

# Alameda County Water District

## Fiscal Year 2020/21 Benchmark Report



# Benchmarking Overview

## Presentation Purpose

- Explain how Alameda County Water District (ACWD) compares to neighboring water providers on key efficiency and financial metrics
- Align with Strategic Plan Goal #3 - Finance
  - 3.2: Ensure Cost Reasonableness
  - 3.3 Promote Financial Transparency
- Provide insight on whether there are components of our performance we need to more fully evaluate

# Benchmarking Overview

## Presentation Overview

1. Benchmark Metrics

2. Metric Comparisons

3. Conclusions

- In brief, benchmarking is checking or evaluating our performance against a standard
- Similar Bay Area water providers are used as the standard: Contra Costa, Dublin San Ramon, East Bay MUD, Marin Municipal, San Francisco PUC, and San Jose Water Company

# Benchmark Metrics

Metrics developed for which data is readily available:

- Data taken from each agency's Fiscal Year 2020/21 financial report
- Audited data that will continue to be available in the same or similar format
- No surveys were distributed

# Benchmark Metrics

Operational Efficiency	Financial Capacity	Rate Impact
<ul style="list-style-type: none"><li>• Cost of water service</li><li>• Connections per employee</li><li>• Operating revenue per employee</li><li>• Operating cost per employee</li></ul>	<ul style="list-style-type: none"><li>• Debt coverage</li><li>• Total unfunded pension and OPEB liability divided by payroll</li><li>• Total long-term liabilities divided by operating revenue</li></ul>	<ul style="list-style-type: none"><li>• Typical monthly bill (8 HCF)</li><li>• Rate increase percentage</li></ul>

Horizontal line on each chart represents the median

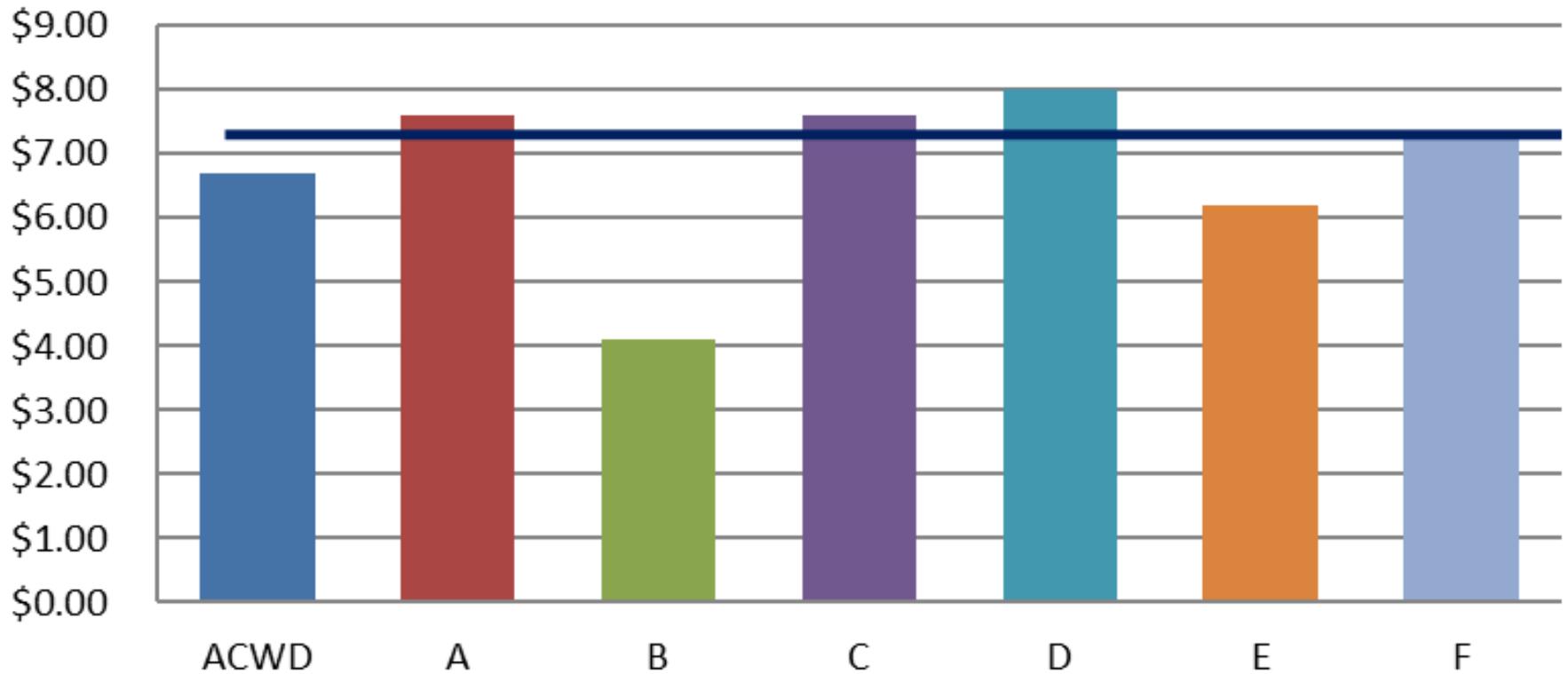
# Benchmark Metrics

## Benchmark Metrics

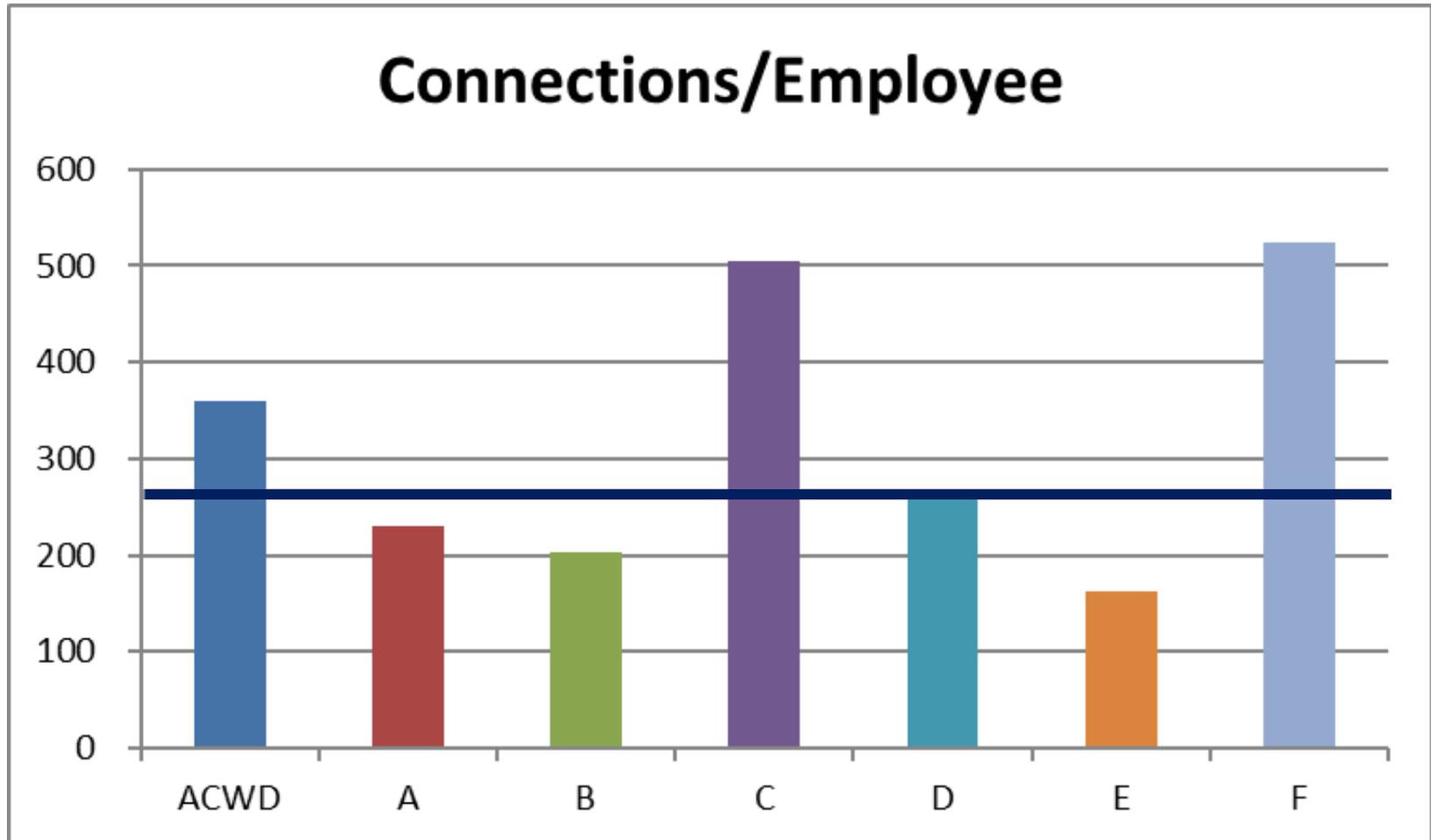
- **Cost of Water Service (dollars per HCF)**
  - Based on total cash payments during the fiscal year
  - Neutralizes the impact property tax, development fee, and other revenues have on average customer water bill amount
- **Liabilities Divided by Operating Revenue**
  - Good picture of overall financial capacity and flexibility to address financial challenges without immediate rate increases
- **Monthly Bill**
  - Based on 8 HCF of consumption (about 200 gallons per day), which is typical for ACWD's residential customers
  - Based on bill as of June 30, 2021. Most agencies implement rate increases July 1 of each year. ACWD did not raise rates in FY 2020/21; however, five of the other six agencies did

# Metric Comparison

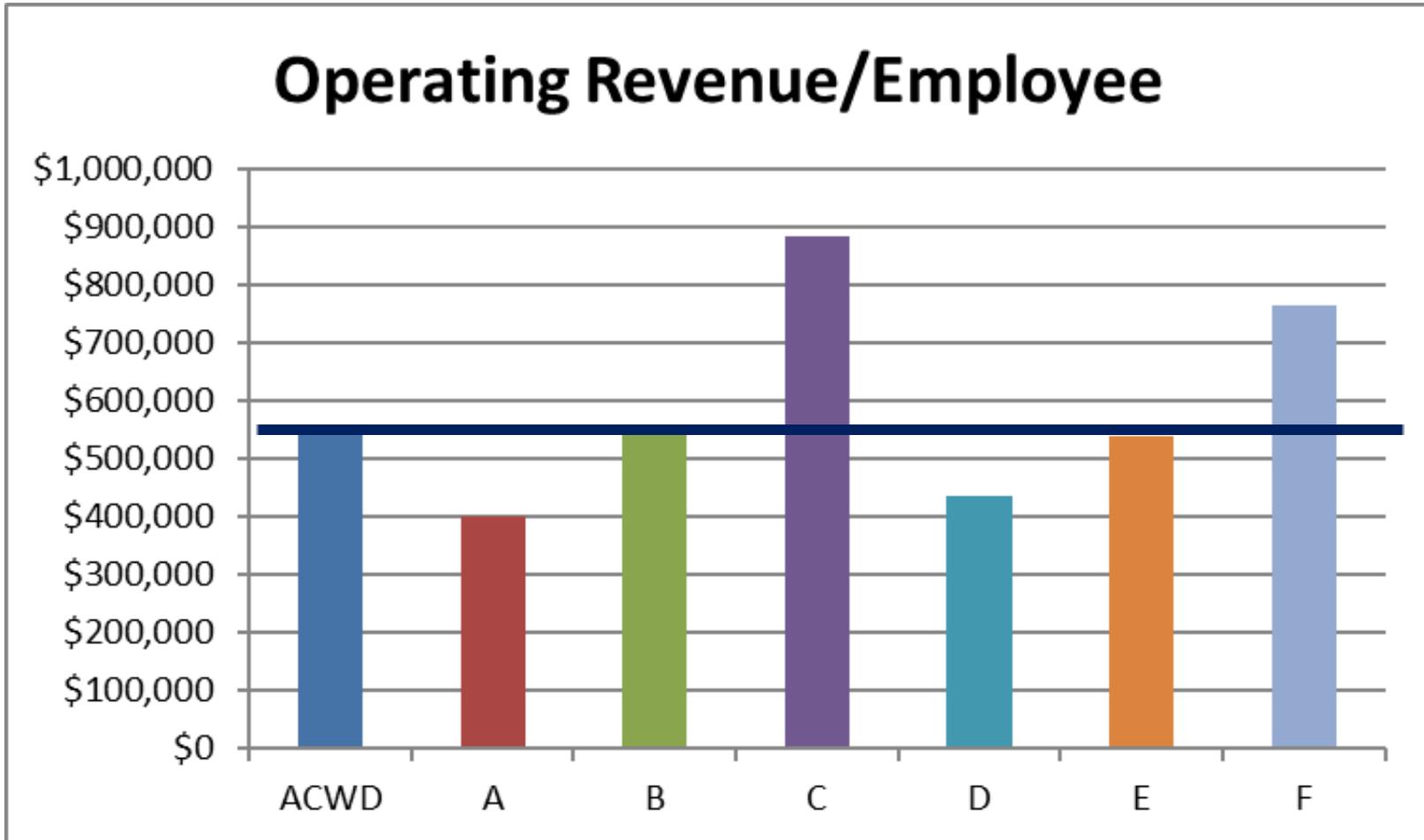
## Cost of Water (\$/HCF)



