NOTICE OF SPECIAL MEETING OF THE

ACWD BOARD OF DIRECTORS

Date: May 21, 2020

Time: 4:00 P.M.

Location: MEMBERS OF THE PUBLIC MAY NOT ATTEND THIS MEETING IN PERSON. DUE TO THE COVID-19 AND IN ACCORDANCE WITH GOVERNOR NEWSOM’S EXECUTIVE ORDER N-25-20 WHICH SUSPENDS PORTIONS OF THE BROWN ACT, THIS MEETING WILL BE CONDUCTED WEBINAR OR TELECONFERENCE ONLY.


Please Take Notice that the Alameda County Water District Board of Directors hereby calls a special meeting on May 21, 2020 at 4:00 P.M., via Webinar/Teleconference, at which time the Board will convene for the following purposes:

1. Roll Call
2. Salute to the Flag
3. Public Comments on Matters on this Notice of Special Meeting
4. Action Calendar
5. Review of Fiscal Year 2019/20 and 2020/21 Preliminary Budget
6. General Manager’s Report
7. Director’s Comments and/or Agenda Item Requests
8. Adjournment

This Notice of Date, Time and Location of this special meeting of the Alameda County Water District Board of Directors is given this 18th day of May 2020.

Date this Notice Posted: May 18, 2020

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Gina Markou, District Secretary
ALAMEDA COUNTY WATER DISTRICT
43885 So. Grimmer Boulevard
Fremont, CA 94538

SPECIAL BOARD OF DIRECTORS MEETING

AGENDA

May 21, 2020
4:00 P.M.

ACCESSIBLE PUBLIC MEETINGS: Upon request, ACWD will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. Please send a written request at least 72 hours before the meeting to the District Secretary, ACWD, 43885 S. Grimmer Blvd., Fremont, CA 94538, or to gina.markou@acwd.com stating your name, mailing address, phone number, and brief description of the requested materials and preferred alternative format or auxiliary aid or service.

MEMBERS OF THE PUBLIC MAY NOT ATTEND THIS MEETING IN PERSON. DUE TO THE COVID-19 PANDEMIC AND IN ACCORDANCE WITH GOVERNOR NEWSOM’S EXECUTIVE ORDER N-25-20 WHICH SUSPENDS PORTIONS OF THE BROWN ACT, THIS MEETING WILL BE CONDUCTED BY WEBINAR OR TELECONFERENCE ONLY.


MEMBERS OF THE PUBLIC ARE ALSO ENCOURAGED TO SUBMIT COMMENTS TO THE DISTRICT SECRETARY AT gina.markou@acwd.com AT LEAST ONE HOUR PRIOR TO THE SCHEDULED START TIME OF THE MEETING. PLEASE VISIT THE DISTRICT’S WEBSITE (www.acwd.org) REGULARLY TO BE UPDATED ON THE CURRENT SITUATION AS IT AFFECTS PUBLIC MEETINGS.

1. ROLL CALL

2. SALUTE TO THE FLAG

3. PUBLIC COMMENTS ON MATTERS ON THIS NOTICE OF SPECIAL MEETING

4. ACTION CALENDAR

   4.1 Resolution Awarding Deployment and Ongoing Services Contracts for the Advanced Metering Infrastructure Project
4.2 Authorization of Contract for Software as a Service for a Water-Focused Customer Portal for the Advanced Metering Infrastructure Project

4.3 Resolutions Authorizing Financing Agreement Applications to, and Declaring Intent of the Alameda County Water District to Reimburse Itself for Certain Capital Expenditures from, State Revolving Funds for the Advanced Metering Infrastructure Project

4.4 Authorization of Amendment to Professional Services Agreement for the Advanced Metering Infrastructure Project

5. REVIEW OF FISCAL YEAR 2019/20 AND 2020/21 PRELIMINARY BUDGET

The District’s 2-year budget is the near-term financial plan for the District. The budget is designed to balance short and long-term financial goals, support improved customer service objectives, finance key infrastructure needs, advance water conservation, meet new legislative and regulatory mandates, accomplish fishery restoration projects, protect and optimize use of water supplies and improve the District’s preparation for emergencies.

The Board of Directors will review forecast revenue, operating expenses, capital expenditures, as well as staffing levels and labor-related costs.

6. GENERAL MANAGER’S REPORTS

7. DIRECTOR’S COMMENTS AND/OR AGENDA ITEM REQUESTS

8. ADJOURNMENT
4.1 RESOLUTION AWARDING DEPLOYMENT AND ONGOING SERVICES CONTRACTS FOR THE ADVANCED METERING INFRASTRUCTURE PROJECT

SUMMARY: The Advanced Metering Infrastructure (AMI) Project (Project) will implement AMI technology throughout the District’s service area. Deployment of AMI meter reading equipment, upgrade and replacement of metering equipment, provision of software and network systems to collect, store, and analyze meter data, provision of ongoing network and software services, and system installation and integration services are required in order to successfully implement the Project. The deployment work will be completed in two phases, specifically a Proof of Concept phase and a full deployment phase, over a three-year period. The Requests For Proposals For “Turn-Key” Deployment Solutions in Support of The Advanced Metering Infrastructure Deployment Project (AMI Deployment RFP) was advertised by the General Manager for proposals on July 31, 2019, as authorized by the Board at the July 11, 2019, Board Meeting. On September 30, 2019, four proposals were received and evaluated for compliance with requirements of the AMI Deployment RFP, including mandatory minimum requirements and technical and financial factors over a 20-year lifecycle. The best value proposal was submitted by Badger Meter, Inc. of Milwaukee, Wisconsin (Badger). There is adequate funding for this expenditure in the approved two-year project budget and future budgets will include amounts necessary to complete the three-year implementation and maintain ongoing services. This Project and the need for this work were most recently reviewed with the full Board at the July 11, 2019, Board Meeting, and the Engineering and Information Technology Committee on January 15, 2020. This Project will help meet numerous District Strategic Plan Goals including 1.4 – Invest in System Improvements to Increase Customer Water Use Efficiency and Engagement and 5.2 – Enhance Customer Outreach and Engagement with New Tools. Staff will supplement this staff report by making a presentation at the Board Meeting.

RECOMMENDATION: By motion, 1) adopt a resolution awarding the contract for AMI Deployment to Badger Meter, Inc. in an amount of $32,974,157.26, Job 10062, and 2) authorize the General Manager to enter into a 20-year services agreement with Badger Meter, Inc. for ongoing Software as a Service and Network as a Service services, in an amount not to exceed $11,565,288.26, Job 10062.

DISCUSSION: The Project includes the conversion of approximately 84,500 manually-read water meters into “smart” meters with advanced metering capabilities. Once implemented, District customers will be able to take advantage of numerous system features, including the ability to closely monitor their water use and efficiency as well as receive alerts regarding
potential leaks and other anomalies with their water use. In addition, data from the AMI system will be leveraged to improve the efficiency with which the District performs a number of business processes, including reading meters, customer billing, troubleshooting customer water service issues, and enhancing customer engagement, as well as assist the District in optimizing operational decisions related to water supply and distribution, prioritization for capital improvement projects, and water use efficiency and conservation.

To implement the identified business efficiencies and customer service enhancements, the District’s interdepartmental project team and AMI consultant, EMA Inc. (EMA), developed a comprehensive AMI Deployment RFP identifying performance requirements, features and functionality necessary for the deployment of the AMI system, associated infrastructure, and ongoing services necessary to support the 20-year system lifecycle. The AMI Deployment RFP scope of work includes, but is not limited to 1) design of an encrypted AMI network; 2) provision of AMI equipment and siting; 3) provision of metering products; 4) construction work to upgrade all District customer meters; 5) depending on the network technology selected, the potential for civil, mechanical, and electrical construction work to install AMI network equipment; 6) integration of AMI software with existing and District-furnished software platforms and applications; 7) public outreach support services; 8) testing and commissioning services; and 9) provision of ongoing support services for AMI software and the AMI network.

The AMI deployment work will be completed in three phases: the Start-Up Phase, a Proof of Concept deployment phase (PoC Phase) and a full-deployment phase (Production Phase). During the Start-Up Phase, Badger will provide installation services and plan, communicate, and place into operation the systems and processes to support the implementation of the AMI System. Additionally, the District will implement business practices, system interfaces, billing, and inventory system alterations to support the AMI solution. During the PoC Phase, Badger will install the selected AMI solution across a defined subset of the District’s service area that includes approximately 3,300 meter locations. This will serve to confirm the viability of the selected AMI system and assist the District in identifying and troubleshooting technical, operational, and business process refinements necessary during the full deployment. The PoC Phase is anticipated to be implemented over a 10-month period and includes an option for the District to opt-out of further deployment if deemed appropriate. The Production Phase will deploy the selected AMI system throughout the remainder of the District’s service area. The Production Phase is expected to be implemented over a period of two years following completion of the PoC Phase.

The scope of work included in the AMI Deployment RFP and the procurement process implemented by staff were reviewed with the full Board at the May 30, 2019, Board Workshop. A preliminary draft AMI Deployment RFP was provided to the Board for review on June 28, 2019, and was authorized for release by the Board at the July 11, 2019, Board Meeting. The AMI Deployment RFP was advertised by the General Manager for bids on July 31, 2019, as authorized by the Board.

On September 30, 2019, four proposals were received and evaluated for compliance with the mandatory minimum requirements and for technical and financial factors over the 20-year lifecycle of the solution. Following a comprehensive evaluation of responsive proposals, using
the process and methods detailed in the AMI Deployment RFP, the District’s evaluation team determined that Badger Meter, Inc. (Badger) of Milwaukee, Wisconsin, submitted the best-value proposal. Staff performed a Best and Final Offer (BAFO) negotiation of the proposed scope of work and level of effort with Badger for both the AMI deployment contract and ongoing Software as a Service (SaaS) and Network as a Service (NaaS) services contract and finds the resulting scope of work, estimated level of effort, and costs to be reasonable for the solution to be provided. The negotiated BAFO provided by Badger for the deployment contract totals $32,974,157.26, and the 20-year ongoing SaaS and NaaS services contract totals a not to exceed amount of $11,565,288.26. The Engineer’s estimate for the deployment contract was a range from $29,210,000 to $32,990,000. The Engineer’s estimate for the ongoing SaaS and NaaS service contract was $17,238,000. Staff finds the negotiated scope of work, level of effort, and costs to be reasonable for the solution to be provided.

