
Analyze and Report Acceptable Proficiency Testing Results for all Parameters in ELAP Certificate	Annually	Completed Nov. 2022	Completed Nov. 2023	Complete Nov. 2024	Complete Nov. 2025

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 District's 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. In April of 2024, the United States Environmental Protection Agency (EPA) issued maximum contaminant levels (MCLs) for several PFAS compounds including PFOS and PFOA. The District constructed a treatment system to remove PFAS from groundwater at the Peralta-Tyson Blending Facility (BF) and began operations in a manual mode in October of 2024. In March of 2025 the treatment system was automated with testing and commissioning activities performed in April 2025. The Water Production Division will continue to implement operations and treatment options to ensure PFAS levels in water going to customers remains below notification levels and maximum contaminant levels.

The Lead and Copper Rule is an existing regulation that 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) were finalized in December 2021 and become effective for compliance in October of 2024. In December of 2023, the EPA published draft Lead and Copper Rule Improvements (LCRI), which strengthens areas of the LCRR and also extends the compliance date for most programs to 2027. In compliance with the LCRR, the District developed a Lead Service Line Inventory and an online portal for customers to access it, as well as internal workflows to provide customer notifications when they initiate service at an address with a service line which has not yet been identified and confirmed to be non-lead. The Water Production Division will continue efforts in evaluating and implementing the requirements of the new rule, to include school lead testing, maintaining the lead service line inventory, re-evaluating water quality parameters to confirm corrosion control, and expanded public outreach and notification requirements.

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 in February 2023 proposed lower health-based Notification Levels as part of this process. The District began testing an alternative coagulant at Water Treatment Plant No. 2 (WTP-2) in April 2024 to reduce the amount of manganese in the treated water system introduced by impurities in the primary coagulant. The Water Production Division will continue evaluating and addressing the impacts of a reduced manganese Notification Level.

FY 23/24 & FY 24/25 ACCOMPLISHMENTS

- Met or surpassed all primary drinking water standards 100% of the time.
- Developed the monitoring and test plan and began to pilot and study the performance of an alternative primary coagulant at WTP-2.
- Developed and submitted a South Bay Aqueduct Contractors microplastic joint monitoring plan to the State Board for pre-approval, microplastic sampling order were received by all SBA contractors and expected to occur in 2025.

- Revised the Blending Facility Operations Plan to include the Ion Exchange (IX) PFAS treatment system constructed to remove PFAS from the raw groundwater supplying the facility. Developed procedures for manual operations as well as automated operations.
- Supported construction activities for the IX PFAS treatment system and commissioned the system in a manual mode with limited automation with all trains going into service in October 2024.
- Supported the automation and controls installation for the IX PFAS treatment system with full commissioning anticipated in April 2025.
- Completed triennial customer lead and copper tap sampling.
- Completed monitoring for emerging contaminants in accordance with the federal UCMR-5 requirements.
- Completed 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). Developed an online interactive map of service line materials and posted on the District website for customer use and developed an internal workflow to notify customers initiating new service at locations where the service line material type remained unknown.
- Updated Hazardous Materials Business Plans for Water Treatment Plant No. 2, the Blending Facility, the Newark Desalination Facility (NDF), the District Headquarters, and Alameda Reservoir Rechloramination System.
- Renewed the E-14 NPDES Permit for the Newark Desalination Facility (NDF).
- Reviewed new California emissions regulations and identified impacts to the District and action items required for compliance with the Advanced Clean Fleets rule and new Off-Road Regulations. Identified areas for other departments where additional contract language would be required for compliance. Supported and provided data to assist in the development of a fleet transition master plan. Registered and certified the fleet composition as required by the new regulations. Developed and implemented additional inspection and maintenance data collection and compliance reporting for heavy duty vehicles.
- Re-introduced a previously bifurcated NDF source well to the NDF raw water supply following the completion of the NDF source well pilot study which indicated the improved aquifer water quality conditions would allow mixing of the two aquifers in raw water supplied to the NDF and monitored NDF performance and source water chemistry following the reintroduction.
- Successfully integrated use of the new SCADA system into Blending Facility operations, including training of both operator groups, and software testing and validation for operational and reporting purposes. Completed functional testing and operator training for the new WTP-2 SCADA system.
- Developed and implemented operational plans in support of multiple key facility outages or upgrades including the return to service of the Curtner Booster station, Alameda Reservoir, and the outages of storage or production facilities for maintenance or project activities.
- Entered into an agreement with the Department of Water Resources to allow the District to close the Bayside Valve on the South Bay Aqueduct (SBA) under specific conditions and developed an SOP for this purpose.
- Supported capacity testing on the SBA.

FY 25/26 & FY 26/27 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 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. • Successfully integrate IX PFAS system into routine operations. • Leverage economies of scale for water treatment chemical purchases by participating in the BACC for bulk chemical purchases.

<p>Goal 2 – Sustain a Reliable, High Quality Water Supply for District Customers</p>	<ul style="list-style-type: none"> • Meet or surpass all primary and secondary drinking water standards 100% of the time. • Operate PFAS treatment system. • Continue to implement the elements of the Revised Lead and Copper rule and Lead and Copper Rule Improvements. • Complete triennial Public Health Goals Report. • 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 Maximum Contaminant or Notification Levels. • Replace media in WTP-2 filters 1-3. • Conduct hexavalent chromium initial monitoring to meet the reinstated California MCL. • Conduct PFAS initial monitoring to meet Federal MCL requirements. • Conduct microplastics monitoring
<p>Goal 5 – Promote Clear and Open Communication, Outreach, and Engagement with Customers and Communities</p>	<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	FY 23/24 Actual	FY 24/25 Estimate	FY 25/26 Target	FY 26/27 Target
Compliance with Primary Drinking Water Standards – Percentage of Days/Year	100%	100%	100%	100%	100%
Compliance with Secondary Drinking Water Standards ¹ – Percentage of Days/Year	100%	99.7% ²	99.7% ³	100%	100%
Compliance with Environmental Regulation – Number of Notice of violations resulting in fines or citations.	0	0	0	0	0

Notes:

(1) Compliance measured at the entry points to the distribution system

(2) Manganese detected at 71.9 ug/l

(3) Odor detected at 3.3 units

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, SCADA systems, fleet, buildings, and vegetation management for District facilities and assets. FMD engineering staff provides technical support for skilled trades staff and performs small capital maintenance-driven 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 minimize costs and maximize operational availability by developing a systematic approach and program which capitalizes 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, including a fleet transition plan, to comply with CARB zero emission regulatory requirements. Project to include assessment and development of future infrastructure projects to provide support for zero emission vehicles as needed for regulatory compliance.

FY 23/24 & FY 24/25 ACCOMPLISHMENTS

- Completed over 90% of scheduled Preventative Maintenance (PM) work.
- Completed maintenance overhaul and painting of Treatment Plant 2 (TP2) Filter Press system.
- Completed upgrade and renewal of unused chemical bay for TP2 Alum Coagulant pilot study.
- Replaced several large, automated process valves at TP2.
- Completed inspection of TP2 Aqua Ammonia storage tank and renewal of scrubber tank.
- Completed cleaning and descaling of TP2 select chemical lines.
- Replaced TP2 filter backwash pump.
- Replaced TP2 filter press plate wash pump.
- Inspected and relined chemical storage tanks at Newark Desalination Facility (NDF).
- Replaced actuators on NDF train 2 automated valves.
- Completed roof replacement for NDF in support of Clean Energy Project.
- Completed repair and overhaul of Cedar 2 and Bellflower well pumps.
- Installed PT-Blending Facility site security system infrastructure.
- Completed cleaning and descaling of barrel mixer and chemical lines at Blending Facility.
- Removed and initiated renewal of PT-6 well pumping equipment.
- Completed electrical testing and preventive maintenance of HQ Facility, Newark Desalination Facility and Supply Wells, TP2 Power Facility, and several Booster Stations.
- Completed repair and overhaul of B16 Booster pump.
- Completed installation of electrical transfer switch for B16 Booster pump.
- Completed renewal and replacement for 2 of 4 booster pumps each at Scott Creek and Avalon Heights Booster Stations.
- Implemented enhancements to SCADA infrastructure backups and security.
- Initiated replacement and improvements for HVAC controls for HQ and major facilities.
- Completed upgrade of telematics for fleet vehicles and equipment.
- Continued phasing in the vehicle lease program for light duty vehicles.
- Implemented California Air Resources Board (CARB) Advanced Clean Fleets program.