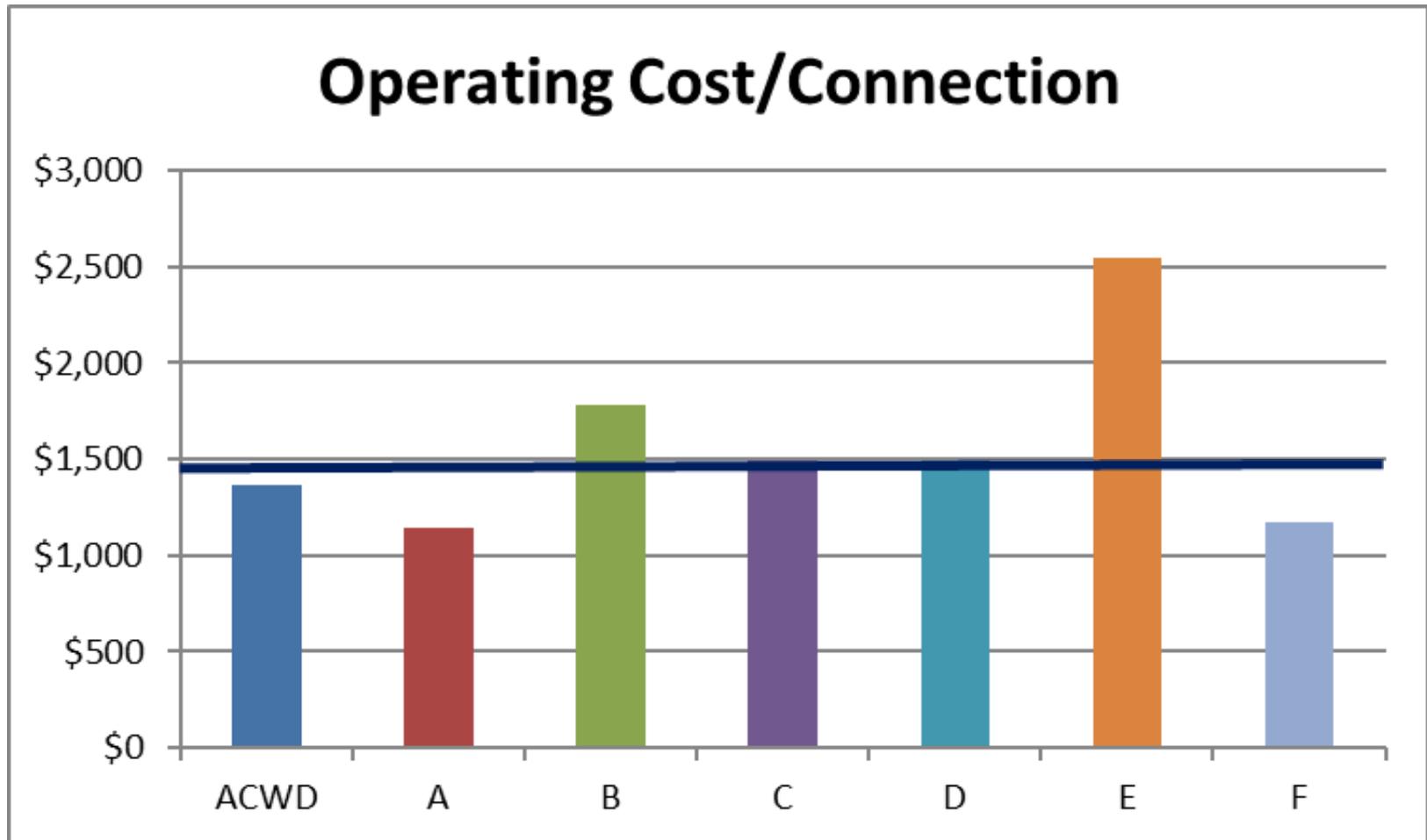
# Metric Comparison



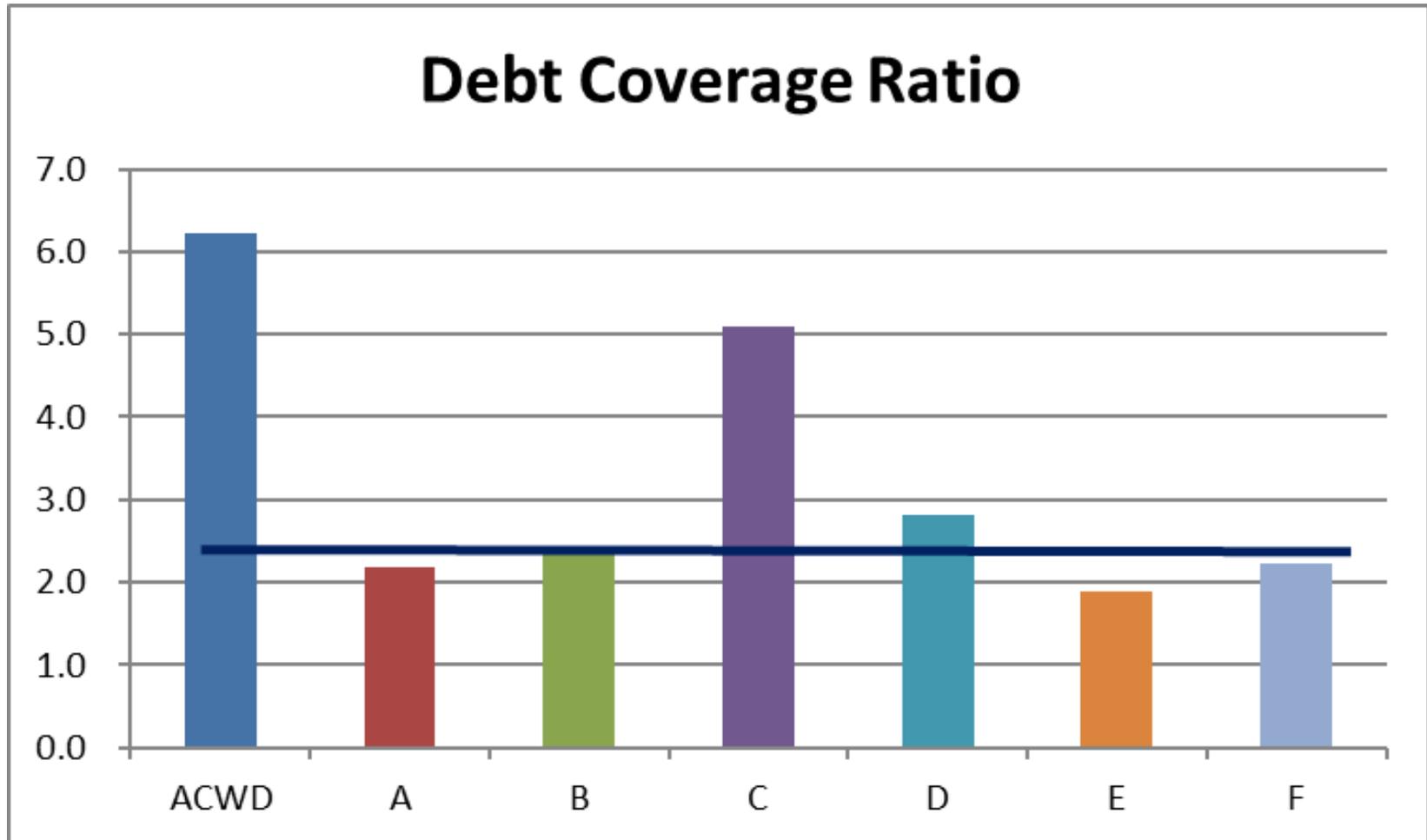
# Metric Comparison



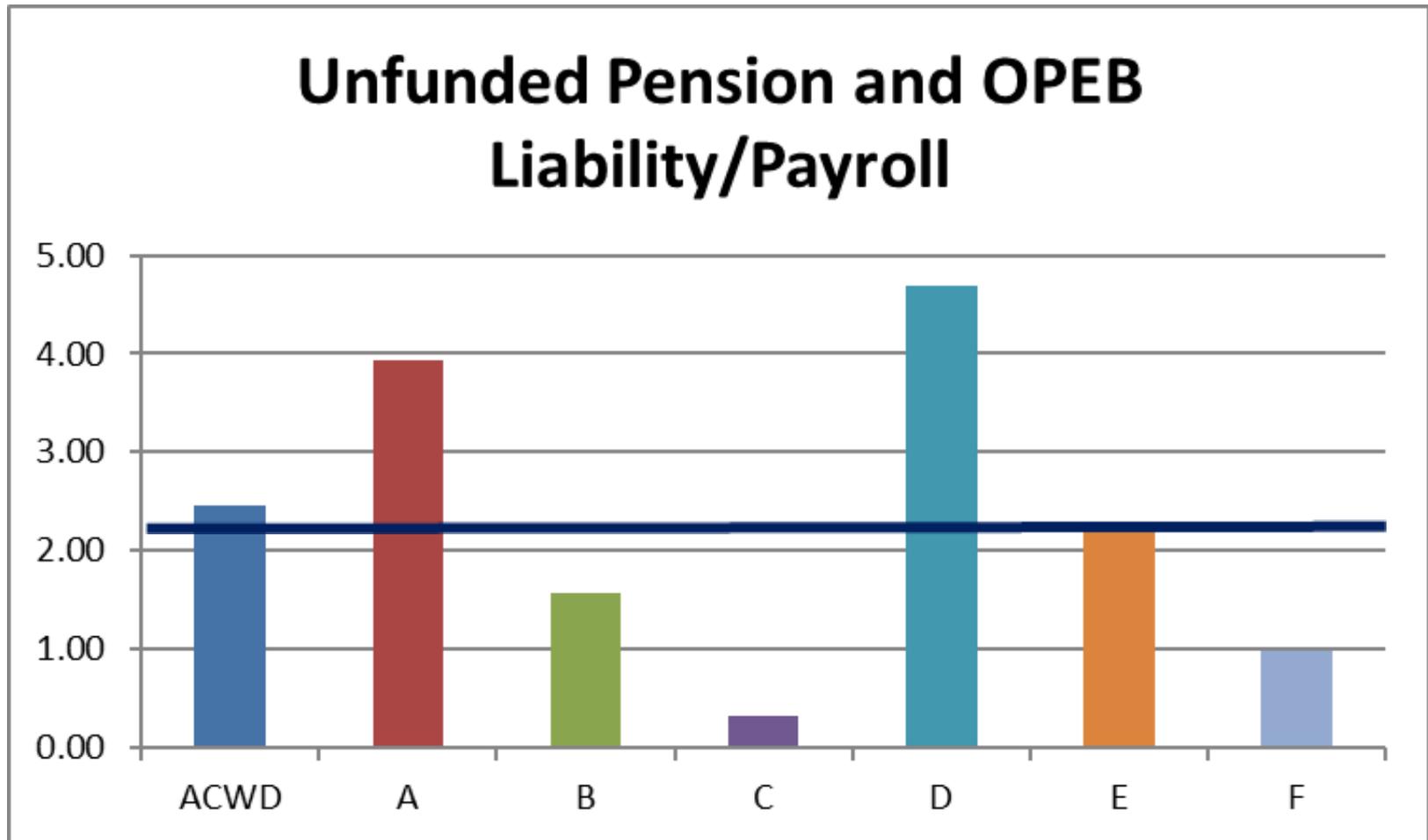
# Metric Comparison



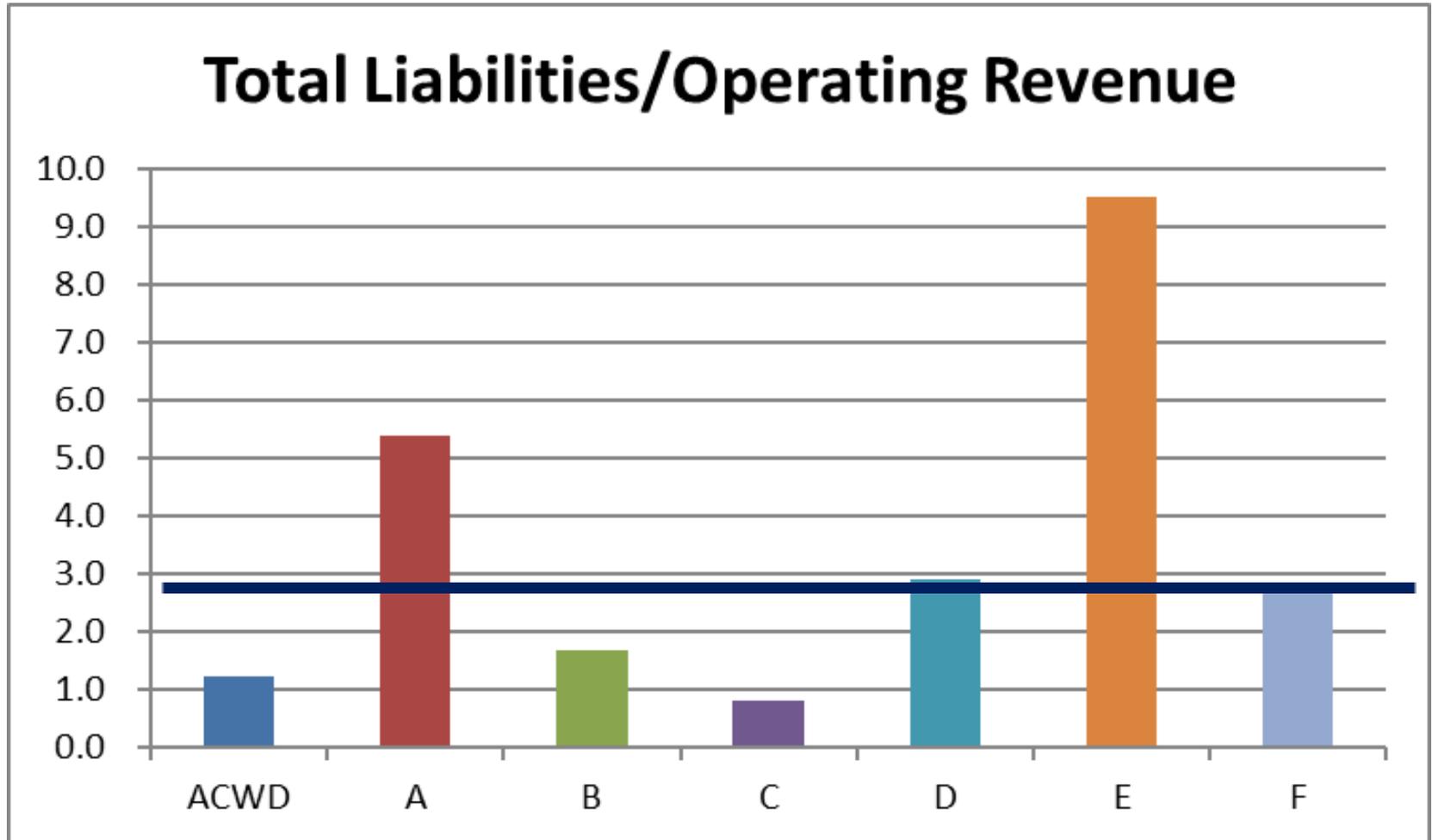
# Metric Comparison



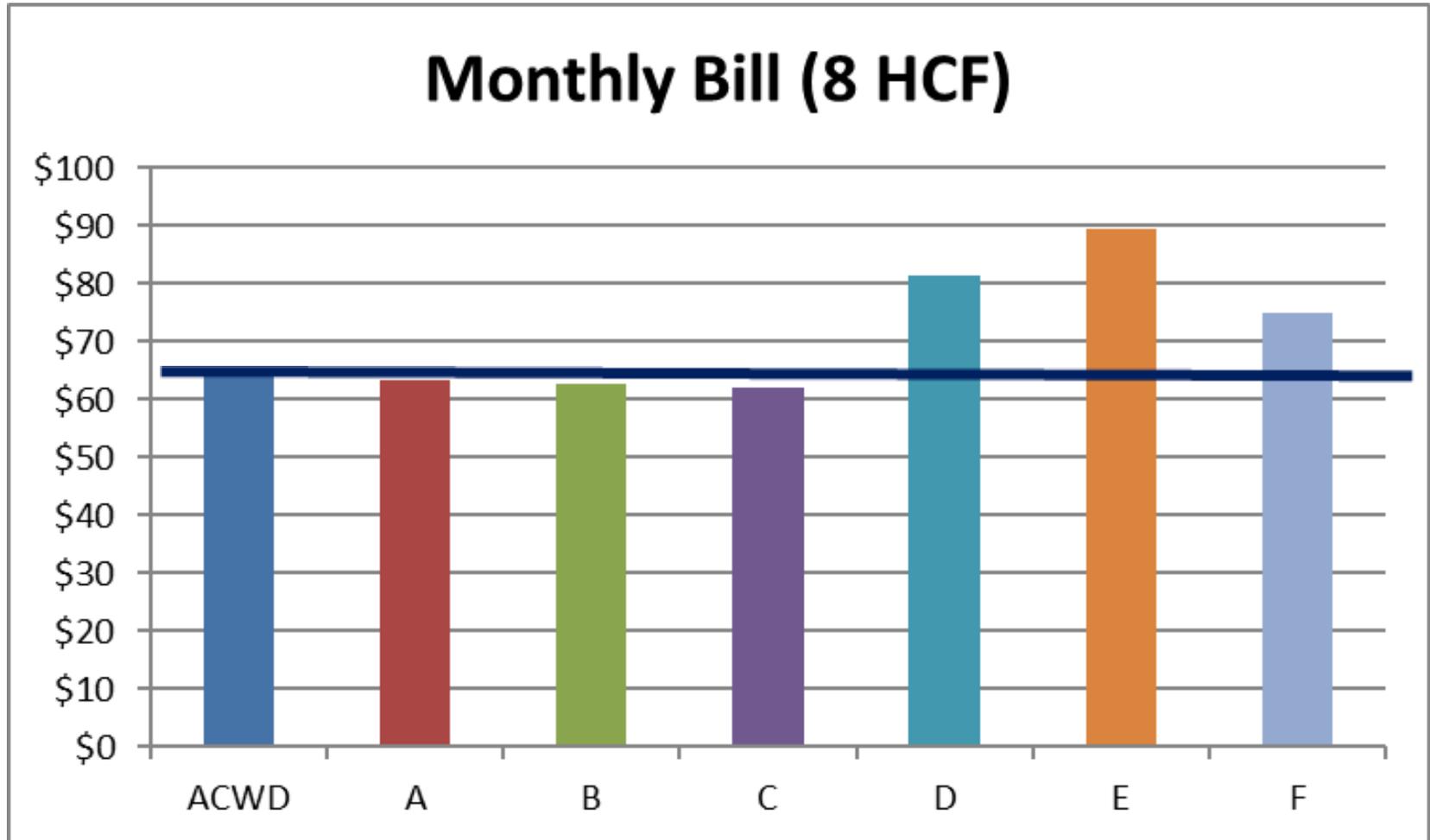
# Metric Comparison



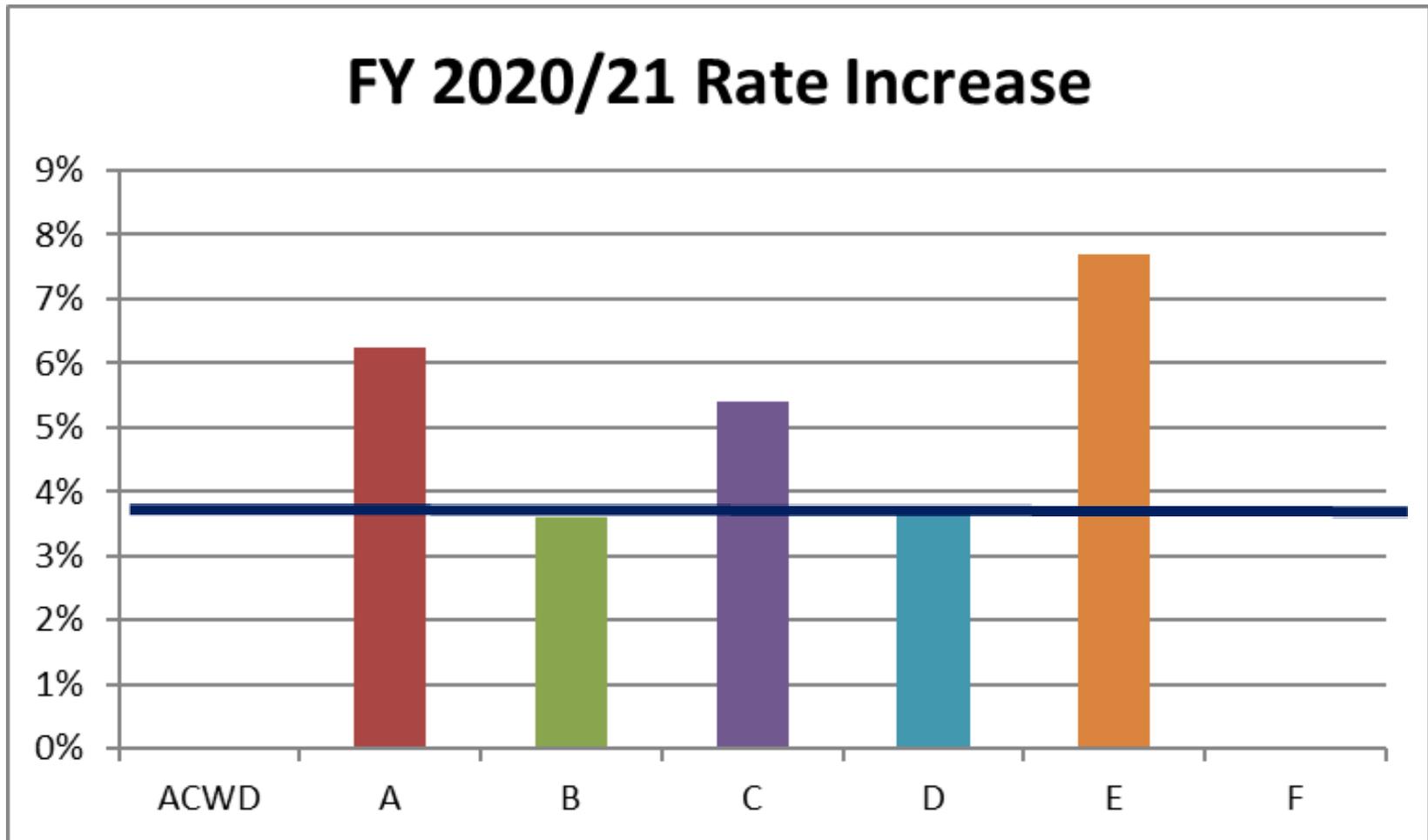
# Metric Comparison



# Metric Comparison



# Metric Comparison



# Metric Comparisons

## Variations from Fiscal Year 2019/20 Benchmarking

### Cost of Water Service

- ACWD moved back to the median agency after being one spot less expensive last year
- ACWD's cost per HCF increased from \$6.71 to \$7.38; primarily due to a \$12.5M increase in supplier payments and a \$5M increase in capital expenditures

### Unfunded Pension/OPEB Liability to Payroll Ratio

- ACWD's ratio decreased from 2.67 to 2.46
- Median ratio increased from 2.17 to 2.21
- Does not reflect the benefit of investment earnings from FY 2020/21 because valuations lag by one year

# Metric Comparisons

## Variations from Fiscal Year 2019/20 Benchmarking

### Debt Coverage

- ACWD's debt coverage decreased from 8.68 to 6.22, but was still more than a full point higher than the second highest ratio

### Monthly Bill

- Typical ACWD bill of \$65.07 remains the median
- Differential between typical ACWD bill and the lowest of the benchmark agencies decreased from \$6.29 to \$3.13.

### Rate Increase Percentage

- ACWD was 2.5% below the median rate increase percentage in FY 2019/20 and 3.7% below the median rate increase percentage in FY 2020/21

# Conclusions

- Comparing against specific agencies has limited value due to unique operational circumstances
  - Purchased water versus own source of supply
  - Strictly retail compared to agencies with a wholesale component
  - Governance differences
  - Groundwater management responsibilities
- Comparing against the median is a reasonable barometer of ACWD's performance on each metric
- ACWD compares favorably in all three categories: operational efficiency, financial capacity, and rate impact

# Conclusions

- ACWD has substantial financial capacity compared to the other agencies
  - Despite recent borrowing, ACWD continues to have significant flexibility to issue debt to finance capital projects
  - Paying down pension and OPEB liabilities is already programmed into our financial plan
  - ACWD is well positioned to maintain rate increases within industry norms
- Benchmark comparison will be updated annually

# Alameda County Water District

Questions?

# Alameda County Water District

## FY 2022/23 Midcycle Budget Workshop

ACWD Board Workshop  
May 18, 2022



# Alameda County Water District

## Presenters

Jonathan Wunderlich, Director of Finance and Administration

Rekha Ippagunta, Project Engineering Manager

Sydney Oam, Financial Analysis Supervisor

Martin Koran, Senior Financial Analyst

ACWD Board Workshop

May 18, 2022



# Agenda

- **District Overview**
- **Accomplishments and Goals**
- **Budget Process and Assumptions**
- **Drought-Related Assumptions**
- **Budget Overview**
- **Capital Improvement Program Overview**
- **Budget Review - Financial Planning Model**
- **Next Steps**

# Board Guidance

- **Goals and Budget Assumptions**
- **Drought-Related Assumptions**
- **Operating Budget**
- **Capital Improvement Program**
- **Financial Planning Review**

# A Few Words and the BIG Picture

- **Commitment to Customer Service**
  - Water Supply, Water Quality, Reasonable Price
- **Ongoing and Future Challenges**
  - COVID-19 Pandemic
  - Water Supply Uncertainty
  - Aging Infrastructure
  - Increasing Regulations
- **Commitment to Prudent and Responsible Financial Practices**
  - Managing Operating and Capital Costs
  - Addressing Post-Employment Liabilities
- **Commitment to Transparency**

# Mission Statement

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

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

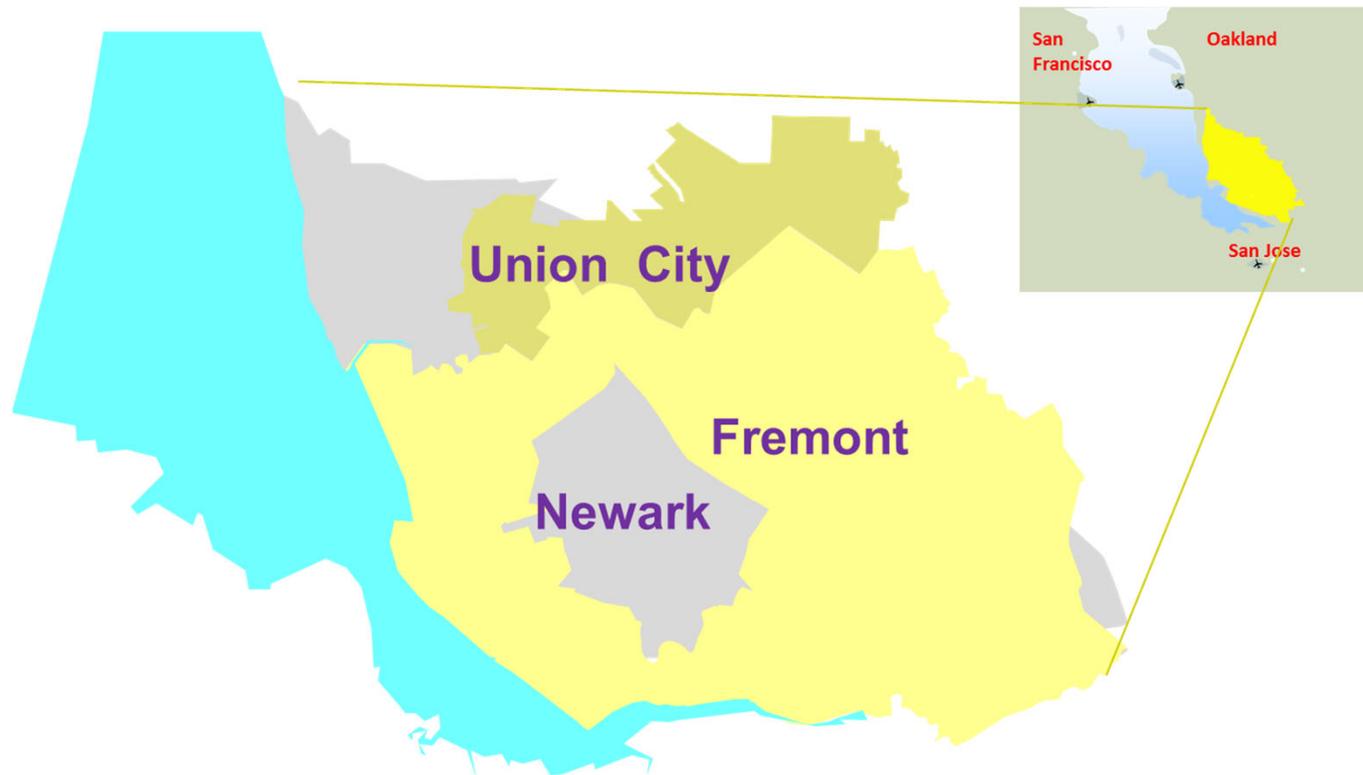
# ACWD at-a-glance

- **Founded in 1914**
- **Service Area: Fremont, Newark, and Union City**
  - Connections: 86,000
  - Population: 345,000
- **Special District – Form of Local Government**
- **Elected Board: 5 Directors**
- **Personnel: 244 Authorized Positions**
- **Credit Ratings**
  - Standard & Poor's: AAA
  - Moody's: Aa1

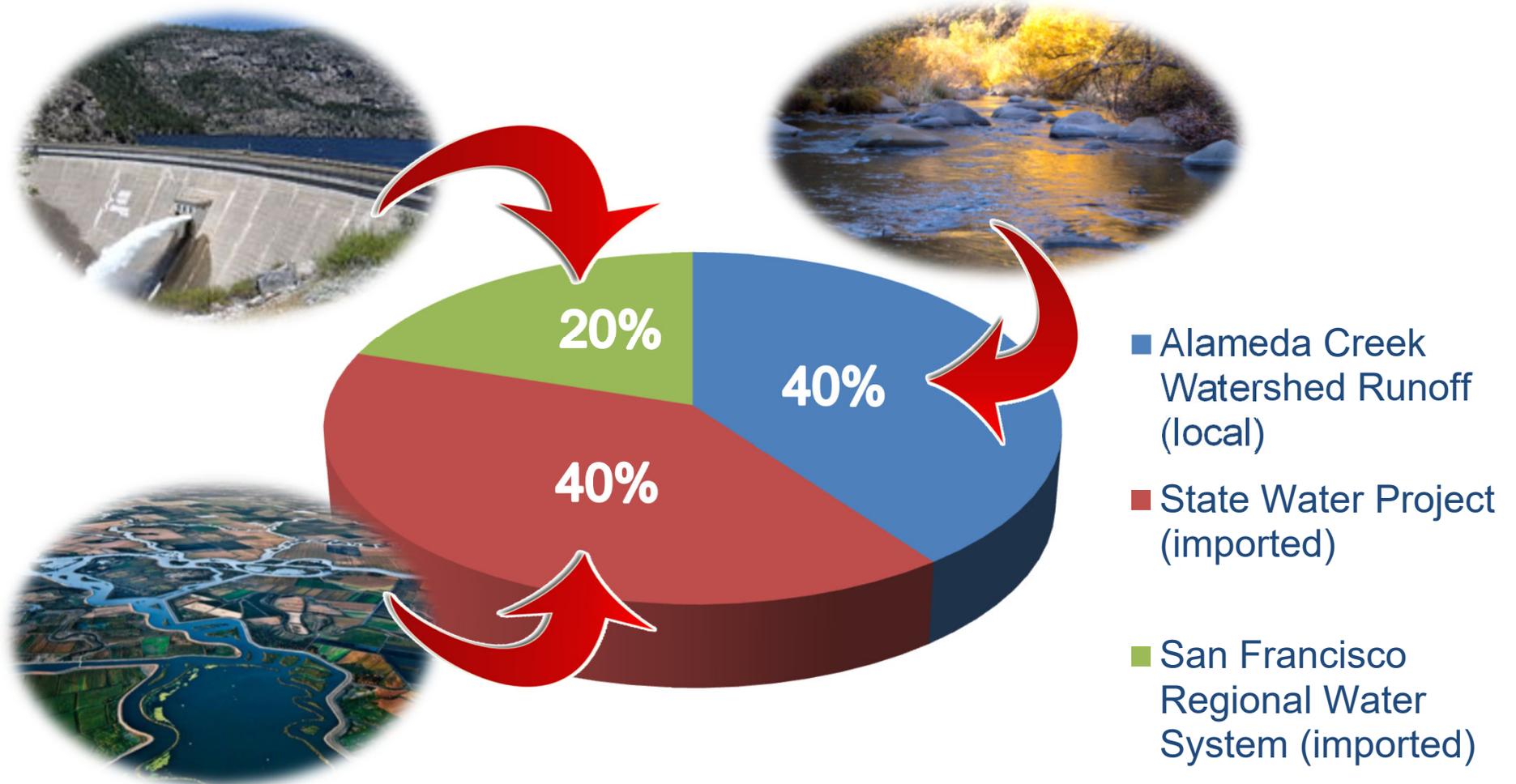


# Service Area

- Fremont, Newark, and Union City – 105 square miles



# ACWD Water Supply Sources Average Year



# Core Activities

- **Provide Excellent Customer Service, including Conservation Assistance and Education**
- **Ensure a Reliable, High Quality, Water Supply**
  - Optimize multiple water sources to maximize supply reliability
  - Consistently meet or surpass all drinking water regulations
  - Protect and manage the Niles Cone Groundwater Basin
  - Comply with all environmental regulations
  - Attract and retain highly qualified and effective employees to operate and maintain complex system
- **Maintain Critical Infrastructure**
  - Identify, prioritize, and successfully complete highest priority CIP projects
- **Be prepared for disasters and emergencies and be ready to respond and recover**