### 4.2 AUTHORIZATION OF CONTRACT FOR SOFTWARE AS A SERVICE FOR A WATER-FOCUSED CUSTOMER PORTAL FOR THE ADVANCED METERING INFRASTRUCTURE PROJECT

**SUMMARY:** The Advanced Metering Infrastructure (AMI) Project (Project) will implement an AMI system throughout the District’s service area. As part of the AMI Project, customer portal software will be implemented to provide District customers with access to their water consumption data as well as enhanced customer service features provided through the customer portal. Implementation of customer portal software, including configuration and integration with the District’s existing Customer Information System (CIS) system, Electronic Bill Payment and Presentment (EBPP) system, and the selected AMI system, will be completed under this agreement. Additionally, this agreement will provide ten years of Software as a Service (SaaS) services. The Request For Proposals For a Water-Focused Customer Portal in Support of The Advanced Metering Infrastructure Project (Customer Portal RFP) was advertised on October 7, 2019. On October 31, 2019, six proposals were received and evaluated for compliance with the mandatory minimum requirements and for technical attributes and financial factors over an assumed 20-year life-cycle. The best value proposal was submitted by Smart Energy Systems Inc., dba Smart Energy Water (SEW). There is adequate funding in the approved two-year budget for this expenditure and future budgets will include amounts necessary to maintain the ongoing SaaS subscription. This Project and the need for this work were most recently reviewed with the full Board at the May 30, 2019, Board Workshop and the Engineering and Information Technology Committee on January 15, 2020. This Project will help meet numerous District Strategic Plan Goals including 1.4 – Invest in System Improvements to Increase Customer Water Use Efficiency and Engagement and 5.2 – Enhance Customer Outreach and Engagement with New Tools. Staff will supplement this staff report by making a presentation at the Board Meeting.

**RECOMMENDATION:** By motion, authorize the General Manager to enter into a ten year Contract for Software as a Service with Smart Energy Systems Inc., dba Smart Energy Water, in an amount not to exceed $1,957,035 for a water-focused customer portal implementation and ongoing software services for the Advanced Metering Infrastructure Project, Job 10062.

**DISCUSSION:** The Project includes the conversion of approximately 84,500 manually-read
water meters into “smart” meters with advanced metering capabilities and the implementation of software and systems to maximize the benefits of the AMI data. Once implemented, District customers will be able to take advantage of numerous system features, including the ability to closely monitor their water use and efficiency and water service account information online and through a smart phone as well as receive alerts regarding potential leaks and other anomalies with their water use. In addition, data from the AMI system will be leveraged to improve the efficiency with which the District performs a number of business processes, including reading meters, customer billing, troubleshooting customer water service issues, and enhancing customer engagement, as well as assist the District in optimizing operational decisions related to water supply and distribution, prioritization for capital improvement projects, and water use efficiency and conservation.

To implement the identified business efficiencies and customer service enhancements, the District’s interdepartmental project team and AMI consultant, EMA Inc. (EMA), developed a comprehensive Customer Portal RFP identifying performance requirements, features, and functionality necessary for the customer portal software. Additionally, the Customer Portal RFP document identified the data coordination and encryption requirements necessary for the customer portal software to securely integrate with the District’s existing CIS and EBPP platforms, and new AMI system.

On October 7, 2019, District staff advertised the Customer Portal RFP and received six proposals on October 31, 2019. Staff reviewed the proposals for compliance with the Customer Portal RFP mandatory requirements. Each proposal meeting the mandatory requirements was evaluated by the project evaluation team to determine the best value proposal using technical and financial criteria established in the Customer Portal RFP. Based on a comprehensive evaluation of the proposals and proposer demonstrations, SEW was determined to have the best value solution, qualifications, staff, and proposed approach to best meet the District’s needs.

SEW’s scope of work includes provision of their Smart Customer Mobile (SCM) web and mobile platforms and Smart IQ (SiQ) consumption data analytics package which will be provided by SEW via cloud-hosted SaaS subscription. Additionally, SEW’s scope of work includes provision of professional services to configure the new customer portal software platform, and design, develop, and test the necessary data security functions and data integrations. The estimated professional services cost to implement the solution, on a time and expense basis for the work, is $154,635, and the annual SaaS subscription fee is $180,240 for a period of ten years. The total estimated cost for both the implementation services and SaaS subscription fees is $1,957,035 over the full term of the agreement. Staff has negotiated the proposed scope of work, level of effort, and unit pricing with SEW and finds the scope of work, level of effort, and costs to be reasonable for the services to be provided.
4.3 RESOLUTIONS AUTHORIZING FINANCING AGREEMENT APPLICATIONS TO, AND DECLARING INTENT OF THE ALAMEDA COUNTY WATER DISTRICT TO REIMBURSE ITSELF FOR CERTAIN CAPITAL EXPENDITURES FROM, STATE REVOLVING FUNDS FOR THE ADVANCED METERING INFRASTRUCTURE PROJECT

SUMMARY: The Advanced Metering Infrastructure (AMI) Project will implement AMI technology throughout the District’s service area. The District’s financial planning anticipates financing construction of the Project, or portions of the Project, with moneys provided by the State Revolving Fund (SRF) of the State of California, acting by and through the State Water Resources Control Board (State Water Board). The SRF funding process requires two resolutions for each of the two SRF programs from which funding is being requested. This Project was most recently reviewed with the full Board at the July 11, 2019, Board Meeting, and the Engineering and Information Technology Committee on January 15, 2020. This Project will help meet numerous District Strategic Plan Goals including 1.4 – Invest in System Improvements to Increase Customer Water Use Efficiency and Engagement and 5.2 – Enhance Customer Outreach and Engagement with New Tools. Staff will supplement this staff report by making a presentation at the Board Meeting.

RECOMMENDATION: By motion, 1) adopt a resolution authorizing the execution of a financial assistance application for a financing agreement from the State Water Resources Control Board Drinking Water Revolving Fund for the Advanced Metering Infrastructure Project; 2) adopt a resolution authorizing the execution of a financial assistance application for a financing agreement from the State Water Resources Control Board Clean Water Revolving Fund for the Advanced Metering Infrastructure Project; 3) adopt a resolution declaring the intent of the Alameda County Water District to reimburse itself for certain capital expenditures from the proceeds of Drinking Water State Revolving Fund obligations; and 4) adopt a resolution declaring the intent of the Alameda County Water District to reimburse itself for certain capital expenditures from the proceeds of Clean Water State Revolving Fund obligations, Job 10062.

DISCUSSION: The Project includes the conversion of approximately 84,500 manually-read water meters into “smart” meters with advanced metering capabilities. Once implemented, District customers will be able to take advantage of numerous system features, including the ability to closely monitor their water use and efficiency as well as receive alerts regarding potential leaks and other anomalies with their water use. In addition, data from the AMI system will be leveraged to improve the efficiency with which the District performs a number of business processes, including reading meters, customer billing, troubleshooting customer water service issues, and enhancing customer engagement, as well as assist the District in optimizing operational decisions related to water supply and distribution, prioritization for capital improvement projects, and water use efficiency and conservation.

The District’s financial planning anticipates funding a portion of Project construction costs through California SRF programs. In consultation with the District’s grant consultant, staff has initiated the application process with each of the two available SRF programs: the Drinking Water SRF Program and the Clean Water SRF Program. Based upon current construction cost estimates, and excluding estimates for unqualified construction expenditures, the funding request
to both SRF programs is $31,832,794.

In order to continue with the application processes, resolutions are needed authorizing the General Manager to file Financial Assistance Applications for SRF financing agreements from the State Water Board for both the Drinking Water SRF program and the Clean Water SRF program. These resolutions additionally authorize the General Manager to provide the assurances, certifications, and commitments required for the Financial Assistance Application to be accepted by the State Water Board.

In order to preserve the option for the District to reimburse itself with future SRF funding for near term expenditures, reimbursement resolutions are also needed. These resolutions declare the District’s intent to reimburse qualifying expenditures incurred prior to funding approval by the State Water Board (and up to 60 days prior to the date of adoption of the reimbursement resolution). The District’s bond counsel has confirmed that the recommended resolutions will also allow the District to reimburse itself with District-issued bonds should that become the preferred approach.

Adoption of these resolutions does not commit the District to enter a financing agreement, exercise its option to be reimbursed by SRF program proceeds, or issue its own bonds. If the District is successful in its SRF program application process or issues its own bonds, additional Board action will be required.

4.4 AUTHORIZATION OF AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT FOR THE ADVANCED METERING INFRASTRUCTURE PROJECT

SUMMARY: The Advanced Metering Infrastructure (AMI) Project (Project) will implement AMI technology throughout the District’s service area. The District plans to implement the Project in three phases over five fiscal years. Consulting and engineering services are required to assist the District with construction management and integration of the selected AMI system during the Proof of Concept and full-deployment phases, and to support the implementation of the public outreach plan and new District business processes associated with the Project, as identified in prior phases. There is adequate funding for this expenditure in the approved two-year project budget and future budgets will include amounts necessary to complete the work in the subsequent fiscal years. This Project and the need for this work were most recently reviewed with the full Board at the May 30, 2019, Board Workshop and the Engineering & Information Technology Committee on March 18, 2020. Board authorization of this amendment will help meet numerous District Strategic Plan Goals including 1.4 – Invest in System Improvements to Increase Customer Water Use Efficiency and Engagement and 5.2 – Enhance Customer Outreach and Engagement with New Tools.

RECOMMENDATION: By motion, authorize the General Manager to execute a third amendment to the professional services agreement with EMA, Inc. in an amount not to exceed $2,894,320 for consulting and engineering services for the Advanced Metering Infrastructure Project, Job 10062.

DISCUSSION: On January 11, 2018, the Board authorized a professional services agreement
with EMA, Inc. (EMA) in the amount of $922,743 to provide consulting and engineering services for Phase 1 of the AMI Project. The original competitive proposal process and the resulting agreement contemplated the work being done in three phases. Amendment No. 1 to the Professional Services Agreement, in an amount not to exceed $229,555, was previously authorized by the Board for a meter field survey to better characterize the District’s installed water meter inventory during Phase 1. Amendment No. 2 to the Professional Services Agreement, in an amount not to exceed $739,631, was previously authorized by the Board to provide consulting and engineering services to support procurement of an AMI system during the initial part of Phase 2. To date, EMA’s actual costs have been lower than the authorized not-to-exceed contract amounts.

Phase 1 included the development of a Design Study Report, which consisted of an evaluation of the alternatives of the various AMI system components that best meet the District’s objectives, a review of AMI performance management standards, AMI communication system coverage (“propagation”) study, Proof-of-Concept (PoC) definition, procurement strategy, planning for collaboration opportunities with other potential stakeholders (e.g., cities and other governmental agencies), and a refined AMI system delivery schedule. The Design Study findings were used as the basis for defining AMI system requirements in the AMI procurement process. Additionally, Phase 1 also included development of a business transition plan for the District’s adoption of AMI, a public outreach plan, California Environmental Quality Act (CEQA) Initial Study and Mitigated Negative Declaration documentation, and financial analysis of the overall project and lifecycle costs.