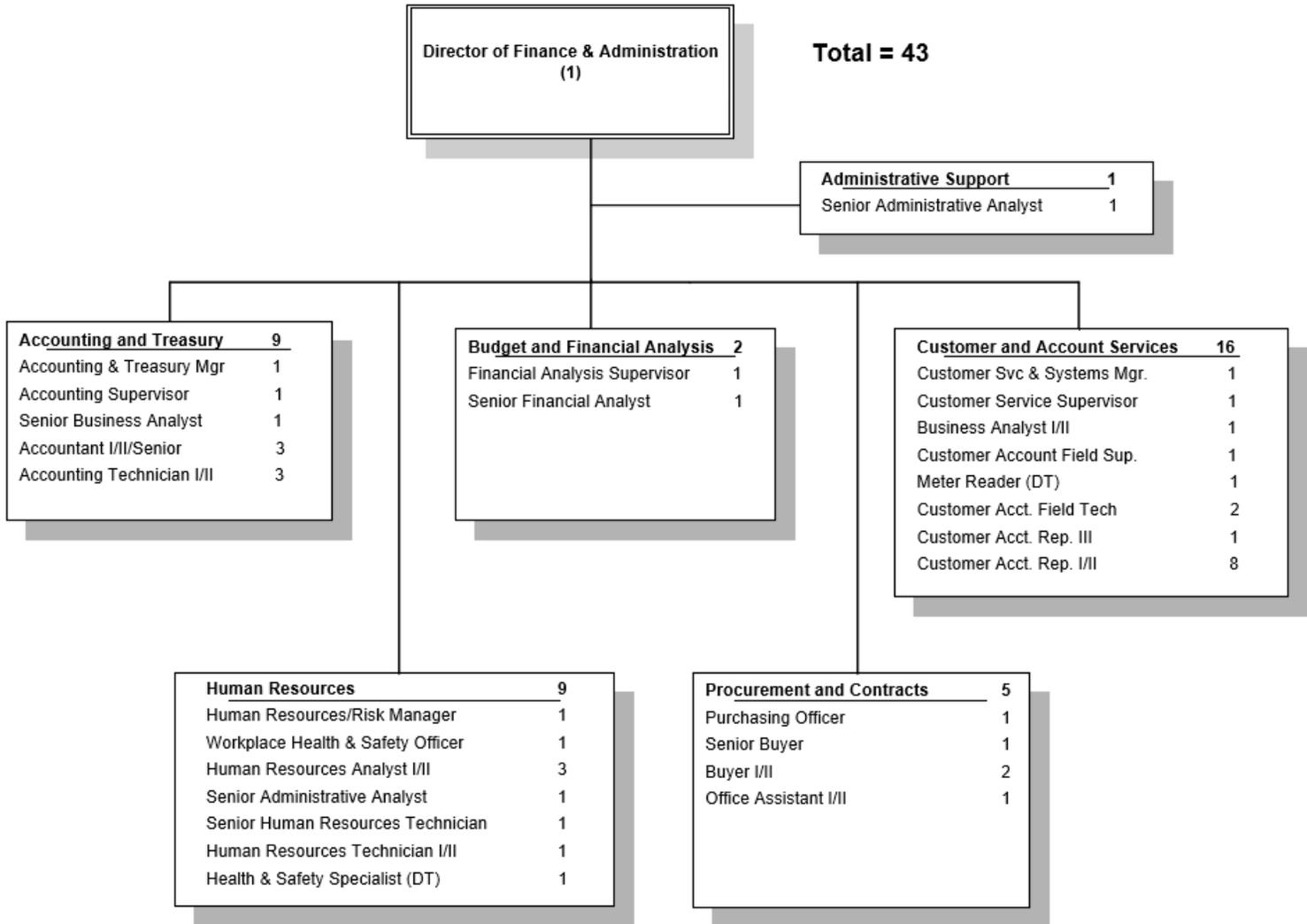
FY 25/26 & FY 26/27 GOALS AND OBJECTIVES

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	FY 23/24 Actual	FY 24/25 Estimate	FY 25/26 Target	FY 26/27 Target
Preventive Maintenance (PM) to Corrective Repair Work Ratio	1:1	1.44:1	1:1	1:1	1:1
90% or Greater of PMs on Fleet	90% or Greater	93%	95%	95%	95%
# of Work Orders Completed	2,000 or Greater	2,581	2,500	2,500	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	1,068,127 KWH	700,000 KWH	750,000 KWH	750,000 KWH

ALAMEDA COUNTY WATER DISTRICT
FINANCE & ADMINISTRATION DEPARTMENT
FY 25/26



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 Finance & Administration Department Administration group is working to develop a formal Affordability Policy and Affordability & Access Plan. This process will take place concurrently with District Strategic Planning and will receive input and direction from the Board of Directors. These policy documents will ultimately serve to shape the District’s understanding, tactics, and goals around affordability for customers and may result in implementation of new programs or benefits for certain customer groups.

FY 23/24 & FY 24/25 ACCOMPLISHMENTS

- Assisted in leading District efforts to conclusion in the Los Vaqueros Reservoir Expansion project
- Ensured compliance with District strategic goals and objectives, including additional reviews of various financial policies
- Completed the annual financial benchmarking analysis
- Led District participation in the state-administered Low-Income Household Water Assistance Program
- Completed renovation of the Finance office area
- Received award of \$12m FEMA Hazard Mitigation Program Grant funding for District pipeline project
- Supported Bond Issuance, securing \$35m in new funding for capital projects and refunding most of the District’s 2015 bonds to achieve savings of \$863,000

FY 25/26 & FY 26/27 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 development of the District’s Water Resources Master Plan • Participate in District representation at the Bay Area Water Supply & Conservation Agency
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	FY 23/24 Actual	FY 24/25 Estimate	FY 25/26 Target	FY 26/27 Target
Process Help on Tap applications within two weeks of receipt	95%	99.7%	99%	99%	99%
Total Cost of Water Production ^{1, 2}	Median	Lower Cost than Median	Higher 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	Below 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	FY 23/24 Actual	FY 24/25 Estimate	FY 25/26 Target	FY 26/27 Target
Pension/OPEB Liability Ratio	Median	Lower Ratio than Median	Higher Ratio than Median	Lower Ratio than Median	Lower Ratio than Median
Rate Increase Percentage	Median	Smaller Increase than Median	Smaller Increase than Median	Median	Smaller Increase than Median
Monthly Bill	Median	Median	Lower than 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 23 Actual	FYE 24 Actual	FYE 25 Amended	FYE 25 Estimated	FYE 26 Adopted Budget	FYE 27 Adopted Budget	% Chg FYE 25 FYE 26	% Chg FYE 26 FYE 27
Labor	\$5,730	\$5,548	\$5,799	\$5,903	\$5,864	\$6,613	-1%	13%
Materials	2,093	2,500	2,904	2,900	2,974	3,018	3%	1%
Outside Services	4,234	4,130	4,507	4,978	5,399	5,097	8%	-6%
Finance & Administration	\$12,056	\$12,178	\$13,210	\$13,781	\$14,237	\$14,728	3%	3%
Funded Staffing Level (FTE)	47.00	47.00	42.00	42.00	43.00	43.00	2%	0%

FINANCIAL COMMENTS

Increase in Labor costs for FYE 26 and FYE 27 is for cost-of-living adjustments consistent with existing labor contracts. Additional changes for the budget include the following:

- Adding a defined term employee health and safety specialist to strengthen the Employee Health & Safety Program in support of all District workgroups
- Reclassifying Administrative Analyst II to Senior Administrative Analyst reflective of expanded responsibility for significant district wide projects
- SEW Contract Payment for the District's customer portal, My Smart Water Connect, will start being paid, inclusive of a one-time catch-up in FY 2025/26 and then declining to regular annual amounts in FY 2026/27

DESCRIPTION OF SERVICES PROVIDED

The Budget & Financial Analysis Division (B&FA) is responsible for developing, preparing, and managing the District’s budget and long-term financial plan. The division also oversees 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 supports the preparation of the capital improvement program budget.

FEATURED MAJOR PROJECTS, PROGRAMS, OR INITIATIVES

B&FA will take the lead in collaboration with the Development Services staff and the rates consultant to review Facilities Connection Charges (FCC) for accessory dwelling units (ADUs). Currently, the District does not impose FCC on ADUs except in limited circumstances. This project is to determine the appropriate FCC that the District could potentially apply to certain ADUs. Additionally, B&FA will work on a financing strategy to support the delivery of the capital improvement program in an efficient manner, by utilizing a combination of long-term debt issuances and a revolving line of credit or commercial paper between the long-term debt issuances.

FY 23/24 & FY 24/25 ACCOMPLISHMENTS

- Successfully completed the water rate-setting process, including updates to water rates and financial plan.
- Received the Distinguished Budget Presentation Award from the Government Finance Officers Association for the FY 23/24 & FY 24/25 Biennial Budget.
- Completed the update to the FCC study, incorporating FCC for SB 330 eligible projects in the Rate and Fee Schedule.
- Completed the annual update for the miscellaneous fees and charges and implementation of inflationary adjustment to FCC.
- Completed the annual fringe and overhead rate calculations.
- Completed the issuance of \$46.1 million in Series 2025 Water Revenues Bonds, including refinancing a portion of the Series 2015 Bonds (that resulted in savings of approximately \$0.9 million) and provided \$35 million in bond proceeds to fund capital projects.
- Led the effort for the District to receive a credit rating upgrade from Aa1 to Aaa by Moody’s.

