



Stoneridge Well PFAS Treatment Facility
In-service September 2023



**ADOPTED TWO-YEAR
BUDGET | FY 2024-25 AND
FY 2025-26**

100 North Canyons Parkway
Livermore, CA 94551
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INTRODUCTION



Government Finance Officers Association Distinguished Budget Presentation Award



The Government Finance Officers Association of the United States and Canada (GFOA) presented the Distinguished Budget Presentation Award to Zone 7 Water Agency for its two-year Budget beginning July 1, 2022. This award is valid for a period of two years. The Agency's FY 2022-24 Budget Book is the seventh consecutive budget produced by the Agency that has earned the highest form of recognition in governmental budgeting.

GFOA established the Distinguished Budget Presentation Awards Program (Budget Awards Program) in 1984 to encourage and assist state and local governments to prepare budget documents of the highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and GFOA's best practices on budgeting. The Budget Awards Program also recognizes individual governments that succeed in achieving that goal.

California Society of Municipal Finance Officers Operating Budget Excellence Award



The California Society of Municipal Finance Officers (CSMFO) presented an Operating Budgeting Excellence Award to Zone 7 Water Agency for its Two-Year Budget for fiscal years 2022-23 & 2023-24. In order to receive this award, a governmental body must publish a budget document that meets programmatic criteria such as a policy document, an operations guide, a financial plan, and a communication device. This award is valid for two years. The Agency's FY 2022-24 Budget is the sixth consecutive budget that has achieved this prestigious award.



Transmittal Letter

Valerie Pryor, General Manager

June 11, 2024

Dear Directors,

Subject: Transmittal of the FY 2024-26 Two-Year Operating and Capital Budget

On behalf of Zone 7 Water Agency, I am pleased to submit the Two-Year Operating and Capital Budget (Two-Year Budget). This document outlines the Agency's financial plan to implement the adopted strategic goals and initiatives designed to uphold the Agency's mission to deliver safe, reliable, efficient, and sustainable water and flood protection services to the Tri-Valley.

The Two-Year Budget has been developed with a focus on fiscal responsibility, operational efficiency, and long-term sustainability. Key components of this budget document include:

1. **Revenue:** Detailed breakdown of major revenue sources, including water sales, property taxes, connection/development fees, and grants.
2. **Expenses:** Detailed breakdowns of planned expenses, including personnel, operation and maintenance costs, professional services, debt service, and flood protection repairs resulting from the 2023 storms.
3. **Capital Improvement Plan:** Planned capital projects and infrastructure investments aimed at maintaining and improving the Agency's water system.
4. **Water Supply Reliability:** Funding allocations for projects and programs that promote water quality, reliability, and resiliency.

This Two-Year Budget reflects our commitment to prudent financial management and our dedication to addressing current needs and preparing for future challenges. As part of our responsible fiscal management strategy, this budget incorporates recently awarded Federal and State grants for the Agency's Per- and Polyfluoroalkyl Substances (PFAS) treatment projects. The Two-Year Budget was prepared following extensive analysis, collaboration, and alignment with the Agency's strategic goals.

This Two-Year Budget introduces the Agency's first web-based digital budget book. The digital budget book will be accessible online through an easy-to-navigate platform with interactive content. We are proud to present the digital budget book as part of our commitment to transparency, community engagement, and efficiency.

This Two-Year Budget effectively supports our mission to deliver safe, reliable, efficient, and sustainable water and flood protection services to our community while fostering innovation and sustainability.

I wish to thank the Board for your governance and Agency staff, who worked collaboratively to deliver a balanced budget.

Sincerely,

Valerie Pryor
General Manager
Zone 7 Water Agency



Board Report

ITEM NO. 11



100 North Canyons Parkway
Livermore, CA 94551
(925) 454-5000

ORIGINATING SECTION: Administrative Services

CONTACT: Osborn Solitei

AGENDA DATE: June 11, 2024

SUBJECT: Proposed Two-Year Operating and Capital Budget for Fiscal Years 2024-25 and 2025-26

SUMMARY:

- The proposed budget is aligned with Strategic Plan Goal G - Fiscal Responsibility: Operate the Agency in a fiscally responsible manner and Strategic Plan Initiative No. 24 – Continue to effectively manage financial resources for the Agency. In carrying out these fiscal responsibilities, staff proposes a biennial budget for the Board’s review and approval. The proposed budget covers fiscal years (FY) 2024-25 and 2025-26 with a mid-cycle budget review planned for FY 2025-26.
- For the purpose of developing this budget, the Board approved water rates for Calendar Years (CY) 2025 and 2026 have been incorporated into the revenue assumptions. However, the proposed budget does not set rates; it is a planning document. Pursuant to Board Resolution No. 22-93, dated November 16, 2022, the Board shall revisit the rate schedule for CY 2025 and 2026, through a public process, with any changed rates adopted by November 2024.
- The proposed budget was presented to the Board at the May 1, 2024 Special Board Meeting. After discussion, the Board did not recommend any changes, and directed staff to bring the proposed budget to the June 11, 2024 Regular Board meeting for approval and adoption.
- The following assumptions have been incorporated into the proposed budget:
 - **Water Rates:** 5.5% water rate increases approved by the Board for CYs 2025 and 2026.
 - **State Water Project (SWP) Property Tax:** No increase to the SWP property tax for FY 2024-25 and 2025-26.
 - **Connection Fee Revenue:** \$10M in connection fee revenue for both FY 2024-25 and FY 2025-26. This is a \$15M reduction from the current year budget.
 - **Storm Damage Repairs:** Phase 1 of the 2023 Storm repairs, which includes 78 damaged sites totaling \$18.7M over two years.
 - **Personnel:** Addition of five full-time positions, at a cost of \$1.1M, a 4% annual cost of living adjustment each year, and an estimated 10% vacancy rate.
 - **Section 115 Pension Trust:** Contributions of \$150K to the Pension Trust for FY 2024-25 and FY 2025-26 as unallocated fund balance is estimated to be available at the end of each fiscal year.
 - **Reserves:** All reserves are compliant with Reserve Policy.



The table below summarizes the Agency-wide proposed budget.

	FY 2023-24 Projection¹	FY 2024-25 Proposed Budget	FY 2025-26 Proposed Budget
Estimated Beginning Fund Balance	\$322,915,000	\$287,268,000	\$295,177,000
Revenue²	146,145,000	165,920,000	152,537,000
Expenses³	181,792,000	158,011,000	172,871,000
Operating Impact (Rev-Exp)	(35,647,000)	7,909,000	(20,334,000)
Estimated Ending Fund Balance	\$287,268,000	\$295,177,000	\$274,843,000

¹ Amounts based on FY 2023-24 Second Quarter (Q2) projections and are subject to change.

² Increase in revenue in FY 2024-25 is due to a one-time collection of grants for the Stoneridge PFAS (\$16M) and Chain of Lakes PFAS (\$958K) projects.

³ The decrease in expenses in FY 2024-25 is due to the construction of major water system projects in the prior year, such as the Stoneridge PFAS (\$10M) and Chain of Lakes PFAS (\$22M).

RECOMMENDED ACTION:

Adopt the attached Resolution approving the Two-Year Operating and Capital Budget for Fiscal Years 2024-25 and 2025-26.

ATTACHMENT(S):

1. Exhibit A – FY 2024-25 and FY 2025-26 Proposed Budget – Summary of Budget by Account Classification
2. Exhibit B – FY 2024-25 and FY 2025-26 Proposed Capital Projects Listing

OPERATING BUDGETS

Fund 100 – Water Enterprise Operations Fund (Fund 100)

Primary Funding Source: Water Rates

The purpose of this fund is to ensure the delivery of high-quality drinking and irrigation water to the Livermore-Amador Valley. This operations and maintenance fund includes water treatment and transmission of potable (drinking) water, distribution of untreated agricultural/irrigation water, and surface water and groundwater management. Water distributed is a combination of locally stored and imported water from the State Water Project. Programs in the fund include water treatment, water quality analysis, water resource management, groundwater recharge and protection, general administration, maintenance, out-of-area water banking infrastructure, and water supply planning and engineering.

The table below summarizes the proposed budget for Fund 100. This proposed budget uses projected unallocated fund balance for FYs 2024-25 and 2025-26:

	FY 2023-24 Projection¹	FY 2024-25 Proposed Budget	FY 2025-26 Proposed Budget
Estimated Beginning Fund Balance	\$29,369,000	\$32,050,000	\$30,794,000
Revenue	67,230,000	68,185,000	72,165,000
Expenses	64,549,000	69,441,000	72,442,000
Operating Impact (Rev-Exp)	2,681,000	(1,256,000)	(277,000)
Estimated Ending Fund Balance²	\$32,050,000	\$30,794,000	\$30,517,000

¹ Amounts based on FY 2023-24 Q2 projections and are subject to change.

² The estimated ending fund balance includes target reserves, Section 115 Pension Trust, and unallocated fund balance.



Fund 100 Detailed Budget

The table below provides a detailed breakdown of the proposed FY 2024-25 and FY 2025-26 Fund 100 budget.

Fund 100 - Water Enterprise Operations	FY 2023-24 Projection¹	FY 2024-25 Proposed Budget	FY 2025-26 Proposed Budget
Estimated Beginning Fund Balance	\$29,369,000	\$32,050,000	\$30,794,000
Revenue			
Water Sales	66,148,000	67,393,000	71,268,000
Investment Earnings	750,000	479,000	454,000
State Grant	-	-	130,000
Other Revenue	332,000	313,000	313,000
Total Revenue	67,230,000	68,185,000	72,165,000
Expenses			
Personnel	18,508,000	20,255,000	21,005,000
Professional Services	2,950,000	4,216,000	3,589,000
County Services	1,909,000	1,133,000	1,936,000
Insurance Services	760,000	850,000	900,000
Legal Services	340,000	455,000	455,000
Water	6,288,000	5,952,000	7,273,000
Delta Conveyance Project	2,375,000	3,300,000	3,300,000
Chemicals	3,821,000	4,000,000	4,000,000
Utilities	2,410,000	2,308,000	2,428,000
Telecommunications	157,000	251,000	238,000
Maintenance Services	2,207,000	2,533,000	2,484,000
Rental Services	309,000	556,000	546,000
Office Supplies and Other Services	620,000	739,000	595,000
Organizational Memberships and Support	470,000	442,000	424,000
Los Vaqueros Reservoir Expansion Project	992,000	-	320,000
Training and Travel	160,000	199,000	197,000
Water Conservation Program	120,000	158,000	158,000
Equipment	160,000	-	-
Debt Service	3,342,000	4,976,000	4,976,000
Capital Funding	16,651,000	17,118,000	17,618,000
Total Expenses	64,549,000	69,441,000	72,442,000
Operating Impact (Rev-Exp)	2,681,000	(1,256,000)	(277,000)
Estimated Ending Fund Balance	\$32,050,000	\$30,794,000	\$30,517,000

¹Amounts based on FY 2023-24 Q2 projections and are subject to change.

Revenue

The FY 2024-25 and FY 2025-26 proposed revenue is \$68.2M and \$72.2M. Revenue highlights and assumptions are described below.

- Water Sales:** The proposed budget assumes rate increases of 5.5% for CYs 2025 and 2026, as adopted via Resolution No. 22-93, dated November 16, 2022. Treated water sales are estimated to be 34,000 AF in FY 2024-25 and 35,000 AF in FY 2025-26. Untreated water sales are estimated at 5,000 AF each year. Water sales estimates are based on a five-year historical average.
- Investment Earnings:** The proposed budget assumes investment earnings of 2.5% in FY 2024-25 and 1.5% in FY 2025-26.
- Grants:** FY 2025-26 includes receipt of Prop 1 Integrated Regional Water Management Program Round 2 grant proceeds for the water supply risk model enhancements and optimization project, which funds approximately 50% of the total project cost.



- **Other Revenue:** The proposed budget includes miscellaneous revenue such as well permit fees and DWR refunds.

Expenses

The FY 2024-25 and FY 2025-26 proposed expenses are \$69.4M and \$72.4M. Expense highlights and assumptions are described below.

- **Personnel:** The proposed budget assumes the addition of five full-time equivalent (FTE) positions, at a cost of \$1.1M, a 4% annual cost of living adjustment each year, and an estimated 10% vacancy rate. The newly proposed positions are described in the table below.

Position	Justification
Water Treatment Plant Operator (2 FTE)	Two additional Water Treatment Operators to reduce the occurrence of extended-duration solo-work at the treatment plants.
Water Quality Laboratory Supervisor, Zone 7 (1 FTE)	This new Laboratory Supervisor position is required for compliance with the new California Environmental Laboratory Accreditation Program regulations, which requires the Agency to designate a "Technical Manager" and a "Quality Manager".
CMMS Position (1 FTE)	This new position will be responsible for development, implementation, and management of the new CMMS program.
Senior Network Engineer (1 FTE)	This new position will be responsible for assessing, planning, designing, and managing network infrastructure, SCADA applications, and cybersecurity.

- **Professional Services:** The proposed professional services are summarized below, categorized primarily by section.

Professional Services	FY 2024-25 Proposed	FY 2025-26 Proposed
Communications (Communication Services, School & Outreach, Website)	\$507,000	\$537,000
Engineering (As-needed Engineering Services, Water Infrastructure Act Risk and Resiliency Assessment)	390,000	190,000
Finance (Cost System Programming, As-needed Grant/Loan Support, External Auditor)	173,000	176,000
Groundwater (GW Model Update, GW Database Development and Implementation, other as-needed studies)	735,000	445,000
Human Resources (HR Related Activities, Support)	90,000	95,000
Information Technology Services	313,000	321,000
Office of General Manager (Legislative Services, Strategic Planning)	330,000	202,000
Security Guard Services	255,000	275,000
Water Supply Planning (Energy Strategic Plan, Water Supply Model – partially grant funded, Demand Study, Urban Water Management Plan, Arroyo Del Valle Water Rights CEQA Compliance)	743,000	840,000
Water Quality (PFAS Monitoring, Analytical Support)	323,000	150,000
Other (SCADA Services, Safety Consultant)	107,000	108,000
Contingency	250,000	250,000
Total	\$4,216,000	\$3,589,000

- **Water Production:** Includes water, chemicals, and utilities. Based on current information, the proposed budget anticipates drier conditions in CYs 2025 and 2026 and surface water as the primary source of water supply.
 - **Water** – Water costs in FY 2024-25 are estimated to be \$5.95M and increase to \$7.3M in FY 2025-26. Based on current information, the proposed budget allocates funding for State Water Project (SWP) conveyance, water recovery from local storage, recovery/storage from the Kern County banking program, and purchase of additional water supplies. The increase in FY 2025-26 reflects planned



recovery of banked water from Kern County.

- **Chemicals** – The proposed budget incorporates the continued inflationary cost increases to chemicals and the assumption of predominately treating surface water to meet demands.
- **Utilities** – The proposed budget primarily reflects energy costs associated with the treatment of surface water at the Agency’s ozone facilities.
- **Water Reliability Projects:** The proposed budget estimates \$3.3M per year for the Delta Conveyance project and \$320K in FY 2025-26 for the Los Vaqueros Reservoir Expansion project. Due to project delays, no payment is planned for FY 2024-25 for the Los Vaqueros project.
- **Water Conservation Program:** The proposed budget allocates funding to the Agency’s rebate program to continue efforts dedicated to incentivizing Tri-Valley residents to convert to water efficient appliances and drought resistant landscapes.
- **Computerized Maintenance Management System (CMMS):** The proposed budget includes funding for a new CMMS position and \$1.6M in capital funding for CMMS support. The new system will need continued support to ensure that the project is successfully implemented and sustained. Successful implementation of the new CMMS will lower reactive maintenance and increase asset uptime, reliability, and safety, extending the useful life of Zone 7 assets.
- **Debt Service:** The proposed budget includes annual debt service payments for the Agency’s 2018 and 2023 Series A Bonds.

Reserves

Per Resolution No. 19-37, dated May 15, 2019, the Board approved the revised reserve policy. The proposed budget recommends continuing to fund reserves at target levels. The corresponding target reserve requirements for the proposed budget are shown in the table below.

Fund 100 Reserves	Target Policy	FY 2024-25 Proposed Budget	FY 2025-26 Proposed Budget
Operating	90 days of budgeted operating expenses	\$12,902,000	\$13,518,000
Emergency	2.5% of water enterprise assets	8,381,000	8,465,000
Economic Uncertainties	15% of budgeted volume-based water sales	5,298,000	5,611,000
Total Target Reserves¹		\$26,581,000	\$27,594,000
Section 115 Pension Trust Fund ²		1,920,000	2,047,000
Unallocated Fund Balance ³		2,293,000	876,000
Total Proposed Reserves Budget		\$30,794,000	\$30,517,000

1. **Target Reserves** - The proposed budget meets the Agency’s reserve policy requirement of funding all reserves at target levels.
2. **Section 115 Pension Trust Fund** - The proposed budget includes contributions of \$150K to the Pension Trust for FY 2024-25 and FY 2025-26 as unallocated fund balance is estimated to be available at the end of each FY.
3. **Unallocated Fund Balance** – The unallocated fund balance is the remaining balance of funds after all reserves have been funded at target level. Based on the proposed budget, this balance is projected to be approximately \$876K by the end of FY 2025-26. The unallocated fund balance is unrestricted, giving the Board discretion of how and when to use it. At the February 15, 2024, Finance Committee Meeting, staff were given direction on the Committee’s preferred use of unallocated fund balance. These options include:
 - i. Offsetting future rate increases,
 - ii. Funding the annual contribution to the IRS Section 115 Pension Trust per the adopted Board policy,



iii. Funding for water supply reliability projects.

Fund 110 – State Water Facilities Fund (Fund 110)

Primary Funding Source: Property Tax Override: The property tax override is exempt from the ad valorem property tax levy limitations of Article XIII A of the Constitution of the State of California as the indebtedness was approved prior to July 1, 1978.

This fund finances the Agency’s contractual obligation to DWR to import water to the Agency. The purpose is to pay the fixed costs of the State Water Project delivery system, which includes repayment of voter-approved, State-incurred, long-term debt.

The table below summarizes the proposed budget and projected reserve balances in Fund 110. Details of the proposed budget can be found in Exhibit A.

	FY 2023-24 Projection ¹	FY 2024-25 Proposed Budget	FY 2025-26 Proposed Budget
Estimated Beginning Fund Balance	\$48,613,000	\$51,731,000	\$52,960,000
Revenue	29,426,000	29,941,000	29,655,000
Expenses	26,308,000	28,712,000	31,252,000
Operating Impact (Rev-Exp)	3,118,000	1,229,000	(1,597,000)
Estimated Ending Fund Balance	\$51,731,000	\$52,960,000	\$51,363,000
Reserve Policy Maximum	28,712,000	31,252,000	33,752,000
Above/(Below) Policy Max.²	23,019,000	21,708,000	17,611,000

¹Amounts based on FY 2023-24 Q2 projections and are subject to change.

²Although the projected year-end fund balance exceeds the reserve maximum, State Water Project costs are highly volatile and unpredictable. Based on the State Water Project budget report for CYs 2024 and 2025, the total capital need for the next 12 years is estimated to be \$6.0B, of which the Agency is responsible for its proportional share.

Revenue

The FY 2024-25 and FY 2025-26 proposed revenue is \$29.9M and \$29.7M. Revenue highlights and assumptions are described below.

- **Property Taxes:** The proposed budget assumes no increase in the property tax override in FY 2024-25 and FY 2025-26.
- **Investment Earnings:** The proposed budget assumes investment earnings of 2.5% in FY 2024-25 and 1.5% in FY 2025-26.
- **Other Revenue:** Other revenue includes miscellaneous revenue such as DWR refunds.

Expenses

The FY 2024-25 and FY 2025-26 proposed expenses are \$28.7M and \$31.3M. Expense highlights and assumptions are described below.

- **Professional Services:** The proposed budget includes Fund 110’s share of the Agency’s investment advisory services.
- **Water:** The proposed FY 2024-25 budget assumes an increase of 6% over the FY 2023-24 projection and FY 2025-26 assumes a 9% increase over the prior year. The increases are based on rising operating and maintenance costs and DWR’s projection of increasing costs due to critical infrastructure improvement needs.

Fund 200 – Flood Protection Operations (Fund 200)

Primary Funding Source: Ad valorem property taxes equal to one percent (1%) of the full cash value, of which Zone 7 of the Alameda County Flood and Water Conservation District receives a proportionate share.



Fund 200 funds the Agency's general flood administration and flood control services to ensure controlled drainage of the Tri-Valley's excess storm-water runoff. The Agency manages a watershed of 425 square miles in eastern Alameda County, receiving drainage from parts of Contra Costa, Santa Clara, and San Joaquin Counties. More than 37 miles of flood control channels and regional drainage facilities are owned and maintained by the Agency. This fund finances a comprehensive year-round maintenance program that includes repairing slides and erosion, refurbishing access roads and associated drainage ditches, installing and repairing gates and fences, and maintaining landscaped areas.

The table below summarizes the proposed budget and projected reserve balances for Fund 200.

	FY 2023-24 Projection ¹	FY 2024-25 Proposed Budget	FY 2025-26 Proposed Budget
Estimated Beginning Fund Balance	\$23,917,000	\$23,830,000	\$13,620,000
Revenue	12,837,000	13,498,000	15,958,000
Expenses	12,924,000	23,708,000	19,430,000
Operating Impact (Rev-Exp)	(87,000)	(10,210,000)	(3,472,000)
Estimated Ending Fund Balance	\$23,830,000	\$13,620,000	\$10,148,000
Reserve Policy Maximum²	6,644,000	12,060,000	9,932,000
Above/below Policy Max.	17,186,000	1,560,000	216,000

¹Amounts based on FY 2023-24 Q2 projections and are subject to change.

²Reserve policy max is equal to 50% of O&M plus the Section 115 Pension Trust balance allocated to this fund.

Fund 200 Detailed Budget

The table below provides a detailed breakdown of the proposed FY 2024-25 and FY 2025-26 Fund 200 budget.

Fund 200 - Flood Protection Operations	FY 2023-24 Projection ¹	FY 2024-25 Proposed Budget	FY 2025-26 Proposed Budget
Estimated Beginning Fund Balance	\$23,917,000	\$23,830,000	\$13,620,000
Revenue			
Property Taxes	11,630,000	12,573,000	13,077,000
Grants		94,000	2,465,000
Investment Earnings	550,000	595,000	180,000
Other Revenue	657,000	236,000	236,000
Total Revenue	\$12,837,000	\$13,498,000	\$15,958,000
Expenses			
Personnel	2,719,000	3,133,000	3,208,000
Professional Services	3,750,000	3,264,000	3,175,000
County Services	100,000	110,000	110,000
Telecommunications	5,000	6,000	6,000
Maintenance Services	5,500,000	16,224,000	11,920,000
Rental Services	10,000	88,000	45,000
Office Supplies and Other Services	700,000	717,000	797,000
Organizational Memberships and Support	75,000	88,000	91,000
Training and Travel	25,000	27,000	27,000
Equipment	25,000	35,000	35,000
Capital Funding	15,000	16,000	16,000
Total Expenses	\$12,924,000	\$23,708,000	\$19,430,000
Operating Impact (Rev-Exp)	(87,000)	(10,210,000)	(3,472,000)
Ending Fund Balance	\$23,830,000	\$13,620,000	\$10,148,000

¹Amounts based on FY 2023-24 Q2 projections and are subject to change.



Revenue

The FY 2024-25 and FY 2025-26 proposed revenue is \$13.5M and \$15.9M. Revenue highlights and assumptions are described below.

- **Property Taxes:** The proposed FY 2024-25 property tax collection is based on amounts provided by the County. FY 2025-26 assumes a 4% increase in assessed valuation.
- **Grants:** The Agency is pursuing Federal and State assistance/funding from the U.S Army Corps of Engineers (USACE), the Federal Emergency Management Agency (FEMA), and the California Office of Emergency Services (CAL OES) for the 2023 Storm repairs. FY 2024-25 and FY 2025-26 include \$94K and \$2.5M in grant funding, respectively, for Phase 1 Repairs (described in the Expenses section below).
- **Investment Earnings:** The proposed budget assumes investment earnings of 2.5% in FY 2024-25 and 1.5% in FY 2025-26.

Expenses

The FY 2024-25 and FY 2025-26 proposed expenses are \$23.7M and \$19.4M. Expense highlights and assumptions are described below.

- **Personnel:** The proposed budget estimates 4% increases each year for a cost-of-living adjustment.
- **Professional Services:** The proposed budget includes \$3.2M each year to provide services such as engineering support, hydraulic modeling, environmental planning & permitting, construction management, and the next phase of the Flood Management Plan (FMP).
- **Repairs and Maintenance:** The proposed budget provides funding for Phase 1 of the 2023 Storm repairs, which includes 78 damaged sites totaling \$18.7M over two years:
 - FY 2024-25: The proposed budget assumes USACE will repair 48 damaged sites at a total cost of \$40M. The Agency will be responsible for 20%, or \$8M, which has been included in the budget. FY 2024-25 also includes \$3.7M to repair six high-priority sites.
 - FY 2025-26: The proposed budget includes \$7M for the repair of 24 damaged sites.
- **Professional and Maintenance Services:** The proposed professional and maintenance services are summarized below.

Professional & Maintenance Services	FY 2024-25 Proposed Budget	FY 2025-26 Proposed Budget
2023 Storm Damage Repair Project Phase 1 (repair of 78 sites)	\$11,730,000	\$6,981,000
Maintenance (Flood Maintenance, Landscaping, Mowing, Trucking, Pest Control, Vegetation Spraying)	3,668,000	3,665,000
Engineering (Hydraulic Modeling, Surveying, Engineering Design and Support Services)	2,055,000	2,004,000
Finance (investment advisory services)	5,000	5,000
Flood Management Plan (future phases of FMP and strategic O&M consulting)	944,000	944,000
Planning (Environmental Planning, Programmatic Permitting Support, Living Arroyos Program)	696,000	706,000
Contingency	500,000	500,000
Alamo Creek Pilot Project¹		400,000
Total	\$19,598,000	\$15,205,000

¹Total estimated project cost is \$6.2M, of which \$5.8M has been appropriated in prior years' budgets. The Agency was awarded a \$4.6M grant for this project.



CAPITAL BUDGETS

Fund 120 – Water Enterprise Renewal/Replacement & System-wide Improvements (Fund 120)

This is a sub-fund of Fund 100 – Water Enterprise Operations Fund

Primary funding source: Water rates via capital funding from Fund 100

The purpose of this fund is to ensure funding is available for capital renewal, replacement, and system-wide improvement projects needed to keep the current water treatment and delivery systems functioning effectively. Fund 120 pays for capital projects as outlined in the Agency’s asset management program and the capital improvement program.

The table below summarizes the proposed budget and projected reserve balances for Fund 120. Details of the proposed budget can be found in Exhibit A.

	FY 2023-24 Projection ¹	FY 2024-25 Proposed Budget	FY 2025-26 Proposed Budget
Estimated Beginning Fund Balance	\$74,784,000²	\$34,914,000	\$57,323,000
Revenue	17,921,000	35,700,000	18,212,000
Expenses	57,791,000	13,291,000	24,887,000
Operating Impact (Rev-Exp)	(39,870,000)	22,409,000	(6,675,000)
Estimated Ending Fund Balance	\$34,914,000	\$57,323,000	\$50,648,000
Reserve Policy Requirement³	19,632,000	31,244,000	42,138,000
Above/Below Policy Requirement	15,282,000	26,079,000	8,510,000

¹Amounts based on FY 2023-24 Q2 projections plus prior-year carryovers (subject to change).

²Includes approximately \$29.7M in 2023 Revenue Bond proceeds.

³Reserve policy requirement is comprised of 100% of the following years’ capital budget, debt rate stabilization fund, and the Section 115 Pension Trust balance allocated to this fund. Any reserves above the policy requirement will fund future projects as set forth in the Asset Management Plan/Capital Improvement Plan.

Revenue

The FY 2024-25 and FY 2025-26 proposed revenue is \$35.7M and \$18.2M. Revenue highlights and assumptions are described below.

- **Capital Funding:** The proposed budget assumes a 3% increase in capital funding from Fund 100 for FY 2024-25 and FY 2025-26.
- **Grants:** The Agency has been awarded a \$16M grant from the DWR’s Sustainable Groundwater Management Grant Program for development of the Stoneridge Well IX PFAS treatment facility and a \$960K federal grant to help fund the Chain of Lakes PFAS treatment facility. Both grants are anticipated to be received in FY 2024-25.
- **Investment Earnings:** The proposed budget assumes investment earnings of 2.5% in FY 2024-25 and 1.5% in FY 2025-26.

Expenses

The FY 2024-25 and FY 2025-26 proposed expenses are \$13.3M and \$24.9M. Expense highlights and assumptions are described below.

- **Professional Services:** The proposed budget includes Fund 120’s portion of the Agency’s Investment Advisory services.
- **Capital Projects:** The proposed budget includes \$13.3M in FY 2024-25 and \$24.9M in FY 2025-26 for renewal/replacement and system-wide improvement capital projects including the following:
 - Chain of Lakes Conveyance System
 - Mocho Groundwater Demineralization Plant and Mocho Wellfield PFAS Compliance Conceptual Design
 - Del Valle Water Treatment Plant and Patterson Pass Water Treatment Plant HVAC Replacement



- Patterson Pass Water Treatment Plant Improvements and Replacements
- Regional Project Feasibility Study

See Exhibit B for the capital projects listing.

Fund 130 – Water Enterprise Expansion (Fund 130)

Primary Funding Source: Water Connection Fees

The purpose of this fund is to ensure the Agency can meet future needs of new customers with development paying its own way. The program is primarily intended to provide funding for new or expanded facilities and additional water supplies to serve additional capacity requirements of development, many of them fixed (i.e., bond payment obligations for debt incurred by others to increase capacity, such as the enlargement portion of the South Bay Aqueduct Improvement and Enlargement Project). Developer fees can only be used for projects related to water system expansion.

The table below summarizes the proposed budget and projected reserve balances for Fund 130. Details of the proposed budget can be found in Exhibit A.

	FY 2023-24 Projection ¹	FY 2024-25 Proposed Budget	FY 2025-26 Proposed Budget
Estimated Beginning Fund Balance	\$70,387,000	\$66,651,000	\$60,741,000
Revenue	15,400,000	15,119,000	13,835,000
Expenses	19,136,000	21,029,000	23,077,000
Operating Impact (Rev-Exp)	(\$3,736,000)	(\$5,910,000)	(\$9,242,000)
Estimated Ending Fund Balance	\$66,651,000	\$60,741,000	\$51,499,000
Reserve Policy Requirement²	39,862,000	42,234,000	44,978,000
Above/Below Policy Requirement	26,789,000	18,507,000	6,521,000

¹Amounts based on FY 2023-24 Q2 projections and are subject to change.

²Reserve policy requirement is comprised of 60% of non-discretionary expenses, debt rate stabilization fund, sinking funds and the Section 115 Pension Trust balance allocated to this fund. Any reserves above the policy requirement will fund future capital expansion projects as set forth in the Capital Improvement Plan.

Revenue

The FY 2024-25 and FY 2025-26 proposed revenue is \$15.1M and \$13.8M. Revenue highlights and assumptions are described below.

- **Connection Fee Revenue:** The primary revenue source in this fund is connection fee revenue, which has continued to decline since 2019. The proposed budget assumes \$10M in connection fee revenue each year, which is equal to the projected amount to be received in FY 2023-24. A connection fee study is currently underway. The study will evaluate the number of future connections in the service area and the allocation of capital projections to the Water Expansion Fund.
- **Investment Earnings:** The proposed budget assumes investment earnings of 2.5% in FY 2024-25 and 1.5% in FY 2025-26.
- **Other Revenue:** Other revenue includes miscellaneous revenue such as DWR refunds.

Expenses

The FY 2024-25 and FY 2025-26 proposed expenses are \$21M and \$23.1M. Expense highlights and assumptions are described below.

- **Professional Services:** The proposed budget includes Fund 130's portion of the Agency's Investment Advisory services.
- **Legal Services:** The proposed budget includes \$200K annually for legal services.
- **Water:** The proposed budget includes the annual debt service payments for the South Bay Aqueduct (SBA) enlargement and the future contractor's share of the SBA of approximately \$17M per year.



- **Water Supply Reliability Projects:** The proposed budget includes funding for continuing participation in the following projects:
 - Los Vaqueros Reservoir Expansion Project: \$85K in FY 2024-25 and \$170K in FY 2025-26
 - Sites Reservoir Project \$450K in FY 2024-25 and \$1M in FY 2025-26
- **Debt Service:** The proposed budget includes \$1.1M annually for debt service payments.
- **Capital Projects:** The proposed budget includes \$2.4M in FY 2024-25 and \$3.2M in FY 2025-26 for capital projects planning, including:
 - Well Master Plan
 - Regional Well Project Feasibility Study
 - Groundwater Contaminant Mobilization Follow-up Study
 - COL Conveyance System

See Exhibit B for the capital projects listing.

Fund 210 – Flood Protection Development Impact Fee Fund (Fund 210)

Primary Funding Source: Development Impact Fees

The purpose of this fund is to ensure that the Agency can meet future needs for expansion-related flood control facilities. The program is primarily intended to provide funding for any flood control facilities required for new development. Funds are expended on the planning, design, lands and right of way acquisition, environmental review, permitting, and construction for drainage projects.

The table below summarizes the proposed budget and projected reserve balances for Fund 210. Details of the proposed budget can be found in Exhibit A.

	FY 2023-24 Projection ¹	FY 2024-25 Proposed Budget	FY 2025-26 Proposed Budget
Estimated Beginning Fund Balance	\$75,845,000	\$78,092,000	\$79,739,000
Revenue	3,331,000	3,477,000	2,712,000
Expenses	1,084,000	1,830,000	1,783,000
Operating Impact (Rev-Exp)	2,247,000	1,647,000	929,000
Estimated Ending Fund Balance²	\$78,092,000	\$79,739,000	\$80,668,000

¹Amounts based on FY 2023-24 Q2 projections and are subject to change.

²Per the Reserve Policy, this fund is not required to have a minimum or maximum balance.

Revenue

The FY 2024-25 and FY 2025-26 proposed revenue is \$3.5M and \$2.7M. Revenue highlights and assumptions are described below.

- **Development Fees:** Development fees have been trending lower since FY 2021-22 (averaging \$1.3M per year). Therefore, the proposed budget is conservatively estimating \$1.5M in development fee revenue per year.
- **Investment Earnings:** The proposed budget assumes investment earnings of 2.5% in FY 2024-25 and 1.5% in FY 2025-26.

Expenses

The proposed expenses are \$1.8M each year. Expense highlights and assumptions are described below.

- **Professional Services:** The proposed budget includes approximately \$1.3M each year to provide services related to flood expansion such as engineering support, hydraulic modeling, environmental planning, the next phase of the FMP and \$500K of annual contingency.

Authorizing Resolution

ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS

RESOLUTION NO. 24-48

INTRODUCED BY DIRECTOR NARUM
SECONDED BY DIRECTOR PALMER

Two-Year Operating and Capital Budget for Fiscal Years 2024-25 and 2025-26

WHEREAS, Zone 7 of the Alameda County Flood Control and Water Conservation District is committed to delivering safe, reliable, efficient, and sustainable water and flood protection services; and

WHEREAS, the Proposed Two-Year Budget for Fiscal Years 2024-25 and 2025-26 is in support of Strategic Plan Goal G – Fiscal Responsibility – Operate the Agency in a fiscally responsible manner and Strategic Initiative No. 24 – Continue to effectively manage financial resources.

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby approve the following budget, including revenues, expenses, and the use of fund balances for Fiscal Years 2024-25 and 2025-26 (Exhibit A):

1. Fund 100 – Water Enterprise Operations;
2. Fund 110 – State Water Facilities;
3. Fund 120 – Water Enterprise Renewal & Replacement and System-Wide Improvements;
4. Fund 130 – Water Enterprise Capital Expansion;
5. Fund 200 – Flood Protection Operations;
6. Fund 210 – Flood Protection Development Impact Fee Fund (DIF); and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby approve the proposed capital projects (Exhibit B) for Fiscal Years 2024-25 and 2025-26 and authorizes the General Manager to implement such projects; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 does hereby request the Board of Supervisors of the Alameda County Flood Control and Water Conservation District to incorporate said budgets of Zone 7, where applicable; and

BE IT FURTHER RESOLVED that Section 1 (b) of Article XIII A of the California Constitution exempts ad valorem property tax levies to make payments upon indebtedness approved by voters prior to July 1, 1978, from the limitations set forth in Section 1 (a) of Article XIII A; and

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BE IT FURTHER RESOLVED that the District's indebtedness from its State Water Supply Contract falls within such exemption; and

BE IT FURTHER RESOLVED, that consistent with the requirements of law and specifically within the limitations imposed by Article XIII A of the Constitution of the State of California there shall be levied a property tax within the District sufficient to raise the sum of \$22,000,000 for Fiscal Year 2024-25 and \$22,000,000 for Fiscal Year 2025-26 to meet that portion of the District's State Water Supply Contract obligation. All funds received by the District pursuant to the aforementioned property tax levy shall be placed in Fund 110 – State Water Facilities Fund, a separate fund identified for the indebtedness set forth above; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 does hereby request the Board of Supervisors of said District to levy a tax on all property of Zone 7 sufficient to assure payment of sums due under the District's State Water Supply Contract for the State Water Facilities Fund to make payments; and

BE IT FURTHER RESOLVED that the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District does hereby approve the personnel actions, if any, as contained in the Zone 7 Budget for Fiscal Years 2024-25 and 2025-26 and authorizes the General Manager to implement such personnel actions; and

BE IT FURTHER RESOLVED that the General Manager is authorized and directed to adjust accounts as the General Manager may deem necessary to account for any changes in available fund balances, revenues, or expenditures.

ADOPTED BY THE FOLLOWING VOTE:

AYES: DIRECTORS BENSON, FIGUERS, GAMBS, GREEN, NARUM, PALMER

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

I certify that the foregoing is a correct copy of a Resolution adopted by the Board of Directors of Zone 7 of the Alameda County Flood Control and Water Conservation District on June 11, 2024.

By: Sandy Figuers
President, Board of Directors



Exhibit A - FY 2024-25 and FY 2025-26 Proposed Budget – Summary of Budget by Account Classification

The schedules below summarize the proposed budget by fund and account classification. The schedules include revenue, expenses and projected reserve balances at fiscal year-end. The fund schedules are grouped by type of fund.

	Fund 100	Fund 110	Fund 120	Fund 130	Fund 200	Fund 210	Total
FY 2024-25 Estimated Beginning Fund Balance	\$32,050,000	\$51,731,000	\$34,914,000	\$66,651,000	\$23,830,000	\$78,092,000	\$287,268,000
Revenue							
Water Sales and Service	67,393,000	2,773,000					70,166,000
Property Taxes		22,201,000			12,573,000		34,774,000
Connection/Development Fees				10,000,000		1,500,000	11,500,000
Investment Earnings	479,000	1,292,000	1,378,000	1,669,000	595,000	1,952,000	7,365,000
Grants			16,958,000		94,000		17,052,000
Other Revenue	313,000	3,675,000	452,000	3,450,000	236,000	25,000	8,151,000
Capital Funding			16,912,000				16,912,000
Total Revenue	\$68,185,000	\$29,941,000	\$35,700,000	\$15,119,000	\$13,498,000	\$3,477,000	\$165,920,000
Expenses							
Personnel	20,255,000		2,118,000	379,000	3,133,000	147,000	26,032,000
Professional Services	4,216,000	16,000	29,000	50,000	3,264,000	1,183,000	8,758,000
County Services	1,133,000				110,000		1,243,000
Insurance Services	850,000						850,000
Legal Services	455,000			200,000			655,000
Water	5,952,000	28,696,000		16,790,000			51,438,000
Delta Conveyance Project	3,300,000						3,300,000
Chemicals	4,000,000						4,000,000
Utilities	2,308,000						2,308,000
Telecommunications	251,000				6,000		257,000
Maintenance Services	2,533,000				16,224,000		18,757,000
Rental Services	556,000				88,000		644,000
Office Supplies and Other Services	739,000				717,000		1,456,000
Organizational Memberships and Support	442,000				88,000		530,000
Los Vaqueros Expansion Project				85,000			85,000
Sites Reservoir Project				450,000			450,000
Training and Travel	199,000				27,000		226,000
Water Conservation Program	158,000						158,000
Capital Projects			11,144,000	1,983,000		500,000	13,627,000
Equipment					35,000		35,000
Debt Service	4,976,000			1,092,000			6,068,000
<i>Subtotal (before capital funding)</i>	<i>52,323,000</i>	<i>28,712,000</i>	<i>13,291,000</i>	<i>21,029,000</i>	<i>23,692,000</i>	<i>1,830,000</i>	<i>140,877,000</i>
Capital Funding	17,118,000				16,000		17,134,000
Total Expenses	69,441,000	28,712,000	13,291,000	21,029,000	23,708,000	1,830,000	158,011,000
Operating Impact	(1,256,000)	1,229,000	22,409,000	(5,910,000)	(10,210,000)	1,647,000	7,909,000
FY 2024-25 Estimated Ending Fund Balance	\$30,794,000	\$52,960,000	\$57,323,000	\$60,741,000	\$13,620,000	\$79,739,000	\$295,177,000
Reserves							
Operating	12,902,000	52,960,000			11,854,000		77,716,000
Debt Rate Stabilization			6,300,000	2,300,000			8,600,000
Emergency	8,381,000						8,381,000
Reserve for Economic Uncertainties	5,298,000						5,298,000
Section 115 Trust	1,920,000		57,000	19,000	206,000		2,202,000
SBA Enlargement				21,000,000			21,000,000
Future Contractor's Share of SBA				8,170,000			8,170,000
Capital Projects			50,966,000	29,252,000	1,560,000	79,739,000	161,517,000
Unallocated Fund Balance	2,293,000						2,293,000
Total Reserves	30,794,000	\$52,960,000	\$57,323,000	\$60,741,000	\$13,620,000	\$79,739,000	\$295,177,000



	Fund 100	Fund 110	Fund 120	Fund 130	Fund 200	Fund 210	Total
FY 2025-26 Estimated Beginning Fund Balance	\$30,794,000	\$52,960,000	\$57,323,000	\$60,741,000	\$13,620,000	\$79,739,000	\$295,177,000
Revenue							
Water Sales and Service	71,268,000	2,995,000					74,263,000
Property Taxes		22,201,000			13,077,000		35,278,000
Connection/Development Fees				10,000,000		1,500,000	11,500,000
Investment Earnings	454,000	784,000	812,000	835,000	180,000	1,187,000	4,252,000
Grants	130,000				2,465,000		2,595,000
Other Revenue	313,000	3,675,000	2,000	3,000,000	236,000	25,000	7,251,000
Capital Funding			17,398,000				17,398,000
Total Revenue	\$72,165,000	\$29,655,000	\$18,212,000	\$13,835,000	\$15,958,000	\$2,712,000	\$152,537,000
Expenses							
Personnel	21,005,000		2,194,000	393,000	3,208,000	152,000	26,952,000
Professional Services	3,589,000	16,000	29,000	50,000	3,175,000	1,131,000	7,990,000
County Services	1,936,000				110,000		2,046,000
Insurance Services	900,000						900,000
Legal Services	455,000			200,000			655,000
Water	7,273,000	31,236,000		17,400,000			55,909,000
Delta Conveyance Project	3,300,000						3,300,000
Chemicals	4,000,000						4,000,000
Utilities	2,428,000						2,428,000
Telecommunications	238,000				6,000		244,000
Maintenance Services	2,484,000				11,920,000		14,404,000
Rental Services	546,000				45,000		591,000
Office Supplies and Other Services	595,000				797,000		1,392,000
Organizational Memberships and Support	424,000				91,000		515,000
Los Vaqueros Expansion Project	320,000			170,000			490,000
Sites Reservoir Project				1,000,000			1,000,000
Training and Travel	197,000				27,000		224,000
Water Conservation Program	158,000						158,000
Capital Projects			22,664,000	2,764,000		500,000	25,928,000
Equipment					35,000		35,000
Debt Service	4,976,000			1,100,000			6,076,000
<i>Subtotal (before capital funding)</i>	<i>54,824,000</i>	<i>31,252,000</i>	<i>24,887,000</i>	<i>23,077,000</i>	<i>19,414,000</i>	<i>1,783,000</i>	<i>155,237,000</i>
Capital Funding	17,618,000				16,000		17,634,000
Total Expenses	72,442,000	31,252,000	24,887,000	23,077,000	19,430,000	1,783,000	172,871,000
Operating Impact (Revenue-Expenses)	(277,000)	(1,597,000)	(6,675,000)	(9,242,000)	(3,472,000)	929,000	(20,334,000)
FY 2025-26 Estimated Ending Fund Balance	\$30,517,000	\$51,363,000	\$50,648,000	\$51,499,000	\$10,148,000	\$80,668,000	\$274,843,000
Reserves							
Operating	13,518,000	51,363,000			9,715,000		74,596,000
Debt Rate Stabilization			6,300,000	2,300,000			8,600,000
Emergency	8,465,000						8,465,000
Reserve for Economic Uncertainties	5,611,000						5,611,000
Section 115 Trust	2,047,000		66,000	22,000	217,000		2,352,000
SBA Enlargement				22,590,000			22,590,000
Future Contractor's Share of SBA				8,950,000			8,950,000
Capital Projects			44,282,000	17,637,000	216,000	80,668,000	142,803,000
Unallocated Fund Balance	876,000						876,000
Total Reserves	\$30,517,000	\$51,363,000	\$50,648,000	\$51,499,000	\$10,148,000	\$80,668,000	\$274,843,000



Exhibit B - FY 2024-25 and FY 2025-26 Proposed Capital Projects Listing

Fund 120 - Water Renewal / Replacement and System-wide Improvements Capital Projects Listing

Project Listing	FY 2024-25 Proposed Budget	FY 2025-26 Proposed Budget
Asset Management Program Management	-	110,000
Capital Improvement Program Management	392,000	160,000
Chain of Lakes Conveyance System	600,000	1,760,000
CMMS Support (NEW)	475,000	1,125,000
Contingency	750,000	750,000
DVWTP and PPWTP HVAC Replacement	625,000	1,166,000
Energy Master Plan Priority Projects	-	110,000
Hopyard Pipeline Corrosion Protection Improvement Project	110,000	477,000
Laboratory Equipment Replacement	110,000	170,000
Maintenance Yard and Building Storage Study (NEW)	188,000	-
Maintenance Yard and Building (NEW)	-	400,000
MGDP and Mocho Wellfield PFAS Compliance Conceptual Design (NEW)	300,000	-
MGDP RO Membrane Replacement	-	250,000
Minor Renewal/Replacement Projects	800,000	840,000
Mocho Wellfield PFAS Treatment Facility Project	2,291,000	7,347,000
Monitoring Well Replacements & Abandonments (NEW)	206,000	-
North Canyons Renewal/Replacement and Improvements	50,000	50,000
North Canyons/Parkside EV Charges	50,000	-
On-call Design and Construction Services	825,000	850,000
PPWTP Improvements and Replacements	2,300,000	3,926,000
PPWTP Sludge Handling Rehabilitation	850,000	-
Production Well Pump Replacement Project	-	430,000
Regional Project Feasibility Study (NEW)	900,000	-
SCADA Upgrades and Replacements	850,000	340,000
Silver Oaks Pump Station Replacement	400,000	3,333,000
System-Wide Installation of Line Valves	-	110,000
Wells & MGDP Electrical Upgrades/Replacement Project - Phase 2	190,000	1,154,000
Total¹	13,262,000	24,858,000

¹Fund total does not include \$29K each year for professional services.

The adopted FY 2024-25 Five-Year Water System Capital Improvement Plan was reviewed as part of the budget process. The proposed adjustments are summarized below.

Fund 120 – Capital Project Descriptions (Newly Proposed)

Computerized Maintenance Management System (CMMS) Support - \$1.6M

In FY 2024-25, the Agency will implement a new CMMS system. The new CMMS system will need continued support to ensure the project is successfully implemented and sustained. Successful implementation of the new CMMS will lower reactive maintenance and increase asset uptime, reliability, and safety, extending the useful life of Zone 7 assets.

Maintenance Yard and Building Storage Study - \$188K

The Maintenance Yard and Building Project is in the CIP to begin design in FY 2026-27 and be completed by FY 2027-28. This study will inform the design for that project.



Maintenance Yard and Building Storage Building - \$400K

Project is currently in the CIP to begin design in FY 2026-27. The anticipated scope of this project includes design and construction of additional facilities to provide additional equipment storage areas, maintenance work areas, and office space for Maintenance staff. Bringing some of the design budget to FY 2025-26 allows for 10% design, including developing the 10% design level cost estimate, to proceed immediately following the study, based on the study's recommendations.

MGBP and Mocho Wellfield PFAS Compliance Conceptual Design - \$300K

This study will evaluate PFAS treatment options for the Mocho wellfield and identify near-term modifications that can be implemented to reduce loss of the Mocho wellfield capacity should the treatment facility not be online by the compliance date.

Monitoring Well Replacements & Abandonments - \$206K

This project involves removing a well currently located in a busy turn lane on Bollinger Canyon Road and drilling a replacement well near Iron Horse trail. In addition, modifications to several existing monitoring wells will be made to install telemetry equipment and replace some well housings.

Regional Project Feasibility Study - \$900K

This study is to evaluate the feasibility of developing new municipal groundwater wells in the Bernal subbasin jointly with the City of Pleasanton. The study will be cost-shared 50/50 between the City of Pleasanton and Zone 7. If the study finds that it's feasible to construct new wells to pump the City's groundwater production quota and additional capacity for Zone 7, a regional groundwater project will be developed. This project will include installing new wells, constructing pipelines, and upgrading Hopyard treatment facilities. This project is split 50/50 with Fund 130 – Water Enterprise Capital Expansion.

Fund 120 – Capital Project Descriptions (Proposed Schedule/Budget Adjustment)**Asset Management Program Management- \$110K**

This project includes ongoing program management of the Asset Management Program. Activities include facilitating condition assessments, maintaining the asset database, regular updates of the Asset Management Program, and other ongoing implementation tasks. The budget in FY 2024-25 has been reallocated to the Capital Improvement Program Management Project to complete the 10-Year Capital Improvement and Asset Management Plan Update. The proposed adjustment will decrease the proposed capital budget by \$90K.

Capital Improvement Program Update - \$552K

This project includes ongoing program management of the Capital Improvement Program including annual report preparation, Zone 7 labor, and other Capital Improvement Program related efforts. The budget is proposed to increase in FY 2024-25 because of the consolidation of the Asset Management Program budget and staff labor. The proposed adjustment will increase the proposed capital budget by \$352K.

Chain of Lakes Facilities Improvements – Water Supply - \$0

This project has been removed as projects are yet to be defined. This proposed adjustment will decrease the proposed capital budget by \$230K.

DVWTP and PPWTP HVAC Replacement - \$1.8M

This project will replace key equipment including but not limited to boilers and appurtenances, air handling units and exhaust fans, air cooled chiller for the Laboratory Building, associated system control and pressure valves, switches, appurtenances, etc., and digital control systems for the HVAC. The design phase was accelerated to expedite the replacements as a single project. Staff estimates two low demand periods will be needed to complete the HVAC replacements. Therefore, the construction schedule has been extended an additional year and the proposed adjustment will decrease the proposed capital budget by \$934K.

DVWTP Sewer Line Connection and Access Road Modifications -\$0

The project is proposed to be deferred as there is no imminent extension of sewer connection in the vicinity. The project implementation schedule is dependent on the schedule of private development that involves sewer extension. The proposed adjustment will decrease the proposed capital budget by \$240K.



Energy Master Plan Priority Projects - \$110K

The Energy Master Plan is currently in development. This project has been deferred one year as priority projects will be identified through the completion of the Energy Master Plan. The proposed adjustment will decrease the proposed capital budget by \$390K.

MGBP HVAC System Replacement - \$0

The project is proposed to be deferred one year to allocate resources to the DVWTP and PPWTP HVAC replacements as those replacements are a higher priority based on current conditions. The proposed adjustment will decrease the proposed capital budget by \$450K.

MGBP RO Membrane Replacement - \$250K

The membranes are in good condition and have a few years of remaining useful life. A replacement schedule will be reassessed annually based on the performance of the membranes. The proposed adjustment will decrease the proposed capital budget by \$1.66M.

Mocho Wellfield PFAS Treatment Facility - \$9.6M

The project design and construction schedule has been revised from two years to four based on the addition of the MGBP and Mocho Wellfield PFAS Compliance Conceptual Design study. This proposed adjustment will decrease the proposed capital budget by \$23M.

North Canyons/Parkside EV Chargers - \$50K

The EV charger project is ongoing. The additional budget in FY 2024-25 is needed to complete the project. The proposed adjustment will increase the proposed capital budget by \$50K.

PPWTP Improvements and Replacements - \$6.2M

This project consolidates existing PPWTP renewal/replacement projects and addresses modifications for operational and maintenance needs, safety, and regulatory compliance. Partial construction costs have been accelerated one year to address high priority replacements. The construction phase has been extended by one year. The proposed adjustments will decrease the proposed capital budget by \$3.1M.

PPWTP Sludge Handling Rehabilitation - \$890K

This project consists of the rehabilitation of four sludge drying beds. The rehabilitation consists of replacing the media, underdrain system, and inlet valves. The budget has been increased for additional staff labor. This proposed adjustment will increase the proposed capital budget by \$260K.

Production Well Pump Replacement Project - \$430K

This project is budgeted annually to replace production wells identified as needing critical and immediate repairs. The budget has been removed in FY 2024-25 as no wells have been identified for replacement next year. The proposed adjustment will decrease the proposed capital budget by \$400K.

Silver Oaks Pump Station Replacement - \$3.7M

This project consists of replacement of the existing pump station in total, including land acquisition, rebuilding the pump station, and constructing a standard block building structure. The budget for the land acquisition has been deferred one year to allow proper time to complete the acquisition. The proposed adjustment will increase the proposed capital budget by \$103K.

System-Wide Installation of Line Valves - \$110K

This project has been deferred to FY 2025-26 as no specific valve installation has been identified for FY 2024-25. This proposed adjustment will not affect the proposed capital budget.

Wells & MGBP Electrical Upgrades/Replacement Project - Phase 2 (Formally named Mocho 3 and 4 Switchgear Replacement Project) - \$1.3M

This project has been identified as phase 2 and accelerated one year for the project to be eligible for a possible grant. The proposed adjustment will increase the proposed capital budget by \$954K.

Fund 120 – Capital Project Descriptions (No Proposed Adjustments)



Chain of Lakes Conveyance System - \$2.4M

This project consists of a new multi-purpose 36-in conveyance pipeline and 12-MGD pump station connecting DVWTP/SBA with Lakes H/I/Cope. Active gravel mining operations may continue until 2060, delaying completion of the Chain of Lakes (COLs) by 30 years beyond the previous planning horizon. This means that previously planned groundwater recharge, local water right perfection, and other key water management strategies (e.g., to reduce salt loading) are also potentially delayed because they are tied to the COLs. Zone 7 is therefore planning to construct this project to allow Zone 7 to proceed with planned and potential uses of the COLs regardless of when the remaining projects are turned over to Zone 7.

Laboratory Equipment - \$280K

Replacement of various monitoring and analytical laboratory equipment and components in the water quality laboratory. This equipment includes gas chromatography/mass spectrometry (GC/MS) instruments, total organic carbon (TOC) analyzer, cyanotoxin analyzer, ion chromatography (IC) instruments, and turbidimeters.

Minor Renewal/Replacement Projects - \$1.6M

As needed replacement and repair of water system assets which individually are not large enough to implement as a capital project. In the past, this project has included emergency pipeline repair leaks on the Hopyard and Cross Valley pipelines, pump replacements at the various pump stations in the distribution system, and a line valve replacement.

North Canyons Renewal/Replacement Project - \$100K

This project includes small repairs/improvement projects, including but not limited to phone system replacements, audio-visual system improvements, roof repairs and other building repairs as needed.

On-Call Design and Construction Services - \$1.7M

This project provides funding for on-call as-needed contracts for unforeseen and unplanned repairs for replacement and rehabilitation of existing water system infrastructure.

SCADA Upgrades and Replacements - \$1.2M

There is an ongoing need for reprogramming, installation of additional devices, and upgrading of the existing devices to continue to provide a reliable SCADA system for the plants and transmission system operation. The SCADA system will also require major software and hardware upgrades about every five years.

Fund 130 - Water Enterprise Capital Expansion Capital Projects Listing

Project Listing	FY 2024-25 Proposed Budget	FY 2025-26 Proposed Budget
Capital Improvement Program Management	100,000	160,000
Cawelo Groundwater Banking Program Debt Service	1,092,000	1,100,000
Chain of Lakes Conveyance System	460,000	1,560,000
City Reach Pipeline Mitigation Planning	-	410,000
Contingency	500,000	500,000
Fourth Contractor's Share of South Bay Aqueduct - Payment to DWR	3,000,000	3,000,000
Groundwater Contaminant Mobilization Follow-up Study (NEW)	100,000	-
Los Vaqueros Reservoir Expansion	85,000	170,000
North Canyons Renewal/Replacement and Improvements	2,000	2,000
Regional Project Feasibility Study (NEW)	900,000	-
Sites Reservoir	450,000	1,000,000
South Bay Aqueduct Enlargement Project - Payment to DWR	13,790,000	14,400,000
Well Master Plan (NEW)	300,000	525,000
Total¹	20,779,000	22,827,000

¹Fund total does not include \$250K each year for professional and legal services.

The adopted FY 2024-25 Five-Year Water System Capital Improvement Plan was reviewed as part of the budget process. The proposed adjustments are summarized below.

Fund 130 – Newly Proposed Capital Project Descriptions

Groundwater Contaminant Mobilization Follow-up Study - \$100K

The Desktop Groundwater Contaminant Mobilization Follow-up Study will advance the Agency's investigation of potable reuse as a potential new water supply. Additionally, this study will also support the Agency in understanding and characterizing the Livermore Valley Groundwater Basin. This study may include work such as additional reactive transport modeling based on the Agency's updated groundwater model, groundwater sampling, bench testing, and field testing.

Regional Project Feasibility Study - \$900K

This study is to evaluate the feasibility of developing new municipal groundwater wells in the Bernal subbasin jointly with the City of Pleasanton. The study will be cost-shared 50/50 between the City of Pleasanton and Zone 7. If the study finds that it's feasible to construct new wells to pump the City's groundwater production quota (GPQ) and additional capacity for Zone 7, a regional groundwater project will be developed. This project will include installing new wells, constructing pipelines, and upgrading Hopyard treatment facilities. This project is split 50/50 with Fund 120 – Water Renewal/Replacement and System-wide Improvements.

Well Master Plan - \$825K

This effort was originally budgeted in FY 2023-24. However, no proposals were received from the request for proposal process. This effort has been budgeted in FY 2024-25 and FY 2025-26 to reflect the newly anticipated schedule.

Fund 130 – Capital Project Descriptions (Proposed Schedule/Budget Adjustment)

Capital Improvement Program Management - \$260K

Ongoing program management of the Capital Improvement Program including annual report preparation, Zone 7 labor, and other Capital Improvement Program related efforts. The budget is proposed to increase in FY 2024-25 because of an increase to staff labor. The proposed adjustment will increase the proposed capital budget by \$60K.

Chain of Lakes Facilities Improvements – Water Supply - \$0



This project has been removed as projects are yet to be defined. This proposed adjustment will decrease the proposed capital budget by \$510K.

City Reach Pipeline Mitigation Planning – \$410K

The mitigation need is for the City Reach of Altamont Pipeline. This limited mitigation need can be fulfilled by purchasing mitigation credits at a suitable mitigation bank or by developing a Zone 7 mitigation project. The project requires additional time to secure regulatory concurrence, identify an approved alternative mitigation approach, and complete administrative permitting work. This proposed adjustment will not affect the proposed capital budget.

El Charro Pipeline Phase 2 - \$0

This project includes planning, land/easement acquisition, design, and construction of a pipeline that loops the transmission system in the vicinity of the Chain of Lakes wells. The project is contemplated to occur in parallel with the Chain of Lakes Conveyance System project. Deferring the project for one year allows more time to develop the Chain of Lakes Conveyance System Project schedule. The proposed adjustment will decrease the proposed capital budget by \$2.5M.

Los Vaqueros Reservoir Expansion Project - \$255K

This proposed project will expand the existing Los Vaqueros Reservoir by an additional 115,000 acre-feet of storage capacity and construct the Transfer-Bethany Pipeline and other supporting facilities. The reservoir is owned by Contra Costa Water District and is located in Contra Costa County. The project will use existing infrastructure to divert water from the Delta and Sacramento River. Diverted water may also be directly delivered to project participants. Zone 7 has been participating in the project planning phase for a storage allocation of up to 10,000 acre-feet. The project budget is proposed to increase for increased staff time and the anticipation of the project securing funding by February 2025. This proposed adjustment will increase the proposed capital budget by \$125K.

PPWTP Centrifuge Facility - \$0

This project can be postponed because of improvements planned to the PPWTP sludge handling rehab. Postponing this project allows resources to be allocated to other priorities. This proposed adjustment will decrease the proposed capital budget by \$5.5M.

Agency Overview



The Agency is a dependent special district established under the Alameda County Flood Control and Water Conservation District Act (the “District Act”). The District Act (Act 20 of the Uncodified Acts of the California Water Code) was passed by the state Legislature in 1949. The Agency was established by a vote of the residents of the Livermore-Amador Valley (the “Livermore Valley”) area in 1957, with its own independently-elected board to provide local control of integrated water resources. The Agency is responsible for providing wholesale treated (drinking) and untreated (agricultural irrigation) water, flood control, and groundwater management throughout eastern Alameda County.

The Agency has broad powers to finance, construct, and operate a system for the transportation, storage, treatment, and distribution of water. The Agency is also authorized to levy replenishment assessments upon the production of groundwater from all water-producing facilities, whether public or private, within the Agency’s service area.

In 2003, the Legislature passed Assembly Bill 1125 granting the Agency Board full authority and autonomy to govern matters solely affecting the Agency independently of the Alameda County Board of Supervisors. The Alameda County Board of Supervisors, acting as the Board of Supervisors of the Alameda County Flood Control and Water Conservation District (the “District”), governs the other nine zones of the District. The other zones are operationally and financially independent of the Agency.

Mission and Vision

The Agency's Vision Statement reflects a legacy of service and establishes a high bar for continuing to provide this service. The Vision Statement represents the aspirations of the Agency as follows:

"Provide excellent water and flood protection services to enhance the quality of life, economic vitality, and environmental health of the communities we serve."

The Agency has established the following Mission Statement to guide decision-making on behalf of the customers and communities we serve:

"Deliver safe, reliable, efficient, and sustainable water and flood protection services."



Values



"Our shared values guide all our actions." - Valerie Pryor, General Manager

- **Integrity:** We maintain the highest ethical standards and open, honest communications.
- **Customer Service:** We are prompt, respectful, and courteous in all our interactions.
- **Safety:** We are committed to public and employee safety.
- **Transparency:** We operate in an open and transparent fashion.
- **Innovation:** We encourage innovation, creativity, and ingenuity.
- **Collaboration:** We embrace collaboration to enhance our services.
- **Fiscal Responsibility:** We operate in a productive, cost-effective, and efficient manner.
- **Environmental Sensitivity:** We deliver our services in an environmentally sensitive manner.
- **Leadership and Service:** We maintain a diverse team of highly skilled professionals devoted to honest, humble, courteous, and accountable stewardship of our resources.
- **Proactivity:** We proactively address issues and embrace continuous improvement.

Board of Directors



Sands Figuers, President
Board Member since 2008
Term Expires June 30, 2028



Dennis Gambs, Vice-President
Board Member since 2018
Term Expires June 30, 2026



Dawn Benson
Board Member since 2022
Term Expires June 30, 2026



Laurene Green
Board Member since 2020
Term Expires June 30, 2028



Kathy Narum

Board Member since 2023
Term Expires June 30, 2028



Sarah Palmer

Board Member since 2006
Term Expires June 30, 2026



Angela Ramirez Holmes

Board Member since 2012
Term Expires June 30, 2024

Executive Management Team

Valerie Pryor, General Manager

Osborn Solitei, Treasurer/Assistant General Manager - Finance

Chris Hentz, Assistant General Manager - Engineering and Operations

Zone 7 Service Area



Zone 7 supplies treated drinking water to retailers serving over a quarter million people in the Tri-Valley area including the cities of Pleasanton, Livermore, Dublin and, through special agreement with the Dublin San Ramon Services District, to the Dougherty Valley area. Additionally, the Agency supplies untreated water directly to agricultural businesses for irrigation of 3,500 acres, primarily to the South Livermore Valley vineyards.

The Agency also maintains 37 miles of local flood-protection channels, about a third of all the Valley's channels and creeks. The remaining channels are either owned privately or by other public agencies responsible for repairs and maintenance.



Major Customers

The Agency directly supplies wholesale treated water to the cities of Pleasanton and Livermore, California Water Service Company (Cal Water), and the Dublin San Ramon Services District (DSRSD) (the "Retailers"), serving over a quarter million people in the Tri-Valley area.



Dublin San Ramon
Services District
Water, wastewater, recycled water

Description of Agency's Retailers

City of Pleasanton

The City of Pleasanton carries a small-town ambiance with a metropolitan edge that contributed to its inclusion as the only Bay Area city on Money Magazine's 2010 list of America's 100 Best Small Cities. This city of 76,000 supports a thriving business community of more than 4,000 companies, from Fortune 500 to home-grown innovation firms. Pleasanton's highly educated population and workforce reflect the community values education and preeminent school system. Downtown Pleasanton is a charming historic destination with a mix of unique shops, services, and restaurants. The Agency delivers, on average, 10,500 AF annually to the City of Pleasanton.