# Core Activities

- **Ensure District Financial Sustainability and Resiliency**
  - Continuous focus on productivity and efficiency
  - Maintain reasonable rates (lower half of Bay Area water utilities)
  - Maintain AAA bond rating
  - Prudent reserve policies and utilization of reserve funds
  - Proactively addressing pension/OPEB liabilities

# Alameda County Water District

## Accomplishments & Goals

# FY 2021/22 Accomplishments

## Engineering and Technology Services

- Awarded a contract for the District's Clean Energy Program to implement solar photovoltaic systems at several facilities
- Mapped approximately 23.3 miles of main in GIS
- Received the ACWA Clair Hill Award for Fish Passage Improvements
- Completed construction of phase 1 of the Alvarado-Niles project, which replaced 9,000 feet of pipeline to enhance resiliency against seismic forces
- Commenced construction of the AMI project
- Completed construction of the Vallecitos Channel Restoration project
- Completed construction of the Souza Avenue and Concord Street project
- Completed migration of on-premise SharePoint repositories to SharePoint online
- Completed cyber-security enhancements to District networks and systems
- Continued support of the SCADA Systems Replacement project
- Completed enhancements to the Boardroom audio-visual system to accommodate hybrid meetings
- Made significant progress toward turn-around goals for plan reviews
- Continued with configuration and testing of Cityworks and went live with the Permit, Licensing, and Land module

# FY 2022/23 Goals

## Engineering and Technology Services

- **Strategic Goal #1 – Cost Effectiveness & Value**
  - Update the District's Standard Specifications, Development Specifications, and Approved Materials List consistent with industry standards
  - Evaluate existing corrosion control and cathodic protection systems
  - Install solar arrays at Phase 1 sites in the clean energy program
  - Complete the Capital Improvement Program Engineering Report
  - Achieve milestones in Main Renewal and Seismic Improvement Program projects including: Alvarado-Niles, Driscoll Road, and select reservoir roofs
  - Complete blending facility low-flow modifications upgrade project
  - Initiate implementation of the Records Retention Schedule for SharePoint
  - Continue updates to technology infrastructure for increased cyber-security reliability and enhance disaster recovery capabilities for IT systems
  - Complete Cityworks upgrade projects for AMS and PLL platforms
- **Strategic Goal #5 – Communication**
  - Support external customer needs for modified water service, GIS records and fire flow testing
  - Release of the My Smart Water Connect portal and deployment of 65,000 AMI meters by June 30, 2023

# FY 2021/22 Accomplishments

## Operations and Maintenance

- Met or surpassed all primary and secondary drinking water standards
- Transitioned to a new vendor and optimized the District Uniform Program
- Responded to over 2,400 water emergency or quality calls
- Responded to 15 security incidents and installed security upgrades at Rubber Dam 3 and Whitfield Reservoir
- Repaired 117 main and service line leaks
- Exercised 2,670 small valves and 143 large valves
- Developed an in-house sampling procedure for PFAS
- Completed a laboratory workflow assessment and removed unnecessary or redundant actions
- Began a PFAS treatment study at the Blending Facility
- Began TP2 filter media replacement and completed half the filters
- Conducted a Board workshop focused on emergency preparedness and response
- Rehabilitated the Cedar 1 Well and the Avalon Booster Station
- Completed over 90% of scheduled preventative maintenance work
- Led regular emergency operations center meetings regarding the District's status and response to COVID

# FY 2022/23 Goals

## Operations and Maintenance

- **Strategic Goal #1 – Cost Effectiveness & Value**
  - Begin production of a Security Master Plan
  - Complete all backflow testing in compliance with State regulations
  - Complete the annual flushing program to achieve water quality goals
  - Respond to system emergencies and complete repairs in a timely manner to limit customer disruptions
  - Hire a third-party to audit the water quality laboratory
  - Meet or surpass water quality regulations 100% of the time
  - Complete desalination facility source well pilot testing and potentially add a new well to its source flow
  - Complete replacement of filter media at Treatment Plant 2
  - Complete a PFAS treatment study at Mowry and PT wellfields
  - Complete a building management upgrade for HVAC and lighting controls
  - Replace backup power supplies to enhance operational reliability
  - Develop and implement an asset management system for vertical assets
- **Strategic Goal #5 – Communication**
  - Address customer concerns and questions regarding water quality or water emergencies including outreach about PFAS

# FY 2021/22 Accomplishments

## Water Resources

- Joined the Los Vaqueros Reservoir Joint Powers Authority and secured additional funding for project planning
- Secured authorization for two additional years of Delta Conveyance funding
- Prepared a drought declaration and ordinance for Board approval and began implementation after approval
- Initiated development of a District Climate Adaptation Plan
- Completed the 2020-2025 Urban Water Management Plan
- Began implementation of the Water Efficiency Master Plan
- Completed key tasks in preparation for future Alameda Creek operations
- Initiated clean-up at one site with soil and/or groundwater contamination
- Complied with the District's replenishment assessment act
- Conducted Board workshops focused on 1) groundwater management and the Sustainable Groundwater Management Act, and 2) climate adaptation
- Submitted the Alternative to a Groundwater Sustainability Plan to the California Department of Water Resources
- Complied with various groundwater monitoring and reporting requirements

# FY 2022/23 Goals

## Water Resources

- **Strategic Goal #1 – Cost Effectiveness & Value**
  - Minimize operating costs by optimizing water supply and production
- **Strategic Goal #2 – Water Supply**
  - Implement drought-related actions to sustain water supplies
  - Complete the Purified Water Feasibility Evaluation
  - Complete development of a Climate Adaptation Plan
  - Begin operation of new fisheries facilities in Alameda Creek in compliance with the District’s Biological Opinion
  - Continue to support evaluation of the Los Vaqueros Expansion project
  - Complete the annual Groundwater Monitoring Report and Survey Report
  - Complete the annual Sustainable Groundwater Management Act report
  - Enforce District policy to protect groundwater quality
- **Strategic Goal #5 – Communication**
  - Conduct at least one public Board workshop on water resources issues
  - Conduct outreach with well owners/operators

# FY 2021/22 Accomplishments

## Finance & Administration

- Implemented COVID employee benefits and workplace safety protocols
- Completed contract negotiations with both unions and implemented the Classification & Compensation study
- Achieved industry recognition for excellence in financial reporting, budgeting, and procurement
- Worked with DMD to award on call emergency repair services contracts
- Applied for and received about \$900K from the State Arrearages Program to assist customers with past due balances
- Completed a rate-setting process and successfully updated the billing system for stage rates and an updated approach for private fire service accounts
- Increased the credit for Help on Tap and reduced application processing times
- Supported the AMI project and ongoing development of the My Smart Water Connect customer portal; finalized a \$2M grant for the AMI project
- Completed the FY 2020/21 audit with no findings
- Completed an internal accounting procedures manual
- Developed a draft capital assets and depreciation policy
- Saved \$2M for ratepayers through a bond refunding
- Completed an actuarial valuation for OPEB obligations

# FY 2022/23 Goals

## Finance & Administration

- **Strategic Goal #1 – Cost Effectiveness & Value**
  - Work with IT to update JD Edwards, the District’s financial system
  - Successfully transition to the AMI system ‘owner’ role
  - Work with DMD to assess inventory/warehouse management practices
- **Strategic Goal #2 – Water Supply**
  - Support the Los Vaqueros project as a Board Committee member and through staff working groups
- **Strategic Goal #3 – Financial Stability and Transparency**
  - Secure grant funding for critical infrastructure projects
  - Complete a water rate-setting process
  - Complete the annual audit timely and with no findings
- **Strategic Goal #4 – Workforce**
  - Implement Employee Engagement Action Plan recommendations
  - Facilitate implementation of DEI action items
- **Strategic Goal #5 – Communication**
  - Implement and promote the My Smart Water Connect customer portal and increase participation with online customer tools
  - Conduct a vendor fair and training on how to do business with the District

# FY 2021/22 Accomplishments Office of the General Manager

- Achieved or made substantial progress toward Strategic Plan goals
- Successfully transitioned from At-Large to Zone-Based elections and adopted the initial zone maps
- Maintained customer service with 40% of employees working from home for much of the year and re-officed employees late in the fiscal year
- Worked with the DEI Steering Committee to advance the DEI work plan
- Launched the One Saves Water public outreach campaign
- Transitioned to in-person events and community engagement, including the Fish Passage program ribbon cutting, Niles Canyon Stroll & Roll, and others
- Hosted the 3<sup>rd</sup> annual WaterClips Student Video Contest
- Represented the District with a variety of Joint-Powers Authorities and other organizations
- Complied with all open meeting and other laws, including implementation of hybrid Board meetings
- On-boarded a new General Manager

# FY 2022/23 Goals

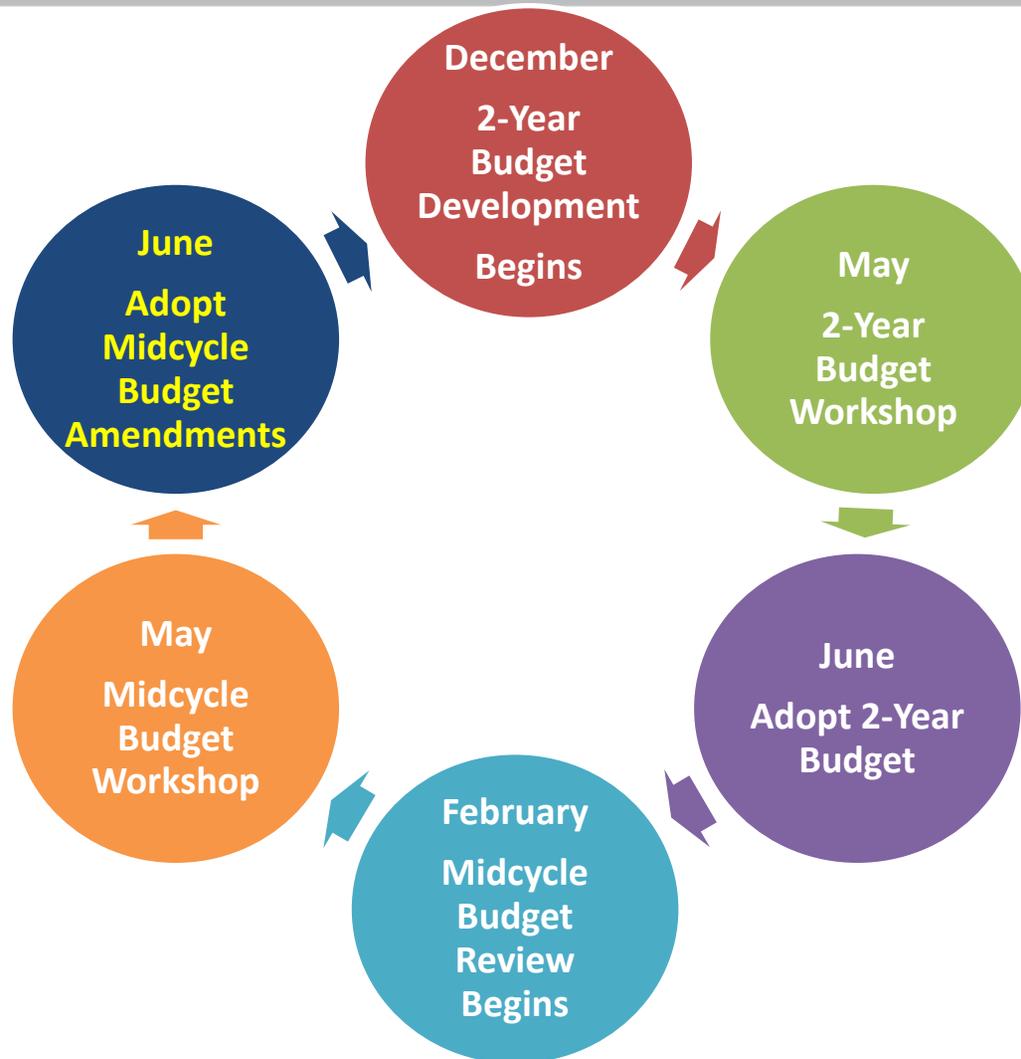
## Office of the General Manager

- **Support initiatives to advance all aspects of the District's Strategic Plan**
- **Strategic Goal #2 – Water Supply**
  - Provide oversight and direction regarding District participation in water supply and storage initiatives
- **Strategic Goal #3 – Financial Stability and Transparency**
  - Evaluate water rates and structures appropriate to address the cost of service and best meet District objectives
- **Strategic Goal #4 – Workforce**
  - Complete transition to a 'new normal' approach to conducting District business consistent with public health measures and guidance
  - Host 'all hands' meetings to maintain open communication with employees
- **Strategic Goal #5 – Communication**
  - Work with the District's Sacramento representative to support legislative outreach and activities, as needed
  - Expand water education efforts to include schools and summer camps
  - Develop a crisis communication plan for emergency and unexpected events
  - Develop an electronic newsletter

# Alameda County Water District

## Budget Process and Assumptions

# District Two-Year Budget Cycle



May 18, 2022 Budget Workshop

# Assumptions and Planned Activities

- **Forecasted demand**

- Projected billed demand at 32.7 MGD for FY 2021/22 and 31.3 MGD for FY 2022/23 based on trends and conservation targets
- Financial Planning Model assumes modest post-drought increases for three years until reaching 34.2 MGD in FY 2025/26 and ongoing

# Assumptions and Planned Activities

## Drought Update

- Severe drought conditions over the past two years
- State's water storage levels remain low
- Ended up being a relatively dry year despite heavy December rains
- State remains in a drought emergency
- Imported water supplies are limited
  - State Water Project – 5% allocation
  - San Francisco Regional Water System – under a water shortage emergency with 10% reduction goal
- Local conditions remain dry
- ACWD declared a Water Shortage Emergency on December 9, 2021
- 15% systemwide target to reduce water demands
- More information & rebates available at [acwd.org/drought](https://www.acwd.org/drought)



Source: US Drought Monitor, map released as of May 12, 2022:  
<https://droughtmonitor.unl.edu/CurrentMap/StateDroughtMonitor.aspx?CA>

# Assumptions and Planned Activities

- **Prudent investments in infrastructure replacement and seismic improvements to enhance water system reliability**
  - Advanced Metering Infrastructure
  - Alameda Creek Fish Passage Projects
  - Main Renewal Program
  - Reservoir and pump station improvement projects
- **Continue evaluation of initiatives to ensure water supply reliability**
  - Delta Conveyance
  - Los Vaqueros Reservoir Expansion
  - Water Reuse Project

# Assumptions and Planned Activities

## Staffing Changes

- **Reorganization**

- Human Resources and Risk Management division reorganized from the Office of the General Manager to Finance & Administration Department
- Finance Department is now Finance & Administration Department

- **Positions**

- Delete a vacant Planner/Scheduler position and replace it with a Senior Utility Mechanic
- Delete a vacant Network Technician position and replace it with an Information Technology Analyst/Administrator
- Delete a vacant Defined Term Engineering Technician I/II and replace it with a Defined Term Public Affairs Specialist I/II
- Add a Defined Term Water Use Efficiency Specialist I

# Assumptions and Planned Activities

- **Reduce long-term costs by responsibly funding pension/OPEB liabilities**
- **CalPERS updated discount rates within the past year as part of an Asset Liability Management process conducted every four years:**
  - Lowered to 6.8% for the pension fund (previously 7%)
  - Lowered to 6% for the California Employers' Retiree Benefit Trust fund (our OPEB trust fund – previously at 6.75% per the District's actuary)
  - Changes are the result of updated market assumptions for investment returns from various asset classes and updates to the portfolio for each fund
  - The pension fund has a higher discount rate because it includes private equity, the highest earning asset class in the fund, and up to 5% leverage
- **Staff recommends continuing to fund pension liabilities based on a 6.5% discount rate and adjusting to fund OPEB liabilities based on a 6% discount rate (instead of 6.5%)**

# Assumptions and Planned Activities

- **Strong returns in FY 2020/21 would allow for lower contributions and still achieve full funding by June 30, 2032**
- **More aggressive contributions are maintained due to current and future uncertainty in returns - until the District achieves full funding**
  - Total unfunded liabilities: \$86.8 million
    - Pension: \$73.0 million at 6/30/2020 / OPEB: \$13.8 million at 6/30/2021
  - Unfunded liability payment schedule based on 6.5% discount rate, level \$ contributions (except 6% discount rate for OPEB)
  - Total Contributions
    - Pension (FY 2021/22: \$14.8 million / FY 2022/23: \$15.1 million)
    - OPEB (FY 2021/22: \$4.1 million / FY 2022/23: \$4.1 million)
  - Advanced Funding
    - Pension (FY 2021/22: \$5.5 million / FY 2022/23: \$5.6 million)
- **Staff are beginning to evaluate a permanent funding policy that will take us beyond 2032 and will develop it for a future budget cycle**

# Key Budget Assumptions

- **Projected future rate increases to maintain financial capacity**
  - March 1, 2023 and future annual increases assumed: 3.0%
- **SFPUC wholesale water rate increases**
  - FY 2022/23: 15.9% increase
  - FY 2023/24: 11.16% increase
- **Potential changes to chemical costs pending final bid amounts**
- **Labor and benefit costs are consistent with labor contracts**
  - Cost of Living Adjustments: 3.25% (July 1, 2022); 3.25% (July 1, 2023); 3.14% (July 1, 2024)
  - New hires on or after January 2019 enrolled in a defined contribution retiree health benefit plan.
    - 74 current employees are enrolled in this benefit plan

# Key Budget Changes Budget Year

- **Increase in operating expenses since budget adoption**
  - Water purchases – \$1.8 million
  - Chemicals – \$0.7 million (ongoing)
  - Services (Professional, Miscellaneous, Legal, Contractor) – \$1.3 million
  - Negotiated labor contracts – \$0.5 million
  - Expense projects – \$0.7 million
  - Rebates – \$0.2 million

# Current Projected Financial Status General Fund

- The table on the next slide shows:
  - FY 2019/20 and FY 2020/21 actual financial results
  - FY 2021/22 estimated financial results compared to the adopted budget
  - FY 2022/23 amended budget compared to the adopted budget
- Started FY 2021/22 with \$1.8 million higher beginning General Fund balance compared to FY 2021/22 Adopted Budget
- Estimated ending General Fund balance, as of June 30, 2022, has increased by \$5.9 million compared to FY 2021/22 Adopted Budget
- Estimated ending General Fund balance, as of June 30, 2023, has decreased by \$5.6 million compared to FY 2022/23 originally Adopted Budget
- Changes are significantly affected by adding \$10M of bonds funds in the current year and removing the \$19.5M State Revolving Fund loan over FYs 2021/22 and 2022/23

# Current Projected Financial Status General Fund

	FY 19/20 Actual	FY 20/21 Actual	FY 21/22 Adopted Budget	FY 21/22 Estimated Actual	FY 22/23 Adopted Budget	FY 22/23 Amended Budget
(\$ in thousands)						
<b>General Fund</b>						
<b>Beginning Balance</b>	<b>\$107,571</b>	<b>\$123,822</b>	<b>\$122,120</b>	<b>\$123,949</b>	<b>\$125,983</b>	<b>\$131,875</b>
Revenues	140,335	149,771	150,140	142,410	148,069	156,698
Expenses	125,061	152,856	156,028	144,482	155,557	165,945
Debt Proceeds	-	-	9,750	10,000	9,750	-
Reconciling Timing Difference	976	3,211	-	-	-	-
<b>General Fund Ending Balance</b>	<b>123,822</b>	<b>123,948</b>	<b>125,983</b>	<b>131,876</b>	<b>128,245</b>	<b>122,628</b>
Change in Fund Balance \$	16,250	126	3,863	7,927	2,262	(9,247)
Change in Fund Balance %	15%	0%	3%	6%	2%	-7%

# Indicators

<b>Economy</b>	<b>Mar 2021</b>	<b>Jun 2021</b>	<b>Sep 2021</b>	<b>Dec 2021</b>	<b>Mar 2022</b>
Unemployment - U.S.	6.0%	5.9%	4.7%	3.9%	3.6%
Unemployment - CA	8.3%	7.9%	6.4%	5.8%	4.9%
Unemployment - Alameda County	6.5%	6.9%	5.1%	3.8%	3.2%
CPI-U - U.S.	2.6%	5.4%	5.4%	7.0%	8.5%
CPI-U - Oakland, Hayward, Berkeley	7.3%	7.1%	5.2%	4.2%	3.3%
GDP (Qrtly data. 4Q20 +4.5%)	6.3%	6.7%	2.3%	6.9%	-1.4%
Total Water Production % Change	9.5%	-12.6%	-4.3%	-5.1%	7.5%
Comm/Ind Water Consumption % Change	-16.7%	32.7%	4.0%	-27.7%	7.2%
Res Water Consumption % Change	-11.5%	23.4%	3.1%	-25.5%	8.5%
Past Due Balance: Water Revenue	\$1,286,000	\$1,500,000	\$1,937,000	\$1,223,000	\$1,334,000

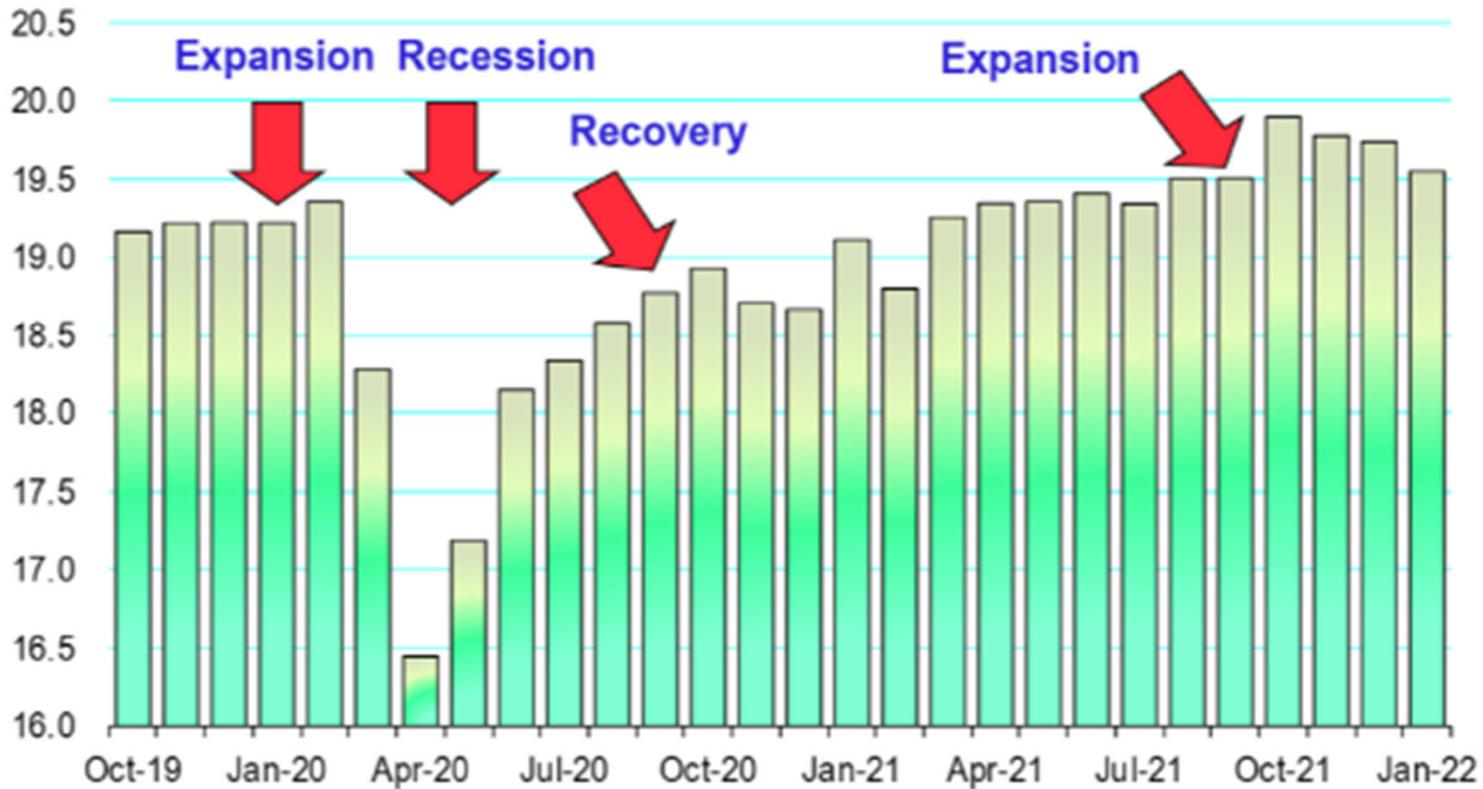
Due to the District's meter reading cycle, water consumption changes for commercial and residential customers are based on data from two months prior