FY 25/26 & FY 26/27 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. • Complete a water rates process in year 2. • Complete the development fee study for accessory dwelling units. • Prepare the popular annual financial report (PAFR).

PERFORMANCE MEASURES

Performance Measures	Target	FY 23/24 Actual	FY 24/25 Estimate	FY 25/26 Target	FY 26/27 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

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. The division maintains the general ledger and all subsidiary ledgers and ensures internal controls over all financial functions. The division also ensures the District meets all state and federal financial reporting requirements, as well as compliance with Generally Accepted Accounting Principles and the Governmental Accounting Standards Board.

FEATURED MAJOR PROJECTS, PROGRAMS, OR INITIATIVES

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

1. Expanding vendor payments from paper checks to ACH payments. This transition will enable faster payments to vendors, streamline the reconciliation process, improve cash flow management, and strengthen payment processing controls. Additionally, the District aims to enhance communication with vendors by increasing the number of auto-generated emails sent upon payment processing. This will be achieved by collecting more vendor email addresses and encouraging vendors to sign up for Automated Clearing House (ACH) payments, ensuring timely payment notifications, and reducing reliance on paper-based processes.
2. Implementing a new software application to improve the accounts payable (AP) invoice approval process. This tool is currently being rolled out to all business units within the District and will be fine-tuned to reduce the volume of paper invoices, accelerate payment processing, strengthen internal controls, mitigate the risk of invoice fraud, and ensure payment continuity in the event of staff turnover. By streamlining AP invoice management, this initiative aims to make the approval process more efficient and user-friendly for staff.

FY 23/24 & FY 24/25 ACCOMPLISHMENTS

- Completed the Annual Comprehensive Financial Report for FYE 23 and FYE 24 with no audit findings.
- Received the Certificate of Achievement for Excellence in Financial Reporting award from the Government Finance Officers Association (GFOA) for the 24th and 25th consecutive years.
- Earned the CMTA Investment Policy Certification from the California Municipal Treasurers Association for the 1st and 2nd consecutive years.
- Implemented electronic receipts for developer job invoices using the ACH network.
- Updated and implemented the Capital Asset Policy, effective January 2025.
- Launched auto-generated email notifications for checks and ACH payments in January 2025.

FY 25/26 & FY 26/27 GOALS AND OBJECTIVES

Strategic Goals	Objectives
<p>Goal 3 – Improve the District’s financial stability and transparency</p>	<ul style="list-style-type: none"> • Promote transparency by publicly reviewing the investment policy and recommending any needed revisions. • Complete the Annual Comprehensive Financial Report for FYE 25 and FYE 26 with no audit findings and receive GFOA recognition. • Review and update existing accounting administrative guidelines (including knowledge transfer protocols). • Develop physical inventory guidelines. • Expand ACH payments for vendor disbursements. • Enhance accounts payable (AP) invoice approval process

- Continue improving financial communication and automation

PERFORMANCE MEASURES

Performance Measures	Target	FY 23/24 Actual	FY 24/25 Estimate	FY 25/26 Target	FY 26/27 Target
Timely payment of invoices	80% of invoices	65% of invoices	65% of invoices	70% of invoices	75% of invoices
Completion of financial audit and Annual Comprehensive Financial Report	120 days after fiscal year end	126 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	2 days before due	3 days before due	5 days before due	5 days before due
Filing of State Controller's Office Reporting	5 days before due	14 days before due	14 days before due	5 days before due	5 days before due
Fiscal Year End Close	65 days after fiscal year end	63 days after fiscal year end	87 days after fiscal year end	65 days after fiscal year end	65 days after fiscal year end

DESCRIPTION OF SERVICES PROVIDED

The Customer and Account Services 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; maintaining Advanced Metering Infrastructure (AMI) meter communications; completing service orders, and managing collections and assistance programs.

FEATURED MAJOR PROJECTS, PROGRAMS, OR INITIATIVES

Customer and Account Services will be upgrading the Customer Information System (CIS), implementing a new payment merchant provider, and enhancing chat functionality. These improvements will minimally impact customers but are essential for improved processes, functionality, and efficiency. Project completion is currently scheduled for second half of 2025 to second half of 2026, depending on project element.

FY 23/24 & FY 24/25 ACCOMPLISHMENTS

- Successful implementation of new rate and fee charges.
- Fully implemented AMI program and meters.
- Implemented processes to support AMI project roll out.
- Established policy and related fees to address AMI Opt-Out requests.

FY 25/26 & FY 26/27 GOALS AND OBJECTIVES

Strategic Goals	Objectives
Goal 3 – Improve the District’s financial stability and transparency	<ul style="list-style-type: none"> • Implement new Payment Merchant Provider. • Upgrade Customer Information 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. • Implement enhanced chat functionality.

PERFORMANCE MEASURES

Performance Measures	Target	FY 23/24 Actual	FY 24/25 Estimate	FY 25/26 Target	FY 26/27 Target
Percent of customer calls answered within 60 seconds	80%	93%	95%	80%	80%
Average hold time	1:00	0:29	0:30	1:00	1:00
Percent of abandoned calls	5%	1.8%	1%	5%	5%
Average number of accounts paid by automated method	38,500	36,077	37,389	38,000	38,500
Number of customers receiving paperless billing	42,000	38,234	38,563	40,000	42,000

Number of months where all assigned routes are billed	12	12	12	12	12
Average percentage of AMI meters communicating daily	99%	99.8%	99%	99%	99%
Average number of AMI meter tampers daily	<25	3	6	<25	<25

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

Recent audits have recommended more thorough reviews of warehouse/inventory procedures. In response to these recommendations, Procurement is working with other interested parties, with the assistance of a consultant, to have a third-party perform the annual inventory count and to develop updated procedures for warehouse administration.

FY 23/24 & FY 24/25 ACCOMPLISHMENTS

- Obtained the Achievement of Excellence in Procurement Award.
- Continue to use Job-Order Contracting (JOC) as an approved alternative delivery method for small construction projects.
- Implemented an initial recommendation from a previous warehouse assessment; began work with internal stakeholders to select a consultant to support the annual inventory count and develop updated warehouse procedures.
- Updated the District’s Cal-Card Policy.

FY 25/26 & FY 26/27 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 support all departments in obtaining products and services. • Continue to work with interested parties to implement recommendations from the warehouse assessment. • Continue the use of JOC within the District, while monitoring costs by gauging the market through open competition. • Centralize the District’s printing needs through one master agreement.
<p>Goal 3 – Improve the District’s financial stability and transparency</p>	<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. • Continue to 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.
<p>Goal 5 – Promote Clear and Open Communication, Outreach, and Engagement with Customers and Communities</p>	<ul style="list-style-type: none"> • Conduct a vendor fair / training on how to do business with the District.

PERFORMANCE MEASURES

Performance Measures	Target	FY 23/24 Actual	FY 24/25 Estimate	FY 25/26 Target	FY 26/27 Target
Timely processing of requisitions <\$10k	3 days	4 days	4 days	3 days	3 days
Timely processing of requisitions >\$10k	10 days	12 days	12 days	10 days	10 days
Timely processing of requisitions >\$25k	60 days	50 days	51 days	50 days	50 days
Accuracy of purchase orders	95%	92%	92%	93%	93%
P-Card policy & procedure compliance	95%	95%	94%	95%	95%

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; organizational development; diversity, equity, inclusion and belonging; 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, including retiree benefits and support.

FEATURED MAJOR PROJECTS, PROGRAMS, OR INITIATIVES

The Division will be leading a number of improvement initiatives to enhance employee engagement, safety, and organizational development, as well as updating internal division protocols and procedures. Additionally, the Division will continue labor negotiations with represented employee groups, which are ongoing with current contracts ending late in Fiscal Year 2024/25.

FY 23/24 & FY 24/25 ACCOMPLISHMENTS

- Facilitated the District's Diversity, Equity, and Inclusion (DEI) Council and District-wide DEI Work Plan, including the completion of the District's 2024 Employee Engagement Survey and implementation of DEI SharePoint page.
- Created an ACWD Maternity & Paternity Guide for expectant parents.
- Provided District-wide training through the Leadership Skills Training (LST) and Universal Skills Training (UST) programs.
- Offered training in DEI, harassment prevention, customer service and provided monthly training opportunities on important safety topics.
- Enhanced the disability benefit to remove the requirement to exhaust sick leave and allow for supplementing accruals while employees receive disability coverage.
- Implemented the latest versions of the District Communication Plan and Change Management Plan.
- Launched "The Wave!" employee feedback program.
- Launched the Employee Community Board with quarterly engagement challenges.
- Successfully completed 36 District recruitments, including four (4) internship opportunities, and reviewed 2,645 applications for employment.
- Launched, new employee evaluation software for MCP employees.
- Held a benefits and open enrollment fair each year to provide assistance to employees and retirees during open enrollment and to provide wellness resources.
- Partnered with EBMUD and U.C. Berkeley, for a second year to offer internships to prospective students considering a career in the water industry.
- Worked with the MCP Committee to create a package of enhancements for the MCP Compensation Schedule/Handbook to ensure the District remains competitive with similar employers.