The first part of Phase 2 included the development of the AMI system procurement documents, a competitive AMI system procurement process, and a PoC evaluation approach for the selected AMI system. The upcoming final part of Phase 2 will include the PoC, consisting of the installation of the selected AMI technology across a defined subset of the District’s service area, and will serve to confirm the viability of the selected AMI system and assist the District in identifying and troubleshooting technical, operational, and business process refinements necessary during the full deployment.

Finally, Phase 3 will consist of the full-scale deployment of the selected AMI system throughout the remainder of the District’s service area. Phase 3 is expected to be implemented over a period of two years, starting in May 2021.

Staff has been satisfied with the work performed by EMA during Phase 1 and the initial part of Phase 2 of the Project. Staff consequently requested EMA to submit a refined proposal for consulting and engineering services necessary to continue with the Phase 2 PoC deployment work and Phase 3 full-deployment work through to the completion of the Project. The scope of services includes 1) contract and AMI infrastructure construction and installation management, 2) User Acceptance Testing planning and execution; 3) business process design; 4) public outreach support; 5) integration development management; 6) PoC evaluation; and 7) close-out activities, including an assessment and report of the District’s operations (e.g., business processes) at the completion of the AMI deployment. EMA’s cost proposal for this work, based on an estimated level of effort, is $2,894,320, which would result in a new total agreement amount not to exceed $4,786,249. The work will be performed on a time and expense basis.
Staff has negotiated the proposed scope of work and level of effort with EMA and finds the resulting scope of work, estimated level of effort, and costs to be reasonable for the services to be provided and consistent with the level of service provided by EMA on the Project to date.

Attachments
cc: Executive Staff
RESOLUTION NO. ______

OF BOARD OF DIRECTORS OF ALAMEDA COUNTY WATER DISTRICT AWARDS DEPLOYMENT CONTRACT FOR THE ADVANCED METERING INFRASTRUCTURE PROJECT TO BADGER METER, INC., JOB NO. 10062

WHEREAS, the General Manager has so recommended.

BE IT RESOLVED by the Board of Directors that:

1. The plans and specifications prepared for the DEPLOYMENT CONTRACT FOR THE ADVANCED METERING INFRASTRUCTURE PROJECT, Job No. 10062 are approved and adopted.

2. The bid submitted by BADGER METER, INC., is accepted.

3. The contract for Job No. 10062 is awarded to BADGER METER, INC., in the amount of $32,974,157.26 for the DEPLOYMENT CONTRACT FOR THE ADVANCED METERING INFRASTRUCTURE PROJECT, and the President of the District is authorized to execute the contract on behalf of the District.

PASSED AND ADOPTED this 21st day of May, 2020, by the following vote:

AYES:

NOES:

ABSENT:

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

ATTEST: APPROVED AS TO FORM:

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

Patrick T. Miyaki, General Counsel
Alameda County Water District
RESOLUTION NO. ______

OF THE BOARD OF DIRECTORS OF THE ALAMEDA COUNTY WATER DISTRICT AUTHORIZING THE EXECUTION OF A FINANCIAL ASSISTANCE APPLICATION FOR A FINANCING AGREEMENT FROM THE STATE WATER RESOURCES CONTROL BOARD DRINKING WATER STATE REVOLVING FUND FOR THE ADVANCED METERING INFRASTRUCTURE PROJECT

WHEREAS, the Alameda County Water District (the “Agency”) desires to finance the cost of constructing and/or reconstructing certain public facilities and improvements relating to its water system, including certain distribution, metering, communications, software and other infrastructure related to the Advanced Metering Infrastructure Project (the “Project”); and

WHEREAS, the Agency intends to finance the construction and/or reconstruction of the Project or portions of the Project with moneys provided by the State of California, through the State Water Resources Control Board Drinking Water State Revolving Fund.

BE IT RESOLVED by the Board of Directors of ALAMEDA COUNTY WATER DISTRICT AS FOLLOWS:

The General Manager of said Agency (the “Authorized Representative”) or designee is hereby authorized and directed to sign and file, for and on behalf of the Agency, a Financial Assistance Application for a financing agreement from the State Water Resources Control Board for the planning, design, and construction of the Project.

This Authorized Representative, or his/her designee, is designated to provide the assurances, certifications, and commitments required for the financial assistance application, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments or changes thereto.
The Authorized Representative, or his/her designee, is designated to represent the Agency in carrying out the Agency’s responsibilities under the financing agreement, including certifying disbursement requests on behalf of the Agency and compliance with applicable state and federal laws.

PASSED AND ADOPTED THIS 21st day of May, 2020, by the following vote:

AYES:

NOES:

ABSENT:

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

ATTEST:  APPROVED AS TO FORM:

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

____________________________________________________
Patrick T. Miyaki, General Counsel
Alameda County Water District
RESOLUTION NO. ________

OF THE BOARD OF DIRECTORS OF THE ALAMEDA COUNTY WATER DISTRICT AUTHORIZING THE EXECUTION OF A FINANCIAL ASSISTANCE APPLICATION FOR A FINANCING AGREEMENT FROM THE STATE WATER RESOURCES CONTROL BOARD CLEAN WATER STATE REVOLVING FUND FOR THE ADVANCED METERING INFRASTRUCTURE PROJECT

WHEREAS, the Alameda County Water District (the “Agency”) desires to finance the cost of constructing and/or reconstructing certain public facilities and improvements relating to its water system, including certain distribution, metering, communications, software and other infrastructure related to the Advanced Metering Infrastructure Project (the “Project”); and

WHEREAS, the Agency intends to finance the construction and/or reconstruction of the Project or portions of the Project with moneys provided by the State of California, through the State Water Resources Control Board Clean Water State Revolving Fund.

BE IT RESOLVED by the Board of Directors of ALAMEDA COUNTY WATER DISTRICT AS FOLLOWS:

The General Manager of said Agency (the “Authorized Representative”) or designee is hereby authorized and directed to sign and file, for and on behalf of the Agency, a Financial Assistance Application for a financing agreement from the State Water Resources Control Board for the planning, design, and construction of the Project.

This Authorized Representative, or his/her designee, is designated to provide the assurances, certifications, and commitments required for the financial assistance application, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments or changes thereto.
The Authorized Representative, or his/her designee, is designated to represent the Agency in carrying out the Agency’s responsibilities under the financing agreement, including certifying disbursement requests on behalf of the Agency and compliance with applicable state and federal laws.

PASSED AND ADOPTED THIS 21st day of May, 2020, by the following vote:

AYES:

NOES:

ABSENT:

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

ATTEST:

______________________________  APPROVED AS TO FORM:
Gina Markou, District Secretary  Patrick T. Miyaki, General Counsel
Alameda County Water District  Alameda County Water District
(Seal)
RESOLUTION NO. ______

OF THE BOARD OF DIRECTORS OF THE ALAMEDA COUNTY WATER DISTRICT DECLARING THE OFFICIAL INTENT OF THE ALAMEDA COUNTY WATER DISTRICT TO REIMBURSE ITSELF FOR CERTAIN CAPITAL EXPENDITURES FROM THE PROCEEDS OF DRINKING WATER STATE REVOLVING FUND OBLIGATIONS

WHEREAS, the Alameda County Water District (the "Agency") desires to finance the costs of constructing and/or reconstructing certain public facilities and improvements relating to its water system, including certain water measurement facilities, pipes and other infrastructure for the Advanced Metering Infrastructure Project (the "Project"); and

WHEREAS, the Agency intends to finance the construction and/or reconstruction of the Project or portions of the Project with moneys ("Project Funds") provided by the State of California, through the State Water Resources Control Board (State Water Board) Drinking Water State Revolving Fund; and

WHEREAS, the State Water Board may fund the Project Funds with proceeds from the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations"), and

WHEREAS, prior to either the issuance of the Obligations or the approval by the State Water Board of the Project Funds the Agency desires to incur certain capital expenditures (the "Expenditures") with respect to the Project from available moneys of the Agency; and

WHEREAS, the Agency has determined that those moneys to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the Agency for the Expenditures from the proceeds of the Obligations.
NOW, THEREFORE, THE AGENCY DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. The Agency hereby states its intention and reasonably expects to reimburse Expenditures paid prior to the issuance of the Obligations or the approval by the State Water Board of the Project Funds.

SECTION 2. The reasonably expected maximum principal amount of the Project Funds is $31,832,794.

SECTION 3. This resolution is being adopted no later than 60 days after the date on which the Agency will expend moneys for the construction portion of the Project costs to be reimbursed with Project Funds.

SECTION 4. Each Agency expenditure will be of a type properly chargeable to a capital account under general federal income tax principles.

SECTION 5. To the best of our knowledge, this Agency is not aware of the previous adoption of official intents by the Agency that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

SECTION 6. This resolution is adopted as official intent of the Agency in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Project costs.

SECTION 7. All the recitals in this Resolution are true and correct and this Agency so finds, determines and represents.
PASSED AND ADOPTED THIS 21st day of May, 2020, by the following vote:

AYES:

NOES:

ABSENT:

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

ATTEST:

APPROVED AS TO FORM:

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

Patrick T. Miyaki, General Counsel
Alameda County Water District
RESOLUTION NO. ______

OF THE BOARD OF DIRECTORS OF THE ALAMEDA COUNTY WATER DISTRICT DECLARING THE OFFICIAL INTENT OF THE ALAMEDA COUNTY WATER DISTRICT TO REIMBURSE ITSELF FOR CERTAIN CAPITAL EXPENDITURES FROM THE PROCEEDS OF CLEAN WATER STATE REVOLVING FUND OBLIGATIONS

WHEREAS, the Alameda County Water District (the "Agency") desires to finance the costs of constructing and/or reconstructing certain public facilities and improvements relating to its water system, including certain water measurement facilities, pipes and other infrastructure for the Advanced Metering Infrastructure Project (the "Project"); and

WHEREAS, the Agency intends to finance the construction and/or reconstruction of the Project or portions of the Project with moneys ("Project Funds") provided by the State of California, through the State Water Resources Control Board (State Water Board) Clean Water State Revolving Fund; and

WHEREAS, the State Water Board may fund the Project Funds with proceeds from the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations"), and

WHEREAS, prior to either the issuance of the Obligations or the approval by the State Water Board of the Project Funds the Agency desires to incur certain capital expenditures (the "Expenditures") with respect to the Project from available moneys of the Agency; and

WHEREAS, the Agency has determined that those moneys to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the Agency for the Expenditures from the proceeds of the Obligations.
NOW, THEREFORE, THE AGENCY DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. The Agency hereby states its intention and reasonably expects to reimburse Expenditures paid prior to the issuance of the Obligations or the approval by the State Water Board of the Project Funds.