Dublin San Ramon Services District (DSRSD)

DSRSD currently provides water, recycled water, and wastewater services to more than 100,000 residents in the City of Dublin, southern San Ramon, Dougherty Valley, and Pleasanton. The City of Dublin, located in the desirable Tri-Valley region, has emerged as an outstanding community for families. With a population of 72,000 residents, its known as the "New American Backyard", Dublin is an attractive destination for businesses and residents alike who want access to transportation (two major freeways and two BART stations), excellent schools, beautiful parks and public facilities, safe neighborhoods, and a wide variety of housing types. The Agency delivers, on average, 9,900 AF annually to DSRSD.

Cal Water

Cal Water is the largest investor-owned American water utility west of the Mississippi River and the third largest in the country. Cal Water's Livermore District was formed in 1927 with the purchase of the water system from Pacific Gas and Electric Company. Cal Water serves approximately 17,900 customer connections in the Agency's service area. The Agency delivers, on average, 6,300 AF annually to Cal Water.

City of Livermore

The City of Livermore, incorporated on April 1, 1876, is located on the southeasterly boundary of Alameda County near the intersection of Interstate 580 and Interstate 680 freeways. The City is a community that reflects an eclectic blend of science, arts, western culture, and award-winning wineries and breweries. The City's renowned reputation in science, technology, and innovation is showcased by the Lawrence Livermore and Sandia National Laboratories, and its regional i-GATE Innovation Hub and "Switch" facility. The San Francisco Premium Outlets and the vibrant downtown highlight a wide range of shopping, dining, and entertainment opportunities for Livermore's 85,000 residents and visitors. Livermore's diverse community amenities, business-friendly atmosphere, and strong public schools make it the perfect location for entrepreneurs and businesses of all sizes, including new arrivals Tesla Motors and the Gillig Bus Company. The Agency delivers, on average, 5,800 AF annually to the City of Livermore.

Agency's Water Supply



Zone 7's water supply has two major components:

1. Imported water supplies - available through the State Water Project via the South Bay Aqueduct, and
2. Local water rights.

Imported water supplies consist of annually allocated State Water Project water, water transfers with other State Water Project contractors, and Zone 7 carryover from previous State Water Project allocations. Local surface water runoff is captured in Lake Del Valle, which is owned and operated by the California Department of Water Resources (DWR). In wet years, excess water is recharged in the local groundwater basin, "banked" in Kern County, and/or carried over and stored in State Water Project facilities. The Agency saves this stored water for dry years.

Three of Zone 7's Retailers - DSRSD, the City of Livermore, and the City of Pleasanton also produce and/or distribute recycled water to their service areas. The City of Pleasanton and Cal Water also pump groundwater directly and DSRSD has a contract with Zone 7 to pump groundwater on its behalf.

To optimize use of its local resources, Zone 7 sustainably manages the Livermore Valley Groundwater Basin.

Two long-term water banking agreements with agencies in Kern County (Semitropic Water Storage District and Cawelo Water District) provide additional flexibility in managing fluctuations in water supplies.

State Water Project

State Water Project (SWP) Background

Purchased water from the California State Water Project, the nation's largest publicly-built water storage and conveyance system serving over 25 million people throughout California, is Zone 7's largest water source, providing about 70% of the treated water it supplies to its customers on an annual average basis.

DWR provides water supply from the State Water Project to twenty-nine State Water Project Contractors (Contractors), including Zone 7, in exchange for fixed payments associated with providing that supply. DWR entered into substantially uniform long-term water supply contracts (Contracts) in the 1960s, with initial 75-year terms, with each Contractor. In 2019, Zone 7 signed Amendment #26, extending its State Water Project Contract to 2085.

SWP Water Supply

SWP water originates within the Feather River watershed and is captured and released from Lake Oroville. The water flows through the Sacramento-San Joaquin Delta (Delta) before it's conveyed by the South Bay Aqueduct (SBA) and delivered to Zone 7. Much of the SWP water continues its journey to southern California via the California Aqueduct.

The SBA also delivers water to two other water agencies: Santa Clara Valley Water District and Alameda County Water District. Lake Del Valle is part of the SBA system and is used for storing SWP water for all three contractors, as well as local runoff for Zone 7 and Alameda County Water District.

Zone 7 uses SWP water to directly meet treated water demands from municipal and industrial customers, primarily wholesale and some direct retail, and untreated water demands from agricultural customers. In wet years, the SWP water is also used to artificially recharge the local groundwater basin and fill non-local storage in Kern County.



History of the Agency

Long before Zone 7 was established, critical issues of water supply, water quality, and flood protection shaped the Tri Valley's ability to prosper. During the first half of the 20th Century, a declining groundwater table and periods of drought had local farmers, vintners, and residents worried about their livelihoods, according to reports published in 1948.

The creation of Zone 7 Water Agency in 1957 established local control over water resource planning – an important factor in finding solutions to the Tri Valley's most pressing water supply, water quality, and flood-protection challenges.

The Creation of Alameda County Flood Control and Water Conservation District

The Alameda County Flood Control and Water Conservation District (District) was created in 1949 by the California State Legislature through passage of the Alameda County Flood Control and Water Conservation District Act (1949 ch 1275, Act 20 of the California Uncodified Water Code) (District Act) to provide control of flood and storm waters and to conserve water for beneficial uses. The District is also vested with the power to:

1. Store water in surface or underground reservoirs within or outside the District for the common benefit of the District;
2. Conserve and reclaim water for present and future use within the District;
3. Appropriate and acquire water and water rights; and
4. Import water into the District.

The District is further authorized by the District Act to prevent interference with or diminution of any stream, surface or subterranean supply of water used or useful for any purpose of the District, and to prevent contamination, pollution of the surface or subsurface water used or useful in the District. The District is also authorized to levy replenishment assessments upon the production of groundwater from all water-producing facilities, whether public or private, within the District.

The Creation of Zone 7 Water Agency

Zone 7 Water Agency was officially established on June 18, 1957, when local voters approved the creation of the Agency, which would be responsible for water resource management and flood protection in the area.

The Agency is governed by a locally elected seven-member Board. Each director is elected at-large to a four-year term. The Board sets policy and provides direction to management and staff.

In 2003, the legislature passed Assembly Bill 1125 and gave the Zone 7 Board full authority and autonomy to govern matters solely affecting Zone 7 independently of the Alameda County Board of Supervisors. The Alameda County Board of Supervisors, acting as the District Board of Supervisors, governs the other nine zones of the District.

Zone 7's key water resource management responsibilities include:

- Serve as the contractor with the Department of Water Resources for the State Water Project,
- Manage the local water right on Arroyo Valle,
- Procure other water supplies as necessary to meet demands,
- Provide wholesale treated water supply,
- Provide untreated irrigation water for agriculture,
- Sustainably manage the Livermore Valley Groundwater Basin,
- Act as watershed steward,
- Operate and maintain water treatment and transmission systems, and
- Manage regional stormwater for public safety and protection of property.

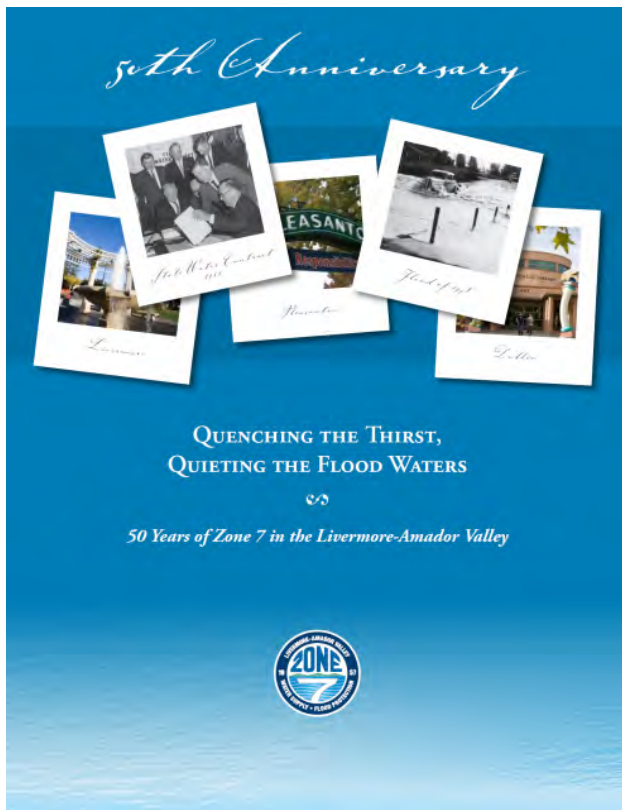


Historical Timeline of the Agency and the SWP

Early 1900's	Groundwater pumping, including export to San Francisco. Lowers the Livermore-Amador Valley's water table.
1949	State Legislature forms Alameda County Flood Control & Water Conservation District.
1957	Local voters approved creation of Zone 7 Water Agency to import SWP water, stop overdraft of groundwater, and prevent flooding in eastern Alameda County.
1960	Statewide voters approve bonds for the SWP with 82% of voters within Zone 7 approving \$5.7M in bonds for water supply and flood control.
1961	Zone 7 enters historic contract with the Department of Water Resources for water from the State Water Project delivered via the SBA.
1962	Delivery from the SWP begins. Zone 7 begins the artificial recharge program using SWP allocation.
1962-1968	Zone 7 signs water supply contracts with the retailers.
1965	Zone 7 signs first contracts for untreated water deliveries from the SBA to the vineyards.
2003	The California legislature passes Assembly Bill 1125 granting Zone 7 Board full authority and autonomy to govern matters solely affecting Zone 7 independently of the Alameda County Board of Supervisors.
2017	Zone 7 celebrates its 60th anniversary.
2019	Zone 7 Signs Amendment #26 with CA Department of Water Resources, SWP contract extension to 2085.

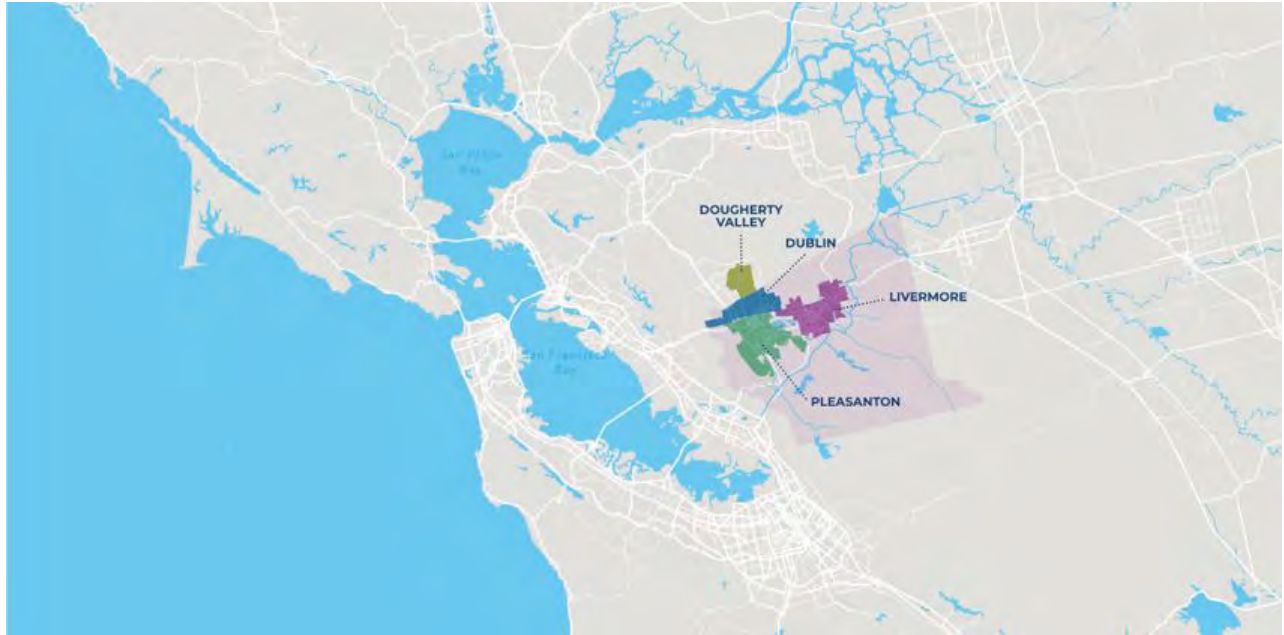
Celebrating decades of water quality, reliability and flood protection services to the Tri-Valley

The Agency's 50 and 60-year anniversary Look Books are available on the Agency's website.
www.zone7water.com/post/history



Alameda County Demographics

The Agency's service area is located in the Tri-Valley region of Alameda County, CA. The Agency's administrative office is located in the City of Livermore, County of Alameda. The City of Livermore was incorporated in 1876 and is one of California's oldest wine-growing regions.



Zone 7 Water Service Area within Larger Bay Area

The following demographic information is for Alameda County as a whole.

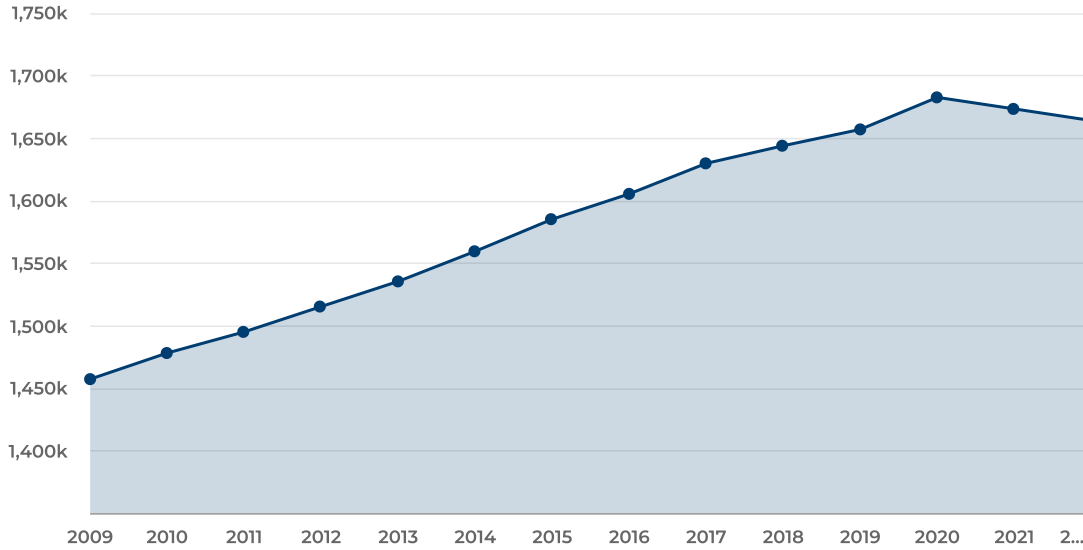
Population Overview



TOTAL POPULATION
1,663,823

▼ **.6%**
vs. 2021

GROWTH RANK
46 out of **62**
Counties in California



* Data Source: U.S. Census Bureau American Community Survey 5-year Data and the 2020, 2010, 2000, and 1990 Decennial Censuses

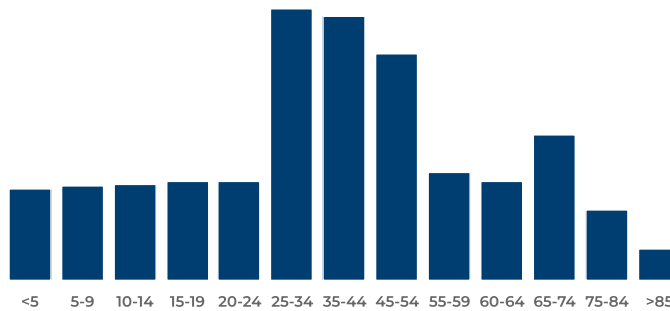


DAYTIME POPULATION
1,656,006

Daytime population represents the effect of persons coming into or leaving a community for work, entertainment, shopping, etc. during the typical workday. An increased daytime population puts greater demand on host community services which directly impacts operational costs.

* Data Source: American Community Survey 5-year estimates

POPULATION BY AGE GROUP



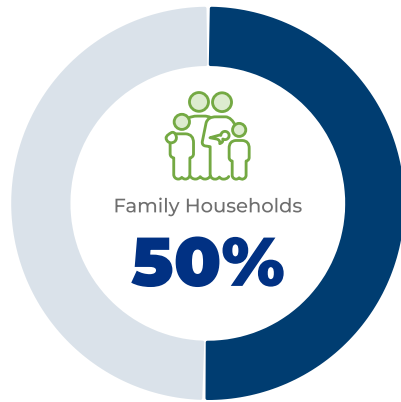
Aging affects the needs and lifestyle choices of residents. Municipalities must adjust and plan services accordingly.

* Data Source: American Community Survey 5-year estimates

Household Analysis

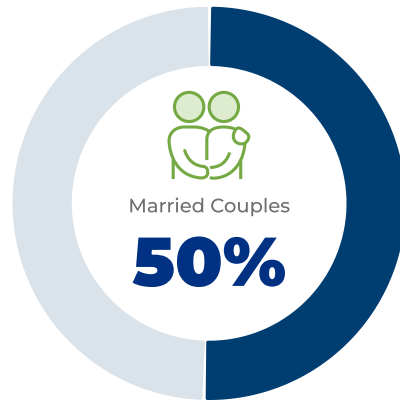
TOTAL HOUSEHOLDS
585,818

Municipalities must consider the dynamics of household types to plan for and provide services effectively. Household type also has a general correlation to income levels which affect the municipal tax base.



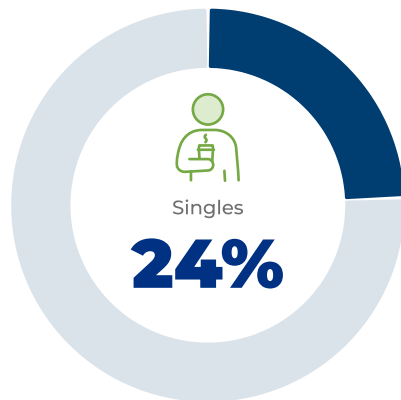
▲ 2%

higher than state average



▲ 1%

higher than state average



▲ 1%

higher than state average



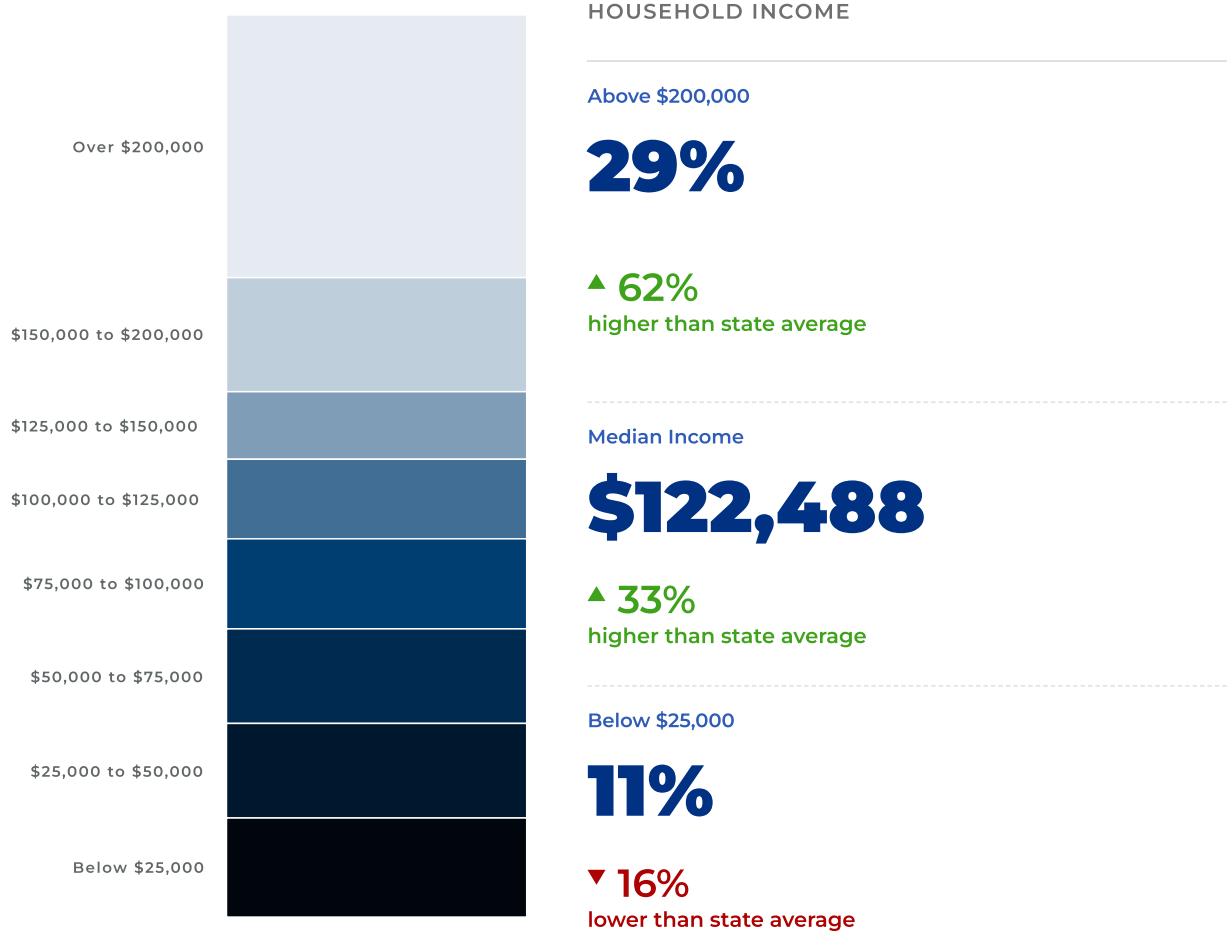
▲ 7%

higher than state average

** Data Source: American Community Survey 5-year estimates*

Economic Analysis

Household income is a key data point in evaluating a community's wealth and spending power. Pay levels and earnings typically vary by geographic regions and should be looked at in context of the overall cost of living.



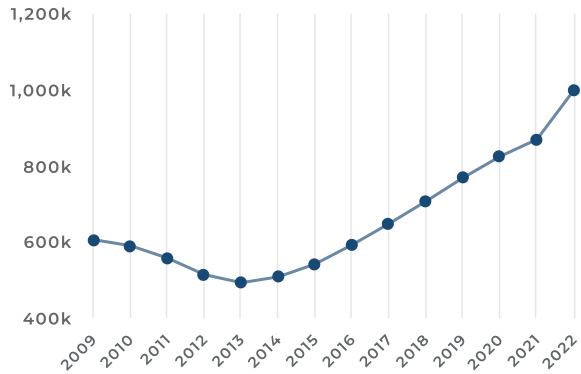
* Data Source: American Community Survey 5-year estimates



Housing Overview



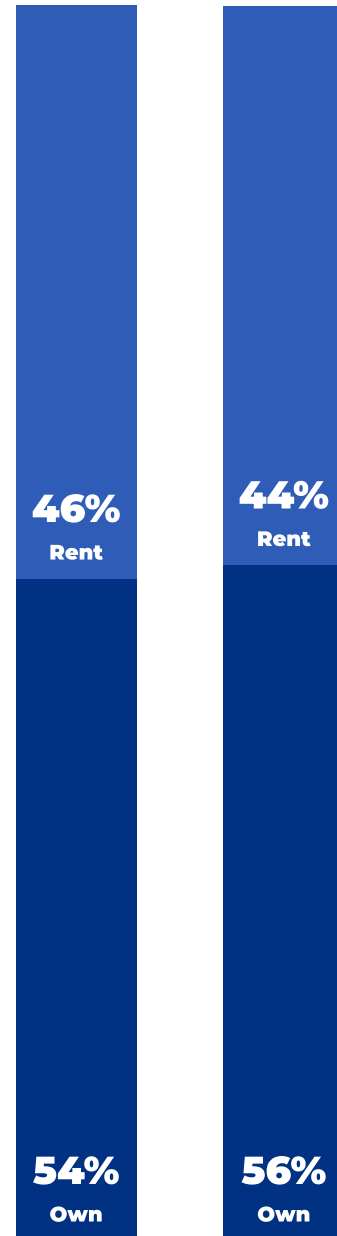
2022 MEDIAN HOME VALUE
\$999,200



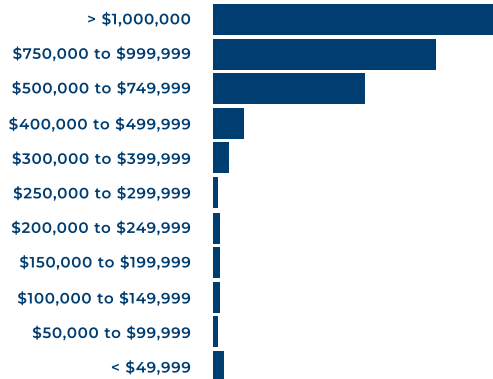
* Data Source: 2022 US Census Bureau (<http://www.census.gov/data/developers/data-sets.html>), American Community Survey. Home value data includes all types of owner-occupied housing.

HOME OWNERS VS RENTERS

Zone 7 Water Agency State Avg.



HOME VALUE DISTRIBUTION



* Data Source: 2022 US Census Bureau (<http://www.census.gov/data/developers/data-sets.html>), American Community Survey. Home value data includes all types of owner-occupied housing.

* Data Source: 2022 US Census Bureau (<http://www.census.gov/data/developers/data-sets.html>), American Community Survey. Home value data includes all types of owner-occupied housing.



Zone 7 Service Area Demographics

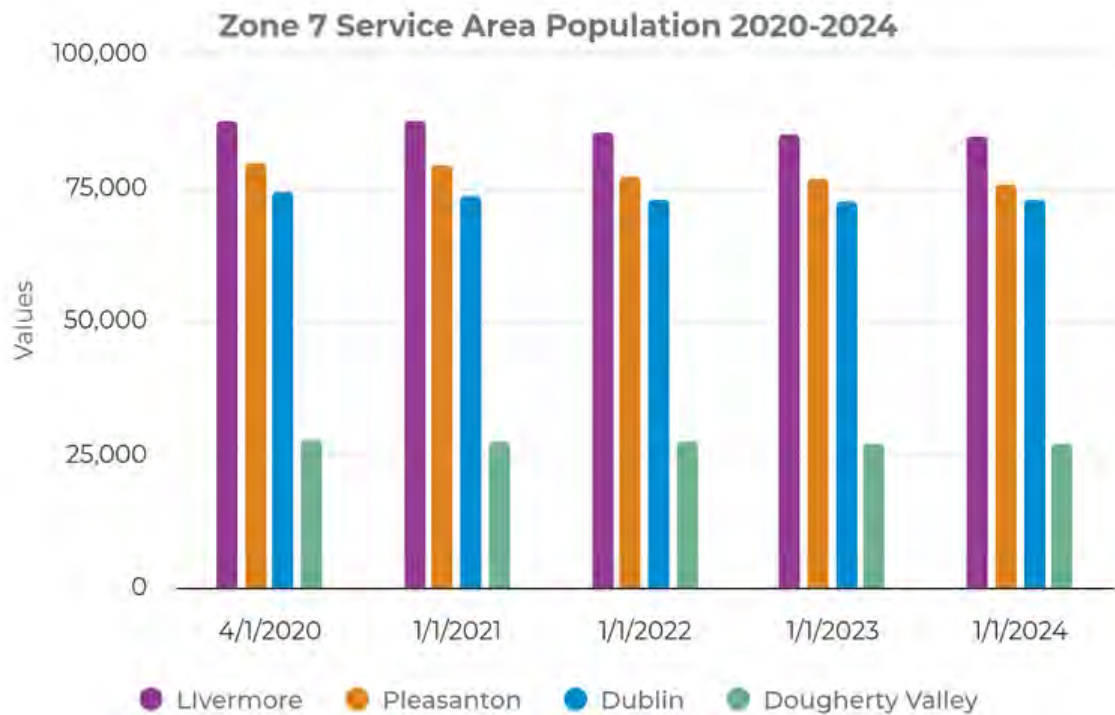
The following demographic information is specific to Zone 7's Service Area.

Local Economy

The Tri-Valley area is located 35 miles east of San Francisco, California and 28 miles north of Silicon Valley. The area features one of California's oldest wine regions, where major employers include national laboratories, vineyards and high-tech firms.

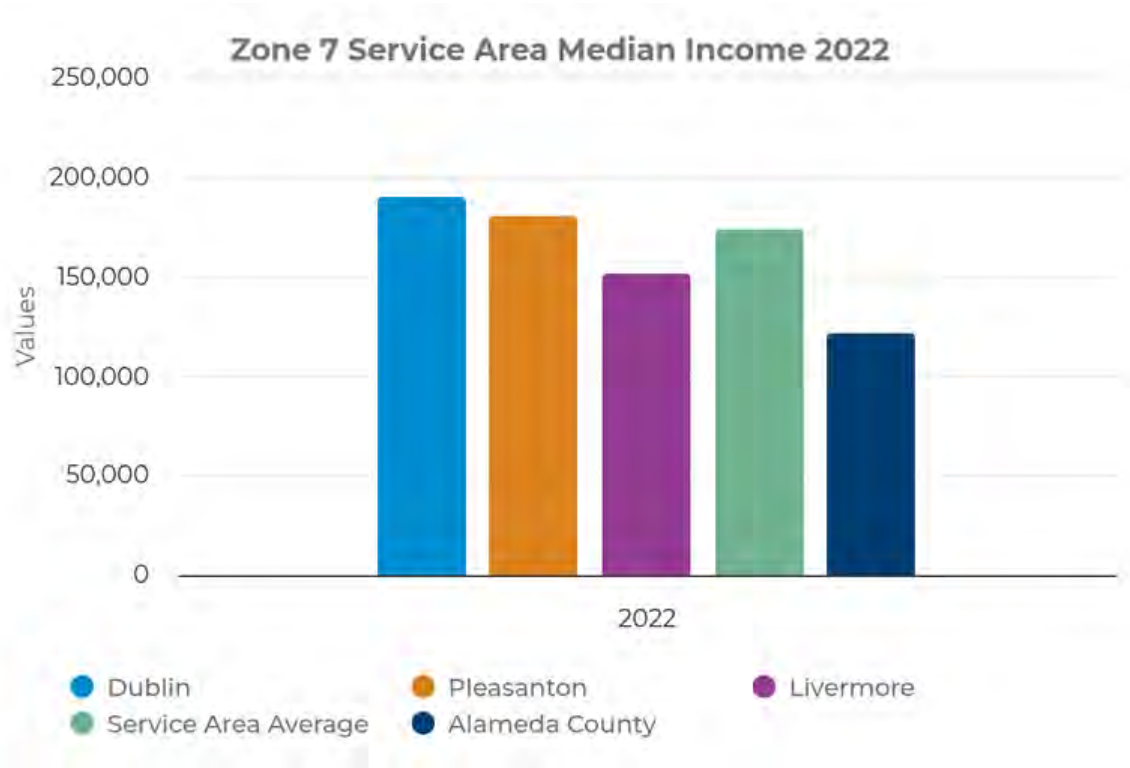
Population

Zone 7 Water Agency serves a combined population of approximately 261,000 residents. The cities of Dublin, Livermore, and Pleasanton continue to be among the fastest-growing areas in the Bay Area. However, since the onset of the COVID-19 pandemic in 2020, the service area, like most of California, experienced a population decrease with many residents relocating. The City of Livermore maintains the largest overall population in the area at approximately 85,000 residents. The City of Dublin has a population of approximately 73,000 and the City of Pleasanton's population is approximately 76,000 as of January 2024. The Agency also serves a population of approximately 27,000 people in the Dougherty Valley area of Contra Costa County.



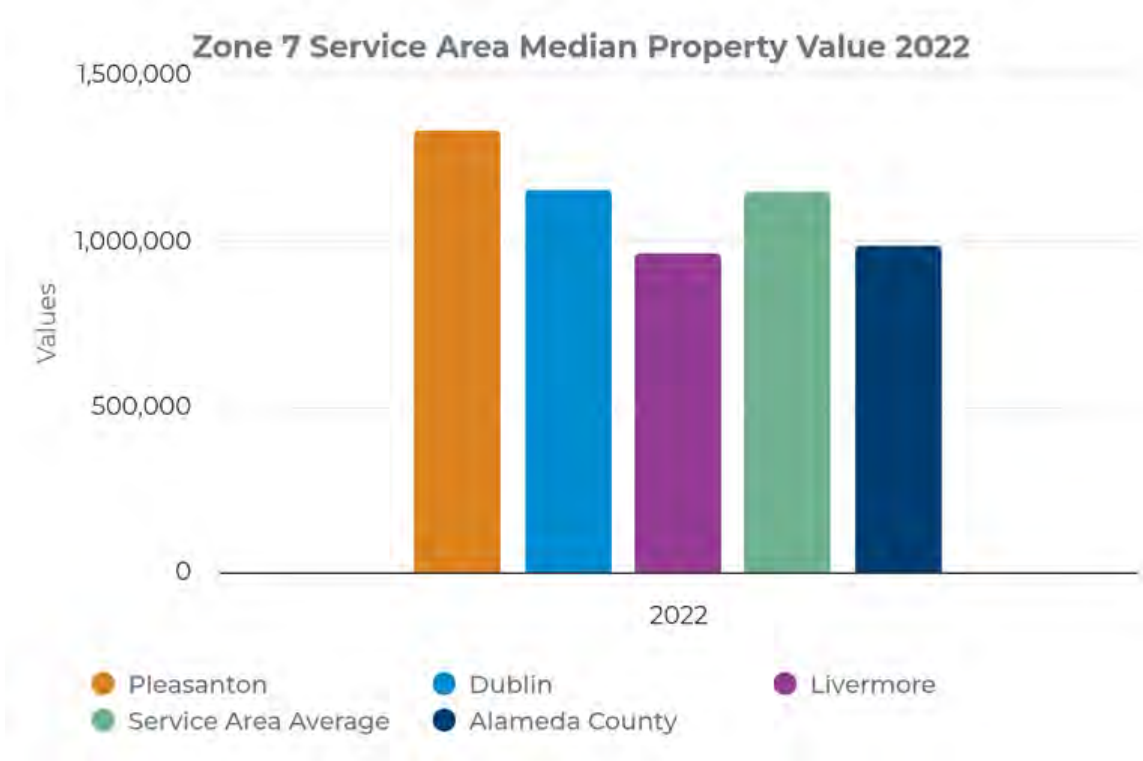
Household Income

Household income is a key data point in evaluating a community’s wealth and spending power. Pay levels and earnings typically vary by geographic regions and should be analyzed in the context of the overall cost of living. The City of Dublin has the highest median household income of \$191,000, followed by the City of Pleasanton at \$182,000 and City of Livermore at \$153,000. The average service area median household income 43% higher than the Alameda County average.

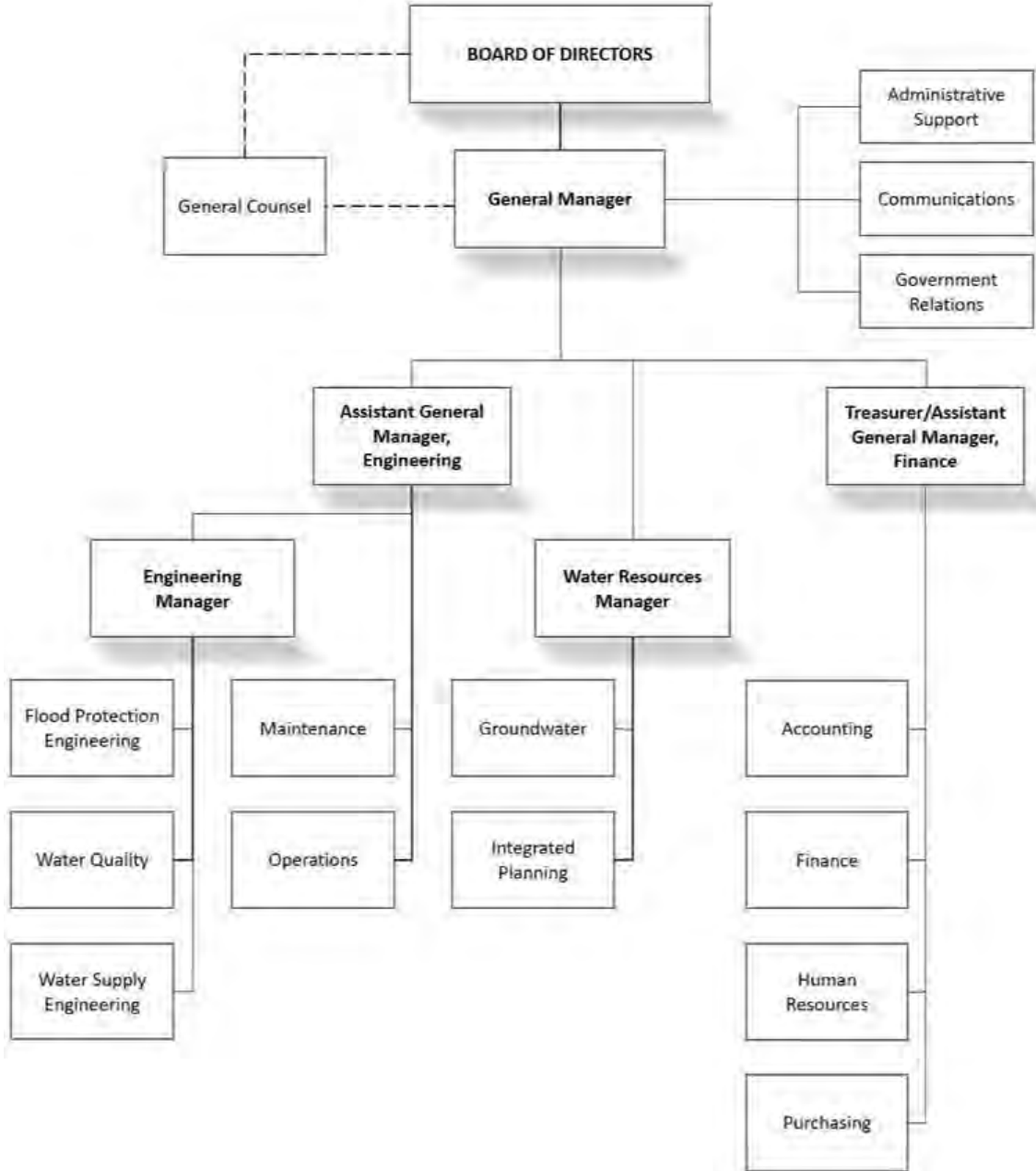


Property Value

The City of Pleasanton has the highest median property at \$1.3M, followed by the City of Dublin at \$1.2M and the City of Livermore at approximately \$1M. The average service area median property value is 16% higher than the Alameda County average.



Organization Chart



Fund Structure

Zone 7 Water Agency has six budgeted/appropriated funds categorized as either Governmental Funds or Enterprise Funds.

The Governmental Funds include the following funds:

- Fund 200 - Flood Protection Operations
- Fund 210 - Flood Protection Development Impact Fee

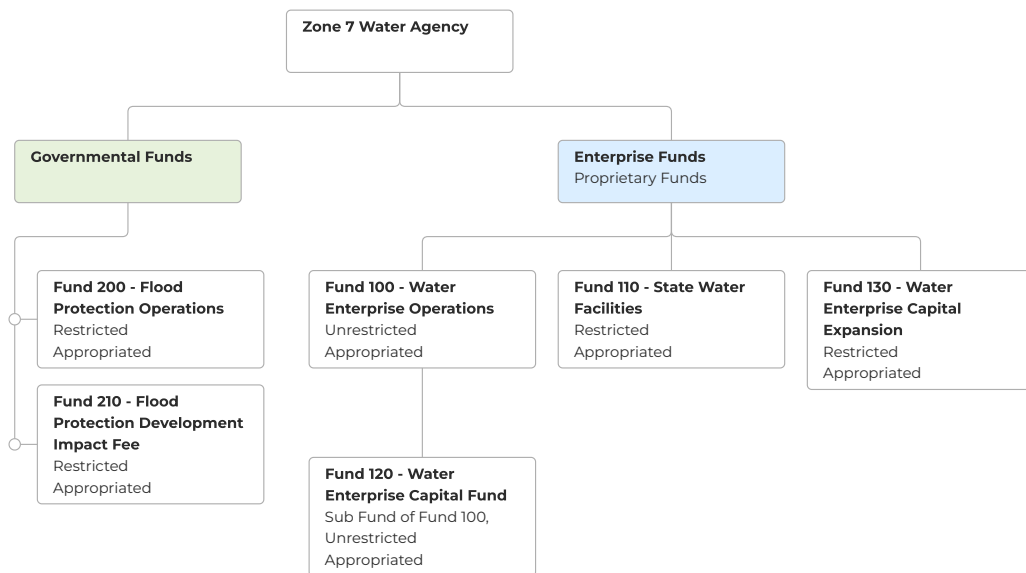
Enterprise Funds include the following funds:

- Fund 100 - Water Enterprise Operations
- Fund 110 - State Water Project Facilities
- Fund 120 - Water Enterprise Capital Renewal/Replacement and System-Wide Improvements
- Fund 130 - Water Enterprise Capital Expansion

The Agency maintains four additional non-major funds, which are reported in the Annual Comprehensive Annual Report but are not subject to appropriation.

- Fund 230 - Environmental Protection Agency (EPA) Grant - Federal
- Fund 232 - California Office of Emergency Services Grant - Federal
- Fund 234 - State Grant
- Fund 300 - Water Facilities Trust

Agency funds are further categorized as restricted and unrestricted. Restricted funds have revenue sources that can only be spent for the specific purpose stipulated by external resource providers, constitutionally or through enabling legislation. Restricted funds also include a legally enforceable requirement in which resources can only be used for specific purposes enumerated in the law. Unrestricted funds are not restricted in their use and are generally most affected by Board policy. The Agency's fund structure is illustrated below and descriptions of each fund are included in the Fund Summaries section.



Agency Section / Fund Relationship Matrix

The table below illustrates the current relationship between Agency Funds and Sections.

	Fund 100 Water Enterprise Operations	Fund 110 State Water Facilities	Fund 120 Water Renewal / Replacement and System-wide Improvements	Fund 130 Water Expansion	Fund 200 Flood Protection Operations	Fund 210 Flood Protection Development Impact Fee
Office of the General Manager	X		X	X	X	X
Finance	X	X		X	X	
Human Resources	X					
Water Quality	X		X			
Integrated Planning	X	X	X	X	X	X
Water Supply Engineering	X		X	X	X	
Groundwater Operations	X		X	X	X	
Maintenance	X		X		X	
Flood Protection					X	X

Agency Programs and Sub-programs

Agency Programs and Sub-Programs

The programs represent the major components of the Agency for which all activities are reported. The Sub-Program is a sublevel of recording and reporting of activities.

Program 10 – Water Utility Support Services

The Water Utility Support Services Program includes sub-programs that support the overall Water Enterprise but are not specific to any one Program under Water Enterprise.

- **Sub-Programs within this Program:** Administration, Untreated Water, Energy, Water Quality Compliance, Water Utility Planning, Financial Planning, SCADA, Safety, Maintenance Shop, Debt Service.

Program 20 – Water Supply, Source & Conveyance

The Supply Source and Conveyance Program includes the acquisition and conveyance of raw water from the source to the treatment plants or for release to the arroyos for recharging the groundwater basin.

- **Sub-Programs within this Program:** Administration, Water Conservation, State Water Project, Bay Delta (Delta Conveyance), Local Water Rights, Other Water Supplies.

Program 30 – Water Storage

The Water Storage Program involves the storage of raw water supplies in the local groundwater basin and out-of-basin groundwater storage in Kern County.

- **Sub-Programs within this Program:** Administration, Groundwater Basin Monitoring, Groundwater Basin Management & Evaluation, Well Permits & Inspection, Semitropic, Cawelo, Chain of Lakes.

Program 40 – Water Treatment

The Water Treatment Program involves the treatment of surface water and groundwater.

- **Sub-Programs within this Program:** Administration, Del Valle Water Treatment Plant, Patterson Pass Water Treatment Plant, Mocho Groundwater Demineralization Plant and all wells.

Program 50 – Water Transmission

The Water Transmission Program involves the transmission, distribution and delivery of potable water to retail water suppliers and direct customers.

- **Sub-Programs within this Program:** Administration, Pipelines, Dougherty Reservoir, Turnouts, Pump Stations & Rate Control Stations, Permits & Inspection.

Program 60 – Central Administration

The Central Administration Program involves the administration and management of Zone 7 Water Agency, which affects both water enterprise and flood control.

- **Sub-Programs within this Program:** Administration (Agency-Wide), Finance, Human Resources, Planning and Environmental Services, Security & Emergency Planning, Real Property, Communications, Administrative Facilities Maintenance/Services, Board of Directors, Chain of Lakes - Shared Water Enterprise/Flood Protection.

Program 70 – Flood Protection

The Flood Protection Program involves the maintenance and improvement of the flood control channels and infrastructure.

- **Sub-Programs within this Program:** Administration, Flood Control Planning, Encroachments & Inspection, Financial Planning, Routine Maintenance, Channel Repair/Improvements, USACE Rehabilitation, Emergency Response, Chain of Lakes.

Cost Allocation

The Agency's operating and capital expenses, including employee wages and benefits, are allocated to each fund, section, program, subprogram, and project (if applicable) based on actual expenses as tracked by the Agency's cost accounting, project accounting, and financial system.

The basis for allocation of benefits for each capital project is documented in the project budget approved by the Board and is equitably based upon parameters identifiable for the benefits received.

Agency Overhead

Agency overhead is accounted for in Program 60 - Central Administration, which covers the administration and management of the Agency and affects both the water enterprise (proprietary) and flood control (governmental) funds. Overhead allocations to Fund 200 - Flood Protection Operations, are based on prior year labor hours. For FY 2024-25 and FY 2025-26, the Agency overhead allocation is estimated at 9% each year.

Basis of Budgeting

The Agency uses enterprise (proprietary/water) and governmental (flood) funds to account for its activities.

Proprietary (water enterprise) funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations.

- The principal operating revenues of the water enterprise fund are received from the sale of water to outside customers. These revenues are recorded when earned, regardless of when payments are received.
- Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation of capital assets. These expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. All revenues and expenses not meeting the aforementioned definition are reported as non-operating revenues and expenses in the water enterprise.

Governmental (flood protection) funds are reported using the current financial resources' measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available, and expenses are generally recorded when a fund liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences (such as paid leave) are recorded when payment is due.

Property tax, benefit assessments, interest, grants, and charges for services are accrued when receipt occurs within sixty days after the end of the accounting period to be both measurable and available.

- General capital asset acquisitions are reported as expenditures in governmental funds.
- Proceeds of general long-term debt and capital leases are reported as other financing sources.

The modified accrual basis of accounting is used for budgeting purposes. The budget shows items such as principal debt payments like expenses that normally would be recorded directly to the balance sheet. However, non-cash items such as depreciation are not budgeted in governmental (flood protection) funds.

Financial Management Framework

The Financial Management Framework is in place to assure the Agency prudently manages its funds and maintains financial and accounting records of all transactions in accordance with generally accepted accounting principles and practices.

Purpose

- To direct staff to prudently manage Zone 7's funds and to maintain financial and accounting records of all transactions in accordance with generally accepted accounting principles.
- To adequately plan for the funding of current and future operational requirements and capital resources necessary to achieve the Agency's mission.
- To provide staff with a framework to develop policies and procedures to ensure Zone 7's mission by providing financial health and stability to the Agency.
- To direct staff that the assessment, levy and collection of taxes, the adoption of the Agency budget, and the appropriation, accounting, and transfer of funds shall be governed by general law and in accordance with generally accepted accounting principles and practices.

Administration of the System

In keeping with Resolution No. 09-3266, which states "the Agency's General Manager has full charge and control of the day-to-day management, operation and administration of the Agency," the General Manager shall retain primary jurisdiction, responsibility, and authority for all matters pertaining to the day-to-day financial management of the Agency. The General Manager shall be designated as the fiscal officer of the Agency to direct, control, supervise, and manage the development, preparation, organization, administration, operation, implementation, and maintenance of a comprehensive financial management program for the Agency.

The General Manager may delegate any of the powers and duties conferred upon him or her as fiscal officer to any other employee of the Agency or may recommend that such powers and duties or any part of them be performed under contract by others.

Security of the System

The General Manager shall cause an audit of the financial transactions and records of the Agency to be made at least annually by a third party certified public accountant (i.e., one not employed by the Agency). As soon as possible at the end of each fiscal year a final audit and report shall be completed and submitted to the Board of Directors. Copies shall be placed on file in the office of the General Manager and be available for public inspection.

The General Manager shall also prepare such additional reports as the Board of Directors may, from time to time, request for information and use in setting financial policies for the Agency.

Financial Policies

The Agency's financial policies, which are adopted by the Board of Directors, provide guidance to staff on how to approach fiscal issues and decisions. Financial policies, summarized in the table below, are reviewed regularly by the Board of Directors. Each policy is described and linked below.

Financial Policy	Date Adopted	Resolution Number
Debt Management Policy	May 17, 2023	23-35
Funding of Long-Term Pension Liability Policy	March 15, 2023	23-20
Investment Policy	June 11, 2024	24-25
Reserve Policy	May 15, 2019	19-37

Debt Management Policy

The Agency's Debt Management Policy [↗](#) was originally adopted by the Board on June 21, 2017. The policy was updated and adopted on May 17, 2023. The Debt Management Policy formally establishes parameters for the issuance and management of debt issued by the Agency, which includes projects identified in the Agency's Capital Improvement Plan, the Agency's ability to repay debt obligations, and current legal, economic, and market conditions. This Debt Management Policy is intended to provide guidance for the General Manager and/or designee, with respect to debt-financing options, to ensure the most prudent, equitable, and cost-effective financings are selected.

Funding of Long-Term Pension Liability Policy

In 2021, the Board of Directors established an Internal Revenue Service Section 115 Post-Employment Benefits Trust for the purpose of pre-funding the Agency's pension obligation. The Board also adopted the Funding of Long-Term Pension Liability Policy [↗](#) which sets forth criteria for making annual contributions to the Trust. On March 15, 2023, the policy was amended to add a third annual contribution criteria.

Investment Policy

The Agency's first Investment Policy was adopted by the Board on May 17, 2017, and is subject to annual review. The most recent review and update of the Investment Policy [↗](#) was adopted by the Board on June 11, 2024. The policy is effective July 1, 2024. The Agency's Investment Policy is in compliance with the California Government Code, Section 53600 et seq. The investment of idle funds is delegated by Agency's Board to the Assistant General Manager – Finance as the Treasurer who assumes full responsibility for the transactions of the investment program. The policy is intended to provide guidelines for the prudent investment of surplus cash, reserves, trust funds and restricted monies and to outline a policy for maximizing the efficiency of the Agency's cash management system. The Investment Policy applies to the Agency's pooled investment fund which encompasses all monies under the direct oversight of the Agency Treasurer and is reviewed on an annual basis.

Reserve Policy

On September 28, 2016, the Agency Board adopted Resolution No. 16-166, approving the Reserve Policy [↗](#) to maintain fiscal health and better position the Agency to obtain a favorable credit rating. On May 15, 2019, the Board adopted a revised reserve policy which eliminated the Drought Contingency and Rate Stabilization reserves and established a new Reserve for Economic Uncertainties. The Reserve for Economic Uncertainties is prudent to help maintain a high bond rating and to protect the Agency from the effects of fluctuations in water usage and the cost of imported water to which the Agency is vulnerable, and other unforeseen events such as a natural disaster, water shortage emergency, or other unanticipated adverse situations. The reserve is targeted at 15% of budgeted volume-based water sales revenue. The revised policy also eliminated the Building Sinking Fund Reserve which was liquidated with the purchase of the North Canyons Building and added the Debt Rate Stabilization Reserves that were established as part of the debt issuance in 2018.



Budget Process Overview and Development Timeline

Budget Development Timeline

The Agency's two-year budget commences every other year in January. The two-year budget is initially developed within each department. Supervisors prepare their respective budgets and submit them to the Division Managers for review. After the budget development deadline, finance staff compiles and analyzes all budget requests. Meetings are scheduled for questions and discussions before the budget is revised and prepared for Executive Management. The Assistant General Manager - Finance then presents the proposed budget to the General Manager, who considers Agency priorities, overall impact and ultimate direction regarding each of the Agency's funds to develop the full budget draft. The vetted proposed budget is then presented to the full Board of Directors in a public workshop setting to address questions and comments from Directors and members of the public. The proposed budget is then brought back to the Board at the regularly scheduled meeting in June for adoption. This Two-Year Budget was adopted by the Zone 7 Board of Directors on June 11, 2024.

The Board of Directors meetings and any standing Board Committee meetings are posted in advance in accordance with the Brown Act and to facilitate full public participation. The final Two-Year Budget for FY 2024-25 and FY 2025-26 is posted and will remain on the Agency's website for a period determined by the General Manager.



Budget Process Overview

Every other year, the Agency's Board of Directors adopts a two-year operating and capital budget prior to the start of the new fiscal year. In the intervening years, the Agency conducts a mid-cycle review of the second budget year to confirm the budget is aligned with the Board's Strategic Planning priorities, economic and climate conditions, capital project plans, approved salary schedules, adopted rates and fees, and reserve policy requirements. Proposed changes are adopted by the Board, in a mid-cycle amendment, prior to the start of the fiscal year.

Fiscal Year

The Agency operates in a fiscal year which runs from July 1 through June 30. When a single year is referenced in this budget document, it refers to the end of the fiscal year. For example, 2025 is the fiscal year ending June 30, 2025.

Fiscal Management

The budget authorizes and controls financial operations and accountability for the Agency's enterprise (water) and governmental (flood) functions. The Agency adopts a balanced budget, defined as estimated expenses equaling estimated revenues and planned use of available reserves.

Budgetary Control

Budgetary Control

The budget is a management tool intended to aid in the planning efforts of the Agency and guide expenditures to ensure the fiscal health and financial future of the Agency. To aid in the management of the budget, certain “rules” or “controls” have been established that require appropriate levels of approval for expending Agency funds as well as reporting requirements of financial information to the Board and the public. All budget transfers are documented and tracked in the Agency’s computerized financial system.

Once the budget is approved by the Board, staff implements and manages operations in accordance with the approved budget. Each Section Supervisor is accountable for their respective budget performance, which is also monitored by finance staff and executive management. Quarterly reports produced by finance staff are provided to the Board of Directors updating them on the Agency’s expenditure of public funds.

In addition to reporting the status of expenditures as compared to the budget each quarter, spending limits within the Agency’s financial management system have been established as follows:



In addition, the Agency’s Purchasing Policy [sets forth](#) policies and procedures for the acquisition of goods & services and professional services. Board approval is required for service contracts exceeding \$50,000.

Once the budget is adopted, managers are expected to stay within the constraints of the approved section budgets. Line items in each section budget can be modified during the year. However, the total fund budget cannot be exceeded without the Board’s approval.

In addition, the budget provides the annual authorization for positions, employee pay, and benefits.

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BUDGET OVERVIEW



Budget-in-Brief



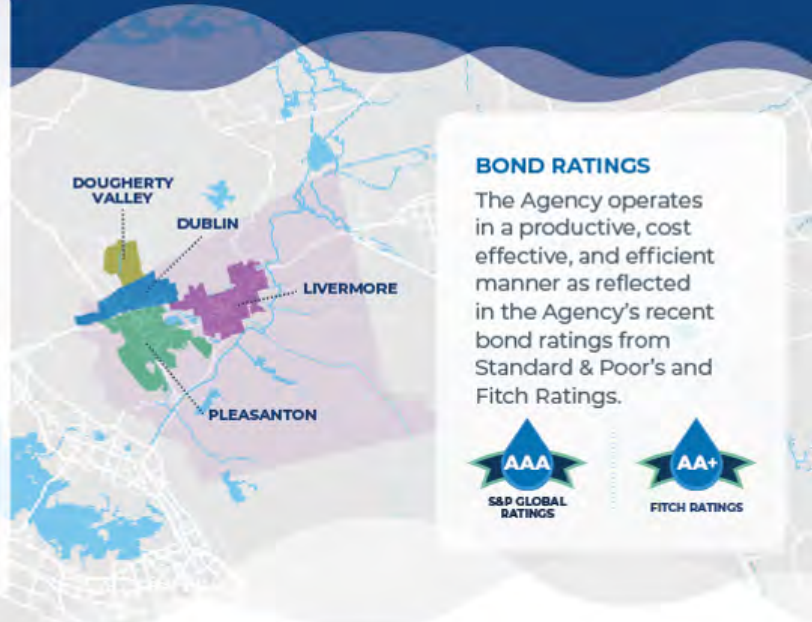
ADOPTED TWO-YEAR BUDGET

for Fiscal Years 2024-25 and 2025-26

WHO IS ZONE 7?

Zone 7 is wholesale water agency supplying treated water to retailers serving over a quarter million people in the Tri-Valley area including the cities of Pleasanton, Livermore, Dublin and, through special agreement with the Dublin San Ramon Services District, to the Dougherty Valley area.

Additionally, Zone 7 supplies untreated water directly to agricultural businesses for irrigation of 3,500 acres, primarily South Livermore Valley wineries. Zone 7 also maintains 37 miles of local flood-protection channels, about a third of all the Tri-Valley's channels and creeks.



BOND RATINGS

The Agency operates in a productive, cost effective, and efficient manner as reflected in the Agency's recent bond ratings from Standard & Poor's and Fitch Ratings.



BUDGET OVERVIEW

On June 11, 2024, the Board of Directors approved a Two-Year Operating and Capital Budget for Fiscal Years 2024-25 and 2025-26. This Two-Year Budget reflects the Agency's commitment to prudent financial management and its dedication to addressing both current needs and future challenges. It provides funding for day-to-day operations, a highly-skilled workforce, the 2023 Storm Repairs Project, capital investments, and continued participation in various water supply reliability projects. As part of the Agency's responsible fiscal management strategy, this budget incorporates recently awarded federal and state grants for the Agency's Per- and Polyfluoroalkyl Substances (PFAS) treatment projects.



2023 STORMS REPAIRS PROJECT
Significant damage to 177 sites owned by Zone 7. The two-year budget allocates approximately \$18.7M to repair 78 of the highest priority sites.



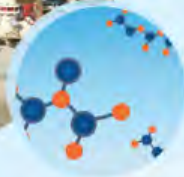
GRANTS



\$16 MILLION GRANT from the California Department of Water Resources for development of the Stoneridge Well IX PFAS Treatment facility. Completed Fall 2023.



\$1 MILLION DOLLAR FEDERAL GRANT to help fund the Chain of Lakes PFAS Treatment Facility. Construction of the Chain of Lakes facility is expected to be completed in Fall 2024.



REVENUE



- Water Sales & Service
- Capital Funding
- Property Taxes
- Grants
- Connection/Development Fees
- Investment Earnings and Other Revenue

EXPENSES

\$158 MILLION
FISCAL YEAR 2024-25



OPERATING COSTS (Imported Water, Power, Chemicals, Maintenance, Professional Services, 2023 Storm Repairs Project) **PERSONNEL** (Salaries, Wages, and Benefits)
CAPITAL INVESTMENTS (Renewal/Replacement, System-wide Improvements and Expansion Projects) **DEBT SERVICE** (\$4.2M - 2018 Bonds, \$1.8M - 2023 Bonds)

\$172.9 MILLION
FISCAL YEAR 2025-26



AWARDS



DISTINGUISHED BUDGET PRESENTATION AWARD
From: Government Finance Officers Association of the United States and Canada
To: Zone 7 Water Agency FY 2022-2024 Budget Book

*Seventh consecutive budget book to receive the highest form of recognition in governmental budgeting.



OPERATING BUDGET EXCELLENCE AWARD
From: The California Society of Municipal Finance Officers
To: Zone 7 Water Agency FY 2022-2024 Budget Book

*Sixth consecutive budget to achieve this prestigious award.

zone7water.com

SCAN for more financial information:



Strategic Plan

Zone 7 Water Agency's 5-year Strategic Plan is intended to establish the framework for addressing the challenges to maintain reliable and high-quality water and flood protection service to Livermore-Amador Valley.

This Strategic Plan was developed through a collaborative process with the Board of Directors, executive management, and staff. The Board discussed the strategic challenges facing the Agency and refined a vision, mission, and set of goals for the 5-Year Strategic Plan at a Board Retreat in early 2020. Based upon staff input and Board direction, the management team then developed initiatives for each of these goals. The Strategic Plan is funded through the budget process and progress is tracked, reevaluating the plan regularly to adjust as conditions warrant. The Board reviewed and accepted the 2020-2024 Strategic Plan on June 17, 2020.

The Agency's strategic planning focuses on seven goals that provide direction for achieving our vision and mission.



Major Strategic Plan Initiatives support and provide the action plan to achieve each of the above Goals.

GOAL A

1. Establish a diversified water supply plan
2. Evaluate and develop appropriate new water supply and reliability opportunities
3. Continue to effectively implement infrastructure projects in the Water System Capital Improvement Program (CIP)

GOAL B

4. Implement Ozone
5. Meet or surpass all drinking water health and safety requirements
6. Assess treatment requirements and strategy for PFAS and Cr6

GOAL C

7. Manage the GSA and implement the groundwater management plan
8. Study and refine knowledge of the groundwater basins

GOAL D

9. Continue to maintain the Flood Protection System
10. Update the flood protection strategy

GOAL E

11. Review professional development approach to maintain workforce capability for now and into the future
12. Review and develop strategies for water treatment operator recruitment and retention
13. Review and update Board policies
14. Evaluate current program to increase ratio of preventative to reactive maintenance
15. Optimize the procurement process
16. Develop and implement an energy strategy
17. Refresh emergency preparedness program
18. Develop and implement a climate change strategy

GOAL F

19. Optimize Agency communications program
20. Redesign the Agency website
21. Conduct water supply reliability public outreach program

GOAL G

22. Develop a long-range finance strategy
23. Track State and federal funding opportunities
24. Continue to effectively manage financial resources

Short-term Factors

Short-term factors driving budget decisions include:

Employee Benefits: The Agency's employee benefits are negotiated and administered through the County of Alameda Employee Benefits Center. The approved employer-paid benefits for CY 2024 have been incorporated into the FY 2024-25 personnel budget, with 4% assumed increases for CY 2025 and CY 2026 to develop the FY 2025-26 benefits.

Salaries: The Agency has full authority to negotiate salaries and wages with bargaining units separate from Alameda County. In 2022, the Agency successfully negotiated salaries and wages with bargaining units, resulting in annual cost of living (COLA) adjustments of 6% on June 26, 2022, 5% on June 25, 2023, and 4% on June 23, 2024. A 4% COLA has been assumed for FY 2025-26 to develop the personnel budget.

Vacancies: To account for labor savings resulting from vacancies, retirements, and attrition, the budget assumes a vacancy rate of 10% for each fiscal year.

Capital Improvement Plan: In June 2023, the Board approved a five-year Water System Capital Improvement Plan covering FY 2024-25 through FY 2029-30. The five-year capital improvement plan provided a baseline for developing the FY 2024-25 and FY 2025-26 capital budget. A rigorous review of project priorities, new developments, and available funding resulted in the addition of new projects, project deferrals, rescheduling, and re-scoping. The resulting capital budget and project descriptions can be found in Exhibit B of the Board Report and Resolution section and the Capital Improvements section of the budget.

Inflationary Costs Pressure and Expense Control: Rising costs of goods and services such as contracted labor, chemicals, and energy costs due to inflation have impacted the Agency's two-year budget. Agency staff closely scrutinized costs and exercised expense control when developing the budget to reduce costs wherever possible. The chart below illustrates the change in the consumer price index over the last five years.



Reserve Policy: The Agency's Reserve Policy outlines the necessary minimum, target, and maximum reserve levels for each budgeted fund. According to the policy, fund balances and target levels are to be reviewed by staff, the Board, and the public during the development and approval of each budget, annual financial audit, and periodic water rate discussions. The budget development review determined all proposed reserves are sufficiently funded and in compliance with the Reserve Policy, with the exception of the State Water Facilities fund which exceeds the maximum requirement.

Priorities & Issues

The Agency's priority is to ensure over a quarter million people in eastern Alameda County have safe, reliable, efficient, and sustainable water and flood protection services. While the Agency's overall mission remains unchanged, the priorities to meet the mission are modified year to year in order to address current issues impacting the Agency. The prior two-year budget focused on the impact of the prolonged drought on the Agency's water supply, water quality, operating expenses, and capital projects related to addressing Per- and Polyfluoroalkyl substances in the groundwater basin. California faced extreme drought conditions accompanied by mandatory conservation. These factors impacted the Agency's primary revenue source, water sales.

Winter 2023 brought massive storms to California causing an unforeseen "weather whiplash". While the heavy rainfall was favorable for the Agency's water enterprise, it caused damaged to 177 Agency flood sites. Because of this abrupt shift in hydrology and the state's robust water supply, the Agency shifted its water enterprise priorities to replenishment of depleted water storage. In contrast, the Agency's Flood Protection resources were stressed as storm damage repair became a top priority. The two-year budget addresses the challenges presented by emerging contaminants and regulatory requirements, climate change, and aging infrastructure.