FY 25/26 & FY 26/27 GOALS AND OBJECTIVES

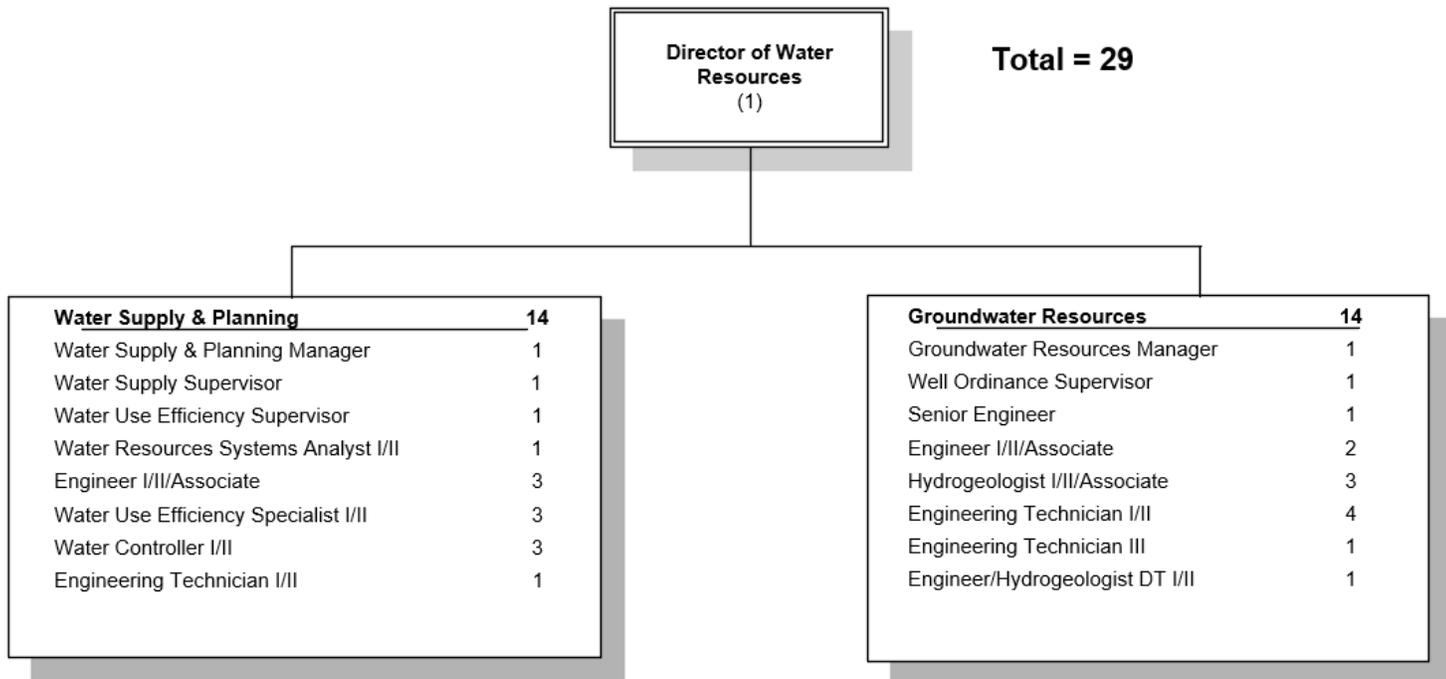
Strategic Goals	Objectives
<p>Goal 4 – Improve Workforce Recruitment, Maintain Retention, and Enhance Employee Engagement</p>	<ul style="list-style-type: none"> • Continue labor relations and meet and confer on common interests with both union organizations as needed. • Continue labor negotiations and successfully negotiate successor MOUs for represented units, if not already completed by the end of FY 2024/25.

Strategic Goals	Objectives
	<ul style="list-style-type: none"> • Revise and update the District Health and Safety Program. • Continue to offer coaching and mediation services for staff through Jacob Green & Associates. • Update job classifications to remove drivers' license requirements for positions without regular driving requirements. • Create an annual vacancy report to present during a public hearing. • Create a program to provide an enhanced commuter benefit program for MCP employees in alignment with recent MCP Handbook updates. • Track and provide updated experience modification rates for Liability and Workers' Compensation metrics, with a target of 1.0 or less. • Continue work to create automated reporting in JDE for ACA and FMLA reporting. • Ongoing review of all HR-related Administrative Guidelines. • Utilize the new MCP Employee Evaluation Program and finalize new standards for performance evaluations. • Enroll employees in and conduct the fourth cohort of the Leadership Skills Training (LST) and Universal Skills Training (UST) programs. • Support the District's strategic planning process and workforce-related strategic goals and objectives that may be developed through that process.

PERFORMANCE MEASURES

Performance Measures	Target	FY 23/24 Actual	FY 24/25 Actual	FY 25/26 Target	FY 26/27 Target
Recruitment cycle duration – 5 months from requisition to candidate offer	5 months	70%	85%	85%	90%
Maintain healthy District attrition rate overall –between 5-10%	5-10%	4.92%	5.37%	10%	10%
Maintain healthy attrition rate below 5% for resignations not due to retirement, end of limited term assignment or District separation (New Statistic)	5%		2.89%	5%	3%
Performance Evaluation Completion Compliance	75% on-time	24.58%	70%	70%	75%
Maintain Experience Modification score of 1.0 or less for Workers Compensation	<1.0		1.29	<1.0	<1.0
Maintain Experience Modification score of 1.0 or less for general liability	<1.0		0.5	<1.0	<1.0

**ALAMEDA COUNTY WATER DISTRICT
WATER RESOURCES DEPARTMENT
FY 25/26**



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

Planning for long-term reliability and sustainability of water supplies continues to be a focus of the Water Resources Department. An update to the District’s 25-year Water Supply Master Plan is slated for completion in FY 2025/26, and a 5-year review of the District’s Sustainable Groundwater Management Act Alternative activities will be completed in FY 2026/27. Both of these efforts will set the course for sustainable management and potential enhancement of the District’s water supply portfolio to meet future needs of the community in the face of a changing climate and evolving regulations.

The District is currently a partner in planning activities for the Delta Conveyance Project, an enhancement to the State Water Project to address declining reliability and climate change. The Department Administration group is serving as the District’s liaison for project planning activities.

Communication and employee engagement continues to be a focus of the Water Resources Department, with quarterly department-wide meetings featuring teambuilding and communication activities and staff presentations to encourage cross-division collaboration and learning. Regular management team, division, and section meetings continue to provide consistent touchpoints for collaboration among staff with different work locations.

DEPARTMENT EXPENDITURES

EXPENSE SUMMARY DEPARTMENT DETAIL (\$ in thousands)								
	FYE 23 Actual	FYE 24 Actual	FYE 25 Amended	FYE 25 Estimated	FYE 26 Adopted Budget	FYE 27 Adopted Budget	% Chg FYE 25 FYE 26	% Chg FYE 26 FYE 27
Labor	\$3,805	\$4,046	\$4,449	\$4,366	\$4,782	\$5,192	10%	9%
Materials	39,108	42,315	42,373	42,082	40,912	42,001	-3%	3%
Outside Services	4,271	4,323	6,761	6,182	6,989	7,493	13%	7%
Water Resources	\$47,184	\$50,684	\$53,583	\$52,629	\$52,684	\$54,686	0%	4%
Funded Staffing Level (FTE)	28.00	28.00	29.00	29.00	29.00	29.00	0%	0%

FINANCIAL COMMENTS

Increase in Labor costs for FYE 26 and FYE 27 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 2.3% rate increase effective July 1, 2025, as well as the anticipated increase in FYE 27.

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; developing 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

In FY 2025/26, WS&P will continue the development of a new Water Resources Master Plan (WRMP), which will replace the 1995 Integrated Resources Plan (IRP). Substantial work has been completed to date, much of which is included in the recent accomplishments below. Upcoming efforts will focus on continued engagement with public interest groups, scoping analyses of alternative water supply options, and developing a recommended water supply portfolio that meets the goals and objectives established by the Board of Directors.