# Economy

trillions  
of dollars  
(SAAR)

## Monthly Real GDP / U.S.

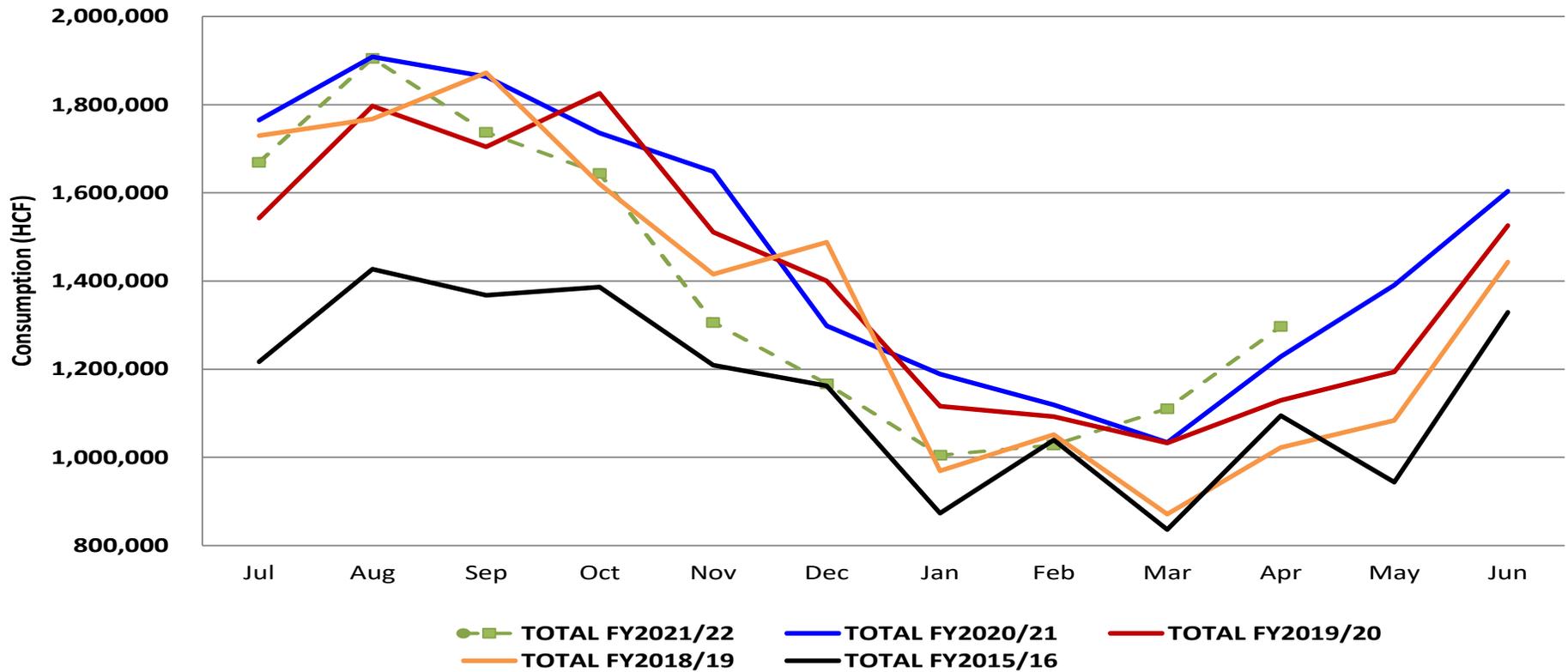
October 2019 -- January 2022



<https://californiaforecast.com/april-2022/>

# Water Consumption

**Total Consumption  
By Fiscal Year By Month  
FY2015/16, FY2018/19, FY2019/20, FY2020/21, FY2021/22**



# Alameda County Water District

## Budget Overview

# Budget Comparison

## Total Revenues

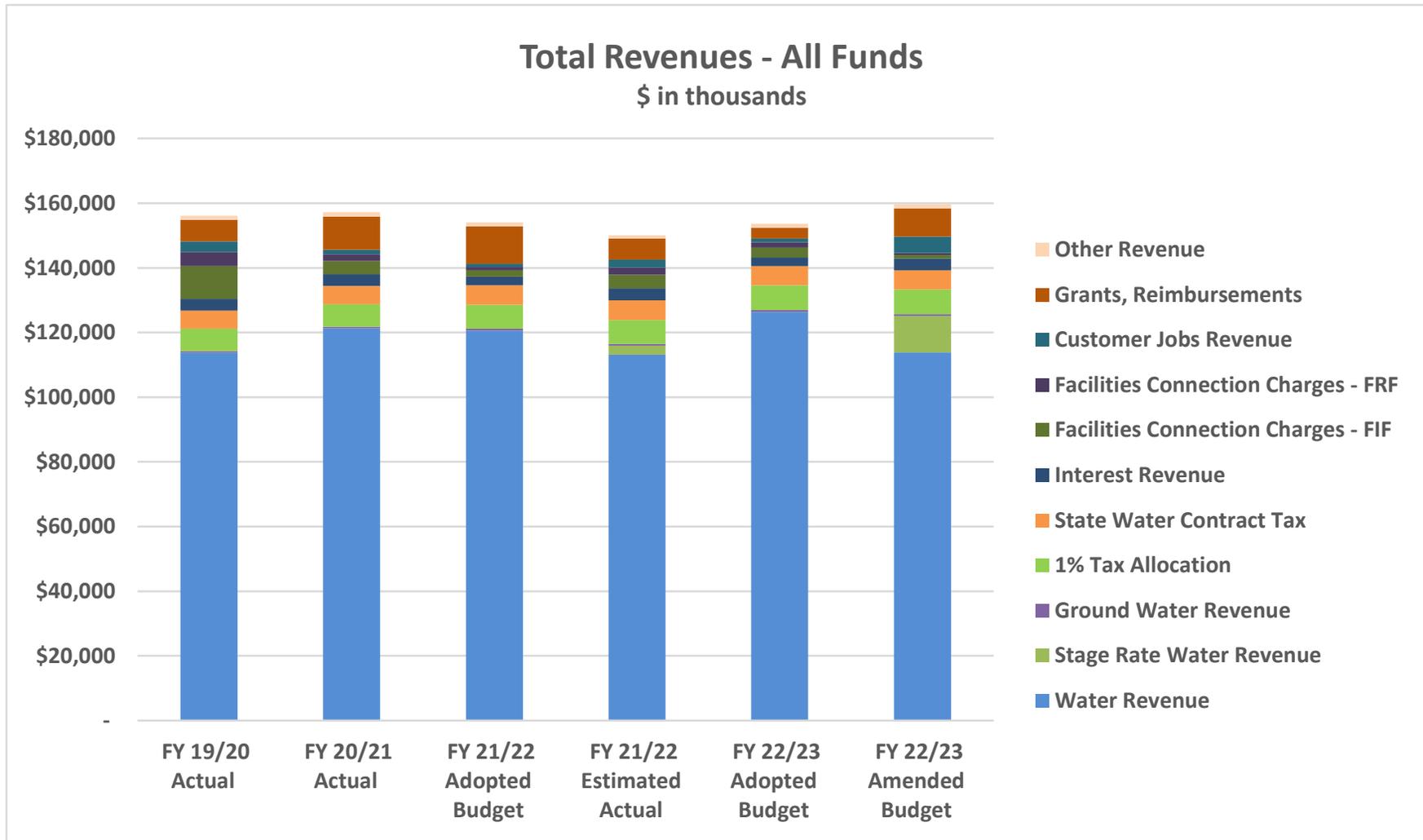
	FY 19/20 Actual	FY 20/21 Actual	FY 21/22 Adopted Budget	FY 21/22 Estimated Actual	FY 22/23 Adopted Budget	FY 22/23 Amended Budget
<b>Revenues</b>			(\$ in thousands)			
Water Revenue	\$113,751	\$121,339	\$120,600	\$113,125	\$126,384	\$113,828
Stage Rate Water Revenue	-	-	-	2,820	-	11,281
Ground Water Revenue	539	499	579	539	588	577
1% Tax Allocation	6,884	6,953	7,360	7,363	7,610	7,613
State Water Contract Tax	5,595	5,581	6,090	6,090	5,924	5,924
Interest Revenue	3,699	3,638	2,665	3,808	2,676	3,748
Facilities Connection Charges - FIF	10,068	4,157	1,980	4,163	3,100	1,050
Facilities Connection Charges - FRF	4,383	2,025	1,020	2,165	1,610	590
Customer Jobs Revenue	3,272	1,439	940	2,480	1,230	5,090
Grants, Reimbursements	6,640	10,207	11,628	6,521	3,329	8,744
Other Revenue	1,317	1,423	1,208	1,022	1,225	1,205
<b>Total Revenues</b>	<b>\$156,147</b>	<b>\$157,260</b>	<b>\$154,068</b>	<b>\$150,096</b>	<b>\$153,676</b>	<b>\$159,649</b>

*Note: Figures in tables and charts in this presentation are for All Funds, unless stated otherwise*

# Budget Comparison Water Revenues

	FY 19/20 Actual	FY 20/21 Actual	FY 21/22 Adopted Budget	FY 21/22 Estimated Actual	FY 22/23 Adopted Budget	FY 22/23 Amended Budget
(\$ in thousands)						
<b>Water Revenues (Detail)</b>						
Consumption Charge - Each Unit of Water	\$75,457	\$80,434	\$80,047	\$73,262	\$83,922	\$71,019
Water Service Charge - Billed to Customer:	37,166	39,617	39,426	38,735	41,335	41,006
Stage Rate Water Revenue	-	-	-	2,820	-	11,281
Other Water Revenues	1,128	1,289	1,128	1,128	1,128	1,802
<b>Total Water Revenues</b>	<b>\$113,751</b>	<b>\$121,339</b>	<b>\$120,600</b>	<b>\$115,945</b>	<b>\$126,384</b>	<b>\$125,108</b>

# Budget Comparison Total Revenues



# Grants & Reimbursements

- Total = \$32.1 million for FY2019/20 – FY2022/23
  - \$12.6 million reimbursement Alameda County Flood Control District
  - \$5.6 million CA Wildlife Conservation Board
  - \$5.0 million CA Dept. of Fish & Wildlife
  - \$3.4 million Prop 1
  - \$2.0 million Oliver de Silva Inc.
  - \$1.5 million US Bureau of Reclamation for AMI
  - \$2.0 million other

# Grants & Reimbursements

## **Future Opportunities the Grants team is pursuing:**

- Proposition 1 Groundwater Grant Program Funding for Brackish Groundwater Reclamation
- FEMA Hazard Mitigation Grant Program funding for various seismic retrofit projects, including Patterson, Decoto, and Alameda reservoirs and Alvarado Niles Pipeline
- Potential Federal Infrastructure funding for a variety of shovel-ready projects
- Additional Funding Opportunities for priority projects as available, including SRF funding for PFAS projects
- Infrastructure funding for Main Renewal Program

# Grants & Reimbursements

Program	Grants	FY 19/20	FY 20/21	FY 21/22	FY 22/23	Total
		Actual	Actual	Estimated Actual	Amended Budget	
Fish Passage	ACFCD for RD1/Drop Struct. Fish ladder	\$2,138	\$4,494	\$2,633	\$3,329	\$12,594
Fish Passage	CA WCB for Rubber Dam Fish Ladder No. 1	1,106	3,405	534	536	5,581
Fish Passage	CDFW Restoration Grant for RD1 and Shinn Screens	1,891	1,670	1,440	-	5,000
Fish Passage	IRWMP Prop 1 Grant for RD1 System Fish Passage Improvements	-	-	-	3,347	3,347
RD3	CNRA URG for RD3	435	-	-	-	435
Fish Passage	Oliver de Silva Inc	1,000	-	1,000	-	2,000
AMI	USBR WaterSmart for AMI	-	-	-	1,500	1,500
RD3	Coastal Conservancy Prop 1 for RD3	25	-	41	-	66
Ground Water	SWRCB - Niles Cone Groundwater Basin Extraction Well Site Evaluation Project	-	16	572	32	620
Ground Water	DWR- Alternative Update & Model Upgrade for Niles Cone	-	276	224	-	500
Ground Water	State Water Resources Control Board for GW Sustain. Prog. (Old Jarvis)	5	65	77	-	146
Water Purchase	SFPUC/USD Cost Share	-	139	-	-	139
Emergency Services	Avalon Tank CalOES/FEMA	-	128	-	-	128
Conservation	StopWaste Conservation Grant RD 3	33	-	-	-	33
Conservation	Solano County Conservation Grant RD 2	9	12	-	-	21
<b>TOTAL</b>		<b>\$6,641</b>	<b>\$10,206</b>	<b>\$6,521</b>	<b>\$8,744</b>	<b>\$32,112</b>



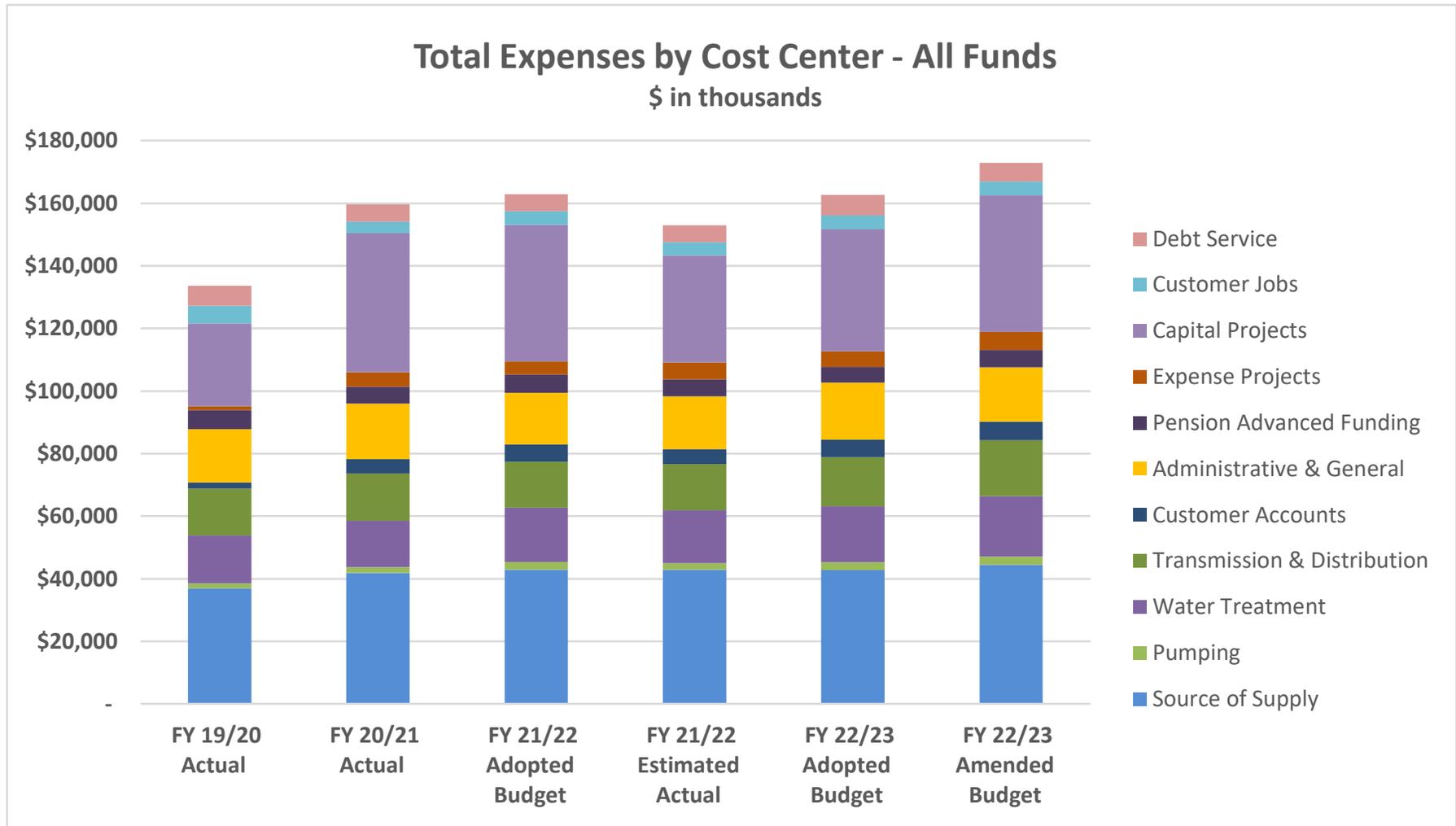
# Budget Comparison

## Total Expenses

	FY 19/20 Actual	FY 20/21 Actual	FY 21/22 Adopted Budget	FY 21/22 Estimated Actual	FY 22/23 Adopted Budget	FY 22/23 Amended Budget
<b>Expenses</b>			(\$ in thousands)			
Source of Supply	\$36,906	\$41,911	\$42,905	\$42,865	\$42,769	\$44,487
Pumping	1,574	1,875	2,495	2,157	2,550	2,626
Water Treatment	15,423	14,800	17,334	16,888	17,839	19,281
Transmission & Distribution	14,903	15,086	14,654	14,733	15,683	17,876
Customer Accounts	1,983	4,551	5,501	4,842	5,704	5,948
Administrative & General	17,112	17,747	16,591	16,834	18,162	17,367
Pension Advanced Funding	5,975	5,506	5,866	5,465	5,016	5,566
Expense Projects	1,344	4,512	4,104	5,429	5,032	5,707
<b>Total Operating Expenses</b>	<b>95,220</b>	<b>105,987</b>	<b>109,449</b>	<b>109,212</b>	<b>112,753</b>	<b>118,856</b>
Capital Projects	26,357	44,515	43,655	34,194	38,928	43,696
Customer Jobs	5,687	3,653	4,348	4,136	4,459	4,459
Debt Service	6,378	5,529	5,479	5,479	6,526	5,965
<b>Total Non-Operating Expenses</b>	<b>38,422</b>	<b>53,698</b>	<b>53,481</b>	<b>43,809</b>	<b>49,912</b>	<b>54,119</b>
<b>Total Expenses</b>	<b>\$133,642</b>	<b>\$159,685</b>	<b>\$162,931</b>	<b>\$153,021</b>	<b>\$162,665</b>	<b>\$172,976</b>

# Budget Comparison

## Total Expenses



# Budget Comparison

## Total Cash Balances

	FY 19/20 Actual	FY 20/21 Actual	FY 21/22 Adopted Budget	FY 21/22 Estimated Actual	FY 22/23 Adopted Budget	FY 22/23 Amended Budget
<b>Total Cash Balance</b>			(\$ in thousands)			
Beginning Balance	\$171,035	\$194,514	\$189,893	\$195,301	\$190,781	\$202,375
Total Revenues	156,147	157,260	154,068	150,096	153,676	159,649
Total Operating Expenses	95,220	105,987	109,449	109,212	112,753	118,856
Total Non-Operating Expenses	38,422	53,698	53,481	43,809	49,912	54,119
Total Expenses	<b>133,642</b>	<b>159,685</b>	<b>162,931</b>	<b>153,021</b>	<b>162,665</b>	<b>172,976</b>
Net of Revenues and Expenses	<b>22,505</b>	<b>(2,425)</b>	<b>(8,862)</b>	<b>(2,925)</b>	<b>(8,989)</b>	<b>(13,327)</b>
Debt Proceeds	-	-	9,750	10,000	9,750	-
Reconciling Timing Difference	976	3,211	-	-	-	-
<b>Ending Cash Balance</b>	<b>\$194,514</b>	<b>\$195,300</b>	<b>\$190,781</b>	<b>\$202,376</b>	<b>\$191,541</b>	<b>\$189,048</b>

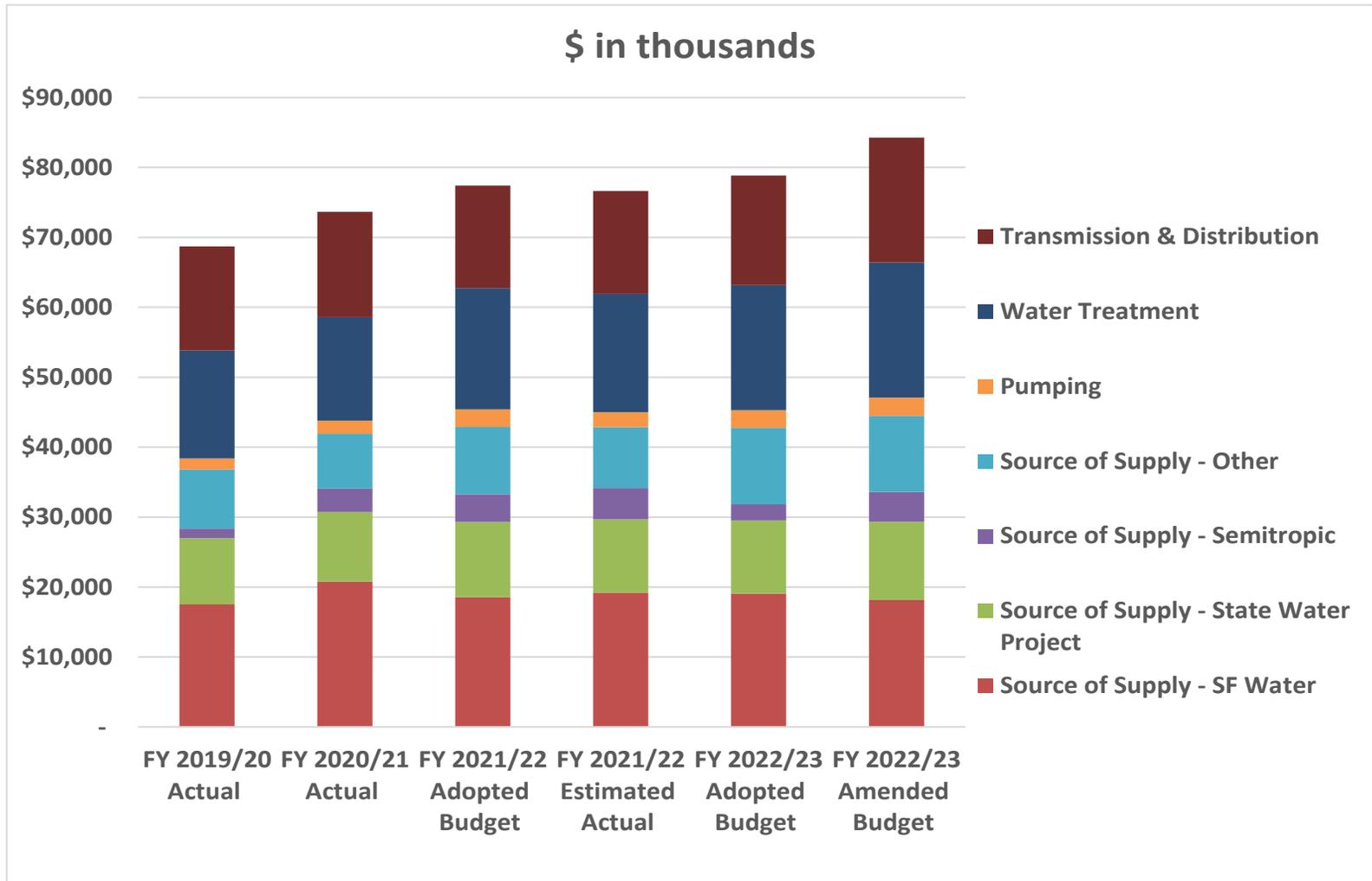
# Debt Reserves & Debt Indicators

RESERVES	FY 2019/20		FY 2020/21		FY 2021/22			FY 2022/23		
	Actual	Target	Actual	Target	Adopted Budget	Estimated Actual	Target	Adopted Budget	Amended Budget	Target
(\$ in thousands)										
Debt Service	\$ 2,759	\$ 2,759	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mgt Retirement Bonus	1,133	1,598	1,157	1,157	1,157	1,079	1,079	1,157	1,079	1,079
Emergency	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Operations & Maint.	28,156	27,924	30,659	30,658	29,868	28,704	28,704	31,314	30,827	30,827
Capital	74,924	14,060	14,499	14,499	76,853	14,499	14,499	76,453	14,499	14,499
Rate Stabilization	6,850	6,199	34,203	7,540	8,105	6,424	6,424	9,321	6,616	6,616
<b>GENERAL FUND</b>	<b>123,822</b>	<b>62,540</b>	<b>90,518</b>	<b>63,854</b>	<b>125,983</b>	<b>60,706</b>	<b>60,706</b>	<b>128,245</b>	<b>63,021</b>	<b>63,021</b>
Capital Sinking Fund			33,431		-	65,115		-	55,868	
Operations Contingency Fund			-		-	6,054		-	3,739	
<b>TOTAL GENERAL FUND</b>			<b>123,949</b>		<b>125,983</b>	<b>131,875</b>		<b>128,245</b>	<b>122,628</b>	
<b>FACIL. IMPROVEMENT</b>	<b>70,693</b>		<b>71,352</b>		<b>64,798</b>	<b>70,500</b>		<b>63,296</b>	<b>66,420</b>	
<b>FACIL. RENEWAL</b>	<b>-</b>		<b>-</b>		<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	
<b>Debt Service Coverage</b>	<b>9.04</b>	<b>2.00</b>	<b>9.01</b>	<b>2.00</b>	<b>8.35</b>	<b>7.01</b>	<b>2.00</b>	<b>6.47</b>	<b>5.99</b>	<b>2.00</b>
<b>Outstanding Debt per Customer</b>	<b>\$795</b>		<b>\$757</b>		<b>\$828</b>	<b>\$853</b>		<b>\$786</b>	<b>\$761</b>	
<b>Outstanding Debt per Capita</b>	<b>\$192</b>		<b>\$181</b>		<b>\$200</b>	<b>\$200</b>		<b>\$191</b>	<b>\$180</b>	