Emerging Contaminants and Regulatory Requirements



Per- and Polyfluoroalkyl Substances (PFAS) are a group of man-made chemicals that have been manufactured and used by a variety of industries since 1940. These "forever chemicals" are of emerging concern to drinking water due to their tendency to accumulate in groundwater and their potential adverse health effects. The Agency has been proactive on the issue of PFAS by:

- Monitoring for PFAS since late 2018 and reporting results in annual Consumer Confidence Reports,
- Monitoring and removing affected groundwater wells out of service or treating to below the state limits and the new federal limits before the required compliance deadline in 2029,
- Monitoring and modeling PFAS in groundwater basin to better understand the extent of PFAS contamination and identify new well locations and potential PFAS management tools,
- Installing PFAS treatment facilities for the Stoneridge Well – online since September 2023, and
- Installing PFAS treatment facilities for the Chain of Lakes Wells – online by winter 2024.

In April 2024, the U.S. Environmental Protection Agency (EPA) adopted the nation's first primary drinking water standards for PFAS. These standards included maximum contaminant levels (MCLs) for five PFAS, hazard index for a mixture of four PFAS, and it required water systems to comply by 2029. These new standards were incorporated into this Two-Year Budget. The chart below summarizes these newly adopted Federal PFAS Standards.

Federal PFAS Standards

PFAS	Maximum Contaminant Level Goal (ppt)	Maximum Contaminant Level (ppt)
PFOA	zero	4.0
PFOS	zero	4.0
PFHxS	10	10
PFNA	10	10
HFPO-DA (commonly known as GenX Chemicals)	10	10
Mixtures containing two or more of PFHxS, PFNA, HFDO-DA, and PFBS	1 (unitless) Hazard Index	1 (unitless) Hazard Index

PFAS mitigation continues to be a high priority for the Agency as the groundwater basin is heavily relied upon during periods of prolonged drought. This Two-Year Budget allocates additional funding to continue monitoring the wells for the presence of PFAS and starting the conceptual design for additional PFAS treatment capability for the Mocho Wells. The long-range financial plan also accounts for future increased operation and maintenance costs of the new PFAS facilities.

Climate Change



A look at the past 20 years shows that periods of drought are followed by a flood season, with repeated periods of drought. This historical cycle highlights the importance of long-term water storage planning. The changing climate is impacting California's water resources, causing prolonged droughts, unpredictable weather patterns, and a reduced snowpack. As the Agency continues to deal with an unpredictable climate, continued investment in water supply and water system resiliency is more crucial than ever. To continue to address the impact of climate change on the Agency's water supply, the budget allocates funding to continue participation in the following water reliability efforts:

- **The Delta Conveyance Project** - providing an alternative water conveyance route and improving the reliability of State Water Project supplies, the Agency's primary source of water supply. The project has released draft environmental impact reports, statements for public review, and an independent benefit cost analysis that shows the Delta Conveyance Project will bring substantial benefits to Zone 7 and California as a whole. The benefits include more reliable water supplies, increased seismic reliability and enhanced water quality.
- **Los Vaqueros Reservoir Expansion Project** - proposes to increase the Contra Costa Water District owned Los Vaqueros Reservoir storage capacity from 160,000 acre-feet to 275,000 acre-feet and construct the Transfer-Bethany Pipeline, a regional intertie. The project could provide Zone 7 with new local upstream storage capacity and alternative conveyance.
- **Sites Reservoir Project** - proposed new off-stream reservoir project that could provide Zone 7 with a new water supply and upstream storage capacity. The project has made significant progress, with water rights application, a WIFIA loan application, and the certification and approval of the Final Environmental Impact Report (EIR) and the Sites Reservoir Project by the Sites Project Authority, the lead agency under the California Environmental Quality Act. The project is navigating through the final planning stages with a goal of breaking ground as early as 2025.

The unpredictable climate, as shown in the graphic above, also brings periods of intense storms. In December 2022 and the first half of calendar year 2023, higher than normal frequency and intensity storms caused significant damage to the Agency's flood control facilities. The Two-Year Budget allocates approximately \$18.7M in funding for Phase 1, which includes repairing 78 damaged flood sites. The Agency is committed to sustainable flood protection services and is in the process of developing and implementing a Flood Management Plan to direct the Agency's future flood maintenance activities and capital projects.

Aging Infrastructure



Maintaining and upgrading aging infrastructure is of critical importance to the Agency. Our commitment to investing in our infrastructure is driven by the need to address current deficiencies, enhance system reliability, and prepare for future demands. The budget allocates funding to update the following long-term planning documents that will guide the Agency's identification and prioritization of renewal and replacement needs within the water system.

1. **Asset Management Program Update:** Identifies and documents near- and long-term renewal, replacement, and system-wide improvement project needs and the Agency's funding strategy for implementing those projects.
2. **Ten-Year Water System Capital Improvement Plan:** Identifies the capital projects and programs needed to carry out the goals and policy objectives of the Agency and describes the water system projects, costs and funding, schedules, and priorities.

The Asset Management Program Update and Ten-Year Water System Capital Improvement Plan will focus on the following key areas:

1. **Infrastructure Assessment and Prioritization:** Conduct multi-discipline visual assessment of above-ground facilities to identify assets that are near the end of their original useful life and define recommendations for renewal/replacement and system-wide improvement capital projects, identify funding needs, and develop a funding strategy. This process involves detailed inspections, condition assessments, and risk analysis to ensure that resources are allocated efficiently and effectively.
2. **Capital Improvement Projects:** Incorporate completed and ongoing projects, develop prioritization criteria and frameworks to evaluate CIP funding alternatives, and identify a final ten-year capital plan for Renewal/Replacement, System-Wide Improvements, and Expansion projects. These projects are designed to enhance the reliability and resiliency of our water enterprise system, ensuring it meets current and future needs.
3. **Stakeholder Engagement and Collaboration:** Engagement with stakeholders, including the Agency's Retailers, to ensure transparency, gather input, and foster collaboration. This collaborative approach helps build public trust and support for the Agency's infrastructure investment initiatives.

Aging infrastructure poses significant challenges, including increased maintenance costs, risk of service disruptions, and potential safety concerns. Investing in our aging infrastructure is not only a necessity, but also an opportunity to build a more resilient and sustainable water system for the future.

FY 2022-24 Major Accomplishments

Stoneridge PFAS Treatment Facility



GOAL A Reliable Water Supply and Infrastructure

Zone 7 Water Agency celebrated the grand opening of its Ion Exchange (IX) PFAS Treatment Facility at Stoneridge Well on September 13, 2023. The new facility is the first of its kind in Northern California and will remove Per- and Polyfluoroalkyl substances (PFAS) from groundwater pumped into the facility to ensure the Tri-Valley community has a safe, reliable water supply.

PFAS are a group of synthetic chemicals widely used in manufacturing a variety of consumer products including packaging, non-stick surfaces, fire-fighting foams and more. PFAS have been found in the air, soil and water throughout the U.S. and around the world. Though water districts are not responsible for releasing PFAS into the environment, they have been tasked with removing PFAS from affected water sources. IX treatment is a highly effective technology in removing PFAS from water.

Tanks are filled with small IX resins designed to attract the PFAS in the water, thereby removing PFAS from the water and allowing delivery of clean, safe water for homes and businesses. The new IX PFAS Treatment facility at Stoneridge will treat 6.6 million gallons of water per day.

“PFAS have proven to be a particular challenge for water districts as the U.S. EPA and the State of California enact new standards for detecting and responding to these prevalent man-made contaminants. As part of Zone 7’s commitment to delivering safe, high-quality water, we have been actively monitoring the federal and state regulatory development progress, proactively installing the most up-to-date technology to address this issue, and are now providing the Tri-Valley community with the first IX PFAS Treatment facility in the region in record time.” - Valerie Pryor, General Manager

GOAL B Safe Water

The Zone 7 Board of Directors approved the Stoneridge Well upgrades in October of 2022, construction began in February of 2023 and the facility began delivering safe, reliable water in September 2023. Stoneridge is one of two well sites where PFAS were detected above the State Water Resources Control Board’s drinking water response levels that did not have existing treatment options. The second site, Chain of Lakes, will also have IX treatment installed; construction on the Chain of Lakes facility is currently underway and expected to be complete in the Fall of 2024.



Drought Resiliency



The recent state-wide drought created challenges for the Agency from a water supply perspective. On September 1, 2021, the Zone 7 Board declared a state of drought emergency at Stage 2 of Zone 7's Water Shortage Contingency Plan and called for 15% mandatory conservation for treated water customers (relative to 2020 demands) in preparation for a third dry year in 2022. The Agency's Retailers adopted conservation declarations to comply with this request. In March 2022, Governor Newsom issued Executive Order N-7-22 calling for additional conservation statewide and other drought-response actions, including mandatory activation of Stage 2 actions. The Agency's Retailers met the 15% conservation target in 2022. The 2021 and 2022 low water allocations from the State Water

Project were augmented by stored groundwater both from the local groundwater basin and from out-of-basin groundwater banks in Kern County and water transfers from Mojave Water Agency.

The dry hydrology turned wet in Winter 2022-2023 as precipitation fell throughout the state, naturally replenishing reservoirs and in some locations, causing flooding and requiring state of emergency declarations. Snowfall also covered many mountain ranges at unexpected levels, adding to the year's water supply. The 2023 "weather whiplash" allowed DWR to issue a SWP allocation of 100% for calendar year 2023, an allocation which had not been seen in 17 years. The abundant water supply allowed the Agency to naturally and artificially recharge its main groundwater basin and replenish its Kern County storage.



Grants

The Agency was awarded the following grants to assist in funding large capital projects. The Agency is extremely proud of staff's efforts to secure these federal and state grants. These grants make major capital projects obtainable and affordable for the Tri-Valley and help the Agency accomplish its mission to deliver safe, reliable, efficient, and sustainable water and flood protection services.

- \$16,000,000 Proposition 68 SGMA implementation grant funding from the California Department of Water Resources
- \$959,752 federal grant to help fund the Chain of Lakes PFAS Treatment Facility project
- \$4,606,890 California Department of Water Resources grant to implement a bank stabilization pilot project at Alamo Creek in Dublin,CA.
- \$827,478 Proposition 1 Integrated Regional Water Management Grant Program for Flood Management Plan Phase 2
- \$130,000 Proposition 1 Integrated Regional Water Management Grant Program for Optimization of the Agency's Water Supply Risk Model Project



Bond Rating Upgrade



On October 11, 2023, Standard & Poor’s (S&P) Global Ratings announced it had raised its long-term rating on the Authority’s outstanding Water Revenue Bonds, 2018 Series A from 'AA+' to 'AAA', its highest possible bond rating. S&P also assigned a 'AAA' to the Authority’s Water Revenue Bonds, 2023 Series A, with a stable outlook. On that same day, Fitch Ratings affirmed its 'AA+' rating of the Authority and revised the rating outlook to 'Positive' from 'Stable' in its current review.

The rating agencies cited the following factors in their decision to pursue positive rating action:

- Exceptionally strong water supply position, storing a significant amount of water in wet years for use in dry years
- Very strong revenue source characteristics, including a fixed-charge rate structure, drought surcharge and regular Board review and implementation of rate adjustments
- Robust cash position and formal reserve policy
- Very low leverage despite potential future debt financing of water supply reliability projects

Outstanding Bond Issue	S&P Global Ratings	Fitch Ratings
Water Revenue Bonds, 2018 Series A	AAA (Stable Outlook)	AA+ (Positive Outlook)
Water Revenue Bonds, 2023 Series A	AAA (Stable Outlook)	AA+ (Positive Outlook)

Personnel Overview



Employee Compensation and Benefits

The Agency's employee benefits are administered through the County of Alameda Employee Benefits Center (EBC). The Agency is proud to offer a comprehensive and competitive benefits package to employees. Benefits packages include wide-ranging health care options to meet the different needs of a diverse workforce and their families. Zone 7 also sponsors many different employee discount, fitness and health screening programs focused on overall well-being. These benefits include but are not limited to*:

- Medical – HMO & PPO Plans
- Dental – HMO & PPO Plans
- Vision or Vision Reimbursement
- Share the Savings
- Basic Life Insurance
- Supplemental Life Insurance
- County Allowance Credit
- Flexible Spending Accounts – Health FSA, Dependent Care and Adoption Assistance
- Short-Term Disability Insurance
- Long-Term Disability Insurance
- Voluntary Benefits – Accident Insurance, Critical Illness, Hospital Indemnity and Legal Services
- Employee Assistance Program
- Retirement Plan – (Defined Benefit Pension Plan)
- Deferred Compensation Plan (457 Plan or Roth Plan)
- 12 paid holidays
- Floating Holidays
- Vacation and sick leave accrual
- Vacation purchase program
- Catastrophic Sick Leave
- Group Auto/Home Insurance
- Pet Insurance
- Commuter Benefits Program
- Guaranteed Ride Home
- Employee Wellness Program (e.g. At Work Fitness, Incentive Based Programs, Gym Membership Discounts)
- Employee Discount Program (e.g. theme parks, cell phone, etc.)
- Child Care Resources
- 1st United Services Credit Union

Additionally, the Agency offers eligible management employees reimbursement up to a maximum of \$7,500 per fiscal year for the cost of tuition and related materials for job-related educational expenses, job-related conference fees, or job-related seminar fees which shall maintain or upgrade the employee's skills on the job or prepare the employee for promotional opportunities.

*Eligibility is determined by Alameda County and offerings may vary by collective bargaining agreement. This provides a brief summary of the benefits offered and can be subject to change. Additional information can be found at <https://www.acgov.org/hrs/divisions/ebc/healthcare.htm>

Employee Bargaining Units

The Agency has four bargaining units. Below is a listing of each unit, current status of MOUs and COLA information:

Alameda County Management Employees Association (ACMEA)

- Memorandum of Understanding (MOU) end date: June 21, 2025
- Zone 7 salary contract end date: June 21, 2025
- COLA increases of 6% on June 26, 2022, 5% on June 25, 2023, and 4% on June 23, 2024.
- Negotiations will start in 2025.

International Federation of Professional and Technical Engineers (IFPTE Local 21)

- MOU end date: June 21, 2025.
- Zone 7 salary contract end date: June 21, 2025
- COLA increases of 6% on June 26, 2022, 5% on June 25, 2023, and 4% on June 23, 2024.
- Negotiations will start in 2025.

Northern California Public Sector Region, Local 1021 of the Service Employees International Union, CTW (SEIU)

- MOU end date: June 21, 2025.
- Zone 7 salary contract end date: June 21, 2025
- COLA increases of 6% on June 26, 2022, 5% on June 25, 2023, and 4% on June 23, 2024.
- Negotiations will start in 2025.

Building Trades Council of Alameda County (BTC)

- MOU end date: June 21, 2025.
- Zone 7 salary contract end date: June 21, 2025
- COLA increases of 6% on June 26, 2022, 5% on June 25, 2023, and 4% on June 23, 2024.
- Negotiations will start in 2025.

Unrepresented Employees

- Zone 7 salary contract end date: June 21, 2025
- Salary adjustments of 6% on June 26, 2022, 5% on June 25, 2023, and 4% on June 23, 2024.

General Manager

- At-will contract employee of the Agency
- Salary adjustments of 4.5% on April 17, 2022, 6% on March 5, 2023, and 6% on April 14, 2024.

The Board reviews all new position requests, authorizes total full-time equivalent positions, and approves salary schedules after the General Manager negotiates with the appropriate union.



Office of General Manager Staffing Summary

	FY 2021-22 Budget	FY 2022-23 Budget	FY 2023-24 Budget	FY 2024-25 Budget	FY 2025-26 Budget	Change
Office of the General Manager						
General Manager	1.00	1.00	1.00	1.00	1.00	0.00
Assistant General Mgr, Engineering	1.00	1.00	1.00	1.00	1.00	0.00
Treasurer/Assistant General Mgr, Finance	1.00	1.00	1.00	1.00	1.00	0.00
Government Relations Manager	1.00	1.00	1.00	1.00	1.00	0.00
Executive Assistant	1.00	1.00	1.00	1.00	1.00	0.00
Administrative Assistant	3.00	3.00	3.00	3.00	3.00	0.00
Communications Specialist	1.00	1.00	1.00	1.00	1.00	0.00
Water Agency Intern	1.00	2.00	2.00	2.00	2.00	0.00
Total	10.00	11.00	11.00	11.00	11.00	0.00

Note:

No staffing level changes.

Finance Staffing Summary

	FY 2021-22 Budget	FY 2022-23 Budget	FY 2023-24 Budget	FY 2024-25 Budget	FY 2025-26 Budget	Change
Finance						
Accounting Manager	1.00	1.00	1.00	1.00	1.00	0.00
Senior Auditor/Accountant	1.00	1.00	1.00	1.00	1.00	0.00
Staff Analyst ¹	1.00	0.00	0.00	0.00	0.00	0.00
Financial Analyst	2.00	2.00	2.00	2.00	2.00	0.00
Procurement Manager	1.00	1.00	1.00	1.00	1.00	0.00
Buyer I	2.00	2.00	2.00	2.00	2.00	0.00
Buyer II	1.00	1.00	1.00	1.00	1.00	0.00
Account Clerk	2.00	3.00	3.00	3.00	3.00	0.00
Sr Network Engineer ²	0.00	0.00	0.00	1.00	1.00	1.00
Technology Project Coordinator	0.00	1.00	1.00	1.00	1.00	0.00
Total	11.00	12.00	12.00	13.00	13.00	1.00

Notes:

1. Staff Analyst was reclassified to Technology Project Coordinator in FY 2022-23.

2. Position added to FY 2024-25 Budget.

Human Resources Staffing Summary

	FY 2021-22 Budget	FY 2022-23 Budget	FY 2023-24 Budget	FY 2024-25 Budget	FY 2025-26 Budget	Change
Human Resources						
Human Resources Manager	1.00	1.00	1.00	1.00	1.00	0.00
Human Resources Analyst	1.00	1.00	1.00	1.00	1.00	0.00
Human Resources Technician	1.00	1.00	1.00	1.00	1.00	0.00
Total	3.00	3.00	3.00	3.00	3.00	0.00

Note:

No staffing level changes.



Water Quality Staffing Summary

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Change
	Budget	Budget	Budget	Budget	Budget	
Water Quality						
Associate Engineer/Geologist	1.00	1.00	1.00	1.00	1.00	0.00
Associate Engineer/Geologist ¹	0.00	0.00	0.00	1.00	1.00	1.00
Assistant Water Resources Planner	1.00	1.00	1.00	1.00	1.00	0.00
Water Quality Manager	1.00	1.00	1.00	1.00	1.00	0.00
Water Quality Lab Supervisor ²	0.00	0.00	0.00	1.00	1.00	1.00
Water Quality Chemist	2.00	2.00	2.00	2.00	2.00	0.00
Water Quality Lab Technician	2.00	2.00	2.00	2.00	2.00	0.00
Total	7.00	7.00	7.00	9.00	9.00	2.00

Notes:

1. One full-time equivalent (FTE) transferred from Water Supply Engineering.

2. Position added to FY 2024-25 Budget.

Integrated Planning Staffing Summary

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Change
	Budget	Budget	Budget	Budget	Budget	
Integrated Planning						
Water Resources Manager	1.00	1.00	1.00	1.00	1.00	0.00
Principal Engineer/IP Manager ¹	1.00	1.00	1.00	0.00	0.00	-1.00
Principal Water Resources Planner	0.00	0.00	0.00	1.00	1.00	1.00
Senior Water Resources Planner	1.00	2.00	2.00	2.00	2.00	0.00
Associate Engineer/Geologist	1.00	2.00	2.00	2.00	2.00	0.00
Associate Water Resources Planner	1.00	2.00	2.00	2.00	2.00	0.00
Assistant Engineer/Geologist	1.00	1.00	1.00	0.00	0.00	-1.00
Assistant Water Resources Planner ²	1.00	2.00	2.00	1.00	1.00	-1.00
Water Conservation Coordinator	1.00	0.00	0.00	1.00	1.00	1.00
Water Agency Intern	0.50	0.00	0.00	0.00	0.00	0.00
Total	8.50	11.00	11.00	10.00	10.00	-1.00

Notes:

1. One FTE reclassified to Principal Water Resources Planner/IP Manager.

2. One FTE reclassified to Water Conservation Coordinator.



Water Supply Engineering

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Change
	Budget	Budget	Budget	Budget	Budget	
Water Supply Engineering						
Engineering Manager	1.00	1.00	1.00	1.00	1.00	0.00
Principal Engineer	1.00	1.00	1.00	1.00	1.00	0.00
Senior Engineer/Geologist	0.00	1.00	1.00	1.00	1.00	0.00
Associate Control Systems Engineer	1.00	1.00	1.00	0.00	0.00	-1.00
Associate Engineer/Geologist ¹	6.00	5.00	5.00	4.00	4.00	-1.00
Assistant Engineer/Geologist ²	0.00	1.00	1.00	2.00	2.00	1.00
Construction Inspector	1.00	0.00	0.00	0.00	0.00	0.00
Water Resources Technician II	1.00	1.00	1.00	1.00	1.00	0.00
Total	11.00	11.00	11.00	10.00	10.00	-1.00

Notes:

1. One FTE transferred to Water Quality and reclassified as Assistant.

2. One FTE added.

Groundwater

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Change
	Budget	Budget	Budget	Budget	Budget	
Groundwater						
Groundwater Resources Manager	1.00	1.00	1.00	1.00	1.00	0.00
Associate Engineer/Geologist	2.00	2.00	2.00	2.00	2.00	0.00
Water Resources Technician II	4.00	4.00	4.00	4.00	4.00	0.00
Total	7.00	7.00	7.00	7.00	7.00	0.00

Note:

No staffing level changes.

Operations

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Change
	Budget	Budget	Budget	Budget	Budget	
Operations						
Production Manager ¹	1.00	1.00	1.00	0.00	0.00	-1.00
Operations Manager	1.00	1.00	1.00	1.00	1.00	0.00
Water Facilities Supervisor ²	4.00	4.00	4.00	3.00	3.00	-1.00
Associate Control Systems Engineer ³	0.00	0.00	0.00	1.00	1.00	1.00
Safety Technician II ⁴	2.00	2.00	2.00	0.00	0.00	-2.00
Water Plant Operator II	0.00	0.00	0.00	0.00	0.00	0.00
Water Plant Operator III ⁵	22.00	22.00	22.00	24.00	24.00	2.00
Total	30.00	30.00	30.00	29.00	29.00	-1.00

Notes:

1. One FTE Reclassified to Maintenance Manager.
2. One FTE Reclassified to Staff Analyst.
3. One FTE transferred from Water Supply Engineering.
4. Two FTE transferred to Maintenance.
5. Two FTE added to FY 2024-25 Budget.

Maintenance

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Change
	Budget	Budget	Budget	Budget	Budget	
Maintenance						
Maintenance Manager	0.00	0.00	0.00	1.00	1.00	1.00
Maintenance & Construction Supervisor	3.00	3.00	3.00	3.00	3.00	0.00
Safety & Emergency Resp Supervisor ¹	0.00	0.00	0.00	1.00	1.00	1.00
CMMS Position ²	0.00	0.00	0.00	1.00	1.00	1.00
Heavy Equipment Operator	0.00	0.00	0.00	1.00	1.00	1.00
Safety Technician II ³	0.00	0.00	0.00	2.00	2.00	2.00
Electrician	2.00	2.00	2.00	2.00	2.00	0.00
Transportation and Supply Coordinator	1.00	1.00	1.00	1.00	1.00	0.00
Instrument Technician II	4.00	5.00	5.00	5.00	5.00	0.00
Lead Plant Mechanic	0.00	1.00	1.00	1.00	1.00	0.00
Plant Mechanic	5.00	6.00	6.00	6.00	6.00	0.00
Plant Maintenance Laborer	1.00	1.00	1.00	1.00	1.00	0.00
Water Resources Technician II	3.00	3.00	3.00	3.00	3.00	0.00
Construction Maintenance Laborer ⁴	3.00	3.00	3.00	2.00	2.00	-1.00
Total	22.00	25.00	25.00	30.00	30.00	5.00

Notes:

1. One FTE added in FY 2023-24 Amended Budget.
2. One FTE added in FY 2024-25 Budget.
3. 2 FTE Transferred from Operations.
4. One FTE Reclassified to Heavy Equipment Operator.



Flood Protection Engineering

	FY 2021-22 Budget	FY 2022-23 Budget	FY 2023-24 Budget	FY 2024-25 Budget	FY 2025-26 Budget	Change
Flood Control Engineering						
Principal Engineer	1.00	1.00	1.00	1.00	1.00	0.00
Associate Engineer/Geologist	2.00	1.00	1.00	1.00	1.00	0.00
Assistant Engineer/Geologist	2.00	3.00	3.00	3.00	3.00	0.00
Water Resources Engineer Intern	0.50	0.00	0.00	0.00	0.00	0.00
Total	5.50	5.00	5.00	5.00	5.00	0.00

Note:

No staffing changes.

Agency-Wide Staffing Summary

	FY 2021-22 Budget	FY 2022-23 Budget	FY 2023-24 Budget	FY 2024-25 Budget	FY 2025-26 Budget	Change
Agency-Wide						
Office of the General Manager	10.00	11.00	11.00	11.00	11.00	0.00
Finance	11.00	12.00	12.00	13.00	13.00	1.00
Human Resources	3.00	3.00	3.00	3.00	3.00	0.00
Water Quality	7.00	7.00	7.00	9.00	9.00	2.00
Integrated Planning	8.50	11.00	11.00	10.00	10.00	-1.00
Water Supply Engineering	11.00	11.00	11.00	10.00	10.00	-1.00
Groundwater	7.00	7.00	7.00	7.00	7.00	0.00
Operations	30.00	30.00	30.00	29.00	29.00	-1.00
Maintenance	22.00	25.00	25.00	30.00	30.00	5.00
Flood Protection Engineering	5.50	5.00	5.00	5.00	5.00	0.00
Agency Total	115.00	122.00	122.00	127.00	127.00	5.00

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FINANCIAL OVERVIEW



Rates, Fees, and Charges

Treated Water

Treated Water Rate

In 2017, the Agency implemented a fixed charge for each Agency Retailer and other customers to recover 35% of the Agency's revenue requirements. The fixed charge provides increased revenue stability for the Agency and increased rate stability for its customers. In order to equitably recover the fixed charge, the fixed charge for each Agency Retailer and other customer is allocated proportionally to their average usage based on the previous two years. The Agency collects the fixed charge evenly over the course of 12 months from each Retailer and Direct Customer to ensure financial stability. With the establishment of a fixed charge, the volume-based rate has adjusted from recovering nearly 100% of revenue from volume-based rates to 65% cost recovery. The volume-based rate is a uniform rate charged to each Agency Retailer and other customers per unit of water delivered.

In 2018, the Board of Directors approved a four-year rate schedule that included a set increase of 6.7% each year from Calendar Year 2019 to 2022 and a gradual ramp-up of the fixed charge from 37.5% in 2019 to 45% by 2022. On June 17, 2020, the Zone 7 Board of Directors approved no rate increases in 2021 to provide relief and stability to the Tri Valley community due to the COVID-19 pandemic. This action pushed the 6.7% rate increase scheduled for calendar years 2021 to 2022.

The Agency conducted a wholesale water rate study in Fall 2022 which resulted in the Board of Directors adopting a 5.5% annual revenue requirement increase for treated water services for calendar years 2023, 2024, 2025 and 2026. The 5.5% annual adjustment included an increase in the fixed water rate component from 42.5% to 45%.

The Agency's adopted Treated Water Rates are shown in the table below.

Calendar Year	Volume-Based Treated Water Rate per AF	Total Annual Fixed Charges ⁽²⁾
2023	\$989	\$27,395,440
2024	\$1,019	\$29,703,607
2025 ⁽¹⁾	\$1,063	\$31,805,889
2026 ⁽¹⁾	\$1,076	\$33,286,846

⁽¹⁾The Board will revisit the rate schedule for calendar years 2025 and 2026 through a public process, with any changed rates adopted by November 2024.

⁽²⁾ Actual monthly billing is 1/12 of the annual amount.

Recharge Fee

The Agency charges a fee for recharge services to replenish the main groundwater basin when water is pumped in excess of a Retailers' groundwater pumping quota or independent quote. The recharge fee is meant to achieve the full cost of recovery for the recharge services. The Agency's adopted recharge fees are shown in the table below.

Calendar Year	2023	2024	2025	2026
Recharge Fee per AF	\$1,702	\$1,638	\$1,654	\$1,714

Temporary Treated Water Service Fee

The Agency charges a temporary treated water service fee to customers unable to obtain water in the outlying areas of the valley. The use of these services is limited. The fee includes an initial service establishment charge for each new direct connection to the Agency's system and a service rate. The Agency also charges a monthly meter service fee per turnout. The Agency's adopted temporary treated water service fees are shown in the table below.



Calendar Year	2023	2024	2025	2026
Temporary Treated Water Service Establishment Fee	\$182	\$188	\$193	\$199
Temporary Treated Water Service Fee per AF	\$1,799	\$1,856	\$1,934	\$1,956
Monthly Meter Service Fee	\$21	\$21	\$21	\$21

In-Lieu Water Rate

The In-Lieu Water Rate is a reduced rate offered to achieve groundwater management objectives. When available, Retailers can purchase surplus treated water from the Agency in-lieu of pumping groundwater per their groundwater pumping quota. The Agency also offers this rate to treated water contractors who have a groundwater pumping quota (including well pumping capacity) if sufficient surface water is available and if it's deemed financially and operationally prudent. In-lieu quantities are limited to each contractor's groundwater pumping quota plus any accumulated carryover. The adopted In-Lieu Water Rate for calendar years 2023 through 2026 is \$120 per AF.

Untreated Water

Untreated Water Rate

Untreated water rates are set on an annual basis and are effective January 1 of each year. The rate setting process includes an annual reconciliation of the prior year's actual cost of service to ensure the Agency is not over- or under-collecting from the untreated water customers. On October 18, 2023, the Board of Directors adopted an untreated water rate of \$263 per acre foot for all metered water delivered to each customer per month for calendar year 2024.

Temporary Untreated Water Rate

Untreated customers are charged the Temporary Untreated Water Rate when they are unable to obtain water in the outlying areas of the valley. The use of these services is limited. The calendar year 2024 fee includes an initial service establishment charge of \$125 per turnout and a delivery charge of \$916 per acre foot. The Agency also charges a monthly meter service fee of \$21 per turnout.

Non-Scheduled Untreated Water Service Fee

The calendar year 2024 Non-Scheduled Untreated Water Service fee is \$916 per acre foot.

Water Connection Fees

Water connection charges began in 1972 with the adoption of Ordinance No. FC 72-1 (the "Water Connection Ordinance"). The ordinance is applicable over the Agency area that includes Livermore, Pleasanton, Dublin, and surrounding communities. The Water Connection Ordinance has been amended several times and requires a one-time water connection fee for all new water services from a water system that is directly connected to the Agency's water supply system. This fee is used for funding the costs of expanding the Agency's water treatment and distribution system to serve new development. The connection fees the Agency charges are intended to assure that development pays its own way and to place new utility customers on equal basis from a financial perspective with existing customers. Once new customers are added to the system, they incur the obligation to pay the same service charges that existing customers pay. The Agency's connection fees are calculated using an "incremental cost" methodology, as existing system assets have been funded through property tax revenue, water rates and earlier connection fees.

In 2017, the Agency Board adopted the Fiscal Year 2016-17 Municipal and Industrial Connection Fee Program Update [\[link\]](#). The update undertook a comprehensive re-evaluation of projected demands, and new connections in the Agency's service area, and the necessary Water System expansion projects to meet the needs of future customers. The study resulted in a 7.3% increase in the Alameda County Connection Fee and an 11.3% increase in the Dougherty Valley Connection Fee, which became effective May 1, 2017. The study recommended annual inflationary adjustments to the fee to keep pace with inflation. A Connection Fee Study is planned for FY 2024-25.



In October 2023, the Board adopted a 2.4% increase effective January 1, 2024. The Board set the connection fees as stated below:

Meter Size	Meter Brand/Type	Fee Factor	Connection Fee
5/8" & 1" FS	DISPLACEMENT TYPE	10	\$34,530
3/4"	DISPLACEMENT TYPE	15	\$51,795
1"	DISPLACEMENT TYPE	25	\$86,325
3/4" Short Diehl	ULTRASONIC METER (Pleasanton only)	30	\$103,590
3/4" Long Diehl	ULTRASONIC METER (Pleasanton only)	30	\$103,590
1" Diehl	ULTRASONIC METER (Pleasanton only)	55	\$189,915
1" Kamstrup	ULTRASONIC METER (Livermore only)	55	\$189,915
1 1/2"	DISPLACEMENT TYPE	50	\$172,650
	KAMSTRUP ULTRASONIC (Pleasanton only)	120	\$414,360
	OMNI C2	160	\$552,480
	OMNI T2	160	\$552,480
2"	OMNI WITH 50 GPM RESTRICTION	50	\$172,650
	DISPLACEMENT TYPE	80	\$276,240
	OMNI WITH 80 GPM RESTRICTION	80	\$276,240
	Mueller MVR	115	\$397,095
	OMNI WITH 120 GPM RESTRICTION	120	\$414,360
	SENSUS SR/SRII	160	\$552,480
	KAMSTRUP SHORT ULTRASONIC (Pleasanton only)	160	\$552,480
	KAMSTRUP LONG ULTRASONIC (Pleasanton only)	160	\$552,480
	OMNI C2	160	\$552,480
	OMNI T2	200	\$690,600
	evoQ4 MAGNETIC (Pleasanton only)	220	\$759,660



Financial Trend Indicators

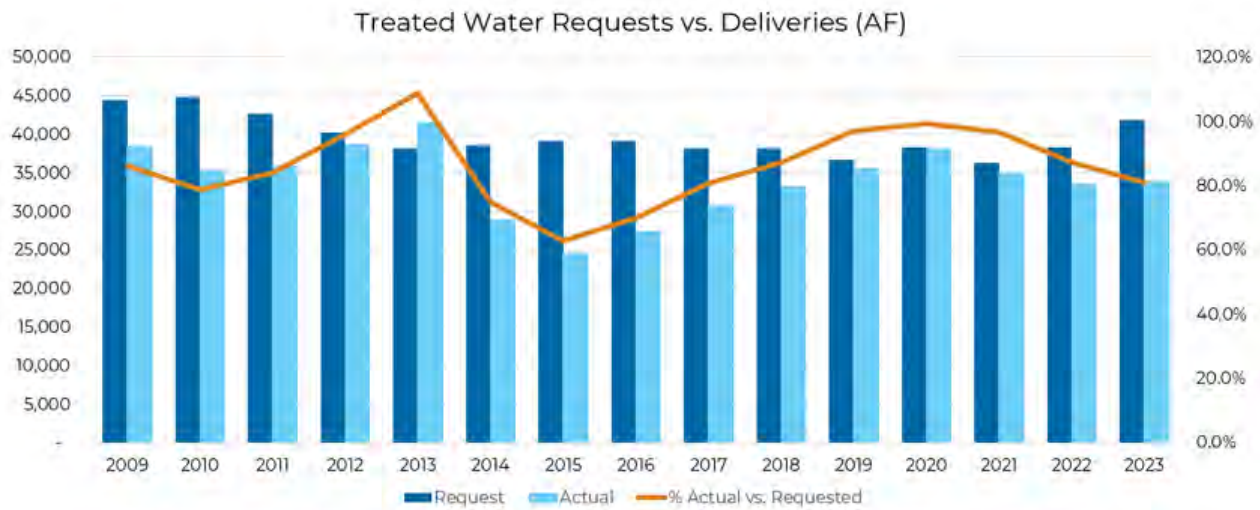
The Agency tracks the following financial trend indicators of the major revenue sources for planning and budgeting purposes.

Water Sales

The Agency tracks and compares Retailer water requests and actual water deliveries to analyze trends and project future water sales. As water sales are a major revenue source for the Agency, this financial indicator helps with budget development and capital improvement planning.

Factors affecting the overall downward trend of water deliveries include prolonged periods of drought and state mandated conservation measures. A “new normal” has also emerged as water users have adapted to the conservation mandates. Looking ahead, treated water deliveries are expected to remain lower as compared to 2020.

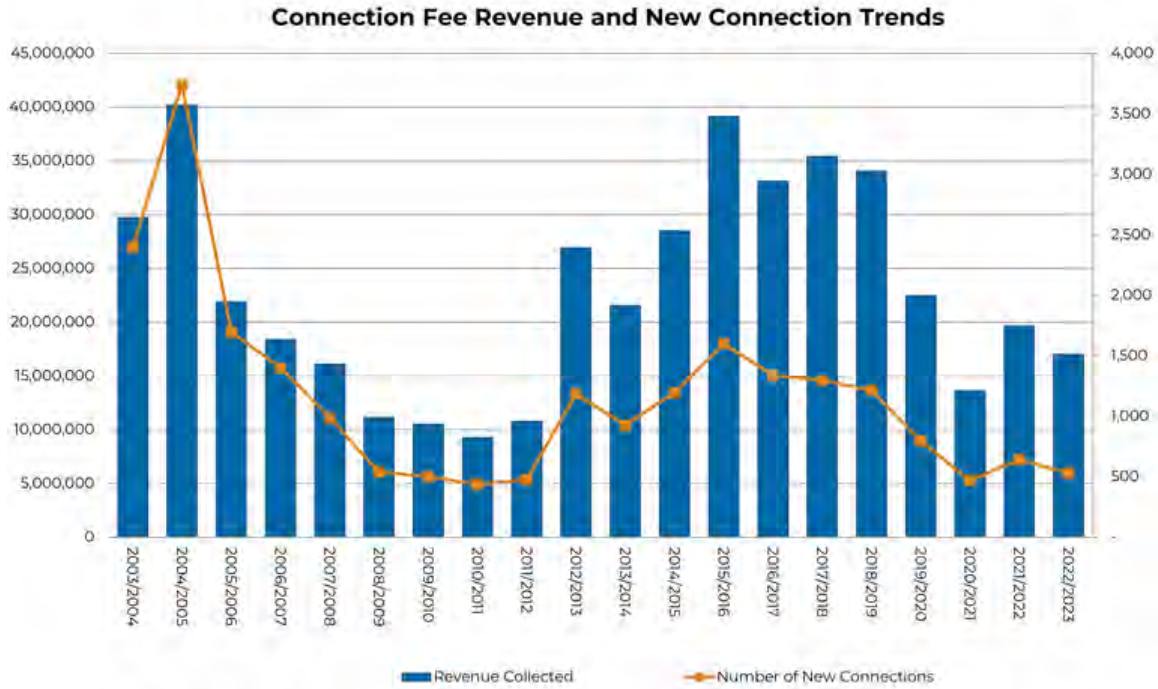
The chart below illustrates the comparison of annual treated water requests and actual deliveries through calendar year 2023.



Water Connection Fee Revenue

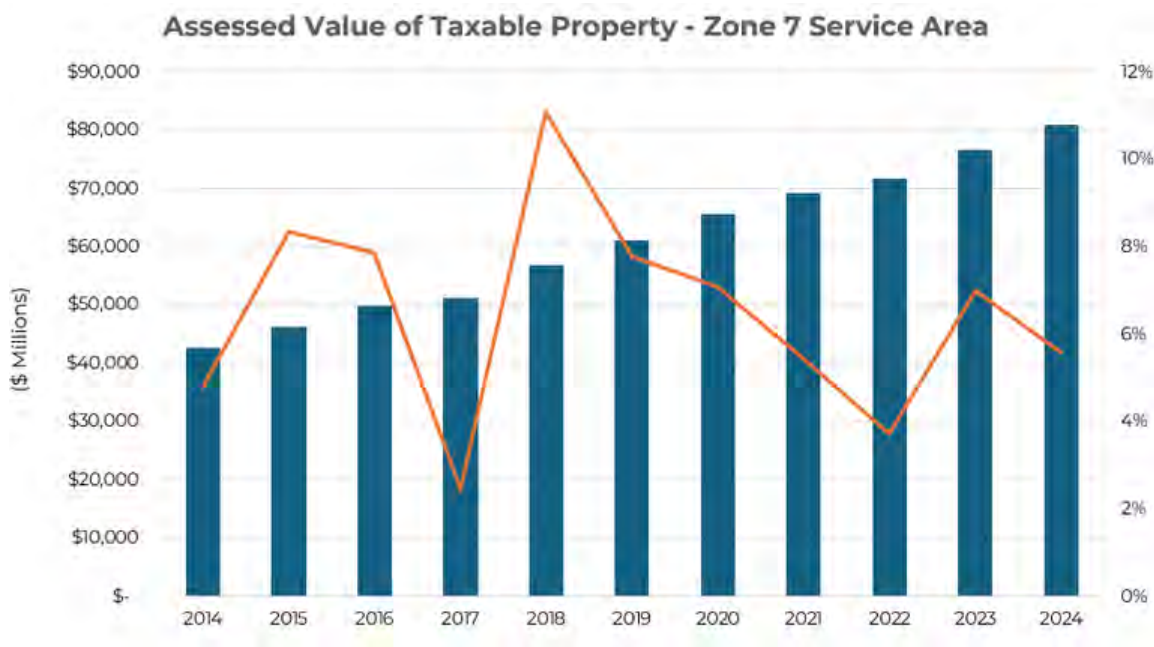
Historical connection fee revenue cycles serve as an indication of future connections. In general, the economic cycle, in terms of connection fee revenue, consists of several years of slow growth followed by a slow, but steady recovery. While connection fee revenue recovered from the 2008 recession, the 2020 COVID-19 pandemic caused another cycle of slow growth in development. As a result, connection fee revenue has been conservatively projected in this budget.

The chart below illustrates the cyclical pattern of historical connection fee data for the last 20 years.



Property Taxes

Alameda County levies an ad valorem property tax rate equal to one percent (1%) of the full assessed value, of which Zone 7 of the Alameda County Flood and Water Conservation District receives a proportionate share. These property taxes fund flood protection operations. The chart below illustrates the year-to-year change in the assessed value of taxable property within the Zone 7 Service area since 2014.



Long Range Financial Plan

The Agency maintains a long-range financial model for debt management purposes and a rate model to determine future water rates. Both models are updated regularly to reflect the current budget, audited actuals, and capital plans.

The following section includes a long-range financial plan for each budgeted fund and the assumptions for the projections. The long-range financial plan assists the Agency in advancing strategic goals and making key decisions about rates and fees, capital financing, and the impact of inflation on costs.

The financial plan for the Water Enterprise funds indicates a need to issue debt to fund future capital projects. The financial plan for the Flood Protection Operations Fund indicates the need to seek Federal and State assistance to fund the 2023 Storm Repairs Project.

For each fund, projected reserve balances comply with Board policy except for Fund 110 - State Water Facilities, which exceeds the maximum target.

Fund 100 - Water Enterprise Operations Fund

Fund 100 - Water Enterprise Fund	FY 2023-24 Estimated Actuals	FY 2024-25 Budget	FY 2025-26 Budget	FY 2026-27 Projection	FY 2027-28 Projection
Beginning Reserve Balance	\$29,369,000	\$32,050,000	\$30,794,000	\$30,517,000	\$33,066,000
Revenue ¹	67,230,000	68,185,000	72,165,000	75,741,000	79,530,000
Expenses ²	44,556,000	47,347,000	49,848,000	49,497,000	50,943,000
Debt Service ³	3,342,000	4,976,000	4,976,000	4,977,000	5,799,000
Capital Funding ⁴	16,651,000	17,118,000	17,618,000	18,718,000	19,841,000
End of Year Available Reserve Balance	\$32,050,000	\$30,794,000	\$30,517,000	\$33,066,000	\$36,013,000

¹Revenue includes treated water sales and interest income. FY 2024-25 and FY 2025-26 assume 5.5% Board-approved annual rate increases. FY 2026-27 and FY 2027-28 assume 5% annual rate increases. Interest income assumes a 2.5% yield on investments in FY 2024-25, decreasing to 1.5% thereafter.

²Expenses: FY 2024-25 and FY 2025-26 are based on the proposed budget. FY 2026-27 and FY 2027-28 assume 2% annual inflation.

³Debt Service: Includes annual debt payments for the 2018 and 2023 Series A Bonds. Also assumes a debt issuance of \$26M in FY 2026-27 to fund the Mocho PFAS project at a rate of 4%.

⁴Capital Funding: FY 2024-25 and FY 2025-26 are based on the proposed budget, FY 2026-27 and FY 2027-28 assume 6% annual inflation.



Fund 110 - State Water Facilities Fund

Fund 110 - State Water Facilities Fund	FY 2023-24 Estimated Actuals	FY 2024-25 Budget	FY 2025-26 Budget	FY 2026-27 Projection	FY 2027-28 Projection
Beginning Reserve Balance	\$48,613,000	\$51,731,000	\$52,960,000	\$51,363,000	\$48,436,000
Revenue ¹	29,426,000	29,941,000	29,655,000	31,138,000	32,695,000
Expenses ²	26,308,000	28,712,000	31,252,000	34,065,000	37,131,000
End of Year Available Reserve Balance³	\$51,731,000	\$52,960,000	\$51,363,000	\$48,436,000	\$44,000,000

¹Revenue: includes Property Taxes, interest income, DWR refunds and Dougherty Valley Surcharge. Property Tax collection for FY 2024-25 and FY 2025-26 is \$22M annually, increasing by 5% annual thereafter. Interest income assumes 2.5% yield on investments in FY 2024-25, decreasing to 1.5% thereafter.

²Expenses: FY 2024-25 and FY 2025-26 are based on the proposed budget, FY 2026-27 and FY 2027-28 assume 9% annual inflation.

³SWP costs are highly volatile and expected to increase significantly. Any reserve balance above the reserve maximum may be used to offset future cost increases.

Fund 120 - Water Enterprise Renewal & Replacement/Systemwide Improvements Fund

Fund 120 - Renewal & Replacement/Systemwide Improvements Fund	FY 2023-24 Estimated Actuals	FY 2024-25 Budget	FY 2025-26 Budget	FY 2026-27 Projection	FY 2027-28 Projection
Beginning Reserve Balance	\$45,119,000	\$34,914,000	\$57,323,000	\$50,648,000	\$56,923,000
Revenue ¹	1,480,000	18,788,000	814,000	722,000	676,000
Capital Funding ²	16,441,000	16,912,000	17,398,000	18,498,000	19,621,000
Bond Proceeds (2023 & Assumed 2026 Series A) ³	29,665,000			26,162,000	
Capital Projects ⁴	57,791,000	13,291,000	24,887,000	39,107,000	43,491,000
End of Year Available Reserve Balance	\$34,914,000	\$57,323,000	\$50,648,000	\$56,923,000	\$33,729,000

¹Revenue: includes interest income and grant proceeds. FY 2024-25 includes one-time grant proceeds of \$17M, interest income assumes 2.5% yield, decreasing to 1.5% thereafter.

²Capital Funding: FY 2024-25 and FY 2025-26 are based on the proposed budget, FY 2026-27 and FY 2027-28 assume 6% annual inflation.

³Bond Proceeds: 2023 Series A issued for COL PFAS and other capital improvements. Assumed 2026 Series A future debt issuance in FY 2026-27 is for Mocho PFAS project.

⁴Capital Projects: FY 2024-25 and FY 2025-26 are based on the proposed budget, FY 2026-27 and FY 2027-28 are based on the Adopted CIP with modifications for deferred projects.

Fund 130 - Water Enterprise Capital Expansion Fund

Fund 130 - Capital Expansion Fund	FY 2023-24 Estimated Actuals	FY 2024-25 Budget	FY 2025-26 Budget	FY 2026-27 Projection	FY 2027-28 Projection
Beginning Reserve Balance	\$ 70,387,000	\$ 66,651,000	\$ 60,741,000	\$ 51,499,000	\$ 38,895,000
Revenue ¹	15,400,000	15,119,000	13,835,000	16,332,000	16,705,000
Non-Discretionary Expenses ²	16,604,000	16,790,000	17,400,000	17,800,000	18,700,000
Debt Service (2018 Series A Bonds)	1,089,000	1,092,000	1,098,000	1,093,000	1,096,000
Capital Projects ³	1,443,000	3,147,000	4,579,000	10,043,000	21,171,000
End of Year Available Reserve Balance	\$ 66,651,000	\$ 60,741,000	\$ 51,499,000	\$ 38,895,000	\$ 14,633,000

¹Revenue: includes connection fee revenue and interest. FY 2024-25 and FY 2025-26 Connection fee revenue is based on budget, ramping up to \$13M in FY 2027-28 (~250 5/8 inch meter connections annually).

²Non-Discretionary Expenses: debt service payments to the Department of Water Resources for debt issued on the Agency's behalf.

³Capital Projects: FY 2024-25 and FY 2025-26 are based on the proposed budget, FY 2026-27 and FY 2027-28 are based on the Adopted CIP with modifications for deferred projects.

Fund 200 - Flood Protection Operations

Fund 200 - General Fund	FY 2023-24 Estimated Actuals	FY 2024-25 Budget	FY 2025-26 Budget	FY 2026-27 Projection	FY 2027-28 Projection
Beginning Reserve Balance	\$23,917,000	\$23,830,000	\$13,620,000	\$10,148,000	\$10,124,000
Revenue ¹	12,837,000	13,498,000	15,958,000	20,645,000	22,039,000
Expenses ²	12,924,000	23,708,000	19,430,000	20,669,000	23,325,000
End of Year Available Reserve Balance	\$ 23,830,000	\$ 13,620,000	\$ 10,148,000	\$ 10,124,000	\$ 8,838,000

¹Revenue: includes property taxes, interest income and grant proceeds. FY 2024-25 property tax amount has been provided by Alameda County. FY 2025-26 and thereafter assume 4% annual increase in assessed valuation. Grants include reimbursement from FEMA and Cal OES for Phases 1 & 2 of the 2023 Storms Repair Project. Interest income assumes 2.5% yield on investments in FY 2024-25, decreasing to 1.5% thereafter.

²Expenses: FY 2024-25 and FY 2025-26 are based on the proposed budget, FY 2026-27 and FY 2027-28 assume 2% annual inflation and phases 2 & 3 of the 2023 Storm Repairs Project.

Fund 210 - Flood Protection Development Impact Fee

Fund 210 - Flood Protection Development Impact Fee	FY 2023-24 Estimated Actuals	FY 2024-25 Budget	FY 2025-26 Budget	FY 2026-27 Projection	FY 2027-28 Projection
Beginning Reserve Balance	\$ 75,845,000	\$ 78,092,000	\$ 79,739,000	\$ 80,668,000	\$ 81,644,000
Revenue	3,331,000	3,477,000	2,712,000	2,848,000	2,990,000
Expenses	1,084,000	1,830,000	1,783,000	1,872,000	1,966,000
End of Year Available Reserve Balance	\$ 78,092,000	\$ 79,739,000	\$ 80,668,000	\$ 81,644,000	\$ 82,668,000

¹Revenue: includes development impact fee revenue and interest. FY 2024-25 and 2025-26 revenue is based on budget, FY 2026-27 and FY 2027-28 assume 5% annual increases.

¹Expenses: FY 2024-25 and 2025-26 expenses are based on budget, FY 2026-27 and FY 2027-28 expenses assume 5% annual increases.



Agency-Wide

Agency-Wide	FY 2023-24 Estimated Actuals	FY 2024-25 Budget	FY 2025-26 Budget	FY 2026-27 Projection	FY 2027-28 Projection
Beginning Reserve Balance	\$ 322,915,000	\$ 287,268,000	\$ 295,177,000	\$ 274,843,000	\$ 268,275,000
Revenue	146,145,000	165,920,000	152,537,000	165,924,000	174,244,000
Expenses	181,792,000	158,011,000	172,871,000	198,654,000	224,275,000
End of Year Available Reserve Balance	\$ 287,268,000	\$ 295,177,000	\$ 274,843,000	\$ 242,113,000	\$ 218,244,000



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FUND SUMMARIES





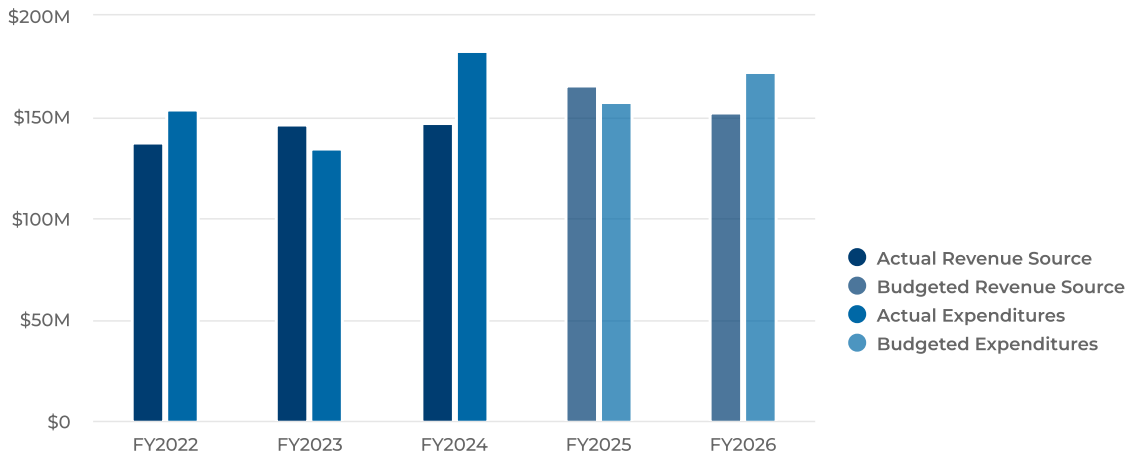
All Funds

The Agency has six budgeted/appropriated funds categorized as either Governmental Funds or Enterprise Funds. The Water Enterprise Funds include Fund 100 - Water Enterprise Operations, Fund 110 - State Water Project Facilities, Fund 120 - Water Enterprise Renewal/Replacement and System-wide Improvements, and Fund 130 - Water Enterprise Capital Expansion. The Governmental Funds include Fund 200 - Flood Protection Operations and Fund 210 - Flood Protection Development Impact Fee.

Summary

Zone 7 Water Agency is projecting \$165.92M of revenue in FY2025, which represents a 13% increase over the prior year projected actuals and \$152.54M of revenue in FY2026, which represents an 8% decrease over the prior year budget.

Budgeted expenditures are projected to decrease by 14% to \$158.01M in FY2025 as compared to prior year projected actuals and increase 9% in FY2026 to \$172.8M.



*FY 2024 amounts represent unaudited projected actuals.

All Funds Comprehensive Summary

Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted
Beginning Fund Balance:	\$300,709,039	\$283,205,084	\$293,248,597	\$287,268,000	\$295,177,000
Revenues					
Water Sales & Service	\$57,937,296	\$58,415,448	\$68,716,000	\$70,166,000	\$74,263,000
Property Taxes	\$34,808,117	\$35,365,971	\$34,009,923	\$34,774,000	\$35,278,000
Connection/Development Fees	\$21,202,745	\$18,277,267	\$11,813,000	\$11,500,000	\$11,500,000
Investment Earnings	-\$1,994,289	\$2,751,077	\$7,692,911	\$7,365,000	\$4,252,000
Grants	\$72	\$71	\$2,264	\$17,052,000	\$2,595,000
Other Revenue	\$7,514,017	\$10,382,484	\$8,779,903	\$8,151,000	\$7,251,000
Capital Funding	\$18,658,758	\$21,149,361	\$16,441,000	\$16,912,000	\$17,398,000
Total Revenues:	\$138,126,716	\$146,341,679	\$147,455,000	\$165,920,000	\$152,537,000
Expenditures					
Personnel	\$20,440,792	\$21,612,282	\$23,176,256	\$26,032,000	\$26,952,000
Professional Services	\$11,407,917	\$6,344,947	\$10,288,080	\$8,758,000	\$7,990,000
County Services	\$1,392,004	\$1,428,525	\$2,178,309	\$1,243,000	\$2,046,000
Insurance Services	\$519,034	\$597,518	\$760,000	\$850,000	\$900,000
Legal Services	\$153,642	\$418,214	\$402,203	\$655,000	\$655,000
Water	\$55,177,862	\$49,497,422	\$48,855,218	\$51,438,000	\$55,909,000
Delta Conveyance Project	\$1,373,871	\$1,865,957	\$2,375,000	\$3,300,000	\$3,300,000
Chemicals	\$1,516,832	\$2,177,378	\$3,820,000	\$4,000,000	\$4,000,000
Utilities	\$3,572,184	\$3,560,982	\$2,234,463	\$2,308,000	\$2,428,000
Telecommunications	\$194,779	\$150,721	\$172,378	\$257,000	\$244,000
Maintenance Services	\$9,121,681	\$5,926,485	\$8,076,125	\$18,757,000	\$14,404,000
Rental Services	\$137,970	\$239,727	\$360,000	\$644,000	\$591,000
Office Supplies and Other Services	\$1,148,150	\$1,383,441	\$2,223,470	\$1,456,000	\$1,392,000
Organizational Memberships and Support	\$2,065,915	\$3,104,208	\$2,989,991	\$530,000	\$835,000
Training and Travel	\$66,824	\$104,207	\$85,440	\$226,000	\$224,000
Water Conservation Program	\$105,175	\$181,703	\$129,165	\$158,000	\$158,000
Capital Projects	\$26,023,932	\$13,872,073	\$53,649,038	\$14,162,000	\$27,098,000
Equipment	\$353,009	\$156,074	\$232,570	\$35,000	\$35,000
Interest Expense for Long Term Debt	\$2,111,942	\$2,085,323	\$0	\$0	\$0
Debt Service	\$3,124,213	\$3,123,838	\$4,431,385	\$6,068,000	\$6,076,000
Capital Funding	\$14,102,940	\$16,872,145	\$16,662,908	\$17,134,000	\$17,634,000
Total Expenditures:	\$154,110,671	\$134,703,168	\$183,102,000	\$158,011,000	\$172,871,000
Total Revenues Less Expenditures:	-\$15,983,954	\$11,638,512	-\$35,647,000	\$7,909,000	-\$20,334,000
Ending Fund Balance:	\$284,725,085	\$294,843,596	\$257,601,597	\$295,177,000	\$274,843,000



Comprehensive Summary Table Footnote:

(1) FY2025 Budgeted beginning fund balance includes \$29.67M in bond proceeds from the sale of \$28.795M Livermore Valley Water Financing Authority Water Revenue Bonds, 2023 Series A.

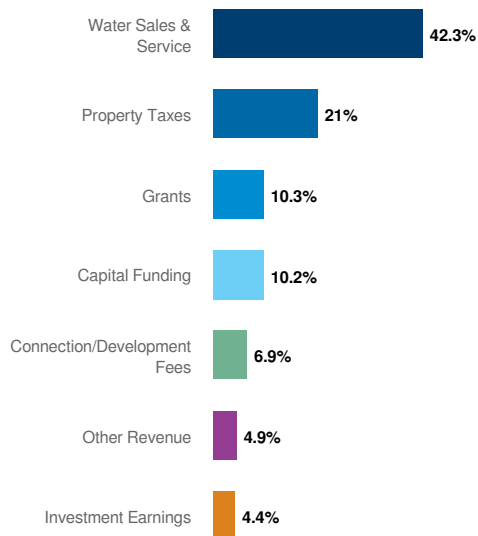
(2) Capital Funding (Expense) includes project costs for the Los Vaqueros Reservoir Expansion project and the Sites Reservoir project.

Revenues by Source

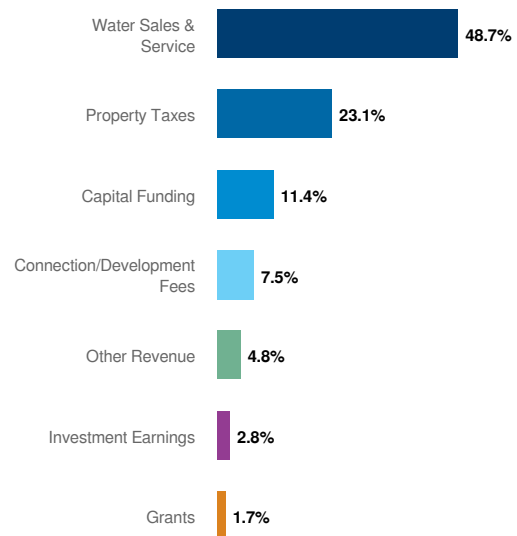
The Agency's major revenue sources include water sales and service, property taxes, and connection/development fees. In FY2025, grants make up 10.3% of the budgeted revenues. These grants represent one-time collections from a \$16M grant from the Department of Water Resources's Sustainable Groundwater Management Grant Program for development of the Stoneridge Well PFAS Treatment Facility and a \$960K federal grant to help fund the Chain of Lakes PFAS Treatment Facility.

All rates and fees are approved and adopted by the Agency's Board of Directors. These rates and fees are reflected in this two-year budget. The following graph summarizes the Agency's total revenue by source.

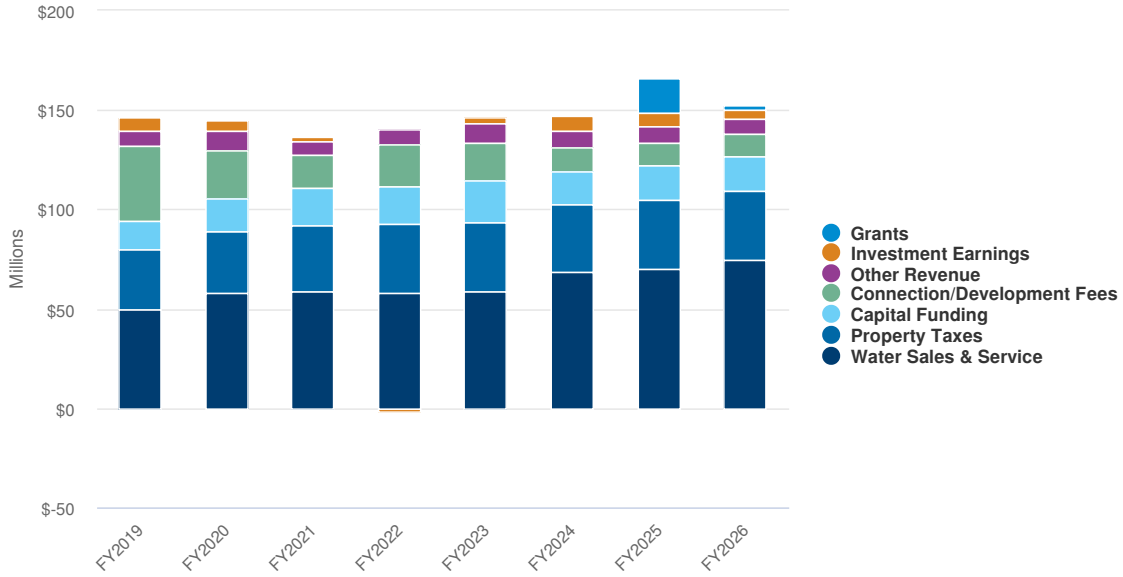
Budgeted FY2025 Revenues by Source



Budgeted FY2026 Revenues by Source



Budgeted and Historical Revenues by Source



Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted	FY2025 Budgeted vs. FY2026 Budgeted (% Change)
Revenue Source						
Water Sales & Service	\$57,937,296	\$58,415,448	\$68,716,000	\$70,166,000	\$74,263,000	5.8%
Property Taxes	\$34,808,117	\$35,365,971	\$34,009,923	\$34,774,000	\$35,278,000	1.4%
Connection/Development Fees	\$21,202,745	\$18,277,267	\$11,813,000	\$11,500,000	\$11,500,000	0%
Investment Earnings	-\$1,994,289	\$2,751,077	\$7,692,911	\$7,365,000	\$4,252,000	-42.3%
Grants	\$72	\$71	\$2,264	\$17,052,000	\$2,595,000	-84.8%
Other Revenue	\$7,514,017	\$10,382,484	\$8,779,903	\$8,151,000	\$7,251,000	-11%
Capital Funding	\$18,658,758	\$21,149,361	\$16,441,000	\$16,912,000	\$17,398,000	2.9%
Total Revenue Source:	\$138,126,716	\$146,341,679	\$147,455,000	\$165,920,000	\$152,537,000	-8.1%

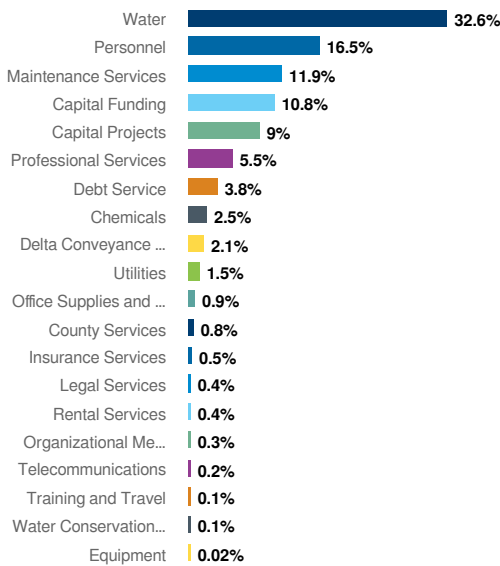


Expenditures by Expense Type

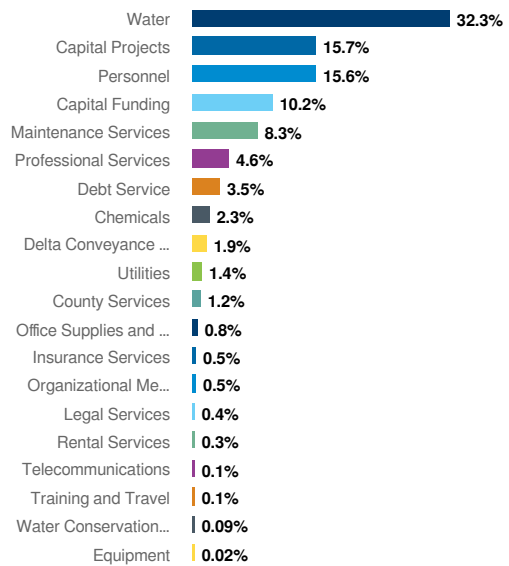
Water is the Agency's largest expense at approximately 33% each year of total Agency-wide expenses. The Agency purchases approximately 70% of its water supply from the State Water Project based on the annual Statement of Charges. Water is charged to the Water Enterprise Operations, State Water Facilities, and Water Enterprise Expansion funds.