FY 23/24 & FY 24/25 ACCOMPLISHMENTS

- Completed the Purified Water Feasibility Evaluation, which describes future options for a water reuse project to meet the District's long-term water supply needs.
- Completed Phase 1 of the WRMP project, including a public survey, four public interest group workshops, and the development of a Scope of Work for Phase 2.
- Completed development of a new Integrated Water Resources Planning model, a key tool for evaluating future plans for the District's water supplies.
- Optimized storage of local water supplies through groundwater recharge while providing volitional fish passage flows through the operation of new fish passage facilities. Developed the first and second annual report to the National Marine Fisheries Service on implementation of the District's Fish Ladder Operations and for Water Stewardship (FLOWS) program and established an interagency fish passage data sharing protocol.
- Finalized negotiations with Bay Area Water Supply & Conservation Agency (BAWSCA) member agencies on the renewal of the Tier 2 drought allocation formula, which will govern water sharing in future droughts.
- Continued implementation of the Water Use Efficiency Master Plan, including adding several new/updated water use efficiency programs to address Water Use Efficiency Master Plan (WEMP) goals and future State Urban Water Use Objectives; revisited the demand forecast using water use efficiency measure analyses in the WEMP Decision Support System model and modified it to set demands at the Urban Water Use Objectives.
- Submitted first official annual State Urban Water Use Objectives report. Began work on related projects to achieve long-term compliance with the Objectives, including classification of all Commercial, Industrial & Institutional (CII) customers and Non-Functional Turf outreach elements.
- Continued to work on changes to improve user experience and analytic capabilities of the My Smart Water Connect customer portal for the District's Advanced Metering Infrastructure (AMI) project.
- Completed development and launched a Water Use Efficiency program tracking application, which will streamline the customer program application experience and track future water efficiency savings.
- Implemented an AMI analytics database to store the vast amount of AMI data being collected, the first stage in making the AMI data accessible for conducting advanced analytics in the future.

FY 25/26 & FY 26/27 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"> Continue work on the development of a new Water Resources Master Plan. Implement cost-effective water use efficiency measures in alignment with the WEMP. Begin using AMI analytics database for in-depth water consumption data analysis and long-term data storage. Continued implementation of the Alameda Creek Biological Opinion for fish passage and adaptive management improvements via the Fish Ladder Operations and Water Stewardship (FLOWS) program, with a goal of improving the sonographic imaging system for fish monitoring.

PERFORMANCE MEASURES

Performance Measures	Target	FY 23/24 Actual	FY 24/25 Estimate	FY 25/26 Target	FY 26/27 Target
Implement cost-effective water use efficiency measures in alignment with the WEMP	Achieve annual WEMP water savings goal	563 AF	655 AF	799 AF	911 AF
Updated Water Resources Master Plan	Develop a long-range planning document	n/a	Complete Phase 1 scoping	Complete Phase 2 plan development	n/a
Develop new Integrated Resources Planning Model	Build a new decision support tool for water resources planning	n/a	Complete functional model for WRMP	Use for WRMP Phase 2 work	Enhance for recharge operations
Implement FLOWS Program by January 2023 and continued improvements through adaptive management	Meet by January 2023	Completed ladder start up	Complete 7-day pulse plan	Facility maintenance and improved data collection	Improve sonographic imaging system for fish monitoring
Milestone completions in Climate Change Adaption Planning	Complete Plan in 2023; begin implementation 2024-2025	Met – Plan completed	Incorporate findings into WRMP studies.	Propose implementation of elements in new WRMP	Further technical studies (with possible WRMP nexus)

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

Sustainable Groundwater Management Act (SGMA) compliance activities continue to be a focus of the Division, as the next five-year periodic review of the District's Alternative to a Groundwater Sustainability Plan for the Niles Cone Groundwater Basin will be completed and submitted to the Department of Water Resources (DWR) in FY 26/27. The review includes technical analysis and a written assessment of the District's groundwater management efforts, incorporates DWR's recommended actions since the last review, and includes information on proposed projects and ongoing management actions to ensure the continued sustainable management of the Niles Cone. Work also continues on groundwater modeling improvements to support SGMA activities and key project reviews, as well as to support Water Resources Master Plan development.

The Brackish Groundwater Reclamation Project includes installation of a new water well to extract brackish water in the Centerville-Fremont Aquifers to expedite removal of saltwater, improve the ability to store fresh groundwater, improve water supply reliability, and reduce the District's reliance on outside water resources by serving as a long-term replacement for aging Newark Desalination Facility (NDF) source wells. The project includes purchasing property and ultimately installing up to two Aquifer Reclamation Program (ARP) well(s) to continue removing trapped brackish groundwater in the aquifers.

FY 23/24 & FY 24/25 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).
- Closed six cases with six additional cases going through the closure process 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 the annual 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 2024 and 2025. Also issued the annual 2023 and 2024 Groundwater Monitoring Reports in support of the annual replenishment assessment rates.
- Issued the District's annual report pursuant to requirements of SGMA on March 31, 2024 and March 21, 2025.
- Applied and enforced compliance with the Alameda County Water District Groundwater Protection Act.
- Conducted 541 inspections in FYE 24 and as of the end of March of FYE 25, conducted 373 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."

FY 25/26 & FY 26/27 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, enhancement of the District’s SGMA efforts as new information is presented or new technology is developed, and the submittal of the next 5-year periodic evaluation. • Support near-term and long-term groundwater production facility maintenance and improvement projects. • Support development of the Water Resources Master Plan.
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	FY 23/24 Actual	FY 24/25 Estimate	FY 25/26 Target	FY 26/27 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	8,772 AF	≥7,000 AF on track	≥7,000 AF	≥7,000 AF



SUPPLEMENTAL INFORMATION AND APPENDICES

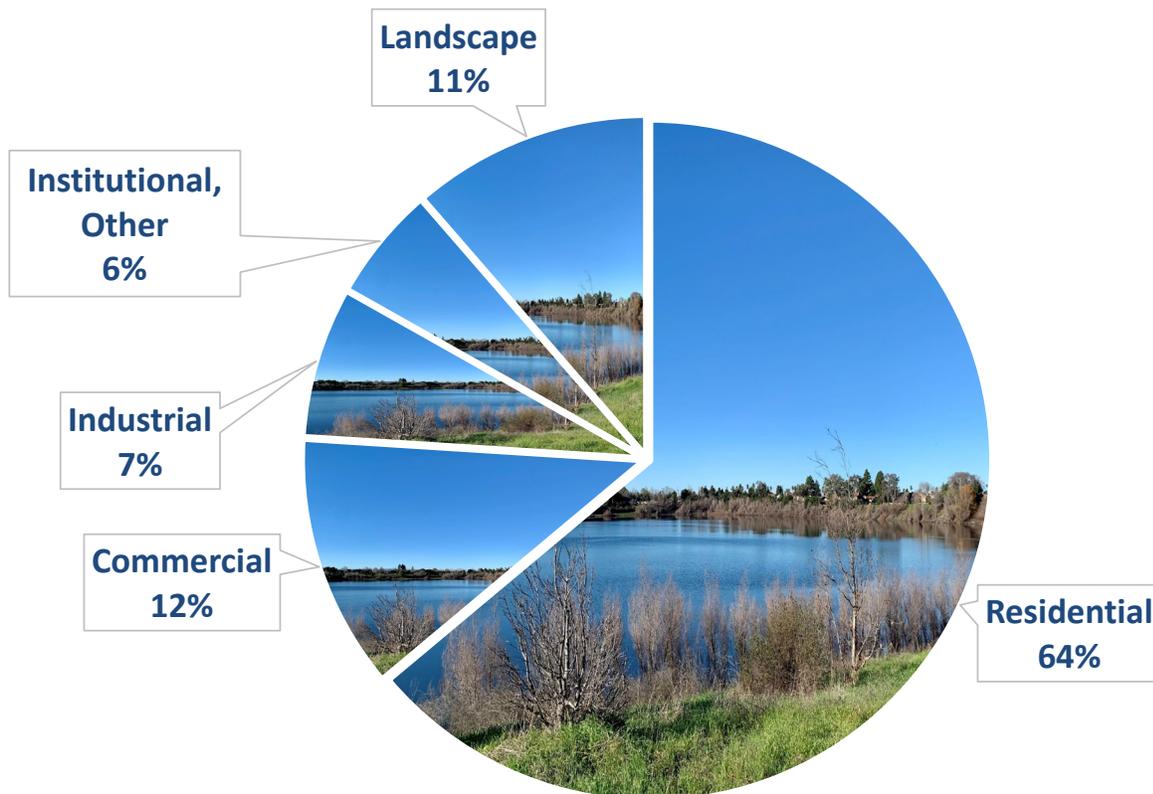
Statistical and Supplemental Information

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. Total consumption for FYE 24 was approximately 36,716 Acre-Feet.

The graphic below represents the water consumption by different customer class for FYE 24.

Water Consumption by Customer Class (FYE 24)



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 April 2025, unemployment rates for the cities of Fremont, Newark, and Union City were 4.0%, 3.8%, and 4.3% respectively, which are lower than the State (5.0%), and on par with Alameda County (4.2%). Regionally, the Tri-City’s unemployment rates are slightly higher than the City and County of San Francisco (3.6%) and the County of Santa Clara (3.8%). The District’s customer base is anticipated to grow slightly in size and income. Last calendar year, the population of Alameda County grew 0.18%. The US Census Bureau data, as of July 1, 2024, estimated median household income of \$176,350 for the City of Fremont, \$164,909 for the City of Newark, and \$137,194 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 7.45% of total water sales revenue in FYE 24. The tables below show the District's ten largest water customers by water revenues (FYE 24) and ten largest employers within the District (FYE 24).