SECTION 2. The reasonably expected maximum principal amount of the Project Funds is $31,832,794.

SECTION 3. This resolution is being adopted no later than 60 days after the date on which the Agency will expend moneys for the construction portion of the Project costs to be reimbursed with Project Funds.

SECTION 4. Each Agency expenditure will be of a type properly chargeable to a capital account under general federal income tax principles.

SECTION 5. To the best of our knowledge, this Agency is not aware of the previous adoption of official intents by the Agency that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

SECTION 6. This resolution is adopted as official intent of the Agency in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Project costs.

SECTION 7. All the recitals in this Resolution are true and correct and this Agency so finds, determines and represents.
PASSED AND ADOPTED THIS 21st day of May, 2020, by the following vote:

AYES:

NOES:

ABSENT:

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

ATTEST: APPROVED AS TO FORM:

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

Patrick T. Miyaki, General Counsel
Alameda County Water District
Agenda

• District Overview
• Accomplishments and Goals
• Budget Process and Assumptions
• Budget Overview
• Capital Improvement Program Overview
• Financial Planning Model Scenarios
• Next Steps
Board Guidance

- Goals and Budget Assumptions
- Operating Budget
- Capital Improvement Program
- Financial Planning Scenarios
A Few Words and the BIG Picture

• Commitment to Customer Service
  – Water Supply, Water Quality, Reasonable Price

• Ongoing and Future Challenges
  – COVID-19
  – Water Supply Uncertainty
  – Aging Infrastructure
  – Increasing Regulations

• Commitment to Prudent and Responsible Financial Practices
  – Managing Operating and Capital Costs
  – Maintaining Employee Staffing Levels
  – 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: 85,108
  - Population: 357,000
- Special District – Form of Local Government
- Elected Board: 5 Directors
- Personnel: 236 Authorized Positions
- Credit Ratings
  - Standard & Poor’s: AAA
  - Moody’s: Aa1
Service Area

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

May 21, 2020 Budget Workshop
ACWD Water Supply Sources
Average Year

- Alameda Creek Watershed Runoff (local) 20%
- State Water Project (imported) 40%
- SF Water (imported) 40%
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 employees to operate and maintain complex system

- Maintain Critical Infrastructure
  - Identify, prioritize, and successfully complete highest priority CIP Projects
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
Accomplishments & Goals
FY 2019/20 Accomplishments
Engineering and Technology Services

• Distribution Programmable Logic Controller (PLC) Replacements
  ➢ Completed control system replacements for four additional critical distribution facilities including tanks and reservoirs and connections to other systems

• Water Main Renewals
  ➢ Began construction of Alvarado-Niles Pipeline (ANP) Seismic Improvements, Phase I
  ➢ Awarded construction of Small Diameter Main Renewal – Souza Concord Project
  ➢ Design milestones for Driscoll Road, Central Newark, and ANP Phase II Main Replacements
  ➢ Completed main renewals associated with development projects (Fremont Blvd., Old Warm Springs, Willow St.)

• Canyon Heights Tank Improvements Construction

• Prepared Advanced Metering Infrastructure Project for Construction

• Completed Year 1 of 3-year Rubber Dam No. 1 Fishway, Rubber Dam No. 1 Control Building Modifications, and Shinn Pond Fish Screens projects

• Received American Public Works Association Award for Rubber Dam No. 3 Fishway project

• Prepared Clean Energy Program for Implementation
FY 2019/20 Accomplishments
Engineering and Technology Services

• Strengthened Cybersecurity and Disaster Recovery (DR)
  ➢ Hardware, software, and systems upgrades
  ➢ Implemented new security standards and policies
  ➢ General and advanced training for employees
  ➢ DR testing of critical applications

• System/Software Implementations
  ➢ Completed Records Management Phase II – retention schedules and metadata mapping
  ➢ New and upgraded tools – Office 365, Project and Visio upgrades, BlueBeam, Cityworks PLL, GIS, and Cityworks upgrades
  ➢ Migration to cloud – SharePoint, OneDrive, Exchange
  ➢ Expanded remote system access and connectivity for employees
  ➢ Upgrades to Cityworks, ArcGIS, Inframap, Cayenta Enterprise Systems

• Began Construction of Board Room Audio-Visual Upgrades Project
• Awarded “Excellence in Information Technology Practices” for 2019 from the Municipal Information Systems Association of California (MISAC).
FY 2020/21 Goals
Engineering and Technology Services

• **Strategic Goal #1 – Cost Effectiveness & Value**
  - Complete Construction of Alvarado-Niles Seismic Improvement Project
  - Begin Construction of Small Diameter Main Renewals
  - Begin Construction of Driscoll Road Main Renewal Project
  - Begin AMI* “Proof-of-Concept” project phase
  - Begin implementation of SCADA** Upgrades Project
  - Upgrade Financial and Enterprise Asset Management System
  - Implement Additional Cyber-Security Improvements
  - Complete Cityworks for Development and Groundwater Resources
  - Implement Records Management Phase III
  - Achieve Award for Excellence in Technology Practices from the Municipal Information Systems Association of California (MISAC)
  - Complete Board Room Audio/Visual and Communications Upgrades
  - Implement Clean Energy Program

• **Strategic Goal #2 – Water Supply**
  - Year 2 of 3-Year Construction for RD1 Fishway and Related Projects
  - Begin Construction of Vallecitos Channel Restoration Project

*AMI = Advanced Metering Infrastructure
**SCADA = System Control and Data Acquisition
FY 2019/20 Accomplishments
Operations and Maintenance

- Treated & delivered over 35,000 AF of water to customers
- Met hardness goal of <150 mg/l (avg. of 105 mg/l)
- Full compliance with water quality regulations
- Maintained over 895 miles of pipe
- Repaired 150 service line & main leaks
- Exercised over 1,000 valves & performed over 5,700 backflow tests
FY 2019/20 Accomplishments
Operations and Maintenance

- Completed 154 new construction jobs
- Completed over 2,300 maintenance work orders
- Maintained over 160 vehicles and equipment
- Managed energy use to reduce costs
- Completed SCADA and communication upgrades
- Implemented Incident Command System for Public Safety Power Shutoffs and COVID-19
FY 2020/21 Goals
Operations and Maintenance

• **Strategic Goal #1 – Cost Effectiveness & Value**
  ➢ Develop Asset Management Master Plan
  ➢ Conduct acoustic leak detection pilot project
  ➢ Complete NDF source well pilot project
  ➢ Complete voluntary PFAS sampling program
  ➢ Comply with AWIA requirements
  ➢ Complete Business Continuity Plan
FY 2019/20 Accomplishments
Water Resources

• **Local Water Supply Initiatives**
  - Received DWR approval of ACWD’s Alternative to a Groundwater Sustainability Plan
  - Protected ACWD interests related to the Alameda Creek Recapture Project
  - Initiated a Water Efficiency Master Plan effort, including a customer survey and two Board workshops
  - Updated the Water Efficient Landscape program and initiated a smart irrigation controller incentive for residential customers

• **Regional & State Initiative Participation**
  - Bay Area Regional Reliability Water Market Project
  - Collaborations on Los Vaqueros Expansion & SBA Capacity Studies
  - Bay Area Integrated Regional Water Management Program
  - Delta Conveyance Agreement-in-Principle discussions
  - State Water Efficiency Legislation regulatory development
  - Secured additional water supplies through the State Water Contractors’ Dry Year Transfer Program
FY 2019/20 Accomplishments

Water Resources

- Protected existing water supplies
  - Complied with the Sustainable Groundwater Management Act, Replenishment Assessment Act, and Water Rights Permits
  - Optimized recharge operations under dry year conditions to minimize operating costs and prepare for additional dry year
  - Anticipated to meet RWQCB* goal for groundwater cleanup sites

- Planned for future water supplies
  - Completed preliminary analysis of long-term water demand projections, incorporating customer behavior changes
  - Conducted Board workshop series for review & feedback on long-term planning criteria to guide future decision-making
  - Continued to lead a Purified Water Feasibility Evaluation in partnership with San Francisco Public Utilities Commission & Union Sanitary District

*Regional Water Quality Control Board (RWQCB) Goal is 8 cases; 4 complete and 4 only pending final well destructions.
FY 2020/21 Goals
Water Resources

• Strategic Goal #2 – Water Supply
  ➢ Begin update of ACWD’s Sustainable Groundwater Management Act Alternative Update & groundwater basin model
  ➢ Complete the Water Efficiency Master Plan
  ➢ Prepare the 2020 Urban Water Management Plan Update
  ➢ Continue Purified Water Feasibility Evaluation partnership effort

  ➢ Bay Area Regional Reliability Water Market Project
  ➢ Collaborations on Los Vaqueros Expansion & SBA Capacity Studies
  ➢ Bay Area Integrated Regional Water Management Program
  ➢ Delta Conveyance Agreement-in-Principle consideration & business case
  ➢ State Water Efficiency Legislation regulatory development
  ➢ Deliver water through the State Water Contractors’ Dry Year Transfer Program
FY 2019/20 Accomplishments
Finance

• Developed and implemented SB 998 policy regarding collections and shutoff for non-payment
• Completed an updated valuation of the District’s OPEB benefits
• Stayed on track for full pension and OPEB funding by June 30, 2032
• Completed the audit with no findings
  ➢ Earned Government Finance Officers Association recognition for the 20th year in a row
• Updated the District’s investment policy
  ➢ Added asset-backed securities and allowed up to 10-year maturities consistent with Government Code
FY 2019/20 Accomplishments

Finance

• Adjusted District policies for collections activities to support customers during the COVID-19 pandemic
• Updated Help on Tap income guidelines to enhance program participation
• Supported the Los Vaqueros Expansion project by leading an independent review of proposed fees for use of existing facilities
• Implemented a new e-procurement system
• Updated the District’s fringe and overhead rate
• Reviewed and updated Board policies on procurement, reserves, and debt
FY 2020/21 Goals
Finance

• **Strategic Goal #1 – Cost Effectiveness & Value**
  ➢ Work with IT to upgrade JD Edwards, the District’s enterprise financial system.
  ➢ Successfully transition to the AMI system ‘owner’ role as project construction begins