The Agency's second largest expense is personnel. Personnel includes salaries, wages, and benefits for the Agency's highly skilled workforce. The Two-Year Budget assumes a cost of living adjustment of 4% each year. Personnel expenses are charged to the Water Enterprise Operations, Water Enterprise Renewal/Replacement and System-wide Improvements, Water Enterprise Capital Expansion, Flood Protection Operations, and Flood Protection Development Impact Fee funds.

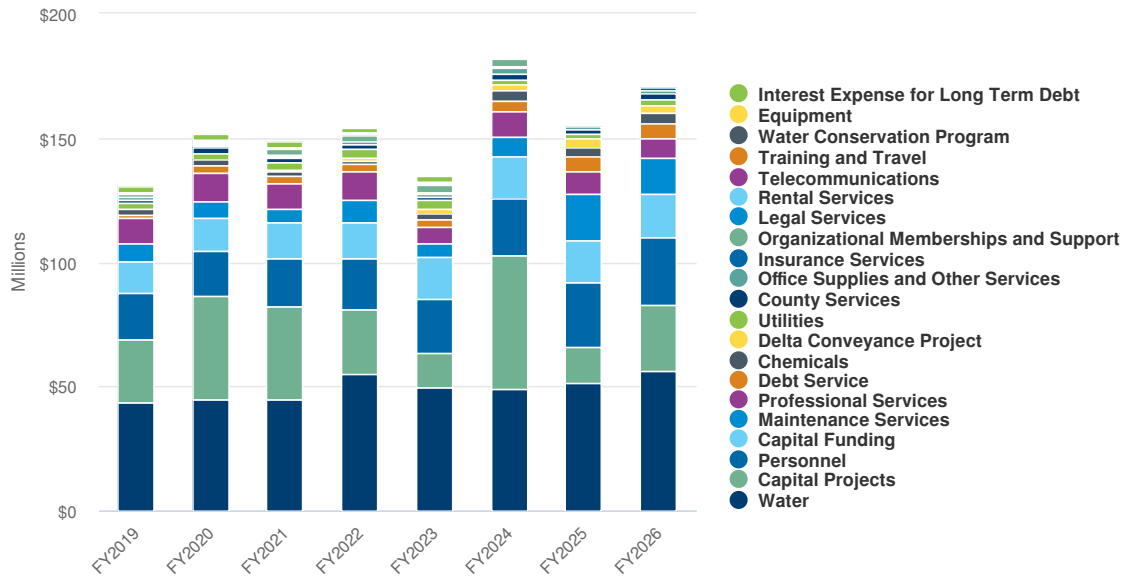
Budgeted FY2025 Expenditures by Expense Type



Budgeted FY2026 Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted
Expense Objects					
Personnel	\$20,440,792	\$21,612,282	\$23,176,256	\$26,032,000	\$26,952,000
Professional Services	\$11,407,917	\$6,344,947	\$10,288,080	\$8,758,000	\$7,990,000
County Services	\$1,392,004	\$1,428,525	\$2,178,309	\$1,243,000	\$2,046,000
Insurance Services	\$519,034	\$597,518	\$760,000	\$850,000	\$900,000
Legal Services	\$153,642	\$418,214	\$402,203	\$655,000	\$655,000
Water	\$55,177,862	\$49,497,422	\$48,855,218	\$51,438,000	\$55,909,000
Delta Conveyance Project	\$1,373,871	\$1,865,957	\$2,375,000	\$3,300,000	\$3,300,000
Chemicals	\$1,516,832	\$2,177,378	\$3,820,000	\$4,000,000	\$4,000,000
Utilities	\$3,572,184	\$3,560,982	\$2,234,463	\$2,308,000	\$2,428,000
Telecommunications	\$194,779	\$150,721	\$172,378	\$257,000	\$244,000
Maintenance Services	\$9,121,681	\$5,926,485	\$8,076,125	\$18,757,000	\$14,404,000
Rental Services	\$137,970	\$239,727	\$360,000	\$644,000	\$591,000
Office Supplies and Other Services	\$1,148,150	\$1,383,441	\$2,223,470	\$1,456,000	\$1,392,000
Organizational Memberships and Support	\$2,065,915	\$3,104,208	\$2,989,991	\$530,000	\$835,000
Training and Travel	\$66,824	\$104,207	\$85,440	\$226,000	\$224,000
Water Conservation Program	\$105,175	\$181,703	\$129,165	\$158,000	\$158,000
Capital Projects	\$26,023,932	\$13,872,073	\$53,649,038	\$14,162,000	\$27,098,000
Equipment	\$353,009	\$156,074	\$232,570	\$35,000	\$35,000
Interest Expense for Long Term Debt	\$2,111,942	\$2,085,323	\$0	\$0	\$0
Debt Service	\$3,124,213	\$3,123,838	\$4,431,385	\$6,068,000	\$6,076,000
Capital Funding	\$14,102,940	\$16,872,145	\$16,662,908	\$17,134,000	\$17,634,000



Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted
Total Expense Objects:	\$154,110,671	\$134,703,168	\$183,102,000	\$158,011,000	\$172,871,000





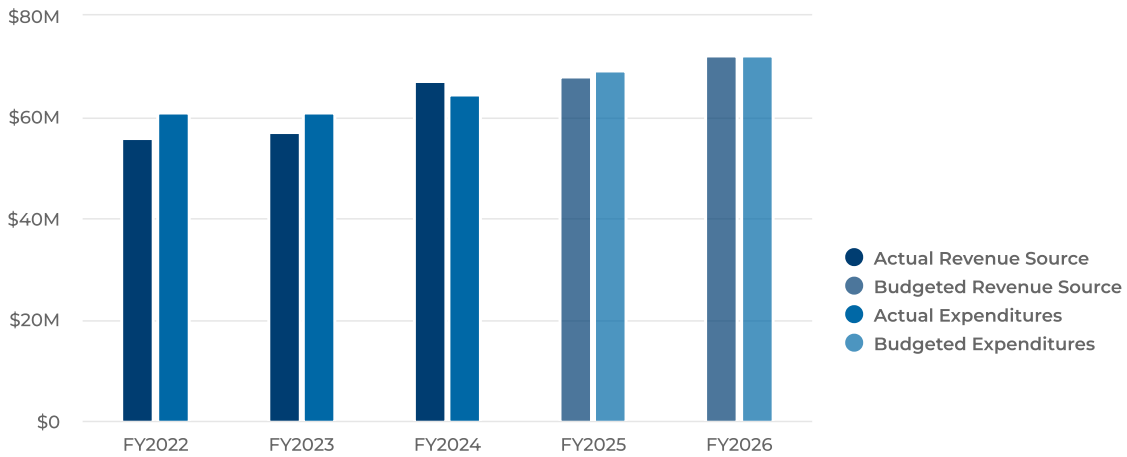
Water Enterprise Operations

This proprietary fund ensures the delivery of high-quality water to the Livermore-Amador Valley. This fund is considered a major fund as revenues (primarily from water rates) constitute more than 10% of the Agency's total budgeted revenues. Activities include water treatment, water quality analysis, water resource and groundwater basin management, and water supply planning and engineering.

Summary

The Agency is projecting \$68.19M of revenue in FY2025, which represents a 1.4% increase over the prior year projected actuals, and \$72.17M of revenue in FY2026, which represents a 5.8% increase over the prior year budget.

Budgeted expenditures are projected to increase by 7.6% or \$64.55M to \$69.44M in FY2025 and 4.3% in FY2026.



*FY2024 amounts represent unaudited projected actuals.

Water Enterprise Operations Comprehensive Summary

Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted
Beginning Fund Balance:	\$38,352,754	\$33,268,650	\$29,368,814	\$32,050,000	\$30,794,000
Revenues					
Water Sales & Service	\$55,670,512	\$56,105,302	\$66,148,000	\$67,393,000	\$71,268,000
Investment Earnings	-\$173,821	\$373,164	\$748,176	\$479,000	\$454,000
Grants	\$0	\$0	\$2,199	\$0	\$130,000
Other Revenue	\$389,734	\$487,550	\$331,625	\$313,000	\$313,000
Capital Funding	\$104,582	\$147,537	\$0	\$0	\$0
Total Revenues:	\$55,991,006	\$57,113,553	\$67,230,000	\$68,185,000	\$72,165,000
Expenditures					
Personnel	\$15,609,977	\$17,564,271	\$18,490,628	\$20,255,000	\$21,005,000
Professional Services	\$1,956,504	\$1,984,651	\$2,696,524	\$4,216,000	\$3,589,000
County Services	\$1,151,756	\$1,280,456	\$1,900,000	\$1,133,000	\$1,936,000
Insurance Services	\$519,034	\$597,518	\$760,000	\$850,000	\$900,000
Legal Services	\$109,153	\$347,919	\$340,000	\$455,000	\$455,000
Water	\$14,651,758	\$7,351,246	\$5,955,647	\$5,952,000	\$7,273,000
Delta Conveyance Project	\$1,373,871	\$1,865,957	\$2,375,000	\$3,300,000	\$3,300,000
Chemicals	\$1,516,832	\$2,177,378	\$3,820,000	\$4,000,000	\$4,000,000
Utilities	\$3,572,184	\$3,552,336	\$2,230,000	\$2,308,000	\$2,428,000
Telecommunications	\$192,504	\$148,324	\$170,000	\$251,000	\$238,000
Maintenance Services	\$2,185,590	\$1,851,732	\$2,235,731	\$2,533,000	\$2,484,000
Rental Services	\$136,433	\$225,682	\$350,000	\$556,000	\$546,000
Office Supplies and Other Services	\$306,656	\$349,149	\$1,583,374	\$739,000	\$595,000
Organizational Memberships and Support	\$372,033	\$1,304,449	\$1,349,432	\$442,000	\$744,000
Training and Travel	\$60,739	\$96,072	\$78,435	\$199,000	\$197,000
Water Conservation Program	\$84,564	\$181,703	\$122,720	\$158,000	\$158,000
Equipment	\$60,257	\$150,454	\$98,509	\$0	\$0
Debt Service	\$3,124,213	\$3,123,838	\$3,342,000	\$4,976,000	\$4,976,000
Capital Funding	\$14,091,050	\$16,860,255	\$16,651,000	\$17,118,000	\$17,618,000
Total Expenditures:	\$61,075,111	\$61,013,390	\$64,549,000	\$69,441,000	\$72,442,000
Total Revenues Less Expenditures:	-\$5,084,104	-\$3,899,836	\$2,681,000	-\$1,256,000	-\$277,000
Ending Fund Balance:	\$33,268,650	\$29,368,814	\$32,049,814	\$30,794,000	\$30,517,000

Comprehensive Summary Footnotes:

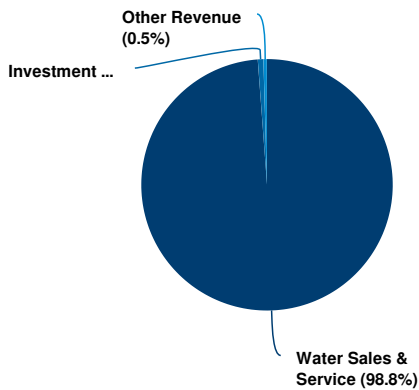
Capital Funding (Revenue) - FY2022 and FY2023 amounts reflect transfers in for the Department of Water Resources Delta Conveyance charges.



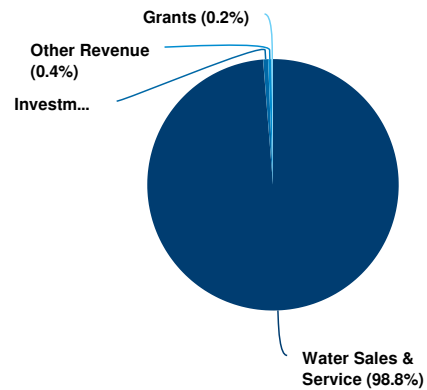
Revenues by Source

The primary revenue source for this fund is water sales and service. The projected FY2025 and FY2026 revenues assume 5.5% water rate increases, which were approved by the Agency's Board of Directors for calendar years 2025 and 2026. Other revenue sources include investment earnings, state/federal grants, and other miscellaneous fees and charges.

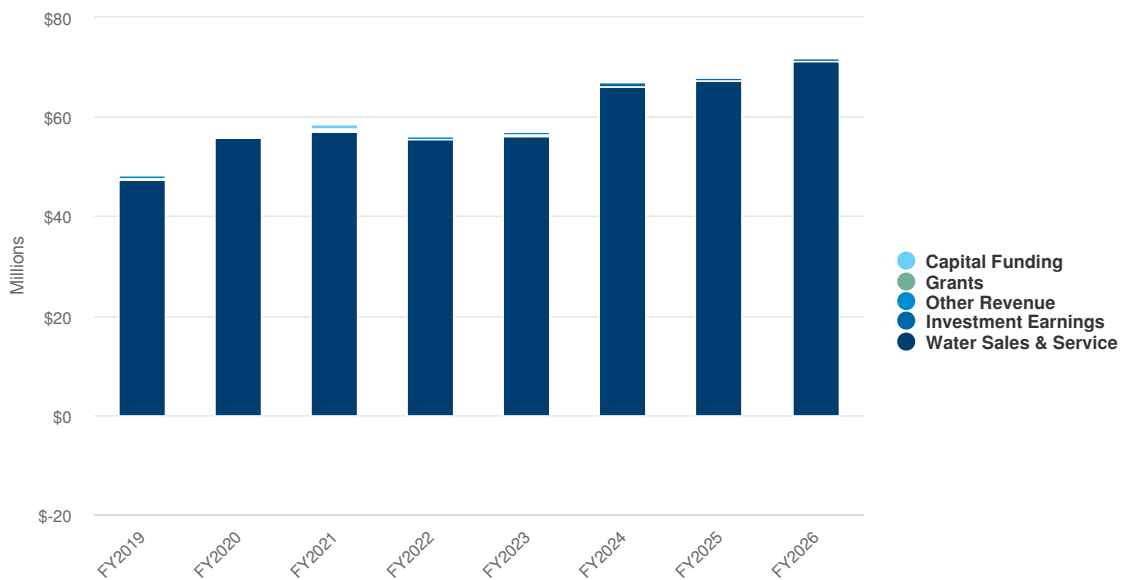
Budgeted FY2025 Revenues by Source



Budgeted FY2026 Revenues by Source



Budgeted and Historical Revenues by Source

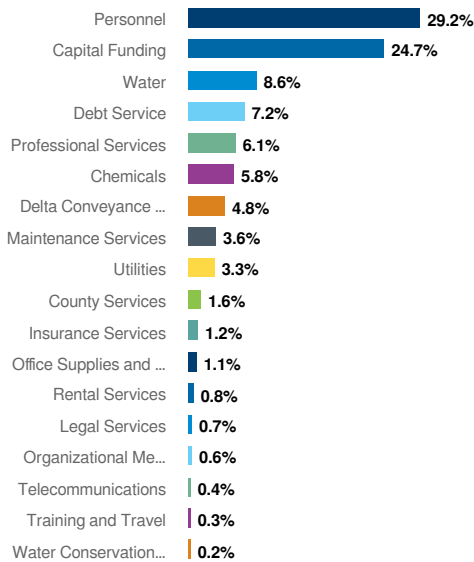


Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted	FY2025 Budgeted vs. FY2026 Budgeted (% Change)
Revenue Source						
Water Sales & Service	\$55,670,512	\$56,105,302	\$66,148,000	\$67,393,000	\$71,268,000	5.7%
Investment Earnings	-\$173,821	\$373,164	\$748,176	\$479,000	\$454,000	-5.2%
Grants	\$0	\$0	\$2,199	\$0	\$130,000	N/A
Other Revenue	\$389,734	\$487,550	\$331,625	\$313,000	\$313,000	0%
Capital Funding	\$104,582	\$147,537	\$0	\$0	\$0	0%
Total Revenue Source:	\$55,991,006	\$57,113,553	\$67,230,000	\$68,185,000	\$72,165,000	5.8%

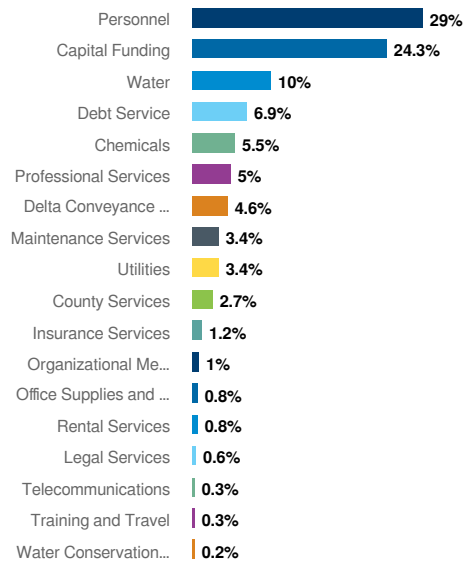
Expenditures by Expense Type

Personnel and capital funding make up the largest expenses in the Water Enterprise Operations fund. Personnel comprises salaries, wages, and benefits. The Two-Year Budget incorporates a cost of living adjustment of 4% each year. Capital funding is the quarterly transfer to the Water Enterprise Renewal / Replacement and System-wide Improvements fund for future water enterprise capital projects. The Two-Year Budget assumes a 3% inflationary cost adjustment to the capital funding transfer each year.

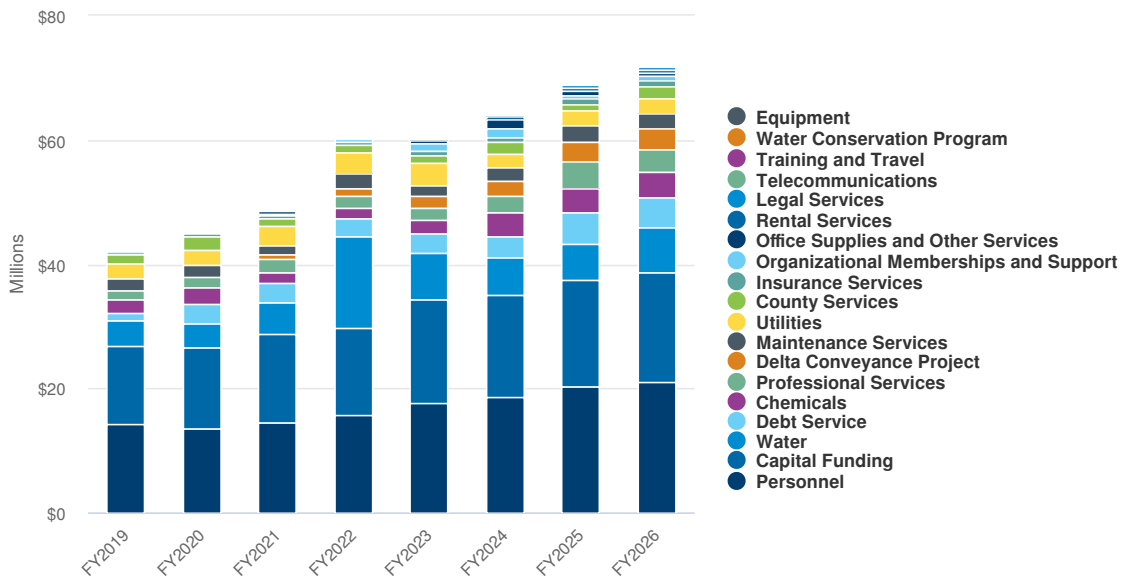
Budgeted FY2025 Expenditures by Expense Type



Budgeted FY2026 Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted	FY2025 Budgeted vs. FY2026 Budgeted (% Change)
Expense Objects						
Personnel	\$15,609,977	\$17,564,271	\$18,490,628	\$20,255,000	\$21,005,000	3.7%
Professional Services	\$1,956,504	\$1,984,651	\$2,696,524	\$4,216,000	\$3,589,000	-14.9%
County Services	\$1,151,756	\$1,280,456	\$1,900,000	\$1,133,000	\$1,936,000	70.9%
Insurance Services	\$519,034	\$597,518	\$760,000	\$850,000	\$900,000	5.9%
Legal Services	\$109,153	\$347,919	\$340,000	\$455,000	\$455,000	0%
Water	\$14,651,758	\$7,351,246	\$5,955,647	\$5,952,000	\$7,273,000	22.2%
Delta Conveyance Project	\$1,373,871	\$1,865,957	\$2,375,000	\$3,300,000	\$3,300,000	0%
Chemicals	\$1,516,832	\$2,177,378	\$3,820,000	\$4,000,000	\$4,000,000	0%
Utilities	\$3,572,184	\$3,552,336	\$2,230,000	\$2,308,000	\$2,428,000	5.2%
Telecommunications	\$192,504	\$148,324	\$170,000	\$251,000	\$238,000	-5.2%
Maintenance Services	\$2,185,590	\$1,851,732	\$2,235,731	\$2,533,000	\$2,484,000	-1.9%
Rental Services	\$136,433	\$225,682	\$350,000	\$556,000	\$546,000	-1.8%
Office Supplies and Other Services	\$306,656	\$349,149	\$1,583,374	\$739,000	\$595,000	-19.5%
Organizational Memberships and Support	\$372,033	\$1,304,449	\$1,349,432	\$442,000	\$744,000	68.3%
Training and Travel	\$60,739	\$96,072	\$78,435	\$199,000	\$197,000	-1%
Water Conservation Program	\$84,564	\$181,703	\$122,720	\$158,000	\$158,000	0%
Equipment	\$60,257	\$150,454	\$98,509	\$0	\$0	0%
Debt Service	\$3,124,213	\$3,123,838	\$3,342,000	\$4,976,000	\$4,976,000	0%
Capital Funding	\$14,091,050	\$16,860,255	\$16,651,000	\$17,118,000	\$17,618,000	2.9%



Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted	FY2025 Budgeted vs. FY2026 Budgeted (% Change)
Total Expense Objects:	\$61,075,111	\$61,013,390	\$64,549,000	\$69,441,000	\$72,442,000	4.3%

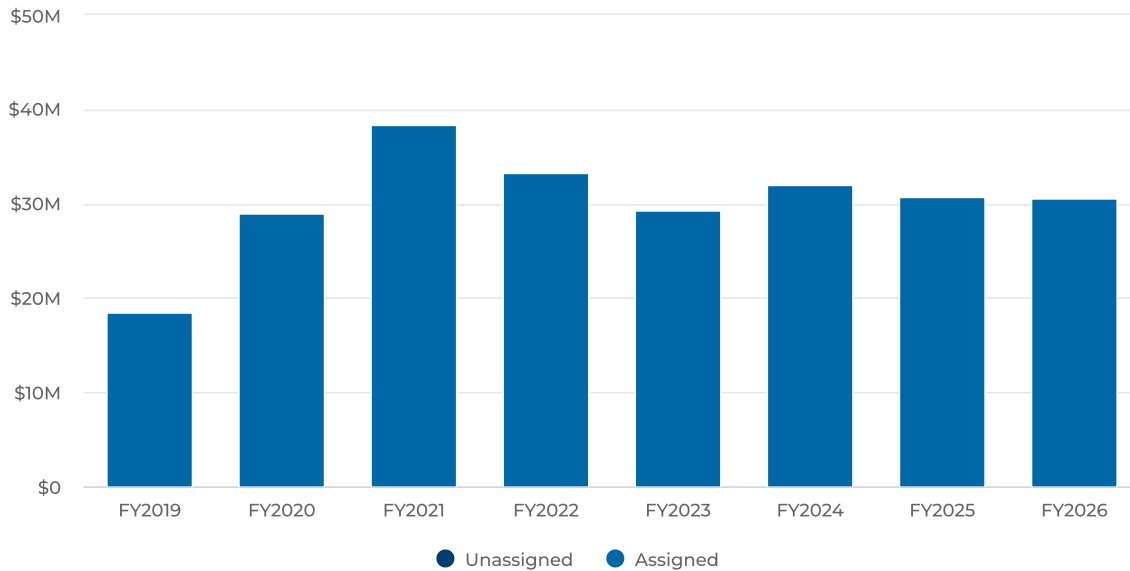
Fund Balance

The Water Enterprise Operations fund has four reserve categories:

- Operating Reserve
- Emergency Reserve
- Reserve for Economic Uncertainties
- Section 115 Pension Trust Reserve

The Agency strives to maintain the target balance for Operating and Emergency Reserves and the Reserve for Economic Uncertainties. The Section 115 Pension Trust Reserve does not have a target level. The total fund balance is projected to decrease by 0.9% from FY2025 to FY2026. However, all projected reserves are in compliance with reserve policy requirements.

Projections



Financial Summary	FY2024	FY2025	FY2026	% Change
Fund Balance	—	—	—	
Unassigned	\$0	\$0	\$0	0%
Assigned	\$32,050,000	\$30,794,000	\$30,517,000	-0.9%
Total Fund Balance:	\$32,050,000	\$30,794,000	\$30,517,000	-0.9%





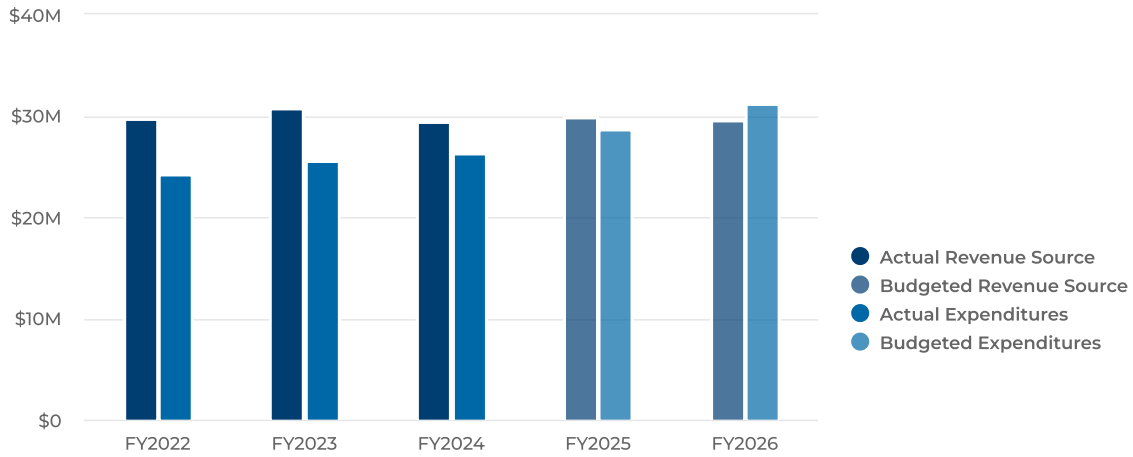
State Water Facilities Fund

This fund pays the annual fixed costs to the State Department of Water Resources to import water to the Agency. The fixed costs are for use of the state water delivery system, which includes repayment of voter-approved, State-incurred long-term debt.

Summary

The Agency is projecting \$29.94M of revenue in FY2025, which represents a 1.8% increase over the prior year's actual, and \$29.66M of revenue in FY2026, which represents a 1.0% decrease over the prior year.

Budgeted expenditures are projected to increase by 9.1% or \$2.4M to \$28.71M in FY2025 and 8.8% or \$2.54M in FY2026.



*FY2024 amounts represent unaudited projected actuals.

State Water Facilities Fund Comprehensive Summary

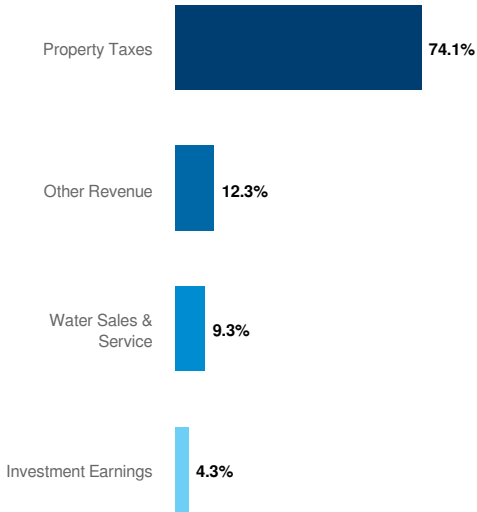
Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted
Beginning Fund Balance:	\$38,052,305	\$43,528,493	\$48,612,559	\$51,731,000	\$52,960,000
Revenues					
Water Sales & Service	\$2,266,785	\$2,310,146	\$2,568,000	\$2,773,000	\$2,995,000
Property Taxes	\$23,932,567	\$23,627,741	\$22,293,332	\$22,201,000	\$22,201,000
Investment Earnings	-\$86,213	\$106,993	\$1,239,118	\$1,292,000	\$784,000
Grants	\$66	\$64	\$58	\$0	\$0
Other Revenue	\$3,694,855	\$4,742,314	\$3,325,492	\$3,675,000	\$3,675,000
Total Revenues:	\$29,808,060	\$30,787,258	\$29,426,000	\$29,941,000	\$29,655,000
Expenditures					
Professional Services	\$10,588	\$16,828	\$12,428	\$16,000	\$16,000
Water	\$24,321,284	\$25,686,363	\$26,295,572	\$28,696,000	\$31,236,000
Total Expenditures:	\$24,331,872	\$25,703,191	\$26,308,000	\$28,712,000	\$31,252,000
Total Revenues Less Expenditures:	\$5,476,188	\$5,084,066	\$3,118,000	\$1,229,000	-\$1,597,000
Ending Fund Balance:	\$43,528,493	\$48,612,559	\$51,730,559	\$52,960,000	\$51,363,000

Revenues by Source

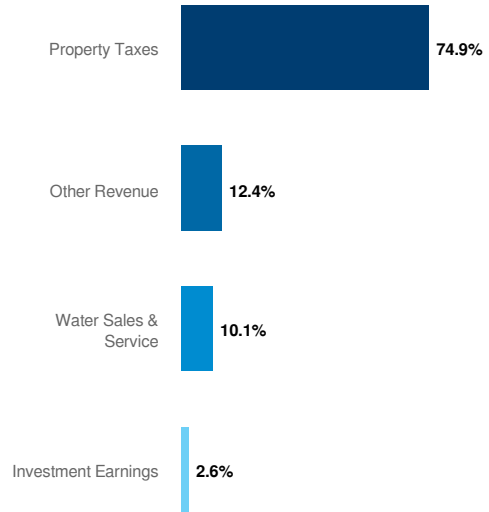
The revenue for this fund comes from the "property tax override," which is used to repay long-term debt approved by the voters and incurred by the State. The property tax override is exempt from the ad valorem property tax levy limitations of Article XIII A of the Constitution of the State of California as the indebtedness was approved prior to July 1, 1978.

The budget for the next two years assumes that the property tax override will remain at the same level as the FY 2024 amount, which is \$22 million. Other sources of revenue include DWR refunds, investment earnings, and surcharges to parcels served outside the Agency's taxable service area. Investment earnings assume a yield of 2.5% in FY2025 and 1.5% in FY2026.

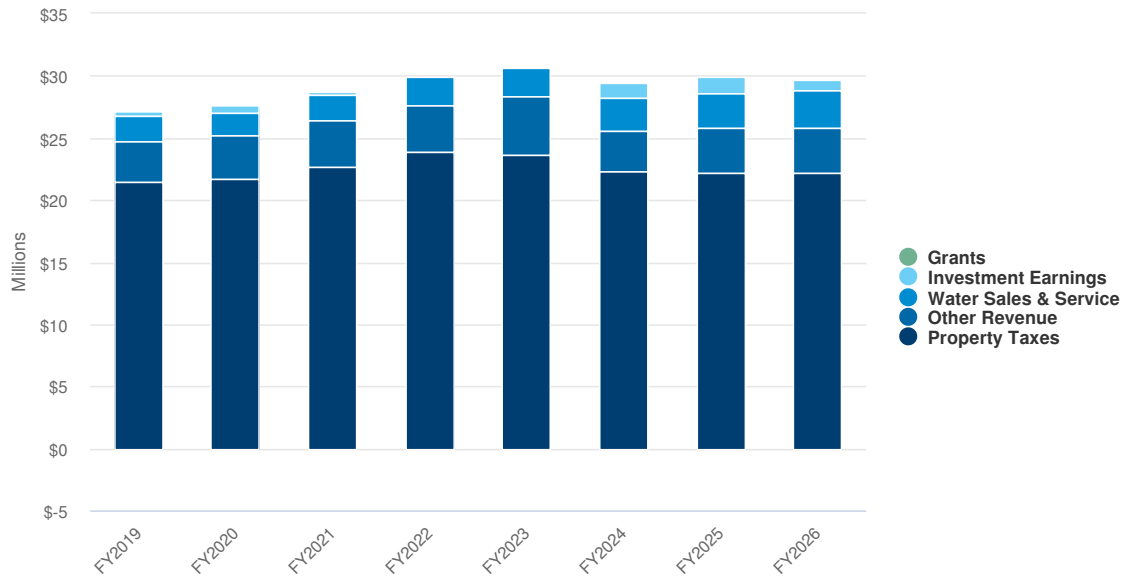
Budgeted FY2025 Revenues by Source



Budgeted FY2026 Revenues by Source



Budgeted and Historical Revenues by Source



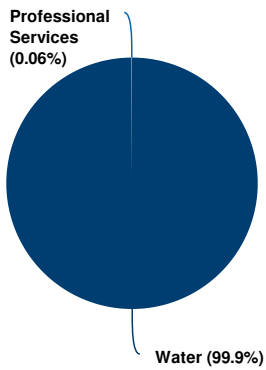
Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted
Revenue Source					
Water Sales & Service	\$2,266,785	\$2,310,146	\$2,568,000	\$2,773,000	\$2,995,000
Property Taxes	\$23,932,567	\$23,627,741	\$22,293,332	\$22,201,000	\$22,201,000
Investment Earnings	-\$86,213	\$106,993	\$1,239,118	\$1,292,000	\$784,000
Grants	\$66	\$64	\$58	\$0	\$0
Other Revenue	\$3,694,855	\$4,742,314	\$3,325,492	\$3,675,000	\$3,675,000
Total Revenue Source:	\$29,808,060	\$30,787,258	\$29,426,000	\$29,941,000	\$29,655,000



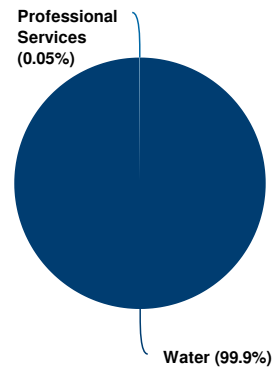
Expenditures by Expense Type

The majority of this fund's expenses are fixed costs of the State Water Project delivery system, i.e. repayment of voter-approved, State-incurred, long-term debt. The FY2025 budget assumes a 6% increase over the FY2024 projected actuals and FY2026 assumes a 9% increase over the FY2025 budgeted amount.

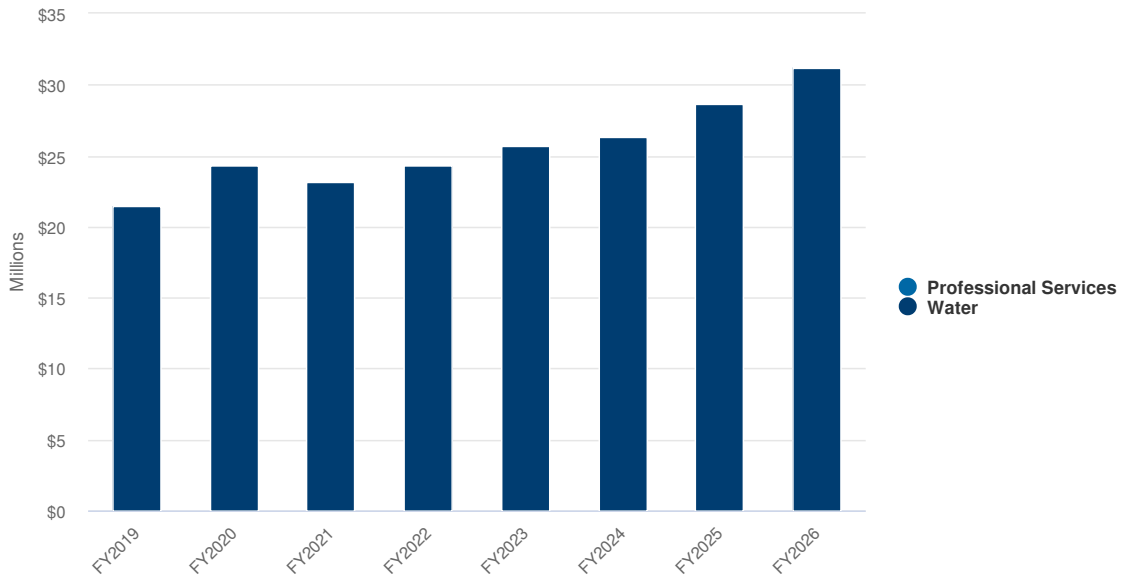
Budgeted FY2025 Expenditures by Expense Type



Budgeted FY2026 Expenditures by Expense Type



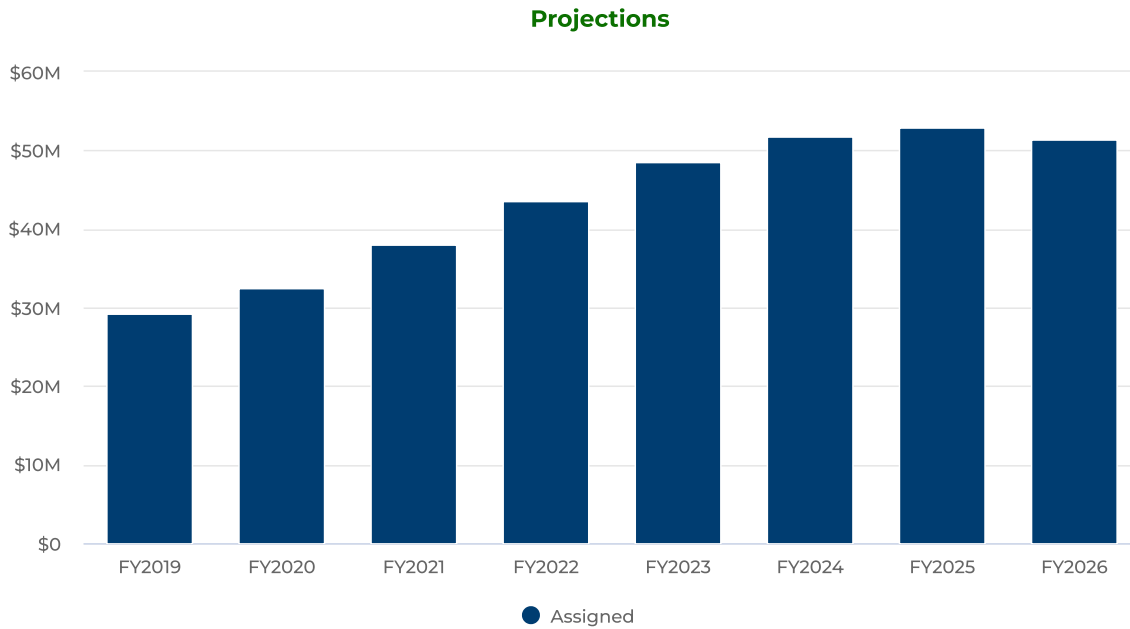
Budgeted and Historical Expenditures by Expense Type



Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted
Expense Objects					
Professional Services	\$10,588	\$16,828	\$12,428	\$16,000	\$16,000
Water	\$24,321,284	\$25,686,363	\$26,295,572	\$28,696,000	\$31,236,000
Total Expense Objects:	\$24,331,872	\$25,703,191	\$26,308,000	\$28,712,000	\$31,252,000

Fund Balance

This fund maintains one operating reserve with a maximum balance equal to 100% of the following year's expenditures. The projected year-end fund balance is expected to exceed the reserve maximum, however, State Water Project costs are highly volatile and unpredictable. Based on the State Water Project budget report for CYs 2024 and 2025, the total capital need for the next 12 years is estimated to be \$6.0B, of which the Agency is responsible for its proportional share.



Financial Summary	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	% Change
Fund Balance	—	—	—	—	—	—	—	—	
Assigned	\$29,244,928	\$32,485,474	\$38,052,305	\$43,528,493	\$48,612,559	\$51,731,000	\$52,960,000	\$51,363,000	-3%
Total Fund Balance:	\$29,244,928	\$32,485,474	\$38,052,305	\$43,528,493	\$48,612,559	\$51,731,000	\$52,960,000	\$51,363,000	-3%





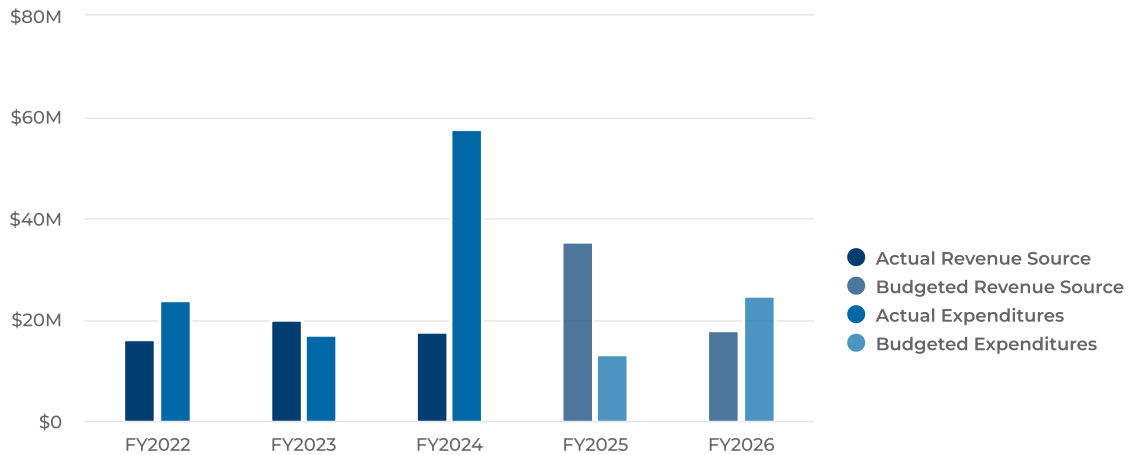
Water Enterprise Renewal / Replacement & System-wide Improvements

This proprietary fund funds the capital renewal, replacement, and system-wide improvement investments needed to keep the current water treatment and delivery systems functioning effectively. Fund 120 pays for capital projects as outlined in the Agency's asset management program and the capital improvement plan.

Summary

The Agency is projecting \$35.7M of revenue in FY2025, which represents a 99% increase over the prior year's projected actual and \$18.21M of revenue in FY2026, which represents a 49.0% decrease over the prior year budget.

Budgeted expenditures are projected to decrease by 77% to \$13.29M in FY2025 and increase 87.2% to \$24.89M in FY2026.



*FY2024 amounts represent unaudited projected actuals.

Water Enterprise Renewal / Replacement & System-wide Improvements Comprehensive Summary

Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted
Beginning Fund Balance:	\$51,941,464	\$43,295,610	\$45,118,826	\$34,914,000	\$57,323,000
Revenues					
Connection/Development Fees	\$39,600	\$0	\$0	\$0	\$0
Investment Earnings	-\$584,747	\$451,944	\$1,432,000	\$1,378,000	\$812,000
Grants	\$0	\$0	\$0	\$16,958,000	\$0
Other Revenue	\$46,876	\$11,504	\$48,000	\$452,000	\$2,000
Capital Funding	\$16,888,403	\$19,553,264	\$16,441,000	\$16,912,000	\$17,398,000
Total Revenues:	\$16,390,132	\$20,016,711	\$17,921,000	\$35,700,000	\$18,212,000
Expenditures					
Personnel	\$1,781,227	\$1,313,402	\$1,752,000	\$2,118,000	\$2,194,000
Professional Services	\$3,977,510	\$1,873,267	\$2,879,116	\$29,000	\$29,000
Legal Services	\$25,801	\$32,622	\$31,013	\$0	\$0
Utilities	\$0	\$3,286	\$1,696	\$0	\$0
Telecommunications	\$0	\$0	\$75	\$0	\$0
Maintenance Services	\$0	\$0	\$9,512	\$0	\$0
Office Supplies and Other Services	\$315,562	\$416,855	\$322,344	\$0	\$0
Organizational Memberships and Support	\$0	\$0	\$972	\$0	\$0
Training and Travel	\$0	\$1,416	\$944	\$0	\$0
Capital Projects	\$16,090,082	\$11,785,538	\$52,705,200	\$11,144,000	\$22,664,000
Equipment	\$118,026	\$5,619	\$88,128	\$0	\$0
Interest Expense for Long Term Debt	\$1,797,777	\$1,781,490	\$0	\$0	\$0
Total Expenditures:	\$24,105,985	\$17,213,495	\$57,791,000	\$13,291,000	\$24,887,000
Total Revenues Less Expenditures:	-\$7,715,853	\$2,803,215	-\$39,870,000	\$22,409,000	-\$6,675,000
Ending Fund Balance:	\$44,225,611	\$46,098,825	\$5,248,826	\$57,323,000	\$50,648,000

Comprehensive Summary Footnote:

FY 2025 Budgeted beginning fund balance includes \$29.67M in bond proceeds from the sale of \$28.795M Livermore Valley Water Financing Authority Water Revenue Bonds, 2023 Series A.

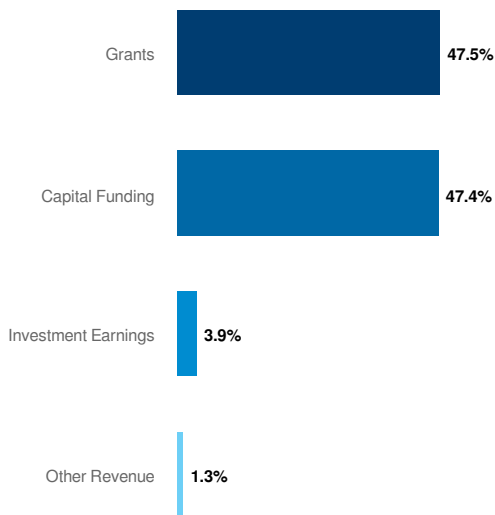


Revenues by Source

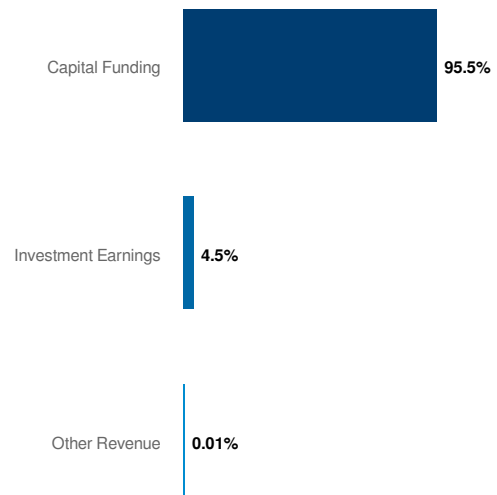
The Water Enterprise Renewal / Replacement & System-wide Improvements fund's primary source of revenue is capital funding from the Water Enterprise Operations fund as established by the Asset Management Program and as approved by the Board of Directors. The Two-Year Budget assumes a 3% increase in capital funding each year.

Grants make up approximately 50% of the revenue in FY2025. This reflects a one-time source of revenue for state and federal grants.

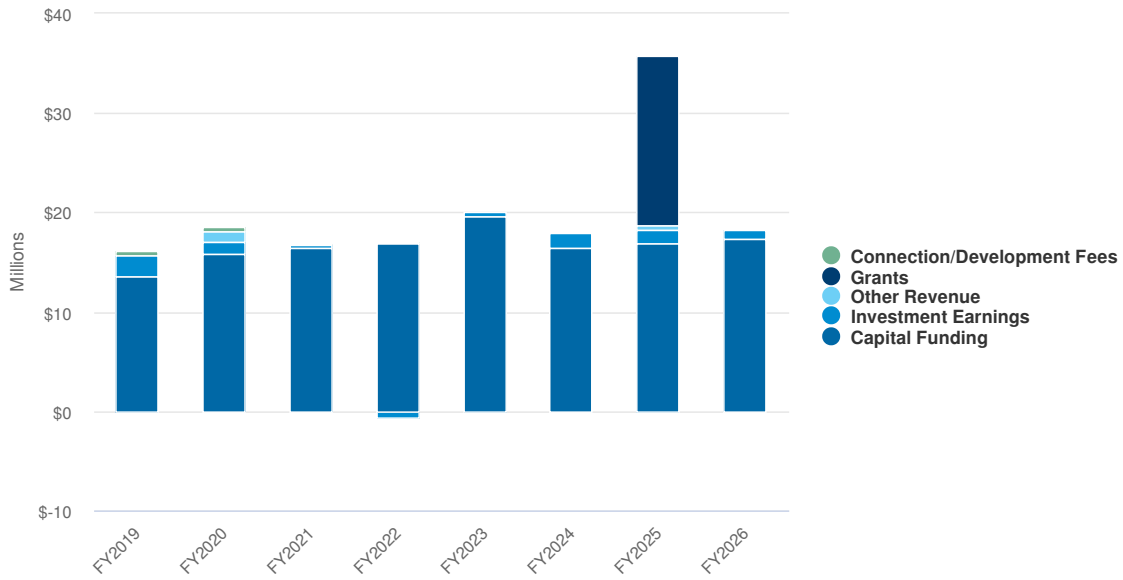
Budgeted FY2025 Revenues by Source



Budgeted FY2026 Revenues by Source



Budgeted and Historical Revenues by Source



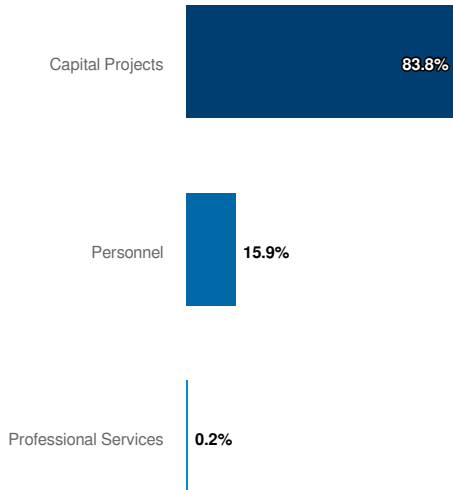
Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted
Revenue Source					
Connection/Development Fees	\$39,600	\$0	\$0	\$0	\$0
Investment Earnings	-\$584,747	\$451,944	\$1,432,000	\$1,378,000	\$812,000
Grants	\$0	\$0	\$0	\$16,958,000	\$0
Other Revenue	\$46,876	\$11,504	\$48,000	\$452,000	\$2,000
Capital Funding	\$16,888,403	\$19,553,264	\$16,441,000	\$16,912,000	\$17,398,000
Total Revenue Source:	\$16,390,132	\$20,016,711	\$17,921,000	\$35,700,000	\$18,212,000



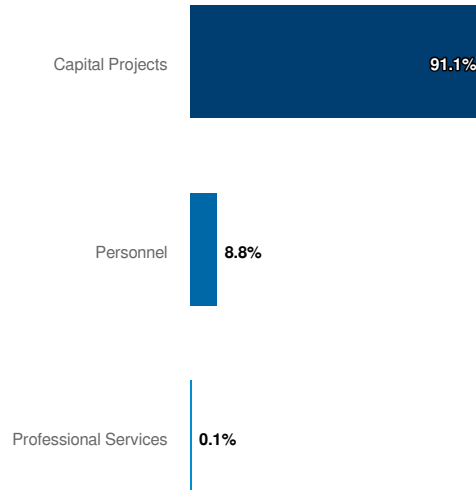
Expenditures by Expense Type

FY2025 expenses are \$13.3M, increasing to \$24.9M in FY2026. The majority of the expenses in both years are allocated to water system capital projects. The second largest expense is personnel costs, which include a Board-approved cost of living adjustment in FY 2025 and 4% assumed (not approved) for FY 2026. For more information on the proposed capital projects, please see Exhibit B of the Budget Board Report and the Capital Improvements section.

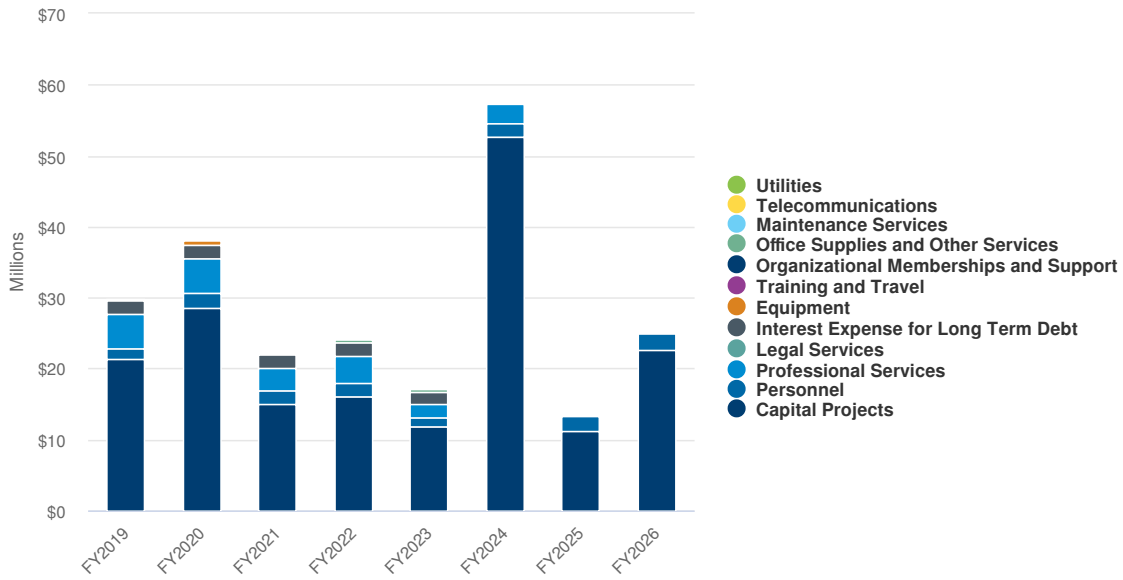
Budgeted FY2025 Expenditures by Expense Type



Budgeted FY2026 Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted
Expense Objects					
Personnel	\$1,781,227	\$1,313,402	\$1,752,000	\$2,118,000	\$2,194,000
Professional Services	\$3,977,510	\$1,873,267	\$2,879,116	\$29,000	\$29,000
Legal Services	\$25,801	\$32,622	\$31,013	\$0	\$0
Utilities	\$0	\$3,286	\$1,696	\$0	\$0
Telecommunications	\$0	\$0	\$75	\$0	\$0
Maintenance Services	\$0	\$0	\$9,512	\$0	\$0
Office Supplies and Other Services	\$315,562	\$416,855	\$322,344	\$0	\$0
Organizational Memberships and Support	\$0	\$0	\$972	\$0	\$0
Training and Travel	\$0	\$1,416	\$944	\$0	\$0
Capital Projects	\$16,090,082	\$11,785,538	\$52,705,200	\$11,144,000	\$22,664,000
Equipment	\$118,026	\$5,619	\$88,128	\$0	\$0
Interest Expense for Long Term Debt	\$1,797,777	\$1,781,490	\$0	\$0	\$0
Total Expense Objects:	\$24,105,985	\$17,213,495	\$57,791,000	\$13,291,000	\$24,887,000

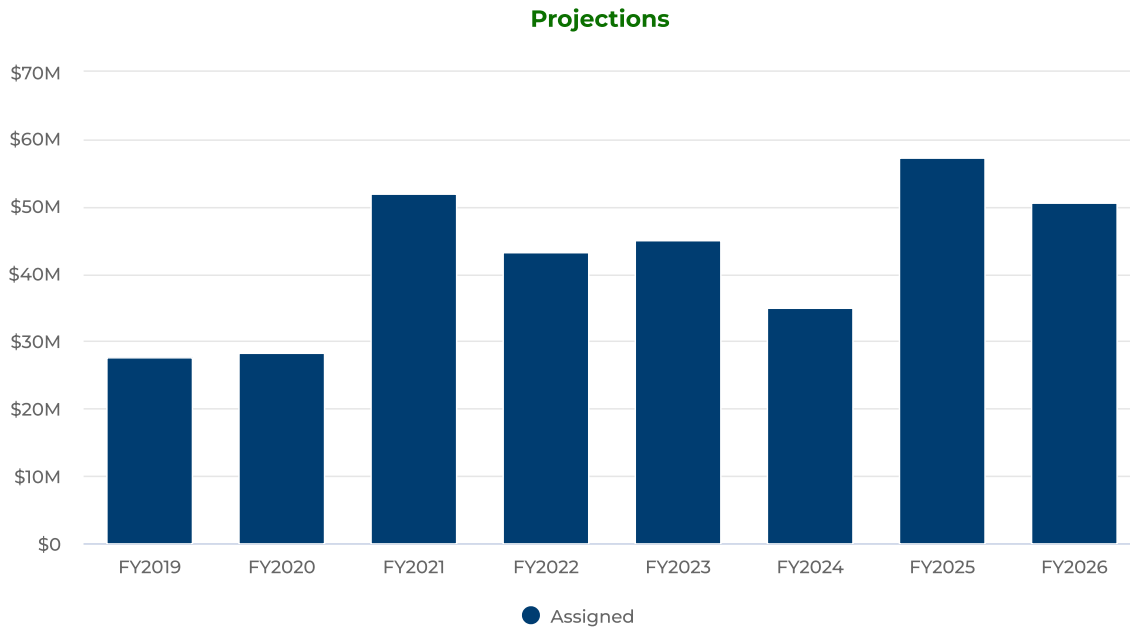


Fund Balance

The Water Enterprise Renewal / Replacement and System-wide Improvements fund has three reserve categories:

- Water Enterprise Renewal / Replacement and System-wide Improvements Capital Projects Reserve
- Debt Service Rate Stabilization Fund
- Section 115 Pension Trust Reserve

All projected reserves are in compliance with reserve policy requirements.



Financial Summary	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	% Change
Fund Balance	—	—	—	—	—	—	—	—	
Assigned	\$27,640,321	\$28,252,038	\$51,941,464	\$43,295,610	\$45,118,826	\$34,914,000	\$57,323,000	\$50,648,000	-11.6%
Total Fund Balance:	\$27,640,321	\$28,252,038	\$51,941,464	\$43,295,610	\$45,118,826	\$34,914,000	\$57,323,000	\$50,648,000	-11.6%



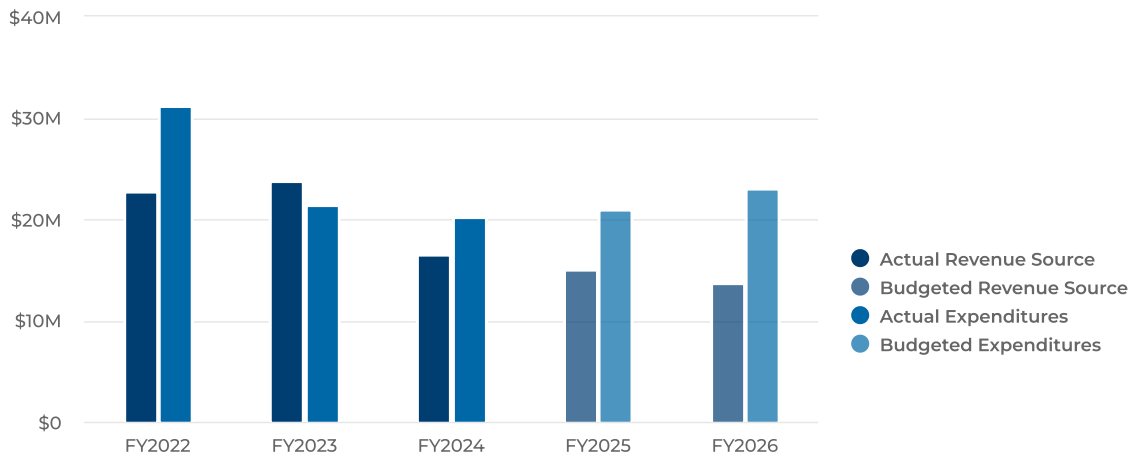
Water Enterprise Capital Expansion

The purpose of this fund is to ensure the Agency can meet future needs of new customers with development paying its own way. The program is primarily intended to provide funding for new or expanded facilities and additional water supplies to serve additional capacity requirements of development, many of them fixed (i.e., bond payment obligations for debt incurred by others to increase capacity, such as the enlargement portion of the South Bay Aqueduct Improvement and Enlargement Project). Developer fees can only be used for projects related to water system expansion.

Summary

Zone 7 Water Agency is projecting \$15.12M of revenue in FY2025, which represents a 9.1% decrease over the prior year, and \$13.84M of revenue in FY2026, which represents a 8.5% decrease over the prior year.

Budgeted expenditures are projected to increase by 3.4% or \$0.7M to \$21.03M in FY2025 and 9.7% or \$2.05M in FY2026.



*FY2024 amounts represent unaudited projected actuals.

Water Enterprise Capital Expansion Comprehensive Summary

Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted
Beginning Fund Balance:	\$77,496,810	\$68,537,907	\$70,386,975	\$66,651,000	\$60,741,000
Revenues					
Connection/Development Fees	\$19,669,510	\$17,023,627	\$10,500,000	\$10,000,000	\$10,000,000
Investment Earnings	-\$1,416,493	\$540,395	\$1,857,905	\$1,669,000	\$835,000
Other Revenue	\$2,960,474	\$4,906,402	\$4,242,095	\$3,450,000	\$3,000,000
Capital Funding	\$1,665,773	\$1,448,560	\$0	\$0	\$0
Total Revenues:	\$22,879,264	\$23,918,984	\$16,600,000	\$15,119,000	\$13,835,000
Expenditures					
Personnel	\$636,858	\$421,571	\$199,615	\$379,000	\$393,000
Professional Services	\$2,675,431	\$635,424	\$829,793	\$50,000	\$50,000
Legal Services	\$0	\$27,056	\$13,964	\$200,000	\$200,000
Water	\$16,204,819	\$16,459,813	\$16,604,000	\$16,790,000	\$17,400,000
Utilities	\$0	\$5,361	\$2,767	\$0	\$0
Telecommunications	\$0	\$0	\$8	\$0	\$0
Maintenance Services	\$0	\$0	\$202	\$0	\$0
Office Supplies and Other Services	\$18,074	\$105	\$8,499	\$0	\$0
Organizational Memberships and Support	\$1,665,773	\$1,713,259	\$1,571,554	\$0	\$0
Training and Travel	\$1,195	\$1,681	\$1,186	\$0	\$0
Water Conservation Program	\$20,612	\$0	\$6,445	\$0	\$0
Capital Projects	\$9,711,240	\$1,886,815	\$8,582	\$2,518,000	\$3,934,000
Interest Expense for Long Term Debt	\$314,165	\$303,833	\$0	\$0	\$0
Debt Service	\$0	\$0	\$1,089,385	\$1,092,000	\$1,100,000
Total Expenditures:	\$31,248,167	\$21,454,917	\$20,336,000	\$21,029,000	\$23,077,000
Total Revenues Less Expenditures:	-\$8,368,903	\$2,464,068	-\$3,736,000	-\$5,910,000	-\$9,242,000
Ending Fund Balance:	\$69,127,907	\$71,001,975	\$66,650,975	\$60,741,000	\$51,499,000

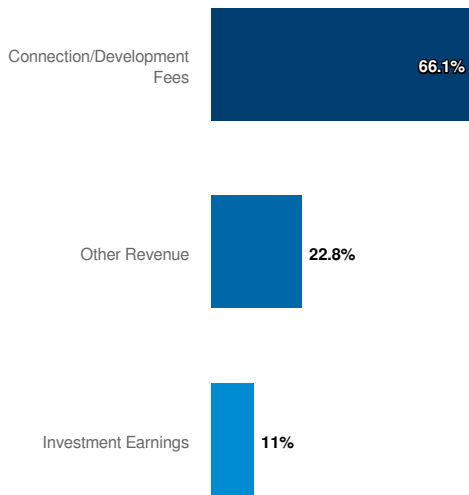


Revenues by Source

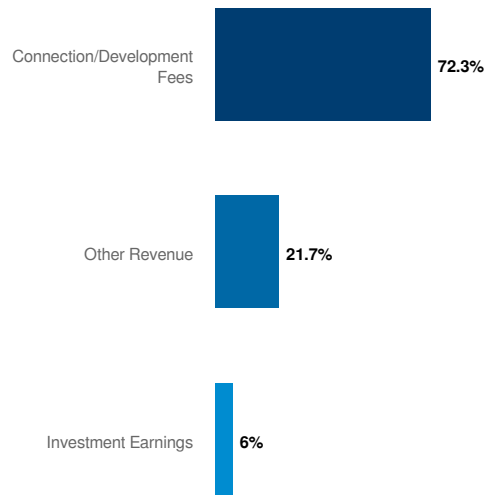
The primary revenue source in this fund is connection fee revenue, which has continued to decline since 2019. The budget assumes \$10M in connection fee revenue each year, which is equal to the projected amount to be received in FY2024. A connection fee study is currently underway. The study will evaluate the number of future connections in the service area and the allocation of capital projections to the Water Expansion Fund.

Other sources of revenue include bond cover refunds, and investment earnings, which assume a yield of 2.5% in FY2025 and 1.5% in FY2026.