Water Revenue Account	(1=Highest to 10=Lowest)										Water Revenues (\$ in thousands)
	FYE 15	FYE 16	FYE 17	FYE 18	FYE 19	FYE 20	FYE 21	FYE 22	FYE 23	FYE 24	
Tesla Motors, Inc.	3	2	3	2	3	3	1	1	1	1	\$ 1,766
City of Fremont	1	1	1	1	1	1	2	3	3	2	\$ 1,489
Fremont Unified School District	2	3	2	3	2	2	3	2	2	3	\$ 1,229
Lam Research Corporation	-	-	9	8	5	5	5	4	4	4	\$ 928
Western Digital Technologies	5	4	5	5	4	4	4	5	5	5	\$ 634
Prologis Trust	4	5	4	4	7	6	7	6	7	6	\$ 616
Ardenwood Forest Apartments	9	8	7	7	8	8	8	8	6	7	\$ 576
City of Newark	-	10	10	-	10	-	-	-	-	8	\$ 560
Contempo Homeowners Assoc.	7	7	8	9	9	9	9	9	9	9	\$ 508
City of Union City	6	6	6	6	6	7	6	7	8	10	\$ 506

TEN LARGEST EMPLOYERS WITHIN THE DISTRICT

Employer	Number of Employees	City
Tesla Motors, Inc.	30,000	Fremont
LAM Research	3,600	Fremont
Washington Hospital	2,600	Fremont
Kaiser Permanente Medical Group	1,700	Fremont
Synnex Corporation	1,200	Fremont
Western Digital	1,100	Fremont
New Haven Unified School District	1,068	Union City
City of Fremont	1,000	Fremont
Boehringer Ingelheim, Inc.	850	Fremont
Fremont Unified School District	800	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
2014/15	\$ 49,570,672	\$ 54,995	\$ 3,040,221	\$ 52,665,889
2015/16	\$ 53,069,367	\$ 54,995	\$ 3,583,125	\$ 56,707,487
2016 /17	\$ 58,389,837	\$ 6,180	\$ 3,137,408	\$ 61,533,425
2017 /18	\$ 62,474,273	\$ 12,332	\$ 3,373,572	\$ 65,860,178
2018/19	\$ 67,212,187	\$ 12,332	\$ 3,346,586	\$ 70,571,105
2019/20	\$ 71,895,590	\$ 12,332	\$ 3,621,653	\$ 75,529,576
2020/21	\$ 76,254,891	\$ 11,297	\$ 4,075,303	\$ 80,341,491
2021/22	\$ 79,731,238	\$ 15,572	\$ 4,436,006	\$ 84,182,816
2022/23	\$ 86,525,029	\$ 15,235	\$ 5,252,523	\$ 91,792,786
2023/24	\$ 92,616,119	\$ 15,235	\$ 6,890,927	\$ 99,522,281

APPENDIX A

25-YEAR CAPITAL IMPROVEMENT PROGRAM

ACWD CAPITAL IMPROVEMENT PROGRAM
REFLECTS ESTIMATED EXPENDITURES FOR FYE 25 AND PROPOSED BUDGET FOR FYE 26 AND FYE 27
FYE 27 AND LATER PROJECTS IN 2025 DOLLARS
ALL BUDGETS (\$) PRESENTED IN THOUSANDS

Item	CIP No	% FIF	FRF	Project Description	FYE 25 Est.	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	FYE 49	FYE 50	25-Year Total						
Distribution																																					
1	MD60.05	10%	no	Advanced Metering Infrastructure	\$6,250	\$13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$17,570	\$18,185	-	-	-	-	\$35,767
2	SR01.51	0%	no	Alameda Reservoir Chlorotec WQ system replacement	-	-	411	901	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,311
3	SR01.04	0%	no	Alameda Reservoir Drain Line Upgrades	-	-	-	-	-	-	-	-	-	-	-	226	1,145	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,372
4	SR01.01	23%	no	Alameda Reservoir Roof Replacement	2,732	125	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	125	
5	MM8006	23%	yes	Alvarado Niles Pipeline Seismic Improvement Project - Main Renewal	71	9,544	9,657	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,201
8	BB16.02	0%	no	B16 WTP2 Zone 3 Booster Discharge Pipeline Replacement	676	78	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	78	
9	PH01.09	0%	no	Blender Chemical Storage Tank Replacements	-	-	60	-	-	-	-	-	-	-	-	250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	310	
10	PH01.10	0%	no	Blender Hardness Treatment Facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,929	30,079	30,079	632	-	-	-	-	-	-	-	-	-	-	63,719	
11	MM08.08	23%	no	Blender Mains Reconfiguration	-	14	14	15	241	241	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	525	
13	YI01.07	0%	no	Blending Facility PLC Replacements	-	-	-	-	144	925	1,770	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,840	
14	BB50.01	0%	no	Booster Stations- Facility Improvements / Equipment Replacement	42	385	50	330	48	48	48	48	48	48	48	48	48	48	48	120	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48	48	1,895
15	BB01.50	100%	no	Canyon Heights Booster Pump Access Hatch	-	-	-	-	-	-	233	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	233	
17	MN01.01B	23%	no	Cathodic Protection Improvements and Additions	67	170	170	60	60	10	10	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	491	
18	MM80.59	23%	yes	Cedar Avenue Main Renewal	-	-	-	446	446	446	4,785	4,785	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,906
19	MM80.21	23%	yes	Central Avenue Grade Separation Improvements and ACWD Water Main Relocations	4	488	88	4,700	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,276	
20	YI02.04	23%	no	Clean Energy Plan Implementation	636	248	23	23	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	294	
21	BB02.03B	23%	no	Curtner Road Booster Station Upgrade	19	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
22	DD00.02	23%	no	Curtner Tunnel Inspection	-	-	65	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	65	
23	MM80.60	23%	no	Decoto Lux Tie-in	-	125	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	125	
24	SR02.51	23%	no	Decoto Reservoir Electrical Infrastructure Replacement	-	-	53	367	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	420	
25	SR02.01	23%	no	Decoto Reservoir Roof Replacement	103	13	13	-	11,627	11,655	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,307	
26	MM16.03	23%	yes	Desal BPW Main Renewal	-	-	-	-	-	-	14	736	4,770	4,770	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,289	
27	PH02.04	0%	no	Desal Chemical Storage Tank Replacements	-	-	-	-	-	-	-	-	-	-	-	-	-	200	150	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	350	
28	PH02.51B	0%	no	Desal Facility Improvements / Equipment Replacements	291	260	60	60	200	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	1,840
29	YI01.06	0%	no	Desal PLC Upgrade Project	135	969	1,276	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,244	
30	GA50.05	0%	no	Desal Production Well Equipment Replacement	-	75	72	300	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	94	2,506
31	MD01.12	10%	no	Distribution Leak Detection System	132	135	135	136	141	146	151	156	162	167	173	179	186	192	199	206	213	220	228	236	244	253	262	271	280	290	-	-	-	-	-	4,962	
32	YI01.02B	0%	no	Distribution PLC Upgrade Program	747	-	607	1,193	-	-	-	-	608	1,193	608	1,193	608	1,193	608	1,193	608	1,193	608	1,193	608	1,193	608	1,193	608	1,193	608	1,193	608	1,193	608	1,193	18,014
33	MD50.01	0%	no	Distribution System Large Valve Replacement Program	72	73	73	74	77	79	82	85	88	91	94	98	101	104	108	112	116	120	124	128	133	138	142	147	152	157	-	-	-	-	-	2,695	
34	MU05.01B	10%	no	Dry Creek Regulator Upgrade	-	-	129	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	129	
35	MU01.01B	10%	no	FR1 Upgrade	-	102	312	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	414	
36	MD50.01B	0%	no	Inserta Valve Insertion Equipment	35	36	35	36	37	39	40	42	43	45	46	48	49	51	53	55	57	59	61	63	65	67	70	72	74	76	-	-	-	-	-	1,319	
37	PP01.02	0%	no	M.J. Bernardo Softening Plant Decommissioning & Building Upgrade	-	-	-	-	-	-	-	-	-	-	-	-	-	240	756	450	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,446	
38	MM80.34	23%	yes	Main Renewal - Ardenwood Boulevard/Newark Boulevard	-	-	-	-	-	223	219	243	1,257	1,257	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,198	
39	MM80.42	23%	yes	Main Renewal - Boyce Road Pipeline Project	-	-	-	-	-	-	-	465	465	465	7,770	7,770	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,935	
40	MM80.45	23%	yes	Main Renewal - Central Avenue - East	-	-	-	-	-	-	-	-	-	-	-	601	601	601	9,438	9,438	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,679	
41	MM80.44	23%	yes	Main Renewal - Central Avenue - West	-	-	-	-	-	-	614	614	614	9,104	9,104	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,048	
42	MM80.41	23%	yes	Main Renewal - Cherry Street - Northd	-	-	-	-	419	419	419	5,940	5,940	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,138	
43	MM80.43	23%	yes	Main Renewal - Cherry Street - South	-	-	-	-	-	-	-	-	-	397	397	397	5,941	5,941	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,072	
44	MM80.58	23%	yes	Main Renewal - Decoto Road - East	-	-	-	-	-	-	-	-	-	-	-	-	-	508	508	508	9,887	9,887	-	-	-	-	-	-	-	-	-	-	-	-	-	21,300	
45	MM80.57	23%	yes	Main Renewal - Decoto Road - West	-	-	-	-	-	-	-	-	-	-	-	-	-	432	432	432	8,396	8,396	-	-	-	-	-	-	-	-	-	-	-	-	-	18,087	
46	MM80.36	23%	yes	Main Renewal - Dumbarton Circle/SR84	-	-	-	-	-	-	-	-	-	-	-	-	416	416	416	2,981	2,981	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,210	
47	MM80.51	23%	yes	Main Renewal - Fremont Boulevard - North	-	-	-	-	-	-	-	-	-	-	-	319	319	319	5,311	5,311	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,579	
48	MM80.52	23%	yes																																		