# Operations & Maintenance Expenses

	FY 2019/20 Actual	FY 2020/21 Actual	FY 2021/22 Adopted Budget	FY 2021/22 Estimated Actual	FY 2022/23 Adopted Budget	FY 2022/23 Amended Budget
<b>Source of Supply</b>						
			(\$ in thousands)			
Source of Supply - SF Water	\$17,527	\$20,783	\$18,567	\$19,219	\$19,061	\$18,151
Source of Supply - State Water Project	9,451	9,938	10,755	10,451	10,463	11,198
Source of Supply - Semitropic	1,371	3,366	3,942	4,474	2,295	4,232
Source of Supply - Other	8,475	7,824	9,642	8,721	10,950	10,906
<b>Pumping</b>	1,574	1,875	2,495	2,157	2,550	2,626
<b>Water Treatment</b>	15,423	14,800	17,334	16,888	17,839	19,281
<b>Transmission &amp; Distribution</b>	14,903	15,086	14,654	14,733	15,683	17,876
<b>O&amp;M SUBTOTAL:</b>	<b>\$68,724</b>	<b>\$73,671</b>	<b>\$77,388</b>	<b>\$76,642</b>	<b>\$78,840</b>	<b>\$84,269</b>

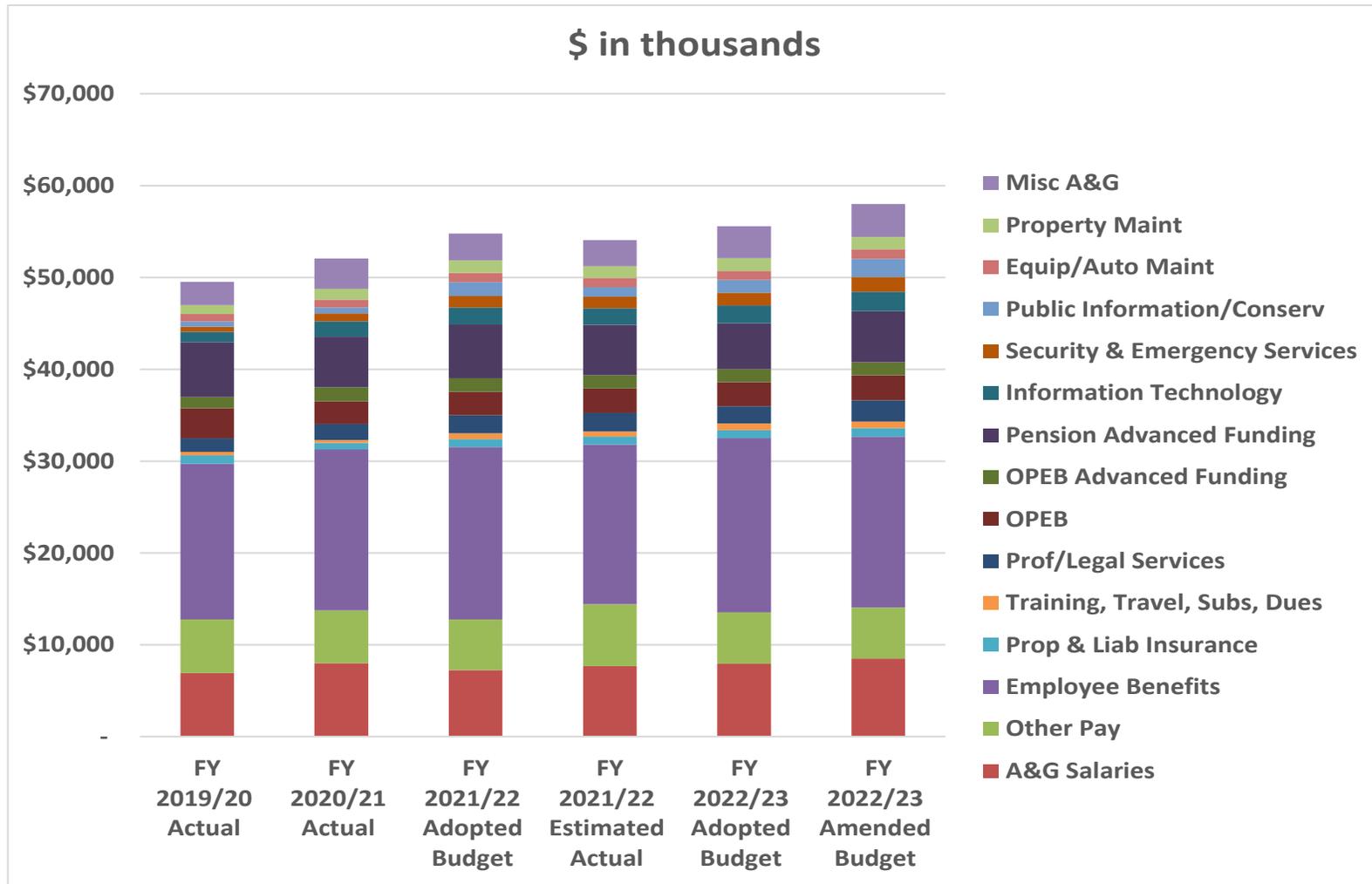
# Operations & Maintenance Expenses



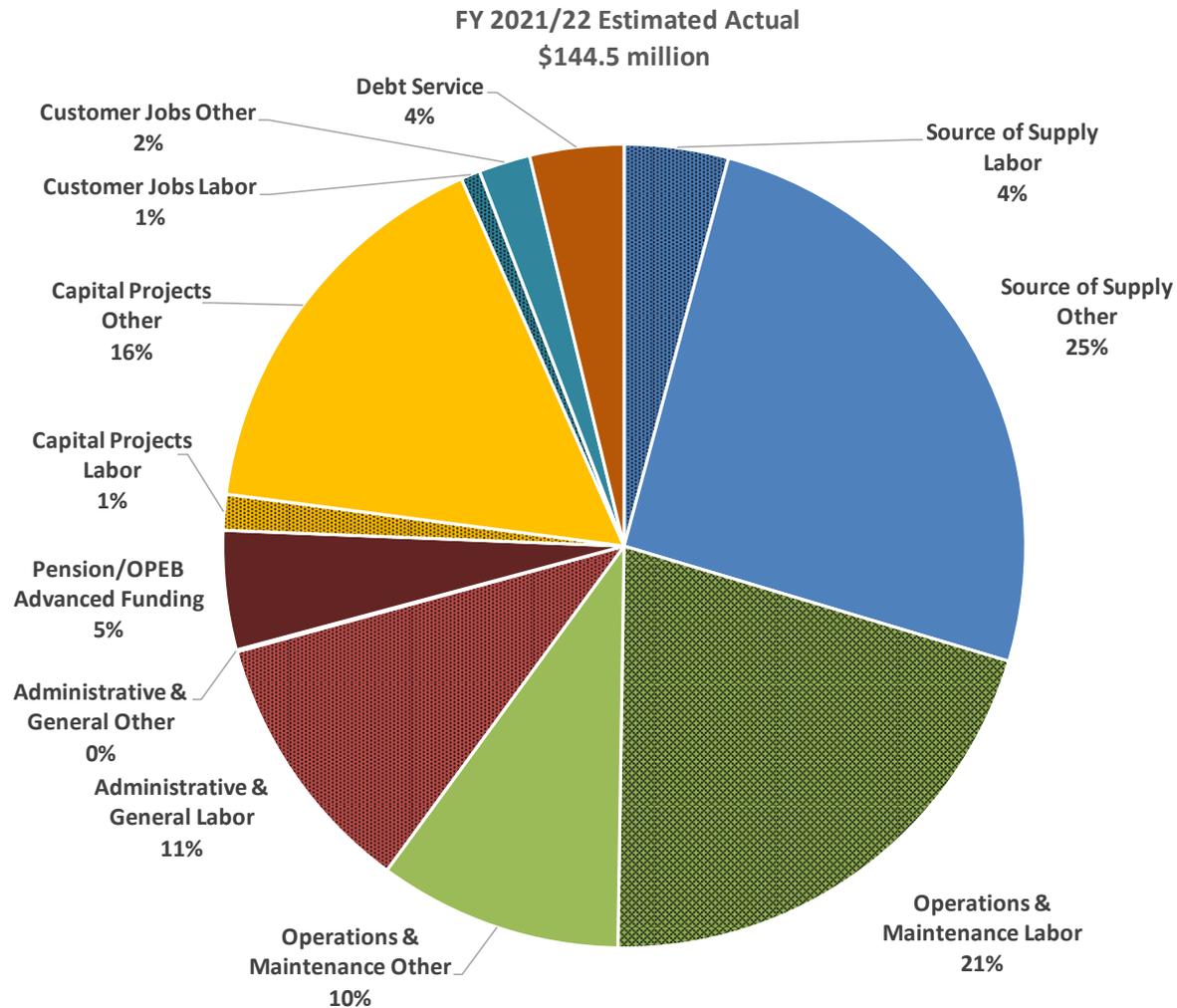
# Administrative & General

	FY 2019/20 Actual	FY 2020/21 Actual	FY 2021/22 Adopted Budget	FY 2021/22 Estimated Actual	FY 2022/23 Adopted Budget	FY 2022/23 Amended Budget
<b>Administrative &amp; General</b>			(\$ in thousands)			
A&G Salaries	\$6,930	\$8,008	\$7,260	\$7,669	\$7,944	\$8,508
Other Pay	5,826	5,741	5,502	6,741	5,588	5,570
Employee Benefits	16,966	17,539	18,782	17,395	18,986	18,575
Prop & Liab Insurance	897	691	853	875	879	950
Training, Travel, Subs, Dues	380	303	636	538	722	728
Prof/Legal Services	1,513	1,759	1,959	2,030	1,853	2,295
OPEB	3,251	2,486	2,573	2,651	2,635	2,726
OPEB Advanced Funding	1,217	1,518	1,465	1,465	1,410	1,410
Pension Advanced Funding	5,975	5,506	5,866	5,465	5,016	5,566
Information Technology	1,136	1,686	1,844	1,831	1,933	2,115
Security & Emergency Services	524	872	1,256	1,256	1,381	1,612
Public Information/Conserv	600	626	1,509	1,043	1,387	1,985
Equip/Auto Maint	790	854	994	994	996	1,045
Property Maint	975	1,186	1,347	1,281	1,368	1,329
Misc A&G	2,546	3,284	2,953	2,836	3,510	3,579
<b>Total</b>	<b>\$49,526</b>	<b>\$52,057</b>	<b>\$54,799</b>	<b>\$54,070</b>	<b>\$55,603</b>	<b>\$57,994</b>

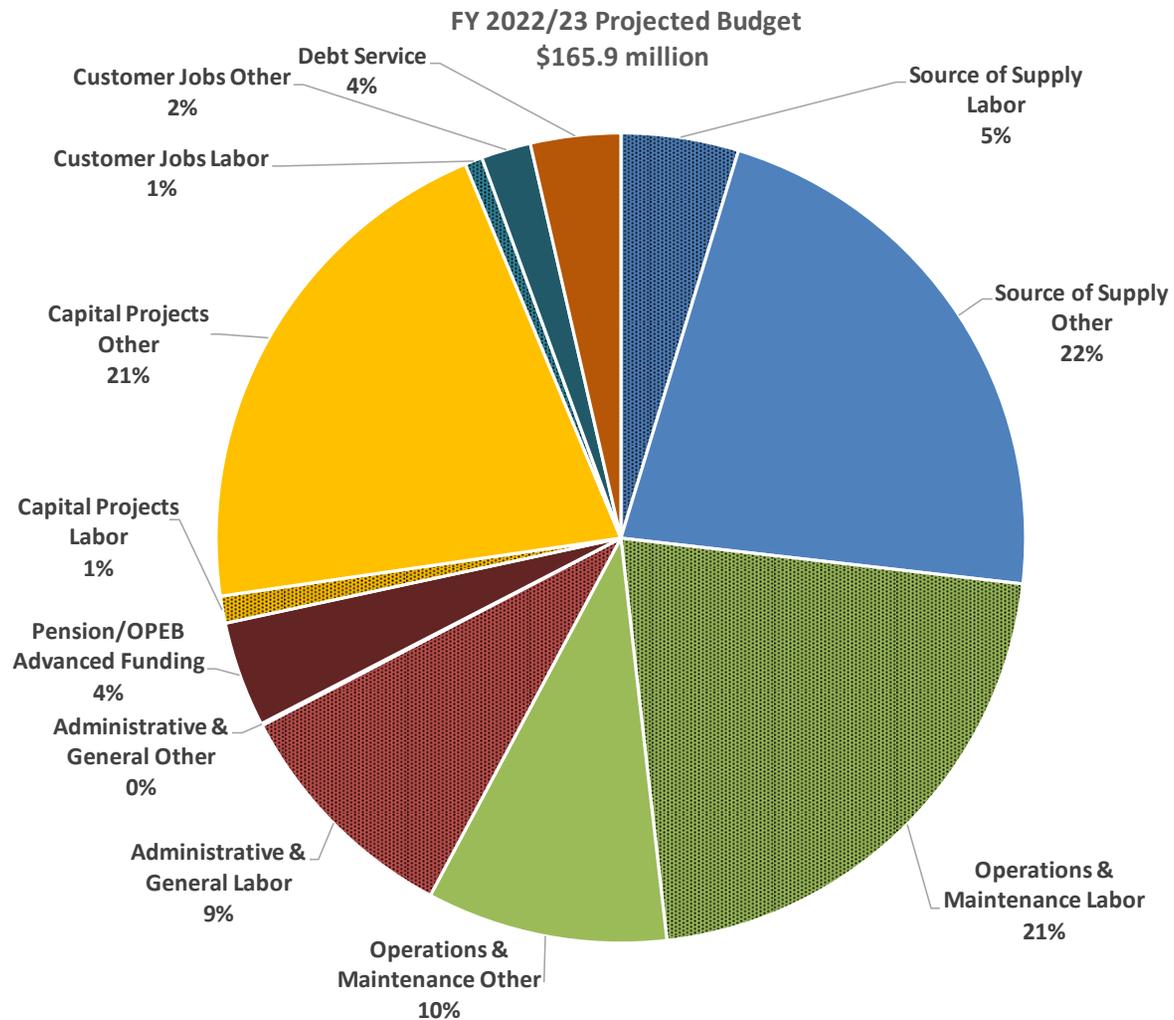
# Administrative & General



# General Fund Estimated Expenses FY2021/22



# General Fund Expenses FY2022/23



# Expenses - Labor

	FY 19/20 Actual	FY 20/21 Actual	FY 21/22 Adopted Budget	FY 21/22 Estimated Actual	FY 22/23 Adopted Budget	FY 22/23 Amended Budget
<b>Labor</b>						
<b>Operating</b>						
			(\$ in thousands)			
Source of Supply	\$2,187	\$2,089	\$2,390	\$2,351	\$2,701	\$2,861
Pumping	241	312	462	430	480	478
Water Treatment	4,160	3,967	4,587	4,527	4,807	4,814
Transmission & Distribution	4,356	4,566	4,541	4,575	4,988	5,379
Customer Accounts	1,207	1,371	1,651	1,404	1,747	1,712
Administration & General	8,190	9,481	8,710	9,099	9,405	10,086
Vacation, Sick Leave, Etc.	5,826	5,741	5,658	6,905	5,745	5,743
Expense Projects	185	561	10	561	10	561
<b>Total Operating Labor</b>	<b>26,352</b>	<b>28,088</b>	<b>28,010</b>	<b>29,851</b>	<b>29,883</b>	<b>31,634</b>
<b>Capital</b>						
General Fund	2,165	1,990	2,084	2,084	1,798	1,798
Facilities Improvement Fund	401	381	517	517	297	297
Facilities Renewal Fund	307	372	722	722	407	407
<b>Total Capital Labor</b>	<b>2,874</b>	<b>2,742</b>	<b>3,323</b>	<b>3,323</b>	<b>2,503</b>	<b>2,503</b>
<b>Customer Jobs</b>	<b>960</b>	<b>948</b>	<b>1,125</b>	<b>1,125</b>	<b>1,166</b>	<b>1,166</b>
<b>Total Labor Costs</b>	<b>\$30,186</b>	<b>\$31,777</b>	<b>\$32,458</b>	<b>\$34,299</b>	<b>\$33,551</b>	<b>\$35,302</b>

# Employee Benefits

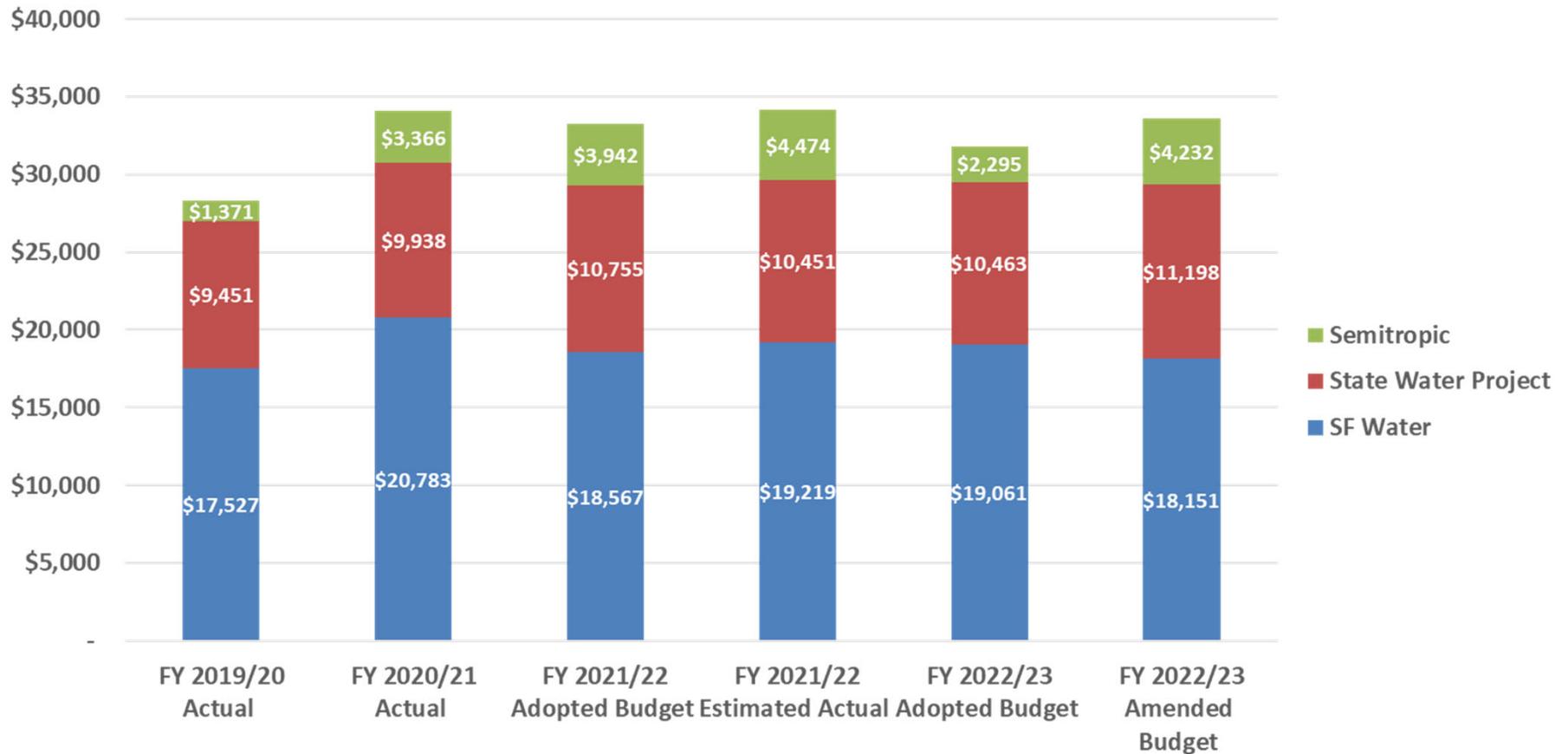
	FY 19/20 Actual	FY 20/21 Actual	FY 21/22 Adopted Budget	FY 21/22 Estimated Actual	FY 22/23 Adopted Budget	FY 22/23 Amended Budget
<b>Benefits</b>			(\$ in thousands)			
PERS Employer Percent	\$8,734	\$9,140	\$9,647	\$9,377	\$9,805	\$9,490
PERS EE Portion Paid by ACWD	263	268	264	262	266	299
OPEB	3,251	2,486	2,573	2,651	2,635	2,726
OPEB Advanced Funding	1,217	1,518	1,465	1,465	1,410	1,410
Pension Advanced Funding	5,975	5,506	5,866	5,465	5,016	5,566
Deferred Comp Contribution	233	188	197	257	197	203
Social Security	4	4	29	3	30	38
Medical	5,373	5,488	6,029	5,238	6,029	5,917
Medicare	443	462	468	296	468	498
AD&D	6	7	7	6	7	7
Life Insurance	61	63	76	64	80	73
Dental	398	408	448	395	461	441
Vision	62	64	71	63	73	70
Employee Assistance Program	6	7	7	6	7	7
Short Term Disability	69	73	76	62	80	67
LTD/Wage Continuation	101	108	113	103	119	112
Unemployment Insurance	8	23	15	6	15	11
Workers' Comp	1,073	1,074	1,141	1,053	1,148	1,131
MCP Allowance	124	136	146	155	150	160
Misc Other Benefits	10	26	52	49	52	52
<b>Total Emp Ret &amp; Benefits</b>	<b>\$27,409</b>	<b>\$27,048</b>	<b>\$28,686</b>	<b>\$26,976</b>	<b>\$28,046</b>	<b>\$28,277</b>