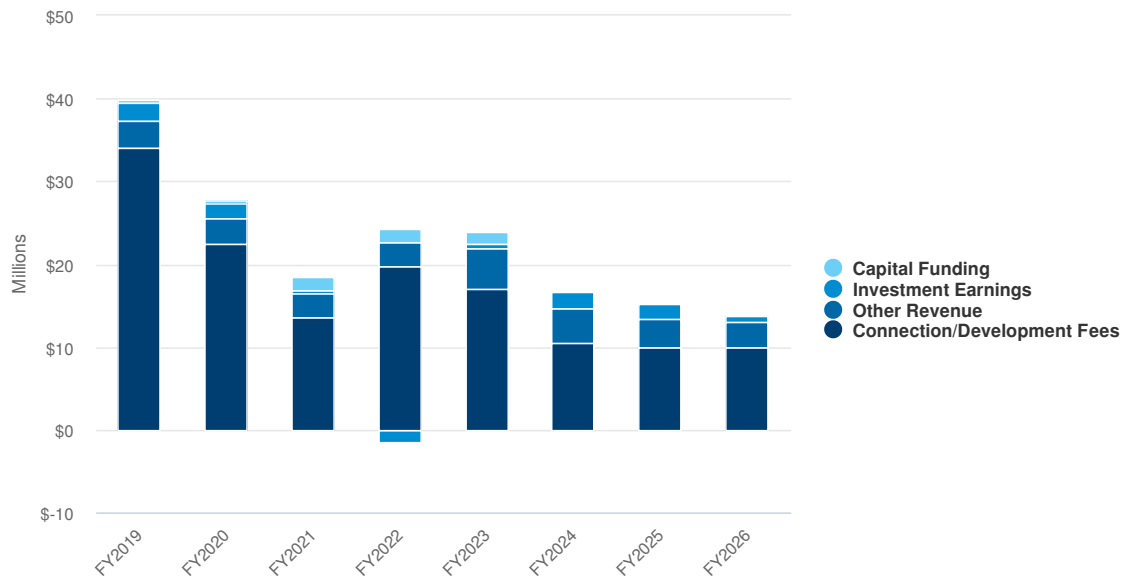
Budgeted FY2025 Revenues by Source



Budgeted FY2026 Revenues by Source



Budgeted and Historical Revenues by Source



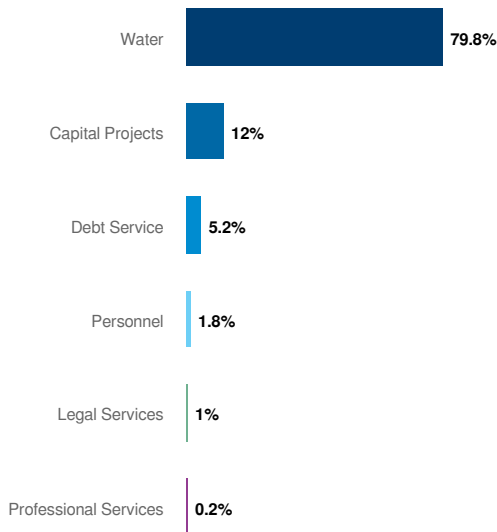
Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted
Revenue Source					
Connection/Development Fees	\$19,669,510	\$17,023,627	\$10,500,000	\$10,000,000	\$10,000,000
Investment Earnings	-\$1,416,493	\$540,395	\$1,857,905	\$1,669,000	\$835,000
Other Revenue	\$2,960,474	\$4,906,402	\$4,242,095	\$3,450,000	\$3,000,000
Capital Funding	\$1,665,773	\$1,448,560	\$0	\$0	\$0
Total Revenue Source:	\$22,879,264	\$23,918,984	\$16,600,000	\$15,119,000	\$13,835,000



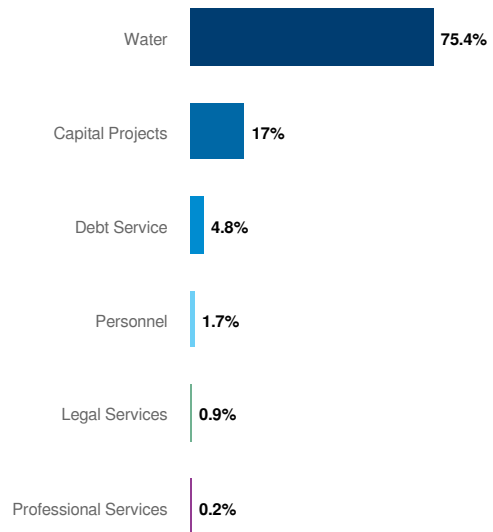
Expenditures by Expense Type

FY2025 expenses are \$21M, increasing slightly to \$23.1M in FY2026. The majority of the expenses include this fund's share of SWP fixed costs (categorized as Water in the chart below), including annual debt service for the SBA Enlargement Project. The budget also includes continued participation in water supply reliability projects, increasing from \$255K in FY2025 to \$1.5M in FY2026. In addition, the budget includes \$2.4M in FY2025 and \$3.2M in FY2026 for capital project planning. For more information on the proposed capital projects, please see Exhibit B of the Budget Board Report and the Capital Improvements section.

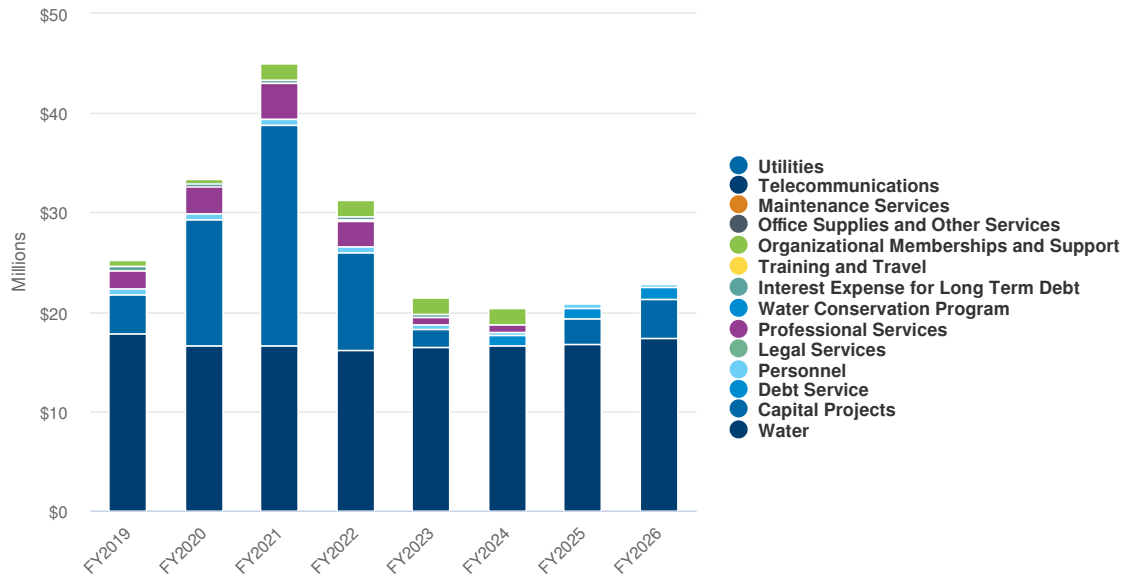
Budgeted FY2025 Expenditures by Expense Type



Budgeted FY2026 Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted	FY2025 Budgeted vs. FY2026 Budgeted (% Change)
Expense Objects						
Personnel	\$636,858	\$421,571	\$199,615	\$379,000	\$393,000	3.7%
Professional Services	\$2,675,431	\$635,424	\$829,793	\$50,000	\$50,000	0%
Legal Services	\$0	\$27,056	\$13,964	\$200,000	\$200,000	0%
Water	\$16,204,819	\$16,459,813	\$16,604,000	\$16,790,000	\$17,400,000	3.6%
Utilities	\$0	\$5,361	\$2,767	\$0	\$0	0%
Telecommunications	\$0	\$0	\$8	\$0	\$0	0%
Maintenance Services	\$0	\$0	\$202	\$0	\$0	0%
Office Supplies and Other Services	\$18,074	\$105	\$8,499	\$0	\$0	0%
Organizational Memberships and Support	\$1,665,773	\$1,713,259	\$1,571,554	\$0	\$0	0%
Training and Travel	\$1,195	\$1,681	\$1,186	\$0	\$0	0%
Water Conservation Program	\$20,612	\$0	\$6,445	\$0	\$0	0%
Capital Projects	\$9,711,240	\$1,886,815	\$8,582	\$2,518,000	\$3,934,000	56.2%
Interest Expense for Long Term Debt	\$314,165	\$303,833	\$0	\$0	\$0	0%
Debt Service	\$0	\$0	\$1,089,385	\$1,092,000	\$1,100,000	0.7%
Total Expense Objects:	\$31,248,167	\$21,454,917	\$20,336,000	\$21,029,000	\$23,077,000	9.7%



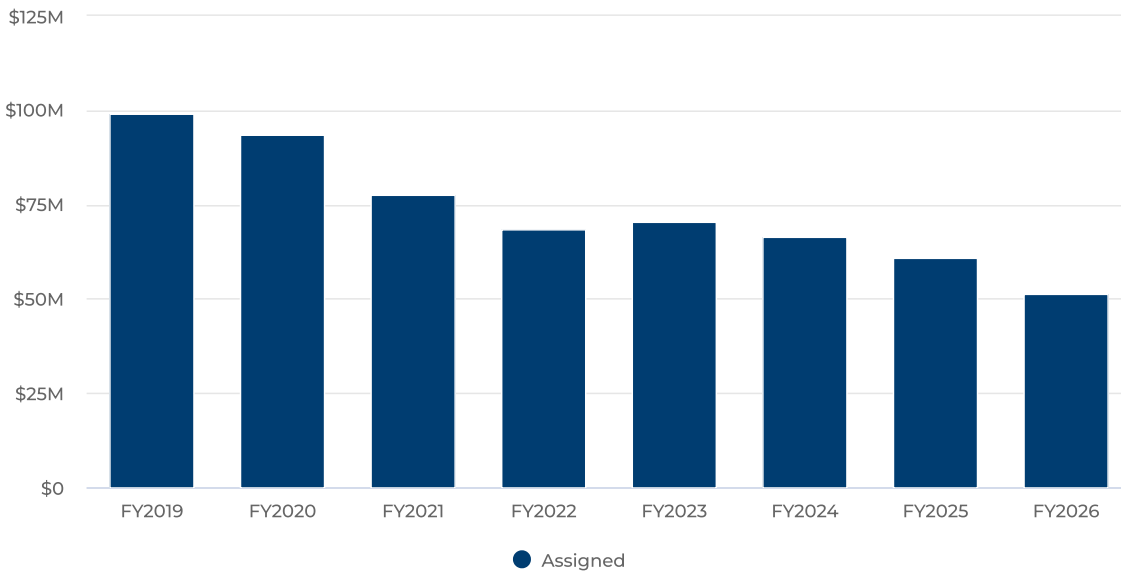
Fund Balance

This fund consists of five separate reserves:

- Capital Projects Reserve
- Debt Rate Stabilization
- Section 115 Pension Trust Reserve
- SBA Enlargement Sinking Fund
- Future Contractor's Share of the SBA Sinking Fund

The total fund balance is expected to decrease by 15% from FY 2024-25 to 2025-26 due to an increase in capital spending and a decrease in connection fee revenue. Nevertheless, projected reserves are in compliance with reserve policy requirements.

Projections



Financial Summary	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	% Change
Fund Balance	—	—	—	—	—	—	—	—	
Assigned	\$99,042,750	\$93,483,571	\$77,496,810	\$68,537,907	\$70,386,975	\$66,651,000	\$60,741,000	\$51,499,000	-15.2%
Total Fund Balance:	\$99,042,750	\$93,483,571	\$77,496,810	\$68,537,907	\$70,386,975	\$66,651,000	\$60,741,000	\$51,499,000	-15.2%





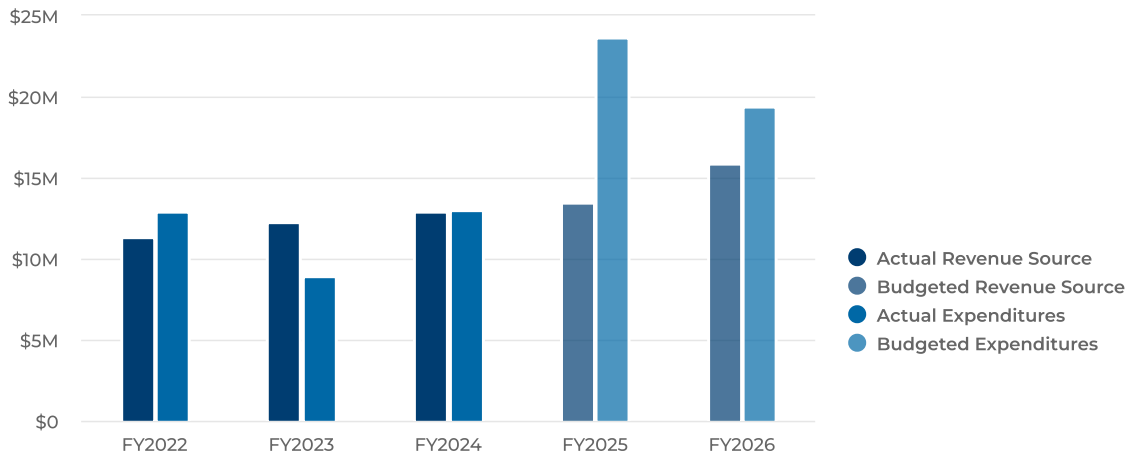
Flood Protection Operations

This governmental fund funds the general administration, maintenance, and operation of regional flood protection facilities. The Agency manages a watershed of 425 square miles in eastern Alameda County, receiving drainage from parts of Contra Costa, Santa Clara, and San Joaquin Counties. Approximately 37 miles of flood control channels and regional drainage facilities are owned and maintained by the Agency. This fund finances a comprehensive year-round maintenance program that includes repairing slides and erosion, refurbishing access roads and associated drainage ditches, installing and repairing gates and fences, and maintaining landscaped areas. This fund also pays for renewal/replacement and improvement projects for the existing flood protection system.

Summary

Zone 7 Water Agency is projecting \$13.5M of revenue in FY2025, which represents a 4.3% increase over FY2024 projected actuals, and \$15.96M of revenue in FY2026, which represents a 18.2% increase over the prior year.

Budgeted expenditures are projected to increase by 82% or \$23.71M to \$10.71M in FY2025 and 18.0% or \$4.28M in FY2026 due to the inclusion of the 2023 Storm Repairs project.



*FY2024 amounts represent unaudited projected actuals.

Flood Protection Operations Comprehensive Summary

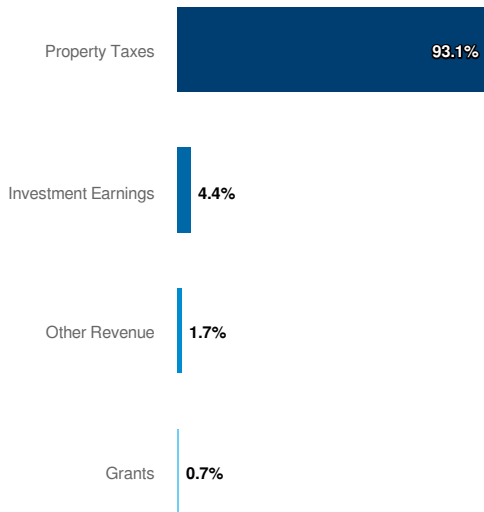
Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted
Beginning Fund Balance:	\$22,150,274	\$20,577,761	\$23,916,622	\$23,830,000	\$13,620,000
Revenues					
Property Taxes	\$10,875,549	\$11,738,230	\$11,716,590	\$12,573,000	\$13,077,000
Investment Earnings	\$85,765	\$320,096	\$515,711	\$595,000	\$180,000
Grants	\$6	\$7	\$6	\$94,000	\$2,465,000
Other Revenue	\$400,297	\$234,713	\$714,692	\$236,000	\$236,000
Total Revenues:	\$11,361,618	\$12,293,047	\$12,947,000	\$13,498,000	\$15,958,000
Expenditures					
Personnel	\$2,377,010	\$2,269,310	\$2,717,013	\$3,133,000	\$3,208,000
Professional Services	\$2,420,526	\$1,625,881	\$3,632,774	\$3,264,000	\$3,175,000
County Services	\$240,247	\$148,069	\$278,309	\$110,000	\$110,000
Legal Services	\$18,689	\$10,617	\$17,226	\$0	\$0
Telecommunications	\$2,274	\$2,396	\$2,292	\$6,000	\$6,000
Maintenance Services	\$6,936,092	\$4,074,753	\$5,830,679	\$16,211,000	\$11,920,000
Rental Services	\$1,537	\$14,045	\$10,000	\$88,000	\$45,000
Office Supplies and Other Services	\$506,172	\$617,331	\$308,906	\$716,000	\$797,000
Organizational Memberships and Support	\$28,109	\$86,500	\$68,033	\$89,000	\$91,000
Training and Travel	\$4,850	\$5,038	\$4,866	\$27,000	\$27,000
Capital Projects	\$212,009	\$88,354	\$106,060	\$13,000	\$0
Equipment	\$174,726	\$0	\$45,933	\$35,000	\$35,000
Capital Funding	\$11,890	\$11,890	\$11,908	\$16,000	\$16,000
Total Expenditures:	\$12,934,132	\$8,954,185	\$13,034,000	\$23,708,000	\$19,430,000
Total Revenues Less Expenditures:	-\$1,572,514	\$3,338,862	-\$87,000	-\$10,210,000	-\$3,472,000
Ending Fund Balance:	\$20,577,760	\$23,916,623	\$23,829,622	\$13,620,000	\$10,148,000

Revenues by Source

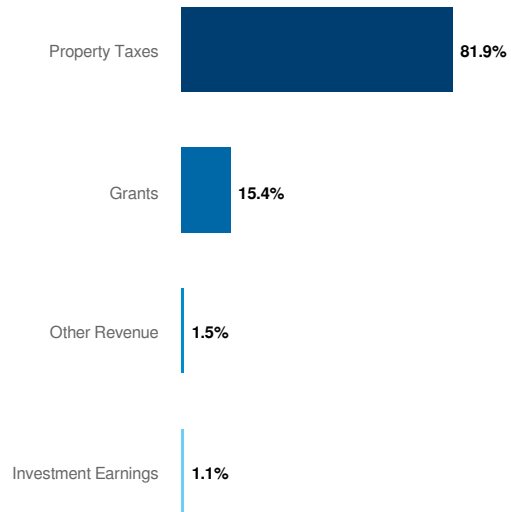
The primary source of revenue for this fund is Ad valorem property taxes equal to one percent (1%) of the full cash value, of which Zone 7 of the Alameda County Flood and Water Conservation District receives a proportionate share. The FY2025 property tax collection is based on amounts provided by the Alameda County Auditor-Controller's Office. FY2026 assumes a 4% increase in assessed valuation. Other sources of revenue include investment earnings and grants. Investment earnings assume a yield of 2.5% in FY2025 and 1.5% in FY2026.

The Agency is pursuing Federal and State assistance/funding from the U.S Army Corps of Engineers, the Federal Emergency Management Agency, and the California Office of Emergency Services for the 2023 Storm repairs project. FY2025 and FY2026 include \$94K and \$2.5M in grant funding, respectively, for Phase 1 Repairs.

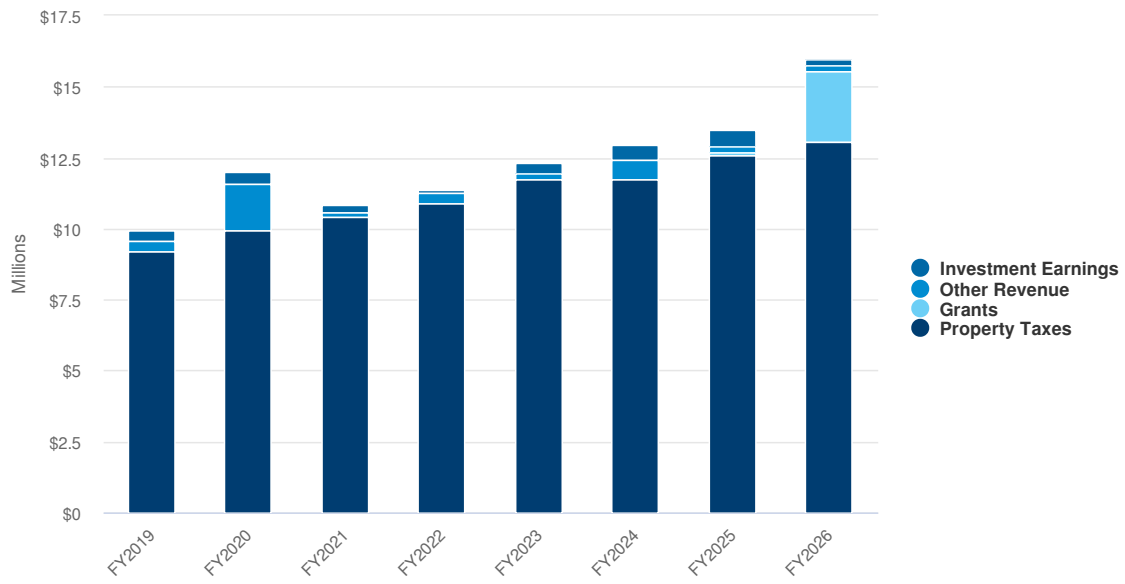
Budgeted FY2025 Revenues by Source



Budgeted FY2026 Revenues by Source



Budgeted and Historical Revenues by Source



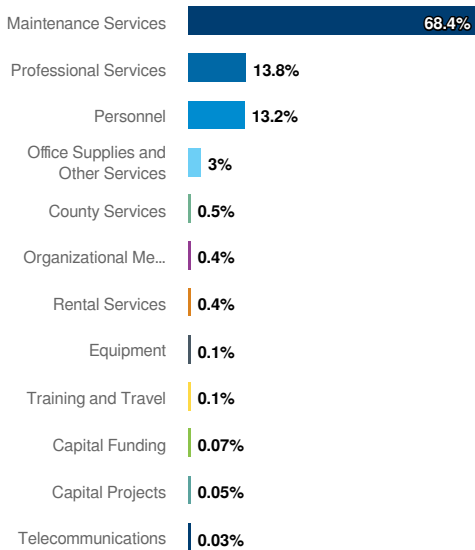
Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted	FY2025 Budgeted vs. FY2026 Budgeted (% Change)
Revenue Source						
Property Taxes	\$10,875,549	\$11,738,230	\$11,716,590	\$12,573,000	\$13,077,000	4%
Investment Earnings	\$85,765	\$320,096	\$515,711	\$595,000	\$180,000	-69.7%
Grants	\$6	\$7	\$6	\$94,000	\$2,465,000	2,522.3%
Other Revenue	\$400,297	\$234,713	\$714,692	\$236,000	\$236,000	0%
Total Revenue Source:	\$11,361,618	\$12,293,047	\$12,947,000	\$13,498,000	\$15,958,000	18.2%

Expenditures by Expense Type

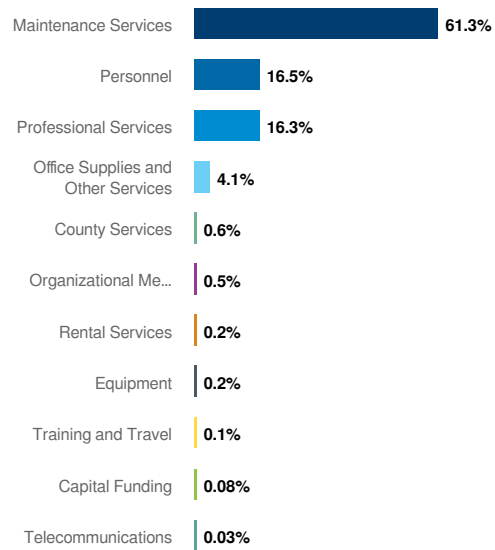
The majority of the budget comprises maintenance services. The budget provides funding for Phase 1 of the 2023 Storm repairs, which includes 78 damaged sites totaling \$18.7M over two years.

The budget also includes \$3.2M of allocated funding each year to provide services such as engineering support, hydraulic modeling, environmental planning & permitting, construction management, and the next phase of the Flood Management Plan (FMP). Personnel costs include a Board-approved cost of living adjustment (COLA) in FY 2025 and 4% assumed (not approved) for FY 2026.

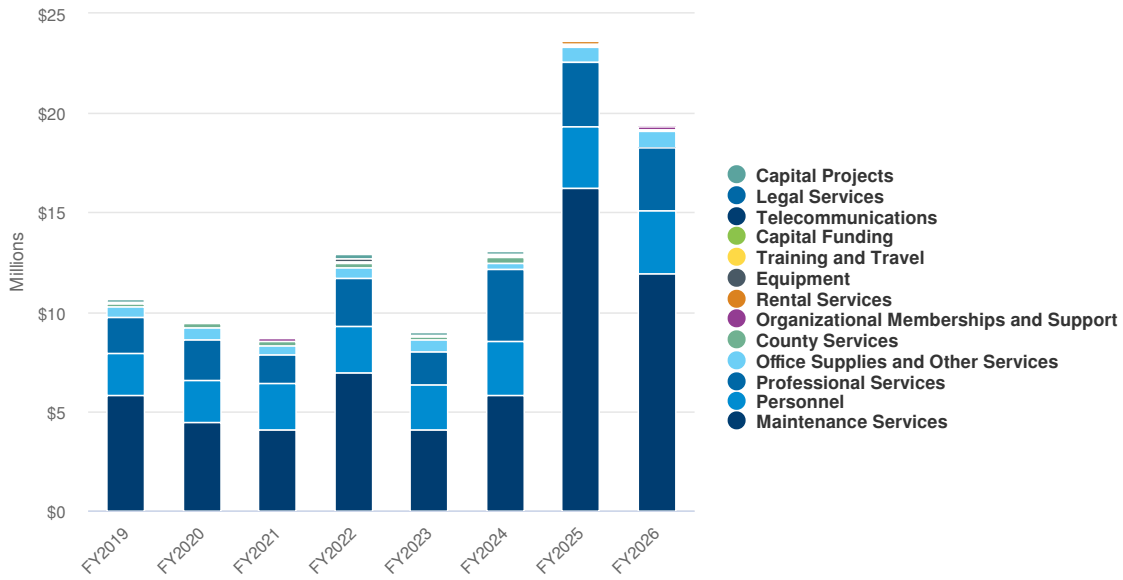
Budgeted FY2025 Expenditures by Expense Type



Budgeted FY2026 Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted
Expense Objects					
Personnel	\$2,377,010	\$2,269,310	\$2,717,013	\$3,133,000	\$3,208,000
Professional Services	\$2,420,526	\$1,625,881	\$3,632,774	\$3,264,000	\$3,175,000
County Services	\$240,247	\$148,069	\$278,309	\$110,000	\$110,000
Legal Services	\$18,689	\$10,617	\$17,226	\$0	\$0
Telecommunications	\$2,274	\$2,396	\$2,292	\$6,000	\$6,000
Maintenance Services	\$6,936,092	\$4,074,753	\$5,830,679	\$16,211,000	\$11,920,000
Rental Services	\$1,537	\$14,045	\$10,000	\$88,000	\$45,000
Office Supplies and Other Services	\$506,172	\$617,331	\$308,906	\$716,000	\$797,000
Organizational Memberships and Support	\$28,109	\$86,500	\$68,033	\$89,000	\$91,000
Training and Travel	\$4,850	\$5,038	\$4,866	\$27,000	\$27,000
Capital Projects	\$212,009	\$88,354	\$106,060	\$13,000	\$0
Equipment	\$174,726	\$0	\$45,933	\$35,000	\$35,000
Capital Funding	\$11,890	\$11,890	\$11,908	\$16,000	\$16,000
Total Expense Objects:	\$12,934,132	\$8,954,185	\$13,034,000	\$23,708,000	\$19,430,000

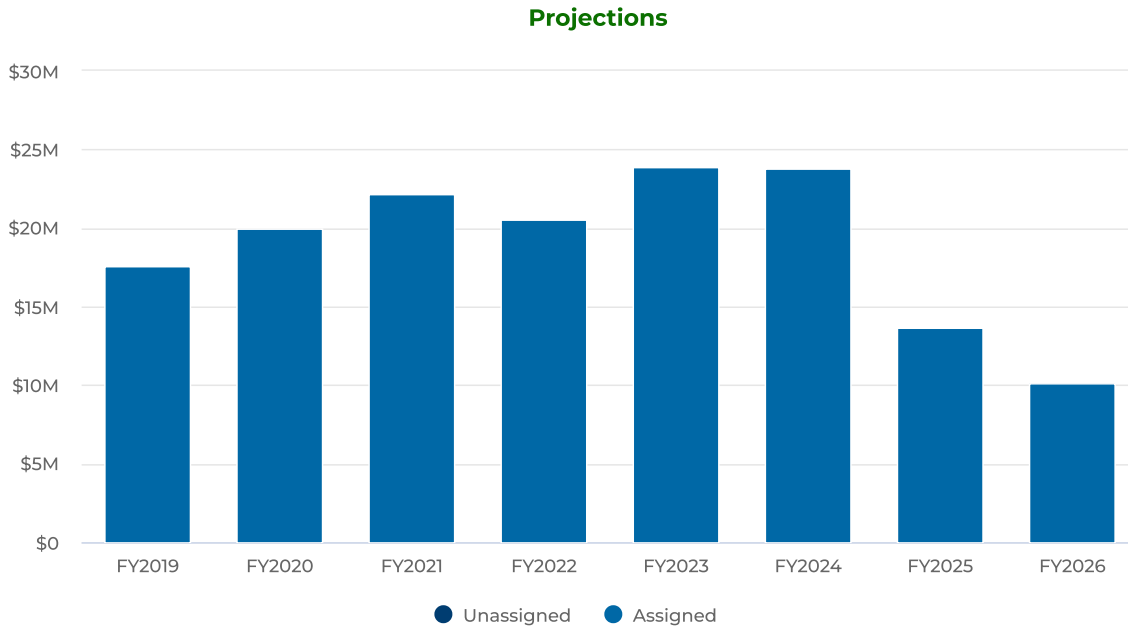


Fund Balance

This fund is comprised of three reserves:

- Operating Reserve
- Capital Projects Reserve
- Section 115 Pension Trust

The total fund balance is projected to decrease by 25.5% from FY2025 to FY2026 due to the cost of the 2023 Storm Repairs Project (\$18.7M).



Financial Summary	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	% Change
Fund Balance	—	—	—	—	—	—	—	—	
Unassigned	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%
Assigned	\$17,602,713	\$20,010,475	\$22,150,274	\$20,577,761	\$23,916,622	\$23,830,000	\$13,620,000	\$10,148,000	-25.5%
Total Fund Balance:	\$17,602,713	\$20,010,475	\$22,150,274	\$20,577,761	\$23,916,622	\$23,830,000	\$13,620,000	\$10,148,000	-25.5%





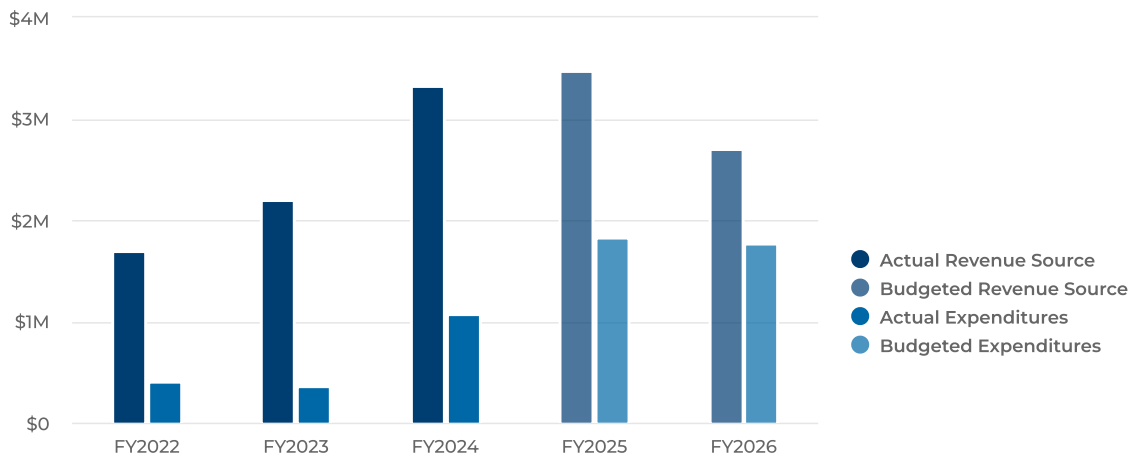
Flood Protection Development Impact Fee

The purpose of this fund is to ensure the Agency can meet future needs for expansion-related flood control facilities. The program is primarily intended to provide funding for any flood control facilities required for new development. Funds are expended on the planning, design, lands and right of way acquisition, environmental review, permitting, and construction for drainage projects.

Summary

Zone 7 Water Agency is projecting \$3.48M of revenue in FY2025, which represents a 4.4% increase over FY2024 projected actuals and \$2.71M of revenue in FY2026, which represents a 22.0% decrease over FY2025.

Budgeted expenditures are projected to increase by 68% or \$746K to \$1.83M in FY2025 and 2.6% or \$47K in FY2026.



*FY2024 amounts represent unaudited projected actuals.

Flood Protection Development Impact Fee Comprehensive Summary

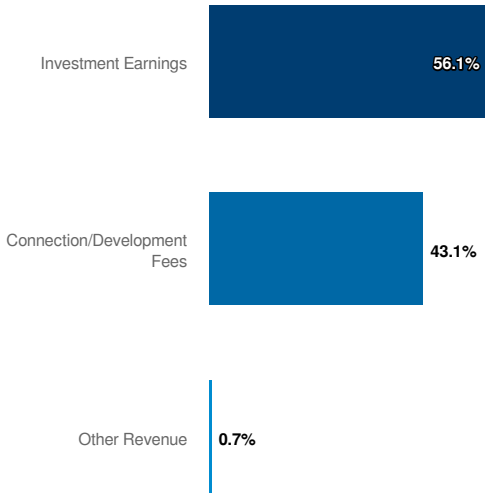
Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted
Beginning Fund Balance:	\$72,715,432	\$73,996,663	\$75,844,801	\$78,092,000	\$79,739,000
Revenues					
Connection/Development Fees	\$1,493,635	\$1,253,641	\$1,313,000	\$1,500,000	\$1,500,000
Investment Earnings	\$181,220	\$958,486	\$1,900,000	\$1,952,000	\$1,187,000
Other Revenue	\$21,780	\$0	\$118,000	\$25,000	\$25,000
Total Revenues:	\$1,696,635	\$2,212,127	\$3,331,000	\$3,477,000	\$2,712,000
Expenditures					
Personnel	\$35,720	\$43,728	\$17,000	\$147,000	\$152,000
Professional Services	\$367,357	\$208,896	\$237,445	\$1,183,000	\$1,131,000
Telecommunications	\$0	\$0	\$2	\$0	\$0
Office Supplies and Other Services	\$1,686	\$0	\$347	\$0	\$0
Training and Travel	\$40	\$0	\$10	\$0	\$0
Capital Projects	\$10,600	\$111,366	\$829,195	\$500,000	\$500,000
Total Expenditures:	\$415,403	\$363,990	\$1,084,000	\$1,830,000	\$1,783,000
Total Revenues Less Expenditures:	\$1,281,232	\$1,848,137	\$2,247,000	\$1,647,000	\$929,000
Ending Fund Balance:	\$73,996,664	\$75,844,800	\$78,091,801	\$79,739,000	\$80,668,000



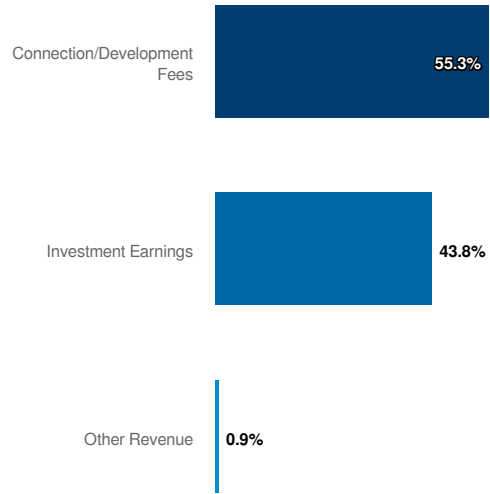
Revenues by Source

The majority of this fund's revenue is derived from development impact fees (DIF) and investment income. DIF revenue has been decreasing since FY2022 (averaging \$1.3M per year). Therefore, the budget conservatively estimates \$1.5M of DIF revenue per year. Investment earnings assume a yield of 2.5% in FY2025 and 1.5% in FY2026.

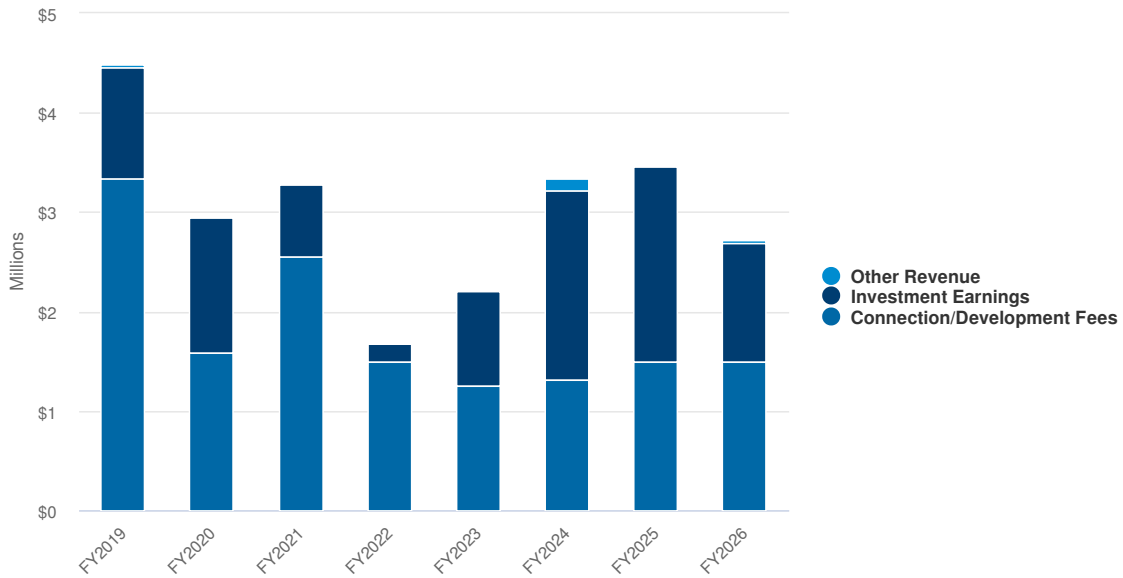
Budgeted FY2025 Revenues by Source



Budgeted FY2026 Revenues by Source



Budgeted and Historical Revenues by Source

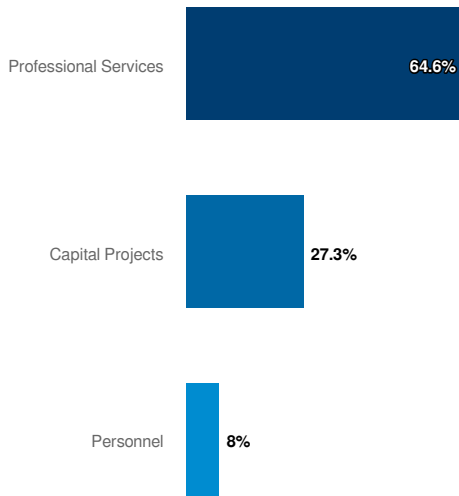


Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted	FY2025 Budgeted vs. FY2026 Budgeted (% Change)
Revenue Source						
Connection/Development Fees	\$1,493,635	\$1,253,641	\$1,313,000	\$1,500,000	\$1,500,000	0%
Investment Earnings	\$181,220	\$958,486	\$1,900,000	\$1,952,000	\$1,187,000	-39.2%
Other Revenue	\$21,780	\$0	\$118,000	\$25,000	\$25,000	0%
Total Revenue Source:	\$1,696,635	\$2,212,127	\$3,331,000	\$3,477,000	\$2,712,000	-22%

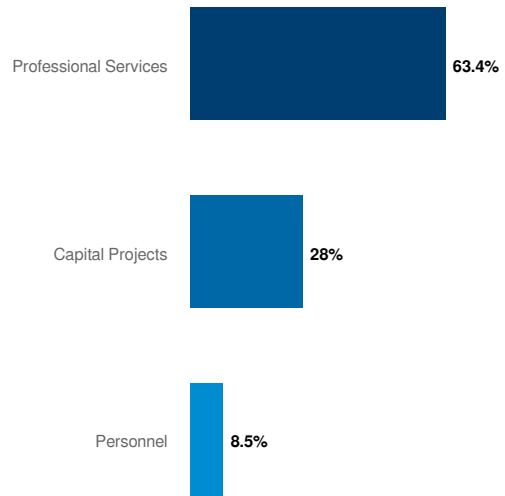
Expenditures by Expense Type

Budgeted expenses total \$1.8M each year; it includes approximately \$1.3M each year to provide services related to flood expansion, such as engineering support, hydraulic modeling, environmental planning, the next phase of the FMP, and \$500K of annual contingency.

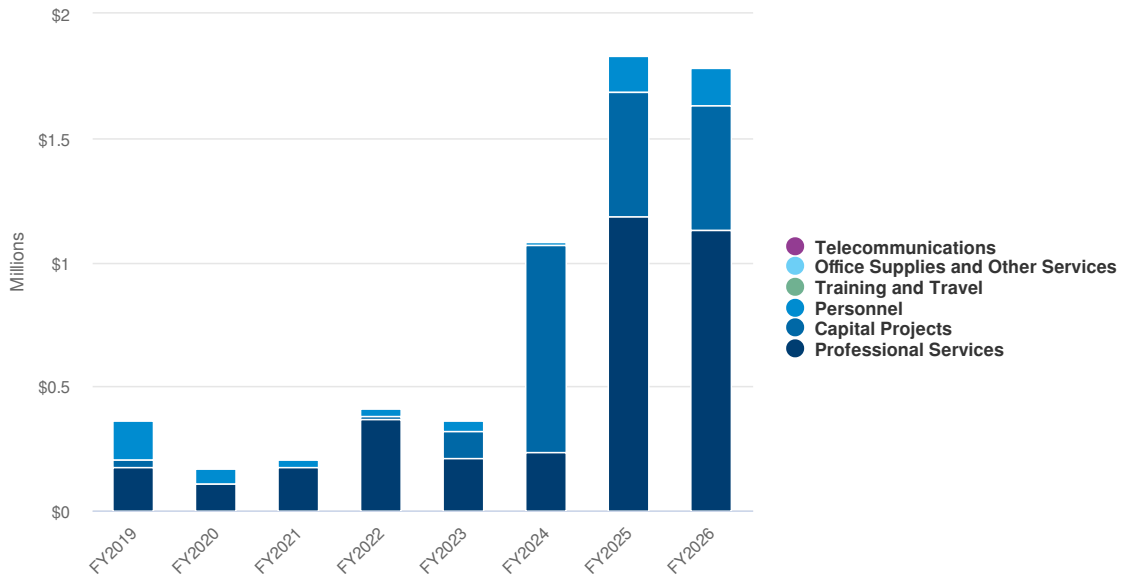
Budgeted FY2025 Expenditures by Expense Type



Budgeted FY2026 Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted
Expense Objects					
Personnel	\$35,720	\$43,728	\$17,000	\$147,000	\$152,000
Professional Services	\$367,357	\$208,896	\$237,445	\$1,183,000	\$1,131,000
Telecommunications	\$0	\$0	\$2	\$0	\$0
Office Supplies and Other Services	\$1,686	\$0	\$347	\$0	\$0
Training and Travel	\$40	\$0	\$10	\$0	\$0
Capital Projects	\$10,600	\$111,366	\$829,195	\$500,000	\$500,000
Total Expense Objects:	\$415,403	\$363,990	\$1,084,000	\$1,830,000	\$1,783,000

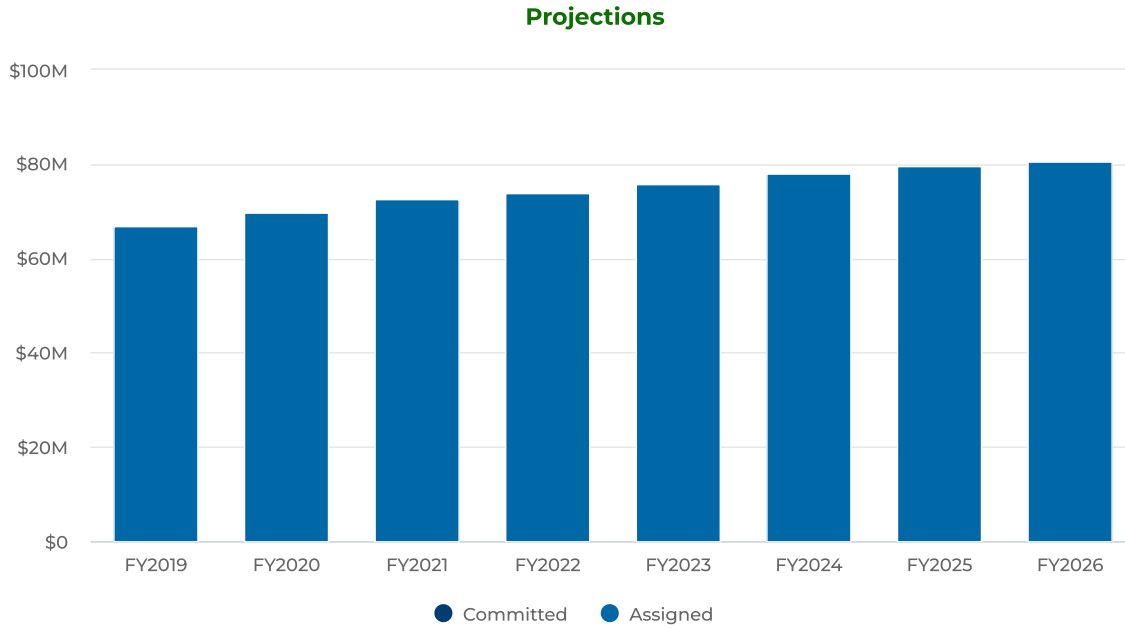


Fund Balance

This fund is comprised of two reserves:

- Capital Projects Reserve
- Section 115 Pension Trust Fund

This fund does not have a minimum or maximum reserve requirement.



Financial Summary	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	% Change
Fund Balance	—	—	—	—	—	—	—	—	
Assigned	\$66,872,665	\$69,648,891	\$72,715,432	\$73,996,663	\$75,844,801	\$78,092,000	\$79,740,000	\$80,668,000	1.2%
Committed	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%
Total Fund Balance:	\$66,872,665	\$69,648,891	\$72,715,432	\$73,996,663	\$75,844,801	\$78,092,000	\$79,740,000	\$80,668,000	1.2%

FUNDING SOURCES



Water Sales and Service Summary

Water sales and services is the Agency's largest source of revenue. Revenue generated from water sales and services is estimated to be \$70.2M in FY2025 and \$74.3M in FY2026. The two-year budget assumes rate increases of 5.5% for CYs 2025 and 2026, as adopted via Resolution No. 22-93, dated November 16, 2022. Water sales are projected to be 34,000 AF in FY 2024-25 and 35,000 AF in FY 2025-26. The table below shows the history of adopted treated water rates.

Adopted Water Rates

Calendar Year	Volume-Based Treated Water Rate per AF	Total Fixed Charges ⁽²⁾
2023	\$989	\$27,395,440
2024	\$1,019	\$29,703,607
2025 ⁽¹⁾	\$1,063	\$31,805,889
2026 ⁽¹⁾	\$1,076	\$33,286,846

⁽¹⁾The Board will revisit the rate schedule for calendar years 2025 and 2026 through a public process, with any changed rates adopted by November 2024.

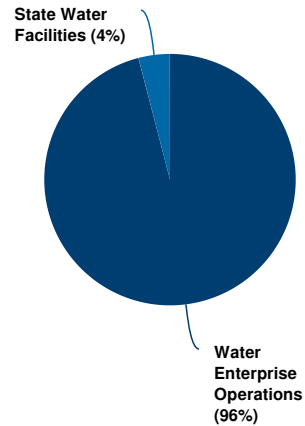
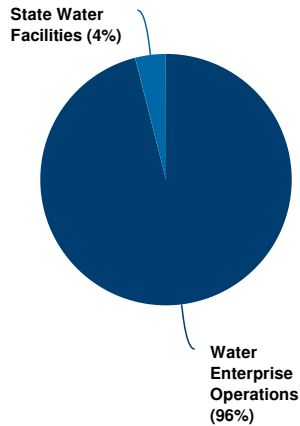
⁽²⁾ Actual monthly billing is 1/12 of the annual amount.

The Agency's customers include the cities of Pleasanton and Livermore, the Dublin-San Ramon Services District (for Dublin and the Dougherty Valley area, in San Ramon), and California Water Service Company, Livermore District, collectively referred to as the Retailers. Revenue is comprised of Treated Water Fixed and Volume-based Charges, Untreated Water Rates, and Dougherty Valley Surcharges.

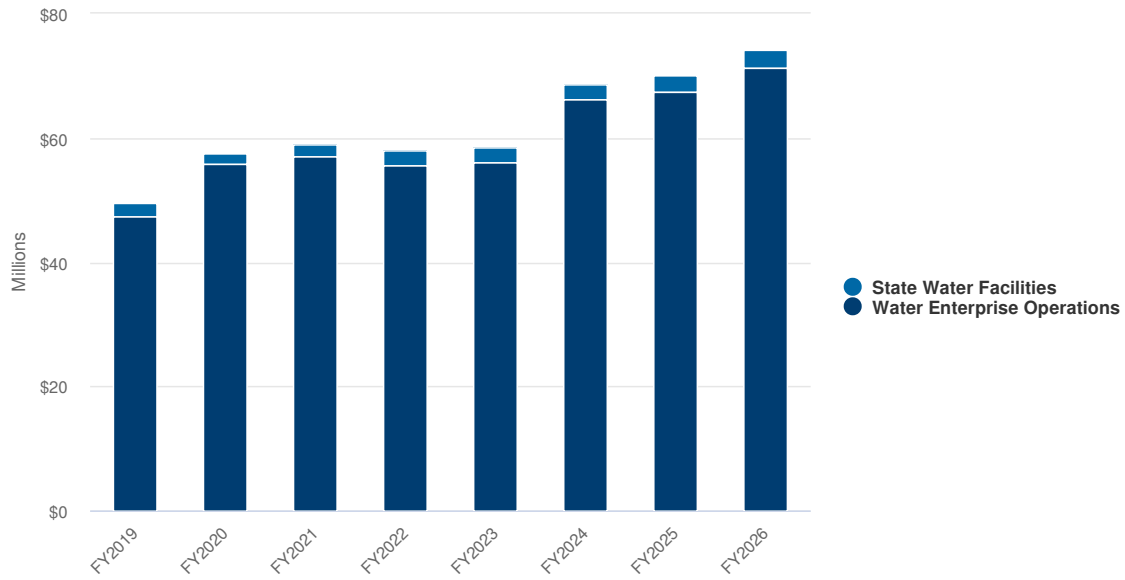
Revenue by Fund

Budgeted FY2025 Revenue by Fund

Budgeted FY2026 Revenue by Fund



Budgeted and Historical Revenue by Fund



Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted	FY2025 Budgeted vs. FY2026 Budgeted (% Change)
Water Enterprise Operations	\$55,670,512	\$56,105,302	\$66,148,000	\$67,393,000	\$71,268,000	5.7%
State Water Facilities	\$2,266,785	\$2,310,146	\$2,568,000	\$2,773,000	\$2,995,000	8%
Total:	\$57,937,296	\$58,415,448	\$68,716,000	\$70,166,000	\$74,263,000	5.8%



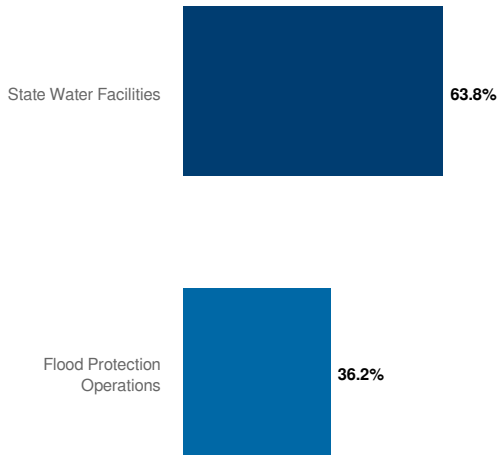
Property Taxes Summary

The Agency collects two types of property taxes. The first type is an ad valorem property tax, levied by Alameda County, at a rate equal to one percent (1%) of the full assessed value, of which Zone 7 of the Alameda County Flood and Water Conservation District receives a proportionate share. These property taxes fund flood protection operations. The proposed FY 2024-25 property tax collection is based on amounts provided by the Alameda County Auditor-Controller. FY 2025-26 assumes a 4% increase in assessed valuation. The two-year budget assumes 4% growth each year in assessed valuation.

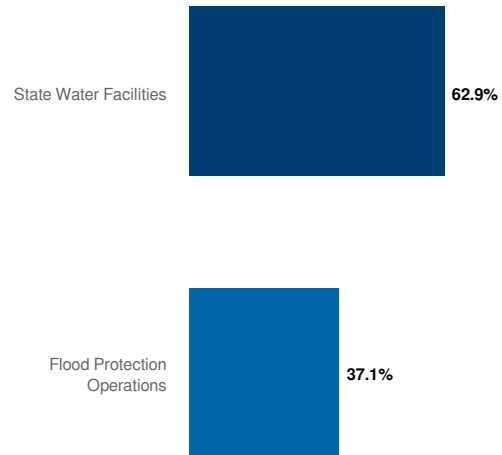
The second type of property tax is derived from the "property tax override" which funds repayment of voter-approved, State incurred, long-term debt. The State Water Project tax is an "override tax" that can exceed the 1% cap. The Agency budgets for such costs annually based on an estimated Statement of Charges and requests the County collect that amount. The two-year budget assumes no increase to the property tax override

Revenue by Fund

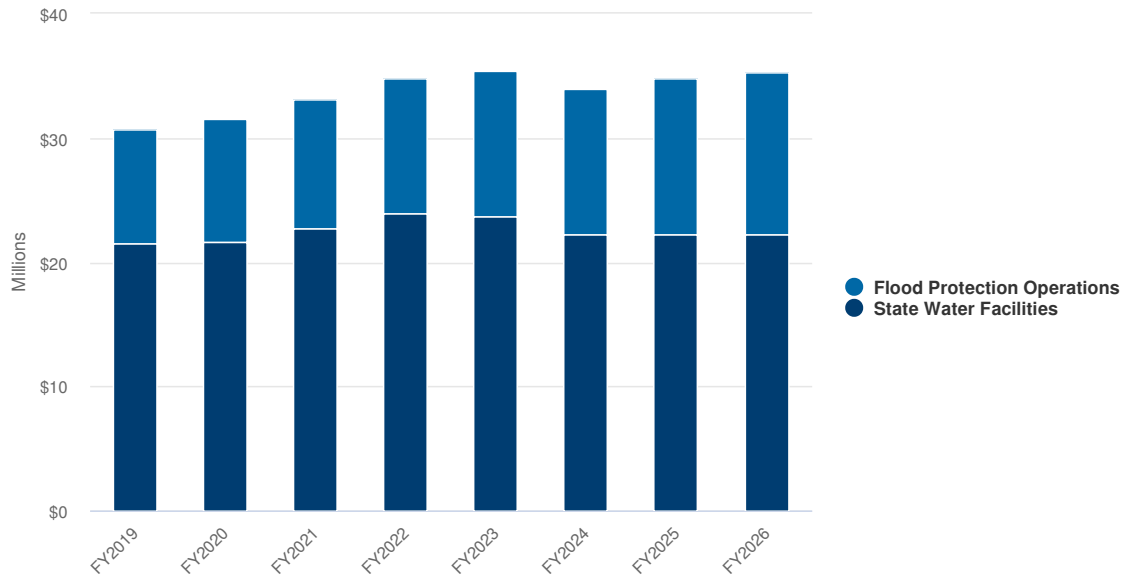
Budgeted FY2025 Revenue by Fund



Budgeted FY2026 Revenue by Fund



Budgeted and Historical Revenue by Fund



Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted
State Water Facilities	\$23,932,567	\$23,627,741	\$22,293,332	\$22,201,000	\$22,201,000
Flood Protection Operations	\$10,875,549	\$11,738,230	\$11,716,590	\$12,573,000	\$13,077,000
Total:	\$34,808,117	\$35,365,971	\$34,009,923	\$34,774,000	\$35,278,000



Connection/Development Fees Summary

Water Connection Fees:

Water Connection Fees fund the costs of expanding the Agency’s water treatment and distribution system to serve new developments. The fees are intended to ensure that development pays its own way.

In 2017, the Agency Board adopted the Fiscal Year 2016-17 Municipal and Industrial Connection Fee Program Update. The study resulted in a 7.3% increase in the Alameda County Connection Fee and an 11.3% increase in the Dougherty Valley Connection Fee, which became effective May 1, 2017. The study recommended annual inflationary adjustments to the fee to keep pace with inflation. An update to the Municipal and Industrial Connection Fee Program Update is planned for FY 2024-25.

The proposed budget assumes \$10M annually for connection fee revenue.

The table below shows a history of connection fees.

Effective Date	Zone 7	Dougherty Valley	% Change
January 1, 2006	\$13,500	\$12,500	3%
January 1, 2007	\$19,570	\$18,120	45%
January 1, 2008	\$20,270	\$18,770	4%
January 1, 2009	\$21,550	\$19,950	6%
January 1, 2010	\$21,550	\$19,950	0%
January 1, 2011	\$22,230	\$20,580	3%
January 1, 2012	\$22,930	\$21,230	3%
January 1, 2013	\$23,500	\$21,750	2%
January 1, 2014	\$24,030	\$22,240	2%
January 1, 2015	\$24,830	\$22,980	3%
January 1, 2016	\$25,320	\$23,430	2%
May 1, 2017	\$27,180	\$26,080	7%
January 1, 2018	\$28,170	\$27,030	4%
January 1, 2019	\$29,070	\$27,900	3%
January 1, 2020	\$29,440	\$28,250	1%
January 1, 2021	\$29,440	\$28,250	0%
January 1, 2022	\$31,910	\$30,620	8%
January 1, 2023	\$33,730	\$32,360	6%
January 1, 2024	\$34,530	\$33,130	2%

Stormwater and Development Impact Fee:

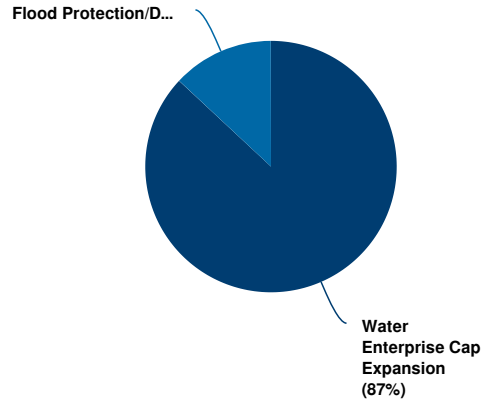
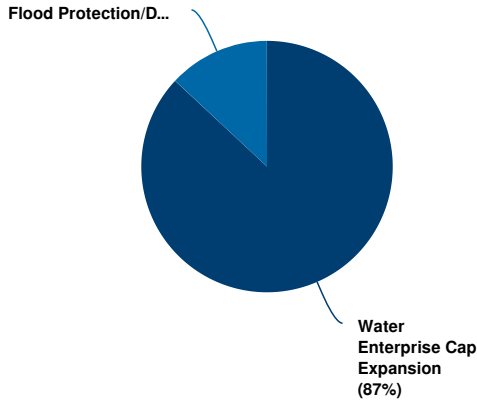
On March 18, 2009, Zone 7’s Board of Directors adopted Ordinance 2009-01 establishing the Flood Protection and Storm Water Drainage Development Impact Fee (DIF). This fee applies to developments that add new impervious surfaces to their projects. On March 17, 2010, the fee schedule was amended by Ordinance 2010-01. The amendment also limited the annual DIF adjustments until the SMMP and DIF were reevaluated. This evaluation has since been ongoing. In 2011, the Zone 7 Board adopted Ordinance 2012-01, eliminating the scheduled DIF increase set to take effect on January 1, 2012, and keeping the existing DIF fee (as of 2011) at \$1.00 per square foot of new impervious surface created. As of January 1, 2024, the fee remains at \$1.00 per square foot of new impervious surface created.



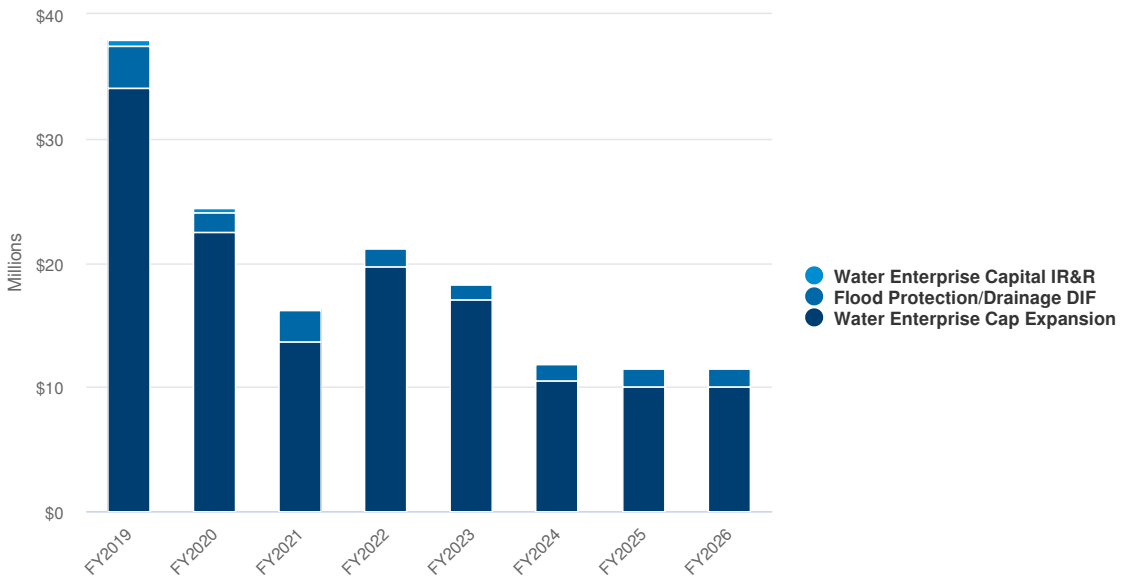
Revenue by Fund

Budgeted FY2025 Revenue by Fund

Budgeted FY2026 Revenue by Fund



Budgeted and Historical Revenue by Fund



Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted	FY2025 Budgeted vs. FY2026 Budgeted (% Change)
Water Enterprise Capital IR&R	\$39,600	\$0	\$0	\$0	\$0	0%
Water Enterprise Cap Expansion	\$19,669,510	\$17,023,627	\$10,500,000	\$10,000,000	\$10,000,000	0%



Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted	FY2025 Budgeted vs. FY2026 Budgeted (% Change)
Flood Protection/Drainage DIF	\$1,493,635	\$1,253,641	\$1,313,000	\$1,500,000	\$1,500,000	0%
Total:	\$21,202,745	\$18,277,267	\$11,813,000	\$11,500,000	\$11,500,000	0%

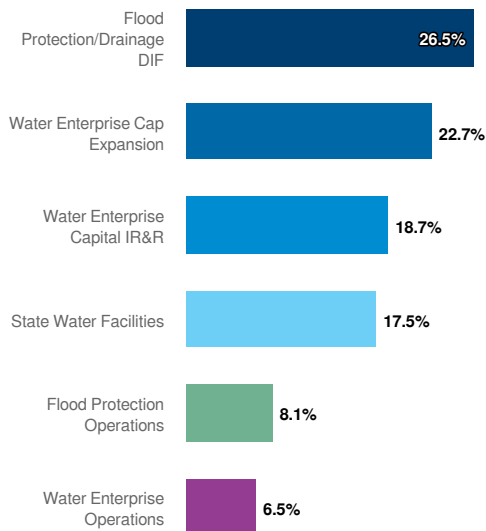


Investment Earnings Summary

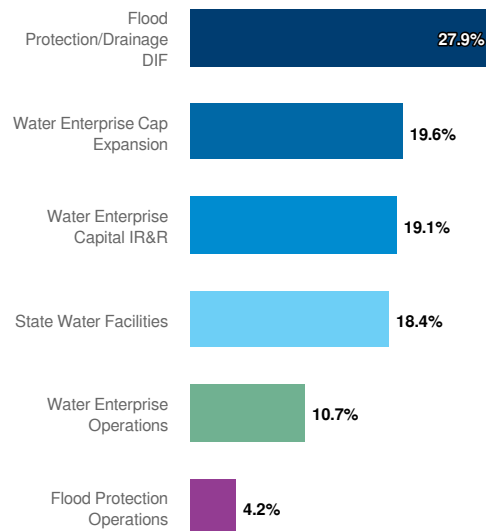
The Agency receives income from investing funds on deposit. The Agency's pooled cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer and approved by the Board of Supervisors. The non-pooled cash and investments are invested in accordance with the California Government Code and the Agency's Investment Policy that provide guidelines for the prudent investment of surplus cash, reserves, trust funds and restricted monies and outlines a policy for maximizing the efficiency of the Agency's cash management system. The budget assumes a 2.5% return on investment in FY2025, decreasing to 1.5% in FY2026.