ACWD CAPITAL IMPROVEMENT PROGRAM
REFLECTS ESTIMATED EXPENDITURES FOR FYE 25 AND PROPOSED BUDGET FOR FYE 26 AND FYE 27
FYE 27 AND LATER PROJECTS IN 2025 DOLLARS
ALL BUDGETS (\$) PRESENTED IN THOUSANDS

Item	CIP No	% FIF	FRF	Project Description	FYE 25 Est.	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	FYE 49	FYE 50	25-Year Total	
67	MM80.30	23%	yes	Main Renewal - Peralta Boulevard	-	566	562	624	9,630	9,630	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,011	
68	MM80.11	23%	yes	Main Renewal - Small Diameter Pipeline Renewal	238	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
69	MM80.37	23%	yes	Main Renewal - Stevenson Boulevard - East	-	-	-	-	423	423	423	8,452	5,452	3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,174	
70	MM80.38	23%	yes	Main Renewal - Stevenson Boulevard - West	-	-	-	-	-	-	-	-	-	380	380	380	3,071	3,071	-	-	-	-	-	-	-	-	-	-	-	-	7,282	
71	MM80.47	23%	yes	Main Renewal - Warm Springs Boulevard - Central Span	-	-	-	-	-	-	-	501	501	501	8,476	8,476	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,457	
72	MM80.48	23%	yes	Main Renewal - Warm Springs Boulevard - North	-	-	-	-	-	-	-	-	-	558	558	558	9,838	9,838	-	-	-	-	-	-	-	-	-	-	-	-	21,349	
73	MM80.46	23%	yes	Main Renewal - Warm Springs Boulevard - South	-	-	-	-	-	-	440	440	440	7,553	7,553	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,426	
74	MM80.39	23%	yes	Main Renewal - Whipple Road - East	-	-	-	-	556	556	556	6,520	6,520	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,710	
75	MM80.40	23%	yes	Main Renewal - Whipple Road - West	-	-	-	-	-	-	491	491	491	4,732	4,732	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,938	
76	MM80.11	23%	yes	Main Renewal Fremont - Crestwood	384	3,965	7,524	5,786	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,274	
77	MM80.01	23%	yes	Main Renewal Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,000	42,330	42,330	42,330	42,330	42,330	42,330	273,980	
78	SR04.04	0%	no	Mayhew Reservoir Drain Line Upgrades	-	-	-	-	-	-	226	1,145	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,372	
79	SR04.03	10%	no	Mayhew Reservoir Control Valve Vault	-	-	-	-	-	-	245	1,136	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,382	
80	SR04.51	23%	no	Mayhew Reservoir Electrical Infrastructure Replacement	-	-	-	-	-	-	250	384	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	634	
81	PH02.52B	5%	no	Membranes for Desal Facility	-	-	155	1,397	-	-	-	-	1,397	-	-	-	155	1,397	-	-	-	-	1,397	-	-	-	155	1,397	-	-	7,451	
82	MD60.04	23%	no	Meter Test Bench Upgrades	75	105	110	113	117	121	126	130	135	139	144	149	155	160	166	172	178	184	190	197	204	211	218	226	234	242	4,126	
83	SR05.51	23%	no	Middlefield - Lining/Structural/Mechanical/WQ Improvements	-	-	-	-	-	-	-	-	-	-	-	-	803	13,245	-	-	-	-	-	-	-	-	-	-	-	-	-	14,049
84	SR05.03	0%	no	Middlefield Reservoir Roof - Improvements	-	288	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	288
85	GA60.02	0%	no	Montecito Well Site Demolition	-	-	-	374	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	374	
86	PW03.51B	0%	no	Mowry and PT Wellfields - Replacement Pumping Equipment	234	266	150	81	81	81	81	81	81	81	81	81	81	81	81	81	81	81	81	81	81	81	81	81	81	81	81	2,270
87	PW01.03	23%	no	Mowry Generator Fuel Tank Replacement	-	-	-	-	-	-	-	1,609	3,895	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,504
88	MM08.07	23%	no	Mowry Wellfield Raw Water Conveyance Pipelines Rehabilitation and Valves Replacement Pr	-	-	-	-	-	-	429	1,114	1,114	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,658	
89	ST05.51B	23%	no	MSJ Tank Improvements	5	381	2,855	34	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,270	
90	PJ01.50	0%	no	MSJWTP Improvements & Equipment Replacements	20	20	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	416
91	PW04.51	23%	no	Nursery Well Electrical Infrastructure Replacement	-	-	-	-	-	-	132	557	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	689
92	MM80.25	0%	no	Old Town Streetscape ACWD Water Main	15	292	2,660	2,579	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,530
93	MM80.13	23%	yes	Paseo Padre and 680 Bridge overpass	100	193	699	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	891
94	PF11.70	23%	no	Paseo Padre Take-off Utilization Study & Pipeline Project	-	-	-	-	107	27	-	-	-	-	-	-	-	-	533	533	8,528	10,661	-	-	-	-	-	-	-	-	-	20,388
95	SR06.51	23%	no	Patterson - Lining/Structural/Mechanical/WQ Improvements	-	100	24	-	-	-	1,204	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,328
96	SR06.50	23%	no	Patterson Reservoir Remediation Project	695	544	1,315	1,314	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,172
97	SR06.01	23%	no	Patterson Reservoir Roof Replacement	30	-	485	378	-	-	16,811	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,674
98	BB15.02	50%	no	PR-1/MSJWTP Power Facility (Future)	-	-	-	-	-	-	-	-	-	-	-	-	234	618	1,138	-	-	-	-	-	-	-	-	-	-	-	-	1,991
99	EE03.01B	23%	no	Program and 10 Year EIR Documentation	-	-	-	-	-	-	-	100	350	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	450
100	PH01.51B	0%	no	PT Blending Facility Improvements and Equipment Replacements	25	190	130	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	1,079
102	MM80.20	50%	no	Quarry Lakes Parkway Improvements and ACWD Water Main Relocations	1	25	25	10	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	70
103	MU50.02	0%	no	Regulator Site Improvements and Equipment Replacements	-	17	17	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	511
104	SR50.01	10%	no	Reservoir- Facility Improvements/ Equipment Replacement	-	18	100	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	626
105	GG02.11B	23%	no	Rock Pond to Horseshoe Lake Pipeline	-	-	-	-	-	-	-	170	1,104	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,274
106	MD01.01	0%	no	Service Line Emergency Replacement Program	1,927	1,563	1,646	1,708	1,767	1,829	1,893	1,960	2,028	2,099	2,173	2,249	2,327	2,409	2,493	2,580	2,671	2,764	2,861	2,961	3,065	3,172	3,283	3,398	3,517	3,640	62,053	
107	MD01.02	0%	no	Service Line Incidental Replacement Program	169	146	143	144	150	154	160	165	171	177	183	190	196	203	210	218	225	233	241	250	258	268	280	287	297	307	5,255	
108	BB06.02B	10%	no	Seven Hills Booster Station Study and Upgrade	-	17	17	3,241	61	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,335
109	MM80.22	23%	yes	Small Diameter Main Renewal – Dairy St and H Street	2,394	3,599	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,599
110	SR80.01B	23%	no	T03 - Hidden Valley Tank Seismic Upgrade Phase II	150	784	3,095	1,351	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,230
111	ST08.01	100%	no	Tamarack Knolls Tank	-	88	-	-	-	-	-	-	-	-	-	-	-	1,668	9,360	61	-	-	-	-	-	-	-	-	-	-	-	11,177
113	ST50.01	10%	no	Tanks- Facility Improvements/ Equipment Replacement	-	17	17	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	511
114	PJ02.12	0%	no	TP2 Filter Press Polymer System Upgrade	-	-	-	164	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	164
115	SR01.01	0%	no	Vineyard Heights Tank site stability	2	-	-	318	393	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	711
117	MD02.01	0%	no	Water Meter Replacements - Large Meters	30	41	40	41	43	44	46	48	49	51	53	55	56	58	60	63	65	67	69	72	74	77	80	82	84	87	1,505	
118	MD02.02	0%	no	Water Meter Replacements - Medium Meters	6	6	6	6	6	6	7	7	7	7	8	8	8	8	9	9	10	10	10	11	11	12	12	12	13	13	13	222
119	MD02.03	23%	no	Water Meter Replacements - Small Meters	25	26	25	26	27	28	29	30	31	32	33	34	35	36	38	39	40	42	43	45	46	48	50	52	54	56	56	945
120	AK03.52	0%	no	Water Quality Laboratory Equipment Program	29	206	200	52	21	15	-	-	206	206	206	206	-	21	15	-	-	-	-	-	-	-	-	-	-	-	-	1,354
122	PW50.01B	10%	no	Wellfield General Improvements and Equipment Replacements	18	30	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	1,086
123	PW07.51	23%	no	Whipple Well Electrical Infrastructure Replacement	-	-	-	-	-	244	375	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	619
124	BB11.01	100%	no	Whitfield Zone 3 Booster Station	-	-	-	-	-	-	150	1,108	5,151	62	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,472
125	PJ02.51C	0%	no	WTP No.2 Improvements and Equipment Replacements	442	667	230	125	202	202	202	202	202																			