# FTEs & Retirements

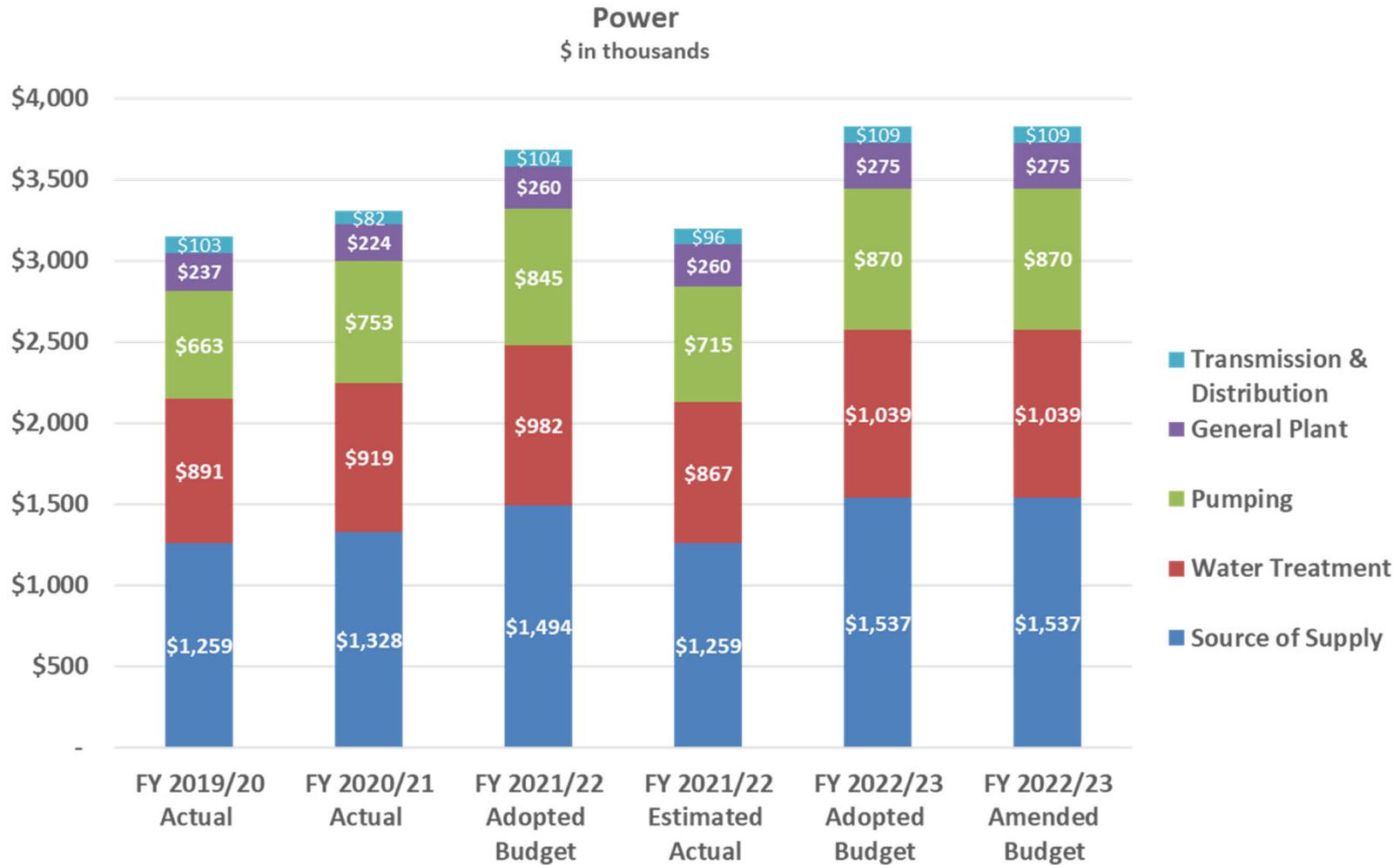
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2021/22	FY 2022/23	FY 2022/23
	Actual	Adopted Budget	Estimated Actual	Adopted Budget	Amended Budget						
Authorized Positions	238	230	230	230	233	233	236	241	241	243	244
Vacancies	21	16	12	23	9	15	8	18	17		
	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022		
	Actual	YTD									
Retirements	8	11	9	9	8	5	5	3	4		

# O&M: Purchased Water

Water Purchases  
\$ in thousands

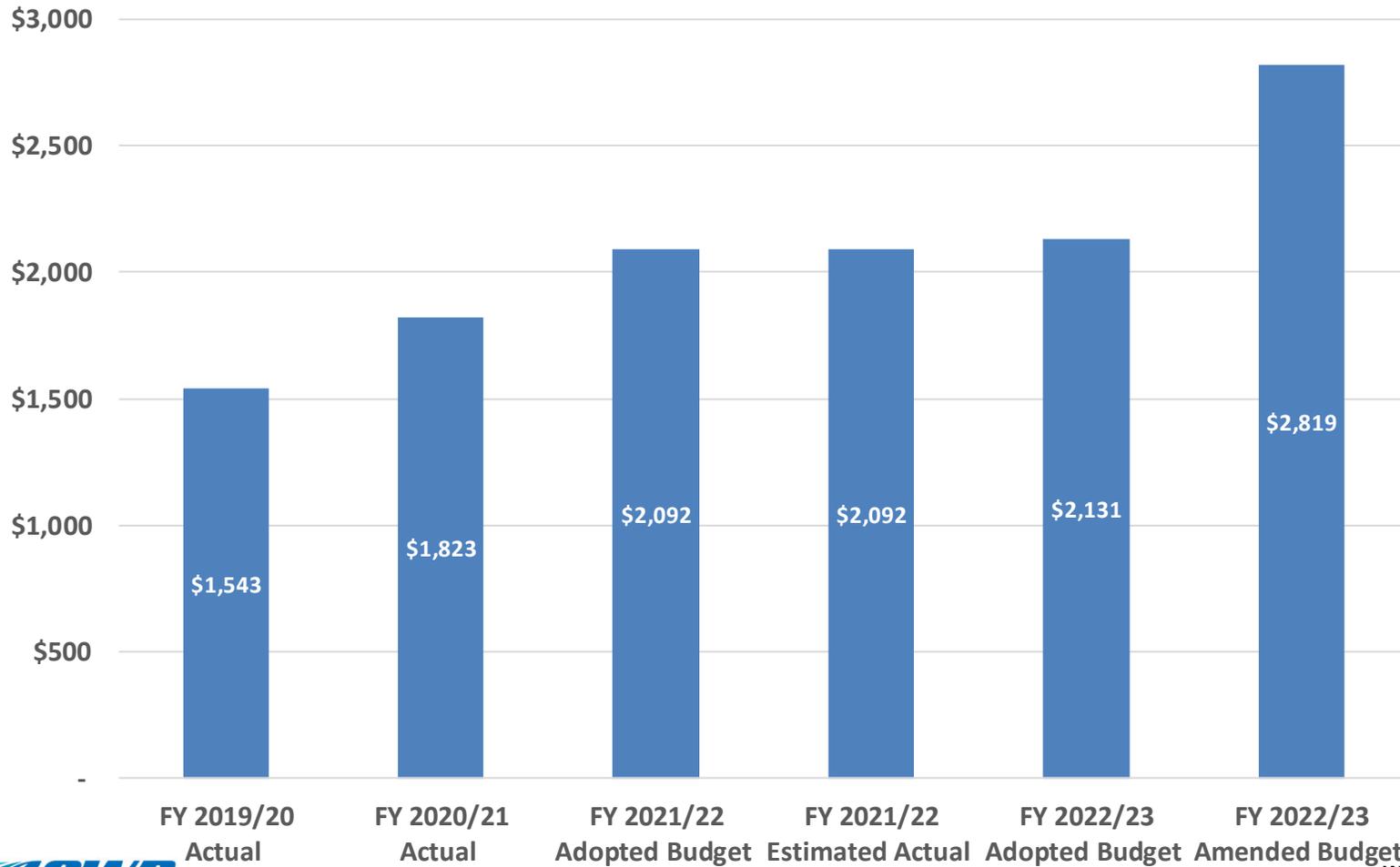


# O&M: Power



# O&M: Chemicals

Chemicals  
\$ in thousands



# Debt Service

	FY 2019/20 Actual	FY 2020/21 Actual	FY 2021/22 Adopted Budget	FY 2021/22 Estimated Actual	FY 2022/23 Adopted Budget	FY 2022/23 Amended Budget
(\$ in thousands)						
<b>Debt Service:</b>						
2009 Refunding Revenue Bonds	\$ 2,867	\$ -	\$ -	\$ -	\$ -	\$ -
2012 Revenue Bonds	1,884	3,905	3,854	3,854	3,799	-
2015 Revenue Bonds	1,627	1,624	1,625	1,625	1,624	1,624
2022 Refunding Revenue Bonds	-	-	-	-	-	4,341
Proposed Debt Service SRF Loan	-	-	-	-	1,103	-
	<u>\$ 6,377</u>	<u>\$ 5,529</u>	<u>\$ 5,479</u>	<u>\$ 5,479</u>	<u>\$ 6,526</u>	<u>\$ 5,965</u>
<b>Outstanding Principal:</b>						
2009 Refunding Revenue Bonds (Mature 6/1/2020)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2012 Revenue Bonds (Mature 6/1/2041)	43,085	40,750	38,350	-	35,885	-
2015 Revenue Bonds (Mature 6/1/2045)	25,295	24,715	24,105	24,105	23,465	23,465
2022 Refunding Revenue Bonds (Mature 6/1/2042) (Including \$10 million new money)	-	-	-	43,575	-	41,445
Proposed SRF Loan Debt Proceeds	-	-	9,750	-	9,750	-
	<u>\$ 68,380</u>	<u>\$ 65,465</u>	<u>\$ 72,205</u>	<u>\$ 67,680</u>	<u>\$ 69,100</u>	<u>\$ 64,910</u>

# Capital Improvement Program



Jan 15, 2022 at 2:39:52 PM  
58° NE  
Newark



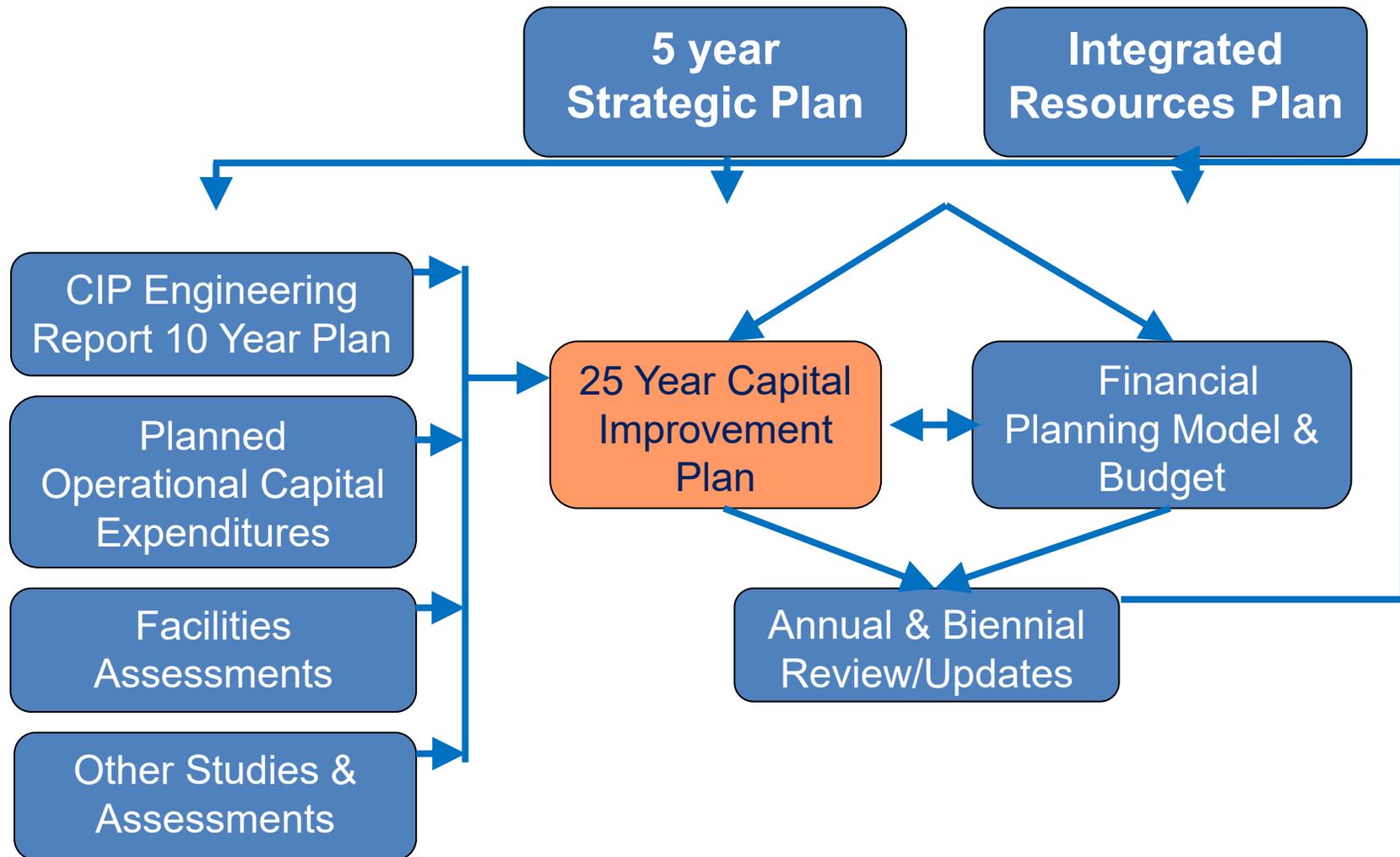
# Agenda

- Purpose of the CIP
- CIP Framework
- CIP Mid-cycle Status Update
- Key changes from the Prior CIP
- Highlights of the proposed CIP
- Extraordinary Expense Capital Projects
- Near term two-year focus

# Purpose of CIP

- Long range plan to address District's capital expenditures – 25 years
- Biennial budget cycle
- CIP updated annually
- Financial Planning Model to address annual fiscal constraints

# CIP Framework



# Financial Planning Model Guides CIP Budget

Proposed CIP stays within the limits of the FPM

Three Year Budget Total for FY 20/21 to FY 22/23: ~\$150 M



# CIP Mid-cycle Status



Invested ~\$53 M in FY 20/21 for the capital program (106% of adopted budget)



Added new contingency projects in the CIP and reevaluated investments, priorities and strategies



Revised cost estimates for near term construction projects to reflect inflation per current market conditions. Out-year projects are not updated for inflation



Resource requirements (labor to spread) are not updated during mid-cycle

# Capital Expenditures

	FY 19/20 Actual	FY 20/21 Actual	FY 21/22 Adopted Budget	FY 21/22 Estimated Actual	FY 22/23 Adopted Budget	FY 22/23 Amended Budget
	(\$ in thousands)					
<b>Capital Projects - GF</b>	\$17,776	\$37,687	\$36,752	\$25,655	\$31,819	\$36,665
<b>Capital Expenditures - FIF</b>	4,199	4,804	5,883	6,374	5,499	6,440
<b>Capital Expenditures - FRF</b>	4,383	2,025	1,020	2,165	1,610	590
<b>Customer Jobs</b>	5,687	3,653	4,348	4,136	4,459	4,459
<b>Total Capital Expenditures</b>	<b>\$32,046</b>	<b>\$48,168</b>	<b>\$48,003</b>	<b>\$38,330</b>	<b>\$43,387</b>	<b>\$48,154</b>
<b>Extraordinary Expense</b>	1,344	4,512	4,104	5,429	5,032	5,707
<b>Grand Total Capital Program</b>	<b>\$33,390</b>	<b>\$52,681</b>	<b>\$52,107</b>	<b>\$43,759</b>	<b>\$48,419</b>	<b>\$53,861</b>

FY 22/23 Amended Budget shown above does not include \$300,000 for Asbestos Cement Pipeline Assessment Study.

# CIP Overview

CIP Range Look Ahead*	2021 Adopted Budget	2022 Proposed Budget	Delta	Percent Change
2 Year	\$101 M	\$98 M	\$3 M	-3%
10 Year	\$494 M	\$513 M	\$19 M	4%
25 Year	\$1376 M	\$1398 M	\$20 M	1.6%

\* Budget totals shown are “look ahead” costs from FY 20/21 (Year 1)

# 25 Year CIP Changes to Large Programs (FY 21/22 to FY 45/46)

	<i>Prior (Adopted)</i>	<i>Proposed</i>
■ Total for 25 years	<u>\$1,376 M</u>	<u>\$1,398 M</u>
■ Main Renewal	\$676M	\$684M
■ Seismic Improvements	\$64M	\$67M
■ Fish Passage	\$13M	\$14M
■ AMI*	\$75M	\$77M
■ SL & Meter Replacement	\$26M	\$23M
■ Customer Jobs **	\$91M	\$91M

- *\* AMI includes potential change order for Federal prevailing wage and future echo project*
- *Change for ~\$2M Federal wage will be excluded from final Board recommendation in June.*
- **\*\*No rate impact**

# New Projects added to CIP (Board has taken no action yet)

Proposed new projects:

- Vineyard Heights Tank Site Stability- \$309,719
- TP2 Process Block Construction Joint Assessment - \$137,468
- Vehicle capital Leased Vehicle - \$3,422,200
- Site A ARP Well Outfall - \$300,000
- Mowry Deep Aquifer Secondary Well - \$1,430,520

# Key Changes to FY 21/22 Budget (Adopted \$52.1 M vs Proposed \$ 43.8M)

- Watershed preservation and Protection - \$5M
- Los Vaqueros Reservoir Expansion Project - \$1.6 M  
(\$2.5m in Year 2)
- Adjustments to AMI Project Budget - \$ 5.2M
- Avalon Tank Slope Stabilization Project - \$ 1.1M
- Service Line Emergency Replacement - \$ 0.5 M
- Vehicles and other project adjustments - \$ 3M
  
- Main Renewal Program - \$4.2 M
- Vallecitos Channel Betterments - \$2 M
- Fish Passage - \$1.5M

Red: Reductions  
Green: Additions

# Key Changes to FY 22/23 Budget (Adopted \$48 M vs Proposed \$54 M)

- Brackish Groundwater Reclamation Project - \$2.7 M
- Los Vaqueros Reservoir Expansion Project - \$2.5m
- Vallecitos Channel Betterments - \$1.7 M
- Service Line Emergency Replacement - \$0.5 M
- Alameda Reservoir Roof Replacement Project - \$1M
  
- Main Renewal Program - \$4 M
- PFAS Treatment - \$5.8 M
- Avalon Tank Slope Stabilization Improvements - \$1.3 M
- Curtner Booster Station Upgrade - \$3.3 M

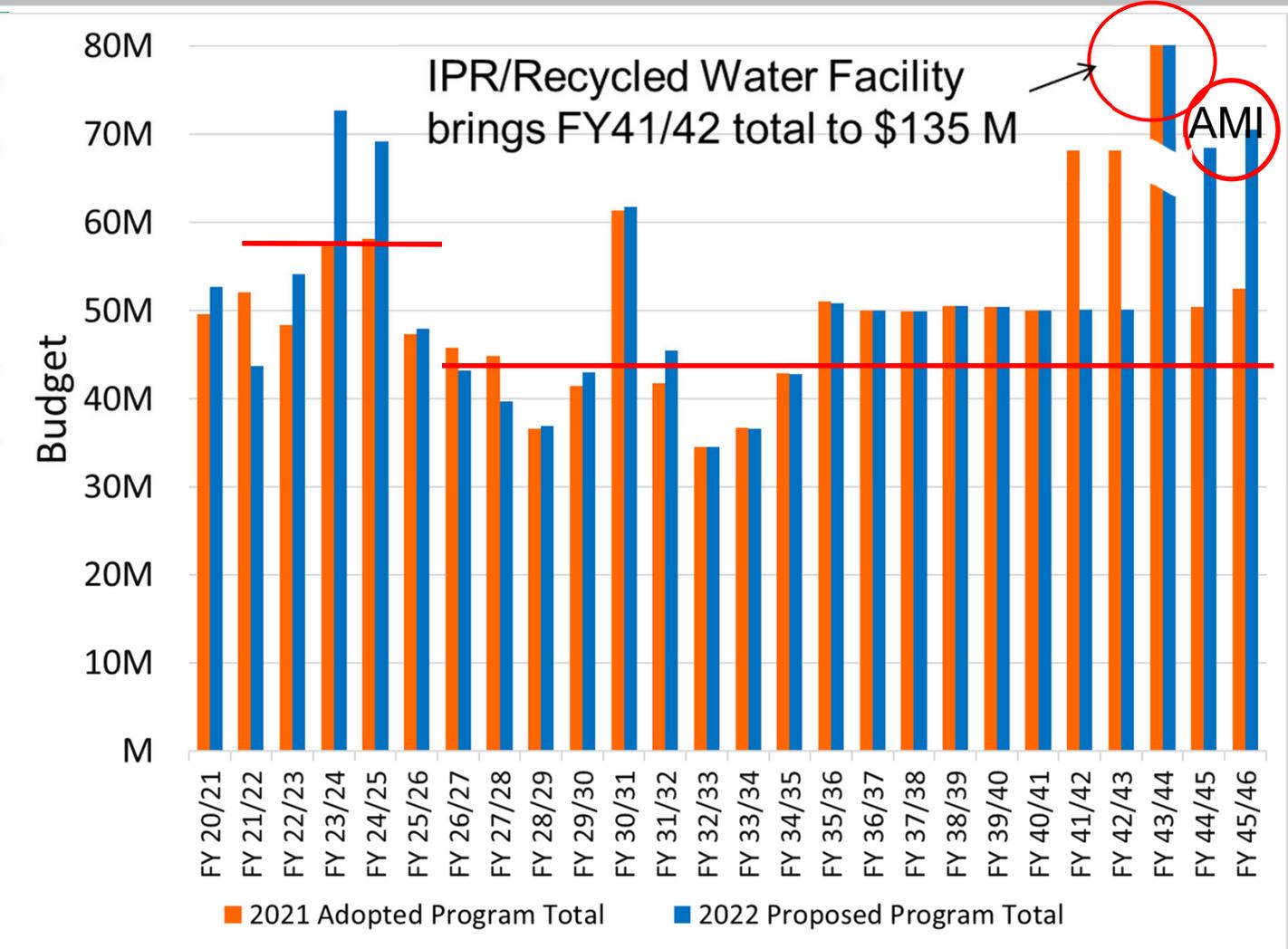
Red: Reductions

Green: Additions

# CIP Long-Range Plan

## Total 25 year CIP Proposal ~\$1.4 Billion

- 1 **Near-term focus**  
Avg. \$57M/year
- 2 **Out-year focus**  
Excl. Exceptions  
Avg. \$45M/year
- 3 **Out-year Exceptions**  
FY 30/31- MSJWTP  
FY 43/44 - IPR  
FY 44/45 - AMI  
FY 45/46 - AMI