• **Strategic Goal #2 – Water Supply**
  ➢ Support the Los Vaqueros project through the usage fees and cost allocation workgroups

• **Strategic Goal #3 – Financial Stability and Transparency**
  ➢ Update the budget document in accordance with industry best practices to enhance transparency
  ➢ Complete a job-order contracting pilot program to assess the benefits for small construction projects
FY 2019/20 Accomplishments
Office of the General Manager

- Transitioned to new provider (ACWA JPIA) for all District insurance services
- Implemented full RHRA Retiree Welfare Benefits Plan
- Initiated complete review of employee classification and compensation system – first update in 10+ years
- Enhancements to improve employee recruitment and retention
- Increased social media footprint & produced “There When You Need It” water supply video
- Niles Canyon Stroll & Roll event
- WaterClips student video contest
- COVID-19: HR, Public Affairs, District Counsel, and the District Secretary all assumed major leadership roles in navigating the crisis
• **Strategic Goal #1 – Cost Effectiveness & Value**
  - Continue oversight of all COVID-19 activities
  - Complete Earthquake/Flood insurance policy decision/discussion with Board

• **Strategic Goal #4 – Workforce**
  - Complete labor negotiations and implement new MOUs
  - Complete and implement Classification and Compensation Study
  - Implement New Performance Evaluation System – pilot with MCP
  - Complete Employee Engagement Survey in Spring 2021 and Employee Engagement Action Plan (EEAP) implementation

• **Strategic Goal #5 – Communication**
  - Expand Public outreach and education programs
  - Continue legislative monitoring
  - Increase public awareness of District-wide initiatives, including outreach for any proposed rate increases, main renewal and seismic upgrade program, AML, and fish passage projects
Budget Process and Assumptions
Assumptions and Planned Activities

- Prudent investments in infrastructure replacement and seismic improvements to enhance water system reliability
  - Main Replacement and Seismic Improvement Program
  - Small Diameter Main Renewal Program
  - Alameda Creek Fish Passage Projects
  - Clean Energy Program Implementations
  - Advanced Metering Infrastructure

- Reduce long-term costs by responsibly funding pension/OPEB liabilities
  - Total unfunded liabilities: $108.6 million (Pension: $80.3 million @ 6/30/2018) / OPEB: $28.3 million @ 6/30/19)
  - Unfunded liability payment schedule: 12 year payoff at 6.50% discount rate, level $ (End Date: June 30, 2032)
    - Pension (FY 2019/20: $12.8 million / FY 2020/21: $10.1 million)
    - OPEB (FY 2019/20: $3.2 million / FY 2020/21: $2.9 million)
Assumptions and Planned Activities

- Advanced Metering Infrastructure
  - Project Schedule
    - FY 2019/20: Complete procurement and award of contracts:
      - AMI Deployment RFP released on July 31, 2019.
    - FY 2020/21: Implement Proof of Concept (PoC) and commence full deployment
      - Proof of Concept: ~9 months, and includes upgrade of ~3,000 meters and systems integration to support full deployment
      - Full deployment: ~30 months from completion of PoC; will upgrade all remaining meters
  - Project Funding
    - Financial Planning Model assumes (50% to be financed) $14.5 million debt issuance in FY 2020/21. State Revolving Fund application has been submitted and is primary focus. Other financing options could include:
      - District-issued debt; I-Bank loan; Self-financed; Industry financed
    - Total Project Expense - FY 2019/20: $1.4 million; FY 2020/21: $5.0 million; FY 2021/22: $13.2 million; FY 2022/23: $13.2 million; FY2023/24 $8.2 million
Assumptions and Planned Activities

• **Forecasted demand**
  – Projected billed demand at 35.0 MGD for FY 2019/20 and 35.0 MGD for FY 2020/21 based on recent trends
  – Financial Planning Model assumes flat projected billed demand at 34.0 MGD going forward

• **Continue evaluation of initiatives to ensure water supply reliability**
  – Delta Conveyance (FY 2019/20: $459,100; FY 2020/21: $459,100)
  – Los Vaqueros Reservoir Expansion (FY 2019/20: $161,000; FY 2020/21: $1,200,000)
Staffing Assumptions

- **Budget continues existing defined-term positions:**
  - Currently have four defined-term meter reader positions that continue to be needed.
  - Currently have two defined-term positions in Development Services (one engineering tech and one construction inspector) that are needed to meet current workload.

- **Budget adds the following positions:**
  - Business analyst in Customer Service to serve as the AMI system owner with primary operational responsibility for AMI.
  - Water conservation specialist in Water Supply & Planning to support implementation of the Water Efficiency Master Plan.
The Water Conservation Program Budget is comprised of three primary elements:

• **Staffing** – 2 existing FTEs, plus 1 proposed FTE Water Conservation Specialist

• **Rebates / Incentives** – Water-efficient Landscape (WEL) Rebates, Rain Barrel Rebates, High Efficiency Toilet (HET) / Urinal Rebates / Incentives (CII & MFR only), High Efficiency (HE) Clothes Washer Rebates (CII & MFR only), Weather-based Irrigation Controllers (WBIC) Rebates / Incentives

• **Professional Services** – Services provided by third parties to offer low income retrofits, large landscape budgets and surveys, database support

• **Other Program Costs** – Non-rebate programs and conservation services such as professional services for programs, technical and educational services, outside administration fees, materials and outreach costs.

FTE – Full time employee
CII – Commercial, Industrial, Institutional customers
MFR – Multi-family residential
**Water Conservation Program Budget**

<table>
<thead>
<tr>
<th>Budget Item:</th>
<th>Amount:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Staffing (salaries only):</strong> 2 existing FTE, plus 1 new FTE</td>
<td>$369,000</td>
</tr>
<tr>
<td><strong>Rebates / Incentives:</strong></td>
<td></td>
</tr>
<tr>
<td>• CII HETs, CII &amp; MFR Clothes Washers, Rain Barrels $5K</td>
<td></td>
</tr>
<tr>
<td>• MFR HETs - $40K; WEL - $125K; WBIC - $35K</td>
<td></td>
</tr>
<tr>
<td><strong>Total Budget</strong></td>
<td>$ 864,900</td>
</tr>
<tr>
<td><strong>Professional Services:</strong></td>
<td></td>
</tr>
<tr>
<td>• Low Income Retrofits (pilot program to be evaluated) - $150K</td>
<td></td>
</tr>
<tr>
<td>• Large Landscape budgets and surveys - $50K</td>
<td></td>
</tr>
<tr>
<td>• Database support - $50K</td>
<td></td>
</tr>
<tr>
<td><strong>Other Program Costs:</strong></td>
<td>$250,000</td>
</tr>
<tr>
<td>• Miscellaneous Services: Landscaper trainings, Demo garden marketing materials, kit fulfillment services, signage, and sponsorships - $24,500</td>
<td></td>
</tr>
<tr>
<td>• Dues: Alliance for Water Efficiency, California Water Efficiency Partnership - $7500</td>
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<tr>
<td>• Other Office Expenses: Kits, devices, brochures - $4000</td>
<td></td>
</tr>
<tr>
<td>• Other Admin Expenses: BAWSCA administration expenses, Green business program expenses - $3000</td>
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<tr>
<td>• Shipping Services: Kit mailing, other mailings - $1100</td>
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<tr>
<td>• Staff Education / Training: AWWA WUE Practitioner CEUs, other CUEs, other - $800</td>
<td></td>
</tr>
<tr>
<td><strong>Total Budget</strong></td>
<td>$ 864,900</td>
</tr>
</tbody>
</table>
Key Budget Assumptions

• Projected future rate increases to maintain financial capacity
  – March 1, 2021 and future annual increases assumed: 3.0%

• SFPUC wholesale water rate increases delayed
  – 0.0% total increase for next two fiscal years
  – 32.3% total increase for FY 2022/23 to FY 2025/26

• Labor and benefit costs are consistent with recent labor negotiations
  – 3.0% COLA, July 1, 2020
  – Flex dollars for employee medical capped at the 2017 contribution amount
  – New hires enrolled in a defined contribution retiree health benefit plan. Current enrollment at 25 (including 16 employees that opted-in to the defined contribution plan).
District Financial Planning Process

Integrated Resources Plan (IRP)

25 Year Capital Improvement Program (CIP)

Public Input

Financial Planning Model

Rate Setting

Public Input

Biennial Budget

May 21, 2020 Budget Workshop
Current Projected Financial Status
General Fund

• The table on the next slide shows:
  – Actual FY 2018/19 financial results compared to prior estimates
  – Estimated FY 2019/20 financial results compared to the adopted budget
  – Estimated FY 2019/20 financial results compared to actual FY 2018/19 financial results

• The data shows the District’s estimated General Fund reserve as of June 30, 2020 has increased by $21.6 million compared to projections at FY 2019/20 budget adoption – through a combination of revenue, operating expense, and non-operating expense revisions:
  – Operating savings of about $4 million provides a permanent benefit to the District
  – Revenue and non-operating changes are largely based on the timing of construction for capital projects and receipt of related grants. Related costs and revenues are expected in subsequent years.
# Current Projected Financial Status

## General Fund

<table>
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<tr>
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<tbody>
<tr>
<td><strong>BEGINNING CASH BALANCE</strong></td>
<td>$98,329</td>
<td>$98,329</td>
<td>-</td>
<td>$99,353</td>
<td>$8,218</td>
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<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>131,350</td>
<td>130,100</td>
<td>(1,250)</td>
<td>142,692</td>
<td>(2,556)</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td>97,149</td>
<td>93,796</td>
<td>(3,353)</td>
<td>102,338</td>
<td>(842)</td>
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<tr>
<td><strong>TOTAL NON-OPERATING EXPENSES</strong></td>
<td>33,176</td>
<td>28,566</td>
<td>(4,610)</td>
<td>44,106</td>
<td>(15,064)</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>130,325</td>
<td>122,362</td>
<td>(7,963)</td>
<td>146,444</td>
<td>(15,906)</td>
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<tr>
<td><strong>NET of REVENUES &amp; EXPENSES</strong></td>
<td>1,024</td>
<td>7,738</td>
<td>6,713</td>
<td>(3,752)</td>
<td>13,350</td>
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<tr>
<td>Debt Proceeds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reconciling Timing Difference</td>
<td>-</td>
<td>1,505</td>
<td>1,505</td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>ENDING CASH BALANCE</strong></td>
<td>$99,353</td>
<td>$107,571</td>
<td>$8,218</td>
<td>$95,601</td>
<td>$21,568</td>
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</tbody>
</table>

All amounts are in Thousands.
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