Revenue by Fund

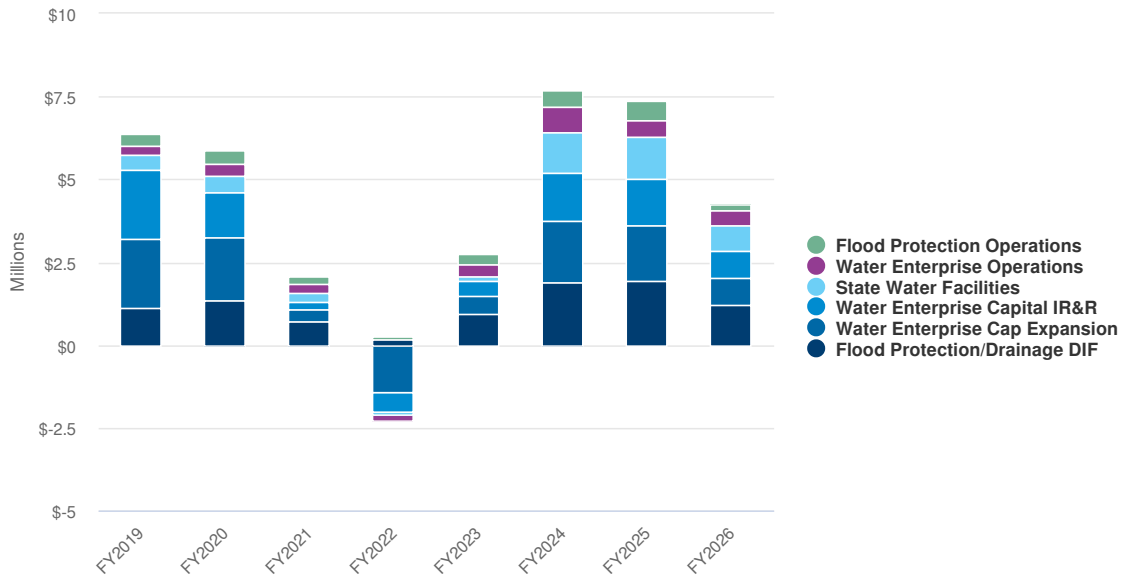
Budgeted FY2025 Revenue by Fund



Budgeted FY2026 Revenue by Fund



Budgeted and Historical Revenue by Fund



Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted	FY2025 Budgeted vs. FY2026 Budgeted (% Change)
Water Enterprise Operations	-\$173,821	\$373,164	\$748,176	\$479,000	\$454,000	-5.2%
State Water Facilities	-\$86,213	\$106,993	\$1,239,118	\$1,292,000	\$784,000	-39.3%
Water Enterprise Capital IR&R	-\$584,747	\$451,944	\$1,432,000	\$1,378,000	\$812,000	-41.1%
Water Enterprise Cap Expansion	-\$1,416,493	\$540,395	\$1,857,905	\$1,669,000	\$835,000	-50%
Flood Protection Operations	\$85,765	\$320,096	\$515,711	\$595,000	\$180,000	-69.7%
Flood Protection/Drainage DIF	\$181,220	\$958,486	\$1,900,000	\$1,952,000	\$1,187,000	-39.2%
Total:	-\$1,994,289	\$2,751,077	\$7,692,911	\$7,365,000	\$4,252,000	-42.3%

Grants Summary

The Agency's Strategic Plan Initiative #23 directs staff to pursue State and Federal funding opportunities. The Agency has recently had success in getting grants. The most recent grants include:

\$138K Prop 1 IRWM Round 2 grant proceeds for the water supply risk model enhancements and optimization project.

\$958K federal grant to help fund the Chain of Lakes (COL) PFAS Treatment Facility (<https://www.zone7water.com/post/chain-lakes-col-pfas-treatment-facility-0>).

\$4.6M grant through the Floodplain Management, Protection, and Risk Awareness (FMPRA) Grant program for Alamo Creek Pilot Project.

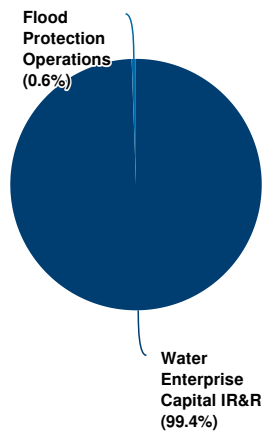
\$16M grant from the DWR's Sustainable Groundwater Management Grant Program for the development of the Stoneridge Well IX PFAS treatment facility.

\$1M Federal grant to help fund construction of the Chain of Lakes PFAS Treatment Facility.

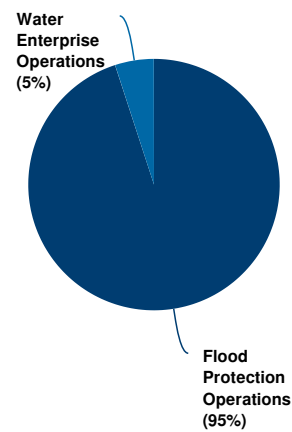
The Agency is pursuing Federal and State assistance/funding from the U.S Army Corps of Engineers, the Federal Emergency Management Agency, and the California Office of Emergency Services for the 2023 Storm repairs.

Revenue by Fund

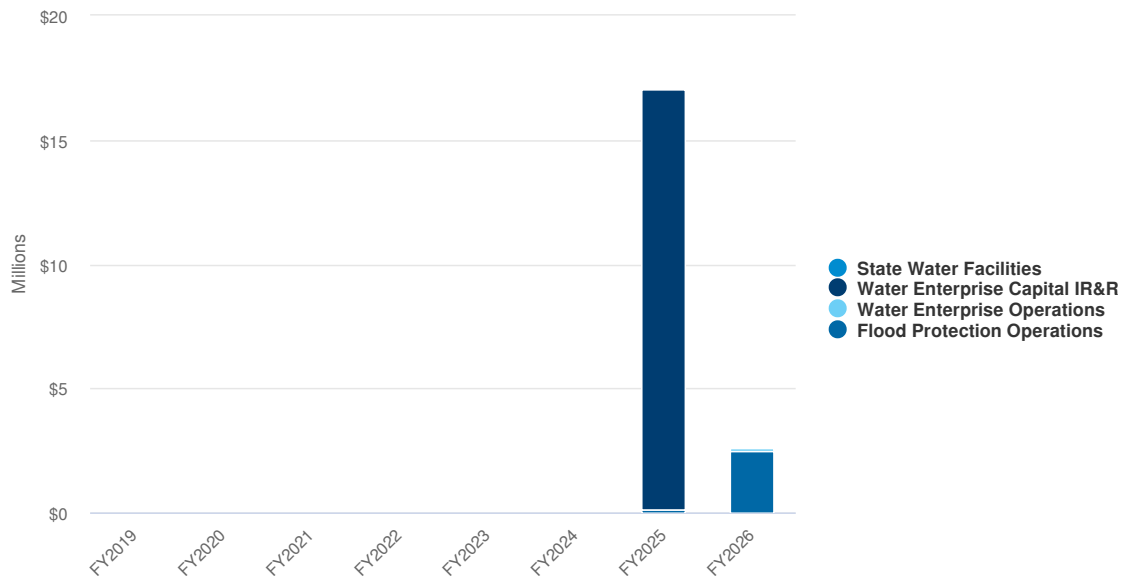
Budgeted FY2025 Revenue by Fund



Budgeted FY2026 Revenue by Fund



Budgeted and Historical Revenue by Fund



Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted	FY2025 Budgeted vs. FY2026 Budgeted (% Change)
Water Enterprise Operations	\$0	\$0	\$2,199	\$0	\$130,000	N/A
State Water Facilities	\$66	\$64	\$58	\$0	\$0	0%
Water Enterprise Capital IR&R	\$0	\$0	\$0	\$16,958,000	\$0	-100%
Flood Protection Operations	\$6	\$7	\$6	\$94,000	\$2,465,000	2,522.3%
Total:	\$72	\$71	\$2,264	\$17,052,000	\$2,595,000	-84.8%

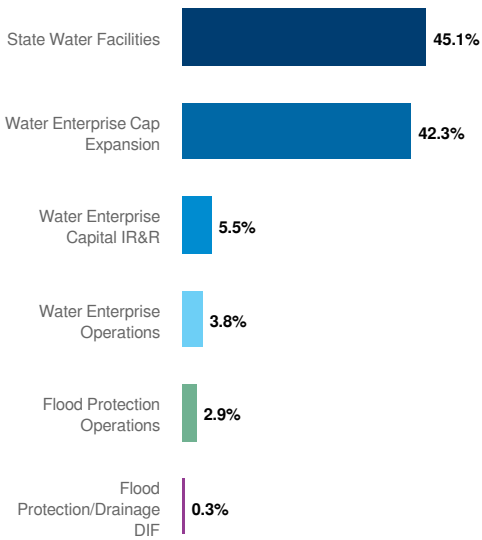


Other Revenues Summary

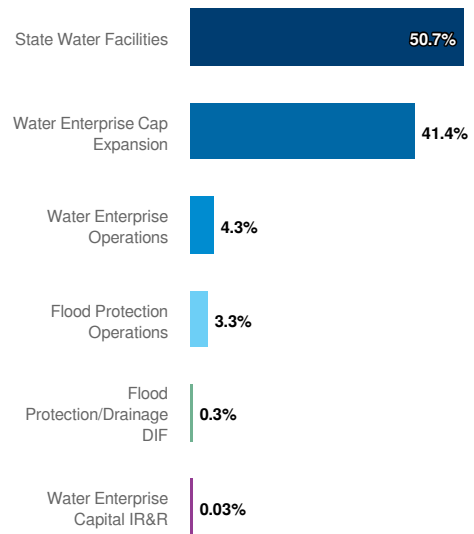
Other revenue is comprised of bond cover refunds from the Department of Water Resources, inspection and permit fees, rental income, and cost share agreement revenue.

Revenue by Fund

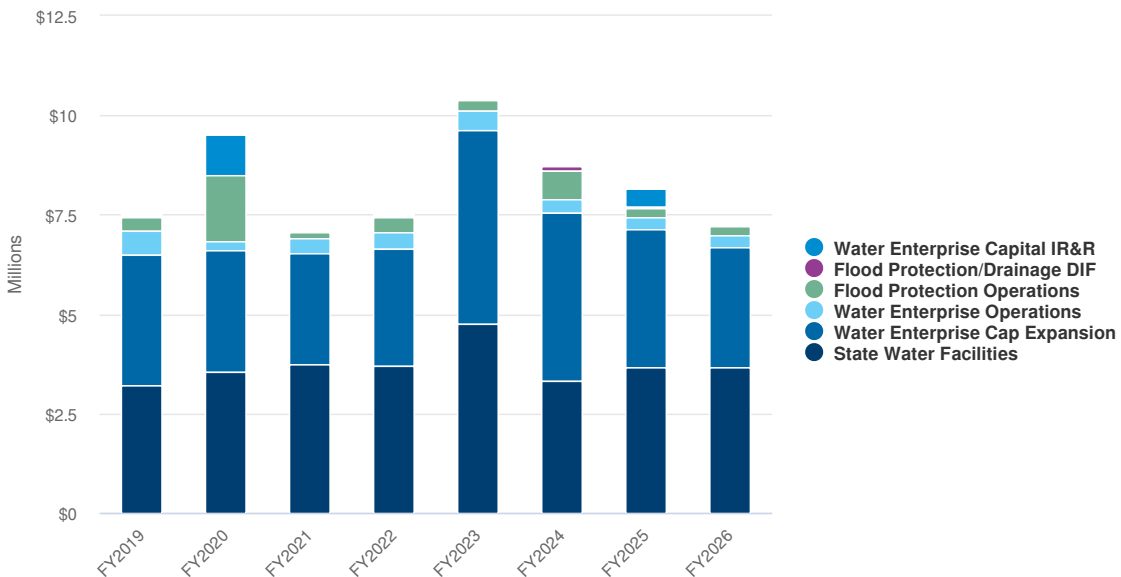
Budgeted FY2025 Revenue by Fund



Budgeted FY2026 Revenue by Fund



Budgeted and Historical Revenue by Fund



Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted	FY2025 Budgeted vs. FY2026 Budgeted (% Change)
Water Enterprise Operations	\$389,734	\$487,550	\$331,625	\$313,000	\$313,000	0%
State Water Facilities	\$3,694,855	\$4,742,314	\$3,325,492	\$3,675,000	\$3,675,000	0%
Water Enterprise Capital IR&R	\$46,876	\$11,504	\$48,000	\$452,000	\$2,000	-99.6%
Water Enterprise Cap Expansion	\$2,960,474	\$4,906,402	\$4,242,095	\$3,450,000	\$3,000,000	-13%
Flood Protection Operations	\$400,297	\$234,713	\$714,692	\$236,000	\$236,000	0%
Flood Protection/Drainage DIF	\$21,780	\$0	\$118,000	\$25,000	\$25,000	0%
Total:	\$7,514,017	\$10,382,484	\$8,779,903	\$8,151,000	\$7,251,000	-11%



DEPARTMENTS

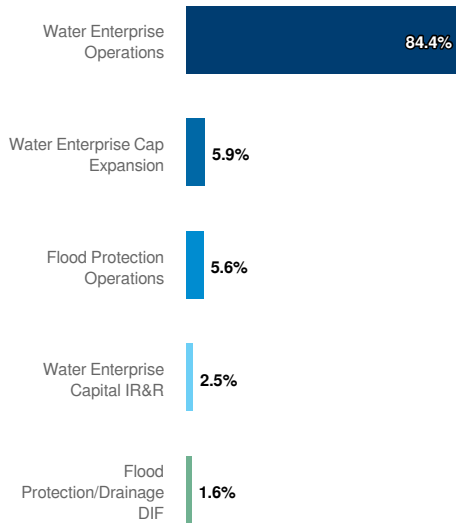


Office of the General Manager

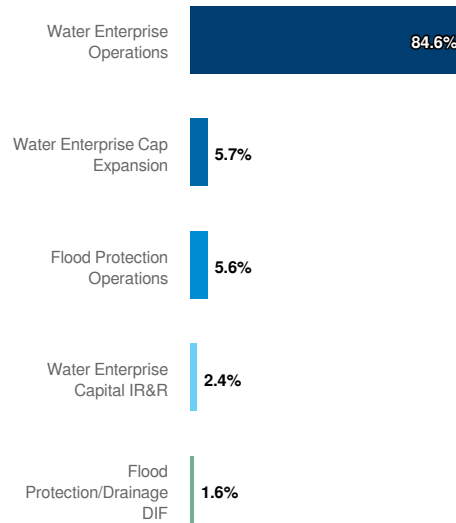
The Office of the General Manager provides overall administrative and management support to the Agency.

Expenditures by Fund

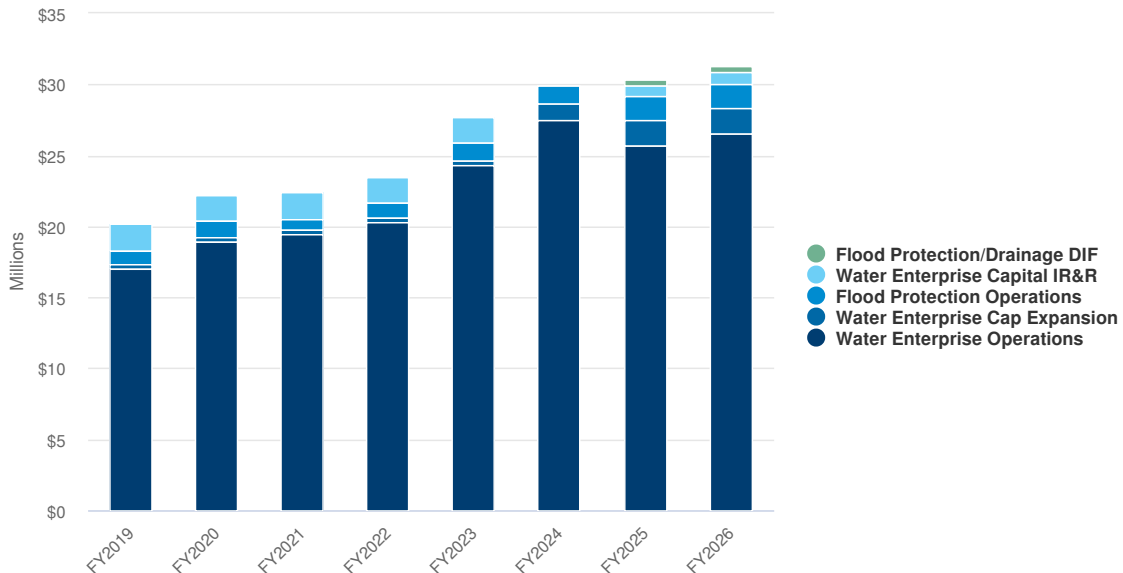
Budgeted FY2025 Expenditures by Fund



Budgeted FY2026 Expenditures by Fund

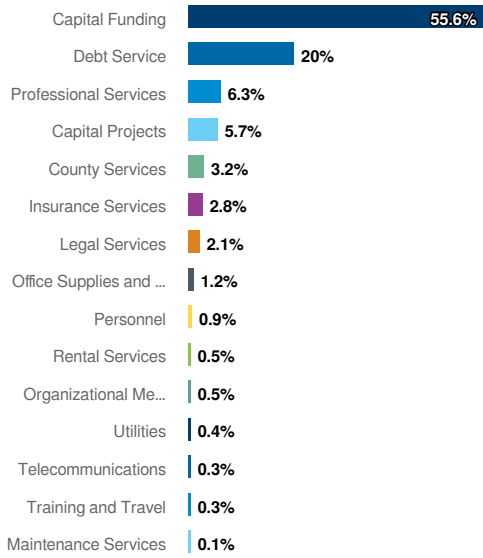


Budgeted and Historical Expenditures by Fund

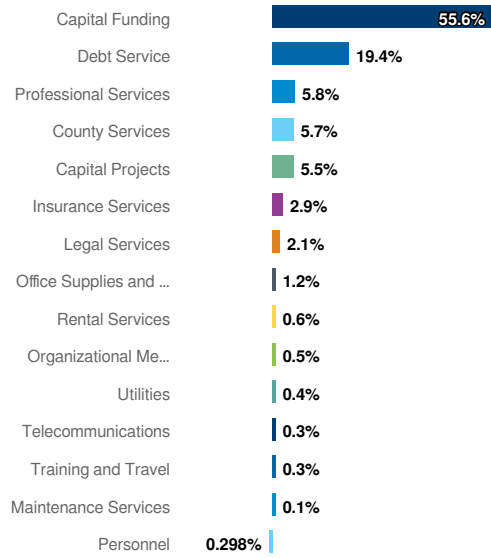


Expenditures by Expense Type

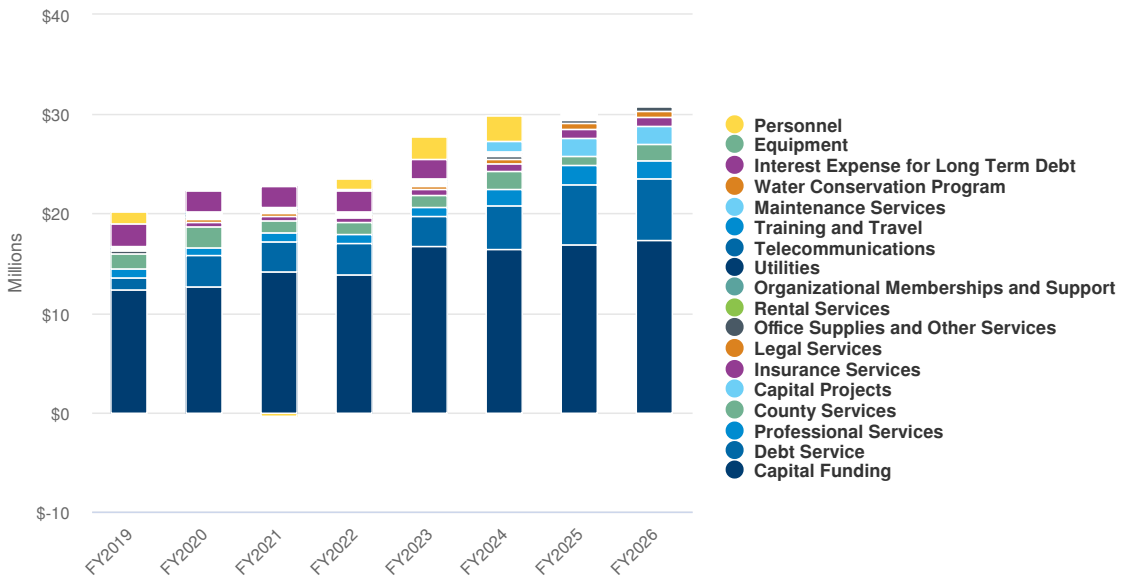
Budgeted FY2025 Expenditures by Expense Type



Budgeted FY2026 Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



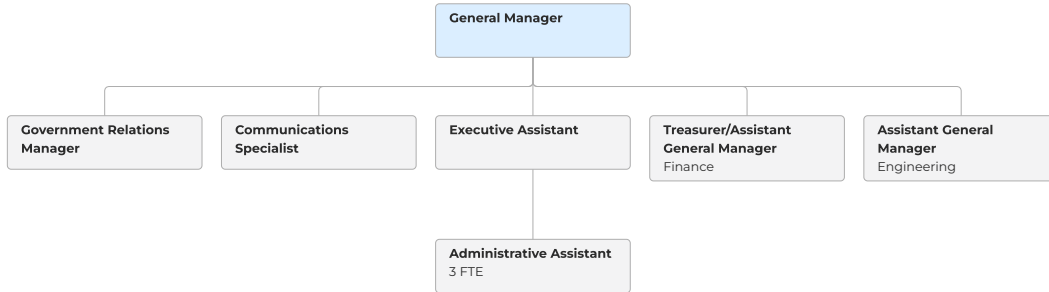
Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted	FY2025 Budgeted vs. FY2026 Budgeted (% Change)



Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted	FY2025 Budgeted vs. FY2026 Budgeted (% Change)
Expense Objects						
Personnel	\$1,079,841	\$2,168,131	\$2,619,203	\$261,563	-\$93,202	-135.6%
Professional Services	\$943,579	\$871,730	\$1,624,943	\$1,904,500	\$1,814,000	-4.8%
County Services	\$1,114,158	\$1,227,901	\$1,863,120	\$983,500	\$1,779,000	80.9%
Insurance Services	\$519,034	\$597,518	\$760,000	\$850,000	\$900,000	5.9%
Legal Services	\$151,752	\$358,536	\$363,397	\$650,000	\$650,000	0%
Utilities	\$131,592	\$121,968	\$124,246	\$133,000	\$133,000	0%
Telecommunications	\$48,493	\$53,897	\$51,607	\$101,000	\$101,000	0%
Maintenance Services	\$64,630	\$133,292	\$1,037,289	\$37,000	\$38,000	2.7%
Rental Services	\$14,647	\$19,799	\$18,061	\$164,000	\$182,000	11%
Office Supplies and Other Services	\$106,908	\$79,970	\$373,147	\$350,500	\$369,000	5.3%
Organizational Memberships and Support	\$122,720	\$138,895	\$133,993	\$144,200	\$144,200	0%
Training and Travel	\$41,908	\$66,032	\$53,321	\$93,000	\$94,000	1.1%
Water Conservation Program	\$0	\$0	\$129	\$0	\$0	0%
Capital Projects	\$0	\$0	\$0	\$1,739,000	\$1,738,000	-0.1%
Equipment	\$26,816	\$0	\$7,086	\$0	\$0	0%
Interest Expense for Long Term Debt	\$2,111,942	\$2,085,323	\$0	\$0	\$0	0%
Debt Service	\$3,124,213	\$3,123,838	\$4,431,385	\$6,068,000	\$6,076,000	0.1%
Capital Funding	\$13,897,940	\$16,667,145	\$16,441,000	\$16,912,000	\$17,403,000	2.9%
Total Expense Objects:	\$23,500,172	\$27,713,975	\$29,901,927	\$30,391,263	\$31,327,998	3.1%



Organizational Chart



FY 2024-26 Goals and Objectives



EFFECTIVE FLOOD PROTECTION PROVIDE AN EFFECTIVE SYSTEM OF FLOOD PROTECTION

The following objective is in support of Strategic Goal D.

- Complete the next phase of the Flood Management Plan.



EFFECTIVE OPERATIONS PROVIDE THE AGENCY WITH EFFECTIVE LEADERSHIP, ADMINISTRATION, AND GOVERNANCE

The following objectives are in support of Strategic Goal E.

- Provide key topic briefings for legislators and their staff
- Monitor and provide educational feedback on legislation and related subject matter
- Monitor and provide feedback on potential regulation
- Review the Legislative Framework with the Legislative Committee and Board to evaluate progress and plan direction for future legislative engagement



STAKEHOLDER ENGAGEMENT ENGAGE OUR STAKEHOLDERS TO FOSTER UNDERSTANDING OF THEIR NEEDS, THE AGENCY, AND ITS FUNCTIONS

The following objective is in support of Strategic Goal F.

- Continue to optimize communications, public outreach, and community engagement.

FY 2022-24 Major Accomplishments

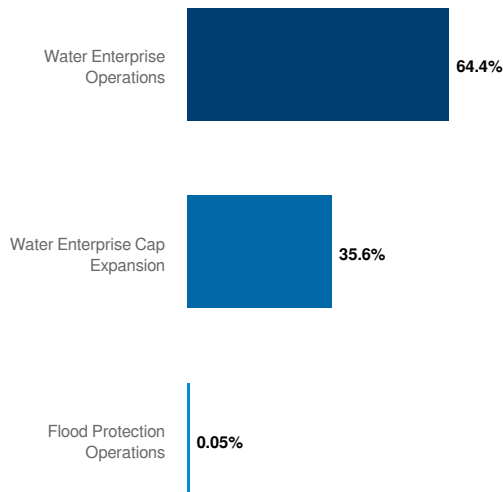
- Elevated knowledge of the Agency's mission and needs with state legislators and other local officials through annual briefings
- Under Board direction, provided agency position and feedback on the impacts of the California Air Resources Board's Advanced Clean Fleets regulation
- Sought and received funding under the Community Project Requests in the FY24 Federal appropriations for the Chain of Lakes PFAS Treatment Facility
- Led the Drought Committee with retail partners, and managed outreach and marketing programs to educate the public about the 15% conservation mandate during the drought resulting in the Agency meeting its conservation goal.
- Relaunched in-person events and school instruction post-pandemic.
- Held a ribbon cutting ceremony and public tours of Patterson Pass Water Treatment Plant to celebrate the plant's reopening and the addition of ozone treatment.
- Continued to grow social media presence and increased traffic to the Agency's three websites.
- Launched the Tri-Valley Water Partners website and supporting media campaign.
- Received three EPIC Awards from CAPIO (California Association of Public Information Officers) for flood preparedness and water conservation campaigns.
- Hired the Assistant General Manager - Engineering and Operations

Finance

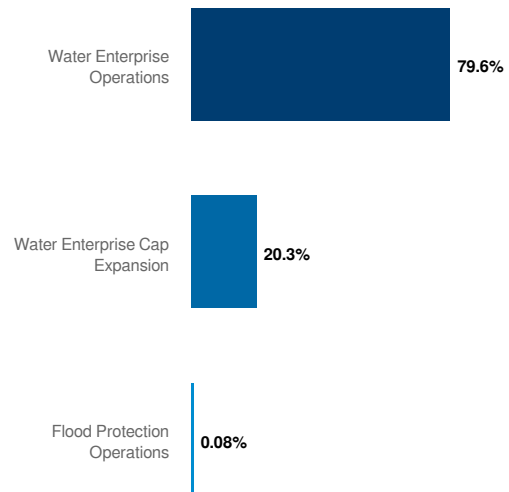
Finance provides governmental and enterprise accounting, accounts payable, billing for services and receivables, contract monitoring, payroll, Agency-wide internal controls, financial reporting, financial forecasting and analysis, budget development, monitoring, and control, purchasing services, information technology services, and risk management liaison services.

Expenditures by Fund

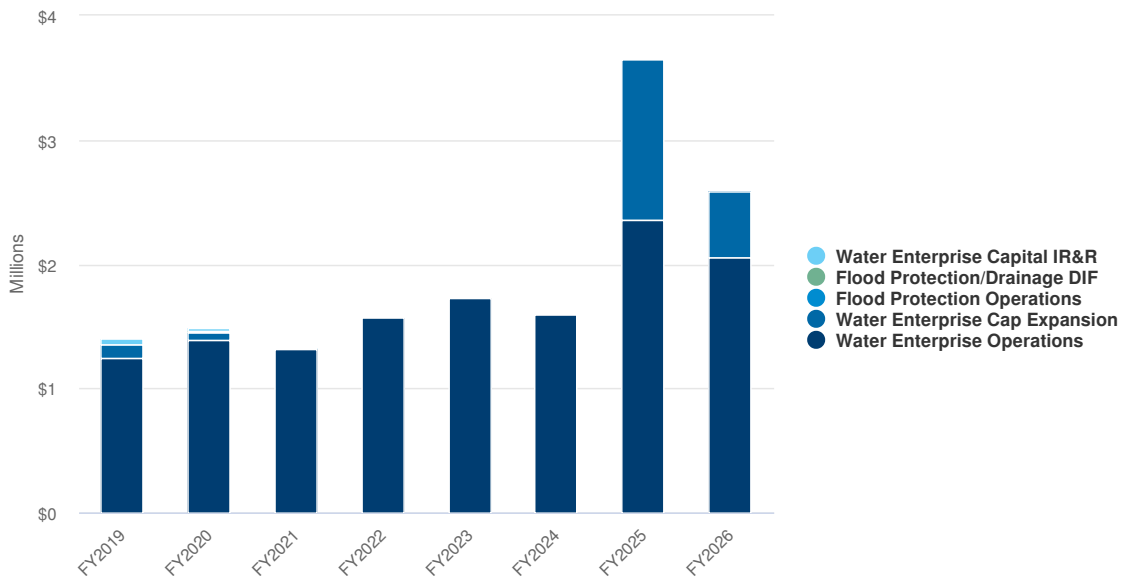
Budgeted FY2025 Expenditures by Fund



Budgeted FY2026 Expenditures by Fund

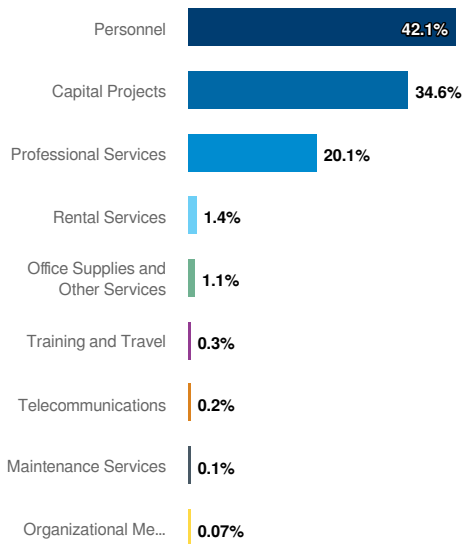


Budgeted and Historical Expenditures by Fund

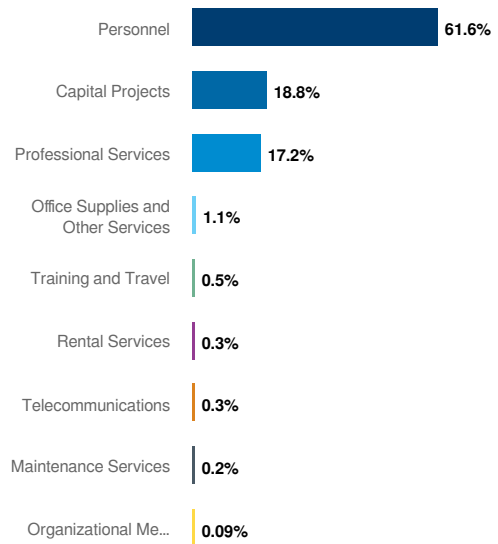


Expenditures by Expense Type

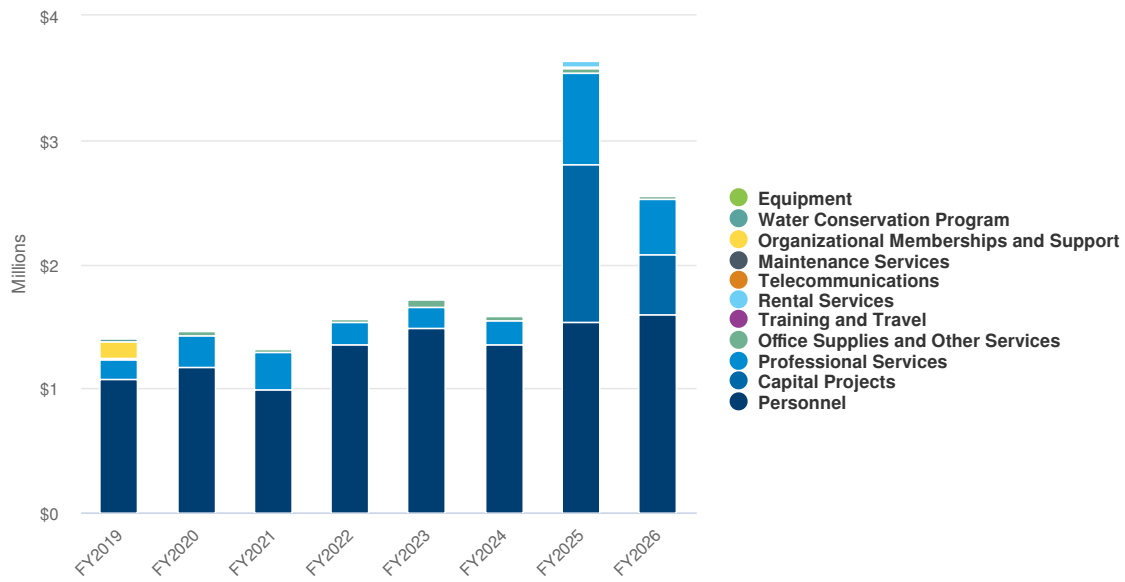
Budgeted FY2025 Expenditures by Expense Type



Budgeted FY2026 Expenditures by Expense Type



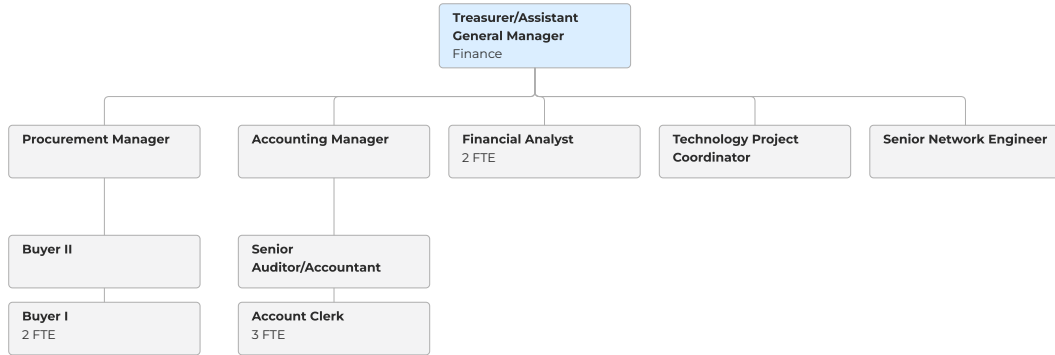
Budgeted and Historical Expenditures by Expense Type



Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted	FY2025 Budgeted vs. FY2026 Budgeted (% Change)
Expense Objects						
Personnel	\$1,355,442	\$1,486,788	\$1,355,661	\$1,537,172	\$1,592,630	3.6%
Professional Services	\$183,532	\$172,213	\$197,158	\$735,000	\$445,000	-39.5%
Telecommunications	\$3,836	\$4,162	\$3,880	\$7,000	\$7,000	0%
Maintenance Services	\$3,166	\$2,442	\$3,381	\$4,000	\$4,000	0%
Rental Services	\$0	\$0	\$0	\$52,000	\$7,000	-86.5%
Office Supplies and Other Services	\$17,656	\$51,028	\$35,557	\$39,800	\$28,000	-29.6%
Organizational Memberships and Support	\$1,895	\$6,880	\$8,513	\$2,400	\$2,400	0%
Training and Travel	\$2,490	\$6,386	\$4,253	\$12,500	\$12,000	-4%
Water Conservation Program	\$0	\$0	\$798	\$0	\$0	0%
Capital Projects	\$0	\$0	\$0	\$1,264,000	\$487,000	-61.5%
Equipment	\$7,554	\$0	\$2,459	\$0	\$0	0%
Total Expense Objects:	\$1,575,572	\$1,729,900	\$1,611,659	\$3,653,872	\$2,585,030	-29.3%



Organizational Chart



FY 2024-26 Goals and Objectives

**GOAL
E**

EFFECTIVE OPERATIONS

PROVIDE THE AGENCY WITH EFFECTIVE LEADERSHIP,
ADMINISTRATION, AND GOVERNANCE

The following objective is in support of Strategic Goal E.

- Implement eProcurement to streamline existing procurement processes, facilitate greater transparency, and increase competition by inviting more vendors to the bid process.

**GOAL
F**

STAKEHOLDER ENGAGEMENT

ENGAGE OUR STAKEHOLDERS TO FOSTER
UNDERSTANDING OF THEIR NEEDS, THE AGENCY, AND
ITS FUNCTIONS

The following objectives are in support of Strategic Plan Goal F.

- Launch the Agency's first digital budget book for the FY 2024-26 Two-year Budget to enhance transparency and community engagement.

**GOAL
G**

FISCAL RESPONSIBILITY

OPERATE THE AGENCY IN A FISCALLY-RESPONSIBLE MANNER

The following objectives are in support of Strategic Plan Goal G.

- Continue to provide timely quarterly and annual financial reports to the Finance Committee and Board.
- Continue to maintain reserves as set forth in the Reserve Policy adopted on May 15, 2019.
- Continue to maintain the Agency's strong bond rating of AA+ (Fitch) and AAA (Standard and Poor's).
- Continue to comply with debt service coverage covenants in connection with Livermore Valley Water Financing Authority Water Revenue Bonds, 2018 Series A and 2023 Series A.
- Continued safeguard of the Agency's financial and material assets by maintaining strong internal controls, ensuring equity and transparency in transaction processes, adhering to established financial policies and procedures, and complying with all legal fiscal reporting requirements.
- Manage and maintain Information Technology equipment and systems while protecting systems integrity from outside cyber threats.
- Manage the risk of the Agency and strive to minimize costs and exposure while enhancing safety and productivity.

FY 2022-24 Major Accomplishments

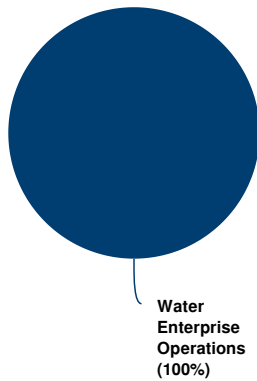
- Successfully issued water revenue bonds to fund the Chain of Lakes PFAS Treatment Facility construction phase and other water system improvement projects.
- Received highest bond rating from S&P Global Ratings (AAA) and revised outlook from Fitch Ratings (AA+, outlook positive) on Agency's Livermore Valley Water Financing Authority Water Revenue Bonds, 2023 Series A. Ratings on the Agency's 2018 Series A Bonds were also upgraded to these levels.
- Developed a long-term financial forecast. The long-term financial plan assists the Agency in making key decisions about rates and fees, capital financing, and impacts of inflation on costs.
- Received the seventh consecutive Distinguished Budget Presentation Award from the Government Finance Officers Association of the United States and Canada (GFOA) for the FY 2022-24 Two-Year Budget.
- Received the sixth consecutive Operating Budgeting Excellence Award from the California Society of Municipal Finance Officers (CSMFO) for the FY 2022-24 Two-Year Budget.
- Received the sixth and seventh consecutive Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA) for the Annual Comprehensive Reports for fiscal years ending June 30, 2021, and June 30, 2022. Produced timely and accurate quarterly revenue and expenditure analysis reports.
- Maintained reserves as set forth in the Reserve Policy adopted on May 15, 2019.
- Met all continuing disclosure reporting requirements for the Livermore Valley Water Financing Authority Water Revenue Bonds, 2018 and 2023 Series A.
- Updated Agency's Debt Management Policy to ensure compliance with Senate Bill 1029 (California Debt and Investment Advisory Commission: Accountability Reports) and update for current market best practices.
- Updated the Agency's Investment Policy.

Human Resources

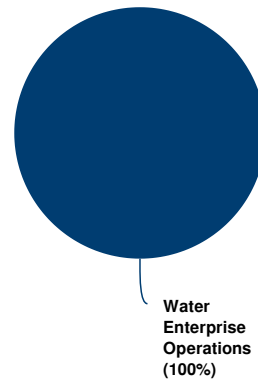
Human Resources administers and maintains a program of human resources management and administration, including recruitment/staffing, classification and compensation, workforce/training planning and development, performance management, employee and labor relations, and safety programs. It also provides human resources expertise and workforce management consultation. In support of the Agency's mission, vision, and values, this department's goal is to serve as a partner, by providing high-quality services, developing, implementing, and supporting programs and processes that add value to Zone 7 and its employees, ensuring a safe and healthy workplace, and encouraging employee empowerment, growth, and retention.

Expenditures by Fund

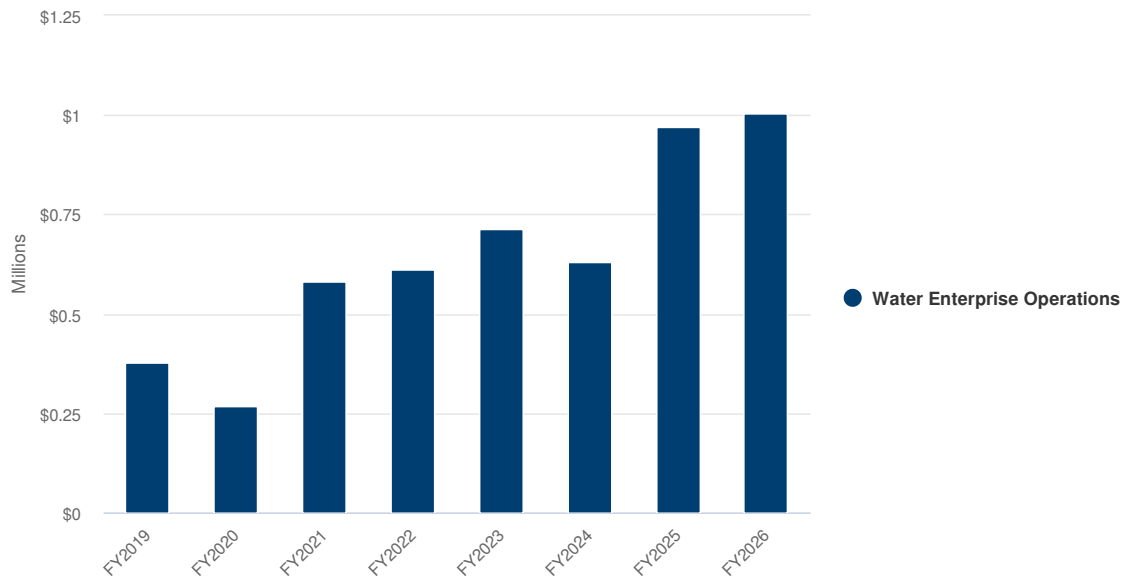
Budgeted FY2025 Expenditures by Fund



Budgeted FY2026 Expenditures by Fund

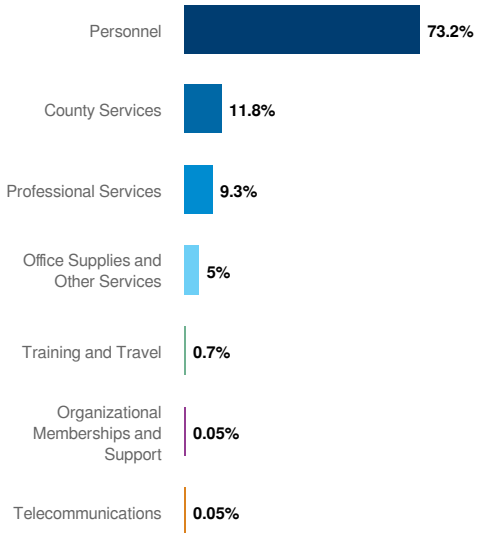


Budgeted and Historical Expenditures by Fund

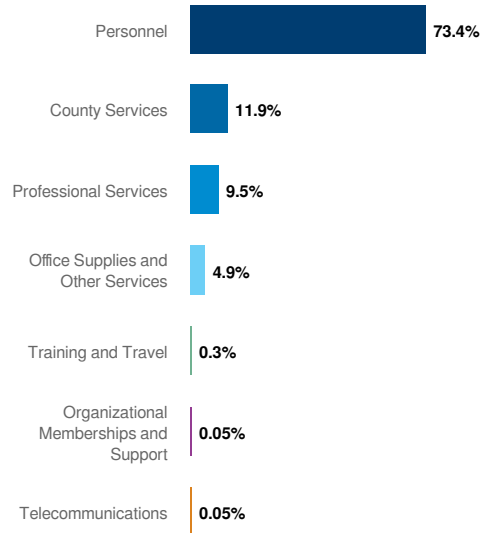


Expenditures by Expense Type

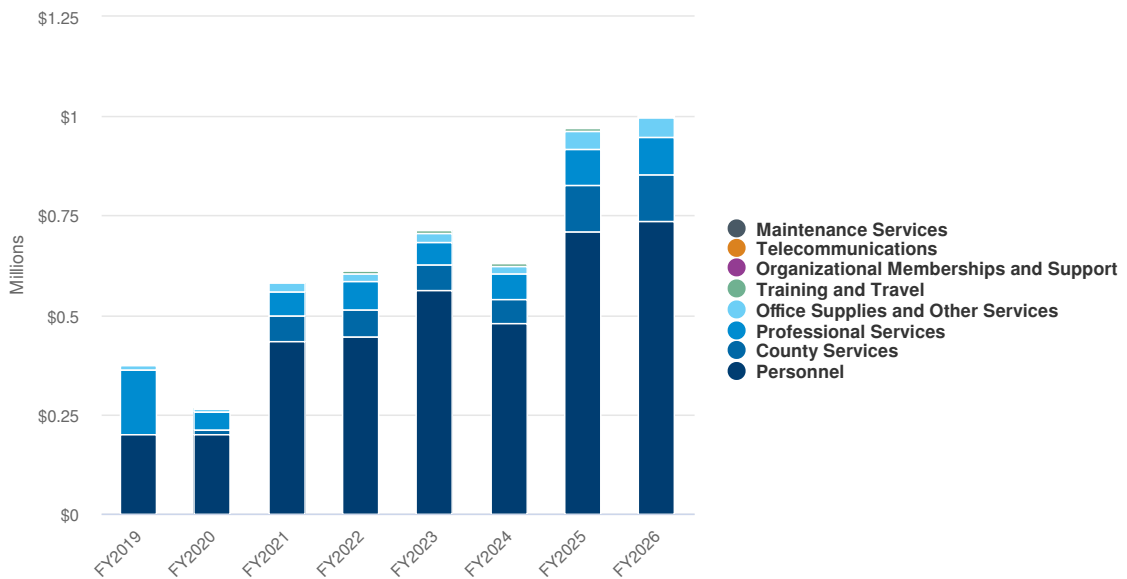
Budgeted FY2025 Expenditures by Expense Type



Budgeted FY2026 Expenditures by Expense Type



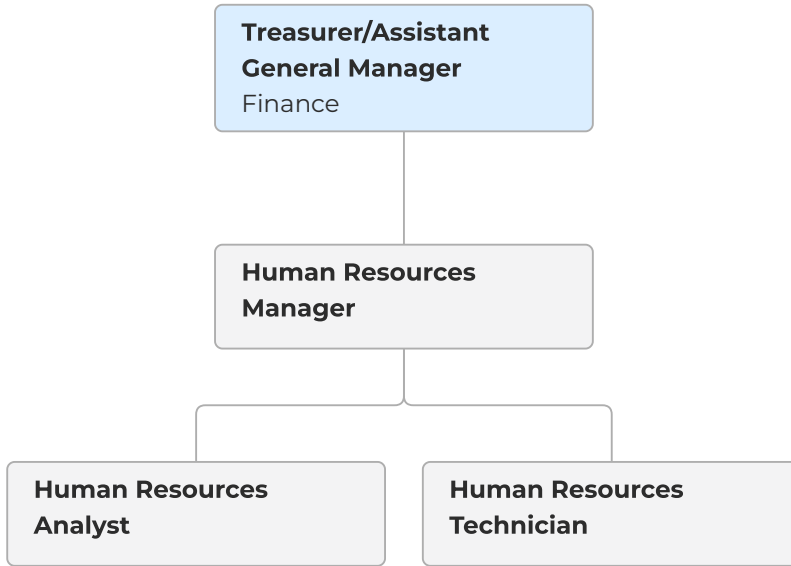
Budgeted and Historical Expenditures by Expense Type



Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted	FY2025 Budgeted vs. FY2026 Budgeted (% Change)
Expense Objects						
Personnel	\$445,988	\$561,506	\$480,349	\$711,087	\$735,761	3.5%
Professional Services	\$74,053	\$56,656	\$63,811	\$90,000	\$95,000	5.6%
County Services	\$67,005	\$66,902	\$61,178	\$115,000	\$119,000	3.5%
Telecommunications	\$0	\$327	\$181	\$500	\$500	0%
Maintenance Services	\$438	\$0	\$113	\$0	\$0	0%
Office Supplies and Other Services	\$18,911	\$20,772	\$19,491	\$48,500	\$49,000	1%
Organizational Memberships and Support	\$380	\$0	\$116	\$500	\$500	0%
Training and Travel	\$6,855	\$8,367	\$6,244	\$6,500	\$3,000	-53.8%
Total Expense Objects:	\$613,631	\$714,530	\$631,483	\$972,087	\$1,002,761	3.2%



Organizational Chart



FY 2024-26 Goals and Objectives



EFFECTIVE OPERATIONS

PROVIDE THE AGENCY WITH EFFECTIVE LEADERSHIP, ADMINISTRATION, AND GOVERNANCE

The following objectives are in support of Strategic Plan Goal E.

- Finalize a Comprehensive Personnel Manual
- Finalize a Comprehensive Training Program
- Implement HR Automation Software
- Implement Employee Led Activities Program
- Contract Negotiations with Labor Organizations

FY 2022-24 Major Accomplishments

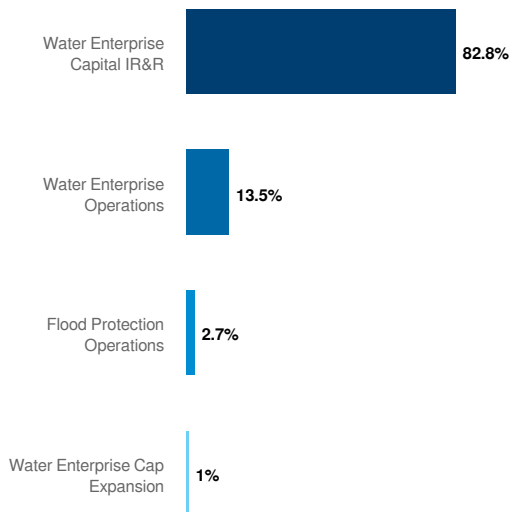
- Conducted Agency-wide Employee Engagement Survey.
- Implemented Employee Suggestion Box Program.
- Ensured all employees completed sexual harassment and abusive conduct prevention and awareness training.
- Filled key leadership positions throughout the Agency.

Water Supply Engineering

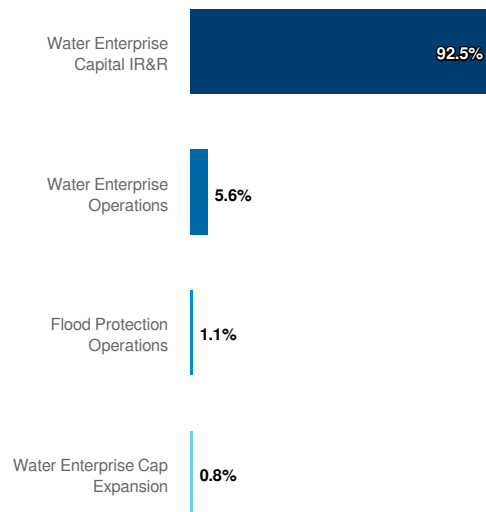
The Water Supply Engineering department plans, designs, and constructs major water supply, conveyance, production, and delivery facilities for expansion, improvements, and renewal/replacement projects. Water Supply Engineering also manages the Agency's water enterprise asset management program and supports programs and projects led by other Agency divisions.

Expenditures by Fund

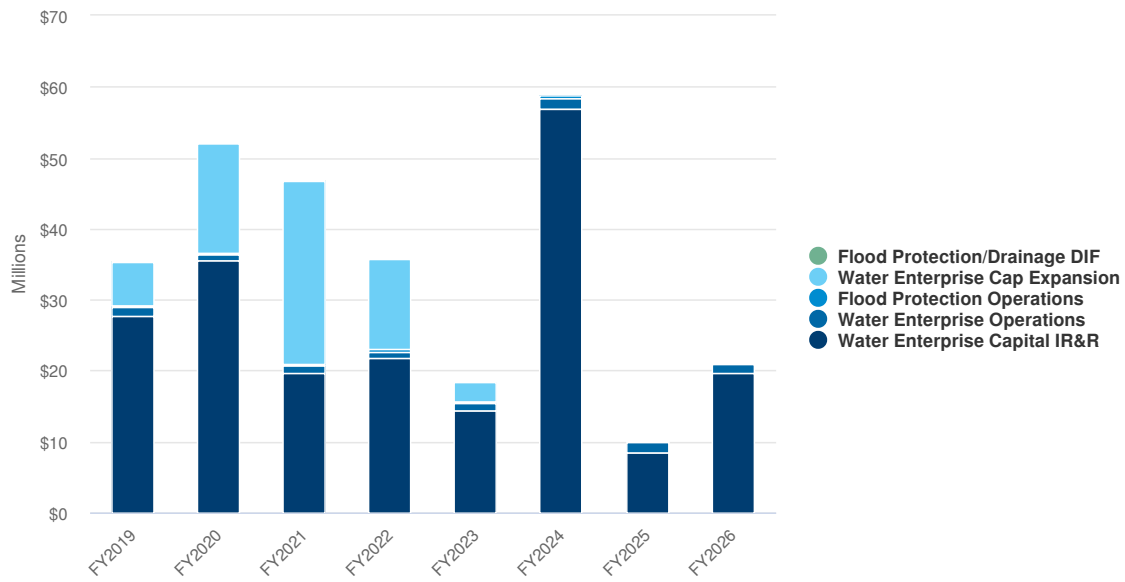
Budgeted FY2025 Expenditures by Fund



Budgeted FY2026 Expenditures by Fund

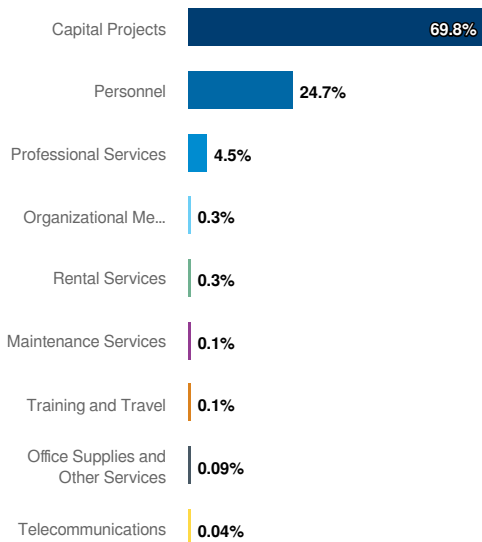


Budgeted and Historical Expenditures by Fund

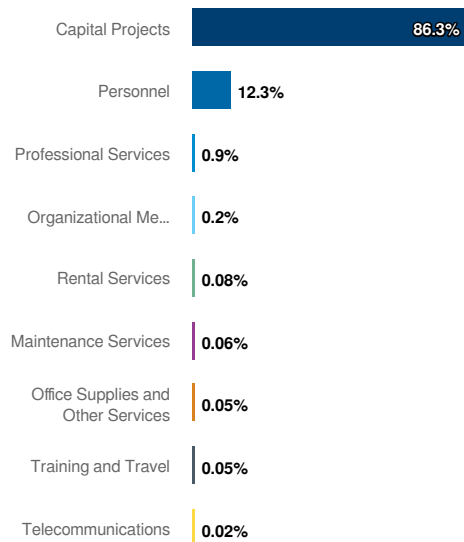


Expenditures by Expense Type

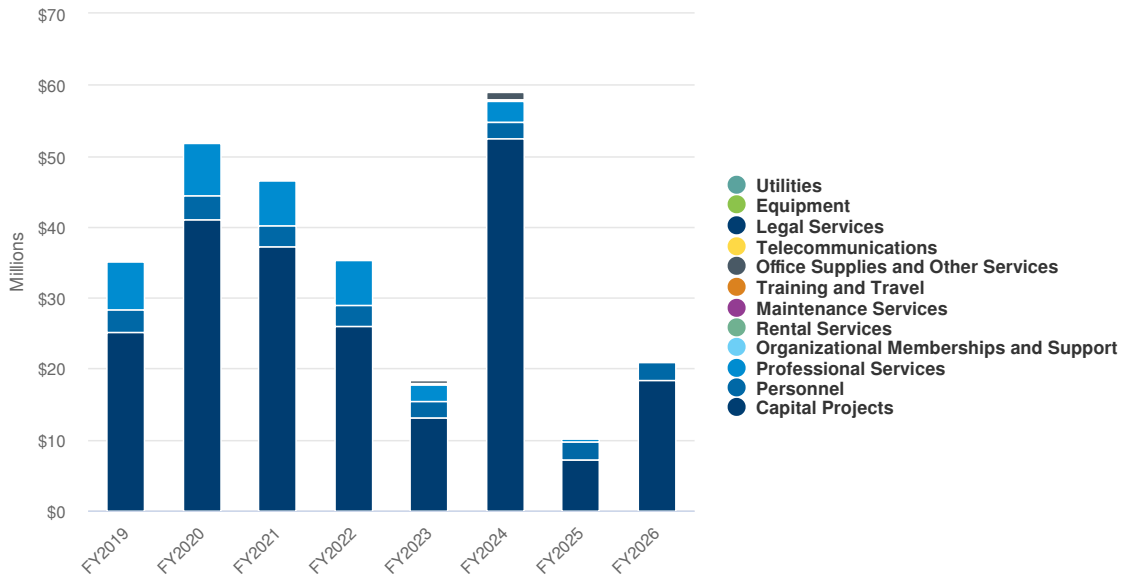
Budgeted FY2025 Expenditures by Expense Type



Budgeted FY2026 Expenditures by Expense Type



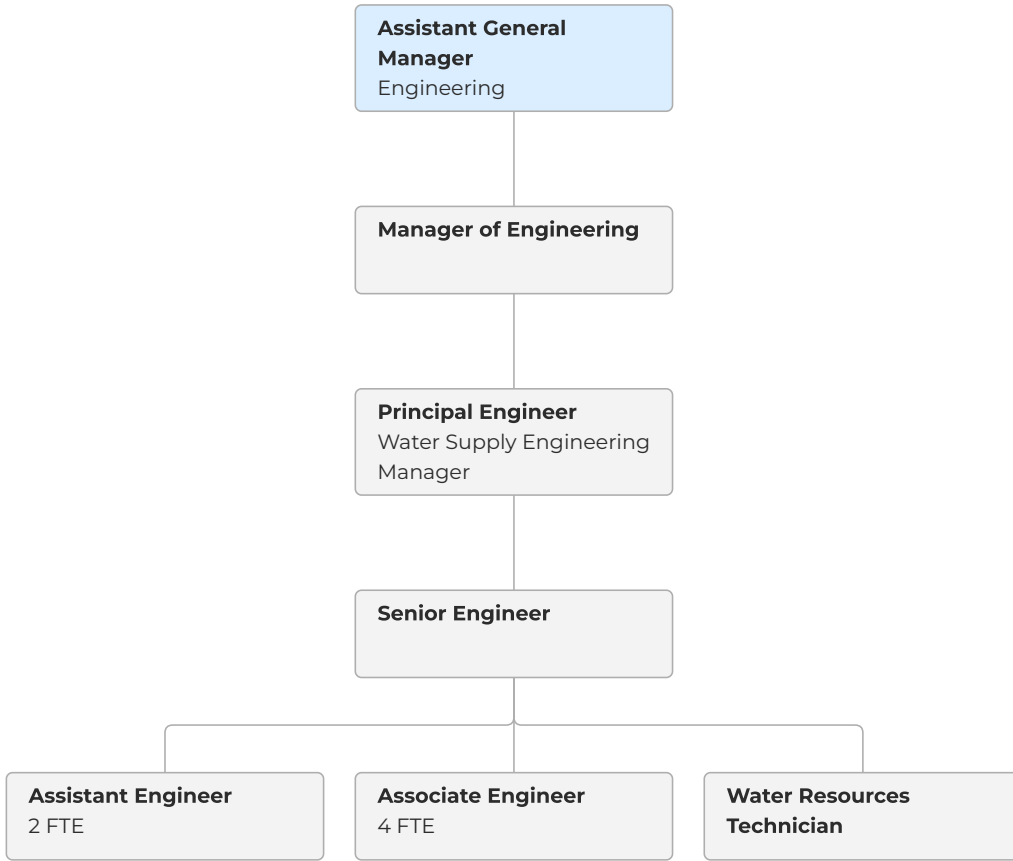
Budgeted and Historical Expenditures by Expense Type



Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted	FY2025 Budgeted vs. FY2026 Budgeted (% Change)
Personnel	\$2,997,936	\$2,339,850	\$2,334,192	\$2,529,993	\$2,627,865	3.9%
Professional Services	\$6,369,108	\$2,380,534	\$3,010,166	\$460,000	\$196,000	-57.4%
Legal Services	\$0	\$59,678	\$30,801	\$0	\$0	0%
Utilities	\$0	\$8,647	\$4,463	\$0	\$0	0%
Telecommunications	\$3,817	\$3,947	\$3,977	\$4,500	\$5,000	11.1%
Maintenance Services	\$134,672	\$111,496	\$127,717	\$13,000	\$13,000	0%
Rental Services	\$0	\$0	\$0	\$28,000	\$16,000	-42.9%
Office Supplies and Other Services	\$166,526	\$454,465	\$954,212	\$9,500	\$10,000	5.3%
Organizational Memberships and Support	\$32,609	\$35,455	\$34,582	\$34,000	\$38,000	11.8%
Training and Travel	\$3,311	\$6,077	\$4,828	\$10,000	\$10,000	0%
Capital Projects	\$26,023,932	\$13,068,221	\$52,449,046	\$7,140,000	\$18,384,000	157.5%
Equipment	\$0	\$0	\$165	\$0	\$0	0%
Total:	\$35,731,912	\$18,468,371	\$58,954,150	\$10,228,993	\$21,299,865	108.2%



Organizational Chart



FY 2024-26 Goals and Objectives



RELIABLE WATER SUPPLY AND INFRASTRUCTURE

PROVIDE CUSTOMERS WITH RELIABLE WATER SUPPLY AND INFRASTRUCTURE

The following objectives are in support of Strategic Goal A.

Plan, design, and construct major water supply, conveyance, production, and delivery facilities as follows:

- Complete the Asset Management Plan (AMP) Update and Ten-Year Capital Improvement Plan (CIP).
- Complete construction of the Wells and Mocho Groundwater Demineralization Plant (MGDP) Electrical Upgrades/Replacement Project.
- Continue to implement maintenance projects as needed for the Chain of Lakes area.
- Complete design and construction of the Del Valle Water Treatment Plant (D VWTP) Booster Pump Station Variable Frequency Drives (VFDs) and Underdrain Pump Station Replacement Project
- Complete design and construction of the Patterson Pass Water Treatment Plant (PPWTP) Improvements and Replacements Project.
- Complete construction of the PPWTP Sludge Handling Rehabilitation Project.
- Complete design and construction of the PPWTP Centrifuge Facility.
- Complete design and construction of the DVWTP and PPWTP HVAC Replacement Project.
- Complete design and construction of the North Canyons Office Roofing Rehabilitation Project.
- Complete design and construction of the Hopyard Pipeline Corrosion Protection Improvement Project.
- Continue planning and design of the Silver Oaks Pump Station Replacement Project.
- Complete Maintenance Yard and Building Storage Study.
- Begin design for the Mocho 3 and 4 Switchgear Replacement Project.
- Continue to support planning for the Chain of Lakes Conveyance System and take the lead when the project is in the design and construction phases.



SAFE WATER

PROVIDE CUSTOMERS WITH SAFE WATER IN AN ENVIRONMENTALLY-SENSITIVE MANNER

The following objectives are in support of Strategic Goal B.

- Complete construction of the Per- and Polyfluoroalkyl substances (PFAS) Treatment Facility Project for the Stoneridge Well site.
- Complete construction of the PFAS Treatment Facility Project for the Chain of Lakes Wells.
- Complete a feasibility study for implementation of PFAS treatment in the Mocho Wellfield.
- Complete design and construction of the Mocho Wellfield PFAS Treatment Facility Project.