# Big Picture - 25 Year CIP

93% of the CIP supports District's Strategic Goals 1 and 2

1

**Cost-Effectiveness & Value**

~\$1 Billion;  
~73% of CIP

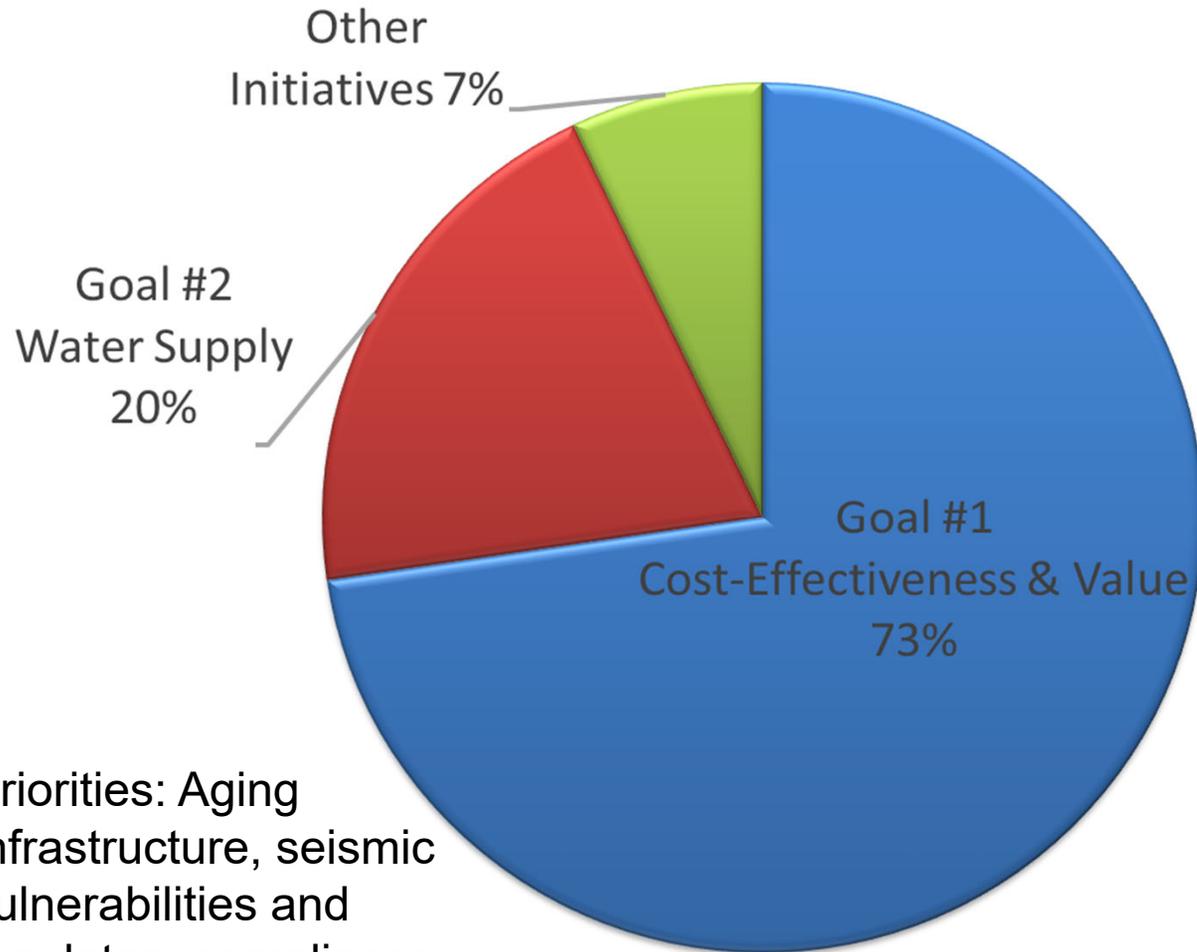
2

**Water Supply**

\$283M;  
~20% of CIP

3

7% of CIP for  
other initiatives  
and **customer  
jobs** - \$99M



Priorities: Aging Infrastructure, seismic vulnerabilities and regulatory compliance.

# 72% of the proposed CIP will Improve Reliability

1

## Reliability

>72% of CIP will improve reliability

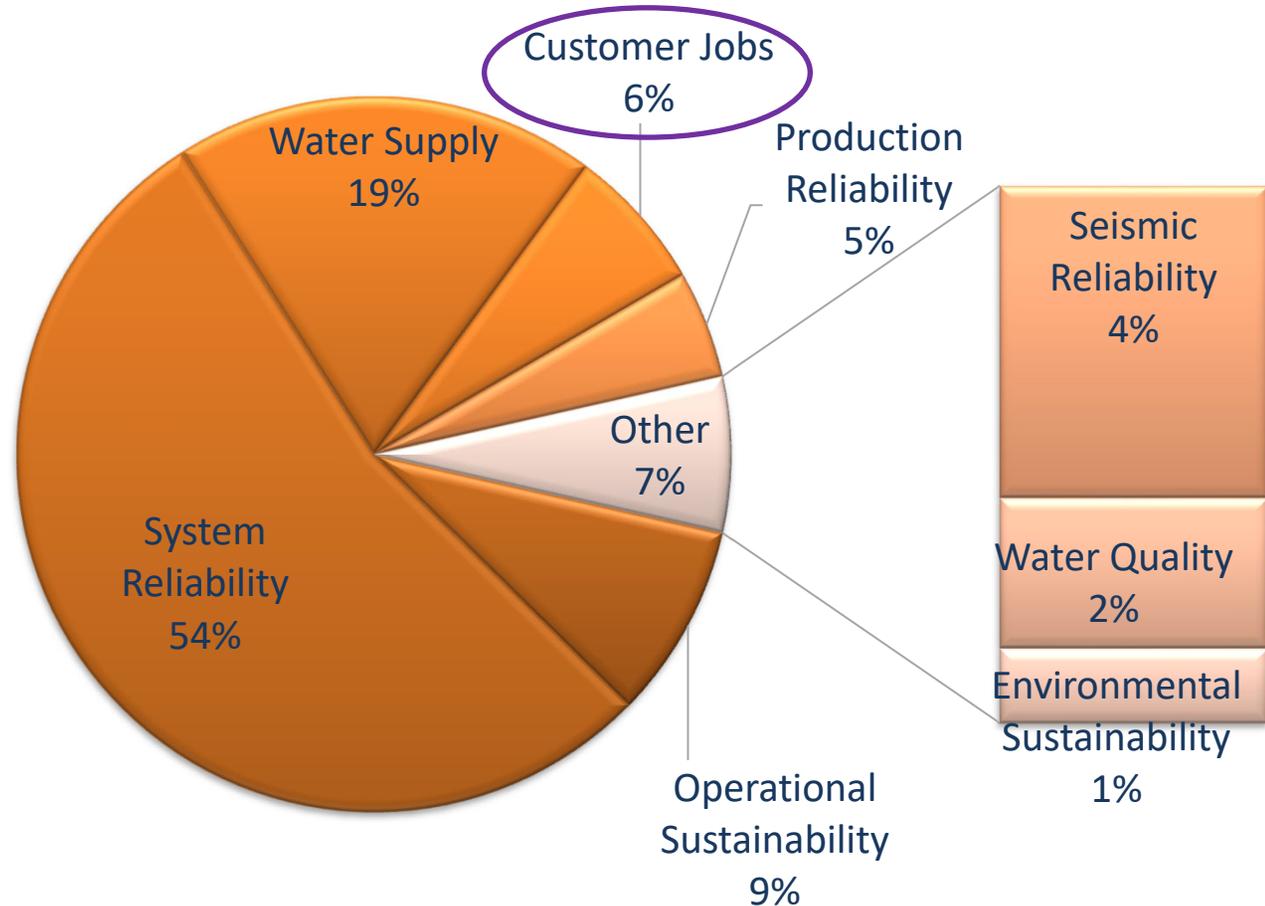
2

~22% of CIP allocated for WS, WQ and Environmental enhancements

3

## Customer Jobs

6% of CIP has no impact on Rates



# 25 Year CIP - by Funding Source

1

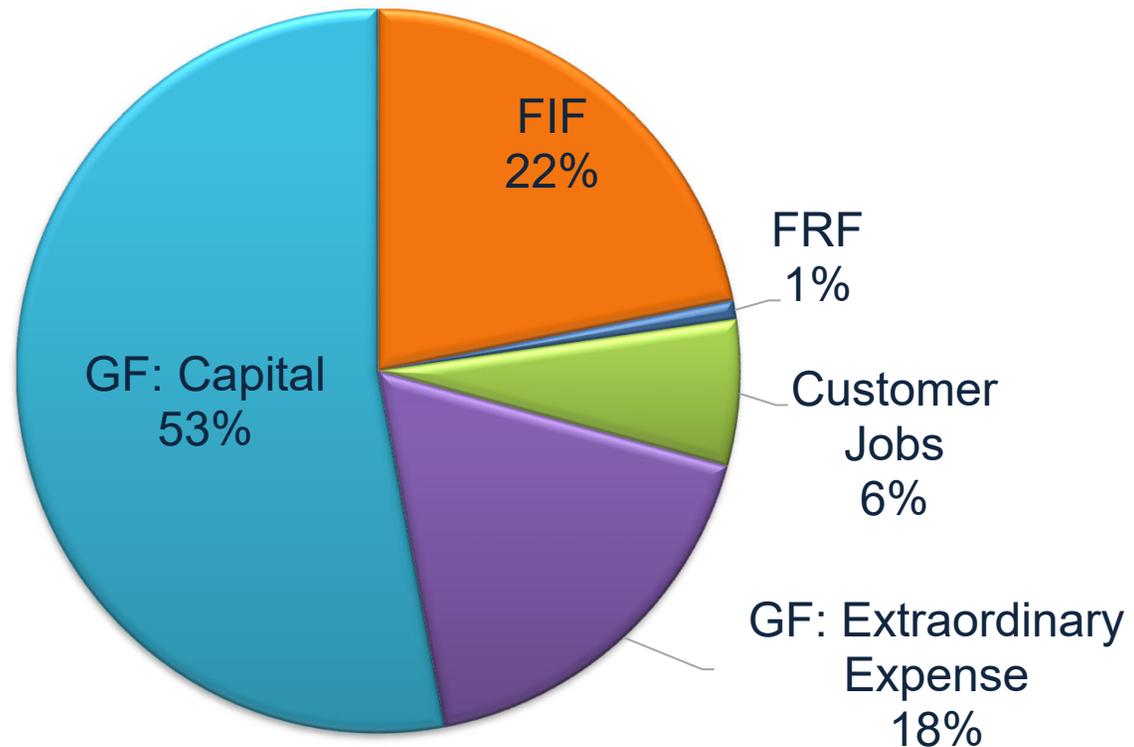
## General Fund

~ \$990 M  
71% of the CIP  
influences rates

2

## FIF+FRF+CJ

~409 M  
29% funded by  
Development-  
related charges



GF: General Fund

FIF: Facilities Improvement Fund

FRF: Facilities Renewal Fund

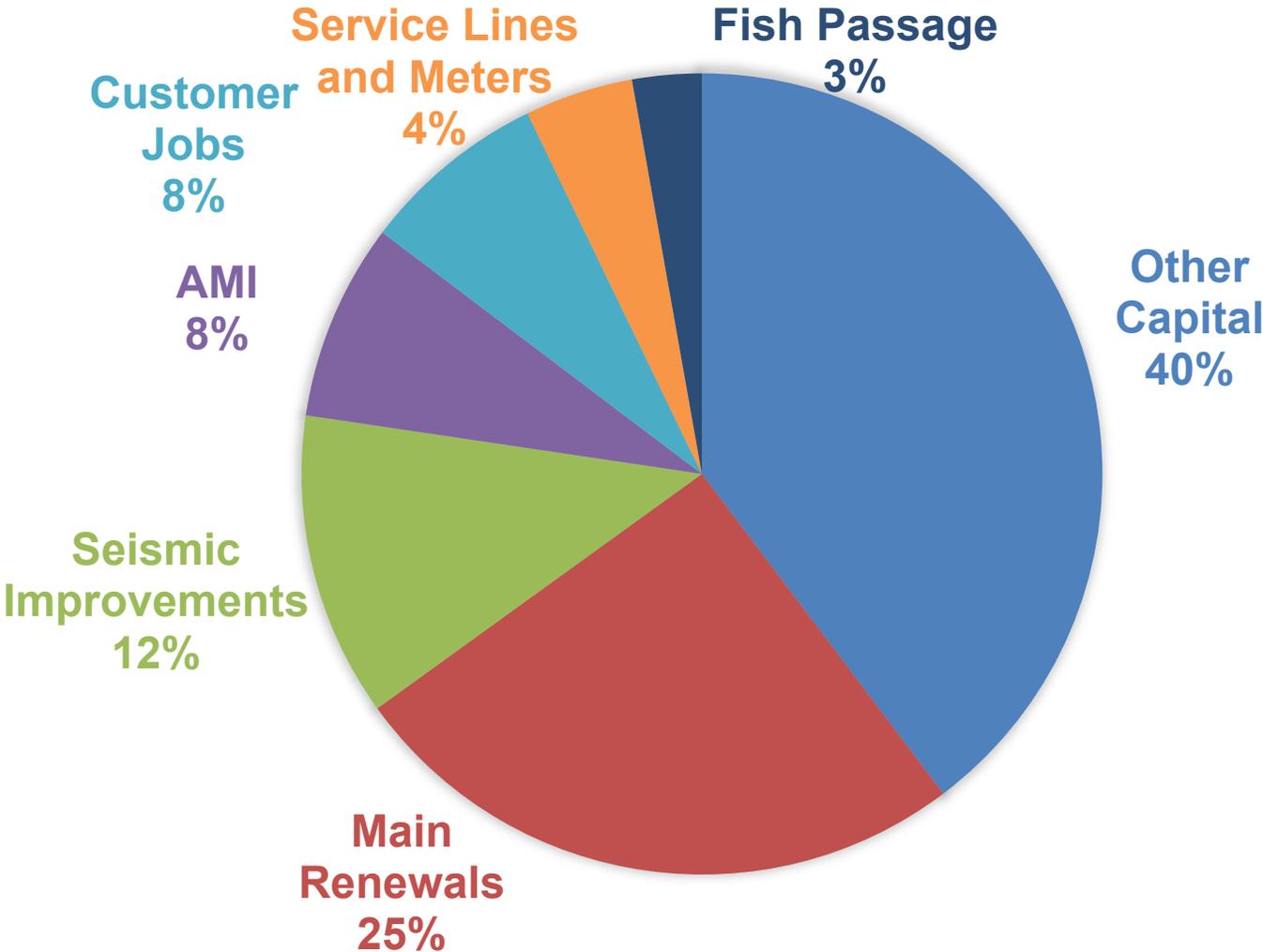
# Capital vs Extraordinary Capital Projects

- Capital project expenditures are used to acquire, build, rehabilitate and replace or improve an asset.
  - Capital assets have useful lives extending beyond a year and a cost of \$5,000 or more per unit
- Extraordinary projects are infrequent and unusual expenditures for projects that will not immediately result in an asset or increase life of an existing asset or may not be identifiable with a specific asset.
  - e.g., Feasibility and optimization studies, pilot programs, unplanned events such as fires

# Extraordinary Expense Capital Projects

Project	Estimate
Desal Supply Well Pilot Study	\$ 227,138
IT Enterprise Software Upgrades - Cityworks	\$ 790,753
Asbestos Cement Pipe Assessment Update	\$ 300,000
Groundwater PFAs Sampling and Source Investigation	\$ 892,874
Groundwater SGMA Enhancement	\$ 203,680
Blending Facility PFAS voluntary monitoring program	\$ 185,576
2019 Joint Purified Water Feasibility Evaluation	\$ 253,151
Facility Division Asset Management Master Plan	\$ 225,000
Facility Arc Flash Calculation and Labeling	\$ 672,000
PFAS treatment study (EE)	\$ 2,141,823
Vineyard Heights Tank site stability	\$ 309,719
TP2 Process Block Construction Joint Assessment and Sealing	\$ 137,468
Alternative Update and Model Upgrade Project	\$ 1,238,587
IRP - Lake Del Valle	\$ -
Los Vaqueros Reservoir Expansion Project	\$ 94,443,000
Distribution System Seismic Study Update	\$ 401,948
IT Enterprise Software Upgrades - JD Edwards	\$ 2,330,000
IT Enterprise Software Upgrades - Cayenta	\$ 1,500,000
IT Enterprise Software Upgrades - Microsoft Office, SharePoint, and Exchange	\$ 19,956
Old Jarvis Road Irrigation Well Destruction Grant Project	\$ 205,482
Service Lines - Lead Evaluation	\$ 71,840
Water Quality Extraordinary Expenses	\$ 507,360
Integrated Resources Planning - Extraordinary Expense	\$ 1,076,840
Engineering Report for CIP	\$ 151,826
WTP2 Process Basin Concrete Grouting	\$ 1,749,537
Water Reclamation, Phase 1	\$ 134,500,000

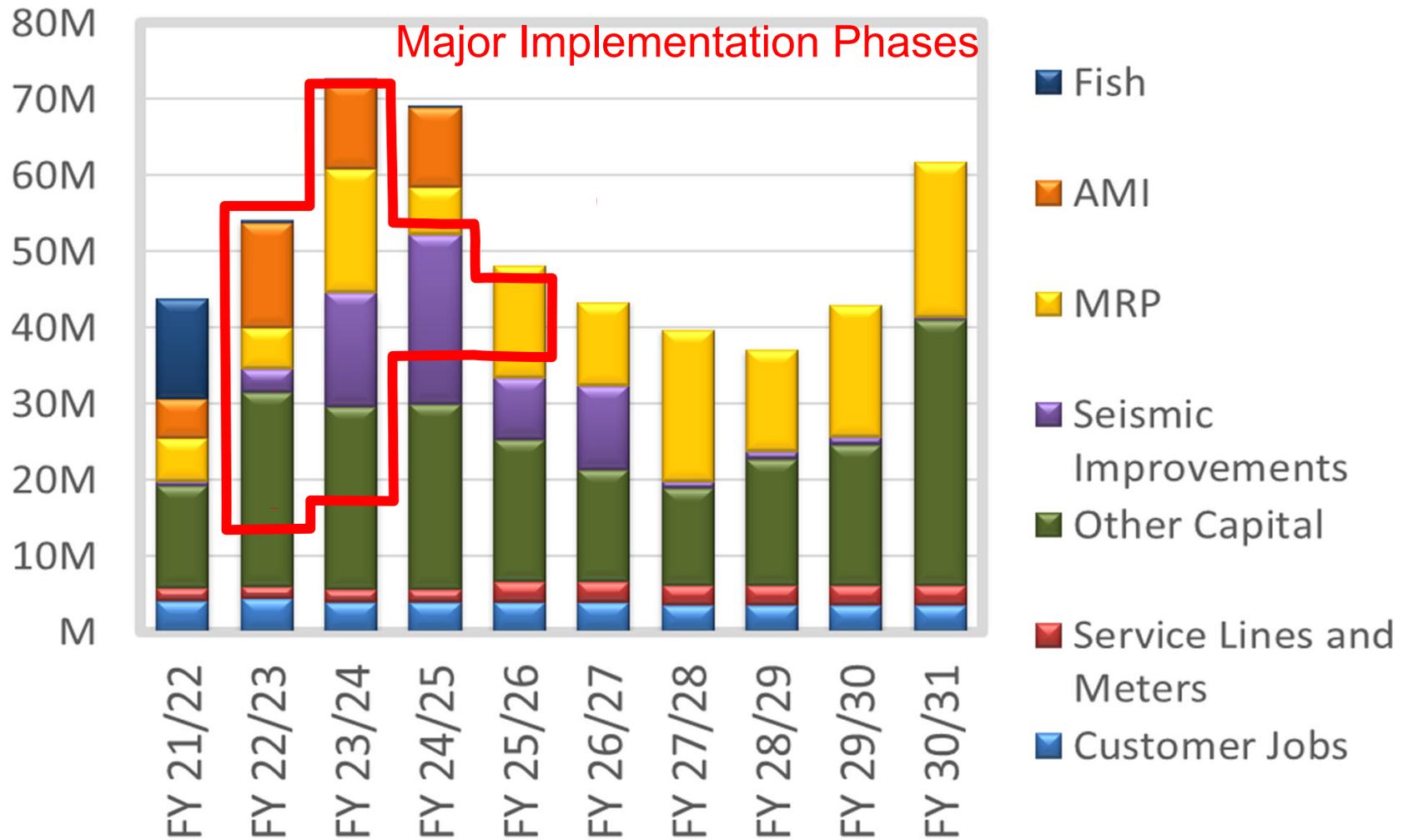
# 10 Year CIP - by Program



# Key projects that make up “Other Capital” (10 Year CIP)

- Los Vaqueros Reservoir Expansion ~\$34M
- Production Well/Pump Replacements - \$25M
- PLC & SCADA Upgrades- \$15M
- PFAS Monitoring, Study and Treatment - \$16.5 M
- Booster Station Upgrades- \$12M
- IT Projects - \$3.7M

# Proposed 10 year CIP By Program



# FY 21/22 Projects & Programs (>\$500,000)

Project	Year 1	Total Estimate (Multi-Year)
Service Line Emergency Replacement Program	\$ 1,400,000	\$ 22,700,167
Niles Cone Groundwater Basin Extraction Well Site Evaluation	\$ 1,468,567	\$ 1,661,182
Main Renewal - Small Diameter Pipeline Renewal	\$ 3,200,000	\$ 25,858,164
2019 Joint Purified Water Feasibility Evaluation	\$ 253,151	\$ 618,790
Facility Arc Flash Calculation and Labeling	\$ 312,000	\$ 372,000
PFAS treatment study (EE)	\$ 940,000	\$ 2,141,823
Alternative Update and Model Upgrade Project	\$ 923,867	\$ 1,878,227
WTP2 Filter Media Replacement	\$ 716,970	\$ 1,446,395
Los Vaqueros Reservoir Expansion Project	\$ 900,000	\$ 95,095,147
Advanced Metering Infrastructure	\$ 5,174,537	\$ 45,396,685
Vehicle Capital - Construction Equipment and Machinery	\$ 320,000	\$ 1,752,859
SCADA Systems Replacements	\$ 500,000	\$ 4,420,612
Alvarado Niles Pipeline Seismic Improvement Project	\$ 2,000,000	\$ 29,495,893
Main Renewal - MR1 Driscoll	\$ 275,000	\$ 14,557,783
Vallecitos Channel Betterments	\$ 2,088,778	\$ 3,582,426
Rubber Dam No. 1 - Fabric Replacement and Building Modifications	\$ 1,100,000	\$ 7,989,725
Rubber Dam 1 - Fish Ladder	\$ 7,400,000	\$ 11,449,816
Shinn Pond Fish Screen	\$ 4,500,000	\$ 13,691,959
Canyon Heights Booster Station Upgrade/Replacement	\$ 360,000	\$ 1,599,463
Alameda Reservoir Roof Replacement	\$ 382,000	\$ 16,031,823
Curtner Road Booster Station Upgrade	\$ 500,000	\$ 8,626,730