U.S. Unemployment Rate

1929 -- April 25, 2020

Percent unemployed

1933 24.9%

Dec 1982 10.8%

Oct 2009 10.0%

Apr 25, 2020 20.1%

Annual Data: 1929 -- 1947

Monthly Data: Jan 1948 -- Feb 2020

Weekly Unemployment Tracker: Mar 7 -- Apr 25, 2020

Budget Overview
## Budget Comparison
### Total Revenues

<table>
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<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Water Revenue</strong></td>
<td>$101,669</td>
<td>$107,037</td>
<td>$111,697</td>
<td>$114,345</td>
<td>$116,660</td>
<td>$119,055</td>
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<tr>
<td><strong>Ground Water Revenue</strong></td>
<td>412</td>
<td>414</td>
<td>511</td>
<td>509</td>
<td>536</td>
<td>516</td>
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<tr>
<td><strong>1% Tax Allocation</strong></td>
<td>5,358</td>
<td>6,231</td>
<td>6,386</td>
<td>6,250</td>
<td>6,604</td>
<td>6,462</td>
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<tr>
<td><strong>State Water Contract Tax</strong></td>
<td>5,273</td>
<td>3,849</td>
<td>4,472</td>
<td>5,061</td>
<td>4,501</td>
<td>5,149</td>
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<tr>
<td><strong>Interest Revenue</strong></td>
<td>1,983</td>
<td>2,941</td>
<td>3,446</td>
<td>3,862</td>
<td>3,325</td>
<td>4,037</td>
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<tr>
<td><strong>Facilities Connection Charges - FIF</strong></td>
<td>12,352</td>
<td>10,852</td>
<td>3,501</td>
<td>6,809</td>
<td>3,501</td>
<td>3,501</td>
</tr>
<tr>
<td><strong>Facilities Connection Charges - FRF</strong></td>
<td>-</td>
<td>538</td>
<td>1,476</td>
<td>2,974</td>
<td>1,600</td>
<td>1,600</td>
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<tr>
<td><strong>Grants, Reimbursements</strong></td>
<td>290</td>
<td>4,410</td>
<td>12,433</td>
<td>6,066</td>
<td>9,080</td>
<td>15,363</td>
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<tr>
<td><strong>Other Revenue</strong></td>
<td>1,224</td>
<td>1,395</td>
<td>832</td>
<td>975</td>
<td>845</td>
<td>983</td>
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<tr>
<td><strong>Customer Jobs Revenue</strong></td>
<td>5,982</td>
<td>4,904</td>
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<td>$134,543</td>
<td>$142,569</td>
<td>$148,998</td>
<td>$151,341</td>
<td>$150,860</td>
<td>$160,802</td>
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</table>

$ in Thousands

Note: Figures in tables and charts in this presentation are for All Funds, unless stated otherwise.
Grants & Reimbursements

• Awarded during FY2019/20: $4.5 million
• Total = $36.6 million* for FY2018/19 – FY2021/22
  • $16.2 million reimbursement Alameda County Flood Control District
  • $5.4 million CA Wildlife Conservation Board
  • $5.0 million CA Dept. of Fish & Wildlife
  • $4.2 million Prop 1
  • $3.0 million CA Natural Resources Agency
  • $2.7 million other
Future Opportunities the Grants team is pursuing:

- State Revolving Fund program funding for the AMI Project
- FEMA reimbursement for COVID19-related expenses
- Potential Federal stimulus funding for a variety of shovel-ready projects
- Drought Preparedness Project Grant money for Vallecitos Channel and Kaiser Rediversion
- Additional Funding Opportunities for priority projects as available
### Grants & Reimbursements

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<thead>
<tr>
<th>Program</th>
<th>Grants</th>
<th>Actual FY 2018/19</th>
<th>Estimated FY 2019/20</th>
<th>Actual FY 2020/21</th>
<th>Estimated FY 2021/22</th>
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*Note: DWR Regional Conservation Programming grant awarded 5/15/20. It is included in the table above and will be incorporated into the budget for the June 11, 2020 Board Meeting.*
# Budget Comparison
## Total Expenses

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<td>$ 107,511</td>
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<td><strong>TOTAL NON-OPERATING EXPENSES</strong></td>
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<td>$ 32,714</td>
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<td>$ 65,159</td>
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<tr>
<td><strong>TOTAL EXPENSES</strong></td>
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<td>$ 126,510</td>
<td>$ 154,772</td>
<td>$ 137,731</td>
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### Budget Comparison

#### Total Operating Expenses

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<td>Transmission &amp; Distribution</td>
<td>Water Treatment</td>
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<td>Source of Supply</td>
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#### ($ in Thousands)

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<td>Pension/OPEB Advanced</td>
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<td>Delta Conveyance</td>
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<td>Transmission &amp;</td>
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<td>Pumping</td>
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<td>Source of Supply</td>
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### May 21, 2020 Budget Workshop

47
# Budget Comparison

## Total Cash Balances

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<td>$153,470</td>
<td>$161,588</td>
<td>$171,034</td>
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<td>$184,644</td>
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<td>TOTAL REVENUES</td>
<td>134,543</td>
<td>142,569</td>
<td>148,998</td>
<td>151,341</td>
<td>150,860</td>
<td>160,802</td>
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<td>105,236</td>
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<td>32,714</td>
<td>52,434</td>
<td>36,234</td>
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<td>65,159</td>
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<td>TOTAL EXPENSES</td>
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<td>126,510</td>
<td>154,772</td>
<td>137,731</td>
<td>170,692</td>
<td>172,670</td>
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<td>$150,483</td>
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*Note: All figures are in Thousands.*
## Debt Reserves & Debt Indicators

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<th>FY 2018/19 Actual</th>
<th>Adopted Budget</th>
<th>FY 2019/20 Estimated Actual</th>
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## Operations & Maintenance Expenses

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<td>Delta Conveyance</td>
<td>-</td>
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<td>786</td>
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<td><strong>$53,799</strong></td>
<td><strong>$49,130</strong></td>
<td><strong>$55,955</strong></td>
<td><strong>$51,566</strong></td>
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</table>
General Fund Estimated Expenses FY2019/20

$126.0 million

- Source of Supply Labor: 6.2%
- Source of Supply Other: 26.6%
- Capital Projects Labor: 1.7%
- Capital Projects Other: 12.7%
- Pension/OPEB Advanced Funding: 5.7%
- Administrative & General Labor: 11.2%
- Administrative & General Other: 5.9%
- Operations & Maintenance Labor: 21.6%
- Operations & Maintenance Other: 8.4%
- Pension/OPEB Advanced Funding: 5.7%

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General Fund Expenses
FY2020/21

$157.5 million

- Source of Supply Labor 4.9%
- Source of Supply Other 22.4%
- Operations & Maintenance Labor 17.9%
- Operations & Maintenance Other 8.3%
- Administrative & General Labor 9.6%
- Administrative & General Other 5.6%
- Capital Projects Labor 1.3%
- Capital Projects Other 26.4%
- Pension/OPEB Advanced Funding 3.5%
## Expenses - Labor

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<td>Source of Supply</td>
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<td>960</td>
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<td>$31,985</td>
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## Employee Benefits

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<tr>
<td><strong>Pension Advanced Funding</strong></td>
<td>3,022</td>
<td>6,876</td>
<td>5,975</td>
<td>5,975</td>
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<td><strong>Medical - Cafeteria Flex Benefit</strong></td>
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<td><strong>Dental</strong></td>
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<td><strong>Vision</strong></td>
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<td>64</td>
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<td><strong>Short Term Disability</strong></td>
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<td><strong>Workers' Comp</strong></td>
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<td><strong>Misc Other Benefits</strong></td>
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<td>23</td>
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<td><strong>Total</strong></td>
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<td><strong>$27,011</strong></td>
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*Note: All amounts are in Thousands.*
# FTEs & Retirements

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<tbody>
<tr>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
<td>Actual</td>
<td>Adopted Budget</td>
<td>Estimated Actual</td>
<td>Adopted Budget</td>
<td>Amended Budget</td>
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<td>230</td>
<td>233*</td>
<td>233*</td>
<td>234**</td>
<td>233*</td>
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<td>16</td>
<td>12</td>
<td>23</td>
<td>9</td>
<td>15</td>
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</table>

*Note: 2.0 FTE defined-term positions offset by Customer Job Revenue. 1.0 FTE defined-term Meter Reader.

**Note: 1.0 FTE Chemist approved by Board 11/14/19.

***Note: 1.0 FTE Customer Service Business Analyst. 1.0 FTE Water Conservation Specialist.

<table>
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<td>Retirements</td>
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<td>11</td>
<td>9</td>
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<td>8</td>
<td>5</td>
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</table>
O&M: Purchased Water

- FY 17/18 Actual: $15,732 (State Water Project: $7,152, Semitropic: $1,435, SF Water: $7,152)
- FY 18/19 Actual: $16,445 (State Water Project: $7,613, Semitropic: $1,698, SF Water: $7,152)
- FY 19/20 Adopted Budget: $17,931 (State Water Project: $9,552, Semitropic: $1,029, SF Water: $7,370)
- FY 19/20 Estimated Actual: $19,369 (State Water Project: $9,688, Semitropic: $1,505, SF Water: $7,176)
- FY 20/21 Adopted Budget: $17,926 (State Water Project: $9,406, Semitropic: $1,038, SF Water: $7,482)
- FY 20/21 Amended Budget: $20,298 (State Water Project: $10,081, Semitropic: $1,652, SF Water: $8,565)

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O&M: Chemicals

- FY 2017/18 Actual: $1,311
- FY 2018/19 Actual: $1,589
- FY 19/20 Adopted Budget: $2,093
- FY 19/20 Estimated Actual: $2,093
- FY 20/21 Adopted Budget: $2,148
- FY 20/21 Amended Budget: $2,188

Thousands
## Debt Service

### FY 2017/18
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<td>2009 Refunding Revenue Bonds</td>
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<td>$2,867</td>
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<tr>
<td>2012 Revenue Bonds</td>
<td>1,887</td>
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<td>1,884</td>
<td>3,905</td>
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<td>2015 Revenue Bonds</td>
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<td>1,627</td>
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<td>1,624</td>
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<tr>
<td>Proposed Debt Service</td>
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<td></td>
<td>856</td>
<td>887</td>
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<tr>
<td><strong>Total</strong></td>
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<td><strong>$6,371</strong></td>
<td><strong>$6,377</strong></td>
<td><strong>$6,377</strong></td>
<td><strong>$6,385</strong></td>
<td><strong>$6,416</strong></td>
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### Outstanding Principal:

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<tbody>
<tr>
<td>2009 Refunding Revenue Bonds (Mature 6/1/2020)</td>
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<td>$2,780</td>
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<td>2012 Revenue Bonds (Mature 6/1/2041)</td>
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<td><strong>Total</strong></td>
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<td><strong>$68,380</strong></td>
<td><strong>$79,965</strong></td>
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## Capital Expenditures

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<td>Capital Projects - GF</td>
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<td>Capital Expenditures - FIF</td>
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<td>Capital Expenditures - FRF</td>
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<td><strong>Total Capital Expenditures</strong></td>
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<td><strong>$46,057</strong></td>
<td><strong>$29,856</strong></td>
<td><strong>$59,071</strong></td>
<td><strong>$58,743</strong></td>
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*Note: $1.8M HQ Reroof project is rescheduled to FY 2020/21. The budget will be updated for Board consideration on June 11, 2020.*
Capital Improvement Program (CIP) Update
Agenda

• Purpose of the CIP
• CIP Mid-cycle Housekeeping
• CIP Inputs and Updates
• CIP Framework
• Highlights of the proposed CIP
• Key changes from the Prior CIP
• 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 budget constraints
No new projects added during the mid-cycle

Piloted Cost Catalog for select projects and programs including Main Renewal Program (MRP), Reservoir improvements, PLC replacements.