Workload Measures

	Actual FY 21-22	Actual FY 22-23	Estimated FY 23-24	Estimated FY 24-25	Estimated FY 25-26
Development Reviews	45	49	55	55	55
Capital Projects (\$ Millions)	\$28.9M	\$15.3M	\$45M	\$8.6M	\$19.9M



FY 2022-24 Major Accomplishments

- Completed Fiscal Year 2024-25 Five-Year Water System CIP.
- Completed construction of the PPWTP Upgrades and Ozonation Project.
- Completed design and construction of the Valley Booster Pump Station Project.
- Completed construction of the DVWTP Roadway/Parking Lot Repairs and Post-Ozone Modifications Project.
- Completed the Wellfield PFAS Treatment Feasibility Study and began implementing recommendations.
- Completed design and construction of the Stoneridge PFAS Treatment Facility Project.
- Completed the design of the Chain of Lakes (COL) PFAS Treatment Facility Project, which is currently in construction with anticipated completion in summer 2024.
- Completed design of the Wells and MGD Electrical Upgrades/Replacement Project, which is currently in construction with anticipated completion in early 2025.
- Completed construction of the MGD Concentrate Conditioning Facility.
- Completed construction of the MGD Concentrate Sump Pump and VFD Replacement Project.
- Completed construction of the North Canyons HVAC System Renewal/Replacement Project.

Groundwater

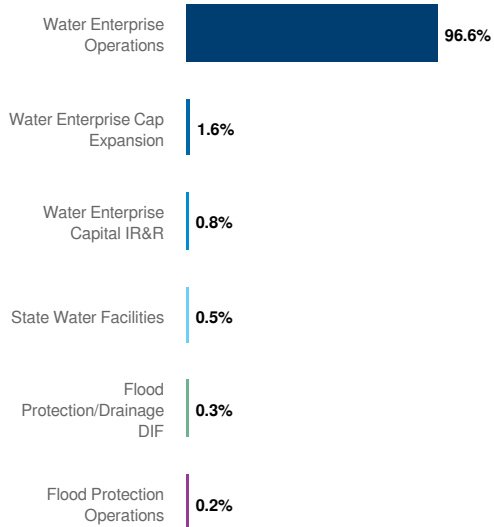
The Groundwater Section manages and protects the Livermore Valley Groundwater Basin (Basin) for Zone 7 as a state-designated Groundwater Sustainability Agency to achieve the Organization-wide Goal C of the 5-Year Strategic Plan. The section's primary responsibility is to sustainably manage the Basin by implementing the Livermore Valley Alternative Groundwater Sustainability Plan (Alternative GSP) and associated management actions/projects. The critical tasks include:

- Managing groundwater resources,
- Developing programs and projects,
- Operating data collection and monitoring programs,
- Conducting studies and technical investigations,
- Administering well and septic tank permitting programs,
- Managing groundwater quality, promoting groundwater protection, and tracking toxic sites and progress of groundwater contamination sites clean-up,
- Assisting Operations and Integrated Planning,
- Assisting with capital projects involving groundwater and surface water pumping, conveyance, recharge, and monitoring facilities,
- monitoring subsidence,
- Managing groundwater-dependent ecosystems, and sustainable yield.

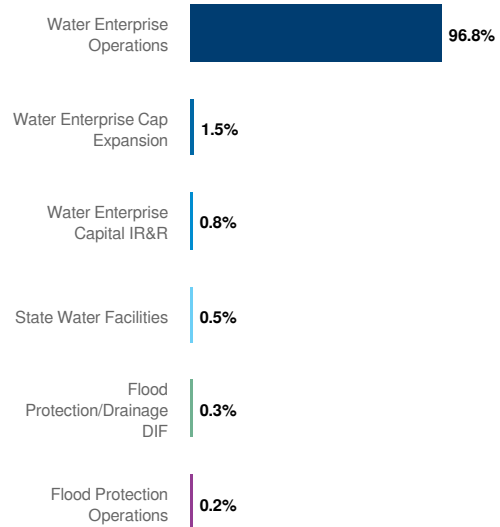
In addition, Zone 7 is also the designated manager of any groundwater basin within the jurisdictional boundary and accordingly the Groundwater Section coordinates with the retailers, other municipalities, water districts, regulatory agencies, and the county's departments. Stakeholder engagement is an integral part of the implementation of the Alternative GSP and GSA duties.

Expenditures by Fund

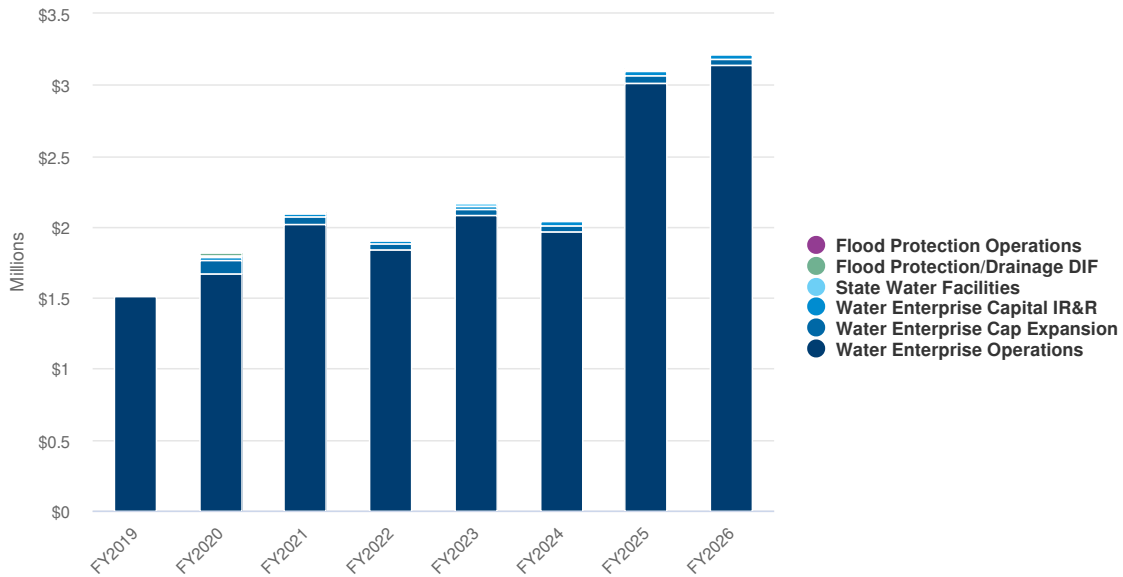
Budgeted FY2025 Expenditures by Fund



Budgeted FY2026 Expenditures by Fund



Budgeted and Historical Expenditures by Fund

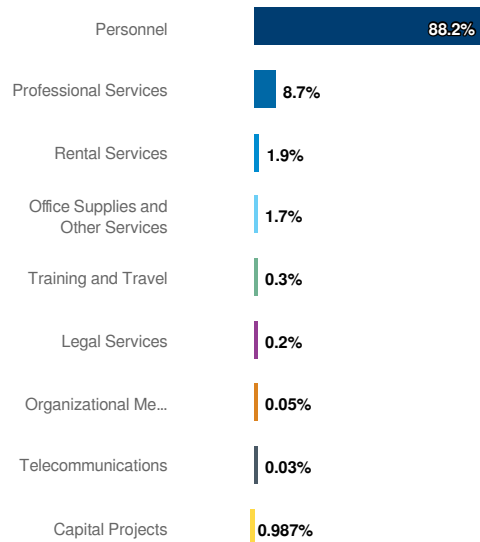


Expenditures by Expense Type

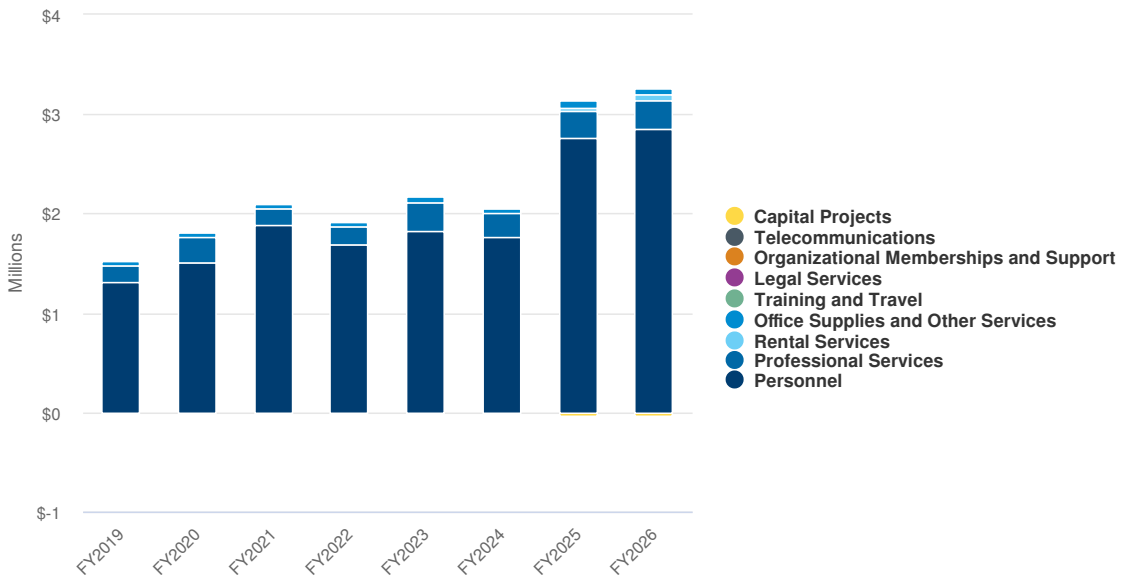
Budgeted FY2025 Expenditures by Expense Type



Budgeted FY2026 Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



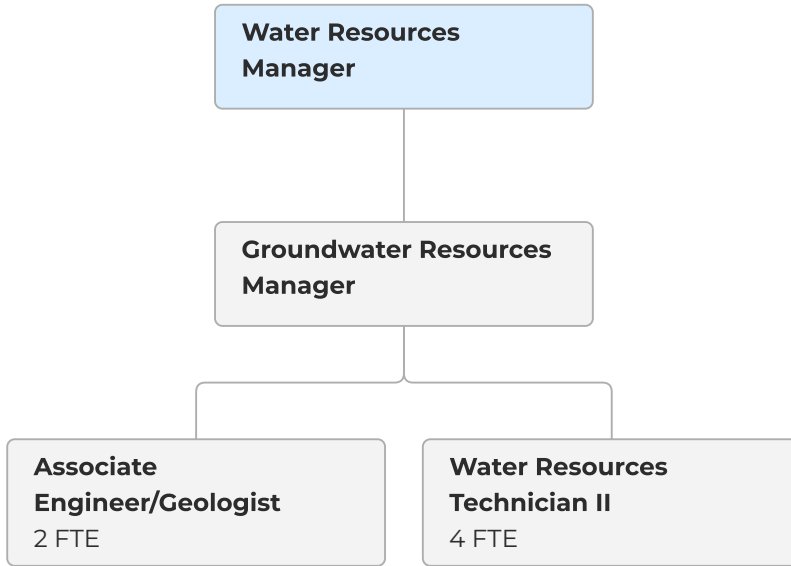
Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted	FY2025 Budgeted vs. FY2026 Budgeted (% Change)



Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted	FY2025 Budgeted vs. FY2026 Budgeted (% Change)
Expense Objects						
Personnel	\$1,684,475	\$1,830,381	\$1,762,909	\$2,761,184	\$2,859,348	3.6%
Professional Services	\$182,691	\$287,697	\$237,116	\$278,000	\$281,000	1.1%
Legal Services	\$1,890	\$0	\$1,081	\$5,000	\$5,000	0%
Telecommunications	\$6,622	\$1,159	\$2,429	\$1,500	\$1,000	-33.3%
Rental Services	\$0	\$0	\$0	\$30,000	\$62,000	106.7%
Office Supplies and Other Services	\$51,131	\$59,677	\$55,780	\$66,700	\$54,000	-19%
Organizational Memberships and Support	\$450	\$1,160	\$893	\$1,600	\$1,700	6.3%
Training and Travel	\$402	\$2,021	\$1,548	\$10,500	\$10,000	-4.8%
Capital Projects	\$0	\$0	\$0	-\$31,000	-\$32,000	3.2%
Total Expense Objects:	\$1,927,662	\$2,182,094	\$2,061,757	\$3,123,484	\$3,242,048	3.8%



Organizational Chart



FY 2024-26 Goals and Objectives



GROUNDWATER MANAGEMENT

WE MANAGE AND PROTECT THE GROUNDWATER BASIN AS THE STATE-DESIGNATED GROUNDWATER SUSTAINABILITY AGENCY

The following objectives are in support of Strategic Plan Goal C.

- Implementing the management actions and projects presented in the Alternative GSP to meet the Sustainable Management Criteria by achieving measurable objectives for each of six sustainability indicators
- Implementing PFAs management strategy and applying knowledge from the investigations
- Conducting monthly and semi-annual groundwater level and quality monitoring programs to manage the basin storage and observe seasonal groundwater level trends
- Preparing annual Groundwater Sustainability Reports with results from ongoing water resource monitoring programs and submitting to DWR by April 1 each year
- Continuing with the administration of Alameda County's Water Wells Ordinance in eastern Alameda County, including collecting permit fees and conducting permit compliance inspections
- Evaluating all non-residential onsite wastewater treatment system (OWTS) applications to enforce the Agency's Salt and Nutrient Plan guidelines
- Further improving the Groundwater Section's geologic, water resources, and well record databases so that they are more compatible with the Agency's new GIS software, which should lead to a more efficient retrieval and use of the data
- Studying and refining the knowledge of groundwater and surface water interaction concerning Groundwater Dependent Ecosystems (GDEs)
- Developing recharge strategies to support GDEs
- Operating the monitoring well network equipped with telemetry equipment and pressure transducers
- Replacing a monitoring well in San Ramon
- Repairing and upgrading monitoring wells and housings
- Managing emerging contaminants such as PFAs and Chromium 6 compounds
- Continue stakeholder engagement
- Developing groundwater data management platform using current software applications such as Leapfrog and Equis Enterprise to replace legacy software applications
- Completing the Groundwater model upgrade to include Fringe and Upland areas and define the basin more accurately
- Defining the basin storage value using latest available data and geological information
- Updating the Well Master Plan
- Conducting additional GW field investigations and transport modeling to analyze PFAs and groundwater contaminants mobilization
- Diversifying groundwater supply sources by exploring the Bernal Subbasin
- Continue coordination with regulatory agencies

Workload Measures

	Actual FY 21-22	Actual FY 22-23	Estimated FY 23-24	Estimated FY 24-25	Estimated FY 25-26
Groundwater Samples	237	227	250	250	250
Groundwater Level Measurements	908	964	950	950	950



FY 2022-24 Major Accomplishments

- Received \$16 million Proposition 68 SGMA implementation grant funding from DWR
- Submitted the Alternative Groundwater Sustainability Plan Annual report to DWR on time
- Administered well-permitting program and issued 219 well and soil boring drilling permits
- Conducted well permit compliance inspections for nearly 67% of the permits
- Tracked 53 toxic sites
- Conducted 114 project referral reviews and CEQA Reviews
- Fulfilled 90 Public Record Request
- Processed 4 commercial septic application
- Installed a nested monitoring well in Ken Mercer Park
- Created a "Zone7GW" database for ArcGIS connectivity and updated the "Sites Database" interface to view/edit the data
- Created several "field GIS applications" that enabled staff and contractors to view data in the field and enter data directly with a cell phone or tablet.
- Collected groundwater levels in 252 wells and groundwater samples in 234 wells
- Implemented the first phase of the Hydrogeologic Field Investigations and Groundwater Model Update project that included geophysical studies and groundwater pumping tests.
- Expanded the PFAs monitoring program to manage the PFAs contamination
- Fulfilled all SGMA monitoring and reporting responsibilities for the groundwater basin
- Maintained an optimized artificial recharge operation
- Evaluated the use of InSAR satellite technology to monitor land subsidence
- Updated groundwater's "Permits" database to connect to the SQL database files
- Created Drilling Permit Inspection Tool
- Added one surface water site to the monitoring program totaling 19 stream gauges and 12 climate stations (including CIMIS). Data from these stations is made available for the public on HydroSphere web portal.

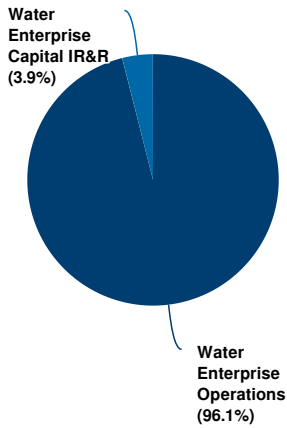


Water Quality

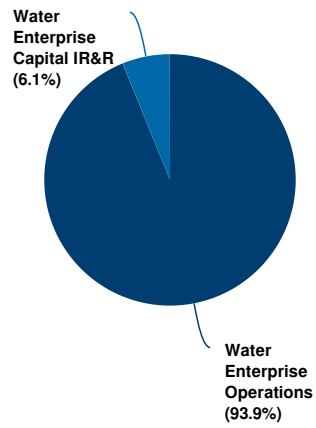
Provides water quality engineering technical support and laboratory analytical services for regulatory compliance, treatment plant performance, well and distribution system operation, water quality improvement studies, integrated planning, and groundwater/stream management. Water Quality also provides technical support to Operations and water retail customers to resolve/understand water quality issues, as well as provide analytical support services to our retailers, as needed.

Expenditures by Fund

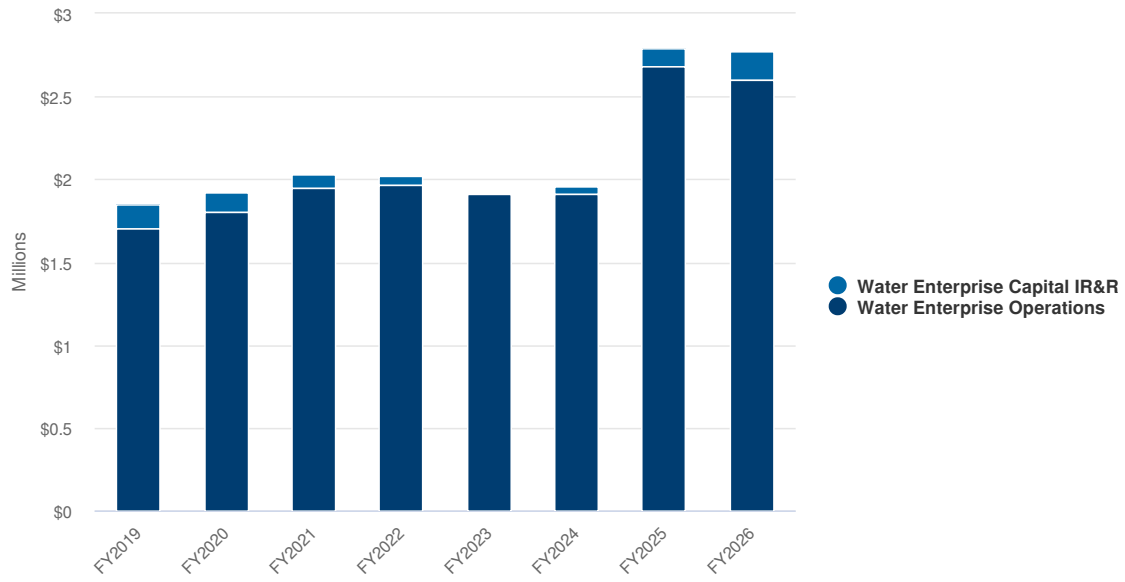
Budgeted FY2025 Expenditures by Fund



Budgeted FY2026 Expenditures by Fund



Budgeted and Historical Expenditures by Fund

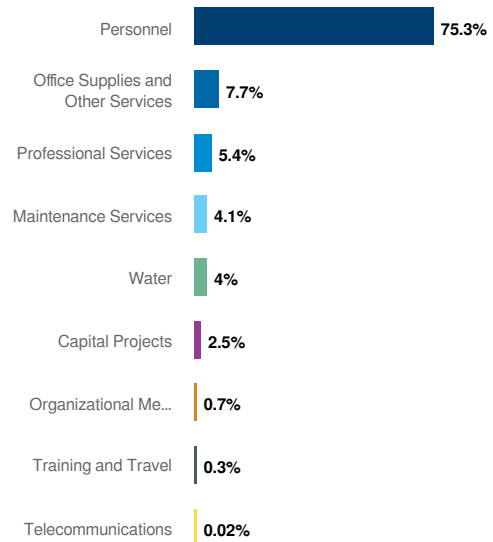


Expenditures by Expense Type

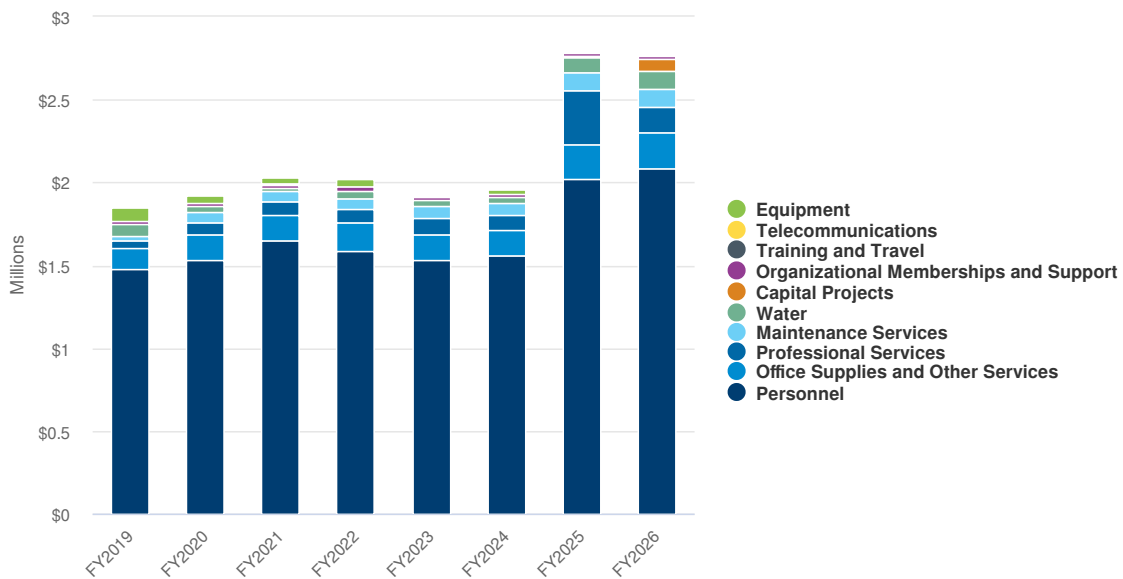
Budgeted FY2025 Expenditures by Expense Type



Budgeted FY2026 Expenditures by Expense Type



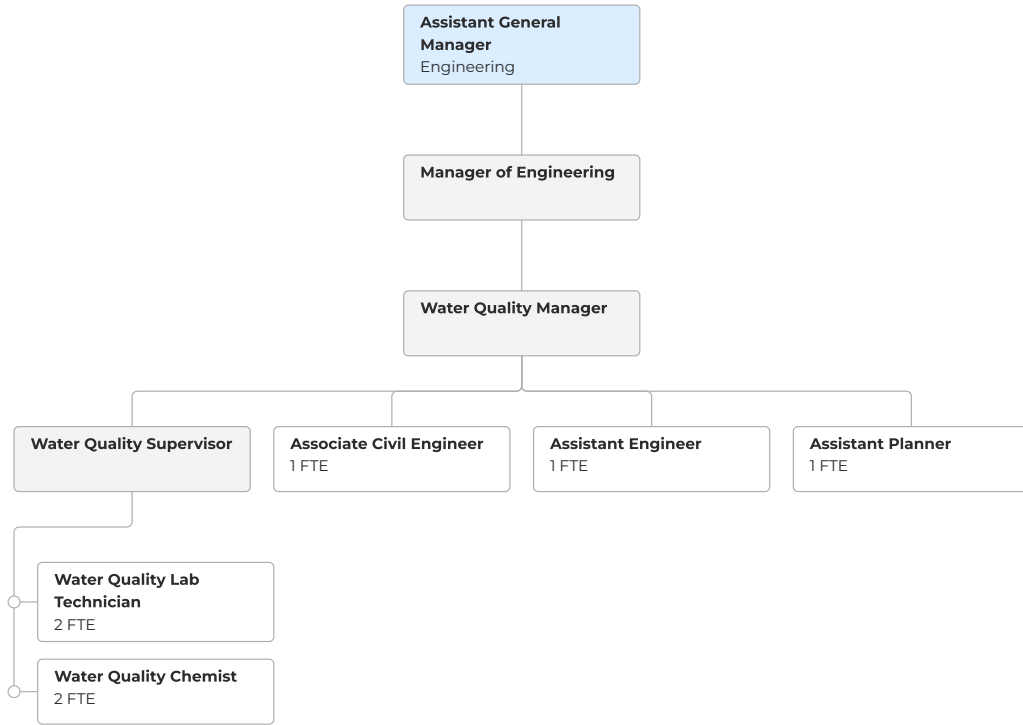
Budgeted and Historical Expenditures by Expense Type



Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted	FY2025 Budgeted vs. FY2026 Budgeted (% Change)
Expense Objects						
Personnel	\$1,581,571	\$1,528,601	\$1,556,674	\$2,019,030	\$2,087,784	3.4%
Professional Services	\$82,700	\$104,437	\$92,090	\$323,000	\$150,000	-53.6%
Water	\$40,678	\$33,306	\$35,273	\$91,000	\$112,000	23.1%
Telecommunications	\$321	\$314	\$288	\$500	\$500	0%
Maintenance Services	\$67,821	\$67,868	\$65,470	\$110,000	\$113,000	2.7%
Office Supplies and Other Services	\$172,385	\$156,406	\$158,992	\$210,500	\$215,000	2.1%
Organizational Memberships and Support	\$27,235	\$17,752	\$20,027	\$19,000	\$20,000	5.3%
Training and Travel	\$1,101	\$76	\$604	\$7,500	\$8,000	6.7%
Capital Projects	\$0	\$0	\$0	\$10,000	\$68,000	580%
Equipment	\$45,912	\$5,619	\$26,046	\$0	\$0	0%
Total Expense Objects:	\$2,019,724	\$1,914,380	\$1,955,465	\$2,790,530	\$2,774,284	-0.6%



Organizational Chart



FY 2024-26 Goals and Objectives



SAFE WATER PROVIDE CUSTOMERS WITH SAFE WATER IN AN ENVIRONMENTALLY-SENSITIVE MANNER

The following objectives and workload measures are in support of Strategic Plan Goal B.

- Provide regulatory compliance monitoring and reporting as required by California's Division of Drinking Water and federal USEPA.
- Track the development of State and federal drinking water standards and regulations for emerging contaminants in drinking water such as per- and polyfluoroalkyl substances, microplastics, and hexavalent chromium.
- Provide technical expertise and support to ongoing improvement projects and initiatives, including commissioning the new PFAS treatment facility at Chain-of-Lakes and designing additional PFAS treatment at Mocho Groundwater Demineralization Plant.
- Renew and maintain Environmental Laboratory Accreditation Program certification.
- Develop in-house Carboxylic acids laboratory analysis for biofilter monitoring.
- Continue to represent Zone 7 and its interests in water quality collaboration groups, including the Association of California Water Agencies, the Municipal Water Quality Investigation Program, the South Bay Contractors Water Quality Task Force, and the Bay Area Regional Consortium for the Coordinated Prevention of Quagga and Zebra Mussels.
- Prepare the 2024 biennial Water Quality Management Programs Report as required by the Zone 7 Water Quality Policy.
- Prepare annual Consumer Confidence Reports per new federal requirements.
- Develop and assist in implementing a Cross Connection Control Plan per new State requirements.
- Complete tracer studies for the surface water treatment plants and a system-wide Corrosion Control Study per new State permit requirements.

Workload Measures

	Actual FY 21-22	Actual FY 22-23	Estimated FY 23-24	Estimated FY 24-25	Estimated FY 25-26
Water Quality Samples Analyzed	1,450	1,577	1,650	1,700	1,700
Bacteriology Samples Analyzed	1,400	1,530	1,600	1,650	1,650

FY 2022-24 Major Accomplishments

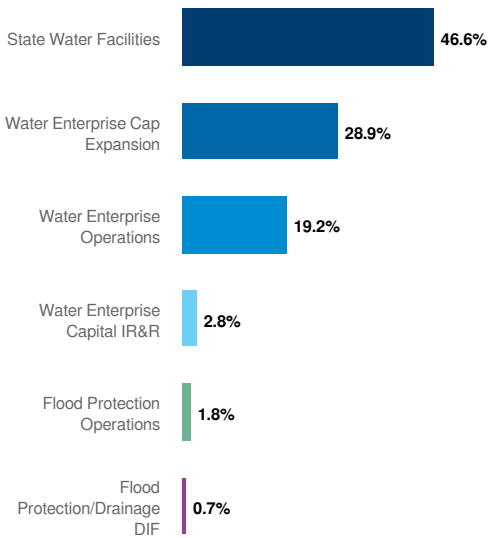
- Obtained a revised public water system permit for the Agency from DDW.
- Provided technical support to Operations during triennial sanitary survey and inspection from DDW.
- Provide technical and analytical support to manage PFAS, including design, construction, and start-up of the new Stoneridge PFAS treatment facility.
- Completed 3-year compliance cycle Title 22 sources monitoring.
- Installed a new Ion Chromatographic system for Carboxylic acids analysis for Biofilter monitoring.
- Prepared 2022 biennial Water Quality Management Programs Report.
- Prepared annual Consumer Confidence Reports.
- Prepared annual water system reports to DDW.
- Prepared annual AWWA Partnership for Safe Water reports for DVWTP and PPWTP.
- Supported annual updates of Operations Plans and Standard Operating Procedures (SOPs) for all Zone 7's production and treatment facilities.

Integrated Planning

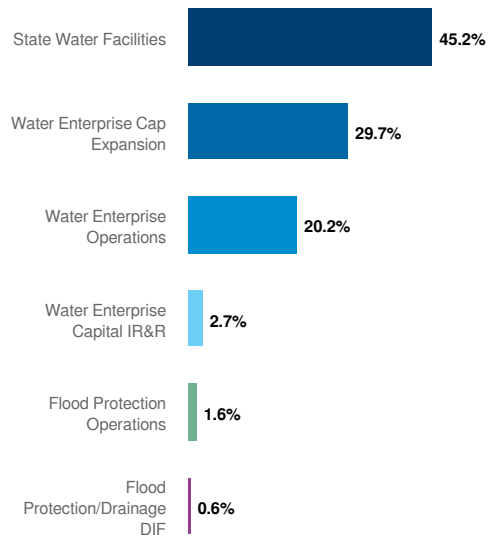
Integrated planning leads planning efforts and synthesizes planning information for water supply, water quality, water conservation, flood protection, stream management, sustainable groundwater management, watershed protection, and environmental planning activities. Supports other divisions in design review, permitting, project evaluation, and overall program goals. In addition, the section reviews opportunities for and supports grant efforts to fund Zone 7 programs and projects. Represents the Agency to outside organizations and committees.

Expenditures by Fund

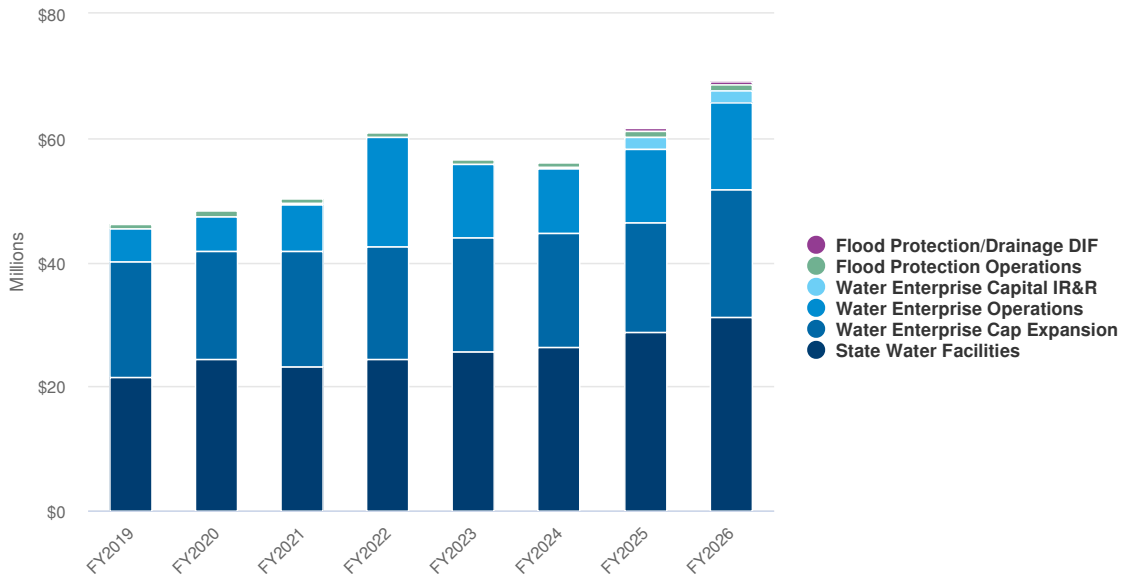
Budgeted FY2025 Expenditures by Fund



Budgeted FY2026 Expenditures by Fund

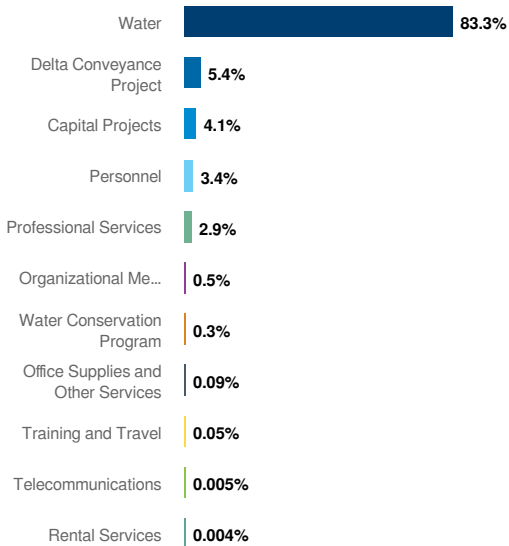


Budgeted and Historical 2025 Expenditures by Fund

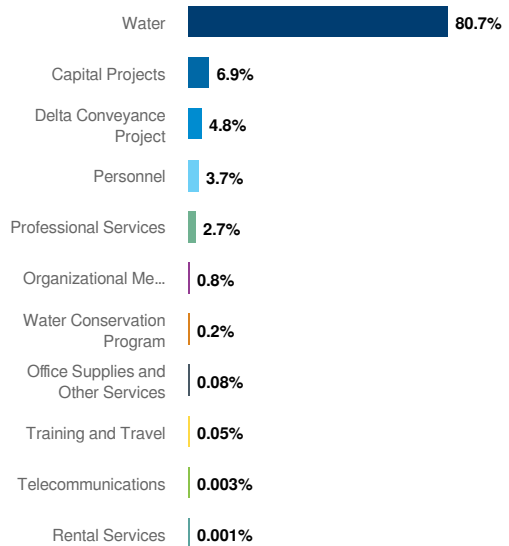


Expenditures by Expense Type

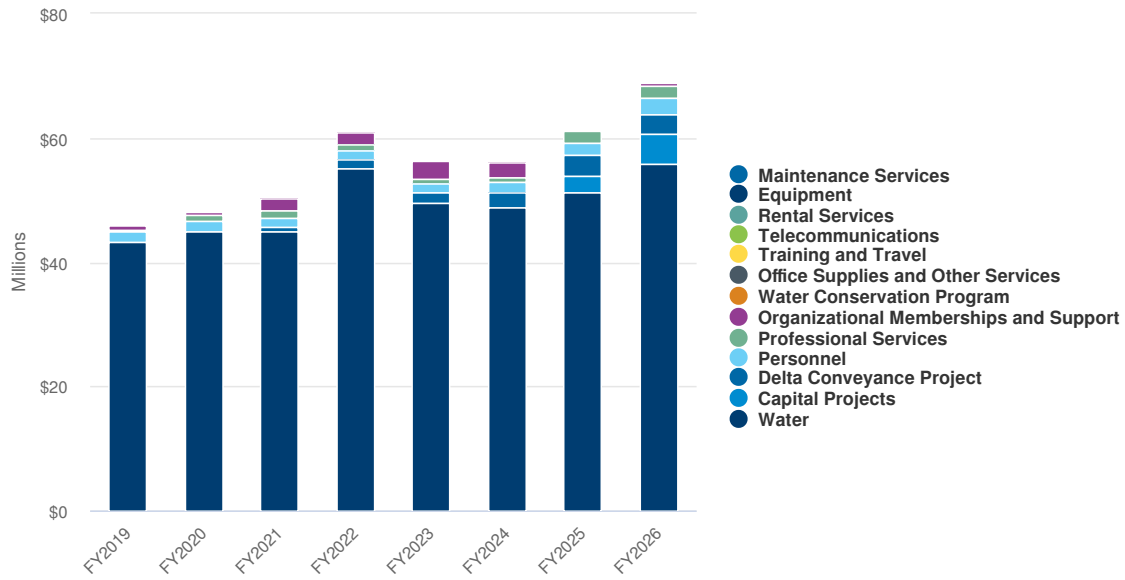
Budgeted FY2025 Expenditures by Expense Type



Budgeted FY2026 Expenditures by Expense Type



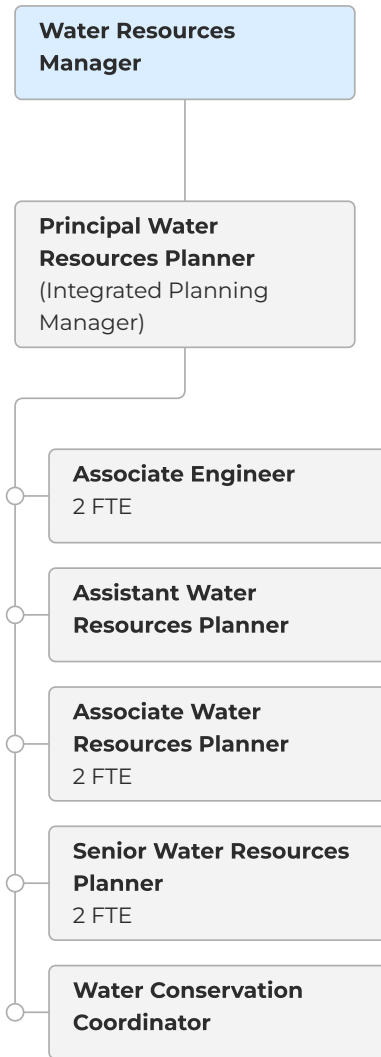
Budgeted and Historical Expenditures by Expense Type



Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted	FY2025 Budgeted vs. FY2026 Budgeted (% Change)
Expense Objects						
Personnel	\$1,472,193	\$1,362,347	\$1,646,816	\$2,117,360	\$2,552,822	20.6%
Professional Services	\$1,004,470	\$689,450	\$828,084	\$1,800,500	\$1,855,000	3%
Water	\$55,137,184	\$49,464,116	\$48,819,945	\$51,347,000	\$55,797,000	8.7%
Delta Conveyance Project	\$1,373,871	\$1,865,957	\$2,375,000	\$3,300,000	\$3,300,000	0%
Telecommunications	\$400	\$429	\$362	\$3,000	\$2,000	-33.3%
Maintenance Services	\$0	\$73,098	\$37,813	\$0	\$0	0%
Rental Services	\$0	\$0	\$0	\$2,500	\$1,000	-60%
Office Supplies and Other Services	\$62,391	\$51,873	\$47,822	\$53,000	\$57,000	7.5%
Organizational Memberships and Support	\$1,849,676	\$2,899,941	\$2,283,121	\$279,300	\$574,700	105.8%
Training and Travel	\$3,863	\$3,633	\$4,133	\$33,000	\$32,000	-3%
Water Conservation Program	\$105,175	\$181,703	\$128,237	\$158,000	\$158,000	0%
Capital Projects	\$0	\$0	\$0	\$2,539,000	\$4,796,000	88.9%
Equipment	\$0	\$0	\$165	\$0	\$0	0%
Total Expense Objects:	\$61,009,224	\$56,592,547	\$56,171,499	\$61,632,660	\$69,125,522	12.2%



Organizational Chart



FY 2024-26 Goals and Objectives



RELIABLE WATER SUPPLY AND INFRASTRUCTURE

PROVIDE CUSTOMERS WITH RELIABLE WATER SUPPLY AND INFRASTRUCTURE

The following objectives are in support of Strategic Goal A.

- Continue to engage at the State level to support improvements to the State Water Project, including implementation of the Delta Conveyance Project.
- Continue to evaluate other water supply alternatives for the Tri-Valley such as Sites Reservoir, Los Vaqueros Expansion, potable reuse, and desalination.
- Continue to engage with the retailers and other Bay Area water agencies to enhance regional reliability.
- Manage water supply reliability as the Tri-Valley experiences more prolonged drought conditions, including the acquisition of water transfers and enhanced understanding of the groundwater basin to inform operations.
- Advance the Chain of Lakes Conveyance System project through the planning, design, and environmental review processes.
- Continue to advance the Arroyo Valle Water Right Petition for Extension of Time and enhance local water resources by engaging State Water Resources Control Board staff and subsequently developing recommendations for Board approval.
- Complete CEQA efforts associated with facility construction and other planning efforts.



EFFECTIVE FLOOD PROTECTION

PROVIDE AN EFFECTIVE SYSTEM OF FLOOD PROTECTION

The following objectives are in support of Strategic Goal D.

- Complete the Routine Maintenance Program (RMP) and secure the associated programmatic permits; develop internal implementation tools to streamline annual reporting.
- Complete a watershed management plan to guide the implementation of mitigation.
- Support the development of the Flood Management Plan.
- Develop tools to manage natural resource assets: natural resource database, tree inventory for improved maintenance, and fire risk assessment.
- Support Flood Engineering in the development of the Ten-Year Flood System Capital Improvement Program and continued evaluation of system needs.
- Support Flood Engineering and Maintenance in the development of the Flood System Asset Management Plan.
- Continue collaborative relationships with other entities to inform flood planning efforts.
- Continue to represent the flood-related interests of eastern Alameda County to the Integrated Regional Water Management group (IRWM) and the Bay Area Flood Protection Agencies Association (BAFPAA), or other related groups.



EFFECTIVE OPERATIONS
 PROVIDE THE AGENCY WITH EFFECTIVE LEADERSHIP,
 ADMINISTRATION, AND GOVERNANCE

The following objectives are in support of Strategic Goal E.

- Continue to represent Zone 7 and collaborate internally and with outside organizations to advance the mission of the agency and support multi-benefit planning efforts.
- Continue to provide support to other Zone 7 sections on planning, environmental, and permitting efforts.
- Continue to participate on the PWRPA Board of Directors and monitor energy sector options for the agency.
- Develop energy and climate strategies.
- Continue to explore opportunities to increase energy resiliency and reduce the agency's carbon footprint.



STAKEHOLDER ENGAGEMENT
 ENGAGE OUR STAKEHOLDERS TO FOSTER
 UNDERSTANDING OF THEIR NEEDS, THE AGENCY, AND
 ITS FUNCTIONS

The following objectives are in support of Strategic Goal F.

- Continue to support public involvement and education on water, flood, and watershed matters through efforts such as Living Arroyos and water conservation.
- Enhance public understanding of source water supply and quality and the importance of water conservation.
- Continue to enhance public understanding and appreciation of the local watershed.
- Continue to engage with regulators, consultants, local government, landowners, and other stakeholders on natural resource planning within eastern Alameda County and the northern Alameda Creek Watershed.



FISCAL RESPONSIBILITY
 OPERATE THE AGENCY IN A FISCALLY-RESPONSIBLE MANNER

The following objectives are in support of Strategic Goal G.

- Continue to explore, support, and pursue grant opportunities.

Workload Measures

	Actual FY 21-22	Actual FY 22-23	Estimated FY 23-24	Estimated FY 24-25	Estimated FY 25-26
Water Conservation Rebates	429	440	480	480	480
CEQA Documentation for Zone 7 Projects	6	7	8	8	8
Main Basin Artificial Recharge (AF)	240	1,390	6,530	4,000	4,000
Water from Banking Programs (AF)	17,813	7,122	-	5,000	7,000
Water Stored in Banking Programs (AF)	95,425	89,610	95,571	93,071	86,071

FY 2022-24 Major Accomplishments

General

- Supported external communications via social media and website updates for topics including conservation and flood protection.
- Developed internal collaboration and information sharing tools with newly launched SharePoint sites – CEQA and Watershed, and Storm Response

Water supply

- Supported advancement of major water supply projects through participation in the Reservoir Committee of the Sites Reservoir Joint Powers Authority and Los Vaqueros Reservoir workgroups.
- Secured Board approvals for continued participation in the Delta Conveyance Project, Los Vaqueros Reservoir Expansion Project, and Sites Reservoir Project.
- Collaborated with ACWD and Valley Water in a joint regional RiverWare modeling effort with ACWD and Valley Water to evaluate the Los Vaqueros Expansion project business case.
- Developed new tools to support water supply planning, including the first iteration of an advanced water supply risk model using the RiverWare platform. The agency was also awarded an IRWM grant to support further advancement of the RiverWare model's decision support tools and plans to initiate related work by the end of FY24.
- Conducted the Desktop Groundwater Contaminant Mobilization Study to evaluate the potential for PFAS mobilization during drought operations and the potential for nitrate, chloride, boron, arsenic, and hexavalent chromium mobilization from indirect potable reuse using groundwater augmentation.
- Provided evaluation and communication support for efforts to study and mitigate emerging contaminants of concerns, such as PFAS, within the groundwater basin.
- Provided evaluation and communication support to help advance a regional project to develop additional groundwater production capacity in partnership with the City of Pleasanton.
- Continued to advance evaluation of the Chain of Lakes Conveyance System through initiation of a second phase of study to design and evaluate potential projects to utilize the Chain of Lakes to support water supply operations.
- Completed annual monitoring reports to ensure compliance with project permits.
- During the recent drought, supported supply and operations planning to make effective use of available SWP water, stored supply in the groundwater basin, water recalled from the agency's Kern County groundwater banking programs, transfer water, and other available supplies, to maintain water supply during prolonged dry conditions.
- Continued to participate in the regional purified water pilot project in partnership with ACWD, DSRSD, the City of Livermore, LAVWMA, and USD to initiate public outreach efforts to educate the public about purified water.
- Developed a new strategy for the Arroyo Valle Water Right Petition of Extension of Time which has garnered support from SWRCB. With support from Zone 7's water rights consultant and legal counsel, met with the State Water Resources Control Board and received direction on proceeding with the bifurcation of Zone 7's permit and extension of time for remaining portion. Reached out to standing protestants from 2010 petition for extension of time.
- Drafted an update to the Agency's Hazard Mitigation Plan to remain compliant with CalOES and FEMA eligibility requirements for FEMA Pre-Disaster grant programs.
- Kicked off renewal discussions for the 30-year Municipal and Industrial water contracts with our retailers and initiated 3 of 6 direct treated water contract renewals.
- Developed Zone 7's Article 21 program in a matter of weeks, allowing local water users to take nearly 750 Acre Feet of surplus State Water Project water supplies in Spring of 2023. Zone 7 was also able to artificially recharge over 1,600 Acre Feet of this surplus water.
- Tracked ongoing SGMA developments, specifically as they may impact Zone 7's Water Banking programs and engaged with both SWRCB and DWR staff on SGMA and the importance of water banking.
- Quickly shifted water supply plans from an initial 5% allocation to a 100% SWP allocation in 2023. This was the first 100% allocation since 2006 and Zone 7 took several measures to maximize water use and minimize carryover spill risk including artificial recharge of nearly 9,000 acre-feet into the Livermore Valley Groundwater Subbasin, executed a water transfer agreement of up to 12,000 acre-feet, and sent 10,000 acre feet to Semitropic.



- Executed a new point of Delivery Agreement with DWR, allowing for continued delivery of water to Cawelo through the remainder of the existing Cawelo/Zone 7 Water Banking and Exchange Program.

Energy

- Supported Zone 7's participation in electric utility Demand Response Programs to help reduce strain on the electric grid during extreme heat events.
- Continued active participation on the Board of the Power and Water Resources Pooling Authority (PWRPA), the alternative energy utility that serves nearly half of Zone 7's electrical load and helps the agency reduce its energy costs.
- Advanced infrastructure planning to prepare for fleet electrification in response to CARB's Advanced Clean Fleets regulation by initiating design of electric vehicle charging equipment for the North Canyons administration building and the Parkside wellfield operations facility.
- Consistent with Initiative #16 of the Agency's Strategic Plan, initiated a study to develop an Energy Master Plan, including a baseline energy assessment, the development of an Agency energy policy, and screening and prioritization of potential energy projects to inform the Agency's CIP process.
- Consistent with Initiative #16 of the Agency's Strategic Plan, applied for PG&E interconnection of a small floating solar facility on Lake I to serve loads at the Chain of Lakes wells. The project will be evaluated through the Energy Master Plan and recommended to the Board in FY 2024-25.

Flood Protection

- Served as Chair of Bay Area Flood Protection Agency Association (two-year term).
- Planning and implementation of 2023 Flood Preparedness Open House
- Prepared a new Storm Response Plan including protocols for internal and external communications.
- Prepared a public-friendly guide on how to look up stream gauge data.
- 90% completion of a new stream maintenance manual that will become the cornerstone to secure programmatic permits for routing maintenance.
- Supporting the effort to secure grant and other funding following state and federal emergency declarations in winter 2023 resulting in nearly 200 damages to Zone 7 facilities.
- Re-initiated the Arroyo de la Laguna Collaborative as a flood-focused workgroup to improve communications and collaboration among local agencies.

External Funding

- Submitted reimbursement requests for \$83,300 related to Zone 7's Proposition 1, Round 1, Integrated Regional Water Management Grant Award for rebates and water conservation.
- Secured a grant award of \$957,478 from DWR's Proposition 1, Round 2, Integrated Regional Water Management Grant Award for two projects; Flood Management Plan Decision Support Tools Project and the Water Supply Risk Model Enhancement Project.
- Lead a regional effort to secure funding from DWR's Drought Relief Grant Program for the Tri-Valley in the amount of \$2.24 million for four local projects, expected to conserve approximately 200 AF per year once the projects are completed.
- Supporting the effort to secure grant and other funding following state and federal emergency declarations in winter 2023 resulting in nearly 200 damages to Zone 7 facilities.
- Evaluated and tracked several other potential external funding sources.

Watershed protection and other environmental efforts

- Prepared new Creek Care Guide
- 90% completion of a new Watershed Atlas
- Completion of new Tree Health Survey and Inventory
- Completed and filed approximately 10 CEQA documents for water supply, facilities, and flood protection projects.
- Completed three major deliverables for the EPA Grant (Preparing for the Storm): Sycamore Alluvial Woodland Pilot Study Implementation Guidelines, Sycamore Alluvial Woodland Restoration and Enhancement Suitability Study, and on-the-ground implementation of the sycamore study.
- Transferred implementation responsibility of Living Arroyos to the Alameda County Resource Conservation District; Living Arroyos resumed in-person volunteer trash clean-up events.



Conservation

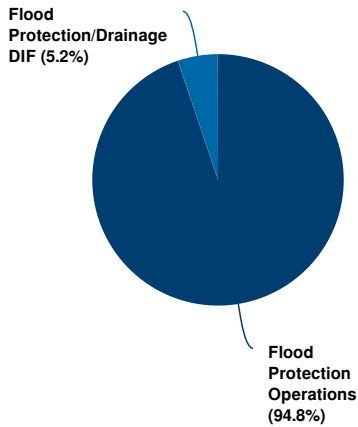
- Assisted the region in meeting the 15% call for conservation during the 2020-2022 drought through public outreach, education, and rebates
- In April of 2023, launched a pool cover rebate program
- Created an online form rebate submission option for the High Efficiency Washer, Smart Irrigation Controller, and Pool Cover Rebates.
- Issued a special rebate to a Homeowners Association to upgrade 26 conventional irrigation controllers to smart irrigation controllers. The 26 controllers were responsible for irrigating over 1,000 single-family residences.
- In February of 2023 offered two Qualified Water Efficient Landscaper Training Courses free of charge (partially grant funded). One course was offered in English and the other course was offered in Spanish. In total there were 30 attendees.
- Held/sponsored multiple educational events including webinars, hands on lawn conversion demonstrations, and low water use landscape tours.
- Tracked the regulatory environment and coordinated with retailers.
- Issued 343 High Efficiency Washer Rebates, 218 Smart Irrigation Controller Rebates, 83 Pool Cover Rebates, and 77 Lawn Conversion Rebates (102,102 Square Feet converted) through February 22, 2024.

Flood Protection Engineering

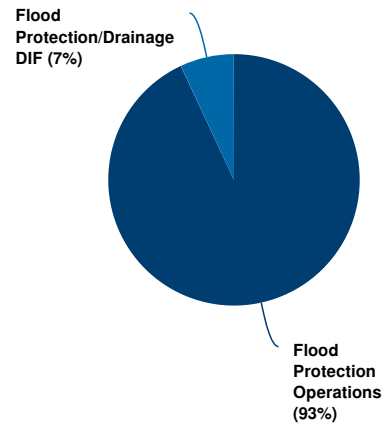
Plans, designs, and manages construction of major flood protection facilities, annual embankment slide repairs, as well as manages the Agency's Flood Protection Capital Improvement and Asset Management Programs. Flood Protection Engineering also manages the Development Impact fee (DIF) collection program and provides real-property-rights management services for the agency.

Expenditures by Fund

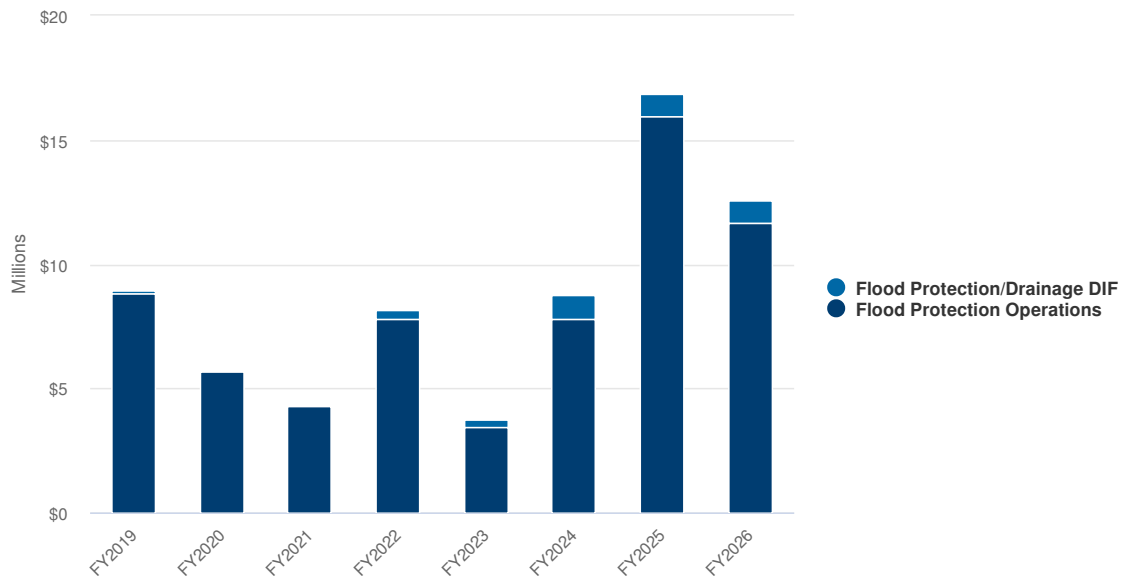
Budgeted FY2025 Expenditures by Fund



Budgeted FY2026 Expenditures by Fund

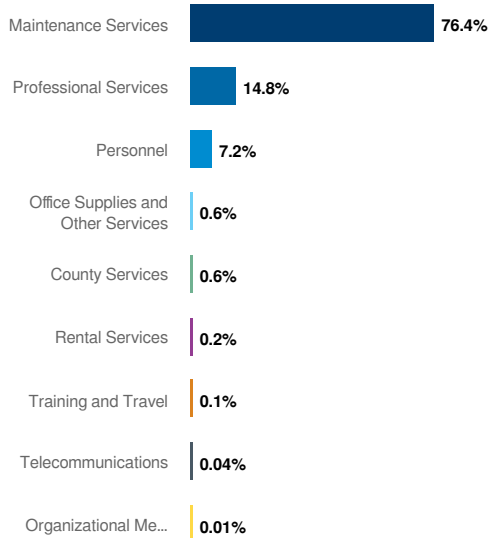


Budgeted and Historical Expenditures by Fund

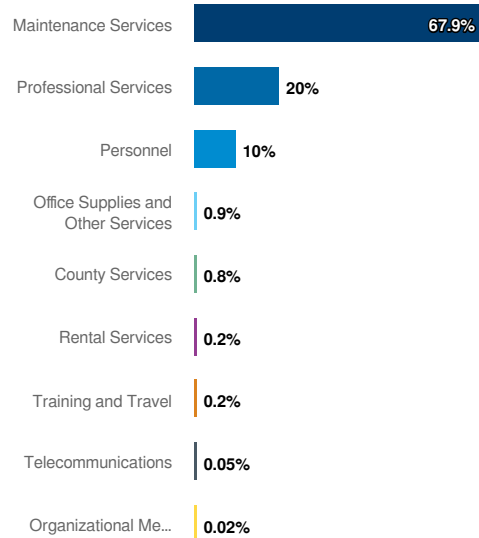


Expenditures by Expense Type

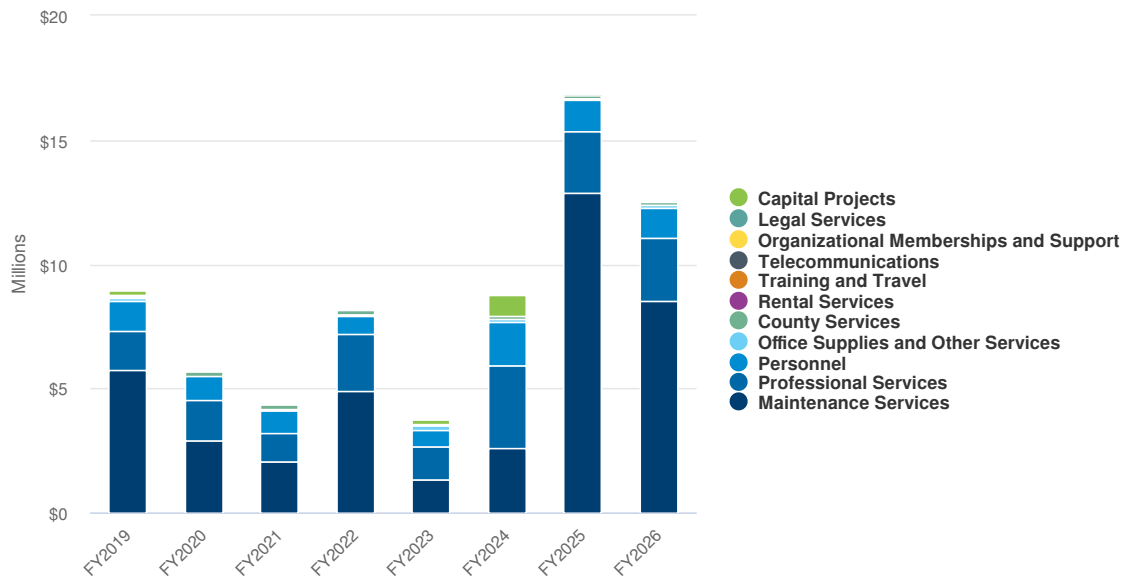
Budgeted FY2025 Expenditures by Expense Type



Budgeted FY2026 Expenditures by Expense Type



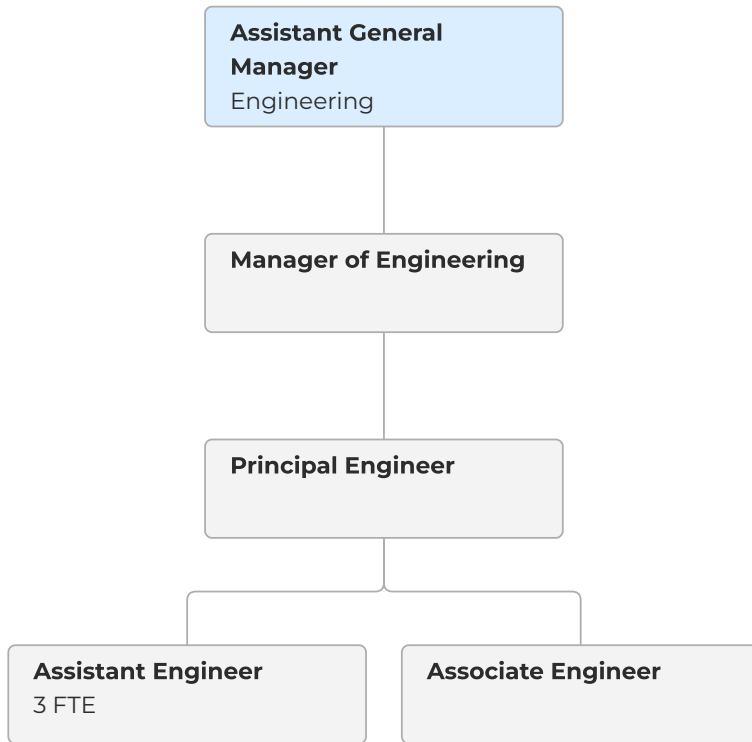
Budgeted and Historical Expenditures by Expense Type



Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted	FY2025 Budgeted vs. FY2026 Proposed (% Change)
Expense Objects						
Personnel	\$739,282	\$715,564	\$1,738,474	\$1,217,000	\$1,257,000	3.3%
Professional Services	\$2,271,403	\$1,329,041	\$3,365,787	\$2,490,000	\$2,506,000	0.6%
County Services	\$171,111	\$78,474	\$117,134	\$100,000	\$100,000	0%
Legal Services	\$0	\$0	\$6,923	\$0	\$0	0%
Telecommunications	\$884	\$1,165	\$1,218	\$6,000	\$6,000	0%
Maintenance Services	\$4,902,478	\$1,307,687	\$2,577,766	\$12,881,000	\$8,531,000	-33.8%
Rental Services	\$0	\$0	\$2,354	\$31,000	\$31,000	0%
Office Supplies and Other Services	\$51,576	\$134,733	\$97,723	\$106,000	\$108,000	1.9%
Organizational Memberships and Support	\$6,115	\$970	\$3,471	\$2,000	\$2,000	0%
Training and Travel	\$4,440	\$1,750	\$2,862	\$18,000	\$20,000	11.1%
Capital Projects	\$0	\$194,983	\$875,181	\$0	\$0	0%
Total Expense Objects:	\$8,147,288	\$3,764,366	\$8,788,895	\$16,851,000	\$12,561,000	-25.5%



Organizational Chart



FY 2024-26 Goals and Accomplishments



EFFECTIVE FLOOD PROTECTION PROVIDE AN EFFECTIVE SYSTEM OF FLOOD PROTECTION

The following objectives and performance measures support Strategic Plan Goal D.

- Design, permitting, and construction of high-priority repair projects to address damage to channel embankments caused by 2022-2023 storm events.
- Design, permitting and construction of a bank stabilization pilot project implementation at Alamo Creek in Dublin.
- Design, permitting, and construction of engineered embankment slide repairs and roadway repairs (annual/routine program).
- Continue updating the district-wide Hydrology & Hydraulic models based on land use changes and availability of new High-Definition LiDAR data from the USGS.
- Continue expanding the use of GIS for the Flood Protection Capital Improvement Program, and expanding GIS database to track Development Impact Fee collections and encroachment permits.
- Continue to improve on Zone 7 early storm/flood warning system and streamflow and rainfall gauging network.
- Continue implementing the bi-annual bridge inspection program and implementation of recommended repairs.

Assist in other Agency-wide objectives:

- Continue providing real-property-rights management services for the agency.
- Continue to provide support to develop the Flood Management Plan Phase 2.
- Continue to provide engineering support for the Stream Routine Maintenance Program programmatic permitting from California Department of Fish and Wildlife, Regional Water Quality Control Board and U.S. Army Corps of Engineers.
- Continue to provide engineering support for the development of the mitigation strategy planning and identification for CIP program.
- Continue to provide engineering support to the Flood Protection Maintenance Program and other internal departments.
- Continue to provide support to inter-agencies collaborative efforts.