# FY 22/23 Projects & Programs (>\$500,000)

Project	Year 2	Total Estimate (Multi-Year)
Service Line Emergency Replacement Program	\$ 1,400,000	\$ 22,700,167
PFAS treatment (CIP)	\$ 4,788,530	\$ 12,777,060
PFAS treatment study (EE)	\$ 1,201,823	\$ 2,141,823
Headquarters Facility Improvement/ Equipment Replacement	\$ 370,000	\$ 4,073,000
Alternative Update and Model Upgrade Project	\$ 314,720	\$ 1,878,227
WTP2 Filter Media Replacement	\$ 716,970	\$ 1,446,395
Los Vaqueros Reservoir Expansion Project	\$ 1,543,000	\$ 95,095,147
Main Renewal - Lindsay Tract	\$ 430,201	\$ 5,624,406
Advanced Metering Infrastructure	\$ 13,778,956	\$ 45,396,685
IT Infrastructure Upgrades - Capital	\$ 325,000	\$ 2,429,602
Vehicle Capital - Construction Equipment and Machinery	\$ 900,000	\$ 1,752,859
Vehicle Capital - Heavy -Duty Vehicles	\$ 385,000	\$ 5,275,861
Decoto Reservoir Roof Replacement	\$ 359,488	\$ 12,359,879
Avalon Tank Slope Stabilization Improvements	\$ 2,261,333	\$ 3,582,554
SCADA Systems Replacements	\$ 920,402	\$ 4,420,612
Distribution PLC Upgrade	\$ 579,362	\$ 16,020,470
Main Renewal - MR1 Driscoll	\$ 3,878,439	\$ 16,075,943
Cathodic Protection Improvements and Additions	\$ 464,572	\$ 819,635
Blending Facility Low Flow Control Modifications	\$ 432,538	\$ 542,538
WTP2 Process Basin Concrete Grouting	\$ 290,537	\$ 1,802,927
Alameda Reservoir Roof Replacement	\$ 2,014,422	\$ 16,031,823
Curtner Road Booster Station Upgrade	\$ 4,276,285	\$ 8,626,730

# Alameda County Water District

## Financial Planning Model Metrics Adopted vs Proposed Amended Budget

# Significant Changes to Financial Planning Model (FPM) Since Budget Adoption

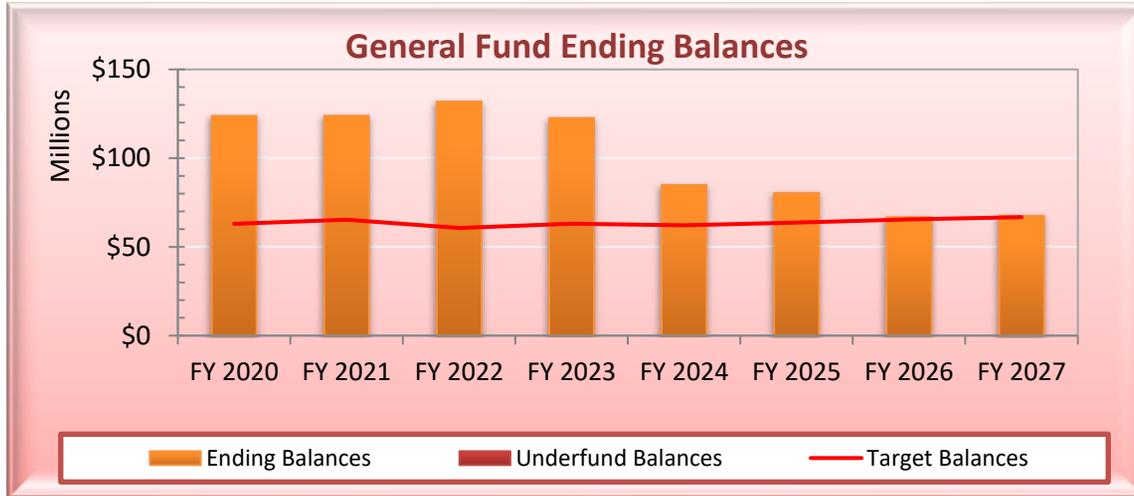
- Updated water demands
  - Demands decreased 3.6 MGD for FY 2022/23 compared to budget adoption; demands increase moderately in FY 2023/24 and FY 2024/25; long-term demands at 34.2 MGD.
- Updated costs for the following major categories
  - Capital Improvement Program
  - Water purchases and water supply initiatives
  - Removed \$1 million in annual operation and maintenance costs for watershed preservation
  - Employee salary and benefits based on current labor contracts
  - Maintain aggressive funding for pension and OPEB liabilities

# Significant Changes to Financial Planning Model (FPM) Since Budget Adoption

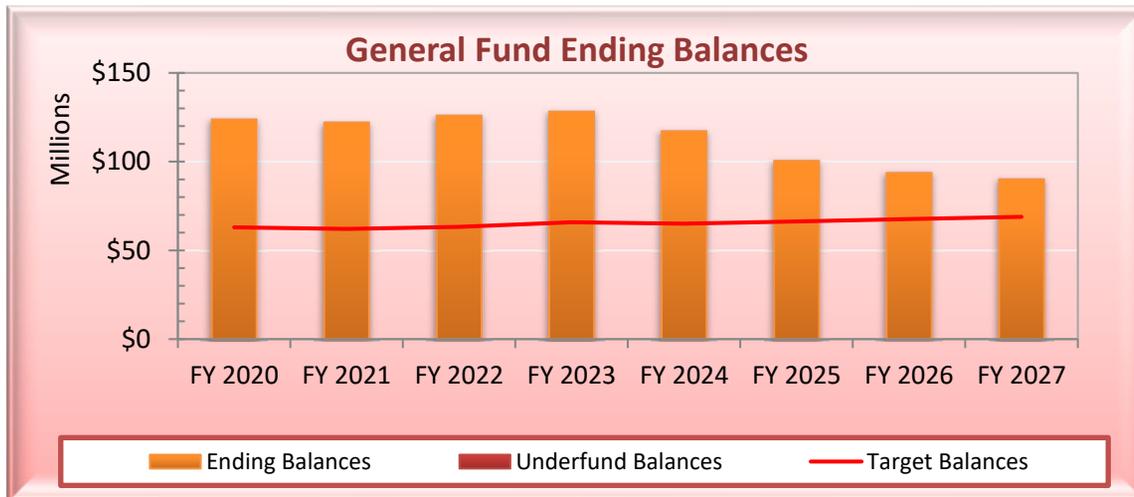
- Refunded 2012 Bonds and added \$10 million in new money to reimburse capital project expenditures; debt service updated to include 2022 Bonds payments
- The District is no longer pursuing the State Revolving Fund (SRF) Loan
- \$30 million new debt issuance in FY 2024/25 to help fund the capital improvement program
- Amended General Fund CIP increased \$23 million over the eight-year planning period compared to adopted budget
- Projected General Fund ending balances:
  - Amended Budget FY 2025/26 = \$67.5 million (\$0.8 million above target)
  - Adopted Budget FY2026/27 = \$90.1 million (\$21.1 million above target)

# General Fund Ending Balances

**Amended Budget**



**Adopted Budget**

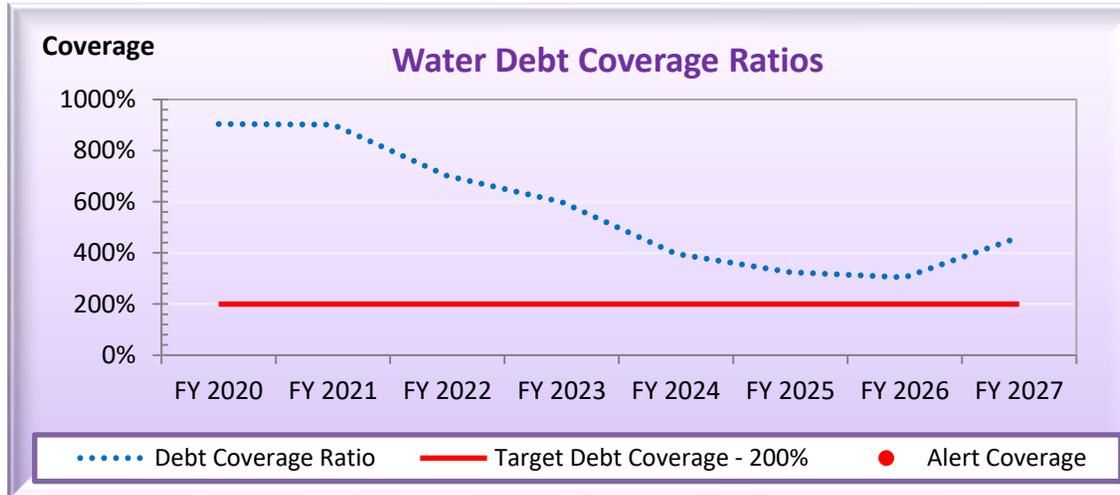


# Financial Planning Considerations

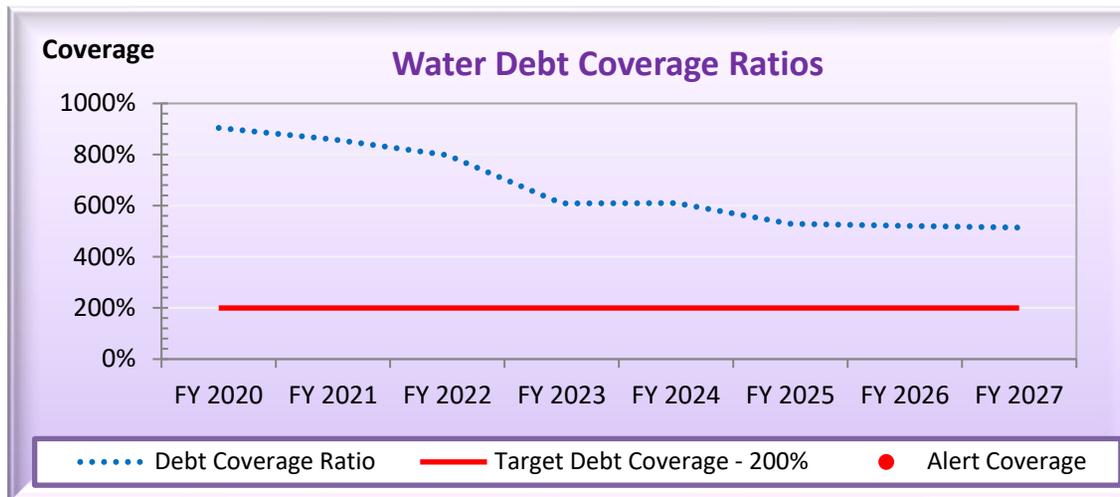
- The District is intentionally conservative with its financial planning
- Total revenues and expenditures are each over \$900M from FY 2021/22 – FY 2026/27
- If actual revenues are 1% higher or expenditures are 1% lower than projected over that time period, the General Fund balance on June 30, 2027, will be nearly \$10M higher than the current projection of \$0.8M above the reserve target

# Water Debt Coverage Ratios

**Amended Budget**

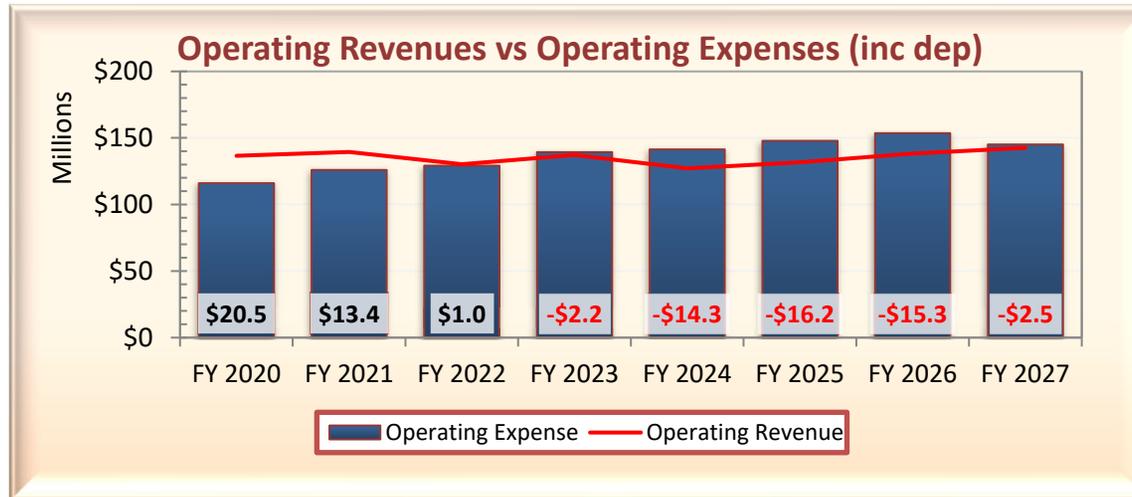


**Adopted Budget**

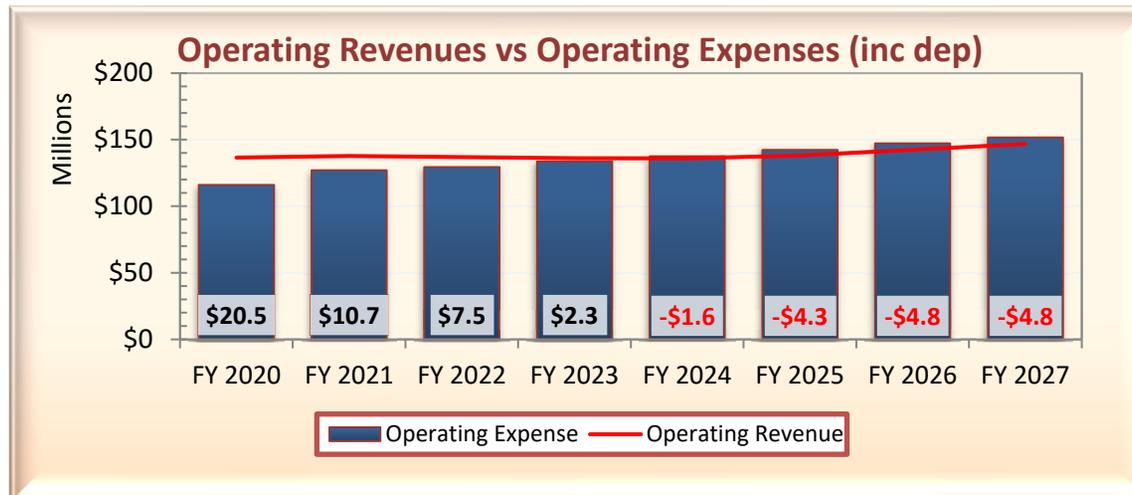


# Revenues vs Expenses

## Amended Budget

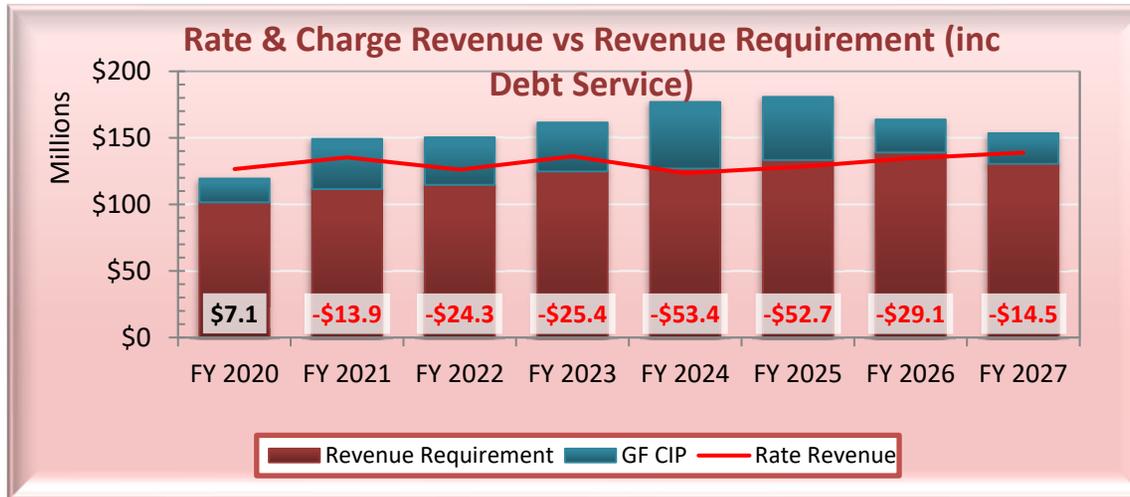


## Adopted Budget

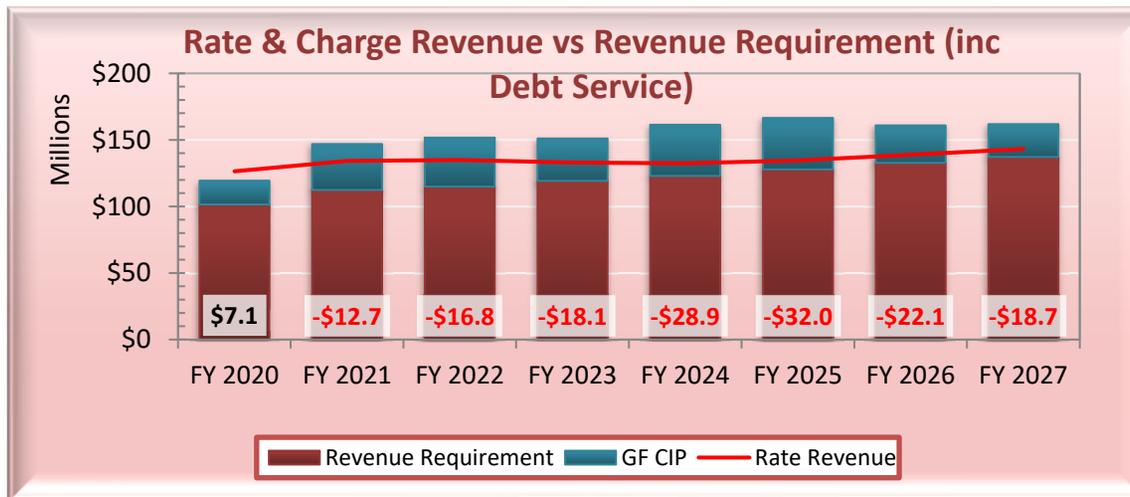


# Rate Revenue vs Revenue Requirement

Amended Budget

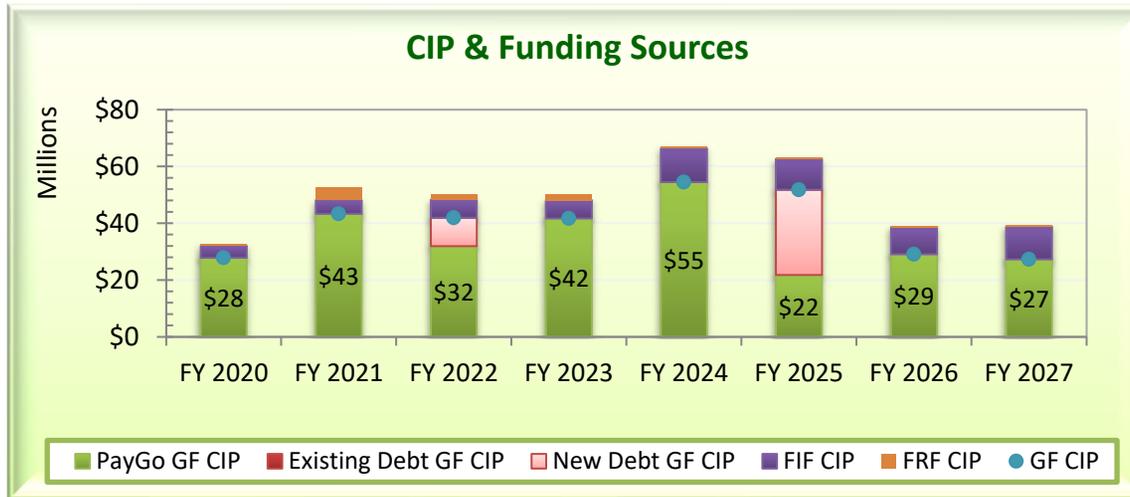


Adopted Budget



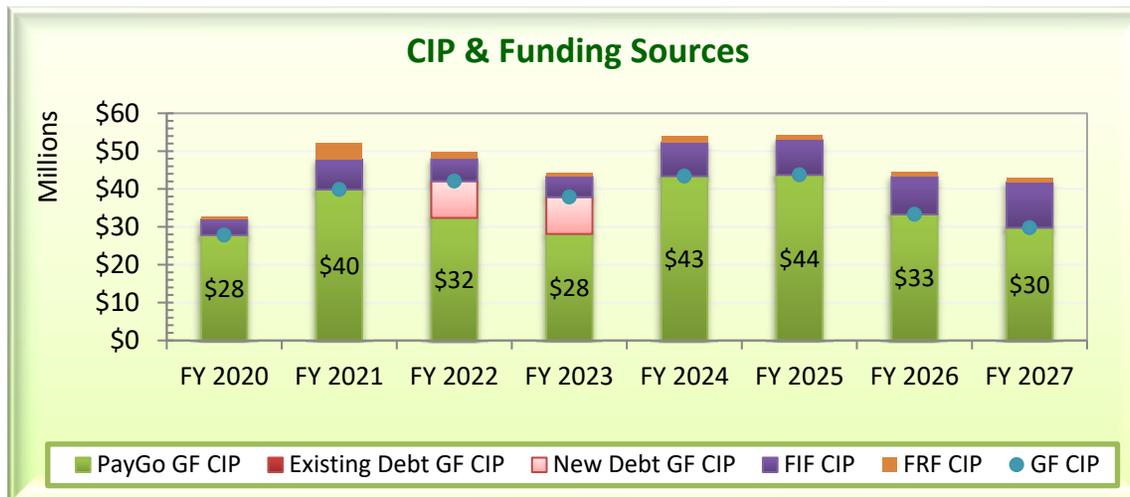
# Capital Improvement Program

## Amended Budget



**PayGo GF CIP:  
FY 2020/21 – FY  
2026/27 totaling  
\$313 million**

## Adopted Budget



**PayGo GF CIP:  
FY 2020/21 – FY  
2026/27 totaling  
\$290 million**

# Next Steps

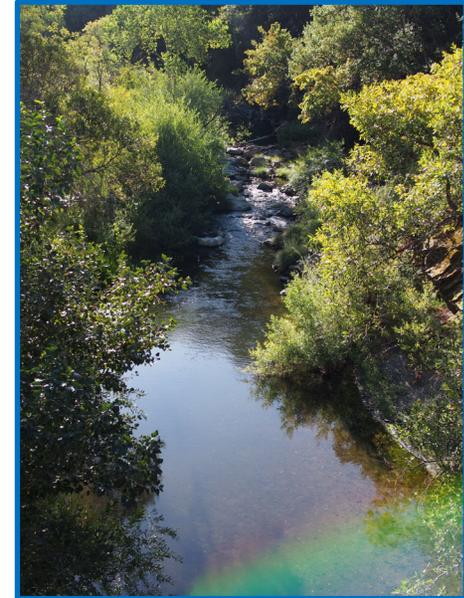
- **Goals and Budget Assumptions**
- **Operating Budget**
- **Capital Improvement Program**
- **Financial Planning Model**
  - Rate-setting workshops starting in July 2022
  - Will provide updated metrics based on actual FY 2021/22 financial results

# Next Steps

- **May 26, 2022 – Board Workshop (if needed)**
  - Review Proposed Operating and Capital Budget
  - Review Proposed 25 Year Capital Improvement Program
- **June 9, 2022 – Board Meeting**
  - Adopt FY 2022/23 Mid-Cycle Operating and Capital Budget
  - Adopt 25 Year Capital Improvement Program
- **June 23, 2022 – Special Board Meeting (if needed)**
  - Adopt FY 2022/23 Mid-Cycle Operating and Capital Budget
  - Adopt 25 Year Capital Improvement Program

# Stay Connected to the District

- [www.acwd.org](http://www.acwd.org)
- ACWD Aqueduct Newsletter
- Facebook  & Twitter   
@AlamedaCountyWD



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# Thank you



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 [@AlamedaCountyWD](https://twitter.com/AlamedaCountyWD) 