Invested ~$26M in FY 18/19 which is nearly 70% of the adopted budget ($38M)

Resource requirements (labor to spread) are not updated during mid-cycle
CIP Inputs and Updates

- CIP Engineering Report 10 Year Plan
- Planned Operational Capital Expenditures
- Facilities Assessments
- Other Studies & Assessments

5 year Strategic Plan

- 25 Year Capital Improvement Plan

Integrated Resources Plan

- Financial Planning Model & Budget
- Annual & Biennial Review/Updates

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Proposed CIP stays within the limits of the FPM
CIP Guiding Principles

- Consistent with Five year Strategic Plan
- Adjustments to cost and schedule
- Includes planned capital costs in “out” years
- Stay within the limits of FPM to reduce impact to rates
# CIP Overview

<table>
<thead>
<tr>
<th>CIP Range</th>
<th>2019 Adopted Budget</th>
<th>2020 Proposed Budget</th>
<th>Delta</th>
<th>Percent Change</th>
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<td>$92M</td>
<td>$2M</td>
<td>-14%</td>
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<td>10 Year</td>
<td>$421M</td>
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<td>$29M</td>
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<tr>
<td>25 Year</td>
<td>$993M</td>
<td>$1036M</td>
<td>$47M</td>
<td>4%</td>
</tr>
</tbody>
</table>

May 21, 2020 Budget Workshop
## CIP Program Budget – 5 Year Overview (excluding Customer Jobs)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019 Adopted Budget</th>
<th>2020 Proposed Budget</th>
<th>Delta</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 19/20</td>
<td>$43M</td>
<td>$26M</td>
<td>-$17M</td>
<td>-39%</td>
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<tr>
<td>FY 20/21</td>
<td>$56M</td>
<td>$75M</td>
<td>$1M</td>
<td>2%</td>
</tr>
<tr>
<td>FY 21/22</td>
<td>$55M</td>
<td>$72M</td>
<td>$19M</td>
<td>36%</td>
</tr>
<tr>
<td>FY 22/23</td>
<td>$48M</td>
<td>$52M</td>
<td>$8M</td>
<td>16%</td>
</tr>
<tr>
<td>FY 23/24</td>
<td>$33M</td>
<td>$40M</td>
<td>$16M</td>
<td>48%</td>
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</tbody>
</table>
Major Changes

- Significant increase in estimated costs for Main Renewal projects
- Adjustments to Main Renewal Program to stay within $10M/yr (average) investment objective
- Revised AMI costs based on the proposals
CIP Long-Range Plan

Near-term focus
Avg. $60M/year

Out-year focus
Excl. Exceptions
Avg. $24M/year

Out-year Exceptions
Avg. $82M/year
FY 30/31
FY 41/42
FY 42/43

May 21, 2020 Budget Workshop
Big Picture - 25 Year CIP – $1036M
90% of the CIP supports District’s Strategic Goals 1 and 2

1. Cost-Effectiveness & Value
   ~$648M; >62% of CIP

2. Water Supply
   $286M; >28% of CIP

3. 10% of CIP for other initiatives and customer jobs - $102M

Goal #1 - Cost-Effectiveness & Value 62%
Goal #2 - Water Supply 28%
Other Initiatives 10%

May 21, 2020 Budget Workshop
60% of the proposed CIP will Improve Reliability

1. Reliability
   >60% of CIP will improve reliability

2. ~30% of CIP allocated for WS and WQ enhancements

3. Customer Jobs
   10% of CIP has no impact on Rates

May 21, 2020 Budget Workshop
25 Year CIP - by Funding Source

1. General Fund
   - ~68% of the CIP influences rates

2. FIF+FRF+CJ
   - 32% funded by Development-Related Charges

The pie chart shows the distribution of funding sources:
- General Fund (GF) 68%
- FIF 18%
- FRF 5%
- Customer Jobs 10%
Key projects that make up “Other Capital” (10 Year CIP)

- Los Vaqueros Reservoir Expansion - $90M
- Production Well/Pump Replacements - $30M
- PLC & SCADA Upgrades - $23M
- Treatment Plant Upgrades - $23M
- Vehicle Capital - $8.5M
- Equipment & Tools (WQ, HQ) - $7.7M
- Booster Station Upgrades - $5.5M
- IT Projects - $3.7M
2020 Proposed 10 year CIP By Program

Major Implementation Phases

- Fish Passage Program
- AMI
- MRP
- Storage Improvements
- Other
- Customer Jobs
- Service Lines and Meters

Years:
- FY 19/20
- FY 20/21
- FY 21/22
- FY 22/23
- FY 23/24
- FY 24/25
- FY 25/26
- FY 26/27
- FY 27/28
- FY 28/29
# Main Renewal Project Implementation

<table>
<thead>
<tr>
<th>Project</th>
<th>Prior Budget</th>
<th>Proposed Budget</th>
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<tbody>
<tr>
<td>Alvarado Niles</td>
<td>$16M</td>
<td>$26M</td>
</tr>
<tr>
<td>Driscoll</td>
<td>$4M</td>
<td>$9M</td>
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<tr>
<td>Central Newark</td>
<td>$8M</td>
<td>$33M</td>
</tr>
<tr>
<td>Small Diameter</td>
<td>$16M</td>
<td>$23M</td>
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</tbody>
</table>
## Storage Program Implementation

<table>
<thead>
<tr>
<th>Project</th>
<th>Budget</th>
<th>Construction</th>
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<tbody>
<tr>
<td>Canyon Heights Tank Improvements</td>
<td>$2M</td>
<td>FY 19/20</td>
</tr>
<tr>
<td>Avalon Tank Slope Stabilization Improvements</td>
<td>$3M</td>
<td>FY 21/22</td>
</tr>
<tr>
<td>MSJ Tank Improvements</td>
<td>$2M</td>
<td>FY 21/22</td>
</tr>
<tr>
<td>Alameda Reservoir Roof Replacement</td>
<td>$12M</td>
<td>FY 22/23</td>
</tr>
<tr>
<td>Decoto Reservoir Improvements</td>
<td>$12M</td>
<td>FY 23/24</td>
</tr>
<tr>
<td>Patterson Reservoir Remediation &amp; Roof Replacements</td>
<td>14M</td>
<td>FY 24/25</td>
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</tbody>
</table>
## FY 20/21 Projects & Programs ($>500,000)

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Cost</th>
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<tbody>
<tr>
<td>Rubber Dam 1 - Fish Ladder</td>
<td>$9,866,003</td>
</tr>
<tr>
<td>Rubber Dam No. 1 - Fabric Replacement, and Control Building</td>
<td>$2,240,309</td>
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<tr>
<td>Shinn Pond Fish Screen</td>
<td>$3,282,501</td>
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<tr>
<td>Alvarado Niles Pipeline Seismic Improvement Project</td>
<td>$11,791,786</td>
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<tr>
<td>Main Renewal - MR1 Driscoll</td>
<td>$3,000,000</td>
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<tr>
<td>Main Renewal - MR3 Central Newark</td>
<td>$2,458,375</td>
</tr>
<tr>
<td>Main Renewal - Small Diameter Pipeline Renewal</td>
<td>$2,400,000</td>
</tr>
<tr>
<td>Advanced Metering Infrastructure</td>
<td>$5,000,000</td>
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<tr>
<td>Service Line Emergency Replacement Program</td>
<td>$1,550,600</td>
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<tr>
<td>Los Vaqueros Reservoir Expansion Project</td>
<td>$1,200,000</td>
</tr>
<tr>
<td>Alternative Update and Model Upgrade Project</td>
<td>$927,585</td>
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<tr>
<td>SCADA Systems Replacements</td>
<td>$859,028</td>
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<tr>
<td>Niles Cone Groundwater Basin Extraction Well Site Evaluation</td>
<td>$848,406</td>
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<tr>
<td>Canyon Heights Booster Station Upgrade/Replacement</td>
<td>$600,000</td>
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<tr>
<td>2019 Joint Purified Water Feasibility Evaluation</td>
<td>$550,000</td>
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<tr>
<td>Cathodic Protection Improvements and Additions</td>
<td>$538,440</td>
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<tr>
<td>New Aquifer Reclamation Program Well</td>
<td>$500,000</td>
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</tbody>
</table>
## FY 21/22 Projects & Programs (> $500,000)