ACWD CAPITAL IMPROVEMENT PROGRAM
REFLECTS ESTIMATED EXPENDITURES FOR FYE 25 AND PROPOSED BUDGET FOR FYE 26 AND FYE 27
FYE 27 AND LATER PROJECTS IN 2025 DOLLARS
ALL BUDGETS (\$) PRESENTED IN THOUSANDS

Item	CIP No	% FIF	FRF	Project Description	FYE 25 Est.	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	FYE 49	FYE 50	25-Year Total	
261		0%	no	E-14 Office Furniture	39	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
262		0%	no	Echologics Leak Detection ET	148	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
263	YI06.03	0%	no	Electrical Redundancy & Reliability for IT Systems	-	-	-	230	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	230		
265	EE02.01B	0%	no	Engineering Report for CIP ET	158	50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50		
267	YI06.01	0%	no	Facility Arc Flash Calculation and Labeling ET	33	-	-	75	-	-	-	-	75	-	-	-	-	75	-	-	-	-	75	-	-	-	-	-	-	75	375	
268	AK03.53	0%	no	Facility Division Asset Management Master Plan	-	121	121	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	242	
270	GG50.07	0%	no	Groundwater PFAs Sampling and Source Investigation	50	115	65	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	180	
272	EE01.61	0%	no	Integrated Resources Planning	500	1,200	400	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,600	
273	EE01.64	0%	no	IRP - Lake Del Valle	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,200	-	-	-	-	-	-	-	-	-	-	-	6,200	
276	AK01.64	0%	no	IT Enterprise Software Upgrades - Cayenta	-	314	1,760	120	120	120	120	120	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,674	
277	AK01.66	0%	no	IT Enterprise Software Upgrades - Cityworks	-	-	439	100	60	60	60	60	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	779	
280		0%	no	Meter Shop Software	108	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
282	MM17.03B	75%	no	Niles-Newark Intertie Pipeline Fremont Phase	-	-	-	-	-	-	-	851	851	851	851	25,631	25,066	5,210	-	-	-	-	-	-	-	-	-	-	-	-	59,310	
283	PH01.08	0%	no	PFAS monitoring program	102	95	112	112	112	112	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	544	
286	GG41.03B	0%	no	Rubber Dam 1 - Fish Ladder Miscellaneous Safety Modifications	7	168	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	168	
289	MD01.11	0%	no	Service Lines - Lead Evaluation	243	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
290	AK01.69	0%	no	Technology Master Plan	-	250	-	-	-	-	250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	500	
293		0%	no	Water Efficiency Master Plan	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
294	AK03.62	0%	no	Water Quality Extraordinary Expenses	-	284	178	147	64	54	54	34	83	-	-	-	-	83	-	-	-	-	83	-	-	-	-	83	-	-	1,147	
297	AV01.70	0%	no	Zero Emission Fleet Transition Master Plan	65	200	500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	700	
Extraordinary Expense Total					3,515	2,948	3,650	795	445	785	484	1,065	1,009	851	851	25,631	25,066	5,368	6,200	-	-	-	158	-	-	-	-	83	-	75	75,464	
Customer Capital Contributions																																
298	MD01.09	0%	no	CUSTOMER GENERATED DISTRIBUTION SYSTEMS IMPROV.	2,691	3,619	3,524	3,500	3,500	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	77,143	
Customer Capital Contributions Total					2,691	3,619	3,524	3,500	3,500	3,000	77,143																					
Total CIP					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	FYE 49	FYE 50	Total	
General Fund CIP					\$58,968	\$56,610	\$54,650	\$48,526	\$51,520	\$59,024	\$49,424	\$58,515	\$56,962	\$58,912	\$57,856	\$47,139	\$38,477	\$50,655	\$51,830	\$62,579	\$57,429	\$57,215	\$62,252	\$56,922	\$60,620	\$62,670	\$53,094	\$52,508	\$49,521	\$57,926	\$1,372,836	
Less FRF CIP					1,361	820	1,150	1,542	1,589	1,636	2,027	3,798	3,912	4,030	4,151	4,310	4,614	4,753	4,895	5,042	9,958	34,081	35,103	36,155	37,241	31,805	-	-	-	-	232,612	
Less Extraordinary Expense					3,515	2,948	3,650	795	445	785	484	427	371	213	213	6,408	6,267	1,460	6,200	-	-	-	158	-	-	-	-	83	-	75	30,982	
Less Customer Capital Contributions					2,691	3,619	3,524	3,500	3,500	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	3,000	77,143
Net General Fund CIP					51,401	49,223	46,326	42,690	45,986	53,602	43,913	51,290	49,679	51,669	50,492	33,421	24,597	41,442	37,735	54,536	44,471	20,134	23,991	17,767	20,379	27,865	50,094	49,425	46,521	54,851	1,032,099	
FIF CIP					10,963	11,052	8,901	7,572	11,117	11,189	10,087	15,103	18,010	14,437	14,663	27,857	25,313	16,589	20,302	14,879	15,804	14,521	5,920	5,836	13,028	13,441	19,617	17,161	16,155	15,338	363,892	
Capital Improvement Program Total					\$69,930	\$67,662	\$63,552	\$56,098	\$62,637	\$70,213	\$59,512	\$73,617	\$74,972	\$73,348	\$72,518	\$74,996	\$63,791	\$67,244	\$72,132	\$77,457	\$73,232	\$71,736	\$68,172	\$62,758	\$73,648	\$76,111	\$72,711	\$69,670	\$65,676	\$73,264	\$1,736,729	

APPENDIX B

FINANCIAL POLICIES

- 1- RESERVE FUND POLICY**
- 2- DEBT MANAGEMENT AND DISCLOSURE POLICY**
- 3- INVESTMENT POLICY**
- 4- PROCUREMENT POLICY**

**ALAMEDA COUNTY WATER DISTRICT
Statement of Reserve Fund Policy
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.

EXHIBIT A

ALAMEDA COUNTY WATER DISTRICT Debt Management and Disclosure Policy February 13, 2025

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

Factors 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 be carefully analyzed as to the terms and conditions of the borrowing versus the competitive or negotiated bond options.

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.

Ratings – Ratings are an important factor in determining the District’s borrowing costs. The number of ratings required for a specific transaction will depend on a number of factors including: i) par size of the contemplated issuance, ii) market conditions and iii) maturity, among others. Recognizing the costs associated with obtaining ratings, the District will work with its financial advisor and underwriter(s), if any, to determine the appropriate number of ratings for each transaction.

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.

EXHIBIT A
ALAMEDA COUNTY WATER DISTRICT
Statement of Investment Policy
Effective June 12, 2025

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 on 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 sunsetting 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. Securities with settlement periods longer than 45 days are 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 12th day of June, 2025, 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
ALAMEDA COUNTY WATER DISTRICT**

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 B
BUDGET RESOLUTION

RESOLUTION NO. 25-036

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT
ADOPTING THE FY 2025/26 AND FY 2026/27 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, 2025, and ending June 30, 2026, and the Fiscal Year beginning July 1, 2026, and ending June 30, 2027, 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 2025/26 through Fiscal Year 2049/50, which has been reviewed and considered by this Board, is approved and adopted.

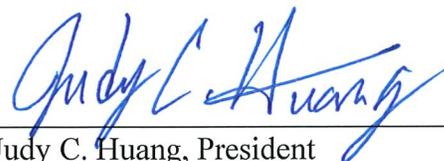
PASSED AND ADOPTED this 12th day of June 2025, by the following vote:

AYES: Directors Gunther, Sethy, and Huang

NOES: None

ABSENT: Director Akbari

ABSTAIN: Director Weed



Judy C. Huang, President
Board of Directors
Alameda County Water District

ATTEST:



JR Salinas, Assistant District Secretary
Alameda County Water District
(Seal)

APPROVED AS TO FORM:



Patrick T. Miyaki, General Counsel
Alameda County Water District

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 ACWD 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 \$10,000.

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.

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/Ending (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 Ending/Ended

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 (SFPUCC).

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 Measures: 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

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