	Actual FY 21-22	Actual FY 22-23	Estimated FY 23-24	Estimated FY 24-25	Estimated FY 25-26
Channel Miles Maintained	37	37	37	37	37
Active Flood Protection & Storm-Water Drainage Projects	2	2	1	3	3
Development Reviews	45	49	55	55	55



FY 2022-24 Major Accomplishments

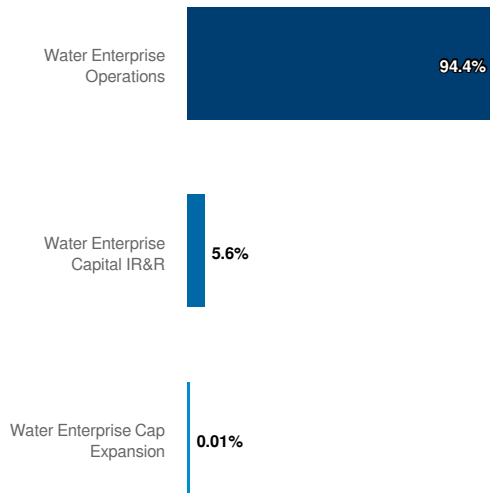
- Obtained a grant from the Department of Water Resources in an amount of \$4,606,890 to implement a bank stabilization pilot project implementation at Alamo Creek in Dublin. Project implementation has begun and is in the design and environmental permitting phase.
- Completed construction of the Arroyo Mocho at Medeiros Parkway Floodplain Reconnection Project, which was partially funded by a CA River Parkways Grant of \$500,000.
- Completed Phase 1 of Flood Management Plan.
- Completed design and installed four additional combination stream and rain gauges to fill the early storm/flood warning network gaps.
- Completed construction of the Phase 3 Rehabilitation Project associated with the 2017 storm damages, which includes 14 embankment damage sites.
- Completed design, permitting, and construction of engineered embankment slide repairs and roadway repairs (annual program).
- Updated the district-wide Hydrology & Hydraulic models based on land use changes and availability of new High-Definition LiDAR data from the USGS.
- Completed Recreational Use License Replacement Agreement with the City of Pleasanton.
- Completed the Camp Parks Regional Detention Basin Project

Operations

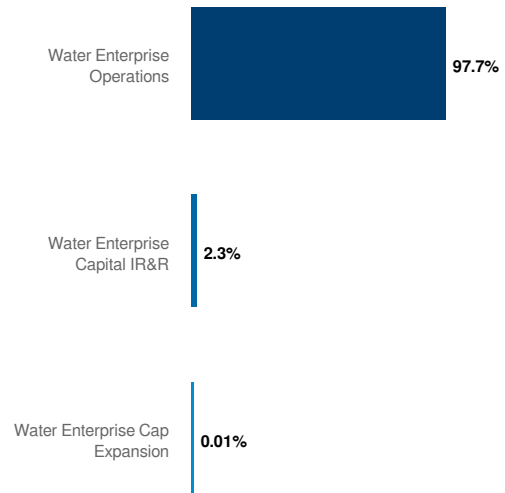
The Operations Department is responsible for operating two surface water treatment plants Del Valle Water Treatment Plant (WTP) and the Patterson Pass WTP, ten groundwater production wells, the Mocho Groundwater Demineralization Plant, the Stoneridge PFAS Treatment Plant, the transmission system for the water enterprise, several rate control/pump stations, and numerous metered turnout facilities to retail water agencies to ensure proper operation of facilities and treatment and delivery of water.

Expenditures by Fund

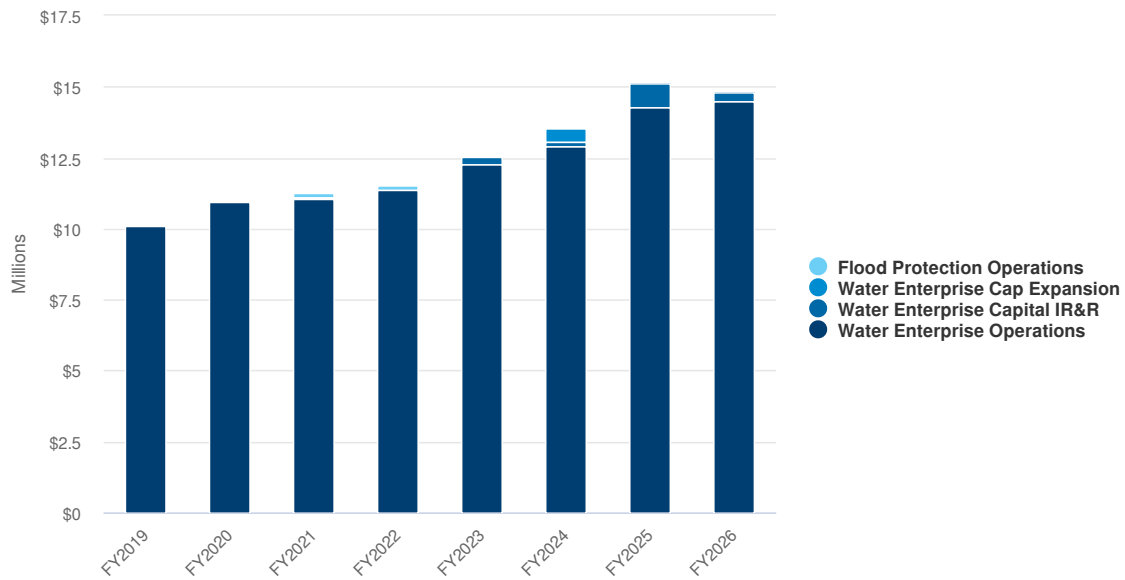
Budgeted FY2025 Expenditures by Fund



Budgeted FY2026 Expenditures by Fund

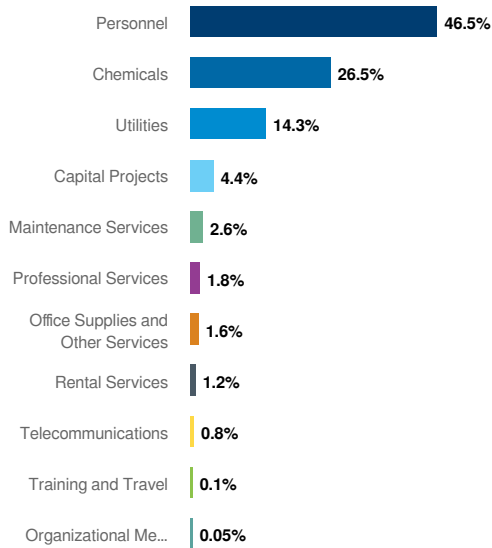


Budgeted and Historical Expenditures by Fund

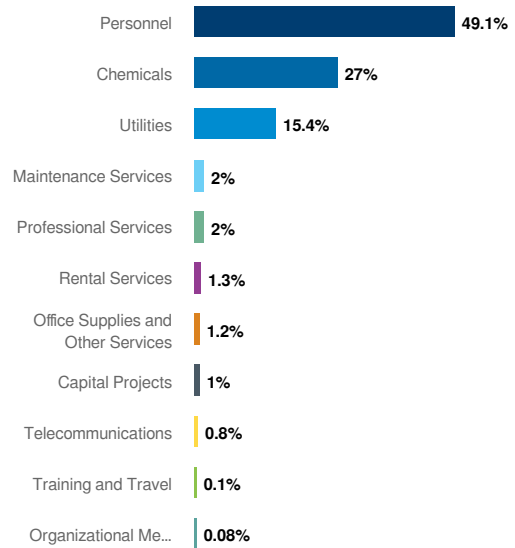


Expenditures by Expense Type

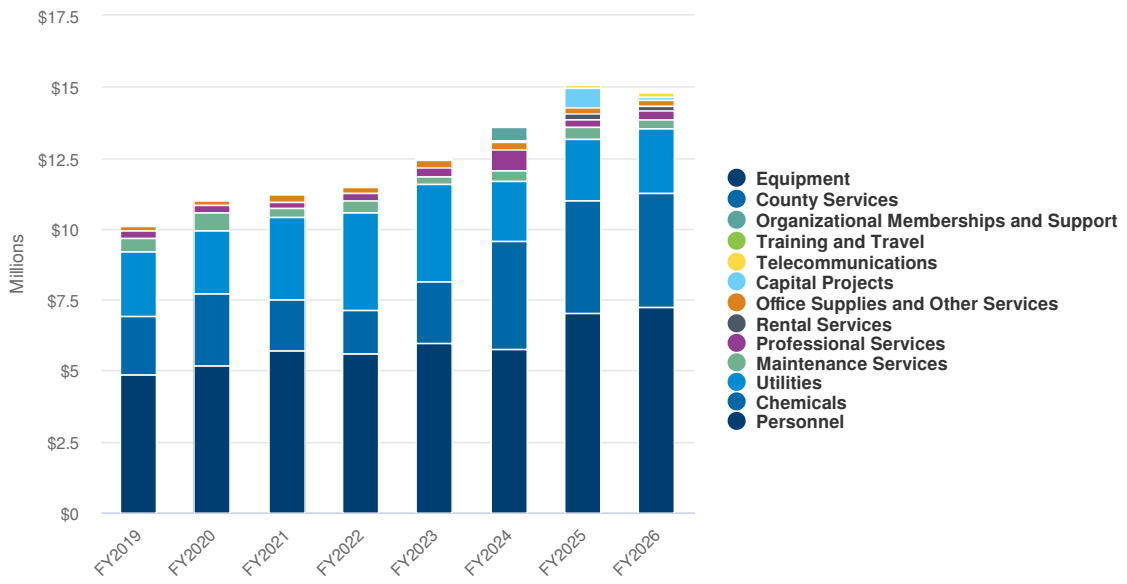
Budgeted FY2025 Expenditures by Expense Type



Budgeted FY2026 Expenditures by Expense Type



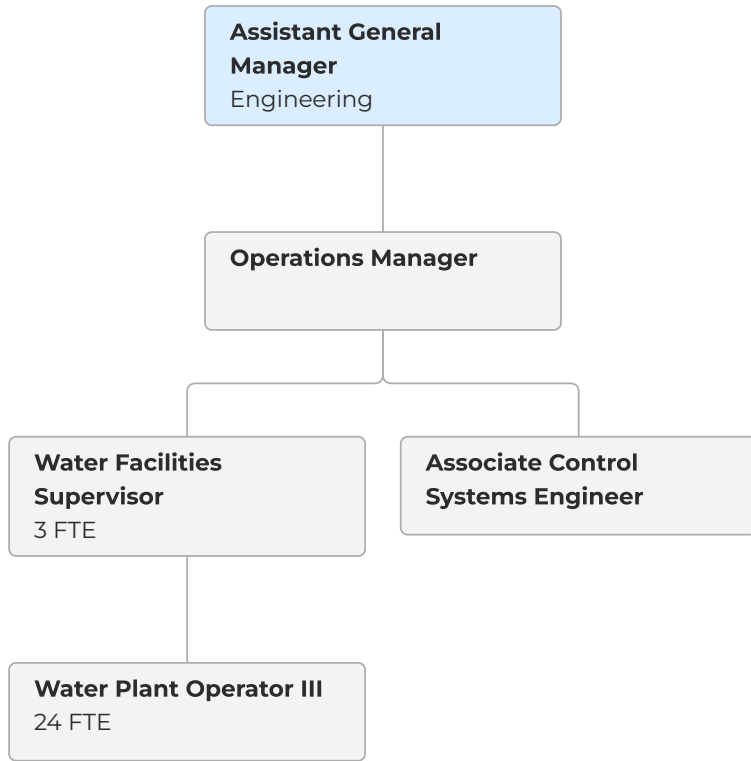
Budgeted and Historical Expenditures by Expense Type



Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted	FY2025 Budgeted vs. FY2026 Budgeted (% Change)
Expense Objects						
Personnel	\$5,603,575	\$5,969,966	\$5,751,443	\$7,021,235	\$7,266,683	3.5%
Professional Services	\$248,515	\$311,060	\$770,545	\$277,000	\$298,000	7.6%
County Services	\$0	\$8,880	\$5,347	\$0	\$0	0%
Chemicals	\$1,516,832	\$2,177,378	\$3,820,000	\$4,000,000	\$4,000,000	0%
Utilities	\$3,427,628	\$3,425,470	\$2,099,881	\$2,162,000	\$2,280,000	5.5%
Telecommunications	\$31,123	\$26,218	\$27,587	\$126,000	\$114,000	-9.5%
Maintenance Services	\$455,629	\$292,129	\$371,689	\$391,000	\$300,000	-23.3%
Rental Services	\$6,022	\$8,430	\$7,109	\$187,500	\$188,000	0.3%
Office Supplies and Other Services	\$205,224	\$260,296	\$237,189	\$245,000	\$182,000	-25.7%
Organizational Memberships and Support	\$10,589	\$3,154	\$501,597	\$7,000	\$11,500	64.3%
Training and Travel	\$2,453	\$7,041	\$6,026	\$15,000	\$15,000	0%
Capital Projects	\$0	\$0	\$0	\$670,000	\$154,000	-77%
Equipment	\$0	\$16,606	\$8,736	\$0	\$0	0%
Total Expense Objects:	\$11,507,591	\$12,506,629	\$13,607,150	\$15,101,735	\$14,809,183	-1.9%



Organizational Chart



FY 2024-26 Goals and Accomplishments

The following objectives and performance measures support Strategic Plan Goals A & B.

GOAL
A

RELIABLE WATER SUPPLY AND INFRASTRUCTURE

PROVIDE CUSTOMERS WITH RELIABLE WATER SUPPLY AND INFRASTRUCTURE

GOAL
B

SAFE WATER

PROVIDE CUSTOMERS WITH SAFE WATER IN AN ENVIRONMENTALLY-SENSITIVE MANNER

The following objectives and performance measures support Strategic Plan Goal B.

- Operate the water treatment and associated facilities so that all federal, state, and Zone 7 goals and requirements are met or exceeded.
- Continue to recruit and train operations staff to ensure the facilities are staffed appropriately.
- Operate and optimize the operation of water facilities to improve efficiency and treated water quality during all operational situations.
- Continue to provide technical support to, and coordination with, Engineering and Maintenance.
- Startup and operate the new concentrate conditioning system that is being installed at the Mocho Groundwater Demineralization Plant. This system will prevent scaling in the effluent line that carries brine waste to the Livermore-Amador Valley Water Agency export Facility.
- Startup and Operate the new PFAS treatment facility that is being constructed at the Chain of Lakes Well #1 site. This plant will remove PFAS compounds (including PFHxS) found in the groundwater at all three wells.

Workload Measures

Water Treated	Actual FY 21-22	Actual FY 22-23	Estimated FY 23-24	Estimated FY 24-25	Estimated FY 25-26
Acre Feet	35,200	31,500	35,400	36,500	37,300
Millions of Gallons	11,470	10,264	11,535	11,894	12,154

FY 2022-24 Major Accomplishments

- Startup and optimization of the improvements to the Patterson Pass WTP including the new ozonation facilities, multi-media filters, and additional finished water storage. This was a three year project that went into service March 1, 2023.
- Operations staff switched the Patterson Pass WTP to aluminum sulfate as a primary coagulant instead of ferric chloride. This reduced manganese levels in the finished water as well as reduced costs for sludge handling and pH adjustment.
- Commissioning and operation of the Valley Pump Station. The station allows up to 18 MGD of well production to be pumped up to the eastern side of the transmission system. This project broke ground on January 3, 2022 and was placed in service October 3, 2022.

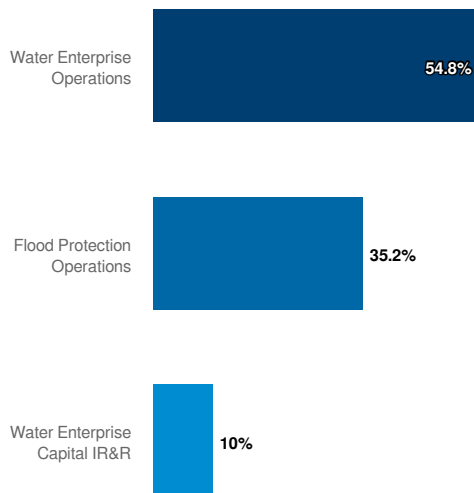


Maintenance

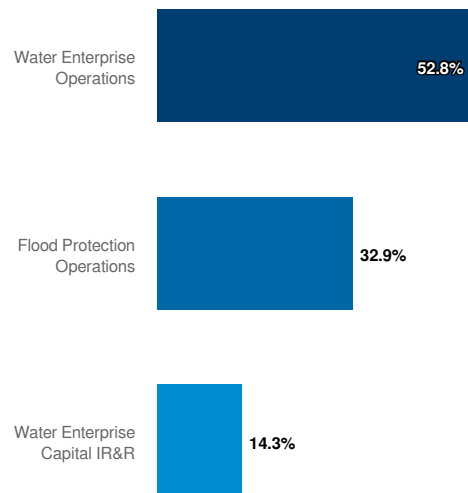
The Maintenance section provides maintenance and construction services for the entire treated water system (e.g., water treatment plants, wells, demineralization plant, and rate control/pump stations) including mechanical, electrical, and instrumentation services. In addition, maintenance performs underground pipeline repair and maintenance, solids off-hauling and handling, and incidental maintenance support for other sections within the Agency, such as Groundwater. The Maintenance section was expanded in 2020 to maintain the 38-miles of flood protection facilities that are located in the cities of Livermore, Dublin, and Pleasanton. Maintenance also provides fleet management services for all Agency vehicles.

Expenditures by Fund

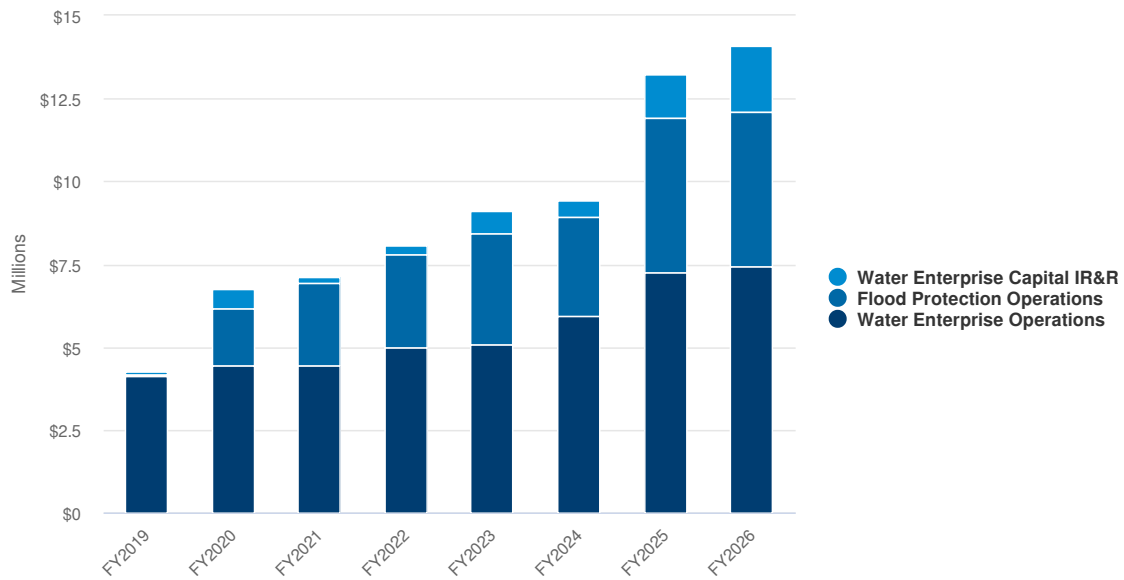
Budgeted FY2025 Expenditures by Fund



Budgeted FY2026 Expenditures by Fund

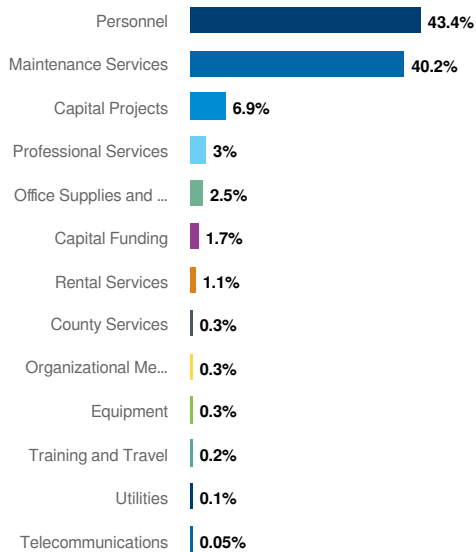


Budgeted and Historical Expenditures by Fund

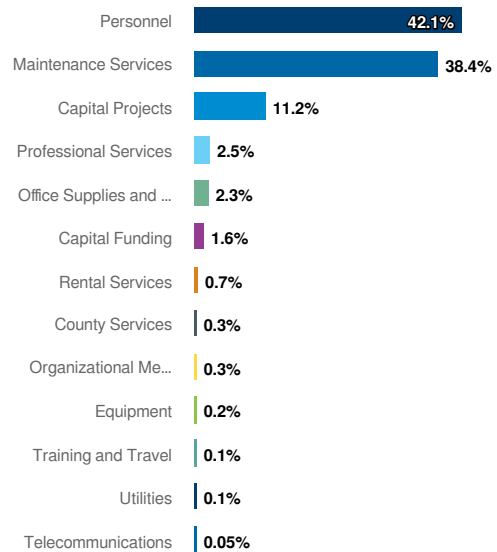


Expenditures by Expense Type

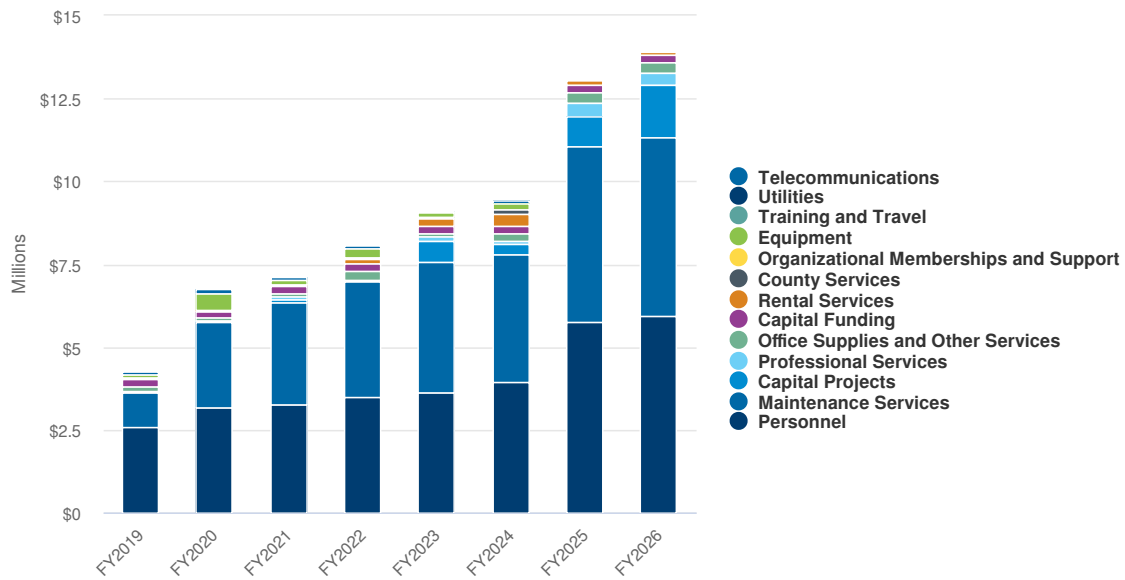
Budgeted FY2025 Expenditures by Expense Type



Budgeted FY2026 Expenditures by Expense Type



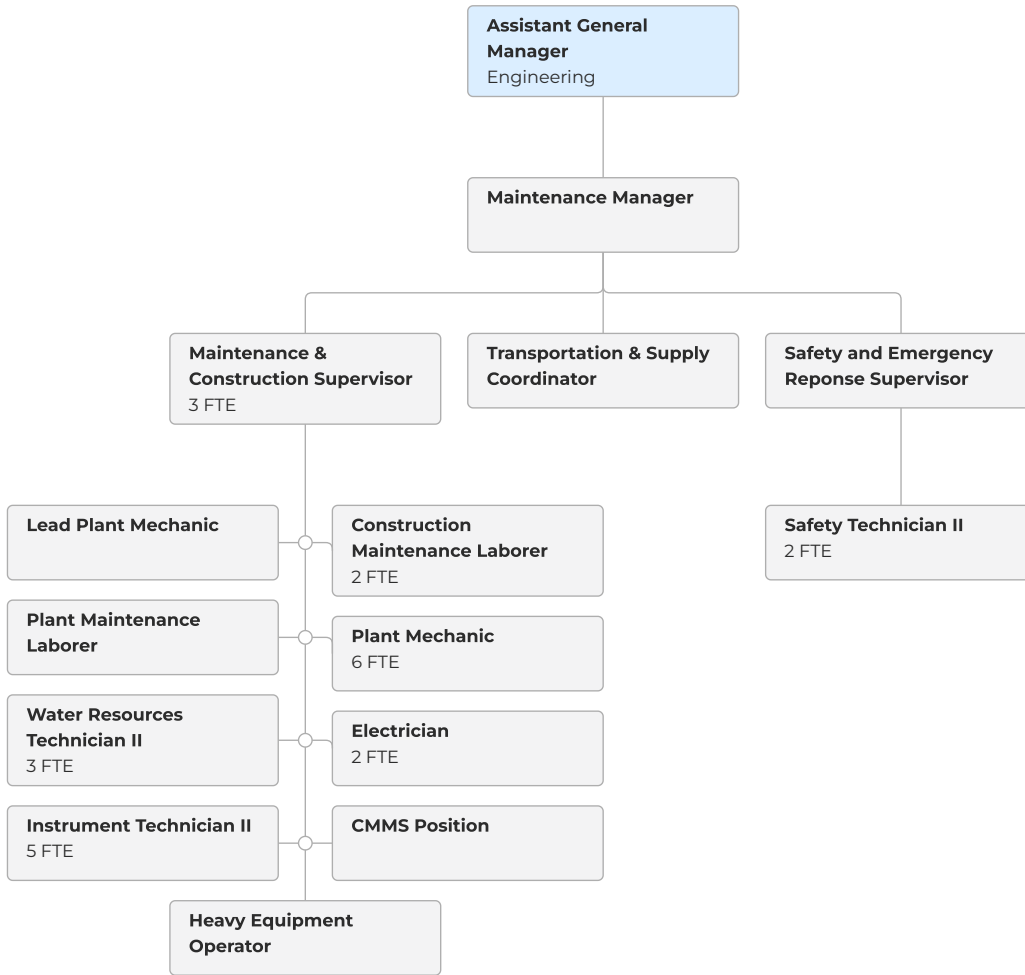
Budgeted and Historical Expenditures by Expense Type



Name	FY2022 Audited Actual	FY2023 Audited Actual	FY2024 Projected Actual	FY2025 Budgeted	FY2026 Budgeted	FY2025 Budgeted vs. FY2026 Budgeted (% Change)
Expense Objects						
Personnel	\$3,480,487	\$3,646,032	\$3,927,103	\$5,735,871	\$5,934,440	3.5%
Professional Services	\$47,866	\$141,171	\$97,886	\$400,000	\$350,000	-12.5%
County Services	\$39,729	\$46,369	\$131,531	\$44,500	\$48,000	7.9%
Utilities	\$12,964	\$4,898	\$5,873	\$13,000	\$15,000	15.4%
Telecommunications	\$99,282	\$59,103	\$80,849	\$7,000	\$7,000	0%
Maintenance Services	\$3,492,848	\$3,938,473	\$3,854,887	\$5,321,000	\$5,405,000	1.6%
Rental Services	\$117,302	\$211,499	\$332,475	\$149,000	\$104,000	-30.2%
Office Supplies and Other Services	\$295,443	\$114,220	\$243,557	\$326,500	\$320,000	-2%
Organizational Memberships and Support	\$14,246	\$0	\$3,676	\$40,000	\$40,000	0%
Training and Travel	\$0	\$2,824	\$1,619	\$20,000	\$20,000	0%
Capital Projects	\$0	\$608,868	\$324,811	\$908,000	\$1,583,000	74.3%
Equipment	\$272,727	\$133,848	\$187,913	\$35,000	\$35,000	0%
Capital Funding	\$205,000	\$205,000	\$221,908	\$222,000	\$231,000	4.1%
Total Expense Objects:	\$8,077,894	\$9,112,305	\$9,414,087	\$13,221,871	\$14,092,440	6.6%



Organizational Chart



FY 2024-26 Goals and Objectives



RELIABLE WATER SUPPLY AND INFRASTRUCTURE

PROVIDE CUSTOMERS WITH RELIABLE WATER SUPPLY AND INFRASTRUCTURE

The following objectives are in support of Goal A.

- Continue to work with Engineering by giving technical advice on capital improvement projects and developing a workflow for asset hand-off from Engineering to Maintenance.
- Train staff on new condition-based technologies to predict functional failures and plan maintenance activities proactively.
- Implement the new Computerized Maintenance Management System (CMMS) and train staff in the efficient use of the system.
- Develop Key Performance Indicators (KPI's) for maintenance and leverage the new CMMS to produce reports and a dashboard showing real time progress.
- Investigate use of Artificial Intelligence and machine learning to trend pressures, vibration, energy consumption, flow rates, etc. in real time, and link to our new CMMS.
- Train staff in Reliability Centered Maintenance (RCM) technique, leverage RCM to develop a more proactive maintenance strategy, reducing repeat failures, increasing uptime and prolonging the useful life of critical Zone 7 assets.
- Optimize Zone 7's lubrication program, standardizing lubrication types, and developing an oil sampling/fluid analysis program.
- Perform criticality analysis on Zone 7 assets to assess risk. $\text{Consequence of Failure (1-10)} \times \text{Probability of Failure (1-10)} = \text{Business Risk Exposure (1-100)}$
- Develop a critical spares management system.
- Leverage Root Cause Analysis principals on assets having repeat failures, fostering a culture of defect elimination. Don't just fix it, improve it.
- Continue to maintain agency fleet vehicles for maximum uptime and safety.
- Continue to assess agency personnel needs and purchase appropriate equipment to meet the need.



EFFECTIVE FLOOD PROTECTION

PROVIDE AN EFFECTIVE SYSTEM OF FLOOD PROTECTION

The following objectives are in support of Goal D.

- Continue development of capacity driven maintenance program
- Address deficiencies identified in semi-annual inspections
- Emergency, situational, and safety trainings for flood facilities
- Work with Elke for programmatic permit for maintenance actions
- F-4 Fence replacement
- Sediment removal for J-1, G-2, G-5, H.
- Process sediment from Stanley Reach to AB for access roads



EFFECTIVE OPERATIONS

PROVIDE THE AGENCY WITH EFFECTIVE LEADERSHIP, ADMINISTRATION, AND GOVERNANCE

The following objectives are in support of Strategic Goal E.

- Continue to replace older units with green technology options that are appropriate and available.

Workload Measures

	Actual FY 21-22	Actual FY 22-23	Estimated FY 23-24	Estimated FY 24-25	Estimated FY 25-26
Maintenance Jobs Completed after Consolidation of PM Work Orders	2,781	3,217	3,861	4,000	4,200

FY 2022-24 Major Accomplishments

Maintenance

- Removed and repaired all three solids handling recycle pumps at the Del Valle Water Treatment Plant
- Replaced all three ozone generation building PSU cooling units at the Del Valle Water Treatment Plant
- Replaced high speed VFD at the Mocho Ground Water Demineralization Plant
- Rebuilt Hopyard Well #6 pump and motor
- Installed new updated wellfield communication radios
- Hopyard Well #6 chemical injection modification for better serviceability
- Installed new Del Valle Water Treatment Plant caustic tank level and overflow protection devices
- Selected new CMMS vendor
- Filled Heavy Equipment Operator position, began to haul backlog of dry sludge
- Filled two vacant Instrument Tech full-time positions

Fleet

- Created standardized Preventative Maintenance Schedules for all vehicles and equipment in the fleet and added to the Fleet Management Software.
- Purchase and replacement of 4 units, including 1 F450 heavy-duty vehicle.
- Purchase and replacement of 2 forklifts and 1 Bobcat Heavy Duty piece of equipment.

Flood Control Maintenance

- Develop capacity driven maintenance program utilizing semi-annual inspection data
- 2017 Storm damage repairs completed and submitted to FEMA for reimbursement
- 8,500 cubic yards of sediment removed from Stanley Reach
- Joint project with City of Pleasanton Alamo Canal access road/trail repair
- Drainage improvements for access roads
- P-1 fence installation
- Processed old sediment to reusable AB for access road repairs



CAPITAL IMPROVEMENTS



Capital Improvement Plan



Water Enterprise System

The Agency prepares a Water System Capital Improvement Plan (CIP) document for capital projects and programs needed to carry out the goals and policy objectives of the Agency. The process to develop the FY 2024-25 Five-Year CIP included:

- Review of completed and ongoing projects.
- Review of new projects that were not previously identified in the Ten-Year CIP.
- Assessment of project prioritization to identify essential near-term projects, and what projects could be re-prioritized or re-scheduled.
- Assessment of the scope of work, cost, and preferred implementation schedule for priority near-term projects.
- Update of project descriptions to reflect total project costs, target year of completion, and the goals and initiatives from the 2020 Strategic Plan.
- Analysis of annual cash flow in consideration of Zone 7's funding reserve policy requirements and assess funding/financing needs.
- Presentation to the Retailers at a meeting on June 1, 2023.
- Presentation of the proposed draft Five-Year CIP at the Board workshop on June 6, 2023.
- Revision of the draft report to incorporate Board input.
- Adoption of the Five-Year CIP at the June 21, 2023 Board meeting.

The Agency is currently in the process of developing a Ten-Year Water System CIP as well as an updated Asset Management Plan. These long-range financial planning tools, along with the planned Connection Fee Study, will inform Agency staff of the following:

- The types of renewal/replacement and system-wide improvement projects needed to maintain a reliable and efficient water system;
- Current and projected demands on our water system and the Agency's facilities needed to meet such demands; and
- Operational improvements and additional studies that will minimize near-term risks of water supply shortages and maximize long-term flexibility.

The primary function of the CIP is to provide Agency executive staff and the Board of Directors with a clear and orderly process for planning, making informed decisions about project priorities, and scheduling to form the two-year capital budget. The CIP is in support of the Agency's Strategic Plan Initiative 3 – Continue to effectively implement infrastructure projects in the Water System Capital Improvement Program, and Initiative 22 – Develop a long-range finance strategy. The CIP is also reviewed each year in tandem with the biennial budget development and mid-cycle review. These annual reviews provide staff with the opportunity to review the CIP based on current needs and updated requirements.

Various capital projects and programs are needed to ensure the Agency maintains a reliable and high-quality water supply that aligns with the mission, goals, and policy objectives established by the Board. These projects anticipate the need to renew, replace and improve existing infrastructure to maintain system reliability (paid from Fund 120, Renewal/Replacement and System-Wide Improvements) and to construct new facilities needed to accommodate future growth (Fund 130, Capital Expansion).

Operating Impact: The operating impact of these identified projects will increase water supply reliability and operational flexibility of the Agency's Water System. From a budgetary perspective, renewal/replacement projects addressing aging infrastructure will reduce operating and maintenance costs, and in some cases, where new assets are installed (system-wide Improvements) future operation and maintenance costs may increase. Additional information on capital projects can be found in the Agency's Fiscal Year 2024-25 Five-Year Water System Capital Improvement Plan [☞](#).

Flood Protection System

The Agency is currently developing a Flood Management Plan (FMP). The FMP will establish a Flood Management framework, including guiding principles for flood management, flood system performance goals and objectives, the flood system definition, and best management practices. The FMP will also focus on flood system project planning, finance planning, and implementation planning and will include a robust outreach plan, which will lead to a future Flood Protection System CIP.

The following tables summarize the approved planned capital projects by fund for FY 2024-25 and FY 2025-26.

Fund 120 - Water Renewal/Replacement and System-wide Improvements Capital Projects Listing

Project Listing	FY 2024-25 Budget	FY 2025-26 Budget
Asset Management Program Management	-	110,000
Capital Improvement Program Management	392,000	160,000
Chain of Lakes Conveyance System	600,000	1,760,000
Computerized Maintenance Management System Support	475,000	1,125,000
Contingency	750,000	750,000
DVWTP and PPWTP HVAC Replacement	625,000	1,166,000
Energy Master Plan Priority Projects	-	110,000
Hopyard Pipeline Corrosion Protection Improvement Project	110,000	477,000
Laboratory Equipment Replacement	110,000	170,000
Maintenance Yard and Building Storage Study	188,000	-
Maintenance Yard and Building (NEW)	-	400,000
MGDP and Mocho Wellfield PFAS Compliance Conceptual Design	300,000	-
MGDP RO Membrane Replacement	-	250,000
Minor Renewal/Replacement Projects	800,000	840,000
Mocho Wellfield PFAS Treatment Facility Project	2,291,000	7,347,000
Monitoring Well Replacements & Abandonments	206,000	-
North Canyons Renewal/Replacement and Improvements	50,000	50,000
North Canyons/Parkside EV Charges	50,000	-
On-call Design and Construction Services	825,000	850,000
PPWTP Improvements and Replacements	2,300,000	3,926,000
PPWTP Sludge Handling Rehabilitation	850,000	-
Production Well Pump Replacement Project	-	430,000
Regional Project Feasibility Study	900,000	-
SCADA Upgrades and Replacements	850,000	340,000
Silver Oaks Pump Station Replacement	400,000	3,333,000
System-Wide Installation of Line Valves	-	110,000
Wells & MGDP Electrical Upgrades/Replacement Project - Phase 2	190,000	1,154,000
Total¹	13,262,000	24,858,000

¹Fund total does not include \$29K each year for professional services.

Fund 130 - Water Enterprise Capital Expansion

Project Listing	FY 2024-25 Budget	FY 2025-26 Budget
Capital Improvement Program Management	100,000	160,000
Cawelo Groundwater Banking Program Debt Service	1,092,000	1,100,000
Chain of Lakes Conveyance System	460,000	1,560,000
City Reach Pipeline Mitigation Planning	-	410,000
Contingency	500,000	500,000
Fourth Contractor's Share of South Bay Aqueduct - Payment to DWR	3,000,000	3,000,000
Groundwater Contaminant Mobilization Follow-up Study	100,000	-
Los Vaqueros Reservoir Expansion	85,000	170,000
North Canyons Renewal/Replacement and Improvements	2,000	2,000
Regional Project Feasibility Study	900,000	-
Sites Reservoir	450,000	1,000,000
South Bay Aqueduct Enlargement Project - Payment to DWR	13,790,000	14,400,000
Well Master Plan	300,000	525,000
Total¹	20,779,000	22,827,000

¹Fund total does not include \$250K each year for professional and legal services.



DEBT

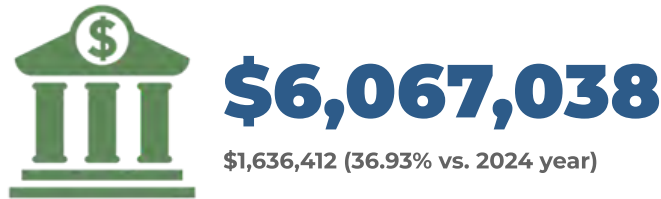


Debt Snapshot

The Livermore Valley Water Financing Authority (Authority) is a joint exercise of powers authority between the Agency and the California Statewide Communities Development Authority. The Authority was established on November 1, 2017, and was formed for the public purpose of assisting in the financing of public projects.

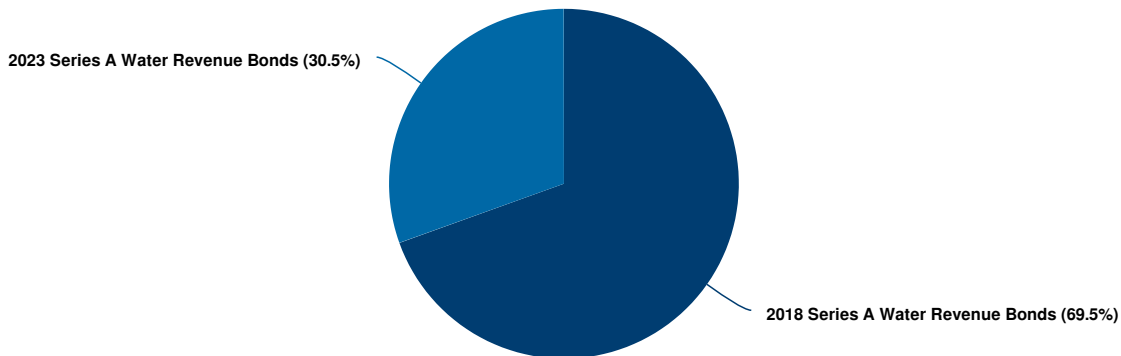
On April 11, 2018, the Authority issued the Water Revenue Bonds, 2018 Series A, in the original par amount of \$64,010,000. On November 7, 2023, the Authority issued the Water Revenue Bonds, 2023 Series A, in the original par amount of \$28,795,000. The total debt service due in FY 2024-25 is \$6,067,038 and \$6,074,163 in FY 2025-26. The Agency does not plan on issuing additional debt over the next two years.

The Agency has \$0 debt applied to the legal debt limit.



The Agency's outstanding debt is paid from Fund 100 - Water Enterprise Operations (\$4.98M) and Fund 130 - Water Enterprise Capital Expansion (\$1.09M). Both outstanding bond issues are structured with level debt service. The 2018 Series A Bonds provided new money and refunded existing obligations. The new money component has a final maturity of July 1, 2048. The refunding component, which is paid from Fund 130 - Water Enterprise Capital Expansion, has a final maturity of July 1, 2034. The 2023 Series A Bonds provided new money and have a final maturity of July 1, 2053.

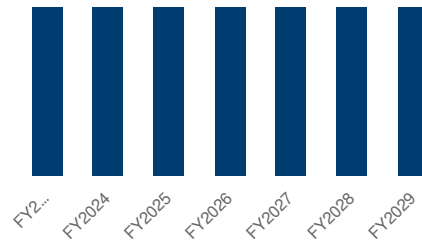
Debt by Type



Financial Summary	FY2025	FY2026	% Change
Debt	P&I	P&I	FY2024 vs FY2025
2018 Series A Water Revenue Bonds	\$4,217,788	\$4,221,538	\$0
2023 Series A Water Revenue Bonds	\$1,849,250	\$1,852,625	\$0
Total Debt:	\$6,067,038	\$6,074,163	0%

2018 Series A Water Revenue Bonds

The 2018 Series A Bonds were issued on April 11, 2018 to provide funds to (i) pay the cost of the 2018 Water Project, which generally consists of a water treatment plant and related facilities; (ii) prepay the Agency's obligations in connection with the Cawelo Water District Certificates of Participation, Series 2006, and (iii) pay the costs of issuing the Bonds. The bar graph to the right illustrates the 2018 Series A debt service through FY 2029.



The 2018 Water Project

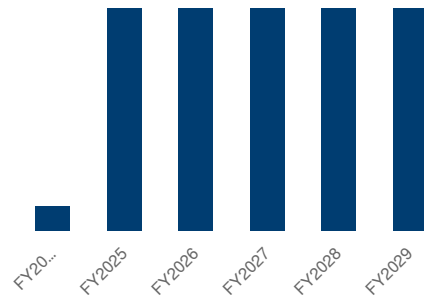
Del Valle Water Treatment Plant Ozone Project. This portion of the 2018 Water Project consists of improvements to the Del Valle Water Treatment Plant including, but not limited to: new ozone generation facility, new ozone contactor structure, new chemical facilities including liquid oxygen and carbon dioxide, new electrical facilities, new water softening facility, new utility water pump station, new emergency generator, new chlorine contact pipeline, modifications to existing filters, chemical systems, piping, utilities, structures and site.

Patterson Pass Water Treatment Plant Ozone Project. This portion of the 2018 Water Project consists of improvements to the Patterson Pass Water Treatment Plant including, but not limited to: new ozone generation facility, new ozone contactor structure, new chemical facilities including liquid oxygen and carbon dioxide, new electrical facilities, new emergency generator, new chlorine contactor structure, modifications to existing filters, chemical systems, piping, utilities, structures and site.

Financial Summary	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	% Change
2018 Series A Water Revenue Bonds	P&I	P&I	P&I	P&I	P&I	P&I	FY2024 vs FY2025
2018 Series A Water Revenue Bonds	\$4,214,663	\$4,217,788	\$4,221,538	\$4,215,913	\$4,220,663	\$4,220,413	0.1%
Total 2018 Series A Water Revenue Bonds:	\$4,214,663	\$4,217,788	\$4,221,538	\$4,215,913	\$4,220,663	\$4,220,413	0.1%

2023 Series A Water Revenue Bonds

The 2023 Series A Bonds were issued on November 7, 2023 to provide funds to (i) pay the cost of the 2023 Water Project, which generally consists of water treatment facilities, related site improvements and certain other capital improvements for the Agency's water system; and (ii) pay the costs of issuing the Bonds. The bar graph to the right illustrates the 2023 Series A debt service through FY 2029.



2023 Water Project

Chain of Lakes Per- and polyfluoroalkyl Substances (PFAS) Facility. This portion of the 2023 Water Project consists of improvements to the Chain of Lakes Wells 1, 2, and 5 to provide a centralized PFAS treatment at the existing Chain of Lakes Well 1 site. The project includes, but is not limited to, the addition of six trains of pressure vessels containing ion exchange resin for the removal of PFAS. Additional piping, instrumentation, electrical, concrete work, an underground pile foundation system, and other site improvements are included in the project.

In addition to the PFAS facility described above, the Agency intends to use the remaining proceeds of the 2023 Bonds to pay the cost of miscellaneous capital improvements for the Water System, including an additional PFAS treatment system to treat water from the Mocho wells, chlorine contact basin modifications, clarifier corrosion protection improvements, clearwell modifications, rehabilitation of sludge drying beds, and other miscellaneous improvements and replacements at the Patterson Pass Water Treatment Plant, and replacement of the coagulant system and other miscellaneous improvements and replacements at the Del Valle Water Treatment Plant.

Financial Summary	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	% Change
2023 Series A Water Revenue Bonds	P&I	P&I	P&I	P&I	P&I	P&I	FY2024 vs FY2025
2023 Series A Water Revenue Bonds	\$215,963	\$1,849,250	\$1,852,625	\$1,854,750	\$1,855,625	\$1,855,250	756.3%
Total 2023 Series A Water Revenue Bonds:	\$215,963	\$1,849,250	\$1,852,625	\$1,854,750	\$1,855,625	\$1,855,250	756.3%

Bond Ratings

S&P Global Ratings announced it had raised its long-term rating on the Authority's outstanding Water Revenue Bonds, 2018 Series A to 'AAA' from 'AA+'. S&P also assigned a 'AAA' to the Authority's Water Revenue Bonds, 2023 Series A, with a stable outlook. Fitch Ratings affirmed its 'AA+' rating of the Authority and revised the rating outlook to 'Positive' from 'Stable' in its current review. The Agency's "AA+" rating from Fitch Ratings is on par with the median rating for California water and water/sewer utilities of "AA+."

Within its report detailing the reasons for the upgrade to 'AAA', S&P specifically noted the Agency's "exceptionally strong water supply position, low leverage, and healthy financial position." Key drivers for the affirmed 'AA+' rating and positive outlook from Fitch Ratings included very strong revenue source characteristics, low operating cost burden, moderate investment needs, and exceptionally low leverage despite additional potential debt financing.

Outstanding Bond Issue	S&P Global Ratings	Fitch Ratings
Water Revenue Bonds, 2018 Series A	AAA (Stable Outlook)	AA+ (Positive Outlook)
Water Revenue Bonds, 2023 Series A	AAA (Stable Outlook)	AA+ (Positive Outlook)

Combined Debt Service Schedule

Year Ending	2018 Bonds		2023 Bonds		Total Bonds	
	June 30	Principal	Interest	Principal		Interest
2024		\$1,595,000	\$2,619,663	\$0	\$215,963	\$4,430,625
2025		1,680,000	2,537,788	420,000	1,429,250	6,067,038
2026		1,770,000	2,451,538	445,000	1,407,625	6,074,163
2027		1,855,000	2,360,913	470,000	1,384,750	6,070,663
2028		1,955,000	2,265,663	495,000	1,360,625	6,076,288
2029		2,055,000	2,165,413	520,000	1,335,250	6,075,663
2030		2,165,000	2,059,913	545,000	1,308,625	6,078,538
2031		2,275,000	1,948,913	575,000	1,280,625	6,079,538
2032		2,395,000	1,832,163	600,000	1,251,250	6,078,413
2033		2,520,000	1,710,438	635,000	1,220,375	6,085,813
2034		2,640,000	1,582,588	665,000	1,187,875	6,075,463
2035		2,765,000	1,461,288	700,000	1,153,750	6,080,038
2036		1,765,000	1,361,863	735,000	1,117,875	4,979,738
2037		1,835,000	1,287,919	775,000	1,080,125	4,978,044
2038		1,905,000	1,220,000	810,000	1,040,500	4,975,500
2039		1,985,000	1,142,200	855,000	998,875	4,981,075
2040		2,065,000	1,061,200	895,000	955,125	4,976,325
2041		2,150,000	976,900	945,000	909,125	4,981,025
2042		2,235,000	889,200	990,000	860,750	4,974,950
2043		2,325,000	798,000	1,045,000	809,875	4,977,875
2044		2,420,000	703,100	1,095,000	756,375	4,974,475
2045		2,535,000	591,325	1,150,000	700,250	4,976,575
2046		2,665,000	461,325	1,210,000	641,250	4,977,575
2047		2,800,000	324,700	1,275,000	579,125	4,978,825
2048		2,945,000	181,075	1,340,000	513,750	4,979,825
2049		3,070,000	53,725	1,410,000	445,000	4,978,725
2050		0	0	1,480,000	372,750	1,852,750
2051		0	0	1,555,000	296,875	1,851,875
2052		0	0	1,635,000	217,125	1,852,125
2053		0	0	1,720,000	133,250	1,853,250
2054		<u>0</u>	<u>0</u>	<u>1,805,000</u>	<u>45,125</u>	<u>1,850,125</u>
		\$58,370,000	\$36,048,806	\$28,795,000	\$27,009,088	\$150,222,894



Bond Covenants

Bond Covenants

Under the Installment Purchase Agreement, the Agency covenants to at all times fix and prescribe rates, fees, and charges for the Water Service which will be at least sufficient to yield Net Water Revenues during the next succeeding Fiscal Year of the Agency equal to 120% of the Debt Service for such Fiscal Year. Since the 2018 Series A Bonds were issued, the Agency has exceeded its rate covenant. The table below is derived from the Agency's 2023 Continuing Disclosure Report [☞](#) and illustrates the Agency's continued compliance with the bond rate covenant.

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Operating Revenues	89,564,978	91,233,550	86,610,597	74,967,237	76,795,671	79,937,389
Operating Expenses	53,507,401	49,388,959	51,609,274	53,940,784	64,612,249	62,059,392
Net Revenues	36,057,577	41,844,591	35,001,322	21,026,453	12,183,422	17,877,997
2018 Water Revenue Bonds Debt Service	919,498	2,310,542	4,213,913	4,212,038	4,216,663	4,217,538
2023 Water Revenue Bonds Debt Service	N/A	N/A	N/A	N/A	N/A	N/A
Debt Service Coverage Ratio	39.21	18.11	8.31	4.99	2.89	4.24
2018 / 2023 Rate Covenant	1.2	1.2	1.2	1.2	1.2	1.2
Above/(Below) Rate Covenant	38.01	16.91	7.11	3.79	1.69	3.04

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APPENDIX



Glossary

Accounting System: The total structure of records and procedures that identify record, classify, and report information on the financial position and operations of a governmental unit or any of its funds, account groups, and organizational components.

Accrued Interest: The amount of interest that has accumulated on the debt since the date of the last interest payment, and on the sale of a bond, the amount accrued up to but not including the date of delivery (settlement date). (See Interest)

Acre Foot: The volume of water that will cover one acre to a depth of one foot. One acre foot equals 325,850 gallons. It is estimated that one half an acre foot serves a typical private residence for one year.

Amortization: The gradual repayment of an obligation over time and in accordance with a predetermined payment schedule.

Appropriation: A legal authorization from the community's legislative body to expend money and incur obligations for specific public purposes. An appropriation is usually limited in amount and as to the time period within which it may be expended.

Aquifer: An underground layer of water bearing permeable rock or unconsolidated materials (gravel, sand, silt) from which groundwater can be extracted.

Arbitrage: As applied to municipal debt, the investment of tax-exempt bonds or note proceeds in higher yielding, taxable securities. Section 103 of the Internal Revenue Service (IRS) Code restricts this practice and requires (beyond certain limits) that earnings be rebated (paid) to the IRS.

Assessed Valuation: A value assigned to real estate or other property by a government as the basis for levying taxes.

Asset Management: A set of systematic and coordinated activities and practices through which an organization optimally and sustainably manages its assets and asset systems, their associated performance, risks and expenditures over their life cycles for the purpose of achieving its organizational strategic plan.

Audit: An examination of a community's financial systems, procedures, and data by a certified public accountant (independent auditor), and a report on the fairness of financial statements and on local compliance with statutes and regulations. The audit serves as a valuable management tool in evaluating the fiscal performance of a community.

Audit Report: Prepared by an independent auditor, an audit report includes: (a) a statement of the scope of the audit; (b) explanatory comments as to application of auditing procedures; (c) findings and opinions. It is almost always accompanied by a management letter which contains supplementary comments and recommendations.

Available Funds: Balances in the various fund types that represent non-recurring revenue sources. As a matter of sound practice, they are frequently appropriated to meet unforeseen expenses, for capital expenditures or other one-time costs.

Balance Sheet: A statement that discloses the assets, liabilities, reserves and equities of a fund or governmental unit at a specified date.

Board of Directors: The governing body of Zone 7 Water Agency. The board is made up of seven directors elected at large from the communities of Livermore, Pleasanton, and Dublin.

Bond: A means to raise money through the issuance of debt. A bond issuer/borrower promises in writing to repay a specified sum of money, alternately referred to as face value, par value or bond principal, to the buyer of the bond on a specified future date (maturity date), together with periodic interest at a specified rate. The term of a bond is always greater than one year. (See Note)

Bond Issue: Generally, the sale of a certain number of bonds at one time by a governmental unit.

Bond Rating (Municipal): A credit rating assigned to a municipality to help investors assess the future ability, legal obligation, and willingness of the municipality (bond issuer) to make timely debt service payments. Stated otherwise, a rating helps prospective investors determine the level of risk associated with a given fixed-income investment. Rating agencies, such as Moody's and Standard and Poors, use rating systems, which designate a letter or a combination of letters and numerals where AAA is the highest rating and C1 is a very low rating.

Budget: A plan for allocating resources to support particular services, purposes and functions over a specified period of time. (See Performance Budget, Program Budget)



Budgetary Control: The control or management of a governmental unit or enterprises in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and available revenues.

Capital Assets: All real and tangible property used in the operation of government, which is not easily converted into cash, and has an initial useful life extending beyond a single financial reporting period. Capital assets include land and land improvements; infrastructure such as roads, bridges, water and sewer lines; easements; buildings and building improvements; vehicles, machinery and equipment. Communities typically define capital assets in terms of a minimum useful life and a minimum initial cost. (See Fixed Assets)

California Environmental Quality Act (CEQA): A California statute passed in 1970, shortly after the United States federal government passed the National Environmental Policy Act (NEPA), to institute a statewide policy of environmental protection. CEQA does not directly regulate land uses, but instead requires state and local agencies within California to follow a protocol of analysis and public disclosure of environmental impacts of proposed projects and adopt all feasible measures to mitigate those impacts.

California State Water Project: The world's largest publicly built and operated water and power development and conveyance system. The original purpose of the project was to provide water for arid Southern California which lacks adequate local water resources to provide for the growth of that region.

Capital Budget: An appropriation or spending plan that uses borrowing or direct outlay for capital or fixed asset improvements. Among other information, a capital budget should identify the method of financing each recommended expenditure, i.e., tax levy or rates, and identify those items that were not recommended. (See Capital Assets, Fixed Assets)

Capital Expenditures: Funds used to acquire, upgrade, and maintain physical assets such as property, plants, buildings, technology, or equipment, and often used to undertake new projects.

Capital Funding: Interfund transfers that are typically performed for the approved Asset Management Program or for the reimbursement of one fund for services performed.

Capital Improvement Plan: A long-range plan for the construction, rehabilitation and modernization of Zone 7-owned and operated infrastructure.

Cash: Currency, coin, checks, postal and express money orders and bankers' drafts on hand or on deposit with an official or agent designated as custodian of cash and bank deposits.

Collective Bargaining: The process of negotiating workers' wages, hours, benefits, working conditions, etc., between an employer and some or all of its employees, who are represented by a recognized labor union. regarding wages, hours and working conditions.

Consumer Price Index: The statistical measure of changes, if any, in the overall price level of consumer goods and services. The index is often called the "cost-of-living index."

Conveyance System: The combination of assets used to deliver an adequate supply of the selected material (water) from one point to another. The conveyance can include piping, pumps, controls (valves), and storage.

Cost-Benefit Analysis: A decision-making tool that allows a comparison of options based on the level of benefit derived and the cost to achieve the benefit from different alternatives.

Debt Service: The repayment cost, usually stated in annual terms and based on an amortization schedule, of the principal and interest on any particular bond issue.

Depreciation: The reduction in value of a long-lived asset from use or obsolescence. The decline in value is recognized by a periodic allocation of the original cost of the asset to current operations on an income statement.

Delivery System: The piping, valves, and related assets that convey water from one point in the operation to another. For example, a delivery system can take water from the intake to the water treatment plant or from the water treatment plant to the customer.

District: Refers to the Alameda County Flood Control and Water Conservation District, of which Zone 7 is one of the designated service areas. Zone 7 provides water and flood control services.



Encumbrance: A reservation of funds to cover obligations arising from purchase orders, contracts, or salary commitments that are chargeable to, but not yet paid from, a specific appropriation account.

Enterprise Funds: An enterprise fund is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. It allows a community to demonstrate to the public the portion of the total cost of a service that is recovered through user charges and the portion that is subsidized by the tax levy, if any. With an enterprise fund, all costs of service delivery--direct, indirect, and capital costs are identified. This allows the community to recover total service costs through user fees if it chooses. Enterprise accounting also enables communities to reserve the "surplus" or net assets unrestricted generated by the operation of the enterprise rather than closing it out to the general fund at year-end. Services that may be treated as enterprises include, but are not limited to, water, sewer, hospital, and airport services.

Expenditure: An outlay of money made by municipalities to provide the programs and services within their approved budget.

Fiduciary Funds: Repository of money held by a municipality in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and other funds. These include pension (and other employee benefits) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

Fixed Assets: Long-lived, assets such as buildings, equipment and land obtained or controlled as a result of past transactions or circumstances.

Fixed Costs: Costs that are legally or contractually mandated such as retirement, FICA/Social Security, insurance, debt service costs or interest on loans.

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: An accounting entity with a self-balancing set of accounts that are segregated for the purpose of carrying on identified activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

Fund Accounting: Organizing financial records into multiple, segregated locations for money. A fund is a distinct entity within the municipal government in which financial resources and activity (assets, liabilities, fund balances, revenues, and expenditures) are accounted for independently in accordance with specific regulations, restrictions or limitations. Examples of funds include the general fund and enterprise funds. Communities whose accounting records are organized according to the Uniform Municipal Accounting System (UMAS) use multiple funds.

Fund Balance: Fund balance is the excess of assets over liabilities. It is typically divided into three categories. Fund balance may be categorized as (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.

GASB 34: A major pronouncement of the Governmental Accounting Standards Board that establishes new criteria on the form and content of governmental financial statements. GASB 34 requires a report on overall financial health, not just on individual funds. It requires more complete information on the cost of delivering value estimates on public infrastructure assets, such as bridges, road, sewers, etc. It also requires the presentation of a narrative statement the government's financial performance, trends and prospects for the future.

GASB 74&75: Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, is another Governmental Accounting Standards Board major pronouncement that improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

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. GAAP provides a standard by which to measure financial presentations. The primary authoritative statement on the application of GAAP to the State and local governments are Government Accounting Standards Board (GASB) pronouncements.



Governmental Funds: Funds reported using the modified accrual accounting method which measures cash and all other financial assets that can readily be converted to cash. The Agency's governmental funds include Flood Protection Operations and Flood Protection Development Impact Fee.

Indirect Cost: Costs of a service not reflected in the operating budget of the entity providing the service. An example of an indirect cost of providing water service would be the value of time spent by non-water department employees processing water bills. A determination of these costs is necessary to analyze the total cost of service delivery. The matter of indirect costs arises most often in the context of enterprise funds.

Interest: Compensation paid or to be paid for the use of money, including amounts payable at periodic intervals or discounted at the time a loan is made. In the case of municipal bonds, interest payments accrue on a day-to-day basis, but are paid every six months.

Interest Rate: The interest payable, expressed as a percentage of the principal available for use during a specified period of time. It is always expressed in annual terms.

Investments: Securities and real estate held for the production of income in the form of interest, dividends, rentals or lease payments. The term does not include fixed assets used in governmental operations.

Line Item Budget: A budget that separates spending into categories, or greater detail, such as supplies, equipment, maintenance, or salaries, as opposed to a program budget.

Livermore Valley Water Financing Authority: The Authority is a joint exercise of powers authority, organized pursuant to the provisions of Article 1, Chapter 5, Division 7, Title I of the California Government Code, commencing with Section 6500, and a Joint Exercise of Powers Agreement, dated as of November 1, 2017, between the Agency and the California Statewide Communities Development Authority. The Authority is a separate entity constituting a public instrumentality of the State of California and was formed for the public purpose of assisting in the financing of public projects.

Maturity Date: The date that the principal of a bond becomes due and payable in full.

Modified Accrual Basis of Accounting: The basis of accounting under which revenues are recognized when measurable and available to pay liabilities and expenditures are recognized when the liability is incurred except for interest on long-term debt which is recognized when due.

Net Water Revenues: Per the 2023 Official Statement - means, for any Fiscal Year, the Water Revenues during such Fiscal Year less the Operation and Maintenance Costs during such Fiscal Year.

Objects of Expenditures: A classification of expenditures that is used for coding any department disbursement, such as "personal services," "expenses," or "capital outlay."

Official Statement: A document prepared for potential investors that contains information about a prospective bond or note issue and the issuer. The official statement is typically published with the notice of sale. It is sometimes called an offering circular or prospectus.

Operating Budget: A plan of proposed expenditures for personnel, supplies, and other expenses for the coming fiscal year.

Ordinance: A bill, resolution or order by means of which appropriations are given legal effect. It is the method by which the appropriation of the annual budget is enacted into law by the District Board of Supervisors.

Per- and Polyfluoroalkyl Substances: a group of man-made chemicals that have been manufactured and used by a variety of industries since 1940. These "forever chemicals" are of emerging concern to drinking water due to their tendency to accumulate in groundwater and their potential adverse health effects.

Principal: The face amount of a bond, exclusive of accrued interest.

Program: A combination of activities to accomplish an end.

Proprietary Funds: Funds that are generally used to account for services for a government's business-type activities (activities supported by fees or charges). The Agency's proprietary funds include Water Enterprise Operations, State Water Facilities and Water Enterprise Capital Expansion.



Reserve Fund: An amount set aside annually within the budget of a town to provide a funding source for extraordinary or unforeseen expenditures.

Retailers: City of Livermore, City of Pleasanton, Dublin-San Ramon Services District, and California Water Service Company – Livermore District.

Revenue Bond: A bond payable from and secured solely by specific revenues and thereby not a full faith and credit obligation.

Revolving Fund: Allows a community to raise revenues from a specific service and use those revenues without appropriation to support the service.

Stabilization Fund: A fund designed to accumulate amounts for capital and other future spending purposes, although it may be appropriated for any lawful purpose.

Surplus Revenue: The amount by which cash, accounts receivable, and other assets exceed liabilities and reserves.

Tax Rate: The amount of property tax stated in terms of a unit of the municipal tax base; for example, \$14.80 per \$1,000 of assessed valuation of taxable real and personal property.

Trust Fund: In general, a fund for money donated or transferred to a municipality with specific instructions on its use. As custodian of trust funds, the treasurer invests and expends such funds as stipulated by trust agreements, as directed by the commissioners of trust funds or by the community's legislative body. Both principal and interest may be used if the trust is established as an expendable trust. For nonexpendable trust funds, only interest (not principal) may be expended as directed.

Unallocated Fund Balance: Monies in the Water Enterprise Operations fund as of the end of the fiscal year that are neither encumbered nor reserved, and are therefore available for expenditure once certified as part of free cash. Use of this balance is typically directed by Board policy.

Valuation (100 Percent): The legal requirement that a community's assessed value on property must reflect its market, or full and fair cash value.

Acronyms

ACMEA: Alameda County Management Employees Association

ACFR: Annual Comprehensive Financial Report

AF: Acre-feet

AMP: Asset Management Plan

AWWA: American Water Works Association

BTC: Building Trades Council of Alameda County

Cal OES: California Office of Emergency Services

CEQA: California Environmental Quality Act

CIMIS: California Irrigation Management Information System

CIP: Capital Improvement Plan

CMMS: Computerized Maintenance Management System

COL: Chain of Lakes

COLA: Cost of Living Adjustment

CPI: Consumer Price Index

CSMFO: California Society of Municipal Finance Officers

CY: Calendar Year

DDW: Division of Drinking Water California

DIF: Development Impact Fee

DSRSD: Dublin San Ramon Services District.

DVWTP: Del Valle Water Treatment Plant

DWR: Department of Water Resources

ENRCCI: Engineering News Record Construction Cost Index

EPA: Environmental Protection Act

FEMA: Federal Emergency Management Agency

FMP: Flood Management Plan

FSA: Flexible Spending Account

FTE: Full-Time Equivalent

FY: Fiscal Year

GASB: Governmental Accounting Standards Board

GFOA: Government Finance Officers Association



GIS: Geographic Information System

GW: Groundwater

HMO: Health Maintenance Organization

HVAC: Heating, Ventilation, and Air Conditioning

IFPTE: International Federation of Professional and Technical Engineers

IT: Information Technology

IX: Ion Exchange

LVE: Los Vaqueros Reservoir Expansion

M&I: Municipal & Industrial

MCL: Maximum Contaminant Levels

MGDP: Mocho Groundwater Demineralization Plant

MOU: Memorandum of Understanding

MWQI: Municipal Water Quality Investigation Program

O&M: Operations and Maintenance

PFAS: Per- and Polyfluoroalkyl Substances

PPO: Preferred Provider Organization

PPWTP: Patterson Pass Water Treatment Plant

PWRPA: Power and Water Resources Pooling Authority

RO: Reverse Osmosis

SBA: South Bay Aqueduct

SCADA: Supervisory Control and Data Acquisition

SEIU: Service Employees International Union

SGMA: Sustainable Groundwater Management Act

SMMP: Stream Management Master Plan

SOC: Statement of Charges

SOPs: Standard Operating Procedures

SWP: State Water Project

USACE: United States Corp. of Engineers

USGS: U.S. Geological Survey

UWMP: Urban Water Management Plan



VFD: Variable Frequency Drive

WMP: Well Master Plan