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Cost</th>
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<tbody>
<tr>
<td>Rubber Dam 1 - Fish Ladder</td>
<td>$ 9,761,810</td>
</tr>
<tr>
<td>Shinn Pond Fish Screen</td>
<td>$ 7,484,150</td>
</tr>
<tr>
<td>Rubber Dam No. 1 - Fabric Replacement, and Control Building</td>
<td>$ 719,401</td>
</tr>
<tr>
<td>Alvarado Niles Pipeline Seismic Improvement Project</td>
<td>$ 10,411,626</td>
</tr>
<tr>
<td>Main Renewal - MR1 Driscoll</td>
<td>$ 5,455,954</td>
</tr>
<tr>
<td>Main Renewal - MR3 Central Newark</td>
<td>$ 4,330,014</td>
</tr>
<tr>
<td>Main Renewal - Small Diameter Pipeline Renewal</td>
<td>$ 2,000,000</td>
</tr>
<tr>
<td>Advanced Metering Infrastructure</td>
<td>$ 13,236,198</td>
</tr>
<tr>
<td>Avalon Tank Slope Stabilization Improvements</td>
<td>$ 2,655,521</td>
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<tr>
<td>MSJ Tank Improvements</td>
<td>$ 2,044,177</td>
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<tr>
<td>Los Vaqueros Reservoir Expansion Project</td>
<td>$ 2,000,000</td>
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<tr>
<td>Service Line Emergency Replacement Program</td>
<td>$ 1,677,283</td>
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<tr>
<td>Vallecitos Channel Betterments</td>
<td>$ 1,664,979</td>
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<td>New Aquifer Reclamation Program Well</td>
<td>$ 1,127,288</td>
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<td>SCADA Systems Replacements</td>
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<tr>
<td>Distribution PLC Upgrade</td>
<td>$ 646,575</td>
</tr>
<tr>
<td>Curtner Road Booster Station Upgrade</td>
<td>$ 518,842</td>
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<tr>
<td>Bunting Pumping Plant Decommissioning</td>
<td>$ 500,000</td>
</tr>
</tbody>
</table>
Financial Planning Model Metrics
Adopted vs Proposed Amended Budget
Significant Changes to Financial Planning Model (FPM) Since Budget Adoption

- Water demands increased from 34 MGD to 35 MGD for FY2019/20 and FY2020/21. Long-term still 34 MGD.
- Shifted anticipated land sales revenue to FY 2023/24
- Water purchase costs reflect updated SFPUC projections and additional $5.7 million over 2 years for additional water purchase
- $3 million annual savings in Pension/OPEB thru June 30, 2032
- $4.5 million in new grants
- Amended Total General Fund CIP from FY 2017/18 through FY 2025/26 increased by $9 million ($286 million vs $295 million) compared to Adopted Budget
- General Fund low balances:
  - Amended budget FY2023/24 = $81 million ($16.5 million above target)
  - Adopted budget FY 2022/23 = $67.8 million ($5.2 million above target)
General Fund Ending Balances

Amended Budget

Adopted Budget

May 21, 2020 Budget Workshop
Water Debt Coverage Ratios

Amended Budget

Adopted Budget

Coverage

Water Debt Coverage Ratios

FY 2018  FY 2019  FY 2020  FY 2021  FY 2022  FY 2023  FY 2024  FY 2025  FY 2026

Debt Coverage Ratio
Target Debt Coverage - 200%
Alert Coverage

Coverage

Water Debt Coverage Ratios

FY 2018  FY 2019  FY 2020  FY 2021  FY 2022  FY 2023  FY 2024  FY 2025  FY 2026

Debt Coverage Ratio
Target Debt Coverage - 200%
Alert Coverage
Capital Improvement Program

PayGo GF CIP:
FY 2017/18 – FY 2025/26 totaling $295 million

PayGo GF CIP:
FY 2017/18 – FY 2025/26 totaling $286 million
Board Consideration
Financial Planning Scenarios

• Prudent approach to budget
  – Budget vs Actual

• Financial planning considerations based on available funds and financial capacity:
  – Maintain reserves above target (status quo)
  – Potential COVID-19 revenue adjustments
  – Forgo FY 2020/21 rate increase
  – N3 Ranch scenarios
  – Additional payment for pension/OPEB liabilities

• Other potential options
  – Issue less debt for AMI Project
  – Develop more aggressive main renewal program
  – Other ideas?
Financial Planning Model Scenarios
Status Quo – Maintain Reserves Above Target

General Fund Ending Balances

- Ending Balances
- Underfund Balances
- Target Balances

FY 2018 - FY 2026
Financial Planning Model Scenarios
COVID-19 Impacts

• Potential COVID-19 revenue adjustments:
  1. 20% decline in commercial water use FY2020/21 – FY2021/22
  2. 50% decline in development activity FY2020/21 – FY2021/22
  3. Both 1 & 2 above
  4. Forgo FY 2020/21 rate increase
     a. Many water agencies are considering rate deferrals because of COVID-19
Financial Planning Model Scenarios
20% decline in Commercial Water Consumption
FY2020/21 & FY2021/22

20% Decline Commercial Water Consumption

Status Quo

May 21, 2020 Budget Workshop
Financial Planning Model Scenarios
50% decline in Development Activity
FY2020/21 & FY2021/22

50% Decline Development Activity

Status Quo

General Fund Ending Balances

Ending Balances
Underfund Balances
Target Balances

Millions
FY 2018 FY 2019 FY 2020 FY 2021 FY 2022 FY 2023 FY 2024 FY 2025 FY 2026

General Fund Ending Balances

Ending Balances
Underfund Balances
Target Balances

Millions
FY 2018 FY 2019 FY 2020 FY 2021 FY 2022 FY 2023 FY 2024 FY 2025 FY 2026

May 21, 2020 Budget Workshop
96
Financial Planning Model Scenarios

20% decline in Comm. Water Consumption + 50% decline in Dev. Activity FY2020/21 & FY2021/22

May 21, 2020 Budget Workshop

Status Quo

General Fund Ending Balances

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Ending Balances</th>
<th>Underfund Balances</th>
<th>Target Balances</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2018</td>
<td></td>
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<td></td>
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<td>FY 2019</td>
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<td>FY 2022</td>
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<td>FY 2025</td>
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<tr>
<td>FY 2026</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Millions

20% Decline Commercial Consumption + 50% Decline Development Activity
Financial Planning Model Scenarios

0% Rate Increase March 1, 2021

Forgo FY 2020/21 Rate Increase

Status Quo
Financial Planning Model Scenarios
Revenue Declines + 0% Rate Increase FY2020/21

20% Decline Commercial Consumption
+ 50% Decline Development Activity
+ Forgo FY 2020/21 Rate Increase

Status Quo

General Fund Ending Balances

Ending Balances
Underfund Balances
Target Balances

General Fund Ending Balances

Ending Balances
Underfund Balances
Target Balances

www.acwd.org
N3 Ranch

1. $68 million list price (100% bonds) + $2 million annual O&M expenses
   - AMI funded 100% SRF Loan $39.5 million 20yrs @ 2%
     to help manage near-term cash flow

2. $5 million (cash) contribution towards Partnership purchase + $1 million annual O&M expenses

* For illustrative purposes only. Final purchase price or contribution would be subject to negotiation.
Financial Planning Model Scenarios
N3 Ranch List Price + $2M annual O&M

N3 Ranch List Price
+ $2M Annual O&M

Status Quo

May 21, 2020 Budget Workshop
Financial Planning Model Scenarios
N3 Ranch List Price + $2M annual O&M

Legend:
- •••• Debt Coverage Ratio
- Target Debt Coverage - 200%
- Alert Coverage

Coverage

Water Debt Coverage Ratios

N3 Ranch List Price + $2M Annual O&M

Status Quo

May 21, 2020 Budget Workshop
Financial Planning Model Scenarios
N3 Ranch Partnership $5M + $1M annual O&M

General Fund Ending Balances

FY 2018 FY 2019 FY 2020 FY 2021 FY 2022 FY 2023 FY 2024 FY 2025 FY 2026

Millions

Ending Balances
Underfund Balances
Target Balances

General Fund Ending Balances

FY 2018 FY 2019 FY 2020 FY 2021 FY 2022 FY 2023 FY 2024 FY 2025 FY 2026

Millions

Ending Balances
Underfund Balances
Target Balances

N3 Ranch Partnership + $1M Annual O&M

Status Quo
1. 6% Discount Rate Level $ ending June 30, 2032
2. 6.5% Discount Rate Level $ ending June 30, 2032
   + additional annual contributions based on estimated April 30, 2020 market status
   a. Pension $1 million additional annually
   b. OPEB $0.4 million additional annually
3. 6.5% Discount Rate Level $ ending June 30, 2032
   + one-time payment based on estimated April 30, 2020 market status
   a. Pension $8.4 million one-time in FY2020/21
   b. OPEB $3.2 million one-time in FY2020/21
Financial Planning Model Scenarios
Pension/OPEB
(12 yr) 6.0%/6.0% (level $)

May 21, 2020 Budget Workshop
Financial Planning Model Scenarios
Pension/OPEB Annual payments based on estimated April 30, 2020 market status + (15 yr) 6.5%/6.5% (level $)

6.5%
Level $
Ending
June 30, 2032
+
Annual Pymts
4/30/20
Market Status

Status Quo
= (15 yr)
6.5%/6.5%
(level $)

FY 2018 FY 2019 FY 2020 FY 2021 FY 2022 FY 2023 FY 2024 FY 2025 FY 2026

General Fund Ending Balances

Millions

Ending Balances
Underfund Balances
Target Balances

FY 2018 FY 2019 FY 2020 FY 2021 FY 2022 FY 2023 FY 2024 FY 2025 FY 2026

General Fund Ending Balances

Millions

Ending Balances
Underfund Balances
Target Balances

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Financial Planning Model Scenarios
Pension/OPEB one-time payment based on estimated April 30, 2020 market status + (15 yr) 6.5%/6.5% (level $)

6.5%
Level $
Ending
June 30, 2032
+
One-Time
Pymt
4/30/20
Market Status

Status Quo

General Fund Ending Balances

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>FY 2023</th>
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<tr>
<td>Underfund Balances</td>
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<td>Target Balances</td>
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General Fund Ending Balances

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</tr>
</tbody>
</table>
Board Consideration

• If Status Quo is largely maintained in financial plan and performance, forgo FY 2020/21 rate increase
  – Recognizes economic impact of COVID-19 on the community
  – Amount of assumed 3% rate increase is consistent with savings on pension/OPEB per latest valuation
  – Significant debt capacity can be used to help manage cash flows or support modest N3 Ranch participation
  – Future planned rate increases are 3% and can be slightly adjusted if necessary without creating an oversized increase

• Staff will continue to monitor the District’s financial performance and would bring a proposal to the Board if needed due to COVID-19 financial impacts or other changes to the financial plan
Board Guidance Recap

- Goals and Budget Assumptions
- Operating Budget
- Capital Improvement Program
- Financial Planning Scenarios
Next Steps

- **May 28, 2020 – Board Workshop**
  - Review Proposed Operating and Capital Budget (if needed)
  - Review Proposed 25 Year Capital Improvement Program (if needed)

- **June 11, 2020 – Board Meeting**
  - Adopt FY 2020/21 Mid-Cycle Operating and Capital Budget
  - Adopt 25 Year Capital Improvement Program

- **June 25, 2020 – Special Board Meeting (if needed)**
  - Adopt FY 2020/21 Mid-Cycle Operating and Capital Budget
  - Adopt 25 Year Capital Improvement Program